Proceedings of 2003 International CHRIE Conference

INTERNATIONAL
CHRIE
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An Oasis of Hospitality and Tourism

Palm Springs, California, USA

August 2003

Preface

This *Proceedings* features 81 refereed papers of the 2003 Annual International CHRIE Conference held in Palm Springs, California, August 6-10, 2003. The papers were selected from a pool of 136 papers submitted from 15 countries/regions. Every paper was double blind reviewed by at least two reviewers who are specialized in the content area.

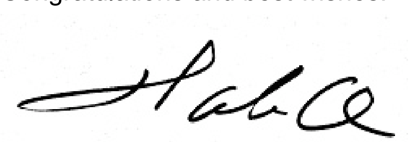
I am honored to be the Editor of this *Proceedings* and the Chairman of the Refereed Paper Review Committee for this year's I-CHRIE Conference. I would like to take this opportunity to express my heartfelt thanks to all the Associate Editors of the *Proceedings*. They have worked tirelessly to make the *Proceedings* academically excellent. Without their support and excellent job, the *Proceedings* would not be possible. I also would like to thank all the paper reviewers for their time in reviewing these papers. Without their effort, support, and careful critique of the researchers' work, we would not be able to advance this discipline through research.

I would like to thank the School of Hotel and Restaurant Administration and the College of Human Environmental Sciences at Oklahoma State University for the support I received to take this responsibility as the Chairman and Editor of this year's Refereed Paper Review Committee and the conference *Proceedings*. Without the support, I would not be able to provide the services to the I-CHRIE.

In addition, I would like to thank my graduate assistant, Holly Im, who contributed many hours of hard work to format the *Proceedings*.

Last, but not least, my thanks to all the authors who worked so hard on your research and have come so far to be together and to share your research findings with each other.

Congratulations and best wishes!



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Please Note: Each paper's authorship has been cross checked and /or may have been changed by I-CHRIE according to the lead authors' original submissions.

Reviewers

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A COMPARATIVE STUDY OF RESIDENTS' PRE- AND POST-PERCEPTION TOWARD CASINO DEVELOPMENT: A STRUCTURAL EQUATION MODELING APPROACH

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ABSTRACT

While most of the previous research on residents' perceptions was conducted in the form of snapshots taken at a particular time, or after tourism development, this study aims to explore any significant differences in residents' perceptions between pre-and post-development of casinos by taking a structural equation modeling approach. Specifically, this study was conducted to investigate the effects of social, economic, and environmental issues on residents' perceived benefit and support variables. The results show that positive economic and social impact was most significant in determining the benefit and support level, respectively, both before and after casino development.

Key Words: Casino, Residents, Perception, Structural Equation Modeling

INTRODUCTION

Several recent studies on the impacts of gaming legalization have been reported in the literature (Hsu, 2000; Long, 1996; Perdue, Long, and Kang, 1999). The foundation of these gaming impact studies stems mainly from the tourism impact studies of the 1970's (Hsu, 2000). Most of the research has been focused on residents' perceptions of the social, economic, and environmental impacts of gaming on their community. According to Carmichael, Peppard and Boudrea (1996), residents' attitudes are important because they are rarely expressed in the political and development decision-making process. Their study results indicated that there was a growing awareness by local residents of both the negative impacts of rapid development and the positive employment benefits of casino development. Also, attention gaming development has evolved into the exploration of host community residents' quality of life issues (Perdue et al. 1999). Giacopassi, Nicholes and Stitt (1999) worked with policy makers in seven communities that were new riverboat casino jurisdictions. Results showed that the majority of respondents favored the casino in the community and believed that it enhanced the quality of life in the community by providing positive impacts on the economy.

The perceptions or behaviors of residents can be explained by applying the social exchange theory, which attempts to understand and predict the behavior of individuals in an interactive situation (Ap, 1990). Based on the tourism literature, residents who perceive personal benefit from casino development will support and express positive attitudes toward casino development. Perdue et al. (1995) supported the social exchange theory in that residents who perceived benefits from gaming were more likely to be positive in assessing the quality of life. They also found that personal benefits were strongly correlated with support for gambling and its positive impacts, such as jobs and recreation opportunities. The results indicated that resident support for gambling was a function of personal benefits, future of the community, positive and negative impacts of gambling, and quality of contact with gamblers.

Gaming impact studies in Korea are rare due to the short history of the casino industry. Although thirteen casinos have been in operation since the late 1960's and early 1970's, only foreigners are allowed to enter those casinos. After observing many positive economic impacts of gaming in land-based casinos in the U.S., such as in Colorado, the Korean government legalized the gaming in the run-down former coal-mining center of Chongsun, Kwangwon province for domestic customers in December 1995. The small casino, so called "Kangwon Land Casino," was the first casino for domestic customers opened in October 2000. This casino has thirty table games and 480 slot games and is attached to a deluxe hotel with 199 guestrooms.

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* Both authors have equal contributions for this study

Prior to opening the casino, the government expected to experience numerous positive economic impacts including increased employment rate, disposable income, sales revenue in local businesses, and so on. Despite the many positive impacts of the casino, a considerable number of residents have expressed concerned about its negative impacts, namely social and environmental problems. Like casinos in the U.S. market or in other nations, the residents of Chungsun are experiencing problems with gambling addiction, crime rate, prostitution, drugs, traffic congestion and air pollution. The number of pawnshops rapidly increased just after the casino's opening and financial crisis and problem gamblers were frequently reported by mass media. However, much of the qualitative data including residents' attitude toward the casino and social perspectives have not been well reported.

Therefore, the primary purpose of this study aims to explore the changing attitudes of residents towards the pre- and post-development of casinos, using a structural equation model. Specifically, this study was conducted to explore the underlying factors affecting residents' perceptions of casino development in terms of social, economic, and environmental impacts by developing measurement scales. Second, this study was developed to examine the underlying relationships among impact, benefit, and support variables based on the social exchange theory.

METHODOLOGY

Characteristics of Respondents

Two casino communities, designated by a special law as run-down mining areas, were chosen for survey research. The data for this study were collected in two different time frames, through pre- and post-surveys. The pre-survey was conducted six months prior to the casino opened. A self-administered questionnaire and personal interview were conducted. Respondents of at least 18 years of age were asked to participate in the survey. A total of 517 usable questionnaires were finally collected during the pre-survey.

The post-survey was administered to those who had responded to the pre-survey after the Kangwon Land Casino opened six months later. Each researcher was posted to the same survey site as in the pre-survey and was given information on respondent's name, phone number, and working place as collected in the pre-survey so that they could be easily identified. First, the surveyors asked respondents whether they had participated in the pre-survey, if so, and then they proceeded with the post-survey. During the post-survey, a total of 404 usable questionnaire were finally collected fewer than those collected in the pre-survey. Among the 404 post-survey respondents, the proportion of male respondents (53.7%) was slightly higher than that of the female (46.3%). The majority of respondents were married (72.8%), aged 30 to 49 (63.6%). The majority of respondents earned less than 2 million won (approximately US$1,667) each month. Of the respondents, 52.2% stated that they were born in the casino community.

Measurement of Constructs

A preliminary list of measurement items was initially generated from a review of tourism literature pertaining to residents' perceptions toward tourism and casino impacts (Carmichael et al., 1996; Jurowski et al., 1997; King et al. 1993; Lindberg and Johnson, 1997; Liu and Var, 1986; Long, 1996; Pizam and Pokela, 1985; Perdue et al., 1995, 1999). Then, these items were screened by tourism scholars in the field of tourism impacts and community leaders of the casino town. A pretest was conducted and validity of dimensionality and inter correlation was examined by factor analysis.

The theoretical model was developed based on the social exchange theory. As mentioned earlier, many researchers have utilized the social exchange theory to integrate factors influencing residents' reactions to casino development. The social exchange theory assumes that residents' perceptions are affected by the perceptions of the exchange people believe they are making (Gursoy et al., 2002). Jurowski et al. (1997) stated that residents' support for tourism development should be considered as their willingness to take an exchange based on the social exchange theory.

The model postulates that exogenous variables have both direct and indirect effects on benefit and support. The theoretical model tested, as shown in Figure 1, involved six constructs of exogenous variables (negative social, negative environmental, negative economic, positive social, positive environmental, positive economic factors) and two constructs of endogenous variables: benefit, and support. Every construct found to be reliable by having Cronbach's alpha ranged from .68 to .96 as a result of confirmatory factor analysis. Table 1 presents explication of each construct which were measured on a 5-point Likert-type scale: 1=strongly disagree, 3=neutral, and 5=strongly agree.

Table 1: Results of Confirmatory Factor Analysis – Pre-Data and Post-Data

Construct	Internal Consistency [a]	Item	Factor Loadings	
			Pre	Post
Negative Social	0.96	Gambling addicts	0.85	0.78
		Destruction of family	0.87	0.82
		Prostitution	0.87	0.85
		Divorce	0.83	0.86
		Alcoholism	0.91	0.81
		Crime	0.93	0.85
Negative Environmental	0.92	Traffic congestion	0.77	0.70
		Quantity of litter	0.91	0.84
		Noise level	0.92	0.85
		Water pollution	0.84	0.84
		Destruction of natural environ.	0.82	0.75
Negative Economic	0.68	Costs of living	0.80	0.78
		Tax burden	0.72	0.74
		Leakage of casino revenue	0.38	0.34
Positive Social	0.87	Quality of life	0.53	0.65
		Community spirit	0.64	0.73
		Educational environment	0.80	0.85
Positive Environmental	0.68	Preservation of historic sites	0.73	0.74
		Preservation of natural beauty	0.56	0.50
Positive Economic	0.72	Investment and business	0.73	0.70
		Employment opportunity	0.68	0.65
		Tourist spending	0.66	0.67
		Tax revenue	0.61	0.70
		Public utilities/infrastructure	0.67	0.70
Benefits	0.75	Personal benefit	0.67	0.71
		Community benefit	0.88	0.85
Supports	0.82	Bright future	0.81	0.83
		Pride	0.77	0.80
		Support	0.82	0.85
		Right choice for the city	0.72	0.81

[a] Fit indices: $\chi^2(597)=1684.83$; $p=0.00$, $\chi^2/df = 2.82$, RMSEA = .06, CFI = .91, NNFI = .90.

LISREL Methodology and Results

By using the LISREL program, the goodness of fit of the various models was testable and the relative fit of particular pairs of models could be assessed (Joreskog, Sorbom, du Toit, and du Toit, 2001). Three approaches to ascertain consistency of factors were available using this methodology. The first approach answers the question, “Are there significant relationship among the variables? ” The second approach answers the question, “Is there a significant difference between the pre and post residents perceptions toward the Kangwon Land casino development?” The third approach answers the question, “If there is a significant difference between two groups, what kind of differences occurred in supporting the casino development after the casino was opened?” These approaches were used: the first in models 1A and 1B, the second and third in models 2 and 3, described below.

Model 1A, shown in Figure 1, specified the eight factors described above. In this model, direct and indirect paths from negative social, negative environmental, negative economic, positive social, positive environmental, positive economic factors, and benefit to support were specified as well as direct paths from all those exogenous variables to benefit. To identify the best model for testing, a contrasting model (Model 1B) was created. This model was the same as Model 1A with the exception that the direct paths from each exogenous variable to support were eliminated. A well-fitting Model 1A or 1B provides a degree of support for the general theoretical model used as a basis for the present test for the effects of exogenous variables (impact factors) on endogenous variables (benefit and support) and group analysis between pre and post data. The significance of the path coefficients would provide a test for various aspects of the general theoretical model.

Table 2 summarizes the goodness-of-fit results for models 1A, 1B, 2, and 3. The overall fit of Model 1A was good. The chi-square was significant (p<.001), while the CFI and NNFI were about .91 and .90, respectively, whereas RMSEA was .062, implying that the model was appropriate to test further. The overall fit of Model 1B was inferior to that of Model 1A. By constraining the direct effects of exogenous variables (impact factors) on endogenous variable (support) in Model 1B, the statistical indicator of fit (chi-square) and practical indicators of fit (CFI and NNFI) were significantly different from Model 1A ($\Delta\chi^2$=160.78, Δdf=12, p<.001). Thus, we decided to use Model 1A as a base model for further testing the invariance between pre and post data.

Table 2: Summary of Goodness-of-Fit Indices

Model	Chi-square [a]	df	RMSEA	CFI	NNFI
Model 1A	3758.21	1194	0.062	0.91	0.90
Model 1B	3918.99	1206	0.067	0.89	0.88
Model 2	3808.20	1223	0.063	0.91	0.90
Model 3	3970.68	1236	0.067	0.88	0.87

[a] p<.001

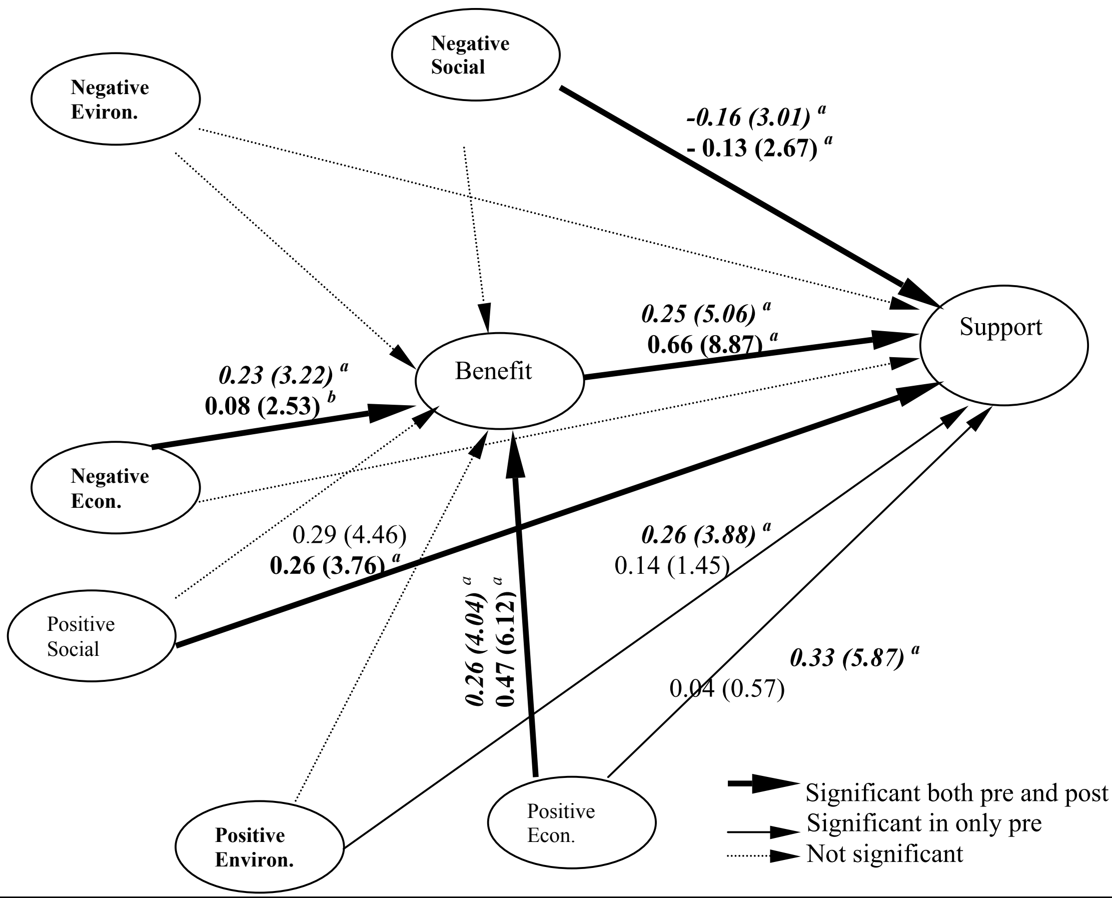
Since the fit was satisfactory in the previous process, we moved to the next step by constraining the factor loadings to be equal across the two groups. We referred to this in class as Model 2. The overall fit of Model 2 was good. Both the chi-square and practical indicators of fit were significant. For assessing the difference between Model 1A and Model 2, the chi-square and practical indicators were compared, resulting in no significant difference ($\Delta\chi^2$=49.99, Δdf=29). Since Model 2 had equality constrains in factor loadings for pre and post data, the result showed that two groups have an invariant structure of manifest variables for indicating latent variables. In other words, pre and post data have similar underlying structures in each factor.

The next hierarchy was to constrain all regression weights to be equal across groups. This restricted hierarchical model, Model 3, helps to assess invariance for the general structural equation model with latent variables (Bollen, 1989). As Table 1 presents, the overall fit of Model 3 appeared to be good. However, by restricting Model 3 with both factor loadings and path coefficients, the chi-square difference test and practical indicator difference test showed that the fit of Model 3 was significantly worse than that of Model 2 ($\Delta\chi^2$=162.48, Δdf=13, p<.001). Thus, the hierarchical structural equation modeling step stopped in Model 2, suggesting that pre and post data had similar underlying structures but were significantly different with regard to the relationship among latent variables.

Figure 1 presents the maximum-likelihood parameter estimates for both the pre and post data. Prior to casino development, residents' support for casino development was predicted by negative social factors and positive social, environmental, and economic factors, as well as by benefit. Residents supported casino development when they perceived receiving personal and community benefits (β=0.25; t=5.06) as supported by social exchange theory (see Figure 1). Also, they supported casino development when they were concerned about positive social, environmental, as well as economic factors, such as quality of life, preservation of historic sites and natural beauty, employment opportunity, and standard of living. However, when residents were concerned about negative social factors, such as occurrences of gambling addiction, prostitution, divorce, alcoholism, crime, and political corruption, their support level decreased dramatically (β=-.16, t=3.01). Negative environmental factors did not predict residents' support level. It is interesting to note that both negative and positive economic factors had significant effects on residents' perception about benefit.

Although the benefit factor was simply measured by asking for their agreement or disagreement about statements - "the development of casino provides benefits to myself"; "the casino development provides benefits to local residents" – they interpreted these statements as relating more to financial benefits. Thus, both positive and negative economic impacts on benefit were most significant among other exogenous variables. Furthermore, positive economic factors had the strongest effect on residents' support level (β=0.33, t=5.87).

Figure 1: Standardized Parameter Estimates for the Model (Model 2): *Pre-Data* Vs. Post-Data



[a, b] indicate statistical significance at $p \leq .001$, $p \leq .01$, respectively; t-values are in parentheses; *italic* figure denotes pre-date.

After the casino development, post data showed some changes in residents' support level. Figure 1 exhibits the significant effect of residents' perceptions about benefit on their attitude toward support for casino development. Benefits showed the strongest effect on support (β=0.66, t=8.87), whereas positive environmental and economic factors had no significant direct effects on support. Furthermore, positive social factors had less effect on support for post data (β=0.26, t=2.76) as compared to pre data (β=0.29, t=4.46). It is interesting to note that positive economic factors had significant effects on support only when mediated by benefit. This result can be interpreted as residents exposure to the casino industry, and that their perceptions of positive environmental and economic factors did not cause them to support the casino industry. Rather, they tend to become more supportive when they actually received benefit, specifically economic benefit. Also, the results showed that those residents' perceptions about negative social factors had less effect on their level of support for the casino after its opening.

CONCLUSION

The primary intention of this study aimed to exploring the residents' perceptions of changes between pre- and post-development of casinos by measuring the levels of economic, social, and environmental impact factors. This study also sought to ascertain how each impact factor determined residents' benefit and support levels based on the social exchange theory by applying structural equation modeling.

Confirmatory factor analysis confirmed six underlying dimensions measuring residents' perceived impacts of casino development as well as benefit and support constructs. Results of the structural equation modeling indicated that respondents' support level was directly influenced by benefit. Although the mean values of benefit and support decreased significantly upon the casino's operation, the causal relationship became more significant between those two variables. Both positive and negative economic factors showed significant impacts on support when they actually received benefits. These findings confirmed the study by Perdue et al. (1995) that results for residents showed a positive correlation between their support level for casino development and job opportunities and other types of economic impacts. The effects of the positive and negative social factors on support level were slightly decreased. These significant economic and social impacts on benefit and support level confirm the social exchange theory. However, environmental impact did not significantly predict either the benefit or support level in post data.

In sum, the results showed that positive economic impact was most significant in determining the benefit level, which was further enhanced after the casino opened. Also, respondents perceived positive social impacts to be most significant in affecting the support level both before and after casino development. The results of the structural equation modeling approach suggest following implications: (1) the social exchange model fits very well in explaining residents' attitude toward casino operation both pre and post-survey data; (2) policy-makers should identify how to provide benefits to those local residents so that they can support casino development further; and (3) casino operators and policy makers should make efforts to minimize the negative social impacts, because increase in the level of quality of life or standard of living was not only due to the positive economic impact but also was significantly affected by negative social factors, such as gambling addiction problems.

One limitation of the study was that the post data were collected only six months after collection of the pre-survey data. Respondents could still remember their responses causing history bias, or could not assess the actual impacts of the casino on their personal life due to the short collection period. A longitudinal study is strongly recommended to investigate residents' perceptions of casino development over time, preferably examined on an annual basis. The results of the longitudinal study continuing for several years after the opening of a casino should be able to be used in evaluating changes to residents' attitudes and identifying new positive or negative impacts of the casino. Thus, policy-makers can take appropriate actions to make the community a pleasant place to live and to improve the quality of life for residents.

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E-RELATIONSHIP MARKETING: AN APPLICATION TO HOTEL WEBSITE DEVELOPMENT

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ABSTRACT

The purpose of the study was to examine online customer relationship building through hotel company web sites. Using the top 150 hotel companies as the sample, the study found that hotel companies perform relatively well in establishing the lower levels of customer relationships. The size of the company was found to be positively related to the overall customer relationship building; the number of brands held by the hotel company was found to have a negative impact on the performance of customer relationship building. Marketing implications were discussed.

Key Words: e-Relationship marketing; customer relationship management; Website development; Hotel industry

INTRODUCTION

As competition in the lodging industry is increasingly severe, mass marketing and advertising have become less effective. In recent years, relationship marketing has been drawing marketers' attention as an alternative to deal with customers of diversified needs. Relationship marketing represents a paradigm shift in marketing and orientation (Grönroos, 1996). The ultimate goal of relationship marketing is to make customers loyal through tailor-made marketing and consequently to achieve financial success.

As an electronic means to implement relationship marketing, the Internet is considered revolutionary in helping build personal relationships between hotels and customers. Since the Internet is a strategic mechanism facilitating the practice of relationship marketing, hotel companies should put the relationship-marketing concept into work as a strategy directing the development of their websites (Gilbert, Powell-Perry, & Widijoso, 1999). However, these efforts still fall short of a full-swing implementation of relationship marketing. Furthermore, little attention of research regarding relationship marketing has been devoted to the lodging industry. More importantly, since the combination of relationship marketing and the Internet may offer a powerful competitive advantage for hotel companies (Gilbert et al., 1999), research efforts as to how hotel companies promote customer relationships on the Internet have become greatly needed. Therefore, the objectives of this study were to 1) examine the extent to which hotel companies use their websites to build customer relationships, 2) to evaluate the performance of online relationship building by various hotel companies' attributes such as the type of company, the type of website, and the company size measured with the number of rooms, and 3) to identify the attributes that have a significant impact on the level of website development in relation to customer relationship building. The results of the study is expected to provide valuable recommendations on long-term relationship building with online customers in the lodging industry.

LITERATURE REVIEW

The heart of marketing efforts is shifting from immediate transaction-based marketing with its emphasis on winning new customers, to customer retention through effective management of customer relationships (Martin, 1998). According to Kotler, Bowen, and Makens (2003), relationship marketing centers on creating, maintaining, and enhancing strong relationships with customers. The goal of relationship marketing is to deliver long-term value to customers, and the measure of success is long-term customer satisfaction and loyalty. In relation to the operational perspective of relationship marketing, five progressive levels of relationships were proposed by Kotler*, et al*. (2003, p. 391): basic, reactive, accountable, proactive, and partnership. The underlying rationale of relationship marketing is that acquiring customers is much more expensive than keeping them (Stone, Woodcock, & Wilson, 1996). Strong partnership with loyal customers can result in a major increase in company profitability.

As a main technological driver based on relationship marketing, customer relationship management (CRM) provides management with the opportunity to implement relationship marketing on a company-wide basis (Ryals & Knox, 2001). The information technology works as the 'bridge' that connects a company to customers in the relationship marketing system. Thus, the Internet is an effective marketing instrument that allows marketers to bring relationship marketing into practice by generating market knowledge and facilitating customer transactions. Web-based relationship marketing also offers distinct advantages: low-costs and high level of interactivity and one-to-one, personalized relationships with customers. Concentrating on the forty-one features of electronic relationship management, Feinberg, Kadam, Hokama, and Kim (2002) analyzed the top 100 specialty store, standard retail store, and Internet retailer web sites. The researchers found that Internet retailers were significantly more likely to have e-customer relationship attributes on their websites and argued that some features such as company profile, mailing address, links, search engine, spare parts availability, gift certificate purchase, and chat were highly associated with customer satisfaction. Gilbert *et al*., (1999) analyzed 143 hotel websites provided by the Yahoo Web Site to examine the management attitudes to the adoption of Internet as a relationship-marketing tool. The authors reported that the majority of the hotels have used the Web as an information center and a reservation channel, but only one-fifth of them carry real-time processing function for online transactions. They also noted that only a small portion of hotel chains have seen the Internet as a relationship marketing medium.

METHODOLOGY

The operational framework used for this study was based on the studies by Kotler, *et al* (2002) and Feinberg, *et al* (2002). In lieu of the nature of lodging business, some website features were modified to reflect the unique characteristics of hotel websites. Due to the page limitation, the framework is not showed in this conference paper and it can be requested through authors. The sample for this study was chosen from a list of top hotel companies published by the *Hotel & Motel Management* (2001). There were 281 hotel companies ranked by the number of guestrooms. For this study, the top 150 hotel companies were selected from the list. Out of 150 hotel companies, twenty-three hotel company websites were found to be bad links. In the end, the study sample ended up with 127 hotel companies. There were 10 different types of hotel companies found in the study sample, namely, ownership (n=17), management (n=21), franchise (n=5), ownership and management (n=59), ownership and franchise (n=1), management and franchise (n=1), O/M/F (ownership/management/franchise) (n=16), membership (n=3), consortium (n=3), and association (n=1). The size of hotel companies ranged from 2,229 to 552,879 guestrooms that they are affiliated with. Data for this study were collected from the websites of 127 sample hotel companies in November and December 2002. With the identified framework for online customer relationship building through hotel company websites, researchers visited the randomly assigned hotel company websites to collect relevant information. When the hotel company website contained the item on the pre-identified framework, the collected information was coded as "1" and "0" otherwise. Additional information including the type of website, namely, a single brand versus multiple brands, and the number of brands that hotel companies are affiliated with, were also collected. In this sample, more hotel company websites were designed for multiple brands (n=94) than a single brand (n=33). In terms of the number of brands serviced by these hotel companies, 56% of the hotel companies (70 out of 125 with two missing values) were affiliated with up to 6 brands.

Descriptive statistics, analysis of variance (ANOVA), and regression model were employed to achieve the study objectives. There are 5 levels of relationships with 29 attributes in the identified framework. A subtotal was calculated for each of the 5 levels, that is, the sum of responses at each level divided by the total number of attributes for that level. These subtotal percentages were thus utilized as an indication of how well hotel companies built customer relationships with their websites. For the type of companies, the ANOVA test retained 4 types of companies that had more than 5 observations, namely, ownership companies, management companies, ownership/management companies, and O/M/F companies as defined by the data source. The number of guestrooms that the hotel company was affiliated with was used as a proxy for the company size. Because of the wide range of guestrooms reported in the study sample (minimum 2,229 and maximum 552,879), this variable was collapsed into three categories based on the distribution of guestrooms. Therefore, hotel companies with the top 25% guestrooms were named large companies, the middle 50% named medium companies, and the lowest 25% named small companies. For the regression model, the overall average of the responses from the 5 levels of relationships was calculated by dividing the sum of subtotals from all 5 levels by 5. The overall average was used as the dependent variable in the regression equation. The independent variables included the size of company, the number of brands, the type of website, and the type of company. The type of company variable was dummy coded and "management companies" were used as the reference group because all other types of companies had an ownership component.

RESULTS

In comparison, hotel companies were much better in maintaining customer relationships at the basic (74.2%) and reactive (76%) levels by providing necessary product information online and contact information on their websites (Table 1). As the degree of customer relationship progresses, however, this study found that hotel companies had not utilized their websites to establish effective company-customer relationships. As Table 2 indicates, hotel companies provided less website features that are meant to hold customers accountable and build deeper customer relationships. At the accountable level (37.1%), problems fell on such areas as complaining ability (4%), annual report (20%), customer service pages (25%), and most recent financial information (27%). At the proactive level (32.6%), hotel companies completely failed to use electronic bulletin board that allows customers to share information publicly (0%) and chat that allows customers to interact with each other and the site (1%). The partnership level of relationship is the highest level of customer relationship that companies are committed to establish. At this level, companies consider customers as partners. It was found in this study that hotel companies provided least website features (21.9%) that are aimed at maintaining partner relationship with their customers. A close look at the performance of each item at this level showed that the dominant problems included differential membership structure (6%) and hotline exclusively for members (6%), although loyalty programs were mentioned for relatively higher occurrences (45%).

Table 1: Customer Relationship Building through Hotel Company Websites

Five Levels of Relationships	Mean (Standard Deviation)
Level 1: Basic	.742 (.256)
Level 2: Reactive	.760 (.271)
Level 3: Accountable	.371 (.299)
Level 4: Proactive	.326 (.178)
Level 5: Partnership	.219 (.267)

For online customer relationship building in terms of company characteristics, the study found significant differences by the type of company, the type of website, and the company size (Table 2). It seems that hotel companies were not consistent in their efforts to hold customers accountable, take the initiative to build deeper customer relationships, and add value to the company-customer relationship. Regarding the type of website, hotel companies with a single brand outperformed those with multiple brands. The former was found to provide more online information than the latter in terms of product highlights, online reservation, and free telephone for making reservations. Company size was also found to have an impact on the customer relationship building. At the basic level, the large hotel companies provided product preview more than the medium and small companies. At the accountable level, the large companies seemed to outperform the other companies in very single aspect of the web features including customer service pages, complaining ability, Internet privacy policy, change or cancel a reservation, retrieve a reservation, security alert, annual report, and most recent financial information. At the proactive level, the large companies were found to excel over the other companies in providing free sign ups for product information and promotion packages, and local search engines.

Table 2: Online Customer Relationship Building by Type of Company, Type of Website, and Company Size

Five Levels of Relationships	Type of Company	Type of Website	Company Size
Level 1: Basic	.223	.696	.014*
Level 2: Reactive	.110	.005*	.069
Level 3: Accountable	.001*	.107	.001*
Level 4: Proactive	.012*	.088	.001*
Level 5: Partnership	.004*	.904	.137

Note: 1. The numbers present the p-value of the ANOVA tests; 2. * significant at .05 level.

The regression model was conducted to identify the influencing factors upon the level of hotel website development in relation to online customer relationship building. Table 3 presents the results and shows that the two of the independent variables tested were important in accounting for the website development of the top hotel companies. The coefficient of determination (R^2) indicates that 42.9 percent of the variation in the website level was explained by the variables in the model. The regression model was statistically significant at an alpha level of .01. Since correlations among the independent variables were presumed, multicollinearity was checked with VIF (Variation Inflation Factor) and their values were found well below the problematic level of 10. The beta coefficient indicates that the number of rooms, as a proxy of the size of company, was found to be significant at the 0.01 level, signifying that the larger the company is, the more sophisticated website it does have. The number of brands was found to have a significantly negative relationship in the process of developing customer relationships on the company's website. The inverse relationship suggests that the more brands a company holds, the less progress in the website development toward customer relationship building. The result may be somewhat contradictory to the general expectation. However, it shows that the reality may be opposite and indicates that the companies carrying fewer numbers of brands surpassed their counterparts in focusing their resources on the web development and that they reached up to the more advanced levels of customer relationship building accordingly.

Table 3: Effect of Company Size, Number of Brands, Type of Website, and Type of Company

Variables	Standardized Beta Coefficients	t
Number of Rooms	0.270	3.48**
Number of Brands	-0.564	-6.94***
Type of Web Site		
Designed for Multiple Brands	0.150	1.77
(Designed for Single Brand)a		
Type of Company		
Ownership	0.103	1.27
Ownership & Management	0.005	0.06
Ownership, Management, & Franchise	0.138	1.69
(Management)a		
Model		
F value	14.8**	
R-square	0.429	
Adjusted R-square	0.400	

Note: 1. [a] Parenthesis refers to a variable used as a reference group; 2. * $p < 0.05$ ** $p < 0.01$

DISCUSSIONS AND IMPLICATIONS

This study aimed at exploring the extent to which hotel companies utilize their websites to establish customer relationships. Results indicate that hotel companies have maintained the basic and reactive levels of building customer relationships on their websites such as providing product information and making online reservation available, which was consistent with the findings by Arnott *et al*. (2002) and Gilbert *et al*. (1999). However, hotel companies in general have not been doing fairly well in establishing advanced customer relationships on their websites. Also, as noted in Arnott *et al.*(2002), and Gilbert *et al*. (1999), large hotel companies seem to be more concerned about implementing customer relationship strategies than smaller companies. One explanation could be that the former companies possess resources and expertise to make their websites as an extension to build and enhance customer relationships than the latter companies. The findings of this study can be helpful to hotel companies in evaluating their efforts of customer relationship building through their company websites. Considering the importance of the Internet in the contemporary business, hotel company senior executives must recognize that their company websites are no longer a company online brochure. The websites should be developed as an effective marketing and business tool. Given the vast uses of company websites by customers for various purposes, hotel companies will need to strengthen the threshold to design and implement customer relationship strategies online.

To make its website functional for e-customer relationship building, a hotel company should include marketing practitioners in the process of designing the company's website. IT professionals have the technical know-how; however, it is the marketing people who understand what must be incorporated into the website design to establish a good relationship with customers. For example, as findings of this study indicate, hotel companies failed to utilize their websites as an outlet for customer to air their concerns if any such as their previous stay experience. Handling customer complaints online should shorten the wait time and can be a more efficient way compared to a traditional telephone call. Moreover, while the hotel company provides necessary product information, other related information should also be reported and regularly updated such as customer services, annual report, and most recent financial statistics at the accountable level. Even at the partnership level, information update is also essential. Lots of details were missing in the loyalty programs reported on the website. Some hotel companies may not have a customer loyalty program at all, which they should strive for developing their own. Hotel companies should also design and provide extra value to "hook" customers including differential membership structure, e.g. Gold or Platinum Guest, and hotline exclusively reserved for such a guest. One major advantage of the Internet is its convenience. The website is accessible twenty-four hours a day and seven days a week. Hotel companies need to provide more interactive means to communicate with their customers. Apparently, hotel companies have not seen the growing potential of electronic bulletin board or instant chat functions that allow customers to share information publicly and interact with each other and the website. It is imperative that hotel companies foresee these opportunities for everlasting customer relationship building on the Internet. Customers have a certain level of perceived anxiety before the purchase of a hotel product. Testimonials or instant online conversations may help eliminate this anxiety and turn the prospective customer into an actual buyer. Web features as such may become a competitive advantage over the hotel company's competitors in the long run.

CONCLUSION

This study examined the use of hotel company websites for customer relationship building. While hotel companies perform relatively well at the basic and reactive levels of customer relationships, it is obvious that more commitment and expertise should be devoted to building more advanced levels. To establish the partnerships with customers should be sought after by every hotel company. As an effort of achieving this level of relationship, customer loyalty programs should be developed and implemented wisely on the Internet. Hotel companies must continue to strive for innovative approaches toward effective implementation of e-customer relationship marketing.

This study was exploratory in nature and should call for more research endeavors of investigating customer relationship building on the e-business environment. Future research should examine additional hotel website features that are appropriate for online customer relationship building. This study only chose hotel companies as a study sample. Hotels websites at the property level should be inspected as well. Customer satisfaction and hotel management perceptions must be explored for a better understanding of e-customer relationship building. This study provided a well-defined approach of e-relationship marketing in the lodging industry. Other segments of the hospitality and tourism industry may apply and refine the approach for more insightful discoveries in e-relationship marketing.

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FUTURE EVENTS AND THEIR IMPACT ON THE U.S. HOSPITALITY INDUSTRY A DELPHI STUDY TO PREDICT THE ROLE OF HUMAN RESOURCES, OPERATIONS, INFORMATION TECHNOLOGY, MARKETING, AND FINANCIAL MANAGEMENT IN THE YEAR 2007

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ABSTRACT

The purpose of this Delphi study was to make predictions in five areas of concern to hospitality industry managers, investors, lenders, educators, and others associated with the U.S. hospitality industry. These five prediction categories consist of over 100 events, which ultimately will define the future hospitality industry. An analysis of the results will provide initial clues about the direction of the industry with important implications for the management of hospitality enterprises. The five prediction categories for the purpose of the study include the industry structure, management of human resources, operations/information technology, marketing, and finance.

Key Words: Delphi Study, forecasting, lodging, food Service, and clubs

INTRODUCTION

Hospitality managers, investors, lenders, and other decision makers in the hospitality industry are not comfortable with uncertainties and the associated risks that they imply. Most decision-makers have some feeling about the occurrence of future events. These may range from a high degree of confidence to a vague and ill-defined feeling of discomfort (Pyhrr, S. A, Cooper, J. R., Wofford, L.E., Kapplin, S. D., & Lapides, P.D., 1989). Nevertheless, decision makers in the hospitality industry are concerned about the direction of *actual change* in any future event. Sinkley states that actual change, which is after-the-fact future change, can be broken down into an *anticipated component* and an *unanticipated component*. If change consisted of only an anticipated component, then there would be little or no risk involved. The unanticipated component is clearly the source of risk (Sinkley, 1992).

As part of the celebration of the 75th anniversary of *The* School of Hospitality Business at Michigan State University, the faculty of the school wished to conduct a predictive research study for a time capsule to be opened in 25 years. The study was to identify any areas of uncertainty and concern for individuals and organizations with ties to the hospitality industry. Through a study of the literature and discussions with hospitality faculty and industry executives, five categories of uncertainties were identified as primary concerns for the hospitality industry:

1. The size and structure of the hospitality industry.
2. Management of human resources in the hospitality industry.
3. Management of operations and information technology.
4. Marketing and/or Brand management.
5. Financial management.

While the time capsule study included both 2007 and 2027, the purpose of this paper is to identify and comprehensively predict the key events and issues that will define each of the five categories for the year 2007. By successfully predicting the likelihood with which these key future events will occur, we hope to mitigate some of the uncertainty associated with the management of the hospitality organizations in the future.

OVERVIEW OF THE DELPHI STUDY AND METHODOLOGY

There are primarily two types of forecasting methods: quantitative and qualitative. Quantitative approaches may be further divided into causal and time series (Schmidgall, 2002). Causal methods such as regression analysis and econometrics “assume that the value of a certain variable is a function of other variables” (Schmidgall, 2002). Time series analysis, on the other hand, uses the occurrence of a past pattern to predict future events. Naïve methods, moving averages, and exponential smoothing are some examples of time series analyses. Certain forecasting problems are not readily handled using a quantitative approach. In such cases, one has to rely on qualitative forecasting methods, which are holistic in nature and rely more on human judgment when they are used to make predictions. One such qualitative (long-term) forecasting technique is the Delphi technique.

"The Delphi technique is a method used to systematically combine expert knowledge and opinion to arrive at an informed group consensus about the likely occurrence of future events". According to Helmer and Rescher (1960), the original proponents of the Delphi technique, "the technique derives its importance from the realization that projections of future events, on which decisions must often be based, are formed largely through the insight of informed individuals, rather than through predictions derived from well-established theory".

According to Linstone and Turoff, the Delphi technique should be used when one or more of the following properties exist in the problem:

1. The problem does not lend itself to precise analytical techniques but can benefit from subjective judgment on a collective basis.
2. The individuals needed to contribute to the examination of a broad or complex problem have no history of adequate communication and may represent diverse backgrounds with respect to experience or expertise.
3. More individuals are needed than can effectively interact in a face-to-face exchange.
4. Time and cost make frequent group meetings infeasible.
5. The heterogeneity of the participants must be preserved to assure the validity of the results; i.e., the participants must not be dominated by quantity or by strength of personality (called the "bandwagon effect" and the "halo effect," respectively).
6. When the anonymity of the participants is important. (p. 96)

In addition to the above factors, Paliwoda states that when studies involve "multiple dimensions," a Delphi study may be the preferred choice (Paliwoda, 1983). Johnson states that the Delphi technique is especially suited for long-term forecasts—more than five years out in rapidly changing, volatile fields (Johnson, 1976).

All of these reasons had some impact on why the Delphi technique was selected as the method of choice for the present forecasting problem. Most important, however, was that the problem was multi-dimensional in nature and involved expertise, such that no individual had sufficient knowledge to affect a solution. Therefore, the problem required a group decision-making method. The traditional, face-to-face group decision-making processes would have inserted a study bias (particularly due to the "bandwagon effect" and the "halo effect").

The steps in conducting a Delphi study listed below are combined from various sources in the Delphi literature (Moeller and Shafer, 1984; Martino, 1983; Deveau, 1994; Linstone and Turoff, 1979; Tersine and Riggs, 1976):

Step 1: Identify the basic issues, problems, and events to be predicted.
Step 2: Select a panel of experts.
Step 3: Explore, discuss, and finalize the basic issues and events to be predicted.
Step 4: Design a draft questionnaire.
Step 5: Pilot-test the draft questionnaire.
Step 6: Mail round 1 of the Delphi questionnaire.
Step 7: Summarize the statistical results of round 1 and include these results with the round 2 mailing of the questionnaire.
Step 8: Continue future rounds similar to steps 6 and 7.
Step 9: Analyze the data to show consensus of participants over progressive rounds.

The combined functional and industry specialization expertise of the faculty at *The* School of Hospitality Business at Michigan State University, was used to develop the prediction issues and event statements. Based on brainstorming sessions and faculty input, three separate questionnaires were developed representing the three major sectors of the hospitality industry: Lodging, Food Service, and Clubs. Each questionnaire was divided into five categories, to coincide with the objectives of the study:

1. The size and structure of the hospitality industry.
2. Management of human resources in the hospitality industry.
3. Management of operations and information technology.

4. Marketing and / or Brand management.
5. Financial management.

Using faculty and industry expertise, over 100 future event statements were developed, for the categories in the questionnaire and assigned a 5-point likelihood of occurrence scale with 5 indicating “very likely to occur” and 1 indicating “not likely to occur.” The questionnaire format was divided into two prediction periods: 2007 and 2027. It also provided space at the end of each category where respondents could write opened ended predictions about future events. For the purposes of this study, only the results from the year 2007 responses are being presented.

An expert for the purposes of the study was expected to have a broad view understanding of their industry sector (lodging, food service and clubs), with specific expertise in at least one functional area. The expert was to be either in a top management or ownership rank and directly involved in making strategic decisions for their organization. Finally, we felt that an effective panel of experts should not only be accessible but also interested in the results of the research.

The School of Hospitality Business at Michigan State University’s alumni database and the Club Manager’s of America (CMAA) provided a rich list for the selection of an expert panel. We selected 74 lodging, 47 food service, and 41 club industry executives as experts using the above criteria. Due to a limited number of MSU alumni in the Club Industry, the CMAA list was used to augment the list of experts in that sector of the hospitality industry. Table 1 illustrates the profile of the three expert panels. The three separate Delphi questionnaires, with a self addressed envelope, were mailed as Round 1 to the appropriate hospitality sector experts. Each panelist received two phone calls, first to verify the receipt of the questionnaire and the second to encourage them to complete and mail the questionnaire.

Table 1: Profile of Delphi Expert Panel

INDUSTRY SECTOR	PANEL EXPERTISE	ROUND 1 RESPONDENTS
Lodging	Lodging panel consists of Presidents, CEOs, Vice Presidents, Owners, General Managers and Senior Hotel Development executives with major U.S. and international hotel companies	38
Food Service	Food service panel consists of Presidents, CEOs, Vice Presidents, Owners, General Managers of Food service companies to include full service and fast food restaurants, contract food service firms, independent restaurants, institutional food services, vending companies, specialty food service, food service company vendors, and food service consulting firms.	21
Clubs	Club panel consists of CMAA members and members of the board. Most panelists are club general managers, with a few vice presidents and CEOs.	21

FINDINGS

Eighty completed questionnaires were received, for an overall response rate of 49.4%. Thirty-eight responses were from the lodging panel, 21 from the food service panel, and 21 from club panelists. This study presents Round 1 results from the panelists occurring for the year 2007. The items with a mean score of 4.0 or higher have been included in this study. Tables 2, 3, and 4 present the results in descending order of the probability of occurrence.

The Lodging Industry

Table two presents the results of the lodging industry Delphi panelists. The panelists foresee a greater number of women in management positions in 2007. Technology is an area of concern: our panel of experts believes that wireless technology will play an increasing role in operations. The widespread use of cellular phones suggests that the telecommunications department will become a cost center. Furthermore, consumer databases will be used greater target markets of interest.

Table 2: Events most likely to Impact the Lodging Sector of the Hospitality Industry: 2007

Lodging	MEAN
The cost of payroll taxes and employee benefits will be higher.	4.5
The industry will see substantially more women in management positions.	4.3
The workforce will be more culturally diverse.	4.3
Consumers will be more sophisticated and knowledgeable.	4.3
Pervasive use of cell phones will render the telecommunications department into a cost center rather than a profit center.	4.3
Marketing to an aging population will become increasingly important.	4.2
Wireless technology will play an increasing role in various aspects of hotel operations.	4.2
Convenience will increasingly drive consumer choices.	4.2
Cost of real estate will be higher as prime locations become less available.	4.2
Consumers will be more value-driven.	4.2
Consumer databases will lead to more target marketing.	4.1
Because of mergers and acquisitions, the industry will be more consolidated, with fewer companies	4.1
Labor will continue to remain one of the highest cost factors.	4.1
Product differentiation will become increasingly important in growing the business.	4.1
Personalization/customization will be a driving force in marketing.	4.0
Lending terms required by lenders will be more rigorous.	4.0

Note: Scale: 5= Very likely to occur; 1 = Not at all likely to occur

The Foodservice Industry

A 1998 National Restaurant Association (NRA) Delphi panel looked at the future industry structure in 2010 and reported some the most likely developments to be a continued intensity in terms of competition, an increase in chain operations and an increase in multiple concepts within the chains. Our results for 2007, presented in Table 3, echo findings from the NRA Delphi study.

Table 3: Events most likely to Impact the Foodservice Sector of the Hospitality Industry: 2007

Foodservice	MEAN
The cost of payroll taxes and employee benefits will be higher.	4.6
Labor will continue to remain one of the highest cost factors.	4.4
Word-of-mouth will still be the most influential form of advertising.	4.4
The workforce will be more culturally diverse.	4.3
The industry will develop more concepts that include multi-unit brands under one roof.	4.2
Consumers will be more value driven.	4.2
Marketing to an aging population will become increasingly important.	4.2
Consumer databases will lead to more target marketing.	4.1
The industry will see substantially more women in management positions.	4.1
In general, managing employees will be more challenging	4.0
The proportion of chains versus independents will increase.	4.0
Convenience will increasingly drive consumer choices.	4.0
Changing demographics will lead to more ethnic driven marketing.	4.0
Foodservice companies will offer improved compensation and other incentives to increase employee retention.	4.0

Note: Scale: 5= Very likely to occur; 1 = Not at all likely to occur

The Club Industry

As with the lodging experts, the club Delphi panelists believe that more women will be placed in management positions. A continuing trend of the hospitality industry in general is the challenge is the management of employees. Specific to the club industry, the Delphi panelists believe that the trend of the club manager functioning as the chief operating officer and that the largest source of revenue for clubs will be membership dues will continue. These results are listed in Table 4.

Table 4: Events most likely to impact the Club Sector of the Hospitality Industry: 2007

Club	MEAN
Country (golf) clubs will remain the largest segment of the club industry.	4.6
The cost of payroll taxes and employee benefits will be higher.	4.5
Labor will continue to be the highest cost category for clubs.	4.4
In general, managing employees will be more challenging.	4.4
The workforce will be more culturally diverse.	4.3
The industry will see substantially more women in management positions.	4.2
The management of employees will become more challenging.	4.2
The concept of the manager functioning as the chief operating officer will be become more commonplace.	4.2
The largest revenue source for clubs will continue to be member dues.	4.2
Convenience will increasingly drive member choices.	4.0
Members will be more sophisticated and knowledgeable.	4.0
Members will want unique hospitality experiences.	4.0
Member health/wellness will be an integral part of a club product offering.	4.0

Note: Scale: 5= Very likely to occur; 1 = Not at all likely to occur

CONCLUSIONS AND IMPLICATIONS

It comes as no surprise that the panelists believe that managing employees will be more challenging by 2007. Cultural diversity in the workforce will continue to rise. Women will hold more management positions. In general, as one might expect, human resource issues are, and will continue to be, an area of concern for the panelists from all three sectors.

The experts in all three sectors also believe that greater emphasis must be placed on marketing and service quality to the customer. Targeting the marketing effort will become more commonplace as databases are used. Aging customers, with a greater demand for value increase the importance of marketing strategy. Convenience is recognized to be a driving force in consumer choices.

Financially related events are on the minds of all the experts, as one might imagine. Labor costs and related benefits are expected to be higher; the foodservice panelists believe that improved compensation will be required for employee retention. Real estate costs will be higher for lodging companies, while dues will continue to rise as clubs look to members as the largest source of revenue. It is interesting to note that only the lodging panel believed technology related events would be prominent in 2007. The use of cellular telephones by guests and wireless technology will play a greater role in lodging operations. Branding and concept offerings are predicted to play a greater role in foodservice. The club panelists believe that members will require unique hospitality experiences, something not considered likely by the lodging and foodservice experts.

From a lodging standpoint, when factoring the cost of real estate and the rigor with which lenders evaluate capital requests, the trend for continued building in the lodging industry is not as likely through 2007. With the predicted increase in chains and multiple concepts under one roof, independent restaurant operators will face competition like never before. The club sector panelists predict more women in management positions, possibly to address the membership issues facing private clubs recently.

In general, across the three sectors, our panel of experts seem most sure about three events:

1. The workforce will be more diverse: both ethnically and by gender.
2. Labor costs will take an increasing chuck of organizational resources: payroll taxes, benefits, and incentives to retain employees.
3. Consumers will continue to demand more: value, convenience, personalization, and unique experiences.

SUMMARY

The purpose of this Delphi study was to make predictions in five areas of concern to hospitality industry managers, investors, lenders, and others associated with the U.S. hospitality industry. The analysis of the results provided initial clues about the direction of the industry with important implications for the management of hospitality enterprises in the next 5 years. The five prediction categories for the purpose of the study included the industry structure, management of human resources, operations/information technology, marketing, and finance. The experts who participated in the first round of this Delphi study believed that escalating costs, human resource issues, differentiated marketing strategies and responding to greater demands by customers were the events most likely to occur in the next five years.

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LONGITUDINAL ANALYSIS OF ONLINE TRAVEL INFORMATION SEARCH BEHAVIOR: 1995-2000

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ABSTRACT

Online travel commerce has evolved to become the second largest sector in terms of sales online. The objective of this study was to examine the changes in online travel information search among generational (Baby Boomers and Generation Xers) cohorts between 1995 and 2000. Significant increases in search behavior were found across all cohorts between the two periods, indicating the presence of a strong period effect. Interestingly, a moderate cohort effect was also found where older baby boomer cohorts report greater increases in the likelihood of travel information search behavior over Generation Xers at large. The findings provide an evolutionary understanding of travel search behavior among generational cohorts.

Keywords: Online Travel, Information Search, Cohort Analysis and E-commerce

INTRODUCTION

The marriage of travel and the Internet has been definitive. The Internet's global reach, interactivity, and information-rich context have redefined the travel industry. In fact, online travel commerce is the second largest selling category in e-commerce after books and related products (Ernst & Young Report, 2002). However, lost in the growth figures is a clear understanding of how the demographic profile of the online travel commerce landscape developed. But for a few dispersed studies from the trade press that merely highlight trends; there is little understanding of how online behavior of different demographic cohorts changed during this paradigmatic period in the travel industry.

The purpose of this study was to evaluate the changes in online travel information search behavior between 1995 and 2000 across generational cohorts spread between 18 and 97 years. Specifically, the study focuses on Baby Boomers and Generation Xers to develop a comparative perspective of their adoption rates of the Internet as a tool for information search. Drawing from hospitality and tourism and consumer behavior literature, the study applies longitudinal analysis to evaluate change in online travel information search across a range of pre-defined age cohorts.

EVOLUTION OF THE INTERNET

Both 1995 and 2000 were two important periods of time for the evolution and growth of the Internet and subsequently online travel commerce. 1995 was a formative year for e-commerce and was characterized by low Internet penetration and only a handful of prominent online travel portals. This is recognized as the first era of the Internet, in which hospitality and tourism travel organizations used websites purely for marketing communications through brochures and in-depth materials. From the customer viewpoint during this formative period, the Internet was an information repository at best. By 2000, transactional capabilities had matured to make the Internet a significant medium marketing exchange. Internet penetration in 2000 had increased to 72 million hosts compared to 4.9 million in 1995 (Rutkowski, 2001), and online travel portals had become sophisticated in their capabilities and offerings. For example, baby boomers, who were traditionally considered to be slow in technology adoption increased on the Internet by 18.4 percent in 2000 from 1999 (E-commercenews, 2000). For the purpose of this study, the period between 1995 and 2000 reflects an important period of change in the hospitality and tourism industry that impacted both customers and businesses.

With this backdrop of change between 1995 and 2000, our understanding of demographic profiles in online travel commerce has remained limited to a few cross-sectional studies conducted at different time periods (Weber & Roehl, 1999; Morrison, Su, O'Leary & Cai, 2001; Beldona, Morrison & Ismail, 2003). When viewed together, these studies provide isolated perspectives of profiles of the time periods in question largely due to the heterogeneity of samples used. While Weber and Roehl's (1999) study was based on an international Web-only sample, Morrison et al. (2001) used graduate students.

THE TECHNOLOGY ADOPTION LIFE CYCLE & CONSUMER BEHAVIOR

When a technology is introduced in the market, its adoption stages is characterized by five segments, namely Explorers, Pioneers, Skeptics, Paranoids, and Laggards (Parasuraman & Colby, 2001). Each of these segments varies based on a combination of optimism, innovativeness, discomfort, and insecurity in attitudes towards the technology. For example, low-end laggards are low in optimism and innovativeness, and high in discomfort and insecurity. Each segment develops over time to become a viable customer group. The process is not exactly sequential, although the categorization provides a strong set of guidelines for customer segmentation. Marketing strategies should be built upon an understanding of this adoption classification, by tailoring services to match the specific behavioral attributes and needs of each segment.

The technology adoption process has been extensively researched in the marketing field. Studies have found significant association between demographics and attitudinal factors in the adoption of new technologies (Shimp & Beardon, 1982; Rogers, 1995; Dabholkar, 1996. Kolodisnky, Hogarth & Shue (2000) categorized electronic banking technology users as technophiles, in-betweens, and technophobes, and found technophiles to be younger, have higher incomes and education, and are mostly single. In the same vein, formative studies on Internet usage profiles suggest the importance of demographic factors such of education, race, and occupation as significant predictors of increased Web usage (Pitkow & Kehoe 1996). These earlier studies found that Internet users then were typically male, had higher incomes, and were predominantly white (Pitkow & Kehoe 1996; Furr & Bonn & Susskind, 1998). This group can be typified as "explorers" based on Parasuraman & Colby's (2001) customer segmentation of technology adoption. Subsequently, Bonn et al. (1998) found significant differences in age, education, and the level of Internet use between pleasure travelers who would seek travel information online and those who do not.

However, cultural and social contexts are key characteristics of consumer behavior. In addition to the influence of culture, reference groups also influence consumer behavior because of particular behavioral norms that permeate across groups of people (Bearden and Etzel, 1982). People who have a similar set of experiences specific to a particular era may have similar traits and consumption patterns. For example, baby boomers are considered to have unique and flamboyant spending habits, especially when it comes to travel (Whelan, 1997, Nautilus Report 2002).

METHODOLOGY

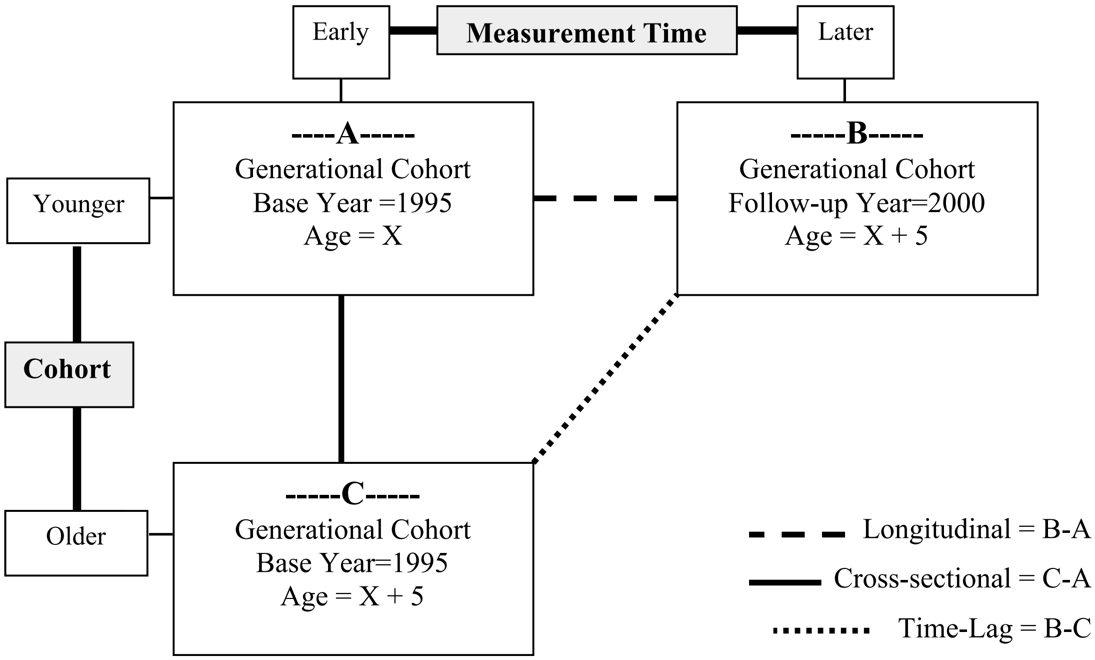
Cohort analysis is a study of a population with a common characteristic over a period of time, e.g., a birth cohort consists of all those born in a given year (Palmore, 1978). A cohort is generally defined as a group of individuals who have shared similar experiences and have unique common characteristics around these experiences. For example, the birth cohort between 1920 and 1925 can be considered unique because the people within this group have all shared the common experiences of an economic downturn specific to that era as well as the tribulations of World War II. A cohort is different from an age group. For example, a cohort born within two calendar years would belong to two pre-defined age groups in two particular periods. When two sets of data represent similar populations and have identical questions over two separate periods, cohort analysis is a useful statistical technique to evaluate differences between the two sets of cohorts.

Figure 1 illustrates an adaptation of the three types of differences pertinent to cohort analysis. There are two dimensions namely measurement time (early to later) and cohort (younger to older). As for measurement time, one can see that Box A has the base year as 1995 whereas Box B reflects the follow-up year of 2000. Similarly, for cohort, Box A has the younger cohort with age equaling "x", and Box C has age mentioned as "x+5" because of the five year gap between each cohort.

To interpret cohort analysis based on Figure 1, three possible differences can be ascertained based on the whether the change is ascertained based on measurement time or age of cohort. Cross-sectional, longitudinal, and time-lag differences can be ascertained between the cohorts as part of cohort analysis (Palmore, 1978).

While measurement time is on the horizontal axis, cohort is on the vertical axis. The horizontal line between B and A (B-A) reflects a longitudinal difference wherein the same cohort is tested across different time periods. For example, a longitudinal difference would reflect change in behavior in the 1969-1973 birth cohort between 1995 and 2000. From a longitudinal difference, one can infer that change has taken place either due to change in age from one period to another that is called the *age effect*, or simply a period effect that indicates change in the environment between the two time periods. Age effects are changes caused by the natural aging process or any changes pertinent to the age characteristics of that cohort. For example, the middle age cohorts tend to accumulate and save compared to older cohorts, who work around plans to spend from accumulated savings. A period effect reflects a change as a result of the experiences of cohorts built around developments controlled by the environment such as Internet permeation in this case.

Figure 1: Observable Differences (Adapted from Palmore, 1978)



No cohort effect can be derived from the longitudinal difference. In fact, Palmore (1978) contends that any difference can be attributed to two *and only two effects*. A cohort effect implies change due to behavior as a result of the inherent characteristics built around the experiences of the cohorts. For example, baby boomers (1942-1960) are distinctly different in behaviors and lifestyles, when compared with Generation Xers (1961-1981).

The second type of difference that can be ascertained from the framework in Figure 1 is cross-sectional. Here, differences between cohorts (young to old) are tested at any given specific time period. In this study, it could be either 1995 or 2000 that can be evaluated separately and the difference is along the vertical line between the boxes A and C (C-A). Age and cohort effects can be attributed from cross-sectional differences, but not period effects as there is no change in measurement time.

Time-lag analysis is the third difference that can be ascertained, wherein individuals of the same age are tested at different time periods. Using Figure 1, the difference will be between B and C (B-C). An example of time-lag analysis would be to evaluate differences in 18-22 year olds in 1995 and 2000. From time lag differences, one can infer the possibility of period or cohort effects with age held constant (same age groups being evaluated).

Using these three types of analysis, it is possible to ascertain age, period or cohort effects to provide a holistic perspective of change between two time periods (Palmore, 1978). However, each difference may be confounded because of the inability to clearly distinguish between any two effects. For example, longitudinal differences may not clearly distinguish if the differences are largely driven by age or the developments/changes in the environment between the two periods. Attributions must be drawn from outside the model to substantiate the differences and clearly distinguish between effects. These attributions should be based on factual and documented developments to help provide the crucial distinction between the two possible effects. Therefore, by evaluating all three differences (longitudinal, cross-sectional and time-lag) one can develop a wider perspective of change, provide support for the analysis, and help identify the actual cause of change in the study.

ANOVA is the common statistical technique employed in cohort analysis. Adjusted means provided by ANOVA specific to each cohort can be tabulated and differences ascertained using Multiple Classification Analysis (Palmore, 1978). However, the dependent variable in this study was dichotomous, indicating whether respondents searched for travel information online (1 = Yes and 0 = No). Since prior research has used logistic regression in cohort analysis (Ferraro, 1990), it was the chosen statistical technique for this study.

Table 1: Descriptive Statistics (Unweighted)

Variable	Mean, Standard Deviation and Sample Size (1995)	Mean, Standard Deviation and Sample Size (2000)	Range and Coding Procedure
Income	4.3, 1.86 & 3603	4.5, 1.98 & 2526	(1-8) Eight levels. Substituted with predicted values to account for 20.73% missing values.
Education	4.4, 1.64 & 3577	4.34, 1.62 & 2496	(1-7) Seven levels. 2.1% of missing values deleted.
Gender	0.52, 0.5 & 3603	0.54, 0.5 & 2526	Female = 1, Male = 0.
Employed	0.7, 0.52 & 3603	0.67, 0.47 & 2507	Employed = 1, Not =0 (1= full time & part time) Recoded four category variable to above
Black	0.09, 0.29 & 3569	0.12, 0.32 & 2480	Black = 1, Other = 0. Recoded original four category variable to above
Age	43.60, 17.13 & 3522	44.64, 17.8 & 2465	18-97. Missing values of 2% deleted
Travel Information Search	0.26, 0.44 & 594	0.65, 0.48 & 592	(Y = 1/N = 0), Got information about travel, such as checking airline ticket prices or hotel rates

The purpose of using logistic regressions was to only ascertain statistical significance of desired differences. For cross-sectional effects, separate logistic regressions were administered on each wave of data to evaluate differences between sequential cohorts specific to each wave. For example, the 18-22 and 23-27 cohorts of 1995 were categorized as 0 and 1 respectively as a cohort variable. Similarly, to evaluate longitudinal and time lag differences, logistic regressions were administrated, each using one dichotomous cohort variable created based on the desired difference. Each logistic model included a cohort variable specific to the change required and was controlled for by income, education, gender, employment status, and race. These model results are not presented due to limited space and can be furnished on request.

Data from two surveys in 1995 and 2000 respectively were used for the study, and both surveys were conducted by the Pew Research Center. Both surveys were administered in similar fashion, wherein the respondents were 18 years of age or older, and the samples were randomly drawn from telephone exchanges across the continental U.S. Both surveys were administered by telephone. For the 1995 survey (Wave 1), the total number of cases was 594 after taking into account responses on all variables specific to the study. Similarly, the number of cases in the 2000 survey (Wave 2) was 1,006 after adjusting for responses on all variables included in the model of the study. Since the number of cases in Wave 2 was nearly twice as much as in Wave 1, a random sample of 592 was drawn, and only these cases were used for the analysis. While this does account for a certain degree of loss in information, it nonetheless provides parity to the analysis based on sample size. Both waves included weight variables and were constructed along similar lines. The weight variable for each wave was derived from a demographic weighting procedure using parameters from the Current Population Survey, and balanced the distribution of all demographic weighting parameters including race and gender.

RESULTS

Table 3 provides a perspective of change in online travel information search between the two time periods across cohorts. The fourth and seventh columns contain the percentages of those who actually sought travel information online in 1995 and 2000 respectively. The results in Table 3 were constructed around the principle of Multiple Classification Analysis, except that percentages were used instead of means. The table provides a snapshot of change in online travel information search behavior across all cohorts. It clearly indicates increases across all cohorts, with the exception of the oldest cohort. Statistical significant differences of each change were detected from logistic regressions and *only* the associated p-values are shown in Table 4.

Table 4 presents a cross-sequential design of the three effects (cross-sectional, longitudinal, and time-lag). A perspective of cross-sectional differences can be obtained by viewing the percentages for 1995 and 2000 separately. Cross-sectional differences can indicate either age or cohort effects (Palmore, 1978). By traveling vertically down the cells of the cross-sectional column, one notices the absence of any distinct pattern suggesting that cross-sectional differences existed.

Table 3: Percentage of Travel Information Search Behavior across Cohorts

	1995			2000				
Birth Cohort	Age of Cohort	N	% of Yes to Search	Age of Cohort	N	% of Yes to Search	1995-2000 % Cohort Change	Cohort to Total Change Ratio
1978-1982	NA	NA	NA	18-22	159	**63.52**	NA	
1973-1977	18-22	169	**8.88**	23-27	103	**60.20**	51.32	1.38
1968-1982	23-27	140	**25.00**	28-32	116	**50.87**	25.87	0.69
1963-1967	28-32	154	**29.22**	33-37	156	**71.15**	41.93	1.12
1958-1962	33-37	162	**32.10**	38-42	151	**71.52**	39.42	1.06
1953-1957	38-42	149	**32.89**	43-47	126	**65.87**	32.98	0.88
1948-1952	43-47	107	**22.43**	48-52	105	**63.81**	41.38	1.11
1943-1947	48-52	103	**27.18**	53-57	63	**74.60**	47.42	1.27
1938-1942	53-57	62	**30.65**	>=58	76	**22.37**	-8.28	-0.22
<=1937	>=58	76	**22.37**	NA	NA	NA	NA	NA
		1122	23.15		896	60.43	37.28	

When ascertaining longitudinal differences, one evaluates how the same people (or the same cohort) behaved after a period of time. Table 4 suggests great increases in online travel information search between 1995 and 2000. The 1973-1977-birth cohort showed the largest increase in 2000 followed closely by the oldest boomer cohort (1943-1947). The 1968-1972 cohort had a relatively small increase of 25.87 percent compared to its next youngest cohort of 1973-1977 at 51.32 percent. This cohort shows the smallest increase in the likelihood of travel information search. The birth cohorts between 1953 and 1967 showed larger increases in travel information search for the younger cohorts. Interestingly, the 1948-1952 and the 1943-1947 birth cohorts had larger increases in travel information search than the younger cohorts (with the exception of the 1973-1977 cohort). Lastly, no significant differences were evident for those older than in the 1938-1942 birth cohort or older.

Table 4: Observed Differences for the Cross-Sequential Design (Percentages)

Birth Cohort	1995	2000	Cross-Sectional	Longitudinal	Time-Lag
1973 -1977	8.88	60.20	16.12**	51.32***	35.20***
1968 -1972	25.00	50.87	4.22	25.87***	21.65***
1963 -1967	29.22	71.15	2.88	41.93***	39.05***
1958 -1962	32.10	71.52	0.79	39.42***	38.63***
1953 -1957	32.89	65.87	-10.46**	32.98***	43.44**
1948 -1952	22.43	63.81	4.75	41.38***	36.63***
1943 -1947	27.18	74.60	3.47	47.42***	43.95***
1938 -1942	30.65	22.37	-8.28	-8.28	0.00
<=1937	22.37				

* $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

Evaluating time-lag differences involves studying individuals of the same age across two time periods. The notion of age groups can be applied here, because two cohorts are being compared. Table 4 shows that the baby boomer cohorts had the largest increases, especially the 53-58 and the 43-47 age groups in 2000. Perhaps surprisingly, the 28-32 age group showed the smallest increase in online travel information search among all age groups.

DISCUSSION

Based on conventional marketing thinking, three distinct groups were present in this study: seniors born between 1925 and 1942; baby boomers, 1943-1960; Generation X, 1961 and 1981. Cross-sectional analysis across both waves (1995 and 2000) reflected no age or cohort effects. Across the board, the longitudinal analysis indicated a significant period effect on online travel information search. Internet penetration rates increased sharply (Rutkowski, 2001), as did home computer ownership in all age groups (US Census Report, 2000). The highest increase being in the youngest Generation X cohort partially vindicated the findings of past adoption studies, which have contended that the adopters of new communication technologies are usually younger than non-adopters (Rogers, 1995; Li & Yang, 2000). Younger people tend to be more adventurous and more eager to try out new innovations (Rogers, 1995). Also, this younger cohort has greater communal bearings because of relatively higher levels of cohesion and inter-personal contact (O'Donnell & Wardlow, 2000). Practices among individuals in this age group tend to permeate more easily within the cohort.

Additionally, online travel portals improved in usability and became more sophisticated between 1995 and 2000. By 2000, travel portals were providing significant aggregation of travel services such as flights, room and car rentals, all sold within individual websites. Also, travel portals had started customizing their services to specific market segments such as business and leisure travelers. Secure technologies had also come of age, a factor that greatly improved marketing exchange. Importantly, the findings do not show a perfect linear pattern of online travel information search that increases or decreases with age. In contrast, the two oldest baby boomer cohorts had larger increases in online travel information search than the next two youngest age cohorts, although the youngest cohort shows the highest increase. This suggests the absence of an age effect since both cross-sectional and longitudinal differences show no evidence of it.

Nonetheless, findings from time-lag differences show significant increases in online travel information search behavior that strengthens prior evidence of a period effect found in longitudinal differences. As earlier discussed, period or cohort effects can be inferred from time-lag differences. Interestingly, the time-lag differences also show that older baby boomers reported marginally higher increases in online travel information search than the younger cohorts, with the exception of the youngest Generation X cohort. Therefore, there is strong evidence of a moderate cohort effect here, especially given the larger spending habits, and passion for travel that baby boomers have always demonstrated (Whelan, 1999). Also, higher increases in the older boomer cohorts may be partially attributed to retirement planning initiatives since two-thirds of Baby Boomers considered traveling and volunteering as important towards retirement preparation (Lang, 2001). It must be mentioned that Generation Xer cohorts also show increases, although these are relatively *less prominent* compared to that shown by Baby Boomers. Further investigation using a continuous or ordinal dependent variable will provide greater variability to better capture this effect.

CONCLUSION AND IMPLICATIONS

Broadly speaking, the findings reflect a strong period effect between 1995 and 2000, accompanied by a moderate cohort effect as well. There are several practical implications arising from these findings. Firstly, the study provides an evolutionary understanding of the changing profile of online travel information seekers. It provides a generational perspective for practitioners and academics alike on the evolving behavior of baby boomers and Generation Xers across a critical time period. The findings are also highly generalizable, given the nationally representative sample used in the two surveys. Another practical implication of this research lies in the significant increases in online travel information search across all age groups beginning with those born in 1943; people who were 60 years old in 2003. This seems to be contradictory to some earlier research findings that Internet users are primarily younger people. As we move through the next five to ten years, and Internet use continues to increase, this research suggests that even those in their retirement years will be effectively reached through the Web and e-mail. This has definite implications for decisions on the optimum mix of printed versus online travel information. A shift towards a greater emphasis on online information provision seems to be justified.

The findings also have definite implications for future travel distribution and communication strategies. If the trend continues in the direction of the findings of this research, traditional distribution channels such as travel agencies will diminish in relative importance when compared to online distribution. The increasing use of the Internet for travel information search will justify a greater emphasis on online communications with potential travelers, and perhaps a lesser emphasis on traditional advertising and promotional media.

Lastly, the study empirically validates the maturity of the online medium as a viable channel to distribute travel information. Given that all cohorts showed substantial increases in travel search activities online, it attests to the widespread penetration of the Internet in American lives. The study paves the way for future studies in Internet evolution patterns in the context of online travel search behavior, both from methodological and theoretical standpoints. Future study can extend to longitudinal analysis of online travel *buying* behavior. A three tiered approach with three specific years of study (across equal time intervals) can also be conducted to develop a deeper understanding of the Internet adoption process in generational cohorts. Cohort analysis is an effective technique to evaluate change. It helps explain evolutionary aspects of phenomena that are of academic or practical interest, especially when an industry is so intertwined with social and technological change. Research using cohort analysis in the hospitality and tourism industry can help academics and practitioners keep a timeline of change, while also providing support to the evolving theory in the field.

A strong limitation of the study was the dichotomous dependent variable that limited the variability in the study. Perhaps, the use of a continuous or ordinal dependent measure can better support the relatively moderate cohort effect detected. Future research can explore these changes using continuous dependent measures, while also employing behavioral predictors.

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PERSONALITY AND JOB PERFORMANCE IN FOOD AND BEVERAGE SERVICE PROVISION

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ABSTRACT

This paper examines the relationship between the personality profiles and job performance of food and beverage service providers. Data were collected from 192 student trainees using the Customer Contact Styles Questionnaire and a specially designed instrument for assessing service performance. Personality variables relating to performance included: interpersonal traits (empathic) to looking after customers; potency traits (results-oriented) to task management; and dependability to cognitive performance (recalling). Interestingly, conscientiousness did not appear as a global predictor. Task management was associated with energy and volition (results-oriented) and recalling orders and backstage teamwork were associated with dependability.

Key Words: Personality, Job Performance, Hospitality, Operatives.

INTRODUCTION

Over the past decade there has been an upsurge of interest among students of work behavior and practitioners in personality variables. Although the validity evidence for personality measures is not strong relative to other measures (Robertson & Kinder, 1993), practitioners remain convinced of their value in personnel selection. Two-thirds of the UK companies that were surveyed (Hodgkinson & Payne 1998) reported the use of personality questionnaires at least sometimes, although this was the case solely with management selection. A much cited definition of personality is Allport's (1937, p48) 'the dynamic organization within the individual of those psychophysical systems that determine his unique adjustment to his environment'. In the 1990s, personality psychologists advocated a hierarchy of units of analysis, with the whole person at the apex, branching down through middle-level units such as 'life tasks' and goals to traits then to behaviors at the base (Hampson, 1999). Traits are mechanisms within the individual that shape how s/he reacts to classes of event and occasion; they are relatively decontextualised, broad dispositions that summarize past behavior and predict future behavior. A variety of trait dimensions have been put forward, ranging from two (Eysenck & Eysenck, 1975) to 30 (Saville & Holdsworth Ltd, 1993). Of them, the five-factor structure (Extraversion, Agreeableness, Conscientiousness, Emotional stability and Openness to experience) has been the most replicated across measures, languages and life span (McCrae *& Costa, 1997).*

A number of recent meta-analyses provide consistent support for the predictive validity of traits regarding organizational behavior. Robertson and Kinder's (1993) analysis revealed criterion-related validity for personality variables of up to r=.33. Unlike previous research, Robertson & Kinder used a priori hypotheses to identify which personality scales should show criterion-related validity in specific criterion areas. It has been also argued that a broad taxonomy of traits may be appropriate for categorizing individuals but, if one wants to predict or explain specific behaviors, a more fine-grained conceptualization of dispositions may be necessary (Hough, 1992). Robertson, Baron, Gibbon, MacIver & Nyfield (2000) have shown that broad measures such as conscientiousness, which has been heralded as a good overall predictor (Barrick and Mount, 1991) do not provide convincing levels of validity. It is important to match the level of abstraction of the personality measure to the behavior to be predicted.

This study examines personality in a hospitality service context, and its contribution to performance variance. There is evidence that employee interpersonal skill and affective responses affect customer perceptions of service performance (Rafaeli & Sutton, 1990). To date, however, personality research and practice remains mostly in the realm of management (Hodgkinson & Payne, 1998), with the exception of Ineson, Dickinson & Sutton (1996) in the UK and Allworth & Hesketh (1999) in Australia. Personality traits were expected to correlate with job performance dimensions that were conceptually similar, i.e. belonging to the interpersonal, volition or cognitive domain.

METHOD

The sample comprised 192 students (57.8% male; 42.2% female) who attended NVQ catering courses in England. The age of the participants ranged from 16 to 53 years (18.9 years on average; mode was 17). As part of their courses, all of the students worked for approximately three days a week as food and beverage service providers in the colleges' commercial restaurant operations. Three quarters of the participants had service work experience outside the college mostly in hospitality. Fifteen supervisors (8 males and 7 females) were asked to provide data through supervisory ratings on 45 behavioral items, developed as a result of job analysis.

Table 1: Factor analysis (principal components) of 45 performance items and varimax rotation of the 6-factor solution

Performance Items	F1 Task Man/ment	F2 Liaising	F3 Looking after	F4 Selling	F5 Recalling	F6 Team work
Plans a logical task sequence	*.73*	.22	.20	.23	.29	.17
Appreciates food from taste	*.73*	.23	.24	.21	.13	.22
Makes immediate decisions	*.72*	.21	.20	.31	.24	.13
Decides work priorities	*.71*	.24	.16	.19	.26	.34
Organizes resources	*.71*	.22	.23	.15	.29	.32
Appreciates food from look	*.70*	.27	.27	.21	.17	.20
Appreciates food from smell	*.68*	.26	.23	.22	.20	.23
Anticipates problems	*.67*	.23	.18	.23	.29	.22
Makes decisions/own initiative	*.65*	.27	.25	.34	.26	.07
Identifies/analyses problems	*.64*	.28	.25	.24	.33	.04
Revises plans due to change	*.62*	.11	.18	.26	.38	.28
Decides action in cooperation	*.55*	.50	.16	.23	.26	.11
Serves in an attentive manner	*.50*	.41	.34	.16	.40	.08
Lays out table correctly	*.48*	.43	.29	.10	.38	.04
Respectful to higher order staff	.19	*.70*	.08	.28	.15	.38
Gets on well with the team	.21	*.69*	.22	.07	.29	.29
Greets/assists customers	.28	*.69*	.18	.42	.11	.17
Friendly to other departments	.18	*.67*	.20	.11	.30	.33
Gets information for customer	.37	*.66*	.22	.44	.11	.13
Answers customer enquiries	.44	*.64*	.17	.41	.12	.13
Converses with customers	.41	*.59*	.21	.47	.12	.14
Takes orders attentively	.51	*.57*	.32	.14	.32	.07
Collects/pays cash carefully	.44	*.47*	.30	.12	.45	-.03
Looks after elderly customers	.17	.18	*.85*	.21	.15	.18
Looks after handicapped	.24	.20	*.80*	.17	.12	.28
Looks after children	.27	.12	*.79*	.28	.06	.17
Provides affection and comfort	.23	.19	*.75*	.18	.11	.24
Provides physical assistance	.27	.31	*.62*	.18	.23	.18
Offers customer further options	.25	.16	.26	*.77*	.25	.12
Recommends menu options	.28	.18	.23	*.76*	.23	.18
Informs of menu offerings	.22	.35	.30	*.71*	.19	.15
Informs of other bar options	.36	.24	.28	*.69*	.17	.23
Picks up non-verbal cues	.41	.41	.16	*.58*	.18	.18
Contacts to check satisfaction	.45	.47	.19	*.53*	-.01	.20
Recalls verbal info/short term	.35	.27	.13	.16	*.75*	.20
Recalls verbal info/long term	.44	.12	.10	.21	*.75*	.18
Recalls written info/short term	.32	.31	.11	.21	*.72*	.26
Recalls written info/long term	.44	.16	.07	.26	*.69*	.25
Assists colleagues on request	.11	.25	.18	.12	.26	*.74*
Responds to supervisor fast	.10	.26	.13	.09	.34	*.73*
Assists colleagues / initiative	.28	.32	.33	.25	.23	*.63*
Cleans/tidies own area	.34	.16	.48	.13	-.05	*.59*
Keeps service area tidy	.40	.16	.43	.17	-.06	*.59*
Checks premises area secure	.41	-.06	.42	.21	.05	*.57*
Shares information	.27	.22	.23	.26	.43	*.52*
Eigenvalue (in unrotated solution)	*25.83*	*2.63*	*2.07*	*1.81*	*1.34*	*1.19*
Pct of Variance (in unrotated solution)	*57.4*	*5.9*	*4.6*	*4.0*	*3.0*	*2.6*

A behavioral observation scale measuring frequency of the desired behavior was employed and each item was treated as a separate variable, ranging from 'occasionally' (1) to 'always' (5). Factor analysis (principal components with varimax rotation) indicated an underlying structure of six performance dimensions (Table 1). Principal component (standardized) scores for each factor were obtained and then transformed linearly into raw scores. The resulting performance variables were 1) *Task management*, 2) *Liaising*, 3) *Looking after*, 4) *Selling*, 5) *Recalling* and 6) *Team work*. One overall performance score was also obtained, as the averaged sum of the 45 items and measured on a 5-point scale. There was a two-week interval between data collection from the students and the supervisors.

The service providers' personalities were assessed through a self-report personality inventory, the Customer Contact Styles Questionnaire (CCSQ) (Saville & Holdsworth Ltd, 1997), which was developed specifically for non-managerial service personnel. It comprises 16 personality scales, covering three areas: Interpersonal (I), Thinking Style (T) and Emotions and Drives (E) and a further scale measuring Social Desirability. The 16 scales are as follows: I1 Persuasive, I2 Self-Controlled, I3 Empathic, I4 Modest, I5 Participative, I6 Sociable, T1 Analytical, T2 Innovative, T3 Flexible, T4 Structured, T5 Detail Conscious, T6 Conscientious, E1 Resilient, E2 Competitive, E3 Results Orientated and E4 Energetic. There are 136 items (eight per scale) using a five point Likert scale. Raw scores were used, summed at the scale level, ranging from 8 to 40. Data collection took place during normal teaching hours. The administration of the personality measure (CCSQ) took about half an hour. Each session comprised groups between 10 and 15 participants; standard instructions were given.

ANALYSIS AND RESULTS

Summary statistics for the 16 Customer Contact Styles scales were calculated and the distributions appeared close to normal. The variable intercorrelations (Pearson product moment) ranged from r=.01 to r= .63 (mean: r=.26), indicating some interdependency among the variables. Next the correlations between the performance dimensions and the personality variables were examined (Table 2). Although the same set of personality variables appeared to be associated with performance across all dimensions, they displayed differential relationships, justifying the use of multiple performance dimensions. I3 Empathic, for example, correlated with performance factor F3 Looking after (r=.19), while T6 Conscientious correlated with F5 Recalling (r=.17).

Table 2: Correlations of the personality variables with the six performance factors and the overall performance measure

	PERFORMANCE FACTORS (principal components)						
PERSONALITY SCALES (161 df)	F1 Task man/ment	F2 Liaising	F3 Looking after	F4 Selling	F5 Recalling	F6 Team work	Overall performance
I1 Persuasive	.14	-.04	.05	.02	-.01	-.01	.08
I2 Self-controlled	.04	-.04	-.09	-.06	-.04	.06	-.04
I3 Empathic	.16*	-.02	.19*	-.03	.05	.05	.18*
I4 Modest	-.07	-.06	-.07	-.05	.07	.04	-.07
I5 Participative	.01	.02	.06	.09	-.10	-.14	-.03
I6 Sociable	.16*	-.07	.08	.12	-.08	-.08	.09
T1Analytical	.04	.04	.11	.18*	.05	.07	.19*
T2 Innovative	.12	-.10	.02	.07	.04	-.09	.04
T3 Flexible	.16*	-.06	.02	.04	.05	-.09	.07
T4 Structured	.06	.04	.07	.05	.08	.22*	.20*
T5 Detail-conscious	.06	.002	.08	.06	.05	.19*	.17*
T6 Conscientious	.09	.11	.10	.05	.17*	.19*	.27*
E1 Resilient	.11	-.05	-.04	.04	.07	-.12	.02
E2 Competitive	-.06	.11	-.11	.05	-.06	.03	-.02
E3 Results-oriented	.26*	.09	.03	.13	-.04	.22*	.30*
E4 Energetic	.14	.03	.13	.04	.08	-.08	.16*
Social Desirability	-.06	.06	.06	-.08	.01	.10	.02

Note: An asterisk indicates statistical significance at the p<.05 level.

The combination of personality variables that best predicted performance was examined through the use of stepwise multiple regression analysis. The analysis included each performance factor in turn and also the variables that bore a significant correlation with that factor. In addition, to deal with possible suppression effects, social desirability was added in the prediction of performance factors F1 Task management and F4 Selling, while I2 Self-controlled was included for the performance factor F3 Looking after and the overall performance. Table 3 presents the variables that entered the final step of each equation, their multiple R and individual Beta coefficients.

Table 3: Summary results from multiple regression analyses for each performance factor

	PERFORMANCE FACTORS						
PERSONALITY VARIABLES	F1 Task Man/ment R=.26	F2 Liaising N/A	F3 Looking after R=.26	F4 Selling R=.18	F5 Recalling R=.17	F6 Team work R=.22	Overall Perfor-mance R=.34
I2 Self-controlled			-.19				
I3 Empathic			.27				
T1 Analytical				.18			
T4 Structured						.22	
T6 Conscientious					.17		.18
E3 Results-oriented	.26						.23

Six personality variables entered the regression equations. There was a differential relationship between personality scales and different performance dimensions, which was revealed only when multiple performance dimensions were examined. Specifically, the interpersonal variables I2 Self-controlled and I3 Empathic appeared to relate with the performance factor F3 Looking after and the thinking style variable T1 Analytical was associated with F4 Selling. None of these personality variables entered the overall performance regression equation. It appeared that personality fared better as predictor of an overall composite performance criterion (R=.34) than as predictor of multiple performance dimensions (ranging from R=.17 for F5 Recalling to R=.26 for F1 Task management).

DISCUSSION

Personality variables appeared to relate to performance. Specifically, the multiple correlation coefficient reached R=.34 for personality in relation to the overall performance criterion (comparing favorably with Allworth & Hesketh 1999, R=.27 for personality factors). Validity levels around .3 constitute the notorious 'personality coefficient' (Robertson & Kinder, 1993) and are rarely surpassed. Further to an overall composite criterion, the current study also adopted a multidimensional one, which resulted in differential prediction according to the various performance dimensions. Thus interpersonal traits (i.e. empathic) related to interpersonal performance dimensions (Looking after customers), potency traits (i.e. Results-oriented) to task management, and dependability to cognitive performance (i.e. Recalling). The multi-faceted nature of performance and the importance of the logical relationship between predictors and criteria have long been recognized (Robertson & Kinder, 1993). Warr (1999) showed that conceptual concordance between individual personality scales and criterion behaviors affects validity positively. Interestingly, conscientiousness did not appear as a global predictor, contrary to most reviewers (for example, Barrick & Mount, 1991), but in accordance with Robertson, Baron, Gibbon, MacIver & Nyfield (2000).

Conscientiousness is probably the most complex personality factor. For example the NEO-PI-R (McCrae and Costa, 1997) shows six facets: competence, order, dutifulness, achievement striving, self-discipline, deliberation. Although certain qualities, such as being careful, orderly, cautious and planful are unambiguously associated with conscientiousness, there is uncertainty about others. For example, achievement is included as a facet of conscientiousness by McCrae and Costa (1997), but not by Hogan (1991) and Hough (1992). The personality framework used in this study distinguished between the dependability and volitional components of conscientiousness. It addressed the former through the personality dimensions Structured, Conscientious and Analytical and the latter through Results-oriented. Smith (1994) postulated Conscientiousness as a global performance determinant. While this was supported by a number of researchers in the past (Barrick and Mount, 1991; Salgado, 1997), recent findings by Robertson, Baron, Gibbons, MacIver and Nyfield (2000) indicated that there is no clear relationship between conscientiousness and job performance. If anything, conscientiousness correlated negatively with another criterion, promotability. While the other researchers used the all-encompassing construct of conscientiousness, Robertson, Baron, Gibbons, MacIver and Nyfield (2000) used its dependability facet, which explains the discrepancy in the findings. By distinguishing between the dependability and volitional components of conscientiousness, the current study was able to obtain differential relationships with the various components of performance. Specifically, the Task management performance factor was associated with energy and volition (Results-oriented), in accordance with Robertson, Baron, Gibbons, MacIver and Nyfield (2000). On the other hand, Recalling orders and Backstage teamwork were associated with dependability (Conscientious and Structured respectively), while both dependability and achievement appeared important for this sample's overall performance. Consequently, this study contributed to the debate regarding Conscientiousness by examining both its facets and by establishing differential predictive ability in the expected direction, reconciling, thus, previous contradictory findings.

Although there was a short time interval between data collection from the two sources (operatives and supervisors), in essence, this was a concurrent validation design. In the knowledge of that, all claims for 'prediction' should be treated as qualified statements. However, the collection of criterion data after the performance on the predictor indices was a positive step towards causal assertion; one major requirement for causal inferences is sequence in time (Nunnally and Bernstein, 1994). The participants in this study were sampled from a realistic pool of potential applicants. Actual comparison with a job incumbent sample indicated similarity in terms of personal history (for example, age and experience) and personality profiles. It is concluded that personality, therefore, should be given further attention in the context of food and beverage service provision and taken into account in relation to job performance, recruitment and employee development. The personal attributes that appear important for an all-round effective service include a congenial approach to customers, a disciplined approach to teamwork, and a can-do, results-oriented attitude towards the job in general. As this study shows, it is not enough for an employee to just have pleasant manners. The focus on producing results and continuously improving oneself and the service is more important.

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WORK MOTIVATION CORRELATES OF PERSONALITY IN A HOSPITALITY CONTEXT

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ABSTRACT

The relationship between work motivation and the personality of food and beverage service providers was examined. Work motivation was measured through reasons for joining a catering course, prior knowledge of the hospitality industry, attractive job elements and reasons for leaving the job. Personality was assessed using the Customer Contact Styles Questionnaire. Emotional Stability was correlated significantly with the 'social contact' job element whilst Conscientiousness was found to be associated with job turnover for self-improvement. Although career motivation in general failed to demonstrate any relationship with personality, career advancement correlated significantly with Innovative, Competitive and Persuasive.

Key Words: Needs, Values, Motives, Personality, Service.

BACKGROUND

Needs, motives, traits, attributions and goals have been proposed as constituting personality. Winter, John, Stewart, Klohnen & Duncan (1998) argue that motives describe unique aspects of personality not captured by traits and that both units of analysis are necessary for a complete understanding of personality. Two terms associated commonly with motivation are needs and values (Ronen, 1994). Needs are intra-individual forces that energise and motivate through the creation of a state of tension, which the individual attempts to relieve with appropriate actions. Values incorporate concepts of beliefs, pertain to desirable end states or behaviours, guide selection or evaluation of behaviours and events, and may be ordered by relative importance. Values are relatively enduring and stable over time (Dose, 1997) and develop through the influence of culture and personality. Ronen (1994) proposed that basic values may be associated with work motivation models through the employment of valences attributed to job characteristics and expected outcomes, so that data based on work values (i.e. importance ratings of various job characteristics, outcomes or orientations) can be interpreted to reflect an established needs' structure (cf. Maslow 1954): Security (Physical, Area, Time, Security, Benefits); Social (Co-workers, Managers); Ego/Power/Self-esteem (Recognition, Advancement, Earnings); Self-actualisation (Training, Autonomy, Skills, Challenge). Job satisfaction, pertaining to attitudes and affective responses towards one's job, can be intrinsic (the work itself) or extrinsic (satisfaction with pay, promotions, supervision, etc.) (Wong, Hui and Law, 1998). Herzberg (1966) theorised links between job satisfaction and both hygiene needs (influenced by the physical and psychological work conditions) and motivator needs (related to self-actualisation and autonomy). Needs' structure has been investigated using job satisfaction measures, but this approach failed to reproduce the hypothesised needs' categories because of difference in scope: while needs transcend immediate job occupancy, job satisfaction is modified by perceptions of the job conditions and its expectancies, as well as an individual's compensatory processes (for example, across different life domains) (Ronen, 1994).

Few studies have looked at personality correlates of work motivation. Hough (1992) suggests that academic achievement and work motivation processes tend to be associated most closely with the positive agency domain of personality (i.e., Surgency, Conscientiousness, and Achievement). Kanfer, Ackerman & Heggestad (1996) have shown that individual differences in traits, such as Neuroticism, have a detrimental effect on motivational processing during skill learning and performance. Judge (1992) cites strong longitudinal evidence showing that there is a fair amount of consistency in job attitudes, and individuals are quite resistant to organisational change. Arvey, Bouchard, Segal & Abraham (1989) demonstrated that there is a genetic component in job satisfaction. Furnham, Forde & Ferrari (1999), utilising Herzberg's (1966) needs' framework, found that personality factors appeared to account for between 20% and 30% of the variance in work motivation. Extraversion was related to motivation needs factors and neuroticism to hygiene needs factors. The present study investigated motivation at four levels: disposition, needs/values, attitudes and goals. It was postulated that: Interest in working in service would be associated with interpersonal personality factors, security needs with conscientiousness, interpersonal needs with agreeableness and job progression needs with extraversion; Dissatisfaction with conditions and people would be associated with (lack) of emotional stability, while dissatisfaction with career could relate to extraversion and openness to experience.

METHOD

The sample comprised 192 student trainees (57.8% male; 42.2% female) on catering courses in England. The participants' ages ranged from 16 to 53 years (mean = 18.9, mode = 17). Data collection took place in class and lasted an hour. These service providers' personalities were assessed through the self-report Customer Contact Styles Questionnaire (CCSQ) (Saville & Holdsworth Ltd, 1997). It comprises 16 scales: I1 Persuasive, I2 Self-Controlled, I3 Empathic, I4 Modest, I5 Participative, I6 Sociable, T1 Analytical, T2 Innovative, T3 Flexible, T4 Structured, T5 Detail Conscious, T6 Conscientious, E1 Resilient, E2 Competitive, E3 Results Orientated and E4 Energetic. It also has a Social Desirability scale. There are 136 items (eight per scale) employing five point Likert scale. Raw scores were used, summed at the scale level, ranging from 8 to 40. The three classes of motivational constructs (besides dispositions) were measured through 39 items in a self-report questionnaire comprising two sections: 1) Work preferences: Work values (14 elements that would attract respondents to a job) were determined from a detailed job analysis (Table 1a). Attitudes (dissatisfaction) were measured through reasons for leaving a job (Table 1b). 2) Course entry motivation was studied from two perspectives: output (desired consequences from joining a course) and input (trigger that led to decision to join the course). Motivational input was measured also through knowledge of service prior to entering current course (Table 2b). The job elements (1a) were rated on a 5-point scale, ranging from 'very unattractive' (1) to 'very attractive' (5). For sections 1b, 2a and 2b, each option was treated as a dichotomous variable: 0 (not chosen); 1 (chosen).

ANALYSIS AND RESULTS

The personality variables were subjected to factor analysis. The solution explained 64.9% of the variance. The factors comprised: conscientiousness and dependability (PeF1 Conscientiousness); styles relating to sociability and extraversion (PeF2 Potency); adjustment (PeF3 Emotional Stability); likeability (PeF4 Agreeableness); sociability again, but in a group-orientation way (PeF5 Affiliation).

Table 1: Factor analyses (principal components): work motivation items

1a ATTRACTIVE JOB ELEMENTS	F1 Security	F2 Social contacts	F3 Career advancement
Sense of order/tidiness	*.76*	.29	.05
Low injury risk	*.76*	.03	.14
Indoors work	*.67*	.15	.22
Clean working environment	*.61*	.30	.36
Customer contact	.01	*.73*	-.08
Variety at work/new situations	-.004	*.72*	.30
Colleague interaction/group work	.22	*.69*	.14
Training opportunities	.29	*.61*	.04
Physical activity at work	.26	*.42*	.16
Other financial rewards/tips	.28	-.03	*.75*
Prestigious working environment	-.01	.16	*.74*
Promotion prospects	.18	.27	*.73*
Wage level	.42	-.04	*.58*
Steady job	.34	.29	*.35*
Eigenvalues (%age of variance)	*4.66 (33.3)*	*1.6 (11.4)*	*1.21(8.6)*

1b REASONS FOR LEAVING JOB	F1 Career	F2 Conditions	F3 Bad relations	F4 Better pay
Career prospects	*.78*	.11	-.04	.08
Fulfilling potential	*.73*	.30	-.08	-.09
Variety	*.66*	-.12	.22	.22
Type of work	.05	*.67*	-.05	-.05
Working conditions	.19	*.60*	.25	.31
Dissatisfaction with colleagues	-.01	-.04	*.81*	.13
Dissatisfaction with boss	.13	.50	*.58*	-.10
Better pay	.09	-.05	.17	*.87*
External (eg contract termination)	-.11	-.47	.38	*-.58*
Eigenvalues (%age of variance)	*2.27 (25.2)*	*1.24 (13.8)*	*1.10 (12.2)*	*1.02(11.3)*

The dimensionality of the motivation variables (four groups) was explored through factor analyses (principal components with varimax rotation). 1a) Attractive job elements: Three factors were obtained (cf. Ronan 1994) explaining 53.4% of the variance (Table 1a), relating to a notion of safety and security, gregariousness and interpersonal contact and career advancement. The inter-correlations of the items within each factor and the magnitude of the Alpha coefficients, allowed the variables to be grouped. The items with the highest loadings on each factor were summed and averaged, resulting in three continuous variables with values ranging from 0 to 1: Security, Social contacts and Career advancement. Inter-variable correlations ranged from r=.32: r=.58. 1b) The reasons for leaving a job were subjected to factor analysis and four factors explained 62.5% of the variance (Table 1b). With the possible exception of 'was dissatisfied with the boss/supervisor' and 'external reasons', the factor structure was clear. The factors related to dissatisfaction with the career prospects that jobs offered, pursuit for different or better working conditions, dissatisfaction with interpersonal relationships and a quest for better pay, possibly involving self-initiated turnover. This four-factor structure corresponded to the intrinsic/extrinsic classification of job satisfaction (cf. Wong et al. 1998). Four continuous variables with values ranging from 0 to 1: left for career, left for conditions, left for bad relations and left for better pay emerged. Inter-variable correlations ranged from r=.02 to r=.28.

Table 2: Factor analyses (principal components): hospitality course entry motivation items

2a. REASONS FOR JOINING COURSE	F1 Hospitality work	F2 Ease employment	F3 Career	F4 No interest
To get the skills/training to work in service	*.71*	-.02	-.004	.19
To get the skills/training to work in kitchen	*.69*	.21	-.22	-.05
Interested in the hospitality industry	*.58*	-.26	.19	-.32
To get a job more easily	-.01	*.91*	-.06	.07
To move to management	-.15	-.08	*.87*	.62
To get a better job	.24	.60	*.62*	.07
Wanted to go on any course	.10	.05	-.13	*.74*
Was unemployed	-.07	-.07	.11	*.73*
Eigenvalues (%age of variance)	*1.48 (18.5)*	*1.39 (17.3)*	*1.29 (16.1)*	*1.06 (13.2)*

2b. SOURCES OF PRIOR KNOWLEDGE	F1 Second-hand	F2 First-hand
Through the press/media	*.71*	-.17
As customer in restaurants	*.66*	.11
Through information/advice at school	*.65*	.18
Reading books	*.46*	.19
No knowledge	-.39	*-.75*
Had worked in the industry in the past	-.15	*.74*
Had friends working in the industry	.11	*.52*
Had relatives working in the industry	.10	*.50*
Eigenvalues (%age of variance)	*2.18 (27.3)*	*1.31 (16.4)*

2a) Why joined course? Factor analysis gave four factors, explaining 65.1% of the variance (Table 2a) and depicting as reasons for course choice a willingness 'to work in the hospitality industry', 'to ease employment', 'career advancement' expectations and an absence of focus ('lack of interest'). Four continuous variables were obtained with values ranging from 0 to 1. 2b) Prior knowledge: The factor analysis yielded two factors, explaining 43.7% of the variance (Table 2b) and representing knowledge of the sector obtained either from secondary (i.e. books) or direct sources of information, like work experience, which was acquired personally or was present within the person's social circle. The inter-correlations of the items within each factor and the respective Alpha coefficients were high enough to permit the grouping of these variables. Factor estimates were obtained as before, resulting in two continuous variables with values ranging from 0 to 1: second-hand information and direct/indirect experience. These variables correlated significantly, but not substantially: r=.26, p<.05, df=179. The four factor analyses resulted in 13 new variables.

Next, the relationship between personality and motivation was examined. Table 3 presents the correlations between personality factors (i.e. PeF1 Conscientiousness, PeF2 Potency, PeF3 Emotional stability, PeF4 Agreeableness and PeF5 Affiliation) and the motivation variables. Due to the low internal consistency of some of the motivation factorial scales both items and factors were examined, but only the latter are displayed in this Table. A number of interesting relationships appeared. PeF1 Conscientiousness was negatively associated with job turnover through its relationship with F2 Left for conditions(r=-.26). Individual variables that had a relationship with Conscientiousness included 'left for more variety' (r=.-20), 'left for colleague reasons' (r=.-19) and 'left for better conditions' (r=-.27). As these three variables are all-inclusive employee turnover reasons, in that they cover the work itself as well as its social setting, it would appear that, further to organisational variables that have been identified (cf. O'Reilly, 1996), a personality factor that underlies turnover by regulating organisational commitment is conscientiousness.

Table 3: Correlations (Pearson's) of motivation factors with the five personality factors (principal components)

	PERSONALITY FACTORS (Principal Component scores)					
MOTIVATION (Factors)	PeF1 Conscientiousness	PeF2 Potency	PeF3 Emotional Stability	PeF4 Agreeableness	PeF5 Affiliation	Df
Job turnover:						
F1 Left for career	-.03	.15	.05	.01	.07	122
F2 Left for conditions	-.26*	-.09	-.24*	.01	-.13	122
F3 Left for bad relations	-.09	.06	-.06	-.02	.12	122
F4 Left for better pay	-.16	-.12	-.01	-.20*	-.12	122
Why joined course:						
F1 To work in H industry	.01	.02	.07	.11	.12	174
F2 To ease employment	.02	.04	-.02	-.06	.007	174
F3 To advance career	.03	.12	-.06	-.13	-.03	174
F4 No interest	-.07	-.05	-.19*	-.08	.09	174
Prior knowledge:						
F1 Direct experience	-.06	.10	.06	.11	-.03	174
F2 Second-hand information	-.07	-.06	-.18*	.06	-.01	174
Attractive job elements:						
F1 Security	.11	.12	-.01	-.03	.07	169
F2 Social contacts	.22*	.24*	.27*	.15*	.05	168
F3 Career advancement	-.11	.15	.04	-.03	.11	169

PeF3 Emotional Stability correlated negatively with F2 Left for conditions (r=-.24) (cf. Furnham et al. 1999). PeF3 Emotional Stability was significantly correlated with 'social contacts' as attractive job elements (r=.27). Because the social element is very strong in hospitality occupations, stress tolerance and effective people handling may go 'hand in hand'. 'Prior knowledge' through working in the industry in the past was related with PeF2 Potency (r=.18), possibly conveying notions of self-efficacy, as well as job knowledge, justifying therefore its inclusion in the motivation domain. Finally, career motivation, variably measured as need, source of satisfaction and specific goal, failed to demonstrate any relationship to personality factors, contrary to expectations. When the career motivation factors were examined against individual personality variables (as opposed to factors), a consistent pattern of relationships emerged. Career as reason for choosing course correlated significantly (p<.05) with T2 Innovative (r=.18) and E2 Competitive (r=.16), as reason for leaving a job with I2 Persuasive (r=.20) and as an attractive job element with I2 Persuasive (r=.23). These findings were consistent with expected relationships between career advancement and both extraversion and openness to experience, but masked when the personality scores were summed into factors.

DISCUSSION

The factor analysis of values, operationalised as elements of jobs that participants would find attractive, was expected to produce an established needs' structure (Ronen, 1994): security, social, ego/power and self-actualisation. Only the first three of the needs' clusters were apparent in the four factor solution: 'left for career' and 'left for better pay' (ego/power); 'left for conditions' (security) and 'left for bad relations' (social needs). Interestingly, a factor relating to the need for self-actualisation was obtained with job satisfaction variables. A possible explanation could lie in the different foci of the two sets of variables. When work values were operationalised as attractions to a job, they were rather general, not job specific and in a positive framework. When they were operationalised as sources of job dissatisfaction, they were job-specific, past-referenced and were loaded negatively, maybe denoting deficiencies in a person's job environment and capturing outcomes that brought the respondents' situation below the normatively expected level. While some respondents may not seek challenges at work, they may feel deprived if they were prevented from doing so. Job dissatisfaction with work conditions (job turnover factor) correlated with conscientiousness and emotional stability (r=-.26 and r=-.24), dissatisfaction with pay correlated with agreeability (r=-.20) and the turnover variable 'was not achieving enough' correlated with potency (r=-.22) (Table 3), in line with Judge (1992) and Furnham et al. (1999). In addition, and following the latter authors' research within Herzberg's (1966) needs' framework, extraversion was related with motivation factors (i.e. achievement) and neuroticism with the hygiene factors (baseline work conditions).

Although the participants were student trainees, they had relevant work experience and had planned hospitality careers. Actual comparison with a job incumbent sample indicated similarity in terms of personal history (for example, age and experience) and personality profiles. This study utilised factor analysis to replicate established personality and needs' structures and obtain dimensions that would demonstrate higher stability than individual variables. The internal and external relationships of the obtained dimensions were examined to safeguard meaningfulness and construct validity. While clear factorial structures were produced, it remains a fact that low internal consistency indices were obtained with some of the motivation factors. Regarding the reasons for joining the course, for example, all three items included in the factor 'to work in the hospitality industry' (interest in industry, service and kitchen) loaded clearly on that factor, yet their Alpha coefficient was very low (.39). The presence of some variance was possibly indicative of a multiplicity of facets. While service and kitchen work appeared to share more variance in the factor analytic solution, kitchen work shared more variance with external indices (i.e. personality): r=.17 respectively with PeF5 Affiliation. Similarly, the two items constituting the factor 'joined out of no interest' shared internal and external variance, but again had low Alpha (.23). While it is acceptable to have one- or two- item factors (Nunnally and Bernstein, 1994), this clearly poses problems for internal consistency. In any case, a compromise has to be reached between the single item with high validity, but probably low stability, and a scale with lower validity but higher stability. To extend the present study, more items would be required to capture the various facets of motivation. Some relationship between values, attitudes and personality did emerge, although only with one attractive job element (value factor), social contacts. The findings of this and other studies, that is worker attitudes (motivation and satisfaction) are as much a function of stable personality traits as organisational conditions, pinpoint likely obstacles in organisational change and staff well-being programmes. Consistency in job attitudes means that individuals may be resistant to change not as a matter of conscious decision or politics, but due to their dispositional makeup. Management initiatives and interventions to improve work conditions and lift motivation may fail due to individuals' negative predispositions. Therefore personality should be studied and taken into account not only in relation to worker performance but also other outcomes, namely attachment and well being and, perhaps more importantly, organisational and employee adaptability and survival.

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A COMPARISON OF EDUCATIONAL DELIVERY TECHNIQUES IN A FOODSERVICE TRAINING ENVIRONMENT

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ABSTRACT

This study compares two educational delivery techniques via menu training. The techniques used were lecturing and Computer-Based, Internet delivered, self-directed learning. The sample consisted of undergraduate students from a mid-western university (n=77). Participants were randomly divided, given a pre-test, designated treatment, and a post-test. Data was analyzed using paired t-tests, and ANOVAs. The survey instrument was checked for reliability using Cronbach's Alpha. Results indicate there were no significant differences between post-test scores.

Key Words: Internet-Based Training, Educational Delivery Systems

INTRODUCTION

Corporate foodservice training generally involves a modified lecture involving regional training teams with their respective travel and down time, printing expenses, and the live training of the front-line employees. A more efficient approach might involve Computer-Based Instruction (CBI), as it would allow companies to develop systems and materials deliverable via the Internet. Potentially, this would allow a more consistent, flexible, and possibly more cost effective approach. In that spirit, the purpose of this study was to compare the lecture method with a computer-based method. Menu training exercises were conducted using the two delivery systems. The hypothesis was that there would be no significant difference between the post-test scores of the two methods. Pre-tests and post-tests were used to determine the relative progress. Also examined was student acceptance.

Instructors can use Bloom's Taxonomy to help develop specific educational goals and choose the appropriate means of delivery. According to Bloom, instructional objectives can be categorized into six cognitive domains. Hierarchically, these are ranked in terms of complexity from lowest to highest: knowledge, comprehension, application, analysis, synthesis, and evaluation. This classification of instructional objectives is applicable to any training situation, whether it is primary education or professional training. Detailing the desired behavioral change allows the educator to choose the proper level of instruction, which in turn leads to the development of educational goals and the selection of appropriate delivery techniques. In this particular (menu-training) study, the behaviors that were taught or changed lie predominantly at the knowledge end of Bloom's scale in that the students were asked to memorize basic ingredients, to recall cooking methods, and to identify and describe menu accompaniments and plate presentations.

Consideration of student characteristics is a more complex process involving an understanding of the varied nature of "intelligence." Every student possesses a unique mental aptitude from which his or her individual characteristics are derived. Gardner presents eight separate "types" of intelligence: linguistic, logical-mathematic, musical, bodily-kinesthetic, spatial, interpersonal, intrapersonal, naturalist, and, suggests the possibility of a ninth — existentialist intelligence (1999). In this context "intelligence" is something we use to actively solve a problem or produce productive work. It is the instinctive abilities that an individual is inclined to use when confronted with a challenge. The unique composition of an individual's respective abilities within these various "intelligences" is what determines how well he/she will or will not learn in a given circumstance. This suggests that since every student is unique in his or her innate abilities, the traditional, one-size-fits-all approach to instruction is bound to leave some students behind. A better approach would involve a variety of instructional media and methods that require learner participation, are tailorable to the individual's learning style, and measurable by their respective growth in the various forms of intelligence (Heinrich, Molenda, Russell, & Smaldino, 2002). The use of accepted teaching methods is perhaps the link that ties the student to the instruction, and ultimately to the achievement of the educational goal.

This study looked at two educational delivery methods: the lecture and computer-based instruction. The term, lecture, is a catch-all phrase used to define a prevalent method of educational delivery. It tends to be well-suited to the rote, knowledge-based cognitive objectives as described by Bloom. Essentially, lecturing is a direct-instruction method of educational delivery that may include aspects of live presentation, demonstration, and discussion. Lectures are valuable at controlling and covering considerable content, time allocation, posing or answering questions, introducing topics, and presenting and summarizing problems (Kellough, 1990, as cited by DeLeon & Killian, 2000). According to Borich, lecturing is most effective when one is trying to teach various types of material that are not "readily available from texts or workbooks in appropriately sized pieces;" or, the teaching of foundational topics for later use in concept development. Lecturing is also appropriate when the topic requires elaboration, motivation, and personalized involvement in order to engage the student. Lecturing can promote student practice and efficient time use, crucial to mastering content (1996). In general, lectures also represent a relatively inexpensive means of content delivery.

Potential problems associated with the lecture method include limited student involvement and skill acquisition; reduced student control over material content, relevance, and class discussion; time constraints; and limited personalized instruction (Williams & Zahed, 1996; Kellough, 1990, as cited by DeLeon & Killian, 2000). Harris and Bonn describe traditional lecturing as being linear, trainer controlled, and focused on only one level of learning (2000). Lecturing can become inadequate when used to develop cognitive objectives other than the basic learning of facts, rules, and behavioral sequences. The presentation of complex material at the "evaluation" end of Bloom's cognitive scale, as well as material requiring long-term learner participation for internalization represent an inappropriate use of the lecture method. Once the learner has a strong foundation of knowledge in a particular content area, lecture methods can become inadequate for further mastery of the topic (Borich, 1996). The lecture method is also limited in terms of the human element. Individual educator abilities tend to vary from person-to-person, while students of different "intelligences" as identified by Gardner will engage the lecture with varying degrees of success (Williams & Zahed, 1996). Harris and Bonn report that the lecturing method, while popular, "limits student interaction when the audience is diverse in culture, learning, and skill level" (2000, p.331).

Computer-Based Instruction (CBI) harnesses the capacity of the computer to integrate large stores of data with various, novel means of delivery. CBI can be designed for either knowledge-based objectives at one end of Bloom's scale or the evaluation-based objectives at the other end of the scale. This flexibility may also satisfy the needs of the various intelligences by providing the relevant interactivity necessary to develop the student's personal schema. Originally, CBI was perceived as a tool for reinforcing conventional instruction. Over time, computers began to be used as the primary means of content delivery instead of as an accessory for the educator. Today, entire courses are taught via computer-based systems, and with decreases in technology costs, distance-learning has surged. The Internet has been one of the most important reasons for this surge (Blecha, 1999). Benefits to CBI include: student acceptance (Owston, 1997); the ease of access to reference materials and accessibility from wider geographic areas (McLellan 1998); and consistency of the message (Costello, Gaddis, Tamplin, and Morris, 1997; Harris & Bonn, 2000). Among CBI's limitations are: instructor's lack of familiarity with technology (Blecha, 1999); the challenge of converting extant course materials to an appropriate online format (Beerman, 1996; Molenda and Sullivan, 2000); student intimidation (Williams & Zahed, 1996); student procrastination; and technological constraints.

In comparing CBI with Lecture, Carlson & Karp found that lectures resulted in an outcome of gaining knowledge, while CBI resulted in a primary outcome of gaining technological skill (2000). Using an online environment, some studies have found CBI to be as effective as lecture (Aragon, Johnson, Najmuddin, 2000; Hasselbring, 1986). Other studies have found significantly greater long-term retention with CBI (Williams & Zahed, 1996), and significant test score improvement (Schutte, 1997; Beerman, 1996). Beerman also noted that computer-based, multimedia instruction held the students' interest better, resulting in increased class attendance (1996). Additionally, consistency of message, a weakness of the lecture method, does not seem to be a problem with CBI (Costello, et al., 1997).

The drawbacks of CBI include increased teaching effort, appropriateness in regards to "hands-on" topics, copyright issues, hardware limitations and rigid structuring (White, 1999). Other limitations to CBI include student accessibility, cost, software configuration, technical problems, and a lack of technical support (Owston, 1997). However, Blotzer indicates that social interaction and teacher access deficiencies are being addressed through the use of email and online access (2000). Moreover, Bradburn noted increases in student-instructor interaction and contact hours for faculty who participated in distance education (2002).

Companies around the world have begun to embrace the potential of CBI, especially through the venue of the Internet. Adoption of a web-based, computerized instruction, commonly referred to as Internet-Based Training (IBT), could result in a reduction of physical support requirements and a delivery system that could be inherently more flexible. Corporate revisions could be achieved without major printing and mailing costs. Training expenses could be reduced in that employees could self-train without the continual presence of a trainer. There are a number of hospitality companies such as the Four Seasons and Ramada Franchise Systems that have instituted CBI programs as well (Enz & Siguaw, 2000; Siguaw & Enz, 1999). Within the foodservice industry, there are several notable examples of CBI making inroads in foodservice training (Hernandez, 2001; Hutchcraft, 2001). Furthermore, this may increase once companies realize the potential; online training and educational programs will save money due to reduction in travel, lodging, and time off task, while simultaneously providing standardized staff training (Saba, 2000).

METHODOLOGY

This study involved students in a Hospitality and Tourism Management program. The students were enrolled in a food production course utilizing an operating restaurant. The testing instrument was a menu quiz consisting of multiple choice and short answer questions. Thirteen of the questions were based upon specific menu items. The remaining seven questions were based upon fundamental cooking methods. The post-test was identical to the pre-test with the exception of several demographic questions and a student rating of the delivery system.

During the menu training segment of orientation, the students were randomly divided into two groups, and given a pre-test. After the pre-test, one group (n=38) was sent to a computer lab, where a (second) instructor registered them into a WebCT course and gave them a brief demonstration of the website. This online tutorial included all the information deemed relevant to menu training including the menu, plate presentation photos, primary ingredients, product descriptions, and cooking methodology. MPEG video clips of the chef demonstrating five fundamental cooking techniques and the appropriate equipment used were also accessible to the students through site links. Although the students were provided nothing in the way of handouts, they had access to all the course materials, and they had the ability to print off material from the website. Students were then dismissed with a reminder of the upcoming post-test.

The other group (n=39) was taken into the kitchen where the chef demonstrated the same five cooking techniques and equipment following the script from the video clips. Then the students reviewed the menu and plate presentation photos using overheads. The primary ingredients, product descriptions and cooking methods were reinforced during this presentation. Students were also provided with handouts (except for the photos), and dismissed with a similar reminder of the upcoming test, which was subsequently administered at the beginning of the next class.

The independent variables in this study were gender, age, months of experience, and method of instruction; the dependent variables were the scores on the two tests. T-tests and Analysis of Variance (ANOVA) were used to compare the group means. Cronbach's Alpha was used to assess the reliability of the testing instrument. Statistical power analysis was done to determine the likelihood of the T-test detecting a false positive (1 – _) response, and to determine an appropriate sample size for accurate judgment. All tests were performed using SAS® Systems software.

RESULTS AND CONCLUSIONS

There were 77 students in the sample; 29.9% (n=23) were male, and 67.5% (n=52) were female. The majority were juniors (49.4%, n=38) or seniors (18.2%, n=14). In terms of prior foodservice experience, 35.1% (n=27) had less than six months, 11.7% (n=9) had between six and twelve months of experience, 14.3% (n=11) had between one and two years of experience, and 28.6% (n=22) had over two years. Eight students chose not to reply (10.4%).

The means of the pre-test scores were significantly different ($t_{(64.5)} = -2.26$, $p < .05$); the lecture group scored on average 8.49 (out of 20), and the computer-based group 9.63. Although level of experience was not significant, it may have contributed to the differences. The median level of industry experience for the lecture group was 4 months or less, whereas the computer group's median was between 13 and 14 months. On the post-test, the average score for the lecture group was 16.18, and for the computer-based group it was 16.03; the difference was not statistically significant ($t_{(67.4)} = 0.25$, $p > .05$). Also, the differences between pre-test and post-test scores were insignificant ($t_{(63.5)} = 1.82$, $p > .05$), (see Table 1).

ANOVA was used to determine if there were any interactions due to age, experience level or degree emphasis, as well as to confirm the results, which again turned out insignificant. Cronbach's Alpha was 0.642, a score that is somewhat below the recommended level of 0.70 (Nunnaly 1978 as cited by Henson, 2001). This could be due to the questionnaire's limited nature. The students evaluated the instructional methods through the use of a 0 (not effective) to 10 (very effective) scale. The mean for the lecture-based group rated was 7.55 (n=38) and for the computer-based group, 7.91 (n=38); there was no statistical difference, ($F_{(1,74)} = 1.37$, $p > .05$). This suggests that the participants considered either method equally acceptable

Table 1: T-test Results Summary

Variable	Method	Variances	DF	T Value	Pr>|t|
Difference	Satterthwaite	Unequal	63.5	1.82	0.0730
Post-test	Satterthwaite	Unequal	67.4	0.25	0.8039
Pre-test	Satterthwaite	Unequal	64.5	-2.26	0.0272

Change is the one constant in the foodservice industry. Industry as a whole is expanding, while the labor pool is shrinking (NRA, 2001). "Recruiting and retaining employees" is one of the biggest challenges. The bulk of the shortage lies with hourly employees. Expanding training and cross-training are employers' most anticipated means of dealing with the "decreasing numbers of qualified workers and rising turnover rates". Additionally, computer-based technology is increasingly regarded as a vital tool for operations (NRA, 2001). Given this situation, evaluating the effectiveness of CBI within the foodservice environment is a valid exercise.

The results indicate there was no significant difference between the post-test scores of the two groups. Rather, the results suggest that in a narrow sense, the computer-based method of instruction was as effective as the lecture method. But this does not mean that the computer can be used to teach everything. This study involved objectives at the lower end of Bloom's cognitive scale — the knowledge domain. It is conceivable that comprehension and application, the next two levels on Bloom's scale, could also be adapted to a computer-based system of delivery, since they involve basic cognitive skills such as converting, summarizing, modifying, and solving. Using productivity software such as spreadsheets, presentation software, and word processors in conjunction with a content expert at the other end of an electronic pipeline would permit training exercises that involve comprehension and application. However, the higher one goes up Bloom's taxonomy, with the domains of analysis, synthesis, and evaluation, the more challenging the material and demands on the audience. It is possible that in the future computer systems will have evolved enough to respond to these demands, but in the case of basic foodservice training, this may not be necessary.

In terms of student acceptance, both methods were deemed equally acceptable. Participant comments ranged from very positive, "The WebCT allowed you to view it [material] more than once and you could quiz yourself with the review sheets that were printed" to very negative, "I like to have copies of everything handed out to me instead of being responsible for printing it out. Plus, I learn better when I hear it taught to me, which it wasn't on the web. I couldn't ask questions, either." These and other comments add credence to Gardner's theory in that participants wanted to "hear" a lecture, and to see "visuals". These comments reveal the range of learning style diversity within a somewhat homogenous sample. Imagine the variety of learning styles that must be met in order to effectively communicate a training lesson in the foodservice industry where the diversity of educational experience runs the gamut from employees without a high school degree to adult career changers with Ph.D.'s in hand — to say nothing of the diversity common to the foodservice profession.

If we proceed under the assumption that Bloom's lower tiers of cognitive domains are the ones most appropriate for teaching via the computer, then it becomes easier to match with specific foodservice goals and underlying objectives. The next step is to consider the audience's needs. Not only should foodservice training be grounded in Gardner's intelligences, it must also be designed to deal with vastly differing levels of relative education and ability. Disparity in language, literacy, and mathematical ability are common throughout the foodservice industry. Using IBT as a means of disseminating basic foodservice training objectives at the lower end of Bloom's scale to the varied nature of intelligences found within the foodservice training audience holds the potential of transforming training in the our industry. For multi-unit foodservice operators with major training challenges, CBI represents a means of disseminating basic training and operational information to unit-level staff in a timely and cost-effective manner.

The foodservice industry is under pressure to adequately recruit, retain and train employees. Over time, employee training has evolved to the current training-circuit method, a method that is costly and cumbersome to implement. Advances in computer technology along with the availability of the Internet have created new opportunities in employee development. Given that the computer-based method of educational delivery seems effective in terms of training at the lower end of Bloom's taxonomy; and, that the computer holds great potential in terms of dealing with Gardner's multiple intelligences and, that this educational delivery system represents a long-term cost-benefit for employers, a controlled expansion by foodservice operators into this new training technology is warranted.

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FOREIGN LANGUAGES AND THE HOSPITALITY CURRICULUM

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ABSTRACT

The hospitality industry, more than ever before, is facing increased multicultural diversity in terms of workforce and tourists using lodging and food and beverage facilities. These changing social statistics require adjustments in the industry, including that of modifying the education of future managers to include the learning of foreign languages, particularly Spanish. This basic-research study is concerned with investigating the prevalent trends of foreign language teaching in hospitality institutions offering baccalaureate degrees and with establishing the general principles of implementing a foreign language curriculum in higher education hospitality programs.

Key Words: hospitality curriculum; foreign language instruction

INTRODUCTION

Background of Foreign Language Learning in Business Education in the US

It is well known in the US that we have not kept up with the rest of the world in providing quality foreign language (FL) instruction to our students (Pufahl, Rhodes and Christian, 2001). In his testimony before the Senate Government Affairs Subcommittee (Sep. 19, 2000), Secretary of Education Richard Riely stated that strengthening foreign language instruction in the nation would build a better workforce. While other countries have in place compulsory grade-school language programs that start at ages 6, 8, 10 or 12, in the US the starting age is 14 (Pufahl et al., 2001). This state of affairs applies also to higher education hospitality programs. While in Europe and the Orient hospitality schools require proficiency in a foreign language, mainly English, in the US this is rarely the case. This is part of a common pattern. Although higher education is constantly developing to respond to changes in the needs of the society of which it is a part (Kernan, 1999), the subject of foreign language education has not evolved to fit the needs of graduates of professional disciplines. The traditional foreign language paradigm has been based on the assumption that it should be geared primarily towards preparing students for careers in teaching foreign languages and on doing scholarly research in literature and linguistics. At the same time, the traditional US business education has focused on the assumption that America is self-sufficient and that if foreigners are to trade with the US, English should be the language in which to conduct business. As the result of this assumption, business majors in higher education have not been required to learn to speak even one foreign language well. This traditional view of foreign languages and business education is now obviously not addressing the developments in our society and the world that have occurred at the close of the 20th century. The old paradigm is no longer sufficient to prepare students for global competition (Voght, 2000).

Voght (2000) stated further that foreign language education should not be limited to training teachers and future scholars but rather should be geared primarily to equipping students for careers outside of education, in international business and cross-cultural professional roles. Thus, the emphasis should be put on business and professional vocabulary and language practices. In other words, modern language departments should add some pragmatic changes to guarantee that hospitality students learn both the factual knowledge and linguistic and cultural proficiency needed to succeed in the impending work market that the current global economy is bringing about. As most countries of the world are now interdependent, international communications must be the responsibility of all parties. It is incumbent on each participant to develop proficiency in the language of the customer. All business majors must learn to speak at least one foreign language well and to have exposure to foreign cultures sufficient enough to gain an appreciation for cultural differences. In other words, as business education is moving away from a US-centered focus and toward global interaction, foreign language education should place its main emphasis on producing language within meaningful contexts, including business and professional vocabulary.

Foreign Language Learning and Hospitality

Besides the need of teaching American students foreign languages as a tool to remain competitive in an increasing global environment, new immigration patterns and birth trends in the U.S. are changing the composition of American society, particularly in large urban centers. For example, according to the U.S. Census Bureau, the population percent of Hispanics in several major US cities is increasing at a substantial pace. In the case of Phoenix and Dallas, for example, the Spanish-speaking population has more than doubled in ten years (U.S. Census Bureau, 2002). The prediction that by 2005 minorities will count for well over a quarter of the workforce is being fulfilled (Powers, 1992). Because of these demographic changes, hospitality schools need to ask themselves to what extent they are preparing students for accommodating the needs of an ever-increasing number of workers and visitors who are not fluent in the English language. Many of the immigrant new-arrivals initially join the hospitality industry in entry-level positions, but the communication barrier between them and management can hamper daily operations. Managers who don't speak their language must rely on the effectiveness of bilingual supervisors or on outside interpreters to make themselves understood. This, in most cases, interferes with normal communication between management and subordinates.

Back in 1992, Gamio and Sneed conducted a survey on 250 US hotel companies in which they found that speaking a foreign language was most needed at the supervisory level, followed by the managerial and non-supervisory positions. The foreign language rated most important was Spanish. The study also showed that speaking ability in a foreign language was an advantage for obtaining employment in many hospitality companies (Gamio and Sneed, 1992). In a survey conducted on the perception towards required support courses by the School of Hotel and Restaurant Management at Northern Arizona University, the course "Conversational Spanish for Hospitality Managers" was ranked second in the order of importance by alumni and lodging and restaurant professionals; required 800 hours of work experience in the industry was first (Casado, 2002). Hospitality companies that hire employees that know a foreign language will be more likely to meet the needs of their non-speaking employees and guests.

Purpose of this Study

The purpose of this basic-research study is to investigate the current trends of foreign language teaching in hospitality programs and to propose the incorporation of FL courses in the curriculum. One approach would be to include one semester of basic general foreign language and one semester of hospitality content-based for hospitality students. The second approach suggests the addition of two semesters, one for communicative competence, and the other with emphasis on global technologies.

METHODOLOGY

To take a comprehensive view of foreign language teaching in hospitality schools, a sample survey was conducted of 124 institutions, members of CHRIE as listed on the 1998-1999 membership directory, granting baccalaureate degrees. The department heads were contacted between June 29 and July 10, 2002 by e-mail and asked whether their program required or did not require studying a foreign language. The programs that did not answer the e-mail were contacted by telephone. The responses were made by the administrators or advisors of the hospitality programs or by the academic-advising office of the college. The respondents were also asked to express their opinion on foreign language learning for hospitality students. Answers were obtained from 87 institutions (70 percent); 46 by e-mail and 41 by telephone. Thirty-seven programs did not respond or could not be reached. Table 1 shows the percent of answers to the survey.

Table 1: Results of the Phone and E-mail Survey on Foreign Language Requirements in Institutions Granting Baccalaureate Degrees (n=87)

	Percent (rounded)	***Number***
Institutions that require two semesters of a FL	18	21
Institutions that require one semester of a FL	1	1
Institutions not requiring a FL	68	78

According to the respondents, most colleges and universities where hospitality programs are offered do require a minimum of two years of a foreign language completed in high school. After being admitted, students must often complete the equivalent of a third year prior to graduation in the modern language department. Several hospitality programs recommend taking a foreign language as an elective or in lieu of liberal arts courses. The foreign language most recommended is Spanish. However, of the eighty-seven programs that answered this survey, only nineteen require career-specific foreign language courses.

<u>Content-based Foreign Language Teaching For Hospitality Students</u>

Modern language departments in higher education colleges and universities should accept the challenge of reaching out to other disciplines and advocate teaching communicative competence based on the content of professional courses in the target language by a bilingual or a native content specialist. Content-based courses integrate profession-related material with language teaching aims, using the subject matter as the basis for language-learning lessons. Thus, besides learning the target language, students learn how to apply it to their particular professions. In the case of hospitality students, it would mean that students would acquire both the factual knowledge and linguistic and cultural proficiency needed to succeed in managing their immigrant workforce and in interacting with overseas guests. The course should be designed with linguistic principles at its core, the target language used intensively by both teacher and students in situations in which hospitality students are likely to find themselves in their careers. It must be dynamic and highly concentrated, designed to teach conversation as quickly as possible; most class time should be spent listening and speaking. Students should speak in the target language freely, with little or no inhibition. The dialogue, rather than the narrative reading passage, should be the main vehicle for the presentation of language samples because it uses everyday high frequency vocabulary. Conversational proficiency is often sufficient for social integration and basic communication at the work place.

Ideally, students should take first a beginning foreign language course in the college's Modern Language Department during the first semester. The second semester should be content-based. In the case of hospitality students, it should consist of vocabulary and interactions focusing on specific departments, such as housekeeping, kitchen, dining room, human resources, and maintenance. This course could be taught in the Modern Language Department or in the hospitality department; in both cases it should be imparted by a conversation specialist.

Language Teaching with a Global Perspective

In cooperation with university modern language departments, hospitality programs should offer students the opportunity of taking foreign language courses beyond the first two semesters. Language is the primary medium of human social interaction, and interaction is the means through which social relations are constructed and maintained. Today, large numbers of people all over the world participate in networks that go beyond the local. New communication technologies enable individuals to have regular exchanges with distant others (Block and Cameron, 2002).

Languages are now being treated more and more as economic commodities, affecting the choices made by institutions as they allocate resources for language education (Heller, 1999). In Europe, and to a lesser degree in the US, flows of people, the rapid movement of high technologies between multinational organizations, large movements of currency through international markets, and mass-media exchanges are linked to the development and demands of free-market capitalism. In this global community, it is essential for young Americans to be able to communicate. In surveys undertaken to assess which skills are needed to maximize employability, employers almost invariably distinguish 'communication skills' as very important. A survey reported by *People Management* in November 1997, for example, found that 'oral communication' was cited by employers as the most important soft skill but was perceived to be lacking in recruits coming from higher education (Cameron, 2002).

At the beginning of the twenty-first century, the teaching of foreign languages at educational institutions in the US is being challenged by new global communication technologies. Cyberspace is perceived as a utopian middle landscape where native speakers and students of a modern language can have access to one another as linguistic entities on a screen. These networks provide a nexus of social interaction and community building that American students are reported to find highly engaging. Putting students in direct written contact with one another has been argued to elevate thinking and writing in the classroom to a legitimate form of knowledge (Day and Batson, 1995). Intermediate language courses can increase intra-class interaction through the use of email and chat, to engage in a critical dialogue from students in different parts of the world. In sum, global technologies offer a mode of communication that provides at first sight convenient, authentic, direct and speedy access to native speakers and their cultures (Kramsch and Thorne, 2002).

An Articulated Career-specific Foreign Language Program for Hospitality Schools

Institutions wanting to emphasize career-specific foreign language learning could adopt a 4-semester teaching program.

The curriculum to teach foreign languages to hospitality students should begin with the teaching of a basic general course the first semester. This class should be a prerequisite for students without language background. Students coming to the university with a solid knowledge of the language should be allowed to take a departmental placement exam or the college level examination program (CLEP) option. The second semester should be conversational in an immersion setting, with emphasis on hospitality common expressions, focus on everyday communication, and technical vocabulary and terms related to operations and guest interaction.

The third semester should be taught in an immersion setting. The documented general effectiveness of immersion programs indicates that an approach in which second language instruction is integrated with content instruction is a more effective way to teach language skills than an approach in which the second language is taught in isolation. The incentive for language learning in immersion is not getting the linguistic forms right, but rather understanding and being understood. The learners are encouraged to experiment with linguistic forms in order to communicate with one another about professional matters. In immersion, the learner is seen as progressing through a series of interlanguage stages toward target language proficiency (Genesee, 1991). Intermediate students should be given the option of taking a fourth semester, which includes global technologies such as email connections with students in countries where the target language is spoken, chat rooms, and Internet searches. Web assignments, if planned carefully and contextualized meaningfully provide opportunities for authentic language use and motivate students to pursue concrete and personal projects. Email exchanges with members of the target culture broaden cross-cultural awareness. In some cases, these course assignments could lead to securing an internship in a foreign country. Adding these pragmatic touches to the traditional foreign language programs can guarantee that professional schools students (such as hospitality) acquire both the factual knowledge and linguistic and cultural proficiency needed to succeed in the more specialized courses in their respective majors (Hoechler-Alden, 2000). We owe our hospitality students a second language as a vital commodity in the globalized world as new technologies and media change the cultural landscape and migration produces more linguistically diverse populations worldwide. Table 2 is an example of a four-semester career-specific foreign language teaching model.

Table 2: 4-semester Foreign Language Curriculum for Higher Education Hospitality Programs

First Year

Semester One: Basic general foreign language course (FL 101)

Semester Two: Conversational course in the target language for future hospitality managers (FL 102, content-based)

Second Year

Semester Three: Immersion course to improve professional communicative competence (FL 201, content-based)

Semester Four: Global-technologies course to provide opportunities to broaden students' cross-cultural awareness with hospitality students and professionals in countries where the target language is spoken (FL 202, career-specific)

DISCUSSION

The literature review on foreign language education in business and professional fields shows that the US is lagging behind in preparing students for global competition. The teaching of career-specific foreign languages in hospitality programs is not doing much better. As a result, hospitality programs should rethink their curricula to include the foreign language teaching suitable to meet the needs of the industry they serve, based on the area's demographic trends and on the origin of its visitors, and to compete globally. Thus, Spanish should be offered in colleges and universities providing graduates to the states of Florida, Texas, New Mexico, Arizona, and California. French could be taught in states close to francophone Canada. Oriental languages could be useful in Hawaii (Japanese) and the Pacific Rim (Cantonese, Korean). Instructors of courses for hospitality purposes must be familiar with restaurant and lodging operations and acquire specialized vocabulary to teach future managers and supervisors to communicate with employees and guests. In addition, future hospitality graduates should be provided with linguistic and cultural proficiency necessary to succeed in the twenty-first century as new technologies change the cultural global environment.

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IMPORTANT ELEMENTS OF HOTEL-MEETING PLANNER CONTRACTS: A PILOT STUDY

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ABSTRACT

This qualitative study uses content analysis to examine hotel-meeting planner contracts. A hypothetical convention was planned, RFPs sent to a sample of different types of hotels, and their responses served as the primary data. The hotels varied by size, room rate and ownership. Results showed that although the bids were for an identical event there was significant variation in the elements included in the contracts as well as the operationalization or implementation of each element. Although the literature suggested that many elements could be included in a group/convention contract, nine clauses were deemed essential. However, this study found that none of the hotels in this sample included all nine elements in their contract.

Key Words: hotel contracts, meeting planning, sales

INTRODUCTION

The Meetings, Incentives, Conventions and Exhibitions (MICE) sector is a significant part of the U.S. hospitality industry. The MICE segment ranks as the 22nd largest contributor to the U.S. gross domestic product, has a total economic impact of $81.6 billion supporting 1.62 million jobs, generates almost $13 million in taxes, and accounts for one third of hotel revenues (Convention Liaison Council, 1995; Braley, 2002). In some destinations such as Nashville and New Orleans, the group market segment accounts for 60% of hotel occupancy (Langkopp, 2001).

Meeting planners in need of rooms and meeting space are major consumers of the hospitality product and hotel sales executives must be able to interact well with these organizational customers. The hotel/meeting planner relationship is based on, and cemented in, a contract. “In the past ten years, the meetings industry has gone from mythical ‘handshake deals’ or ‘contracts written on a cocktail napkin’ to ever lengthier and complicated contracts” (Devlin, 2000, p. 75). One almost has to be a lawyer to read and understand today’s contracts. Making matters worse is the fact that contracts are not consistent from hotel to hotel. “Imagine turning on your computer each morning having a different format for everything: booting, opening, saving, and sending. You would have to relearn it all” (Meany, 2001, p.61). It is critical something be done about this situation.

There are many different industries that have accepted practices that enable practitioners to avoid wasting time and duplicating activities. Examples abound in the real estate industry, with building codes, city planning (model subdivision codes), and even wills. The forms, and their content, are the same from location to location. That kind of continuity does not exist for meetings (Meany, 2001). The importance of developing common practices along with the need to have consistency in contracts has been recognized by the industry.

> … the CIC is working to implement the Accepted Practices Exchange initiative … the project hopes to bring together many facets of the industry to foster better communication, speed up planning and delivery, enhance the professionalism of the meetings industry, and improve its economic performance. Although the idea has been floating around for years, it is only now possible (Meany, 2001, p.61).

“The Convention Industry Council (CIC) has elected to make hotel contracts the final piece in its Accepted Practices Exchange (APEX) initiative.” (Meany, R. 2001, p. 62.), but the CIC will not have results until at least 2005. The research at hand provides a jump-start for the contracts aspect of APEX by undertaking this investigation now.

The goal of simplifying the contract process remains worthwhile …groups and committees evaluating the contracting process may want to concentrate on developing a list of types of clauses that should be considered for inclusion in meeting contacts. Checklists of typical clauses along with suggested uses and key elements to consider would help parties make sure that their contracts meet the needs of the individual group and hotel involved (Devlin, 2000, p. 76).

This is exactly what the research at hand is designed to accomplish. However, the approach differs from the traditional since it is not a review of what various authors 'think' should be in a contract but rather is a pilot study of what is actually 'in' hotel group/convention contracts. This pilot study provides a sound foundation for any future large scale research efforts on hotel-meeting planner contracts.

REVIEW OF THE LITERATURE

In addition to the references cited already, there are a number of additional sources of information on hotel convention/group contracts. Most of the trade press deals with specific issues in contracts such as attrition (Foster, 2000; Golding, 2001; Howe, 2000; Foster, 2001; Leigh and Adler, 1998), deposits and change fees (Mann, 2001), changes in hotel ownership (Howe, 2000), and what constitutes a legal offer (Howe, 2001). It is interesting that the Leigh and Adler piece is the only academic (refereed) article that could be found on the subject, thus underscoring the importance of the research at hand. Greater coverage of hotel group/convention contracts was found in books about meetings and conventions (Craven, Golabowski, 2001; Goldblatt, 1997; Hildreth, 1990; Jedrziewski, 1991; Montgomery, Strick, 1995; Polivka, 1996). It was found that these books listed elements that should be in a contract such as; cancellation, attrition, mitigation, condition of premises, dispute resolution, attorney's fees, liquor liability, hold harmless, ADA requirements and others. However, they did not discuss the implementation or operationalization of these elements. The analysis undertaken in the current research not only looks at the common elements found in the sample but also their operationalization: how do hotels implement these contract elements, and are they consistent? This provides new insight into this important area for meeting planners.

METHODOLOGY

Since this was designed as an exploratory study, a group of only ten hotels were chosen as the sample. This sample is appropriate in a pilot study since data collection is not by survey questionnaires but rather by examination of documents and follow up interviews (Marshall & Rossman, 1995:112). Each hotel was contacted to verify willingness to participate in the exercise and was subsequently sent an RFP for a three day convention of 150 people utilizing 450 room nights (3 nights at 150 each), use of one theater style meeting room, three breakfasts, four refreshment breaks, and one wine and cheese reception. Of the ten selected hotels, three of them ultimately did not respond. Follow up interviews were done with each of the hotel sales executives who initiated the contracts to confirm and clarify information.

SAMPLE

The seven responding hotels had different characteristics, ranging in size from 249 rooms to 1846 rooms and offered room rates from \$89 to \$210 (Table 1). Thus, they represent a good cross section of hotels in terms of size, ownership, and rates(American Hotel and Lodging Association, 2002).

Table 1. Characteristics of the sample

Hotel	Description	Size	Room rate
A	National franchise, urban	300 rooms	$125
B	Independent, urban	249 rooms	$129
C	Casino, small city with legalized gaming	400 rooms	$99
D	National franchise, small city	300 rooms	$89
E	National management company, urban	700 rooms	$200
F	Casino, small city with legalized gaming	1846 rooms	$129
G	National management company, urban	1193 rooms	$210

ANALYSIS

The contracts were assessed using a content analysis technique. Content analysis is "any technique for making inferences by systematically and objectively identifying specified characteristics of message…(with the)…inclusion or exclusion of content done according to consistently applied criteria of selection" (C. Frankfort-Nachmias and D. Nachmias, 1992, p. 311). In this case, the first step in the analysis was to determine which, if any, elements were found in all the contracts. The next step was to determine how each of the hotels in the sample implemented each element.

RESULTS

As expected, all the contracts examined contain certain basic elements such as arrival and departure dates, number of rooms required (room block), room rate and tax, room block cut off date, check in and check out times, and cancellation penalties. However, there was great variation in the number of additional elements in the contracts. The independent hotel (Hotel B in Table 1) had only six additional elements while one of the branded, managed hotels (Hotel F) had 25 additional elements, including such details as court jurisdiction for disputes, responsibilities for attorneys' fees and arbitration procedures. This article will discuss only the most common and essential elements.

Attrition

Attrition charges protect hotels from losses incurred due to low attendance and were included in all contracts except for the independent hotel (Hotel B). These charges were largely assessed on a sliding scale – the greater the attrition, the stiffer the penalty to the convention group. In three cases, hotels were willing to accept an attrition of 10% without penalty, while two hotels imposed charges for failure to pick up at least 80% of the room block. One of the franchised hotels required only a 75% room pick up rate. In addition to sleeping room attrition charges two hotels also included attrition penalties in food and beverage. Of these, one contract (Hotel E) stated a minimum dollar requirement for food and beverage expenditure by the group and any reduction in this amount had to be made up. The other hotel (C) also had a minimum food and beverage requirement but included a sliding scale of penalties as a rationale for reduction from the minimum dollar amount.

Meeting room charges

There were several different versions of the clause regarding meeting room rental fees. The two franchised hotels waived fees completely while the independent hotel charged a flat rate of $200. Two hotels imposed rental fees only if there was attrition in food and beverage while the other two based the charge on sleeping room attrition.

Cancellation

All hotels had cancellation charges in their contracts that were based on the amount of time between the cancellation date and the group arrival date. This is consistent with the finding of Leigh and Adler (1998) that showed that 97.1% of a national sample of hotels had formalized cancellation policies. However, all seven hotels had different ways of implementing cancellation charges. The independent hotel was the most lax, permitting no cost cancellation up to sixty days before arrival. The most stringent was Hotel G, a branded, large convention hotel that required 66% of the value of the contract as a cancellation charge from the moment the contract was signed. Most hotels used a sliding scale to impose fees ranging from 10% to 100% of the contract value depending on the proximity to the contracted arrival date.

Rights of termination for cause

Non-performance clauses for actions and events beyond the control of either party were included in six of seven contracts (Again, the independent hotel was the only one without such a clause). Contracts could be terminated without liability to the terminating party for reasons generally referred to as 'force majeure' such as acts of God, terrorism, war, disaster, strikes, and civil disorder. Several hotels also included "curtailment of transportation" as a clause – one that proved to be extremely important immediately after the September 2001 terrorist attacks. Several conventions and meetings in major U.S. destinations had to be cancelled (in some cases rescheduled) due to the disruption in travel caused by the attacks.

Hold harmless

Indemnification and hold harmless clauses where both parties agree to defend, indemnify and hold harmless the other party from all claims (except for willful misconduct and gross negligence) were seen in the contracts of the three largest hotels (E, F, and G). In addition to size, all three hotels are part of national hospitality corporations and this might be standard language used in all their contracts with meeting planners. These three hotels also included clauses regarding the payment of attorneys' fees in case of any litigation.

Signage

Four of the seven hotels also required standards for signage (signs, banners, flags, posters, etc.) used by the group during the meeting. Two hotels required permission and approval in writing to use signs in the hotel. For these two, using the logo of the hotel without permission was also expressly prohibited.

Essential contract clauses

According to Jonathan Howe (1998), a senior partner in a law firm specializing in meeting, travel and hospitality law, even the simplest of contracts should include nine essential elements. These include cancellation, attrition, hold harmless, Americans with Disabilities Act (ADA) requirements, mitigation, condition of premise, dispute resolution, attorneys' fees, and liquor liability. Table 2 shows which of the 9 elements the hotels under study included in their contracts.

As discussed earlier, cancellation clauses were seen in all seven contracts while attrition was seen in six of the seven. Clauses regarding hold harmless, dispute resolution, and attorney fee charges were present in three hotel contracts. However, five of Howe's essential clauses were mostly absent in the contracts examined in this study. In fact, the condition of premises clause, which requires the hotel to be in the same or better condition than it was at the time the contract was signed, was absent from all seven contracts. It is likely that this omission was due to the fact that this clause is more in the interests of the group rather than the hotel and may be included only at the insistence of the meeting planner.

Table 2: Compliance with Howe's essential clauses

Hotel	ADA	Cancell-ation	Attrition	Mitig-ation	Condition of premises	Attorneys' fees	Liquor Liability	Hold harmless	Dispute resolution
A	No	Yes	Yes	No	No	No	No	No	No
B	No	Yes	No	No	No	No	No	No	No
C	Yes	Yes	Yes	No	No	No	No	No	No
D	No	Yes	Yes	No	No	No	Yes	No	No
E	No	Yes	Yes	Yes	No	Yes	No	Yes	Yes
F	No	Yes	Yes	Yes	No	Yes	No	Yes	Yes
G	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes

Liquor liability claims could be included in the hold harmless clause but was found only in one contract. The mitigation clause requires each side to lessen potential damages; an example of this would be that the hotel should make an effort to sell unused rooms from the group room block to lower penalties for attrition. Mitigation was present in only two contracts. Finally, the absence of ADA requirements in all but two cases was a surprise. According to Howe, the absence of this clause results in both parties being mutually liable for the failure of the other to comply.

CONCLUSION

This pilot study investigated hotel group/convention contracts in two, sequential, stages. The first was a review of the literature to see what, if any, elements should be included in a typical contract. It was found that there were nine essential elements including cancellation, attrition, hold harmless, ADA, mitigation, condition of premises, dispute resolution, attorney's fees and liquor liability. The second stage dealt with the results obtained from a qualitative study and had two subsections. One section followed up on the output of the literature review and compared what was found in actual contracts to what was posited should be in contracts. Here it was found that not all hotel contracts from the sample contained the recommended nine 'essential' elements. While all had cancellation clauses, attrition was found in six with hold harmless, dispute resolution and attorney's fees addressed in only three actual contracts. The most notable finding was that five of the essential elements were absent from all contracts examined in this study.

The other part of this qualitative study looked at how the essential elements were implemented, or operationalized, by the hotels under study. The results varied greatly with one hotel containing over 26 elements or clauses. Further, the application of things like attrition and cancellation fees was calculated differently by many of the hotels. However, there were significant commonalities among the three large, chain hotels that suggest that 'the big boys' have stumbled upon some common practices in contract language.

The results of this study should be of interest to academics and practitioners alike. Anyone teaching, or working, in meetings/convention management or hotel sales can use this study to better prepare their own contracts or to make their constituents more aware of commonalities and differences. Further, this study might be considered a first step in the Convention Industry Council's initiative on accepted practices (APEX) in the area of contracts.

LIMITATIONS AND FUTURE RESEARCH

The primary limitation in this study is the fact that it was designed as an exploratory study. Thus, the sample is limited in number and scope and the results cannot be generalized across all U.S. hotels. However, it serves a foundation for a future survey research with an expanded sample. Since this exploratory study found the chain hotels have a different approach in handling contracts than the smaller independents, this larger sample could be partitioned by size and ownership to ascertain commonalities and differences. Another limitation was the fact that meeting planners were aware that this was a research study and their participation was requested in advance. Knowing that it was "only" a research study as opposed to "real" business may have been the reason for the three non-responses.

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SIX SIGMA: HERE TO STAY OR JUST ANOTHER FAD?

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ABSTRACT

Six Sigma is a business improvement methodology based on rigorous statistical analysis that has been adopted by major companies including General Electric, Motorola, and Starwood Hotels. Starwood has appointed a full time Director of Six Sigma, also known as a Black Belt, with a responsibility of driving at least $200,000 in earnings per year in each of its larger hotels. Six Sigma is a measure of quality that strives for near perfection with the ultimate goal of reducing defects or service failures to only 3.4 per million opportunities. This paper describes Six Sigma and its applicability in the hotel industry.

Key Words: Six Sigma, service quality improvement

INTRODUCTION

On February 5, 2001, Starwood Hotels Chairman Barry Sternlicht announced the hotel company would begin to implement a new management initiative named Six Sigma. He stated that "the launch of Six Sigma is one of the most important strategic initiatives since the formation of our company" (Starwood Hotels and Resorts, 2001). Although many major corporations have used Six Sigma for over a decade, this announcement marked the first time Six Sigma was going to be adopted in the hospitality industry. Six Sigma is a quality improvement process where companies try to achieve near perfection in their products and services by reducing the cost of failures, speeding up processes, and increasing sales and customer satisfaction. Most importantly, Six Sigma initiatives are supposed to deliver a measurable impact on the bottom line within a certain time frame. These are difficult but desirable goals in any business but especially so in the hotel industry where competition is fierce and customers are increasingly sophisticated, well traveled, and demanding.

The objective of this conceptual paper is to explore the theory and application of Six Sigma and whether this initiative can be successfully implemented in the hotel industry. Or will it, in a few years, fade from our vocabulary as did such terms as TQM, Reengineering, and Quality Circles? At present Six Sigma has many ardent proponents with almost 15% of Fortune 1000 companies adopting it in their workplaces. In addition, the U.S. federal government is assessing the efficacy of using the method in the war on terrorism (Jones, 2002). As educators, it is important for us to understand what Six Sigma is, why it has so many supporters, and how it is being implemented in the hotel industry.

WHAT IS SIX SIGMA?

Six Sigma is a rigorous and disciplined methodology that uses data and statistical analysis to measure and improve a company's operational performance by identifying and eliminating "defects" in manufacturing and service related processes (General Electric, n.d.). In the narrowest sense, Six Sigma is a measure of quality that strives for near perfection.

In statistically simple terms, the concept of Six Sigma is to measure current performance and to determine the number of standard deviations away from the mean where a core process results in customer dissatisfaction. Eckes (2001) used the example of hypothetical room service delivery times to illustrate the concept. In Figure 1.a. the normal distribution of room service delivery times shows a mean of 26 minutes where the unacceptable time is 30 minutes or above at approximately 3-sigma (3 standard deviations away from the mean). In Figure 1.b. delivery times are at an average of 23 minutes with less variability (as shown by the steeper curve) and 30 minutes is now at the 6-sigma level. These sigma levels are considered to be levels of perfection and can also be converted into a measure named defects per million opportunities (DPMO). The actions taken as part of a Six Sigma program are supposed to reduce variability to almost zero, or a 99.9996% defect free performance. Thus, a Six Sigma level will produce only 3.4 incidents of customer dissatisfaction per million opportunities.

The philosophy behind Six Sigma is that if the number of defects in a process can be calculated, close scrutiny of the process will identify the causes of the defects and how these defects can be systematically eliminated to achieve near perfection. Many organizations in the U.S. operate at 3 Sigma, around 66,807 DPMO, for many of their critical processes (Chua, 2001). This may be acceptable for functions that are not mission critical but highly unacceptable for functions where the consequences of defects have a major impact on the organization's customers. For example, even at 99% accuracy, in the

U.S., there would be 5,000 incorrect surgeries a week, 200,000 wrong drug prescriptions, and 20,000 lost articles of mail per hour (Jones, 2002).

Figure 1.a. Room service example with mean delivery time at 26 minutes

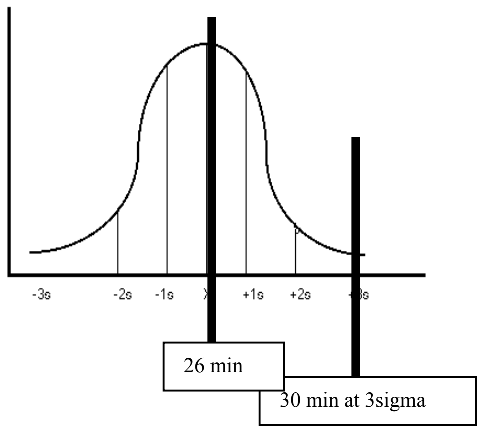
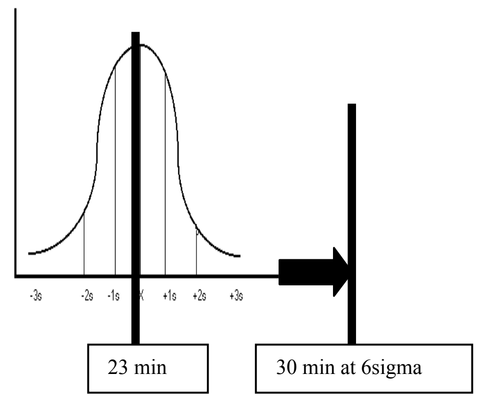


Figure 1.b. Room service example with mean delivery time at 23 minutes with scores clustered closer to the mean



HISTORY OF SIX SIGMA IN ORGANIZATIONS

The roots of Six Sigma go back to the 1970s when Dr. Mikel Harry, a senior staff engineer at Motorola began to experiment with problem solving through statistical analysis (iSix Sigma, 2000). When his methods began to show dramatic results they were adopted in other Motorola units. In 1986, Bill Smith, another engineer at Motorola, introduced the concept of Six Sigma to standardize the way defects were counted and the initiative became an essential part of company operations. After Motorola kicked off their Six Sigma initiatives, dramatic improvements were seen within the first year. In 1987, Motorola sales were up 23% and profits were up 44% to $445 million (Branthwaite, 1994). It is estimated that since 1987, Motorola has saved $16 billion as a result of Six Sigma implementation (Motorola, n.d.). Another major company that quickly embraced Six Sigma was General Electric (GE) whose CEO Jack Welch said:

> "Six Sigma is the most important initiative GE has ever undertaken….. it is part of the genetic code of our future leadership." (Eckes, 2001, pg. ix)

Other companies that have implemented Six Sigma are Allied Signal, Dow Chemical, Raytheon, John Deere, and more recently, Starwood Hotels and Resorts.

SIX SIGMA IMPLEMENTATION

According to Eckes (2001), the two major components of Six Sigma are Business Process Management, with a strategic focus and Process Improvement Methodology that has a tactical focus. The steps in the Business Process Management component include many aspects of other management initiatives such as TQM and Reengineering and are listed below:

1. Creation and identification of strategic business objectives
2. Creation of Core and Sub processes
3. Identification of Process Owners
4. Creation and Validation of Performance Measures
5. Collecting Data on Performance Measures
6. Determining and Prioritizing Projects for Improvement – at Starwood Hotels, 110 projects had been selected for Six Sigma application in 2001 (Carey, 2001).

The second component of Six Sigma, Process Improvement Methodology, is where the differences between Six Sigma and other quality improvement efforts are most pronounced. The differences are mainly in the intense use of statistical measures to guide every aspect of implementation. Some of these measures are Scattergrams, T- Tests, ANOVA, regression and Chi Squares. In addition, Process Mapping, Measurement System Analysis and Cause Effect Matrices are also used.

The Six Sigma method has five phases; Define, Measure, Analyze, Improve, and Control, also known as DMAIC (Chowdhury, 2001). These phases are implemented by a team consisting of staff from various levels of the organization (Six Sigma team organization will be discussed later) that is responsible for addressing specific projects which have been pre-selected for improvement. During the Define phase the scope of the project is identified along with the project's customer needs and requirements. In addition, the process involved must be broken down using process mapping. Customers could be internal or external. For example, the Food and Beverage Service (restaurant staff) department would be considered customers of the Food and Beverage Production (kitchen) department. On the other hand, the hotel guest is the customer of the Room Service department. Customer needs and requirements are best identified through research – by asking customers directly. This research is supposed to isolate a few key factors, most important to the success of the process, known as Critical-To-Quality (CTQs) elements. Using the hotel room service example, the CTQs could be quality of food, speed of delivery, and menu variety. These three can be further broken down into elements that affect each one. For example, quality of food could depend on temperature, presentation and taste. Thus, each process will have several CTQs and their number is important in the measurement of the Sigma level. The process mapping aspect of the Define phase requires the careful breakdown of the process into a series of steps that take inputs provided by suppliers, add value, and produce outputs for customers.

During this phase, the organization must also define what constitutes a defect because Six Sigma requires that defects be constantly and accurately measured. In the service industry, defects are service failures and are often based on cycle time (e.g. length of time from room service order to delivery), and other service quality factors. In addition, performance standards must also be established and performance objectives defined.

In the Measure phase, Six Sigma requires organizations to examine areas needing measurement. These could be input measures, process measures, and output measures. Using the room service example, input measures will be related to the effectiveness of the Food Production department. While output measures should indicate how well customer needs are being met. Process measures are concerned with efficiency and could include delivery time, cost of food, and cost of labor. It is at this stage that identification and measurement of CTQs become vital since a baseline or existing sigma capability level needs to be established. This procedure is shown in Table 1.

In many corporations that use Six Sigma, the 3.66 sigma level would be seen as average to below average. Therefore, the process in question and the CTQs in particular would need to be examined through data collection and analysis. The Analysis phase is often considered the most important phase because it must lead to the discovery of the true reasons for the defects or service failures. During this phase, statistics, both simple and complex, are used. Data collected can be organized into frequency distributions, Pareto Charts, and histograms. More advanced statistics, such as ANOVA or regression can be used in cause effect analysis. The objective is to find the root causes of the problems in the process. Data analysis must answer these questions: Why are there service failures? What can be done to prevent them? The answers should identify the CTQ elements that are not meeting expectations so that the organization can then move to the Improve phase. In the room service example, the cause could be delays in food production, order-taking inefficiency, or lack of equipment, among others.

To improve the capability of a CTQ, the organization must define CTQ's scale of measure (e.g. room service delivery time, guest satisfaction rating); set specification limits (also known as tolerance bands), and decide the amount of change that needs to take place in order to reach the desired process objective. In the room service case, a standard may be set for delivery time (say, 23 minutes or less) so that even if there is variation, it will never reach the level where customers begin to complain (say, 30 minutes). Once the process has been improved and the new standard established, controls must be put in place. In Six Sigma, statistical process control (SPC) is different from statistical monitoring. SPC focuses on a priori control, before the fact, not just monitoring outcomes that happen after the fact. Naturally, Six Sigma initiatives will work only if there are committed people behind the processes and because of that a whole new organizational structure and terminology has been created.

Table 1: Sigma Capability Approximation (Adapted from Harry & Schroeder, 2001, p. 16)

STEP	ACTION	EQUATIONS	CALCULATION
1	Process selection		Room service delivery
2	How many orders were sampled?		1283
3	How many orders were delivered on time?		1138
4	Compute yield for process	Step 3/Step 2	0.887
5	Compute defect (service failure) rate	(1-Step 4)	0.113
6	Determine number of things that could create defects	Number of CTQs in room service delivery process	8*
7	Compute defect rate per CTQ	Step 5/Step 6	0.014
8	Compute DPMO	Step 7 X 1 million	14,125
9	Convert DPMO into Sigma Value using Sigma Conversion Chart**		3.66

*Determined by process mapping
**Available in Harry & Schroeder, 2001, and other books on Six Sigma

SIX SIGMA ORGANIZATION AT STARWOOD HOTELS

Six Sigma, just like any other corporate initiative, will not succeed without strong support at various levels of the organization – starting at the top. Clearly, Barry Sternlicht, CEO of Starwood is responsible for the introduction of Six Sigma in the hotel industry. Mr. Sternlicht brought in James Hyman from GE as executive vice-president of Six Sigma. Sternlicht, Hyman, and a few top executives at Starwood form what is known as the Global Council (Shapard, 2002). At the next level are the vice-presidents, whose goals have a long-term focus including such objectives as improving market share, profitability, and maintaining long-term viability. These executives are known as Master Black Belts. Next are the Project Champions at the operational level; General Managers of hotels who support the Six Sigma effort at each hotel. This is followed by the Black Belts whose full-time role is to guide and implement Six Sigma from project selection through all steps in DMAIC. Finally, the Green Belts are line-level supervisors and key employees who are responsible for the day-to-day processes of the Six Sigma projects selected for improvement.

At Starwood Hotels, full-time Black Belt positions have been created for every hotel over 450 rooms, while Green Belts handle these duties at smaller hotels. The goal for each Black Belt is to drive Earnings before Fixed Costs of $200,000 per year, thus justifying their positions at the hotels. The required stating of dollar value goals for each project is another difference between Six Sigma and other quality improvement initiatives, such as TQM. Starwood has also decided that Black Belts will maintain their positions for only two years, after which they will be returned to traditional operations management functions. This is done to prevent Black Belts from viewing their jobs as dead ends or from falling into a rut.

SIX SIGMA IN SERVICE ORGANIZATIONS

Several key factors differentiate service organizations from their manufacturing counterparts including intangible and perishable products, simultaneous production and consumption, and heterogeneity among producers (employees) and customers (guests). However, there are two major CTQs that are shared by both services and manufacturing; customers expect reliability and consistency. Thus, proponents of Six Sigma believe that the method can be also applied to service processes also. GE Capital Services has used Six Sigma to reduce costs of selling consumer loans, credit card insurance and certain other financial transactions (Harry & Schroeder, 2001 p.232). The health care industry, one that shares many similarities with the hospitality industry, has also adopted Six Sigma. According to Cherry and Seshadri (2000) applying Six Sigma to a hospital radiology department was able to reduce patient waiting time, enhance patient scheduling, and reduce costs. After implementation, costs per radiology procedure declined creating a savings of $1.65 million per year. Most importantly, there were marked improvements in productivity and patient experience. Other examples of service organizations using Six Sigma are Citibank, and the City of Austin, Texas (Breyfogle, 1999).

LIMITATIONS OF SIX SIGMA

Six Sigma is not without critics (Carnell, n.d.; Gilbert, 2002), some of whom charge that it is an expensive undertaking and that the savings may not offset the costs even though there may be increased customer satisfaction and speedier delivery. After all, achieving a 99.9996% defect free performance is not easy. Six Sigma is also not synonymous with continuous business success as seen by recent declines in the financial performance of Motorola, Polaroid, and Eastman Kodak because Six Sigma cannot protect companies from national economic downturns. In the hotel industry Six Sigma cannot create new business when travel demand is affected by terrorism or when the market has an oversupply of hotel rooms.

At the individual hotel level Six Sigma can run into several obstacles. First, any major change requires the commitment of all levels of the organization. Traditional General Managers, with many years of experience, may be unwilling to show full support for the activities of a Black Belt who may have been forced on them by company edict. In addition, the complex statistical tools may befuddle hotel managers and supervisors who are already, for the most part, overworked. Project selection could also be problem because of the specific financial goals that are required to be stated for each project. Identifying CTQs and setting performance standards for customer interactions is also difficult in the hotel industry. Employees are heterogeneous as are guest expectations. A 23 minute room service delivery time may be acceptable for some guests but not for others. Nevertheless, if Six Sigma can create a process where a room attendant can clean 17 rooms per shift instead of 15 and also achieve a higher standard of cleanliness, tremendous savings can be realized over time. It is likely that the method is easier applied in the back office functions such as Accounting (reduce errors in billing), Maintenance (identifying breakdowns) and Sales (relationship marketing) more so that direct guest interaction functions. Still, Starwood Hotels has plunged headlong into Six Sigma and only time will tell if their investment will pay off.

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TESTING AND DEVELOPING THE ENVIRONMENT RISK CONSTRUCT IN HOSPITALITY STRATEGY RESEARCH

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ABSTRACT

In this study, the authors develop an approach to model environment events by measuring the risk factors using indicators of ratio scale and testing the risk effects on the firm, vis-à-vis, corporate strategies, capital structure and performance within in the context of the co-alignment model . The results of this research suggest that a significant relationship exists between the firm's environment, its strategy, and performance.

Key Words: environment risk, corporate strategy, capital structure, firm performance

INTRODUCTION

The study of environment risk as a construct in hospitality research has been mostly conducted in the context of events that occur in the environment of hospitality enterprises. This construct has been measured primarily through survey instruments aimed at capturing how hospitality managers perceive their environment and the impact of this perception on firm business strategy, organizational structure, and performance (Tse, 1988; Jogaratnam, 1996; West & Olsen 1988, Pinto, 1987; Dev & Olsen, 1989). In this study, the authors develop an approach to model environment events by measuring the risk factors using indicators of ratio scale and testing the risk effects on the firm, vis-à-vis, corporate strategies, capital structure and performance within in the context of the co-alignment model (Olsen, et al. 1998). This approach entails a process designed to capture the risk elements of the environment as proposed by scholars in finance, proxy's of which are yet to be tested in-depth in business research (Ross et al. 1998). Prior studies in hospitality research have reported perception of managers, which may or may not have reflected reality vis-à-vis actual impact of the environment on the firm. In this paper, the dimensions of the environment risk construct and its measures are developed and then tested as to their relationship to the performance of the firm. The results of this research suggest that a significant relationship exists between the firm's environment, its strategy, and performance.

THE ENVIRONMENT RISK CONSTRUCT

For this study, the three major categories of risk, i.e. economic risk, business risk, and market risk (Oxelheim and Wihlborg, 1997) that hospitality firms are exposed to were included as part of the analysis. These risk dimensions capture the environmental uncertainty and volatility that affect the firm's performance. The first dimension, i.e. economic risk is defined as the covariance of the firm's sales growth with that of the overall growth of the Gross Domestic Product of the country (U.S.). This risk definition will help capture the uncertainties in the macroeconomic environment that affect industry and firm sales. Business risk, according to Oxelheim and Wihlborg (1997), "is caused by possible deficiencies in the operational procedures for control" (p. 20). Fabozzi (1999) defines business risk as the risk that creates deficiencies in one or more of the firm's operational factors or an internal control failure that might result in unexpected losses. This typically results in a variance of cash flows of the firm as compared to the market. It was measured as the covariance of the firm's cash flow with that of the S&P 500 average. This risk measure indicates the degree to which the firm is exposed to in terms of cash flows compared to the average firm. Finally, "market risk is caused by the uncertainty about the market value of tradable securities" (Oxelheim and Wihlborg, 1997; p. 20). This risk is defined by the covariance of the firm's share price with that of the S&P 500 average share price.

THE CORPORATE STRATEGY CONSTRUCT

Three measures of firm growth were used in this study. The first measure, i.e. sales growth captures increased sales through same store sales as well as increased store sales. The second measure, i.e. asset growth captures the growth in market value of assets, which indicates if a firm that adds to its asset base will at the same time add more value to the firm. The third measure, i.e. growth potential captures the future growth of the firm, which will be captured by using the ratio of market value of assets to book-value of assets (Kim, Mauer, and Sherman; 1998). The second dimension of corporate strategy that was explored in this study is the corporate liquidity strategy of firms. According to Kallberg & Parkinson (1992), corporate liquidity is a strategy that top management pays attention to in connection to the management of the firm's assets. Firms typically manage their liquidity through resource allocation decisions that are directed towards more liquid assets (Kim et al, 1998). The objective is to increase the liquidity of the firm but while doing so, managers may have to consider the pros and cons associated with the trade-off between investments in liquid or illiquid assets. The literature on the investment preference of firms in liquid assets purports that either firms should hold large amounts of liquid assets (e.g. Myers and Majluf, 1984) or no liquid assets (e.g. Jensen, 1986). According to John (1993), "liquid assets constitute a considerable portion of total assets and have important implications for the firm's risk and profitability" (p. 91)

THE ORGANIZATIONAL STRUCTURE CONSTRUCT

The organizational structure construct will be measured using capital structure as a proxy. It involves a decision by management about obtaining and allocating resources to be used in building value for the firm. The capital structure of a firm involves two key components, i.e. debt and equity. Based on the underpinning theory relative to capital structure, firms' managers make decisions on what type of funds, and at what levels in terms of magnitude, will lead to the overall minimization of the costs associated with procuring these funds. Therefore, the demand and supply of funds affect the capital structure, but at the same time, the riskiness associated with the firm's cash flows affects the capital structure. In other words, the more the volatility of the cash flows of the firm, the more will be the impact of this risk on the firm's ability to raise debt and/or equity. Titman and Wessels (1988) point out that "a firm's optimal debt level is a decreasing function of the volatility of earnings" (p.6). Other authors who confirmed this relationship include Bradley, Jarrell, & Kim (1984). Moreover, the costs associated with the funds will be affected as a result of the volatility of cash flows. Therefore, it can be stated that the capital structure decisions are based on the impact of the external environment on the firm and the strategies the firms use to insure that the value of the firm is maximized. This would vary from period to period, from firm to firm, and from industry to industry.

THE FIRM PERFORMANCE CONSTRUCT

The profitability of a firm can be measured to include the effects on two stakeholders, i.e. bondholders and stockholders. Since these two groups of investors have different perspectives on a firm's performance, it is essential to pinpoint which group will benefit because of external environment effects, corporate strategy and capital structure decisions. Therefore, the performance construct will be operationalized to include measures that are a barometer of stakeholder satisfaction, categorized as two distinct types, i.e. accounting measures and cash flow measures. Indicators such as return on equity and return on assets are accounting measures which reflect stockholder satisfaction, and indicators such as free cash flow per share are finance-related ratios that may indicate bondholders' willingness to invest in the firm.

Using the definitions of the constructs as just described and their proxies, the following research questions probing the relationships within the co-alignment model have been posed:

1. Does environment risk, defined as economic risk, business risk, and market risk explain the corporate strategies, *vis-à-vis*, growth and liquidity that hospitality firms engage in?
2. Does environment risk affect the capital structure of the hospitality firm?
3. Does environment risk affect firm performance?

DEVELOPING HYPOTHESES[1]

The Relationship between Environment Risk and Corporate Strategy (Growth Strategies)

H1(a): There will be a significant negative relationship between economic risk and sales growth ceteris paribus. As economic risk increases, sales growth of the firm will decrease. On the other hand, a decrease in economic risk will favor sales growth.

H1(b): There will be a significant negative relationship between economic risk and the firm's growth potential ceteris paribus. The higher the firm's economic risk, the lower will be its growth potential. On the contrary, the lower the economic risk, the higher will be the firm's growth potential.

[1] Note that the hypotheses were developed through logic using prior research. Due to page limit constraints they are not included in this version of the paper.

H2: There will be a significant negative relationship between a firm's business risk and growth potential ceteris paribus. The higher the business risk, the lower will be its growth potential. On the contrary, the lower the business risk, the higher will be its growth potential.

H3(a): There will be a significant positive relationship between a firm's market risk and its asset growth ceteris paribus. The higher the market risk, the higher will be the asset growth strategy. The contrary will be true when market risk is low.

H3(b): There will be a significant positive relationship between market risk and growth potential of firms ceteris paribus. The higher the market risk, the greater will be the growth potential. The contrary will be true when market risk is low.

The Relationship Between Environment Risk and Corporate Strategy (Liquidity)
H4: There will be a significant negative relationship between business risk and liquidity ceteris paribus. The higher the business risk of the firm, the lower will be its liquidity position. The opposite will be true in the case of lower business risk.

The Relationship Between Environment Risk and Capital Structure
H5: There will be a significant negative relationship between a firm's business risk and debt ratio ceteris paribus. The higher the business risk, the lower will be its debt ratio. The opposite will be true in the case of lower business risk.

The Relationship Between Environment Risk and Firm Performance
H6(a): There will be a significant negative relationship between economic risk and firm performance. The higher the economic risk, the lower will be the performance measured as return on equity. On the other hand, the lower the economic risk, the higher will be the performance.

H6(b): There will be a significant negative relationship between business risk and free cash flow per share ceteris paribus. The higher the business risk, the lower will be the free cash flow per share. The contrary will be true for lower business risk.

H6(c): There will be a significant negative relationship between the firm's market risk and its free cash flow per share ceteris paribus. The higher the market risk, the lower will be the free cash flow per share. The opposite will be true when market risk is lower.

H6(d): There will be a significant positive relationship between market risk and return on equity ceteris paribus. The higher the market risk, the higher will be the rate of return that firms will have to provide to their stockholders to satisfy them. On the other hand, the firm may not need to compensate stockholders with higher returns if the market risk is lower than the market average.

CONTROL VARIABLES

The data sample was controlled for country effects and industry effects. This was insured by selecting a sample of restaurant firms that operate only in the U.S. or have more than eighty percent of their operations within the U.S. Since these firms are from the restaurant industry, industry effects will be controlled for as a result of this. Other variables that were used as control variables include size of the firm. Large firms may have a different effect in terms of the relationship between dependent and independent variables of constructs such as environment risk, corporate strategy, capital structure, and firm performance. Therefore, size needs to be controlled for to determine if this is the case. Also, when testing the liquidity of a firm, it is important to control for cash flow effects as well as the level of debt that the firm has along with the size effects.

RESEARCH DESIGN, DATA COLLECTION AND ANALYSES

The contextual framework for this research is the U.S. restaurant industry. The selection criterion used to include firms as part of the sample was based upon data availability for the time frame the analysis was conducted. The criteria used for selecting restaurant firms as part of the sample are that the firms: (a) should be incorporated in the United States; (b) should have data available at least over the past 40 quarters for some data sets, and 25 quarters for others; and (c) should be a public limited company that is traded on one of the three exchanges, i.e. Dow Jones, NYSE, or NASDAQ.

Data was collected cross-sectionally to test the viability of the co-alignment model. Note that in the case of environment risk variables, longitudinal data was used that will be averaged out to come up with a single measure of the variable. This single measure was used in the cross-sectional data analysis. The source of data was COMPUSTAT accessed via the Wharton Research Data Service, which was used to obtain information on the financial statements of restaurant firms within the U.S. Thus, the data was collected from secondary sources. Since the present study entails testing the relationship between the constructs and variables identified as part of the co-alignment model, the statistical analysis that was carried out tested the direction and magnitude of relationship between the variables. Thus, regression analysis was considered as appropriate, which would help explain the relationship between the variables/constructs.

RESULTS, DISCUSSION AND CONCLUSION

Table 1: Results of Regression Analysis

Eq. No.	Equation	Model F Statistic	Model R^2	Adj.[2] R^2	Independent Variables	Standardized Beta Weights
1	SALESGR = b0 - b1* ECONBETA + b2* MBETA + b3* SIZELOG + e	1.83	0.14	0.06	ECONBETA	N.S.
					MBETA	N.S.
2	ASSETGR = b0 + b1* MBETA + b2* SIZELOG + e Revised Model: ASSETGR = b0 + b1* MBETA + e	11.15***	0.20	0.18	MBETA	.44***
3	GRPOTEN = b0 - b1* ECONBETA - b2* OPCASHBETA + b3* MBETA + b4* SIZELOG + e	6.48****	0.43	0.37	ECONBETA	-.32*
					OPCASHBETA	-.44*
					MBETA	.37***
					SIZELOG	.50**
4	LIQRAT = b0 - b1 *OPCASHBETA - b2* SIZELOG + b3* SALESGR + e Revised Model: LIQRAT = b0 - b1 * OPCASHBETA + e	4.70*	0.09	0.07	OPCASHBETA	-.30*
					SIZELOG	N.S.
					SALESGR	N.S.
5	DEBTRAT = b0 - b1 * OPCASHBETA + b2* SIZELOG - b4* LIQRAT + e	2.39	0.18	0.10	OPCASHBETA	N.S.
					SIZELOG	N.S.
					LIQRAT	-.37*
6	FCFPERSHARE = b0 - b1* OPCASHBETA - b2* MBETA + b3* LIQRAT + b4* SIZELOG + e Revised Model : FCFPERSHARE = b0 - b1* OPCASHBETA + b2* MBETA + b3* LIQRAT + e	7.89****	0.35	0.29	OPCASHBETA	-.36**
					MBETA	-.26*
					LIQRAT	.27*
					SIZELOG	N.S.
7	RETONEQ = b0 - b1* ECONBETA + b2* MBETA - b6* SIZELOG + e Revised Model : RETONEQ =b0 - b1* ECONBETA + e	6.90*	0.16	0.13	ECONBETA	-.40*
					MBETA	N.S.
					SIZELOG	N.S.

Note: * indicates significance at p = 0.05; ** indicates significance at p = 0.01; *** indicates significance at p = 0.005; **** indicates significance at p = 0.001, ' indicates significance at p = 0.1, N.S. indicates "not significant," i.e. p > 0.1

The regression results are provided in table-1. Hypotheses tests reveal that the relationship between the firm's environment and its strategy is significantly related. Results indicate that the growth strategies of restaurant firms are dependent upon the environment risk that these firms face. For instance, the findings of this study reveal that the growth potential of firms decreases with an increase in economic risk and business risk, whereas it increases with an increase in market risk. This relationship signifies the role of the environment in defining the corporate strategy of firms, which is confirmed on verifying the relationship between market risk and asset growth. The negative relationship between market risk and asset growth indicates that as market risk increases, asset growth of firms decreases.

The relationship between the environment risk and corporate strategies reported in this study are in line with the findings of other researchers. The negative relationship between economic risk and growth potential is as per the findings of Oviatt & Bauerschmidt (1991). A negative relationship was also seen between business risk and growth potential (Shepherd, 1972).

[2] Adj. R^2 stands for Adjusted R^2.

The direction of relationship between market risk and sales growth, market risk and asset growth, and market risk and growth potential was observed by Copeland & Weston (1983), and Oviatt & Bauerschmidt (1991).

The alignment between environment risk and corporate strategies of restaurant firms confirms the notion that firms typically try to decrease their risk exposure through the choice of appropriate strategies. On the other hand, firms may try to pursue aggressive growth when their risk exposure to environmental uncertainties is low. This provides the answer to the first research question: does environment risk defined by the variables and dimensions used in prior finance and strategy research, i.e. economic risk, business risk, and market risk explain the corporate strategies of firms, *vis-à-vis* growth and liquidity strategies? Emphasis should be given to the point that no significant relationship between the firm's size and growth strategies exists. This indicates that both small and big firms within the restaurant industry employ strategic measures to address environment risk. In other words, there is no difference between big and small restaurant firms in terms of their strategies to address environment risk.

The alignment between environment risk and capital structure when tested in the present study revealed that no significant relationship between the two constructs exists. This finding was not unexpected since according to the co-alignment model, the alignment between strategy and structure should be strong and supports earlier strategy research which suggests that structure should follow strategy. On the other hand, tests pertaining to the direct relationship between the firm's environment and its performance reveal that a significant relationship exists while controlling for firm liquidity, which is as per the findings of Fewings (1979). In other words, at a given level of firm liquidity, there exists a significant relationship between a restaurant firm's environment risk (business risk and market risk) and its performance measured in terms of free cash flow per share. Free cash flow decreases with increased business and market risk of the firm. Further, this relationship is true for both big firms and small firms as firm size was tested to be insignificant in the relationship between firm environment and firm performance.

The relationship between the firm's environment risk (economic risk) and its performance (return on equity) was tested to be negative, which is in line with the findings of Fewings (1979). Higher economic risk leads to lower return on equity. Since firm size was insignificant, it can be stated that no significant difference exists between big and small firms, *vis-à-vis* the relationship between economic risk and return on equity. Note that the firm's environment directly affects its performance. Although this might be the case, further tests using other constructs of the co-alignment model need to be conducted in order to confirm that firm performance can be better explained by the three dependent constructs, i.e. environment risk, corporate strategies, capital structure taken together. Nonetheless, it should be pointed out that there seems to be a direct relationship between the firm's environment and its performance. Future studies could develop the environment construct by considering micro variables within this construct.

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CO-ALIGNMENT BETWEEN ENVIRONMENT RISK, CORPORATE STRATEGY, CAPITAL STRUCTURE, AND FIRM PERFORMANCE: AN EMPIRICAL INVESTIGATION OF RESTAURANT FIRMS

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ABSTRACT

Prior research in hospitality strategy led to the conceptual development of the co-alignment model, which has not been empirically verified as a whole in the hospitality industry setting. This study uses concepts in strategy and corporate finance research to test the model. The primary research question for the study is: is firm performance better explained by the alignment between the environment risk, corporate strategy and capital structure constructs? Results indicate that a significant amount of variance in firms' performance is explained by the variables that represent these constructs within the co-alignment model.

Key Words: co-alignment model, environment risk, corporate strategy, capital structure, firm performance

INTRODUCTION

Hospitality research in strategy undertaken by researchers such as Dev (1988), Tse (1988), West (1988), Crawford-Welch (1990), Murthy (1994), and Jogaratnam (1996) was based on testing the relationships between two or more of the constructs, *vis-à-vis* the environment, firm strategy, structure, and performance in the hospitality setting. Although these studies could not confirm the relationship between one of more of the constructs purported by management theorists, they were significant in that they incrementally added to the hospitality literature on strategy. What emerged from these individual research efforts was the concept of the "Co-alignment Model," which Olsen, West, and Tse (1998) delve into in more detail in their book titled "Strategic Management in the Hospitality Industry." The theoretical underpinnings of the model explicate the co-alignment between the environment domain, competitive methods, core competencies, and firm performance, considered to be the recipe for firms' success.

While it is important to underline that the model has not been empirically verified in the hospitality industry setting, the efforts to test the model was based on management theory. The constructs and variables that were used to test the relationship among them were developed in tandem with concepts in strategic management that have evolved since this stream emerged in the late fifties. It needs to be pointed out that the co-alignment model has not been tested in conjunction with financial theory in the hospitality industry setting as well as the corporate finance research domain. In other words, the constructs and variables that emerge from theories in corporate finance have not been used to test the co-alignment model in its entirety. Prior work in the corporate finance research domain has not explored the relationship between the constructs identified within the co-alignment model taken as a whole.

UNDERPINNINGS OF THE CO-ALIGNMENT MODEL

The co-alignment model, coined by Olsen, West, and Tse (1998), conceptualizes the relationship between four key constructs, i.e. the environment, strategy choice, firm structure, and firm performance. The co-alignment principle states that, "if the firm is able to identify the opportunities that exist in the forces driving change, invest in competitive methods that take advantage of these opportunities, and allocate resources to those that create the greatest value, the financial results desired by owners and investors have a much better chance of being achieved" (Olsen et al. 1998, p.2). The present study will use the principle in connection to concepts in corporate finance while identifying and testing the relationship among the constructs and variables.

Based on the need to test and validate the co-alignment model, the specific objectives of the present study are: 1. To test if the co-alignment model is empirically viable in the hospitality industry setting. 2. To test the co-alignment model as an overarching model that applies to not only the strategic management domain, but also to the corporate finance domain.

Furthermore, concepts in corporate finance should be used in strategic management to explicate the relationship between constructs and variables. 3. To test the alignment (relationship) between constructs in strategic management and corporate finance, i.e. environment risk, corporate strategy, capital structure, and firm performance.

RESEARCH QUESTION

In order to attain the objectives, it is imperative that the research effort be clearly defined by identifying the question(s) that the authors will attempt to answer at the end of the study. The primary research question for the study is: is firm performance better explained by the alignment between the environment risk, strategy and capital structure constructs?

DEFINITION OF CONSTRUCTS

The constructs identified in this study as part of the co-alignment model are the environment risk, corporate strategy, capital structure, and firm performance. This section will explore these constructs in more detail while highlighting the various contributions of researchers in the field of business research (includes both corporate finance and strategic management) that have led to the development of the theory. The proposed theoretical model illustrated in figure-1 is developed using the co-alignment model as the underpinnings combining concepts from strategic management and corporate finance.

The Environment Risk Construct and Dimensions

The environment construct in the strategic management literature emanated from the contingency school of management, which emphasized the role of the environment in the definition of strategies, and subsequently its influence on firm performance. According to Oxelheim and Wihlborg (1997), "the concept of risk refers in general to the magnitude and likelihood of unanticipated changes that have an impact on a firm's cash flows, value or profitability" (p. 1). Furthermore, these risk factors can be broadly classified into the following categories, *vis-à-vis* economic risk, business risk, and market risk[3], which is the method used by the Bank for International Settlements (BIS). The authors point out that "this classification is primarily oriented towards banks but it often applies as well to non-financial firms" (p. 20).

As indicated above, the environment risk factors can be classified into various risk categories. For this study, the three major categories of risk, i.e. economic risk, business risk, and market risk that hospitality firms are exposed to will be included as part of the analysis. These risk dimensions capture the environmental uncertainty and volatility that affect the firm's performance. The first dimension, i.e. economic risk is defined as the covariance of the firm's sales growth with that of the overall growth of the Gross Domestic Product of the country (U.S.). This risk definition will help capture the uncertainties in the macroeconomic environment that affect industry and firm sales. Note that in the definition, covariance captures the essence of risk that the firm is exposed to because of a change in the macroeconomic situation of a country or region. Business risk, according to Oxelheim and Wihlborg (1997), "is caused by possible deficiencies in the operational procedures for control" (p. 20). Fabozzi (1999) defines business risk as the risk that creates deficiencies in one or more of the firm's operational factors or an internal control failure that might result in unexpected losses. This typically results in a variance of cash flows of the firm as compared to the market, as a result of the ineffectiveness of the management to ensure adequate returns to the firm. It will be measured as the covariance of the firm's cash flow with that of the S&P 500 average. This risk indicates the degree to which the firm is exposed to in terms of cash flows compared to the average firm. Finally, "market risk is caused by the uncertainty about the market value of tradable securities" (Oxelheim and Wihlborg, 1997; p. 20). This risk is defined by the covariance of the firm's market price per share with that of the average market share price of the S&P 500 firms.

The Corporate Strategy Construct and Dimensions

Simply stated, corporate strategy entails top management's decision to invest in businesses, which they consider as the most value adding investments. It revolves around the basic premise of defining the firm's objective of which business(es) to be in (Olsen et al., 1998). The dimensions of corporate strategy are discussed below.

Growth. Three measures of firm growth were used in this study. The first measure, i.e. sales growth captures increased sales through same store sales as well as increased store sales. It is essential for both researchers and practitioners to find out if sales growth adds value to the firm, which was tested in this study. The second measure, i.e. asset growth

[3] Note that Oxelheim and Wihlborg (1997) included interest rate risk, credit risk, legal risk, counterparty risk, and liquidity risk, which are not considered as part of this study.

captures the growth in market value of assets, which would indicate if a firm that adds to its asset base will at the same time add more value to the firm. The third measure, i.e. growth potential captures the future growth of the firm, which would be operationalized by using the ratio of market value of assets to book-value of assets. Note that this measure will tell us about the investment strategy of the firm, which in turn reflects the firm's potential to grow (Kim et al., 1998). The relationship between these measures and measures of the capital structure and firm performance constructs will help conceptualize the dynamics of growth strategy more comprehensively. Also, the impact of environment risk on these growth strategies will be tested to comprehend the relationship between environment risk and the choice of growth strategies.

Liquidity. The second dimension of corporate strategy that was explored in this study is the corporate liquidity strategy of firms. According to Kallberg & Parkinson (1992), corporate liquidity is a strategy that top management pays attention to in connection to the management of the firm's assets. Firms typically manage their liquidity through resource allocation decisions that are directed towards more liquid assets (Kim, Mauer, and Sherman; 1998). Lancaster, Stevens, & Jennings (1999) tested the industry effects of the "distinctive relationships between cash flow, accrual income and liquidity measures" (p. 37). The results supported the proposition that significant industry effects exist in many of the relationships. The authors point out that "these findings are consistent with other studies where industry effects are found in capital structure, risk, returns, and financial ratio patterns" (p. 43). However, they could not generalize the effects of cash flow from operations to have significant incremental explanatory power for change in static liquidity, which was found only in the case of manufacturing firms. This was tested in the present study with respect to the sample of firms, i.e. firms within the hospitality industry. Lancaster et. al suggest that "caution should be exercised about the relative information content of accrual income and cash flow with respect to liquidity measures" (p. 43).

The Capital Structure Construct

The capital structure of a firm involves two key components, i.e. debt and equity. Ross et al. (1999) point out that the goal of management is to maximize the market value of debt and the market value of equity. By doing so, the firm is able to maximize its total value. The optimal capital structure of the firm is one that minimizes the cost of capital. In other words, an optimal balance between the proportion of debt and the proportion of equity would result in the overall minimization of the cost associated with these components.

Based upon the fundamental concepts relevant to capital structure, firms' managers make decisions on what type of funds, and at what levels in terms of magnitude, will lead to the overall minimization of the costs associated with procuring these funds. Therefore, the demand and supply of funds affect the capital structure, but at the same time, the riskiness associated with the firm's cash flows affects the capital structure. In other words, the more the volatility of the cash flows of the firm, the more will be the impact of this risk on the firm's ability to raise debt and/or equity. Titman and Wessels (1988) point out that "a firm's optimal debt level is a decreasing function of the volatility of earnings" (p.6). Other authors who confirmed this relationship include Bradley, Jarrell, & Kim (1984). Moreover, the costs associated with the funds will be affected as a result of the volatility of cash flows. Therefore, it can be stated that the capital structure decisions are based on the impact of the external environment on the firm and the strategies the firms use to insure that the value of the firm is maximized. This would vary from period to period, from firm to firm, and from industry to industry.

The Firm Performance Construct

Various research efforts in the economic and management fields have tried to capture the performance construct that defines the outcome of the actions taken by firms in comparison to competing firms or the industry. Since the primary objective of a business entity is to make profits, performance has been the most important construct studied over the past thirty-five years of strategy and corporate finance research. The profitability of a firm can be measured to include the effects on two stakeholders, i.e. bondholders and stockholders. Since these two groups of investors have different perspectives on a firm's performance, it is essential to pinpoint which group will benefit because of external environment effects, corporate strategy and capital structure decisions. Therefore, the performance construct will be operationalized to include measures that are a barometer of stakeholder satisfaction, categorized as two distinct types, i.e. accounting measures and cash flow measures. Indicators such as return on equity and return on assets are accounting measures which reflect stockholder satisfaction, and indicators such as free cash flow per share are finance-related ratios that may indicate bondholders' willingness to invest in the firm.

HYPOTHESIS TEST AND RESULTS

As pointed out earlier, firms that have an alignment between the constructs, i.e. environment, strategy and structure will perform better than those firms that do not have an alignment between these constructs (Olsen et al., 1998). This forms the basis of the co-alignment model, which becomes the premise on which the hypothesis is based. The firm's performance will be superior to other firms if it is able to manage the environmental forces, develop a corporate strategy, *vis-à-vis* growth and/or liquidity that is in alignment with the environment forces, and choose a capital structure to support the corporate strategy. The model with all the measures representing the aforementioned constructs will help explain a significant variance in firm performance represented by free cash flow per share and return on equity. In other words, this model will hold good to explain the variance in performance using both finance and cash flow measures as well as accounting measures of performance. This leads to the hypothesis:

H1: *Variables of the model that represent the construct environment risk, corporate strategy, and capital structure will explain a significant amount of variance in firm performance that includes cash flow measures, i.e. free cash flow per share as well as accrual measures, i.e. return on equity of the firm.*

The hypothesis that tests the incremental relationship between one or more of the above constructs and performance will also be tested and these models will be compared to test and verify the above hypothesis, *vis-à-vis* the co-alignment principle. To see which of the models are best in terms of explaining performance, incremental models will be tested with performance as the dependent variable and environment, corporate strategy, and capital structure as the independent variables.

OPERATIOANLIZING THE VARIABLES

Environment risk was operationalized using the dimensions of risks, i.e. economic risk, defined as the covariance between the GDP growth rate and the firm's sales growth rate; business risk, defined as the covariance between the average cash flow of the S&P 500 firms and the restaurant firm's cash flow; and market risk, defined as the covariance between the average market price of the S&P 500 stock and the market price for each firm for given years. On the other hand, the dimensions of corporate strategy, i.e. growth was operationalized using sales growth, asset growth and growth potential; and liquidity will be operationalized using the firm's investment in cash and marketable securities as a percentage of total assets. The capital structure of the firm was operationalized using the debt ratio while firm performance will be operationalized using the two dimensions, cash flow (free cash flow per share) and accrual returns (return on equity). The unit of analysis was the firm's corporate level for variables that pertain to corporate strategy, capital structure, and firm performance.

DATA COLLECTION AND ANALYSES

Data was collected cross-sectionally from secondary sources to test the viability of the model. Note that in the case of environment risk variables, longitudinal data was used that was averaged out to come up with a single measure of the variable. This single measure was used in the cross-sectional data analysis. The longitudinal data was used to calculate the slope function, which is a proxy for the risk factor that the firm is exposed to. The source of data was COMPUSTAT accessed via the Wharton Research Data Service, which was used to obtain information on the financial statements of restaurant firms within the U.S. It should be noted that regression analysis was used as the statistical method for explanation purposes and not for prediction. The coefficients obtained through regression analysis will help explain the direction of relationship between the variables, and will help in the process of explaining the relationships between constructs. Furthermore, the standardized coefficients will be interpreted as different scales have been used to measure the independent variables. Note that the magnitude of the coefficients will only be interpreted to underscore the significance of the variable, and not for the purpose of explaining how the dependent variable is affected by the independent variable.

RESULTS, DISCUSSION, AND CONCLUSION

The co-alignment model was tested using variables of the firm performance construct as dependent variables and variables of the environment risk, corporate strategies, and capital structure constructs as independent variables. Incremental models were tested to confirm that the full model with measures representing all the three independent constructs is the best model that explains the most variance in firm performance.

Results indicate that the full model explains 59 percent of the variance of the firm's return on equity. This clearly is the best model, as compared to other incremental models that explain 35 percent (environment risk, corporate strategy, and firm performance) and 51 percent (environment risk, capital structure, and firm performance) of the variance in firm performance. The direction of relationship between return on equity and the independent variables pertaining to the constructs, i.e. environment risk, corporate strategies, and capital structure were tested to be the same as seen in models tested earlier.

Table 1: Results of Regression Analysis

1(a)	FCFPERSHARE = b0 - b1* OPCASHBETA - b2* MBETA + b3* ASSETGR + b4* GRPOTEN + b5* LIQRAT + b6* SIZELOG + e Revised Model: FCFPERSHARE = b0 - b1* OPCASHBETA - b2* MBETA + b3*LIQRAT + e	7.89****	0.35	0.31	OPCASHBETA	-.36**
					MBETA	-.26*
					LIQRAT	.27*
					ASSETGR	N.S.
					GRPOTEN	N.S.
					SIZELOG	N.S.
1(b)	RETONEQ = b0 - b1* ECONBETA + b2* MBETA + b3* SALESGR - b4* LIQRAT - b5* SIZELOG + e Revised Model: RETONEQ = b0 - b1* ECONBETA + e	Note: Only ECONBETA was significant. Same as Eq. No. 7				
1(c)	RETONEQ = b0 - b1 * ECONBETA + b2* MBETA - b3* DEBTRAT + b4* SIZELOG + e Revised Model: RETONEQ = b0 - b1 *ECONBETA + b2*MBETA - b3*DEBTRAT + e	12.11****	0.51	0.47	ECONBETA	-.35**
					MBETA	.22'
					DEBTRAT	-.58****
					SIZELOG	N S
1(d)	FCFPERSHARE = b0 - b1* OPCASHBETA - b2* MBETA + b3* ASSETGR + b4* GRPOTEN + b4* LIQRAT + b5* SIZELOG + e Revised Model: FCFPERSHARE = b0 - b1* OPCASHBETA - b2* MBETA + b3* LIQRAT + e (Note: Model same as eq. 13a)	7.89****	0.35	0.31	OPCASHBETA	-.36**
					MBETA	-.26*
					LIQRAT	.27*
					ASSETGR	N.S.
					GRPOTEN	N.S.
					SIZELOG	N.S.
1(e)	RETONEQ = b0 - b1* ECONBETA + b2* MBETA + b3* SALESGR - b4* LIQRAT - b5* DEBTRAT - b6* SIZELOG + e Revised Model : RETONEQ = b0 - b1* ECONBETA + b2* MBETA - b3* LIQRAT - b4* DEBTRAT - b5* SIZELOG + e	9.42****	0.59	0.53	ECONBETA	-.36***
					MBETA	.31*
					LIQRAT	-.25*
					DEBTRAT	-.67****
					SIZELOG	-.28*

Note: * indicates significance at p = 0.05; ** indicates significance at p = 0.01; *** indicates significance at p = 0.005; **** indicates significance at p = 0.001, ' indicates significance at p = 0.1, N.S. indicates "not significant," i.e. p > 0.1

Note that size as a control variable is significant, which indicates that smaller firms report higher return on equity than bigger firms when economic risk is lower and market risk is higher than the average firm, given that the liquidity and the debt ratio of the firm is lower than the average firm. This is important for firm managers while formulating strategies. Firm size should be considered as an important variable in the strategy formulation process. On the other hand, the relationship between free cash flow per share and variables of the independent constructs were limited to the environment risk and corporate strategy constructs. This model explains 35 percent of the variance in free cash flow of the firm, which further supports the co-alignment principle. Since no direct relationship between free cash flow per share and debt structure is hypothesized in this study, this construct does not feature in the co-alignment process with free cash flow per share as the dependent variable. Note that firm size was not significant, which indicates that both big and small firms behave in a similar manner in terms of the relationship between free cash flow per share and the independent variables, i.e. environment risk and corporate strategies. Therefore, the key finding of this study is that the co-alignment principle holds good in explaining value addition to the firm. This provides the answer to the research question, i.e. is firm performance better explained by the alignment between the environment risk, strategy and capital structure constructs?

The main objective of this study was to test that the co-alignment model holds good, which was accomplished. Olsen et al. (1998) point out that there needs to be co-alignment between the constructs, i.e. environment, strategy, and structure for firms to be able to add value consistently to their existing set of resources. This study confirms this notion using corporate finance and strategic management theory. It is essential to point out that the co-alignment principle was tested and confirmed in the present study. Insofar as this will add to the existing literature on strategic management and financial management of firms, it is equally important for researchers to test the co-alignment between the environment, business strategy, organizational structure, and firm performance. Future research efforts could test the causal relationships between these constructs. This will be the next step to incrementally testing, proving the viability of, and developing the co-alignment model.

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INTEGRATING THE DISABLED INTO THE WORK FORCE: A STUDY OF EMPLOYING PEOPLE WITH DISABILITIES IN FOODSERVICE INDUSTRY

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ABSTRACT

Despite increased innovations in rehabilitation and newer laws, such as Americans with Disabilities Act, the unemployment rate for disabled persons has consistently hovered in the 60-70 percent area for decades. Extensive literature reviews indicated that one of the biggest barriers to employment opportunities for people with disabilities are employers' negative attitude. The purpose of the study is to measure the attitudes of foodservice employers toward hiring persons with disabilities and to assess the effects of these attitudes on employers' hiring practices. Factor analysis, multiple regression analysis, and one-way ANOVA were employed for data analysis. The study revealed a somewhat favorable attitude towards disabled workers among Oklahoma foodservice employers.

Key Words: Attitude; Disability; Foodservice Industry; Unemployment

INTRODUCTION

Being a labor-intensive industry, food service is increasingly competing against other industries for workers in the nation's shallow labor pool. Whereas foodservice employers have been struggling to find enough workers to fill open positions, there exits a group of people who are significantly unemployed or underemployed. The 2000 NOD/Harris Survey of Americans with Disabilities found that only 32% of working-age adults with disabilities (aged 18-64) were employed, compared to 81% of their non-disabled peers (Hignite, Dec 2000). There were 103,000 Oklahomans on Social Security disability rolls, but their impairments were not serious enough to prevent some form of employment (The Daily Oklahoman, Jan. 2002). The high unemployment of the disabled lies in the assumption that employers are reluctant to hire people with disabilities. Wilgosh and Skaret (1987) inferred that employers' attitude is a potential barrier to employment opportunities for people with disabilities. The purpose of the study was to investigate employers' attitudes towards hiring persons with disabilities and to identify the specific variables that affect these attitudes.

LITERATURE REVIEW

Barriers to Employing Disabled Job Candidates

There are a variety of barriers that still keep people with disabilities at arm's length from employment and participation, including: (1) lingering stereotypes about the kind of work they can do or want to do; (2) lack of management training about ADA-related employment concerns (Hignite, 2000); (3) lack of knowledge about accommodation in terms of both managers and disabled people themselves (Dutton, 2000); (4) an assumption by employers that identifying, hiring, training, and accommodating employees is too complicated to undertake (Hignite, 2000); (5) persons with disabilities tend to be less educated and therefore, to be restricted occupationally (Hale et al, 1998). One of the biggest barriers is the negative attitude of supervisors and coworkers, according to a July 2000 study by Cornell University, "Americans with Disabilities Act Implementation in the Federal and private Workplaces".

Previous Studies of Attitudes toward Persons with Disabilities

In their review of literature, Wilgosh and Skaret (1987) concluded that: (1) in some cases, employer attitudes were negative and thus likely to inhibit the employment and advancement of people with disabilities; (2) prior positive contact with disabled people was related to favorable employer attitudes; (3) a discrepancy existed between employers' expressed willingness to hire applicants with disabilities and their actual hiring practices. Greenwood and Johnson's (1987) review examined employer characteristics and their receptivity to hiring applicants with disabilities. The authors found that: (1) employers from larger companies reported more positive attitudes than those from smaller ones; (2) respondents with higher levels of academic attainment expressed more positive attitudes than those with lower academic attainment; and (3) employers were more likely to express positive attitudes toward individuals with physical or sensory disabilities than those with intellectual or psychiatric disabilities.

METHODOLOGY

Research Design & Instrument

The study was a cross-sectional descriptive research. The employer attitude assessment questionnaire was designed specifically to identify business and employer demographics and employer attitudes towards disabled workers.

Sampling

The survey population was foodservice employers who are members of Oklahoma Restaurant Association. With the most current ORA membership listing (1,313) available, a simple random sampling approach was used. A Confidence Interval Approach was used to determine the sample size. The formula of obtaining $\pm$ 5% accuracy at 95% confidence interval for the sample size was: $n = z^2 (p \times q) / e^2 = 1.96^2 (50 \times 50) / 5^2 = 384$. To allow for 20 % refusal (100), and 3 % (16) wastage due to missing value or unusable data, the sample size was determined to be 500. The Excel program for simple random sampling was used to generate 500 random numbers.

Data analysis

Frequency analysis was applied for both employer and business demographic information. Mean scores on the 17 statements regarding a range of employment issues associated with disabled employees were calculated to identify employers' overall attitude towards disabled workers (4=strongly agree, 1=strongly disagree). An exploratory factor analysis was employed to reduce the 17 statement attributes into a few, correlated and meaningful dimensions. Multiple regression analysis was used to examine the relative impact of employers' attitude dimensions (predicting variable) on the hiring probability of the disabled (dependent variable). ANOVA was applied to explore if employers' attitude towards the disabled workers varies based on employers' prior working experience with the disabled. ANOVA was conducted to examine the possibility of existing significant differences in employers' attitude dimensions towards persons with disability according to the specific employer demographic variables and business characteristics. Where differences did exist, Tukey post-hoc test was applied to determine statistically significant differences between individual demographic groups.

RESULTS & CONCLUSIONS

Response rate & Demographic profiles

Seventy surveys were returned, indicating a response rate of 14.2%. The employers of the study were educated baby boomers that had extensive working experiences in the foodservice industry. Of the 70 respondents, the majority (75.7%) was male. About 63% were aged between 35-54. Eighty percent had received some or 2-year or 4-year college education. The majority (85.5%) had been working in the food service industry for over ten years. More than half (59.4%) of the respondents run their own foodservice business. The bulk of the respondents (85.3%) had hired persons with disability. Approximately 66% of the respondents had experiences with workers with various types of disabilities. Around 60% had hired disabled people as kitchen helpers, and 31% hire them for different job positions. Family restaurant accounted for 36.2% within this study. More than 60% had more than 20 employees working in their operations. The majority (76.1%) of the respondents indicated that they served more than 700 customers a week.

Employers' Attitudes towards Employees with Disabilities

In general, employers had a somewhat favorable perception of disabled workers (overall mean of the 17 attitude statements was greater than 2, whereby 1 = strongly disagree, 2 = disagree, 3 = agree, and 4 = strongly agree). Disabled workers were perceived as requiring closer supervision and more special attention from coworkers and/or supervisors (mean scores ranging from 1.88 – 2.18), whereas they were viewed most positively in terms of their loyalty to the company and their punctuality in the job (mean score > 3). Seven statements about disabled workers fell into 'somewhat unfavorable' (2 – 2.5) category: supervision, attention, accident-proneness, work quality, better employee, efficiency, and ability to benefit from training. Respondents expressed somewhat favorable attitude (2.5 – 3) towards disabled workers regarding dependability, business cost, cooperation, absenteeism, accommodation, turnover, and interaction with coworkers.

Underlying Employers Attitude Dimensions

Three dimensions were developed for employers' attitudes towards workers with disabilities, labeled as: 1) work ethic, employment risk and general evaluation; 2) work performance and accommodation cost; and 3) negative stereotype. "Work performance and accommodation costs" reflected employers' perceptions regarding disabled workers' job performance (such as the disabled workers' productivity, flexibility, etc.) and the cost of accommodating the disabled workers' needs. These were usually concerns and doubts that employers had about the disabled workers. "Work ethic" highlighted some worker traits deemed necessary by employers for successful employment, such as loyalty, co-operation, and dependability, among others. Employers usually held positive attitudes towards disabled workers in terms of work ethic. "Employment risk and overall evaluation" addressed employers' safety concerns and general perceptions about the disabled workers. "Negative stereotype" reflected some of the misconceptions and prejudices that excluded disabled persons from entering job market.

Table 1: Factor Analysis: Underlying Attitude Dimensions

Variables	Varimax Rotated Loading			Communality
	Factor 1	Factor 2	Factor 3	
F1 Work ethic, general evaluation & Employment risk				
Loyal to the employers	0.80	0.06	0.16	0.66
Cooperate more on the job	0.75	-0.04	0.29	0.65
Work of higher quality	0.74	0.02	0.06	0.55
More dependable	0.72	-0.06	0.32	0.62
Absent less often	0.71	-0.20	0.43	0.73
Make better employees	0.69	0.15	-0.27	0.57
Fewer accidents on the job	0.67	0.36	-0.10	0.59
F2 Work performance & Accommodation costs				
Harder to train for jobs	0.05	0.80	0.10	0.66
Need closer supervision	-0.14	0.79	0.27	0.72
Work slower	0.03	0.77	0.32	0.70
Increase business costs	0.16	0.69	0.06	0.50
Need special attention	-0.06	0.65	0.44	0.62
Fair to make accommodation	0.46	0.51	-0.31	0.57
F3 Negative stereotype				
Quit jobs sooner	0.08	0.14	0.73	0.56
Harder to adopt new methods	0.21	0.44	0.65	0.67
Make others uncomfortable	0.14	0.09	0.52	0.30
	Factor 1	Factor 2	Factor 3	Total Var. Explained
% of Variance explained	23.69	20.49	13.97	58.14
Eigenvalue	4.97	3.25	1.67	
Cronbach's Alpha	0.87	0.82	0.64	

Relative impact of the attitude dimensions on hiring probability

The results of the multiple regression analysis indicated a positive relationship between the independent variables – attitude dimensions and the dependent variable 'hiring probability' for workers with disability: the more positive employers' attitude towards the disabled employees, the more likely they would hire or continue to hire persons with disability. Two factors came out as significant independent variables ($p \leq .05$): 1) X_1 - work ethic, general evaluation, and employment risk 2) X_2 - working performance and accommodation cost. The regression model was written as: _ = -.59 + .589 X_1 + .543 X_2. So, when employers were strongly disagreeable with the disabled workers regarding their work performance and the costs of accommodations (1 - strongly disagree), the probability of hiring the disable workers was less than one (1 – very unlikely): Y = -0.590 + 0.589+ 0.543 = 0.542. While when employers were strongly agreeable (4 - strongly agree) with workers with physical disability, the probability of hiring the disabled workers increased to the maximum (4 - very likely): Y = -0.590 + (0.589+ 0.543) x 4 = 3.938.

It implied that the likelihood of employers' hiring persons with disability depended essentially on their work ethic, working performance and accommodation costs involved in employing them, thereby making these two variables the determinant factors or the best predictors of an employer's willingness to hire the disabled workers. These independent variables played important roles in employers' hiring decisions.

Table 2: Regression Analysis: Hiring Probabilities of Disabled Persons

Goodness-of-fit:		Multiple R	R-square	Adjusted	Standard Error	
		0.486	0.237	0.202	0.736	
ANOVA	DF	Sum of squares	Mean square	F - Value	Prob. > F	
Regression	3	11.085	3.695	6.815	0.000	
Residual	66.000	35.783	0.542			
Total	69.000	46.868				
Variables in the model						
Independent variables	B	Beta	t	Sig.	Tolerance	VIF
F1 - Work ethic, employment risk & general evaluation	0.589	0.266	2.334	0.023	0.893	1.120
F2 - Work performance & Accommodation cost	0.543	0.259	2.136	0.036	0.786	1.272
(Constant)	-0.590		-0.740	0.462		
Variables not in the model						
Independent variables	B	Beta	t	Sig.	Tolerance	VIF
F3 - Negative stereotype	0.267	0.134	1.065	0.291	0.729	1.371
Depend variable: Probabilities that OK foodservice employers would hire or continue to hire disabled persons						

Prior Working Experience with the Disabled Workers

Overall, respondents were satisfied with their experience with disabled employees, with a mean score of 2.81 (1 - very dissatisfied, 2 - dissatisfied, 3 - satisfied, 4 - very satisfied). One-way ANOVA revealed that positive prior contacts with employees with disabilities were associated with favorable employer attitudes. A significant relationship was found between employers' previous working experience with workers with disabilities and their attitude dimensions; the more satisfied the employers were with the prior contacts, the more agreeable they felt with the disabled workers. This trend was substantiated by previous researches by Diksa & Rogers (1996), Hutchins (1990), Kanter (1988), Levy et al (1992, 1993), and McFarlin et al. (1991). The finding indicated that more interactions and contacts would help employers conquer the attitudinal barriers and thus ultimately increase employment opportunities for disabled persons. Therefore, it is imperative and necessary to include people with disabilities in the workforce as fully as possible.

Attitude Dimensions and Employer & Business-related Variables

ANOVA and Tukey post hoc tests showed that, out of all employer-related profiles only variables 'current job position', and 'previous hiring experience' were found significantly related to employers' attitude dimensions. For the other employer-related variables, there were no significant statistical differences in attitude dimensions found for any disability types, which suggested that the effects of employers' demographic variables such as age, gender and education level on their attitudes towards the disabled workers were diminishing. ANOVA results indicated that no business variable was found significantly related to employers' attitude dimensions.

Managers reported a more favorable opinion than owners towards workers with disability with respects to their work ethic (loyalty, co-operation, attendance, dependability, and job quality), in terms of evaluating them as better employees and of risks involved in employing the disabled workers (job-related accidents). This might be due to the fact that managers usually work directly with the disabled workers thus having more contacts and experiences with this group of people. Such experiences help enhance managers' understandings and appreciation of the disabled workers, and help remove managers' biases and misconceptions. Employers who had previously hired disabled people have more positive attitude on disabled workers than those who had not hired any disabled workers, with regards to their work performance (supervision, attention, and training needed, and productivity), and in terms of accommodating them (business costs and special accommodation). This again proved the importance of prior contacts and experiences in influencing employers' attitudes.

IMPLICATIONS AND RECOMMENDATIONS

With a labor shortage and a high rate of turnover in the foodservice industry, hiring, training and retaining employees with disabilities would be a successful business strategy. As previous researches and this study showed, employees with disability have strengths such as loyalty, punctuality, dependability, and co-operation. They generally have a lower level of absenteeism and turnover. All these qualities combined make them better employees in many senses. In addition, employers who hire the disabled will have advantages of tax legislation, such as the Welfare-to-Work and Work Opportunity Tax Credit, where an employer can claim a 40% credit for the first $ 6,000 of qualified wages earned by a disabled employee (www.doleta.gov/employer/wotc).

The findings of this study and previous researches (McFarlin et al., 1991; Johnson et al., 1988) indicated that one of the biggest concerns about the disabled employees is the amount of training, special attention and supervision they need in the job. Supported-employment program makes it possible to integrate persons with less acceptable disabilities in the open market for the benefit of both the disabled themselves and their employers. Supported employment is a program specifically designed to assist persons with the most significant disabilities to achieve competitive level, community-integrated employment in a long run. Supported employment provides individualized work supports and assistance both at and away from the workplace by assigning each disabled worker an employment specialist or 'job coach', who will handle the training, supervision, counseling, and even transportation for the disabled. The impediments to employment faced by prospective workers are reduced, and their abilities and work potentials are emphasized.

As this research and previous researches (Roessler & Summer, 1997; Gilbride, Stensrud, & Connolly, 1992) noted, cost of accommodation has always been a concern for management and an important factor in employers' hiring decision. Employers' lack of knowledge of accommodations was cited as an obstacle to hiring disabled job candidates in Cornell's 2000 study about the ADA. Shedding the mind-set that a job must be performed in a particular way is a key to creating a disabled-friendly workplace. Many times accommodation does not cost a fortune, but is simply a matter of being creative. Identifying accommodations and making them work relies very much on having a good manager. Employers should think of making accommodations for the disabled in the interest of productivity, in the same way employers will do for the non-disabled workers to improve productivity and accuracy. Making productivity-enhancing accommodations is getting much easier. A wide range of assistive technologies are quickly being developed that enable people with disabilities to be as efficient as anyone else. Information about assistive technology abounds in the Internet. Tax incentives are also available to help defer the cost of complying with the ADA. Business can be granted a tax deduction of up to $15,000 a year for any ADA-related facilities alteration made for disabled workers (Weinstein, 1992).

This research supported the findings identified by previous researches (Diksa & Rogers, 1996; Hutchins, 1990; Kanter, 1988; Levy et al., 1992 & 1993; & McFarlin et al., 1991) that employers who had previously hired persons with disabilities were more receptive of such persons. The Cornell 2000 survey of human resource managers found that lack of experience and lack of information resulted in biases and attitude barriers. Exposure to one another is the key. To the extent that people with disabilities are represented within a company, their managers and non-disabled co-workers can overcome fears and uncertainties about how to respond to them. As employers get more familiar and more comfortable working with the disabled workers, myths and stereotypes give way to appreciation and understandings. Therefore, it is vital to integrate the disabled people into the social web of the work community. Such experiences and interactions tend to erode employers' attitudinal hurdles and ultimately increase employment opportunities for people with disabilities.

Successful employment also depends on disabled employees themselves. They need to take initiatives and get more involved in the employment process. There are all kinds of resources available to help the disabled join the work force. State vocational-rehabilitation services provide a full range of employment and training services for disabled individuals seeking jobs and for employers seeking workers. Supported employment discussed above is one of the service options included in VR services. Goodwill Industries, Inc. also offers employment and training opportunities for disabled persons (www.state.ok.us). There is also legislative act that encourages the disabled to go back to work. Work Incentive Improvement Act of 1999 assure to workers with disabilities that they won't have to forfeit disability and health-care benefits once employed or lose the benefits altogether if they later become unable to work.

This study did not claim to answer all the questions related to Oklahoma foodservice employers' attitudes towards hiring persons with disabilities, but has attempted to address some of the questions and provided a foundation for future research in this area. Future researches need to address the source of employers' attitudes towards workers with disabilities: does attitude stem from personal experiences, lack of information or from global myths and stereotypes? This knowledge would expand the understanding of these attitudes and hopefully allow for the development of more effective informational and experiential strategies for change. The following limitations were inherent in the study: 1) the population of the study was members of the Oklahoma Restaurant Association (ORA), thus the findings cannot be generalized beyond this population. 2) The response rate is relatively low (14%). There may be biases in the data if only those employers with positive attitudes towards persons with disability chose to participate in the study. Therefore external validation of findings remained unknown.

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EXAMINING THE ROLE OF PRIOR KNOWLEDGE IN TOURISTS' INFORMATION SEARCH BEHAVIOR

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ABSTRACT

The purposes of this study are to determine whether prior knowledge, a variable known to affect information search behavior, is a unidimensional or multidimensional (i.e., familiarity, expertise, past experience) construct and document how prior knowledge influences individuals' information search behavior. Prior knowledge operationalized as a multidimensional construct (i.e., past experience and familiarity/expertise) was found to significantly influence information search behavior such as the type of information sources and extent of information search.

Key Words: tourists, prior knowledge, information search, familiarity, expertise, past experience

INTRODUTION

Consumers' information search behavior, defined as the motivated activity to "search for information stored in memory (internal search) or acquisition of decision-relevant information from the environment (external search) (Engel, Blackwell, & Miniard, 1995, p. 41), involves a process which theoretically starts when an individual recognizes a need or a problem (Crotts, 1999). Information search is activated on the basis of knowledge accumulated through past experience or prior memories. Individuals who are not satisfied with their level of knowledge, according to Bettman (1979) and Crotts (1999), go on to conduct an external search for new information. During the second phase of the process, information search, consumers may retrieve information from memory (i.e., internal search) and/or draw on various external sources (i.e., external search) (Mullen & Johnson, 1990; Wicks & Schuett, 1991). Um and Crompton (1990) argue that individuals have choice sets which play a role in developing their confidence with or belief in a given choice. Generally, they discuss, an individual's awareness of alternative travel destinations is generated from memory based on past experience or a passive reaction to external information (e.g., familiarity from exposure to advertising or information from word-of-mouth). Ankomah, Crompton and Baker (1996) also recognized the importance of choice sets in the information search process. They found that, for example, individuals reject information they currently have about a destination before they actively engage in a search for additional information. Thus, the overall purpose of this study is to determine whether prior knowledge affects information search behavior. The specific objectives are to determine whether prior knowledge, a variable known to affect information search behavior, is a unidimensional or multidimensional construct and document how prior knowledge influences individuals' information search behavior.

CONCEPTUAL BACKGROUND

Prior knowledge is considered to be a rudimentary determinant of individuals' information search behavior (Park, Mothersbaugh, & Feick, 1994). While this fact is readily accepted, what components or dimensions comprise the prior knowledge construct is still under debate. Alba and Hutchinson (1987) have argued that prior knowledge is a multidimensional construct composed of familiarity and expertise, while others have suggested it is unidimensional and measured through familiarity (Johnson & Russo, 1984; Rao & Monroe, 1988); product experience (Brucks, 1985; Punj & Staelin, 1983; Wright & Lynch, 1995); or expertise (Bettman & Sujan, 1987; Mitchell & Dacin, 1996; Sujan, 1985). Confounding the issue is which components of prior knowledge are most critical to understanding tourists' information search behavior. We propose that prior knowledge be accumulated through familiarity, expertise and past experience.

Familiarity. Familiarity is defined as "a unidimensional construct that is directly related to the amount of time [individuals spend] processing information about a [product or service], regardless of the type or content of the processing that was involved" (Baker, Hutchinson, Moore, & Nedungadi, 1986, p. 637). Familiarity is thus described as awareness or perception of the product/service and does not necessarily come from actual experience (Johnson & Russo, 1984). This is an important point because in tourism research "familiarity" has generally been conceptualized as previous visitation (Debbage, 1991; Hu & Ritchie, 1993) or the combination of previous visitation and level of knowledge (Tideswell & Faulkner, 1999).

Expertise. Expertise is defined as "the ability to perform product-related tasks successfully" (Alba & Hutchinson, 1987, p. 411) or "the ability to solve problems… analytically" (Sujan, 1985, p. 32). Alba and Hutchison (1987) suggested that "experts are more likely to appreciate the complexities of the problem and are better equipped to deal with them" (p. 427). People who travel frequently, for example, can accumulate knowledge and retain expertise from their experience. These factors may allow them to produce high knowledge, recall effective information, improve their ability to analyze incoming information, and affect correct choices with respect to the destination-related alternatives.

Past Experience. One of the most important factors influencing the decision-making process in leisure travel has proven to be past experience with a variety of places and activities (Baker & Crompton, 2000; Kozak, 2001; Juaneda, 1996; Petrick, Morais, & Norman, 2001). An individual tends to make "a biased choice based on past experiences" (Raju & Reilly, 1979, p. 189), since he or she may first recall past experiences when deciding to travel and beginning to search for information. The results of previous research suggest that amount of past experience influence the acquisition of incoming information from external sources (Bitner & Booms, 1982; Etzel & Wahlers, 1985; Perdue, 1985); the depth and complexity of images of places (Balogue, 2001); and, individuals' ability to plan for their trip (Stewart & Vogt, 1999).

Prior Knowledge and Information Search

The role of prior knowledge in individuals search for information has been initially discussed in the area of consumer behavior (Bettman, 1986; Brucks, 1985; Johnson & Russo, 1984; Punj & Staelin, 1983). For example, individuals with very little knowledge theoretically do more extensive information searching than those with high prior knowledge because they do not have standards for evaluation (Alba & Hutchinson, 1987; Johnson & Russo, 1984). This notion has been challenged, however. Researchers question whether the relationship between prior knowledge and information search is in fact positive and linear (Jacoby, Chestnut, & Fisher, 1978), negative (Moore & Lehmann, 1980; Simonson, Huber, & Payne, 1988), or has an inverted U effect (Bettman & Park, 1980; Johnson & Russo, 1984). Based upon a review of the literature, we advanced the following research questions:

Research Question 1: Is prior knowledge in a tourism context a multi-dimensional construct?

Research Question 2: Does a significant and positive relationship exist between prior knowledge and type (i.e., internal and external) of information search?

Research Question 3: Does a significant and positive relationship exist between prior knowledge and the number of information sources used?

Research Question 4: Does a significant and positive relationship exist between prior knowledge and the amount of time spent searching for information?

STUDY METHOD

The study sample was comprised of 900 individuals who were systematically chosen from a list of 5,853 individuals who had booked a vacation at one of three resorts in Florida. The survey instrument was a self-administered questionnaire consisting of six sections, three of which were referenced, in this study. The first section focused on individuals' prior knowledge with the resort/destination. Familiarity was assessed through the following question: "Prior to choosing to vacation at X Resort, how familiar were you with the destination?" Individuals indicated their level of familiarity on a seven-point Likert scale ranging from 1, "not at all familiar" to 7, "very familiar." Expertise, on the other hand, was examined by having individuals indicate how they would rate their "… knowledge about the destination relative to other travelers," using a Likert scale ranging from 1 "very low" to 7 "very high." Past experience, the third dimension of prior knowledge, was examined by asking individuals first if they had visited X resort in the past and if so, how many times. In the second section of the questionnaire, individuals were asked to indicate their use of the 10 information sources using a seven-point Likert scale. Number of sources used was calculated based on the total number of sources assigned from 4 to 7 (i.e., used somewhat to a lot). Individuals were asked how much time they spent searching for information using an open-ended format. The third section included questions on socio-demographic characteristics. A pre-test was conducted with a convenience sample of 108 individuals in order to assess the understandability of the instructions and questions comprising the questionnaire, and determine the reliability of the prior knowledge construct and dimensions. Data analyses were conducted by reliability testing and correlation analyses to determine if prior knowledge is a uni-dimensional or multi-dimensional construct and asses the relationship between prior knowledge and information search.

STUDY RESULTS

A total of 900 individuals were sent survey packets. In total, 410 usable questionnaires were returned. Forty-six percent of the respondents indicated that they had not yet searched for information about their vacation and were told to skip the questions about prior knowledge and information search. Thus, only 221 of the respondents' answers were utilized in the data analysis. The largest percentage of respondents was female (62%), 30-59 years of age (84%) and well educated. Approximately 83% indicated they earned $80,000U.S. or more in annual household income the previous year.

Regarding familiarity with the destination, 20% of the respondents reported being "not at all familiar" with the destination, whereas 17% considered themselves to be "very familiar" with the destination. In terms of expertise, 78% of the respondents indicated that they were moderately to very knowledgeable about their destination. Yet, when asked about their past experience with the destination, only 44% had visited in the past (Table 1).

Table 1: Descriptive Results of Prior Knowledge Measures

Familiarity (n=221) (%)			Expertise (n=219) (%)			Past Experience (n=220) (%)	
1	Not at all	20.4	1	Very low	6.8	Never visited	55.5
2		8.1	2		8.7	Once	15.9
3		5.9	3		6.4	Twice	10.5
4	Somewhat familiar	23.1	4	Moderate	25.1	Three to four times	10.5
5		13.1	5		20.5	Five to six times	2.8
6		12.2	6		21.0	Seven to nine times	3.2
7	Very familiar	17.2	7	Very high	11.4	Over ten times	2.3
Mean=4.06, SD=2.10			Mean=4.53, SD=1.68			Mean=1.63, SD=4.27	

Note: The overall percentage may not add up to 100% due to rounding.

The prior knowledge construct. To determine whether prior knowledge is a uni-dimensional or multi-dimensional construct contributing to the measure of prior knowledge were initially transformed using z-scores. This approach was necessary because the scales used were not identical. Second, reliability of the prior knowledge construct when composed of familiarity, expertise and past experience was assessed. The overall reliability of the prior knowledge construct was .68, indicating "marginal" reliability. When past experience was dropped from the prior knowledge construct, however, the Cronbach's coefficient alpha improved from .68 to .86. Follow-up correlation analysis indicated that familiarity was significantly and strongly correlated with expertise (r=.75, p=.01), while past experience was significantly but weakly correlated with familiarity (r=.23, p=.01) or expertise (r=.27, p=.01). Thus, prior knowledge in a tourism context is found to be a multi-dimensional construct. In follow-up analyses prior knowledge was treated as a multidimensional construct consisting of two dimensions: past experience and familiarity/expertise. Familiarity and expertise were combined due to their strong correlation.

The relationship between prior knowledge and information search. Table 2 highlights the correlation coefficients for the relationships between each dimension of prior knowledge and information sources used. The results indicated that there was a significant and positive relationship between internal search (i.e., own experience) and prior knowledge. More specifically, with increased travel experience to the destination individuals were more likely to rely on their own experience as a source of information. The same relationship existed between the familiarity/expertise dimension of prior knowledge and internal search. In terms of external information search, a significant but negative correlation was found with use of the Internet as a source of information. In this instance, as experience with the destination increased individuals were less likely to indicate that they used the Internet as a source of information. The same relationship was true for the familiarity/expertise dimension.

No significant differences were found between the dimensions of prior knowledge and extent (i.e., number of information sources, amount of time spent searching for information) of information search.

Table 2: Correlations Between Prior Knowledge and Information Sources Used

Prior Knowledge	Own experience	Friends or relatives	Maga -zines	Guide books	News-papers	Brochures Travel /pamphlets agencies		Travel/ CVBs[1] auto clubs		Internet
Past experience	.27**	.07	-.11	-.07	-.08	-.07	-.09	-.05	-.04	-.27**
Famiexpert[2]	.61**	-.02	-.09	-.12	-.05	-.01	-.03	-.08	.04	-.28**

[1]CVBs= Convention and Visitor Bureaus
[2]Famiexper=Familiarity and Expertise
*Significant < 0.05, **Significant < 0.01

CONCLUSIONS

Our results indicate that prior knowledge is a multi-dimensional construct. It is not, however, comprised of three separate dimensions. Alba and Hutchinson (1987) argued that familiarity and expertise could be acquired through means other than real experience (e.g., mass media). And, regardless of how familiarity or expertise has been obtained, having either does not necessarily lead to an increased interest in or likelihood of visiting a given destination (Milman & Pizam, 1995). In fact, those who are familiar with and about a destination may have knowledge of and interest in a multitude of different destinations. In regard to the relationship between prior knowledge and information search behavior, only the relationship between prior knowledge and type of information source used proved significant. And, significance was limited to the relationship between prior knowledge and one internal (i.e., own experience) and one external (i.e., Internet) source. The non-significant findings associated with external sources of information were perplexing. Based on the work of previous authors (e.g., Alba & Hutchinson, 1987; Vogt, Stewart, & Fesenmaier, 1998), we expected that individuals with less travel or decision-making experience would be more likely to use external sources of information such as reference groups, including friends and family and promotional marketing sources (Rao, Thomas, & Javalgi, 1992). This was not the case. One explanation for this finding may be related to level of purchase involvement. In summary, our results have contributed to the existing controversy regarding the relationship between prior knowledge and information search behavior. It is clear that additional research must be conducted with similar as well as other types of travelers in order to provide clear evidence of the type, if any, relationship existing between prior knowledge and information search. It is recommended that a replication of this study be conducted with different types of tourists and/or destinations to verify the generalizability of the results. In addition, adopting a longitudinal approach would allow for a more precise, albeit more difficult, study of individuals' information search behavior. Further, and perhaps more importantly, continuing our study of information search will allow us to develop a conceptual model that can be tested with various types of tourists and in a multitude of travel and tourism settings.

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MEASURING THE IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Professionals and academicians have emphasized the importance of human resources in helping to shape organizational performance more than ever. However, since it represents overhead cost to a hospitality firm, the human resource function is also a target for personnel layoffs in order to reduce expenses when the economy goes bad. This situation may result, in part, from ambiguous evaluation methods of the effects of human resources on organizational performance. The objective of this study was to investigate the measures used to evaluate the impact of human resource management on organizational performance through a content analysis.

Key Words: human resources, organizational performance, financial performance

INTRODUCTION

Human resource management (HRM) decisions can influence organizational performance by either improving organizational efficiency or contributing to revenue gain (Becker & Gerhart, 1996) through achieving and maintaining competitive edges (Porter, 1985). According to Pfeffer (1998), "business success comes from the successful implementation of strategy and that ability to implement strategy comes from the organization's people" (p. i). There have been several attempts to evaluate the effectiveness of HRM by either intangible or tangible measures (Ichniowski, 1990; Terpstra & Rozell, 1993; MacDuffie, 1995 ; Delery & Doty, 1996). Employee satisfaction and customer satisfaction are examples of intangible measures. Changes in revenue, in employee turnover rate, or in profit margin are considered as tangible measures. However, an approach that utilizes merely a single type of measure, such as an intangible one, to assess HR's impact may not truly reflect its overall effects on the organization. For example, when an organization adapts and implements new HR practices, such as bi-annual employee training and individual mentoring, the overall effects of the new practices could become fully visible only after a considerable period of time elapses. Likewise, the impact of the newly-implemented HR practices can be shown in non-monetary aspects like customer satisfaction before the impact could be quantifiably measured on the firm's financial performance. Thus, exploring the measurement issues of HR practices through key non-monetary as well as monetary measures of firm performance, such as customer service and employee satisfaction, could offer practical implications for the organizations.

For the hospitality industry, the effective use of human capital is particularly critical in order to increase a company's value. Currently, there is no well-known consistent or standardized set of organizational performance measures that professionals and academicians commonly use to assess HR practices. Further, there has been no published research to investigate the impact of human resources on organizational performance in the hospitality industry. This study seeks to contribute to hospitality HRM research by exploring the components of organizational performance measures that are utilized to evaluate HRM through a content analysis research approach. The results could contribute to the existing literature by providing the overall picture of measurement for human resource management. The authors of the study hope to provide meaningful and practical implications for future researchers and professionals interested in this subject who could develop a better and more accurate measurement model to assess the human resource function in terms of its impact on organizational performance.

BACKGROUND AND METHOD USED

A number of previous researchers have investigated the measures of human resources in organizational performance. For example, Roger and Wright (1998) proposed four types of measures for assessing HRM: 1) human resource outcomes (turnover, absenteeism, job satisfaction); 2) organizational outcomes (productivity, quality of product, quality of service); 3) financial accounting outcomes (return on assets, return on equity, profitability); and, 4) capital market outcomes (stock price, growth, returns). Mavrinac, Jones, and Meyer (1995) posited that organizational performance could be assessed by three components: workplace outcomes, customer outcomes, and financial performance. Workplace outcomes composed of four items: production time to market; productivity; quality certification; and, conformance quality. Customer outcomes consisted of three elements: customer satisfaction; market share; and, product quality. Financial performance was measured by four items: income; return on sales; share price; and, return on investment. In their study, workplace outcomes and customer outcomes were classified as operational performance measures, since the two outcomes were end-products of operating-business function. Finally, Mavrinac, Jone, and Meyer (1995) argued that human resource management affects workplace and customer outcomes, and that these outcomes influence financial performance.

Drawing on the available research, organizational performance can be classified into two distinct categories: operational performance and financial performance. Operational performance consists of two components: customer outcomes (i.e., customer satisfaction) and workplace outcomes (i.e., labor productivity, job satisfaction, and retention). Financial performance consists of labor productivity, return on assets, increased market value, and Tobin's Q (Rucci, Kirn, & Quinn, 1989; Huselid, 1995; Becker & Huselid, 1998).

However, it is difficult to measure the direct impact of HRM on financial performance without taking operational performance into consideration, using measures such as employee satisfaction and customer satisfaction. Unlike traditional marketing techniques, HRM techniques take time to show their effects on a firm's financial performance. Furthermore, the effects may be shown in operational performance, but not in financial performance because financial performance is often influenced by factors over which employees have little or no control.

Thus, in this study, two measurement components of HRM are examined: operational performance (customer outcomes and workplace outcomes) and financial performance. The ABI-INFORM database was used to collect data for this study. The key words used to search the database were human resource management, the impact of human resources, organizational performance, personnel management, financial performance, turnover rate, employee satisfaction, and hospitality. Studies were selected based on three criteria: 1) the work had to be an empirical study; 2) it had to examine the relationship between HRM practices and organizational performance; and, 3) it had to be published after 1990. A final total of 18 studies were chosen which discussed the measurement of the effects of HRM on organizational performance. Table 1 presents the results of this content analysis.

RESULTS AND DISCUSSIONS

As shown in Table 1, there were 17 different financial performance measures identified in the studies examined. The most common financial performance measurement was Tobin's Q. Tobin's Q is a market based indicator and reflects both current and expected profitability. It is calculated by dividing the market valuation of a firm's assets by its current replacement cost (Hirsch, 1991, cited in Huselid & Becker, 1996). Tobin's Q is considered as a measure of the value added by management. Of the 18 total studies, four used Tobin's Q to assess the outcome of HRM. Eight different financial performance measures were used at least twice: GRATE, market value, return on assets, profit growth, market share, sales growth, and profit margin. GRATE (gross rate of return on assets) is an accounting based profitability indicator and reflects short-term profitability that is calculated by dividing cash flow by gross capital stock. GRATE is believed to be superior to return on assets or return on equity because it is less sensitive to depreciation and other non-cash transactions (Hirsch, 1991 cited in Huselid & Becker, 1996).

Under the topic of operational performance, three customer outcomes were used to examine the relationship between HRM and organizational performance. The three measures were customer satisfaction, customer impression, and customer alignment. Only four of 18 studies employed customer outcomes. By comparison, there were twelve different measurements for workplace outcomes. Of the 18 studies, labor productivity, five times out of 18, was the most common mechanism for evaluating the impact of HRM on organizational performance. Turnover rate (2 times of 18), total labor costs (2 times of 18), and product quality (two times out of 18) were the other most common types of measurements for workplace outcomes.

From an industry perspective, manufacturing was most frequently studied (4 times), followed by services and autos (2 times). Researchers have previously studied HRM effects in single industry (Ichniowski, Shaw, & Prennushi, 1995; Cappelli & Neumark, 1999). For instance, staffing practices had a significant impact on increased profit margins in industries, such as manufacturing, wholesale/retail, and financial services (Terpstra & Rozell, 1993). They argued that the success of companies in the service industry would be more directly dependent upon the nature and quality of their human resources practices than in the less labor intensive industries.

Table 1 : Organizational Performance Measurement of Human Resource Management

		Ichniowski, 90	Cutcher-Gershenfeld, 91	Lawrence, 92	Terpstra & Rozell, 93	Kalleberg & Moody, 94	Huselid, 95	Huselid & Becker, 95	MacDuffie, 95	Delery & Doty, 96	Davison, III., 96	Huselid & Becker, 96	Pil & MacDuffie, 96	Berg, et al., 96	Youndt, et al., 96	Shaw, et al., 98	Rucci, Kirn, & Quinn,	Cappelli & Neumark, 99	Watson Wyatt's, 02
Financial Performance	Tobin's Q	•					•					•							•
	GRATE						•					•							
	Market value							•											•
	ROA									•							•		
	ROE									•									
	Profit growth	•			•														
	Market share				•	•													
	Annual profit				•														
	Growth in share	•																	
	Sales growth	•				•													
	Revenue growth																•		
	Operating margin																•		
	3-5 yr total returns to shareholders																		•
	Economist ratio																		•
	Dividend growth	•																	
	Profit margin					•					•								
	Stock returns										•								
Operational Performance	Customer Outcomes																		
	Customer impression																•		
	Customer satisfaction			•		•													
	Customer alignment														•				
	Turnover rate						•									•			
	Job Satisfaction													•					
	Attract employees					•													
	Retain employees					•													
	Employee commitment													•					
	Sales/worker																	•	
	Total labor costs/worker		•															•	
	Machine efficiency														•				
	Labor Productivity		•	•					•				•		•				
	Quality of product		•			•													
	Employee attitude																•		
	Quality												•						
Industry	Overall industry	•					•	•			•	•						•	•
	Manufacturing		•		•	•									•				
	Banking									•									
	Retail				•														
	Service				•	•													
Type of	Wholesale				•														
	Financial				•														
	Trucking															•			
	Auto industry								•				•						
	Apparel industry													•					
	Hospitality industry			•															

The results of this study cannot be generalized to the entire field of human resources management, since the study consisted of reviewing only 18 articles. However, the study has identified several important issues that need to be addressed through further research.

First, this study appears to confirm that single industry analysis was the dominant means of examining organizational performance measures for HRM. Of 22[4] studies, a total of 15 of them examined the effects of HRM in single industry and seven studies investigated the effects of HRM across the entire U.S. industry.

Second, the findings of the study also showed that there were only three studies that examined both operational performance and financial performance. As mentioned earlier, there may be measurement bias if a study investigated only financial performance. A significant relationship between HRM and financial performance may be accounted for by the variance in operational performance. Without including operational performance elements, there is a possibility of putting too much emphasis on financial performance. On the other hand, insignificant effects of HRM on financial performance might be attributed to the failure to address HRM's impact on operational performance.

Third, the study revealed that there was no consistent and dominant organizational performance measures that captured the effects of human resource management. The most common measures were labor productivity and Tobin's Q, but they were counted only five and four times, respectively. This finding supports the need to establish consolidated organizational performance measures so that industry practitioners can easily utilize these measures to evaluate the value of the human resources function.

Finally, most of financial performance measures were obtained only for publicly-traded companies. Those measures generally utilize market values and stock prices for such firms. However, for private companies, most measures (including Tobin's Q) cannot be employed. Since many hotels and restaurants are owned and managed by private companies, both professionals and academicians need to put more effort on finding financial performance measures which can also be used for private companies.

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[4] The total number of articles exceeds 18 because there were two studies conducted in more than a single industry.

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INTERNET TOOLS AND APPLICATIONS IN TOURISM AND HOSPITALITY EDUCATION: A REALITY CHECK OF EDUCATORS IN EUROPE

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ABSTRACT

A European survey was conducted for exploring whether and how tourism and hospitality educators use the Internet in their instruction. Despite the high Internet adoption, different levels and approaches of Internet use were found. The most reported Internet applications were: searching for information, gathering data about a specific company, retrieving an article, reading or downloading homework problems, case studies and syllabus. The most common reasons for not using the Internet were: lack of student access to computer laboratories, lack of faculty training in Internet-related areas, lack of relevant Websites, and faculty not being convinced about the Internet's learning benefits.

Key Words: hospitality education, Internet tools, technology acceptance model, Europe

INTRODUCTION

Since its introduction, the Internet has impacted the educational model in a fundamental way. The application of Internet tools and capabilities provide tremendous possibilities for enhancing and complementing the delivery of education in traditional classrooms. Internet has been developed into a valuable source for searching, interacting with and disseminating learning material; it is also used as an educational delivery platform that enables the development of interactive and collaborative learning (Paulisse & Polik, 1999). Course web pages, discussion groups, bulletin boards and the online education model have impacted the teaching process in significant ways, across all disciplines (Veldenz & Dennis, 1998). Despite Internet's benefits for the delivery of tourism and hospitality education are also increasingly being recognised (Cho & Schmelzer, 2000; Sigala & Christou, 2001), there is limited knowledge regarding how Internet tools have been used for delivery of tourism and hospitality education in traditional classrooms.

The Internet has become the largest global communication network providing access to people, but also to data, software, documents, graphics, and audio and video clips. So, it is imperative that tourism and hospitality students, soon to enter the global marketplace, are exposed to the online information resources and the managerial and technological uses of the Internet in relation to the new paradigm of e-business (Cho & Schmelzer, 2000). However, texts, cases, homework assignments, articles, innovative instructional formats etc., utilizing these information resources in an appropriate pedagogical context for tourism and hospitality courses, are still emerging. Also, information sharing concerning actual educational benefits and drawbacks appears sparse.

This paper aimed at investigating in Europe the level and type of use of Internet tools (i.e. the WWW and the electronic discussion tools like e-mail and online forums) for the delivery of tourism and hospitality education, as well as at examining factors that could have determined the former. The paper also examined the factors determining the adoption and level of use of Internet tools, in order to benefit from current experiences in Internet implementation in classroom and provide constructive recommendations for future practices.

THEORETICAL BACKGROUND

Many researchers and educators have surveyed issues related to the use of computers in tourism and hospitality education. Lambert & Lambert (1988) examined the usage of microcomputer-based simulation to assist students in improving decision-making skills. Jaffe (1989) conducted a study to determine the effectiveness of using computer-assisted instruction and Buergermeister (1989) investigated the utilisation of computers as a teaching tool in undergraduate programs in hospitality management. Sigala & Christou (2001) investigated the efficiency, effectiveness and impact of using multimedia tools for teaching tourism and hospitality students.

According to Pedro (2001) the application of Internet tools has fostered two changes in the organisation of teaching: a) the use of electronic mail and more generally of communication tools (chats, forums, bulletin boards, etc.); and b) the publication and search of teaching material in digital form. Electronic discussion groups and “chat rooms” can extend the reach of the classroom beyond the physical campus. Research suggests that online discussion within small groups offers a powerful environment for learning, as it enables members to reflect on each other’s experiences and to engage in collaborative tasks (Sigala, 2001a). In such groups there is likely to be a high sense of presence and a growing sense of community. Flynn (1992) explored how instructors can use the Internet as an electronic depository and mechanism for providing and acquiring continuous feedback to and from students. They regarded such application as an essential tool for the continuous improvement of the teaching process. Hedtke (1997) argued that the Internet is expected to considerably improve the quality, availability and relevance of information for preparation of lecturers. However, Hedtke et al.’s (2001) research findings revealed that frustrating experiences during online search for teaching material, caused either by lack of or difficulty in tracing material, were a major factor inhibiting the use of the Internet for preparing lessons.

Aims of tourism and hospitality education and the Internet

The mission of tourism and hospitality management programs is to prepare students for careers in the tourism and hospitality sectors and to produce industry leaders who are exceptionally motivated, service-oriented and quick thinking (Christou, 1999, 2002). However, as a result of the diverse nature of the industry, it is not easy to precisely define what skills and knowledge tourism or hospitality graduates may need to develop during their studies; it is generally agreed that graduates should have a multi-skills base which allows them to be creative and flexible (Baum, 1990). The development of students’ interpersonal skills is considered as a vital issue according to hospitality industry’s views (Martin & Cumming, 1994; Christou & Eaton, 2000). Mann (1993) discussed the future of tourism and hospitality classroom in the year 2005 proposing that in the standard classroom, all students will have access to computer monitors; the students will learn via computer and have access to information related to the subject matter, while the instructors will serve as facilitators to guide additional interpretation of material and assist students in the learning process. The use of online discussions for hospitality education was advocated and explored by McDonnell (2000); he analysed the advantages of using asynchronous communication as a form of tutorial in teaching tourism and leisure management. It is established that the acquisition of knowledge and the development of students’ social skills can be assisted greatly by the use of computers and virtual networks (Sigala, 2001b); many authors have identified several benefits of using Internet and multimedia rather than traditional classroom instruction in tourism and hospitality education. Those include enhanced lectures, increased efficiency, increased learner interest, greater student involvement, higher retention, reduced overall training costs, and reduced training time (Anyanwu 1996; Kasavana, 1999).

Internet-based educational resources

The variety of Internet-based educational resources for tourism and hospitality studies is being expanded over the last two years. A number of textbooks focusing on different issues of tourism and hospitality now have their own homepages on the Internet with exercises, assignments, readings, and links for further resources available for student retrieval (like www.myphilip.com by Pearson Education Publishing and www.pageout.net from McGraw-Hill). The authors and publishers list several Internet mailing lists and numerous homepage addresses pertinent to tourism and hospitality managers. In addition, the authors provide their own Internet homepage to book adopters; through this medium, they can answer questions, share teaching insights and information, and distribute new pedagogical insights as they unfold with suggestions on their pedagogical uses. Some Internet sites like these make available an homepage and Websites containing exercises, virtual tours, chapter lectures, interactive chapter quizzes, sample student projects, course outlines, lecture slides, and other materials not included in the text. In addition to textbooks’ homepages, educators can use as teaching aids Websites of professional and academic tourism and hospitality organisations (like, for example, the European Association for Tourism & Leisure Education, the Hotel & Catering International Management Association, the European Council on Hotel, Restaurant & Institutional Education, the World Tourism Organisation, the Tourism Information Network and the LTSN Centre for Tourism, Hospitality, Sport & Leisure Resources). Some of these Websites contain real-life case studies, spreadsheet files, test questions, interactive simulations, quizzes, and tourism and hospitality companies’ virtual tours. Thus, Web users can instantaneously access these sites with no additional effort.

While these articles, books, and computerized resources represent an excellent foundation, there exists much room for added contributions, which more efficiently connect the information superhighway and its resources for more effective and relevant instruction in and appreciation for tourism and hospitality courses. Sigala (2001b) argued that Internet has tremendously affected the definition, design and delivery of tourism and hospitality education, fostering a re-engineering of the whole education process. Harasim (1996) advocated that Internet is advancing a new paradigm of learning, entailing new modes of educational delivery, learning domains, learning processes and outcomes, as well as new educational roles and entities. In this vein, the present research investigated how Internet tools are being used for enhancing and complementing the learning material, the educational delivery processes and its outcomes.

RESEARCH METHODOLOGY

For exploring factors that could have affected Internet adoption, the Technology Acceptance Model (TAM) was used. TAM is one of the most widely recognised frameworks for investigating key factors determining successful implementation of technological innovations. Many authors (Hendrickson & Collins, 1996; Igbaria et al., 1997) have empirically confirmed the full causal relationships between the TAM's constructs, i.e. the impact of perceived usefulness and perceived ease of use on actual system usage. In this study, perceived ease of use and usefulness of the Internet were so conceptualised as potential factors affecting Internet's use for education purposes. The former was measured by two constructs namely the perceived competence with technology (6 item Likert scale) and the perceived level of IT support (4 item Likert scale), while another two constructs namely perceived Internet's usefulness as an educational tool (4 Likert item) and perceived Internet functionality (10 item Likert scale) were used to capture the latter (Table 1). Cronbach's coefficient _ was used to assess the reliability of all multi-item scales. Since, all scales showed reasonable reliability (i.e. _>0.70), the reliability test was passed. Data regarding the educators' profile and the nature and type of modules that they teach were also gathered in order to assess whether these contextual factors had any effect on Internet usage level, perceived usefulness and ease of use.

The survey was developed to generate responses in a convenient, cost effective and anonymous manner from tourism and hospitality educators who were widely dispersed in many countries; the target research population was educators from several institutions all over Europe. However, due to objective lack of available data regarding the exact number of the members of the population, it was not possible to carry out a structured probability sampling method. Instead, a non-probability sampling method was selected, based on specific parameters and sampling frames. The main sampling parameters used (which were also used as sampling frames) were memberships in academic e-mail lists. The lists used (through which questionnaires were also distributed) were: the U.K.' tourism education listserv (tourism @jiscmail.ac.uk), the European Association fort Tourism & Leisure Education listserv (atlasdisc@yahoogroups.com) and the EuroCHRIE listserv (e-eurochrie@yahoogroups.com). The survey instrument was a specially developed questionnaire with close-end multiple-choice questions and statements that had to be rated on a Likert-type scale. All questions were written in English. The questionnaire was sent to the sample units in electronic form; it was mailed as e-mail WordXP attachment by using Outlook Express 6.0. An explanatory e-mail message accompanied each attached questionnaire. Potential respondents were asked to send back the completed questionnaire in the form of an e-mail attachment as well. Completed questionnaires were received from 103 faculty members; 96 of these questionnaires (93.2%) were usable.

FINDINGS AND DISCUSSION

As concerns respondents' profile, the majority of them were lecturers (41%), fewer were senior lecturers (31%), a small proportion were professors (6%) and 22% were associate professors or readers. This is compatible with findings regarding the age profile and teaching experience of respondents. Most respondents (42%) were between 31-40 years, fewer (30%) between 23-30 years and the remaining (28%) were more than 40 years old. A great percentage (59%) of respondents had been teaching in tourism and/or hospitality for 5 to 10 years, fewer (27%) for less than five years and 14% for more than 15 years. Male and female respondents had a similar representation in the sample (53% were male). Respondents also represented a diversified sample in terms of the generic disciples they had been teaching. Specifically, research methods and strategic management attracted the most respondents, 44% and 32% respectively, modules of operations management and marketing were taught by fewer respondents, 18% and 15% respectively, while finance & accounting, HRM, IT management, marketing and organisational behaviour attracted fewer respondents (9%, 3%, 6%, 3% and 2% respectively), while only two respondents taught economics.

Table 2 illustrates data regarding respondents' use of the Web. "Searching for information/data", "looking for real case study examples", "searching and reading academic articles" and "providing links with industry news to students" were the most heavily used activities by a great proportion of respondents. In contrast, a great majority of respondents claimed to use the www for "publishing learning material", "publishing information regarding the module", "conduct exams and student assessment", "gathering student feedback" and "conduct course evaluation" very infrequently and in some instances not at all. Usage level for each respondent was measured by summing up his score for each item and this was in turn used to investigate whether the type of module taught had any significant effect on www usage levels. An ANOVA and the Scheffe post hoc tests revealed (2.774, p=0.01) that respondents involved in teaching strategic management significantly differ in their www usage score from those teaching research methods and operations management. Due to the small research sample, only the effect of these three types of modules could be investigated, but because of the significant differences that were found, future research should further investigate on the reasons of any such differences (e.g. lack of portals for searching information regarding particular modules and issues such as operations management), in order to identify areas where resources and efforts should be focused.

Table 1: Measurement of constructs

Perceived functionality of Internet tools	Strongly agree			Strongly disagree	
The Internet is a valuable source for gathering information					
The Internet is a valuable tool for distributing information					
The Internet is a fruitful platform for developing learning material					
Internet tools are valuable for developing online discussion groups					
The Internet is quite slow					
Information provision on the Internet is chaotic					
Electronic discussions are not fruitful because writers cannot interact with others (i.e. discussions lacks visual clues)					
The Internet is valuable for keeping up to date					
There are no appropriate portals for identifying web resources					
The Internet is of no significant value as an educational tool					
Perceived Internet usefulness as an education tool					
Internet provided me with data not accessible to me before					
The Internet allows faster information gathering than the use of other information resources					
Internet tools enable the development of interactive discussions that were not possible to achieve before					
Internet tools allow immediate distribution of information that was not possible before					
Perceived competencies with:					
Computer software					
Computer hardware					
Browsing the Internet					
Developing electronic discussion groups					
Using electronic discussion groups					
Using e-mail					
Perceived level of IT support					
To get help from an IT personnel is easy					
Information regarding Internet tools is available & accessible					
The extent of user support is appropriate					
Problems/requests are answered reliably and quickly					

Table 2: Use of www for education purposes (% of respondents)

	Not at all 1		Very often 5		
Searching for information/data	5	9	16	21	49
Looking for real case study examples	6	10	12	38	32
Searching and reading academic articles	3	4	18	43	32
Providing links with industry news to students	6	25	14	45	9
Publishing learning material	37	26	13	20	4
Publishing information regarding the module (e.g. syllabus)	29	16	37	12	6
Conduct exams & student assessments	48	34	14	4	0
Gathering student feedback	30	38	28	3	0
Conduct course evaluation	46	26	15	13	0

Respondents also reported very limited use of electronic discussion groups (Table 3). The latter were reported to be frequently used for "communicating with" and "distributing information to students" only. Fewer respondents used electronic discussion groups for "providing student feedback", while the remaining of the activities attracted very limited use for a great majority of respondents. Again, electronic discussion usage levels were calculated by summing up the scores of all items for each respondent. However, the ANOVA test revealed that this time the type of taught module (i.e. strategic management, operations management and research methods) did not significantly affect respondents' usage levels of electronic discussion groups.

In order to investigate the impact of perceived Internet usefulness and ease of use on www and electronic discussions usage levels the following steps were conducted. Scores of perceived Internet usefulness and ease of use were calculated by summing up the scores of all items for each respondent, and then Pearson correlations were calculated (Table 4). The average scores for perceived Internet usefulness and functionality were very low (average scores, 8.8 and 25.6 respectively versus maximum values of 20 and 50 respectively). Scores of perceived technology competency and support were also low (average scores, 14.1 and 6.7 respectively versus maximum values of 30 and 20 respectively).

Table 3: Use of electronic discussion groups for education purposes (% of respondents)

	Not at all 1			Very often 5	
Communicate with students	4	12	23	37	24
Distribute information regarding the module	3	13	34	41	9
Provide student feedback	14	45	30	8	3
Distribute learning material	25	12	28	26	9
Conduct exams/assessments	32	39	14	15	0
Conduct course evaluation	46	37	17	0	0
Develop online discussion groups or virtual communities	61	37	2	0	0

A significant positive correlation was found between perceived Internet usefulness and www usage level (_ = 0.812, p=0.001) as well as between perceived Internet ease of use and www (_ = 0.686, p=0.001) and electronic discussions usage levels (_ = 0.702, p=0.001). As it was found that perceived Internet usefulness and ease of use can significantly impact on www and electronic discussion groups as well as that limited knowledge on the different applications of Internet's tools and their advantages for educational purposes, technology support and competencies are currently available and provided (as found from the low average scores), it is concluded that future plans and strategies should aim at increasing educators' levels of awareness, competencies and support for using the Internet for educational purposes. Thus, training and supporting the educators are vital issues that institutions need to consider if Internet is to be effectively implemented in current educational practices.

Respondents were also asked to indicate whether the modules they taught were either theory or practice based. A five point differential scale (ranging from "too theory based" to "not at all theory based" and from "too practice based" to "no at all practice based") was used to measure these constructs. Respondents' scores of these constructs were correlated to www and electronic discussion usage levels, but the low correlation coefficients found (Table 4) did not reveal any statistical significant impact of the nature of module on usage levels. As the nature of module did not significantly affect www and electronic discussion groups' usage levels, it can be concluded that Internet tools are perceived to be equally beneficial for the delivery and enhancement of any tourism and hospitality course irrespective of each nature.

Table 4: Impact of perceived Internet usefulness, ease of use & nature of module on www and electronic discussion groups usage levels (Pearson coefficients at significant level p=0.001)

	www usage level	Electronic discussion groups usage level
Perceived Internet usefulness	0.812	0.478
Perceived Internet ease of use	0.686	0.702
Theory based module (5 point differential scale)	0.364	0.372
Practice based module (5 point differential scale)	0.518	0.424

FURTHER DISCUSSION

Educators use Internet tools (www and electronic discussion groups) more for enhancing their educational material, (i.e. searching for articles, gathering data about the industry and dissemination of lecture notes) and less for complementing and enhancing their educational modes (i.e. enable collaborative working and interactive communications through virtual communities, conduct examinations and assessments, publish multimedia educational material). The pattern of Internet's tool usage levels differed depending on the type but not the nature of taught modules, meaning that reasons other than the particular educational needs and requirements for delivering a module are responsible for current usage levels. Perceived Internet usefulness and ease of use were found to significantly affect usage levels, which in turn indicated that institutions should further aim at increasing educators awareness levels and technology competencies for using Internet tools in their instructions.

Moreover, as the Internet is currently mainly exploited as a mechanism for information distribution and gathering, there is a need for fully exploiting Internet's interactive and networking capabilities in order to extend its role to a vital tool for continuous pedagogical innovation and improvement in teaching and learning processes. Moreover, the currently but limited publication of learning material in digital form coupled with the limited available technological competencies and support raise an important question regarding the appropriateness of the form of digital material. There is a need to ensure that material made available to students is more than simple digital photocopies of current texts and that it truly takes advantage of the potential of the Internet (i.e. interactivity, personalisation, use of multimedia resources). To that end, reported difficulties regarding lack of technological resources, support and skills should be overcome.

CONCLUSIONS

The purpose of this study was to investigate current levels of use in Europe and factors affecting application of Internet tools, i.e. www and electronic discussion groups, for enhancing and complementing traditional modes of teaching tourism and hospitality courses. Research findings revealed that Internet tools' and capabilities are very limited used and explored for educational purposes among European educational institutions. Educators treated Internet as a simple information sharing and search medium, but findings revealed that perceived Internet usefulness and ease of use had a significant effect on patterns of Internet's educational implementation. In this vein, in order to allow educators to further increase and enhance their type and levels of use of Internet's tools in their pedagogical modes, institutions should overcome obstacles regarding educators' awareness of technological capabilities, technological competencies and support.

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ADOPTION OF E-SHOPPING FOR AIR TRAVEL SERVICES: AN INVESTIGATION OF CONSUMERS' PERCEPTIONS

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ABSTRACT

This study examines the relationships between: (a) advantages/disadvantages of electronic shopping for air travel services in comparison to traditional in-store shopping from travel agents, and consumers' perception of e-shopping innovation characteristics; (b) consumers' perception of these characteristics and their intention to adopt e-shopping. These relationships are examined using a sample of 231 individuals. Results indicate that physical effort and time pressure related to in-store shopping positively influence consumers' perception of e-shopping's characteristics. Also, consumers' perception of the relative advantage and compatibility of e-shopping positively influence their intention to adopt it. Income, education and age moderation effects were also examined.

Key Words: e-shopping, travel services, adoption of innovations, consumers' perceptions

INTRODUCTION

In the marketing literature a number of studies have investigated generic home shopping for a number of industries. Darian (1987) is one of the few researchers who discussed the advantages and disadvantages of home shopping in comparison to traditional in-store shopping. However, home shopping using electronic channels, such as the Internet, is different from home shopping using conventional channels, such as catalogues and mail. These differences are related to the characteristics of the Internet, such as an increased and more easily accessed information service, ordering convenience and enjoyment. Given these differences there is a need to assess whether Darian's (1987) advantages and disadvantages of traditional home shopping also hold for electronic shopping (e-shopping) for air travel services. Furthermore, most studies in the area of traditional home shopping have been conducted in a non-travel environment. However, airlines and travel agencies differ from other retail stores on characteristics like consumers' involvement, consumers' perceived shopping enjoyment and purchase frequency.

E-shopping for air travel services is approached here as a new form of home shopping that can be considered as a service innovation. In the marketing literature on innovations a number of studies have focused on the key factors determining the success and failure of innovations (Rogers, 1983; Mahajan et al., 1995). However, only a few researchers have studied the influence of personal and innovation characteristics on adoption decision (Labay & Kinnear, 1997). To our knowledge no published studies are available that examine the adoption decision of an e-shopping service for air travel, taking both the effect of innovation characteristics and the effect of personal characteristics on the adoption decision into account.

This study aims to examine: (a) the relationship between the advantages and disadvantages of electronic shopping for air travel services, in comparison to traditional in-store shopping from travel agents, and consumers' perception of the innovation characteristics (i.e., relative advantage, compatibility and complexity) of electronic air travel shopping, and (b) the relationship between consumers' perception of these characteristics and their intention to adopt electronic travel shopping. These relationships are examined using a sample of 231 individuals in Greece.

LITERATURE REVIEW

E-shopping for air travel services has, in comparison to in-store travel agency shopping, two main advantages: a) e-shopping offers consumers a higher level of convenience (Licata, Buhalis & Richer, 2001) – this stems from the fact that consumers do not face any transportation and physical problems, because they can make reservations and receive booking confirmations or even electronic tickets from and at home; b) on-line reservations save consumers time (O'Connor & Frew, 2001) – due to less transportation time, and less waiting and planning time, the overall time required for e-shopping is less than the time required for in-store shopping. Darian (1987) distinguishes two shopping needs that, when aroused to a sufficient level of intensity, motivate consumers to visit retail stores rather than to shop from home: a) personal needs encompass the need for sensory stimulation, physical activity and learning while shopping; b) social needs comprise the need for social experiences, communication with other shoppers and the pleasure of bargaining. Both needs are related to the hedonistic function of shopping or shopping enjoyment (Faber & O' Guinn, 1992). Shopping from home has been criticised for its limited enjoyment, because consumers cannot communicate with other consumers, they cannot bargain, and cannot see the products (Darian, 1987). The loss of shopping enjoyment, even for air travel services, is a major disadvantage of traditional home shopping. However, the Internet allows consumers to communicate with other consumers using discussion groups.

The adoption process of e-shopping for air travel services

The innovation diffusion process can be described as the spread of a new service from its source of invention to its ultimate adopters (Mahajan et al., 1995). The consumer adoption process focuses on the mental process through which an individual passes from first hearing about a service to final adoption. Marketers recognize that consumers' perceptions of characteristics of an innovation affect its rate of adoption (Gatignon & Robertson, 1985). Rogers (1983) distinguishes five characteristics that influence the rate of adoption of an innovation: perceived relative advantage; perceived compatibility; perceived complexities; perceived divisibility; and, perceived communicability. These can be considered in relation to electronic air travel shopping: a) relative advantage refers to the degree to which consumers perceive e-shopping to be superior to in-store travel agent shopping; b) compatibility refers to the degree to which consumers perceive e-shopping to match their shopping needs; c) complexity refers to the degree to which consumers find e-shopping difficult to understand and use in practice; d) perceived divisibility refers to the degree to which e-shopping can be tried on a limited basis; e) perceived communicability refers to the degree to which the benefits of use of e-shopping are observable or describable to others.

Three of these characteristics (relative advantage, compatibility, and complexity) relate to consumers' perceptions prior to using e-shopping for air travel services. Two characteristics (divisibility and communicability) refer to consumers' perceptions after using electronic travel agencies or airlines' websites. At the time of the study a number of Greek travel agents and airlines were experimenting with e-shopping services. Keeping this in mind, this study had to focus on the three characteristics that consumers were able to evaluate prior to using an electronic air travel shopping service. Furthermore, this study was limited to investigating consumers' behavioural intentions to adopt electronic air travel shopping instead of the actual adoption.

Research hypotheses

A large part of the convenience of e-shopping originates from the fact that the physical effort required is much lower in comparison with the physical effort necessary to visit a traditional shop (Darian, 1987). Therefore, consumers who experience in-store shopping to be physically strenuous are expected to perceive a high relative advantage of e-shopping. Thus, it can be hypothesised that: The larger the perceived physical effort of in-store shopping for air travel services, the larger the perceived relative advantage of e-shopping will be (H1).

Srinivasan and Ratchford (1991) describe time pressure as the degree to which consumers consider themselves busy. Busy consumers perceive the time consuming aspect of visiting travel agent stores as disadvantageous. E-shopping offers busy consumers the opportunity to save time (i.e., an airline ticket can be booked from home and can be delivered at home or at the departing airport). Furthermore, consumers who experience time pressure generally do not satisfy their personal and social shopping needs through in-store shopping (Legoherel et al., 2000). As a result, busy consumers are more likely to consider e-shopping compatible with their needs. Thus, it can be hypothesised that: The larger the perceived time pressure, the larger the perceived relative advantage of e-shopping of air travel services will be (H2a). The larger the perceived time pressure, the larger the perceived compatibility of e-shopping of air travel services will be (H2b).

According to Alba et al. (1997) for many consumers, shopping is an experience that transcends product or service purchase. Consumers who satisfy their personal and social shopping needs by means of visiting stores to buy travel services, are likely to consider the loss of shopping enjoyment an important disadvantage of e-shopping. Consumers who consider in-store air travel shopping to be enjoyable derive personal and social values from visiting travel stores (Tauber, 1973). These consumers are not likely to find e-shopping compatible with their shopping behaviour and experience. Thus, it can be hypothesised that: The larger the perceived enjoyment of traditional in-store air travel shopping, the smaller the perceived relative advantage of e-shopping will be (H3a). The larger the perceived enjoyment of in-store shopping, the smaller the perceived compatibility of e-shopping of air travel services will be (H3b).

Research on the intention–behaviour relationship suggests that behavioural intention measures are most appropriate when the objective is to maximize prediction (Miniard & Obermiller, 1983; Christou 2002). The behavioural intention captures the perceived likelihood that consumers adopt e-shopping of travel services (Christou & Kassianidis, 2002). In this study the behavioural intention of consumers to adopt e-shopping is influenced by their perception of the characteristics of e-shopping of air travel services. Consumers who perceive e-shopping to be superior, compatible and easy to understand are therefore expected to be more willing to adopt it. Hence, it can be hypothesised that: There is a positive relationship between the perceived relative advantage and the behavioural intention to adopt e-shopping of air travel services (H4a). There is a positive relationship between the perceived compatibility and the behavioural intention to adopt e-shopping of air travel services (H4b). There is a negative relationship between the perceived complexity and the behavioural intention to adopt e-shopping of air travel services (H4c).

The generic marketing literature on the socio-demographic profiles of home shoppers suggests that home shoppers are likely to have higher incomes and to be better educated (Darian, 1987). Likewise, literature on adoption and diffusion of innovations suggests that consumer innovators tend to be older, higher in social status and enjoy higher incomes (Kotler et al., 1996). Consumer innovators are also known to use personal and subjective criteria in their adoption decisions (Foxall & Bhate, 1993). All these findings, in line with the findings of other researchers (Tyrrell et al., 2001), suggest that the consumer characteristics of age, income and education are likely to moderate the investigated relationships in the proposed hypotheses (H1, H2a, H2b, H3a, H3b, H4a, H4b and H4c). For this reason, this study explores the possible moderating effects of the consumer characteristics of age, income and education on the hypothesised relationships.

SURVEY METHODOLOGY

The sample consisted of 231 individuals in Thessaloniki in Greece. A convenience sampling approach was adopted; all respondents were spotted and stopped by the interviewers while exiting from traditional travel agent stores. The interviewers first asked a qualifying question to rule out the interviewees who have never tried e-shopping in the past. The interviews resulted in 228 usable questionnaires. All questionnaires were completed through personal interviews; in total, 9 interviewers worked for the survey. The interviewees' demographic profile is given in Table 1.

All responses were recorded on a seven-point Likert scales anchored by 1 (strongly disagree) and 7 (strongly agree), with the exception of the intention of consumers to adopt e-shopping. Two items were developed to measure the physical effort of in-store shopping by drawing on the work of Eastlick (1993). To measure shopping enjoyment, four items were adapted from Dawson & Bloch (1990). Three items adapted from Srinivasan and Ratchford (1991) were used to measure the time pressure experienced by consumers. To measure the behavioural intention of consumers to adopt e-shopping, this study utilises a single-item measure adapted from Juster (1966) – responses were recorded on an 11-point scale anchored by 0 (absolutely not) and 10 (absolutely yes). To measure consumers' perceived relative advantage, compatibility and complexity of e-shopping, 12 items adapted from Frambach et al. (1998) were used.

Pre-testing was performed in two sequential stages. First, a draft questionnaire was tested in a focus group with five marketing academics. The second pre-test involved administering the questionnaire to 55 students at the authors' institution. Participants in the tests identified confusing items or ones difficult to respond to. Problematic items were either revised or eliminated. To minimize concern about carry-over effects the scales in the final questionnaire were not marked and the order of the items belonging to the different constructs was changed (Bickart, 1993).

A three-step item purification procedure was accomplished taking one multi-item scale at a time (Anderson et al., 1987). The following steps were applied: (1) inter-item and item-to-total correlations were computed for each of the items. The requirement for retaining an item was a significant correlation coefficient at the 0.01 level; (2) Cronbach's _ was computed and, in case of a low _, the item with the lowest item-to-total correlation was removed; (3) exploratory factor analysis was performed using an eigenvalue of 1.0 as the cut-off point. This procedure resulted in a reduced set of 19 items. Means, standard deviations, inter-item correlations and Cronbach's _ for each purified summed scale are presented in Table 2.

Composite reliability of all scales, except of shopping enjoyment, exceeds the 0.70 threshold for acceptable reliability. The values for the extracted variance were found to exceed, except of shopping enjoyment, the recommended cut-off level of 0.5 as suggested by Bagozzi & Yi (1988). Convergent validity was indicated by the fact that all items loaded significantly (i.e., t>2.0) on their corresponding latent construct, with the lowest t-value being 2.31. Discriminant validity was established as none of the 95% confidence intervals around all latent-trait correlations encompass 1.0. Together the results of the tests for unidimensionality, reliability, convergent and discriminant validity provide evidence of internal and external validity of the scales used.

Table 1: Interviewees' profile

	N= 231	*%*
Age group		
19 or below	24	10.4
20 – 29	49	21.2
30 – 39	67	29.0
40 – 49	43	18.6
50 – 59	31	13.4
60 or over	17	7.4
Sex		
Male	130	56.3
Female	101	43.7
Household monthly net income (in Euro - €)		
499 € or bellow	41	17.6
500 – 999 €	77	33.3
1000 – 1499 €	69	29.9
1500 € or more	44	19.2
Highest earned qualification		
Graduate degree	24	10.4
First degree	68	29.4
Post-secondary (non-degree level)	79	34.2
Secondary	60	26.0
Household size		
1 person	43	18.6
2 person	64	27.7
3 person	72	31.3
4 person	42	18.2
5 person or more	10	4.3

Table 2: Cronbach's *a*, means, standard deviations & inter-correlations

	Mean	*S.D.*	*EF*	*TP*	*EN*	*AD*	*CP*	*CX*	*No. of items*	*Cronbach's a*
Physical effort (EF)	3.64	1.98							2	0.77
Time pressure (TP)	3.88	1.86	0.24						3	0.86
Shopping enjoyment (EN)	3.52	1.76	0.18	0.09					2	0.66
Relative advantage (AD)	6.32	2.93	0.26	0.27	-0.04				3	0.81
Compatibility (CP)	4.38	2.12	0.21	0.31	-0.07	0.61			3	0.78
Complexity (CX)	3.72	1.78	0.09	-0.3	0.15	-0.5	-0.8		5	0.93
Intention (IN)	3.34	2.44	0.23	0.22	-0.17	0.57	0.49	-0.4	1	

RESULTS

As can be seen in Table 3, the physical effort of in-store shopping is positively correlated to the perceived relative advantage of e-shopping (y=0.25 and p<0.05, hence H1 is supported). The results also support H2a, as time pressure positively influences perceived relative advantage (y=0.34 and p<0.05). However, no support is found for H3a (y=-0.11 and p>0.05), as shopping enjoyment is not related to relative advantage. The results support H2b as time pressure is positively related to perceived compatibility (y=0.28 and p<0.05). No support is provided for H3b (y=0.07 and p>0.05), because shopping enjoyment is not related to perceived compatibility.

Table 3: Testing of hypotheses

Path to:	Path from:	Hypothesis	Structural co-efficients	t-value
Compatibility	*Enjoyment*	3b	0.07	0.24
	Time	2b	0.28	5.42*
	Complexity		-0.35	-7.48*
Relative advantage	*Enjoyment*	3a	-0.11	-0.7
	Physical Effort	1	0.25	3.72*
	Time	2a	0.34	4.56*
	Complexity		-0.19	-0.44*
	Compatibility		0.18	9.06*
Intention to adopt e-shopping of travel services	*Relative advantage*	4a	0.54	3.62*
	Complexity	4c	-0.24	-3.8*
	Compatibility	4b	0.69	3.41*
* $p<0.05$				

Results show that perceived relative advantage (B=0.54 & $p<0.05$) and perceived compatibility (B=0.69 & $p<0.05$) are related positively to the intention to adopt e-shopping, providing support for H4a and H4b. The results also reveal that perceived complexity is related negatively to the intention of consumers to adopt e-shopping (B=-0.24 & $p<0.05$), providing support for H4c. Together, the three innovation characteristics explain just over one third of the variance of the behavioural intention measure. Finally, results show that perceived relative advantage co-varies with perceived compatibility (o=0.18 & $p<0.05$) and perceived complexity (o=-0.19 & $p<0.05$), and that perceived compatibility co-varies with perceived complexity (o=-0.35 & $p<0.05$).

The testing for possible moderating effects of consumers' characteristics, for each moderating variable (age, income and education) was carried out by median splitting the sample subgroups. For testing the equality (or invariance) of the structural paths, constrained and unconstrained models were estimated with the multi-group procedure as suggested by Jöreskog and Sörbom (1993). Hence, individual paths were separately examined across sub-samples and it was tested whether the estimated coefficients for each subgroup are equal using a Chi-square difference test.

Table 4: Results of multigroup analysis

		Education		*Income*		*Age group*	
Path to:	Path from:	*High*	*Low*	*High*	*Low*	*Young*	*Old*
Compatibility	*Enjoyment*	0.10	-0.14	0.10	0.11	0.00	0.00
	Time	0.24* [1]	0.51* [2]	0.21 [1]	0.31 [1]	0.27	0.33 [1]
Relative advantage	*Enjoyment*	-0.06	-0.19	-0.08	-0.19	-0.10	0.13
	Physical Effort	0.17* [1]	0.00*	0.29 [1]	0.33 [1]	0.31* [2]	0.06*
	Time	0.13*	0.78* [2]	0.12	0.31 [1]	0.27*	0.39* [1]
Intention to adopt e-shopping of travel services	*Relative advantage*	1.30* [1]	-0.17*	0.76 [1]	0.73 [1]	0.65 [1]	0.47
	Complexity	0.45 [1]	-0.29	-0.22	-0.27	-0.35 [1]	-0.19
	Compatibility	0.46*	1.44* [2]	0.59 [2]	0.40 [2]	0.59 [1]	0.59
* The chi-square difference test shows that the coefficients in the two groups are unequal. [1] $p<0.05$. [2] $p<0.01$							

The estimation results of the unconstrained models (Table 4) show that income has no significant effect on any of the path coefficients in the unconstrained models. The findings regarding education reveal that physical effort has a significant positive impact on relative advantage only in the well-educated group (B=0.17 & $p<0.05$). Time pressure was found to have a significant positive effect on relative advantage only in the low-educated subgroup (B=0.78 & $p<0.05$). The estimates for the path between time pressure and perceived compatibility are unlike for higher (B=0.24 & $p<0.05$) and lower educated consumers (B=0.51 & $p<0.05$).

Perceived relative advantage is found to significantly affect positively consumers' intention to adopt e-shopping in the well-educated subgroup (B=1.30 & p<0.05), while there is no effect in the lower educated group. Perceived compatibility is found to affect positively consumers' intention to adopt e-shopping only in the lower educated subgroup (B=1.44 & p<0.05). Physical effort affects relative advantage positively in the younger subgroup (B=0.31 & p<0.05), but not in the subgroup of older consumers. Time pressure significantly influences relative advantage for the subgroup of older consumers (B=0.39 & p<0.05), while it has no influence in the younger ones.

FURTHER DISCUSSION

The results indicate that consumers regarding themselves as busy perceive e-shopping as compatible with their shopping experiences. Consumers perceive the reduction in physical efforts of shopping as an important advantage of e-shopping. These results suggest that busy consumers consider e-shopping for air travel as a means to reduce the time pressure associated with traditional in-store shopping; time pressure is closely related to shopping convenience. This suggests that convenience is a decisive factor in shaping consumers' perceptions of the characteristics of e-shopping, and hence their intention to adopt it. Thus, the advantages of traditional home shopping in comparison to in-store shopping for air travel services also appear to hold for e-shopping.

In contrast with the literature on traditional home shopping, it was found that shopping enjoyment is unrelated to consumers' perception of the characteristics of e-shopping. This might be caused by the fact that e-shopping is considered more enjoyable than traditional shopping for air travel services, because the Internet provides consumers with opportunities to communicate with other consumers (O'Connor and Frew, 2001). The findings regarding the relationship between consumers' perception of the characteristics and their behavioural intention to adopt e-shopping, reveal that, consumers who consider e-shopping to be superior, compatible and uncomplicated show a high willingness to buy air travel products from home. This confirms that consumers consider e-shopping as a service innovation that is different from traditional home shopping.

This study also explored the moderating effect of the consumer characteristics of age, income and education on the relationships between advantages and disadvantages of e-shopping for air travel services, consumers' perception of innovation characteristics of e-shopping and consumer's behavioural intention to adopt e-shopping. It appears that, for well-educated consumers, perceived relative advantage is the most important determinant of the behavioural intention to adopt e-shopping. For less-educated consumers, time pressure is the most important factor influencing their perception of the innovation characteristics of e-shopping. Within the less-educated group, perceived compatibility is an important determinant of their intention to adopt e-shopping. These results might be explained by the fact that well-educated and less-educated consumers have different shopping needs and hence consider advantages and disadvantages differently in their decision to adopt e-shopping. For example, better-educated consumers already perceive more time pressure than less-educated consumers do and hence they are likely to consider e-shopping to be time-saving. The results further reveal that physical effort is the most important determinant of young consumers' perception of the relative advantage of e-shopping for air travel, while time pressure is the most important perceived relative advantage of e-shopping for older consumers.

CONCLUSIONS

The results of this study have important implications for the content of an electronic air travel shopping service and the segmentation and targeting strategy of providers of such services. The finding that convenience is a decisive factor in determining consumers' perceived relative advantage and compatibility of e-shopping, means that virtual travel agents or airlines' websites should emphasize this benefit in order to facilitate the movement of consumers through the adoption process. Convenience is closely related to time saving and physical efforts. However, providers of electronic air travel shopping services should be aware of the fact that inconveniences (i.e., slow connections or long loading times) related to the characteristics of the Internet may arise. These inconveniences may offset the advantages that e-shopping has in comparison to traditional in-store shopping from travel agencies and airlines. Therefore, virtual travel agencies should design simple ordering procedures that are convenient to consumers. Simple procedures also help shaping consumers' perceptions that electronic travel shopping is user friendly (Sigala, 2002); these perceptions aid in speeding up the adoption process.

Consumers who perceive air travel shopping to be physically strenuous and have limited free time appear to be important market segments. Furthermore, older consumers, as well as better-educated consumers with time-consuming jobs, are important socio-demographic market segments too. This knowledge can be used to fine-tune virtual travel agents' and airlines' marketing programs within the targeted market segments. For example, virtual travel agents should treat consumers differently, according to their education level; in better-educated consumers, the agent should stress the reduction of the physical problems, while emphasising time saving aspects should be emphasised in the less-educated group. As such the travel agent or airline can facilitate the consumer movement within the targeted market segments through the adoption process.

This study is limited by several factors that can be addressed in further research. First, the sample was drawn from the population of a city in Greece; the survey needs to be carried out further, with other samples drawn from different populations. Hence, these exploratory findings cannot be easily generalised to consumers at large; however, they might be used as a significant indication of consumers' behavioural intentions in countries with similar characteristics as Greece. Second, although the scales used for measuring physical efforts and shopping enjoyment share similarities with existing scales from generic marketing literature, further research might consider developing more elaborate measures to allow for a richer coverage of these advantages and disadvantages of e-shopping for air travel. Third, this study focused on consumers' behavioural intention to adopt e-shopping; other research shows that discrepancies are likely to occur between consumers' intentions and actual behaviour (Morwitz et al., 1997). Finally, the exploratory findings of moderating effects of age and education suggest that in further research these characteristics should receive more attention.

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EMPLOYEE SATISFACTION: IMPACT ON ORGANIZATIONAL SUCCESS

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ABSTRACT

Employee satisfaction has long been considered a crucial element to organizational success. A conceptual model was developed and research conducted to assess employee satisfaction of a hospitality organization. Eleven dimensions: customer satisfaction, employee involvement/teamwork, work environment, training/development/evaluation, communication, compensation/benefits, supervision, resources, planning/goal setting, general, and departmental interaction were examined. Correspondence analysis and descriptive statistics were used to analyze the data.

Key Words: Employee Satisfaction; Hospitality Employees; Organizational Success.

INTRODUCTION

Attitudes toward job satisfaction have long been considered crucial elements of success in most organizations. The vast amount of time spent studying job satisfaction is based upon the concept that satisfied workers, at all organizational levels, are essential contributors to an organization's effectiveness and ultimately responsible for its success or demise. With emphasis in today's market placed on customer service and global competitiveness, and with the increasing shortage of a skilled labor force, industry leaders consider it a gross disadvantage to employ a disenchanted, sullen, or discontented work force (Naumann, 1993).

The hospitality industry is a prime example of an industry where customers' perceptions of service quality are dependent upon front line personnel. The employee's behavior influences customers on a daily basis. Previous research consistently indicates that if organizations intend to satisfy their customers' needs, they first must satisfy their employees' needs (Berry, 1981; Motowidlo, 1984).

Generally, people's overall assessment of job satisfaction is formed by their attitudes toward factors in their own work areas (Lyne, 1989). Any number of factors may affect overall satisfaction in any given work environment. Sources of job dissatisfaction can be frequently traced to: (a) lack of training and career development, (b) inappropriate supervision, (c) lack of trust, (d) lack of involvement, (e) low compensation and benefits, and (f) a lack of objectivity and fairness (Jenkins, 1988). If workers are dissatisfied, they create a corporate culture that produces barriers to achieving an organization's strategic plans (Kotter & Heskett, 1992). Meeting the needs of the culture requires identifying existing problems and areas for improvement (Cummings & Worley, 1993). An assessment generally seeks reasons for problems. However, it can also be development oriented to assess the current functioning of the organization and to identify areas which can be developed for future growth.

Rationale: If an organization is going to remain competitive in today's service-oriented economy, it must address the needs of its work force. Since job satisfaction has long been an important concept to organizational effectiveness, it is necessary to identify the causal factors within the organization which may or may not lead to an overall satisfaction with the company and thus affect its success in the industry (Agho, Mueller, & Price, 1993). What customers receive in their interactions with hotel personnel is important to them and their perception regarding the quality of their experience. Gronroos (1990), points out that one of the most important aspects of a service organization is the quality of the experience as it is perceived by the customer. If employees exhibit an overall positive satisfaction level with the organization regarding customer service, then it is probable they will exhibit a positive level of satisfaction within their respective departments.

Teamwork among employees often has been identified as a key determinant of group pride, positive relations with coworkers, and a general spirit of overall employee involvement (Petrick & Manning, 1990). Work environment and available resources are considered by management to be identifiable components of job satisfaction within this particular organization (Idson,1990). Training and development enhance employees' technical and management skills as well as increase job satisfaction, professional growth, and management retention (Halperin, 1990). Schuler (1979) conducted research that found a direct relationship between communications, performance, and job satisfaction. Communication is regarded as essential to employee satisfaction, understanding employees, and providing feedback throughout an organization (Greiger & Withiam, 1991).

According to Petrick and Manning (1990), it is essential to satisfy the value that an employee places on material wealth. If the employee's expectations are not met, both morale and job performance suffer. Keys and Bell (1982) determined that supervisors who were perceived as "being supportive" and "maintaining pipelines to other components of the organization" were considered to be reliable predictors of job satisfaction. House, Filley, & Gujarati (1971) concluded that supervisory behavior affects employee satisfaction and upward influence by the supervisor is an essential intervening variable.

Results of a Roberson study (1990) indicate that employees were more satisfied with their jobs when they experienced high goal commitment and high chances of success for attaining their goals. Departmental interaction is often inhibited by downsizing, flattening, and other changes within an organization. A study conducted by Wilmont Associates, San Diego, California, noted that 60% of employees surveyed indicated that lateral communication between departments is ineffective. Seventy percent state that communication between departments must be improved to stimulate organizational effectiveness (McClelland and Wilmot, 1990).

Positive employee satisfaction with the organization’s customer satisfaction, teamwork, work environment, training/development/evaluation, communication, compensation, supervision, resources, planning/goal setting, and departmental interaction lead to a positive level of overall employee satisfaction.

Conceptual Model: If the organization can identify components of satisfaction and dissatisfaction within departments, then management can strategically plan to address problem areas and thus concentrate on increasing overall employee satisfaction within the organization. Consequently, a satisfied work force may produce a more competitive, performance-oriented organization (Beyer, 1988). Research indicates that the satisfaction components discussed here can lead to a positive level of overall employee satisfaction. The hospitality business is dependent on satisfied customers and employee interaction with customers is paramount in determining the customer's perception of their experience with the hospitality property (Hoffman & Ingram, 1992).

METHODOLOGY

Development of Study: This study applies the conceptual model developed by assesses employees' perceptions regarding departmental satisfaction within a specific multinational hotel property. Employees were asked about their perception of eleven components involving the work experience: (a) customer satisfaction, (b) employee involvement/teamwork, (c) work environment, (d) training/development/evaluation, (e) communication, (f) compensation/benefits, (g) supervision, (h) resources, (i) planning/goal setting, (j) general information, and (k) departmental interaction. The responses were then evaluated by department to understand the nuances of their overall satisfaction.

Instrument: The survey instrument was developed by *Strategic Quantitative Solutions*, Inc. (SQS), Dallas, Texas to assess employee satisfaction with individual departments and the organization.

Validity and Reliability: Opinion Survey’s (EOS) value, reliability, and validity as an instrument for benchmark measurement can be evaluated numerous ways. SQS had utilized years of research to gather and develop a comprehensive list of employee attitudinal questions and dimensions. Field testing has occurred in various industries, size of organization, demographic issues to include tenure, sex, and economic correlation to continually validate the process.

Population: The population for this study consisted of 238 employees of a hotel belonging to a major multinational hospitality corporation. Total respondents to the questionnaire numbered 214. The employees spanned all levels of hierarchical positions within the hotel.

Data Collection: The survey was administered by the Corporate Director of Training from the management company that commissioned the study. In order to remain anonymous, a designated employee from each testing group was responsible for sending the completed questionnaires back to the SQS Office by Federal Express.

Data Analysis: Descriptive statistics were run on the data including frequencies, percentages, and means where appropriate. To obtain a mean score for overall site job satisfaction, the responses of all employees were added and divided by the total number of respondents. To determine if a significant difference existed between departmental satisfaction and overall site satisfaction, t-tests were conducted. Correspondence analysis was used to understand the nuances of the overall satisfaction of the employees with the various dimensions within each department at the hotel.

RESULTS

The purpose of this study was to indicate statistical significant differences between departmental satisfaction and overall satisfaction of the employees of a particular hotel belonging to a multinational chain. In addition, it was considered important to evaluate the responses across the eleven dimensions in order to get a better understanding of the employees' satisfaction within each department.

In the initial analysis, the response averages to individual survey statements made by employees of each department were computed. The average ratings of each department was then compared to an overall mean (the average of all employees) with regard to each of the eleven dimensions considered in this study. The t-test was used to determine if a significant statistical difference existed between each department mean and the overall mean regarding each of the dimension considered in the study. Departments with seven or more employees were recognized as an independent unit. Results were expressed in percentages to overcome the difference in department sizes.

The responses were weighted based on the following structure: (a) agree (100), (b) somewhat agree (66), (c) somewhat disagree (33), and (d) disagree (0). Percentages were always stated as rounded values to the nearest whole number, and therefore did not always add up to exactly 100%. For easier understanding, the above scale was collapsed into three categories "agree or somewhat agree," "disagree or somewhat disagree," and "cannot answer," for the correspondence analysis. This collapse of the scale made it easier to clearly identify the degree of agreement or disagreement with research statements.

To determine the mean value for each department regarding each dimension, the percentage of responses for each question was multiplied by the weighted values for each response. The product was divided by the sum of the percentage responses in each of the four categories: agree, somewhat agree, somewhat disagree, and disagree. This process determined the mean value for each question. The mean values for each question were then added together and divided by the number of questions for each dimension to obtain the mean value for each department regarding each dimension.

The overall dimension averages for all employees were obtained by adding the response averages for each department and dividing that sum by the number of departments. This study also considered the n for identified subgroups to be unique and independent to the subgroup under consideration. Based on the mathematical analysis, variations in the overall averages with or without an individual subgroup were negligible. The maximum difference in any of the departments was 10%. Therefore, in this study, each department is considered to be independent.

The dimensions Customer Satisfaction and Supervision were generally rated higher across most of the departments. The dimensions Departmental Interaction and Resources were consistently rated lowest among all the departments.

T-tests were used to determine if there was a significance difference of means between each department and the overall mean of all departments for a particular dimension. The significance for all t-tests was considered for an alpha value of 0.05.

The t-test results can be summarized as follows:

- There was no statistically significant difference between the means of any individual departments and the overall mean regarding the dimensions: Customer satisfaction, Employee Involvement/Teamwork, Work Environment, Training/Development, Communications, Resources, Planning/Goal Setting, General, and Departmental Interaction.
- There is a negative statistically significant difference between the means of the departments of Administration & General and Library Bar and the overall mean regarding the dimension of Supervision.
- There is a negative statistically significant difference between the mean of the department of Guest Service and the overall mean regarding the dimension of Supervision.
- There is a negative statistically significant difference between the means of the department of Food Production and the Overall mean regarding the dimension of Compensation/Benefits.

Results of the correspondence analysis for each of the departments were analyzed in this study. The overall Chi-squared statistic for each of the departments shows that for all of the departments, there is a significant association between the respondents agreement or disagreement with the research statements and the dimensions across which each of the departments is evaluated.

CONCLUSIONS AND RECOMMENDATIONS:

Given the importance of keeping and maintaining a happy workforce, it becomes critical for a hospitality operation to accurately understand the nuances of employee satisfaction. While evaluating the satisfaction levels of the employees, it is therefore not enough to just compare the overall satisfaction levels within each department. Nor is it enough to calculate just an overall satisfaction score for the entire property. One approach suggested in this paper is the correspondence analysis. Correspondence analysis usually is thought of as a principal components analog for nominal, contingency data but it can also be used to analyze cases-by-variable-categories matrices (Louvier & Kaciak, 1990).

In this research, though the t-tests generally concluded that there was no significant difference between the departmental satisfaction levels and the overall satisfaction level, within each department, there were significant differences in the level of satisfactions with the eleven dimensions. Within the housekeeping department, the employees tend to rate higher satisfaction levels with the dimensions, “customer satisfaction,” and “supervision.” Alternatively, the same employees in this department tend to rate low levels of satisfaction with dimensions, “employee involvement/teamwork,” and “communication.” Additionally, the employees in the housekeeping department cannot clearly rate their satisfaction levels with the dimensions, “departmental interactions,” and “planning/goal setting.” From such analysis, the Executive Housekeeper might conclude there is a need to improve communication and teamwork in the department while maintaining high levels of customer satisfaction and supervision. The employees also need to be more involved in the departmental planning/goal setting to be able to better evaluation the process.

A detailed departmental-level analysis of employee satisfaction across the same dimensions may also identify the common issues and concerns across all departments. For example, it was found that a need exists to involve the employees and develop teamwork across all departments. In addition, almost all departments seem to be suffering from lack of resources to function effectively according to the employees. There is also a need to clearly communicate policies regarding compensation/benefits, departmental interactions, planning/goal setting, and supervision. Many employees felt they could not clearly state their satisfaction levels with these dimensions. In this study, the employees seem to be satisfied with the dimension “customer satisfaction” and to a lesser extent the “work environment.” This could be because of the major emphasis hospitality operations constitute on maintaining the highest customer satisfaction levels.

While satisfying customers is the primary concern for hospitality operations, it cannot be achieved with poor employee morale. Hospitality operations must be proactive and use all means possible in order to flag employee concerns. Such a task can quickly become daunting for a multinational corporation with many employees. This study presents a conceptual model and illustrates the application for a specific property. It emphasizes the need to dig deeper into the numbers in order to have a more accurate picture of the satisfaction levels of the employees. The paper suggests correspondence analysis as a means to understand the nuances of employee satisfaction.

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INFORMED CHOICE IMPROVES CUSTOMER LOYALTY THROUGH EMPOWERMENT AND RESPECT FOR OPENNESS

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ABSTRACT

Research on service management has been focused on two strategies for retaining customer loyalty: improving service quality so that customers do not experience failure and recovering from failure, when it does occur, with apology and financial compensation. A third strategy, recently explored, is to protect against the ill effects of service failure by preemptive action. This was explored through an examination of the effects of giving customers an informed *choice between two alternatives, spelling out the trade-offs inherent in each choice. Discovered is that, although an uninformed choice does not, an informed choice causes customers to share responsibility for a service failure. Further, that a foreseeable explanation for the failure exaggerates both the beneficial effect of an informed choice and the detrimental effect of an uninformed choice. The research explored here finds that empowerment (self determination) and the respect for openness help explain the effects of informed choice and shared responsibility on customer loyalty.*

Key Words: Informed Choice; Service Failure; Empowerment; Openness.

INTRODUCTION

Many service industries have experienced a high rate of business failure. The Dunn and Bradstreet Corporation's Business Failure Record shows that over the 1995 to 2000 five-year span the failure rate for restaurants was 80%, for hotels 60% and for airlines 38%; and Kavanagh (1998) argues that the principal reason for a high failure rate is disloyalty consequent to poor service.

Two lines of defense to combat customer aggravation and consequent disloyalty have been pursued in research and practice. One has been to look for ways to improve the quality of service provided, through evaluating methods of hiring, training and motivating service employees. An important discovery has been that empowering service providers considerably adds to their motivation and results in better service (Sparks, Bradley and Callan 1997). The second line of defense has been to evaluate the comparative effectiveness of different ways of reacting to a service failure when it occurs. Goodwin and Ross (1992) argue that giving customers the opportunity to voice their grievances is a good way to mitigate the ill effects of a service failure. Smith, Bolton and Wagner (1999), in a more complex, contingent analysis, suggest that the nature of restitution should fit the crime; sometimes an apology is not enough and financial compensation is required. Both lines of defense place the responsibility for service failure on the service provider, managers and employees in direct contact with customers. The customers feel no need to share this responsibility.

Cranage and Sujan (2003), and Cranage, Sujan and Godbey (2003), suggest that a third line of defense is to proactively prepare for service failure, recognizing that service failures prevalently occur notwithstanding attempts to prevent them, by using a strategy that leads consumers to take some of the responsibility for the failure. Should consumers share responsibility, they are more likely to maintain loyalty despite a service failure. Underlying this suggestion is the perspective that people care about not only the outcomes they experience but also about the processes that lead to the outcomes. The more they are given control over the process that leads to the outcome, the more they are willing to share responsibility.

What is it about control over the process that would lead customers to share this responsibility? We suggest empowerment, the feeling of self-determination, and a respect for openness on the part of the service provider, a willingness to share important information so the customer can make a "good" choice, drive these effects.

THE EFFECTS OF INFORMED CHOICE ON CUSTOMER LOYALTY

A criterion that has been often used in research related to choice is re-purchase intentions, the intention to buy once again what was chosen earlier (e.g., Mittal and Wagner 2001; Tsiros and Mittal 2000). In the service industry the intention to once again do business with the service establishment is the most important repurchase. Whether or not from the assortment of offerings of the service establishment, the same or a different offering is chosen is a question of lesser importance. This criterion, commitment to the establishment, is termed loyalty (Hirschman 1970). Defined it is the decision to stay with the service establishment in the hope that things will improve.

In the research in psychology, Langer and her colleagues (Langer 1975; Langer and Roth 1975; Langer and Rodin 1976) have argued that choice empowers. Applying this research in the organizational behavior domain, Lawler (1992) suggested that providing choice motivates employees through giving them self-determination or empowerment. Applying this principle to service management, it has been shown that through giving their employees choice, service management motivates them to provide better quality service (see Heskett and Hallowell 1997; Sparks, Bradley and Callan 1997).

Cranage and Sujan (2003), found that with consumers, a simple choice may not be enough to create a sense of control. Quite commonly, consumers have choices. While eating in a restaurant they can often choose where to sit, while flying they can often choose between flight timings, and while staying in a hotel they can often choose between a room with a king and two double beds. What is not common is their being given not only a choice but also information that enables them to intelligently trade-off between the options (see Luce 1998 for a perspective on trade-off decisions made by consumers). Such a choice, an informed choice, we argue, creates a sense of empowerment. A simple uninformed choice or no choice at all, does not.

The opportunity to make an informed choice may, in addition to empowering, communicate openness—the absence of secrecy by management (Pennebaker 1995). Through communicating a sense of sharing, openness may add to the effect of empowerment in causing customers to feel greater personal responsibility for a service failure when it occurs. Customers' willingness to take on personal responsibility, share responsibility with the service provider for a failure, would result in greater loyalty.

A LABORATORY INVESTIGATION OF THE INFLUENCE OF EMPOWERMENT AND RESPECT FOR DISCLOSURE (OPENNESS)

Testing their theory in the field and in a lab Cranage, Sujan and Godbey (2003), found that an informed choice raises personal responsibility following service failure and, as a result, increases loyalty. They also found that foreseeability, the ability to have anticipated the outcome, qualifies this effect, increasing responsibility and loyalty under an informed choice and decreasing responsibility and loyalty under an uninformed choice and no choice. They also found that an informed choice raises responsibility and loyalty even under unforeseeability, a situation where feelings of empowerment would be low. We believe this suggests that in addition to empowerment, a respect for disclosure (openness) also drives the effects of an informed choice. If an informed choice enhances loyalty even when management did not empower them to make a better choice, then with greater confidence it can be suggested that openness and not just empowerment contributes to the effect.

We reasoned that if we provide customers with an informed choice for a decision that is irrelevant to the service failure and find this raises loyalty relative to no choice or uninformed choice, it would indicate that a respect for openness is driving this influence. An irrelevant informed choice does not empower; it is also quite clear from its lack of relevance that it was not intended to empower. If we found no difference it would indicate that a respect for openness is not influential. Further, given that an irrelevant informed choice raises loyalty, if we found that a relevant informed choice raises loyalty even further, it would indicate that both respect for openness and empowerment are influential. If instead no difference exists between a relevant and an irrelevant informed choice, it would indicate that openness alone drives loyalty; empowerment does not matter. We also introduced an irrelevant plus relevant informed choice condition. If loyalty in this condition did not differ from loyalty in the relevant alone condition, it would further attest to the suggestion that a relevant informed choice communicates both openness and empowerment.

H_1: Following a service failure customers given an irrelevant informed choice have greater loyalty to the service establishment than customers given an uninformed or no choice.

H_2: Following a service failure customers given a relevant informed choice have greater loyalty to the service establishment than customers given an irrelevant informed choice.

H_3: Following a service failure customers given an irrelevant plus relevant informed choice have the same loyalty to the service establishment as customers given a relevant informed choice.

METHOD

Participants. The study was conducted with 104 participants who were undergraduate students fulfilling an experiment participation requirement for a consumer behavior course.

Procedure. An informed consent form told them that the purpose of the study was to evaluate a hypothetical experience in a restaurant. They were to imagine themselves as the customer in the scenario they would read. Following a 1 x 5 between subjects design, we gave participants one of five restaurant service scenarios similar to one used in the lab study of Cranage and Sujan (2003). The scenarios varied in giving customers no choice, an uninformed choice, a choice with information irrelevant to the service failure—instead about the menu, a choice with relevant information—about waiting times and ultimately the service failure, and a choice with both the relevant and irrelevant information. In the no choice conditions, the host selected a table for them. In the uninformed choice conditions, the host gave them a choice of a table near large picture windows or in the center of the dining room with no additional information, while in the informed choice conditions, the host gave them this choice and important information about the menu, service wait times or both. In all three conditions, the participants were told that the customer from whose perspective they were viewing the scenario chose, or was seated, at a table by the large picture windows.

The scenarios then went on to describe their experience: a long wait time distributed over between being seated and seeing a waiter, between ordering and receiving drinks, between receiving drinks and receiving appetizers and between receiving appetizers and receiving entrees. Finally, they read the explanation given by their wait staff person for the poor service. This was that tables by the picture windows are always busy and customers always experience slow service. As illustrations, we have included in Appendix 1 the relevant and irrelevant informed choice scenario.

After they had finished reading their scenario, participants were asked for their reactions to the dining experience. The importance of expressing personal opinions was stressed. They then rated three statements that pertained to loyalty taken from Maute and Forrester (1993). The experiment tested Hirschman's (1970) classifications of loyalty. Hirschman defined loyalty as the decision not to "voice" displeasure and to stay with the service establishment in the hope that things will improve. Participants used 7-point ("1" = strongly disagree, "7" = strongly agree) scales.

Finally participants were asked manipulation check questions. Using 7-point scales (disagree-agree), participants indicated their agreement with these statements: they had been given a choice, and they had been given information by which to make a choice.

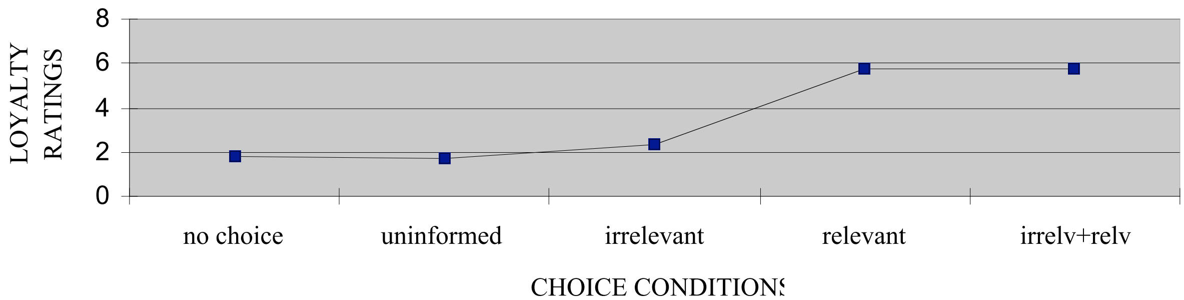
RESULTS

Analyses reported are based on a 1 x 5 (choice: no choice, uninformed choice, irrelevant information choice, relevant information choice, and relevant plus irrelevant information choice) between subjects ANOVA, with loyalty as the criterion, using the $MS_{(error)}$ from the overall analysis of variance table.

Manipulation Checks. Based on participants' answers to "I was given a choice," a main effect for choice was observed ($F_{(1, 99)} = 346.50$, $p < .0001$; means: average of choices = 6.10, no choice = 1.22, $t_{(99)} = 18.61$, $p < .0001$). No other effect was significant. Based on participants answers to "I was given information by which to make a choice," again a main effect for choice was found ($F_{(1, 99)} = 453.50$, $p < .001$; means: average of informed choices = 6.01, average of uniformed and no choice = 1.34, $t_{(99)} = 21.30$, $p < .0001$). The manipulation checks indicated that choice and information had been effectively manipulated.

A main effect of choice was found on loyalty ($F_{(4, 99)} = 852.24$, $p < .0001$, $r^2 = .96$). Testing H_1 which suggested a difference between irrelevant and uninformed/no choice, we found support (means: irrelevant = 2.35; average uninformed/no choice = 1.73, $t_{(99)} = 6.61$, $p < .0001$). Testing H_2 which suggested a difference between relevant and irrelevant informed choices, we again found support (means: relevant = 5.75; irrelevant = 2.35, $t_{(99)} = 33.72$, $p < .0001$). Finally, testing H_3 which suggested no difference between the relevant plus irrelevant informed choice condition and the relevant informed choice condition, we once again found support (means: relevant plus irrelevant = 5.72 , relevant = 5.75, ($t_{(99)}$) = 0.28, n.s.). The means are in Figure 1.

Figure 1: A Comparison Of Relevant And Irrelevant Information Based Choices



DISCUSSION

The three comparisons we made indicate, respectively, that openness contributes to the effect of an informed choice on loyalty, that an informed choice has its effects because of both openness and empowerment, and, openness and empowerment are both drivers of the effect of an informed choice. By implication, these findings suggest that the sharing of responsibility that an informed choice triggers is a result of customers feeling empowered and respecting the openness of management.

GENERAL DISCUSSION

Research that currently exists in service management suggests that good service management is achieved by improving service quality (Zeithaml 2000), by implementing effective strategies for recovering from service failure such as compensation and apology (Smith, Bolton and Wagner 1999), and by a third aspect to good service management, the preemptive strategy of providing customers with an informed choice. This third aspect demonstrates that an informed choice enhances loyalty following a service failure, because it causes customers to share responsibility for the outcome. Our research shows that the effects explaining the sharing of responsibility, is a sense of empowerment and respect for management's openness. Previous research points out that loyalty improves as a result of an informed choice even when a reason that could not have been anticipated explains the bad outcome. Perhaps because customers respect openness in management, the sharing of information, an informed choice causes them to share responsibility with management for the bad situation they encountered.

CONTRIBUTIONS TO THEORY DEVELOPMENT

One of the key issues in attribution theory is what drives judgments of blame and what actions follow from these judgments. Past theorizing has identified that foreseeability (Heider 1958), or its close correlate controllability (Weiner 1986 and 1995), interacts with locus of causality in determining judgments of blame. The person who could have foreseen, or controlled, the negative outcome is judged blameworthy. Cranage and Sujan (2003), contribute to the elucidation of this principle by pointing out that an informed choice dilutes blame for a foreseeable, or controllable, negative outcome by changing the locus from "you" to "us." This tenet offers insight for many of the domains in which attribution theory is frequently applied. Our research contributes to theory development in service management by taking a viewpoint quite distinct from previous theorizing. Previous theorizing has suggested that good service management requires *preventing* problems, through high service quality, and *reacting well* to problems when they occur through pampering customers, e.g., through apology or compensation. It has not suggested taking *preemptive* action to prevent the ill effects of problems when they occur. We believe the broadened theoretical perspective we offer on good service management lightens the burden paced on service providers of attempting "zero defects" and paying far too heavily when there is a defect. Theories based on the principle of empowerment and openness offer alternative frameworks that may be more appropriate in these domains.

FUTURE RESEARCH

Because an informed choice triggers a greater sense of empowerment and a stronger feeling that service management is being open, and because the human psyche tends to welcome empowerment and openness, providing customers an informed choice may be a good thing over a wide range of situations. Are there limits to the benefits of an informed choice? Illustratively, if participants in our study had made a conservative decision to sit in the center of the restaurant, and still received poor service, would an informed choice still have led them to be more loyal? Based on the finding that, under unforeseeability an informed choice still helps loyalty, and on our finding that an irrelevant informed choice still helps loyalty, we anticipate the answer to be yes. In this case, openness, not empowerment, drives the effects. Should testing reveal the answer to be no, it would suggest an informed choice has benefits within a restricted domain.

Another possible limit to the benefits of informed choice would be a situation in which customers are warned of potential failures in their informed choice, which do not happen. Would they still be more loyal then when they are not informed. We would speculate yes. Again, we believe openness, not empowerment, would drive the effects.

A theoretical way to approach the question of limits to an informed choice is from the perspective of ego-depletion (Baumeister, Bratslavsky, Muraven, and Tice 1998). This perspective suggests that too many decisions overwhelm people. If customers are given multiple informed choices; in a restaurant, smoking or non-smoking, dining room or lounge, table or booth, by the windows or a private corner, a la carte or table d'hôte, instead of feeling empowered or respecting the openness of management, they may feel hassled and overwhelmed. Rather than having a beneficial effect, an informed choice may adversely impact loyalty.

From the perspective of integrating theory in the service area, it would be worthwhile to blend research questions on service quality, recovering from poor service and preempting the ill effects of poor service. Illustratively, it may be asked if an informed choice makes an apology a better reaction to an unforeseeable but costly service failure than compensation. If the answer is yes, it could save service establishments a large amount of unnecessary expense and net them better results.

HOSPITALITY APPLICATION

Since an informed choice is generally easy to provide and is, surprisingly, rarely offered by service establishments, we believe our research has a far reaching practical value. Hotels, not just restaurants, can easily develop systems that allow them to offer their customers informed choices. To illustrate, rather than simply giving customers a choice between a smoking and a non-smoking room, hotels could give guests a choice between rooms and information about the scenic view (i.e. the east side room with the beautiful ocean view, but also with the early morning sun making late sleeping difficult, or the west side room with a view of the city which might have some street noise but has a great view of the sunset). Other informed choices might include a room that is closer to the elevators, lobby, pool or health club for quick and easy access but might be a little less quiet than a room further down the hall. As a result of allowing customers to make these trade-off decisions, our research indicates, hotel managements buffer themselves from the ill effects of service failure, should it subsequently occur.

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APPENDIX 1: ILLUSTRATIVE SCENARIO

RELEVANT & IRRELEVANT INFORMATION CONDITION

You, your spouse and your two closest friends, go to a nice and moderately priced restaurant. Even though this restaurant is very popular and very busy, you have picked it because they historically are very good at estimating waiting times. You approach the host and give him your name and reservation information. He looks over the seating chart, makes a few mental notations and gives you a choice of tables.

He informs you there is a table in the middle of the dining room that is a little "public" but a great table for enjoying the famous atmosphere of the restaurant and where the service is prompt, with a five to ten minute wait for service. Or you could choose a table by the large picture windows with a beautiful view overlooking the city but is always a busy section and, therefore, always a considerable wait, often as much as twenty to thirty minutes for service. After considering the information and choices, you choose the table by the window. He shows you to the table you chose, seats you, and hands you your menus. The host then describes to you the "specials" for the day. He then comments that if anyone is interested in the seafood platter "special," that he personally recommends instead, the seafood platter on the menu itself as being quite similar, and a better value.

After being seated, you, your spouse, and your guests look over the menu, talk about mutual experiences, and enjoy the view of the city. However, it's about twenty (20) minutes before a waiter comes to your table. He seems rushed, but cordially takes your order. It's another ten (10) minutes before you get your drinks and then fifteen (15) minutes for appetizers. After another twenty-five (25) minutes you still have not received your entrees. With some difficulty, you finally flag down your waiter and ask for some service. He replies, "I'm very sorry this section of the dining room is always in demand because of the view of the city from the large picture windows. And because of that, the tables in this section are always full which means there is always a twenty (20) to thirty (30) minute wait for service in this section." You then ask him how much longer did he think it would be before you got your dinner. To which he replied, "It will probably be another five (5) to ten (10) minutes."

AN INITIAL INVESTIGATION OF FIRM SIZE AND DEBT USE BY SMALL RESTAURANT FIRMS

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ABSTRACT

The purpose of this study is to examine whether or not size affects the use of debt used by small restaurant firms. Owners often use debt as a mechanism to minimize agency costs in large firms. However, there is no consensus in the literature about how to measure firm size. We use different proxies for size and find the significant measures to be total assets, total sales, number of owners and number of employees. The number of owners and total assets are the variables with the greatest explanatory power.

Key Words: Restaurant Capital Structure; Restaurant Debt

INTRODUCTION

The purpose of this paper is to provide a preliminary investigation into the use of debt by small restaurant firms. Specifically, we will assess the major capital structure theory relating debt to free cash flow. Although there is a significant amount of literature available regarding capital structure, only a limited amount of work has been completed regarding U.S. restaurant firms alone (Sheel, 1994; Kim, 1997). Moreover, no research has been conducted to date involving small restaurant firms (less than 500 employees). As argued by Myers (2001), capital structure theories are not intended to be general and applied to a diverse sample of companies. Accordingly, we attempt to assess if one of the major capital structure theories that tends to support debt choice in large publicly traded firms is also applicable to small restaurant firms.

As discussed by Wolken (1998), data on small firms have traditionally been very difficult to find. However, a number of new sources have become available. For example, the Bank and Thrift Call Report on small business lending has been completed every year since 1993. Another survey, completed by the Federal Reserve Board of Governors, is the 1995 Survey of Consumer Finances. Finally, the Federal Reserve Board of Governors and the Small Business Association completed its third survey of Small Business Finances (SSBF) in 1998. This has been the data source used in recent research and is used in this paper.

A small firm is generally considered to have fewer than 500 employees, although few of the restaurant firms we examined had more than 100. The sample in the 1998 survey involved the performance of firms for fiscal year 1998. 19,792 firms were deemed eligible to participate and 3,561 completed the survey. The survey represents firms in every major SIC Code category. The recent availability of these databases has increased the amount of capital structure research involving small firms. Berger and Udell (1998) hypothesize about (but do not specifically test for) the amount and maturity structure of debt in small firms. Their focus is primarily on the use of debt by firms as they go through the "financial growth cycle". Van Auken and Holman (1995) find similar financing characteristics between small, private firms and large corporations. On the other hand, Scherr and Hulbert (2001) focus on capital structure choice of small firms in the SSBF and obtain mixed results regarding capital structure theories typically tested using incorporated firms.

This paper is organized as follows. Section two will describe the pertinent literature. Section three will discuss the data and methodology used in the study. Section four will discuss the results while section five will discuss conclusions and implications for further research.

REVIEW OF LITERATURE

According to Myers (2001), capital structure choice can be divided into three major theories: (1) the tradeoff theory; (2) the pecking order theory; and (3) the free cash flow theory. The tradeoff theory states that interest tax shields have value to the firm and will be used up to the point where the marginal tax benefits of debt equal the costs of potential financial distress. The pecking-order and free cash flow theories both involve the management and minimization of agency costs between shareholders and lenders and shareholders and managers. The free cash flow theory also relates debt levels to information asymmetry between lenders and owners. The recent literature tends to provide support to the pecking order and free cash flow theories as opposed to the tradeoff theory.

Although the tradeoff theory was the first major attempt to explain capital structure, it may only explain a portion of the capital structure decision. For example, under the tradeoff theory, profitable firms would always take advantage of interest tax shields. Moreover, firms with other tax shields such as depreciation would use less debt. However, as discussed by Myers (2001), there are many successful and profitable firms that have little or no debt in their capital structures (Microsoft and pharmaceutical companies are two examples). Fama and French (1998) completed a study that found no evidence that interest tax shields contributed to the value of the firm. Additionally, Scherr and Hulburt (2001) did not find depreciation tax shields to be a significant factor in debt choice by small firms.

The pecking-order theory as put forth by Myers (2001) describes the preference of firms to minimize the various agency costs of debt and equity by first using retained earnings, then debt and finally, outside equity. Accordingly, as postulated by the pecking-order theory, firms with fewer retained earnings will use more debt. This is because retained earnings are simply not available and the agency costs of new external equity are too high. Thus, debt becomes the default financing choice.

The pecking-order theory and free cash flow theories are similar in that these two theories both help explain the use of debt for firms with growth opportunities. Growth opportunities are generally expressed by comparing market values to book values in one form or another. Both of the theories hypothesize that the choice of financing is used to minimize the agency costs and are dependent upon the type of asset investment. Given that the market value of the firm is expressed as the book value and assets in place (tangible) and the market value of its growth opportunities (intangible assets), these intangible assets can play a significant role in the choice of financing.

Debt is positively related to firm size as hypothesized by Jensen's free cash flow theory (1986). As firms grow, managers have more power as the number of assets under their control increases. Accordingly, there may be excess "free cash flow"—cash flows in excess of what is required to invest in positive net present value projects. Therefore, interest and principal payments can help alleviate this overinvestment problem for the firm. Furthermore, smaller and younger firms typically have not established reputations and have higher levels of information asymmetry for lenders (Pettit and Singer, 1985). A number of recent papers have found a positive relationship between firm size and the use of debt for including Wald (1999) and Mackay and Phillips (2001). Both papers use the log of total assets to measure firm size. Dalbor and Upneja (2002) found a positive relationship between size and debt for publicly traded restaurant firms. Their proxy for size is the log of the market value of stockholder equity.

Unfortunately, SSBF data does not include the variables typically used to evaluate capital structure theories for large corporate firms. For example, the trade-off theory involves a measure of tax rates to find a positive relationship between high tax rate firms and the use of interest tax shields. Although Upneja and Dalbor (1999) find this relationship, their research was completed for publicly traded corporate firms.

Small firm tax data is much more problematic as discussed by Scherr and Hulburt (2001). Many small firms do not have a separate tax line item because they are sole proprietorships or partnerships. Given this problem, Scherr and Hulburt (2001) used a dummy variable to proxy for a tax bill based solely on profitability. However, this variable was not significant in their analysis of small firms. Additionally, the tradeoff theory states firms with high non-debt tax shields should use more debt. This was also tested by Scherr and Hulburt (2001) for small firms and found to be insignificant.

There are a number of proxies for growth opportunities in the literature. Capital structure researchers such as Barclay and Smith (1995) used the ratio of the market value of assets to their book value as a measure. Their calculation used the market values of assets as the book value of assets plus the difference between the market value of equity and the book value of equity. Unfortunately, since most SSBF firms are not traded, the market value of equity for these firms is not available.

Other growth opportunity proxies include the ratio of capital expenditures to assets (Kim, 1997) or the ratio of research and development expenditures to employees (Scherr and Hulburt, 2002). Once again, these variables are not delineated in the survey results. Moreover, research and development costs are not considered a typical expenditure for most restaurant firms.

The free cash flow theory uses variables that are more commonly tracked by the SSBF and is the focus of this paper. Variables that provide insight into a firm's reputation such as size and age are commonly used. Firm size is measured a variety of ways including natural log of sales (Kim, 1997; Scherr and Hulburt, 2001) and natural log of total assets (Kim, 1997). Firm age is measured by the natural log of one plus firm age (Scherr and Hulburt, 2002). Firm size and age will be used to test the level of debt use and information asymmetry for small restaurant firms in the 1998 SSBF. We also use the number of owners and number of employees as a proxy for firm size.

HYPOTHESIS, DATA AND METHODOLOGY

The sample for this study is a sample of U.S. restaurant firms as listed in the SSBF for fiscal year 1998. The initial sample contained 171 restaurant firms; a number of firms that were technically insolvent (i.e. firms reporting negative equity) were removed. Additionally, firms that reported no sales or assets were removed. The final sample contained a total of 122 firms.

Given the theories from the literature previously discussed, the main hypothesis to be tested is if debt use by small restaurant firms is explained by firm size. Therefore, the alternative hypothesis can be stated as follows:

H_1: Debt use will be positively and significantly related to firm size.

The free cash flow theory is based upon debt payments being used to reduce cash in management control and the associated agency costs. Additionally, larger and perhaps older, established firms provide more information to lenders. Therefore, we will assess a number of variables related to firm size and reputation that have been used in the literature. Accordingly, the regression model is: Total Debt = $a_0 + a_1$Firm Size + E_i

Total debt is the amount of debt, including loans and current liabilities. a_0 is the intercept of the regression. Firm size will be measured in a variety of ways including: Assets = the natural log of total assets; Sales = the natural log of total sales; Owners = the total number of owners; Age = the log of one plus the age of the firm in years; and Employees = the total number of employees at the firm. Each of these variables will be used in separate simple regression models and evaluated for their explanatory power. Summary descriptive statistics for the sample are shown in Table 1.

Table 1: Descriptive Statistics for the Sample

Variable	N	Mean	Standard Deviation	Minimum	Maximum
Total Debt	122	266,906	627,965	0	4,573,470
Total Assets	122	677,387	1,789,662	451	14,764,514
Ln Total Assets	122	12.05	1.85	6.11	16.51
Total Sales	122	1,410,573	3,329,936	6,000	33,181,055
Ln Total Sales	122	13.14	1.50	8.70	17.32
Number of owners	122	2.78	7.32	1.0	60.0
Age of firm	122	15.15	10.67	1.0	55.0
Number of employees	122	44.39	75.53	1.0	451.0

The table shows the descriptive statistics for the variables used in the regression. Total assets, total sales and the age of firm were not used in the regression but are displayed here for a more meaningful interpretation of the variables.

As shown in the table, the average small restaurant firm in the sample had nearly $267,000 of debt on its balance sheet. This equates to approximately 35 percent of assets. This ratio is quite a bit lower than recent research for publicly traded restaurant companies. Upneja and Dalbor (2001) report a mean debt ratio of 51 percent of assets. This could be large restaurant firms have less information asymmetry for lenders or else large firms may be able to afford the higher fixed costs associated with long-term debt. The average firm in the sample has approximately three owners and 44 employees. The average age of the firm is approximately 15 years.

REGRESSION RESULTS

We ran five separate regression models using the amount of total debt as the dependent variable in each. The results of the five separate regressions are shown in the table below.

Table 2: Regression Results

Independent Variable	Coefficient	F Test	R Squared
Ln Total Assets	188,565***	53.61***	30.9%
Ln Total Sales	204, 418***	37.68***	23.9%
Number of Owners	54,504***	81.38***	40.4%
LN of (1+Age of firm)	4,027	0.56	0.5%
Number of employees	4,443.5***	47.99***	28.6%

***Significant at the 1 percent level.

All but one of the size variables is highly significant. However, the results indicate the variable with the best explanatory power is the number of owners. The coefficient is positive and highly significant as expected. The positive sign on this variable lends support to the free cash flow theory. As the number of owners grows and ownership interests are dispersed, debt may be used to help control the actions of management. The next most effective proxy for firm size is the natural log of total assets. The sign on this coefficient is positive as expected and is highly significant. This is consistent with the results found by Wald (1999) and Mackay and Phillips (2001). The log of total sales variable is also positive and significant as there is often a high correlation between sales and assets.

The number of employees proxy for firm size is highly significant with a positive sign on the coefficient. The r-squared value is higher than that for the log of total sales. This result is as expected because firm size is often correlated with the number of employees, particularly for restaurant firms.

The age of firm variable is the only size proxy that was not significant. This may be attributable to the responses by the business owners surveyed. The age of the firm could produce different responses. An example of this for a restaurant firm could be the number of years at a current location as opposed to the total number of years the owner has been in business. Furthermore, although older firms should, on average, provide more information to lenders, it may be the case that lenders are looking for firms with tangible assets for collateral or tangible evidence of success (such as sales). Two separate regression models (not shown) using interaction variables of assets and age and total sales and age produced positive and significant results.

CONCLUSIONS AND IMPLICATIONS FOR FURTHER RESEARCH

This paper attempted to assess the free cash flow theory of capital structure for small restaurant firms by using different measures for firm size. We evaluated firm size in terms of total assets, total sales, number of owners, age, and number of employees. Only the proxy for firm age (the natural logarithm of one plus firm age) was not significant. The results largely confirm the size variables used in the financial literature for publicly traded companies both inside and outside the hospitality industry.

Further research should be conducted into the capital structure of small firms. As argued by Myers (2001), capital structure theories are not meant to be general, and thus there may be important findings regarding different types of industries and firms. Specific research could examine the relationship between growth opportunities and debt use as more data become available. Additionally, more research into the financial growth cycle as suggested by Berger and Udell (1998) could be completed for small hospitality companies including hotels and restaurants.

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TECH TRENDS: AN EXPLORATION OF THE FUTURE OF HOSPITALITY AND TOURISM EDUCATION

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ABSTRACT

The application of technological innovations in higher education is formidable (Quinn, Mitchell, Chappell, Gray, 2000). However, the extent to which it has been applied in hospitality and tourism is marginal. To date, most university and hospitality education teaching remains firmly wedded to the traditional 'chalk and talk' pedagogy (Milliken & Barnes, 2002). In an effort to keep abreast in today's tech-driven world and to ensure sustainability, hospitality and tourism educators will not only need to incorporate current technology trends but must also look to the future to explore the newest insights into technology. This study therefore seeks to analyze growing technology trends currently impacting hospitality and tourism higher education.

Key Words: e-learning, tech trends, e-teaching, hospitality and tourism education, vortals,

INTRODUCTION

In the realms of hospitality and tourism education, technology assisted teaching and learning tools can greatly enhance the traditional hospitality classroom lecturing and seminar style of pedagogy (Law, 1997). By simply incorporating technology into the course teachings of hospitality strategic management course content for example, hospitality students can better understand related concepts that otherwise be difficult to comprehend (Russell & Russell, 1996). The need currently exists for hospitality and tourism educators to rethink their strategy as the extent to which technology has impacted the learning process has moved beyond the traditional classroom with the industry now providing Web-based learning solution. Disney Inc. was one of the first corporations to set up its own 'university' followed by the Marriott International which is involved in pilot activities toward setting up a virtual university (Rimmington, 1999). These examples serve as a warning for hospitality and tourism educators - there is no room for complacency as technologically driven learning is no longer confined to universities and colleges.

The use of technology in higher education poses another challenge for hospitality and tourism educators, that of -- the modern student. Characteristics of this relatively new group include their rapid change in learning behavior, improved competence levels, and high turnover of knowledge. These characteristics proposed by Teichler (2001) identify the modern student as a catalyst in the increasing role new technology adoption plays in education. College students today are demanding interactive learning environments and interactive student services. They approach learning as a 'plug-and-play' experience preferring to learn through participation and experience as against learning sequentially through traditional instructional methods (Fallshaw, 2000). Technology has also made a significant impact on the perceptions and expectations students as customers now have of higher educational institutions. Students have expectations regarding their educational experiences and if these expectations are not met, dissatisfaction and ultimate withdrawal can be the consequences faced by universities not capitalizing on technology's positive impacts (Mills, Graham, Zeha, Kim, Clay, 2000). The task for universities now is to recognize the relationship between student satisfaction and student retention and/or attraction as the student's impression of the entire university service may be based on how well their technological needs are being met. Frequent assessment of student satisfaction levels with current offerings is a means for universities to understand and provide for the modern student (Mills et. al, 2000). It is important for hospitality and tourism educators to deeply consider these implications as technology's use in higher educational systems can provide unprecedented levels of student services (Burnett, 2000). Essentially, universities and colleges will need to rethink their service strategy towards instructions and student support systems by addressing the technological needs of their students.

METHODOLOGY

To determine the current trends with likely impact on the education system and in particular the hospitality education system, an analysis of articles on technology trends, educational technology, and hospitality and tourism education was conducted. The articles were obtained from eJournals (e.g. Educause.edu) and academic journals (e.g. The Journal of Hospitality and Tourism Education). In addition, articles were taken from the research database Sciencedirect. This database was chosen as it contained articles from across all fields of science with over 1.5 million journal titles and full-text articles including research topics and publications specific to hospitality and tourism education, higher education, and technology. The database and online journals were searched using the following Boolean string "Technology AND Higher Education" and "Higher Education AND Hospitality." By keeping the search terms general, the authors were provided with an overview of the emerging terms, ideas, and trends most currently affecting higher education. The search period from 1990 to 2002 produced in excess of 500 abstracts. Strauss and Corbin (1998) grounded theory technique, a qualitative data analysis technique, was then used to analyze these data. Grounded theory technique involves open coding, line-by-line coding, and conceptual ordering of text as well as the analyses of these codes to identify concepts and the associated properties and dimensions. The emerging themes from the analysis of the articles follow.

EMERGING TRENDS

From the body of knowledge reviewed on current technology trends, themes were identified and cataloged under the following headings: *E-Everything Phenomenon*, *Collaborative Education, Cyber Zone, Vortals, Wireless Technology, VIPWeb,* and *Intelligent Student Assistants.* The trends are expounded as follows.

Theme 1 – The E-Everything Phenomenon: Key words and terms*: internet resources, networked environments, and learning experience***.** Cited from Katz and Oblinger (2000), the E-Everything Phenomenon is geared towards building technology infrastructure and expertise to support e-commerce. The aim is to rethink campus and national data systems in an e-learning environment by safeguarding financial assets, ensuring network security, and navigating the complex policy environment of networked education. Due to the rapid proliferation of e-learning companies as observed by Clarke and Hermens (2001), new education and training opportunities are constantly being sought. A survey conducted by Kaludis and Stine (2001) on campus computing revealed that the impact of information technology in the instructional program to supplement and enhance traditional course offerings was a positive one. Likewise Milliken and Barnes (2002), in a study of undergraduate students at the University of Ulster, Northern Ireland found that the viability and the value of developing more participatory and successful learning programs utilizing computer technology are encouraging. This tendency toward e-learning will promote a change in the character of classroom interactions as well as peer-to-peer and student-professor communications by breaking down the physical limitations of the classroom setting.

Theme 2 – Collaborative Education: Key words and terms: *tech-partnerships, tech-leaderships, and technical support.* Collaborative Education as viewed by Duin, Baer, and Starke-Meyerring (2001) explores how leaders in higher education, government, community, and business can form productive technological partnerships for leverage and provide a gateway to the best content for learners around the globe. Case in point, the Oxford Brookes University, UK, has been at the forefront of Web-based learning through collaborative agreements with Online Education, Hong Kong and International Management Centres, UK. Under these agreements, Brookes controls the curriculum and quality, while the partners input technological and learning expertise. Another example is that of Internet2® (www.internet2.edu), a consortium led by 200 universities working in partnership with industry leaders and government agencies to develop and deploy advanced network applications and technologies. Likewise, the 36 members of the CTDLC (Connecticut Distance Learning Consortium) benefit from consortial IT services that promote the expansion of their learning technologies while controlling costs and maintaining pedagogical effectiveness (Klonoski, 2001).

Theme 3 – Cyber Zone: Includes development in the area of CyperProf and Cyber Adviser. As the new millennium unfolds, a more efficient and expedient operation fast replacing excellence and quality in education, the advent of a new comer to instructional technology -- the CyberProf is noted (Bothun, 1999). This development has one of the most serious implications for the people-oriented hospitality and tourism industry when personal touch is replaced by hi-touch. CyberProf, is described as a token operated personal tutor that spews beautifully organized information fully supplemented by stunning graphics and interactive interfaces and appropriately packaged for ease of navigation (Bothun, 1999). A similar tool called the Cyber Adviser was developed to assist counselors in helping students plan the courses for their academic career (Lieberman, 1996). By allowing the software do all the tedious work, advisors can concentrate on interacting with the student. When introduced at the Valencia Community College, Cyber Adviser was met with great concern from the advising staff that feared they would be displaced. On the contrary, after training on its use, they have become strong supporters of the system. According to Lieberman (1996), the Windows computer program makes course planning almost a fun activity with the ability to instantly access information while providing consistent advice. This eliminated the recurring problem of students receiving a slightly different advice on the same topic if they should speak with different advisors thus increasing the quality of student advising.

Theme 4 – Vortals**:** Vortals (otherwise known as vertical portals, VEP or Vertical Enterprise Portals) are classified by Strauss (2000) as a gateway to Web access utilizing hub like features from which users can retrieve all available Web content on a particular subject area. The developers of the Website www.vortalbuilding.com define a vertical portal (vortal) as a Web-site that aggregates disparate content and services of interest to a particular industry and makes it available to industry members. Hawkins (2001) contends that corporations can utilize this technology to amalgamate tacit and explicit information. Likewise, the technology also has potential in the academic environment because of its ability to help screen and filter information, to hone in on explicit meanings, and to effectively push this filtered information to users. By employing this technology, universities will be able to better provide refined and validated information placed on the Web thus increasing credibility.

Theme 5 – Wireless Technology: Key term: *'anywhere, anytime'*. Wireless technology examines the '*anywhere, anytime'* paradigm which includes freedom of organization in and out of the classroom, collaboration among students separated by geography, transparent connection to various education networks, remote sensing and integration of information (Twigg, Oblinger, 1996; Luna, 2002). As Huff (2000) explains, the information age is characteristic of promoting the wireless paradigm and as a consequence, such access is required to be supported on any platform, anywhere, and be available twenty-four hours a day. One university example of the integration of technology to serve the needs of students is The Royal Melbourne Institute of Technology University (RMIT) in Australia. By providing an anywhere, anytime, interactive and collaborative learning environment through the use of on-line services such as e-mail accounts and internet access, network, and distance technologies, RMIT has responded to the 'digital generation's' needs (Fallshaw, 2000). Colleges and universities must cater to this anytime-anywhere concept and as McLaughlin (2001) warns, the resulting effects on institutions that do not make campus, programs, curriculum, and course information accessible via the Internet will be that they are left behind and unable to compete.

Theme 6 – VIPWeb: Visually-impaired Place on the Web. This technology will utilize meta-search engine technology to provide a collective resource point for presenting both depth and breath of information for visually-impaired students. The vortal will provide a focal resource point for the visually-impaired to obtain timely information for improving the quality of their education and general online experience. This can be achieved through the aid of software and hardware solutions that include screen-reading programs consisting of two parts: a software program and a speech synthesizer as well as large-print screen displays with stand-alone software programs or hardware and software-based magnification systems which enlarge the normal text display of other application programs (Rouse, 1999). Some universities to date have not addressed the issue of making their Websites ADA compliant. They are unsure of how to make their website more accessible to the disabled despite the plethora of information available for making Websites visually-impaired friendly.

Theme 7 – Intelligent Student Assistants refers to highly sensitive tech-gadgets that will assist students throughout their university experience. Strauss (1999) identified three gadgets in this category that can significantly impact on the student experience, cordless phones, cross pads and SMILE (Software-Managed Instruction, Learning and Education). BellSouth has invented a regular cordless phone with a feature that alters the phone when the user is too far from the base thus converting the device into a wireless phone even in mid-call. The cross pad, an innovative device from A.T. Cross Company, converts freestyle writing from a paper pad into digital ink as well as attempts handwriting recognition storing up to 50 pages of notes transferable to a computer. With the conceptualization of SMILE, Strauss (1999) creates a personal software mentor model that presents a student with a personal Plato-like tutor for all areas the student is studying. SMILE lets every student go at his or her own pace adapting to a student's weak and strong points while it cajoles, urges, entertains, and manages a student's education. DITLEHE (Distributed Intelligent Teaching and Learning Environment for Hospitality Education) is another such personal tutor. Law (1997) describes DITLEHE as an environment that merges intelligent tutoring systems through highly interactive multimedia and audio graphics accessed through the Internet. The aim of DITLEHE is to provide and automated tutoring solution for hospitality students. Another intelligent device falling under this category is the PDA or personal digital assistant. With the correct tools and a plethora of software, PDAs are capable of being fully programmed to complete a wide range of tasks. The challenge for universities and hospitality programs is to develop course content websites that would be supported on PDA and other wireless platforms including cellular phones as students increase their usage of intelligent agents.

DISCUSSION

It is interesting to note that from the findings, several of the trends were dependent on each other but are independent in their own respects. For example, the e-everything phenomenon is somewhat directly dependent on wireless technology and similarly, intelligent agents posses the same relationship with wireless technology. Subsequently, the seven trends or themes may be grouped and utilized in any combination to revert to the earliest known education model to man, Plato's model of education. As summarized by Strauss (1999), the model defines a highly interactive instruction mode characterized by personalized service and the comfort of learning at ones own pace and it is widely thought that technology is the answer to using Plato's model. Additionally, universities may opt to employ the good features of the "evening news" model of education such as: live action, use of multimedia, incorporating specialists or industry professionals in the experience, presenting a well rehearsed, polished and professional delivery of information. Throughout the literature, the implications of adopting technology have been a recurring theme with significant advantages and likewise disadvantages of adapting technology in higher education. A summation of the advantages to be gained from this integration includes sustainability for educators in hospitality and tourism in a world where learning is no longer limited to universities and colleges. Additionally, there is the advantage of cost management as institutions can avoid courses or curricula with high costs that too few customers (students) are willing to purchase (Kaludis & Stine, 2001). Likewise, the concept of e-Learning also offers the advantages of scalability, accessibility, and timeliness (Clarke & Hermens, 2001).

Other benefits to be derived from technology's use in higher education includes instructional effectiveness resulting in higher student achievements and active learning where interactive technologies provide stimulating environments that encourage student involvement in the learning process. Areas of study would now become more meaningful and relevant and would promote critical thinking thus increasing the inquiry and analytical skills of students. In addition, technology is capable of providing students with diversity and self-paced learning thus allowing them to progress at an appropriate rate in a non-threatening environment due to the shift from whole-class instruction to small-group and individual instruction. On the other hand, the most profound disadvantage lies in the fact that the ultimate elimination of human teaching poses a threat to educators and students alike. Grineski (1999) identified that even with distance learning, the humanness of learning is lost or at least minimized and it is predicted that human interaction may become a by-product of learning as technology may replace the need for lecturers.

WHAT LIES AHEAD: A SNAPSHOT OF THE FUTURE

Technology will have serious implications for hospitality and tourism educators especially if they are reluctant to integrate technology in their educational products and services. As a result, it is imperative to re-enforce the need for change as implications are fast approaching. McLaughlin (2001) predicted that virtually all college students will own a computer in whatever shape or form it will evolve to and the concept of ubiquity will take precedence. Information will literally be available anywhere and anytime. Moreover, McLaughlin (2001) envisions the move towards more sophisticated tech-gadgets and information terminals will be hidden in equipment currently used as a regular part of everyday life. Similarly, Fleischman (2002) foresees that computing devices carried by students will be very thin yet sophisticated enough that it will replace the need for carrying books to school. They will be capable of fast data access from multiple sources and interactive communication by video, voice, or data with peers and teachers. In light of the future implications of these developments, hospitality and tourism educators will need to re-engineer their curriculum planning to focus on technology in teaching. Consequently, the brand image of hospitality programs will be judged by their ability to market educational products and services to tech-savvy students.

This snapshot of the future is by no means a representation of the whole picture as technology is not limited to the advances mentioned here. The important thing to note is that these predictions of the future will not unravel some 50 years ahead, rather, they are knocking on the doors of hospitality and tourism educators. The question therefore is not if hospitality and tourism educators are ready, but rather "are they going to answer the call?"

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ATTITUDE TO LONG-HAUL PLEASURE TRAVEL NEED RECOGNITION: TRAVELERS, INTENDERS, OR NONINTENDERS

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ABSTRACT

In consumer behavior research, attitude is considered as an important factor influencing consequent behaviors. This study tested this proposition by investigating the relationship between the traveler's attitudes towards long-haul pleasure travel and need recognition. The study identified the attitudes as multidimensional. Multinomial logistic analysis revealed that several attitudinal factors were significant in predicting the likelihood of an individual to be a traveler, intender, or nonintender of long-haul pleasure travel. These factors include travel arrangement, price-value, travel aversion, timing of travel, novelty and activity level, winter avoidance, and length of travel.

Key Words: attitude, multi-dimensional model, long-haul pleasure travel, need recognition, multinomial logistic analysis

INTRODUCTION

Long-haul travel became popular in the late 1980s (Petty, 1989). It accounted for 27 percent of nights away from home and 40 percent of total travel expenditure, but only comprised six percent of trips taken. Long-haul travel has since grown substantially. Although the old east-west travel flows have been shifting to north-south flows in the global scope (Jones, 1996), the growth trend is still regarded as one of the important characteristics of long-haul travel currently (Bowen, 2001). Crotts and Reid (1993) reported that long-haul travelers stayed significantly longer in destinations than short-distance travelers and averagely spent twice as much as they had budgeted for before leaving home. The appealing economic impact of this market thus makes itself very worthy of the attention of tourism practitioners and researchers.

In a recent study on long-haul inclusive tours, Bowen (2001) noted several traits of long-haul travelers including the shifting of their attitudes from passivity to activity. This change of attitudes is noteworthy because consumer attitudes and the strength of the attitude-behavior relationship are major components of individual difference in consumer behavior studies. In marketing, individual attitudes are usually considered to play a key role in shaping consumer purchase behavior. Understanding the attitude-behavior relationship is helpful to marketers in many ways, such as segmenting market, predicting the appeal of new products, evaluating the effectiveness of marketing activities, etc. (Engel, Blackwell, & Miniard, 1990). Long-haul travelers' attitudes are therefore an important influence factor to their long-haul travel purchase behavior. There have been a few recent empirical studies on the effects of travelers' attitude in long-haul pleasure travel setting. Lehto, O'Leary, and Morrison (2002) reported the influence of long-haul pleasure travelers' attitudes on their destination choice. Murphy and Williams (1999) identified the different attitudinal characteristics between long-haul rural and non-rural bound travelers. The current study was designed to contribute to the field by developing a measurement of attitudes and exploring how travelers' attitudes towards long-haul pleasure travel are related to their travel need recognition - the early stage of purchase behavior.

LITERATURE REVIEW AND HYPOTHESES

Attitude Model

Lancaster (1966) suggested that consumers choose the attributes possessed by goods rather than goods themselves, and the perceptions of the attributes are used as the input to access the utility of goods. Up to now, many multi-attribute models have been developed to evaluate such various objects as products, brands, ads, act, etc (Bearden & Netemeyer, 1999). The attributes in a model specified for a particular object are apparently different from those for other objects. This variation is consistent with a suggestion from Munson (1984) that an individual possesses attitude underlying a particular object (e.g. a product or behavior). Moreover, an attribute is of more magnitude in forming attitude to this object while it may be trivial for the other objects. To address particular objects (e.g. marketing and consumerism, branded product, shampoo, etc), several applied attitude models have been extended from the framework of expectancy-value models (Bearden & Netemeyer, 1999). These models share a common property of multi-dimension, while those dimensions and corresponding attributes vary with the objects. Some attitude research in tourism investigated the multidimensional property of attitude. Galloway & Lopez (1999) found a six-dimension model for attitude towards national park, and a three-dimension model for attitude towards destination was obtained by Balogu (1998) and a five-dimension model of attitude towards pleasure travel by Um and Crompton (1991). The review of these studies led to the first hypothesis:

H1: attitude to long-haul pleasure travel is multidimensional.

Attitude-Need Recognition Relationship

Initiated from the early 1930s, studies on attitude-behavior have been conducted both in social science, and in consumer behavior research as well. Attitude was proven to be antecedent of behavior outcomes. In marketing practice, attitude surveys have often been used in predicting demand for products and future consumer behaviors; and attitudes were found to be a better predictor than behavior measures (Anonymous, 1980).

Overall market demand is the result of need of individual consumer. In many commonly shared consumer behavior models, need recognition was modeled as the early stage of consumer decision making process (Engel, et al., 1990; Berkman & Gilson, 1986). It was defined as “perception of a difference between the desired state of affairs and the actual situation sufficient to arouse and activate the decision process” (Engel, et al., 1990). Researchers believe that marketing efforts cannot “create” need. However, need and need recognition are dynamic due to the change of one’s life including attitudinal change. In light of this and other suggestions from other research contexts, this research proposed the second hypothesis:

H2: Attitudinal dimensions influence people’s need recognition of long-haul pleasure travel.

METHODS

This study used data from the Pleasure Travel Markets Survey for France, which was collected by the Coopers & Lybrand Consulting Group in 1998 under the joint sponsorship of the Canadian Tourism Commission and the U.S. International Trade Administration. Using random sampling method, a total of 1,221 personal interviews in French households were conducted. All respondents were 18 years or older. Table 1 provides the details of the sample profile.

Table 1: Sample Profile

Gender	%	**Monthly household income before tax (FF)**	%	**Occupation**	%
Male	47.17	Less than 6,500	5.90	Student	6.06
Female	52.83	6,5000-12,999	31.04	White-collar worker	36.53
Age		13,000-24,999	33.34	Blue-collar worker	5.65
18-19	1.64	25,000-39,999	9.34	Administrator/manager	10.89
20-34	32.27	40,000 or more	2.54	Self-employed	15.07
35-49	30.39	Refused to answer	17.85	Unemployed	9.17
50-64	29.16	**Education**		Retired	15.23
65 or older	6.55	Primary school	8.68	Other	1.39
Marital status		High school without diploma	25.06	**Need recognition**	
Single	28.26	High school with diploma	30.71	Traveler	55.52
Married	40.29	College or university	34.56	Intentioner	27.44
Living together	17.04	Refused to answer	0.98	Nonintentioner	17.04
Divorced/separated/widowed	14.17				
Other	0.25				

In this survey, the long-haul travels are defined as overseas vacations of four nights or more by plane outside of Europe and the Mediterranean region. All the respondents were from France. 19 variables from the data were selected to measure attitudes of respondents. These variables were derived from statements that expressed favorability on cognition (perceptions/ beliefs), affect (feelings), and conation (behavioral intentions). Semantically, these statements read as “It is important…”, “I don’t really like…”, or “Once…, I like to…” etc. The intensity of favorability was gauged with a four-point Likert scale, where “4” stood for “strongly agree” and “1” for “strongly disagree”. The respondents were classified into three segments according to their need recognition. They are 1) long-haul pleasure traveler (those who have taken long-haul pleasure travel in the past three years), 2) long-haul pleasure travel intender (those who have not made a long-haul trip but plan to take such a trip in the next two years), and 3) long-haul pleasure travel nonintender (those who have not made a long-haul trip and do not intend to take such a trip).

Factor analysis and multinomial logistic regression (MLR) were applied to analyze the data. MLR is an extension of binary logistic regression. It is considered as an appropriate method because the need recognition is a nominal response variable with more than two categories. In the computation procedure, MLR firstly defines a reference group. A dependent variable with k categories generates k-1 equations. Each of these k-1 equations is a binary logistic regression comparing a group with the reference group. MLR simultaneously estimates the k-1 logits. For a three-level dependent variable, and assuming the level 3 is defined as the reference, the MLR model is expressed with two functions as follows:

$$\log (p_1/p_3) = \beta_{10} + \beta_{11}*X_1 + \beta_{12}*X_2 + \ldots + \beta_{1m}*X_m$$
$$\log (p_2/p_3) = \beta_{20} + \beta_{21}*X_1 + \beta_{22}*X_2 + \ldots + \beta_{2m}*X_m$$

Similar to binary logistic regression, coefficient b_{km}s can be interpreted as the effect of variable X on the log odds of any outcome k versus reference outcome, while $\exp(b_{km})$ is the effect on the odds of k versus reference. The overall model fit of MLR model is indicated with likelihood ratio Chi-square, where a big Chi-square with high p-value means a goodness of fit (Department of Education, University of California, Los Angeles, 2002). Maximum likelihood estimation was employed in modeling.

RESULTS

Attitude Dimensions

To identify the major attitude dimensions for long-haul pleasure travel, the 19 attitude items were factor analyzed. The results are shown in Table 2. The factor analysis output indicated that H1 was supported, where eight dimensions were identified. All factor loadings were obtained from the initial loadings by varimax rotation. Eight factors with eigenvalue larger than 0.9 were identified. These dimensions explained 71.23% of total variance.

Table 2: Factor Analysis of Traveler Attitude to Long-haul Travel

Factors and Attitude Items	Loadings	Factors and Attitude Items	Loadings
Factor 1: Travel Arrangement		**Factor 5: Novelty and Activity Level**	
I prefer to go on guided tours when taking long-haul holidays	.876	I like to go to a different place on each new holiday trip	.801
I usually travel on all-inclusive packages when taking long-haul holidays	.843	Once I get to my destination, I like to stay put	-.702
I enjoy making my own arrangements for my long-haul holidays	-.795	**Factor 6: Winter Avoidance**	
I like to be flexible on my long-haul going where and when it suits me	-.704	I often take holidays in warm destinations to escape winter	.881
Factor 2: Price-Value		**Factor 7: Preference for Winter**	
Inexpensive travel to the destination country is important to me	.861	I like taking long-haul holidays in the winter so I can enjoy winter sports and winter scenery	.883
Getting value for my holiday money is very important to me	.839		
Factor 3: Travel Aversion		**Factor 8: Length of Travel**	
I do not really like to travel	.843	I don't consider long-haul trips unless I have at least four weeks to travel	.742
Long-haul travel is more of a hassle than a holiday	.841		
Factor 4: Timing of Travel		When traveling long-haul I usually take holidays of 14 days or less	.606
I enjoy taking long-haul holidays in the spring and fall	.749		
I often take long-haul trips in the low season to take advantage of special deals or value-added offers	.700	*Only items with factor loading larger than 0.5 are included	

Among the eight dimensions, the "travel arrangement" attitudinal dimension refers to whether an individual prefers to traveling on guided tour/all-inclusive package, or keeping flexible for his/her travel and making own arrangement. The "price-value" dimension expresses the cost-value concern of an individual about the long-haul pleasure travel. The "travel aversion" dimension indicates an individual's basic attitudes toward travel in general and long-haul travel in particular. The "timing of travel" dimension shows the season preference for long-haul pleasure travel. The "novelty and activity level" dimension reveals an individual's intention of seeking a variety of destinations when traveling and level of activities at destinations. The "winter avoidance" dimension indicates an individual's preference for warm climate to avoid winter. The "preference for winter" dimension refers to an individual's preference for winter scenery or activities. The "length of travel" dimension indicates an individual's attitudes towards the length of long-haul pleasure travel including length preference. Basing on these eight factors as shown in Table 2, factor scores of each respondent were computed. They were used in the next step of analysis on the relationship between travelers' attitudes towards long-haul pleasure travel and their need recognition.

Attitude and Need Recognition

In the MLR analysis of this study, dependent variable was the need recognition with three nominail values (long-haul traveler, long-haul travel intender, and long-haul travel nonintender), while the factor scores of eight attitudinal dimensions were treated as independent variables. Since the nonintender category was coded as the reference group, the MLR analysis modeled the probability of long-haul traveler and long-haul travel intender based on the attitudes. The results shown in Table 3 indicate that H2 was partially supported. Among the eight dimensions, five were found to significantly influence the need recognition in each of the two model functions. The MLR model has a likelihood ratio chi-square of 2182.27 with p-value of 0.9920, which means a very good overall fit.

Table 3: Traveler Attitude and Need Recognition Relationship

Attitudinal Dimension	Traveler/Nonintender	Intender/Nonintender
Travel Arrangement	-	-0.2281***
Price-Value	-0.2292**	-0.3504*
Travel Aversion	-0.1488***	-0.3861*
Timing of Travel	0.1372***	0.3055**
Novelty and Activity Level	-0.1573***	-
Winter Avoidance	-	0.4205*
Preference for Winter	-	-
Length of Travel	-0.2505**	-
Likelihood ratio Chi-square = 2182.27, p-value = 0.9920. *p<0.001, **p< 0.01, *** p < 0.1		

The five significant attitudinal dimensions in the first function (travelers vs. nonintenders) include "price-value," "travel aversion," "timing of travel," "novelty and activity level," and "length of travel." As expected, long-haul travelers exhibited more positive attitudes towards long-haul travel than nonintenders. However, the findings provided some insights into the long-haul travelers' attitudes in multi-dimensional setting. For example, although they were less concerned with the price than the nonintenders, they would like to take long-haul travel in spring and fall, and were nevertheless more likely to take long-haul trips during off-season to take advantage of special deals or value-added offers. Long-haul travelers also tended to return to a destination, and were more likely to explore a variety of activities within the destination. Compared with nonintenders, long-haul travelers were less concerned about the length of travel.

The five significant attitudinal dimensions in the second function (intenders vs. nonintenders) include "travel arrangement," "price-value," "travel aversion," "timing of travel," and "winter avoidance." The attitudinal differences between long-haul travel intenders and nonintenders were similar to the differences between long-haul travelers and nonintenders on the three dimensions of "price-value," "travel aversion," and "timing of travel." There were significant differences between intenders and nonintenders with regards to their attitudes towards how their travels would be arranged and whether they would choose warm destination climate to avoid the winter season.

Although, the MLR analysis provided no direct comparisons between long-haul travelers and intenders, such comparisons could be derived from the magnitudes of the differences (the value of coefficient) shown in Table 3. Where an attitudinal dimension is significant in both columns, such as the travel aversion dimension, it can be stated that, of the three categories of respondents, long-haul travel intenders are less averse to travel and less concerned with the hassle of long-haul travel than the actual travelers.

CONCLUSIONS

Attitude has been considered as an important influential factor to consumer behavior. This proposition was empirically tested to be true in the long-haul pleasure travel setting. Attitude towards long-haul travel was identified to be a construct with eight dimensions. These dimensions were examined in their capacity to predict the probability of an individual's need recognition for long-haul travel, which was delineated into three levels: traveler, intender, and nonintender. Their differences existed in action of or willingness to taking long-haul travel.

The outcomes of the examination on the attitude-need recognition relationship should mainly benefit destination marketers in segmentation and promotional strategies. The multinomial logistic regression of this study provided two functions. One was for the probability of traveler over nonintender, and the other was for intender over nonintender. Overlaying the findings of the current study with a database of French consumers will allow destination markers to identify those with a higher likelihood of long-haul pleasure travelers. In this aspect, the methodological approach adopted in this study should enhance the operational capacity of effective marketing practice because of its quantitative nature. It would help reveal the target markets concealed in the customer database of destination marketers.

Further, attitude possesses the important property of being dynamic, which means it changes over time. The changes can happen in favorability and intensity alike (Sengupta, Goodstein, & Boninger, 1997). Two possible catalysts of attitude change are information input and personal experience. This indicates that the attitude to long-haul pleasure travel of potential travelers can be influenced by relevant efforts in advertising and information provision. This dynamic nature of attitude suggests that it is necessary for future applied research to address attitude effects over time.

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INVESTIGATION OF THE CHANGING PARADIGM IN CASINO DEVELOPMENT

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and

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The casino industry has always relied on the leisure traveler, whose primary motivation is to gamble, for most of its business. In the past, the industry elicited images of mega-resorts, top notch entertainment, inexpensive buffet meals, comp rooms, and people who gamble all night while sleeping all day. None of the foregoing dovetails with the psychographics and demographics of convention/meeting attendees. The latter are in meetings all day, want a nice dinner, are not particularly price conscious about rooms, and tend to be conservative with their money. Thus, one would expect the casino and convention industries to operate in totally different arenas. This was the case until the mid 1990's.

In spite of their large number of rooms, name entertainers, casino operations, and things to do while meetings were not in session casinos did not capitalize on their attractiveness for meetings and conventions. The casino and convention industries did not connect. "Keep in mind that Las Vegas has changed so dramatically in such a short period of time. Its perception is beyond the Las Vegas of 10 or even five years ago. The consumer, as we see him or her, is not the stereotype that many still believe come here" (Bulavsky, 1999:57). Today, the casino industry is embracing the convention industry and constructing facilities to meet the needs of the convention and meeting attendee. "From the glitzy boulevards of Las Vegas to the lower reaches of the Mississippi Delta, properties that woo groups on the twin strengths of convention facilities and casinos are multiplying and expanding at a rapid rate" (Cooke, 2000:52.)

This research starts by setting up the framework for this dichotomy between the two industries by tracing the history of casino gaming in the U.S. Discussion leads to a review of how and why there was a lack of conventions/meetings business in both Las Vegas and Atlantic City. This began to change as gambling expanded into new jurisdictions and casino operators explored other sources of business. These operators realized that conventions/meetings were an ideal source of new business and began to embrace this market. The research then goes on to review specific development of the conventions/meetings business in Las Vegas, Atlantic City, and other jurisdictions. It concludes with a prognosis about the future.

CONCLUSION

Legalized casinos have been operating in the United States for three quarters of a century. For most of that time casino operators relied, almost exclusively, on leisure gamblers to generate business. They were too busy operating their casinos for the 'core' gambler to notice other opportunities. That changed in the 1980's and 1990's as gaming was legalized in more and more locations causing concern about competition and saturation. While casinos tried many strategies to broaden their draw beyond the 'traditional gambler' the attempts were not as fruitful as they hoped.

The one strategy that yields success for casino operators around the country is embracing of the meetings and convention segments. The success of this approach is seen from coast to coast in places like Las Vegas, Atlantic City, Connecticut and on Native American tribal lands. The strategy works well for a number reasons. First is that casino operators, or more specifically the research analysts at corporate headquarters, determined that meeting/convention attendees could contribute as much as gamblers to the bottom line. This is accomplished through higher room rate, extensive food and beverage or catering revenue, and a longer length of stay; albeit with lower expenditures on the gaming floor. This is in keeping with the new trends toward making the hotel, along with F&B, profit centers. In addition, casino operators determined that high rollers did not want to eat at buffets, but wanted outstanding food and beverage outlets. Since the casinos had already begun adding names like Wolfgang Puck and Emerils to their amenities, this coincided nicely with the needs of conventioneers. Another addition was of retail outlets that are frequented as much by conventioneers as by gamblers. Further, conventioneers prefer to have their events mid-week and non-holiday periods that is exactly the opposite of the mainstream gambler. Thus, there is a symbiotic relationship between the casino and convention industries.

The attraction of conventions/meetings to casino destinations is a recent phenomenon that is only now taking hold. Virtually all of the new, billion dollar, resorts being planned in Las Vegas include significant amounts of meeting and convention space. Further, many of the new casino hotels are hiring convention services staff with CIC or MPI certifications, thus underscoring their commitment to the meetings market. Given the newness of this phenomenon there is every reason to believe that this trend will continue long into the future.

The reader is reminded that the phenomena whereby casinos embrace conventions is a recent occurrence. Thus, relatively little research has been done in this area. That is why most of the references in this article are from trade articles rather than academic journals: there are virtually no academic articles on this subject. Thus, there is great opportunity for future research. For example, one might try to gather the data financial data from hotels regarding spending and occupancy by gamblers versus convention attendees. Analysis could then be undertaken regarding the value of business by segment, market share, etc. One could also survey attendees, sponsors, and exhibitors regarding their perception of gaming versus non-gaming destinations. There is much research still to be done.

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NEW COURSE DEVELOPMENT: FROM IDEA TO SYLLABUS THE CASE OF A CROSS-DISCIPLINARY UNIVERSITY COURSE

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ABSTRACT

A recently developed course discusses the marketing concept of branding including its history and its application in the lodging sector. The financial aspects of branding are explored by examining the costs and benefits of brand affiliation. Hotel valuation methodology and the impact of branding from a hotel real estate value perspective are also explored. In addition, the course discusses the implications of branding from an operations management perspective as well.

Key Words: hotel branding, hotel valuation, brand asset value, franchising, multibrand, management contract.

INTRODUCTION

Professors at colleges and universities are expected to contribute to the development of the curriculum of their institution from time to time with a new course. The beauty of the challenge for the professors lies in the opportunity to improve the curriculum of a school and raise their own profile at the same time by introducing a new course. This study will profile an effort in new course development based on reflective inquiry that led to a course applying a cross-disciplinary approach in examining a current topic.

The course in question is an elective lodging course for senior students of a hospitality management program at the undergraduate level. The School of Hospitality and Tourism Management at Ryerson University in Toronto, Ontario, Canada has introduced a new course in the winter term of 2002: "The Value of Branding in Lodging". This paper will discuss a cross-disciplinary approach that led to the development of this new course.

REFLECTIVE INQUIRY

A new course that would explore the subject material from a variety of perspectives lends itself naturally in its design phase to the method of reflective inquiry. "Reflective inquiry is the process of review of the way that practice informs theory and theory informs practice…" (Wallace, 1994) In order to balance theory and practice at the undergraduate level, a well designed course could help students to put the course topics into proper perspective. "The reflective inquirer seeks to grasp the history, nature, and limits of his own subject, its strength and weaknesses, and its relationship to other subjects, including those both near and far from his own." (Pocklington, Tupper, 2002). It is considered a valuable method by most academics. "Reflective inquiry contributes more to wisdom and good teaching than to academic publications." (Pocklington, Tupper, 2002) "What we see in great teaching…(is) someone who really understands the subject deeply and understands how exquisitely complex it is to make your knowledge accessible to the knowing processes of those who do not yet understand" (Shulman, 1989). In our quest to become critically reflective teachers we may or may not find answers to important questions, however by inviting our students to join in, a valuable learning experience can take place. "When all aspects of practice become the object of systematic inquiry, teachers must confront issues of power and control in the classroom. As teachers think more deliberately, articulating the rationale that underlies their teaching decisions, they begin to name and confront the dilemmas and contradictions they face on a daily basis. Becoming a perpetual problem-solver involves synthesizing experiences, integrating information and feedback, uncovering underlying reasons and discovering new meaning." (Larrivee, 2000)

CONCEPT DEVELOPMENT: SELECTING A TOPIC

Methodology

The start of conceptualizing a new lodging course can be an extremely challenging task. The methods of gathering information and ideas for course topic selection included the following:

- A review of current topics in lodging industry publications and in hospitality research literature,
- An overview of trade shows and conferences, and
- Conducting in-depth interviews with key stakeholders.

Publications Review

The review of topics of a cross-section of the most widely accepted magazines and journals included both Canadian and USA publications. Recent issues of the following papers were sampled:

Lodging Magazine	Lodging Hospitality
Hotelier Magazine	Western Hotelier Magazine
Hotels Magazine	Journal of Hospitality and Tourism Research (CHRIE)
Hotel & Motel Management	Journal of Hospitality and Tourism Education (CHRIE)
Hotels' Investment Outlook	Hotel-Online.com Electronic Newsletter

Other publications, not included on the list, were sampled at random. The review process disregarded technology related topics and news of events as those topics were considered not suitable for consideration. The objective was to identify issues and trends, which could be considered of general interest and were discussed repeatedly.

The most frequently covered topics were related to issues of

- revenue generation,	- relationship between owners and management,
- customer service,	- franchising,
- marketing, and	- corporate growth.

Industry Events

An overview of themes of recent conferences and other industry events included:
- IHMRS – International Hotel Motel & Restaurant Show,
- Annual Canadian Hotel Investment Conference,
- Hotel Association of Canada Annual Conference and Trade Show,
- CHRIE International Annual Convention

There are always a certain variety of different issues and topics discussed at the workshops, panel discussions, keynote addresses and presentations. However, the topics are not at all different than the topics discussed in the printed and electronic media. At some events there is a greater emphasis on human resources management related issues (i.e. training) and supplies and purchasing related topics than in the publications. Events which focus on special aspects of the industry (i.e. an investment conference concentrates on the financials) are not meant to discuss issues outside the field of their specific interest. The overview of the events confirmed the conclusions based on the topics identified in industry publications with no new additions to the list.

In-Depth Interviews With Key Stakeholders

Before investing time into developing hypotheses, one should solicit input from key professionals in the field. In this case the stakeholders who were both knowledgeable and interested in providing input were the expert analysts, the executives of hotel companies, the managers of hotel operations and other professors teaching similar subjects. It was extremely beneficial to conduct a round of interviews with them.

Some of the key advantages gained from the interviews:

- It became evident that the initiative to engage the right individuals in meaningful discussions about what they believe a new university course should be about was considered complimentary by them. Every respondent was flattered and eager to contribute to the thinking process. It is fair to say that there were not a lot of previous opportunities provided by academia for the participating stakeholders to provide input to a similar process in course design. The fact that advice of this nature was solicited, was considered very positive.
- As a logical and direct result of the previously described sentiment, significant support was offered by those interviewed in the form of
    - permission to use corporate material,
    - access granted to previously commissioned research findings, and
    - readily accepted guest speaking invitations.
- The interviews provided a tremendous learning opportunity for an academic. Attendance at trade shows and conferences may provide networking and learning opportunities for academics but nothing comes close to an in-

depth one-on-one discussion with key professionals who are both interested and well prepared to be interviewed on a topic of interest.

- As an additional benefit, it was clear that the discussions were extremely useful in strengthening alliances with our key stakeholders. All the participants became more knowledgeable about and more interested in our school's program.

An overview of the items, which were suggested by more than one participant at the conclusion of the interviews was helpful in identifying topics of wider interest. The main findings in my case were:

- Case studies would help the course to be well received. Cooperation was offered to develop custom built case studies for the course.
- Financial implications were key in any managerial issues.
- Branding was considered one of the most dominant trends in the commercial lodging industry.
- An expectation that students would be able to relate concepts to practice: what happens when the rubber hits the road; and
- Hotel property valuations were done from a variety of perspectives, which deserve to be explained better to students.

A CROSS-DISCIPLINARY APPROACH NEEDED

After the key issues were identified, it became evident that one topic was able to cut across the whole spectrum: branding. The issues discussed in the media and at conferences could all relate to a different aspect of branding: the marketing, the revenue generation, the relationship between owners, managers, franchisors and franchisees are all present in the complex issue of branding. To incorporate the suggestions of the interviews, case studies can be used to illustrate the concept and some of the key financial aspects related to value implications can also be explored.

A conclusion was reached that a course on branding would make the most sense. In order to integrate all the different perspectives of this multi-faceted issue, a cross-disciplinary approach seemed logical: a complex issue like branding that would originate in marketing, would have implications on property value and operations management as well. If a course examines the concept of branding both as a marketing concept and as an industry specific trend in lodging, the direct consequences of brand affiliation versus non-affiliation on property value, plus the cost and benefit analysis required in brand selection for a specific property cannot be ignored. After the course topic was selected, the next issue to deal with appeared to be the classification of the course. Would it be appropriate to classify it as a marketing course with some financials and operations management component? That is how the notion of designing a cross-disciplinary course was accepted.

CROSS-DISCIPLINARITY, PLURIDISCIPLINARITY AND INTERDISCIPLINARITY

It is always a helpful strategy to build on previous learning in discussing a course topic. Senior level courses provide better opportunities for a professor to encourage students to relate an issue to knowledge gained earlier in the same course or in other courses. Most students have an "out of sight – out of mind" mentality as they tend to focus on current course material only. Previously covered topics and concepts need reinforcement and cross-referencing. These efforts may lead to a higher level of ownership of learned material.

It is one thing to point out the relationship of different topics from time to time within the same course and it is another thing to refer to relationships between issues covered in courses of different disciplines. To encourage students to broaden their horizon can be an effective teaching strategy provided the professor is comfortable in more than one discipline. That is how cross-disciplinary thinking can improve a course. What is more, a whole course can be designed with this approach. The primary objective can be to gain depth by building on the breadth offered by examining more than one disciplines relating to the same topic.

"It may be useful (…) to distinguish two types of cross-disciplinary projects: 'pluridisciplinarity' and 'interdisciplinarity.' Though such a distinction is purely functional, arguably these two terms can lead to different relations toward objects of study (…) Pluridisciplinary readings could be said to be working with a plurality of disciplines. Such a plurality may result from reading elements of one field upon elements of another field." (Day, 1999)

"Interdisciplinary readings read across the disciplines not from one discipline to another, but begin from a position between; they are readings of shared historical or conceptual tropes whereby the boundaries and foundations of both disciplines are brought into question by a critical procedure. As such, interdisciplinary work is difficult to characterize as either departmentally specific or critically limited to a certain directionality of disciplinary reading." (Day, 1999)

Beyond the concise definition of cross-disciplinarity, Ron Day also makes the point that cross-disciplinary practices may lead to challenging and questioning disciplinary boundaries.

HOW IS THIS NEW COURSE ON BRANDING IN LODGING CROSS-DISCIPLINARY?

It is fair to say that the new course on branding is cross-disciplinary because it meets the criteria in two respects: a) The course is pluridisciplinary (elements of one field upon the elements of another field) as it is discussing marketing concepts plus their impact on financial accounting and operations management. b) It is also somewhat interdisciplinary as well (begin from a position between the different fields) by taking on a concept "the value of branding" which itself is a blend of issues covered in different principles: finance, accounting and marketing. In short: a marketing concept and its industry specific application are analyzed from a value creation perspective.

The significance and the growing recognition of cross-disciplinary courses in university education are driven by the recognition that students need to improve lateral thinking skills and the application of previously learned concepts. In order to broaden the horizon of thinking and improve problem solving skills of students, a higher level of ownership of course material may be achieved by encouraging a complex approach to issues involving several perspectives.

Real life situations have a cross-disciplinary nature; successful executives can confirm that the ability to consider all the various implications of key decisions is a critical requirement in leadership. If education can help students to develop skills to draw on all related concepts when dealing with a topic, they will be better prepared for success in fast paced, competitive environments when dealing with complex issues.

THE CASE OF THE BRANDING COURSE

Course Objectives

Upon completion of this course the student will:

- gain a good understanding of the concept of branding and its application in the commercial lodging industry.
- develop an appreciation of branding and brand penetration differences in Canada, USA and Europe
- be able to discuss the valuation methods of a hotel property
- develop an understanding of differences and similarities of single brand and multi-brand hotel chains through case studies developed specifically for this course, and
- be able to discuss the implications of franchising and management contracts on branding in the hotel industry.

Course Description

This course will discuss the key drivers in branding and answers the question: how is the value of a lodging property impacted by branding? An opportunity is provided to explore the subject from several perspectives:

From the marketing perspective, the general concept of branding is discussed. Brand awareness is explained based on the Brisoux Laroche Model of brand categorization. Performance differences of branded and non-branded hotel properties will be compared using performance indicators: average price, level of occupancy, REVPAR and return on investment. The significance of this analysis is that it will identify the underlying reasons behind market penetration and premium price and demonstrate their relevance to branding. A leading edge brand asset valuation model of a high profile marketing corporation (Young & Rubicam) will also be analyzed and related to the hotel industry.

From the financial perspective, the core principles of hotel valuations will also be included in relations to brand affiliation. Considering that hotels, as capital intensive business ventures have well established valuation methods, it is important to explore the relationship between enterprise value and brand affiliation. Investors have easier access to capital if their hotel is branded. Brands also help the operators with a set of standards and efficiency advantages i.e. cost savings and support in revenue generation. The brand affiliation can be justified in the eyes of the stakeholders of the lodging operation as a way of limiting their risk exposure. The hypothesis of the course concept is that through branding a hotel property, a set of quantifiable financial benefits will be gained.

From operations management perspective, the challenges for management in delivering on the brand's promise will be identified and discussed. The lodging industry requires a good understanding of the day-to-day operations of hotel properties combined with sound financial management competency and excellent sales and marketing skills from managers. Branding has implications on *each facets of management*, and this project explores the marketing concept behind branding, with emphasis on its impact on the value of a hotel. Lodging brands develop a set of standards to ensure the consistency of the services and integrity of the products they offer and it is an integral part of the examination to discuss the operational consequences of branding a hotel property as well.

Case Studies

Students will examine the cases of two successful corporations in order to gain a better understanding of a single-brand formula (represented by Four Seasons Hotels and Resorts) and a multi-brand model (represented by Hilton Hotels). The required readings include corporate material and interviews and articles from a variety of sources. The discussion of these case studies will provide and opportunity to invite a representative of both companies to field questions. Students will answer the following questions regarding both case studies:

- How did the company differentiate itself from its competition?
- What are the operational aspects of the corporate branding philosophy?
- How did the company's business strategy evolve?
- What are the fundamental aspects of the financial success of this business model?

CONCLUSION

New course development is always a tremendous challenge and an opportunity at the same time. Educators may put hard work into a new course but the work is not over once the course becomes part of the institution's calendar and is offered to students. Conventional wisdom holds a theory that it takes at least two different runs until everything would fall into place and last wrinkles get ironed out. However, if students get interested in the course topic, the battle can be considered won, although this does not mean that fine-tuning may not be necessary.

In the case of the branding course, there was a great deal of interest from students, which was demonstrated by taking on opportunities to enrich the material, following the guidance of the professor. Students presented mini-cases: The case of the short-lived Roots Air, a Canadian airline that chose to brand itself by using an existing clothing brand and ended up going out of business in six weeks in 2001; The ideology of the anti-corporation and anti-globalization movement, based on the book "No Logo" by Naomi Klein; The case of McDonalds and NH Hotels were also resented.

Running a new course is a labor-intensive but also a very rewarding assignment for any professor. The enrichment of the curriculum and the learning experience offered to students are worth the effort. As an additional benefit: the exercise can become a great learning opportunity for the professor as well.

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LEADER MEMBER EXCHANGE QUALITY: AN EMPIRICAL INVESTIGATION IN RESTAURANTS

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ABSTRACT

Leader-member exchange (LMX) is a multidimensional construct seeking to identify the quality of the relationship between the leader and immediate subordinate. An instrument developed by Schriesheim, Neider, Scandura, and Tepper (1992) was utilized to determine the LMX score of 798 non-managerial employees in a casual restaurant chain. The dimensions of perceived contribution, affect, and loyalty were examined. Results demonstrate that LMX quality was high among employees of a restaurant chain. The scores of LMX on age, gender and job tenure differed among employees while LMX scores on job status, education, and job type did not differ significantly.

INTRODUCTION

The relationship between employees and their supervisors has long been the subject of investigation, with a wide variety of models of leadership and explanations of the relationship presented (Bass & Stogdill, 1990; Yukl, 2002). The relationship becomes more challenging when the parties have a very close working relationship as in the restaurant industry. Here managers often have a very direct involvement in the selection, training and direction of employees. They often work alongside the employees and assist in the performance of many of their duties. The quality of the relationship often has much to do with the success of the establishment.

One such approach proving useful to this relationship is that of the Leader Member Exchange (LMX) introduced by Graen and others (Cashman, D., Dansereau, F., Graen, G., & Haga, W. J., 1976; Danserau, Graen, & Haga, 1975). According to the LMX theory, leaders differentiate between subordinates and develop a different type of relationship or exchange (Graen & Cashman, 1975) with the subordinates. The theory also suggests that the leadership process becomes more efficient when the leaders and members establish a quality relationship. High quality LMX has also positive relationship with increased job satisfaction and organizational commitment (Gerstner & Day, 1997), reduced turnover (Graen, Liden & Hoel, 1982) and employee empowerment (Sparrowe, 1995).

In examining LMX theory as related to restaurant employees, the study had three purposes. The first purpose was to determine the level of perceived LMX of employees working in casual restaurants. Second it was to determine if there were differences in perceived LMX of employees when examined by age, gender, job tenure, job type, and job status. The third purpose was to determine the relation of three dimensions of LMX on LMX. These dimensions being: perceived contribution, loyalty, and affect.

The basic concepts of Vertical Dyad Linkage theory (VDL) developed by Graen and his colleagues (Cashman, Dansereau, Graen, & Haga, 1976; Dansereau, Graen, & Haga, 1975; Graen, 1976; Graen & Cashman, 1975) were a basis for the LMX theory. VDL theory suggests that the relationship between leaders and subordinates occurs in such a way that the idea of supportiveness and openness between two parties becomes prominent. Leader member exchange is defined as "(a) system of components and their relationships (b) involving both members of a dyad (i.e. the relationship between a leader and each of his/her subordinates), (c) involving interdependent patterns of behavior, (d) sharing mutual outcome instrumentalities and (e) producing conceptions of environments causing maps and value" (Scandura, Graen, & Novak, 1986, p.580). According to LMX theory, leaders do not use the same style in dealing with all subordinates. Furthermore, LMX has been conceptualized as multidimensional in nature. While Graen and Uhl-Bien (1995) suggest respect, trust, and obligation as sub-dimensions, Liden and Maslyn (1998) propose loyalty, affect, contribution, and professional respect as the underlying constructs. Schriesheim and his colleagues' study about LMX quality produced three dimensions – perceived contribution loyalty, and affect (Schriesheim, Scandura, Eisenbach, & Neider, 1992). Each of these dimensions is briefly discussed.

Perceived contribution in the LMX context is the importance of the subordinate's job to the supervisor and the subordinate's ability to perform the job well. The assumption is that the contribution of a subordinate to the leader-member exchange process depends upon the centrality of the subordinate's job to unit performance and on the degree to which the subordinate is capable of performing his or her job well (Graen & Scandura, 1987). Subordinates' work related behaviors are important in developing higher quality LMX. Higher quality means greater exchange of valued resources between leader and member (Bass, 1990). Among these valued resources, budgetary support, equipment, information, and attractive task assignments may be included.

Loyalty is defined as the extent to which both leader and member publicly support each other's actions and character. The critical aspect of LMX loyalty emphasizes perceived goal congruence and being a good team member (Dienesch, & Liden, 1986, p. 625). It is claimed that tasks requiring independent judgment and responsibility are to be performed by the loyal members (Scandura et al., 1986).

Affect refers to "the mutual affection members of the dyad have for each other based primarily on interpersonal attraction rather than work or professional values" (Dienesch, & Liden, 1986, p. 625). In the measurement of the "affect" dimension of LMX quality, Schriesheim and his colleagues consider that affect means satisfaction with supervisor human relations and satisfaction with supervisor technical ability. These two concepts are believed to be the characterizing elements of leader-follower interaction (Schriesheim et al., 1992).

LMX RESEARCH IN HOSPITALITY INDUSTRY

Sparrowe (1994) states that service employees, whose relationships with their supervisors are positive, will generate feelings of having meaningful work, competence, and impact on their jobs. His study reveals that a positive relationship between subordinate and the immediate supervisor is a significant element in the development of feelings of empowerment, commitment and high quality LMX (Sparrowe, 1995, 1994). Furthermore, Sparrowe suggests that the effects of leadership and the quality of supervision can be captured by the Leader Member Exchange (LMX) theory, which is a measure of the differential relationships between supervisors and employees within a work group that captures the variance in outcomes resulting from dyadic processes (Sparrowe, 1995, p. 97). Using a sample of non-managerial hospitality employees. Borchgrevink (1993) found a strong relationship between LMX quality and Maslach's (Maslach, 1982) three dimensions of burnout (emotional exhaustion, depersonalization, and personal accomplishments). Borchgrevink and Boster (1994) found that there was a positive relationship between two LMX factors (relational estimates of the superior-subordinate exchange relationship and an indicator of in-group status, p. 90) and job communication and non-job communication among hospitality workers. They also found that there was a positive relationship between a subordinate's communicative responsiveness and LMX. To further explore antecedents of LMX, Borchgrevink and Boster (1997) tested the relationship between wide range of constructs and LMX. They found that superior-subordinate interdyadic communication, the superior's coercive power and superior's reward power were antecedents of LMX. Testa (2002) utilized the concepts of LMX in the investigation of supervisor-employee relationships in the cruise industry. His findings supported the notion that congruent groups (high LMX) there was a higher level of consideration behaviors, trust, and higher levels of satisfaction with their supervisor.

METHOD

The sample for this study was drawn from the employees of a regional restaurant chain located in Midwest United States. The chain employed more than 4,500 people in 54 restaurants with approximately 4000 in the non-supervisory positions. Nearly forty percent of these 4000 employees were targeted for the study; therefore, 54 survey packages for 1580 employees were sent the survey. A letter explaining the nature of the study was sent to each restaurant along with a support letter from the corporate office, indicating permission to distribute the survey to the employees working in each restaurant. The general managers of each restaurant carried out the distribution and collection of the surveys. Questionnaires were distributed to a randomized sample of employees on duty at the restaurants. The anonymously completed questionnaire was to be placed in an individual envelope, sealed and returned to the researcher. Individual participant confidentially was assured.

For the purposes of this study, Leader Member Exchange quality was assessed using a six-item LMX-6 scale developed by Schriesheim, Neider, Scandura, and Tepper (1992). Three components- perceived contribution, loyalty, and affect- of leader member exchange quality were identified by two questionnaire items for each component. Scores from the 6 items are summed and then divided by 6 to obtain an average score for the leader member exchange quality scale. Schriesheim et al. (1992) tested the scale with two independent samples and retested in two other samples. Correcting these test and retest coefficients for measurement and reliability gave excellent reliabilities of .96 and .99 for the two samples.

Convergent and discriminant validity of the LMX scale were also supported in other studies (Schriesheim, Scandura, Neider & Eisenbach, 1992; Schriesheim, Liden, Maslyn, Cogliser, & Williams, 1997).

RESULTS

Descriptive statistics were computed for analyzing the characteristics of the respondents (Table, 1). Among 1580 surveys sent, total of 798 were received from 52 restaurants representing 50.5% response rate. Among these demographics, males were 38.4% and females were 61.6%, the mean age was 26 with a mean tenure of 2.5 years. The percent of employees indicating some college background was 52.8%, while remaining population divided into some high school (5.1%); high school graduate (24.1%); college graduate (16.3%) and graduate degree (1.8%). Part-time workers accounted for one-third of the respondents with two-thirds indicating full-time status. Nearly 71% of the respondents were waiters and waitresses, 14% were cooks, 5.4% were bartenders, and the remaining 9.4% indicated that they were working a variety of positions. The differences between the scores of LMX on demographics were computed conducting a series of t-tests and ANOVAs. The t-tests and ANOVAs revealed that a significant difference exists for the LMX mean scores based on age ($F(5,771) = 8.6$, $p \leq .05$), gender ($F(2, 780) = 1.91$, $p \leq .05$) and job tenure ($F(5,777) = 3.18$, $p \leq .05$). LMX scores on job status, education, and job type did not differ significantly.

Pairwise comparisons were computed using Post-Hoc analysis for statistically significant variables. As suggested by Howell (1992), Fisher's Least Significant Difference Test (LSD) was employed. Employees aged 32 and above had higher LMX scores than younger employees. Female employee's mean LMX scores were higher than those of males. Employees whose job tenures were between 1-2 years had lower scores of LMX than the other job tenure categories.

Table 1: Demographics of respondents and overall LMX scores

Characteristics	**N** [a]	**Percent (%)**	**LMX Score** [b]
Age:			
Less than 19 years old	128	16.5	23.33
20-25	362	46.6	23.53
26-31	135	17.4	23.70
32-37	66	8.5	24.92*
38-43	51	6.6	26.14*
44 years and older	35	4.5	26.11*
Gender:			
Male	300	38.4	23.63
Female	482	61.6	24.16*
Education:			
Some high school	40	5.1	23.23
High school graduate	188	24.1	24.02
Some college/technical	412	52.8	23.92
College graduate	127	16.3	23.99
Graduate degree	14	1.8	24.71
Job tenure:			
Less than 3 months	111	14.3	24.68
3 months to less than 1 year	211	27.1	24.24
1-2 years	144	18.5	23.53
2-5 years	210	27.0	23.37*
5-10 years	71	9.1	24.01
10 years and higher	31	4.0	25.23
Job type:			
Waiter/Waitresses	555	71.2	23.93
Cook	109	14.0	23.38
Bartender	42	5.4	24.57
Variety of Positions	73	9.4	24.58
Job status:			
Part time	262	33.5	24.02
Full time	519	66.5	23.93

[a] Total N varies (lowest 777- highest 782) among groups because of the missing values,
[b] Possible Range 6-30, * Significant at $p<.05$

Means, standard deviations and correlation coefficients of LMX and sub dimensions are shown at Table 2. All of the subdimensions had high means and were significant when correlated.

Table 2: Means, Standard Deviations and Intercorrelations of LMX and Subdimension Scales

Dimension	Mean	SD	1	2	3
Perceived Contribution	8.16	1.28			
Loyalty	8.05	1.52	.45		
Affect	7.73	1.78	.47	.58	
LMX	23.94	3.78	.74	.83	.87

All correlations are significant at $p<.01$ N=798
Range for perceived contribution, loyalty and affect is between 2-10 Range for LMX is 6-30

For the total of 787 employees responding to the survey, the scores of leader member exchange quality were classified using a statistical technique called k-means clustering. Gupta (1999) suggests that k-means clustering can be used when there are no pre-defined cut-off values for creating a categorical variable from a continuous variable. SPSS 10th edition was used to create three categories for the LMX score. After performing the analysis, the categories of low, average and high were found for LMX. As seen in Table 3, employees who were classified under low LMX for the chain were 8.5%. Employees who were classified under average LMX the chain were 43% and, employees who were classified under high LMX for the chain were 48.5%.

Table 3: Categorized LMX Scores: Low, Average, and High

Low Leader Member Exchange	
Cluster Center	16
# of cases in each group	67
Percentage (%)	8.5
Average Leader Member Exchange	
Cluster Center	22
# of cases in each group	339
Percentage (%)	43
High Leader Member Exchange	
Cluster Center	27
# of cases in each group	381
Percentage (%)	48.5

N=787 Range for LMX is 6-30

DISCUSSION

The purpose of this study was to assess LMX quality among restaurant employees. Graen (1976) suggests that the quality of interpersonal relationship between leader and subordinate is crucial. When employees understand their jobs clearly and receive higher support from their managers, they will assume more responsibility, and feel more satisfied and empowered.

In contrast to the usual “favorable’ and “unfavorable” grouping of scores, this study identified three clusters of respondents. A high LMX score was indicated by 48.5% of the employees and 43% of the employees had average LMX score, with 8.5% showing a low LMX score. The nature of these results may be a result of the close working relationship between managers and subordinate within the restaurant industry. It is suggested that additional study be conducted to examine the nature of this grouping and its impact on performance.

The high correlations between each of the three dimensions studied and LMX suggests their importance in developing a high LMX. It is noted that previously mentioned studies have found the importance of additional dimensions, further study will aid in developing and applying the LMX model. It is suggested that managers work to increase the quality of the relationship with their employees. Recognizing the contributions of employees, supporting performance, and demonstrating a positive feeling for the employees will assist in furthering this relationship.

As for demographics, LMX scores of older employees and females were significantly higher while employees whose job tenure was between 1-2 years had lower LMX scores than those in other job tenure categories. Larwood and Blackmore (1978) reported that the gender mix of the supervisor-subordinate dyad has a significant impact on the resultant quality of exchange. Examination of the lower LMX scores bears further examination. Identifications of the contributors to this lower quality relationship may lead to improving working relationships.

LIMITATIONS AND FUTURE RESEARCH

This study acknowledges several limitations. One, it was conducted using employees from one restaurant chain. However, the subjects are representative of those working in similar chains, thus generalizability is enhanced. A larger and more diverse subject base might give different results. Second, the survey instrument was given to employees by the unit managers. Here an assumption is made that it was given with out bias. Third, only non-managerial employees were included in the study. Increased use of the LMX model will lead to greater understanding of the relationship between superiors and subordinates. The results of this study demonstrate that there is much to do in the examination of leader member relations in the hospitality industry. Additional comparison of LMX scores with individual productivity and unit profitability would provide useful information. Additional information might also be used in the training and development of future managers.

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ABORIGINAL EMPLOYMENT PRACTICES IN CANADA'S GAMING INDUSTRY

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ABSTRACT

This empirical paper provides insights into a Canadian gaming organisation and its human resources management policies and practices regarding the integration of Aboriginal peoples. The gaming organisation follows a very aggressive human resources strategy that is supported by an agreement between the provincial government and the Federation of Saskatchewan Indian Nations, and supported by unions and the Human Rights Code of Canada. Despite its status as a gaming enterprise, Casino Regina has developed human resources tools and practices that could be adapted or applied in hospitality organisations facing similar challenges.

Key words: Human Resources Management, Casinos, Aboriginals

INTRODUCTION

Canada has long been known for being a country that welcomes and provides opportunities to immigrants from around the world. At the same time, however, Canada's relationship with its Aboriginal population[5] in the past 500 years has "swung from partnership to domination, from mutual respect and co-operation to paternalism and attempted assimilation" (Royal Commission on Aboriginal Peoples, 1996, Looking Forward, Looking Back, ¶ 1). Despite many governmental and non-governmental initiatives, programs and projects, there are still many challenges. Some of the challenges Aboriginals face include poverty, family breakdown, limited formal education, and unemployment.

The unemployment rate is of particular importance considering that more than one-half of Canada's 800,000 plus Aboriginal population is under the age of 25. The next ten years will therefore witness a dramatic increase in the size of the Aboriginal working population growing three to five times as fast as its non-Aboriginal counterparts (Bergman, 2002). With unemployment rates for Aboriginal peoples being at least twice the rate of the non-Aboriginal population (Indian and Northern Affairs Canada, 2001), and the geographical distribution of Aboriginal people not coinciding with the distribution of jobs across Canada, increased pressure is placed on Aboriginal communities, the government, and the private sector to create new jobs for Aboriginal people. Canada's hospitality industry has begun to address these issues. The gaming sector, in particular, has become an important revenue generator, and as such has developed into a significant employer in many provinces and territories for Aboriginals and Non-Aboriginals (Human Resources Development Canada, 2001). The introduction of on-reserve gaming offers an important opportunity for Aboriginal communities to create jobs for their peoples and to stimulate economic development (Kelly, 2001). Thus, the gaming sector, and in particular casino organisations, provide an important source of employment for Aboriginal peoples.

So far, no published studies could be found that explore human resources (HR) related practices and processes that influence the employment and integration of Aboriginal peoples within Canadian casino organisations. The majority of studies and research institutions in the area of gambling and casinos in Canada have focused on aspects such as health and safety, problem gambling, and socio-economical factors (e.g. Keith, Cann, Brophy, Hellyer, Day, Egan, Mayville and Watterson, 2001; Posner, Leitner, and Lester, 1985; Basham and White, 2002). The Alberta Gaming Institute identified its key research areas as being bio-psychological and health care, socio-cultural, economic, and government and industry policy and practice (Alberta Gaming Research Institute, 2002). Even in the United States with its Aboriginal population facing similar challenges as their Canadian counterparts, and with its long history of casino operations, few studies (e.g. Anfuso, 1995) have explored general HR aspects - or those that support the employment and integration of Aboriginal Peoples - in casinos within the United States.

This paper aims to provide insights into this under-researched area exploring the development and sophistication of HR related practices and processes that influence the employment and integration of Aboriginal peoples within Canadian casino organisations. For this project casinos are defined as government-recognized singular locations where gambling

[5] The Canadian Constitution recognizes three groups of Aboriginal people –Indians, Métis people (People of mixed First Nation and European ancestry), and Inuit (Aboriginal people in northern Canada, who live above the tree line in Nunavut, the Northwest Territories, Northern Quebec and Labrador

games are played on a regular basis and revenues are shared with public treasuries (Thompson, 2001). In this context the term casino does not include lotteries, bingo, horse racing, or video lottery terminals. Given the exploratory nature of this project a case study approach was chosen focusing on Casino Regina in Saskatchewan.

The first part of this paper introduces the environmental context the case study organisation is operating in. This is followed by a brief description of the case study organisation. Thirdly, the methodological approach and tools are described. The main part discusses some of the key findings of this project. The concluding part puts forward recommendations.

THE ENVIRONMENTAL CONTEXT

Casino Regina is located in Saskatchewan, a province with the largest proportion of Aboriginal to non-Aboriginal population in Canada. The high fertility rates in the prairie provinces (which includes Saskatchewan) and the declining rates elsewhere will make Saskatchewan the second largest First Nations population after Ontario by 2015 (Federation of Saskatchewan Indian Nations, 1997). In contrast to the aging general population, the Aboriginal population in Saskatchewan is predominantly young and is continuing to grow: "Approximately 56 per cent of Saskatchewan's first nations population is under age 24, while approximately 50 per cent of the Metis population is under age 24" (Saskatchewan Chamber of Commerce, 2002: 7). Thus, in the near future the Aboriginal peoples will make up a greater proportion within Saskatchewan's labour market and workforce. According to the Federation of Saskatchewan Indian Nations (1997) the Aboriginal proportion of the labour force will increase from 11 percent currently to 31 percent by 2045.

The large number of remote and isolated Saskatchewan Aboriginal communities combined with the need for a highly skilled and motivated workforce due to the growth of the province's service sector to 41 percent by 2005 (Federation of Saskatchewan Indian Nations, 1997) provides challenges to the education and training of Aboriginal peoples. According to the Saskatchewan Chamber of Commerce (2002) 65 percent "of all job opportunities over the next five years will require either management skills and/or post-secondary education" (p. 8). So far, however, there is a skill shortage amongst Saskatchewan's Aboriginal potential employees and Aboriginal students' "graduation rates fall significantly behind those of non-Aboriginal students" (Saskatchewan Chamber of Commerce, 2002: 15). This could be a reflection of Saskatchewan's employment rates. The Federation of Saskatchewan Indian Nations Report (1997) shows Saskatchewan Aboriginal employment for 2005 to be 24 percent as compared to 70 percent of Non-Aboriginal employment.

In summary, organisations operating in Saskatchewan have been faced with a labour pool that increasingly consists of young Aboriginal peoples with – to some extend - limited educational background and/or vocational training.

THE CASE STUDY ORGANISATION

Casino Regina, opened in 1996. It is operated by the Saskatchewan Gaming Corporation, a Treasury Board Crown Corporation reporting to the Saskatchewan government. It is a full-service entertainment facility with 620 slot machines, 37 table games, a restaurant, a Show Lounge offering live entertainment, and a gift shop. Net income increased in 2001 by 14.6 per cent to $22.7 million (Saskatchewan Gaming Corporation, 2001a).

In 2001 Casino Regina had 607 employees, of whom 52.6 per cent were Aboriginal (Saskatchewan Gaming Corporation, 2001a). At a senior management level 20 per cent were Aboriginal employees, while middle managers included 33.3 per cent and managers 40% per cent Aboriginal peoples. Frontline positions are made up of up to 60% Aboriginal employees pushing the corporate average above 50 per cent. Employee turnover rates in the same year was 16.5 per cent of which the turnover rate for full-time staff was 16 per cent and 19 per cent for part-time staff (Saskatchewan Gaming Corporation, 2001b). Aboriginal employees (full-time and part-time) had a turnover rate of approximately 50 per cent. In comparison Canada's accommodation industry in 1995 faced employee turnovers of 15 per cent for full-time employees and up to 50 per cent for seasonal and part-time workers (Human Resources Development Canada, 1995). Aspects related to the relatively high Aboriginal employee turnover rates will be discussed in the section following the methodology of this project.

METHODOLOGY

Given the exploratory nature of this research project a case study approach was deemed the most appropriate research design. In particular its flexibility favoured the case study approach over other research designs. Instead of testing hypotheses and theories, this project aimed to explore human resources management processes within their natural setting. This study could be seen as a 'snapshot' or pilot case rather than providing data that claims external validity and statistical generalizations.

Following a triangulation approach, a number of different research tools and data collection methods were employed including reviews of company documentation, non-participant observations, semi-structured in depth interviews, and focus groups. Interviewees of Casino Regina included the President and CEO, the Vice President Human Resources and Aboriginal Affairs, the Manager of Learning and Development, and the Employee and Family Assistance Program Administrator. Other interviewees included the Director of Development of the Saskatchewan Indian Federated College, an institution strongly affiliated with the casino. One focus group discussion was conducted with Casino Regina's Aboriginal Management Development Program (AMDP) candidates; another focus group included representatives from the Saskatchewan Indian Gaming Authority (SIGA) and from the Saskatchewan Indian Federated College (SIFC). During a three-day visit non-participant observations were conducted in the casino's back of house (i.e. offices, training facilities) and front of house (i.e. gambling facilities, restaurants, concierge, reception). Throughout the visit documentation was collected that provided an overview of the casino's general operations, initiatives, policies, programmes, and financial situation, and HR related documents such as training and development plans, and hiring policies.

FINDINGS

When Casino Regina opened in 1996 it was first managed by the Dutch casino group "Holland Casinos". Cultural differences between the Dutch management and Aboriginal employees, the limited formal education and general pre-employment training amongst Aboriginal peoples led to employee turnover rates as high as 60 per cent amongst Aboriginal employees[6]. In 1997 Holland Casinos withdrew its management team from Casino Regina. A new, more aggressive human resource management approach followed starting with the hiring of Aboriginal peoples in key areas and positions such as HRM and Aboriginal Affairs. The Aboriginal counsellor developed an Employee and Family Assistance Program and identified areas that were counterproductive to the accommodation of Aboriginal employees and their Aboriginal cultural heritage. Casino Regina started welcoming and harnessing native values and customs within its organisational culture. For example, employees could be referred to healing centres rather than conventional detoxification centres, or seek advice from an Aboriginal 'Elder' rather than a regular counsellor.

Only with such an accommodating organisational culture management could achieve the requirements of an agreement between the provincial government and the Federation of Saskatchewan Indian Nations: Aboriginal employment of at least 50 per cent at every operational and managerial level. This objective has been supported by the Casino's two unions and the Human Rights Code exempting Casino Regina from discriminating in favour of Aboriginal peoples. As a result, recruitment and selection sources started covering and focusing on a wide range of local and national Aboriginal employment agencies and institutions including Aboriginal Youth organisations such as the Circle Project (drop in centre for young drug abusers), Regina Aboriginal Professional Association, Aboriginal Government Employee Network, and First Nations Employment Centre. Many of the employment opportunities are offered to Aboriginals only.

Due to the limited formal education and employment experience and training amongst the Aboriginal population, Casino Regina offers internships and work placements to Aboriginal students of various educational agencies and institutions. Scholarships are awarded to Saskatchewan residents to pursue full-time post-secondary education in areas such as business administration and hospitality management. At least 50 per cent of those awards are given to students of Aboriginal ancestry. Jointly with the Saskatchewan Indian Federated College, Casino Regina developed the first ever in Canada, university level courses designed specifically for the Aboriginal gaming and casino industry.

Internal training and development programs include an Aboriginal Management Development Program focusing on leadership development. This initiative is for Aboriginal employees only and is aimed at training Aboriginal people to fill management positions. Similar to the external hiring process internal recruitment and promotions could be open to Aboriginal employees only. The strong focus on the external and internal development of Aboriginal members of Casino Regina's workforce increases motivation, level of education, and self-confidence and provides employment for Aboriginal peoples at all levels. In turn, Aboriginals in management and leading positions serve as role-models and mentors to the Aboriginal members of Casino Regina's workforce and to their Aboriginal communities. The accommodating culture with its focus on education and training, has developed Casino Regina into a transitional organisation for its Aboriginal employees. In contrast to the opening phase of Casino Regina reasons for leaving now include returning to school on a full-time basis or accepting full-time employment elsewhere. In other words, the relatively high Aboriginal employee turnover rate reflects Aboriginals' strong interest in further education and an increase in employability skills.

[6] There is no information available about the employee mix of full-time and part-time Aboriginal employees

CONCLUSION

Casino Regina pursues a very aggressive and open HR approach focusing particularly on the accommodation and integration of Aboriginal employees. Experiences from the opening phase influenced Casino Regina's decision for developing an organisational culture harnessing Aboriginal values. It is this accommodating organisational culture and its pro-active approach towards hiring and training and developing Aboriginal employees that could help Casino Regina to achieve the requirements outlined in the agreement between the provincial government and Federation of Saskatchewan Indian Nations. Other casinos or gaming/hospitality organisations facing similar demographic challenges in other provinces need to be aware of Casino Regina's particular status within the Human Rights Code, and the strong involvement of members of Saskatchewan's Aboriginal community, before aiming at an equally aggressive HR approach.

This case study has shown that employing disadvantaged groups such as Aboriginal peoples cannot be achieved by setting quotas and targets. Instead it is about developing an accommodating culture and developing a company commitment towards disadvantaged groups that goes beyond the workplace. Organisations need to shift their focus from a short-term hiring plan towards a more long-term strategy that includes potential employees' pre-employment training and their education. This requires strong external links and partnerships with a wide range of organisations such as academic institutions and employment agencies. Despite current trends towards empowering employees and managers with HR responsibilities developing a diverse workforce requires a strong, experienced, and equally diverse HR team as seen in Casino Regina. Due to the limited research within Canada's gaming sector focusing on HR practices, academics and practitioners might want to for other examples from across other countries. The United States and Australia face similar issues regarding its Aboriginal population and its integration into the workforce.

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TRAVELERS' PRIOR KNOWLEDGE AND THEIR INFORMATION SEARCH BEHAVIOR

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ABSTRACT

The purpose of this study was to examine the influence of prior knowledge on travelers' information search behavior. The prior knowledge was examined as having two dimensions: familiarity and expertise. The influence of familiarity and expertise on information search was examined utilizing a structural modeling approach. The results of this study provided support for multi-dimensional prior knowledge. Findings indicated that expertise is a function of familiarity and both familiarity and expertise affect travelers' information search behavior. However, the magnitude and direction of the effects of travelers' familiarity on their information search behavior are different from the effects of their expertise. Findings suggested that while the effect of familiarity on internal search is positive and on external search is negative, the effect of expertise on internal search is negative and on external search is positive.

Keywords**:** prior knowledge, familiarity, expertise, information search, tourism, travel.

INTRODUCTION

Prior product knowledge, or information held in an individual's memory, facilitates easier and more efficient processing of information because knowledgeable consumers are able to focus on those pieces of information that are relevant to the decision at hand. The purpose of this study was to expand the concept of tourist information search by examining prior knowledge and its effects on internal and external information search behavior of travelers. In this study, prior knowledge was examined as a multidimensional construct having two components: familiarity and expertise (Alba and Hutchinson 1987). Hypotheses regarding the influence of travelers' familiarity and expertise on their information search behavior were developed from the literature and tested by employing a structural equation modeling approach. Results and implications are discussed.

LITERATURE REVIEW

Information Search

Information search, or information acquisition, is one of the first steps in the vacation decision-making process. It also affects on-site decisions such as selecting accommodations, transportation, activities and tours (Fodness and Murray 1998; Gursoy 2003). Travelers can acquire information from either internal or external information sources. Internal sources include personal experiences, either with the specific destination or with a similar destination, and the knowledge accumulated through an ongoing information search (Vogt and Fesenmaier 1998). Internal information search is basically the retrieval of knowledge from memory. External information sources include family and friends, destination specific literature, media, travel consultants, etc. (Snepenger and Snepenger 1993). External information search consists of collecting information from the marketplace. In this study, external information search was examined as having two dimensions: "destination specific external information search" and "external information search from personal sources." Two-dimensional external information search is consistent with previous research findings. (Fodness and Murray 1998; Gursoy 2003).

Traveler's Prior Knowledge

Prior product knowledge enables consumers to evaluate a product's utility, attributes, and applications. Thus, prior product knowledge enhances one's internal memory and assists in the decision-making process. It also affects the nature of information search and the storage in long-term memory. Several researchers examined the relationship between prior product knowledge and information search. However, findings have been contradictory. A number of researchers have concluded that there is a negative relationship between the amount of prior knowledge and the amount of external information search (Fodness and Murray 1998; Snepenger and Snepenger 1993). Several other researchers argue that prior product knowledge encourages information search by making it easier to process new information (Ozanne, Brucks and Grewal 1992). Another group of researchers argued that the relationship between prior product knowledge and information search is an inverted-U shaped relationship (Bettman and Park 1980; Gursoy 2003).

Most of the studies that examined the prior product knowledge construct as part of an information search model have utilized prior knowledge as a uni-dimensional construct (e.g., Woodside and Ronkainen 1980) with the exceptions of Fodness and Murray (1997), Gursoy (2003), and Vogt and Fesenmaier (1998). It is possible that the contradictory findings (i.e., the negative vs. positive) on the relationship between prior product knowledge and external information search are the result of measuring prior knowledge as a uni-dimensional construct. Alba and Hutchinson (1987) suggest that a consumer's prior product knowledge has two components: familiarity and expertise. Familiarity represents the early stages of learning and expertise represents the later stages of learning. As consumers' familiarity with the product increases, their expertise with the product increases as well (Alba and Hutchinson 1987).

Familiarity: Since familiarity represents early stages of learning, consumers are likely to gain knowledge and, therefore, familiarity through an ongoing information search such as reading guidebooks, other related books, advertising and write-ups in newspapers and magazines, watching advertisements on TV, listening to advertising on radio, talking to friends and relatives, etc. Studies show that product familiarity has direct impact on information utilization. In both familiar and unfamiliar product categories, consumers first search their memory for some information to help guide them to make decisions. If the traveler has sufficient information in his/her memory, he/she may not need to search for additional information and makes a decision based on internal information. On the other hand, travelers who are low in familiarity are more likely to rely on external information sources to make their vacation decisions than familiar travelers (Fodness and Murray 1998; Vogt and Fesenmaier 1998).

Expertise: Alba and Hutchinson (1987) define expertise as the product related experiences such as advertising exposures, information search, interactions with salespersons, choice and decision-making, purchasing, and product usage in various situations. They propose that there are at least five qualitatively distinct aspects of expertise that can be improved as product familiarity increases. These aspects are automaticity, expertise in utilizing memory, expertise in building cognitive structures, expertise in analysis and expertise in elaboration. Fodness and Murray (1997) suggest that travelers who are highly knowledgeable (expert) are likely to make their travel decisions automatically based on what they have already known. A number of studies also support the conclusion that travelers who are high in prior knowledge (experts) are not likely to collect additional information to make their travel decisions and they are likely to make their travel decisions based on their internal knowledge (Snepenger and Snepenger 1993).

The discussion above led to following hypotheses:

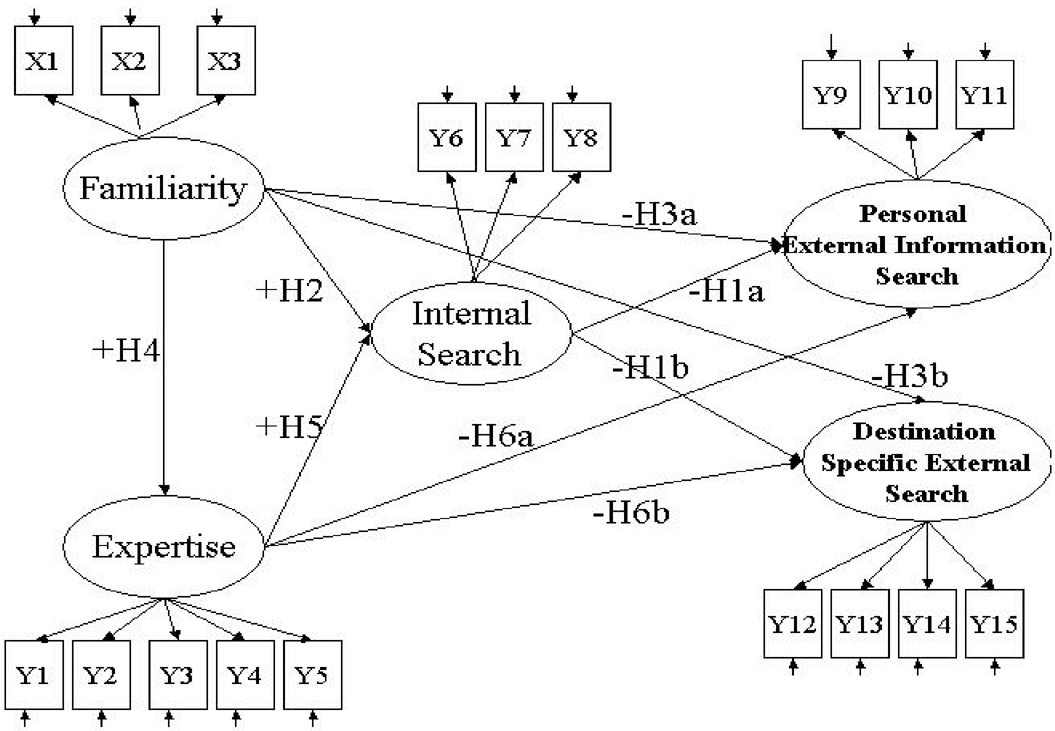
Hypothesis 1a: There is a direct negative relationship between internal information search and external information search from personal sources.
Hypothesis 1b: There is a direct negative relationship between internal information search and destination specific external information search.
Hypothesis 2: There is a positive relationship between travelers' product familiarity and internal information search.
Hypothesis 3a: There is a direct negative relationship between travelers' product familiarity and external information search from personal sources.
Hypothesis 3b: There is a direct negative relationship between travelers' product familiarity and destination specific external information search.
Hypothesis 4: There is a positive relationship between travelers' familiarity and their expertise.
Hypothesis 5: There is a positive relationship between travelers' expertise and internal information search.
Hypothesis 6a: There is a negative relationship between travelers' expertise and external information search from personal sources.
Hypothesis 6b: There is a negative relationship between travelers' expertise and destination specific external information search.

RESEARCH DESIGN

Measurement Variables

Figure 1 presents the model tested in this study. The theoretical model is represented by one exogenous construct (familiarity) and four endogenous constructs (expertise, internal search, external search from personal sources and destination specific external search).

Figure 1: Proposed Theoretical Model



Note: ***X1 Compared to average person, I am very familiar with a wide variety of vacation destinations; X2 Compared to my friends, I am very familiar with a wide variety of vacation destinations; X3 = Compared to people who travel a lot, I am very familiar with a wide variety of vacation destinations; Y1 = Automaticity;Y2 = Expertise in utilizing memory; Y3 = Expertise in building cognitive structures; Y4 = Expertise in analysis; Y5 = Expertise in elaboration; Y6 = I make my travel decisions based on what I already know; Y7 = I make my travel decisions without gathering any information from any information sources; Y8 = Before I start planning my vacation, I am likely to search for information; Y9 = Get information from friends and family; Y10 = Get information from travel consultants (e.g., travel agents); Y11 = Get information from TV, radio, newspaper and/or magazine advertisements; Y12 = Get information from magazine reports; Y13 = Get information from destination specific sources (e.g., Visitors and Conventions Bureau and/or Chamber of Commerce); Y14 = Get information from state/city travel offices; Y15 = Get information from national government tourist offices.***

Items that were used to measure each construct are presented in Table 1. As seen in Table 1, the familiarity construct was measured by three items, internal information search by three items, the destination specific external information search by four items and the external information search from personal sources was measured by three items. Items were measured by a seven-point Likert type totally agree-totally disagree scale. Expertise was examined as having five qualitatively distinct aspects as suggested by Alba and Hutchinson (1987). All five dimensions of expertise were measured. After measuring all five dimensions, items that were used to measure each dimension were summated and summated scales were used to assess expertise as presented in Table 1.

Data Analysis

Structural equation modeling (SEM) was utilized to empirically test the relationships between the constructs in this study. The properties of the items of the constructs in the proposed model and the hypotheses were tested using the LISREL 8 structural equation analysis package with maximum likelihood (ML) method of estimation in combination with the two-stage process

Table 1: Measurement Scale Properties based on SEM (N = 447)

Constructs and Indicators	Completely Standardized Loadings	Construct/ Indicator Reliability	Error Variance
Familiarity		**.87****	**.13*****
Compared to average person, I am very familiar with a wide variety of vacation destinations			.25
Compared to my friends, I am very familiar with a wide variety of vacation destinations			.32
Compared to people who travel a lot, I am very familiar with a wide variety of vacation destinations			.39
Expertise		**.66****	**.36*****
Automaticity			.72
Expertise in utilizing memory			.86
Expertise in building cognitive structures			.69
Expertise in analysis			.72
Expertise in elaboration			.48
Internal search		**.72****	**.28*****
I make my travel decisions based on what I already know.			.75
I make my travel decisions without gathering any information from any information sources.			.51
Before I start planning my vacation, I am likely to search for information.*			.33
Destination Specific External Information Search		**.77****	**.23*****
Get information from destination specific sources (e.g., Visitors and Conventions Bureau and/or Chamber of Commerce).			.60
Get information from state/city travel offices.			.28
Get information from national government tourist offices.			.51
External Information Search from Personal Sources		**.77****	**.23*****
Get information from friends and family.			.68
Get information from travel consultants (e.g., travel agents).			.66
Get information from TV, radio, newspaper and/or magazine advertisements.			.44
Get information from magazine reports.			.40

*Notes: * Reverse coded; ** Incicates the composite reliability of each construct; *** Indicates the composite error variance of each construct*

RESULTS

Measurement Model

Details on the properties of the measurements are provided in Table 1. As shown in Table 1, all of the composite reliabilities were above .7 with the exception of the expertise construct. The overall fit of this final measurement model was $\chi^2_{(122)}$ =348.20 (p = 0.0); GFI = .93; AGFI = .90; NFI = .91; NNFI = .90; CFI = .91, and PGFI = 0.71; PNFI = .73 and critical N = 207.54. Further, the indicators of residuals, RMR, standardized RMR and RMSEA were .046, .043 and .047, respectively.

Structural Model

All of the goodness-of-fit statistics of the proposed theoretical model were above the recommended threshold values except for the chi-square value. The χ^2 value with 123 degrees of freedom was 348.33 (P = 0.00). Given the known sensitivity of the χ^2 statistics test to sample size, a number of fit indices were utilized to measure the fit of the proposed model. All of these fit indices indicate that the proposed hypothesized structural model fits well to the data: GFI, 0.92; AGFI, 0.90; PGFI, 0.70; NFI, 0.90; NNFI, 0.92; PNFI, 0.72; CFI, 0.91; IFI, 0.90; Critical N (CN), 205.37; RMR, 0.048; and standardized RMR, 0.045.

DISCUSSIONS AND IMPLICATIONS

All of the hypothesized paths in the model were found to be significant at a .05 probability level as presented in Table 2. However, results only supported six of the nine hypotheses.

Table 2: Hypothesized Relationships and Results

Hypothesized Relationship	**Standardized Coefficients**	**Result**
H_{1a}: Internal Search → External Search 1 (□)	-.25	Supported
$H1_b$: Internal Search → External Search 2 (□)	-.24	Supported
H_2: Familiarity → Internal Search (□)	.31	Supported
H_{3a}: Familiarity → External Search 1 (□)	-.33	Supported
H_{3b}: Familiarity → External Search 2 (□)	-.29	Supported
H_4: Familiarity → Expertise (□)	.60	Supported
H_5: Expertise → Internal Search (□)	-.68	Significant, but Not Supported
H_{6a}: Expertise → External Search 1 (□)	.20	Significant, but Not Supported
H_{6b}: Expertise → External Search 2 (□)	.39	Significant, but Not Supported

Note: External Search 1 = External Information Search from Personal Sources; External Search 2 = Destination Specific External Information Search; □ = Gamma; □ = Beta

Findings suggested that travelers who are highly familiar with destinations are likely to utilize a fewer number of external information sources compared to travelers who are low in familiarity and they are more likely to rely on internal information to make their vacation decisions. Findings also indicated that highly familiar travelers are more likely to utilize destination specific external information sources than personal external information sources and unfamiliar travelers are more likely to sample the opinions of others and utilize personal external information sources (Brucks 1985). The relationship between expertise and internal information search and external information search were found to be significant, however, the direction of the relationships were the inverse of what had been hypothesized. These findings indicate that as travelers' expertise increases, travelers are less likely to utilize internal information search and more likely to use external information sources to make vacation decisions.

Results suggest that travelers who are low in familiarity and high in expertise are likely to utilize more external information search than travelers who are high in familiarity but low in expertise. In other words, travelers with a medium level of knowledge (travelers' who are high in familiarity and low in expertise) rely on their internal information sources more than travelers with either low or high levels of knowledge to make their vacation decisions. Therefore, findings suggest a U-shaped relationship between prior knowledge and information search.

The most critical implications of the research findings are related to the influence of travelers' prior product knowledge and their information search behavior. The results presented confirm that travelers' prior product knowledge has two components, familiarity and expertise, and should be operationalized as such. Findings further indicate that the influences of familiarity and expertise on travelers' utilization of external and/or internal information sources vary. While highly familiar travelers heavily rely on internal information search to make their vacation decisions, travelers who are expert are likely to search for information from external information sources even though they have more prior product knowledge about vacation destinations than familiar travelers.

Findings of this study suggest that travelers have different types of information needs. While unfamiliar travelers need simple, understandable general information, expert travelers need detailed information about the destination and attributes to make their vacation decisions. Destination marketers need to develop different communication strategies for familiar and expert travelers.

LIMITATIONS

Like any study, this study has several imitations. In this study only leisure travelers from Virginia were surveyed. Therefore, other states, countries and geographic regions and travelers should be explored. A further limitation related to the sample population is that only one member of the traveling party was surveyed and most respondents were male. Both parties, male and female and, if possible, children should be interviewed separately to get in-depth understanding of the influence of travelers' knowledge on their information search behavior and vacation decision making process.

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ASSESSMENT OF ADMISSION CRITERIA FOR PREDICTING HOTEL MANAGEMENT SUTDENTS' FIRST- YEAR ACADEMIC PERFORAMCNE- A CASE STUDY

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ABSTRACT

The National Kao-Hsiung Hospitality College was founded in 1995 and is the first hotel school in Taiwan. The first entrance exam was given in December 1995. The admission rate was ten percent due to intense competitions among the applicants. However, little is known about the admission practices and these admission criteria's validity in predicting students' academic performance. The purpose of this study is to examine the predictive capability of the entrance exams on students' first year academic performance in the National Kao-Hsiung Hospitality College.

Key Words: entrance exams, admission criteria, academic performance.

INTRODUCTION

The purpose of this study is to examine the predictive capability of the entrance exams on students' future academic performance in the National Kao-Hsiung Hospitality College (NKHC), Taiwan. Founded in 1995, NKHC is the first school in Taiwan exclusively offering hotel and tourism management associate and bachelor degree programs in eight related fields. The college becomes the first choice for many high school graduates interested in pursuing a career in the hospitality industry. Approximately two thousand candidates took the first entrance exam in December 1995. The admission competition to the Department of Hotel Management was particularly intense. Fifty out of five hundred thirty-three applicants were admitted into the program for spring 1996, resulting in an admission rate of 9.38%. The admission criteria of NKHC are based on the results of eight exams including four college requirements and four electives based on the department applied. The four college requirements are Chinese, English, Computer Skills, and Dr. Sun Yat-Sen's Principles. The applicants to the Department of Hotel Management also have to take Hotel Management, Food & Beverage Management, Comprehensive English, and Comprehensive Japanese. Although the primary objective of the entrance exams is to select students with potentials of academic success, little is known about the validity of the admission practices and criteria in predicting students' academic performance. The study should be of interest to the admission officers of hospitality programs in Taiwan and also to those interested in admission criteria measurement.

LITERATURE REVIEW

Student screening and selection has been a major concern for many college admission officers especially since the dramatic increase of enrollment in business programs in the 1970s (Hoefer & Gould, 2000). Admission decisions are often made based on objective and subjective criteria. In the United States, the objective criteria frequently used for undergraduate admission include GPA, SAT and ACT and subjective criteria include personal statements, letters of recommendation, and related experience (Confer, Turnwald, & Wollenburg, 1995). Most research on the admission process has been conducted in the context of business, nursing, medical, and agriculture schools. The admission at the graduate school level are also of interests to some educators (Kelman, 1982;Garton, Dyer, King, 2000; Kirchner, Stone& Holm, 2000).

Although the requirements and process of hospitality undergraduate admission vary from one school to another, both objective and subjective standards are often considered. Some schools use a combination of high school grade point average, SAT score and ACT score. Since the hospitality education is hands-on oriented, students' non-academic attributes, such as leadership, motivation, interpersonal skills and career-related experience, are also assessed. Subjective evaluation tools often include interviews, statement of purpose, letters of recommendation, and years of work experience. According to a report of Hotel and Catering Industrial Training Report (HCITB, 1983), the undergraduate criteria used by the admission tutors in 11 UK institutions with hotel and catering management (HCM) were prior academic qualifications, head teacher's reports, appearances, personality, motivation, interview, work experience, interest in the Hotel and Catering industry; entrance tests, attitude, parental support, numericy and literacy, physical ability, age, and success in other courses.

METHODOLOGY

The sample consisted of the students admitted to the two-year associate program in the Department of Hotel Management at NKHC for the spring semesters of 1996, 1997, and 1998. The academic records of two hundred thirty-eight students were retrieved from the College's database. In the first semester, students were required to take fourteen courses including Chinese, English, Dr. Sun Yat-Sen's Principles, Computer Knowledge, Service Management, Hotel Management, Housekeeping, Hospitality Financial Management, Hotel Japanese, Hotel English, Colloquium, Physical Education, Military Training, and Art Appreciation. In the second semester, students worked in the hotels as interns, and their performances were evaluated by their employers using the form provided by NKHC. Academic performance was measured by the first year' cumulative GPA, which is a total of the first semester average and the second semester internship scores. The students' entrance exam scores of Chinese, English, Computer Knowledge, Dr. Sun Yat-Sen's Principles, Hotel Management, Food & Beverage Management, English Listening Test, and Japanese Listening Test provided by the Office of Admission were the predictors of the first-year academic performance. Correlation analysis was conducted to investigate the relationship among the variables. Multiple regression analyses and the maximum R^2 improvement (M AXR) were employed to select the best models to predict first- year academic performance. The maximum R^2 improvement technique does not settle on a single model; instead, it tries to find the "best" one-variable model, the "best" two-variable model, etc. This study investigated the four-variable models with the biggest R square.

RESULTS

The results of the correlation analysis showed that the first year cumulative GPA was correlated with seven exams. The scores were analyzed by semesters. Students' first semester average scores were correlated with Chinese, Computer Knowledge, Dr. Sun Yat-Sen's Principles, and Food & Beverage Management. In addition, the second semester's academic performance was correlated with Chinese, Computer Knowledge, and Dr. Sun Yat-Sen's Principles. Scatter plots revealed a linear relationship between dependent and independent variables. Therefore a multiple regression with all eight explanatory variables (eight examinations) was run for the first year academic performance. The results of the multiple regression analyses indicated that R square was equal to .155. Among the eight examinations, Chinese (p=.025) and F& B Management (p=.040) were found to have a significant contribution when they were added to a model that already had the other six explanatory variables at .05 levels. The same procedure was conducted on students' first semester average score and second semester average score. The R squares were .219 and .048 respectively. Dr. Sun Yat-Sen's Principle (p=.010), Hotel Management (p=.017), Food & Beverage Management (p=.000), and Japanese Listening Test (p=.012) were found to have a significant contribution on the first semester academic performance. Only Chinese (p=.031) was found to have a significant contribution on second semester's academic performance.

The results of the maximum R^2 improvement indicated that the best one-variable model to predict the first year academic performance was Chinese (R^2=.0922); the best one-variable model to predict the first semester academic performance was Food & Beverage Management (R^2=.1581); the best one-variable model to predict the second semester score was Dr. Sun Yat-Sen's Principles (R^2=.0428). In terms of two-variable model, the two variables that predicted the first year, first semester and second semester academic performance were Dr. Sun Yat-Sen & Chinese (R^2=.1275); Dr. Sun Yat-Sen & Food/Beverage Management (R^2=.1980); Chinese & Computer Knowledge (R^2=.0679) correspondingly. The best four-variable model to predict the first year academic performance included Dr. Sun Yat-Sen's Principles, Food & Beverage Management, Chinese, and Computer Knowledge (R^2=.1484). The best four- variable model to predict the first semester academic performance was Dr. Sun Yat-Sen's Principles, Food & Beverage Management, Japanese Listening Test, and Computer Knowledge (R^2=.2209). The best four-variable model to predict the second semester academic performance was Dr. Sun Yat-Sen's Principles, Chinese, Computer Knowledge and English (R^2=.0759). Pearson product correlation was performed and a significant correlation was found between student's entrance examination score (total of the eight examinations) and the first year academic performance (correlation coefficient =.320).

CONCLUSIONS

The eight examinations used by the NKHC is a better predictor of the first semester academic performance (R^2=.219) than second semester (R^2=.048) and the first year academic performances(R^2=.155). This might be due to the fact that students were required to do their internship in the second semester. Their second semester scores were graded based on their work performance in the internship hotels, such as their professional skills, service attitude, attendance and commitment to their work, which are different from the traditionally used standards of quizzes, written examinations, or homework assignments. Since the first year academic performance was a cumulative score of the first and the second semester average scores, it was expected to have a lower R square from the multiple regression analysis than the first semester.

Regarding the best four- variable model, Dr. Sun Yat-Sen was found to be included in the best model to predict first semester academic performance, second semester average scores, and first year academic performance. The correlation analysis also indicated that Dr. Sun Yat-Sen's Principles had a significant correlation with these three independent variables. It is possible that for those students who had a higher exam score on Dr. Sun Yat-Sen's tended to have better memorization skills, which gave them the advantage of higher scores on written exams, the major academic performance evaluation tool in the first semester. Chinese was selected as one of the examinations in the best predictor model for the second semester and the first year academic performance. The Chinese exam tested students' language and comprehension skills. Students with higher entrance scores in Chinese might have a better mastery of writing and tended to perform better. The two professional courses of Food & Management and Hotel Management did not indicate a significant correlation with the second semester academic performance and was not selected in the best model as the predictors to the second semester internship scores. This might reveal that the students' academic success did not guarantee their vocational success. Moreover, the positive correlation between the entrance examination score and the first year academic performance suggested that the entrance examination could predict students' academic performance in a short time frame.

DISCUSSION AND SUGGESTIONS

The admission criteria used by NKHC during 1995-1997 was eight entrance exams and none subjective evaluation was considered. Unlike other essentially non-vocational programs such as history or mathematics, the hospitality courses have both educational and vocational aims (Wembley & Ineson, 1996). A survey conduced by the Hotel and Catering International Management Association (HCIMA) and the University of Surrey indicated that language skills, people management, communication skills and managing cultural differences were listed as the four major attributions of mangers in the hospitality industry (Battersby, 1996). Personality and the attributes of the students should be suitable to the needs of the hospitality industry (Bradford & Jayawardenam 2001). These attributions are difficult to identify just by using the eight written exams. Therefore, accepting students to a hotel management program purely on examination performance is not advisable.

Forty-five percent of the students took the entrance examinations more than once in order to be admitted to the program. Some students even participated in the entrance examinations more than five times. In order to accommodate the needs of the examinees, many " cramming schools" that specialized in preparing for the hospitality examinations were established to train the examinees to pass the entrance exams. If the potential candidates are familiar the selection system, they can prepare themselves for the examinations better, thereby making the examinations less reflective of the candidates' potential. Moreover, an entrance exam mainly based on the prior academic performance could fail to recruit those mid-career students who have had a distance from their first degree but have hospitality working experience and professional skills. In order to select students with the attributes that are necessary to succeed both academically and vocationally, including objective criteria to the admissions process is recommended.

Investigation of content and validity of the eight exams is necessary in future studies in order to examine whether measure the students' academic and vocational capability. Since the curriculum of the first year and how students were evaluated may have an impact on students' academic performance, further research on the relationship between the entrance exam and the first-year curriculum will be of interest. In addition, the relationship between admissions criteria and vocational needs is also worth exploring.

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THE IMPACT OF DESTINATION INVOLVEMENT ON TRAVELERS' REVISIT INTENTIONS

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ABSTRACT

While the traditional emphasis on sales maintains its status, repeat purchase or repeat travel demonstrates great potentials in terms of its size and economic contribution. Built up the theories of purchase-consumption feedback and involvement, this study assessed the causal relationship of destination involvement and revisit intentions via the mediation of satisfaction in the context of long-haul pleasure travel. The validity of causal relationship provides a reliable theoretical foundation for the destination marketers to predict travelers' revisit intentions given the key destination involvement variables.

Key Words: destination involvement, revisit intentions, destination marketing, travel satisfaction, pleasure travel

INTRODUCTION

The most important part in travelers' decision-making and the ultimate goal of researching this process is purchase, which is the factor by which destination marketers are often evaluated and which is directly associated with the income created for the local community. In the past decade dramatic change has occurred in the emphasis of purchase types. In particular, repeat purchases or repeat travel has been increasingly recognized for its great potentials in terms of its size and economic contribution. Consequently, travelers' revisit decision process has become a core research focus in tourism marketing studies. Built upon the theories of purchase-consumption feedback loop and involvement, this study investigated travelers' revisit decision-making. Specifically, a theoretical framework was proposed to examine the impact of destination involvement on travelers' revisit intentions via the mediation of satisfaction and the casual relationship was empirically tested in the context of long-haul pleasure travel. The research objectives are three-fold: (1) to explore the conceptualization and operationalization of destination involvement, (2) to examine the causal relationship between destination involvement and travelers' revisit intentions via the mediation of satisfaction, and (3) to provide related insights and suggestions for destination marketing programs.

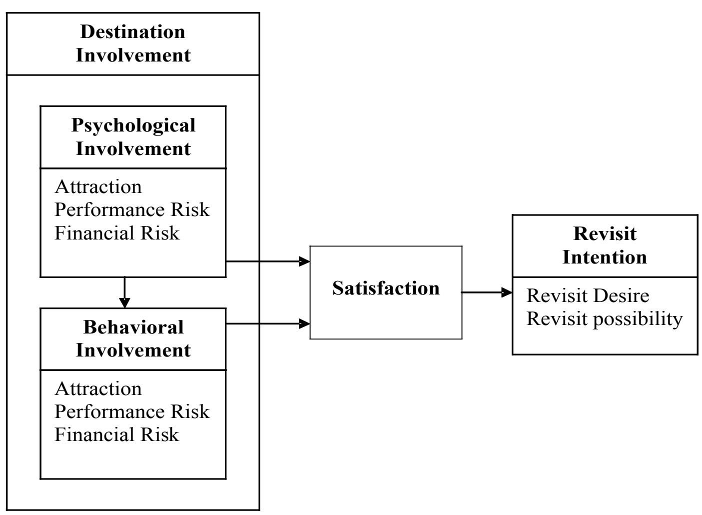
THEORETICAL FRAMEWORK

The theory of purchase-consumption feedback loop in travel decision processes provides a useful framework to examine the relationship between travel experiences and revisit intentions. Travelers' purchase and consumption are overt behaviors following a decision to visit a destination formed by a sequence of steps including need recognition, comprehension, attitude, and evaluation (Middleton, 1988; Mill & Morrison, 1998; Moutinho, 1987; Woodside & King, 2001). The decision making and the subsequent purchase of a trip to a destination is a traveler's interaction with the destination, which results in a travel experience. However, the consumption of a travel experience does not end the traveler's decision process. The traveler does a post-evaluation of the destination, assessing the attributes of the destination, conducting a mental cost-benefit analysis of the trip, and comparing the pre-visit expectations with the actual performance of the destination. Satisfaction or dissatisfaction is the most common evaluative result. The post-evaluations are then used as a base for future judgments and forming revisit intentions, the antecedent of repeat travel behaviors. Purchase-consumption feedback theory suggests that repeat visit decision processes start with a causal relationship linking the three major components of travel experience, post evaluation, and revisit intentions.

The travel experience is a complicated interaction between the destination and the traveler, which involves many factors occurring at different stages in the travel decision process. Based on the theory of involvement, destination involvement, an indicator of the perceived relevance of a travel destination, provides a theoretical framework for explaining the key elements in travelers' experiences by examining travelers' psychological state towards a destination and entailing the consequent behaviors (Dimanche, Havitz & Howard, 1993; Havitz, Dimanche, & Bogle, 1994). The conceptualization and measurement of involvement remain inconsistent and contentious. Overall two streams of thoughts dominate the conceptualization of involvement in tourism studies. One group defines involvement as a psychological function, which is operationalized as ego involvement, psychological commitment, and attachment toward leisure and tourism activities (Dimanche et al., 1993; Havitz et al., 1994; McIntyre, 1992), while the other group conceptualizes involvement via a behavioral approach (Csikszenmihalyi, 1975; Fesenmaier & Johnson, 1989; Kim & Scott, 1997). The measurement of involvement is another challenge. While several researchers treated involvement as a unidimensional construct, most scholars argued that involvement is multi-faceted concept and suggested that there are four major dimensions of involvement in tourism: attraction, performance risks, financial risks, and sign (McIntyre, 1992; Jamrozy, Backman, & Backman, 1996). The attraction facet is a merge of importance and pleasure, which appears to be unique in the tourism setting. The performance risks dimension refers to the overall perceptions of risk in terms of social, emotional, and psychological costs. The financial risks facet is associated with money costs. The sign dimension refers to the perceived ability of a product or an experience to express one's status, personality, or identity. Due to the data restriction and the unstable nature of sign value, involvement was operationalized by the first three dimensions in this study.

Adapted from the purchase-consumption feedback theory, this study proposed a conceptual model to investigate the purchase and consumption of a travel destination, post-evaluation of the travel experience, and the influences on the repurchase decision. More specifically, the relationship between destination involvement and revisit intentions was examined through the moderating effect of satisfaction (Figure 1). The conceptual model consisted of three constructs: (1) destination involvement, (2) satisfaction, and (3) revisit intentions. Destination involvement, which is a reflection of an extent of perceived relevance of a travel destination, offers a structure to explain this relationship between an individual and a destination. This study defined destination involvement as a state of motivation, arousal or interest towards a travel destination, which encompasses both psychological and behavioral involvement. It is a multifaceted construct, characterized by the perception of three major elements: attraction, performance risks, and financial risks. As a form of post-purchase evaluation, satisfaction moderates the relationship between destination involvement and revisit intentions. The amount of satisfaction a traveler gets is positively related to the degree of involvement. The feedback from satisfaction then changes the attractiveness of the destination. Satisfaction alone is not sufficient in predicting a repeat visit, but it is a necessary precedent to future patronage. Revisit intentions, often treated as proxy measures of repurchase behavior, help to more accurately estimate the potential size of the market and predict travelers' behaviors. This study measured the construct in two dimensions: revisit desire and revisit probability.

Figure 1 The Conceptual Model



RESEARCH METHODOLOGY

The 1998 Pleasure Travel Markets Study for France was the source of data used in this study. A total of 1,221 French travelers, who were 18 years old or over and took an overseas vacation of four nights or longer during the past three years or planned to take such a trip in the next two years, were interviewed. The population for this study was French pleasure travelers to Canada. A sample screening procedure resulted in 191 travelers who engaged in pleasure travel to Canada at least once during the three years prior to when the survey was conducted.

This study employed structural equation modeling (SEM) to investigate the relationship between destination involvement and revisit intentions via the moderating effect of satisfaction in the context of French long-haul pleasure travelers to Canada. Maximum likelihood estimation, which provides valid results even with a small sample size (Hair, Anderson, Tatham, & Black, 1998), was used. The diagnostic tests of independence, randomness, linearity, and multivariate normality were performed to ensure that the assumptions were met. The SEM analysis consisted of two steps. The first step was to estimate the measurement model of destination involvement by employing confirmatory factor analysis. In the second step, the measurement models were "fixed" when the structural model of the causality was estimated to examine the dependence relationships among psychological involvement, behavioral involvement, satisfaction, and revisit intentions. The study specified significance at a=.10 due to its exploratory nature.

The theoretical construct of destination involvement has two dimensions: psychological and behavioral involvement. Psychological and behavioral involvement were second-order factors measured individually by three first-order facets of attraction, performance risks, and financial risks, and the three first-order facets were manifested by multiple indicator variables. In psychological involvement, the first dimension of attraction assumed that an involved traveler regarded money spent on long-haul pleasure travel worthwhile. The more involved travelers were with an overseas destination, the more they liked to travel and considered traveling as an enjoyment rather than a hassle. In the performance risks dimension, it was assumed that as one got more involved with overseas pleasure travel, a traveler tended to have a higher awareness of the potential risks and alleviate risk consequences by several ways, such as taking escorted tours and traveling in destinations whose residents spoke the same language. The last dimension of psychological involvement assumed travelers were willing to take more financial risks than those less involved with an overseas destination. The destination involvement construct was also operationalized via the same three latent constructs manifested by behavioral indicants. The first dimension of attraction was proxied by activity breadth and total number of activities. An involved traveler tended to use destination attractions extensively, indicated by the number of activities and the number of activity categories participated in. The performance risks facet assumed that the more travelers visit a destination, the more familiar they were and less risk they might take in a long-haul trip. The length of advance booking time was another surrogate to indicate how much a traveler was involved in a destination. The final dimension of financial risks was operationalized by the amount of expenditure per person on travel necessities and non-necessities. The more travelers spent on the two expenditure categories, the more financial risks they were taking, indicating a higher level of involvement they had with a destination.

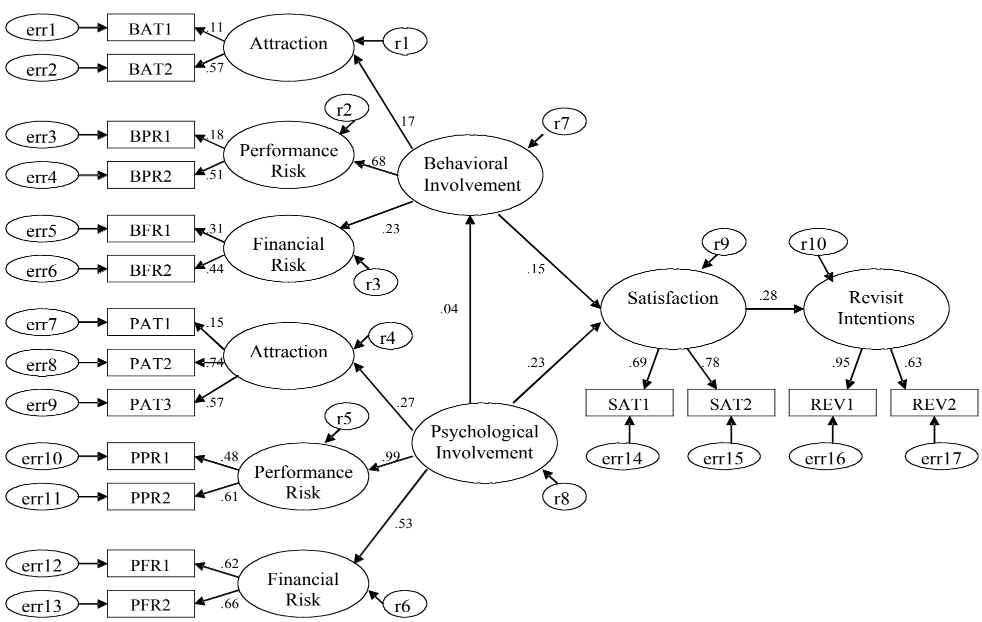
RESULTS

Measurement Model The first-order CFA model of psychological involvement indicated a good fit with x^2=10.17, degrees of freedom=11, and p-value=0.52. Other fit statistics, such as GIF=0.99, AGFI=0.96, NFI=0.92, TLI=1.00, and CFI=1.00, all showed the model's high degree of fit to the data. In the second-order CFA modeling, the covariation among the three first-order facets was explained by their regression on the second-order factor of psychological involvement. The model fitting statistics were x^2=10.36 with degrees of freedom=12 and p-value=0.58, GFI=0.99, AGFI=0.97, NFI=0.92, TLI=1.00, and CFI=1.00, indicating that the model fitted the data well. The positive signs of the coefficients suggested the relationships in first-order and second-order models were mostly positive. In the first-order behavioral involvement CFA model, the goodness-of-fit statistics were x^2=14.94 with degrees of freedom=12 and p-value=0.25, GFI=0.98, AGFI=0.95, NFI=0.94, TLI=0.98, and CFI=0.99, thereby suggesting that the fit of the data to the hypothesized model was adequate. An examination of the parameter coefficients indicated that all indicating variables except BPR3 had positive relationships with the latent constructs they measured, so BPR3 was removed prior to running the second-order CFA for behavioral involvement. The second-order confirmatory factor analysis focused on the investigation of the relationship between behavioral involvement and its three dimensions. The model was found to have a good fit with x^2=10.08 with degrees of freedom=8 and p-value=0.64, GFI=0.99, AGFI=0.97, NFI=0.97, TLI=0.98, and CFI=1.00. All facets expect for attraction had positive and reasonably high loadings on behavioral involvement.The latent construct of satisfaction was well measured by two indicators: overall satisfaction (SAT1) and evaluation of value for money (SAT2) with coefficient estimates of 0.69 and 0.78 respectively. The two indicants – revisit probability (REV1) and revisit interests (REV2) – also loaded highly on the construct of revisit intentions with parameter values of 0.95 and 0.63 respectively.

Structural Model The structural model examined the effects of the two dimensions of destination involvement – psychological and behavioral involvement – on travelers' revisit intentions with the moderating effect of satisfaction with the destination. The initial model fit was x^2=140.49 with degrees of freedom=112 and p-value=0.03, GFI=0.92, AGFI=0.88, NFI=78, TLI=0.93, and CFI=0.94, indicating a poor fit of the proposed model to the data. A review of modification indices showed the Modification Index value for the error covariance parameter bearing on the association between PFR1 and BFR1 was relatively high with a value of 10.39, suggesting a better model fit would be achieved by correlating the errors of the two items. As travelers emphasizing the monetary value tended to be conscious with their spending on travel, an association between these two variables should be valid. Based on this logical and empirical rationale, the model was subsequently respecified with the parameter freely estimated. The overall x^2, with 111 degrees of freedom, was 130.10 with p-value 0.104, indicating an adequate fit of the revised model. In addition, the values of GFI (0.92), AGFI (0.90), TLI (0.95), and CFI (0.96) were all well within the recommended range of acceptability.

The examination on each hypothetical direct effect relationship focused on its directionality shown by the predicted sign and its magnitude measured by the coefficient's strength. Within the structural model shown in Figure 2, psychological involvement had a positive effect on behavioral involvement with a coefficient estimate value of 0.04 and p-value of 0.37. The insignificant causal relationship suggested that psychological and destination involvement were two distinctive aspects of travelers' involvement with a destination and there was not a strong causal relationship between them. Both psychological and behavioral involvement were found to have positive and significant casual effects on travelers' satisfaction levels with the destination. The parameter estimate between psychological involvement and satisfaction was 0.23 with critical ratio of 1.86 and p-value of 0.03. This supported the second alternative hypothesis of a positive causal impact of psychological involvement on satisfaction, indicating that as the psychological involvement increased, satisfaction levels increased as well. The association between behavioral involvement and satisfaction was slightly weaker, as shown by the parameter estimate value of 0.15 with critical ratio of 1.71 and p-value of 0.04, indicating a support of the third hypothesis. The significant causality implied that when travelers were more involved with a destination behaviorally, they tended to achieve higher level of satisfaction. As expected, satisfaction had a positive influence on revisit intentions with a parameter estimate of 0.28 and a critical ratio of 1.93, which supported the last hypothesis. The tendency that the more satisfied travelers were, the more likely they would return to the destination is consistent with the findings of previous research.

Figure 2 The Empirical Model



CONCLUSIONS AND IMPLICATIONS

This research extends the body of knowledge on tourism consumer behavior in several ways. First, as one of the first group of studies to define and operationalize destination involvement, this study suggested a conceptual definition of destination involvement based on the theory of involvement. Destination involvement was conceptualized as a state of motivation, arousal or interest towards a travel destination, which encompasses both psychological and behavioral involvement. This study demonstrated that the structure of destination involvement provides a reasonable framework to explain the complicated interactions between travelers and destinations prior to and during trips. In addition, this research advances destination involvement by conceptualizing it by not only the travelers' psychological relevance of a destination, but also by overt behaviors.

Another unique contribution of this study lies in the operationalization of destination involvement. This research operationalized destination involvement as a two-level hypothetical construct manifested by multiple indicants. At the higher level, destination involvement was made up of two components – psychological and behavioral involvement. Reflecting the conceptual speculations and empirical evidence in other involvement research in tourism studies, each component was then operationalized in three of the most prominent dimensions of involvement, namely attraction, performance risks, and financial risks, the most salient dimensions in the touristic experience (Backman & Crompton, 1991). In addition, the relationship between psychological and behavioral involvement was tested in the structural modeling. Although these two sub-constructs were positively correlated, their causality was not statistically significant, which confirmed the distinctiveness of psychological and behavioral involvement in measuring the construct of destination involvement.

The third unique contribution of the study is the empirical verification of the causal relationships among the major components in travel purchase-consumption feedback loop. More specifically, the two sub-constructs of destination involvement – psychological and behavioral involvement both had a positive influence on satisfaction. This, in turn, was positively associated with travelers' revisit intentions. The mediating effect of satisfaction between the two constructs of destination involvement and revisit intentions indicated that destination involvement is not the unique factor predicting travelers' decisions to return. The indirect impact of destination involvement on revisit intentions suggests that travelers need more than psychologically and behaviorally involved with a destination to make another potential commitment to the destination. In other words, travelers having interests and expressing involvement during their present trips will not come back unless their expectations are met by the actual performance of the destination.

In summary, the results of this research have important implications. By constructing destination involvement and examining the causality among destination involvement, satisfaction, and revisit intentions, the following implications were obtained.

- Destination involvement provides an efficient and effective framework to assess travelers' experiences with a destination.
- Destination involvement is better conceptualized and measured on a complete spectrum of psychological and behavioral involvement.
- The verified causal relationship between destination involvement and revisit intentions via the mediating effect of satisfaction enables a prediction of travelers' possibility of a repeat trip based on their involvement profiles and satisfaction levels during a current or recent trip to the destination.
- The importance of satisfaction is re-emphasized, as a highly involved traveler will not return unless he/she is highly satisfied with the destination.

NOTES: The author would like to acknowledge the contributions of Dr. Alastair M. Morrison, Dr. Liping A. Cai, and Dr. Carl Braunlich, Purdue University, and Dr. Joseph T. O'Leary, Texas A&M to an earlier version of the manuscript. The data utilized in this research was made available by the Canadian Tourism Commission, who bears no responsibility for the analysis or interpretation presented here.

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RESTAURANT MANAGEMENT INFORMATION SYSTEMS: ASSESSMENT OF THE CONTINGENT USE OF SOFTWARE APPLICATIONS IN THE RESTAURANT INDUSTRY

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ABSTRACT

A survey was administered to restaurant managers (n = 243) to gather data about the current use of restaurant management information systems. This study demonstrated several important findings. First, many foodservice establishments are utilizing systems more than indicated in earlier foodservice literature. Food and labor cost analyses, sales forecasts, server performance evaluations, menu analysis, and e-mail are commonly utilized by today's restaurant manager. Second, this study provides support for contingency theory, that is, firms do not use systems equally. Full service, quick service, chains, and independents restaurants all utilized systems differently.

Key Words: Restaurant Information Systems, POS Systems

INTRODUCTION

As information technologies (IT) develop, organizations need computer information systems to help them achieve their business, strategic, and competitive goals. In the foodservice industry, information provided to restaurant managers has been primarily operational (Ellison & Mann, 2000). Typical operational system application offerings include the tracking of sales, controlling inventory, and processing payroll. Managerial decision-making is often supported by budgets, forecasts, and variance analyses. Capital budgeting and spending plans provide strategic support.

Often to remedy the lack of sufficient information, many popular business articles, including those in foodservice, seem to imply that all organizations should adopt the latest technology. Contingency theory, however, suggests that no universal information system is applicable to all organizations in all circumstances (Otley, 1980). On the other hand, contingency theory has been criticized for lacking a substantive basis to suggest which variables are important (Fisher, 1995; Otley, 1980).

This study focuses on the use of information systems in the foodservice industry. Based on the literature review and survey research, this study investigates the current use of Restaurant Management Information Systems (RMIS) in the restaurant industry. Furthermore, this study expands the current foodservice IT research base by examining differences in the managerial use of systems based on several contingent variables (segment, sales volume, and type of ownership). This study suggests which software applications are the most significant in the development of effective RMIS.

EVOLUTION OF IS USAGE IN THE FOODSERVICE INDUSTRY

Information technology can enable managers to make tactical, operational, and strategic decisions. According to Brian Sill, a foodservice management consultant, all stages of the restaurant production and service chain must act in concert to deliver quality products at the right prices to the right guests at the right times (Collins & Malik, 1998). Restaurant technology can monitor and coordinate these activities in timely and focused manner. Failure to do so can result in excess inventory, poor food and service quality, underutilized capacity, and excess costs (Collins & Malik, 1998). If used effectively, Colins and Malik (1998) theorize that computer applications can improve profitability.

Indeed some companies have seen improved profitability by using IT. For example, Donatos, a Midwestern pizza company, reported that it saved over $1 million in dough costs by implementing a dough forecasting application into its systems in 1999 (Huber & Pilmanis, 2001). The lower cost of Internet technology and increased bandwidth also allowed Donatos to set up Intranets where information was distributed to all managers at a fast and efficient rate (Huber & Pilmanis, 2001).

The level of use of information systems in the foodservice industry is diverse, and has been classified into one of three phases of IT adoption: (1) clerical, (2) integrated administrative, and (3) tactical (Gamble, 1994). Ellison and Mann (2000) extended Gamble's work, and found that level of technology use ranged from minimal to extensive (n = 10). They also found that the software usage scored highest in the clerical arena; integrated usage was lower; and tactical usage was the lowest.

Chien, Hsu, and Huss (1998) conducted a study of independent restaurants in Iowa (n=144), and reported similar results to those of Ellison and Mann (2000). They found that the most highly utilized software packages were office products (word processing and spreadsheets) and accounting packages (over 80%). Less than half of the independents used POS systems, time and attendance systems, and recipe costing. Even fewer operators used more advanced applications such as employee scheduling (28.9%) or food production forecasting (21.1%).

This study examines current IT usage trends to see if usage has evolved from these earlier studies. First, the percentage of application usage will be calculated. Second, software use is examined to look for differences among industry segment and between chains and independent restaurants. These research findings can help RMIS administrators plan the most effective system for their restaurant.

The following hypotheses are examined in this study:

H_1: *Casual dining, family, and quick-service restaurants use systems differently so to meet specific industry needs.*

H_2: *Chains will utilize more software applications than independently owned restaurants.*

METHODOLOGY

Survey research was used to test the research hypotheses. The frame for this study includes all the restaurant managers that are in the Central Ohio Restaurant Association and those listed in the *InfoUSA's Business Mailing Lists* software package for restaurants in Columbus, OH. A total of 243 surveys were collected (N = 1718) with a response rate of 14.1% (243/1718). Although seemingly low, this response rate is not uncommon for this type of study in business. Of that amount, 194 had POS systems, 27 had no systems, and 22 had only back-office systems.

Since this study did not use a random sample of restaurants in the United States, the generalizability of the sample to the restaurant population is a concern. The sample from Central Ohio includes responses from 243 restaurants comprised of 102 casual service restaurants, 94 quick service restaurants, and 47 family style restaurants. This includes responses from 51 national and regional brands, 14 local brands, and 73 independent restaurants. In fact, thirty of the country's "top 100" brands (Nation's Restaurant News, 2001) are included in this sample. Given the breadth of the sample, this sample appears to be representative of the restaurants in Central Ohio region. Since the sample also included the results of 51 national brands, this sample might also be considered somewhat representative of the national population.

To address the issue of non-response error, late respondents were compared to early respondents. Late respondents are assumed to be similar to non-respondents. If no differences are found, then respondents can be generalized to the population (Miller, 2000).

A one-way analysis of variance was conducted on the surveys based on the week they were collected. The means were compared for surveys returned during Week 1, Week 2, Week 3, Week 4, and for surveys collected by hand. The means for each group were compared to each other, and there were no significant differences between groups. These results are accepted as supporting the absence of non-response error in the sample responses.

FINDIINGS

Current Software Usage

Managers were asked if they used 19 different computer applications. Current usage trends are shown for the various segments in Table 1. Industry averages were also calculated. The applications used the most by restaurant managers, ranking in the **top** quartile, were: sales analysis (91.8%), labor cost analysis (80%), bookkeeping (70.8%), and inventory tracking (67.2%). The applications in the **second** quartile were: food cost analysis (65.6%), sales forecasts (61.5%), word processing (61.5%), e-mail (58.5%), and variance analysis (57.4%). The applications in the **third** quartile were: server performance (49.7%), food production schedules (39%), menu development (38.5%), vendor price comparisons (37.4%), and training employees (35.4%). The applications used the least by restaurant managers, ranking in the **fourth** quartile, were: service delivery times (25.1%), customer history/loyalty (21.5%), video monitoring (8.7%), and pager notification (3.6%).

Table 1: Application use percentages by industry segment.

Applications	Casual	Family	Quick service	Overall
Food costs	64.8%	55.3%	73.5%	65.6%
Labor costs	76.1	81.6	83.8	80
Sales analysis	92.0	92.1	91.2	91.8
Variances (budget vs. actual)	50.0	57.9	67.6	57.4
Server performance	62.5	55.3	29.4	49.7
Sales forecasts	55.7	60.5	70.6	61.5
Food production schedules	36.4	31.6	47.1	39
Labor scheduling	51.1	63.2	64.7	58.5
Inventory tracking	62.5	55.3	80.9	67.2
Customer history/loyalty	18.2	15.8	29.4	21.5
Vendor price	30.7	31.6	50.0	37.4
Service delivery times	15.9	15.8	42.9	25.1
Word processing/spreadsheets	75.0	50.0	51.5	61.5
Bookkeeping/financial reports	80.7	73.7	57.4	70.8
Training employees	35.2	31.6	38.2	35.4
Menu development	46.6	39.5	27.9	38.5
E-mail	64.8	63.2	48.5	58.5
Pager notification	3.4	5.3	2.9	3.6
Video monitoring	1.1	7.9	19.1	8.7
	n = 62	n = 94	n = 47	

Currently, foodservice firms seem to be either initiating systems or expanding their systems to offer better functionality. Ellison and Mann (2000) described the foodservice adoption phases as clerical, integrated administrative and tactical with more restaurants in the clerical stage. Differing from the Ellison and Mann findings, this study found that the most commonly used applications (50% or more usage by all segments) were equally distributed among all the processes. This study also demonstrated that foodservice establishments have moved beyond the findings of the Chien 1998 study. Independents are no longer limited to just using office and accounting products, but are also using food and labor cost analyses, sales forecasts, server performance evaluations, menu analysis, and e-mail on a regular basis.
The most utilized applications were those that pertained to their day-to-day operations. The least utilized were those that pertained to service quality and emerging technologies.

Contingency Theory

Contingent theory suggests that no universal information system is applicable to all organizations in all circumstances. Segment and ownership type were all examined in regards to application use. The first hypothesis was tested in regards to system use and segments:

H_1: *Casual dining, family, and quick-service restaurants use systems differently to best meet specific industry needs.*

It would be expected that restaurants with table service would use server performance analysis, whereas the quick service segment would track service delivery times rather than evaluating server performance. Based on prior research, it is also expected that the full-service restaurant would use administrative applications (word processing, financial reporting, and menu analysis) more than the quick service segment.

ANOVA was used to statistically test if usage among industry segments differed. For those segments that were different, the Tamhane post hoc analysis (which does not assume equal variances) was used to determine where the differences were between segments. Significant differences (at .05 levels) were found among industry segments for several applications: server performance, inventory tracking, service delivery times, word processing, bookkeeping, and video monitoring. As a result, the null hypothesis associated with **H_1** – there are no significant differences in system use among segments – is rejected.

Differences in usage applied to six software applications. Some of these differences from the post hoc analysis were expected. For example, analysis of server performance was utilized among casual and family style restaurants, but not in quick service. Service delivery times, however, were tracked predominantly by the quick service segment, not the casual and family style segments.

Inventory tracking and vendor price comparisons were utilized by quick service more than the other segments. One possible explanation might be that more quick service restaurants used POS systems with automated inventory ordering systems that might have the ability to compare vendor bids. After analyzing the POS data, however, this was found not to be the case. Only 26.5% of quick service restaurants had automated inventory ordering, the least of all the segments.

A more likely explanation for the differences might be linked to the menus. Quick service menus are usually limited and involve simpler recipes than the other segments. As a result, programming a computer to track inventory would be easier for the quick service segment. Further limited menus, might lend better to shopping for the best price.

Other differences between the segments were in the use of office products, word processing and bookkeeping. Casual service managers utilized the office products more than the quick service managers. Lastly, video monitoring from a remote location, although not widely utilized in the industry, was used by quick service managers more often than the other segments.

The second hypothesis tested in regards to contingency theory is:

H_2: *Chains will utilize more software applications than independently owned restaurants.*

National chains have more financial resources to invest in systems development than independently owned restaurants. T-tests were used to examine the differences between chains and independent restaurants (Table 2). Indeed, differences were found for thirteen of the nineteen applications. Restaurant managers from national chains used operational and forecasting applications (food cost, labor cost, variances, sales forecasts, food production schedules, labor schedules, inventory tracking, customer history, vendor price comparisons, service delivery times, training, menu analysis, and monitoring) more than managers at independent restaurants. There were no major differences, however, between chains and independents on the use of sales tracking, server performance evaluations, word, bookkeeping, e-mail, and pager notification. Regarding the use of operational computer applications, the independents ranked the same as the chains, but were behind in their use of almost every other type of application. As a result, the null hypothesis associated with **H_2** – there are no significant differences in system use among segments – is rejected.

Table 2: T-tests analysis for differences in application usage between chains and independent restaurants.

	t	Degrees of freedom	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Food cost analysis	-3.935	169.436	.000	-.26*	.067
Labor cost analysis	-4.849	129.121	.000	-.28*	.057
Sales results	.115	193	.909	.00	.040
Variances	-5.764	177.249	.000	-.38*	.067
Server performance	.926	193	.356	.07	.072
Sales forecasts	-2.722	178.570	.007	-.19*	.070
Food production schedules	-4.478	192.907	.000	-.30*	.066
Labor schedules	-3.400	179.701	.001	-.24*	.070
Inventory tracking	-7.423	145.377	.000	-.46*	.062
Customer history	-2.143	192.854	.033	-.12*	.058
Vendor prices	-2.724	191.601	.007	-.19*	.068
Service delivery times	-3.166	191.536	.002	-.19*	.060
Word/spreadsheets	1.140	188.338	.256	.08	.070
Bookkeeping	1.185	190.367	.237	.08	.065
Training	-2.828	192.282	.005	-.19*	.067
Menu/recipe analysis	3.659	175.869	.000	.25*	.069
Email	-.130	193	.897	-.01	.071
Pager notification	-.122	193	.903	.00	.027
Remote video monitoring	-3.148	149.743	.002	-.12*	.037

* The mean difference is significant at the .05 level.

LIMITATIONS OF STUDY

This study has its limitations. Due to the nature of the survey and confidentiality concerns, many foodservice chains and managers were hesitant to provide data. To encourage a level of trust, the researcher used her residential market of Central Ohio as the frame for this study. With the support of the Central Ohio Restaurant Association (CORA), the researcher mailed surveys to all CORA members and general managers in the Columbus, OH area.

The sample is a purposive sample. It includes restaurants from all sectors: (independents, small chains, and national chains) and segments: (casual dining, family, and quick-service). Central Ohio has also been used as a test market for many firms in the past due to its demographics. The major drawback with this type of sample frame, however, is research bias. The researcher may or may not be correct in the estimation of the representative ness of the sample.

IMPLICATIONS OF THE STUDY AND FUTURE RESEARCH

This study demonstrated that foodservice establishments have moved beyond the findings of previous foodservice studies. Differing from the Ellison and Mann 2000 findings, this study found that the most commonly used applications were equally distributed among clerical, integrated usage, and tactical processes. Also, different from the Chien 1998 study, independents are no longer limited to just using office and accounting products, but are also using food and labor cost analyses, sales forecasts, server performance evaluations, menu analysis, and e-mail on a regular basis.

The most utilized applications were those that pertained to their day-to-day operations. The least utilized were those that pertained to service quality and emerging technologies. To statistically test whether or not systems were used equally by segments, contingency theory was employed to test two hypotheses. The hypotheses and findings are:

- $\mathbf{H_1}$: *Casual dining, family, and quick-service restaurants use systems differently to best meet specific industry needs:* **ACCEPTED.**
- $\mathbf{H_2}$: *Chains will utilize more software applications than independently owned restaurants:* **ACCEPTED.**

This study clearly shows that one system does not fit all. Different industry segments utilized systems differently. Chains also utilized systems differently than independently owned restaurants. Hence, practitioners can gather information from this study regarding system use to develop better systems.

Future studies could gather longitudinal data in the IT area to monitor the progression of IT use in the foodservice industry. Additional industry segments, excluded from this study, might also be studied such as the fine dining sector or contract management services. In addition, a national random sample would improve the generalizability of the results of this research. Finally, additional contingent variables might also be tested for their relationships to IT use.

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A CONSUMER DEMAND MODEL FOR TRAVEL DESTINATION

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ABSTRACT

This study proposed a new consumer demand model for travel destination. The demand model was aimed at improving the understanding of the relationships among travel expenditure, activities, and seasons. Path Analysis was employed to test all the relationships hypothesized in the demand. From a practical point of view, the results of this research show how international travelers behave in their travel spending in response to changes in their activity preference and season of travel.

Key Words: consumer demand model, travel expenditure, activities, seasons, path analysis

INTRODUCTION

A theoretical root of travel expenditure research can be found in consumer demand theory. The theory enables an understanding of how customers choose a particular type of goods or service, given a change in the factor (i.e., income, price, etc.) being analyzed (Bryant 1992). It assumes that consumers have limited income, act in a rational manner, and aim to maximize their total satisfaction subject to the constraint of limited income. Much extant research has viewed income as one of the most important variables of determining consumer demand for goods and services; and it has been found to have a significant impact on the tourism demand as well (Jang, Ismail, and Ham 2002; Cai, Hong, and Morrison 1995; Dardis, Derrick, Lehfeld, and Wolfe 1981). Some empirical studies have reported shifts of demand curves as a result of marginal changes in factors other than income and price (Kutter 1973; Maw 1972). Michael and Becker (1973) offered a demand model that expands the traditional demand theory to accommodate these factors:

$$D = f(Y, P_x, T), \tag{1}$$

where Y is income, P_x is the price of goods X, and T is tastes and preferences. Because P_x is constant in the case of a cross-sectional data analysis, the equation (1) can be written as:

$$D = f(Y, T) \tag{2}$$

Equation (2) expresses that factors other than income need to be accounted for in explaining consumer demand. Despite that no specific definition has yet been established for T, household characteristics are often used as its proxies (Cai 1996; Philips 1987). However, the undefined T in equation (2) has provided impetus in searching for factors affecting consumer demand for certain goods (Cai 1996).

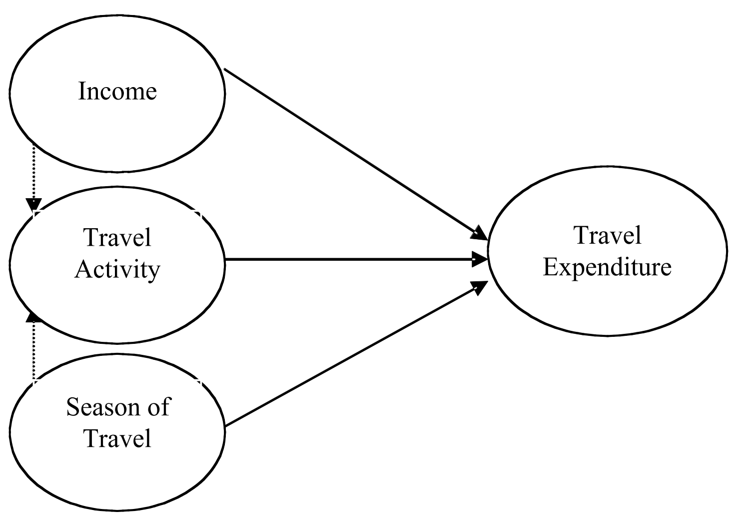
Expenditure on trip has usually been employed as a measure of demand for travel goods and services in the tourism research (Jang, *et al*. 2002; Cai, *et al*. 1995; Dardis *et al*. 1981). Since T signifies tastes and preferences, it may be reasonable for travel activity to be used as a proxy for T. According to Morrison, Hsieh, and O'Leary (1994), travel activity participation represents a form of travelers' behaviors, and activity participation behavior is viewed as the outcome of travelers' tastes and preferences. In other words, a chosen activity by a traveler is an evidence of the traveler's preference among many available options at a destination. Tourism demand may also be affected by the season of travel. The relationship between travel demand and season seems to be based on the temperature and weather. In a destination where there are four distinct seasons, a traveler may stay outdoors longer and participate in more activities in warmer months than in colder ones. The effect of season of travel on demand practically exists. Another notion that season has an impact on activities can be noted, because a traveler can choose a specific activity due to season. A traveler decides to enjoy beach activities because summer is the only possible season to do so, indicating a relationship between season and travel activities. Despite the scarce empirical proof, travel season may be presumed to be an important variable of affecting travel demand and activities (Uysal, Fesenmaier, and O'Leary 1994; Donatos and Zairis 1991). This research proposed a tourism demand model. The model includes, with the income effect controlled for, travel activities as proxies of tastes and preference and seasonality. The model can be specified as:

$$D = f\,(Y, T, S) \tag{3}$$

where D is tourism demand measured with travel expenditure, Y is income, T is travel activity, and S is season of the travel activity. As one of the two objectives of the current study, the modified model was tested to examine if empirically there exists a significant causal-effect relationship among travel activities, season, and travel expenditure after controlling for Y. The second objective was to identify the underlying constructs of travel activities.

The consumer demand model for travel destination in Equation (3) is illustrated in Figure 1. Extant work is abundant in relating travel expenditure to income, although the relationship of travel expenditure to travel activity and seasonality has been less examined. Dardis, et al. (1981) examined the impact of various household characteristics on recreation expenditures. Their findings revealed that income played a major role in concert with demographic characteristics in determining household expenditures on recreation. Recreation expenditures were positively related to income. Based on the 1990 Consumer Expenditure Survey, Cai, et al. (1995) examined leisure trip expenditure patterns of U.S. households in the four categories of food, lodging, transportation, and sightseeing/ entertainment expenditures. The results revealed that income was significant and had a positive effect on all four expenditure categories. A few empirical studies have been conducted to examine the association between travel spending and travel activity. Spotts and Mahoney (1991) found that heavy spenders on travel were significantly different from non-heavy spenders in terms of trip-related characteristics and their travel activities. They reported that greater involvement with recreation activity was a viable variable that could distinguish heavy spenders from the other spender groups. That is, active participation in recreation was a factor that positively influenced the level of expenditure. In the study by Spotts and Mahoney (1993), seasonal differences in travel characteristics including expenditure were also investigated. The study showed that per-day and per-trip expenditures were lower in the fall than in the summer. It was also reported that average total per-trip spending was 42 percent lower, largely as a result of a 37 percent drop in lodging expenditures, a 69 percent drop in expenditures on grocery and convenience store items, and a 41 percent drop in vehicle-related expenditures.

Figure 1: A Modified Tourism Demand Model



According to Sandell (1968), a person's choice is highly dependent upon the situation. Bearden and Woodside (1976) concurred that situations are influential in the formation of behavioral intentions and that a better understanding of choice behavior is possible if more than attitudinal measures are used to explain behavior. Belk (1975) classified a situation into two dimensions: time and space. He stressed the importance of the temporal perspective in consumer behavior in relation to season of the year. Based on the Belk's research, Calantone and Johar (1984) attempted to segment the travel market by showing how different factors influenced choice in different seasons. An important finding of their study was that tourists sought different benefits and therefore chose different travel activities over different seasons. They concluded that the marketing manager must monitor the change in choice of travel activities over the seasons by target segment in order to appropriately modify the product mix over the year. These studies suggest that season of travel affects the choice of travel activities.

What differentiated the current study from the previous research as cited above was the simultaneous examination of not only these relationships but also the inter-relational linkage among the three causal factors - all in one model (see the dotted lines in Figure 1). The study developed and tested these three hypotheses:

Hypothesis 1 (H_{a1}): Travel activity influences travel expenditures after controlling for income.
Hypothesis 2 (H_{a2}): Season of travel influences travel expenditures after controlling for income.
Hypothesis 3 (H_{a3}): Season of travel influences choice of travel activity after controlling for income.

METHODOLOGY

The data used in this research was the Pleasure Travel Markets Survey for France collected by the Coopers & Lybrand Consulting Group in 1998 under the joint sponsorship of the Canadian Tourism Commission and the U.S. International Trade Administration. A total of 1,221 French households were randomly selected for personal interviews. The population of this study was French pleasure travelers to Canada and the U.S., and the sample included 434 travelers who had traveled to the two countries for pleasure during the three years prior to the survey. The interview included questions to travel expenditure, different types of travel activities, seasons of travel, and income. Expenditure measured the total amount that a travel party spent on travel, but did not include pre-trip expenditures. Of the 54 activity items, only 37 activities with participation rates of 10 percent or above were retained for analysis. The season of travel was measured as the month of departure and categorized into four seasons: March to May for spring, June to August for summer, September to November for fall, and December to February for winter. The season was then dummy-coded as summer vs. others. The income variable was represented by monthly household income before taxes including all wages, salaries, pensions, and income from other sources. The data analysis consisted of two steps. First, factor analysis was conducted to reduce the 37 activities to a more manageable set of constructs. Second, path analysis was employed to examine the simultaneous causal relationships among the three variables of interest: travel expenditure, activities, and season.

RESULTS

Factor Analysis

Principal components factor analysis with Varimax rotation reduced the 37 activities eight activity factors with eigenvalues greater than or equal to one. The factors accounted for 55.3 percent of the total variance. The reliability alpha of the eight factors ranged from 0.61 to 0.78, indicating acceptable internal consistency (Hair, Anderson, Tatham, and Black 1998). The factors were labeled as “nature activity”, “sightseeing”, “local lifestyle”, “culture & social”, “beach & outdoor”, “shopping & dining”, “city touring”, and “entertainment.” Factor scores were calculated for each respondent, and were utilized as the composites of travel activities in the path model.

Path Analysis

The path model was designed to test the impact of travel activities on travel expenditure, season on travel expenditures, and season on activities. Household income was included as a control variable in the model. The Maximum Likelihood (ML) method was used to estimate the parameter coefficients. The normality tests were conducted using the statistics of skewness and kurtosis. Both statistics indicated that assumption of normality was not met for the travel expenditure and household income variables. However, when the data were transformed by taking the natural logarithms of the two variables, both skewness and kurtosis statistics were improved to fall within critical values of normality. The path analysis therefore included the travel expenditure and household income in their log-transformed values. Testing statistics indicated that the path model showed a high degree of fit to the data.

The results of the path analysis, as shown in Table 1, were examined both in the sign and the value of a coefficient. The signs of parameter coefficients indicated that all travel activities, except for “local lifestyle” and “culture & social,” had positive impacts on travel expenditures. The “nature” factor of activities appeared to have a significantly positive influence on travel expenditures with the estimate of 0.12, which suggests that French travelers who visited natural ecological sites, protected lands, and parks, tended to spend more. Another positive and significant relationship was found between “beach & outdoor” and expenditure. With a parameter estimate of 0.09, travel activities such as swimming, sunbathing or other beach and outdoor activities significantly influenced the spending level of the French visitors. The “entertainment” factor also exerted a significant and positive influence on spending with a parameter estimate of 0.15. The factors of “sightseeing”, “city touring”, and “shopping & dining” showed positive relationships with travel expenditure, but they did not have a significant effect.

The variable of household income was also found to exert a significant effect on travel expenditures. The standardized coefficient of the income variable was 0.29, which was the largest of all the path coefficients tested. This signified that travel expenditures were more affected by the travelers' household income than by each individual factor of travel activities, and by the season variable. The household income had a significant and positive effect on only one travel activity variable - the beach & outdoor activity factor, suggesting that the higher the income level, the higher love of involvement in the beach & outdoor activity. The variable of season showed a significant influence on travel expenditures, with summer travelers spending more than those traveling in other seasons. While examining the effect of summer season on travel activities, it was found to have a significant effect on beach & outdoor activities, but did not show significant influences on the other factors of activities. It was expected that the other seasons would have significant impacts on the other travel activities, for example, the fall on nature activity.

Table 1: Standardized Path Coefficients

Path		Standardized Estimate	t value	*p value*
Nature	← Household Income	0.05	1.13	0.259
Sightseeing	← Household Income	-0.01	-0.26	0.794
Local Lifestyle	← Household Income	-0.09	-1.93	0.052
Culture & Social	← Household Income	-0.05	-1.11	0.267
Beach & Outdoor	← Household Income	0.12	2.53	0.012
Shopping & Dining	← Household Income	0.00	-0.06	0.950
City Touring	← Household Income	-0.09	-1.81	0.070
Entertainment	← Household Income	-0.02	-0.31	0.754
Travel Expenditure	← Household Income	0.29	6.55	0.000
Travel Expenditure	← Nature	0.12	2.76	0.006
Travel Expenditure	← Sightseeing	0.06	1.38	0.168
Travel Expenditure	← Local Lifestyle	-0.02	-0.39	0.696
Travel Expenditure	← Culture & Social	-0.04	-0.98	0.328
Travel Expenditure	← Beach & Outdoor	0.09	1.98	0.047
Travel Expenditure	← Shopping & Dining	0.01	0.23	0.822
Travel Expenditure	← City Touring	0.05	1.13	0.260
Travel Expenditure	← Entertainment	0.15	3.38	0.001
Nature	← Season	0.00	-0.02	0.987
Sightseeing	← Season	-0.07	-1.44	0.151
Local Lifestyle	← Season	0.05	0.98	0.325
Culture & Social	← Season	0.06	1.19	0.233
Beach & Outdoor	← Season	0.20	4.20	0.000
Shopping & Dining	← Season	-0.01	-0.20	0.844
City Touring	← Season	0.06	1.22	0.224
Entertainment	← Season	-0.02	-0.39	0.698
Travel Expenditure	← Season	0.12	2.55	0.011

CONCLUSION

This research investigated the causal relationships among travel expenditure, activities, and seasons. The results suggested that hypotheses were at least partially supported at the 0.05 significance level. Out of eight activity factors, three (nature, beach & outdoor, and entertainment) had significant impacts on travel expenditure. The result supported that travel activities significantly influence travel expenditure. Season of travel was found to be a significant variable that affected travel expenditure. In addition, summer season appeared to have a significant impact on beach and outdoor activities. The findings partially supported that season of travel influences the choice of travel activity.

From a practical point of view, the results show how international travelers behave in their travel spending in response to changes in their activity preference and season of travel. It provides a valuable message to destination management organizations. That is, different travel activities and seasons are associated with different demand patterns, and thus lead to different expenditure levels. To maximize travelers' expenditure and to earn greater tourism revenues, destination policy-makers and marketers need to identify what types of activities and what season contribute most to their destination. It is important to develop an approach in which the most activities and season with the greatest contributions are given the most emphasis in product development to implement this approach on a consistent, long-term basis.

The study findings offer theoretical implications as well. The tourism demand model, modified from traditional consumer demand model, was empirically tested and verified through the causal relationships found among travel expenditure, activities, and seasons for the first time. Since Michael and Becker (1973) posited a demand model that expands the traditional demand theory, tourism researchers have used a variety of proxies to represent the T component in their model. Yet, this study operationalized the T through the specification of a set of travel activity factors. Further, the current study explicitly specified the season as another component in the modified tourism demand model. While extant studies have empirically proved linkages between travel expenditure and income, travel activity, or season through bivariate analysis or multiple regression methods, the path analysis employed in this study accounted for the interrelationships among the variables of income, travel activity, and season.

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APPLYING EXPECTANCY THEORY TO STUDENT EVALUATIONS OF A COURSE AND INSTRUCTOR

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ABSTRACT

Students' course and instructor evaluations have been an important issue in higher education, as they provide helpful information for designing and improving learning outcomes. In this study, we propose an expectancy value framework to study and understand the process students evaluate a course and instructor performance. Data collected from students enrolled in several hospitality courses indicate that students' expectations about the course and instructor performance directly influence actual performance evaluations. Expected workloads, however, did not affect actual performance evaluations as well as student satisfaction; nonetheless, they negatively influenced students' willingness to recommend the course and instructor to other students. Some practical implications are discussed for applying theory-based research frameworks to understanding students' course and instructor evaluation process.

Key Words: Student evaluation of course and instructor, expectancy theory, student expectation, student performance, student satisfaction

INTRODUCTION

To date, a variety of instructional methods have been implemented to improve student learning in hospitality education by utilizing case studies (Roberts, Shea, & Lattuca, 1997/8), team-based learning (Horton, 2001; LaLopa, Jacobs, & Countryman, 1999), problem-solving (Cushman, Dilly, & Gould, 1997/8), class discussions (Gilmore, 1992), so forth. These methods can be an important tool for instructors in assessing how differently individual students learn in a particular subject area and how they enhance their learning performance. Apparently, students' enhanced learning performance can affect their satisfaction with the course and instructor and also influence their ownership of knowledge and of the program they belong to. Thus, understanding ways to enhance students' learning performance is an important subject of study in hospitality education, given the relatively short history of pedagogy.

In this study, we examine how expectancy theory can be applied to understand students' learning and their perceptions of the course and instructor performance. We propose a conceptual model of expectancy theory that is applicable to hospitality education. By surveying actual students across several hospitality courses, we test the proposed model and develop suggestions for course and instructor improvement as well as future research on related topics. By doing so, this study attempts to contribute to the excellence of hospitality education.

EXPECTANCY THEORY AND RESEARCH HYPOTHESES

A widely adopted expectancy theory posits that customers form feelings of satisfaction with a target product as a result of cognitive and affective comparisons between pre-held expectations of the product's performance and experiential perceptions of the product's actual performance (Oliver, 1981). In the case of educational situations, students evaluate a course and instructor performance based both on what occurred in the class as well as predetermined rational and emotional information gathered both prior to taking the class and in the first two weeks of a course. Given such a theoretical position, expectations can be generally defined as predicted performance of the product, while perceived performance means the customer's judgment of goodness/badness of the product's offerings. Many researchers have applied expectancy theory to consumers' product evaluations and they found that both expectations and perceptions influence satisfaction with the product jointly and/or independently (e.g., Churchill & Surprenant, 1982). Notably, several hospitality researchers adopted the expectancy theory framework to examine how hospitality customers developed their post-purchase evaluation schema (e.g., Barsky, 1992; Oh & Jeong, 1996).

Although expectancy theory has resulted in frequent applications to marketing situations, its central thesis is intuitively applicable to the situations where evaluators hold pre-experience expectations about the target product's performance. Students may form expectations about the performance of a course and instructor, based on many sources such as word-of-mouth communications with other students who experienced the course or instructor, their own analysis into the course information as well as their own interest and capabilities, the information given by their academic advisors, direct contacts with the course instructor, and so forth. It is also highly likely that, after the first orientation class period of the course, most students will form certain levels of expectations about the course and instructor for learning performance throughout the semester. Such expectation levels are likely to influence their after-semester perceptions of course and instructor performance because these expectation levels tend to serve as the standards of comparisons against the actual performance of the course and instructor. Expectancy theory also supports that these expectations partially determine (i.e., positively related with) the level of overall satisfaction with the course and instructor (see Oliver, 1997).

It is self-evident that perceived course/instructor performance positively influences students' satisfaction with the course/instructor. Here, satisfaction is defined as the student's summary state of feelings about the course/instructor that arise as a result of his/her experience with the course and instructor throughout the semester (Oh & Parks, 1997). We further propose that student satisfaction (or dissatisfaction) with the course (i.e., core requirements) and instructor, once accumulated across courses and instructors over time, will strengthen (or undermine) their sense of belonging to their major or academic program. Consequently, students' overall satisfaction and their sense of belonging, which we define as *ownership* for purposes of our study, will affect directly or indirectly their willingness to recommend the course, instructor, and even major to others. We firmly believe that students' ownership of the academic program is a critical factor to the success of the program in the long run. Note in this case that the positive relationship of satisfaction with recommendation intention operates at the course or instructor level, while the relationship between ownership and recommendation is operative at the level of academic major.

Based on our succinct discussions above, we propose an extended conceptual model of expectancy theory for understanding students' course/instructor evaluation process. By doing so, we aim to develop general suggestions for improving course and instructor performances and, eventually, for enhancing students' learning experience in hospitality education. Specifically, we summarize our propositions into a set of testable hypotheses as follows:

1. Student expectations of perceived course-/instructor-related performances have a positive relationship with perceived performance.
2. Student expectations of perceived course-/instructor-related performances have a positive relationship with student satisfaction with the course and/or instructor.
3. Students' perceived performance has a positive relationship with their satisfaction with the course and/or instructor.
4. Students' overall satisfaction with the course and/or instructor has a positive relationship with their ownership of the academic program.
5. Students' overall satisfaction with the course and/or instructor has a positive relationship with their willingness to recommend the major to others.
6. Students' ownership of the program has a positive relationship with their willingness to recommend the major to others.

METHOD

This study was conducted with junior/senior hospitality students who were enrolled in five different hospitality courses at a large U.S. university where the hospitality program offers baccalaureate, Master's, and doctorate degrees. Students were encouraged to participate in two sets of surveys (pre and post) to measure their expectations and perceptions of the course and instructor. The first survey to measure expectations was conducted two weeks after school started so that students could have some time to form or further develop expectations about the course and instructor performance for the semester. The second survey was administered two weeks before the semester ended to measure student perceptions of the course's and instructor's actual performance during the semester. While the measurement time points differed between expectations and perceptions, the measurement items were matched between the two surveys.

The questions in the survey instrument were adapted and modified from the university's standard course evaluation items. A total of thirteen items (i.e., course workload, relevant assignments to the course and its objectives, student involvement, course content, course preparation, organization, enthusiasm, explanation, respect, tolerance, fair evaluations, and fair grading) were employed to evaluate courses and instructors. These questions were measured with a 7-point scale by anchoring from 1= strongly disagree to 7= strongly agree. Additionally included were socio-demographic questions such as gender, school year, age, expected grade for the course, and actual grade for the course. The instrument also included questions about the student's satisfaction with the course, the instructor and what they learned in class, and the student's willingness to recommend the major to others. In order to examine whether the course and instructor performance items could be structured as purported, exploratory principal-component factor analysis was conducted, with a varimax rotation method. Based on the factor analysis results, a series of multiple regression analyses was conducted to estimate the path model in Figure 1.

RESULTS

Of a total of 166 student contacted, 101 completed both sets of the surveys with a response rate of 60.8%. More than one third of respondents (35) were males, and almost three quarters of the respondents (74) were seniors. Sixty-five respondents (64%) fell into 21 and 22 years old. Most respondents (94) expected to have better than a “B” in their final grade. There was, however, a discrepancy between students’ expected grade and actual grade. Thirty respondents (32%) did not meet their expectation of their grade to obtain at least a “B.” Overall, students were relatively satisfied with their course, instructor, and learning achievement, reporting their mean values greater than 5.0 in a 7-point scale. By looking at potential gender differences in these measurement items, we found no statistically significant differences between male and female students in these three attributes at a significance level of .05. Students’ ownership of the program was measured with four attributes (“probability to major in HRIM again,” “gladness to major in HRIM,” “HRIM recognition of other people,” and “good area of study”) and had relatively high mean values in all attributes with mean values greater than 4.9. In particular, students showed significantly different opinions on the probability to major in HRIM again by gender (p<.05). Males showed higher probability to major in HRIM again than females. A series of paired sample t- test was conducted to identify differences between students’ expectations (pre-test) and perceived performance (post-test) and between their expected grade and actual grade. There are no statistically significant differences between expectations and perceived performance except for one item, *meaningful course content*, and grade.

FACTOR ANALYSIS RESULTS OF STUDENTS’ EXPECTATIONS AND PERCEIVED PERFORMANCE

From the 13 attributes, three factors were extracted for expectations and one factor for perceived performance (Table 1.). The orthogonal varimax rotation technique was utilized in order to achieve a clear, simple, and uncorrelated factor structure. As a result, all factor loadings across the three factors appeared to be greater than .63, which meant that these attributes were highly correlated with their respective factor (Hair et al, 1995). These three factors accounted for more than 80 percent of the variation in the 13 items. The coefficient alphas of reliability (Cronbach, 1951) for the factor ranged from .90 to .96, which were very satisfactory. Using the same factor analytic procedure, we found that all performance items loaded on the same factor and this one-factor solution explained about 72 percent of the variation in the 13 items with an alpha value of .96.

Table 1: Results of Factor Analyses from Student Expectations

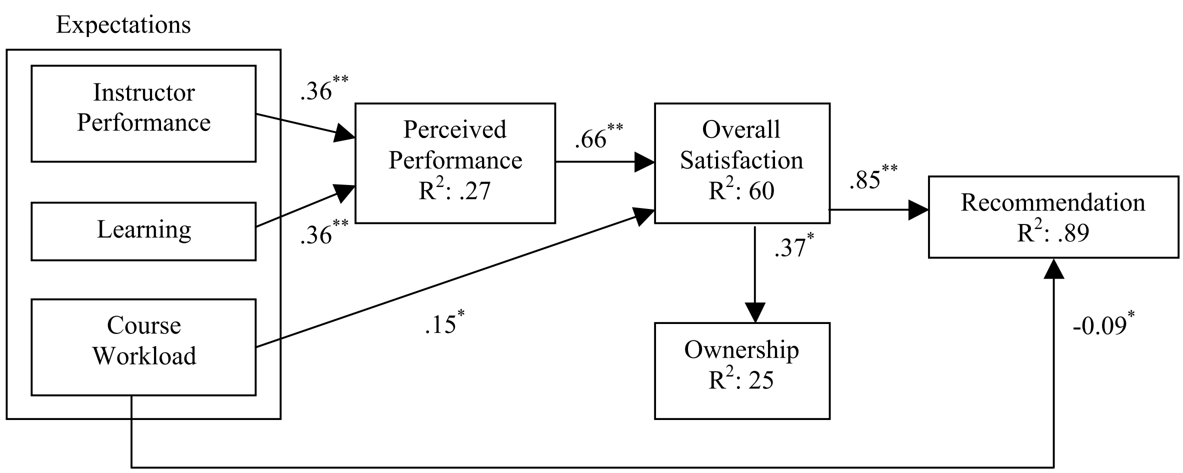
	Perception Attributes	Loadings	%	*a*
Factor 1 Instructor Performance	• This instructor will be respectful for students • This instructor will be tolerant • This instructor will be fair in evaluations • This instructor will be fair in grading	.90 .88 .85 .82	60.04	.96
Factor 2 Learning	• This instructor will have great enthusiasm in teaching • This course will have meaningful content • This instructor will be well-prepared for the course • This course will require students to be adequately involved in classroom activities • This instructor will be well-organized for the course • This instructor will have an ability to clearly explain subject matters	.77 .74 .71 .71 .70 .63	71.70	.90
Factor 3 Course Workload	• This course will have assignments relevant to the course • This course will have assignments relevant to the course objectives • This course will have appropriate workload for the hours of credit	.89 .88 .76	80.32	.90

MULTIPLE REGRESSION AND HYPOTHESIS TEST RESULTS

Path analysis via multiple regression was utilized to test the conceptual model of the present study as well as the six propositions. The factor scores from factor analysis were used in the regression analysis and the path analyses were conducted in a backward procedure as illustrated in the work of Oh (2000). Overall, the results indicated that hypotheses 3, 4, and 5 should be accepted at the significance level of .05; course/instructor performance has an overall positive effect on overall satisfaction (H_3), which has a positive effect on both ownership of the academic program (H_4) and willingness to recommend both the course and major to others (H_5). Hypothesis 6, ownership having a positive effect on willingness to recommend the course or program, should be rejected. Only partial acceptance was made for hypotheses 1 and 2 at the significance level .05; for example, expectations about workloads did directly affect both performance evaluations and student satisfaction. Expectations about instructor performance did not directly affect student satisfaction, either.

Based on the path analysis results, the relationships among the model variables have been slightly modified from those proposed originally in Figure 2. Of the three expectations factors, only two factors appeared to have positive relationships with students' perceived performance. When students had high expectations of instructor performance and learning (see perception attributes for instructor performance and learning in Table 3), they tended to perceive high actual performance for the course and the instructor. About 27 percent of variation in the perceived performance of the course and instructor could be explained by these two factors. However, the factor "course workload" (see perception attributes in Table 3) appeared to have no relationship with students' perceptions of the course and instructor performance.

Figure 1: Results of Path Analysis Via Multiple Regression



$^{*}p<.05$; $^{**}p<.01$

Consistent with expectancy theory, students' perceptions of the course and instructor performance was a major determinant of students' overall satisfaction with the course and the instructor. In addition, students' expectations about learning also were found to directly influence student satisfaction. As shown, the role of expectations was generally weak in determining overall student satisfaction. Approximately 60 percent of students' overall satisfaction was explained by performance perceptions and learning expectations. Students' overall satisfaction was a powerful predictor of their ownership of the program, accounting for about 25 percent of variation. Neither expectations nor perceived performance directly affected ownership. Students' willingness to recommend the major to others was found to have a positive relationship with overall satisfaction but a negative relationship with course workload. Given the model, about 89 percent of variance in recommendation intention could be explained, thereby suggesting that the proposed model has potential as a guiding framework for understanding students' course and instructor evaluations in general.

CONCLUSION AND SUGGESTIONS

In this study, students' perceptions of courses and instructors were measured following the guidance of expectancy theory. To increase content validity, this study adopted measurement items from a standard course evaluation form that had been used by a large U.S. University for years. This study also employed a pre- and post-measurement design to enhance measurement accuracy as well as to avoid potential confounding effects from measuring expectations and perceptions simultaneously. We also examined several courses of different subjects in an effort to increase generalizability. Our study shows that expectancy theory has a strong potential to be a substantive ground theory to explain the course and instructor evaluation process of hospitality students, thereby promising that many useful suggestions for excellence in hospitality education can be developed from theory-based examinations of learning outcomes like this.

Findings of this study indicate that the two expectations factors, *instructor performance* and *learning*, are powerful predictors of student perceptions of course and instructor performance. Students' perceived performance seems to be an important variable predicting his/her overall satisfaction with learning experience. In addition, when students had high expectations about learning, their satisfaction with the course and instructor tended to be high. Overall satisfaction influenced students' sense of ownership of the major and willingness to recommend their major to others. It is interesting to see that students' high expectations entail high perceptions of course and instructor performance and high overall satisfaction. While additional research is needed to probe the reasons behind these findings, it seems reasonable to say that establishing high expectations about course and instructor performance is an important first step in every semester. Perhaps students with high course and instructor expectations tend to be more observant of the course and instructor performance. Also interesting is the finding that course workload does not have direct implications for course and instructor performance, which is against common expectations, but it is indeed negatively influences students' intention to recommend the course and major to others.

Although this study attempted to lay a theory-based framework for evaluations of the relationships surrounding expectations and perceptions of course and instructor performance from a student's perspective, additional research is necessary to refine the model. Hence, several suggestions are in order for future studies. First, additional measurement attributes, for example, student attitudes toward learning, an individual learning style, and different types of courses taught should be considered to better assess how students form their expectations and perceptions of course and instructor performance. We used only 13 course- and instructor-related expectation and performance attributes, taken from a university's actual evaluation form. Enriched measurement will provide more accurate assessments of the applicability of expectancy theory. Second, more diversified groups of students should be included to provide results with stronger generalizability. Students' expectations and perceptions about course and instructor performance may differ by their academic status and the level of the course they take. The program's learning culture as a whole and other student-specific background variables (Saenz, Marcoulides, Junn, & Young, 1999) may alter the study results as well. Finally, since learning should be an ongoing process, techniques of formative evaluations can be incorporated into the current scheme of the expectancy framework proposed in this study so that future instructional strategies can be developed from an optimal integration of both learning theories and social-psychology frameworks like expectancy theory.

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ENTREPRENEURIAL MANAGEMENT STYLE AND ORGANIZATION STRUCTURE: PRELIMINARY EVIDENCE FROM THE ASIA-PACIFIC CONTEXT

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ABSTRACT

In adopting an entrepreneurial management style, the internal organizational and environmental context needs to be considered. An entrepreneurial management style needs to be supported by an appropriate culture and organizational structure. A questionnaire was mailed to hotel general managers in Mainland China, Hong Kong, Malaysia, and Singapore. Responses were obtained from 187 managers for a 32.18% response rate. Preliminary evidence suggests that organization structure was positively correlated with management style. Entrepreneurial hotels were more likely to adopt an organic structure while conservative hotels favored a mechanistic structure. Management style and organization structure were both independently related to performance.

Key words: entrepreneurship, organizational structure, hotels, performance

INTRODUCTION

Organizational theorists emphasize that organizations must adapt to their environment if they are to remain viable (Lumpkin & Dess, 1996; Powell, 1992). In an environment characterized by stability and predictability, companies often adopt a bureaucratic or centralized management system to exercise control over as many variables as possible. However, today's business environment is becoming increasingly complex and dynamic. In recent times, following the Asian economic crisis, the terror related incidents in the U.S., as well as in Bali and other tourist destinations; the environment may be characterized as uncertain. In such an environment, what types of management style and organization structure are prevalent and are there combinations of management style and structure that are associated with improved performance levels?

LITERATURE REVIEW

Entrepreneurial management style: Entrepreneurship has both attitudinal and behavioral components. Entrepreneurship promotes the search for competitive advantages through product, process, and market innovations. Entrepreneurial attitudes and behaviors provide a foundation for long-term competitive success for firms of all types competing in multiple countries across several different market economies. Entrepreneurship represents organizational behavior. It includes risk taking, proactivity, and innovation on the part of the organization (Slevin and Covin, 1990).

Miller (1983) suggested that an entrepreneurial firm is one that "engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with `proactive' innovations, beating competitors to the punch" (1983:771). Accordingly, he adopted the dimensions of innovativeness, risk taking, and proactiveness to describe and characterize entrepreneurship. Several researchers have subsequently adopted Miller's (1983) original conceptualization in delineating the dimensions of a firm's entrepreneurial orientation (cf. Covin and Slevin, 1989; Zahra and Covin, 1995; Schafer, 1990; Lumpkin and Dess, 1996). For instance, Covin and Slevin (1988) viewed a firm's `entrepreneurial strategic posture' as its position along a continuum ranging from conservative to entrepreneurial. Conservative firms were those identified as having strategic postures that were risk-averse, non-innovative, and reactive, whereas, entrepreneurial firms were associated with strategic postures that were risk-taking, innovative, and proactive.

Organization Structure: All organizations have structure that has an important influence on the flow of information and the nature of human interactions. It defines the lines of authority and communication, and serves to allocate tasks and resources to provide coordination. The structure of an organization importantly influences the flow of information and the nature of human interactions. Burns and Stalker (1961) developed a continuum where the structure of an organization can be classified according to its technology: mechanistic versus organic. The "mechanistic" structure represents a high degree of specialization, division of labor, structured hierarchical control, vertical communication, centralized authority, and low autonomy. On the other hand, the "organic" structure allows less strict task differentiation, less clear hierarchy, more lateral communication, and a relatively higher degree of autonomy. Organizations can be characterized by the degree to which they have an organic organization structure. The high levels of performance achieved by many innovative firms with flexible, non-bureaucratic structural attributes suggests that the fit between organization structure and a firm's entrepreneurial orientation may be particularly crucial to the effectiveness of the firm. In general, an organic organization is more adaptable, more openly communicative, more consensual, and more loosely controlled. This is compared to the mechanistic organization that tends to be more traditional, more tightly controlled, and more hierarchical in its approach (Slevin & Covin, 1990; Khandwalla, 1976/77).

There must be a fit or a balance between the organizational structure of the firm and the type of entrepreneurial behavior in which it engages (Slevin and Covin, 1990). In other words, a successful firm not only engages in entrepreneurial managerial behaviors, but also has the appropriate culture and organizational structure to support such behaviors. Covin and Slevin (1988) examined the influence of organization structure on the relationship between top management's entrepreneurial orientation and financial performance. The findings suggest that an entrepreneurial top management style has a positive effect on the performance of organically structured firms and a negative effect on the performance of mechanistically structured firms. These authors note however, that their results may not necessarily generalize globally due to differences in government regulations, labor-management culture, etc. The purpose of this research study, therefore, is to test the following propositions in relation to the hotel industry within the Asia-Pacific context.

Hypotheses

H1: Management style and organization structure will be related
H1a. An entrepreneurial management style will be associated with an organic management structure
H1b. A conservative management style will be associated with a mechanistic management structure

H2: Management style and organization structure will influence performance
H2a. An entrepreneurial management style will be positively associated with performance
H2b. An organic organization structure will be positively associated with performance

METHOD

Performance was designated as the dependent variable in this study while management style and organization structure were considered the independent variables. Existing scales were adopted to measure all three constructs (described in the following sections). Uni-dimensionality of the measures was assessed by means of exploratory factor analysis, while reliability was tested using the conventional measure of coefficient alpha. Following Churchill's (1987) remonstrance, coefficient alpha was the first measure calculated to assess the quality of items. Scales were constructed for each variable by averaging the ratings for the items associated with each measure. Adopting this procedure, indices were developed for each firm to represent the variables of performance, structure, and management style. Low and high performing hotels were identified based upon a mean split; firms falling at or below the overall mean were categorized as low performers and firms falling above the mean were categorized as high performers. The same procedure was followed to categorize firms based on the organization structure and management style indices obtained for each hotel. Correlations, cross tabulations with Chi-square, and regression analysis were adopted to test the hypotheses and significance was tested at the $p<0.05$ level.

Entrepreneurial style: Following Naman and Slevin (1993), entrepreneurial style was measured using a nine-item, 7-point Likert type scale. Covin and Slevin (1988) developed this scale based on early work by Miller and Friesen (1982) and Khandwalla (1976/77). These previous researchers operationally define entrepreneurial style as an aggregate measure of three dimensions. These comprise the willingness to take business related risks, the willingness to be proactive when competing with other firms, and the willingness to favor change and innovation in order to obtain competitive advantage (Miller, 1983; Covin and Slevin, 1988; Naman and Slevin, 1993). Managerial assessments were obtained by means of a structured questionnaire. In responding to the items, respondents were asked to characterize the collective management style of key decision-makers. The ratings assigned to these items were averaged to obtain an entrepreneurial style index for each firm. Higher values on the index suggest a more entrepreneurial management style.

Organization Structure: Organization structure was operationally measured as the extent to which organizations are structured in organic or mechanistic forms. A seven item, 7-point Likert type organization structure scale was adopted. This scale was initially developed by Khandwalla (1976/77) to measure organicity – the organic versus mechanistic orientation of a business, and subsequently validated by researchers including Naman and Slevin (1993) and Covin and Slevin (1988). Respondents were asked to characterize the extent to which the operating management philosophy of their firms favored aspects of structure. The ratings assigned to the items were averaged to obtain an organicity index for each firm; the higher the index, the more organic the firm's organization structure.

Performance: Managerial perceptions of overall performance were measured with a modified version of an instrument developed by Gupta and Govindarajan (1984). For this overall measure, respondents first rank ordered the importance of the following performance criteria: Cash Flow, Sales Level ($$), Return on Sales, Net Profit, Market share, and Sales Growth. The respondents then indicated on a five-point interval scale, ranging from `highly dissatisfied' to `highly satisfied', the extent to which they were satisfied with their hotel's performance on these performance criteria. The `satisfaction' scores were multiplied by the `importance' rankings in order to compute a "weighted average performance index" for each firm. Previous studies have established that managerial interpretations correspond closely to internally obtained, objective performance indicators (Dess & Robinson, 1984; Covin, 1991; Jogaratnam, 2002) and externally obtained secondary data (Venkatraman & Ramanujam, 1987).

RESULTS

Surveys were mailed to a random sample of 581 general managers selected from the sample frame and 187 responses were obtained for an overall response rate of 32.18%. The response rates from the four countries varied somewhat: 48.78% in Hong Kong, 36.43% in Malaysia, 27.27% in China, and 24.65% in Singapore. However, there were no statistically significant ($p<0.05$) differences found in the data obtained from the four countries on any of the variables measured. Likewise, no differences were found between early and late respondents. Follow up telephone calls were made to several non-respondents and based on information provided by ten of these non-respondents, no statistically significant differences were found between respondents and non-respondents on the hotel characteristics and personal profile of managers. These tests, along with the range of the data obtained, suggest that the data are not subject to response bias.

Table 1: Descriptive Statistics with inter-item reliability coefficients on the diagonal

	Cases	Mean	SD	1	2	3
1. Management style	174	4.72	1.00	0.874		
2. Organization Structure	183	4.10	1.17	0.347**	0.851	
3. Performance Index	165	11.89	2.91	0.259**	-0.169*	0.900

**. Correlation is significant at the 0.01 level (2-tailed)

*. Correlation is significant at the 0.05 level (2-tailed)

The correlations among the variables (Table 1) suggest that organization structure is positively correlated ($p< 0.01$) with management style. More specifically, this implies that an entrepreneurial management style is more likely to be associated with an organic organization structure. In explanation, it must be remembered that higher average scores on the management style index indicates an entrepreneurial style while lower scores suggest a conservative style. Similarly, a higher average score on the organization structure index indicates an organic structure while a lower score suggests a mechanistic structure. A mean split was used to classify respondents into low and high categories based on both the organization structure and management style indices. Cross tabulations with Chi-square revealed that entrepreneurial hotels are more likely to adopt an organic organization structure while conservative hotels are more likely to favor a mechanistic structure (Table 2). These results are significant at above the $p<0.05$ level. A classification of the hotels into three groups based on the 33.33 percentile cut points enabled additional cross tabulation analysis that confirmed the previous results and was significant at the $p<0.001$ level. Together the correlation and cross tabulation results support the contention that management style and structure are related. These results support the acceptance of hypothesis 1.

The correlations presented in Table 1 also revealed that management style and organization structure were both independently related to performance. The strength of the relationship, though modest, was statistically significant at above the $p<0.05$ level. As expected, the direction of the relationship was positive with respect to the correlation between management style and performance. However, the correlation between organization structure and performance was negative. In other words, while an entrepreneurial management style was positively associated with performance, an organic organization structure was negatively associated with performance.

Table 2: Cross-tabulation between organizational structure and management style

	Organization Structure		
	Mechanistic	Organic	Chi-square
Management style (n=172)			
Conservative	57%	41%	0.034*
Entrepreneurial	43%	59%	

*. Correlation is significant at the 0.05 level (2-tailed)

The regression results (Table 3) suggest that both management style and organization structure have an independent, though marginal, effect on performance (model 1 and model 2). However, these variables combine to explain over 17 percent of the variance in performance (model 3), suggesting that the effect of management style and organization structure on performance is additive. As suggested previously, the effect of management style on performance is positive. However, the effect of organization structure is negative. Based on the correlations and the regression results, hypothesis H2a was confirmed while hypothesis H2b failed to be confirmed. This was surprising given the previous studies that had found a positive relationship between an organic organization structure and performance. Perhaps this unexpected result may be partially attributed to the power distance relationships in Asian sub-cultures where mechanistic organization structures may be more prevalent. However, this study did not assess the cultural dimensions developed by Hofstede (1984) and therefore, such an explanation may only be confirmed by future studies.

Table 3: Regression results (dependent variable: Performance)

Variable	Model 1 B[a]	Model 2 B[a]	Model 3 B[a]	Beta[b]
Intercept	7.52	15.90	10.33	
	(1.75)	(1.32)	(1.81)	
Management Style	1.22		1.80	0.384***
	(0.36)		(0.36)	
Organization Structure		-0.675	-1.381	-0.343***
		(0.311)	(0.309)	
R^2	0.067	0.029	0.182	
Adjusted R^2	0.061	0.023	0.171	
F statistic	11.31***	4.717*	17.123***	

a. Unstandardized regression coefficients, with standard errors in parentheses

b. Standardized regression coefficients

***p < 0.001; *p < 0.05

CONCLUSION

The results seem to suggest that a higher proportion of hotels with an entrepreneurial management style tended to favor organic organization structures, while a higher proportion of those adopting conservative management styles favored a mechanistic organization structure. While this result was statistically significant, there is no support to the contention that entrepreneurially oriented firms do not adopt mechanistic structures and vice-versa. On the contrary, a fair number of conservative hotels were found to favor organic structures while a good number of entrepreneurial hotels adopted a mechanistic structure. The performance effects of achieving a management style – organization structure match are however not clear at this point and will have to be assessed in further tests. The regression results emphasize the importance of understanding the significant yet independent additive effects of both management style and organization structure. The statistical tests suggest that each of these independent variables was significantly and individually related to performance.

The simultaneous inclusion of both variables (Table 3, model 3) further strengthens the predictive ability of the regression equation. Together, these variables explain a greater proportion of the variance in performance than either one alone; collectively, they enhance explanatory power. However, within the Asian context and contrary to expectations, it would seem that organic structures tend to have a negative effect on performance, while mechanistic structures have a positive effect on performance.

Further tests (not shown due to space limitations) also indicated that a higher proportion of hotels adopting entrepreneurial management styles were associated with higher levels of performance (cross tabulations with Chi-square; $p<0.001$). At the same time, a higher proportion of hotels favoring a conservative management style were likely to be associated with lower levels of performance (cross tabulations with Chi-square; $p<0.001$). This would suggest that, holding all else constant; hotels should favor an entrepreneurial management style. However, similar tests did not reveal any significant relationship between organization structure and performance.

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THE IMPLEMENTATION OF QUALITY INITIATIVES IN THE IRISH HOTEL INDUSTRY

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ABSTRACT

This paper reports a quantitative study on the implementation of quality programmes in the Irish hotel industry. The study assesses the level to which Irish hotels use formal quality methodologies to manage quality in their organisations. While quality management is focused on involvement, communication, and teamwork; the study suggests that the management of quality in contemporary Irish hospitality organisations is lacking in precisely these dimensions. The paper concludes that the adoption of formal methodologies within the sector is limited and that training and development for quality is fragmented at best, with few specific quality mechanisms in place.

Key Words: Quality, TQM, Training, Implementation, Ireland, Hotels

INTRODUCTION

Investment in quality has a significant impact on operational and business performance (Robson, Prabhu, & Mitchell 2002) (Escrig Tena, Bou Llusar, & Puig 2001;McAdam, Reid, & Saulters 2002). Recent literature describes and evaluates the benefits of quality in the form of increased customer loyalty, customer satisfaction, productivity, profitability, and cost savings, together with improvements in the management of human resources(Jones 1999;Lockwood 1996;Qu, Ryan, & Chu 2000). An appraisal of the literature in service quality, empowerment, and strategy implementation identifies some of the key issues that impact on the effectiveness of quality-implementation initiatives. Commitment to quality initiatives at all levels of the organisation is essential (Lam 1996b), including middle and senior management. Also important is employee training, empowerment and involvement and consistency in quality implementation (Okumus 2001). Writers have highlighted how changes and problems in organisational structure and culture can significantly affect the implementation process (Okumus 2001) (Van der Wiele & Brown 2002) underlining the fact that goals must be kept attainable (Moeller, Breinlinger-O'Reilly, & Elser 2000). Learning and creativity capabilities are also essential(Hyland & Beckett 2002;Martensen & Dahlgaard 1999) (Roche 2002) (Prado 2001) so that the organisation can continuously adapt, develop and innovate. There appears to be a general consensus in the literature with regard to the importance of commitment on the part of senior and middle management and a participatory management approach is recommended in the development of an effective quality-management process (Laszlo 1999;Wilkinson et al. 1998) (Ritchie & Dale 2000;Taylor 1995;Teare & Olsen 2001;Walker & Braunlich 1996;Zairi 1999). Among other things the role of the middle manager is seen to be that of an interpreter and implementer of strategy; team-builder, motivator and change agent (Holden & Roberts 2000).

Research has suggested that middle management resistance to strategic change is often a result of conflicting signals, differing perceptions of strategic priorities, fear of loss of control (Fenton-O'Creevy 2000;Stiles 2000) and the sense of being powerless and under pressure from both sides (Holden & Roberts 2000). This change is commonly regarded as a significant threat (Wilkinson 1998), providing some rationale for the resistance of middle managers to the quality concept. Since the success or otherwise of initiatives relies heavily of line and middle management behaviours (Davis & Fisher 2002;Denham, Ackers, & Travers 1997;Dixon 1995;Lam 1996a) their commitment to the initiative is crucial and thus, they should be involved in the formulation of the initiative to take "ownership" of the change (Dixon 1995). Commentators conclude that organisations must provide support and assistance to middle and lower level managers in the achievement of their roles (Buick & Thomas 2001) (Holden & Roberts 2000).

INDUSTRY CONTEXT

The context for undertaking the reported study is the Irish hotel industry. The reported research is a national study of Irish hotels, conducted in the summer of 2002. Of late there has been an intensification of competition in the Irish hotel market with international companies entering the market, a significant increase in capacity, more sophisticated customers (Chacko 1998;Sharp 2001) and a changing international political climate. As a result of this, quality has become one of the key business pressures for Irish hotel organisations(Brophy & Kiely 2002) and a potential source of product differentiation (Harrington & Lenehan 1998;Haynes & Fryer 2000;Johns, Lee-Ross, & Ingram 1997;Miyoung & Haemoon 1998). However while Irish hotel managers consider the maintenance of hotel standards as one of their key responsibilities, middle managers tend to be more operational than strategic with respect to introducing and maintaining standards (Brophy & Kiely 2002). From this study, it is proposed to inform the debate on the management of service quality by examining the extent of familiarity with and adoption of quality methodologies in Irish hotels. The study will elucidate the views of hotel managers on the degree to which quality is managed both formally and informally in their organisations.

METHODOLOGY

Since the study is concerned to measure service quality implementation levels in Irish hotels, the survey was directed at proprietors and general managers. It is contended that because these managers hold senior positions within their organisations they are best placed to respond to the survey. Only one response has been solicited from each sampled hotel. It must be acknowledged that bias in data collection may stem from the use of a single respondent from each organisation in this study. However, this key informant strategy may provide a more reliable source of information in ensuring that the respondents have the necessary knowledge to respond (Lai, Weerakoon, & Cheng 2002). In attempting to address the research objectives it was necessary to devise a questionnaire to examine quality practices in Irish hotels. This was achieved through an examination of the service quality literature, and discussions with managers and academic colleagues; resulting in the generation of some seventy items. The items were also informed by work carried out by (Samson & Terziovski 1999), (Cua, McKone, & Schroeder 2001),(Taylor 1998),(Mathews et al. 2001) and (Drew 1998). Through further discussions with industry and quality experts, the initial pool was reduced to forty usable items. Following the initial development of the instrument, a pilot study was undertaken resulting in further revision of the questionnaire. Hotels in Ireland are registered with 'Excellence in Tourism Ireland'(ETI); who inspect and grade hotels in the Republic of Ireland for Bord Failte; the Irish Tourism Board. It was decided to use the full complement of hotels registered with ETI and the Irish Hotels Federation membership(Irish Hotels Federation 2002)as the sampling frame. Accordingly, a database was developed from this population. This provided a population of 850 hotels to which the survey questionnaire was mailed with an explanatory letter. In order to improve the response rate a second copy of the questionnaire was sent to the non-respondents three weeks later accompanied by a reminder letter.

RESPONDENT PROFILE

Of the 850 companies canvassed, 246 responded to the survey of which 235 were usable for analysis purposes. This represents an effective response rate of 27.6%, which is comparable with average rates quoted for mail questionnaires in the literature. As can be seen in Table 1, over forty percent (43.8%) of respondents are three star properties and one fifth (21%) are un-graded. Over one third (35.7%) employ less than 50 staff while similar numbers (33.9%) employ between 50 and 100 with just 10% employing over 100 people. The un-graded hotels are predominantly new hotels of 3 or four star quality; which have not yet been graded by Excellence in Tourism Ireland. The grading profile of the respondents is relatively consistent with ETI's register.

Table 1: Grade of Hotel

Grade	Percentage
One star	2.1%
Two star	12.4%
Three star	43.8%
Four star	14.6%
Five star	6.0%
Un-graded	21.0%

Table 2: Number of Bedrooms

Number	Percentage
<25	23.3%
Between 25 and 50	23.3%
Between 51 and 75	19.4%
Between 76 and 100	12.9%
Between 101 and 150	11.2%
Between 151 and 200	6%

Respondents hold relatively high-level positions within the organisations. Over 80% are either Proprietor or general manager of the relevant property. Worthy of note is the fact that in only one case (0.9%), is the respondent a quality manager. Over half (54%) are owner-managed properties. In terms of size slightly less than half (47%) of responding organisations have fewer than fifty bedrooms, with only 2.9% of responses coming from properties with over two hundred bedrooms, (Ref. Table 2). Less than one third (30%) are members of hotel groups with the remaining 70% being independent. It is estimated that over 700 of the 855 registered Irish hotel properties are single unit operations accounting for over 65% of the total national room capacity (CHL Consulting Co.Ltd. et al. 2001).

FAMILIARITY WITH METHODOLOGIES FOR QUALITY IMPLEMENTATION

The study reported here indicates a relatively high level of familiarity with the different quality approaches among Irish hoteliers. As shown in Table 3, almost sixty percent (59.1%) claim to be familiar with the Q mark while almost two thirds (64.7%) are familiar with the ISO9000 series. Over eighty percent (82.1%) of respondents are familiar with the Irish Hotels Federation Quality Employer Programme. However the level of familiarity with the European Quality Award is relatively low at 23% although a further 6% mention the CERT 'Ireland's Best' programme which is based on similar principles to the EQA. The degree of familiarity with the different quality initiatives is fairly evenly spread across all grades, sizes and between independent and group member respondents.

Table 3: Familiarity with Quality Methodologies

Methodology	**Percentage**
Q Mark	59.1%
ISO9000 series	64.7%
Irish Quality Award	41.7%
European Quality Award	23%
Hygiene Mark	56.2%
Quality Employer Programme	82.1%
Other Formal Quality Approaches	13.2%

Table 4: Achievement of Quality Certification

Award	**Percentage**
Q Mark	3.4%
ISO9002 Certification	3.8%
Irish Quality Award	3.8%
Hygiene Mark	11.5%
Quality Employer Certification	60.4%

ACHIEVEMENT OF QUALITY CERTIFICATION

Despite the relatively high level of familiarity with the different approaches to quality certification in the Irish Hotel Industry, the level of achievement of quality certification is low. Only 28.2% of Irish hotels have adopted a formal quality management system. Table 4 illustrates the fact that only 3.4% of respondents have achieved the Q mark and an equally low (3.8%) level of achievement of the ISO9000 series is reported. This figure is consistent with (Moore 2001) study. Only a small number of organisations (3.8%) in the study reported here have achieved the Irish Quality Award of which over half (55.6%) are three star properties. Merely 11.5% of respondents have achieved the hygiene mark; a figure that is surprisingly low considering the emphasis put on hygiene by state regulators in recent years. HACCP training has been compulsory in the Irish food service industry since 1998 although the regulatory body still encounters some resistance to training in the sector (Food Safety Authority of Ireland 2001).

The Irish Hotels Federation 'Quality Employer Programme' appears to be the only programme with a significant level of uptake with over sixty percent (60.4%) of respondents having achieved this certification. This programme however, cannot really be categorised as a quality management initiative, given that it addresses issues of working conditions rather than issues of service quality. The widespread adoption of this programme may have been influenced by the tightening labour market of the late 1990's and early 2000's, which found Irish hoteliers facing difficulty filling staff vacancies in their organisations. Several respondents (5.1%) have achieved Ireland's Best certification, newly introduced in late 2001. The level of adoption for this initiative is expected to increase rapidly as it has been welcomed with some enthusiasm by industry practitioners and is promoted by the state tourism training body; CERT.

TOOLS, TECHNIQUES AND TRAINING

A study of Irish organisations suggests that the integration of quality management with people management can enable a more effective continuous improvement strategy (Dwyer 2002). However although 62% of Irish hotels surveyed by (CHL Consulting Co.Ltd. 2001;Dwyer 2002) had a formal training plan in 2000, 57% of hotels do not have a dedicated budget for training. The study reported here supports these findings in that less than half (46.4%) of respondents use a structured training and development programme. Contributors cite leadership as key to the achievement of quality service (Hansson 2001) (Kanji & Moura E Sá 2001;Rao Tummala & Tang 1996) (Zairi 1994) but just over half (57.4.%) of the respondent organisations say their managers have undertaken leadership training.

Writers have also cited the benefits of teamwork to the effective implementation of quality (Irani et al. 2002) and this appears to be something Irish hoteliers are working on. Over two thirds (68.9%) of respondents rate the level of teamwork within in their organisation as either consistently improving or having made major and significant gains. However only half (50%) of Irish hotels engage in management training in teambuilding, while staff training in teambuilding is undertaken in only 20.9% of organisations. Just over a quarter (28.9%) of organisations engage in training in quality tools for their management team a figure that is even lower for staff at 18.7%. Management have undertaken training in quality awards in just over a quarter (27.2%) of organisations while again this figure is significantly lower for front line employees at just 16.6%. Although commitment and motivation are crucial to the success of a quality initiative, the organisation must also introduce some hard procedures to support the quality endeavour. As illustrated below in Table 9, low levels of training in quality circles and other quality tools have been carried out within the Irish hotel sector. Only 12.8% have had managers undertake training in quality circles and this figure is as low as 4.7% for staff. Just over a quarter (25.5%) of respondent organisations have had their management team undertake training in quality audits while for staff the figure is just 10.6%. It is interesting to note that in just 20% of respondent organisations managers have undertaken training in quality planning.

Table 9: Management Training Undertaken

Training	Percentage
Team building	50.2%
Quality Tools	28.9%
Quality Awards	27.2%
HACCP	89.4%
Standard Setting	53.6%
Quality Circles	12.8%
Quality Audits	25.5%
Leadership Skills	57.4%
Quality Planning	20%
ISO9000 Series	11.9%
Customer Service Training	69.8%
Customer Satisfaction Surveys	42.6%
Other Training	3.8%

SERVICE-QUALITY MANAGEMENT IN HOTELS—SOME MANAGERIAL IMPLICATIONS

From the above discussion, a number of key conclusions can be drawn with implications for practising managers and further research. The implementation of an efficient and effective approach is vital to quality management in the hotel sector. Less than two thirds (61.9%) of Irish hoteliers are happy with their existing approaches to quality management. Nonetheless just over a quarter (28.2%) use formal quality management programmes, although a further 40% intend introducing such programmes in the future. It is apparent that a number of issues should be considered by managers; including the importance of investing the time and resources necessary to implement comprehensive quality programs. At present a very fragmented approach to quality exists in Irish hotels although managers do consider the issue of quality to be crucial to their success.

CONCLUSIONS AND RESEARCH DIRECTIONS

The key lessons to be gleaned from the research are; that there is a very low level of adoption of quality mechanisms and certification in Irish hotels and training for quality tends, at best to be fragmented. While hoteliers are concerned with the issue of quality, they do not appear to have seriously addressed the issue of managing quality in a proactive and integrated way with few or no specific quality mechanisms in place. Apart from the notable exceptions of (Harrington & Lenehan 1998;Lenehan 1996;O'Neill, Watson, & McKenna 1994), little research has been carried out to establish the level of implementation of quality frameworks and quality-management techniques in the Irish hotel industry. This article makes a contribution to assessing the level of implementation of quality frame works in the sector. Irish Hoteliers claim that a high level of awareness of quality in their organisation although a significant number suggest that quality is not seen as an issue by their staff. Further research into the issues that contribute to the achievement of excellence and the barriers that impede this achievement in the hotel sector is required. The role of the middle manager is of particular importance to effective implementation and further research is required to assess how the contribution of middle managers to quality initiatives could be maximised. The attitudes of middle managers in hotels towards quality initiatives needs to be examined to assess their view of the contribution which they can make to effective implementation of these initiatives and also the constraints which they experience when implementing these initiatives.

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THE LODGING INDUSTRY MOVING FORWARD IN THE POST SEPTEMBER 11 ERA: A CASE STUDY

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ABSTRACT

This study attempted to summarize how the lodging industry survived after the attacks of September 11, 2001. A variety of lodging properties in the metropolitan Washington, DC area were contacted to assess how they responded to this challenging year. The information collected by reviewing the published material and conducting interviews gives an insight as to the measures used to address the crisis. The finding shows that the lodging industry suffered economic losses in the year following the attacks and had to implement cost effective measures to achieve economic stability. The emphasis seems to be more on security issues and customer service. A list of measures used is provided for reference.

Key Words: lodging industry, post September 11, crisis management, security concerns, and cost effective measures.

INTRODUCTION

The terrorist attacks of September 11, 2001 changed the operations of the hospitality industry as never before. From now onwards, every hospitality issue will be handled as pre- or post- September 11. Airplanes that bring the guests and customers to the hotels and restaurants were used as weapons to bomb buildings in Washington, DC and New York City. This created a great sense of fear and anxiety for travelers and as a result the hospitality industry suffered. The most experienced and respected hospitality managers who usually have crisis management plans in place were not prepared for a crisis of such magnitude. Faced with such an unpredictable dilemma, managers utilized whatever measures they thought would work in order to run their operations.

It has been a little over a year since the attacks. Has the lodging industry survived, if so how? This study attempted to summarize how the lodging industry survived after the attacks of September 11. Selected lodging properties in the metropolitan Washington, DC area were contacted to assess how they responded to this challenging year. The information collected by reviewing the published material and conducting interviews with selected hotel operators/managers gives an insight as to what measures were used to address the crisis. It also reveals how the lodging industry is preparing itself against any such future crisis. To fully understand the status of the lodging industry before and after September 11, a few topics of interest will be discussed. These topics are: the economic analysis of the lodging industry; airlines and airport businesses; the Washington, DC and New York City tourism markets; hospitality employment issues; insurance concerns; sales and marketing; security concerns; and selected case studies.

Economic Analysis of the Lodging Industry

After sustaining one of the worst attacks in United States history, the hospitality industry was left in disarray after ten years of record-breaking performance. According to the World Tourism Organization (2002), the global tourism industry as a whole shrank 2.6% as a combination of mounting economic slowdown and the aftermath of September 11 attacks. Travelers were afraid to fly and the fear of flying remained at an all time high which led to a decline in hotel reservations and cancellations. Domestic travel spending dropped $27 billion in 2001, along with a drop in international travel spending according to the Travel Industry Association (2002). The statistical report of the American Hotel and Lodging Association (2002) shows that the overall profitability of the lodging industry declined in 2001. The last twelve months have been the most challenging to the industry operators. Even though interest rates are at an all time low, it is very hard to get funding for lodging properties in the post September 11 era. Underwriting criteria for hotels has significantly tightened. Lenders are being very careful and demanding higher premiums, especially for new loans, renovations and refurbishment (Ernst and Young/Lodging Magazine Index 2002). The lodging industry has experienced significant loan delinquencies and these delinquencies may further decline in the near future (Lodging Trends 2002).

Airlines and Airport Businesses

Within the hospitality industry, the airline sector was more adversely affected because of how planes were used in these attacks. Airline-passenger traffic nationwide remains below last year's levels by 10%. Airline security concerns had a noticeable impact on airport hotels. Occupancy and RevPAR at airport locations fell 14 percent and 21 percent, respectively

(Lomanno 2002). As operators discounted room rates to stimulate demand, the average room rate fell from nearly $84 to less than $79 in 2002. The discounting of room rates was much more prevalent at airport hotels compared to other locations. Furthermore, corporate travel around the globe is down, which is having an adverse effect on already troubled airlines like United Airlines, USAir, and American Airlines. Due to the sluggish U.S. economy, companies are cutting down on travel expenditures. They are finding alternative methods of communicating with associates and potential clients through email, video teleconferencing, videophones, and online meetings. With business travel on the hold, occupancy remains down for weekdays compared to weekends (Travel Industry Association 2002). On the other hand, business and vacation trips within few hundred miles have benefited. Many drive-to destinations in South Carolina and Las Vegas did well, due to aggressive marketing and lower room rates (Walkup 2002).

Washington, DC and New York City Tourism Markets

Though New York City and Washington, DC was the prime target destinations affected by September 11, other major travel destinations across the nation were adversely affected. Destinations like Florida, California, Chicago, and Hawaii, to name a few, have been impacted (Walkup 2002). The tragic events were unlike any other crisis this country has ever faced. They created an atmosphere of fear and anxiety. Reports show both Washington, DC and New York City have demonstrated remarkable resilience and tourists are slowly but surely coming back. DC and New York had the additional burden of counseling employees and guests and convincing tourists that it was safe to come back to their cities (Misek 2002). An estimated 20 million tourists visit DC each year. The tourism industry plays a big role in DC's economy, contributing $10 billion each year according to the Washington, DC Convention and Tourism Corporation. DC's economy is tied to the hospitality industry, the largest single industry after federal government. The local economists estimate the city lost $1.25 billion in tourism revenues by the end of 2001. Soon after September 11, 17,000 hotel employees were out of work. The closure of the National Airport, which brings the majority of business travelers to DC, was also a major factor. Occupancy levels at area hotels were well below normal, and the anthrax scare and security concerns kept the visitors away from DC. Local hospitality businesses depend upon business travel, which saw a decline of 17% during 2001.

The hotel occupancy at some of the DC hotels was down 8% to 10% soon after September 11, 2001. Due to sustained efforts like discounting hotel rooms, cutting costs, and increased targeted marketing, tourists are slowly coming back to DC. Hotel occupancy rates have steadily increased and were up to 92% by mid-April 2002. Furthermore, hotel development is going on in the nation's capital. Six new hotels opened in the last 12 months and three new hotels are under construction (Parets 2002). The reason being, post September 11, more people are doing business with the federal government. In addition, the city is expecting to open the country's sixth largest convention center next year.

The 16-acre hole at ground zero in Manhattan, New York speaks volumes. The tragedy in New York claimed almost 2,800 lives, including 116 foodservice workers and cost more than 90,000 jobs and an estimated $95 billion in revenues (Frumkin 2002). Many businesses have been relocated out of this area. The restaurants that depended on the World Trade Center have suffered the most. The absence of 50,000 working people in the World Trade Center and 30,000 in the World Financial Center is having an impact on nearby businesses. Like DC, New York City attracts millions of international visitors. This figure fell to 5.7 million in 2001 according to NYC and Co. Visitor spending which hit $17 billion in 2000 fell to an estimated $14.9 billion in 2001. The average daily rate, which was $237 in 2000, fell to an estimated $187 in 2002. In restaurants, where seats were hard to find, there now are ample tables available. Customers have become more value conscious and the average-check at a restaurant has also decreased. In order to help hospitality businesses survive, federal grants, government loans and other financial support, have been forthcoming.

Hospitality Employment Issues

Faced with this unpredictable crisis, many hospitality operators, in order to cut cost, laid off several thousand hospitality workers in airlines, hotels, restaurant, recreation, and tour groups. The demand for hospitality workers always exceeded the supply of American workers willing to work in the industry. Therefore, the hospitality industry continues to depend on immigrant workers. Post September 11 has seen new immigration laws, stricter law enforcement, and delays in visa processing for foreign workers. It costs more and takes a longer time to get foreign workers to work in the United States (Bergsman 2002). The workers here on visa can stay in the country for less than a year. In Michigan, the need for foreign workers was so acute that proprietors of 13 hotels and restaurants sued the INS over delays in visa application processing. Some operators have lost some dedicated foreign workers because the workers fail to rectify discrepancies in their social security numbers. Since September 11, the federal government has asked employers to first prove that they could not find Americans to do the job before applying to bring foreign workers on the H2B visas (Berta 2002). Post September 11 security measures, has created a new and challenging environment for hospitality operators to achieve economic security. Since September 11, the lodging industry has seen an increase in layoffs, job consolidation, reduced work schedules, flexible use of vacation and sick time. In addition, there has been a re-evaluation of amenities and services that can be scaled back or eliminated. A decrease in the number of employees might have an adverse impact on customer service. Instead of bathroom amenities, the focus is more on genuine smiles and customer appreciation. Employee training and cross-training is being implemented at many hospitality properties to equip employees with the necessary skills to perform multiple tasks.

Insurance Concerns

The view of insurance companies regarding lodging industry has undergone a change in the aftermath of September 11. The insurance companies no longer have to sell their policies to hotel operators --- it is the other way around. The hotel operators must explain why their properties have lower risks compared to other hotels. They have to prove that they have incorporated new security procedures and plans in event of an attack. The fact that three Manhattan hotels were damaged during the attacks has become a tremendous catalyst for insurance companies to raise the price of insurance premiums (Marla 2002). Insurance companies lost large amounts of funds after these attacks because of insured hotel properties. Now the trend is to write policies with premium increase ranging from 50% to 100%. Not only are the insurance rates increasing but also the coverage is decreasing across the board from workers compensation to building coverage (Cook 2002). For policy renewals, standards are getting stricter, more information is being required, and properties are being re-evaluated. It might be a little easier for name brand hotels to renew their insurance, and the small property owner might find it harder to get coverage. Hotel owners have to decide what risks they are willing to take with minimum insurance or accept higher deductibles. The properties have to be proactive and should have an effective loss prevention and maintenance plan. They should upgrade the properties and should maintain a standard that shows all possible risks have been taken into consideration.

Sales and Marketing

In order to address the decline in occupancy, general managers at the local level adapted or adopted marketing strategies depending on their particular environment (Taylor and Enz 2002). The focus is more on regional business, weekend nights to area residents, discount room rates, close rooms for renovations, etc. September 11 changed sales and marketing forever. With decreased revenues and budget cuts, the first thing most companies do is cut the marketing and sales budget. In the 1990's, it was easy to sell rooms but in these tough times more creativity and innovation is required. It is time to revisit the old clientele list and try to sell on the basis of loyalty. Doing cooperative marketing with airlines, convention and visitor's bureaus, car rental companies, attractions, and restaurants will help promote products jointly. These days the Internet is used more often to provide comparative prices. Post September 11 has shown doing business, the old way can be effective. For example, by using public relations, direct mail, and personal sales calls (Gilbert 2002).

Security Concerns

Prior to September 11, security issues were being cut back due to a sluggish economy. However, since September 11 security has become more important than ever before, especially in places like New York City and Washington, DC. Employees are trained to look out for unusual things and be on the alert. Housekeepers are told to report any clogged drains, excess shaving cream, or suspicious manuals. Guests are being asked to fax photo identification when making a reservation on the phone or show one when checking in. Business travelers believe that a hotel's design can make them feel safe. For example, a hotel that is well lit with open public places, visible from the street and easily assessable. Marriott at the World Trade Center was destroyed on September 11, and two of its hotel associates were lost. Marriott is taking security very seriously and is training its employees to be extra conscious.

The above discussion reveals that the attacks of September 11 had a tremendous impact on the lodging industry in the United States. To evaluate how the hotel property managers in the DC area addressed this challenging year after the attacks of September 11, a variety of hotels both limited service and full service were contacted. They were asked for example, what specifically changed that day, what administrative/operational measures were implemented, what happened to revenues, what about security challenges, what about employee issues, what new strategies were implemented to bring the guests back, are the guests coming back, etc. Information obtained as a result of interviews with these hotel managers in the DC area is discussed below in the form of case studies.

Case Studies: Selected hotels in Metropolitan Washington, DC Area

The Westin Embassy Row located in Georgetown, is a 206-room full service hotel. On September 11, the hotel had 100% occupancy and by September 14, occupancy was down to 30%. In addition, 98% of the remaining 30% were individuals who were stuck due to flight cancellations. Airports were closed and car rental companies had no cars available and the guests had no way to get out of the city. With the occupancy levels down, food and beverage revenue also decreased.

Two managers and line staff positions were terminated. Since September 11, the hotel has increased security. Guests have to show a state or government issued identification upon check in or entry into the building. Security has become more visible with security guards on duty. A year after the tragic events business is back to normal and profits are down less than 3% compared to previous year.

Marriott Wardman Park Hotel located eight miles from the Washington National airport is a 1,334 rooms and 163 suites hotel. It is one of the largest convention hotels in the DC area catering to business travelers. Guests were stranded at the hotel due to the airport closure, and since the guests who were planning to come on that day could not come, the stranded guests were accommodated. This hotel has three "towers," two towers were closed to save costs and in the main tower only six floors were open. Before September 11, average daily rate was $249 and after September 11, it dropped to $99. Since it is a convention hotel, all events following September 11 were cancelled and occupancy dropped to 8%. No hotel employees were fired but hours were reduced based on seniority. Some employees went weeks without being put on schedule and others worked one day a week. In order to recover business, special deals were used to target previous guests. After a year since the attacks, business is picking up but not to previous levels. To satisfy guests' concerns, security guards have been placed and guests are required to show identification for check-ins.

St. Gregory Hotel located in the Northwest side of city, is a 154-suite full service hotel. Soon after September 11, room occupancy fell to 20%. No employees were fired though hours were drastically reduced. Managers who usually put in more than 40 hours of work a week were working 20-30 hours a week. Since than the property has rebounded due to customer loyalty and repeat business. Lower rates as a marketing strategy to compete with the industry trend also helped to bring back the customer. Hotels have become more security conscious and have added new security features. The evacuation plans have been revised and security for check-in and entry into the property has become stricter. Bomb threat call procedures have also been put in place informing employees on how to deal with telephone calls. A year after September 11, occupancy has rebounded and business is almost back to normal.

Motel 6 located in the Northwest side of the city, is a 163 room limited service hotel. Perhaps because of its location and type of service this hotel was not as badly hurt as the other hotels. The clientele consists of variety of locals, tour groups, and military persons (since it is close to a military base). Though occupancy was down up to two months after the events, no employees were laid off. Nevertheless, some employees working hours were decreased. Since the hotel does not require a down payment with a credit card as room guarantee, revenue was lost due to cancellations. To convey a sense of security to the guests, a security guard has been placed on the hotel premise.

Hilton Hotel is located within one mile of the National airport and two miles from the Pentagon. The hotel was able to accommodate the stranded guests on the morning of September 11, since the scheduled guests did not arrive. The National Airport was the longest-closed airport in the United States after the attacks and the closing of the airport had a direct impact on the hotel's occupancy. Until the airport was reopened, arrangements were made to transport guests from other airports. Because of fewer flights the rooms reserved usually for airline crew were impacted. In order to compete with other hotels, room rates were reduced from $72 to $55 to entice airline crews. Events at the hotel were cancelled following the attacks of September 11 but government meetings saw an increase. Employees were laid off and working hours were reduced for the remaining employees. The entire salaried staff took a 10 percent payroll deduction for eight weeks. Some managers took volunteer time off. After a year, almost all employees have been hired back. Revenue was down for months following September 11, and did not rebound until March of 2002. With business travel down, weddings and government business kept the guests coming. The management has become more security conscious and requires employees to be aware of changing times and undergo security training.

Marriott at Metro Center is a 456-room full service hotel located near Washington, DC Convention Center. It attracts mostly business travelers. Many guests were unable to leave the hotel due to airport closure. The guests were offered rooms at discount rates as a goodwill gesture. The occupancy level following September 11 was down to thirty percent. All banquet events were cancelled and no cancellation fee was charged. All restaurants in the hotel were closed for two months, and when they were re-opened, menu items were reduced. The average daily rate was between $259 and $289 before September 11 and was down to $99 in months following September 11. Managers were laid off and hourly employee working hours were reduced. In order to attract the guests back incentives were used, which seems to be working. New security measures were implemented. Front doors were closed twenty-four hours a day for five months following September 11. Guests had to say their last names and show their key cards to enter the hotel. Some guests were a little annoyed especially when they had just left the building and had to show their key cards again.

Four Seasons Hotel at Georgetown experienced the same scenario that other hotels went through on September 11 morning, guests after checking out came back due to airport closure. The majority of guests came through National airport, which was closed for several weeks following the attacks. Due to low occupancy and cancellations, occupancy was down to 20% in weeks following the attacks. The management, although reluctant to do so, did open up lower tiered rates to keep "heads in beds." Some staff positions were eliminated and open positions were not filled. The employees working hours were reduced and they were encouraged to use flexible vacation and sick times. Cross-training efforts were adapted throughout all departments. The hotel has become very security conscious, therefore one of the entrance has been closed and now all cars must pass through the main entrance. New group packages have been promoted with the help of WCTC to stimulate demand and occupancy is increasing but still not up to last year levels. It has been a year since the room rates were lowered and still they have not rebounded. Most of the laid off employees have been called back to work.

Woodley Guest House is a 12-room bed and breakfast place near Woodley Park Zoo. There was 100% occupancy on September 11 because of a conference. News of the attack made guests leave, but due to transportation problems, they came back. Guests were accommodated until other travel arrangements were made. No employees were fired but employee hours were reduced. Some room rates had to be reduced in order to stimulate business. A surprised travel market kept the Bed and Breakfast place busy, when concerned parents came to make sure their kids were okay (DC is home to over 13 colleges and universities). For six months following the attacks, the occupancy was down about 35% to 40%. This place still uses metal keys and maintains strict controls over lost keys by posting a $250 penalty for keys that are lost.

The Hay Adams Hotel, located close to the White House is a full service hotel with 145 guestrooms, including 20 suites, food and beverage services. Soon after September 11, the occupancy levels dropped to 45%. In order to maintain profits and minimize loss several line employees were laid off. Luckily, the property managers had made prior arrangements to close the hotel for renovations. Increasing security and safety features were implemented into renovation plans. A year after the tragic events and since the re-opening of the hotel, occupancy is almost back to normal.

Hotel Monticello of Georgetown, Hotel Lombardy, The Henley Park Hotel, and *Capital Hill Suite* are a variety of boutique hotels located in DC area close to the political, business, educational, and tourist areas. These hotels are unique in nature and cater mostly to business and vacation travelers. Like other hotels in the area, these hotels also experienced a challenging morning on September 11, 2001. They accommodated stranded guests and provided goodwill gestures to make them feel at ease. Occupancy levels at these hotels were down to 30% in the months following the attacks, but within six months, the occupancy was back to 85%. The most common strategy to bring the guests back was lower room rates and promotion of different cuisine and meal packages in restaurants to attract local patronage.

The Washington Convention and Tourism Corporation (WCTC) business booking correlates to when congress is in session. Soon after the September attacks, The Capital and White House were closed for public viewing, which gave the perception that DC was closed and turned away many visitors. Most groups did cancel their trips to the DC area. Hardly any groups were charged the cancellation fees outlined in their attrition clause. Many of the cancelled groups did reschedule for the same time next year. The WCTC demonstrated more staying power when it came to room negotiation with area hotels. The sniper attacks in DC area in fall of 2002 led to more cancellation. Fall is the season when school groups come to DC area for educational trips. In order to stimulate demand, Government per diem rates were raised from $119 to $150, which helped local hotels that host government clients. The WCTC plans to air new commercials, update web sites, place advertisements in major city newspapers, promote DC at trade shows, and involve the DC mayor in personalized letter and television commercials. Although conference attendance was down from the previous year, the WCTC did not experience much loss. According to WCTC, not all the lodging segments were impacted the same way.

CONCLUSION

The lodging industry in the Washington, DC area suffered a tremendous economic loss in the aftermath of September 11. A year has passed since those attacks and the DC area has demonstrated great resiliency in getting guests back in the hotel rooms. The occupancy level in area hotels is almost back to normal. The recovery in limited service hotels has been much more positive compared to luxury hotels. Several factors are responsible for "moving forward" after September 11. One of the main reasons people were avoiding travel was because of airline security concerns. The National airport, after prolonged closure, is again open for flights. A variety of preventive measures have been implemented to convey a sense of security to the customers. There has been an added effort to lure the guests to the hotel rooms by discounting room rates and offering other incentives. Reduced hotel rates might stimulate demand but room rates might take some time to recover. More emphasis is being placed on loyal repeat customers. With corporate travel down, other markets like wedding, family, government, etc. has been targeted. Marketing done in partnership with other businesses has been used. Instead of room amenities, more focus seems to be on customer service.

Some measures used by various lodging operators in the aftermath of September 11 attacks are listed (not ranked) below:

1. Target new markets like wedding, family and government
2. Promote to travelers who live within driving distance
3. Provide weekend nights to area residents
4. Provide discounted rental cars to regional markets
5. Offer lower room rates or other incentives to attract guests
6. Go back to basic marketing strategies
7. Close for renovation
8. Focus on repeat loyal customers
9. Emphasis on customer service rather than amenities
10. Increase employee skill level by providing cross training
11. Make marketing partnership with other businesses
12. Be security conscious
13. Convince guests that it is okay to travel
14. Implement security measures that are more visible
15. Place security guards on duty
16. Require valid identification when checking-in
17. Provide security training for employees
18. Put in place bomb threat call procedure
19. Revisit evacuation plans
20. Reduce employee working hours instead of laying off
21. Encourage employees to take flex time and vacation time
22. Consolidate job positions
23. Be proactive when it comes to insurance
24. Maintain a detailed accident and recovery list
25. Let your guest know that you appreciate their business

The author wishes to acknowledge the help of: Aisha Thompson, Nyree Neil, Onnie Wong, and Alicia Webster.

THE EFFECTS OF MARKET-BASED RESOURCES AND EXTERNAL MARKET FORCES ON STRATEGIC ORIENTATION IMPLEMENTATION AND FIRM PERFORMANCE IN THE LODGING INDUSTRY

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ABSTRACT

The resource-based and Porter's perspectives have contributed greatly to identifying sources of competitive advantages of a firm. However, most studies have relied exclusively on one of these perspectives, although the two perspectives pursue the similar goals - customer value creation and high firm performance. This paper proposes a framework that integrates the relationships among market-based resources, external forces, strategic orientation, and firm performance in the lodging industry and develops several research propositions for future examinations. We also offer implications for research and practice as well as suggest future research directions.

Keywords: Resource, Porter, competitive advantage, lodging industry, market orientation, strategic management, firm performance

INTRODUCTION

A competitive business environment in the lodging industry has encouraged hotel operators to identify the sources that underlie competitive advantages (CA) and generate high economic performance. There are two theoretical mainstreams in examining sources of CA: the resource-based perspective (RBP) and Porter's (1980) perspective. The RBP adopts an internal perspective (e.g., firm resources → strategy → performance), whereas Porter's perspective adopts an outside-in approach (e.g., external forces→ strategy → performance). The RBP focuses on the firm resources that enable a firm to implement strategies effectively and efficiently in order to gain CA (Barney, 1991). Porter's perspective, however, views CA as stemming from external market forces (e.g., potential market entrants, substitutes, etc.). However, the two perspectives are not mutually exclusive in that they pursue the similar goals – customer value creation and high firm performance. Nonetheless, researchers have tended to take either the RBP or Porter's perspective (Mauri & Michaels, 1998), ignoring a potentially balanced aspect that could be offered by both approaches.

There is an impetus to reassess the basic assumptions of theories tested in different contexts (e.g., in the manufacturing industry) before adopting them to the lodging industry where top managers face increasing challenges in resource development, proper assessments of external market forces, strategy implementation, and attainment of high performance. The paper proposes a framework that is based on a thorough review of previous studies and that integrates the relationships among market-based resources, external forces, strategic orientation, and firm performance in the lodging industry. Subsequently, several research propositions are presented for future examinations. We also aim to help lodging managers gain a more balanced view of the sources of CA and aid researchers in advancing the practice of hospitality-specific strategic management.

CONCEPTUAL BACKGROUND

The resource-based perspective (RBP)

The RBP proposes that resources unique to a firm are important factors affecting the firm's competitive position and profit levels. For a resource to become a source of a firm's high performance, it should possess the characteristics of value, rareness, inimitability, and/or non-substitutability (Barney, 1991). RBP proponents have concentrated their efforts on identifying functional resources that do not fully reflect the general needs of market constituents like customers. Market-based resources such as market orientation, which is defined as a firm culture (or firm's activity/behavior) that creates superior customer value (Narver & Slater, 1990), enable firms to overcome limitations of functional resources by focusing on outcomes based on the "commingling of the organization and the environment" (Srivastava, Shervani, & Fahey, 1998, p.3).

Market based-resource: Market orientation

Market orientation has been recognized as a an important source of CA, positively influencing business performance (Hunt & Morgan, 1995). Market oriented-firms not only produce offerings that are well-tailored to customer preferences but also provide a unifying focus of individual efforts in the delivery of value to the customers, while providing a comparative impetus to the activities of competitors (Kohli & Jaworski, 1990; Narver & Slater, 1990). Consequently, market oriented firms can achieve high customer satisfaction, keep customers, and increase profitability (Homburg & Pflesser, 2000). Previous studies (e.g., McNaughton, Osborne, & Imrie, 2002) also suggest some mediating mechanism such as strategic orientation between market orientation and firm performance. However, little attention has been paid to examine the relationships.

Porter's perspective: Five external market forces

Porter (1980) provides five external forces affecting firm strategies and industry performance: threat of entry, threat of substitutes, bargaining power of buyers, bargaining power of suppliers, and competition intensity. Threat of entry in the lodging industry tends to be low because of the size of the investment required to produce a building and a national service network (Powers, 1997). Threat of substitutes is likely to be high in the lodging industry where substitutions occur when travelers stay with friends and relatives and use recreational vehicles and secondary homes (Powers, 1997). It seems that bargaining power of both buyers and suppliers is low in the lodging industry because of the existence of a large number of buyers and suppliers (Powers, 1997). The current degree of competition is very high and likely to increase even further in the years ahead because of oversupply and a slow growth of demand.

Implementation of strategic orientation

Strategic orientation, which refers to how a firm uses strategies to adapt to its environment for a more favorable alignment (Manu & Sriram, 1996), consists of three competitive strategies: cost leadership, differentiation, and focus (Porter, 1980). Implementation of strategic orientation refers to the extent to which firms deploy strategies according to a plan as compared to those of competitors. Because a focus strategy is an application of either cost leadership or differentiation strategy from the customer's perspective, low cost and differentiation strategies are the issues in our conceptualization. A low cost leader can gain CA by improving process efficiencies, securing to lower cost materials, and/or avoiding some costs altogether (Porter, 1980). A differentiation strategy provides customers with differentiated offerings having unique attributes that are better than those of competitors (Porter, 1980). Hospitality researchers (e.g., Horsburgh, 1991; Senior & Morphew, 1990) have focused mainly on the relationship between strategy choice and firm performance. However, firm performance may be more highly affected by how effectively firm strategies are implemented because strategy choice may mean little unless the chosen strategies are implemented.

Performance

Venkatraman and Ramanujam (1986) suggest two generally-recognized dimensions of performance: financial and operational. Financial performance reflects the achievement of economic goals, as reflected in return on sale, sales growth, and so on. However, financial performance measures alone may be insufficient for assessing firm performance, because they tend to overlook the interests of stakeholders other than stockholders (Chakravarthy, 1986). Thus, the use of operational indicators has been recommended for measuring firm performance (Venkatraman & Ramanujam, 1986). Operational performance reflects mainly market-based measures such as market share, success in product development, and marketing effectiveness. It also is important to evaluate firm performance relatively, because firms tend to be keenly aware of the activities of their competitors (Dess & Robinson, 1984).

A PROPOSED CONCEPTUAL FRAMEWORK

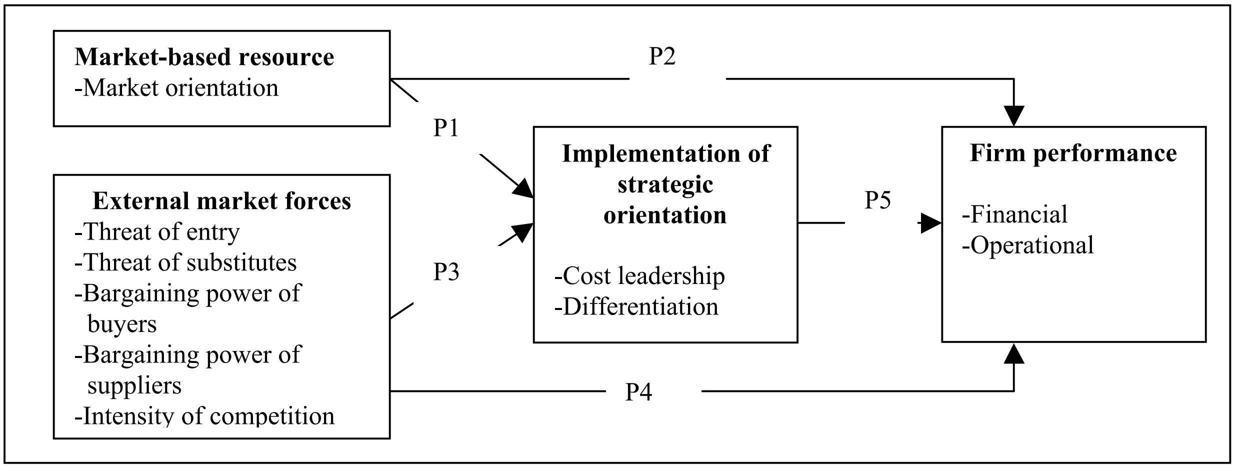
We propose a conceptual framework based on the existing literature in strategic management, marketing, and organization theories (Figure 1). The framework consists of four constructs, including market-based resource, external market forces, implementation of strategic orientation, and firm performance, and shows proposed relationships among these constructs. The proposed relationships can be examined based on the perceptions of lodging industry executives. Although executives' perceptions may not be necessarily valid (Powell, 1992), managerial perceptions can shape firm behaviors and affect strategy making and firm performance (Chattopadhyay, Glick, Miller, & Huber, 1999). Consequently, understanding the proposed relationships in terms of management perceptions has practical implications.

Propositions

Based on discussions of previous studies, the following hypotheses are developed:

P1: The degree of market orientation will be positively related to the degree of strategic orientation implementation.
P2: The degree of market orientation will be positively related to firm performance.
P3: Strengths of the five external market forces will be positively related to the degree of strategic orientation implementation.
P4: Strengths of the five external market forces will be negatively related to firm performance.
P5: The degree of strategic orientation implementation will be positively related to firm performance.

Figure 1: A competitive advantage-creating framework



IMPLICATIONS

The proposed model has implications for both research and practice. First, it seeks to address the criticisms regarding the conceptual ambiguity of the RBP and Porter's perspective via integration. Advances in understanding these two perspectives of CA are impeded when researchers adopt either the RBP or Porter's perspective solely. Second, the model is likely to lead hotel companies to allocating valuable resources in a way to maximize a competitive advantage, based on a balanced strength of the two perspectives. Finally, hotel companies may modify their strategic orientation according to external market forces. The model, once applied, will be able to suggest the directions of such strategy modification.

SUGGESTIONS FOR FUTURE RESEARCH

The proposed model provides several promising directions for future research. First, studies are needed to incorporate market orientation into other functional resources, such as financial, physical, human, technological, and organizational resources, as suggested by Hofer and Schendel (1978). This would provide a more comprehensive understanding of the nature of a firm's resources. Second, future research is recommended to consider the interconnectedness among the five external market forces (Olsen, West, & Tse, 1998) and the relationships among these forces and firm resources. Finally, it is necessary to empirically investigate the viability of the proposed framework across industries.

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A PERCEPTUAL MAPPING OF ONLINE TRAVEL AGENCIES AND PREFERENCE ATTRIBUTES

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ABSTRACT

This manuscript addresses two purposes. One, it investigates the important choice attributes of online travel agencies while online customers select online travel agencies. Two, the study identifies the current positions of online travel agencies in the customers' perceptions. The data for this study was collected from the directories of seven universities through an online survey. In terms of the importance of online travel agency attributes, 'finding low fares' was the most critical one. However, customers also consider various attributes at the same time. Among the seven online travel agencies, Expedia and Travelocity turned out to be the first tier agencies.

Key Words: travel website, online travel, positioning, MDS

INTRODUCTION

Experts believe the travel industry has the greatest potential to adopt electronic commerce. As a matter of fact, online travel has become the most successful business of electric commerce. Forrester Research (2002) reported that Internet sales to consumers totaled $48.3 billion in 2000, while airline tickets, hotel reservations, and car rentals represented $7.5 billion, $3.7 billion, and $1.9 billion respectively, accounting for more than 27% of all online spending. According to PhoCusWright Research (2001), nearly 27 million people, representing 13% of the US population, had purchased online travel products/services by 2001. Even when travelers did not make their reservations online, they did visit online travel websites to find specific travel information. NetRatings (2002) reported that approximately 39% and 43% of all web surfers accessed online travel websites in February and March, 2002 respectively. This growing market is attracting new players and potential competition.

With the explosive increase of the online travel reservation, many companies started to offer online reservations in order to take advantage of the Internet as a new distribution channel. Intensive competition is an unarguable consequence of maturation. With competition flourishing, the marketing managers of online travel agencies need to know their unique position in comparison with competitors' positions in order to have successful organizations and to offer better products and services. In addition, the product has no physical presence, but physical distance exists between the customers and online travel agencies. However, several aspects of the customer's purchase decision regarding online travel products are accounted for by a customer's perception of a specific brand. Therefore, positioning studies in hospitality and tourism should be emphasized. Despite the importance of the positioning study for online travel agencies, little research has been reported to examine customer's perception of online travel agencies. This lack of research may be partly attributed to the relatively short history of online travel agencies. This paper addresses two purposes. First, it investigates the important choice attributes of online travel agencies while online customers select their online travel agencies. Secondly, the study identifies the current positions of online travel agencies in the customers' perceptions. This study asks two research questions.

Research Question 1. What important attributes do customers use in selecting their online travel agencies?
Research Question 2. How do online customers differentiate online travel agencies from each other in terms of the online travel agency attributes?

Online travel agencies function as traditional agencies in that they deliver travel-related products/services and provide travel-related information. However, they provide websites that have the same role as traditional agencies do. NetRatings (2002) reported the top 10 online travel websites in March, 2002. They were Expedia, Travelocity, Orbitz.com, Southwest Airlines, CheapTickets.com, American Airlines, Yahoo! Travel, Delta, Priceline, and AOL Travel. Among those online travel destinations, seven online travel websites (i.e., Expedia, Travelocity, Orbitz.com, CheapTickets.com, Yahoo! Travel, Priceline, and AOL Travel) are included in the current study.

LITERATURE REVIEW

The significant role of the Internet as a new channel of distribution for hospitality organizations has been mentioned in several studies. Rayman-Bacchus & Molina (2001) suggested the idea that computer reservation system providers consider the Internet as an alternative distribution channel that can be compatible with existing channels. Poel & Leunis (1999) investigated the consumer acceptance of different types of channel functions performed by the Internet. The results of their study revealed that hotel reservations, airline tickets, and rental cars ranked second, third, and fourth after concert tickets in terms of the average consumers' propensity to buy specific products or services online. Nine important attributes for online travel reservation are discussed as below: security, ease of use, price, useful and relevant content, visual materials, speed of the website, ability to book all travel arrangements, booking flexibility, and sorting option.

Nine Important Choice Attributes

Security: Security is one of the most challenging and critical issues facing Internet-based merchants today. Also, it is the most popular topic in electronic commerce (Jeong & Lambert, 2001; Szymanski & Hise, 2001; Mehta & Shah, 2001; Shim et al, 2001; Yang & Jun, 2002). According to Tyler Nelson Software Interactive (2002), security related problems are the major barriers that prevent customers from purchasing online. The results showed that 30% of respondents who have not purchased online indicated problems regarding credit cards and 28% of those indicated general security concerns as reasons for avoiding online purchase. Yang & Jun (2002) argued that both Internet purchasers and Internet non-purchasers consider security as their most critical concern. They reported that security, especially, is the most significant factor in affecting perceptions of online service quality for the Internet non-purchasers.

Ease of use: Needless to say, online reservation websites need to be convenient and easy to use. Szymanski & Hise (2001) argued that customers' perceptions of online convenience significantly affect their satisfaction. Yang & Jun (2002) stated that web-based stores should minimize technical difficulties because ease of use is a critical component in a customer's decision to accept new technology. Also, Zickefoose (2001) addressed that ease of use is one of the fundamental elements of a successful website along with the website's content and speed.

Price: Price is another crucial factor that affects customers' purchase decisions. Online travelers are much more likely to make a reservation if they are offered the lowest price (Haussman, 2002). Shim et al. (2001) and Poel & Leunis (1999) also support the idea that price is an important attribute when customers consider whether to purchase online.

Useful and relevant content: According to the study by Jeong & Lambert (2001), consumers' perceived quality of information for products and services provided on the website is one of the most crucial factors for predicting their decision-makings. Chu (2001) and Zickefoose (2001) also indicated the importance of informative factor on the travel websites. Shim et al. (2001) investigated the relationship between the consumer's intention to use the Internet for product information search and the positive intention to use the Internet for purchasing. The results of their study revealed that there is a strong relationship between the consumer's intention to use the Internet for product information search and their positive intention to use the Internet for purchasing.

Visual materials: Siu & Fung (1998) emphasized the favorable effects of visual materials such as pictures, illustrations, and headlines. Edell & Staelin (1983) suggested that pictures generally attract more attention than text. In addition, Law & Leung (2000) claimed that well-designed websites provide useful information and extra benefits to customers and enhance sales volume and reputation. They suggested that appealing graphics could make websites more attractive and draw the visitors' interest. However, they also documented that many graphic images which cause lengthy loading time could have the opposite effect.

Speed of the website: Obviously, there is a trade-off between sufficient visual materials and the speed of websites; however, the websites of online travel agencies have to load quickly. Researchers (Carmon, Shanthikumar, & Carmon, 1995; Pruyn & Smidts, 1998) already highlighted the psychological cost of waiting services in consumer behavior area. Misic & Johnson (1999) noticed the importance of a website speed and they used it as a criterion to evaluate functional aspect of websites. Also, Kumar, Kalwani, & Dada (1997) pointed out that customers' service evaluations and satisfactions with their service provider rely on the customers' waiting time. Law & Leung (2000) advised that website designers must avoid putting heavy content on websites in order to prevent lengthy loading time.

Ability to book all travel arrangements: Traditionally, travel agencies have played a key role in providing travel-related information and highly customized and various services to customers, and this key role of travel agencies seems to have the same importance in the electronic market. Ebenkamp (2002) pointed out that the ability to book all travel arrangements is one of the most critical loyalty drivers for online travel agencies' websites.

Booking flexibility: When customers use traditional travel agencies, they can easily change their itineraries while communicating with agencies; for example, they can effortlessly change the number of party, the destination, and so on. However, when customers utilize online travel agencies, alterations in the schedule, whatever they are, are entirely the customers' responsibility. Expedia, which realized the importance of booking flexibility, televised a series of TV advertisements, emphasizing that customers can easily change their itineraries while making online reservations.

Sorting option: Sorting options are another important online travel agencies' attribute. Shapiro (2001) compared six online travel agencies based on sorting options with ease of use, booking flexibility, and finding lowest fares. Lau et al. (2001) claimed that individuals have their own preferences concerning how much and what type of personal information they are willing to display on websites. Also, individual customers need different types of information and use different types of data processing while making a purchasing decision. Lau et al. (2001) advised that marketers of travel agencies need to deliver customized information for potential customers.

METHODOLOGY

The survey instrument utilized in the current study consisted of four parts. The first part asked about the respondents' past online purchase experiences with both general retail and travel-related products. The respondents' aided recall and actual visitation of online travel agencies were also asked in the first part.

The second part measured the importance of online travel agency choice attributes (i.e., easy to use, finding low fares, booking flexibility, useful and relevant content, visual materials, ability to book all travel arrangements, sorting options, speed of the website, and security) using a 5-point Likert scale ranging from 1 (least important) to 5 (most important).

The third part asked the respondents' preference evaluation of the selected online travel agencies (i.e., Expedia, Travelocity, Orbitz.com, CheapTickets.com, Yahoo! Travel, Priceline, and AOL Travel) with regard to online travel agency attributes using a 5-point Likert scale ranging from 1 (very poor) to 5 (excellent).

Finally, the last section obtained the respondents' demographic and behavioral characteristics. The sample was randomly selected from e-mail lists of seven university websites: One East-coast University, one West-coast University, one Southern University, and four Central Universities. The seven universities were carefully selected to reduce the bias that may accrue from a specific geographic concentration. Since the samples were drawn from the University websites, the respondents consisted of primarily undergraduate and graduate students as well as faculty and staff. The data was collected through an online survey during one week in October, 2002. In order to increase response rate, an invitation message and introduction page were made using an animated figure, and the participants were assured that all responses were processed anonymously and kept completely confidential. Also, follow-up emails were sent to all the individuals four days after the initial email. Out of 5,326 email requests to complete a survey, a total of 459 (8.6%) responses were gathered and 446 responses (8.4%) were analyzed. In order to test the existence of a nonresponse bias, differences between the answers of early respondents (386 out of 446) and those of late respondents (60 out of 446) on the importance of online travel agencies attributes were examined, but no significant differences were found ($p<.10$). Also, there were no significant differences between demographic profiles of early respondents and those of late respondents ($p<.10$), which might indicate that nonresponse bias was not a major problem.

The analytic techniques for the study were descriptive statistics and Multidimensional Scaling (MDS). The online travel agency choice attributes were subjected to a factor analysis of principal component analysis with varimax rotation in order to use in a further analysis of perceptual mapping. MDS is "a procedure that allows a researcher to determine the perceived relative image of a set of objects" (Hair et al, 1998). It arranges a set of objects in a common space based on the similarities or differences of the objects and provides visual representation of the similarities or differences among the objects. MDS has been used by hospitality and tourism researchers to provide a joint space of attributes and stimuli (Dev, Morgan, & Shoemaker, 1995; Kim, 1996; Baloglu, 1997). In this study, a mean score for each of the 63 ratings (9 attributes x 7 online travel agencies) was computed. Then, the resulting rectangular matrix was treated as input data for MDPREF (multidimensional preference) which is one MDS technique.

RESULTS

The respondents for the empirical investigation included a similar distribution of males (45.7%) and females (54.3%) and a broad cross-section of age groups and income groups. However, the sample distribution is skewed to college and graduate students and, consequently, to younger and lower income groups, since the sample was drawn from university websites.

Table 1: Demographic profiles of the respondents

Variable		Freq.	%	Variable		Freq.	%	Variable		Freq.	%
Gender	Male	202	45.7	Marital	Single	248	57.9	Working	Full time	155	36.8
	Female	240	54.3	Status	Married	180	42.1	Status	Part time	155	36.8
									Not working	111	26.4
Annual	$5,000↓	90	24.9	Grade	Freshman	42	9.6				
Income	-$7,000	28	7.8	/Position	Sophomore	32	7.3	Age	18-20	86	19.5
	-$10,000	24	6.6		Junior	35	8.0		21-24	90	20.5
	-$15,000	33	9.1		Senior	56	12.8		25-30	85	19.3
	-$20,000	22	6.1		Graduate	134	30.7		31-35	39	8.9
	-$30,000	40	11.1		Staff	56	12.8		36-45	55	12.5
	-$50,000	56	15.5		Faculty	55	12.6		46-55	64	14.5
	-$70,000	26	7.2		Administrator	12	2.7		56↑	21	4.8
	$70,000↑	42	11.6		Other	15	3.4				

The study found that consumers ranked the choice attributes (from most to least important) in the following manner: finding low fares followed by security, easy to use, booking flexibility, sorting options, speed of website, useful and relevant content, ability for multiple arrangements, and visual materials. To examine the reliability of the online travel agency attributes, a reliability test (Cronbach's *a*) was undertaken. The result reveals that the scale embodying nine online travel agency attributes has a .8143 *a* score.

Table 2: The importance levels of choice attributes of online travel agency

Variable	Mean	SD	Variable	Mean	SD
Finding low fares	4.63	0.86	Speed of website	3.93	1.04
Security	4.46	1.03	Useful and relevant content	3.89	0.99
Easy to use	4.29	1.02	Ability for multiple arrangements	3.47	1.11
Booking flexibility	4.07	0.98	Visual materials	3.15	1.19
Sorting options	3.97	0.99			

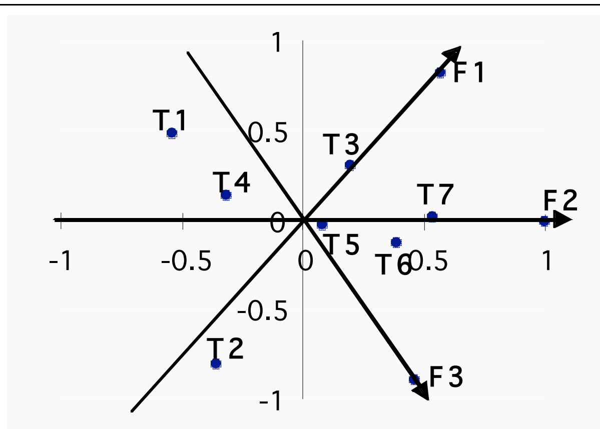
The nine online travel agency attributes were reduced to a lesser number of factors using principal component analysis with orthogonal varimax rotation. As can be seen in Table 3, the extracted structure comprised three factors with eigen values higher than 1, which accounted for 98.2% of the variation in the original nine items. The first factor (Factor 1: Web features) explains functional aspects that are provided by online travel agencies. The second factor (Factor 2: User friendliness) generally describes whether the environments provided for customers by the online travel agencies are comfortable. Finally, the third factor (Factor 3: Finding low fares) includes only one item—finding low fares. Indeed, price is the most important force that brings customers to online travel agencies.

Figure 1 illustrates the two-dimensional solution for positions of the selected seven online travel agencies and three attribute factors. As seen, the three attribute vectors reflect underlying dimensions on which the seven online travel agencies are projected. Different attribute vector directions account for the different preference values of the online travel agencies. That is, the point locations of online travel agencies for each attribute vector are read off by projecting each point perpendicularly onto each vector, in turn. It was found that 'T7' was in the leading position in terms of 'Web features (factor 1)' and the 'User friendliness (factor 2).' Indeed, 'T7' is the online travel agency that made an operating profit for the first time in the first quarter of 2001. In addition, 'T6' ranked very high on the 'User friendliness (factor 2)' dimension and 'Finding low fares (factor 3) dimension, while it ranked relatively high on 'Web features (factor 1).' Therefore, we can notice that 'T7' and 'T6' are the first tier online travel agencies. However, we also need to notice that 'T5' and 'T3' are the second-tier online travel agencies that are not positioned far away from ‘T7’ and ‘T6’; therefore, it could be inferred that there is intense competition among them. On the other hand, ‘T2’ seems to have unique position when compared to the other online travel agencies. It ranked the first on the ‘Finding low fares (factor 3)’, but ranked the last on the ‘Web features (factor 1)’ and the second from the last on the ‘User friendliness (factor 2).’ The reason for ‘T2’s unique position in the comparison might be its method of doing business, that is, the transactions in the ‘T2’ are made through auction.

Table 3: Underlying dimensions of online travel agency attributes

Factor	Variables loaded on factor	Factor loading
Factor 1.	Booking flexibility	.892
Web features (43.2%)	Ability for multiple arrangements	.877
	Sorting options	.783
	Useful and relevant content	.642
Factor 2.	Speed of website	.758
User friendliness (32.4%)	Visual materials	.740
	Easy to use	.657
	Security	.650
Factor 3.	Finding low fares	.971
Finding low fares (22.6%)		

Figure 1: A perceptual map of online travel agencies and attribute factors



Configuration Points	Point Definition
T1	AOL TRAVEL
T2	PRICELINE
T3	YAHOO! TRAVEL
T4	CHEAPTICKETS
T5	ORBITZ
T6	TRAVELOCITY
T7	EXPEDIA
F1	Web features
F2	User friendliness
F3	Finding low fares

IMPLICATIONS

In terms of the importance of online travel agency attributes, ‘finding low fares’ was the most critical one. However, customers also consider various other attributes at the same time. Specifically, it is difficult for an online travel agency to deliver satisfactory customer service due to the nature by which the organization and customer communicate with each other via computer—a non-human interaction. Consequently, online travel agencies need to find optimal combinations of attributes or factors that suit their images. When it comes to security issues, security is not a motivator but a hygiene factor. Thus, online travel agencies have to develop strategies to assure customers of the security of their websites and online transactions. As mentioned earlier, positioning indicates the customers’ perceptions of how the company compares to its competitors. Thus, the positions of the companies or brands appearing on the perceptual map could be used by the companies to clarify the strengths and weaknesses identified by the customers’ perceptions.

On the other hand, companies which are located in similar positions on the perceptual map might actually not be competitors. However, the operators of online travel agencies should heed the attributes or factors that customers apply to differentiate one online travel agency from others since that is how customers understand companies’ images as a whole. Further, it is worthwhile to mention that the positions of companies or brands are fluid rather than fixed. As Dev, Morgan, & Shoemaker (1995) already noticed, the positions of brands could be changed over time. Therefore, operators of online travel agencies need to monitor their positions continuously. One additional point that needs to be mentioned is related to repositioning strategy. In the study about positioning strategy of Sun/Lost City, Botha, Crompton, & Kim (1999) insisted that effective positioning strategy requires focusing on a small number of attributes and consistent implementations. It is common sense that customers are unable to consider too many attributes at the same time. The finding of this study supported their argument by indicating that Priceline attained its exclusive position mainly by focusing on 'finding low fares.' Thus, the operators of online travel agencies should concentrate on a small number of attributes or factors when they build brand images and change their positions. Additionally, the changes in the online travel agencies' positions must be desirable and done intentionally rather than accidentally.

LIMITATIONS AND SUGGESTIONS

Firstly, the sample for this study was selected from seven university websites. Although the sample included a similar distribution of males and females, and a broad cross-section of age groups, it was skewed to college/graduate students and, consequently, to lower income groups. Secondly, the factors that affect customers' actual purchasing were not investigated in this study. Future research needs to discover critical factors that directly affect customers' purchase decisions. Lastly, this study only included online travel agencies which deal with various travel-related products. However, airline tickets are the most popular items among online travel-related products. Thus, future research could be developed to investigate the competitive structure between online travel agencies and airline companies' websites.

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FINANCIAL VARIABLES FOR PREDICTING BOND RATINGS OF HOTEL AND CASINO FIRMS

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ABSTRACT

This study attempts to identify financial factors that affect bond ratings of hotel and casino firms by estimating a bond rating prediction model. Our ordinary least square model based on five-year weighted average values of financial variables was able to correctly predict 60 percent of the bond ratings of hotel and casino firms rated by Moody's. The findings suggest that large hotel and casino firms with high return on assets and great debt service coverage tend to receive high bond ratings from Moody's.

Key Words: bond rating; hotels and casinos; ordinary least square model; prediction

INTRODUCTION

Hotel and casino bonds are evaluated annually by major rating agencies such as Standard & Poor's and Moody's that specialize in evaluating the creditworthiness of corporate debt securities. Corporate bond ratings determined by these agencies provide a judgment of investment quality of long-term debt securities and a measure of default risk (Belkaoui, 1980). In particular, the ratings assigned for corporate bonds affect not only prices of the outstanding corporate bonds but also interest rate and marketability of new corporate bond issues (Bhandari, Soldofsky, & Boe, 1979).

Rating agencies utilize a system of letter grades that determine the quality of the corporate bonds. Although rating agencies publish their general guidelines for their ratings, they have never provided the financial variables on which they place the great emphasis for determining ratings (Caouette, Altman, & Narayanan, 1998). Accordingly, previous researchers (Boyd & Jackson, 1988; Gentry, Whitford, & Newbold, 1988; Ogden, 1987; Belkaoui, 1980; Kaplan & Urwitz, 1979; Pinches & Mingo, 1973; West, 1970; Horrigan, 1966) have extended considerable efforts to develop various quantitative models based on data from various industry bonds in an attempt to predict corporate bond ratings.

The bond rating is an indicator of the default risk of a firm. Lower rating signals higher risk and hence bond investors would require a higher interest rate to compensate for the higher risk. The higher interest rate implies higher cost of borrowing. To enhance the value of a firm for the shareholders, it is imperative to lower the cost of capital. Lower interest rate will help lower the weighted average cost of capital (Van Horne, 1998). Therefore, to lower cost of borrowing and enhance firm value, firms need to raise the bond rating or lower the bond risk as perceived by the capital market.

A model capable of predicting bond rating would enable firms to identify factors affecting their bond ratings and take actions to reduce the perceived risk and lower the cost of borrowing. The purpose of this study is to develop such a quantitative model for hotel and casino firms. Previous studies conducted by Shulman, Hilmer, and Cox (1988), Morris (1982), Stock and Robertson (1981), Bhandari, Soldofsky, and Boe (1979), Pinches, Singleton, and Jahankhani (1978), and Carleton and Lerner (1969) provided statistical models that predict ratings for utility bonds, commercial papers, and municipal bonds. To our best knowledge, however, there are no documented studies on hospitality bond rating prediction for hospitality firms. The bond rating prediction model developed in this study will help hotel and casino operators to determine what factors may have a significant impact on the rating or perceived risk of their bonds. Bond rating agencies update a company's bond rating annually based on the firm's financial performance and conditions. With a bond rating prediction model, hotel and casino executives may be able to take actions to improve the financial factors that affect bond ratings, thus raising their bond ratings and lowering cost of borrowing. Furthermore, hotel and casino executives responsible for financing may use the model to evaluate the creditworthiness as perceived by the financial market and estimate the risk premiums prior to issuing their debts.

PREVIOUS STUDIES

A number of previous studies have utilized various statistical techniques such as ordinary least square (OLS) analysis, multiple discriminant analysis (MDA), and probit analysis for predicting industrial bond ratings. Horrigan (1966) first attempted to predict industrial bond ratings using an OLS analysis. Using five book-value financial variables plus subordination status, his model could correctly predict 58 percent of Moody's ratings and 52 percent of Standard and Poor's ratings. Using market value ratios and earnings volatility variables, West's (1970) OLS model was able to correctly predict about 62 percent of Moody's ratings. Horton (1970) also used OLS to predict municipal bond ratings and achieved accuracy levels from 70 to 80 percent for different models.

Pinches and Mingo (1973) developed a MDA model including six financial variables as determinants of bond ratings. Their model predicted approximately 70 percent of the ratings in the original sample and 60 percent of ratings in the holdout sample. Also using MDA, Belkaoui (1980) was able to correctly predict 62.5 percent of the bond ratings for the in-sample firms and 65.9 percent for the holdout sample firms. Belkaoui's model had eight variables including total assets, total debt, long-term debt to total capitalization, short-term debt to total capitalization, current ratio, fixed charge coverage ratio, stock price to common equity per share, and subordination status. One limitation of MDA in bond rating prediction is its absence of the rating order. Chessen (1987) prefers OLS to MDA because the latter does not take into account the order of the rating categories whereas the order of rating is obviously important.

Several researchers employed probit analysis for predicting industrial bond ratings. Kaplan and Urwitz (1979) first used the probit analysis to predict the industrial bond ratings. Using the 5-year arithmetic averages of nine annual financial ratios and risk measures, they predicted approximately 69 percent ratings for new-issue bonds. Ogden (1987) also developed a probit model and predicted approximately 63 percent of industrial bond ratings. The probit model estimated by Gentry, et. al. (1988), however, achieved only a 58-percent predictive accuracy.

Bond rating prediction literature has shown that predictive accuracy of most bond rating prediction models varies around 60 percent. OLS analysis, MDA and probit analysis are major techniques used for prediction. None of the three has consistently shown out-performance over the other two in terms of accuracy. Liquidity, financial leverage, debt service coverage, operating efficiency, profitability, and size are commonly used prediction variables.

DATA AND METHODOLOGY

All U.S. hotel and casino firms that had bonds rated by Moody's from1996 through 2001 were initially considered for sample inclusion in this study. The bond ratings used for model estimation included 86 bond ratings of 25 hotel and casino firms from 1996 to 2000 with needed financial information available in the COMPUSTAT Annual Industrial Files, which were the source of financial variables of this study. The holdout sample for accuracy testing was the 25 firms' 2001 bond ratings. Due to the fact that OLS takes into account the order of bond rating (Chessen, 1987), this study developed OLS model for bond rating prediction similar to that of Horrigan's (1966) study. Unlike Horrigan's study, which used only the current year financial variable in the model, this study further estimated OLS models based on five-year arithmetic average and five-year weighted average values of financial variables.

Three OLS models were developed with three different sets of predicting variables. The five categories of bond rating or the dependant variable were coded by numeric values from 5 to 1 with Baa=5, Ba=4, B=3, Caa=2, and Ca=1 to show the rating order. The coded ratings were used as the response or dependent variable in the OLS models. In the first OLS model (Model 1), the predicting variables were the end-of-year financial variables of the same year when the bond rating was given. Rating agencies usually look beyond a single year's financial data to avoid anomalies (Kaplan & Urwitz, 1979). Therefore, two additional models with five-year variable information were developed. In the second OLS model (Model 2), the value of a predicting variable was the equally weighted 5-year average, or the arithmetic mean, of its values of current year and previous four years, such as those used by previous studies (Kaplan & Urwitz, 1979; Pinches & Mingo, 1973). In the third OLS model (Model 3), it was assumed that rating agencies may pay more attention to more recent financial conditions and the current value of a variable should have a greater impact on bond rating. Therefore, the value of a predicting variable was its 5-year weighted average with greater weights given to more recent years. To derive the 5-year weighted average for a predicting variable, its value of current year or the year of bond rating was assigned a weight of 5/15. The variable's values one year, two years, three years, and four years prior to the year of the rating were weighted by 4/15, and 3/15, 2/15, and 1/15, respectively. The sum of the weighted values was the variable's 5-year weighted average.

Financial data for predicting variables of sample firms were collected from the COMPUSTAT Annual Industrial Files for deriving their financial ratios. Six financial variables that were commonly used in previous bond rating prediction studies were selected as potential determinants of bond rating. They were quick ratio (QR), long-term debt to total capitalization (LTDTC), number of times interest earned ratio (NTIER), assets turnover (AT), return on assets (ROA) and total assets (TA). Similar to Horrigan's (1966) study, the predictive power of each OLS model was tested based on the following procedures. The mean numeric values of five groups based on each OLS model were derived. Second, the middle value of the two consecutive groups' means, or the sum of two consecutive means divided by two, was used as the dividing point for the two consecutive groups. Four dividing points and five intervals, representing bond ratings from Baa to Ca of our sample, were identified based on OLS models and the financial variables associated with the 86 bond ratings. The five intervals were later used to predict the in-sample bond ratings (86 bond ratings for the period 1996-2000) and the bond ratings of the holdout sample (25 bond ratings of 2001). Third, the numeric values for the original sample and holdout sample were calculated using the estimated OLS models. Finally, when the calculated numeric value fell into a particular interval, the bond rating was identified as the predicted category.

THREE ESTIMATED OLS MODELS

The three estimated OLS models are presented in Table 1. As shown in the table, all three models are statistically significant at the 0.01 level. The adjusted R-squares of Models 1, 2, and 3 are 0.568, 0.627, and 0.662, respectively. The results show that the models could explain at least 56 percent of variations in bond ratings. Model 3, developed based on 5-year weighted average values of variables, fits the data better than the other two models. In the three models, the number of times interest earned ratio (NTIER), return on assets (ROA) and total assets (TA) are significant determinants of bond ratings as indicated by their statistical significance at the 0.05 or 0.01 level. Other three variables, namely quick ratio (QR), long-term debt to total capitalization ratio (LTDTC), and asset turnover (AT), have insignificant impacts on bond ratings of hotel and casino firms.

Table 1: Three Estimated OLS Models

Variable	Model 1		Model 2		Model 3	
	Coeff./T-Stat	VIF	Coeff./T-Stat	VIF	Coeff./T-Stat	VIF
Intercept	2.9719 (12.90***)		2.7687 (17.27***)		2.9538 (16.69***)	
QR	-0.1318 (-0.94)	1.2	0.0215 (0.62)	1.2	-0.1158 (-1.54)	1.1
LTDTC	-0.1026 (-0.52)	1.2	-0.0251 (-0.28)	1.2	-0.0408 (-0.39)	1.2
NTIER	0.1160 (2.47**)	2.5	0.1916 (2.19**)	7.5	0.2217 (3.20***)	5.0
AT	0.1699 (0.78)	1.2	-0.0722 (-0.28)	3.0	-0.1809 (-0.88)	2.0
ROA	5.6720 (2.59**)	2.1	8.3670 (2.41**)	3.5	6.3970 (2.03**)	3.4
TA	0.0001 (5.94***)	1.1	0.0001 (4.06***)	1.4	0.0001 (4.82***)	1.3
Adj. R-Square	0.568		0.627		0.662	
Model F-Stat	19.61***		24.84***		28.76***	

Note: 1. QR = Quick Ratio, LTDTC= Long-term debt to total capitalization, NTIER = Number of times interest earned ratio, AT = Assets turnover, ROA = Return on assets, TA = Total assets.
2. *** Significant at the 0.01 level, **Significant at 0.05 level, Sample size = 86.

PREDICTION RESULTS

The predictive accuracy of each OLS model was tested with the in-sample and holdout sample bondratings, respectively. To measure the predictive accuracy of each model, the model-calculated numeric value of each sample observation was first compared with the computed intervals for rating identification. Table 2 shows computed intervals derived by Model 3 based on the 86 in-sample bond ratings. Based on Model 3, if a firm's model-calculated value was 4.125, its predicted rating would be Moody's "Ba" because it falls within the range of 3.392 and 4.235, the interval for "Ba". The predictive accuracy of each model was then measured by comparing the actual ratings with the predicted ratings.

Table 2: Bond Rating Numeric Values Based On Model 3

Rating	Mean Index	Interval
Baa	4.768	> 4.235
Ba	3.702	> 3.392 < 4.235
B	3.081	> 3.045 < 3.392
Caa	3.009	> 2.947 < 3.045
Ca	2.884	< 2.947

Tables 3 and 4 show the accuracy of Model 3, the model with the highest adjusted R-square or explanatory power, in predicting in-sample and holdout sample bond ratings. The predictive accuracy of the model was determined by dividing the number of correctly predicted bond ratings, obtained by summing the main upper-left-lower right diagonal of each table, by the total number of actual bond ratings of the sample. As shown in Tables 3 and 4, Model 3 was able to predict in-sample and holdout sample bond ratings with accuracy levels at 60.47 percent (52 out of 86) and 60 percent (15 out of 25), respectively. In the same manner, Models 1 and 2 were used to predict the in-sample and holdout-sample bond ratings. While Model 2 achieved 56.98 percent accuracy for in-sample prediction and 52 percent accuracy for the holdout sample, Model 1 could correctly predict 59.30 percent of in-sample bond ratings and 44 percent of holdout-sample bond ratings. Evidently, Model 3 outperformed Model 1 and 2 in term of both in-sample and holdout sample predictions.

Table 3: Classification of In-Sample Bond Ratings Based On Model 3

Actual Rating	Predicted Rating					Total	Percent Correct
	Baa	Ba	B	Caa	Ca		
Baa	18	1				19	94.74%
Ba	3	11	5	1		20	55.00%
B		6	21	5	9	41	51.22%
Caa			2	1	2	5	20.00%
Ca					1	1	100.00%
Total	21	18	28	7	12	86	60.47%

Table 4: Classification of Holdout Sample Bond Ratings Based On Model 3

Actual Rating	Predicted Rating					Total	Percent Correct
	Baa	Ba	B	Caa	Ca		
Baa	5					5	100.00%
Ba	2	5	1			8	62.50%
B		4	3		2	9	33.33%
Caa			1	1		2	50.00%
Ca					1	1	100.00%
Total	7	9	5	1	3	25	60.00%

CONCLUSIONS

The study developed three OLS models for predicting bond ratings of hotel and casino firms. Model 3 with 5-year weighted financial variables--QR, LTDTC, NTIER, AT, ROA and TA--has the highest explanatory power (adjusted R-square = 0.66) and can predict bond ratings more accurately than the other two models. It can be concluded that bond rating agencies look beyond current year's financial performance when they evaluate the quality of the bonds of hotel and casino firms and they place greater emphasis on more recent financial performance.

This study shows that bond ratings of hotel and casino firms are correlated positively and significantly with NTIER, ROA and TA. The findings suggest that large hotel and casino firms generating higher profits and having high debt service coverage are likely to receive high bond ratings from rating agencies. For a given amount of interest expense, higher earnings before interest and taxes will lead to higher NTIER. Therefore, NTIER is essentially a profit ratio for earnings before interests and taxes or net operating income. The significant roles played by ROA and NTIER and the insignificance of liquidity variable (QR) and financial leverage (LTDTC) in the three models suggest that when rating hotel and casino bonds, financial performance or profitability, rather than financial conditions in terms of liquidity and indebtedness, of hotels and casinos is more important. The results of our study suggest that for hotels and casinos of given sizes, good bond rating hinges on their long-term profitability. Revenue management and profit optimization are thus more important than liquidity and financing management for maintaining high bond ratings. To improve firms' bond ratings, hotel and casino operators must make persistent efforts to raise profitability, long-term profitability in particular.

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ECONOMIC VALUE ADDED APPLICATION IN THE HOSPITALITY INDUSTRY

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ABSTRACT

The purpose of this study is to provide empirical evidence on the relative and incremental information content of Economic Value Added (EVA) and traditional performance measures, earnings and cash flow. The results of regression analysis tests the relative information content of EVA and indicate that earnings (NOPATCAP) has the highest explanatory power in explaining market value of hospitality firms, followed by cash flow (CFCCAP) and EVA. Incremental information content test shows that EVA adds only marginally to information content beyond earnings and cash flow. Overall, the results do not support assertions that EVA is superior to traditional accounting measures.

Keywords: EVA, earnings, cash flow, and traditional accounting measure

INTRODUCTION

In recent years, shareholder activism reached unprecedented levels and led to increased pressure on firms to maximize shareholder value consistently (Bacidore, Boquist, Millbourn, & Thakor, 1997). However, despite the best of intentions, many companies fail to create shareholder wealth. Consulting companies such as Stern Stewart, Boston Consulting Group, and HOLT Planning Associates have developed value-based performance measures in order to overcome the shortcomings of traditional accounting performance measures such as earnings and cash flow from operations. The most popular value-based performance measure currently in existence is arguably Stern Stewart's Economic Value Added (EVA). Corporate managers and the business press have shown great interest in the use of economic value added, or EVA, as a measure of business performance. This new metric, trademarked by Stern Stewart and Co., is a profit measure based on the concept of true economic income. The principal feature of EVA measure and its income is that, unlike traditional accounting measures, it reduces income by a charge for the cost of capital that includes the cost of the equity capital provided by owners. This charge has long been included in certain measures of income used by economists (McIntye, 1999). A company's value is being created only when the return on the invested capital is higher than its cost. The opposite is also true. When the return on the invested capital is less than the cost of capital, a firm's value is being destroyed. EVA has gained substantial acceptance and creditability not only as an operational performance metric, but also as a means to measure an organization's value and as a way to determine how management's decisions contribute value to an organization.

The objective of EVA is to understand which business units best leverage their assets to generate returns and maximize shareholder value (Shand, 2000). An increasing number of companies are deciding to adopt EVA as a guiding principle for performance measurement. Specifically, EVA has been used as a management compensation tool and for management decision-making in the realm of capital budgeting. EVA has also been used by financial investment firms for purposes of analyzing companies in terms of whether or not they are good investments. Stewart (1991) argued that earnings, earnings per share (EPS), ROE, and ROI are misleading measures of corporate performance. EVA is what drives stock prices and it stands out well as the single best measure of wealth creation, compared to accounting based measurements (Stewart, 1994).

Despite wide interest in EVA, little is known empirically about the efficacy of this measure versus other measures of firm performance in the hospitality industry. The relevance and importance of this alternative performance measurement to traditional accounting measurement has not been fully explored. The majority of empirical studies supported that there is a positive relationship between EVA and shareholder value creation. However, EVA is not established in the world of academia as having a strong correlation to market value and stock returns. The evidence from previous studies is mixed and has not resolved the debate over performance measures. The objective of this study was to investigate whether EVA is a better predictor than currently mandated performance measures, earnings and operating cash flow, in explaining the market value of hospitality firms. EVA was compared with traditional accounting performance measures.

CALCULATION OF EVA

At its simplest form the calculation of EVA for period t can be explained by the following equation:

EVAt = NOPATt – (WACCt x ICt-1)
Where:
NOPAT = Net Operating Profit After Tax = Earnings Before Interest and Tax x (1 – Corporate tax rate)
WACC = Weighted Average Cost of Capital
IC = Invested Capital

The information needed to compute EVA is obtained primarily from accounting data. However, accounting information has to be adjusted. These adjustments are made to avoid distortions that accounting information presents (Prober, 2000). The first step to compute EVA begins with the Net Operation Profit After Tax (NOPAT). NOPAT is calculated as net operating income after depreciation, adjusted for items that move the profit measure closer to an economic measure of profitability. Invested capital (IC) is generally defined to be assets (net of accumulated depreciation) invested in going-concern operating activities, or equivalently, interest bearing debt and equity capital at the beginning of the period (net of non-operating capital). After WACC is estimated, EVA cost of capital can be produced by EVA capital multiplied by WACC. This EVA cost of capital will be deducted from NOPAT for the full extent of EVA. There are as many as 164 items for potential adjustment for NOPAT but only a few adjustments are necessary to provide a good measure of EVA (Prober, 2000). Stewart (1991) recommends that the adjustments to the definition of EVA be made only if: 1) the amounts are significant; 2) the adjustments have a material impact on EVA; 3) operating people can readily grasp it and 4) the required information is relatively easy to track. In this study, the researcher chose interest expense and deferred tax difference as adjustment items because these items are typical in the calculation of EVA. Net operating income was added with net interest expense which was calculated by subtracting tax saving from interest expense. The computation of NOPAT can be explained by following equations:

NOPAT = Net Income + Net Interest Expense + Deferred Tax Difference
Net Interest Expense = Interest Expense – Tax Savings on Interest
Tax Savings on Interest = Interest Expense $\times$ Tax Rate

PREVIOUS EMPIRICAL STUDIES ON EVA

Numerous studies have been conducted since Stern Stewart introduced the EVA metric in 1989. Most of the research was designed and conducted to examine whether or not EVA is more correlated with stock return or market value than other traditional accounting performance measures. Analysis of the EVA literature indicates mixed results. Some researchers performed empirical analysis to investigate the assertion of Stern Stewart that EVA is a better performance measure in prediction of stock returns or market value. EVA, unlike NOPAT or other traditional accounting measures like net income or earnings per share, is expected to be systematically linked to market value (O'Byrne, 1996). EVA may provide a better predictor of market value than other traditional measures of operating performance. Despite the positive aspects of Stern Stewart and other defenders (O'Byrne, 1997; Walbert, 1994), the results of many empirical studies are not consistent with the claims that EVA is superior to other traditional accounting performance measures in predicting market value or stock returns (Chen & Todd, 2001; Ray, 2001; Clinton & Chen, 1998; Biddle, Brown, & Wallace, 1997). Grant (1996) conducted a study on the empirical relationship between EVA and corporate valuation. The sample consisted of 983 US companies from Stern Stewart's Performance database for 1993. His findings indicate that the ratio EVA-to-capital ratio (EVA/CAPITAL) explains approximately 32% of the variable MVA-to-capital ratio (MVA/CAPITAL). Grant used the MVA- and EVA-to-capital ratios in order to adjust for firm size. His study suggests that EVA has a significant impact on the market-value-added of a firm and this wealth effect stems from the company's positive residual return on capital.

As the above-mentioned studies, the research of Uyemura, Kantor, & Pettit (1996) also indicates that there is a strong relation between EVA and MVA. The authors analyzed the relation of five performance measures, namely Earnings per Share (EPS), Net Income (NI), Return on Equity (ROE), Return on Assets (ROA) and EVA, with absolute MVA, during the 1986 to 1995 period for the 100 largest bank holdings as of 1995. The correlations between these performance measures and MVA were: EVA 40%, ROA 13%, ROE 10%, NI 8% and EPS 6%. O'Byrne (1996) compared the information content by regressing firm value on EVA and earnings measured as NOPAT. The sample consisted of 6551 firm-year observations, for the period of 1985 - 1993. He estimated two simple regressions where market value divided by capital was the dependent variable. In the first regression the independent variable was EVA and in the second regression NOPAT. All variables were standardized by capital at the beginning of the period. The results reported an Adjusted R^2 of 31% for the EVA regression and 33% for the NOPAT regression. Milunovich and Tsuei (1996) applied the EVA measure to the computer industry. They found that EVA was the most influential variable affecting MVA. EPS growth comes second, and free cash flow was the last variable. Their regression analysis showed changes in EVA explaining 42% of changes in MVA. Biddle et al. (1997) tested the assertions that EVA is more highly associated with stock returns and firm values than accrual earnings, and evaluated which component of EVA, if any, contributed to these associations. The results of the test indicated that earnings (R^2 = 12.8%) was significantly more highly associated with market-adjusted annual returns than were Residual Income (R^2 = 7.3%) or EVA (R^2 = 6.5%) and that all three of these measures dominate cash from operations (R^2 = 2.8%). Correlations between the independent variables were all positive and significant except that EVA and RI were negatively correlated with cash from operations (CFO). Earnings before extraordinary items (EBEI) had the highest correlation with market adjusted return. The empirical results do not support that EVA dominates earnings in relative information content, and suggest rather that earnings generally outperform EVA. Regarding the previous results, one should keep in mind that the studies described use current realizations, not future flows, of each performance measure. Even if EVA is a good proxy for economic profits, realized EVA may not outperform the current realizations such as earnings. Even though EVA has been gaining the popularity in the 1990', few studies have been performed so far in the hospitality industry.

METHODOLOGY

Data Collection and Sample

This study used secondary data, which were collected from Standard & Poor's COMPUSTAT database. The research in this study was carried out through the calculation of EVA and MVA. The researcher attempted to collect EVA data from the Stern Stewart Performance 1,000 databases. However, most hospitality firms failed to be ranked in this list except top hotel and restaurant companies. Thus, for the purpose of this study, EVA for all hospitality firms in our sample were computed based on Stern's recommended adjustment method. The data required for this research included accounting information to derive EVA and MVA, as well as ROA, ROI, ROE, and EPS as traditional accounting performance measures. Traditional accounting measures were selected based on the findings from previous studies which tested the relationship between EVA and accounting performance measures. The sample for this study consisted of 89 publicly traded hospitality firms for which the researchers were able to collect the necessary performance data for each year. Firms that did not have data for the entire period of 1995 – 2001 were eliminated from the analysis. The total number of firms with the Standard Industrial Classification (SIC) Code of 7011 (hotels and motels) was reduced to 66, while the number of firms with the SIC code of 5812 (eating and drinking places) was reduced to 23. The pooled regression model used a total of 623 firm-year observations.

Hypotheses

- Hypothesis 1: The relative information content of EVA is superior to mandated performance measures, earnings and free cash flow in explaining firm values of hospitality firms.

The relative information content investigates which variables (EVA, NOPAT, FCF) have greater association with firm value. Net Operating Profit After Tax (NOPAT) is pre-interest but after-tax corporate earnings, Free Cash Flow (FCF) is equal to NOPAT minus net new corporate investment including retained earnings. A typical approach to assess the relative information content is to compare the coefficients of determination (R2) of various simple regressions that analyze the relation between various performance measures and equity market value.

The second hypothesis refers to the incremental information content.

- Hypothesis 2: EVA adds information content to that provided by NOPAT and FCF.

To assess incremental information content one analyzes the increase in the Adjusted R2 that arises from the inclusion of more variables in the model.

EMPIRICAL RESULTS

In order to reduce the heteroscedasticity in the data, the researcher deflated all independent variables (NOPAT and FCF) and a dependent variable (Market value). The prediction errors as a percentage of capital are much closer to a normal distribution than the prediction errors in absolute dollars (O'Byrne, 1996). The relative information content is evaluated by comparing adjusted R^2s from three separate regressions, one for each performance measure, EVACAP, FCFCAP, and NOPATCAP. First one should note that all of the regressions are significant according to the F statistic.

The results suggest that in terms of relative information content all three performance measures are statistically significant variables. Earnings (NOPATCAP) have the highest explanatory power in explaining market value. Next, FCFCAP has significantly larger adjusted R^2 than does the EVACAP. The results of regression analysis indicate that earnings (NOPATCAP) has the highest explanatory power in explaining market value of hospitality firms, followed by cash flow (CFCCAP). Economic value added (EVA) has a very low explanatory power. Thus, the results reject hypothesis 1. The results on the incremental information content of three performance measures are presented. In order to detect the presence of first-order autocorrelation among the residuals of this sample, Durbin-Watson d statistic was used. The d statistic ranges from 2.08 to 2.10. It shows that error terms are serially independent with an average error term of zero.

CONCLUSIONS

Motivated by increased use in practice and increased interest in the media and among academics, this study investigated the relationship between EVA and equity market value in the hospitality industry. This study was designed to answer the question; what is the best metric for measuring hospitality industry performance in explaining the market value of hospitality firms? To examine whether or not EVA is superior to traditional accounting measures in association with equity market value of hospitality firms, regression analyses were used. On one hand there is literature trying to show that EVA increases shareholders wealth (Pettit, 2000; Stewart, 1991, 1994, Stern, Stewart, & Chew, 1995).

On the other hand, some studies showed that EVA does not have a significant correlation with MVA and does not dominate traditional performance measures in explaining market value of hospitality firms (Chen & Todd, 2001; Ray, 2001; Clinton & Chen, 1998; Biddle et al., 1997). The empirical results of this study do not support claims that EVA is a better financial tool than traditional accounting measurements in explaining market value. EVA did not significantly outperform traditional accounting measures (earnings and cash flow) in tests of relative information content. NOPAT and FCF were more highly correlated with market value rather than EVA. The findings of this study showed similar results with Biddle et al., (1997) and Clinton and Chen (1998) that EVA is not superior to other accounting measures in its association with firm values. The results are consistent with the fact that traditional financial statements, ratio, and traditional performance measures are used to ensure accounting compliance requirements and as a yardstick for investors to compare prospective investments in various hospitality companies.

However, there are possible reasons why the researcher did not detect a stronger relationship between EVA and market value. First of all, EVA calculation process requires over 160 adjustments. Even though not all of the 160 adjustments have to be used, the scope of adjustment could affect the final value of NOPAT and EVA. In addition, some data was not available to make adjustments during the test period. Second, the market may have failed to recognize the reporting benefits of EVA through the period the researcher studied. It is clear that stock price is influenced greatly by expectations of the future, and the EVA pertains to the past. As more data become available, future studies will be able to assess whether market participants have come to appreciate EVA. Third, this research used current realizations of performance measures. So, it did not take into account expectations in the valuation of companies. The market price of a stock incorporates the current level of EVA and the expectation of future EVA growth. To increase the stock price, management must increase the current level of EVA and change the market's expectations of future growth. On the other hand, the estimates of the charge for capital and accounting adjustments may not be the ones that the market is using to value companies. Furthermore, the market may not be recognizing the EVA benefits or even not considering EVA in the valuation during the study period. Since empirical research on the EVA or value added measurements of hospitality industry is still in its infancy, this study may be useful to both academicians and practitioners in understanding how the market value of hospitality firms was affected by EVA and traditional measurements.

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THE CUSTOMER-BASED BRAND EQUITY AND FINANCIAL PERFORMANCE IN THE HOSPITALITY INDUSTRY

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ABSTRACT

There is a growing emphasis on building and managing brand equity as the primary drivers of a hospitality firm's success. This study examines the underlying dimensions of brand equity and how they affect financial performance in the hospitality industry. The results of this study, using data collected from 12 luxury hotels and 13 fast food and chain restaurants, indicate that brand loyalty, perceived quality, and brand image are important components of customer-based brand equity. A positive relationship was found to exist between the components of customer-based brand equity and the financial performance in luxury hotels and chain restaurants.

Keywords: brand equity, brand loyalty, brand image, perceived quality

INTRODUCTION

Brands have been increasingly considered as primary capital for many businesses. Financial professionals have developed the notion that a brand has an equity which exceeds its conventional asset value. Some firms seeking growth opportunities have preferred to acquire existing brands, thus establishing brand management as a formal component of corporate strategy. For example, instead of developing a new luxury hotel brand, Marriott International Inc. decided to acquire the existing luxury hotel chain Ritz-Carlton in 1995. Thus, the concept and measurement of brand equity has interested academicians and practitioners for more than a decade, primarily due to the importance in today's marketplace of building, maintaining and using brands to obtain a definite competitive advantage. A brand symbolizes the essence of the customers' perceptions of the hospitality organizations. The term "brand" has multiple connotations. At one end of the spectrum, brand constitutes a name, a logo, a symbol, and identity, or a trademark. At the other end, brand embraces all tangible and intangible attributes that the business stands for (Prasad & Dev, 2000). Although numerous local or global brands of different product categories have been employed to measure the brand equity, literature on brand equity within the hospitality industry has not been fully investigated. Only recently, Prasad and Dev (2000) demonstrated that brands would be a quick way for hotel chains to identify and differentiate themselves in the minds of the customer.

A hospitality company can use an endorsed brand extension strategy to extend the power of well-accepted brand identity to a number of diverse concepts differentiated by market segment (Jiang, Dev, & Rao, 2002). The endorsed brand strategy puts a well-established name on a cluster of products or services. By endorsing a range of products the lead brand can lend its good name and image to the entire brand family (Muller, 1998). In service marketing, the company brand is the primary brand, whereas in packaged goods marketing the product brand is referred to as the primary brand (Low & Lamb Jr., 2000). In the hospitality industry, customers often base their purchase decisions on their perceptions of a company's brand (e.g., Marriott, Hilton, Hyatt, McDonald's, Burger King, Wendy's, Chilis's, Applebee's, and TGI Friday's). That is, customers develop company brand associations rather than the brand association of product items. There have also been some assertions concerning the positive correlation between brand equity and financial performance (Park & Srinivasan, 1994; Aaker, 1996). The rationale of the hotel industry, for example, is quite straightforward - hotels with strong brand equity are expected to command higher occupancy and average room rates, due to high customer satisfaction and a positive price-value relationship. It will result in higher financial performance, RevPAR (Prasad & Dev, 2000). Little empirical research, however, actually demonstrated the correlation between brand equity and financial performance in hospitality brands. The purpose of this study is to examine the possible relationship between customer-based brand equity and financial performance in the hospitality industry through an empirical study. Logical reasoning behind the study hypothesizes that the more customers are satisfied, the more they prefer the brand and the more they return. This should translate into higher earnings. The study's results could offer a diagnostic decision-making tool to help top hotel managers maximize the value of their brands.

LITERATURE REVIEW

Brand Equity Research in the Hospitality Industry

Relatively limited empirical evidence can be found with respect to the consumer-based equity of service brands (Smith 1991) due to the fact that most studies have been concerned with the goods or have applied a non-altered framework to suggest brand equity value. Muller (1998) suggested three key issues that a service brand should focus on in order to build equity and acceptance in the marketplace: quality products and services, execution of service delivery, and establishing a symbolic and evocative image. He insisted that, through the combination of these three elements in restaurant-brand development, the opportunity would come for charging price premium and enhancing customer loyalty. Murphy (1990) identified generic brand strategies such as simple, monolithic, and endorsed in the restaurant industry. A recent study by Prasad and Dev (2000) is a good example of understanding and estimating brand equity in the lodging industry. They developed a customer-centric index of hotel brand equity considering customers as the source of all cash flow and resulting profits. Here, the customer-centric brand equity index is a measure for converting customers' awareness of a brand and their view of a brand's performance into a numerical index. Another study by Cobb-Walgren et al. (1995) focused on a consumer-based, perceptual measure of brand equity. The study employed the perceptual components of Aaker (1991)'s definition of brand equity, as advocated by Keller (1993) - brand awareness, brand associations and perceived quality. Two sets of brand, from service category (hotels) and from product category (household cleansers), were employed to examine the effect of brand equity on consumer preferences and purchase intentions.

METHOD

Survey Framework and Hypothesis

Two separate surveys were conducted to collect data for luxury hotels and chain restaurants. Hotel data was collected via intercept surveys conducted by trained graduate students at Kimpo airport over a three-week period in 2002. Respondents were asked if they had stayed at a luxury hotel in the last two years. For the purpose of this study, Korean travelers who expressed no previous luxury hotel usage in the last two years were not asked to participate in this study. Those who met this criterion were given a copy of the self-administered questionnaire. Eight hundred and forty questionnaires were distributed and 602 returned in the given time frame. Of these, 89 were excluded since they had not been fully completed. Thus, a total of 513 questionnaires were used for further analysis. The respondents to measure brand equity and financial performance of chain restaurants were selected in the city of Seoul because all fast food and chain restaurants are located in Seoul. This study used an on-site questionnaire survey in a large shopping mall from June 15th, 2002 to June 28th, 2002. A convenience sample from a shopping mall was chosen for this study. A total of 409 questionnaires were returned, of which 394 were usable. The basic conceptual framework of this study is to examine the relationship between customer-based brand equity and the financial performance of the hotel and chain restaurant industry. Evidence for this conjecture can be found in the research of Prasad and Dev (2000) who have proposed the straightforward rationale that hotels with strong brand equity, based on customers' positive evaluations of brand attributes, will command higher occupancy rate and daily room rates, resulting in higher revenue per available room (RevPAR). Here, four dimensions of brand equity, namely brand loyalty, brand awareness, perceived brand quality, and brand image, are assumed to construct the context of brand equity. The primary hypothesis of this study was formulated as follows:

- Hypothesis: Customer-based brand equity and these four components in the hospitality industry will have a significant relationship with the financial performance of the corresponding brand.

Measures

Measures of brand equity consist of the four dimensions of brand loyalty, brand awareness, perceived quality, and brand image. The reasoning for including brand loyalty as a component of consumer-based brand equity comes from the importance of customer satisfaction in developing a brand (Aaker, 1991). If customers are not satisfied with a brand, they will not be loyal to the brand, but search for another. This study employed six measurement items of brand royalty, with a seven-point Likert scale anchored from 1 (strongly disagree) to 7 (strongly agree); "I regularly visit this hotel (restaurant)," "I intend to visit this hotel (restaurant) again," "I usually use this hotel (restaurant) as the first choice compared to other ones," "I am satisfied with this visit," "I would recommend this hotel (restaurant) to others," and finally "I would switch to other hotels (restaurants) the next time"(Aaker, 1991; Odin, Odin, Vallette-Florence, 2001; Yoo & Donthu, 2001). Brand awareness, another component of brand equity, refers to the strength of a brand's presence in the customer's mind (Aaker, 1996). Three scale items were employed to measure brand awareness such as top-of-mind brand, unaided brand recall, and brand recognition (Kapferer, 1994; Francois & MacLachlan, 1995; Yoo & Donthu, 2001). "Write down the name of a luxury hotel (a chain restaurant) located in Seoul that first comes to your mind" is an example of the top-of-mind brand test, while "List three other names of luxury hotels (chain restaurants) located in Seoul that come to your mind at this moment" constitutes unaided brand recall. To measure brand recognition, the respondents were asked to choose the brand names of which they were aware of from a list of selected luxury hotels (chain restaurants). Since these items are open-ended or multiple choice questions, the Likert-type scale cannot be applied. In this study, the respondents' answers were coded as 1 for "unrecognized brand in the aided recall," 2 for "recognized brand in the aided recall," 4 for "recalled brand without aid," and 7 for "top-of-mind brand" in order to transfer them to approximate metric scales. The third component of brand equity - perceived quality - was measured by a performance-based approach that focused on customer perception rather than considering customer expectation also (Lee & Hing, 1995; Parasuraman, Zeithaml, & Berry, 1985; Fick & Ritchie, 1991; Bojanic & Rosen, 1993; Lee & Hing, 1995; Bolton & Drew, 1991; Cronin & Taylor, 1992; Saleh & Ryan, 1991). This study employed 10 seven-point Likert scale items for the chain restaurants and same type 11 items for the luxury hotels such as 1 for "strongly disagree" and 7 for "strongly agree." The final measure - brand image - requires the development of scale items specific to a product category (Dobni & Zinkhan, 1990; Low & Lamb Jr., 2000). For example, Timex watches are associated with functionality, whereas Rolex watches are associated with prestige (Park, Milberg, & Lawson, 1991). According to the pretest framework suggested by Low and Lamb Jr. (2000), this study developed different scale items for each category. The 27 respondents of purposive samples were asked to delineate any feelings, ideas, or attitudes that they could associate with fast food and chain restaurants. Similarly, another purposive sample of 28 respondents was gathered to appropriate measures of brand image for luxury hotels. The open-ended responses were tabulated, and the most frequently mentioned responses (13 items for fast food and chain restaurants and 11 items for luxury hotels) were selected as the scale items for their respective category. In addition, three other variables such as "long history," "differentiated from other brands," and "familiar to me" were supplemented to both categories (Aaker, 1991; Keller, 1993). All of these items concerning brand image were measured on a seven-point Likert scale with 1 for "strongly disagree" and 7 for "strongly agree." Here, we presume that a high scale point of brand image indicates that the brand not only has a positive image to the customer but also exhibits a greater level of brand image strength in comparison with others.

There are several possible tools to measure financial performance of a firm. In this study return on sale (profit margin) is used to measure the financial performance of luxury hotels and chain restaurants due to the relatively easy accessibility of data. Therefore, common financial performance measures such as ROE and ROA are not included in this study. Investors and creditors use return on sale (ROS) to compare the financial performance of companies. The higher the rate of return, the more successful the company. Return on sale (profit margin) is defined as a ratio where the numerator is the net income after tax and the denominator is the total sales revenue (Schmidgall, 2002). ROS ratio for 12 selected hotels from 1998 to 2001 was calculated from each company's income statement available in the library of Korea Hotel Association. The ROS ratio in the same period in 13 selected international fast food and chain restaurants was derived from each company's income statement available in library of the Korean Restaurant Association. We extend the aforementioned hypothesis to examine how the relationship between brand equity and financial performance varies in the different categories of the hospitality industry - hotel and chain restaurants. The reason for selecting these two categories mainly stems from the fact that lodging and restaurants are representative sectors reflecting the characteristics of the hospitality industry properly. Additionally, in these sectors several different brands compete heavily with each other in order to have a competitive advantage by constructing definite brand equity. For the lodging category, twelve brands of luxury hotels located in Seoul, Korea were chosen to receive survey responses. For the restaurants, thirteen brands of fast food and chain restaurants in Korea were selected to provide the database of responses. The detailed brands of the two categories selected are Ritz-Carlton, Inter-continental, Westin Chosun, Marriott, Hyatt, Hilton, Lotte, Radisson Plaza, Ramada Renaissance, Sheraton Walker-hill, Shilla and Swiss Grand among the luxury hotels, and Burger King, Pizza Hut, Little Ceasars Pizza, Hardee's, Jakob's, KFC, Lotteria, McDonald's, Popeye's, Subway, Sbarro, Ponderosa, and Sizzler among the fast food and chain restaurants.

RESULTS

Factor analysis was first employed to examine the validity of brand equity structure, which consists of four underlying dimensions that include brand loyalty, brand awareness, perceived quality, and brand image. Factor analysis with principal components and Varimax rotations produced one factor in both sample categories, which had eigen-value greater than 1.0 and a factor loading of 0.50 or greater. Only one factor solution exhibits positive construct validity of the brand equity structure. The results in Table 1 show that brand equity is a principal factor in each category, where the four dimensions of brand equity are loaded significantly except for brand awareness in hotels. It generally supports the assertion that the four dimensions are valid underlying variables of brand equity. It is of interest to notice that brand image and brand loyalty are loaded highly in the brand equity of chain restaurants, whereas perceived quality, brand loyalty, and brand image are loaded highly in that of hotels. The results imply that all four dimensions are found to construct brand equity in chain restaurants, where perceived quality is most important and brand awareness is least significant for establishing brand equity in luxury hotels. In this study, the factor scores of brand equity in two categories were further employed to analyze the relationship between the entire context of brand equity and financial performance.

Table 1. Brand equity structure - Factor Analysis -*

Brand Equity	Factor Loadings	
	Chain Restaurants	Luxury Hotels
Brand Loyalty	.774	.866
Brand Awareness	.545	.309
Perceived Quality	.741	.881
Brand Image	.834	.865
Eigen Value	2.140	2.370
Variance Explained	53.5%	59.3%

* Principal component factor analysis was employed in each category with iterations: Varimax rotation in SPSS/PC routine. Only one factor solution in each category exhibits positive construct validity of the brand equity structure.

Next, regression analyses were employed for both hotels and restaurants in order to examine the relationship between brand equity and financial performance. Here, brand equity was presumed to be a predictor variable and was first considered as one independent variable measured in its entirety, and then as four independent variables of underlying dimensions constructing the brand equity. The financial performance of return on sales (profit margin) for luxury chain hotels and chain restaurants was entered as a dependent variable. The results from stepwise regression analyses appear in Table 2, showing how brand equity itself, or the four underlying dimensions constructing brand equity, affects the financial performance in chain restaurants and luxury hotels. When considering brand equity in its entirety as an independent variable, the results show that brand equity has a significant positive relationship with its financial performance in both fast food and chain restaurants (R^2=.573) and in luxury hotels (R^2=.622). This result supports our prior assertion that customer-based brand equity can be a critical factor for influencing financial performance in the hospitality industry. Other results from stepwise regression analyses show that among the four underlying dimensions, brand awareness and perceived quality appear to be significant independent variables that influence the financial performance of fast food and chain restaurants. It is surprising that brand loyalty and brand image, which are loaded highly to construct brand equity in fast food and chain restaurants, do not appear to support a positive relationship with financial performance.

Table 2 . Impact of Brand Equity on Financial Performance- 4 Stepwise Regression Analyses -

Dependent Variable : Financial Performance*	Standardized Regression Coefficients (t – values)	
	Chain Restaurants	Luxury Hotels
Independent Variable :		
Brand Equity****	.757 (2.591)**	.789 (4.060)***
- R^2/F/p	.573/6.715/0.001	.622/16.482/0.001
Independent Variables :		
Brand Loyalty	-	.958 (4.919)***
Brand Awareness	.835 (3.392)**	.897 (4.588)***
Perceived Quality	.730 (2.498)**	.476(2.432)**
Brand Image	-	-
- R^2/F/p	.697/11.506/0.001	.706/10.795/0.001

* Sales per restaurant unit in restaurants and RevPAR (Revenue Per Available Rooms) in hotels; ** p<.05; ***p<.01

**** As an input variable of entire brand equity, a factor score coefficient from the factor analysis as depicted in Table 1 was employed to examine its impact on the financial performance

In summary, overall brand equity, delineated from four underlying dimensions, has shown a significant positive effect on financial performance in both chain restaurants and luxury hotels. The nature of the relationship between each underlying dimension of the brand equity and financial performance, however, differs, while brand awareness and perceived quality are significant for financial performance in chain restaurants, and brand loyalty, brand awareness, and perceived quality are found to have significantly positive effects on financial performance in luxury hotels. The finding demonstrates that brand awareness, among all the other elements, is the most important dimension of hospitality brand equity in having a positive effect on financial performance, even though it is rather insignificant or of relatively low importance in constructing brand equity itself.

SUMMARY AND CONCLUSIONS

The findings generally confirm our original hypothesis that brand equity is best understood as a composite context represented by four underlying dimensions, and has a positive effect on its financial performance. Although brand awareness was not loaded highly as a customer-based brand equity factor for both chain restaurants and luxury hotels, it was found to have a significantly positive relationship with financial performance in both categories. In the case of luxury hotels, brand loyalty, brand awareness, and perceived quality significantly affected the financial performance, as compared with chain restaurants where brand awareness and perceived quality were related with financial performance. This shows that the relationship between brand equity and financial performance is not the same in different sectors of the hospitality industry. The results imply that hospitality firms like chain restaurants or luxury hotels should significantly consider brand loyalty, perceived quality, and brand image when attempting to establish definite brand equity from the customers' viewpoint. Additionally, increasing brand awareness through various promotional and communication strategies may be integral for increasing sales revenue. Heavy and successive promotional activities through mass media seem to vastly prevail in the competitive markets of hospitality firms. One of the most important conclusions that may be drawn from this study lies in the fact that perceived quality of a specific brand is found to significantly affect financial performance in hotel and restaurant business. This may stem from the rationale that luxury hotels and chain restaurants require better service delivery system to customers. The results imply that brand awareness alone is not enough to generate satisfactory financial performance and perceived quality should be managed carefully to produce good financial results.

It is noteworthy that brand loyalty had a significantly positive effect on financial performance of only luxury hotels. It seems that brand loyalty in fast food and chain restaurants may not be a detrimental factor affecting a firm's performance in comparison to other factors, such as brand awareness and perceived quality. Brand loyalty will be considered as a repeat purchase behavior under conditions of strong sensitivity. Loyal customers are less likely to switch to a competitor solely because of price, and loyal customers also make more frequent purchases than comparable non-loyal customers (Bowen & Shoemaker, 1998). These results show that brand loyalty, a component of brand equity that determines whether the customer is committed to the brand, can make a significant contribution in improving the financial performance of hotel companies. It is very rare that a single purchase by each customer is sufficient for the attainment of long-term financial profitability, so hotel marketers should remember the importance of repeat purchase and customer satisfaction. Brand-loyal customers rarely buy as a simple reaction to the stimulus of promotion. They may be satisfied, intend to visit again, or recommend to others through customers' learning, which is built up from experience of various services, from word-of-mouth reports from other customers, and from advertising and promotion memories. The result of the study implies that to build a brand loyalty and eventually good financial performance, a hotel company has to get into the black box of dealing with customer attitudes such that they are, first of all, satisfied, have intentions to visit the hotel again, and recommend it as a first-choice hotel to others.In conclusion, the results of this study imply that strong brand equity can cause a significant increase in profitability and a lack of brand equity in hospitality firms can damage potential cash flow. That is, if a marketer in hospitality firms does not make efforts to improve customer-based brand equity, then the marketer should expect declining income over time.

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ECONOMIC HOTEL ROOM PRICING: A MULTI-STAGE SYNTHETIC APPROACH

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ABSTRACT

This study presents a synthetic model designed to aid hotel room pricing. The complicated factors used in this model include fixed and variable costs, profit goal, market competition, differentiation premium, price standard limits, and discriminatory pricing. A five-star international hotel was used to illustrate the application of this model. A critical step in this model was to develop the hotel's market premium price. Factor analysis, ANOVA, and the Scheffe post-hoc tests were utilized in the analysis. The model provides new insights into hotel room pricing by offering a step-by-step process leading to room pricing-decisions for hotel revenue managers and marketers.

Keywords: hotel room pricing, profit goal, differentiation premium, and hotel revenue managers

INTRODUCTION

Hotel room pricing is as old as the hotel business itself. Because hotel managers recognize that cost controls alone can not optimize the profitability of a hotel operation, they are spending more time evaluating and redefining hotel room pricing strategies. The fastest and most effective way for a hotel to realize maximum profit is to get its pricing right. In fact, according to the study of McKinsey & Company in 1992, the payoff of improved pricing was significant (Marn & Rosiello, 1992). Examining more than 2,400 firms, the McKinsey researchers reported that a 1% improvement in price, assuming no loss of volume, creates an improvement in operating profit of 11.1%. By contrast, 1% improvements in variable cost, volume, and fixed cost produce profit improvements of 7.8%, 3.3%, and 2.3%, respectively. Given the importance of price in improving revenue and profit for hospitality firms, pricing strategies used by hospitality organizations tend to be relatively unsophisticated and lose their effectiveness as environmental conditions become complex. Many hotel managers are not active in taking initiatives to improve pricing for fear that they may turn away or lose customers. However, the result of not managing pricing performance is far more harmful. Setting and managing optimal price is one of the most fundamental and important management functions (Marn & Rosiello, 1992).

Today's highly competitive hotel market requires room-pricing techniques that consider not only the cost-based but also the competition-based pricing approaches. The simplest pricing method is cost-plus pricing, adding a profit goal to the cost of product (Kotler, Bowen, & Makens, 1996). Alternatively, competition-based pricing bases prices on what competitors charge their customers, which may not be optimal. Although it is very simple to implement, it does not have a strong customer or product orientation. The only guidance often available to hospitality service providers is recommendations to charge more than, less than, or about the same as their competitors charge (Arnold, Hoffman, & McCormick, 1989). However, it is difficult for hotel managers to decide how much higher or lower than competitors the hotel's price(s) should be set. While these two approaches to pricing can be helpful and currently dominate the hospitality industry, their simplistic nature often causes them to lose their effectiveness in a complex and competitive business environment (Arnold et al., 1989). The effectiveness of hotel room pricing depends on how well managers understand consumers' responses to price changes. Faced with the consumers' increased price sensitivity during the current slow US economy, hospitality businesses have been forced to respond. Service firms have made considerable progress in establishing price strategies that have improved the bottom line while maintaining consumers' good will (Lewis & Shoemaker, 1997). Considering the great importance of hotel room pricing, the research on pricing needs to be explored further.

A PERSPECTIVE OF ECONOMICS AND COST ACCOUNTING

Economists consider that major pricing issues are industry structure and competition, elasticity of demand, capital intensity, supply and demand, economies of scale and scope, and experience. Cost (accounting) based pricing requires the service provider to set prices by computing all costs and then adding the desired profit margin. The well-known cost approaches, namely the "$1 per $1,000" approach and the Hubbart Formula, determine hotel room rates based on costs. In the $1 per $1,000 approach, a hotel must achieve an average room rate of at least $1 to be financially feasible for every $1,000 of the hotel's per-room construction costs. The Hubbart formula, which is a bottom-up approach to pricing rooms, is a more sophisticated approach that determines room rates based on costs directly or indirectly related to a room's operation and the desired profit for investors.

Arnold et al. (1989) proposed a differentiation premium pricing model that incorporates four factors into the pricing decision to differentiate the service firm from its competitors. These factors are availability, testability, commitment, and price sensitivity premium. Each of these factors range in value from –1 to +1. Availability refers to the number and types of services available to the consumers. Service firms may improve the availability premium by implementing strategies such as extending operating hours and offering a variety of services. Incorporating testability into the pricing can be accomplished through a Reputation Testability Premium (RTp). High reputation value shows that a superior testable reputation generally justifies charging a higher price than average competitors, while a poor reputation may indicate downward price adjustment. Commitment incentives premium (CIp) refers to the relationship between profitability and duration of service provider/customer relationships. The rating for CIp is based on the service provider's need to obtain long-term commitments from customers. Price sensitivity premium (PSp) refers to the sensitivity of consumers to price changes. Discriminatory pricing, or differential pricing, is a pricing method whereby the marketer charges different prices for the same service to different market segments (Monroe, 1979; Tellis, 1986; Monroe & Della Bitta, 1978). Hanks, Cross, and Noland (1992) proposed a rational method of price segmentation by introducing a fenced room rate. Hotel revenue managers should find a way to bundle customers into the appropriate number of segments according to their value perception and then fence off these segments from one another. Such fences include advance reservations and non-refundable advance purchases. Using a rate-fence system, hotels can use yield management for 100 percent of their room inventory. Logical rules are designed to allow customers to segment themselves into appropriate room rate categories on the basis of their willingness to pay rather than a single rate. None of the above pricing approaches are an ideal pricing method that simultaneously meets the criteria of cost structure, profit margin, competition, elasticity of demand, and supply and demand. Due to the difficulty and complexity of pricing in the real business world, setting and managing prices is one of the most important elements of a marketing manager's duty (Campbell, 1999). Hotel operators may be better off using various pricing approaches to set hotel room prices instead of using one single pricing approach. A multi-stage synthetic approach proposed by Tung, Capella, and Tat (1997) will be modified and used for hotel room pricing in this study.

METHODOLOGY

Research Design

Subject hotel X, a property of a well-known international hotel chain, was selected to illustrate the application of the multi-stage synthetic hotel room-pricing model. The primary reasons for selecting subject hotel X were that the hotel had established a sophisticated pricing system and the marketing manager showed a strong intention to cooperate with this pricing procedure. The hotel's room demand is primarily generated from business travelers followed by meeting & group travelers, and individual leisure travelers in its market share. The subject hotel X is positioned in the international business travelers' market as a competitive brand due to its good location and powerful centralized reservation system. In order to develop the average competitor's price, marketing and room managers should identify the primary competitors of Hotel X. The three primary competitors consist of Intercontinental, Hyatt, and Hilton hotels.

Data Collection

Twenty-five questionnaires were distributed to guests in a hotel in Korea for the purpose of pre-testing in August 2001. Based on the comments collected during the pre-testing period, a complete questionnaire was designed. The total number of questionnaires to be distributed each day during the 20-day survey period was based on the expected arrivals of Korean guests. On average every third guest received a questionnaire. The questionnaires were distributed to guests at Hotel X when they checked into their hotels. Approximately 90% of the subject hotel X's guests were business travelers and meeting & group travelers, mainly due to the hotel's location in the city of Seoul. Out of 550 questionnaires, a total of 390 questionnaires (70.9%) were coded and analyzed for the empirical investigation.

Statistical Analysis

To determine the differences between mean scores of Hotel X and the three primary competitive hotels, factor analysis, one-way analysis of variance (ANOVA), and the Scheffe post-hoc tests were utilized. When the results of the

ANOVA test were statistically significant, the Scheffe post-hoc test was conducted to determine where the differences existed between means of the four groups.

AN ILLUSTRATION OF MULTI-STAGE SYNTHETIC PRICING MODEL APPLICATION

Stage 1: Identify competitors and estimate competitors' average room rate (CARR).

Due to the strong market position in the corporate traveler's market segment, subject hotel X's primary competitors are identified as Intercontinental, Hyatt, and Hilton hotels. The average of three hotels' room rate was approximately US$152.

Stage 2: Establish a proper cost basis and derive cost-based pricing.

It requires the hotel marketers to set prices by computing all variable and fixed costs per room and adding to this amount the desired profit goal. Based on the internal information provided by accounting and room division managers from the subject hotel X, variable costs of $30 per room, fixed costs of $48 per room, and a profit goal of $30 per room are used to calculate the cost-based hotel room pricing, which resulted in $108. Per room fixed cost includes daily construction cost per room, daily indirect costs including undistributed operating expense (i.e., administrative & general, marketing, energy) and fixed charges (i.e., management fee, property tax, and insurance).

Stage 3: Derive a hotel's market premium price (MPP) based on consumer surveys.

Seventeen items were derived to measure the attributes affecting hotel differentiation premium (DP). The 17 measurement items were developed partly from a previous study by Tung et al. (1997) and mostly from a focus group interview. The focus group consisted of three hotel managers and three hotel guests who were qualified as frequent guest travelers with more than 20 nights stay for the subject hotel X.

Factor Analysis

Factor analysis was employed to determine the underlying dimensions of the hotel's 17 differentiation premium attributes.

The first factor, reputation testability, included 5 items: build a strong reputation, create a good hotel image, excellent facilities and service quality, carefully recruiting and training hotel staff, and offering a greater width or depth of service. The second factor, commitment incentive, consisted of 4 items: the hotel has a credit card that allows you to accumulate points toward the hotel's frequent guest program; the hotel uses information from your prior stays to customize services for you; the staff recognizes you when you arrive; and providing a frequent traveler award program. The third factor, availability, included 5 items: convenient location, convenience of operating hours, guaranteed room reservation, offering an online reservation feature, and adopting up-to-date information technology. The fourth factor is related to price sensitivity. It included willingness to pay a higher differentiation premium, preference to pay less by sacrificing additional service, and willingness to pay more for extra service or upgrade. All factor loading scores were higher than 0.40 and the four extracted factors accounted for 72.75% of the variation in the original 17 items. These four factors showed satisfactory Cronbach's alpha scores (Nunnally, 1978), ranging from .84 to .89.

One-way ANOVA and Scheffe Post-Hoc Tests

ANOVA and Scheffe post-hoc tests were employed to identify the differences between the means of the differentiation premiums for Hotel X and three primary competitive hotels.

Table 1: Factor Analysis of Differentiation Premiums

Factor	Differentiation Premium Attributes	Factor loading	Eigen-Value	Variance Explained (%)
Factor 1 Reputation testability (a = 0.84)[a]	Build a strong hotel reputation Create a good hotel image Excellent facilities and service quality Carefully recruiting and training hotel staff Offering a greater width or depth of service assortment	.877 .864 .672 .530 .457	8.01	47.15
Factor 2 Commitment incentive (a = 0.86)	The hotel has a credit card that allows you to accumulate points toward hotel's frequent guest program The hotel uses information from your prior stays to customize services for you The staff recognizes when you arrive Providing a frequent traveler award program	.834 .812 .778 .733	2.01	11.85
Factor 3 Availability (a = 0.89)	Convenient location Convenience of operating hours(extending operating hours) Guaranteed room reservation Offering online reservation feature Adopting up-to-date information technology	.862 .765 .679 .672 .535	1.31	7.75
Factor 4 Price sensitivity (a = 0.86)	I am willing to pay higher differentiation premium for this hotel due to high degree of customization I like to pay less for this hotel by giving up (sacrificing) the additional service and customization I am willing to pay more for the extra service or upgrade	.875 .860 .747	1.02	6.00
Total				72.75

a. Reliability score (Cronbach's a) for each factor grouping is shown in parentheses.

Table 2: ANOVA of Differentiation Premiums

Factors	Hotel X	Hyatt	Hilton	Intercontinental	F	Sig.	post-hoc tests
Factor 1 Reputation testability	6.06	6.76	5.83	6.03	11.809	.000*	H>X=Hi=I
Factor 2 Commitment incentive	5.98	6.27	5.99	6.09	1.269	.285	X=H=Hi=I
Factor 3 Availability	5.77	6.86	5.42	7.90	28.406	.000*	I>H>Hi=X
Factor 4 Price sensitivity	6.17	6.84	5.99	7.11	7.490	.000*	I=H>Hi=X

* Significant at the .01 level.

The results of one-way ANOVA tests indicated that there were statistically significant differences between the subject hotel X and other hotels in factor 1 (reputation testability premium), factor 3 (availability premium), and factor 4 (price sensitivity). Statistical significance was not found for factor 2 (commitment incentive premium). The results of the Scheffe post-hoc tests indicated that the mean reputation testability premium of the Hyatt hotel was significantly higher than the means of the subject hotel X, the Hilton, and the Intercontinental hotel. On the other hand, in terms of the availability premium, the mean of the Intercontinental hotel was much higher than that of the other three hotels. The mean of the Hyatt hotel was significantly higher than the means of the Hilton and the subject hotel X for the availability premium. In terms of commitment incentive, the difference among the means of the four hotels was not statistically significant. The means of the Intercontinental and Hyatt hotels were significantly higher than the means of the Hilton hotel and the subject hotel X in terms of price sensitivity. When guests select a hotel, they tend to be less price sensitive for the Intercontinental and Hyatt hotels than for the Hilton and subject hotel X. The subject hotel X's differentiation premiums are summarized in Table 3. The subject hotel X's reputation testability premium showed an inferior value of -.10 compared to the three competitors.

Table 3: The Calculation of Subject hotel X's Differentiation Premiums

Factors	Each Factor's Differentiation Premium	Average Differentiation Premium
Factor 1 Reputation testability	-0.10*	-0.115[a]
Factor 2 Commitment incentive	-0.02	
Factor 3 Availability	-0.28*	
Factor 4 Price sensitivity	-0.08*	

* $p < .001$

a = (-0.10 + 0 – 0.28 – 0.08) / 4

The availability premium and price sensitivity premium showed negative values of -.28 and -.08, respectively. While the above three factors showed a statistically significant differentiation premium between subject hotel X and competitors, the differential premium of commitment incentives was not statistically significant. Since the subject hotel X's differential premium score of the commitment incentives (factor 2) resulted in not being different from that of the three competitors, the differential premium score of factor 2 was assigned the value of zero in the calculation of the average differentiation premium. Overall, the subject hotel X showed an inferior differentiation premium score of -.115 compared to the three competitive hotels with an average room rate of $152. The downward pressure on the subject hotel X's room pricing generated the market premium price (MPP) of $135.

Stage 4: The fourth stage is to compare market premium pricing (MPP) and cost-based pricing (CBP).

The market premium pricing for the subject hotel X was $135 compared to the cost-based hotel pricing of $108. Since MPP is greater than CBP in the subject hotel X, MPP is chosen as a hotel room price.

Stage 5: The hotel price should be adjusted by a standard price limit.

The upper limit of the subject hotel X's room pricing is the highest rack rate that hotel guests are willing to pay. According to cost-based pricing, the lower limit of hotel pricing would be the room rate that will be just enough to cover variable costs, fixed costs, and minimum profit margin. The lower limit will be adjusted by the lowest price that hotel guests are willing to pay under a given market competition. According to the subject hotel X's room rate structure, the ceiling and floor price would be $217 and $64, respectively. Since the hotel price derived from stage 4 was $135 and falls within the range of the standard limit, no adjustment is necessary at this stage.

Stage 6 and 7: These stages modified the mean price developed in Stage 4 using discriminatory pricing based on yield management strategies.

The hotel price calculated in stage 5 is modified in stages 6 and 7 by discriminatory (tiered) pricing. The subject hotel X adopted its corporate yield management system. Hotel guests are categorized as three primary segments such as commercial, meeting & group, and leisure travelers. The subject hotel X would like to achieve the average room rate of $135 for the three different market segments. Based on the simulation of demand derived from historical patterns of different market segments, the subject hotel X could charge $141, which is above the overall average room rate, for the commercial segment that is generally not price sensitive. On the other hand, the subject hotel X could charge $127 and $113 to attract price conscious meeting & group and leisure segments by discounting 10% and 20% respectively especially during weekend.

CONCLUSIONS AND IMPLICATIONS

This study modified the multi-stage synthetic pricing model proposed by Tung et al. (1997) and a five-star international hotel was selected to illustrate the application of the model in its hotel pricing decision. The multi-stage synthetic hotel pricing model helps a hotel revenue manager develop a hotel pricing decision strategy in coordination with other factors that influence price. Pricing issues in the hotel industry will never be simple, but the problems involved in pricing dilemmas can be eased with a structured pricing strategy. A multi-stage synthetic hotel room pricing model is advantageous to other pricing approaches, because it simultaneously reflects the important aspects of cost structure, profit goals, market competition, differentiation premium, demand and supply, price standard limits, and discriminatory pricing for different segments of customers based on a yield management system. By incorporating the above variables, the model can provide broad and realistic perspectives of hotel room pricing. One disadvantage of the pricing model is that it requires a lot of information and effort to implement the multi-stage pricing approach by combining different independent pricing approaches. But, due to advanced information technology currently being used, many hotels may be able to enhance the information processing capacity and time needed. Information technology applications such as central reservation system, guest history database, revenue management systems, and point-of-sale systems provide mountains of pricing information. Therefore, the enormous information requirement that is required to adopt multi-stage synthetic hotel pricing model may no longer be a major obstacle for many hotels. Hotels that have successfully differentiated themselves from the competitors can charge higher than the average competitor’s price. A multi-stage synthetic pricing approach provides new direction and insight in hotel room pricing for both hotel practitioners and academicians. The synthetic model is derived from the pricing literature and provides hotel marketers with a framework to enhance hotel room pricing decision-making.

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ANALYSIS OF TAIWANESE HOSPITALITY STUDENTS' LEARNING STYLES AND PERSONALITY TYPES

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ABSTRACT

The objective of this 2002 study was to identify the learning styles and personality types of undergraduate hospitality students in Taiwan (N=497). The self-reporting survey used for the study included background information, Kolb's Learning Style Inventory, and the Personal Style Inventory. Results indicated that the majority of Taiwanese hospitality students were Assimilator (42.6%) and Converger (33.6%) learners with the Extroversion (69.62%) personality type.

Key Words: Assimilator, Converger, Extroversion Type, Learning Style, Personality Type, Taiwan hospitality education

INTRODUCTION

The Admission of Taiwanese Undergraduate Hospitality Students

In recent years, Taiwan has experienced political and economic changes that directly impact the development of higher education. Together with the advent of an open society, a prosperous economy and the acceleration of communication technologies, higher education has been able to expand at a fast rate. From the original four state universities, there are now over one hundred and thirty-five private and public universities and colleges operating in Taiwan. The student enrollments have also increased from about six thousand in 1951 to over 647,000 students in 2001 (R.O.C. Ministry of Education, 2002).

Before the year 2002, undergraduate students were admitted by the institutions mainly through the outcomes of a highly competitive national standardized examination, the University Joint Entrance Examination (UJEE). Over 130,000 high school graduates took the UJEE every year (R.O.C. Ministry of Education, 2002). The registration process of UJEE required each test attendee to fill out an "Intention of Study Field (ISF)" form to match the student's aptitude, interest, and career goal with the academic programs. The lengthy ISF form lists all the academic programs offered by the universities and colleges. Each program admitted students who had met their academic standards (UJEE scores) and had selected the academic program as one of the study intentions.

Theoretically, each student could apply for the program suitable for his or her career goal; nevertheless, the admission rate was low and the program admission standards placed more emphasis on students' UJEE outcomes than their career goals. In order to increase the odds of having the opportunity to pursue postsecondary education; students tended to fill out all the programs listed on the ISF form. This practice disregarded the consideration of students' personality preferences and career goals in the selection process. In addition, in order to effectively prepare for the UJEE exam, students in Taiwan tended to develop a specific learning style early in their high school years that could align them to the rigorous UJEE exam to increase the opportunity of being admitted to the top ranked universities and programs.

Since 1990, hospitality education has been one of the fastest growing fields of study in Taiwan. Currently, there are 35 Bachelor degree-granting hospitality programs in Taiwan; and 33 of them were established after 1990 (R.O.C. Tourism Bureau, 2002). The students of these hospitality programs were admitted based on the UJEE outcomes. These students had spent most of their high school years study for the examinations and had limited exposures to the nature of the hospitality industry before they were admitted to the hospitality programs.

Learning Style Preferences and Personality Types

Educational researchers suggest that knowing student's personality types and learning style preferences would be possible factors in improving student academic success (Haygood, & Iran-Nejad, 1994, Horton, & Oakland, 1997, & Taylor, 2001). Learning style is "the way each person begins to concentrate on, process, internalize, and retain new and difficult academic information" (Dunn & Dunn, 1998 p.11). The theories of learning styles deal with how people prefer to learn. Learning style affects how one processes material as one studies and how one absorbs the information. It is important that students know their learning style preferences so they can take advantage of their strengths and compensate for their weaknesses. It is also helpful to hospitality educators in improving their teaching effectiveness by designing the teaching strategies based on the understanding of their students' learning styles.

Personality is a person's private, central, and inner core, which includes an individual's motivations, attitudes, interests, beliefs, fantasies, cognitive styles, and other mental processes. No two people are exactly alike; everyone is unique (Aiken, 1996). Studies of basic personality preferences explore what makes one interested in different things and draws them to different fields and lifestyles.

The studies of personality include multiple approaches to the question of who individuals are and how and why they are similar and different from other individuals. Some researchers intend to develop descriptive taxonomies of individual differences. This approach use basic psychometric and assessment techniques developed for the study of personality and ability. This approach emphasizes the "who" question of how people are similar to and yet differ from each other. One of most important personality theories is the Psychological Type Theory developed by Carl Jung (1875-1961) to explain some of the apparently random differences in behavior. Jung (1923) found predictable and differing patterns of normal behavior from his observations of clients and others. His theory of Psychological Type recognizes the existence of these patterns or types and provides an explanation of how types develop. He also observed that a person is drawn toward either the external world or the internal worlds. As one exercises one's preferences, one develops distinct perspectives and approaches to life and human interaction.

Both the Myers-Briggs Type Indicator (MBTI) and Kolb's Learning Style Inventory (LSI) were developed from Jung's theory. The MBTI assesses psychological types based on extroversion/introversion, sensation/intuition, thinking/feeling, and judging/perceiving (Myers & McCaulley, 1985). It is the most precise indicator of a person's personality profile. However, the instrument has to be administrated and interpreted by institution- certified professional. Herman is it professions or professionals. The Personal Style Inventory (PSI), on the other hand, is a self-report short instrument that is derived from the Myers-Briggs Type Indicator (Hogan & Champagne, 1979). It provides a general analysis of an individual's personality and it can be administrated by non-certified researchers. Similar to MBTI, the PSI provides a means of characterizing one's preferred learning style with respect to four dimensions. Each dimension is present to some degree in all learners: introversion-extroversion, intuition-sensing, thinking-feeling, and perceiving-judging (Hogan & Champagne, 1979). Additionally, the inventory is designed to determine if an individual demonstrates a balance among the four dimensions or if he/she has slight, definite, or considerable strengths and weaknesses in the dimensions (Hogan & Champagne, 1979).

Kolb's Learning Style Inventory (LSI) is the instrument developed based on Kolb's (1984) Experiential Learning Theory. It postulates the existence of four learning modes that combine to form two learning dimensions – concrete/abstract and active/reflective. These two main dimensions of the learning process correspond to the two major ways that people learn. The first dimension is how people perceive new information or experience, and the second is how people process what they perceive. It is theorized that almost every individual utilizes each learning mode to some extent, but has a preferred learning style resulting from the tendency to either learn through Concrete Experience (CE) or through the construction of theoretical frameworks (Abstract Conceptualization - AC) combined with the tendency to either learn through Active Experimentation (AE) or through reflection (Reflective Observation - RO). Based on the theory, four learning styles are described by Kolb (1984) as Diverger (CE/RO), learners who perceive or take in information concretely and process or transform it reflectively; Assimilator (RO/AC), learners who perceive or take in new information abstractly and process or transform it reflectively; Converger (AC/AE), learners who perceived or take new information abstractly and process or transform it actively; and Accommodator (AE/CE), learners who perceive or take in information concretely and process or transform in actively.

In the United States, several researchers suggested that people tended to enter academic and vocational fields that are consistent with their personality traits and learning styles (e.g., Canfield, 1988; Kolb. 1976; Moody, 1989; Myers & McCaulley, 1985). Most hospitality human resources executives think that the personality traits of successful hospitality managers are energetic, sociable, trustworthy, friendly, stable, disciplined, confident, and objective (Graves, 1996). Hsu et al. (1991) reported that 78% of unit-level and 76% of district-level restaurant managers were Convergers.

For hospitality education, Berger's (1983) study showed that most hospitality students were Divergers (33%) and Accommodators (29%) whereas most hospitality professors were Convergers (42%). Hsu (1999) reported 39% of the incoming students and 55% of the graduating seniors in a well-established hospitality program in the United States were Convergers. She suggested that the hospitality management programs attract more Convergers than any other learning style. She also suggested that the learning experiences provided by the U.S. hospitality programs converted some students into Convergers.

Objective of the Study

Given the nature of the education system and the admission process in Taiwan, it is hypothesized that the distributions of the learning style(s) and the personality type(s) of hospitality students in Taiwan would differ from their counterparts in the United States. However, no references were located in the literature regarding Taiwanese undergraduate hospitality students' learning style preferences and personality types. The objective of this study was to identify the learning style preferences and personality types of undergraduate hospitality students in two well-established universities in Taiwan.

METHODOLOGY

Sampling

The sampling space of this study consisted of college students enrolled in hospitality programs in Taiwan. The sample was comprised of hospitality undergraduate students who enrolled in two hospitality programs at well-established four-year general universities in Taiwan in spring semester 2002. In Taiwan, students admitted at the same time are usually enrolled in the same classes. Therefore, the survey was administrated by hospitality course instructors on-site in required classes for hospitality majors at the freshman, sophomore and junior levels. Participation was voluntary.

Instrument

The instruments used for the study were Kolb's Learning Style Inventory (LSI) (Kolb, 1993) and the Personal Style Inventory (PSI). The estimated reliabilities of the LSI for individual scales, such as Concrete Experience (CE), Reflective Observation (RO), Abstract Conceptualization (AC), and Active Experimentation (AE), ranged from 0.73 to 0.83 (Kolb, 1985). The reported reliability coefficient alphas of four dimensions on the personality types were .70s to .80s (Myers & McCaulley, 1985).

Validity studies correlated the LSI with a number of personality tests, which included the Myers-Briggs Type Indicator (MBTI) (Kolb, 1976, 1986). Kolb's studies indicated the strongest and most consistent relationships were between concrete/abstract on the LSI and feeling/thinking on the MBTI and between active/reflective on the LSI and extravert/introvert on the MBTI. Both the MBTI and the LSI were developed from Jung's theory, and Kolb's studies indicated the strongest and most consistent relationships were between concrete/abstract on the LSI and feeling/thinking on the MBTI and between active/reflective on the LSI and extravert/introvert on the MBTI.

Data Analysis

Frequencies were tabulated to report the distribution of personality types and learning styles of students and their relationships to demographic information. Chi-square analyses were conducted to test the hypotheses of equal distributions of learning styles, personality types within each demographic variable. Portions within each group were analyzed by Z test (Mansfield, 1994).

RESULTS AND DISCUSSION

The personality types and learning styles of four hundred and ninety-seven useable subjects (N=497) from two well-established universities in Taiwan were collected in 2002. The sample comprised 81% females (n=401) and 19% males (n=96). Ninety-six percent of the subjects were between 18 and 23 years of age. Regarding school and working status, all (N=497) participants reported as full-time students; 49.9% (n=248) reported to work either part-time (49.1%, n=244) or full-time (0.8%, n=4). Among all the respondents, 60.8% (n=302) had work experience of less than 6 months and 20.7% (n= 103) never worked. For school status, 36.2% were freshmen, 35.2% were sophomores, and 28.6% were juniors. Due to the time

(May) when the survey was conducted, the senior students had been released from schools for practical training in commercial hospitality establishments.

Learning Style Preferences and Personality Types Distributions

Tables 1 presents the distribution of learning styles and the Extroversion/Introversion personality dimensions. As shown in the table, almost 70% of the respondents had an Extroversion personality type. Regarding learning style preferences, 42.7% of the respondents were Assimilators, who perceive or take in new information abstractly and process or transform it reflectively; followed by Convergers (33.6%), who perceive or take in new information abstractly and process or transform it actively; while only a small portion of the respondents were Accommodators (5.63%), who perceived or take in new information concretely and process or transform it actively (Kolb, 1993). The fact that the majority of respondents preferred to perceive new information through reading, watching, and thinking (abstractly; Assimilators or Convergers) versus the very small portion of students who preferred to learn actively suggests that Taiwanese hospitality students had learning style preferences that were more suitable for test taking which requires long hours of studying, test practicing, and review of mistakes.

Table 1: E-I Dimension Personality Types and Learning Styles Frequency Distribution of Hospitality Students in Taiwan

	E-I Dimension[a]							
	Extraversion		Introversion		Total			
Learning Style	n	%	n	%	n	%	Z-Score[b]	p
Accommodator	19	3.82	9	1.81	28	5.63	2.67	0.008
Assimilator	138	27.77	74	14.89	212	42.66	6.22	0.000
Converger	138	27.77	29	5.84	167	33.61	11.93	0.000
Diverger	51	10.26	39	7.85	90	18.11	1.79	0.074
Total	346	69.62	151	30.38	497	100.00	12.37	0.000

[a]Overall differences $\chi^2 = 22.61$, df = 3, $p < 0.001$.
[b]Differences between personality types.

Significance and Implications of the Study

This study provides benchmark data regarding hospitality undergraduate students' learning styles and personality types in Taiwan. The outcome of this study would be beneficial for both Taiwanese hospitality students and educators. For students, knowing their learning preferences and personality style could help them develop more efficient learning strategies that can maximize their learning strengths and compensate for weaknesses.

Knowing that only about 40% (Convergers and Accommodators) of students would actively practice the information might motivate educators to develop lesson plans that require students to have more hands-on practice for certain hospitality skills. This practice might compensate for most students' learning preference of not actively practicing hospitality skills. Educators who engage in the experiential learning methods would benefit from research-based information on students' learning style preferences and personality type to help them design effective lesson plans to maximize their students' learning potential. This study provided an initial exploration of learning styles and personality types of hospitality undergraduate students in Taiwan. There is clearly a need for further research to discover the relationships among hospitality students, educators, and the needs of industry.

Assumptions and Limitations

The following limitations were recognized:

1. The study considers only the experiential learning theory and the Jung/Myers personality theory. There are other theories that could impact the findings.
2. To be solicited as a possible subject for the study, a student must have been enrolled in a hospitality program at a large, well-established general university in Taiwan. The subjects were solicited from two universities in Taiwan. It is not suitable to generalize the results to other colleges and universities not included in the study.

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REDUCING DYSFUNCTIONAL TURNOVER AMONG HIGH CALIBER FOODSERVICE MANAGERS

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ABSTRACT

Focus groups were held with high caliber food service managers to understand those programs or practices that could affect their voluntary turnover in the next three years. To corroborate the data, phone interviews were conducted with former managers from the same company. The programs or practices that were most important in retaining former managers were those that affected day-to-day operations while current managers seemed more focused on the viability of the company as a whole. The study findings suggest that in order to reduce dysfunctional turnover foodservice companies must not only provide high caliber managers with the promise of growth potential but the day-to-day support that makes promotion and advancement possible.

Key words: dysfunctional turnover, management, turnover, human resources

INTRODUCTION

The restaurant industry employs an estimated 11.7 million people, making it the nation's largest employer outside of government (National Restaurant Association, 2002). Moreover, this number is projected to reach 13.3 million by 2012. While there may be enough workers to fill these positions, the competition for labor will be tight (Rousseau, 1997).

One of the biggest problems facing restaurant owners/managers is employee turnover (Ghiselli & Ismail, 1996). Annual turnover rates are considerably higher in restaurants than in other industries (Mally, 1997); in particular, they have been found to range between 100% (National Restaurant Association, 1995) to 240% (Woods & McCaulay, 1989). To put this in perspective, if it takes 50 employees to staff a restaurant, management must hire between 50 and 150 people a year to maintain proper staffing levels. There are a number of undesirable results associated with (high) turnover (Casio, 1991; Good et al., 1996). For example, it may cost an organization as much as $500 to replace an hourly employee and as much as $5,000 to replace a manager (Williams et al., 1995). Among the costs associated with turnover include hiring and training new employees, lost productivity, inconsistent service, and poor customer relations (Russ & McNeilly, 1995); these costs may lead to an adverse affect on sales and profitability.

The turnover process itself has been found to be both a cognitive and behavioral phenomenon (Mobley, Horner, & Hollingsworth, 1978; Hulin, 1991). In the process a dissatisfied employee(s) contemplates leaving the job (cognitive), and takes the necessary steps to do so (behavioral). The final decision to leave an organization may hinge upon whether or not the employee looks for, and indeed finds, an acceptable alternative to the present job (Hom, Griffeth, & Sellaro, 1984).

In recent years, a growing number of researchers have indicated that all turnover, as a rule, is not necessarily negative, especially in those situations where poor performers leave the organization thereby helping to improve organizational effectiveness. To determine whether turnover is good or bad for an organization, it has been dichotomized as being either functional or dysfunctional. Functional turnover is good for an employer because it means undesirable employees are leaving the organization, which presents the opportunity to replace them with better candidates (Dalton, Todor, and Krackhardt, 1982). Dysfunctional turnover, on the other hand, is not good because it means good employees are leaving the organization.

A number of variables have been linked to hospitality management turnover including length of service, age, and level of employment (Horton & Ghiselli, 1999). Four factors seem to (significantly) affect managers' short-term intent to turnover: intrinsic job satisfaction, life satisfaction, age, and race (Ghiselli et al., 2001, April). Three of these are inversely associated with turnover. Specifically, managers who are more satisfied with the intrinsic components of their job, more satisfied with their life, and (relatively) older are less likely to want to leave their present position imminently (as for race - at this point in time the probability associated with short-term intent increases for Caucasians). In the long run, intrinsic satisfaction, extrinsic satisfaction and interrole conflict (significantly) affect turnover intent. As might be expected a number of studies have found that employees who are dissatisfied on the job are more likely to leave than those who are not (Barrows, 1990; Mobley, Griffeth, Hand, & Meglino, 1979). Based on the mean response, food service managers have indicated that they are very satisfied with (a) being able to keep busy all the time, (b), the way the job provides for steady employment, (c) the chance to do things for other people, and (d) being able to do things that do not go against one's conscience. They have also indicated dissatisfaction with compensation, "lack of praise for doing a good job," and company policies and practices (Ghiselli et al., 2001, April).

Given the time commitment that many managers allot to their career, the number of hours worked has also been identified as one of the top factors driving turnover in the foodservice industry. Pavesic and Brymer (1990) indicated that one of the primary reasons many young hospitality managers leave the industry are the long hours and the inconvenient schedules. The number of hours worked has also been a significant predictor of intentions to leave among foodservice managers (Pavesic & Brymer, 1990; Crandall, Emenheiser, and Jones, 1995). Finally, Altman and Brothers (1995) found that the top two reasons managers left the industry was long hours combined with low pay.

The purpose of this study was to identify programs and practices that affect(ed) the voluntary turnover rates among current and former high caliber foodservice managers from the same company. Taken together, the study findings may help human resource managers improve the retention rates of high caliber managers, thereby reducing dysfunctional turnover.

Methods

This study consisted of two parts. First, focus groups were used to learn how retention rates could be increased among managers working at a national restaurant chain, with a check average of less than $10. Second, phone interviews were conducted with former managerial employees to validate what was learned in the focus groups. All participants were considered to be high caliber managers because their employer had identified them as having fast track promotion potential.

Focus Groups. Two focus groups were conducted; each had 12 participants. The rank of the participants ranged from MIT to District Manager. The focus groups were held in specialized facilities that are typically used in marketing research. One of the researchers acted as moderator for the focus group sessions; each session lasted just over three hours. Even though the sessions were audio taped, the focus group participants were guaranteed complete anonymity. Among the (many) advantages to this approach are:

- It is an excellent technique for obtaining detailed, spontaneous, in-depth information.
- The dynamics of the group process includes lively discussions that reveal agreements, disagreements, different perspectives, and related ideas.
- The moderator can control the interview, clarify misunderstandings, probe for more information, and pick up non-verbal cues.
- Visual aids such as slides, architectural renderings, and photos can be used.
- It is relatively fast and easy to executive.
- There is greater flexibility than mail surveys (Dale Paulsen, Association Research Group)

At the start of each focus group, the moderator read a question aloud to the participants; they were then given a couple of minutes to write down responses to it. The moderator then went around the room and asked for their responses - which were summarized, on a flipchart or dry-erase board. Once all of the responses had been thrashed out, the researchers engaged the participants in multi-voting to prioritize the list of responses; this made it easier to analyze the large volume of information generated.

Phone Interviews. The second part of the study was conducted to validate what was learned in the focus groups using phone interviews with growth candidates who voluntarily severed their employment relationship in the past two years. To conduct the phone interviews, the researchers were given a list of names and recent contact information of 35 former high caliber managers, who had left the chain in the past 12 months. The phone interviews were conducted using a standard questionnaire that was developed using the prioritized responses to the questions pertaining to turnover obtained from the focus groups. Those who participated were guaranteed anonymity, and were asked permission to tape the interview so that the transcriptions would be accurate and complete. Phone interviews were used because they (a) are a credible means by which to gather qualitative data, (b) are less expensive than a face-to-face visit, and (c) have the potential to yield candid feedback as the participants were all former employees who no longer had official ties to the company.

Measures

A set of three questions was developed to determine those programs or practices that affect retention rates of high caliber managers over the next three years. The three questions were:

a. What is the company doing today to improve the odds of you staying with it over the next three years?
b. What is the company doing today to reduce the odds of you staying with it over the next three years?
c. What can the company do to improve the odds of you staying with it over the next three years?

The final question was developed to assess what other companies/industries were doing that was attractive to the managers. Specifically, "Which companies, in your estimation, are doing the best job of retaining high caliber managers? Please identify the companies and what it is they are doing."

The 15-item questionnaire that was used for the phone interviews was developed with assistance from the VP of Human Resources and, as indicated, based on the prioritized responses to the questions posed in the focus groups. The respondents were asked to indicate those programs or practices that would have increased the odds of staying with company longer than they did using a Likert scale of 1 (Strongly disagree) to 5 (Strongly agree). The list of questions can be found in Table 3.

Former managers were also asked several follow-up questions. The first was "Why did you specifically leave your management position at the company?" The second was "Would you work for the company again if given the chance?" The third was a two-part question that asked respondents to name their current employer and to identify practices or programs that will retain him/her.

Study Limitations

The first study limitation is that the focus group participants were not selected at random from all managers working at the chain; the VP of Human Resources selected them from convenient divisions in the Midwest. Thus, the results may not be indicative of the experiences of growth candidates working in other divisions. The second limitation is that the results of the phone interviews were not based on random sample of recently departed managers. It was difficult to obtain contact information for all those who had left in the last 12 months so the 12 who participated in the phone interviews may not reflect the views of all former high caliber managers.

Results

Focus Groups. The first question asked in the focus group concerning turnover was "What is the company doing to improve the odds of you staying with it over the next three years?" A long list of items having to do with wages, hours, and conditions of employment were generated from both groups. Group 1 felt that steady growth of the company would improve the odds of them staying for the next three years. Those in the Group 2 indicated "fast track promotions" accompanied with "company-wide growth" could retain them for the next three years.

Managers were next asked "What is the company doing today to reduce the odds of you staying with it over the next three years?" The managers generated another long list of items in response to this question that was then used to establish a prioritized list via multi-voting. The managers in Group 1 felt that "inconsistent application of policies and procedures" would reduce the odds of their staying with the company. Those in Group 2 unanimously selected "bad benefits" as programs and practices that would reduce the odds of their staying for the next three years.

Managers were next asked "What can the company do to improve odds of you staying with it over the next three years." Group 1's top three suggestions were that the company take a "long-term perspective," provide a "training budget," and "increased compensation." Group 2's top two suggestions were to provide "vacation (and other benefits) on a par with corporate" and bring back employee incentive programs to recognize employees for a job well done.

Phone Interviews

The names and most recent contact information of thirty-five former managers were provided. Based on the information obtained from the mangers that were contacted, most of the managers had been employed within the last year. Only 10 of the former managers could be contacted to participated in the study yielding a response rate of 34.3% (12/35). The participants were four assistant managers, four managers, one general manager, and one regional manager. Average tenure among them was 11.17 months. The former managers were first asked to identify those programs and practices that would have increased the odds of staying with the company. The two programs or practices were "reasonable work schedules/hours" and "adequate staffing levels." They also would have liked to work with more "high caliber managers" and seen more "consistent application of company policies and procedures.

Former managers were also asked to specify why they left the company. They indicated that that the long hours (e.g., "working 75 hours/week"), conditions of employment (e.g., "customer is not the number 1 priority"), and the lack of support from top management (e.g., "Promises were made - but there was no follow through") were among the most important reasons.

Former high caliber managers were also asked if they "would work for the company as a manager again if given the chance? Four of the managers (25%) indicated they would work for the company again, seven (58%) indicated that they would not, and one said, "it's a possibility."

The former managers were also asked to name their current employer. Of the 12, only four currently worked in the foodservice industry, six worked in miscellaneous jobs, and two were unemployed. Among the programs and practices that they felt would help retain (in their current job) were improved quality of life, better hours, being paid for work done, and more professional environment than the former company.

A comparison of the responses between former and current high caliber managers was conducted to compare actual versus potential reasons for leaving the company. There were only three instances where there was agreement between former and current managers in terms of programs or practices that affect(ed) turnover, namely, (a) consistent application of company policies and procedures, (b) timely performance reviews, and (c) incentive programs. The programs or practices that were most important in retaining former managers were those that affected day-to-day operations (e.g. work schedules, and working with adequate staffing levels of competent crew and management). Current managers meanwhile, seemed more focused on company-wide programs or practices such as operational decisions, career advancement, company growth, and benefits.

DISCUSSION AND CONCLUSIONS

The purpose of this study was to identify programs and practices that affect(ed) the voluntary turnover of current and former high caliber foodservice managers. The study results could be useful to human resource managers of foodservice companies that want to reduce turnover rates of high caliber managers, thereby reducing dysfunctional turnover. It was found that current managers felt that "steady growth of the company" and a solid "promotion track (moving up fast)" would most likely increase the odds of them staying with the company over the next three years. This finding suggests that of the many factors that are critical to intrinsic job satisfaction, as found in previous studies (Ghiselli, et al., 2001), advancement is an essential factor in attempting to retain high caliber managers.

Current managers also felt that "inconsistent application of policies and procedures" and "bad benefits" were key programs and practices that would reduce the odds of their staying with the company for the next three years. This is not surprising considering the basic desire for people to work for companies that have sound company policies and practices that provide wages/benefits that fairly compensate them for their qualifications. Case in point, during the focus groups current managers made the point that their pay, on an hourly basis, was at times lower than those who had far less responsibility in the nonsupervisory ranks. They also pointed out that their benefits were less than their peers who had similar responsibilities in both food and non-foodservice related companies. They were also keenly aware that the corporate folks had far better benefits and perks which did not sit well with them given the sacrifices they were making in terms of hours and schedules worked.

The suggestions that came from the current managers as to programs or practices the company could implement to increase their employment potential implies that human resources not take a "one-size-fits-all approach" to retaining high caliber managers. Case in point, one group suggested the company do such things as take a "long-term perspective," provide a "training budget," and "increase compensation." The second group recommended "vacation (and other benefits) on a par with corporate" and "bring back employee incentive programs that managers to recognize employees for a job well done." This finding suggests that the way to retain high caliber managers is for the HR function to work closely with them to provide the kind of career opportunities they are expecting. Remember that the turnover process begins with thoughts of leaving and ends when the individual finds a suitable new job. The cycle time of this process is short given the fact that there are plenty of foodservice companies looking for highly qualified managers given the industries long history of high turnover rates. The challenge, thus, is to head off thoughts of leaving among high caliber managers or lose them quickly to other companies. When comparing the programs and practices that affect(ed) dysfunctional turnover, the programs and practices that highly affected turnover of former managers had to do with day-to-day operations (e.g. work schedules, and working with adequate staffing levels of competent crew and management) while current managers seemed more focused on company-wide programs or practices such as operational decisions, career advancement, company growth, and benefits. These study findings suggest that in order to reduce dysfunctional turnover foodservice companies must not only provide high caliber managers with the promise of growth potential but the day-to-day support that makes promotion and advancement possible. Thus, if a company promises plenty of growth and advancement to high caliber managers it had better deliver if it wants to lower its dysfunctional turnover rates.

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INFORMATION CONTENT OF LODGING WEB SITES: DOES IT MATCH THE EXPECTATIONS?

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ABSTRACT

This study proposes an exploratory qualitative approach to studying lodging web sites from the perspective of meeting planners' needs. A research framework of web-based information content analysis is provided for meeting planners and lodging companies interested in the meeting planning market. The results assist hotels in identifying areas for improvement in web site related services for meeting planning. Practical implications on web based information content analysis and meeting planners' expectations on lodging web sites are presented for both practitioners and researchers.

Key Words: Web-site content analysis, meeting planning

INTRODUCTION

The World Wide Web, also simply referred to as the Web, has often been recognized as a highly reputable and influential tool in business marketing and communications (Cahill, 1997; Connolly, Olsen, & Moore, 1998; Cross & Smith, 1995; Jeong, 2002; O'Connor & Horan, 1999).

Many industries, including the lodging industry, have quickly adapted the Web as a communication tool and, for the most part, have operated it as a source to disseminate promotional product information and to attract sales, (i.e., online reservations) (Jeong & Lambert, 1999; Jeong, 2002; Van Hoof & Combrink, 1998). Lodging sales on the web is an estimated $6 billion per year business and is expected to grow rapidly (Hotel Online Special Report, [Online]). Moreover, lodging companies have been increasingly utilizing the Web to provide information for potential guests and target markets (AHLA, [Online]).

A primary market segment for the lodging industry is the meetings and conventions industry (Hospitality Insights, 2002, [Online]). In 2002, the total spending on meetings was estimated at $122 billion. Further, the projection for the 2002 meetings market is at $136 billion (Successful Meetings, [Online]). The findings of a recent meetings industry study indicated that the Web usage to gather information has become progressively more important among meeting planners, where 70% of respondents reported collecting meeting planning related information on the Web, and 42% stated using the Web for online registrations (Successful Meetings, [Online]). However, a review of related literature revealed no studies focusing on the current information content of lodging web sites and the meeting planners' expectations in terms of information sought.

In a study focusing on lodging industry's technology trends, the results showed that most lodging companies utilize Web sites to disseminate company information and take online bookings (Armijos, DeFranco, Hamilton, & Skorupa, 2002). Jeong and Lambert (1999) pointed out to the importance and competitive nature of content quality of Web-based information presented by hotel web sites. The authors argued that hotel web sites could be influential tools in purchasing-decisions of clients.

On the other hand, an earlier study by Miller (1996) criticized the reliability and the vast quantity of information presented on web sites. Miller (1996) further discussed that poor quality of content of Web-based information could negatively affect the procurement decisions of potential clients. Murphy, Forrest, Worting, and Brymer's (1996) study demonstrated that a considerable amount of lodging web sites were unable to match customer expectations in terms of information content and quality. In their study of quality assessment for web-based information, Jeong and Lambert (1999) stated the need for future research to document and evaluate information provided on lodging web sites.

Given the aforementioned facts, the ever-growing importance of the Web in information acquisition and transactions for the lodging and meeting planning industry, and the potential meeting planning segment offers for the lodging industry, a study of lodging web sites from the perspective of meeting planners' needs can be useful for both practitioners and researchers. Thus, the research objectives of this study are as follows:

1. To determine the types of information lodging web sites offer for meeting planners by implementing a systematic approach for content assessment in terms of known expectations of the meeting industry.
2. To provide a research framework of web-based information content analysis for meeting planners and lodging companies interested in meeting planning through tabulation of meeting planning related common attributes displayed on lodging web-sites.
3. To assist hotels in identifying areas for improvement in web-site services related to meeting planning.

METHODOLOGY

The focus of this study is web sites of lodging operations in Las Vegas, Nevada. This area is selected due to considerations for resources available to the researchers and the significant role Las Vegas area plays for the meeting and planning industry in the US (Las Vegas Convention and Visitors Authority, [Online]). In terms of total convention exhibit space Las Vegas is currently ranked second among cities in the US. Additionally, Las Vegas maintains to reinforce its position as one of the largest convention and tradeshow destination in the U.S., hosting 34 of the top 200 tradeshows and six of the top ten conventions in the nation (Ader, 2002).

Las Vegas Convention and Visitors Authority (2002), reports that the Las Vegas area holds over 130,000 hotel and motel rooms with over six million square feet of convention and exhibition space. It is estimated that over four million convention and meeting attendees gathered in Las Vegas in 2001. The economic impact of the conventions to Las Vegas was predicted at $4.8 billion for 2001. Thus, addressing the needs and expectations of meeting planners is an utmost priority for the Las Vegas hospitality industry.

Using convenience sampling, a total of 25 hotels in Las Vegas were selected from a comprehensive list of hotels available in the area (Table 1). The hotel list was obtained from the Las Vegas Convention and Visitors Authority (LVCVA). The criteria for selection of hotels were based on the availability of meeting and convention space as a service at each property (Las Vegas Convention and Visitors Authority, [Online]). Although the square foot amount of meeting space varied among the selected properties, all 25 hotels selected for this study were identified as major convention properties in Las Vegas by a recent industry report (Bay, 2001). Also, all hotels included in the study had designated web sites and the web addresses of these sites were listed and available through the LVCVA.

As stated earlier in this study, a recent nation-wide survey of meeting planners indicated that 70% of respondents collected meeting planning related information on the Web. Further, 42% of respondents stated using the Web for online reservations (Successful Meetings, [Online]). The expectations of meeting planners in terms of information sought on lodging web sites were derived from the results of the abovementioned survey (Successful Meetings, [Online]) and interviews with subject matter experts. The subject matter experts included industry professionals and hospitality academicians. First, five meeting planners who are members of the Professional Convention Management Association (PCMA) were interviewed at a local board meeting held in Las Vegas during Fall 2002. Their responses about the desired lodging web-site content attributes were noted and compared to the attributes obtained from the nation wide survey conducted by Successful Meetings trade-journal. Then, a panel of hospitality academicians was invited to a discussion to analyze and ascertain the expected attributes. Thus, the ten main web site attributes desired by meeting planners were identified and validated (Table 2).

The ten identified web site information items included: meeting room information, equipment rental, entertainment, amenities, communication, reservation, guest room information, catering information/menu, locator map, and meeting matrix. These web site content attributes also included sub-groups of attributes (12) that further described the desired content items as indicated in Table 2. It should be noted that no order of importance was designated to any of these items, yet each attribute represented essential information sought for by the meeting planners.

Table 1: Hotel Properties Included in the Study and the Related Property Information

	Property Information (Las Vegas Convention and Visitors Authority, [Online])			
Hotel Names	Meeting Space (sq.ft.)	Total Number of Guest Rooms	Largest Number of Room Blocks	Web-Site Address
MGM Grand	500,000	5,034	2,500	www.mgmgrand.com
Venetian	500,000	3,036	2,200	www.venetian.com
Las Vegas Hilton	225,000	3,474	Various	www.lv-hilton.com
Mandalay Bay	190,000	3,220	2,100	www.mandalaybay.com
Bally's Las Vegas	175,000	2,814	2,000	www.ballyslv.com
Mirage	170,000	3,042	Various	www.themirage.com
Riviera	168,000	2,116	Various	www.theriviera.com
Caesars Palace	138,025	2,400	1,500	www.caesars.com
Paris Las Vegas	130,000	3,211	1,500	www.paris-lv.com
Bellagio	125,000	3,005	1,500	www.bellagio.com
Tropicana	101,000	2,076	1,200	www.tropicanalv.com
Aladdin	75,000	2,567	Various	www.aladdincasino.com
Flamingo Las Vegas	66,000	3,802	2,100	www.flamingolasvegas.com
Imperial Palace	35,000	2,700	300	www.imperialpalace.com
Stardust	35,000	1,550	500	www.stardustlv.com
Harrah's Las Vegas	25,600	2,579	1,000	www.harrahs.com
Monte Carlo	25,000	3,261	Various	www.monte-carlo.com
Luxor	20,000	4,895	Various	www.luxor.com
Treasure Island	18,000	2,877	1,000	www.treasureislandlasvegas.com
New York-New York	17,000	2,024	350	www.nynyhotelcasino.com
Excalibur	12,226	4,034	1,500	www.excaliburlasvegas.com
Circus Circus	8,576	3,900	1,500	www.circuscircus.com
Stratosphere	8,140	2,444	350	www.stratospherehotel.com
New Frontier	8,000	1,000	Various	www.frontierlv.com
Sahara	7,000	1,720	Various	www.saharavegas.com

Using the list of attributes obtained, a taxonomy was developed to assess the web site content of the twenty-five hotels included in the study (Table 2). Taxonomies are qualitative analysis tools where information can be classified according to predefined criteria and are used to provide framework(s) for discussion and analysis (Merriam, 1998). Each of the twenty-five hotel's web site was visited and the content was examined. Results were tabulated and presented in Table 2 for comparison and evaluation.

Table 2: Taxonomy of Meeting Planning Related Attributes Sought within Lodging Web Sites

Web Site Content Attributes									
Hotel Names	*Communication*	*Reservation*		*Guest Room Information*			*Catering info /Menu*	*Locater Map*	*Meeting Matrix*
	Contact Us	RFP	Plan a Meeting	Photo of Guest room	Room Amenities/ Floor plan	Virtual Tour			
MGM Grand	•		•	•		•	•		
Venetian	•		•	•	•	•			•
Las Vegas Hilton	•		•	•	•	•			
Mandalay Bay	•	•		•	•	•			•
Bally's Las Vegas	•		•	•					
Mirage	•		•	•	•	•			
Riviera	•			•	•			•	
Caesars Palace	•		•	•	•	•			•
Paris Las Vegas	•		•						
Bellagio	•		•	•	•	•			
Tropicana	•	•		•				•	
Aladdin	•	•		•	•				•
Flamingo Las Vegas	•		•	•		•			•
Imperial Palace	•			•	•	•	•		
Stardust	•	•		•	•	•		•	
Harrah's Las Vegas	•							•	
Monte Carlo				•	•	•	•		•
Luxor		•		•		•	•	•	•
Treasure Island	•		•	•	•	•			
New York-New York	•		•	•		•		•	
Excalibur	•			•		•	•		
Circus Circus		•		•	•	•	•	•	
Stratosphere	•			•	•	•			
New Frontier	•	•		•	•	•		•	
Sahara	•		•	•	•		•		
% of Lodging Web Sites Equipped with the Attribute	88%	28%	48%	92%	64%	72%	28%	32%	28%

Table 2: Taxonomy of Meeting Planning Related Attributes Sought within Lodging Web Sites
(continued from previous page)

Web Site Content Attributes								
Hotel Names	*Meeting Room Info.*				*Equipment Rental*		Entertainment	*Amenities*
	General Information	Photo of Meeting Space	Floor Plans & Chart	Virtual Tour	A/V Rental Information	Business Center		
MGM Grand	•	•	•		•	•	•	•
Venetian	•	•	•	•		•	•	•
Las Vegas Hilton	•		•			•	•	
Mandalay Bay		•	•					•
Bally's Las Vegas		•	•					
Mirage	•	•		•			•	
Riviera	•	•	•		•	•		•
Caesars Palace	•	•	•	•			•	•
Paris Las Vegas							•	•
Bellagio	•	•	•	•	•	•	•	•
Tropicana			•			•	•	•
Aladdin	•	•	•	•			•	•
Flamingo Las Vegas	•		•				•	•
Imperial Palace	•	•	•	•	•	•	•	•
Stardust	•		•	•			•	
Harrah's Las Vegas	•		•			•	•	•
Monte Carlo		•	•		•	•	•	•
Luxor	•		•	•	•		•	•
Treasure Island	•	•	•				•	•
New York-New York	•	•	•		•	•	•	•
Excalibur	•	•	•	•			•	•
Circus Circus	•	•	•	•			•	•
Stratosphere	•	•		•			•	•
New Frontier	•	•						•
Sahara	•	•	•		•	•	•	
% of Lodging Web Sites Equipped with the Attribute	80%	72%	84%	44%	32%	44%	84%	80%

RESULTS AND IMPLICATIONS

Published in late 2002, an industry wide study of meeting planners reported that the top five attributes meeting planners seek in a lodging web site are meeting room dimensions (floor plans), technological capabilities of meeting rooms (audio visual support), locator map (relevant distances to airport and conference center), menus, and photos of guest rooms (Successful Meetings, [Online]). All five of these attributes are represented in the taxonomies generated for this study.

An analysis of the taxonomies created indicated no particular pattern of attributes in total absence. Attributes related to 'meeting room information' were mostly available (Table 2). In fact, 'photos of guest rooms', a commonly sought attribute, were readily accessible in 92% of the lodging web sites. Also, 88% of the lodging web sites provided 'contact information' for meeting planners. Surprisingly, 'menu information', one of the five most important attributes indicated in the abovementioned industry report, was rarely included (28%). Moreover, 'locator maps' were present in only 32% of the lodging web sites. . In terms of 'reservation' related attributes, information on 'RFP' (28%) and 'plan a meeting' (48%) were underrepresented. The lodging web sites also mostly failed to provide information on 'meeting matrix' (28%).

There were no general inconsistencies in terms of attributes included in the web content of lodging operations selected, (i.e. all attributes used were accounted for at one web site or the other). Yet, no single property was able to offer information on all attributes included in the assessment taxonomy created. The web sites investigated in this study were unable to fully address the needs of meeting planners in terms of information sought. Properties included in the study should address this issue and improve the information content of web sites accordingly. Future studies should include a survey of meeting planners to determine attitudes towards web content and related attributes, and the purchasing decisions made based on the information provided on such lodging web sites. Also, future research needs to concentrate on the return on investment issues for properties developing such web sites and inquire on the level of commitment given by lodging industry to develop and promote the use of web sites as business tools.

This study has provided a research framework of web-based information content analysis for meeting planners and lodging companies interested in the meeting planning market. The taxonomy generated may assist hotels in identifying areas for improvement in web-site services related to meeting planning. The results are encouraging for pursuing follow up studies and deriving practical conclusions applicable to the entire lodging and meeting planning industries.

It should be noted that the results presented in this study are limited to the specified geographic area and cannot be generalized for the entire US lodging industry. Also, the expectations of meeting planners in terms of lodging web site content is not static and could change over time. Follow up annual studies are recommended to reflect the potential changing patterns of desired content attributes and the transformation of lodging web sites due technological improvements.

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WHY DO HOSPITALITY STOCKS EXHIBIT PRICE REVERSAL TRENDS IN THE 1990S?

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ABSTRACT

This study investigates the return behaviors of hospitality firms (Airline, Hotel, Eating Places and Amusement Parks) listed in NYSE, AMEX and NASDAQ from 1981 to 1999. We find that hospitality firms basically show momentum trends in return in the 1980s. But price reversal is the dominant return behaviors for hospitality stocks in the 1990s. This is coupled with a substantial increase in shares held by institutional investors in the 1990s. We believe that the marked increase in institutional holdings may be one of the major factors behind this change because they are more sophisticated and experienced in investment than small investors.

INTRODUCTION

Tourism industry is one of the major income and employment generating industries in the US. World Travel & Tourism Council 2002 TSA Research Report estimates that the Tourism industry's economic contribution [direct and indirect] in 2000 was US$1.15 trillion or 11.66% of the national GDP and the industry employed 16.83 million workers, or 12.45% of total US employment. The financial characteristics of securities in this important industry are attracting more attention in the finance and hospitality literature. They also find that large stable and highly profitable lodging companies are paying dividend regularly. Sheel (1998) provides an international comparison of the relationship between dividend yields and common equity returns of hotel and lodging firms. The study finds a positive nonlinear dividend/return relationship in the US, U.K. and Japan. However, the relationship is not uniform across the three countries. Borde, Byrd and Atkinson (1999) apply event study methodology to stocks paying dividends in the hotel and restaurant industries. They find the magnitude of the market reaction generally related to the size of the dividend increase. Canina, Advani, Greenman and Palimeri (2001) study what are the determinants of dividend policy of lodging stocks. They find that lodging stocks are paying fewer dividends than the market. Kim, Gu and Mattila (2002) study the systematic and unsystematic risk of hotel real estate investment trust (REIT) and the determinants of their systematic risk. They find that systematic risk is correlated positively with financial leverage and growth but negatively with market capitalization. Jang and Yu (2002) study whether the types of hotel companies have any impact on their financial performance. Their conclusion is that there is no relationship between the types of hotel companies and their performance.

This study is significantly different from the literature in several ways. 1) Our study covers more comprehensive groups of tourism stocks. We include all stocks listed in the three major US stock exchanges in the sectors of eating and drinking places, hotels, amusement and recreation services and also scheduled air transportation. In 1997, the year with the most number of listed stocks, 323 stocks are included. 2) Our study period is from 1981 to 1999 (1999 is the most current year that COMPUSTAT provides financial statement data for all listed stocks in its 2002 tape). This covers a long period and it makes sure that the analysis is not period specific. We also divide the total period into two sub-periods to study the possibility of structural change between the two sub-periods. 3) We provide a comprehensive picture on the return and risk characteristics of all tourism stocks. We also compare the characteristics of the tourism stocks with that of the general market. This will put the analysis of tourism stocks in a proper context. 4) Institutional investors become increasingly important because it is an important source of funding for companies in its operation and expansion. Institutional investors are also much more active than small investors in monitoring the company managements. Our study will shed light on the impact of institutional investors on tourism stocks. 5) Momentun and price reversal effects are one of the most interesting seasonal anomalies documented in the finance literature. We analyze this anomaly in the context of tourism stocks and compare the results with that of the general market. The similarities and differences between tourism stocks and the general market provide additional information about the characteristics of tourism stocks. This has strong implication for the management of tourism companies.

The relationship between earnings and stock return of a stock is one of the important issues in finance. Stock investors would be interested in learning about this relationship because it will provide information about the risk and return of investment in the stocks. It also helps investors from the angle of investment strategies. Besides investors, the relationship also has important information for company management. If earnings are really the driving force behind stocks return, company management should concentrate on profit maximization and this will make the company more attractive to investors. With higher demand for securities issued by the company, the company will find it easier to raise new funds (issuing stocks or bonds) when necessary. This is very important to the operation and expansion of the company.

The relationship between earning and stock return has been one of the most discussed topics in the recent finance literature. De Bondt and Thaler (1985) report results that support the overreaction hypothesis: investors tend to overreact to unexpected and major news. De Bondt and Thaler (1987) further examine the issue and find that the results are consistent with the overreaction hypothesis but are not related to firm size and difference in risk. Lehmann (1990) examines weekly returns and concludes that arbitrage profits exist after adjustment for bid-ask spread and transaction costs. As fundamental valuation does not change in a weekly basis, he attributes the arbitrage profits to market inefficiency. Lo and MacKinlay (1988) test the random walk hypothesis with weekly return data and conclude that the hypothesis is rejected by their results. Moreover, their results do not support the mean-reverting model of stock return either. In another paper, Lo and MacKinlay (1990) further find that weekly portfolios are strongly positively autocorrelated though some individual stocks are negatively autocorrelated. They also find evidences rejecting overreaction as the only source of contrarian profit.

Jegadeesh and Titman (1993) report that on 3- to 12-month holding periods, portfolios that buy winner stocks and sell loser stocks generate significant positive profits. They also find that the profits of the portfolios are not related to their systematic risk or relayed stock price reactions on common factors. In a continuation of their previous paper, Jegadeesh and Titman (2001) further show that momentum profits are due to delayed overreactions and are subsequently reversed. However, Brown, Harvey and Tinic (1988) study 9000 market wide and firm-specific events. They find that after news of a dramatic financial event are realized, the affected companies experience a systematic increase in risk and expected return of the concerned companies. Moreover prices react more strongly when there are bad news than when there are good news. Bernard and Thomas (1990) find that stocks prices fail to fully reflect the difference between earnings and random walk series. Chan, Jegadeesh and Lakonishok (1996) study whether the predictability of future return from past return is due to the market's underreaction to information, especially past earning news. Surprises in past earnings and past returns produce large drifts in future returns when controlling for the other factor. They do not find subsequent reversal in stock returns when there are high price and earning momentum. Hong and Stein (1999) find that prices underreact in the short run if information reaches investors gradually. This underreaction may lead to profits by momentum traders. But momentum traders' attempts to make profit may lead to overreactions in long horizon. Hong, Lim and Stein (2000) test the model in Hong and Stein (1999) and find that: 1) momentum profits depend on firm size; 2) adjusting for size, momentum strategies work best for stocks with little analyst coverage; 3) analyst coverage affects stocks more when they are past losers.

Finance literature discussed above basically studies the general market and does not focus on any economic sector. It would be interesting to study whether this important financial phenomenon occurs in the hospitality industry. The hospitality industry itself has some unique characteristics that would make the study interesting. First, the hospitality industry is a cash rich industry. Most of the operations in the industry receive cash on a daily basis and collection of debt tends to be a less serious problem. Second, some of the sub-sectors, like the airline, hotel and amusement park sectors take a substantial period of time to complete the building of new facilities. Third, the hospitality industry is selling non-essential goods and services. When economy is good, people tend to have more income and they will consume more of the non-essential goods and services, such as eating out more and taking to more vacations. When the economy turns sour, people will cut the consumption of non-essential goods and services first. This implies that the business cycle will have a much bigger impact on this industry than other industries. Lee and Leung (2003) document that hospitality stocks are more volatile than the general stock market regardless of whether stock return is calculated on daily, weekly, monthly, quarterly or annual basis between 1981 and 1999. Would this characteristic make the hospitality industry more likely to have overreactions in its stock return?

DATA AND METHODOLOGY

We first find the list of hospitality stocks by their SIC (Standard Industrial Classification) code from the website of Occupation Safety and Health Administration, Department of Labor (http://155.103.6.10/cgi-bin/sic/sicser5). We select hospitality stocks listed in NYSE, AMEX and NASDAQ from 1981 to 1999[7] according to their SIC (Standard Industrial Classification) codes in CRSP (Center for Research in Security Prices, the University of Chicago) tape. The following four sectors are included: 1) Eating And Drinking Places (2-digit SIC=58, hereafter "Eating"), 2) Hotels, Rooming Houses,

[7] 2002 COMPUSTAT tape has complete data as current as 1999 only.

Camps, And Other Lodging Places (2-digit SIC=70, "Hotel"), 3) Amusement And Recreation Services (2-digit SIC=79, "Amusement") and 4) Scheduled Air Transportation (4-digit SIC between 4510 and 4512, "Airline"). Adjusted stock return with distributions, shares outstanding and market capitalization (equal to closing price * shares outstanding) data are also from CRSP tape. Shares outstanding and market capitalization are the last available figures in the second quarter of each year. We obtain our institutional investor data (number of shares held by institutional investors in each quarter for each company) from *Spectrum 3-13 (f) Institutional Stock Holdings Survey*. [Computer Directions Advisors (CDA)[8] provides the Spectrum tapes that contain the institutional investor data]. For each stock we obtain the institutional percentage by dividing the number of shares held by institutional investors by shares outstanding. Table I shows the institutional percentages of stocks in the four sectors from 1981 to 1999.

The number of hospitality stocks listed in NYSE, AMEX and NASDAQ is monotonically increasing from 1981 to 1999 in most of the years. This is especially noted in the 1990 – 1999 period. During this period the number of listed hospitality stocks increases in every year except in 1998 and 1999. This suggests that the U.S. stock market boom in the 1990s occurs in the hospitality industries too. What is more interesting is that the percentage of stocks that have no institutional investors is close to 1/3 (40 divided by 126) in 1981 but the percentage drops to less than 5% (12 divided by 268) in 1999. Institutional holdings (shares held by institutional investors divided by shares outstanding) also register a marked increase from 12.5% in 1981 to 33.5% in 1999. This marked increase in institutional holdings may be beneficial to all shareholders of the firms because institutional investors tend to be more active shareholders. The activism of institutional shareholders helps reduce agency costs because they closely monitor the performance of company management. Smith (1996) documents that CalPERS (California Public Employees' Retirement System) targeted 51 firms between 1983 and 1993. 72 percent of the targeted companies after 1988 settle with CalPERS by adopting proposed changes or making changes. Firms that adopt or settle have an increase in shareholder wealth and those that resist have a decrease.

This also has strong implications for the hospitality industry. The distribution of institutional holdings among different sectors in the industry is very uneven. Airline has the highest mean institutional percentage in both 1981 (26.3%) and 1999 (42.6%), an increase of 16.3 percentage points. Hotels have the highest increase in percentage points (38 - 8.5 = 29.5 percentage points). Amusement Parks have the lowest institutional percentages in both 1981 (4.4%) and 1999 (26%) but this is an increase of almost 491%. By attracting more institutional investors, hospitality stocks could also benefit from an increase in shareholder wealth documented above. Institutional investors also bring more funding for existing operation and expansions because they are capable of buying large amounts of bonds and stocks issued by companies. Moreover, institutional investors would bring more liquidity to the stocks too. With this increase in liquidity, investors have a reduced risk in investing in the companies and this in turn will attract more investors. Furthermore, institutional investors will also help dampen the volatility of stock return because they are more experienced and sophisticated investors and will tend to over-react less. We show below this may be one of the most important reasons why hospitality stocks change from momentum stocks in the 1980s to price reversal stocks in the 1990s.

We also obtain financial statement data from COMPUSTAT of the Standard & Poor. Annual stock return (Return), return on asset (ROA = net income / total assets) and return on equity (ROE = net income / common equity) is used to rank stocks each year.[9] Based on annual stock return ranking, portfolio "Loser" has all the "losers" that have the lowest annual stock return and portfolio "Winner" has all the "winners" that have the highest annual stock return. We divide the stocks into 2 portfolios only because for some sectors, especially in the earlier years, the number of listed companies is relatively limited.[10] We follow the same procedure for ROA and ROE ranking. The results are very robust as we try quarterly, bi-quarterly and tri-quarterly rankings and they show the same trend.

We use current year Return, ROA, ROE and other ranking variables to study the return characteristics of the stocks for the next two quarters and the next three years. For illustration, let us assume that we are in 1988. Then last quarter and current quarter are the 3rd and 4th quarters of 1998 respectively and next 1st quarter and next 2nd quarter are the first and second quarters of 1999 respectively. Similarly, if 1988 is the current year then the next 1st, 2nd and 3rd years are 1989, 1990 and 1991 respectively. We do this for every year from 1981 to 1996. Because we need stock return for the next three years, if

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[8] The Spectrum 3-13(f) survey is derived from reports filed with the Securities and Exchange Commission (SEC) by institutions (including banks, insurance companies, investment companies, investment advisors, pension funds, endowments, and foundations) with combined assets exceeding $100 million. The survey contains institutional data for every quarter of each year starting from 1979.

[9] We also use other ratios such as stock return, cash flow/total assets, debt/total asset, property, plant and equipment/total assets, etc. to rank stocks. For space reason the results are not reported here.

[10] For example, in 1981 the number of Amusement Park stocks is only 19. Moreover, some of the stocks in our sample have missing financial statement data for some years.

1996 is the current year, stock return data in 1997, 1998 and 1999 are needed. We also divide the whole period of 1981-1999 into two sub-periods: 1981-1988 [11]and 1989 to 1999[12]. Results below show that the return characteristics of hospitality stocks ranked by Return, ROA and other variables have changed significantly from the 1981-1988 to 1989-1999 period.

Table 1: Institutional Percentages for Hospitality Stocks
Institutional percentages are equal to shares held by institutional investors for each stock in the second quarter of each year divided by shares outstanding on the last day of June for the corresponding stock in each year. Shares held by institutional investors are from Spectrum files and shares outstanding are from CRSP.

		Years																		
Sectors		81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99
All	Number of observations	126	136	160	208	207	225	225	204	188	182	190	194	215	269	285	314	323	311	268
	mean	0.13	0.14	0.18	0.15	0.16	0.17	0.16	0.16	0.2	0.2	0.21	0.24	0.26	0.25	0.25	0.26	0.26	0.3	0.34
	maximum	0.75	0.8	0.91	0.82	0.84	0.82	0.76	0.85	0.97	0.94	0.94	0.97	0.83	0.86	0.96	0.99	0.99	0.88	0.97
	minimum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	No. of obs with no institutional investors	40	39	41	46	44	43	40	37	31	29	31	25	24	32	30	29	32	26	12
Airline	Number of observations	28	29	35	48	46	46	36	32	31	31	32	24	23	34	33	37	37	40	36
	mean	0.26	0.27	0.31	0.23	0.26	0.25	0.21	0.3	0.31	0.27	0.32	0.4	0.4	0.31	0.35	0.38	0.36	0.42	0.43
	maximum	0.75	0.8	0.91	0.82	0.84	0.82	0.76	0.85	0.97	0.94	0.94	0.97	0.83	0.86	0.96	0.99	0.99	0.88	0.93
	minimum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	No. of obs with no institutional investors	4	2	4	4	6	5	6	3	3	3	1	1	3	4	1	1	2	4	3
Hotels	Number of observations	30	29	31	38	38	37	44	44	43	39	40	39	39	50	53	65	63	61	52
	mean	0.09	0.11	0.18	0.17	0.17	0.2	0.21	0.16	0.19	0.18	0.19	0.21	0.26	0.29	0.32	0.35	0.36	0.37	0.38
	maximum	0.59	0.59	0.65	0.67	0.62	0.68	0.69	0.62	0.76	0.74	0.81	0.78	0.81	0.79	0.8	0.95	0.89	0.85	0.97
	minimum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	No. of obs with no institutional investors	8	6	5	5	5	7	6	9	7	7	9	7	5	3	5	5	4	7	1
Eating	Number of observations	49	54	69	96	97	109	113	97	87	83	85	95	105	124	129	141	141	128	110
	mean	0.1	0.13	0.16	0.13	0.14	0.16	0.15	0.14	0.18	0.21	0.22	0.25	0.27	0.26	0.24	0.25	0.25	0.3	0.33
	maximum	0.66	0.65	0.65	0.63	0.73	0.72	0.7	0.71	0.76	0.89	0.87	0.82	0.83	0.85	0.92	0.83	0.8	0.86	0.94
	minimum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	No. of obs with no institutional investors	18	18	17	23	22	20	20	16	14	10	13	11	10	16	15	15	14	10	7
Amusement	Number of observations	19	24	25	26	26	33	32	31	27	29	33	36	48	61	70	71	82	82	70
	mean	0.04	0.03	0.04	0.03	0.04	0.06	0.08	0.1	0.12	0.12	0.12	0.14	0.16	0.16	0.15	0.16	0.16	0.21	0.26
	maximum	0.3	0.28	0.3	0.17	0.27	0.28	0.33	0.46	0.47	0.52	0.62	0.6	0.67	0.66	0.75	0.67	0.86	0.88	0.89
	minimum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	No. of obs with no institutional investors	10	13	15	14	11	11	8	9	7	9	8	6	6	9	9	8	12	5	1

[11] If 1988 is current year, stock return for 1989, 1990 and 1991 (next 1^{st}, 2^{nd} and 3^{rd} years respectively) are needed though ranking variable data will stop in 1988.

[12] The two periods are of equal lengths. For ranking variables, the 1989-1999 sub-period uses data from 1989 to 1996 (1997, 1998 and 1999 are used for return data for the next three years). For stock return data, the 1981-1988 sub-period needs data from 1981 to 1991 (1989, 1990 and 1991 are the next 1^{st}, 2^{nd} and 3^{rd} years for 1988).

Table 2: Cross-sectional Analysis of Mean Stock Return Ranked by Current Year Stock Return
In the fourth quarter of each year and for each sector we rank divide stocks into two portfolios according to their stock return in the current year. Those with the lower return are in the loser portfolio and those with the higher return are in the winner portfolio. Whole period is from 1981 to 1999. We also divide the whole period into two equal sub-periods: First half and second half. Difference is the difference of the values for the loser winner portfolios and T-stat is the T-statistics for the null hypothesis that the difference of values is not significantly different from 0.

	Ranking by return	Current Year RETURN	RETURN: Past Quarter	Current Quarter	Next 1st Quarter	Next 2nd Quarter	Next 1st Year	Next 2nd Year	Next 3rd Year	ROA: Current Year	Next 1st Year	Next 2nd Year	Next 3rd Year
Panel A: Whole Period													
Airline	Loser	-0.1411	-0.0956	-0.0455	0.1503	0.0953	0.2824	0.1767	0.2277	-0.0396	-0.0132	0.0112	0.0186
	Winner	0.6896	0.0316	0.1250	0.1347	0.0375	0.2395	0.1532	0.0951	0.0448	0.0330	0.0263	0.0157
	T-stat	[-3.831**]	[-4.098**]	[-3.341**]	[0.291]	[1.252]	[0.320]	[0.355]	[1.940 *]	[-3.608**]	[-2.808**]	[-1.020]	[0.151]
	Difference	-0.8307	-0.1271	-0.1706	0.0156	0.0578	0.0429	0.0235	0.1326	-0.0845	-0.0462	-0.0151	0.0028
Hotel	Loser	-0.1794	-0.0811	-0.1096	0.1392	0.0772	0.1363	0.1307	0.1349	0.0053	0.0060	0.0051	0.0140
	Winner	0.5683	0.0516	0.0528	0.1259	0.0624	0.1811	0.1071	0.0639	0.0562	0.0528	0.0394	0.0212
	T-stat	[-4.951**]	[-3.482**]	[-5.630**]	[0.433]	[0.427]	[-0.656]	[0.377]	[1.113]	[-3.474**]	[-4.466**]	[-3.633**]	[-0.685]
	Difference	-0.7477	-0.1327	-0.1624	0.0133	0.0148	-0.0448	0.0236	0.0710	-0.0510	-0.0468	-0.0343	-0.0072
Eating	Loser	-0.2095	-0.0835	-0.1033	0.1091	0.0608	0.1554	0.1222	0.1220	-0.0098	-0.0077	-0.0128	-0.0042
	Winner	0.5515	0.0611	0.0859	0.0800	0.0539	0.1651	0.1024	0.0544	0.0560	0.0488	0.0392	0.0393
	T-stat	[-7.313**]	[-6.838**]	[-7.261**]	[1.490]	[0.244]	[-0.168]	[0.354]	[1.218]	[-5.657**]	[-4.513**]	[-4.612**]	[-4.121**]
	Difference	-0.7609	-0.1446	-0.1891	0.0291	0.0069	-0.0096	0.0198	0.0676	-0.0658	-0.0565	-0.0520	-0.0436
Amuse-ment	Loser	-0.1663	-0.0528	-0.1015	0.1235	0.0378	0.1176	0.1165	0.2652	0.0045	0.0087	0.0130	0.0157
	Winner	0.4943	0.0884	0.0442	0.1146	0.0589	0.1742	0.1165	0.1061	0.0880	0.0766	0.0585	0.0545
	T-stat	[-4.585**]	[-3.996**]	[-3.627**]	[0.246]	[-0.743]	[-0.771]	[0.001]	[1.388]	[-3.358**]	[-3.301**]	[-2.291**]	[-2.060**]
	Difference	-0.6607	-0.1412	-0.1457	0.0090	-0.0211	-0.0566	0.0000	0.1592	-0.0834	-0.0679	-0.0454	-0.0388
Panel B: First Half													
Airline	Loser	-0.1288	-0.1122	-0.0301	0.1446	0.1073	0.2372	0.1044	0.2876	-0.0382	-0.0023	0.0058	0.0250
	Winner	0.4746	-0.0227	0.1261	0.1407	0.0302	0.1786	0.0859	0.0542	0.0339	0.0123	0.0064	-0.0258
	T-stat	[-3.234**]	[-2.190**]	[-1.566]	[0.072]	[1.878 *]	[0.653]	[0.200]	[1.869 *]	[-2.156**]	[-0.731]	[-0.031]	[1.838 *]
	Difference	-0.6034	-0.0895	-0.1562	0.0039	0.0770	0.0586	0.0184	0.2334	-0.0721	-0.0145	-0.0006	0.0507
Hotel	Loser	-0.1589	-0.1082	-0.1057	0.1470	0.0821	0.1053	0.0266	0.0811	0.0106	-0.0112	-0.0173	0.0143
	Winner	0.4335	-0.0237	0.0554	0.1586	0.1085	0.1799	0.1129	0.1271	0.0627	0.0556	0.0536	0.0280
	T-stat	[-3.803**]	[-2.293**]	[-3.554**]	[-0.297]	[-0.501]	[-0.936]	[-1.210]	[-0.543]	[-3.013**]	[-3.347**]	[-3.796**]	[-0.956]
	Difference	-0.5924	-0.0846	-0.1611	-0.0116	-0.0264	-0.0746	-0.0863	-0.0460	-0.0521	-0.0668	-0.0709	-0.0137
Eating	Loser	-0.1758	-0.0878	-0.1238	0.1290	0.0422	0.1262	0.0758	0.1275	-0.0011	-0.0112	-0.0126	-0.0205
	Winner	0.4767	0.0348	0.0399	0.1496	0.0882	0.2153	0.0957	0.1073	0.0661	0.0704	0.0488	0.0450
	T-stat	[-5.485**]	[-4.778**]	[-4.018**]	[-0.766]	[-1.560]	[-0.806]	[-0.176]	[0.166]	[-3.255**]	[-4.581**]	[-3.211**]	[-3.711**]
	Difference	-0.6524	-0.1226	-0.1636	-0.0206	-0.0461	-0.0892	-0.0199	0.0202	-0.0672	-0.0817	-0.0614	-0.0655
Amuse-ment	Loser	0.0072	-0.0576	-0.0247	0.1687	0.0200	0.1704	0.0840	0.1266	0.0428	0.0479	0.0276	0.0570
	Winner	0.4685	0.0525	0.0385	0.2200	0.1085	0.2847	0.2098	0.1503	0.0903	0.0740	0.0703	0.0782
	T-stat	[-2.656**]	[-2.564**]	[-0.777]	[-0.817]	[-1.954 *]	[-1.582]	[-1.393]	[-0.223]	[-1.982**]	[-0.888]	[-1.234]	[-1.324]
	Difference	-0.4613	-0.1101	-0.0632	-0.0513	-0.0885	-0.1143	-0.1258	-0.0238	-0.0475	-0.0261	-0.0427	-0.0212
Panel C: Second Half													
Airline	Loser	-0.1515	-0.0815	-0.0586	0.1551	0.0852	0.3207	0.2380	0.1769	-0.0408	-0.0225	0.0159	0.0132
	Winner	0.8710	0.0774	0.1242	0.1296	0.0436	0.2909	0.2100	0.1296	0.0541	0.0506	0.0431	0.0513
	T-stat	[-2.833**]	[-3.721**]	[-3.102**]	[0.319]	[0.511]	[0.123]	[0.289]	[0.411]	[-3.346**]	[-3.568**]	[-1.576]	[-1.764 *]
	Difference	-1.0225	-0.1589	-0.1828	0.0255	0.0416	0.0299	0.0280	0.0474	-0.0949	-0.0731	-0.0272	-0.0381
Hotel	Loser	-0.1945	-0.0610	-0.1125	0.1334	0.0736	0.1591	0.2075	0.1746	0.0013	0.0189	0.0219	0.0137
	Winner	0.6678	0.1072	0.0509	0.1017	0.0284	0.1819	0.1028	0.0172	0.0515	0.0507	0.0290	0.0162
	T-stat	[-3.749**]	[-2.956**]	[-4.393**]	[0.669]	[0.928]	[-0.239]	[1.294]	[1.856 *]	[-2.663**]	[-2.778**]	[-0.693]	[-0.173]
	Difference	-0.8623	-0.1682	-0.1633	0.0317	0.0452	-0.0228	0.1048	0.1574	-0.0501	-0.0318	-0.0070	-0.0025
Eating	Loser	-0.2296	-0.0810	-0.0910	0.0972	0.0719	0.1729	0.1499	0.1188	-0.0150	-0.0055	-0.0129	0.0055
	Winner	0.5959	0.0767	0.1132	0.0387	0.0335	0.1352	0.1063	0.0230	0.0501	0.0360	0.0335	0.0359
	T-stat	[-5.535**]	[-5.135**]	[-6.298**]	[2.567**]	[0.927]	[0.628]	[0.812]	[1.856 *]	[-4.767**]	[-2.509**]	[-3.269**]	[-2.262**]
	Difference	-0.8255	-0.1577	-0.2042	0.0586	0.0384	0.0377	0.0436	0.0957	-0.0651	-0.0415	-0.0464	-0.0305
Amuse-ment	Loser	-0.2312	-0.0510	-0.1303	0.1066	0.0444	0.0978	0.1287	0.3171	-0.0098	-0.0060	0.0075	-0.0001
	Winner	0.5040	0.1019	0.0464	0.0750	0.0403	0.1328	0.0815	0.0895	0.0871	0.0775	0.0540	0.0456
	T-stat	[-3.988**]	[-3.316**]	[-4.396**]	[0.785]	[0.120]	[-0.359]	[0.453]	[1.587]	[-3.072**]	[-3.325**]	[-1.866 *]	[-1.832 *]
	Difference	-0.7352	-0.1529	-0.1766	0.0316	0.0042	-0.0350	0.0472	0.2275	-0.0969	-0.0835	-0.0465	-0.0457

Difference is the difference of the measures between the Loser and Winner stocks
T-stat is the Newey and West (1987) heteroskedasticity and autocorrelation consistent t-stat for the difference

RESULTS

Empirical Results by Stock Return Ranking

The finance literature generally shows that stock return exhibits short to medium term price momentum trends. Chan, Jegadeesh and Lakonishok (1996) show that stocks that have higher return in the previous 6-month will have higher return in the next 6-month and 1 year[13]. The results for the next 2nd and 3rd years are not as clear-cut.[14] Rouwenhorst (1998) also divided stocks of 12 European countries into 10 deciles and finds that winner stocks (those in the top decile and have the highest past return) consistently and significantly outperform loser stocks (those in the bottom decile and have the lowest past return) in the next 3, 6, 9 and 12 months[15]. The results are the same whether the deciles are based on 3, 6, 9 or 12 months past stock returns. Jegadesh and Titman (2001) also have similar results for 6-month returns for U.S. stocks[16]. While we have similar results for short and medium term stock return, our long-term returns are significantly different from that of the literature.

Table II Panel A shows the results for the whole period. Except for Airline stocks, stocks that have low current year return will also have low short and medium term (next 1st and 2nd quarter and next 1st year) future returns, i.e., price momentum trends though the difference in return between "winners" and "losers" stocks are not significant. For example, the next 1st year return for Hotel, Eating and Amusement winner stocks are 0.2217, 0.2049 and 0.2188 respectively while those for the loser stocks are 0.1210, 0.1740 and 0.0931 respectively. However, for the long term (next 2nd and 3rd year) the stock returns of past "losers" outperform those of the past "winners", i.e., a price reversal trend happens, though again the difference in return between the two are not significant. For example, the next 2nd year return for Hotel, Eating and Amusement winner stocks are 0.1057, 0.1073 and 0.1176 respectively while those for the loser stocks are 0.1306, 0.1334 and 0.1523 respectively. Airline stocks basically show price reversal trends. The next 1st and 2nd year returns for winner stocks are 0.2266 and 0.1332 respectively while those are the loser stocks are 0.3529 and 0.1974 respectively. The Airline stocks behave very differently from the other three hospitality sectors and this may be due to the fact that the Airline sector has very high institutional holdings starting in the 1980s already. The ambiguous return pattern of short-, medium- and long-term periods for the other three hospitality sectors becomes clear when we study the sub-period results. For the first sub-period of 1981-1988, the winner stocks outperform the loser stocks in the next 1st, 2nd quarter and next 1st, 2nd and 3rd year after portfolio formation, except for Eating and Hotel stocks in the period of 3rd year after portfolio formation. For example, the next 1st year returns for loser and winner portfolios for Hotels, Eating Places and Amusement Parks are 0.1053 and 0.1799, 0.1262 and 0.2153 and 0.1704 and 0.2849 respectively. The next 2nd year returns are respectively 0.0266 and 0.1229, 0.0758 and 0.0957 and 0.0840 and 0.2098. This shows that the winner stocks outperform the loser stocks by a comfortable margin in the medium- and long-range periods though the differences are not significant. However, in the 2nd period of 1989-1999, the return trend is basically reversed. Loser stocks outperform winner stocks for the next 1st, 2nd quarter and next 1st, 2nd and 3rd year after portfolio formation, except for Amusement stocks in the next 2nd quarter and next 1st year period and for Hotel stocks in the next 1st year period. Eating loser stocks start to outperform winner stocks in the next 1st year (0.1729 vs. 0.1352). But more interestingly, all of the Airline, Hotel, Eating and Amusement loser stocks have higher returns than that of winner stocks in the next 2nd and 3rd year. Though none of the differences in the next 2nd year is significant, the Hotel (t=1.856) and Eating (t=1.856) loser stocks have returns in the next 3rd year significantly higher than that of winner stocks.

The cross-sectional comparison of ROA and ROE between winner and loser stocks does not seem to explain why price reversal happens. Except for 4 (i.e., ROA and ROE for Airline stocks in first sub-period in the next 3rd year, ROA for Airline stocks in whole period in the next 3rd year and ROE for Amusement stocks in the next 1st year for the first sub-period) out of 96 cases, the ROA and ROE for winner stocks of all the four sector stocks are higher than that of the loser stocks from the current to next 3rd year periods. Moreover, most of the differences are significant. For example, Airline (t=-2.808), Hotel (t=-4.466), Eating (t=-4.513) and Amusement (t=-3.301) winner stocks have ROA significantly higher than that of loser stocks in the whole period for the next 1st year. For the first sub-period, the t-statistics are respectively -0.731, -3.347, -4.581

[13] They divide all NYSE, AMEX and NASDAQ stocks into 10 deciles according to their previous 6-month return. The return 6 months after portfolio formation for the worst and best performing portfolios in the previous 6 months are 0.061 and 0.149 respectively. The corresponding figures for the return first year after portfolio formation are 0.143 and 0.297 respectively.
[14] The corresponding figures for the return second year after portfolio formation are 0.205 and 0.199 respectively and those for return third year after portfolio formation are 0.194 and 0.206 respectively.

[15] For portfolios ranked by their previous 12-month return, the 12-month return after portfolio formation is 0.0121 for past losers and 0.0185 for past winners.
[16] For the 1965-1998 period and including all stocks, the monthly returns of portfolios formed based on past six-month returns and held for six months for the past winners are 1.65 while those for the past losers are 0.42.

and -0.888, i.e., only the differences for Hotel and Eating stocks are significant though all the winner stocks have ROA higher than that of loser stocks. However, in the second sub-period, all of the winner stocks have ROA significantly higher than that of the loser stocks in the next 1st year (the t-statistics are respectively -3.568, -2.778, -2.509 and -3.325). The picture is similar for ROE in the next 1st year and also for ROA and ROE for the other periods (current year, next 2nd and 3rd year).

What drives the price reversal trend for the hospitality stocks? If we compare the time series (i.e., between different years of the same kind of stocks) instead of the cross-sectional (i.e., between winner and loser stocks) values of ROA and ROE, it seems that the price reversal trend is likely to be earning driven.

Table 3: Time series comparison of ROA and ROE Sorted by Current Year Return
In the fourth quarter of each year and for each sector we rank divide stocks into two portfolios according to their stock return in the current year. Those with the lower return are in the loser portfolio and those with the higher return are in the winner portfolio. Whole period is from 1981 to 1999. We also divide the whole period into two equal sub-periods: First half and second half. The difference of ROA between current year and next 1st year, between next 1st year and next 2nd year and between next 2nd year and next 3rd years is found.

Sectors	Current Year Return Ranking	Current Year ROA	Next 1st Year ROA	Newey West t-stat for difference	Next 1st Year ROA	Next 2nd Year ROA	Newey West t-stat for difference	Next 2nd Year ROA	Next 3rd Year ROA	Newey West t-stat for difference
Panel A: Whole Period										
Airline	Loser	-0.0396	-0.0132	[-0.911]	-0.0132	0.0112	[-1.130]	0.0112	0.0186	[-0.401]
	Winner	0.0448	0.0330	[0.829]	0.0330	0.0263	[0.398]	0.0263	0.0157	[0.645]
Hotel	Loser	0.0053	0.0060	[-0.045]	0.0060	0.0051	[0.061]	0.0051	0.0140	[-0.695]
	Winner	0.0562	0.0528	[0.406]	0.0528	0.0394	[1.426]	0.0394	0.0212	[1.534]
Eating	Loser	-0.0098	-0.0077	[-0.143]	-0.0077	-0.0128	[0.354]	-0.0128	-0.0042	[-0.641]
	Winner	0.0560	0.0488	[0.824]	0.0488	0.0392	[0.844]	0.0392	0.0393	[-0.010]
Amusement	Loser	0.0045	0.0087	[-0.145]	0.0087	0.0130	[-0.170]	0.0130	0.0157	[-0.116]
	Winner	0.0880	0.0766	[0.586]	0.0766	0.0585	[0.851]	0.0585	0.0545	[0.197]
Panel B: First Half										
Airline	Loser	-0.0382	-0.0023	[-0.985]	-0.0023	0.0058	[-0.404]	0.0058	0.0250	[-1.226]
	Winner	0.0339	0.0123	[1.634]	0.0123	0.0064	[0.327]	0.0064	-0.0258	[1.485]
Hotel	Loser	0.0106	-0.0112	[0.813]	-0.0112	-0.0173	[0.220]	-0.0173	0.0143	[-1.371]
	Winner	0.0627	0.0556	[0.634]	0.0556	0.0536	[0.176]	0.0536	0.0280	[1.383]
Eating	Loser	-0.0011	-0.0112	[0.363]	-0.0112	-0.0126	[0.050]	-0.0126	-0.0205	[0.323]
	Winner	0.0661	0.0704	[-0.424]	0.0704	0.0488	[1.885 *]	0.0488	0.0450	[0.258]
Amusement	Loser	0.0428	0.0479	[-0.239]	0.0479	0.0276	[0.749]	0.0276	0.0570	[-1.233]
	Winner	0.0903	0.0740	[0.458]	0.0740	0.0703	[0.092]	0.0703	0.0782	[-0.250]
Panel C: Second half										
Airline	Loser	-0.0408	-0.0225	[-0.431]	-0.0225	0.0159	[-1.035]	0.0159	0.0132	[0.088]
	Winner	0.0541	0.0506	[0.159]	0.0506	0.0431	[0.298]	0.0431	0.0513	[-0.393]
Hotel	Loser	0.0013	0.0189	[-0.921]	0.0189	0.0219	[-0.262]	0.0219	0.0137	[0.665]
	Winner	0.0515	0.0507	[0.070]	0.0507	0.0290	[1.533]	0.0290	0.0162	[0.685]
Eating	Loser	-0.0150	-0.0055	[-0.574]	-0.0055	-0.0129	[0.467]	-0.0129	0.0055	[-1.279]
	Winner	0.0501	0.0360	[1.175]	0.0360	0.0335	[0.160]	0.0335	0.0359	[-0.161]
Amusement	Loser	-0.0098	-0.0060	[-0.102]	-0.0060	0.0075	[-0.426]	0.0075	-0.0001	[0.263]
	Winner	0.0871	0.0775	[0.454]	0.0775	0.0540	[0.964]	0.0540	0.0456	[0.359]
Difference is the difference of the measures between the Loser and Winner stocks										
T-stat is the Newey and West (1987) heteroskedasticity and autocorrelation consistent t-stat for the difference										

Table III shows the time series comparison of the ROA and ROE of the hospitality stocks sorted by current year stock return. For loser stocks, ROA improves from current year to next 1st year for all of the four sector stocks in the whole period and also of the 2nd sub-period. For example, for the whole period, the ROA of Airline, Hotel, Eating and Amusement stocks improves from -0.0396, 0.0053, -0.0098 and 0.0045 respectively in current year to -0.0132, 0.0060, -0.0077 and 0.0087 respectively in next 1st year. However, the ROA of the winner stocks worsens in the corresponding period from 0.0448, 0.0562, 0.0560 and 0.0880 respectively to 0.0330, 0.0528, 0.0488 and 0.0766 respectively. If we look at the two sub-periods, the improvement of loser stocks and the deterioration of winner stocks in ROA are not as evident in the first sub-period, but the changes are much clearer in the second sub-period. For example, the ROA of Airline loser stocks improves from -0.0408 to -0.0225. The corresponding figures for Hotel (0.0013 to 0.0189), Eating (-0.0150 to -0.0055) and Amusement (-0.0098 to -0.0060) loser stocks also show the same trend. However, the winner stocks again show deterioration in the corresponding period. The ROA of Airline winner stocks worsens from 0.0541 to 0.0506. The results of the ROA of Hotel (0.0515 to 0.0507), Eating (0.0501 to 0.0360) and Amusement (0.0871 to 0.0775) winner stocks are consistent with that of the Airline stocks. More interestingly, the same kind of improvement for loser stocks and deterioration for winner stocks persists from the next 1st year to the next 2nd year. For example, for the second sub-period, Airline (-0.0225 to 0.0159), Hotel (0.0189 to 0.0219) and Amusement (-0.0060 to 0.0075) loser stocks show improvement in their ROA. Eating loser stocks are the only exception. While for the winner stocks, the ROA of all of the four sector stocks worsens (from 0.0506 to 0.0431 for Airline, 0.0507 to 0.0290 for Hotel, 0.0306 to 0.0025 for Eating and 0.0775 to 0.0540 for Amusement respectively). This continuous improvement in the ROA of the loser stocks and deterioration of winner stocks may be the factor that drives the price reversal of hospitality stocks. However, the improvement in ROA for the loser stocks and deterioration for winner stocks do not extend from next 2nd year to next 3rd year. The change of ROA from next 2nd to next 3rd year is basically mixed for loser and winner stocks. For example, ROA of loser stocks for Airline, Hotel and Amusement worsens, while Eating stock improves. For winners stocks, ROA of Airline and Eating stocks improves while that of Hotel and Amusement stocks deteriorates. Generally, the patterns of ROE are very similar to that of ROA.

Table 4: Return Trend sorted by ROA Ranking
In the fourth quarter of each year and for each sector we rank divide stocks into two portfolios according to their ROA in the current year. Those with the lower ROA are in the loser portfolio and those with the higher ROA are in the winner portfolio. Whole period is from 1981 to 1999. We also divide the whole period into two equal sub-periods: First half and second half. The differences of return between the lower and winner portfolios for various periods are then found.

Panel A: Whole Period										
		Current	RETURN							
Sector	ROA	Year	Current	Past	Current	Next 1st	Next 2nd	Next 1st	Next 2nd	Next 3rd
	Ranking	ROA	Year	Quarter	Quarter	Quarter	Quarter	Year	Year	Year
Airline	Loser	-0.0701	0.1023	-0.0658	-0.0194	0.1608	0.0731	0.2679	0.1798	0.2227
	Winner	0.0759	0.4421	0.0013	0.0985	0.1240	0.0600	0.2543	0.1501	0.1001
	Difference	-0.1460	-0.3398	-0.0671	-0.1180	0.0368	0.0131	0.0136	0.0296	0.1226
	T-stat	[-4.173**]	[-2.965**]	[-2.050**]	[-3.307**]	[0.878]	[0.347]	[0.129]	[0.453]	[2.034**]
Hotel	Loser	-0.0233	0.1278	-0.0403	-0.0747	0.1388	0.0586	0.0885	0.1651	0.1435
	Winner	0.0848	0.2612	0.0108	0.0179	0.1263	0.0809	0.2288	0.0727	0.0553
	Difference	-0.1081	-0.1334	-0.0511	-0.0926	0.0126	-0.0223	-0.1403	0.0924	0.0881
	T-stat	[-4.558**]	[-1.640]	[-1.754 *]	[-3.102**]	[0.371]	[-0.839]	[-2.121**]	[1.326]	[1.577]
Eating	Loser	-0.0483	0.0480	-0.0391	-0.0512	0.0992	0.0631	0.1371	0.1221	0.1091
	Winner	0.0949	0.2912	0.0161	0.0332	0.0900	0.0516	0.1836	0.1024	0.0675
	Difference	-0.1432	-0.2432	-0.0552	-0.0844	0.0091	0.0115	-0.0464	0.0197	0.0416
	T-stat	[-6.800**]	[-4.106**]	[-3.042**]	[-4.586**]	[0.543]	[0.375]	[-0.741]	[0.364]	[0.758]
Amusement	Loser	-0.0400	0.0977	0.0092	-0.0398	0.1019	0.0368	0.1359	0.1198	0.2619
	Winner	0.1340	0.2216	0.0243	-0.0196	0.1369	0.0599	0.1552	0.1131	0.1096
	Difference	-0.1740	-0.1239	-0.0151	-0.0203	-0.0350	-0.0231	-0.0193	0.0067	0.1523
	T-stat	[-5.042**]	[-1.620]	[-0.394]	[-0.802]	[-1.121]	[-0.686]	[-0.292]	[0.085]	[1.183]
Panel B: First Half										
Airline	Loser	-0.0618	0.0348	-0.0918	-0.0071	0.1893	0.0652	0.2293	0.0747	0.2273
	Winner	0.0579	0.3080	-0.0435	0.1027	0.0952	0.0730	0.1867	0.1161	0.1156

	Difference	-0.1197	-0.2732	-0.0483	-0.1098	0.0942	-0.0078	0.0426	-0.0413	0.1118
	T-stat	[-2.868**]	[-2.651**]	[-1.020]	[-1.688 *]	[2.575**]	[-0.173]	[0.396]	[-0.409]	[1.031]
Hotel	Loser	-0.0146	0.0039	-0.1088	-0.0625	0.1129	0.0727	0.0177	0.0133	0.0554
	Winner	0.0879	0.2708	-0.0231	0.0122	0.1927	0.1178	0.2676	0.1262	0.1528
	Difference	-0.1025	-0.2668	-0.0857	-0.0746	-0.0798	-0.0451	-0.2499	-0.1129	-0.0974
	T-stat	[-4.155**]	[-3.428**]	[-2.452**]	[-2.167**]	[-2.334**]	[-0.856]	[-3.296**]	[-1.174]	[-1.053]
Eating	Loser	-0.0322	0.0175	-0.0545	-0.0843	0.1356	0.0536	0.1370	0.0465	0.0879
	Winner	0.0976	0.2806	0.0011	-0.0002	0.1429	0.0766	0.2043	0.1254	0.1475
	Difference	-0.1298	-0.2632	-0.0556	-0.0841	-0.0072	-0.0230	-0.0673	-0.0789	-0.0596
	T-stat	[-4.561**]	[-3.511**]	[-2.214**]	[-2.465**]	[-0.286]	[-0.797]	[-0.577]	[-0.690]	[-0.496]
Amusement	Loser	0.0035	0.2030	-0.0367	0.0375	0.1404	0.0470	0.1522	0.0665	0.1069
	Winner	0.1307	0.2668	0.0310	-0.0256	0.2492	0.0806	0.3035	0.2278	0.1706
	Difference	-0.1271	-0.0637	-0.0677	0.0630	-0.1088	-0.0336	-0.1512	-0.1612	-0.0637
	T-stat	[-2.912**]	[-1.251]	[-1.172]	[1.257]	[-1.640]	[-0.836]	[-1.722 *]	[-2.001**]	[-0.965]
Panel C: Second Half										
Airline	Loser	-0.0772	0.1594	-0.0438	-0.0299	0.1367	0.0798	0.3006	0.2686	0.2188
	Winner	0.0910	0.5553	0.0390	0.0950	0.1484	0.0491	0.3113	0.1789	0.0871
	Difference	-0.1682	-0.3959	-0.0828	-0.1249	-0.0117	0.0307	-0.0108	0.0898	0.1317
	T-stat	[-3.478**]	[-2.061**]	[-1.803 *]	[-2.930**]	[-0.165]	[0.593]	[-0.060]	[1.114]	[1.590]
Hotel	Loser	-0.0298	0.2192	0.0103	-0.0838	0.1579	0.0482	0.1408	0.2771	0.2085
	Winner	0.0826	0.2541	0.0358	0.0222	0.0772	0.0537	0.2002	0.0332	-0.0166
	Difference	-0.1123	-0.0348	-0.0255	-0.1060	0.0807	-0.0056	-0.0594	0.2439	0.2251
	T-stat	[-3.297**]	[-0.295]	[-0.624]	[-2.656**]	[1.736 *]	[-0.164]	[-0.644]	[2.736**]	[2.921**]
Eating	Loser	-0.0578	0.0662	-0.0298	-0.0314	0.0774	0.0687	0.1372	0.1674	0.1217
	Winner	0.0933	0.2975	0.0251	0.0530	0.0586	0.0367	0.1712	0.0888	0.0201
	Difference	-0.1511	-0.2313	-0.0549	-0.0844	0.0188	0.0320	-0.0340	0.0786	0.1017
	T-stat	[-5.415**]	[-2.749**]	[-2.194**]	[-3.947**]	[0.821]	[0.722]	[-0.513]	[1.500]	[1.879 *]
Amusement	Loser	-0.0563	0.0583	0.0264	-0.0687	0.0875	0.0330	0.1298	0.1397	0.3198
	Winner	0.1352	0.2046	0.0218	-0.0173	0.0948	0.0522	0.0996	0.0700	0.0867
	Difference	-0.1915	-0.1464	0.0045	-0.0514	-0.0072	-0.0192	0.0302	0.0697	0.2330
	T-stat	[-4.452**]	[-1.337]	[0.097]	[-1.811 *]	[-0.197]	[-0.466]	[0.360]	[0.704]	[1.341]

Difference is the difference of the measures between the Loser and Winner stocks

T-stat is the Newey and West (1987) heteroskedasticity and autocorrelation consistent t-stat for the difference

Table 5: Time series comparison of ROA and return Sorted by Current Year ROA
In the fourth quarter of each year and for each sector we rank divide stocks into two portfolios according to their ROA in the current year. Those with the lower ROA are in the loser portfolio and those with the higher ROA are in the winner portfolio. Whole period is from 1981 to 1999. We also divide the whole period into two equal sub-periods: First half and second half. The difference of return and ROA between current year and next 1st year, between next 1st year and next 2nd year and between next 2nd year and next 3rd years is found.

	Current Year ROA Ranking	Current Year Return	Next 1st Year Return	Newey West t-stat for difference	Next 1st Year Return	Next 2nd Year Return	Newey West t-stat for difference	Next 2nd Year Return	Next 3rd Year Return	Newey West t-stat for difference	Current Year ROA	Next 1st Year ROA	Newey West t-stat for difference	Next 1st Year ROA	Next 2nd Year ROA	Newey West t-stat for difference	Next 2nd Year ROA	Next 3rd Year ROA	Newey West t-stat for difference
Airline	Loser	0.1023	0.2679	[-0.683]	0.2679	0.1798	[0.439]	0.1798	0.2227	[-0.531]	-0.0701	-0.0323	[-1.337]	-0.0323	-0.0064	[-1.179]	-0.0064	-0.0065	[0.006]
	Winner	0.4421	0.2543	[0.864]	0.2543	0.1501	[0.815]	0.1501	0.1001	[0.809]	0.0759	0.0523	[1.845 *]	0.0523	0.0443	[0.605]	0.0443	0.0415	[0.233]
Hotel	Loser	0.1278	0.0885	[0.212]	0.0885	0.1651	[-0.588]	0.1651	0.1435	[0.273]	-0.0233	-0.0053	[-1.242]	-0.0053	-0.0041	[-0.092]	-0.0041	0.0025	[-0.560]
	Winner	0.2612	0.2288	[0.218]	0.2288	0.0727	[1.492]	0.0727	0.0553	[0.464]	0.0848	0.0641	[2.494**]	0.0641	0.0490	[1.668 *]	0.0490	0.0328	[1.331]
Eating	Loser	0.0480	0.1371	[-0.581]	0.1371	0.1221	[0.118]	0.1221	0.1091	[0.194]	-0.0483	-0.0352	[-0.857]	-0.0352	-0.0376	[0.156]	-0.0376	-0.0206	[-1.301]
	Winner	0.2912	0.1836	[1.119]	0.1836	0.1024	[1.177]	0.1024	0.0675	[0.998]	0.0949	0.0765	[3.589**]	0.0765	0.0640	[1.580]	0.0640	0.0555	[0.918]
Amusement	Loser	0.0977	0.1359	[-0.192]	0.1359	0.1198	[0.102]	0.1198	0.2619	[-1.121]	-0.0400	-0.0095	[-1.266]	-0.0095	-0.0095	[-0.001]	-0.0095	-0.0090	[-0.018]
	Winner	0.2216	0.1552	[0.458]	0.1552	0.1131	[0.385]	0.1131	0.1096	[0.051]	0.1340	0.0953	[2.143**]	0.0953	0.0815	[0.626]	0.0815	0.0797	[0.104]
Panel B: First Half																			
Airline	Loser	0.0348	0.2293	[-0.855]	0.2293	0.0747	[0.786]	0.0747	0.2273	[-1.423]	-0.0618	-0.0222	[-1.159]	-0.0222	-0.0176	[-0.204]	-0.0176	-0.0113	[-0.263]
	Winner	0.3080	0.1867	[0.525]	0.1867	0.1161	[0.431]	0.1161	0.1156	[0.005]	0.0579	0.0325	[2.656**]	0.0325	0.0302	[0.237]	0.0302	0.0112	[1.250]
Hotel	Loser	0.0039	0.0177	[-0.070]	0.0177	0.0133	[0.029]	0.0133	0.0554	[-0.431]	-0.0146	-0.0190	[0.203]	-0.0190	-0.0231	[0.181]	-0.0231	-0.0044	[-0.966]
	Winner	0.2708	0.2676	[0.017]	0.2676	0.1262	[1.012]	0.1262	0.1528	[-0.405]	0.0879	0.0635	[2.605**]	0.0635	0.0594	[0.293]	0.0594	0.0472	[0.730]
Eating	Loser	0.0175	0.1370	[-0.570]	0.1370	0.0465	[0.439]	0.0465	0.0879	[-0.271]	-0.0322	-0.0238	[-0.334]	-0.0238	-0.0379	[0.555]	-0.0379	-0.0418	[0.171]
	Winner	0.2806	0.2043	[0.615]	0.2043	0.1254	[0.893]	0.1254	0.1475	[-0.446]	0.0976	0.0831	[1.952 *]	0.0831	0.0744	[0.906]	0.0744	0.0665	[0.687]
Amusement	Loser	0.2030	0.1522	[0.225]	0.1522	0.0665	[0.490]	0.0665	0.1069	[-0.387]	0.0035	0.0308	[-1.525]	0.0308	0.0138	[0.984]	0.0138	0.0252	[-0.563]
	Winner	0.2668	0.3035	[-0.169]	0.3035	0.2278	[0.451]	0.2278	0.1706	[0.624]	0.1307	0.0917	[1.017]	0.0917	0.0846	[0.153]	0.0846	0.1110	[-0.780]
Panel C: Second Half																			
Airline	Loser	0.1594	0.3006	[-0.355]	0.3006	0.2686	[0.098]	0.2686	0.2188	[0.424]	-0.0772	-0.0410	[-0.869]	-0.0410	0.0030	[-1.237]	0.0030	-0.0025	[0.186]
	Winner	0.5553	0.3113	[0.717]	0.3113	0.1789	[0.730]	0.1789	0.0871	[1.402]	0.0910	0.0690	[1.106]	0.0690	0.0561	[0.579]	0.0561	0.0674	[-0.695]
Hotel	Loser	0.2192	0.1408	[0.277]	0.1408	0.2771	[-0.688]	0.2771	0.2085	[0.527]	-0.0298	0.0049	[-2.141**]	0.0049	0.0099	[-0.471]	0.0099	0.0076	[0.187]
	Winner	0.2541	0.2002	[0.258]	0.2002	0.0332	[1.137]	0.0332	0.0166	[0.914]	0.0826	0.0645	[1.444]	0.0645	0.0413	[1.724 *]	0.0413	0.0223	[1.044]
Eating	Loser	0.0662	0.1372	[-0.365]	0.1372	0.1674	[-0.211]	0.1674	0.1217	[0.767]	-0.0578	-0.0421	[-0.882]	-0.0421	-0.0374	[-0.262]	-0.0374	-0.0079	[-1.883 *]
	Winner	0.2975	0.1712	[0.958]	0.1712	0.0888	[0.869]	0.0888	0.0201	[1.406]	0.0933	0.0726	[3.056**]	0.0726	0.0579	[1.338]	0.0579	0.0490	[0.716]
Amusement	Loser	0.0583	0.1298	[-0.278]	0.1298	0.1397	[-0.048]	0.1397	0.3198	[-1.082]	-0.0563	-0.0245	[-1.034]	-0.0245	-0.0182	[-0.220]	-0.0182	-0.0221	[0.128]
	Winner	0.2046	0.0996	[0.600]	0.0996	0.0700	[0.227]	0.0700	0.0867	[-0.189]	0.1352	0.0967	[1.814 *]	0.0967	0.0804	[0.632]	0.0804	0.0679	[0.604]

Stock return by ROA Ranking

In the last sub-section, we discuss short- to long-term return patterns ranked by current year return. We also show that the future return pattern is closely associated with future earning pattern. But what happens if stocks are ranked according to their ROA in the current year?

In Table IV we show the return and earning patterns of hospitality stocks ranked by current year ROA. The current year return of winner stock consistently outperforms those of loser stocks. Moreover, most of the differences in the current year return between the winner and loser stocks are significant. The picture is similar for the past and current quarters. However, thought most of the winner stocks outperform the loser stocks in next 1st and 2nd quarter, most of the differences are not significant. We find the trends in stock return in next 1st year similar to that above. However, the trends in return for next 2nd and 3rd years are markedly different from that of the next 1st year. Though all of the winner stocks continue to outperform the loser stocks (except Airline loser stocks in next 3rd year) in the next 2nd and 3rd years in the first sub-period, only two of the 8 differences are significant. When we turn to the second sub-period, the trend is reversed. All of the loser stocks outperform the winner stocks in the next 2nd and 3rd year, though only three of the possible eight differences are significant. But this reversal in trend is significantly different from the momentum trend in the first sub-period. The price reversal in Table IV above is supported by the improvement in earning of loser stocks.

In the second sub-period, the ROA of loser stocks continues to improve from current year to next 1st year and from next 1st year to next 2nd year. For example, the ROA of loser stocks for Airline, Hotel, Eating and Amusement improves from -0.0772 to -0.0410, -0.0298 to 0.0049, -0.0578 to -0.0421 and -0.0563 to -0.0245 respectively from current year to next 1st year. The same trend is found from next 1st year to next 2nd year. Moreover, the ROA of winner stocks consistently deteriorates from current year to next 1st year and from next 1st year to next 2nd year. This consistent trend is not found in the first sub-period. It seems to imply that the price reversal trend in stocks return for hospitality stocks is earning motivated and the improvement of ROA in the second sub-period is coupled with the substantial increase in institutional holdings in the 1990s.

Table 6: Regressions results
Dependent variable is current year return. The independent variables for Panel A are previous year institutional holding, current year ROA, Previous year return, dummies for Amusement Park stocks (equal 1 if equal to Amusement Park stock and 0 otherwise), Eating Places stocks (equal 1 if equal to Eating Places stock and 0 otherwise) and Hotel stocks (equal 1 if equal to Hotel stocks and 0 otherwise, Airline stocks are set to the base here) and the logarithm of the market capitalization of the stock on the last day of June of each year. In Panel B, we further divide the stocks in each sector into two portfolios according to their previous year return.

Panel A: By Different Periods

Period	Intercept	Institutional Holding	Current year ROA	Previous year return	Amusem-ent	Eating	Hotel	Log of market capitalization	Number of observations	Adjusted R^2
Whole	1.379	0.151	1.130	-0.051	-0.088	-0.079	-0.058	-0.066	1357	0.04
	[3.91**]	[1.65*]	[7.27**]	[-2.43**]	[-1.59]	[-1.93*]	[-1.25]	[-3.43**]		
First-half	1.522	0.439	0.997	-0.004	0.063	0.027	0.036	-0.083	495	0.01
	[1.66*]	[1.41]	[2.59**]	[-0.06]	[0.77]	[0.29]	[0.50]	[-1.56]		
Second-half	1.385	0.056	1.168	-0.060	-0.164	-0.133	-0.107	-0.062	862	0.07
	[5.36**]	[0.63]	[7.66**]	[-3.11**]	[-2.26**]	[-2.43**]	[-1.64]	[-4.61**]		

Panel B: By Different Periods and Different Levels of Previous Year Return

Period	Previous year return	Intercept	Institutional Holding	Current year ROA	Log of market capitalization	Amusement	Eating	Hotel	Number of observations	Adjusted R^2
Whole	Loser	1.742	0.087	1.023	-0.085	-0.116	-0.077	-0.076	671	0.03
		[2.62**]	[0.52]	[4.57**]	[-2.29**]	[-1.35]	[-1.23]	[-1.12]		
Whole	Winner	1.006	0.250	1.188	-0.049	-0.055	-0.072	-0.031	686	0.07
		[4.43**]	[2.58**]	[5.96**]	[-3.89**]	[-0.78]	[-1.35]	[-0.48]		
First-half	Loser	2.100	0.539	0.856	-0.114	-0.040	-0.034-	-0.027	243	0.00
		[1.08]	[0.81]	[2.13**]	[-0.99]	[-0.37]	[-0.25]	[-0.25]		
First-half	Winner	1.088	0.343	1.353	-0.060	0.130	0.045	0.068	252	0.07
		[2.58**]	[1.95*]	[2.53**]	[-2.56**]	[0.95]	[0.54]	[0.74]		
Second-half	Loser	1.676	-0.107	1.148	-0.076	-0.177	-0.106	-0.106	428	0.06
		[4.00**]	[-0.76]	[5.30**]	[-3.53**]	[-1.54]	[-1.33]	[-1.13]		
Second-half	Winner	1.005	0.258	1.102	-0.046	-0.147	-0.149	-0.095	434	0.07
		[3.56**]	[2.19**]	[5.37**]	[-2.96**]	[-1.63]	[-1.99**]	[-1.05]		

Regression Results

To study the direct relationship between return and institutional holdings, we run regression using current year return as the dependent variable. In Panel A the independent variables are previous year institutional holding, current year ROA, previous year return, dummies for Amusement Park stocks (equal 1 if equal to Amusement Park stock and 0 otherwise), Eating Places stocks (equal 1 if equal to Eating Places stock and 0 otherwise) and Hotel stocks (equal 1 if equal to Hotel stocks and 0 otherwise, Airline stocks are set to the base here) and the logarithm of the market capitalization of the stock on the last day of June of each year. We run the regression for the whole period, first half and second half. The coefficients for institutional holding in all three periods are positive, providing support that higher previous year institutional holdings have positive effects on the current year returns. However, we have to read this with caution. Only the t-statistics for the whole period of the coefficient of previous year institutional holding is barely significant and the t-statistics for the two half periods are not significant (we adjust the t-statistics with the White [1980] adjustment for heteroskedasticity). It suggests that the results do not support a conclusive relationship between return and institutional holdings. The relationship between current year return and current year ROA is much stronger, with the coefficients for all the three periods statistically significant. This suggests that investors are very rational in their investment in hospitality stocks and strong financial performance of the company is rewarded with a higher stock return. The negative values of the coefficients of the dummies for Amusement, Eating and Hotel in the whole and second half periods show that these stocks have lower intercepts than the Airline stock used as a base case in our regression. In Panel B, we further divide the stocks in each sector into two portfolios according to their previous year return. The coefficients for the previous year institutional holding are positive in five out of the six possible cases. What is more interesting is that the coefficients are all statistically significant when previous year return is high. It suggests that for stocks performing well in the previous year, they will continue to have a higher return if they have more institutional investors in the previous year. This shows that institutional investors have positive impact on the companies, probably by providing more input and support to the company management and also the existence of institutional investors will also increase the liquidity of the stocks.

CONCLUDING REMARKS

We have found that hospitality stocks exhibit price momentum trend in the 1980s but this trend changes into a price reversal in the 1990s. Earning information such as the ROA supports the change in trends. With few exceptions the ROA of loser stocks continue to improve from current year to 1st and 2nd years while those of the winner portfolios deteriorate. The change also coincides with a substantial increase in institutional holdings in hospitality stocks in the 1990s. We argue that the increasing presence of institutional investors may be one of the reasons behind the improvement of loser stocks because institutional investors tend to be more active in company management than individual investors. They are also more capable in forcing the management to make painful changes in order to turn the companies around. We also provide additional results in the direct relationship between the level of institutional investors and the stock return. We find that a higher level of institutional investors implies a higher level of stock return, though not all of this relationship is statistically significant. In this paper, we do not show how an increase in institutional investor works on the management of a company so that the improvement in management leads to higher stock return. We do not show how the difference in economic structure of the different sub-sectors studied in this research explains the difference in return patterns of the sub-sectors. These are left to future research.

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CHALLENGES AND STRATEGIC ISSUES IN ADAPTING UNCERTAIN ENVIRONMENTS IN ONTARIO HOTELS

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ABSTRACT

Identifying strategic issues are important for formulating strategies both at the individual hotel and industry levels. The research intends to identify the current strategic issues from five environmental aspects and the strategies employed by hoteliers. The survey was conducted within Ontario, Canada. The increasing power of customers via the Internet, increasing competition within lodging industry, changing customer needs and trends, lack of tourism funding and promotion from government are identified as the major concerns of strategic issues. The findings suggest the imperative requirements for awareness and focus of the changing environmental variables affecting the Ontario lodging industry.

Key Words: Ontario, Hotel Industry, Strategic Issues, Environmental Analysis

INTRODUCTION

The forces affecting the hospitality environment are becoming so complex and changing with such speed that it is increasingly difficult to monitor or predict the impact they will have on the lodging industry (Olsen & Tse & West, 1998). It becomes essential for senior management to identify with these issues and incorporate them into their strategic planning.

Ontario lodging industry plays important role in Canadian lodging industry as a whole. According to the statistics, the number of hotel and rooms of Ontario represented respectively 25.4% and 30.3 % of Canadian hotel industry (KPMG, 2002). However, limited research has been conducted on the strategic issues in Ontario. As different factors affect various geographical areas, it is essential for senior management to be aware of the current changing forces pertaining to their environment.

The objective of this study, based on the strategic co-alignment model (Olsen & Tse & West, 1998), is to understand the major strategic issues that lodging properties in Ontario are currently facing, and the strategies hotels have chosen in dealing with the identified challenges.

First, the identified strategic issues based on the environmental classification scheme model (Olsen & Tse & West, 1998) with the remote environment of five key variables will be applied to classify the research findings. This study will further examine the strategies chosen by a selected number of hotels in Ontario in dealing with the identified challenges.

LITERATURE REVIEW

Salomon (2001) cited a research findings conducted by Cornell Hospitality Research Center that the primary strategic issues facing the lodging industry in United States are human resources, technology, economic and politics. The International Hotel and Restaurant Association states the five events shaping the future of the lodging industry are capacity control, safety and security, assets and capital, technology and new management (Olsen & Tse & West, 1998). However the conclusions of these studies are general, whereas senior management will require more specific information on the changing forces to shape their strategies. According to the definitions of the five environments (Olsen & Tse & West, 1998), the literature reviews revealed following strategic issues in the five environments.

In technological environment, a study conducted on reservations management suggests that strategic success and operational implementation in the hospitality industry have been built on the prevailing IT "era" and that strategic implementation is “IT-led” (Lockwood & Jones & Sigala, 2001). Technology has undergone a dynamic and rapid development. For example, the growth of third-party Internet booking sites has made managing hotel rates and inventory online more complex than ever (Shaw, 2002).

In ecological environment, Brown (1996) states that strategies will need to be developed where the environment is viewed to be as important as traditional strategic requirements. The environment cannot be treated as an "add-on to the other corporate policies", but should become a strategic direction in itself. Brown conducted a survey questionnaire in the UK hotel sector with a sample size of 116 general managers. Findings indicated that 60% did not have an environmental policy operating in their hotels. CHIP Hospitality is the first major hotel group in Canada to have all its hotel properties achieve three-Green Leaf or higher certification under the Hotel Association of Canada's Green Leaf Eco-rating program (Market News Publishing, 2002).

Regarding economic environment, Russell (2001) anticipates that the Canada hotel income stream has a positive outlook and demand levels will start to rebound and supply growth will delay. However, another key factor, the lack of debt financing available for transactions and a corresponding lack of liquidity in the market has caused an immediate decline in the hotel values in Canada. About 10 years ago, approximately 60 percent of Canadian hotels were independent. In 1992, the downturn in the economy caused many independent hotels to default on loans. Since then, banks have been reluctant to give loans to developers unless they were affiliated with well-known brands (Alisau, 2000). The stated are two are major economic factors that must be given awareness to.

With reference to sociocultural environment, the Canada Tourism Monthly Report (2002) indicates the travel trends post September 11^{th} has recreated new issues for the hospitality industry in Canada. For example, there is an increase in preference for traveling by auto versus air, more late bookings, increasing Internet usage for travel research and specials and a willingness to drive longer distances to destination rather than to take airplanes.

The former cited issues are all vital for an organization to entail in shaping their strategies. It is important to recognize that these issues can lead to potential threats or opportunities, based on how a firm perceives them and implements its strategy.

RESEARCH METHODOLOGY

A pilot study was first conducted by e-mailing a semi-close-ended questionnaire to a sample of managers from 20 hotels. The purpose is to gather a general area of strategic issues that management are currently concerned with and to infer any apparent trends. E-mail addresses were obtained by telephone call to various hotels in Toronto, Ontario. The questionnaire aimed to identify which of the five variables of the remote environment managers were primarily concerned with and also have them list any specific issues of concern. Ten responses were received, with a response rate of 50%. Following the pilot study, the second questionnaire was developed, which was e-mailed to a sample size of approximately 300 lodging properties, covering all regions of Ontario by the assistance of the Ontario Restaurant Hotel and Motel Association (ORHMA).

The questionnaire was composed of three questions. Based on the results of the pilot study and literature review, the first question was close-ended, comprised of a list of twenty specific strategic issues relating to the five environment aspects. This list was first generated with thirty issues and were then grouped and classified into the final twenty issues in the questionnaire. Participants were asked to simply select all issues that applied to their strategic planning. In addition, two open-ended questions were asked for managers to state any concerns that were not listed on the survey and the strategies that they have implemented in reaction to these issues. 19 responses were received with 15 valid. The response rate is 5%. The implemented strategies that are to be discussed are based on seven selected hotels that have given detailed responses to each question.

Due to the time and other factors, the response rate for second questionnaire was low; the findings may not be implied for all hotels of Ontario

FINDINGS AND DISCUSSION

Strategic Issues Affecting the Organization’s Strategic Planning

As shown in table 1, the increasing power of customers via the Internet was received the most attention in the technological environment. While 33% of hotels indicated an overall importance in ecological matters, 47% considers the increasing lodging competition in Ontario and the economic effects of September 11^{th} to be an imperative economic factor. It also appears that the degree of socialcultural diversity in the clientele was not a huge concern to operators as only one hotel selected this issue, whereas 47% felt that the changing customer needs and trends was of considerable importance. Political matters were generally given a high response rate with the majority of issues. Many managers felt that there is a lack of tourism promotion and tourism funding from the Ontario government. This appears to be a grave concern to hoteliers.

Specific Concerns and Chosen Strategies

Most answers to the open-ended question regarding the specific concerns and their chosen strategies are about the technological environment. The issue of changing customer needs and trends were of major concern to many hotels. There is a tremendous need to keep on top of customer's changing needs when traveling for either business or for leisure. The strategies to deal with this issue reported from the respondents are to monitor and analyze economic trends and consistently gather as much "new" information about their guests as they can, focus sales efforts on competitors' clients and increase manpower hours and resources such as enhancing guest service training.

Table 1: Strategic Issues Concerned by Ontario Hoteliers

Environment Variables	Strategic Issues	Frequency
Technological	• The increasing power of customers via the Internet	7
	• Declining average room rates through online discount sites	6
	• Communication technology reducing the number of business travelers	6
	• The growth of third-party Internet booking sites	6
	• The high dependency on Global Distribution System for incoming reservations	2
	• Selecting a Central Reservations System	2
	• Utilizing an efficient Property Management System	2
Economic	• Increasing lodging competition in Ontario	7
	• Economic effects of September 11th impacting Ontario	7
	• Availability of financing sources in Ontario	5
Sociocultural	• Changing customer needs and trends	7
	• Degree of social/cultural diversity in the clientele	1
Political	• Lack of tourism funding from the government	10
	• Lack of tourism promotion within Ontario	9
	• Government surcharges on hotel rooms	5
Ecological	• Implementing environmental awareness concerning issues such as energy efficiency and waste management practices	5

Another concern is the cost and volume of upgrading and implementing the constantly changing technology. One hotel reported that the strategy to deal with this was derived from the hiring area. There has been a greater focus in IT and Internet skills for guest service representatives in the hiring criteria. Enrollment of online training for all hotel staff and management, which is accessible and affordable, has been provided.

The third concern is the complexity of third-party growing web sites. The strategy regard this is to encourage customers to book directly with the hotel by providing the lowest rate guarantee on hotels own web sites. The Internet is in effect a reverse auction with public participation. Hoteliers need to understand this and prepare strategies to deal with it.

RECOMMENDATIONS

Technology has become a major issue with implementing strategies both on an operational and corporate level. In reaction to the increasing complexity of third-party booking sites and the hotel's main booking web site, consumers are now seeing a greater variety of prices for the exact same product. Many responsibilities and new actions must be put in place for this revenue channel that has become a necessity for hotels. Managers must increase monitoring on matters such as over-booking activity, commission fees, room mark-ups and educate their reservation and front desk agents who must communicate the different rate categories and contradictions to consumers when questioned. It is significant for hoteliers to provide a greater attention to ecological matters. From the research results, a few hotel operators considered ecological matters as a concern to their strategic planning, although the Fairmont Royal York Hotel sets a profitable example on both sides of the spectrum (Layton, 1999).

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SERVICE QUALITY MANAGEMENT IN THE MEETINGS AND CONVENTION INDUSTRY

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ABSTRACT

The Meetings, Conventions and Exhibition (MCE) industry has an increasingly important role in generating tourism revenue for destinations. A total of 370 MCE respondents who had visited Singapore for a MCE event were surveyed for this study. This report found and ranked MCE service quality attributes' importance and levels of respondent satisfaction. Respondents agreed that Singapore had excellent air and ground transport access to support MCE activities. Respondents identified the Responsiveness attribute as having the widest service gap. Research analysis revealed specific recommendations to improve Singapore's performance for each of the attributes.

Key Words: Service quality management, meetings and conventions.

INTRODUCTION

The MCE (*Meetings, Conventions and Exhibitions*) sector forms a substantial part of the global tourism industry. Generically referred to throughout Asia as the MICE industry, MICE is actually an acronym for *Meetings, Incentives, Conventions and Exhibitions* (MacLaurin, 2000). The MCE industry is rapidly growing and provides significant economic and employment benefits to the host city or country. The MCE industry has a worldwide value estimated at US $280 billion. Meeting attendees and convention respondents are much sought after international travelers because they spend three times more than ordinary travelers (Xinhua News Agency, 2000).

Singapore was the geographical setting for the present study. Singapore is a small tropical island microstate of 3.5 million residents living within a total land area of only 400 square miles. The Asian city-nation state is host to a tourism industry that attracted approximately 7.2 million overnight visitors in 1997. The Singapore tourism industry recorded a substantial decline in 1998 due, in part, to the Asian economic downturn. The Singapore Tourism Board (STB) reported that 1998 visitor arrivals decreased 13.3% to 6.2 million. Expenditures per visitor increased by 8% to S$712 ($1 US = approx $1.75 Sing), and average length of stay increased 5% to 3.42 days in 1998. Tourism arrivals in the first 6 months of 1999 increased by 8.9% compared to the same period in 1998. An increase of 500,000 visitors to 6.7 million was forecast for the entire 1999 year (Khalik, 1999). The increase carried over into the year 2000 when a new record of 7.6 million visitors arrived in Singapore (Boo, 2001). The goal for 2002 was an ambitious 8 million visitors.

Singapore was the fifth ranked Convention City in the world by the Belgium-based Union des Association Internationales (UAI) in 2000. UAI also ranked Singapore as the number one meeting place in Asia for the 17th successive year (Singapore Exhibition and Convention Bureau, 2000). Regional competitors now realize how much revenue the MICE sector could generate. The number of MICE facilities in the Asia-Pacific region is increasing and many current facilities are upgrading.

Service Quality

Service Quality is defined as the extent of discrepancy between the customers' expectations of the service and their perceptions of the service received. Customers' expectations are the beliefs or attitudes that customers have about a service before trying the service. There are five levels of customers' expectations: *ideal service level; desired service level; adequate service level; zone of tolerance and predicted service level* (Parasuraman et al, 1985a).

Perception service level refers to what customers perceive the level of service provided to be after 'using' the service. The difference between customers' expected (E) and perceived quality (P) is known as service quality -- SQ = P - E. *The Gaps Model of Service Quality* provides insights into the delivery of quality service (Parasuraman et al, 1985b). A test instrument known as the SERVQUAL Model is often used to measure service quality, (Parasuraman et al, 1985c).

The SERVQUAL model consists of five dimensions:

- **Reliability:** Ability to perform the promised service dependably and accurately.
- **Assurance:** Knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Tangibles:** Physical facilities, equipment, and appearance of personnel.
- **Empathy:** Caring, individualized attention the firm provides to its customers.
- **Responsiveness:** Willingness to help customers and provide prompt service.

Many research studies have profiled MCE location attributes valued by meeting planners and respondents (Oppermann, 1996). Overall results suggest that human elements may often be of greater importance than physical attributes of meeting facilities. The present study examined:

- the perceived level of Singapore MCE services' quality,
- service quality dimensions that were important to MCE respondents,
- service quality dimensions that MCE respondents were satisfied with, and,
- relevant recommendations based on the project's findings.

This study examined both the activity and commodity aspects of service quality for meeting facilities.

METHODS

A self-administered survey instrument was used for this study. The questionnaire had three different sections, A, B and C. The research team made use of the SERVQUAL scale, developed by *Parasuraman et al* (1988) as a primary source of reference. The original survey instrument was modified and several additional MCE related questions were added for this study.

A total of 21 service quality attributes of a MCE facility were surveyed in the first section of the questionnaire. These attributes covered the five dimensions of service quality: *Reliability*, *Responsiveness*, *Assurance*, *Empathy* and *Tangibility*. A sixth dimension of *Locality* was added for the relevance of this study. *Locality* represents the proximity of the facility from the airport, central business districts and major shopping centers. A five point Likert scale was used to rate how important a particular attribute was and the performance of the facility for the same attribute.

Section B required respondents to rate Singapore's performance as an overall MCE destination. The section ended by requesting recommendations on how Singapore could improve products and services to the MCE market. Section C provided the demographic characteristics of respondents.

The survey population was comprised of respondents attending MCE events in Singapore. A pilot study of the questionnaire was pre-tested on a random sample of 35 respondents. A total sample size of 350 usable responses was then collected from respondents utilizing Singapore's four main MCE facilities: the Singapore Expo, the Singapore International Convention & Exhibition Center, the World Trade Center and various Hotels. Attributes that had significant service gaps between the respondents' desired level and the actual level of service quality in MCE facilities in Singapore were identified using one-way ANOVAs and paired samples tests.

RESULTS AND DISCUSSION

The majority of respondents arrived from Asia and Middle East regions (42.9%). Singaporean respondents formed close to a third of the total respondents surveyed (28.6%). More than half the respondents were attending MCE events in Singapore for either the first or second time (53.8%). Approximately two thirds of respondents were within the age group of 26 to 40 years old. Most respondents had personal monthly income of between US$4001 to US$6000 (44.6%).

A third of respondents (32.9%) were from the Information Technology sector, the largest group of respondents. The second largest group was from the Business and Finance sector (28.3%) followed by the Engineering sector (13.7%). Approximately 90% of overseas respondents indicated a general desire to return back to Singapore for business, MCE events and leisure purposes.

Performance of Singapore as a MCE Destination

Respondents were asked to rate how well they graded Singapore as a MCE destination (Table 1). This section is rated from 1 to 5, with 1 denoting *Strongly Disagree*, 2 *Disagree*, 3 *Neutral*, 4 *Agree*, and 5 *Strongly Agree*.

Table 1: Performance of Singapore as a MCE Destination

Factors	Mean Score	Factor Group	Std. Deviation	Rank
1. Singapore has excellent air transport access to support MCE activities.	4.5629	1	0.6106	1
2. Singapore has an excellent ground transport network to support MCE activities.	4.5286	1	0.6224	2
3. Singapore has an excellent overall environment to conduct MCE activities.	4.2343	2	0.5932	3
4. Singapore has favourable weather for MCE activities.	4.1657	2	0.6112	4
5. Singapore has excellent attractions for MCE participants.	4.1000	2	0.6597	5
6. The service quality of Singapore's MCE industry is excellent.	4.0171	2	0.7858	6

Mean Legend: 1=*Strongly Disagree*, 2=*Disagree*, 3= *Neutral*, 4=*Agree*, 5=*Strongly Agree*.

To examine the relative importance of the factors, one-way ANOVA was used to test for equal importance among factors. A p-value of 0.000 indicated that there were significant differences in the mean importance among the factors. Bonferroni's multiple comparison was then used to identify particular factors that performed significantly better than others. Two distinct groups were identified, with group 1 consisting of factor 1 (*Singapore has excellent air transport*), and factor 2 (*Singapore has excellent ground transport*) performing significantly better than group 2 consisting of the remaining 4 factors: *(Singapore has an excellent meeting environment, Singapore has favorable weather, Singapore has excellent attractions, and, Singapore service quality is excellent*).

Importance of General Service Attributes

Delegate respondents were asked to rate the importance of specific questions pertaining to the Singapore MCE service experience. The rating scale used was from 1 to 5, with 1 denoting *Strongly Disagree*, 2 *Disagree*, 3 *Neutral*, 4 *Agree*, and 5 *Strongly Agree*. The results were then further collated into six general attributes and the mean score and standard deviation were derived for each attribute. To examine the relative importance of the general service attributes, one-way ANOVA was used to test if all attributes were of equal importance. Table 2 summarized the grouping of the attributes based on data collected from respondents.

A p-value of 0.000 indicated that there were significant differences in the mean importance among attributes. Respondents found that attributes under *Responsiveness* and *Assurance* were more important than the other four factors: *Empathy, Locality, Reliability, and Tangibles.*

Table 2: Importance of General Service Attributes

General Service Attributes	Mean Importance	Group
1. Responsiveness	4.4581	1
2. Assurance	4.419	1
3. Empathy	4.3086	2
4. Locality	4.2986	2
5. Reliability	4.2843	2
6. Tangibles	4.2720	2

Mean Legend: 1=*Strongly Disagree*, 2=*Disagree*, 3= *Neutral*, 4=*Agree*, 5=*Strongly Agree*.

Satisfaction of General Service Attributes

Using the same rating scale as the importance elements, respondents were again requested to rate specific questions based on how satisfied they were with the service quality of local MCE facilities. Results for individual questions were then collated into the six general attributes and the mean score was derived for each of the attributes. One-way ANOVA was used to test if respondents were equally satisfied with all the general attributes (Table 3).

Table 3: Satisfaction of General Service Attributes

General Service Attributes	Mean Satisfaction	Group
A. Tangibles	4.3069	1
B. Locality	4.2033	1
C. Assurance	4.1762	2
D. Reliability	4.0914	2
E. Responsiveness	3.9867	2
F. Empathy	3.9743	2

Mean Legend: 1=*Strongly Disagree*, 2=*Disagree*, 3= *Neutral*, 4=*Agree*, 5=*Strongly Agree*.

A p-value of 0.000 indicated that there were significant differences in the mean satisfaction level among all the attributes. Bonferroni's multiple comparison was used to identify the attributes that respondents were significantly more satisfied with compared to others. There were again two distinct groups in terms of satisfaction. Respondents rated their experiences with group 1 (consisting of attributes *Tangibles* and *Locality*) as being significantly more satisfying than group 2 (consisting of the other four attributes: *Assurance*, *Reliability*, *Responsiveness*, and *Empathy*).

Attribute Ranking Summary

Respondents were generally easier to satisfy in the attributes viewed as less important. Respondents were more critical and demanding in attributes they viewed as very important. This was evident as respondents' rated importance of *Responsiveness* and *Empathy* very highly, but believed that the performance of these attributes was unsatisfactory. Results from the Satisfaction elements revealed that *Tangibles* and *Locality* attributes were considered highly satisfactory. However, these attributes are also the easiest to emulate and therefore offer little competitive strength for local MCE facilities compared to other facilities worldwide.

Gaps between Desired and Actual Level of General Service Attributes

Paired samples test was employed to derive the difference in means between the importance (desired) and satisfaction (actual) level for each of the six general attributes. The hypotheses were tested at 95% level of confidence (α=5%) for all six attributes. The aim of the test was to validate the null hypotheses to confirm that there were significant differences between the importance and satisfaction levels for each attribute. Results with p-values less than 0.05 were deemed significant and the means of difference were ranked to determine which attributes had a greater gap (Table 4).

Table 4: Difference between Importance and Satisfaction of Service Attributes

	Paired Differences (Importance – Satisfaction)				
Attribute	Mean	Std. Error	t-test	p-value	Rank
Responsiveness	0.4714	1.0966	8.043	0.000	1
Empathy	0.3343	0.6328	9.883	0.000	2
Assurance	0.2429	0.6132	7.409	0.000	3
Reliability	0.1929	0.6170	5.848	0.000	4
Locality	9.524E-02	0.4464	3.991	0.000	5
Tangibles	-3.49E-02	0.4647	-1.403	0.161	*

*Tangibles were not ranked as results showed that the mean difference was not significantly different.

There was a significant difference in the mean of importance versus satisfaction for five of the six attributes. As *Tangibles* generated a p-value of 0.161 (> 0.05), the result was not significant and would not be considered in further analysis. The mean difference was calculated based on mean of *Importance* minus the corresponding mean of *Satisfaction*. A positive mean of difference refers to the attribute having more *Importance* than *Satisfaction*. A positive mean difference indicates the existence of a service quality gap.

When ranked according to the service quality gap, *Responsiveness* was ranked first followed by *Empathy*, *Assurance*, *Reliability* and *Locality*. *Locality* had the least gap and therefore should have less focus compared to the rest. *Responsiveness* factors should be managed first as they had the greatest difference between the desired level versus the actual level. *Responsiveness* also had the widest range of scores from respondents with a standard deviation of 1.0966.

CONCLUSIONS AND RECOMMENDATIONS

Respondents and organizers were very satisfied with the *hardware* aspect of the MCE industry in Singapore. Factors that Singapore's MCE facilities exceeded expectations were primarily in the *Tangibility* and *Locality* dimensions. Singapore's main strength in the MCE industry was excellent hardware components. However, other countries in the Asia Pacific region are improving their infrastructure to tap into this lucrative industry. Malaysia, Hong Kong, Thailand and Australia have stepped up efforts to improve MCE facilities. Hardware components can be easily emulated. A competitive edge can only be maintained if a country also emphasizes *software* components.

Singapore is lacking in *software* components, namely service quality. This was also supported with prior research done by Hinkin and Tracey (1998) who found human contact was a critical determinant of customer satisfaction. Service quality deficiency was ranked second by organizers and first by respondents when respondents were asked to evaluate Singapore's performance as a MCE destination. Service quality was divided into six dimensions in this study and respondents viewed the <u>importance</u> of the dimensions for *Responsiveness* and *Assurance* as being significantly more important. This is contrary to research done by *Parasuraman et al* (1988), which found that *Reliability* has been consistently shown to be the most important dimension among American customers.

Delegate respondents found the <u>performance</u> of the attributes *Assurance*, *Reliability*, *Responsiveness* and *Empathy* to be significantly unsatisfactory. The resulting gap between importance and satisfaction levels of both organizers and respondents showed *Responsiveness* having the largest gap. Singapore is under-performing in the area of service quality, as evidenced by the existence of service dimension gaps. The Singapore MCE industry can attain better service quality ratings by closing these gaps. This study supports that human elements have greater importance to the service delivery process than physical attributes, similar to findings in previous studies by Oppermann (1996), and Hinkin and Tracey (1998). Service quality is one aspect that requires immediate improvement.

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MARKET PROFILING OF U.S. INBOUND GAMING VISITORS TO CANADA

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ABSTRACT

This conceptual paper is based on results from the Travel and Activities and Motivation Survey commissioned by an association of Canadian tourism ministries and tourism organizations. The results profiled U.S. respondents (n = 6,405) to gauge their receptivity to casino gaming travel experiences to Canada. Almost half (47%) of respondents had at least a moderate interest in casino gambling. The likelihood that a trip would be taken to Canada over the next two years increased from 35% among those with low interest in casino gambling to 44% among those who were Casino Gambling Enthusiasts.

Keywords: Casino Gaming, U.S. Market Profiling, Canada, Tourism

INTRODUCTION

The World Tourism Organization (WTO) ranked Canada ninth on the list of the world's top 15 destination countries in 2001 (World Tourism Organization, 2003). Tourism spending in Canada reached $54.6 billion in 2001, a 0.9% increase compared to 2000 (*$1.45 Canadian = $1.00 U.S.*). Canadians accounted for 70% or $38.4 billion of this total, while foreigners spent $16.2 billion or 30%. Total Tourism Gross Domestic Product (GDP) reached $22 billion in 2001, or 2.3% of Canada's GDP. Foreigners made 19.6 million overnight trips to Canada in 2001, a 0.1% increase compared to 2000 (Canadian Tourism Commission, 2003).

The Canadian tourism industry and all levels of Canadian government have considerable concern with Canada's travel trade deficit. Canada's 2001 international travel account deficit was $1.3 billion. Americans took 15.6 million trips, or 2.5% additional trips to Canada compared to an 8.1% decrease by overseas residents in 2001. Total United States (U.S.) visitor spending in Canada was $10.2 billion in 2001. Canadian's, with a population approximately 1/10 that of the U.S., spent approximately $1/2 billion more traveling in the U.S. than U.S. visitor's reciprocated with travel to Canada (Canadian Tourism Commission, 2003).

Canadian governments at all levels have embraced the concept of casinos and gaming as one strategy to lure additional U.S. travel expenditures to Canada. Federal and Provincial governments restricted most forms of legalized gaming in Canada until the 1960s. Allowable exemptions were mostly horse and dog racing (Fitz and MacLaurin, 2002).

Economic planners began to notice significant Canadian outbound gaming tourism and related revenue flows. Parallel to this awareness was growing interest in home-based gaming facilities. The most important criteria was the federal and provincial governments' recognition of the substantial economic benefit that casino development and operation could bring to the "have and have not" provinces within Canada (Fitz and MacLaurin, 2002).

Federal and provincial government policy objectives for Canadian casino developments have focused on job creation, revenue creation, and new domestic inbound and outbound international tourism, particularly from the U.S. Additional benefits have been community and new tourism industry developments all flowing from the economic multipliers. Predominant U.S./Canadian border areas such as Ontario's Niagara Falls and Windsor were strategically targeted for development of large-scale casino facilities. These facilities have also resulted in a gradual slowing of the outbound flow of Canadian gamblers and their currency into the U.S. (Fitz and MacLaurin, 2002).

The federal government legalized Canadian casino gaming in 1969. The policy dictated that only provinces or nonprofit organizations could initiate gaming initiatives. Gaming was initially restricted to table games, but in recent years video lottery terminals and slot machines have been added as legitimate gaming devices. The provinces regulate the number, licensing and definitive (temporary or permanent) status of casinos (Rudd and Marshall, 2000).

The operation and management of Canadian casinos is distinctly different from Las Vegas style gaming. Of special significance is charitable gaming. Non-profit organizations are issued with a time restricted casino license for fund-raising purposes. Private companies on management contracts operate these casinos. Another unique aspect of Canadian casino development has been the establishment of First Nations' Casinos, initially in the provinces of Saskatchewan and Manitoba. The focus is economic development to the respective First Nations tribe's people through employment and community development. In Ontario and Québec, casinos are owned by the provincial governments through public companies and managed by private companies or consortiums of the same (Rudd and Marshall, 2000).

Net revenue from government operated lotteries, video lottery terminals (VLTs) and casinos reached more than \$10.7 billion in 2001 from \$2.7 billion in 1992 (Statistics Canada, 2002). That's approximately a four-fold increase. Of this \$10.7 billion, \$6.0 billion was profit (Statistics Canada, 2002). Net revenue from pari-mutuel betting (horse racing) dropped from \$530 million to \$440 million between 1992 and 2000. During 2000, lotteries accounted for 30% of all net non-charity gambling revenue, casinos 32%, and VLTs 25% and slot machines outside casinos 13% (Statistics Canada, 2002).

The purpose of this paper is to examine the interest in of casino gambling and related tourism activities by U.S. visitors to Canada and discuss the ramifications for Canadian tourism ministries and operators.

METHODS

Results for this paper were obtained from a larger research project*: Travel Activities and Motivations Survey* (TAMS) (Lang Research, 2001). An association of Canadian tourism ministries and tourism organizations commissioned the TAMS research. The research investigated travel patterns and motivational factors affecting U.S. visitors to Canada. It included a qualifying telephone survey that was followed by participants completing a mail back survey. Participants were randomly selected from U.S. households. Participants were limited to those who had traveled in the past two years, or expressed interest in travel within the next two years. A total of 6,405 (26.0%) U.S. respondents completed and returned the mailed questionnaire (Lang Research Inc. 2001).

The TAMS mail back survey contained three questions about casino gambling that were used to construct an overall *Casino Gambling Interest Index*. The three questions were:

- How often the participants had visited casinos during the past two years while not traveling: *frequently, occasionally, rarely, or not at all.*
- Whether a casino gambling vacation experience had been sought during the past two years.
- Whether the respondent had visited a casino and gambled while traveling in the past two years (Lang Research, 2001).

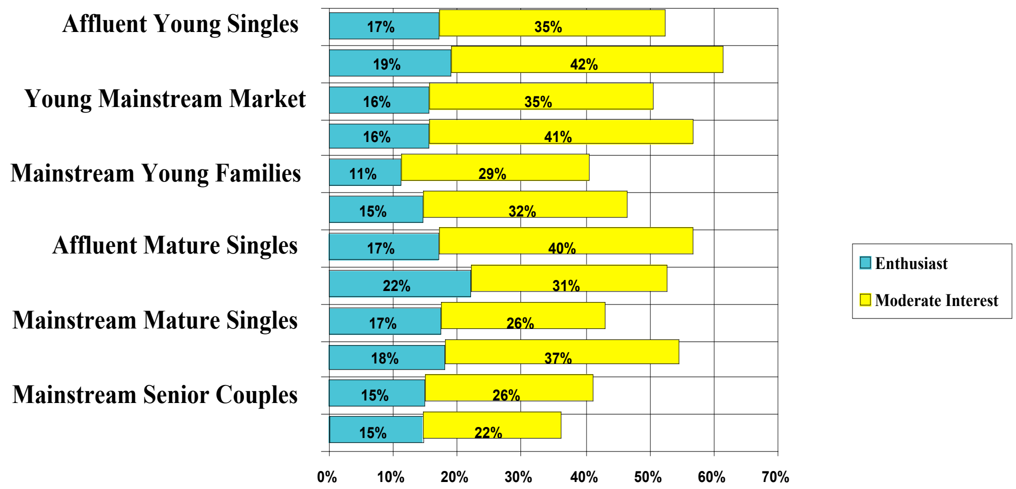
Responses to the first question (*frequency of visitation*) were converted into a four-point scale where *Not at all* was set to 0, *Rarely* was set to 1, *Occasionally* was set to 2, and *Frequently* was set to 3. Question two consisted of two item variables that asked whether or not the respondent visited a casino to gamble during the past two years while traveling were converted into binary variables where 0 was *Did Not Visit a Casino to Gamble*, and 1 was *Did Visit a Casino to Gamble*. The three items were summed to produce an overall score ranging from 0-5. This score was reduced to 3 levels as follows: a score of 0 was set to *Low Interest*, a score between 1-3 was set to *Moderate Interest*, and a score between 4 and 5 was set to *Enthusiast* (Lang Research, 2001).

The scoring allocated those respondents who had *Frequently Visited a Casino While Not Traveling* or to have sought out a casino vacation experience or to have visited a casino and gambled while on a trip during the past two years as a *Casino Gambling Enthusiast*. Those who occasionally visited a casino while not traveling to have both sought out a casino gambling vacation experience, as well as visited a casino to gamble at least once while on a trip during the past two years were also included as *Casino Gambling Enthusiasts*. Those who had never visited a casino were considered to have a *Low Interest* while all others were classified as having a *Moderate Interest* in casino gambling.

RESULTS AND DISCUSSION

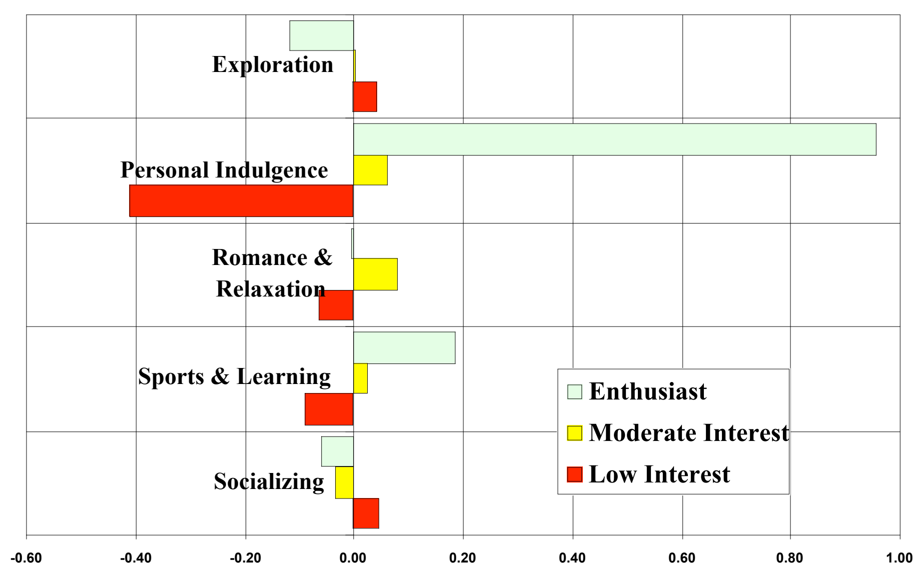
Approximately one-third (31.9%) of U.S. respondents were classified as *Moderate Interest* in gambling visitors. The majority (61.8%) of respondents was classified as *Low Interest*, and only 6.3% were classified as *Casino Gambling Enthusiasts.* Males were more likely than females to exhibit and interest in casino gambling. Those with advanced degrees exhibited a greater interest in casino gambling. The level of interest in casino gambling tended to increase as household income increased and was highest among young couples and mature couples (Langs Research, 2001). The primary U.S. target market desired for Canadian casino gambling can be described as affluent young couples, families, mature singles, and mature and senior couples (Table 1) (Langs Research, 2001).

Table 1: Percent of Adults Planning to Visit a Casino While Traveling and Not Traveling



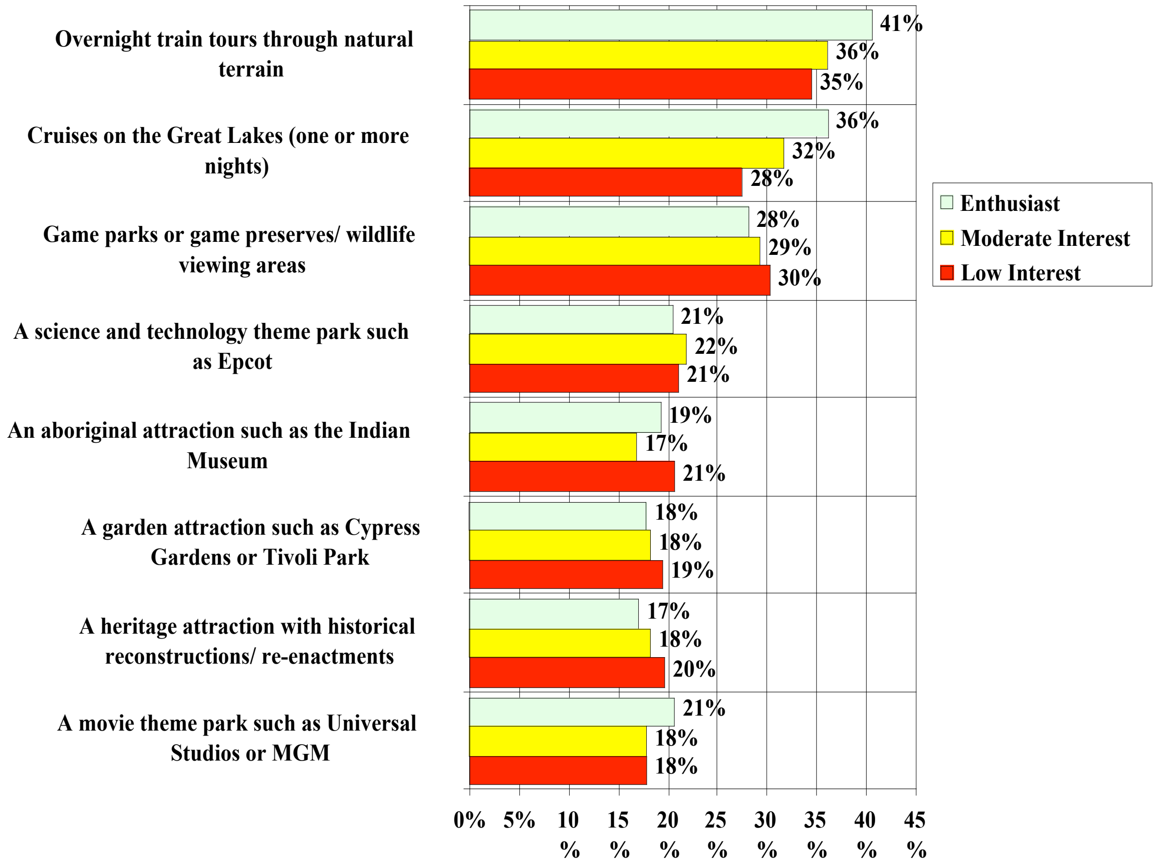
Casino gambling enthusiasts were more likely to seek out vacation experiences associated with personal indulgence. This would include *experiencing the good life, visiting a casino, experiencing city life*, and *nightlife*. They were somewhat more likely to have pursued sports and learning vacation experiences such as participating in a *hobby* or *sport*. Marketing materials designed to promote casino gambling related tourism should emphasize the opportunities for entertainment and personal intelligence offered by the overall destination (Table 2) (Langs Research, 2001).

Table 2: General Vacation Experiences Sought during Pleasure Travel in the past Two Years



Participants were asked whether new tourism attractions would make them a lot more interested in taking a trip to Ontario Canada (Table 3) (Langs Research, 2001).

Table 3: Interest in New Tourism Products by Interest in Casino Gambling



Among the more popular tourism attractions, *Casino Gambling Enthusiasts* expressed increased interest in an overnight train tour through natural terrain or a Great Lakes cruise. Those with *Moderate Interest* in casino gambling also exhibited increased interest in Great Lakes cruises, but to a lesser degree than the *Casino Gambling Enthusiasts* (Table 3) (Langs Research, 2001).

CONCLUSIONS AND RECOMMENDATIONS

Approximately half (47.3%) of U.S. travelers have at least a *Moderate Interest* in casino gambling. This may reflect, in part, that there are a greater number of casinos in U.S. than in Canada. Familiarization with the casino product may already be evident. The level of interest in casino gambling was greatest among the affluent. The likelihood that a trip will be taken to Canada over the next two years increased from 35% among those with low interest in casino gambling to 44% among those who are *Casino Gambling Enthusiasts. The Enthusiasts* were more likely to have sought out vacation experiences associated with *personal indulgence* and *the good life*. They were also more likely to have pursued *sports* and *learning vacation* experiences such as *hobbies*. Marketing materials designed to promote casino gambling related tourism should emphasize the opportunities for *entertainment* and *personal indulgence* offered by the destination.

Individuals who have an interest in casino gambling were more likely to be activated outdoor activities while traveling. This was especially apparent among *Casino Gambling Enthusiasts*, who tended to be more affluent and hence more active in outdoor activities while traveling. *Casino Gambling Enthusiasts* were especially likely to be interested in *fishing, golfing, water sports* and *team sports.* Providing opportunities to participate in these activities as part of casino gambling tourism packages may be especially effective, particularly for affluent travelers.

As expected, *Casino Gambling Enthusiasts* were more likely to have visited a racetrack. *Casino Gambling Enthusiasts* also frequently attended *sports events* and enjoyed *shopping/dining*. Combining casino gambling with opportunities or to *dine/shop* may be particularly appealing to *Casino Gambling Enthusiasts*.

For new tourism products, *Casino Gambling Enthusiasts* were most interested in *train trips through natural terrain, Great Lakes cruises, wine tours* and *cultural festivals*. *Casino Gambling Enthusiasts* may be responsive to tourism packages that combine casino gambling with these types of events and tours. *Casino Gambling Enthusiasts* were also relatively heavy viewers of professional sports on television, and daytime television. These may be the most efficient media channels to reach this audience.

Canadian casino and gaming industry revenues increased by approximately 400% in the past decade. Continued growth and maturity of this industry would suggest that casino and gaming industry operators and related tourism product suppliers should focus on increased depth and breadth of complementary products and services. This strategy would allow tourism operators to leverage the considerable demand for complementary products aimed at increasing the frequency and duration of casino and gaming related travel activity in Canada.

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A COMPARISON OF DINING HABIT PERCEPTIONS OF TRAVEL CENTER MANAGERS AND TRUCK DRIVERS

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ABSTRACT

This exploratory study utilizes quantitative techniques comparing travel center manager perceptions of dining preferences and quality perceptions with their customers preferred dining habits. Also compared were preferred dining establishment qualities including suggestions for improvements, favorite menu items/ area to dine, and reasons for stopping. Travel centers produce an estimated $42 billion revenue and are one of the fastest growing segments of the foodservice industry. In addition to providing information to the travel center industry, an additional purpose of this article is to feat section of the industry that could provide opportunity and employment for hospitality program graduates

Key Words: Foodservice, travelcenter, truckstop, dining preferences, menus.

INTRODUCTION

Travel centers or travel plazas (until recently referred to as truckstops) produce an estimated $42 billion dollars in revenue and are one of the fastest growing segments of the foodservice industry (NATSO Report 2002). Anyone traveling on the interstate system of highways in the United States is exposed to the choices provided by these travel centers. These often, mammoth travel centers/plazas provide a wide variety of dining choices. Many now include branded fast food items, casual dining restaurants, home-style cooking, soup and salad bars, ice cream, submarine sandwiches and elaborate buffets. The purpose of this exploratory study is to compare perceptions of dining preferences and quality of trucker patrons and managers of the foodservice operations serving them. It is hoped this information will be helpful to the industry as well as spotlight a section of the industry that could provide opportunity and employment for hospitality program graduates.

Mega stations featuring multi-branded food outlets are replacing traditional independent travel centers specializing in home-style meals (Pringle, 1999). Professional truck drivers account for the greatest share of the restaurant business (57%) and the majority of travel centers (60%) providing designated separate seating sections for this important segment of their business. The travel center industry is changing rapidly (Cullen, 2001). Today over half (51%) of all travel center restaurants feature branded fast food and 15% feature multi-outlet food courts (NATSO 2002). This is a response to the new breed of trucker who demands quality and variety (Mariani 2001). Centers that failed to adapt to these changes found it difficult to compete and thus the industry has experienced consolidation with fewer stations operating every year (Staff NPS, 2001).

The pressure of competition and the consolidation in the industry has produced major changes in the industry. While cleanliness and convenience was the key attributes targeted by major players in the industry in the 1980-s and early 90's, other attributes have recently come into play. For example the major travel center operators (Flying J, Truckstops/travel centers of America, Williams, PETCO, Loves) all stress the importance of quality food, facility and service delivered with up-to-date technology in their advertising and on their web sites. The companies are all adapting to dramatic changes in the industry and expanding market share with the addition of new units that include a variety of branded fast food outlets. Yet at the same time, they are still holding on to their "comfort food" concepts serving home-style meals. This study is an attempt to understand the effect these decisions may eventually have on the travel center marketplace by studying the perceptions of the participants in the consumer decision process.

As mentioned previously, the primary customer of the travel center is the independent truck operator or truck driver. The major operators have made marketing decisions that have dramatically altered the dining experiences of these primary customers. This exploratory study was conceived to provide information comparing travel center manager's perceptions of dining preferences and quality perceptions with their customers reported opinion of the same. With the many changes occurring at travel centers and the expanding dining options being offered, this exploratory study was planned to examine how well the travel centers are meeting the needs of their customers.

Methodology

The sample of truckers and managers was a convenience sample surveyed at 14 travel centers in Southern New Mexico and West Texas. Researchers visited travel centers and asked truckers to participate. Researchers recorded responses. Five hundred approaches yielded 104 usable responses for a response rate of 20.8%. The manager sample consisted of managers of the same travel centers. One hundred surveys were distributed with 42 responses (42%).

The survey was developed and pre-tested on a focus group of 10 truckers and 4 managers in Southern New Mexico. The survey consisted of Likert-type questions, ranking questions, yes/no questions, and demographic questions. Minor changes were made to the manager survey to change the focus from trucker response to manager response. Likert-type questions asked respondents to declare their dining tendencies. Questions were phrased "do you prefer _________?" The categories were quick service food, order off the menu, buffet, healthier foods, or hearty foods. Four responses were listed ranging from always, sometimes, never and other (please specify). The yes/no questions asked respondents if their expectations were met and if everyone in the party found an item on the menu to their liking.

The data were analyzed using frequencies and percentages. Descriptive statistics were used and frequencies analyzed using SAS (SAS, 1999). For selected variables, response distributions of managers were compared to response distributions of truckers using a chi-square test. For individual items, numbers of respondents may vary slightly from stated sample sizes due to item non-response. Statistical significance was defined at $p \leq 0.05$.

RESULTS

While lunch was the least important meal for truckers, managers ranked it most important Ninety-three percent of trucker patrons overwhelmingly responded that their expectations were being met, often exceeded or always exceeded by their current travel center choice. Ninety percent of the managers reported the same. Truckers also responded that 98% of the time everyone in their party was able to find an item on the menu that pleased them. Managers, in a somewhat different question, reported customers would rate their menus generally satisfactory or very satisfactory 65% of the time. This might be due to the fact that managers probably remember the complaints more than the compliments.

Food Preferences

Table 1 summarizes responses of managers and truckers to five food preference items. Respondents were asked about either their own (truckers) or their customers' (managers) preferences for quick service food, ordering from the menu, eating from the buffet, healthy foods, and hearty foods. Response categories were always, sometimes, and never. One manager answered 'other' to several items and this response was not included in the reported analyses. Not surprisingly, most respondents indicated the middle range 'sometimes' to most of these food preference items. However, significant differences existed among the managers' and truckers' response distributions. In particular, perceptions of managers differed significantly from reported preferences of truck drivers on quick service foods ($p=0.0031$), ordering from menu ($p=0.0110$) and healthier foods ($p<0.0001$). In general, these differences arise because managers tend to respond 'sometimes' a higher percentage of the time.

Of the managers, 75.0% indicated that sometimes their customers preferred quick service food. Only 7.5% indicated that their customers never preferred quick service food. On the other hand, 35.3% of truckers indicated that they never prefer quick service food, 49.0% responded sometimes, and 15.7% responded always. Most managers (70.7%) reported that sometimes their customers preferred to order off the menu and 19.5% reported that their customers always preferred to order off the menu. However, only 43.1 % of truckers responded sometimes and 41.2% indicated they always preferred to order off the menu.

While most managers (70.7%) indicated that their customers sometimes prefer healthier foods, most truckers (52.0%) claimed they always prefer healthier foods. Responses of truckers and managers differ further in that 26.8% of managers claim that their customers never prefer healthier foods while 8.8% of the truckers reported that they never prefer healthier foods. Responses of managers and truckers to preferences for buffets and preferences for hearty foods did not differ significantly. In particular, response distributions to the buffet item were very similar with around 67 or 68% of both managers and truckers indicating sometimes in response to this item. Also most managers reported that their patrons either always or sometimes preferred hearty foods (87.5%) and most truck drivers (75.5%) also reported that they either sometimes or always preferred hearty foods.

Table 1: Food Preferences - Do you/ your patrons prefer....?

	Response						
	Managers (n=42)			Truckers (n=102)			
Item	Always	Sometimes	Never	Always	Sometimes	Never	P-Value
Quick service food	17.5%	75.0%	7.5%	15.4	49.0%	35.3%	0.0031
Ordering from menu	19.5%	70.7%	9.8%	41.2%	43.1%	15.7%	0.0110
Eating from buffet	13.2%	68.4%	18.4%	11.8%	66.7%	21.6%	0.9097
Healthy foods	2.4%	70.7%	26.8%	52.0%	39.2%	8.8%	<0.0001
Hearty foods	22.5%	65.0%	12.5%	26.5%	49.0%	24.5%	0.1728

* Effective sample sizes vary slightly due to item no response and response of "other." Response of "other" set to missing and only responses of "always," "sometimes" and "never" are compared. Actual effective sample sizes ranged from 38 to 41 for managers.

Decision Factors in Selecting a Truck Stop

Respondents were given a list of 10 items and asked to indicate which of these were considerations when choosing a place to eat (Table 2). The percentage of managers and percentage of truck drivers indicating company preferred truck stop was a factor in choosing a place to eat were not significantly different. Both percentages were around 38%. Similarly, percentages of managers and truck drivers identifying driver-preferred truck stop, menu/food quality, home cooked food, and fuel-price as considerations did not differ significantly. However, a significantly higher percentage of managers responded affirmatively to the remaining five items. A majority (90.5 %) of managers cited that service influenced dining establishment choice while only 35.3% of truckers indicated being influenced by service ($p<0.0001$). Similarly, 76.2 % of managers versus only 42.2 % of truck drivers indicated that convenience was a factor in choosing a place to eat ($p=0.0002$). While a majority of managers (66.7%) believe showers influence dining establishment selection, a meager 5.9% of truck drivers reported that showers influence dining decisions ($p<0.0001$). Similarly, a majority of managers (69.1%) believe that overall cleanliness of truck stop influences dining establishment selection. This percentage is significantly different ($p<0.0001$) from the 12.8% of truck drivers that report overall cleanliness influences their decision. While only 16.7% of managers believe that discount coupons influence establishment choice, this percentage is significantly higher than the 2.9% of truckers that cite this as an influencing factor ($p=0.0032$).

Perhaps of as much interest as comparisons between managers and truck drivers, are comparisons between items within each of the two groups. The following list of factors is ordered according to percentages of managers citing the factor as affecting dining establishment decisions: service, convenience, overall cleanliness, showers, fuel price, menu/food quality, driver preferred truck stop, company preferred truck stop, home cooked food, and discount coupons. Of these, the first six items had 50% or more affirmative responses. The ordering of the items based on truck drivers' responses is vastly different. For truck drivers, the items ordered by percentage of affirmative responses is: fuel price, menu/food quality, convenience, driver preferred, company preferred, service, home cooked food, overall cleanliness, showers, and discount coupons. Only fuel price (67.7% of truck drivers) was identified as an influencing factor by more than 50% of truck drivers.

Table 2: Factors influencing dining establishment choice - When considering where to eat, do you/ your patrons choose based on?

Item	% of Yes responses M (n=42)	T (n=102)	P-Value
Company preferred stop	38.1% (8)	37.3% (4/5)	0.9246
Driver preferred stop	45.2% (7)	37.3% (4/5)	0.3733
Menu/ food quality	50.0% (6)	47.1% (2)	0.7481
Convenience	76.2% (2)	42.2% (3)	0.0002
Service	90.5% (1)	35.3% (6)	<0.0001
Discount coupons	16.7% (10)	2.9% (10)	0.0032
Home cooked food	23.8% (9)	18.6% (7)	0.4809
Fuel price	61.9% (5)	67.7% (1)	0.5086
Showers	66.7% (4)	5.9% (9)	<0.0001
Overall cleanliness	69.1% (3)	12.8% (8)	<0.0001

* Parenthetic numbers are rankings within sample. Eg. The highest % for managers gets a (1) etc.

Preferred Type of Service/Food/Location

Truckers indicated that buffet service was their favorite. The trucker and manager's favorite food responses were totaled and ranked listed in Table 3. Trucker top three favorites were buffet-style service, home-style cooking items, and burgers. None of the truckers responded that desserts were their favorites. " Give us great buffets with real food" was one of the comments. This was mirrored by other similar comments. One of the comments, "fresh not frozen" were especially interesting because they were all part of comments preferring home-style food. Of the 5 comments suggesting breakfast items, "steak and eggs" were listed as a favorite item in 3 comments. Mexican Food tied with sandwiches/subs with four responses. The final responses were salad and chicken with two responses each. None of the truckers listed dessert items as favorite menu items.

Managers on the other hand, overwhelmingly listed a variety of dessert items as the favorite menu item. Possibly truckers did not wish to admit they prefer desserts or saw them as snacks. Managers rated chicken second whether fried, roasted, baked, or grilled. This might be due to the fact that chicken is a dominant menu item due to its cost and versatility. The managers might have assumed that since it is on the menus frequently, it must be a trucker favorite or mentioned it because it is usually featured on buffets and is often prepared in a "home-style" method. Steak was the next favorite (not linked to breakfast) followed by home-style food and salads. Mexican food, ham, buffets, breakfast, seafood and sandwiches rounded out the responses.

Table 3: Categorized Qualitative Responses: Favorite Menu Items

Item	Truckers	Managers
	Response #	Response #
Buffet	12 (1)	3 (7)
Home Style	11 (2)	7 (4)
Burgers	7 (3)	6 (5-tie)
Steak	5 (4-tie)	8 (3)
Breakfast	5 (4-tie)	1 (8-tie)
Fresh not Frozen	5 (4-tie)	0 (9)
Mexican	4 (5-tie)	4 (6)
Sandwiches/Subs	4 (5-tie)	1 (9-tie)
Salads	2 (6-tie)	6 (5-tie)
Chicken	2 (-tie)	13 (2)
Ham	0 (6-tie)	3 (8-tie)
Seafood	0 (6-tie)	1
Dessert	0 (6-tie)	28 (1)

*Manager or Trucker Ranking ( )
Some Respondents listed more than one favorite menu item.
47 trucker respondents and 27 Manager respondents

DISCUSSION

The differences in trucker and manager responses to some questions may provide information on the trucker stopping decision. Survey results indicate that drivers often face a dilemma when making their stopping decision. Truckers might state that they never prefer fast food, but sometimes need to eat it anyway because they are pressed for time. It should be noted that the managers and truckers really are responding to different questions. The truckers are reporting their own personal preferences while managers are reporting on their perceptions of many customers' preferences. Consequently, it makes sense that most managers report sometimes for several customer preference items.

The most interesting differences was in the healthy food section. One of two things may be happening. First it is not clear that managers and truckers perceive the same foods to be healthy. Secondly, if perceptions of what's healthy are the same or similar, those almost 27% of managers who believe their customers never prefer healthy foods may be either catering to a narrow slice of the truckers that are out there or may ultimately lose market-share to those managers who are willing to find ways to cater to the healthy food preferences of truck drivers. Based on responses to this item and the healthy foods item, it is clear that truckers' do not perceive that eating hearty and eating healthy are mutually exclusive – nor should they be.

It is hoped that this exploratory study also provided food for thought for hospitality educators about a segment of our industry that could provide opportunities for their students. While the truckstop or travel center may not be an attractive career choice for many hospitality students, it is a growing industry with many job opportunities in a wide range of locations. This is an interesting business that will grow as it consolidates. It is also a business that does well when the leisure business is floundering due to a weak economy.

The factors that contribute to a trucker's decision-making process will become more important to travel centers as the competition continues to grow more intense. Fuel prices, company preferred truckstops and convenience are major factors contributing to the truckers decision process, quality of food, service and price value are the attributes that travel centers can use to bring truckers into their operations. A study of best practices of top travel centers might uncover how quality and value might improve travel centers market share.

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MEASURING FOOD SAFETY KNOWLEDGE AND ATTITUDES OF RESTAURANT EMPLOYEES

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ASTRACT

Food safety management poses a continual challenge for restaurants due to the risk of foodborne illness. This study assessed the food safety knowledge and attitudes of employees in fine dining and quick service restaurants, using an instrument from prior research on food safety. The study found that quick service restaurant employees had lower scores on their overall knowledge test than did fine dining employees. In addition, two groups differed in their knowledge and attitudes toward the critical control points of cooling and reheating. The results of this study are important for researchers and restaurant managers involved with food safety training.

Keywords: food safety, employee knowledge, employee attitudes, cooling/reheating, fine dining restaurants, quick service restaurants.

INTRODUCTION

The highly publicized incidents of foodborne illness over the past decade have increased public concern over safe food handling practices in commercial operations (Allen, 1994; Grover & Dausch, 2000). A 1997 consumer survey found that 38 percent of respondents worried about food poisoning; 52 percent felt that fast-food restaurants were not doing an adequate job of ensuring food safety; and 62 percent thought it safer to eat at home than at a restaurant (ABC News, 1997). The FDA (2001) estimates that 323,914 hospitalizations and 5,194 deaths are attributable each year to foodborne illness in the United States. Besides the risk to human health, foodborne illness inflicts considerable economic loss on the food service industry. According to the FDA (2001), the annual cost of foodborne illness in the United States exceeds 10 billion dollars per year, encompassing lost time, reduced productivity, medical expenses, and pain and suffering.

Food safety management poses unique challenges for the food service industry in the United States. Americans consume 1 billion commercially prepared meals per week (National Restaurant Association [NRA], 2000a). The food service labor force is less skilled, more diverse, and many foodservice employees come from countries with different or lower standards of food safety practices. The hiring of inexperienced teenagers (Milman, 1999), high staff turnover, some employees' limited ability to understand English (Walczak, 1997), and minimal safe food preparation skills emphasize the need for more food safety training (Zenk, 2002). Many employees and managers are often unaware of the dangers associated with improper food handling and substantial gaps can exist between food safety knowledge and the implementation of sanitation practices (Cohen, Reichel, & Schwartz, 2001).

Deficiencies in food safety knowledge and poor attitudes toward the importance of food safety can result in practices that increase the risk of foodborne illness. The FDA (2000) Retail Food Program Steering Committee collected data comprising 17,477 observations made by FDA inspectors in retail food facilities. This study found that 40 percent of the observations in full-service restaurants and 26 percent of the observations in fast-food restaurants violated the 1997 United States Food Code. Food held at improper temperatures or for wrong periods of time were the most frequent violations in both types of restaurants, followed by bare-hand contact with ready-to-eat food, improper hand-washing, and failure to clean and sanitize food contact utensils and surfaces. A number of researchers (Shapiro, Ackers, Lance, Rabbani, Schaeffer, Daugherty, Thelen, & Swerdlow, 1999; Manning & Snider, 1993; Manning, 1994, Worsfold, 1993; Smith & Shilliam, 2000) have found foodservice employees so deficient in food safety knowledge that it can result in food code violations. Dailey (2000) reports that an independent study found that 47 percent of back-of-the-house employees stated that they would not recommend eating where they worked.

THE RESTAURANT INDUSTRY

The NRA states that Americans dine out an average of four times per week (NRA, 2002a). Forty-six percent of all food dollars in the United States are now spent away from home (NRA, 2002b). When Americans dine out, they spend approximately $280 billion a year in restaurants of all types (Sturm, 2002).

This study focuses on the fine dining and quick service restaurant (QSR) segments because of their significance to the industry. Nearly half of all Americans eat fast food at least once a week (Liebman and Hurley, 2002). For 2002, sales for the QSR segment are projected to exceed $115 billion, which represents a 3.7 percent growth rate over the prior year (NRA, 2002b). Fine dining is a $10 billion per year market (Sturm, 2002). Thus, these two segments represent a large and important part of the restaurant industry.

The restaurant industry employs 11.3 million people, making it the nation's largest employer outside of the federal government ("Restaurant Industry Trends," 2000). Foodservice employees in a variety of work environments, including temporary eating establishments, hospitals, QSRs, grocery stores, full service restaurants and catering establishments, have been evaluated for their food safety knowledge, practices, attitudes, and responsiveness to food safety training (Walczak, 1997; Hart, Kendall, Smith & Taylor, 1996; Manning & Snider, 1993; Manning, 1994; Strivers, 1998; Cochran-Yantis, Belo, Giampaoli, McProud, Every, & Gans, 1996; Burch & Sawyer, 1991; Coleman, Griffith, & Botterill, 2000; Smith & Shilliam, 2000, Wolsford, 1993; Shapiro, et al., 1999). Minimal research, however, has focused on the safety knowledge and attitudes of workers in QSRs and fine dining restaurants. The purpose of this study is to assess and compare the food safety knowledge and attitudes toward food safety of employees working in fine dining and QSRs.

METHODOLOGY

A convenience sampling procedure was deemed appropriate for purposes of this study due to its low cost and to facilitate data collection. Thus, the sampling frame consisted of employees from eight fine dining restaurants and eighteen QSRs in a large city in southwestern United States. Fifty percent of the study participants were fine dining restaurant employees and 50 percent were QSR employees. The sample included full-time, part-time, and per-diem employees who worked in the front and back of the house. Managers and supervisors were not included in the sample.

Fine dining restaurants and QSRs were selected as the sampling frame because of the variation of characteristics between the two types of operations. For many young people, a QSR is their first place of employment (Muller & Campbell, 1995). A QSR has numerous part-time and limited skilled employees (Powers, 1992). However, in a fine dining restaurant, the chef and staff are usually highly trained, and are noted for giving personalized service (Ware & Rudnick, 1991). Therefore, owing to these distinct differences, employees of QSRs and fine dining establishments were included in the sampling frame.

The survey instrument used in this study was a questionnaire adapted from the work of Manning and Snider (1993) and Manning (1994). The same instrument was used in both of these studies in which Manning was the principal investigator. This research followed Manning's earlier studies in attempting to use a single questionnaire to measure food safety knowledge and attitudes of restaurant employees. Only minor modifications were made to Manning's original two-part instrument. The first part measured employee attitudes toward food safety practice with 14 five-point Likert scale questions. Likert scales are popular for measuring attitudes because they are simple to administer (Zikmund, 2000). The second part measured employee knowledge with 5 true/false and 5 multiple-choice questions about safe food handling practice. A final section of the survey contained eight demographic information questions.

After a pretest using students from a local university as participants, the questionnaire was distributed to the restaurant employees. One hundred and sixty three employees from eight fine dining restaurants and 18 quick service restaurants completed the survey. In reviewing the responses, 28 surveys were identified as being completed by managers rather than line employees; therefore, they were discarded. Five surveys were excluded from the analysis due to the fact that they contained missing data. Thus, the final sample consisted of 130 surveys, comprised of 65 respondents (50 percent) who worked in fine dining restaurants and 65 respondents (50 percent) who worked in QSRs.

Demographic information was summarized by frequency of response to provide a description of the sample responding to the survey. Paired t-tests were used to differentiate food safety knowledge and attitudes between fine dining and QSR employees. ANOVA was used to assess the relationship between demographic variables and food safety knowledge. MANOVA was used to assess the heterogeneity within demographic variables and food safety attitudes. All statistical analyses were performed with Minitab software (13.0), using a 95 percent significance level.

Exploratory factor analysis was performed on the dataset to identify distinct constructs among the variables that were contained in the survey instrument. A four-factor solution appeared to be the best fit for the dataset (Table 1), since the eigenvalues for these four factors were greater than 1.0. As shown in Table 1, the four factors were named "cross-contamination," "cooling/reheating," "home practice," and "safe handling practice". These items were based on the commonality of the items' characteristics. No variables were eliminated from the dataset during factor analysis.

Table 1: Factor Analysis - Rotated Component Matrix for Food Safety Attitudes

	Factor 1	Factor 2	Factor 3	Factor 4
	Cross-contamination	Cooling/Reheating	Home practice	Safe handling practice
Q1				.498
Q2	.612			
Q3				.633
Q4			.745	
Q5		.783		
Q6		.785		
Q7	.837			
Q8	.865			
Q9	.827			
Q10				.589
Q11	.847			
Q12			.775	
Q13			.638	
Q14		.729		

Extraction Method: Principal Component Analysis with Varimax Rotation; factor loadings of less than 0.45 omitted for ease of interpretation.

Each of the four resulting factors was transformed into an independent variable comprised of the variables contained in each factor by using a summated scale. Because this study is attempting to confirm Manning's studies, the measurement of reliability in this study was estimated by Cronbach's alpha value with 0.70 as a threshold (Nunally, 1978). Table 2 shows the results of the reliability analysis for the four resulting factors of food safety attitudes.

Table 2: Reliability for Food Safety Attitudes

	Cross-contamination	Cooling/ Reheating	Home practice	Safe handling practice
N of Cases	130	130	130	130
N of items	3	3	5	3
Cronbach's Alpha (α)	0.87	0.69	0.63	0.25

The results of reliability analysis showed that only two of the factors (cross-contamination and cooling/reheating) could be designated as having acceptable levels of reliability, following the Nunally (1978) standard. The factor representing home practice was of marginally acceptable reliability (alpha = 0.63), while the construct designated as safe handling practice had a very low level of reliability (alpha = 0.25).

The safe handling practice factor was comprised of three questions (Q1, Q3, Q10). These questions reflect attitudes concerning practices regarding temperature control and personal hygiene and are representative of home and institutional food handling practice. Since the questions apparently reflect more than one construct, the reliability for the safe handling practice factor is low. This result indicates that the questions in the safe handling practice section of the survey instrument should be revised before using this survey in future research. However, since Manning and Snider (1993) and Manning (1994) did not report the results of reliability testing on the survey instrument, the work in this area could not be confirmed.

RESULTS

A comparison of the food safety attitudes of fine dining and QSR employees is presented in Table 3. As shown in Table 3, fine dining restaurant employees had higher mean scores for three items in the food safety attitude section of the survey: cooling/reheating, cross-contamination, and home practice. Among these items, however, the only significant difference ($p<0.01$) occurred in employee attitudes toward cooling/reheating. The high p-values in the remaining three areas (i.e., $p=0.391$, $p=0.442$ and $p=1.000$) provide support for the assertion that no significant difference exists in the food safety attitudes toward cross-contamination, home practice, and safe handling practice between fine dining restaurant employees and QSR employees.

Table 3: Comparison of Food Safety Attitudes Between Fine Dining Restaurant and QSR Employees

Food safety attitude	Mean and Standard Deviation		t	Sig.
	Fine dining restaurant (n = respondents)	Quick service restaurant (n = respondents)		
Cross-Contamination	4.80 ± .45 (65)	4.71 ± .74 (65)	.86	.391
Cooling/Reheating	4.39 ± .66 (65)	3.83 ± 1.10 (65)	3.51	.001**
Home Practice	2.67 ± 1.09 (65)	2.50 ± 1.23 (65)	.77	.442
Safe Handling Practice	3.14 ± .84 (65)	3.14 ± .94 (65)	.000	1.000

* p<0.05, ** p<0.01

Food safety knowledge scores between fine dining and QSR employees were also compared. Fine dining restaurant employees had a higher mean score for each knowledge level area than did QSR employees. In order to examine whether the apparent difference between the two groups in food safety knowledge was significant, an overall composite knowledge score was developed for each group, based on an average of their correct responses to the food safety knowledge questions. The composite knowledge score for fine dining restaurant employees was 78 percent correct responses. By comparison, the composite knowledge score of QSR employees was 65 percent correct responses. As shown in Table 4, the difference in the food safety knowledge level between the two groups can be deemed significant ($p<0.00$) for purposes of this study. Finally, the results of ANOVA and MANOVA testing showed no significant difference between employees' demographic characteristics (independent of restaurant type) and their food safety knowledge or attitudes.

Table 4: T-test and Mean Values of Food Safety Knowledge Level Between Fine Dining Restaurant and QSR Employees

	Correct Answers % (N of respondents)		t	Sig.
	Fine dining restaurant	Quick service restaurant		
Food safety knowledge	77.9** (65)	65.7 (65)	4.50	.000*

*p<0.05, ** mean for answers

DISCUSSION

With regard to undertaking further research about this topic, the current study supported the use of the Manning and Snider (1993) and Manning (1994) survey instrument, with modifications, for examining employee attitudes and food safety knowledge. However, it was inconclusive in confirming Manning's prior work. Nevertheless, two key findings emanated from this study.

First, there was a significant difference in the level of food safety knowledge between fine dining and QSR employees. Fine dining employees demonstrated a better understanding of safe food handling practices in all categories (temperature control, cooling/reheating, cross contamination, and personal hygiene) than their counterparts in QSRs. Such a difference could be due to the variation in certain demographic factors between the two groups. For example, fine dining employees reported higher educational levels and more years of work experience than QSR employees. Employees with a longer work history should have experienced more food safety training. Higher educational levels should facilitate understanding and assimilating food safety knowledge and practices. Previous research has indicated that QSR employees, being younger, have had fewer life and work experiences that could contribute to their lower food safety knowledge (Hart, et al., 1996). Perhaps reflecting this situation, QSR managers report that training represents their greatest need relative to their operations (NRA, 2000b).

The second key finding from this study was that both groups showed the lowest number of correct responses to questions concerning cooling/reheating knowledge. Time-temperature abuse by failure to reheat food to temperatures that kill microorganisms and/or failure to cool food properly are common causes of foodborne illness (ServeSafe Essentials, 2002). Other researchers found similar results concerning cooling/reheating knowledge (Manning, 1994; Manning & Snider; 1993, Smith & Shilliam, 2000) and practices (Ali & Spencer, 1996; Bryan, 1988; FDA [2000], Wilson, Murray, Black, &McDowell, 1997; Shapiro, et al., 1999). The observed difference in knowledge regarding cooling/reheating may be partially attributed to restaurant type. For example, the food preparation process in QSRs does not focus on cooling/reheating, as items are served immediately or disposed of if not served within a specified time frame. Therefore, employees in QSRs may not have received training in cooling/reheating procedures. In fine dining restaurants, however, food may need to be cooled or reheated during a meal service period.

Since the study employed a convenience sampling procedure, the results cannot be generalized to the restaurant industry. Nevertheless, the above findings may have important implications for food service providers. Cooling and reheating are critical control points, especially if time and temperatures are not regulated (Setiabuhdi, Theis, & Norback, 1997). A lack of employee knowledge regarding safe food handling practices may predispose customers to an increased risk of foodborne illness. Training and verification of cooling/reheating knowledge are essential to maintaining a safe food environment for patrons and employees.

Food safety knowledge alone, however, does not necessarily lead to positive changes in food safety practices (Rennie, 1994). This study showed a significant difference in attitudes toward cooling/reheating between the fine dining and QSR employees. Although this result is similar to Manning's (1994) and Manning and Snider's (1993) studies, much more still needs to be investigated about the attitudes of food service employees towards cooling/reheating and other food safety issues, and the potential to influence safe food handling practices. Without a doubt, knowledgeable and motivated food service employees who follow proper food handling procedures are essential to preventing foodborne illness in the commercial restaurant sector.

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CUSTOMER LOYALTY IN THE LAS VEGAS CASINO INDUSTRY

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ABSTRACT

As the proliferation of casino gambling continues, casino customers have more choices. The casino industry should consider applying the new concepts of relationship marketing, which develops customer loyalty based on trust and benefits. This study empirically examined the relationships between loyalty construct, and its antecedents and consequences. Path analysis was applied to test all the one-tailed hypotheses at the .05 alpha level (n=192). Conceptual and theoretical implications are discussed. General implications for the casino managers are presented.

Key Words: customer loyalty, benefit, trust, partnership-like activities, casino industry.

INTRODUCTION

Customer loyalty has become a particularly crucial issue to today's casino industry, which was the fastest growing industry in the U.S. during the last decade. In the gaming industry, the competition for players' money and their attention has grown profoundly. It is no longer efficient to spend enormous advertising budgets to promote casinos and to lure in customers for the first time; conversely, an effort to build customer loyalty should be made. Gaming resorts such as Las Vegas are starting to feel the pressure to find more sophisticated ways to retain customers. According to Loveman, CEO of Harrah's Casino Cooperation, as cited by Brinkley, "customer disloyalty plagues the casino industry" and Las Vegas' casino operators need to make an effort to create repeat business and customer loyalty (2000, A10).

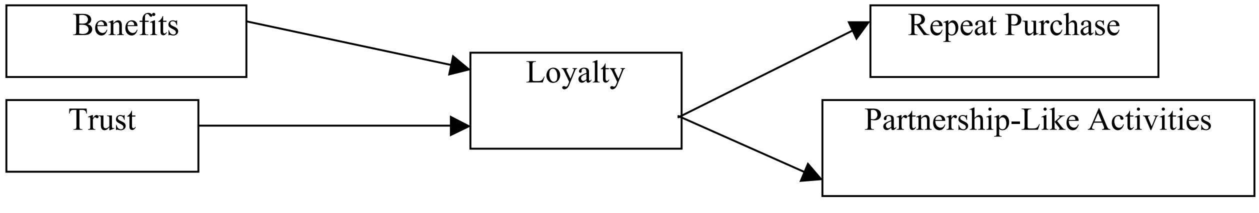
Customer loyalty directly and profoundly contributes to the bottom line. Reichheld and Sasser (1990) point out that a small percentage of loyal customers can result in a large increase in profitability. They found that when a company retains just five percent more of its customers, the firm's profit could be boosted by 95%. The increased profits, due to customer loyalty, come from a variety of sources. From a casino's viewpoint, having loyal customers not only directly contributes to the bottom line but also indirectly saves the casino a lot of costs. For instance, loyal customers will provide repeat businesses to the casino, increase their volume of purchases, or agreeably pay a price premium (Zeithaml, Berry, & Parasuraman, 1996). In addition, a casino's marketing costs will be lower to maintain an existing customer than to attract a new one because loyal customers have been immunized to the competitors' marketing efforts, and thus the money spent on advertising and promotion to acquire customers can be saved (Patterson, 1998). Based upon the above reasons, developing, maintaining and enhancing customer loyalty is critical in today's market environment.

To the author's knowledge, there is virtually no empirical research investigating the relationships between customer loyalty and its antecedents and consequences among the casino customers. The purpose of this study was to investigate customer loyalty in the Las Vegas casino industry and to determine what factors contributed to customer loyalty; furthermore, what consequences led by customer loyalty were also be assessed.

LITERATURE REVIEW

The following section provided detailed discussion of the constructs examined in this study. The model in Figure 1 indicated the benefits and trust directly led to customer loyalty, and customer loyalty contributed to customers' product usage and partnership-like behaviors. All relationships in the model were hypothesized to be positive.

Figure 1. Proposed Model: The Antecedents and Consequences of Customer Loyalty in the Casino Industry



THE ANTECEDENTS OF CUSTOMER LOYALTY

Benefits

Product or service benefits result from the particular product/service attributes that are personally valuable to customers (Meyers-Levy & Malaviya, 1999). Morgan and Hunt (1994) and Bowen and Shoemaker (1998) found a positive relationship between benefits and relationship commitment and customer loyalty. Once customers receive their highly valued benefits from the providers, they are more likely to commit themselves to establish, develop, and maintain the relationships with the casinos (Morgan & Hunt, 1994; Berry, 1995; Bowen & Shoemaker, 1998).

Service providers can offer two types of benefits to entice customer loyalty: core product performance benefits and social benefits (Berry, 1995). The core product performance benefits are part of the service delivery system. A casino must first possess the common requirement of all target customers regarding the product features, such as good location, variety of games, good restaurants. Additionally, the benefits expected by slot players might be different from the benefits that table game players seek for. For example, the product features that must be present for slot players to enjoy their plays might be the variety of machines, higher pay-out percentages, and a friendly points system. On the other hand, table game players may search for better odds, variety of table games, and preferable house rules to augment their pleasure in the gambling. Hence, a casino should deliver the particular benefits to customers in each different segment. The social benefits refer to the providers' proactive service attitudes and personalized and customized services. A casino should make its customers feel that they are special and unique. According to Parasuraman, Berry, and Zeithaml (1991), the more personalized and customized services the customers receive from the service providers, the closer relationships they will have with the service providers. Generally speaking, providing personalized service is the casino hosts' jobs. In conjunction with casino hosts, casino managers should educate all levels of employees about the value of each customer and the importance of building long-term relationships with customers. Each employee needs to make customers feel that they are unique, special, and important to the casino and their business is appreciated.

Based on the above rationale, the first and second hypotheses are H1 and H2:

Hypothesis 1: Core product performance benefits have a direct and positive effect on customer loyalty.
Hypothesis 2: Social benefits have a direct and positive effect on customer loyalty.

Trust

According to Schurr and Ozanne (1985), one party's trust toward the other party will significantly impact on this party's attitude and behavior toward the other party. Because the intangibility and variability of the casino industry, customers cannot evaluate or predict the quality of the service before they experience it. Therefore, a casino should alleviate customers' concerns of taking the risks of purchasing casino products/services; a casino should make customers feel that they can trust the casino to provide constant good services. A casino could gain customers' trust through its technical quality and functional quality (Sharma & Patterson, 1999). The technical quality refers to the core products, which relate to the casino operational process (e.g. the casino's competency, consistency, honesty, integrity, and fairness). For example, during customers' stays, a casino should exhibit its competency and ability to perform well in the operational process to provide constant high technical quality, including accurate payoffs, effective repairs of broken machines, as well as efficiency in the filling of slot machine coin tanks. Additionally, functional quality refers to the interaction between employees and customers (e.g. employees' responsiveness, helpfulness, and benevolence) (Morgan & Hunt, 1994). A casino can earn customers' trust through employees' performances on the function quality. Drawing from the above premise, the third hypothesis is

Hypothesis 3: Trust has a direct and positive effect on customer loyalty.

Customer Loyalty

Generally speaking, there are three distinctive approaches to measure loyalty. The first is behavioral measurements, which consider consistent, repetitious purchase behavior as the sole indicator of loyalty. The second is attitudinal measurements, which rely on purely attitudinal data reflecting the emotional and psychological attachment inherent in loyalty. The third is composite measurements, which combines the first two dimensions and measures loyalty by consumers' behavior and attitude. Regarding loyalty as a uni-dimensional trait is the drawback of the above two measurements: behavioral and attitudinal. For instance, some customers' repeated purchases are intentional, which means they do not have psychological commitment toward the brand and their purchases might be due to the convenience or prices. At the same time, some customers stated that they would choose not to stay at their *preferred* hotels when the hotels dropped the frequent-guest program or when the competitors ran special promotions. Therefore, a customer's favorable attitude toward a certain property does not guarantee that he or she will definitely stay at this property.

The third more efficient approach, composite measurements of loyalty, measures loyalty by customers' product preferences, propensity of brand-switching, frequency of purchase, recency of purchase, as well as by total amount of purchase. The use of both attitude and behavior in a loyalty definition substantially increases the predictive power of loyalty. The two-dimensional composite measurement approach has been applied and supported as a valuable tool to understand customer loyalty in several fields, such as retailing, recreation, upscale hotels, and airlines (Pritchard, Havitz, & Howard, 1999). The author of this study has adopted the composite approach to measurement customer loyalty. For this study, loyal customers are customers who hold a favorable attitude toward the casino and demonstrate the intention to return to the casino.

THE CONSEQUENCE OF CUSTOMER LOYALTY

Product Usage

In Bowen and Shoemaker's research (1998), "product usage refers to the incremental business one partner is likely to bring to the partner with whom that partner has developed a relationship" (p. 11). Loyal customers make more purchases than comparable non-loyal customers. For example, loyal hotel customers had higher food and beverage purchases than non-loyal customers (Bowen & Shoemaker, 1998). Once repeat customers become familiar with the casino's product, they are more likely to try other products by the company, and thus their spending will increase. When customers are loyal to a casino, not only do they spend more time playing at the casino, but also they tend to dine at the casino, shop at the hotel stores, and attend the entertainments and shows in the casino more often. Hence, this study proposed that loyal casino customers would stay, eat, and shop more often at the casinos to which they are loyal. The fourth hypothesis tested in this study is H4:

Hypothesis 4: Customer loyalty has a direct and positive effect on product usage.

Partnership-Like Activities

Once customers are loyal to a casino, they will cooperate with the casino to work jointly to lead to the best outcome. From a casino's standpoint, loyal customers are the customers who voluntarily act as a casino's partner. Partnership actions include actions, such as "strong word-of-mouth, business referrals, providing references, publicity, and serving on advisory boards" (Bowen & Shoemaker, 1998, p. 11).

Loyal customers will be more likely to work jointly with the casino when there are problems because they care about the success of the casino and are willing to exert their effort to maximize the success of the casino. Loyal customers would be willing to serve on a customer advisory board to provide constructive suggestions to casino management, and they will also allow casinos to use their names and their positive comments in advertisements. Based on the previous discussion, the authors hypothesized a positive relationship between customer loyalty and partnership-like activities.

Hypothesis 5: Customer loyalty has a direct and positive effect on partnership-like activities.

METHODOLOGY

Before data collection, a survey instrument was developed based on literature review and in-depth interviews with 15 tourists who gambled at their favorite Las Vegas Strip casinos every time they visited Vegas. The instrument was then pre-tested on 25 tourists who gambled at their favorite Las Vegas Strip casinos every time they came to Vegas. The final instrument was designed after making some modifications based on the feedback obtained from the pre-test. The modifications were mostly related to questionnaire flow and wording of questions.

Data were collected from a convenience sample of tourists visiting Las Vegas Strip's casinos. The survey questionnaires were distributed to tourists who happened to walk by the four busiest corners in the Las Vegas Strip. It should be noted that convenience samples are not appropriate to generalize population inferences (Malhotra, 1999). A total of 704 questionnaires were distributed to the tourists. A total of 207 completed questionnaires were generated. Of this total, 192 were identified as qualified respondents by the screening question to filter out the respondents who gambled at their favorite Las Vegas Strip's casinos every time they visited Vegas, with a response rate of 27.27%.

The constructs in the model were measured by 16 variables on a 7-point Likert scale. A "do not know " option was also provided. The respondents were asked to answer the questions based on their favorite casinos. Since the measurements in this study were either originally developed or adopted from instruments previously designed for other fields, an exploratory factor analysis was conducted to generate the uncorrelated combination that most closely resembled each construct. The principle component analysis with varimax rotation was used to extra the factors and factor loadings of .40 as cut-off points for variable inclusion. The reliability of the measurement was assessed by Cronbach's alphas and the validity of the study was assessed by Heterotrait-Mono method Matrices.

Furthermore, a path analysis was used to explore the causal patterns of constructs hypothesized in the model. Generally speaking, both path analysis and structural equation modeling (SEM) can be used to test the hypothesized relationships among constructs in a causal model. However, the path analysis is suggested to be a preferable method applied in an exploratory study with the new developed measurements (Lucus, 2000). This study intends to explore the hypothesized interrelationships among the latent constructs derived from originally proposed constructs instead of reconfirming a causal model from originally proposed constructs. Hence, path analysis, which is suitable for exploratory studies, was selected to test hypotheses in the proposed model. Standardized path coefficients were estimated by ordinary least squares (OLS) regressions.

RESULTS AND DISCUSSION

Results of Exploratory Factor Analysis

Three Customer Loyalty Antecedents

Three factors were extracted when applying the eigen-value greater than one as the criteria. These three factors are labeled as core-product performance benefits, trust, and social benefits. The results indicated acceptable reliability for each construct. The convergent and discriminant validities were assessed using heterotrait-mono method matrix in where within correlations and between correlations were calculated for comparisons. The results indicated that all the within correlations of each construct were higher than all the between correlations of each construct. These results suggested good convergent and discriminant validities for all three loyalty antecedent constructs.

Customer Loyalty

The results of the factor analysis indicated that all items proposed to measure customer loyalty loaded heavily on the same factor and had an eigen-value of 2.944 and explained 58.884 % of the variance in the data. The Cronbach's alpha value is .787.

Two Customer Loyalty Consequences

Two factors were extracted and they are partnership-like activities construct and product usage construct. The reliability tests and heterotrait-mono method matrix indicated good reliability and satisfactoryconvergent and discriminant validities for these two loyalty consequence constructs.

Model Testing

The findings of path analysis indicated that H1, 2, and 3 were supported. Core-product performance benefits, social benefits, and trust significantly and positively influenced customer loyalty. However, H4 was not supported, indicating that customer loyalty did not have an effect on customers' product usage. Additionally, H5 was supported, revealing that customer loyalty led to partnership-like activities.

General Implications Arising from the Study

Academically, this research presents a workable model that explains the relationship between loyalty and its antecedents and consequences. Four out of five hypotheses are supported, and the existence of the four paths is confirmed. This study has contributed valuable insights towards the understanding of casino customer loyalty.

From a practical viewpoint, casino managers will benefit from the results of this research. For instance, the study validated that both core-product performance benefits and social benefits directly lead to customer loyalty. Therefore, it would be in the best interest of casino managers to make sure that they accommodate their guests' common requirements regarding the product features (i.e. good location, variety of games). Additionally, casino managers should identify what particular service attributes are personally valuable to customers and are perceived as value-adding benefits (i.e. high pay-out percentage for the slot players and preferable house rules for table game players). Thus, managers can provide customers with the identified benefits to differentiate the casino from its competitors so as to create a competitive advantage. Furthermore, casino managers can provide improved social benefits by educating their employees that customers need to be specially treated and recognized. Not only the casino section's employees (e.g., host casino, change personnel, cocktail waitresses, slot techs, pit boss, dealers) but also the hotel section's employees (e.g., front desk, housekeeping, restaurant workers) should understand customers' needs and wants and provide customized and personalized service to the customers.

At the same time, the notion that trust leads to loyalty has been empirically supported. Casino employees' knowledge and courtesy would inspire customers' trust and confidence. Therefore, casino managers need to train all employees to be knowledgeable about their jobs and possess the techniques and skills to perform well in their jobs. For example, floor persons accurately evaluate table game players' play, or slot representatives promptly solve slot players' problems with players' cards. Casino managers also need to educate the employees to have customers' best interest at heart, such as keeping customers apprised of any relevant information and promotion.

The results of this study detected a warning sign for the casino business. The respondents in this study mostly only gambled at their favorite casinos, but they didn't consume more in these casinos. Room, food and beverages, and entertainment sections become profit centers for the casinos. Casino managers need to find out how to stimulate the players to not only gamble at their casinos, but also to eat, stay, and shop at their casinos.

Casino managers need to invite customers' partnership-like activities. They need to show their customers their concerns, and not act passively and wait for customers to come to them. Casino managers need to actively ask for customers' input and feedback. Immediately and sincerely responding to customers' shared ideas and problems is imperative for casino management.

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THE NEW WORLD OF HOSPITALITY SALES: A TEACHING GUIDE FOR THE PERPLEXED

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ABSTRACT

Hospitality sales practices and sales forces are in a state of transition. The reengineering movement that began in the early 1990s reached generic industry sales forces by the mid-1990s. Today, this force has affected the hospitality industry. Hospitality industry selling practices are undergoing radical restructuring, yet, hospitality sales courses taught in America's top university hospitality programs continue to rely upon published textbooks that preach sales techniques of a bygone era. There is a resulting problem of high variability and outdated hospitality sales course content. This paper describes an existing hospitality sales course as a flexible guide to address the problem.

Key Words: Consultative Selling, Alliance/Partnership Selling, Sales Education

INTRODUCTION

Hospitality industry sales practices and sales forces are in a major state of transition. Simultaneously, the teaching of hospitality sales in America's schools of hospitality management are not consistently keeping pace with the industry changes. Strong words, indeed, however this paper will substantiate this conclusion and then offer a potential solution to guide professors who teach hospitality sales courses. The following is a potential guide for the perplexed. It is a description of a hospitality sales course that attempts to build a bridge over the chasm of the past traditional world of and the new world of hospitality sales. It is *conceptual* in that the author created this course for his required core course within the curriculum of a top 10 school of hotel and restaurant management. It is *practical* since the course has been successfully taught for four years both in the traditional classroom and on the Web.

The purpose of this article is to present a guiding course template that, if followed, will potentially reduce variability among the sales courses taught in our schools of hotel and restaurant management programs. Further, by ensuring that sales courses teach the current *Reality* of hospitality industry sales, our students hopefully will be properly armed with effective competitive methodologies that will help them become successful in their careers.

This article is organized as follows: First, substantiation regarding the restructuring of hospitality sales is provided. The pioneering company, Marriott, is cited since it was the first hospitality firm to embrace changes already being applied in other industries. Second, a brief review of literature evidencing industry expert and academician research is cited to provide foundational underpinnings for the observed restructuring changes. Third, the results of a recent study describing the opinions and practices of hospitality sales professors is cited to underscore and support the claim made in this article that today's sales course texts are inadequate and most sales professors must create their own material leading to high course content variability based on sales professors' experience levels. Finally, a model hospitality sales course will be described. It is organized around an easy to follow model, *The Consultative Selling Model*, which provides a flexible template to guide both industry experienced and inexperienced professors in teaching a course that retains familiar selling terminology yet demands addressing up-dated industry practice content. This article concludes with implications and recommendations for hospitality education.

THE NEW WORLD OF SELLING

Hospitality Sales Forces Are Being Reengineered

Marriott International's Alliance Account Program focuses on customer accounts with $25 million in actual or potential lodging spent per year for Marriott ($20 billion in 2001 system wide sales). But the program is not just looking for dollars. It looks for accounts whose culture aligns with that of Marriott. It looks for market leaders, for those customers looking to reduce their supplier base and for those accounts that currently partner with key suppliers. The program's goals are to increase the targeted accounts' global preference for Marriott's brands, to increase global loyalty to Marriott's brands and to increase profitable global share of each account's business. The Alliance Account Program doesn't simply sell rooms – it sells productivity, business solutions and strategic relationships. It sells Marriott's core competencies (Sperry, 2002).

Recognizing Marriott's successful sales force restructuring and performance, in 2002, the Strategic Account Management Association (SAMA) awarded Marriott International prestigious *SAMA Performance Award.* Marriott, however, is not new to the restructuring game. In 1996, Marriott first initiated radical sales force restructuring and by 2000 became the first hospitality firm ever to win *Sales & Marketing Management (SMM)* Magazine's ranking in it's *Top 25 Sales Forces of the Year.* Marriott's winning example has not ignored by the Hiltons, Hyatts, and many other major hospitality firms. They, too, have begun rethinking and restructuring their sales forces.

For the purposes of clarity, it must be emphasized that Marriott did not simply scrap all previous approaches to selling in favor of alliance selling. As with all things, the new is phased in over time to either operating simultaneously with the old, eventually wholly replace the old, or to become extinct as a failed experiment. In Marriott's case, traditional sales technologies are, at least in the present, operating simultaneously with their newest innovations. And, judging by the results cited above, Marriott has been very successful. Marriott did not wholly invent the alliance account approach to selling. They began rethinking and then restructuring their sales force based upon and after careful study of previously reengineered sales force models operating in other industries. These other industries, too, had found their inspiration for restructuring from other sources. By the late 1980s and 1990s industry experts and academicians began reporting the changing structures of American businesses in the wake of the 1980s *Quality Movement* and the early 1990s *Reengineering Movement*.

RESEARCHERS PREDICTED THE NEW WORLD OF SELLING

Late 1980s to Late 1990s. In the 1980s, Neil Rackham and his company studied more than 35,000 sales person/client encounters in 27 countries. He concluded in his book, *Major Account Sales Strategy* (Rackham, 1989) that the traditional selling model taught in educational programs and industry training did not represent actual practices of sales people selling large accounts in the business to business (B2B) markets. (Rackam, 1989, p.2). In the influential book, *Rethinking the Sales Force*, (Rackham and De Vincentis, 1999) the authors refined Rackham's earlier research and theorized the evolution three types of selling strategies:

Transactional Selling Strategy. This form is the oldest form of selling and is the predominant model found in most hospitality sales texts. It evolved in the early history of selling (think of traveling peddlers or any form of quick onetime sales). The form has become more sophisticated over the years, however it has retained the same basic historic characteristics. As today's products and services become increasingly *commoditized*, declining numbers of transactional salespeople sell based on price but find themselves increasingly being replaced by other less expensive channels (for example, the Internet).

Consultative Selling Strategy. This selling form theoretically evolved by the mid-1980s and only today is being put into full practice. Consultative salespeople sell high-priced and complex products/services and they often sell as part of a *selling team*. Long-term relationships with customers are a distinguishing and mandatory characteristic. They sell in "multi-calls" over a more extended time period and usually need to influence buying committees or *buying teams*. Consultative sales people target customer accounts based on their long-term potential for repeat business. Consultative sales people were predicted by Rackham and DeVincentis to be the dominant selling strategy in the future.

Alliance/Partnership Selling Strategy. This newest form of selling is at the "cutting edge" of the selling strategies. Note that Marriott's strategic account management efforts, discussed earlier, are an example of this strategy. As the newest selling form, it is also the rarest in practice. Partnerships, like marriages, can be fragile and require active maintenance to ensure that both partners retain win/win outcomes. Alliances and partnerships are an evolutionary outgrowth of consultative selling. Both are dependent on relationships although at differential levels Thus, learning a *Consultative Selling Strategy* is requisite before a sales person can evolve to the more sophisticated Alliance/Partnership Selling Strategy. Most hospitality sales texts continue to describe the sales process in *Transactional Selling Strategy* terms (McNeill, 2001). They discuss such things as a single sales person, prospecting for large numbers of potential buyers and then selling them in a single sales call. Additionally, they might talk the latest buzz terms of relationship building but do not relate it to its use context in the *Consultative Selling Strategy.* And, it is rare, for a discussion of the *Alliance/Partnership Selling Strategy* to be included in these texts.

Late 1990s – With advanced communications, especially common usage of the Internet, multiple *Go-To Market Systems* provided a way for organizational management to reduce the rising costs of personal sales people. Prior to these advances, sales people were personally responsible for all steps of the selling process: Prospecting through the selling presentation and sales close, and after-sales service. Advanced technology offered selling organizations and customers more ways to more effectively and efficiently connect. Lawrence Friedman and Timothy Furey described these new possibilities in their landmark work, *The Channel Advantage* (1999). Many organizations today, including hospitality companies, are considering and rapidly moving to *multiple-channel strategies*. In the order of lowest potential cost, these channels include: (a) the Internet, (b) telemarketers (inbound and outbound), (c) partners (independent agents and wholesalers), and (d) direct salespeople. These multiple-channels are being used simultaneously and being mixed and matched according to their value as perceived and received by the customer. Multiple linkages to the customer are replacing and/or supporting the traditional single channel – the salesperson.

The 2000s. In 2001, Andriss A. Zoltners, a professor of marketing at Northwestern University's prestigious Kellogg School of Management, and his co-authors synthesized the central themes of earlier sales force researchers in the text, *The Complete Guide to Accelerating Sales Force Performance* (Zoltners, Sinha, and Zoltners, 2001).

Zoltners et al present a tale or sales force reengineering involving efforts to maintain a balance of efficiencies and effectiveness. The more results created per unit of exposure, the more *effective* the selling/marketing instrument. *Efficiency* measures the number of contacts with customer that can be made through any of the available go-to-market channels. *Effectiveness* is a measure of the sales that arise from each customer contact using the available go-to-market channels. Effectiveness is concerned with using the *right* selling channel for the *right* customer. Mixing a balance of efficiencies and effectiveness creates hybrid and multiple channels of distribution that comprise a company's total go-to-market system. Zoltners et al believe that these hybrid channel portfolios will become more prevalent in the future. (Zoltners, Sinha, and Zoltners, 2001).

A RECENT STUDY FINDS DISSATISFIED HOSPITALITY SALES PROFESSORS

In the Fall 2000, a study of 90 four-year US hospitality programs with 100 students or more was conducted to ascertain a baseline description of sales education practices (McNeill, 2001). The results were presented at the CHRIE Conference, Toronto, July 25-28, 2001. The study found that most professors teaching hospitality sales courses were dissatisfied with the currency of support material available to teach their classes. Further, most professors either modified generic business textbooks, used no text, or created their own course packets. In other words, these professors relied on their own experience and resources to provide sales content in their classrooms. Specifically, the study found:

1. 95% of professors teaching hospitality sales are unhappy with hospitality sales texts available on the market.
2. 82% of these professors cite the following reason for unhappiness with available texts: *A lack of congruence with the reality of actual hospitality industry sales practices.*
3. 77% of the professors use a generic business text and provide hospitality examples, create their own course pack of readings or use no textbook. (McNeill, 2002)

CONCLUSIONS ABOUT THE NEW WORLD OF SELLING AND HOSPITALITY PROGRAM RESPONSE

What can one can reasonably conclude from the preceding discussion? At least two points can be observed:

1. The current state of hospitality sales course content is either highly variable throughout the US hospitality education programs since content is based on the sales professor's experience and knowledge and/or

2. Hospitality sales course content is out-of-date if the course is based on current hospitality sales textbooks, which may be the most probable scenario when a sales course is taught by an sales inexperienced professor.

What can be done to address the vital need to teach the most updated hospitality sales course content given a wide range experience levels in America's hospitality sales faculty? This article proposes teaching hospitality sales using the *Consultative Selling Model* as a guide.

A Consultative Selling Course: Transitioning Past and Future Selling Models

This case describes a sales course that is transitional. It is the *Middle Way* approach – a course that teaches sales in an open flexible format that allows professors of all levels of experience to ensure that current content is provided yet in familiar sales terminology. As described by Rackham and DeVincentis (1999), the course model follows their *Consultative Selling Strategy*. The consultative selling strategy is a preferred the model for the course for two primary reasons. First, in industry, *The Transactional Selling Strategy* is in decline, especially in hospitality group sales. Second, Rackham and DeVincentis' *Alliance/Partnering Selling Strategy,* a refinement of the *Consultative Selling Strategy*, is being implemented by a few pioneers such as Marriott mentioned earlier. Thus, the consultative selling strategy as a model for teaching hospitality sales retains familiar elements of the classic approach to teaching sales (*The Transactional Selling Strategy*) while introducing glimpses of a probable future model of teaching hospitality sales (*The Alliance/Partnering Selling Strategy).* The course is flexibly designed. Professors of varying experience levels can fulfill the model based on their own levels of knowledge and desire. The model guideline demands that the new world of hospitality sales is addressed, however, most sales professors will feel comfortable with sales terminology that is linked to the past era of traditional sales. Finally, the model demonstrates that personal and professional development is essential for success and that performance must be continuously monitored and continuously improved

The Consultative Selling Model

The model depicted in Figure 1 guides the course. Essentially, there are four ***phases*** comprised of two ***steps*** each (total eight steps). Each step has several ***topics*** covering various sub-components of the category named in the step.

Figure 1 – The Consultative Selling Model

PHASE I: Personal & Professional Strategy

STEP # 1: Professional Management. You, the sales person, must adopt values associated with a consultative selling approach; be a Problem-Solver/Partner with your prospects/customers. Today, salespeople are sophisticated “Micro-Marketers” and no longer “Peddlers.” Micro-Marketers are salespeople who organize themselves and conduct selling operations similar to the business firm’s marketing operations; all marketing functions, concepts, and principles are self-contained within the salesperson themselves. You must philosophically value your profession and role of selling and understand your contribution to the betterment of society. Remember, as a salesperson, you provide solutions to customers’ problems. You must adopt an ethical and “win/win” approach to your negotiations with customers and think of yourself as a *consultant* or as *doctor*. The customer has problems (ailments) and you have products/services (medicine) which can help solve (cure) these problems. Adopt the consultative approach to selling. You must continuously develop and manage your knowledge, skills, and persistence in producing results. You need knowledge of the hospitality industry and knowledge of the interrelationship of selling and operation.

STEP # 2: Personal Management. Prescription. Personally, you must strive to maintain strong ethical values, increase your knowledge, improve your skills, and persist in tasks that you undertake. Your personal values must include genuine honesty, integrity, and the respect for others. You must value a balanced life: (a) Physical life, (b) Social/Emotional life, (c) Mental life, and (d) Spiritual life whether define this as secularly philosophical or religious. Balance is needed to maintain your holistic health and perspective. Personally you must have interpersonal knowledge and skills. These include listening and communication skills. These skills are the basis for previously discussed effective professional skills.

PHASE II: Supply and Demand Strategy

STEP # 3: Product/Service Management . Think of your product/service as a solution to customers' problems. Know your and your competitions' products/services and sell "Features/Benefits. See your product as a "cluster" of benefits; product/service, your company (philosophy and commitment to quality), and yourself (values, knowledge, skills, and professionalism).

STEP # 4: Customer Management. Establish and maintain relationships. To establish relationships, adopt a "win/win" philosophy and project a professional image. Build networks of contacts and remember that you are marketing/selling yourself as well as your product/service. Maintain your established relationships by taking a structured and systematic approach. Use periodic and frequent contacts with your relationships and vary the types and purposes of presentations you make. Understand Buyer Motivation and Buying Process and Styles. What motivates customers to buy? What do they need/want? What are their "communication" styles? Understand the motivations of buyers in general. Study the specific motivations of your targeted prospects and customers. Practice database management of prospects and customers. Compile a large list of "Potential" buyers: (a) Continuously update, (b) Prioritize according to potentials, (c) Categorize according to "stage of selling cycle" (where are they: relationship building, need assessment, presentation, or service?), and (d) Utilize computerized database technology to actively manage (for example: ACT contact software, Goldmine, Delphi products, etc.).

PHASE III: Customer Acquisition and Maintenance Strategy

STEP # 5 Presentation Management. Follow this advice throughout the selling process steps:

Pre-Approach Step. Prepare a written presentation plan prior to the actual meeting with the prospect/customer. Here you set your objectives for the presentation and develop a plan to implement the presentation. You should consider several scenarios: worst case, best case, and most probable case. You want to anticipate as much as possible; for example, the resistance you might meet (objections) and how you would negotiate them (handling objections). Your best preparation is to know everything possible about the prospect/customer and your product, and your competition.

Presentation and Demonstration Step. Presentations can be categorized by purpose: (a) Creating awareness, (b) Educational, (c) Persuasion, (d) Reminding [customer of your successful relationship], and (e) Service. Remember that you develop the relationship by varied contacts and make presentations that are not always aimed at persuasion. Also, you may be meeting with the prospect/customer: (a) in person, one-on-one or selling to a group, (b) by printed material (letters and brochures sent through the mail, and/or (c) electronically, telephone (one person or conference call), teleconferencing (audio/video connections), and/or by computer (shared electronic documents, e-mail, and internet interactive discussion).

Extensive questioning and listening skills are the emblematic badge of a successful consultative sales person. The more needs and concerns revealed by the potential customer, the better able the salesperson can address needs. This is a competitive tool since competitors may lack this skill or level needed. When buyer questions occur*, Negotiating Buyer Resistance* is a more appropriate term in consultative selling than the traditional term, *Handling Objections* since this term connotes a "win/lose" type of negotiation. It also connotes that somehow you plan to manipulate the prospect/customer to make the purchase using whatever techniques or means possible. Of course, a customer who later discovers that the purchased product does not fully satisfy their needs or that he or she has been manipulated, is not a candidate for a relationship with you. Consultative Selling relies on "win/win" negotiations. These are open, a two-way problem solving dialogue, and conducted in an atmosphere of trust. Thus, the term, "Negotiating Buyer Resistance" connotes the right for the customer to resist if the product does not satisfy their needs and/or if the customer doesn't fully understand your presentation. It's imperative that you assume a problem-solving consultative stance, fully listen to and understand the customer

Bringing the Sales Presentation to a Close. The closing stage in large and multi-call sales differs from the closing stage single-call sales. In single-call sales, closing asks for the order. In multi-call sales commitment from the customer can be expressed when the customer agrees to *advance* the buying process to the next stage (the next sales call). A successful close in the multi-call sale might be the customer's agreement to bring a higher level decision-maker into the selling/buying negotiation—an *advancement* of the process.

STEP # 6 After-Sale Service. Servicing the sale encompasses all activities that enhance *satisfaction* with the purchase and all activities that enhance *use* of the product/service that was purchased. Service management is an essential part of consultative selling because *Customer Satisfaction* determines the length, width, depth, and duration of a customer's relationship with you and your company. Servicing the sale maintains the relationship, which leads to repeat business, and increased purchases. Customer satisfaction is the result of product/service *performance* compared with customers' *expectations* of product/service performance. Customers obtain their expectations from messages from many sources but expectations come primarily from marketing messages and promises made by salespeople. Long-term relationships will not happen if promised expectations are not kept.

PHASE IV: Evaluation and Improvement Strategy

STEP # 7: Metrics & Evaluation Management. This step of the Consultative Selling Model (Figure 1) reminds the professional salesperson that they must monitor and evaluate the strengths and weaknesses of each customer encounter. Results indicate where gaps exist between goals and performance. Professional salespeople must be realistic and truthful about their performance. This approach is the only one that will provide the data for future improvement.

STEP # 8: Continuous Quality Improvement Management. Continuous Quality Improvement (CQI) is an outgrowth of methodologies that have arose in the Quality Era of the 1980s. Step # 8, CQI, advises that the professional salesperson must do more than monitor and evaluate strengths and weaknesses of each customer encounter. The salesperson must actively apply information gained from evaluation. The salesperson must attempt to improve the next customer encounter using this information. Thus, the Consultative Selling Model revolves: Phase IV supplies new and updated information which is fed into Phase I and the model cycles another time. Each CQI effort continuously improves the effectiveness and efficiency of the consultative salesperson

IMPLICATIONS AND RECOMMENDATIONS FOR HOSPITALITY EDUCATION

The hospitality industry is currently in a recession, if not depression, and competition for revenue is bloody. Only the smart and focused sales forces will be successful. Resulting confusion and uncertainty about how to efficiently and effectively sell drives declines in sales force productivity. If the rapid changes in the new world of selling is confusing to industry practitioners, the question might be asked, "What is the effect on sales course content in our hospitality schools?" Fortunately, some professors have industry sales experience, but from an era of selling preceding the current tidal wave of change. Hopefully, they are able to adjust static and outdated hospitality sales texts on an ad hoc basis. Some, but few professors are interested in hospitality sales as a research focus. They are probably the best prepared to make adjustments to course content as they continuously monitor the current reengineering of the hospitality sales force. Unfortunately, many professors teaching sales do not have hospitality sales experience nor is their research interest in this area. Thus, the result is highly variable hospitality sales course content across higher education hospitality programs and students who graduate misinformed about that most important component of a successful business – how to obtain top line revenue.

Adopting the Consultative Selling Model as a guide to teaching hospitality sales courses is a potential solution to both variability and antiquated sales course content.

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THE EFFECT OF SELF-MANAGING TEAMS ON MANAGER COMMITMENT AND ORGANIZATIONAL TENURE IN PRIVATE CLUBS

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ABSTRACT

With the time, effort, and cost involved in developing self-managing teams, an empirical study of the private club industry was conducted to help determine whether differences exist in terms of organizational tenure and commitment between managers who use self-managing teams and managers who use traditionally managed teams. Findings suggest that managers who use self-managing teams are more committed to the private club industry than managers who use traditionally managed teams and that managers who use self-managing teams enjoy increased organizational tenure over managers who do not use them.

Key Words: Self-Managing Teams, Organizational Tenure, Private Clubs

WHY EXAMINE SELF-MANAGING TEAMS?

A survey of Fortune 1000 firms in 1997 revealed that just seven percent of the workforce was organized into self-managing teams. However, one half of the organizations stated that they would be implementing self-managing teams during the next five years (Dumaine, 1998). Such a response suggests that this self-managing team concept is worth investigating.

Teams have existed successfully within private clubs for years. However, an increase in today's management literature extols the virtues of self-managing teams as being the wave of the future. After examining the advantages as well as the drawbacks to self-managing teams, the question became whether, from a management perspective, self-managing teams in private clubs are worth the effort.

Reviews of the literature on self-managing teams conducted by Goodman, Devadas, & Hughson (1998) and Pearce & Ravlin (1987) suggest that self-managing teams lead to enhanced organizational effectiveness. Some longitudinal case studies of organizations that implemented self-managing teams found improvements in commitment and performance (e.g., Goodman, 1979; Hackman, 1990; Walton, 1977). However, much of the evidence is anecdotal.

Only a small number of experimental or quasi-experimental field studies have been conducted to evaluate the worth of self-managing teams. Pasmore (1978) describes a study whereby self-managing teams were introduced into one unit, and jobs were enriched in the other unit at a food company. Job satisfaction increased in both units; however, only self-managing teams demonstrated a productivity increase. Wall (1986) conducted a longitudinal study at a U.K. food company, which found that employees in self-managing teams were more satisfied than employees in traditionally managed work teams. However, there was no difference in commitment or performance. Cordery, Mueller, and Smith (1991) found that employees in self-managing teams over time were more satisfied and had higher commitment than employees in traditionally managed teams. Cohen and Ledford (1991) found that self-managing teams had higher job satisfaction and were rated more effective by management than employees in traditionally managed teams. No differences were found in commitment or performance.

How Self-Managing Teams Function

Self-managing teams combine the attributes of formal and informal teams. Generally chartered by management, they often take on lives of their own as team members take responsibility for their day-to-day workings. In self-managing teams much of the responsibility and authority for making management decisions—or an entire work process as in self-directed work teams (SDWTs)—are turned over to a group of people who perform interdependently in order to accomplish an assigned task (Katzenbach, 1993; Wellins, 1991). The overarching goal of self-managing teams is to find solutions to problems.

Potential Advantages and Drawbacks. As noted earlier, self-managing teams offer a number of potential advantages over traditionally managed teams, including stronger commitment, improved quality, enhanced efficiency, and faster product and service development. Moreover, some research suggests more satisfied employees, lower turnover, and lower absenteeism. Having team members cross-trained to do various jobs increases the flexibility of the team in dealing with personnel shortages. Their knowledge of work processes helps team members solve problems and develop improvements.

For all of their apparent advantages, self-managing teams suffer certain limitations. Here is a non-exhaustive list of some of the noteworthy drawbacks:

- Self-managing teams are difficult to implement, and they risk failure when used in inappropriate situations or without sufficient leadership and support (Hackman, 1986).
- A ruling by the National Labor Relations Board (NLRB) regarding teams making decisions regarding pay and security (Robbins, 1996) suggests that management groups must allow teams considerable discretion with regard to the composition and selection of members, the latitude of issues to be handled, and the continued existence of the team.
- Some organizations have been disappointed with the results from self-managing teams.
- Some employees in organizations undergoing layoffs as a result of self-managing teams have come to view cooperating with the team concept as threatening their future employment.
- The overall research on the effectiveness of self-managing work teams has not been uniformly positive. For example, employees on self-managing work teams seem to have higher absenteeism and turnover rates (Wall, 1986; Cordery, 1991). Specific reasons for this finding are unclear.

A STUDY OF TEAMS IN CLUBS

Purpose. With the time, effort, and cost involved in developing self-managing teams, an empirical study of the private club industry was conducted to help determine whether differences exist in terms of organizational tenure and commitment between managers who use self-managing teams and managers who use traditionally managed teams. One hundred thirty-five managers (n=135) management-level staff participated. The survey utilized a four-part instrument, which included demographics, statements relating to commitment, a section for managers who use traditionally managed teams only, and a section of statements for managers who use self-managing teams.

Sample Selection, Strategy, And Procedures. Addresses for survey participants were obtained from the Club Managers Association of America *Yearbook*. Six managers were randomly selected from each of the 50 CMAA Chapters, which includes 47 U.S. chapters, one Canadian chapter, one European chapter, and one Asian chapter, for a total of 300 survey recipients. A total of 135 respondents participated in the study, not including five managers who responded too late to be included in the study, for a 45-percent response rate.

Title. The job title profile frequency included 104 General Managers (77 percent), with the balance being spread among Clubhouse Managers, Managers, Assistant Managers, and 3 Other management-level.

Location. The geographic location tabulation divided the chapters into six regions: North, South, Central, West, Mountain, and other. The percentage of respondents corresponded to the size of the geographic regions.

Club Type. A variety of types of private clubs were represented in the survey including, Country Clubs (count 96) represented the majority of the club-type affiliation category (71.1 percent), followed in order by City Clubs, and Golf Clubs, Yacht Clubs, Other Clubs, and Athletic Clubs.

Marital Status. The marital status profile includes 114 Married (84.4 percent), Single, Never Married, and Single, Previously Married. For clarification, the category Married includes those managers that are presently married, although they may have been previously divorced.

Ownership. 101 of our respondents worked at member owned clubs (81.5 percent), followed by 18 corporate-owned clubs (13.3 percent), and 7 other types of ownership (5.2 percent).

Time Planning to Stay at Club. 49 managers state that they plan to stay 7 years or more (36.3 percent). Other frequencies included 32 stating 1 to 2 years 11 months (23.7 percent), 25 stating 3 to 4 years 11 months (18.5 percent), 23 stating 5 to 6 years 11 months (17 percent), and 6 stating less than 1 year (4.4 percent).

Organizational Tenure. 36 managers had worked at their present club for 2 to 3 years 11 months (26.7 percent). The remainder of the profile in frequency order from most to least included 26 at 10 years or more (19.3 percent), 20 at 4 to 5 years 11 months (14.8 percent), 17 at 1 to 1 year 11 months, 14 at 6 to 7 years 11 months (10.4 percent), 12 at less than 1 year (8.9 percent), and 10 at 8 to 9 years 11 months (7.4 percent). It is interesting that 36 percent (count 49) of managers stated that they plan to stay 7 years or more at their present club. Unfortunately, this expectation is unrealistic, as the largest percentage of managers had worked at their present club for just 2 to 3 years 11 months. The difference suggests an on-the-job reality as a result of board-initiated change, manager-initiated change, manager naiveté, or some combination. Whatever the case, the discontinuity suggests a dramatic expectation versus reality gap.

Membership Size. Almost one third (32.6 percent) of the clubs in the sample reported memberships of more than 900 (44 respondents), followed by 20 at 400-499 (14.8 percent), 20 at 500-599 (14.8 percent), 16 at less than 400 (11.9 percent), 14 at 600-699 (10.4 percent), 12 at 700-799 (8.9 percent), and 9 at 800-899 (6.7 percent). While clubs may have historically been small entities, today they are bustling, multi-million dollar organizations.

Hours Worked. Manager respondents help substantiate the industry's reputation for long hours. More than half (69 respondents) worked 50-59 hours per week (51.1 percent), 34 worked between 60-69 hours (25.2 percent), 19 worked between 40-49 hours (14.1 percent), 11 worked 70 hours or more (8.1 percent), and 2 worked less than 40 hours (1.5 percent).

Education. Our club manager respondents were well educated. 74 graduated at the Bachelor's level (54.8 percent), 28 have some college (20.7 percent), 19 graduated at the Master's level (14.1 percent), 11 have some graduate school (8.1 percent), and only 3 graduated high school without furthering their education (2.2 percent).

Generation. As expected, the majority of managers (98) in the survey were members of the Baby Boomer Generation (born January 1943 to December 1960) (72.6 percent). The balance of the manager profile by frequency included 25 Baby Busters (Generation X) born January 1961 to December 1981 (18.5 percent), and 12 Silent Generation managers (born January 1925 to December 1942) (8.9 percent).

Attendance at Board or Committee Meetings. Manager respondents reported being quite involved with board and committee meetings. 94 managers report that they attend such meetings almost always (69.6 percent), 32 attend regularly (23.7 percent), 5 attend occasionally (3.7 percent), and only 4 never attend (3 percent).

Gender. Male respondents far outnumber female respondents. The gender profile by frequency includes 126 males (93.3 percent) and 9 females (6.7 percent). The fact that just 7 percent (count 9) of our sample was female strikes us as a bit puzzling. While, undoubtedly, club management is still a man's world, it was not possible to determine whether this profile is consistent with the overall membership in CMAA. A cursory examination of the CMAA roster does not tell the story due to non-gender specific (for example, Sydney) and international names (for example, Sunmee).

Frequency of Evaluation or Performance Review. Over half (57 percent) of the managers reported that they meet formally with their supervisor once a year for an evaluation/performance review (count 77). Additionally, 33 never meet (24.4 percent), 14 meet two times per year (10.4 percent), 6 meet four times per year (4.4 percent), and 5 meet three times per year (3.7 percent). The fact that 81 percent of respondent managers reported that they meet formally with their managing supervisor never to once a year for an evaluation/performance review is glaring. However, because club boards turn over on average every three years suggests a focus on social priorities more than business priorities including evaluation of the manager. This may be a lag process that hangs over from small clubs.

Instrumentation. The following definitions and examples were used:

- Traditionally managed team: A small number of people with complementary skills who are committed to a common mission, performance goals, and approach for which they hold themselves mutually accountable. An example of a club traditionally managed team could include the golf course maintenance A.M. set-up team.
- Self-managing team: A team that makes decisions once reserved for managers. An example of a club self-managing team could include a grill waitstaff team that has the authority among themselves to comp a member's lunch without first checking with a manager.

After referring to the definitions and examples, respondents answered either a section of questions for traditionally managed teams or a section having to do with self-managing teams. All 135 respondents (100 percent) use teams of some sort in their clubs. The number of managers who use self-managing teams and traditionally managed teams is about evenly divided. Sixty-three (46.66 percent) use traditionally managed teams. Seventy-two (53.33 percent) use self-managing teams, which is consistent with the literature review (Dumaine, 1990). In a conservative industry, it was surprising to find that so many clubs had adopted self-managing teams.

Traditionally Managed Teams. Managers who work with traditionally managed teams were asked to answer five statements about a particular team that functions well at their club. Respondents chose among five ratings from 1=Strongly disagree to 5=Strongly agree. Statements included information about quantitative and qualitative performance, overall effectiveness, and overall satisfaction with the team.

Self-Managing Teams. Managers who work with self-managing teams were asked to answer 23 statements about a particular self-managing team that functions well at their club. When marking their answers, respondents chose from among five ratings from 1=Strongly disagree to 5=Strongly agree. Statements included the same information the traditionally managed teams-only group answered, plus statements that came from the literature review's suggestions regarding effective self-managing teams.

Commitment. The variables to be examined were whether self-managing teams and traditionally managed teams differ with respect to manager commitment to club and commitment to the club industry as a whole.

Validity. Two managers and an OB researcher reviewed the instrument from a face validity standpoint to help confirm the operationalization of the constructs. To check for content validity an analysis of the correlation matrix was done to help confirm that two or more scale items were not measuring the same issues.

Reliability. Chronbach's Alpha was used to determine scale reliability for both the traditionally managed and for the self-managing teams group. The item scale for the traditionally managed teams group proved reliable (Standardized Item Alpha=.82). The self-managing teams group proved reliable, too (Standardized Item Alpha=.84).

FINDINGS AND DISCUSSION

Research question 1. No evidence indicated that managers who use self-managing teams were more committed to their club than managers who use traditionally managed teams. Therefore, creating a system of self-managing teams within a club environment will likely not help managers be more committed to their clubs. From this perspective, an increase in self-managed teams will not increase organizational effectiveness due to manager commitment. In this context, self-managing teams are not worth the effort.

Research question 2. Managers who use self-managing teams are more committed to the club industry than managers who use traditionally managed teams. Therefore, creating a system of self-managing teams within a club environment will likely help managers become more committed to the industry as a whole. Therefore, an increase in the use of self-managed teams may increase manager commitment to the industry. While in this context, self-managing teams are worth the effort, it is not likely that a club board will adopt such a program.

Perhaps managers who use self-managing teams are more committed to the industry is that they identify more with the industry than their clubs. This possibility is plausible because a club manager's skill sets are portable and the organizational tenure demographic suggests that the highest frequency of managers in this study have been at their clubs less than 48 months. Why are managers who use self-managing teams more committed to the industry? The literature discloses that creating a system of self-managing teams is an on-going and time-consuming process. Perhaps managers who use self-managing teams are more committed to longer-term processes.

Research question 3. Managers who use self-managing teams enjoy increased organizational tenure over managers who do not use them. This finding suggests that spreading responsibility across the organization by using self-managing teams decentralizes decision making, theoretically frees up a manager's time to spend focusing on pressing needs, and adds the benefit of producing additional organizational tenure. In view of the average manager—whether derailed or leaving on his or her own terms—having reported a relative short time on the job, suggests benefit to clubs to consider implementing self-managing teams where appropriate.

RECOMMENDATIONS FOR FUTURE STUDY AND CONCLUSION

This study elucidated some of the situations faced by today's club manager. While there is perhaps a future for self-managing teams in club management, in terms of this micro focus on the club manager, the principle payoff appears to be organizational tenure. Anecdotal evidence now supported by empirical data suggests that club manager organizational tenure is a challenge from the psychological perspective of the manager and from the sociological perspective of the club organization. There exists an opportunity for future study in organizational effectiveness wherein effectiveness could be measured before and after implementing self-managing teams. Another study could examine commitment, tenure, and satisfaction differences among non-managerial employees in self-managing versus traditional teams in clubs to be compared to the managers.

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AN EXPLORATORY STUDY OF SERVICE LEARNING IN HOSPITALITY EDUCATION: STUDENTS' PERSPECTIVES OF THE EXPERIENCE

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ABSTRACT

This is an exploratory study designed to examine the extent that hospitality students are involved in service learning activities either through their own initiative or as a requirement of their college curriculum. Additionally, students' attitudes toward service learning activities are explored.

Key Words: service learning, experiential education, hospitality education

INTRODUCTION

Service-learning has been defined as community service, volunteerism, altruism, citizenship and other words for doing good deeds (Jacoby, 1996). Often the learning includes managing projects and coordinating the activities of a team, seeing life from a different lens, and experiencing diversity firsthand. Although in existence for more than thirty years, the proponents of implementing service learning into the undergraduate curricula have gained attention in the last decade. Proponents suggest that there are positive educational outcomes from incorporating service learning into the curricula. These include increasing the students' abilities to work well with others, improving leadership and communication skills, and enhancing tolerance toward others (Astin & Sax, 1998; McKinney, 2002; Eyler & Giles, 1999; Eyler, Giles, Stenson, & Gray, 2001; Bittle, Duggleby, & Ellison, 2002; Driscoll, Gelmon, Holland, Kerrigan, Spring, Grosvold, & Longley, 1977). These outcomes are relevant to the education of hospitality students where the goal of instruction is to foster interpersonal, analytical, social and managerial skills required by the industry. One of the main purposes of this study, therefore, is to examine the extent of hospitality students' involvement in service learning activities.

BACKGROUND

While service-learning has been used in schools and colleges for more than 30 years, the term service-learning has been defined and redefined over time. A succinct and comprehensive definition of service- learning is written by Jacoby (1996), as follows:

"Service-learning is a form of experiential education in which students engage in activities that address human and community needs together with structured opportunities intentionally designed to promote student learning and development. Reflection and reciprocity are key concepts of service-learning" (p. 5).

SIGNIFICANCE

Enthusiasm for service-learning programs in higher education is a response to the wide critique of inadequacies of education system in 1980s and 1990s. Rice (1996) described the academic community as having turned inward, developing knowledge for purposes other than social benefit, with allegiance to academic societies and with political power in the academy instead of in the larger society. Boyer (1988, 1990) criticized the social isolation of the University for the lack of curricular relevance to the community.

Eyler et al. (2001) summarized the findings of service-learning research in higher education in recent years. In addition to the benefits to the universities and colleges in developing closer and significant ties to their local communities, their summary shows service-learning contributes to the personal and interpersonal development of students. Service-learning has a positive effect on "the sense of personal efficacy, personal identity, spiritual growth, and moral development" (Eyler et al., 2001, p.196). Students in service-learning programs show improvement in their abilities to work well with others, in their leadership skills, and in their communication skills. It is reported that involving students in service-learning programs also fosters civic development and enhances a sense of social responsibility and citizenship skills. Furthermore, adoption of service-learning as experiential education strategy seems to enhance traditional academic learning and career development (Waterman, 1997). Given the diversity of workers in the hospitality industry, the range of activities these businesses are involved in, and the call for greater corporate responsibility to the larger society, all of the positive outcomes presented in the above review of the literature are extremely important to the development of our future leaders in the hospitality industry.

METHODOLOGY

A survey was designed to explore the extent of service learning activities of hospitality students, which would include their preparation for these activities in the form of an orientation, and the use of a reflection or debriefing activity following the experience. We also wanted to know how many hours they spent in the activity and if it was required for course credit. Additionally we were interested in their beliefs about the benefits that came to them as a result of the experience, i.e. management skills, empathy for other people, leadership skills, etc. The survey included a section of yes/no items, a five-point Likert-type scale, and open- ended questions. An online survey was developed to collect data from the participants. It was sent to our graduate students, and some of our undergraduate students and faculty as our *panel of experts.* It was further refined and then it was reviewed and approved by the University's Human Subjects Committee, and was ready to be sent out.

The participants were drawn from a convenience sample of students enrolled in hospitality programs with faculty who are members of the Council on Hotel, Restaurant, and Institutional Education (CHRIE). An email with a link to the online questionnaire was forwarded to CHRIE members who subscribe to the organization’s listserv. The introductory text asked the instructors to forward the message and link to their students. After receiving the email, faculty members who chose to participate then forwarded the message and link to their students, who then voluntarily agreed to answer the questionnaire online by visiting the link and completing the survey.

INITIAL FINDINGS

Data were collected from 93 students enrolled in hospitality programs from four schools. Out of the 93 participants, 16 or 17.6% had participated in a service-learning activity. All of the 16, who had participated in service-learning had done so as a requirement for their academic studies. Nine were females and seven were males. Additionally, thirteen were members of the senior class with the remaining three being juniors. The time spent in the service-learning activities ranged from 3 hours up to 75 hours during a semester. Table 1 provides an overview of the descriptive analysis of the data collected.

Table 1: Descriptive Statistics

Participation	Number of Responses	Percentage
Participated in Service-Learning	16	17.6
Did not Participate in Service-Learning	77	82.8
Participation was Required		
Yes	16	17.6
No	77	82.8
Class Rank		
Freshman	0	0.0
Sophomore	1	1.1
Junior	20	22.5
Senior	68	76.2
Gender		
Female	60	67.4
Male	33	32.6

Several questions were asked of the students who had participated in service-learning activities. Orientation preceding the actual service learning activities and reflection following the activities as structural components of the service learning experience were reported from 4 and 5 participants, respectively. Those who received the orientation or were required to reflect upon the experience reported that these components were helpful. The greatest number of yes responses by students who had participated in service-learning reported empathy toward others (13), leadership skills (12), and personal growth (12) as benefits. Additionally, students who had experience in service-learning were asked on a 5-point Likert scale with 1 being strongly disagree and 5 being strongly agree, to rate their experiences. A summation of the results is reported in Table 2. Generally, students' responses were favorable toward their participation in service learning activities.

Table 2: Mean Scores from Service-Learning Participants

Question n=16	Mean
Enjoyed the Experience	4.8
Will Continue Service-learning activities	4.6
Service-learning is appropriate for college students	4.9
Service-learning is not appropriate for college students	1.7
I would not like to be involved with a service-learning activity again	2.2

Note: Likert scale with 1 = strongly disagree and 5 = strongly agree.

Table 3 provides the mean scores of **all students in our sample (N=93)** on a 5-point Likert scale with one being strongly disagree and 5 being strongly agree. This scale was designed to determine if students would like to participate in a service-learning experience and if they believed that service-learning is appropriate for today's college student.

Table 3: Mean Scores from all Participants

Question N=93	Mean
I would like an opportunity to participate in a service-learning activity	4.2
I think service-learning is an important way to interact with the community	4.6
Service-learning is out of place in today's universities	3.1
I believe that service-learning can prepare us for working with a diverse work force	4.5

Note: Likert scale with 1 = strongly disagree and 5 = strongly agree.

CONCLUSION

This study explored service-learning in hospitality education from the students' view. These findings support much of the literature that was presented earlier, including the realization that only a small percentage of undergraduate students are actually involved in service-learning activities in spite of the increased attention that service learning has recently received. Those students from this study who had become involved in service-learning activities saw value in such experiences, also similar to earlier reports. Of note, students who had reported participating in a service-learning activity did so because it was a requirement. Additionally, the majority of the students who participated in the survey believed that service-learning is appropriate as a part of the curriculum in hospitality management education. It is important to note that these findings were derived from a very small sample and cannot be presented with confidence as representative of the population of hospitality students. However, we intend to replicate this research with a broader sample of hospitality students. Future studies should further identify differences between those students with service-learning experiences and those who do not have such opportunities. There are many dimensions of this stream of research including the long-term effects on students, faculty, and programs who have undertaken active roles in service learning and community involvement. Additionally, research needs to identify how service-learning compares to other instructional methods that are designed to develop analytical, communication, and managerial skills of hospitality students. More exploration can lead to us to understand how to better implement service-learning in more meaningful ways.

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EXAMINING CUSTOMER SATISFACTION WITH TRAVEL AGENT WEBSITES: A QUALITATIVE NEURAL NETWORK ANALYSIS APPROACH

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ABSTRACT

The purpose of this research was to determine factors that contributed to customer satisfaction with travel agent Websites. The study utilized Category Package 1.0 (CATPAC), a neural network analysis computer program optimized for analyzing text, to examine 119 open-ended survey questions from respondents who were members of various travel-related LISTSERV and newsgroups. This study revealed that the majority of respondents in the survey, were "fairly well" satisfied with travel agent Websites. Indicating that there is room for improvement as the majority of respondents were not being "Wowed" or were not extremely satisfied with travel agent Websites. The results also indicated that respondents in the study, in order to be satisfied, desired information that is accessible, accurate, available, clear, comparable, complete, flexible, trustworthy, varied, and up-to-date. Prices at travel Websites should also be clear, listing all peripheral charges, as well as be realistic, accurate, up-to-date, and competitive. In addition, consistent with the literature on Website usage, respondents want travel agent Websites that are user-friendly, load quickly, as well as easily navigable. Respondents also commented on cluttered travel agent Websites making it difficult for them to locate the information they desire. The study concludes with a discussion on managerial implications as well as directions for future research.

PERCEIVED JUSTICE AND SERVICE RECOVERY STRATEGIES FOR CALL-CENTER SATISFACTION

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ABSTRACT

Justice theory involves perceptions of fairness in the procedures, interactions and outcomes of the service recovery process. Service recovery strategies involve actions that service providers take to respond to service failures. This research examines both in the context of satisfaction with a hotel company guest relations call center. The findings indicate that interaction with a call-center representative had a positive impact on return intentions and that customers' fairness perceptions seem to drive satisfaction with problem handling. It was also found that apologies had more of an impact on certain types of problems and that the lack of expected compensation had a significant impact on call-center satisfaction and intent to return.

Key words: hotel industry, call centers, guest relations, satisfaction, service recovery, justice theory

INTRODUCTION

Service recovery is now recognized as an integral component of a firm's overall quality and satisfaction program (Smith, Bolton, & Wagner, 1999). Service recovery strategies involve actions that service providers take to respond to service failures (Gronroos, 1990). Both what is done (tangible compensation) and how it is done (employee interaction with the customer) influence customer perceptions of service recovery (Levesque & McDougall, 2000). Justice theory appears to be the dominant theoretical framework applied to service recovery (Tax & Brown, 2000). In short, justice theory involves perceptions of fairness in the procedures, interactions and outcomes of the service recovery process (Tax & Brown, 2000). More specifically, when services fail, customers expect distributive justice (compensation for their loss), procedural fairness (including speedy and convenient resolution), and satisfying interpersonal interactions (e.g., apology). Accordingly, the most common hospitality industry service recovery practices include actions such as apology, assistance and/or compensation (McDougall & Levesque, 1999). Apology is considered the minimum that can be done while assistance reflects actions taken to rectify the problem. Compensation often involves "freebies" such as free meals or discounts towards future stays. Learning from their less than satisfying real-life experiences, today's customers hold expectations regarding what the service firm will do in case of a service failure (e.g., Kelley, Hoffman, & Davis, 1993; McCollough, Berry, & Yadav, 2000).

Despite the growing interest in service recovery as a research topic, little is known about service recovery delivered via call centers. Call centers are growing at unprecedented rates (Bennington, Cummane, & Conn, 2000), yet hotel companies have very limited knowledge about customer satisfaction with this mode of delivery. This is unfortunate as call centers might be the core of successful relationship management strategies (Mitchell, 1998). Previous studies have shown the overall importance of call centers in recovering hotel guests (Mount & Mattila, 2000). This study extends the hospitality recovery literature by examining the role of perceived fairness on guest satisfaction and future purchase behaviors. In addition, we explored how problem type (reservations mishandled, billing errors or service quality problems) might moderate guest perceptions.

METHODOLOGY

Survey instrument

The survey instrument was designed with input from the sponsoring company. The instrument had three sections. The first section addressed the initial problem that precipitated the call to the guest relations department, the reaction of the local hotel and the guest's intent to return before the call to the guest relations department.

The second section addressed the guest relations and post-guest relations experience. The first part of this section, questions six through ten, dealt with the actions taken by the guest relations department in response to the complaint. Information is obtained about whether the guest relations department rectified the concern, whether compensation was offered and in what way, whether the problem was investigated and whether an apology was offered. The second part of this section, question numbers eleven through sixteen, addressed the issue of perceived justice. The justice measures were adapted from Smith, et.al. (1999). Questions eleven and twelve measured distributive justice (fair problem outcome and fair problem resolution); questions thirteen and fourteen measured procedural justice (time in dealing with the problem resolution and flexibility in dealing with the problem resolution) and; questions fifteen and sixteen measured interactional justice (empathy of the guest relations representative and courtesy of the guest relations representative). Questions seventeen through nineteen determined the post-guest relations satisfaction with the guest relations department and perceptions of intent to return to the brand.

The third section gathered background information on the guest that included purpose of the visit and frequency of visits to the brand. Information on gender was recorded in question number one.

Three interviewers completed the telephone surveys. The reviewers received verbal training from the researchers and made calls for one hour. Based on those calls, minor changes were made to the survey instrument. An analysis of variance indicated that there were no significant differences based on which interviewer made the call.

Sample

The sponsoring company provided random name lists for the telephone interviews. The company provided all the names and phone numbers for files that were considered “closed” during three separate three-day periods. The total number of names provided was just under 2,500. Three telephone interviewers selected names from each of the three lists provided. For budgetary reasons, the interviewers were instructed to call only United States phone numbers and to call for 100 hours. Interviewers were conducted during the day and evening hours. There were 304 completed surveys during the calling time frame.

RESULTS

To assess the impact of call center interaction on return intent, we first regressed post-call center return intent on pre-call center intent and satisfaction with problem handling. The adjusted R-square was .625 and both indicator variables were significant in predicting future purchase behavior (unstandardized beta coefficient of .648 and .330 for pre-call center intent and problem handling respectively). We also conducted a paired-sample t-test to compare the guest’s pre- and post-call center intent. As expected, having dealt with the call center representative had a positive impact on return intentions ($t=-2.28$, $p< .05$). These findings confirm the importance of call centers in influencing future purchase behaviors.

Next, a regression with satisfaction with problem handling as a dependent variable and the six justice measures as predictor variables was completed. The results of the regression analysis are shown in Table 1. The standardized beta coefficients are significant for four of the six items. Consequently, customers’ fairness perceptions seem to drive their satisfaction with problem handling, even with a voice-to-voice delivery mode.

Table 1: Summary of Regression Analysis for Variables Predicting Guest Relations Satisfaction (N = 304)

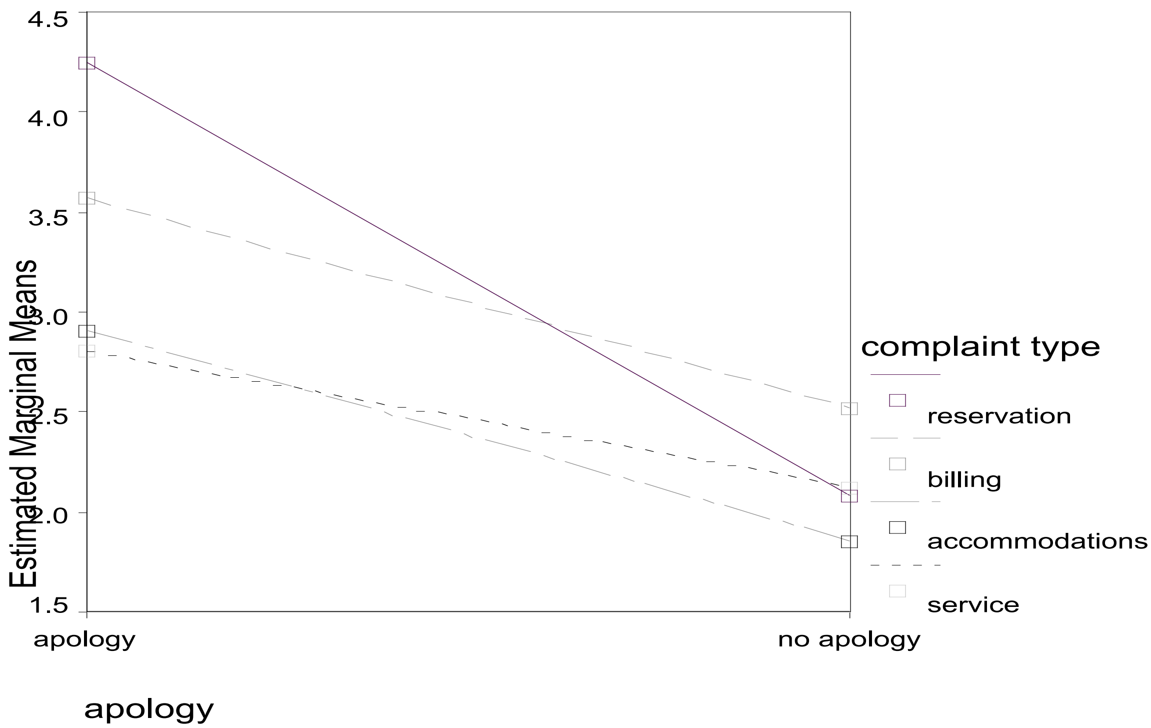
Variable	B	SE B	*B*
Outcome was fair	.216	.085	.222*
Company gave me what was needed	.116	.087	.116
Time to resolve was appropriate	.114	.049	.121*
Company showed flexibility in resolving	.182	.067	.169*
Company was appropriately concerned	.355	.071	.315*
Company showed courtesy	.014	.076	.011

*p < .05

To gain some insight into the ease of recovery based on the type of problem encountered, a simple one-way ANOVA was employed. The overall F-test was significant ($F=4.78$, $p<.05$), thus suggesting that satisfaction with problem handling varies across problem types. The results from a Bonferroni multiple comparison procedure indicate that satisfaction was higher when the problem involved reservations than accommodations or service, a mean difference of .83 and .66 respectively, $p< .05$ for both comparisons. In other words, some problems might be easier to recover than others.

Since offering an apology is a cost-efficient way to recover from service failures, we next examined the relative effectiveness of apology on post-recovery satisfaction across service failure types. The results from an ANOVA table reveal a significant two-way interaction between apology and failure type, F=2.80, p<.05. This interaction is visualized in Figure 1. As shown in Figure 1, offering an apology was highly efficient in enhancing satisfaction when the initial failure involved reservations related problems, mean satisfaction rating of 2.07 without apology and 4.24 with apology. Similar results were obtained for billing errors; average satisfaction was 2.52 without apology and 3.56 with apology. The magnitude of the impact was smaller when the failure reflected accommodations or service quality. With these types of failures, satisfaction remained relatively low (below 3), even when the call center representative apologized for the inconvenience.

Figure 1: Estimated Marginal Means of Guest Relations Satisfaction



Finally, we explored how customer expectations for compensation might influence their post-call center perceptions and behavioral intentions. Only 15 percent of the guests surveyed did not expect any type of compensation, thus showing that today's customers do expect action on the hotel's part following a service failure. In this study, 39.5% of guests didn't receive any compensation even though they expected to get some type of compensation. The results from a one-way ANOVA clearly indicate that not offering compensation when such an action is expected is detrimental to post-recovery satisfaction, fairness perceptions and return intent. All contrast estimates between no compensation received/expected and no compensation received/none expected or no compensation received/expected and compensation received/expected groups were statistically significant for all of our dependent measures. In sum, hotel operators need to be cognizant of the fact that most customers do expect some form of tangible compensation following a service failure.

DISCUSSION

Recent evidence in various service settings shows that it is sometimes possible to recover from failure and thus to regain customer confidence (e.g., Kelley, et al. 1993; Smith, et al. 1999; Spreng, Harrell, & Mackoy, 1995). Our study findings are consistent with this notion. Customer interaction with a call-center representative had a positive impact on post-recovery satisfaction, future purchase intention and customer perceptions of fairness. Moreover, justice perceptions were important predictors of satisfaction with the complaint handling process. To maximize the value of the call center interaction, employees need to be trained to provide fast action that takes care of the guest's problem. In addition, the interactional treatment is important. New technologies such as simulation-based training might be effective in teaching call center representatives how to deal with customer complaints. Simulation-based training takes computer-based training to a new dimension by allowing the new hire to be trained using actual call examples (Anton, 2000). Or, computer technology integration would enable the call center representative to retrieve the calling customer's record from company-wide guest history files and then provide the employee with a "screen-pop" that identifies possible compensation alternatives for a given type of failure. These new technological innovations enable the call center representative to concentrate on the customer, thus providing better customer service.

In addition, our results indicate that today's hotel guests do expect compensation for service failures. Falling short on these recovery expectations is highly detrimental to customer perceptions and future behavioral intentions. Unsatisfactory problem resolution is a major cause for dissatisfaction; up to 50% of customers who experience problems are not satisfied with service recovery (Hart, Heskett, & Sasser, 1990; Levesque & McCollough, 2000; Tax & Brown, 1998). Although offering compensation requires monetary payments, other recovery efforts such as assistance alone might not be sufficient in restoring customer trust for the more serious service failures.

An apology, which offers a cost free alternative to handling customer complaints appears to work better with certain types of complaints than others. When the problem involved reservations-type problems or billing errors, then call center satisfaction was enhanced when the representative offered an apology. An apology was less effective with problems related to accommodations or service quality. Consequently, it might be easier for hotels to recover from certain "easy to fix" failures (e.g., billing errors) than others that involve the service delivery process (e.g., inattentive or rude employees).

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A PROPOSED STRUCTURE FOR OBTAINING HUMAN RESOURCE INTANGIBLE VALUE IN RESTAURANT ORGANIZATIONS USING ECONOMIC VALUE ADDED

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ABSTRACT

Those restaurant companies that are able to deliver high performance human resource management, which will increase the intangible value of their human resources (employees) and create greater economic value added (EVA), will be the companies that can compete more effectively. The purpose of this paper is to begin the development of a model to demonstrate the EVA of an intangible human resource component. It is only when the restaurant industry engages in a paradigm shift and under goes a fundamental change in philosophy that it will be able to harvest the full potential of its employees intangible economic value (EVA).

Key Words: economic value added (EVA), human resource management, restaurants, intangible value

INTRODUCTION

One metric that demonstrates the current state of employment in the restaurant sector is, turnover rate. A 2001 study by People Report shows the annual hourly employee turnover rate at “concepts with average unit sales less than $2 million to be the highest at 152 percent, and those with volumes between $2 million and $4 million came in at 129 percent, while operations above $4 million, 116 percent”(Crecca, 2001). For the fast food segment of the restaurant industry the turnover rates are far worse reaching as high as 238 percent (www.bls.gov). In a 1999 People Report survey of fifty companies in the hospitality industry, the median cost for losing a single hourly employee is $2,494. At the management level, the median cost is more than $24,000 (Pine, 2000). According to Jac Fitz-enz, director of the Saratoga Institute a human resource consultation firm, there are four costs associated with turnover (or lack of retention): termination, replacement, vacancy and productivity (2000). Fitz-enz estimates that the cost of employee turnover is “easily in excess of the equivalent of one year’s pay and benefits” and for some positions it is in the hundreds of thousands of dollars (p. 105). He observes that at Taco Bell the twenty percent of stores with the lowest employee turnover had twice the revenue and fifty-five percent higher profit then the stores in the top twenty percent of the turnover range.

If the food service industry could learn to view its employees from a new paradigm – that is as strategic human capital which possess intangible assets (knowledge, experience, skill, etc.) that are valuable to the firm – then in my opinion business performance would undoubtedly improve and the state of foodservice workers would be raised. The foodservice industry as a whole needs to break free of the current human resources paradigm of high turnover and low retention of employees, which is costing the industry billions in replacement costs, lost productivity, service quality, employee know how and experience (Pine, 2000). Gordon in 1991 paper on *Industry Determinates Of Organizational Culture* concluded that “ corporate cultures, consisting of widely shared assumptions and values, are, in part molded by the requirements of the industry in which they operate” (p. 410). The foodservice industry, and more specifically the restaurant segment, suffers from Gordon’s exact proposition that the industry norms shape the corporate culture/thinking of individual entities, when it comes to valuing employee retention and preventing turnover. The majority of the individual firms in the restaurant industry are stuck in a paradigm of giving to their employees as little as possible, because that’s “how the business makes money”. It is only when the restaurant industry engages in a paradigm shift and under goes a fundamental change in philosophy that it will be able to harvest the full potential of its employees intangible value.

LITERATURE REVIEW

Baruch Lev, a professor at the Stern School of Business at New York University, author of several books and a leading authority on intangibles, was commissioned by The Brookings Institution to do a comprehensive study of intangibles in all aspects of business (2001). Dr. Lev wrote barely two pages on human resource intangibles and concluded, “the research on human resource expenditures (intangibles) is in its infancy and is seriously hampered by the absence of publicly disclosed corporate data on human resources” (p. 75). This is not to say that Professor Lev did an incomplete research job, it is just that the body of literature on human resource intangibles is very thin and it is difficult to draw any conclusions from the studies published thus far, especially with public companies not required by the Securities and Exchange Commission (SEC) to disclose significant financial information related to their employees. Steve Kerr of General Electric contends that while academic have made a number of significant contributions to the area of HR management systems that much of the finest work is being done by consultants and practitioners in the field (Hodgetts, 1996). The Academy of Management Journal published in 1996 a Special Research Forum on Human Resource Management and Organizational Performance, which attempted to foster a better understanding of the role of human resource decisions in developing and maintaining firm performance and competitive strategy. Out of this forum several empirical studies of note, Huselid (1995), Delaney and Huselid (1996), Becker and Gerhart (1996), Becker and Huselid (1998), provided survey-based evidence of a positive link between human resource practices and market values. There is also ample published antidotal evidence on the value of human resource intangibles and contributions by consultants that claim to measure the ROI (return on investment) of human capital investments, but overall very little in the area of measuring the intangible value of a human resource activity such as training or retention exists.

Current theoretical approaches in business strategy have given a lift to the concept of human resources generating a sustainable competitive advantage (competitive method if you wish) (Becker and Gerhart, 1996). This is in step with the resource based view (RBV) of the firm, that businesses can develop sustained competitive advantage only by creating value that is rare and not easily imitated by the competition (de Charbert, 1998). The conventional sources of competitive advantage such as technology, natural resources, productivity improvements and low cost leadership, to mention a few, are known to create value. The resource based view is that these traditional types of competitive advantages are becoming increasingly scarce, hard to develop and easy to imitate, particularly in comparison to a well thought out employment systems such as Outback Steakhouses compensation package (Murphy, 2000). It is for this reason that HR strategies could become important sources of competitive advantage in the future, "the challenge for management will be creating value through people rather than using them as objects to add value" (Olsen and Zhao, 2002: 7)

Much of the research conducted on the link between firm performance and human resources has looked at individual approaches in this relationship – best practices (Becker and Gerhart, 1996). A best practices approach to human resource management involves the bench marking of human resource practice between one or more firms to determine the best approach to handle a particular HR practice. For example a company may compare benefits packages, training, compensation, labor relations or the selection process. The difficulty with this type of linkage between an individual HR practice and firm performance is that very few things operate in isolation as demonstrated by the results of Murphy's compensation survey of Outback Steakhouse (2000). The resource-based view is that in order to create a sustainable competitive advantage and produce value for the firm that individual policies or practices produce the greatest results when they operate in tandem in a complex system that is not easily imitated (Barney, 1995).

The current status of theory on the value human resource intangibles is nearly non-existent or as Lev put it "in its infancy and is seriously hampered" (2001: 75). It may be such a complicated topic and filled with intervening variables that it does not get fully explored for sometime. However, there are some empirical studies that investigate the relationship between firm performance and HR systems that are worth describing as a foundation for my proposed theory.

A study by Dr Mark Huselid published in the Academy of Management Journal evaluated at length the links between of High Performance Work Practices systems and firm performance (1995). Specifically High Performance Work Practices as defined by U.S. Department of Labor include: "extensive recruitment, selection, and training procedures; formal information sharing, attitude assessment, job design, grievance procedures, and labor-management participation programs; and performance appraisal, promotion, and incentive compensation systems that recognize and reward employee merit have all been widely linked with valued firm-level outcomes" (1993: 641). Based on a national sample of nearly 1,000 firms, the results signify that these "practices have an economically and statistically significant impact on both intermediate worker outcomes (turnover and productivity) and short- and long-term measures of corporate financial performance" (Huselid, 1995: 635). Huselid's study, found considerable support for the hypothesis that investments in such practices are associated with lower worker turnover and greater productivity and business fiscal performance across a wide range of sectors and organization sizes. "A one-standard-deviation increase in such practices is associated with a relative 7.05 percent decrease in turnover and, on a per employee basis, $27,044 more in sales and $18,641 and $3,814 more in market value and profits, respectively" (p. 659).

In a 1996 study on the impact of human resource management practices on perceptions of organizational performance Delaney and Huselid investigate 590 for-profit and nonprofit firms to determine if positive associations exist between human resource management (HRM) practices, (such as training and staffing selectivity), and perceptual firm performance measures. In general their findings suggest that progressive human resource management practices, (including selectivity in staffing, training, and incentive compensation), are positively related to perceptual measures of firm performance. The authors believe the improvement of reliable and valid measures of forward looking human resource practices and synergies remains a vital matter for researchers to explore.

BACKGROUND

The idea that individual worker performance has implications for business level results has been widespread among scholars and practitioners for many years (Huselid, 1995). Interest in this area has recently intensified as academics have begun to debate that, as a group, a company's employees can also provide a distinctive source of competitive advantage that is difficult for its competitors to imitate. An employment system that creates a distinct sustainable competitive advantage is an “intangible asset” because it is not carried on the balance sheet, as are traditional assets (plant and equipment). Bill Gates was quoted in an article in the London Business School’s Journal, Business Strategy Review “Our primary assets, which are software and our software development skills do not show up on the balance sheet at all” (1999). Intangible assets are now worth on average three times more than firm’s hard assets, according to the Harvard Business School’s Harvard Management Update Newsletter (Wagner, 2001). Microsoft for example, reported in 2000 that it had revenue of $23 billion, physical assets of $52 billion and a market capitalization (number of outstanding common stock shares times their price) of more than $423 billion. That leaves a spread between intangibles and tangible assets of eight fold.

“As innovation accelerates, it is increasingly difficult to measure the source of wealth. The three biggest measurement headaches are human capital, healthcare and computers”. (Rohwer, 1999: 263). Human capital is basically the ability of employees to generate economic output through the application of their education, knowledge and skills; it refers to employees’ know-how, capabilities, skills and expertise. “The best known indicator of human intellectual capital value is market to book value” (Dzinkowski, 2000: 93). The difficulty with this valuation is that there is no distinction as to what part of the intangible value is representative of human capital and what belongs to other intangibles (trademarks, etc). The other complex issue is that stock market valuations are so volatile and book value of assets does not always represent their true worth. On Friday July 26, 2002, in the midst of a severe stock market slide, Tyco International announced that it had hire Edward Breen, the former president of Motorola, to be its new CEO (Eisiner, 2002: C1). Tyco’s stock shot up 46% that day, worth $7.5 billion in market value, while at the same time Motorola’s stock declined $2.5 billion, a $10 billion swing due to the departure and arrival of one man. Wow! Is this a demonstration of the power and value of human capital intangibles… or just due to some wild market forces? Most likely the cause is a little of both.

RESEARCH QUESTION

Why should restaurant firms invest in human resources components (e.g. training, selection, retention, education and development) as sustainable competitive methods that have positive cash flow streams?

RESEARCH PURPOSE

The development of a framework to demonstrate the economic value added (EVA) of an intangible human resource component (e.g. personnel management; leadership/motivation; organizational behavior; labor relations). This paper will focus on the intangible constructs in personnel management and leave the other HRM components for future research.

HUMAN RESOURCE MANAGEMENT (HRM) CONSTRUCTS – INDEPENDENT

According to David Norton, co-developer of the balanced scorecard, the greatest anxiety today for business executives in the new economy is that “human capital is the foundation of value creation” and they don’t know how to create, measure, keep it or ultimately value it (Becker, Huselid & Ulrich, 2001:ix). Top level management realize that they are in a battle for talented employees, but they only seem to know how to manage their human capital like operating costs, something to be cut when the budget gets tight (Becker, Huselid & Ulrich, 2001). The intention of this paper is to propose the development of a model to demonstrate the economic value of common HRM intangible functions and to demonstrate why restaurant firms should invest in human resource management as a strategy to develop competitive methods that produce value for the firm? With this in mind the following HRM independent construct is proposed:

High Performance Work Practices/system: Particularly, extensive recruitment, selection, and training procedures; formal information sharing, attitude assessment, job design, grievance procedures, and labor-management participation programs; and performance appraisal, promotion, and incentive compensation systems that distinguish and compensate positive employee outcome have all been associated with valued business-level results (U.S. Department of Labor, 1993).

HUMAN RESOURCE MANAGEMENT (HRM) CONSTRUCTS – DEPENDENT

Intangible Economic Value Added: "The growth of intangible value and the drive to increase this value has not left HR unaffected. The most striking change in the new economy is the realization of the intangible economic value of Human Capital, and how that translates into fundamental business imperatives to attract, retain and develop that Human Capital" (McCormick, 2002:1). Intangible economic value is the potential and ability of employees to add additional value above and beyond the cost of the products and services they create while engaged in work activities or work related activities.

PROPOSITION

The intangible economic value of an organization's human capital is a function of the quality of their human resource management's high performance work practices system: This includes: extensive recruitment, selection, and training procedures; formal information sharing, attitude assessment, job design, grievance procedures, and labor-management participation programs; and performance appraisal, promotion, and incentive compensation systems that distinguish and compensate positive employee outcome.

INTANGIBLE ECONOMIC VALUE (DEPENDENT): Several possible measures are presented

Economic Value Added (EVA): Measures the true economic profit of a firm. The idea behind EVA is to identify which business practices best leverage their resources to generate returns and maximize shareholder value. "EVA is the financial performance measure that comes closer than any other to capturing the true economic profit of an enterprise, EVA also is the performance measure most directly linked to the creation of shareholder wealth over time (Stern Stewart & Co, 2002). EVA is net operating profit less a proper charge for the opportunity cost of all capital invested in an enterprise. "EVA is an estimate of true "economic" profit, or the amount by which earnings exceed or fall short of the required minimum rate of return that shareholders and lenders could get by investing in other securities of comparable risk." The advantage of EVA is it precisely defines value in terms specific to an enterprise. The disadvantage in using EVA is it is complex to calculate and not widely used.

EVA = NOPAT – (capital x cost of capital) NOPAT = net operating profit after taxes

HYPOTHESES

- H1: As HRM recruitment practices (number of applicants per position) increase; the higher intangible economic value will be of an organization.
- H1A: As HRM recruitment practices (dollars spent on recruitment) increase; the higher intangible economic value will be of an organization.
- H1B: As HRM recruitment practices (number of employees involved in recruitment) increase; the higher intangible economic value will be of an organization.
- H2: As HRM selection practices (percentage hired based on validated selection tests) increase; the higher intangible economic value will be of the organization.
- H2A: As HRM selection practices (percentage of jobs filed from within) increase; the higher intangible economic value will be of the organization.
- H3: Increased HRM training practices will diminish employee turnover and increase EVA.
- H3A: Increased HRM training practices will increase productivity and increase EVA.
- H4: Increased HRM development practices will increase productivity and increase EVA.
- H4A: Increased HRM development practices will diminish employee turnover and increase EVA.
- H5: The higher the employee retention rate of the firm, the greater intangible economic value of the organization.
- H6: The more progressive the employee compensation system is, the greater the intangible EVA of the organization.
- H7: High performance work practices: The more progressive the employee work practices/system is, the greater the intangible EVA of the organization will be.

IMPLICATIONS

Recent studies have demonstrated that HRM practices do not operate in isolation and that in order to receive the maximum benefit from a practice (e.g. compensation) it needs to be combined with other HRM practices to obtain synergies, increase firm performance and to receive the utmost benefit from the practice(s) (Becker & Huselid, 1998). Those restaurant companies that are able to deliver high performance work systems, which will increase the intangible value of their human resources (employees) and create higher EVA, will be the companies that can compete more effectively. If the restaurant industry is going to break out of the mold it has so long cast itself into, it will need to gain a better understanding of the factors that create economic value. Much more research is needed to determine the degree of influence other progressive work practices have on creating intangible value and increasing EVA in the restaurant business and hospitality industry. Human resource management has for so long come under fire as a "necessary evil". It is the first thing cut when economic times are bad or revenues are down. The purpose of this research is the development of a framework to demonstrate the economic value added (EVA) of an intangible human resource component so as to show the value of human resource management and development; however, the interaction between independent variables makes this a difficult task. Additional variables will need to be included in future research and the constructs will need to be more fully defined and operationalzed in order to proceed.

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THE IMPACT OF COMPENSATION ON THE TURNOVER INTENTIONS OF OUTBACK STEAKHOUSE MANAGERS

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ABSTRACT

The primary purpose of this study was to examine the perceived notion that the compensation plan of Outback Steakhouse reduces the intention to turnover of its' unit level managing partners. Specifically the research focused on a survey of general manager's attitudes in regards to their intentions to seek out new employment and the effect of the compensation plan provided by Outback on their intention to turnover. The Objective of the study was to investigate the current management compensation practices of the managing partners of Outback, while identifying the relationship between management compensation and the intention to turnover for proprietors at Outback Steakhouse restaurants.

Key Words: compensation, restaurant, management turnover, turnover intentions, foodservice

INTRODUCTION

"The most serious issue for employers today -in all industries- is hiring and keeping qualified and capable employees" according to Donald Marshack, senior analyst at the U.S. Bureau of Labor Statistics (BLS)(Pine, 2000: 32). The labor shortage is especially critical in the restaurant industry, according to the National Restaurant Association (NRA) over the last few years operators have consistently identified "finding qualified and motivated labor as their biggest operational challenge" (2000: 2). According to Olsen and Sharma, in a 1998 white paper on trends in the casual restaurant industry, there is no reason to believe that the labor situation will get any better " in fact, in the developed world it is likely to become a more formidable task than ever"(1998: 62). In a 1999 People Report survey of fifty hospitality companies, the median cost of turnover for a manager is more than $24,000 (Pine, 2000). As Dennis Lombardi, executive vice president of Technomic Inc., told more than 200 human resource directors and foodservice operators at the 15th annual Elliot Conference- " there is so much competition for employees out there, and we are not the industry of choice" (King, 2000: 6). However, some restaurant companies, including Outback Steakhouse, have done a good job with their turnover and compensation packages (Inc. Magazine, 1994). The objective of this study is to investigate the current management compensation practices for the managing partners of Outback Steakhouse and to identify the relationship between management compensation, intention to turnover and competitive methods for managers at Outback Steakhouse restaurants.

LITERATURE REVIEW

According to Olsen (1995), the hospitality industry is operating in a complex and dynamic business environment in which an ever-growing number of businesses compete. The market place has seen an average annual increase of 23,500 restaurants over the last 30 years as reported by the NRA (Papiernik, 1999). The NRA forecasts that the number of restaurants in the U.S. will increase by 186,300 to 1,001,305 by the year 2010 putting further demand on management ranks.

While all this is good news for the industry as a whole, at the unit level the increased supply of restaurants will place an additional burden on the already tight labor pool. Those restaurant companies that are able to provide quality unit level management, which enables the firms to operate efficiently and reduce turnover, will be the companies that can compete more effectively. The demand in the industry for competent qualified management has never been bigger, " the availability, quality and motivation of the work force is of no greater importance in any other industry when compared to the foodservice industry" (Olsen and Sharma 1998: 2).

The BLS predicts that employment of restaurant and foodservice managers will be increasing faster than the mean for all professions through the year 2006. In addition to employment growth the BLS expects that the need to replace managers who transfer out of the industry or retire to also create many new job openings. The BLS, reported the median base salary of restaurant general managers and top executives for 1997 was $33,000 and that the average for general managers and top executives across all categories was $55,890 in 1998. According to the BLS, in the five industries employing the largest number of general managers and top executives, restaurant managers ranked at the bottom below gas station managers. This means the average manager in the food service industry falls far short, in terms of monetary compensation, compared to other industry sector management jobs.

The competition for managers in the service sector continues to intensify as the service industries persist in growing. The Organization for Economic Co-operation and Development (O. E. C. D.) reported in its' publication on labor force statistics that the services industry has continued to grow while the manufacturing industries have remained flat in developed countries, including the U.S. (ILO, 1997). This will not bode well for the restaurant sector and will only increase the pressure on the industry to improve its' stature and compensation practices in order to attract the required number of managers to fill the demand void. A 1997 Employee Attitudes in Hospitality survey by HIRE/JAM Training gives the five major reasons why employees are leaving their units and the industry as: lack of recognition, weak supervision, ineffective communication, pay and reward systems, and no teamwork (Raleigh, 1998). The restaurant industry needs to change its' old paradigm of high turnover and ineffective compensation if it is to compete effectively with other business sectors for management. Most chain restaurants are almost universally revamping their compensation packages and incentive programs for managers, adding such items as commitment contracts, incentive bonuses, cash sign-on bonuses, profit-sharing, stock options, 401K plans and severance awards (Hickton, 2000).

Mobley (1982: 68) defines turnover as "the cessation of membership in an organization by an individual who received monetary compensation from the organization". There are many systems for classifying employee turnover according to Wasmuth and Davis (1983), for this study the dichotomy of voluntary versus involuntary will be used since the research will focus on the employee's intention to turnover. Voluntary turnover is an employee initiated separation from an organization, whereas involuntary turnover is brought on by the organization, death and mandatory retirement (Mobley, 1982). In theory a person's behavioral intentions should be a good predictor of future behavior according to multiple research studies presented by Mobley. Seven variables were studied as a predictor for turnover including intention to quit by Mobley; he concluded that when all variables were combined, "only intention to quit was significantly related to turnover" (1982: 76). It was further determined by the study, that intentions to quit served as a "summary variable" encompassing a number of other variables that were related to turnover, the evaluation by Mobley was "intentions are the best predictors of turnover" (1982: 79). In a 1986 study of why restaurant managers quit, intent to leave was used by McFillen, Riegel and Enz as a substitute for actual turnover because the ability to actually leave a job is affected by whether the employee can leave. For example if a Manager became pregnant while in the process of intending to quit, the manager may delay leaving the organization because of loss of medical insurance coverage until the baby was born. Therefore, the employee's intention was to turnover, but because of circumstances was unable to leave.

For sure pay is important, but there are many other issues, other than pay, that effect intention to turnover. In any company, employees can compare their pay with individuals or groups internal and external to the organization. Both internal and external inequity can have dire consequences for the firm, however the results of external equity (e.g. turnover) are the most threatening according to Lawler (1981). Another issue that has gained a lot of attention in recent years is planned turnover. According to Lawler not all turnover is detrimental to an organizations ability to be effective (Lawler, 1987). Companies can actually benefit from losing poor performers and the inflow of "new blood". Also, if replacement costs are minimal it could be cost effective to accept a higher rate of turnover for keeping wages suppressed, as can be the case with unskilled labor. In addition, the use of planned turnover is effective when a project has a finite life and the need for the employees associated with the project will come to an end.

Industry statistics show the dropout rate at 30-40% for restaurant managers across all segments (Van Houten, 1997). Patil and Chung did a 1998 survey of 197 of the top chains to determine turnover rates for the restaurant industry. Within the 49 companies that responded to the survey, the general manager turnover rate was 29.4% across all segments. According to Patil and Chung the turnover rate is in line with the reported rate of 29.7% from a 1997 study on "Selection and Retention of managers in the U.S. restaurant Sector" by MacHatton, Van Dyke and Steiner.

Ask someone to define compensation, and depending on the life experiences of that person, you will get a range of definitions. The combination of all cash incentives and the fringe benefit mix that an employee receives from a company constitutes an individuals total compensation according to Lawler (1981). Dibble expands the definition of earnings, (1999: 144) " it is money even when we do not use the word" and further elaborates by stating that a benefit like employee development, even though not necessarily viewed by the employee as compensation, is a substitute for money and a major cost for employers. However, for the purposes of this study company benefits which are mandated by law, (e.g. FICA, workers compensation insurance), and other firm benefits that are not traditionally thought of as compensation by employees, (e.g. training and development), will not be considered. The study will use a list of compensation items as defined in published literature about Outback Steakhouse, company literature and personal interviews with managers.

According to Steers and porter, the research on compensation clearly shows a link between the rewards a company offers and those individuals that are attracted by the compensation into working for the firm, and those employees who will continue to work for the business (1991). In recent years the compensation available to employees has expanded both in terms of type and amount. Traditionally, restaurant general managers were compensated with a base pay and a business period bonus based on meeting preset goals for revenues and expenses (Muller, 1999). In general compensation has been divided into monetary and non-monetary incentives, but with the advent of "cafeteria" style plans, were employees get to choose among a variety of options for a set price, the categories have become blurred. Additionally, employees that are in high demand are increasingly acting as their own agents negotiating individual compensation arrangements, much like professional sports players, based upon their employment value to the firm.

According to Philip J. Hickey Jr., president and C.O.O. of Rare Hospitality International Inc., the parent company of Longhorn Steakhouse, Bugaboo Creek Lodge & Bar and Capital Grill, " We are not seeing an erosion of our managers going to other industries, per se; but there is a strong interest on their part to pursue quality of life issues" (Prewitt, 2000: 6). Hickey further states that the experienced managers in their late thirties and forties are increasingly leveraging their value to the company and the shortage of qualified managers in the restaurant industry by making a statement about who they are, where they want to live, how they want to work". Rare Hospitality International Inc. has reduced their manager's workweek hours, increased their pay, benefits and other forms of compensation in an effort to prevent turnover.

With the heavy competition for qualified management and the high turnover rates for restaurant managers, it becomes essential to hire and retain successful managers. The intent of this research is to look more closely at these issues.

RESEARCH QUESTIONS

1. Does the compensation plan for Outback Steakhouse's managing partners lead to reduced turnover intention?
2. What compensation elements, as identified by Outback Steakhouse's managing partners, effect turnover intentions?

OUTBACK STEAKHOUSE COMPENSATION PLAN

This for most insiders and outside observers is the cornerstone of Outback's success: the ability to hire and retain well-qualified restaurant management by providing managing partners the opportunity to purchase a 10% ownership stake in the restaurants they operate for $25,000 and requiring them to enter into a 5-year contract (Hayes, 1995). By offering this level of commitment and by providing the managing partner with a significant stake in the restaurant (10% of operating cash flows), the company believes it can attract and retain experienced highly motivated restaurant managers. The company also limits the restaurant to dinner only service, which reduces the hours for managers (5 days & 55 hours maximum) and employees. This enables the average managing partner to earn $73,600 a year in bonuses from cash flow coupled with a $45,000 base salary for annual cash compensation of $118,600 (Inc. Magazine, 1994). The eight monetary compensation offerings at Outback are: Ownership equity stake-10%; Retirement plan; Cash flow bonus- 10%; Base salary $45,000; Stock option 4,000 shares vested over five years; Deferred compensation/ end of contract cash out (10% of cash flow for last two years times five); Medical, dental and life insurance; Vacation/ paid time off. The five Non-monetary compensation offerings are: Quality of work; Status as manager/ partner; Community association/ location; Job Autonomy; Job status (www.outback.com).

RESEARCH DESIGN AND METHODOLOGY

The literature suggests that compensation is correlated with employee turnover in business organizations of all types in the US (Lawler 1987; Mobley 1982; Steers & Porter 1991). Therefore, it is hypothesized that: The eight individual monetary factors/elements identified in the compensation plan for Outback Steakhouse's managing partners have significant positive impact on manager retention, consequently reducing their intention to turnover. This hypothesis was tested by survey question number 1 & 2, for the purpose of determining if the compensation attributes offered by Outback Steakhouse are a significant source of reduced turnover intention, both in of themselves and compared to the compensation package as a whole.

There are eight monetary attributes and five non-monetary attributes identified in the compensation plan of Outback Steakhouse as influential in reducing intention to turnover of managing partners according to published reports on the company and statements by the principles of the corporation (Hayes 1995 & Inc 1994). These attributes are at the core of this study in determining the relationship between compensation and intention to turnover. The eight monetary attributes are: Ownership stake/ equity interest: Outback provides managing partners the opportunity to purchase a 10% ownership stake in the restaurants they operate for $25,000 and requires them to enter into a 5-year contract. After 5 years managing partners can sign up for another contract and purchase an additional equity stake in their unit up to 20%. Retirement plan: The company offers a 401K plan to its' managers. Performance bonus: This is the largest part of many managing partners' annual income.

Managing partners earn 10% of the cash flow for the unit in which they are the proprietors. This equates to an average annual income of $118,600, but can go over $160,000 in high performing restaurants. Base salary: $45,000, Stock options: 4000 shares vested over five years. End of contract cash-out/ deferred compensation: At the end of the managing partners contract they can "cash out" of their restaurant unit for 10% of the last 2 years cash flow times 5, or roll the deferred compensation over. With some cash outs reported to reach as high as $300,000. Fringe benefits: Medical, dental, life, and disability insurance. Paid time off: vacation and holiday pay, and at the end of their 5-year contract they receive a one-month paid "sabbatical" at the corporate office in Florida where they get to discuss their future with the principles of the company, relax and decide if they want to negotiate a new contract with Outback. The five non-monetary attributes are**:** Quality of working conditions: The company limits hours for managers to an average of 50-55 hours/week and a 5 day workweek. Status as a managing partner of the restaurant: Outback believes that restaurant managers have a desire to own a restaurant of their own. So managing partners have their names put above the entrance to their Outback restaurant labeled as the proprietor. Community association/location: The company believes that a strong community affiliation is important to the success of their Steakhouses and that managers should have say in where they work and live. Job responsibility: Outback managers like most restaurant managers are responsible for a lot, but even more so because their equity stake in the company makes it difficult to walk away if times get tough. Job autonomy: The outback philosophy is to hire the best managing partners and make them the captains of their own ships while monitoring from afar.

The population selected for this study was the U.S. managing partners/general managers/proprietors of Outback Steakhouse Inc. As of June 13, 2000 the company operates 620 restaurant units under the Outback Steakhouse brand in 49 states and thirteen countries according to a company news release. The sampling frame for this study includes all those managing-partners at the Outback Steakhouse concepts in the U.S.A. listed on the company web site as of August 2000 totaling 600 managers.

This survey was developed by researching other compensation, turnover and job satisfaction survey instruments that were used in the hospitality field and human resources management for data collection purposes (Murrmann et al, 1987; Van Houten, 1997; Patil & Chung, 1998). The survey and a letter of introduction developed for this study were sent by mail to all of the 600 general managers of Outback Steakhouses listed on the company's web site. All items were rated on a 7-point Likert-type rating scale ranging from 1 = not at all influential to 7 = highly influential. Questionnaires were given to two managing partners at Outback Steakhouses during a personal interview to determine if any relevant factors of the compensation plan of Outback Inc. were not included on the survey instrument and that they understood all of the questions. The managers did not identify any missing factors on the survey instrument, but they were able to provide additional details of recent development affecting two compensation variables included in the survey instrument. The first included in the second five-year contract, which is at the manager's option to purchase an additional stake, up to 20%, in their unit and receiving the associated cash flow. The second addition is the paid one-month break and re-indoctrination into the company at the corporate headquarters in Florida. Both of these additional benefits are designed to help retain managers for another contract period.

Once the data was gathered, the survey questions and answers were coded and programmed into SPSS version 10.1 statistical analysis package. First, Chronbach alpha coefficient scores were computed for scale items 1 (compensation attributes) & 2 (turnover intentions). Linear regression was used to compute the regression coefficients between scale variables 1 & 2 using a forward selection criteria and scale variable 2 as the dependent variable to test the hypothesis. In addition, Pearson correlation coefficients were also calculated to test for significant relationships between variables in items 1 & 2.

RESULTS AND DISCUSSION

A total of 600 surveys were sent out to the population of Outback Steakhouse's managing partners in 49 states where their restaurants operate in the U.S. 64 usable surveys were returned for a response rate of 10.6%. Considering the nature of the survey, compensation and turnover, and the target population, very busy restaurant general managers, the response rate was considered within acceptable ranges. Chronbach alphas were computed to test the internal consistency reliability of variables 1 & 2 and it was deemed that a minimum value of .70 would be considered acceptable (Nunnally, 1978). The alphas ranged from .79 (retirement plan & vacation/paid time off) to .82 (community association & performance bonus). Overall, all the alphas indicated support for internal consistency reliability with the combined variables 1 & 2 producing an alpha of .82.

The Pearson Correlation Coefficient (R) was used in order to examine the relationship between each of the monetary compensation elements in item 1 (base salary, deferred compensation, insurance, ownership stake, performance bonus, retirement plan, stock option, vacation) and intention to turnover, item 2. The correlation coefficients show that there were several significant relationships between the eight monetary variables in item1 and the influence of compensation plan on managers intention to turnover, item 2, (see Table 1). The correlation was significant (at $p \leq .01$) between compensation package influence on turnover intentions (item 2) and deferred compensation, R = .582, ownership stake, R = .483, stock option, R = .477. There were also three variables to have significant positive correlation coefficients at $p \geq .05$, base salary R = .298, status as a manager R = .272 and vacation/time off R = .263. The respondents to the survey ranked item 2 with a composite score of 6.31 on a 7-point Likert-type scale indicating that the compensation package of Outback Steakhouse is highly influential on their desire to stay with the company. Thus, the results of the correlation analysis support in part the hypothesis that the eight monetary factors in Outback's compensation plan have a significant positive impact on turnover intentions of general managers. Five of the eight compensation variables (base salary, deferred compensation, ownership stake/equity, stock option, vacation/time off) had a significant positive relationship with the compensation plan's impact on the general manager's desire to stay with Outback Steakhouse.

Table 1: Correlation Coefficients

Correlation Coefficients	location	defer comp	autonomy	respon-sibility	insurance	owners stake	perform bonus	work cond.	retire-ment	status	stock option	vacation	comp package
base salary	.379**	.374**	.088	.020	.443**	.141	.213	.145	.368**	.278*	.228	.571**	.298*
location		.080	-.156	-.055	.087	-.100	.319*	.082	.133	.206	.117	.149	.185
defer comp			.223	.201	.255*	.423**	.214	-.087	.189	.272*	.374**	.152	.582**
autonomy				.489**	320**	.407**	.118	.061	.286*	.261	.285*	.171	.196
responsibility					.480**	.517**	.227	.156	.298*	.407**	.229	.085	.235
insurance						.331**	.156	.313	.554**	.353**	.003	.439**	.081
ownership stake							.266*	.210	.341**	.360**	.478**	.255*	.483**
perform bonus								.122	.188	.033	.078	.060	.117
work conditions									.380**	.053	.156	.477**	.098
retirement plan										.292*	.239	.491**	.149
status as mgr.											.305*	.419**	.272*
stock option												.432**	.477**
vacation													.263*
comp package													

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

In the regression analysis all 13 variables in item 1 were used as independent variables (base salary, location, deferred compensation, autonomy, responsibility, insurance, ownership stake, performance bonus, work conditions, retirement plan, status, stock option and vacation) and item 2 was used as the dependent variable. Item 1 variables were tested to see what variable or combination of variables best predicted the degree to which the Outback compensation plan has a positive influence on general manager's intention to turnover. As indicated in Table 2 when the forward regression was run, two variables, deferred compensation and stock option, explained 41.7% of the variation for item 2 (R_ = .417). This compares to deferred compensation by itself which explains 33.9% of the variability (R_ = .339). None of the 11 other variables in item 1 were added to the final equation under the forward selection process to improve the predictability of the regression model. For the regression equation, the R_ = .417 which indicates that 41.7% of the variability in the degree to which the Outback compensation plan has a positive influence on general manager's intention to turnover is predictable from the regression model; which contains the two variables deferred compensation/end of the contract cash out and stock option.

Table 2: Regression Model

Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Estimate
1	.582 a	.339	.328	.850
2	.646 b	.417	.398	.805

a Predictors: (Constant), defer comp
b Predictors: (Constant), defer comp, stock opt

The regression analysis supports the hypothesis, in part, that the eight individual monetary factors/elements identified in the compensation plan for Outback Steakhouse's managing partners have significant positive impact on manager retention, consequently reducing their intention to turnover. A substantial part of the variation in the compensation package's positive influence on turnover intentions can be predicted by two of the monetary elements. The correlation coefficients showed that five out of the eight monetary compensation attributes demonstrate a significant positive relationship with the compensation plan in reducing turnover intentions. The regression and correlation analysis supports some of the previous research that the compensation an organization provides clearly influences the decision employees make about the organization and turnover (Lawler 1987; Mobley 1982). Additionally, Steers and Porter support the premise that companies which offer the greatest compensation retain the most employees, "high reward levels apparently lead to high satisfaction, which in turn leads to lower turnover" (1991).

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THE RELATIONSHIP OF WORK-FAMILY CONFLICT AND FAMILY-WORK CONFLICT TO JOB SATISFACTION

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ABSTRACT

The issue of work-family conflict has been receiving increased attention in research. This research extends the literature by applying emerging work-family conflict theory in the hospitality industry. The research was done in seven hotels with a primarily Hispanic (91%) workforce. It was found that, expectedly, work-to-family conflict issues were related to lower job satisfaction. It was also found, quite unexpectedly, that family-to-work conflict issues were related to a higher job satisfaction. It is hypothesized that, for this group – primarily lower-income Hispanics, work can be seen as a release from family conflict issues.

Key Words: hospitality, hotel, work-family, family-work, job satisfaction. Hispanic workforce

INTRODUCTION

The traditional model of family structure is rapidly changing in the U.S and dual-earner families are currently the norm. The growing numbers of women (almost 60 % in 1996) in the American workforce has lead to changes in the structure of the family (Bruck, Allen, & Spector, 2002). Such change in the nature of the workforce increases the likelihood that individuals have to cope with the different demands their roles as family member and worker entail. These demands can lead to conflict and stress. This, and a number of other factors are motivating research attention to the effects of work-family conflicts (WFC). For example, changes in the demographic constitution of the U.S. and the changing nature of the job and meaning of work are some additional influences on the work/family roles that individuals have to adopt (Patel, 2002). Researchers in WFC have pointed out that women are especially likely to perceive higher levels of stress due to such conflicts (Martins, Eddleston, & Veiga, 2002). However, two-earner and single-parent family structures means that not only women but also men are susceptible to stresses from WFC (Eagle, Icenogle, Maes, & Miles, 1998). While much research has been conducted among managerial and white-collar professionals, there is very little research that seeks to understand the effects of WFC on lower-level service employees (for an exception, see Boles & Babin, 1996). The hospitality industry is particularly vulnerable to the effects of WFC. Late hours, long hours, and low wage levels are characteristic of hotel jobs resulting in highly stressful work and family environments. Managers often complain that “time on the job interferes with time spent with family and friends” (Berta, 2002, p. 1).

Research has linked several important organizational outcomes such as organizational commitment, job satisfaction, and turnover intentions as well as psychological strain with WFC (Frone, 2000; Kossek & Oseki, 1998; Martins, et.al. 2002). Berta (2002) suggests that WFC contribute to high turnover in the restaurant industry. Simon (cited in Overman, 2002) notes the connection between providing employees appropriate work – life benefits and customer satisfaction. He studied a group of 174 U.S. companies tracked by the American Customer Satisfaction Index and compared companies that appeared on a list of 100 Best Companies for Working Mothers rated by the journal Working Mother and those that did not. The research showed that companies that made the list increased customer satisfaction scores “by between one to five points” (Overman, 2002, p. 3). This finding coupled with demonstrated links between customer satisfaction and stock value has great implications for service industries. Thus, in this study, we seek to understand the nature and effects of WFC on workers in the U.S. hotel industry. We do this by empirically testing the effects of WFC on employees’ job satisfaction and organizational commitment.

CONCEPTUAL BACKGROUND

Greenhaus and Beutell (1985, p. 77) described work-family conflict as “a form of interrole conflict in which the role pressures from the work and family domains are mutually incompatible in some respect. That is, participation in the work (family) role is made more difficult by virtue of participation in the family (work) role.” Much early research treated work-family conflict as a global, bi-directional construct. More recent work conceptualizes work-to-family and family-to-work conflicts as separate but related constructs (O'Driscoll, Ilgen, & Hildreth, 1992). That is, "work can interfere with family life (work-to-family conflict) and family life can interfere with work (family-to-work conflict)" (Frone, 2000, p. 888). While more studies in this area have investigated the effects of work conflicts on family life, researchers are increasingly paying attention to the effects of family conflicts on work life (Netemeyer, Boles, & McMurrian, 1996). The ability of individuals to meet family demands such as caregiving, including child and elder care has an important effect on their satisfaction with their job (Kossek, Noe, & DeMarr, 1999). Research has clearly demonstrated that work-family conflict is negatively related to job satisfaction. Studies have also demonstrated that work-to-family (WIF) conflicts have a greater effect on job satisfaction than family-to-work conflicts (FIW) (Kossek & Ozeki, 1998). In this study, we investigate the effects of WIF and FIW conflicts on job satisfaction. Therefore:

H1: Work-to-family conflict is negatively correlated with job satisfaction.
H1a: Family-to-work conflict is negatively correlated with job satisfaction.
H1b: Work-to-family conflicts will correlate more strongly with job satisfaction than family-to-work conflicts.

Research has shown that WFC and organizational commitment are related and that organizational commitment is an antecedent of psychological withdrawal from the job, i.e., turnover (Shaffer, Harrison, Gilley, & Luk, 2001). Employees who are strongly committed to their organizations are the least likely to leave the organization (Allen & Meyer, 1990). Allen and Meyer developed a three-component model of organizational commitment. The components are identified as affective, continuance, and normative. Allen and Meyer defined affective commitment as the extent to which an "individual identifies with, is involved in, and enjoys membership in the organization" (p. 2). When work roles interfere with family roles such affective commitment may suffer and individuals may evidence reduced levels of affective commitment to their organizations. On the other hand, individuals who have a strong affective commitment to an organization may not perceive their family roles in conflictual terms. Therefore, their family roles will have a weaker effect on their work roles.

H2: Work-to-family conflicts will have a stronger negative correlation with affective commitment than family-to-work conflicts.

Continuance commitment is derived from Becker's (1960) theory that individuals recognize that they will continue to receive increased benefits from preparing for and staying at the present job. That is, their commitment to the organization stems from their perceptions of loss if they leave having already invested substantial resources at the present job. Job-mobility also influences continuance commitment. Individuals who perceive high job mobility will likely have lower levels of continuance commitment to the organization. When family roles interfere with work roles, individuals are less likely to leave their jobs. However, when work roles engender conflict with their family roles then individuals may consider leaving their jobs, especially if they perceive high job mobility.

H3: Work-to-family conflicts will have a stronger negative correlation with continuance commitment than family-to-work conflicts.

Finally, "the normative component of organizational commitment will be influenced by the individual's experiences both prior to (familial/cultural socialization) and following (organizational socialization) entry into the organization" (Allen & Meyer, 1990, p. 4). The extent to which an individual believes work to be more important than family or vice-versa will influence the effect of WFC on normative commitment. Individuals from cultures strongly oriented to the family will likely construe WIF conflicts as having a greater impact. When individuals believe work is paramount, FIW conflicts will have a greater effect. Some cultures have a stronger family orientation than others. In this study, our sample was made up of a largely Hispanic population. The Hispanic culture is characterized as a collective culture in which the family and the group play a large role. Triandis (1994, p. 247) suggests, "…Hispanics are more comfortable within their family than in work situations…" It is to be expected that WIF conflicts will have a stronger negative effect on normative commitment. Hispanic individuals will perceive greater stress if their work roles interfere with their family roles.

H4: Work-to-family conflicts will have a stronger negative correlation with normative commitment than family-to-work conflicts.

METHOD

Sample

Data for this study were collected at seven hotels owned and operated by the same company in South Texas. The survey instruments were distributed as part of an annual job satisfaction survey exercise. All employees were asked to assemble at common locations within each hotel and the forms were distributed. The forms were collected back immediately after the employees filled them out. For those employees who were absent or off-duty, survey forms were provided with a self-addressed envelope. On the survey date, the company employed a total of 555 employees at the seven hotels. Four hundred and fifty surveys were distributed at the employee meetings. The remaining surveys were left at the hotel with self-addressed stamped envelopes for employees who were not able to attend the meeting. Four hundred and nineteen surveys were returned (75 percent return rate) of which 360 were usable. The high response rate is due to the fact that the hotel company conducts annual surveys on company time and the employees are familiar with the procedure. Fifty-nine surveys were unusable due to the fact that the data were not completely filled out. Due to organizationally mandated restraints, we could not survey the gender of the respondent. The sample was drawn from a single organization, thus controlling for variance due to organizational human resource policies.

It was known that the majority of the participants were of Hispanic descent so the survey was translated into Spanish using a double-translation method. A native Spanish speaker of that region first translated the surveys to Spanish. A different native Spanish speaker of that region then translated the surveys back to English. All discrepancies between the two versions were first resolved before using this final version to collect data.

Variables

The job satisfaction dependent variable was measured using a single-item global measure, “Overall, how satisfied are you with the job?” To measure organizational commitment, we adapted the scales developed by Allen and Meyer (1990). Affective commitment was measured using 3 items: for example, “I feel a strong sense of ‘belonging’ to my hotel” (alpha – 0.86); normative commitment with 3 items: for example, “I would feel guilty if I left my hotel now” (alpha – 0.72) and; continuance commitment with 2 items: for example, “It would be very hard for me to leave my hotel right now, even if I wanted to” (alpha – 0.76). The work-to-family and family-to-work independent variables used scales developed by Boles, Howard, and Donofrio (2001). Factor analysis revealed that one item did have a significant factor loading and that item was discarded from the analysis. The scales had high Cronbach’s alphas (family-to-work: 4 items, alpha 0.89; work-to-family: 5 items, alpha 0.93). The analysis controlled for tenure with the hotel, part-time or full-time employment, and age of the individual (Spector, 1997). These variables are related to job satisfaction and organizational commitment. Job tenure was coded as 0 for those with less than one-year tenure with the hotel and 1 for those with more than one year. Respondents were coded 0 if they were full-time and 1 if they were part-time employees. Age was measured as a continuous variable.

RESULTS

The respondents were overwhelmingly Hispanic (91.5 %) and employed full-time (95.1%). The sample was made up of 78.7 % hourly employees and 21.3 % salaried employees. Tenure at the individual hotel property was ascertained and ranged from less than three months (8.7%), three months to a year (28.7%), a year to three years (24.9%) and more than three years (37.7%). About 48 percent of the sample had none or 1 dependent child, 22.3 % had two children, 17.6% had three children, and about 11 percent had four or more children. About 43 percent of the sample had one or more adult dependents. Table 1 presents descriptive statistics and correlations for the variables in the model.

Table 2 presents the results of the regression analyses. Only age had a significant effect on the dependent variables as shown in Table 1 ($p < 0.001$). No effects for job tenure and employment status on job satisfaction were found.

Hypothesis 1, which states that WIF conflicts will be negatively related to job satisfaction, received strong support. The greater the WIF conflict experienced by an individual, the lower was the individual’s job satisfaction ($p < 0.001$). Hypothesis 1a, which states that FIW conflicts will be negatively related to job satisfaction, was not supported. There was significant support, however, for a positive relationship with FIW conflicts. Hypothesis 1b, which states that WIF conflicts will be more strongly related to job satisfaction, was supported. WIF conflicts related to satisfaction in the expected direction and more strongly ($p < 0.001$) than FIW conflicts ($p < 0.05$). Hypothesis 2 stated that WIF conflicts will be more strongly and negatively correlated with affective commitment than FIW conflicts. The results do not support this hypothesis. Hypothesis 3, which states that WIF conflicts will be more strongly correlated with continuance commitment, was not supported. While the direction of association of WIF with continuance commitment was in the hypothesized direction, the correlation was not significant. Finally, hypothesis 4, which states that WIF conflicts will be more strongly correlated with normative commitment, received strong support. Higher levels of WIF conflicts are related to lower levels of normative commitment to the organization ($p < 0.001$).

Table 1: Descriptive Statistics and Correlations

	Mean(Std.Dev)	1	2	3	4	5	6	7	8	9
Age (1)	36.66 (11.51)	1								
Tenure (2)	0.91 (0.282)	.110	1							
Employment (3)	0.95 (0.21)	.031	.036	1						
Work to family (4)	3.42 (1.97)	.003	.069	.027	1					
Family to work (5)	2.64 (1.87)	.123*	.057	-.003	.613**	1				
Affective (6)	5.45 (1.53)	.351**	-.042	.008	-.017	.092	1			
Continuance (7)	5.05 (1.82)	.256**	.014	.040	.046	.146**	.644**	1		
Normative (8)	5.13 (1.56)	.270**	-.057	-.002	-.121*	.080	.639**	.674**	1	
Satisfaction (9)	5.83 (1.44)	.188**	-.035	.005	-.193**	-.023	.473**	.280**	.479**	1

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

Table 2: Results of Regression Analyses

Variables	Normative	Continuance	Affective	Satisfaction
Age	0.267***	0.225***	0.342***	0.158*
Tenure	-0.104	-0.036	-0.095	-0.049
Employment Status	0.002	0.064	0.052	0.38
Work-to-Family Conflict	-0.208**	-0.40	-0.062	-0.285***
Family-to-Work Conflict	0.106	0.053	0.044	0.191*
R^2	0.111	0.058	0.128	0.087
Adjusted R^2	0.092	0.04	0.110	0.069
Model F	6.116***	3.094**	7.307***	4.762***

N = 360 * $p < .05$ ** $p < .01$ *** $p < .001$

DISCUSSION

The hospitality industry has been widely characterized as a highly labor intensive industry. Researchers have also noted that organizational climates that allow employees to perceive higher satisfaction will lead to higher guest satisfaction (Schneider, White, & Paul, 1998). It is important for hospitality organizations to understand the factors that lead to job satisfaction. One factor that has gained prominence in recent research is the concept of work-family conflict (e.g., Boles & Babin, 1996). In this exploratory study, we investigated the effects of work-family conflicts on individuals' job satisfaction and organizational commitment. Specifically, we investigated the effects of both family-to-work conflicts and work-to-family conflicts on job satisfaction and the three facets of organizational commitment.

The results provide support to the notion that when work roles interfere with family roles, the individual's job satisfaction is lower. However, counter-intuitively, our results show that when individuals' family roles interfere with work roles, individuals perceive higher job satisfaction. We can only speculate that perhaps individuals who perceive high stress from family roles may find work to be an escape. Keeping in mind the sample that was investigated, we speculate that socio-economic status may motivate individuals to seek support from their work roles. Hence, when work roles permit them such facility, it may be seen as positive. It is also possible that work is seen as a means or resource to resolve family conflicts and as such work may be a source of satisfaction. This finding calls into question the assumption in much of the work-family literatures that family roles that interfere with work are stressful and leads to job dissatisfaction. It is important perhaps to also take into account cultural influences and to model the complex interrelationships between work roles and family roles. Cultural influences may also account for our non-findings with regard to the relationship between both forms of WFC and affective commitment. It is possible that the individuals in our study were more affectively committed to their families and community than the organization (Triandis, 1994). Martins, et al. (2002), for example, suggest that community involvement and community ties moderate the relationship between work-family conflict and career satisfaction. Our data show that WIF conflict reduced affective commitment to the organization, although not statistically significant. Again, while we found no statistically significant relationships between the two forms of WFC and continuance commitment, the direction of association is consistent with the other dependent variables. WIF is negatively related and FIW is positively related to continuance commitment. We can only speculate that this non-finding can be attributed to the perceived job mobility of the sample. They may perceive low job mobility and therefore role conflicts, whether FIW or WIF, do not play a role in their decision to continue.

Finally, when individuals believe that their work roles interfere with their family roles, they are less willing to be loyal to the hotel. In this sample, at least, it appears that their family roles are paramount. They are less affected by the conflict their family roles engender in their work roles.

Limitations and Implications

Before discussing the implications of the study, a couple of limitations have to be pointed out. First, the sample was largely made up of Hispanic individuals and therefore caution should be exercised in generalizing the findings to a larger population. The study is cross-sectional. A longitudinal study may better allow causal connections to be made. Therefore, the results of this study should be treated as exploratory and used with caution.

Despite its limitations, this study has important research and practical implications. The results of the study suggest that it is important to take into account various factors that may be specific to a particular study. That is, the patterns of WFC cannot be conceived of in global terms. This study has surfaced an important variable that should be taken into account in future studies, namely, cultural differences. Anecdotal evidence suggests the grouping together of individuals of certain cultures in some departments of a hotel. The role played by such groups in managing work-family conflicts should be more explicitly investigated. Implicit in much of the research is the assumption that the work arena is always the source of stress. Preliminary evidence suggests that this may not hold; work may serve as a stress-release mechanism. Stress due to the adoption of family roles may be negotiated at the workplace. This has important implications for the structuring of work place policies. Future research should more carefully model and test the interrelationships among the various sources of conflict. More careful attention should be placed on identifying antecedents, moderators, and reciprocal relationships among the variables. The use of structural equation modeling may allow more complex relationships to be identified.

Hospitality managers list human resource issues, such as turnover and retention, as important problems facing the industry (Enz, 2001). Organizations invest large resources to create programs such as alternative work schedules, and child- and eldercare assistance programs to ensure family-friendly and supportive work environments. However, "recent assessments of work-family initiatives indicate the potential value of most programs exceed their actual use" (Kossek, et al. 1999, p. 103). Organizations need a more accurate understanding of the relationships between work and family roles. Understanding the causes and consequences of conflicts between the roles will help install more appropriate and rational workplace systems. Individual factors such as age should be taken into account in designing work-family programs. Workforces in the U.S. are increasingly multi-cultural. The effects of culture-dominated preferences should be accounted for in designing programs. Employee job satisfaction is clearly related to WFC. More research is needed to identify precisely what aspect of work and family roles affects the hospitality industry worker's job satisfaction.

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THEORETICAL EXPLANATION OF CONSUMER PRICE SENSITIVITY AND ACCEPTABILITY: EMPIRICAL SUPPORT FROM A FIELD STUDY

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ABSTRACT

The range theory predicts that the market prices are evaluated according to their position on a scale defined by the low and higher prices within a consumer range of price acceptability. This study has relied on the Adaptation-Level Theory to account for the existence of a reference price range by which consumers evaluate the existent prices of any product category. A field study was conducted at a casual dining restaurant. Results indicated that the use of range theory to explain consumer acceptability of price and products is appropriate for the hospitality industry and could be used effectively in making make pricing decisions.

Key words: pricing; restaurants, foodservice, marketing, consumer behavior

INTRODUCTION

It is generally accepted that consumers compare a market price to an internal reference price when judging the attractiveness of the market price (Janiszwewski and Lichtenstein, 1999). Considerable research has examined reference price effects (Kalwani et.al. 1990; Winer, 1986). Reference price has been assumed to be the price consumers' form in their minds as a result of experience. Prices above the reference prices are defined as perceived losses for the consumer and prices below the reference price are perceived as gains for the consumer. Hence, consumers react more negatively to losses than they react positively to gains (Kalwani et. al. 1990). Reference price has been assumed to be a point estimate, but is more accurately presented as a region (Sawyer and Dickson 1984).

THEORETICAL RATIONALE

The adaptation level approach proposed by Helson (1964) has been used as a basis of reference prices and how it changes as customers gain new experiences. Adaptation-Level Theory explains how the same stimulus could be evaluated differently as a function of varying contexts. According to Adaptation Level Theory, the adaptation level is some average of stimulus intensities to which the individual has been exposed (Mullen and Johnson, 1990). With reference to price, the way in which a price will be evaluated depends on the relation between the actual price and the adaptation level (the average price) for that product category. Reference price cold be defined as the standard price against which consumers evaluate the actual price of a product they are considering to purchase. Reference price is based on the premises that consumers do not respond to price absolutely but also relative to their reference price (Rajendran and Tellis, 1999). Kalyanaram and Winer (1995, p161) observed that a significant body of literature supports the notion that individuals make judgments and choices based on the comparison of observed to a reference. In his work, Winer (1988, p. 35) explains, "defining p^o to be the observed retail price and p^r to be the individual's internal reference price, the underlying assumption of this (behavioral pricing) literature is that positive values of $(p^o - p^r)$ are perceived negatively, while negative values of $(p^o - p^r)$ are viewed positively". Thus if the reference price is lower than the actual price, consumers view a purchase as a loss. Consequently, the range of acceptance, according to the Assimilation-Contrast theory (Sherif, Taub and Hovland 1958), a new stimulus encountered by an individual is judged against a background of previous experience in that category. The past category forms an individual's reference scale and a preferred category within this scale becomes the "anchor". Eventually, stimuli are judges in relation to the reference scale. The reference scale provides the basis for comparisons and evaluations.

Assimilation-Contrast approach utilizes "anchoring" stimuli to provide a frame of reference for making judgments. The three primary anchoring stimuli are: the lowest price, the highest price and the reference or average stimulus. The Assimilation-Contrast Theory assumes that, latitude of acceptance surrounds these anchoring stimuli. Assimilation and Contrast can be therefore defined in terms of anchoring stimuli. Stimulus values falling within this latitude of acceptance will be judged as being similar to the reference stimulus; hence assimilation refers to the judgment that a given stimulus falling within latitude of acceptance and is viewed as more similar to the reference price than it really may be. Alternatively, stimulus values falling outside the latitude of acceptance (into what might be referred to as latitude of rejection) will be judged dissimilar to the reference stimulus. Contrast refers to the judgment that a given stimulus falling outside the latitude of acceptance is less similar to the reference stimulus than it really is. With regard to price, a price that falls within latitude of acceptance is judged similar to the reference price and that which falls outside the latitude of acceptance is judged to be dissimilar to the reference price. The existence of a price range and the three factors that affect consumer satisfaction and price ranges are posited in the following hypotheses.

H1: In the restaurant industry, for a given product category, consumers have a range of price acceptance with upper and lower limits.
H2: In the restaurant industry, for a given product category, consumers with a higher average reference price have wider ranges of price acceptance
H3: Consumers with a higher perceived product value have a wider range of price acceptance
H4: The speed of service has an inverse relationship with the perceived product quality.

METHODOLOG

Data collection was conducted at a student-managed, on-campus restaurant using a price sensitive meter (PSM). The test sample included the guests to the restaurant during the lunch period, thus it was a convenient sample. Data was collected over one week and any guest who was returning was asked not to fill the questionnaire again. 157 questionnaires were distributed. 149 were collected and 136 were usable. The guests were asked questions related to both price and quality of the total product (service courtesy, value of food and speed of service). The product related questions were rated on a 7-point scale ranging from 1=very unacceptable to 7=highly acceptable. The respondents were given the questionnaire after their meal before their guest checks were issued. They were allowed as much time as possible to fill out the questionnaire and drop it in a box on their way out. At the end of the questionnaire, the question that asked the respondents why they think this survey is important, a majority of them responded that it was necessary for price adjustment. The data was analyzed using SPSS and spreadsheets programs .

RESULTS AND FINDINGS

Graphs were plotted from the data to estimate the consumer price sensitivity using the Price Sensitivity Meter, as prescribed by Monroe (1995). Results were estimated in whole dollars ignoring the fractions. Figure 1a plots the cumulative distributions of responses for "Cheap but acceptable" and "Expensive but acceptable" The Figure 1b exhibits the cumulative responses for "Cheap and Unacceptable" and "Expensive an Unacceptable". The intersection of this graph $7 is the indifference price (IDP) or the number where equal number of respondents feel the price is cheap as think is expensive. As indicated by Lewis and Shoemaker (1991): "a low IDP indicates a high price consciousness and a high IDP percentage indicates diffuse price consciousness". Our IDP was determined at 93 percent, a relatively high value indicting high price sensitivity.

Figure 1a: Determining Price Limits

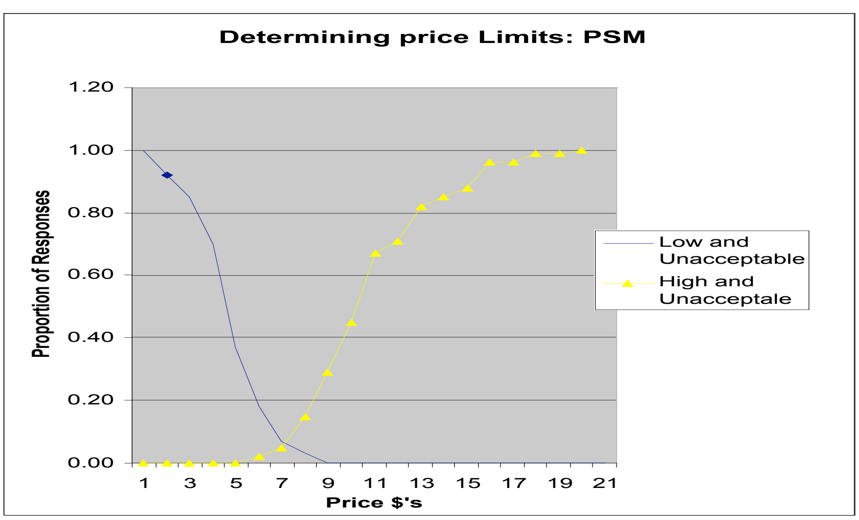

Figure 1b

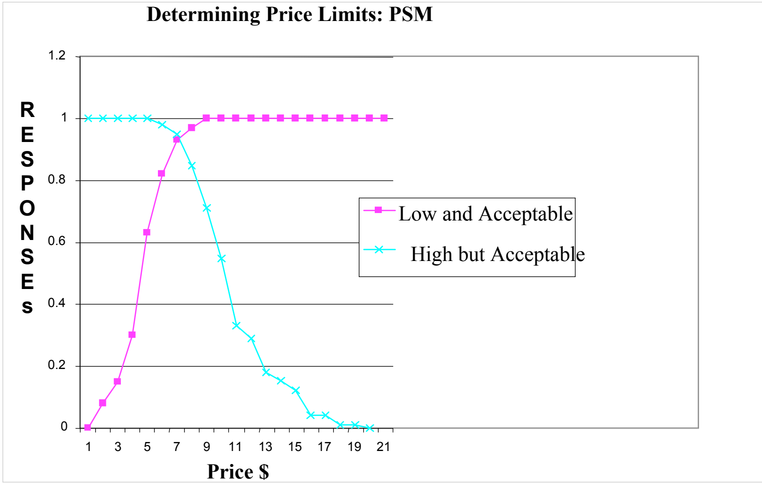

Figure 2:

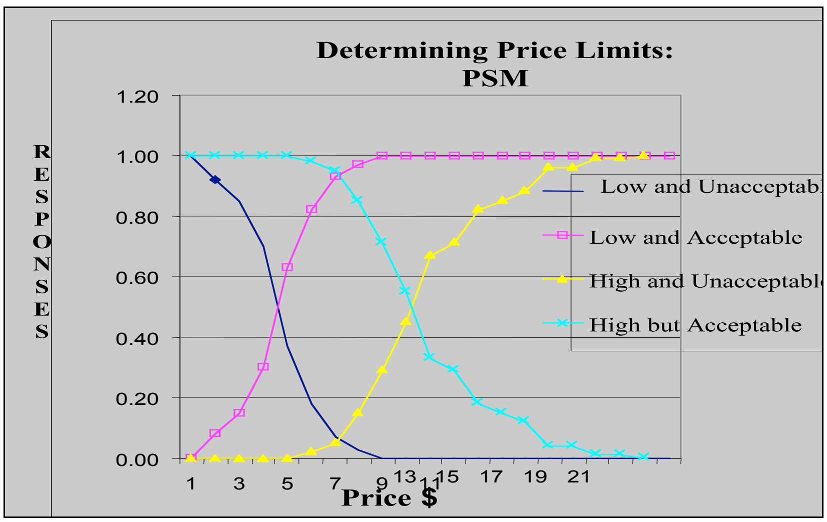

Figure 2 provides the Optimal Price Point (OPP) or where purchase resistance due to price is at its lowest. This point was estimated at seven dollars. The resulting graph of combining Figures 1a and 1b (Monroe, 1995) gives the area indicating the range of acceptable prices (RAP), which is the distance between the point of Marginal Cheapness (PMC) and Point of Marginal Expensiveness (PME). In this study, it was analyzed to lie between $5 and $11, which gave a range of $6. The acceptable price for students was $5.50 (range $4.00-9.00), staff/faculty $6.00 (range $5.00-10.00 and visitors at $7.00 (range $6.00-11.00). Hypotheses 1,2 and 3 are supported by these obtained results.

Correlation analyses were carried out between the perceived value and speed of service with the recommended price (table 1). The analysis of service acceptability and food acceptability yielded the following results. Visitors to the restaurant expressed the highest acceptability for the food (6.00), which is above average while the students have the lowest acceptability of food (4.5). Speed of service is highly correlated with food quality for faculty, students and employees but not visitors (.08) rejecting the hypothesis 4.

Table 1: Relationship Between Consumer Segments and Recommended Price, Speed of Service, and Food Quality

		Recommended Price	Speed of Service	Food Quality
Students	Recommended Price	1.00		
	Speed of Service	0.02	1.00	
	Food quality	0.13	0.52	1.00
Faculty	Recommended Price	1.00		
	Speed of Service	-0.18	1.00	0.80
	Food quality	-0.02	0.80	1.00
Employees	Recommended Price	1.00		
	Speed of Service	-0.49	1.00	0.38
	Food quality	-0.03	0.38	1.00
Visitors	Recommended Price	1.00		
	Speed of Service	0.37	1.00	0.08
	Food quality	0.16	0.08	1.00

CONCLUSIONS

This study has relied on the Adaptation-Level Theory to account for the existence of a reference price by which consumers evaluate the existent prices of any product category. The experiment here was designed to examine the existence of both the reference price as an anchor and the existence of a range of price for the consumers which is a deviation from the anchor. The rage theory predicts that the market prices are evaluated according to their position n a scale defined by the low and higher prices within a consumer range of price acceptability. The use of range theory to explain consumer acceptability of price and products seems applicable in the hospitality/restaurant industry

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PRICE RECOGNITION AND RECALL: DO THEY INFLUENCE CONSUMER PURCHASE DECISIONS?

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ABSTRACT

Recall is the patching together of clues from stored memories to reconstruct an item of consciousness. In recognition, the items with a stronger association or familiarity tend to be retrieved easily. Current study investigates whether there is a difference in the recall and recognition for price and food items by consumers when prices are placed on the left or the right side of the text in restaurant menus. The right priced menus tend to have a longer distance between the food item descriptions and the prices compared to the left priced menus. Hence the left priced menus are read faster than the right priced ones.

INTRODUCTION

Both Economics and behavioral literature has focused on the influence of price in consumer decision-making. Economics literature assumes that consumers make rational decisions of utility maximization while making product purchases (Narasimhan, 1984). While behavioral literature posits that there is more beyond economic decision-making. Monroe and Lee (1999) noted that, “we still know little about how people process and remember numerical information (*prices*)” (italics added). Consumer perception of price is not only affected by the numerical value it represents but also by the form of presentation selected for displaying. Coulter (2001) concluded that placement of price information either on the left or right has a significant effect in product demand. This change in demand is because consumers’ perception of a product price is a result of complex cognitive processes involving price observation, consequence transcription of the observed information by the brain and comparison with reference prices as well as other related information in memory. It is therefore important to try and establish the contribution of various memory activities that may cause the differences observed in demand as a result of placement of information/price on either the left or right.

This study aims at investigating 1) if placement of price on either right or left of the verbal description contributes to recall and recognition of the product or price. 2) The ability of a consumer to recall/recognize a price could influence demand because ease of recognition or recall implies that the information is easily available in the consumer memory therefore the consideration set and hence easy to retrieve hence making purchase decision making easier.

PSYCHOLOGY OF PRESENTATION

Sperry (1961) suggested the existence of the “split brain”-that the vertebrate brain is symmetrical. The structures on the left side of the brain seem to be duplicated on the right side. The symmetry posses some interesting questions concerning the location of memory ‘traces’ related to information processing, identity and methods of processing. Gazzaniga (1970) and Gazzaniga and Sperry (1967) the split brains are connected or bridged by a mass of fibers, *corpus callosum.* These two halves of the brains are separate and entry into one half or the other can be accomplished by restricting visual stimuli to one half of the visual field (Figure 1).

A stimulus presented to the left half of the visual field of either eye will be will be relayed to the right side of the brain and a stimulus flashed to the right half of the visual field of either eye will be will be relayed to the left side of the brain (Houston, 1981). These separate brain hemispheres have different abilities to process information. Gazzaniga and Sperry (1961), Galin & Ornstein (1972) suggested that the left half of the brain tends to be relatively specialized in processing speech and writings while the right side is specialized for processing of more non-verbal information. Even then, this does not imply that the two parts of the brain can handle only certain types of information nor does it imply that they do not communicate with each other. In normal functioning they are complementary, and the *corpus callosum* provides a means of transferring information processed on one side of the brain into the other (Hellige, Cox and Litvac, 1979).

In their works, Ellis and Miller (1981) presented that consumer preference for an ad is affected by the directional placement of the pictorial and verbal information. Respondents preferred ads with pictorial material on the left and verbal material on the right compared to the ads presented vice versa. It has also been observed that consumer preferences for restaurant menus are influenced by the position of price placement. In the casual dining sector, consumers prefer right priced menus to the left priced menus while the reverse is true for quick service menu choices.

SIGNAL DETECTION THEORY OF RETRIEVAL IN RECOGNITION

The signal detection theory (Klatzsky, 1975) explains for the process of retrieval in the recognition process. The strength of an item in memory can be described as the amount of excitation of a location in Long-Term Memory (LTM) that corresponds to the item. Strength can also mean the degree of familiarity-the stronger the item in memory, the more familiar it will be seem. The assumptions of signal detection theory are that both old and new items are normally distributed and that the variability in the strengths of old items is as great as that of the distracters. Thus, we have two normal distributions to consider-one represents the strengths of the list/learned items; the other represents the strengths of the distracters or new items.

The other assumption is that, presenting some item on a list has the effect of increasing its strength in the subjects LTM. That means that presenting the item moves its initial strength, or familiarity, from some starting value to some new, higher value and items not presented to the subject stay at their initial level of strength, or familiarity. New items therefore will be lower in strength, at the level the old items were at before they were presented on the list. The further apart the means are, the stronger the old items are relative to the new. Hence, in recognition, the items with a stronger association or familiarity tend to be retrieved easily.

RECALL AND RECOGNITION

Recall is the patching together of clues from stored memories to reconstruct an item of consciousness. For example, in a recall test, subjects are asked to write down as many words as possible on a list previously learnt (Turkington and Harris, 1993). A cue usually directs recall. It might be a direct request, as when asked a question on a test. Or it might be a smell that triggers a memory, or it may be any stimulus that leads one to recall. Retrieval cues can also be internal, for example hunger could be a reminder of a skipped meal. In these cases, the cues are analogous to that given by an experimenter who gives instructions such as: "recall the previous list." One theory of recall has been presented by Anderson and Bower (1973) in the context of their associative-network view of memory (as presented in the discussion of their HAM-Human Associative Memory). In their model, when a subject studies the words in a list for subsequent recall, several events occur that lead to retrieval. Retrieval in the Anderson-Bower (1973), model commences after an initial recall of any words that may be in STM with the words in the starter set are associated.

Errors occur in the recall process, according to this model, because the process of marking word locations and associative pathways is probabilistic. Even then, the difference between recognition and recall has not been very clear since it is argued that one depends on the other. But what is established is that, sometimes the gap between recognition and recall can be very wide (see Standing, 1973 for more details).

SERIAL POSITION EFFECTS

Besides the brain structure, recall and recognition, human memory is also influenced by the serial position of the presented stimulus material. For example, in a free recall test, where subjects are presented with a string of words or stimulus, and asked to recall immediately, a pattern is obtained that shows the *recency effect* and *primacy*

- H4: *There is no difference between consumer recognition for left or right side food item effects.* Items in the middle are the least recalled. Primacy effect is proposed to occur because the items in the beginning undergo more rehearsal during the learning period. Early items are recalled fairly well because they are rehearsed more than the later items (Rundus, 1971; Reynolds & Houston, 1964). Last items on a list are better recalled because of the short-term memory. The explanation is that the items are in the short-term memory at the time of recall.

The focus of the current study is therefore to investigate if presentation order is affected by the activities of memory and brain activities that culminate to recall and recognition. Of particular interest is to hypothesize that that the preference for menus when price is placed to the left is as a result of consumers being able to recognize and recall prices easily and therefore reduces the extra stress of making a purchase decision. Because, the more associations a consumer builds in the mind about a product, the more it is available in their consideration set and memory when purchasing products within a particular category.

- H_1: *There is no difference between consumer recall for left or right side price presentations in restaurant menus.*
- H_2: *There is no difference between consumer recognition for left or right side price presentations in restaurant menus.* H_3: *There is no difference between consumer recall for left or right side food item description presented in restaurant menus. description presented in restaurant menus.*

RESULTS AND DISCUSSION

Since it is an exploratory rather than a confirmatory research, a psychological experimental design was found to be more appropriate to test the current hypotheses. A representative test menu was developed for the quick restaurant service segment. The test menu was created in two forms: one had item prices listed to the right of the descriptive text, and the other copy had item prices listed to the left of the descriptive text. Both menus had six entrées and six drinks. The participants were randomly divided into four groups so as to be able to capture recall and recognition while avoiding presentation order and repetition effects. To minimize for familiarity bias, the names used for the drinks were artificially created so that they wouldn't be familiar to the subjects. Care was taken to make the created names of the drinks sound/appear more like "normal" drinks but from a different part of the country.

The test sample included undergraduate students at a major university from an introductory to hospitality class hence a convenient sample. The respondents were given a set of instructions prior to the experiment. To ensure that the respondents followed all instructions properly, the class professor was the proctor. At the end, the participants were asked to either take recognition or a recall test. At the end of the test, the respondents were debriefed and questioned about the intent of the study. The data was analyzed using the spreadsheets (Excel) software. Results of the experiment showed that there was no statistical difference in accuracy of recall of prices of menu items whether they were placed on the left or on the right. But the attempt to recall (though less accurately) was 40.0% higher for left priced menus than right priced menus

CONCLUSIONS

There is no difference in the recall and recognition for price and food items by consumers whether they are placed on the left or the right side of the price of the restaurant menus. Further refinement of this experiment is required to be able to capture proper information as well as further experiments on categorical pricing would give a proper comparison that can develop proper conclusions. There is a possibility of distance effects in the consumer choice, as the right priced menus tend to have a longer distance between the food item description and the price as compared to the left priced menus. Hence a possibility that the left priced menu is read faster than the right priced one, giving consumers a longer time to process the information. Generally, the results are still inconclusive and there is a need for more refinement in methodology.

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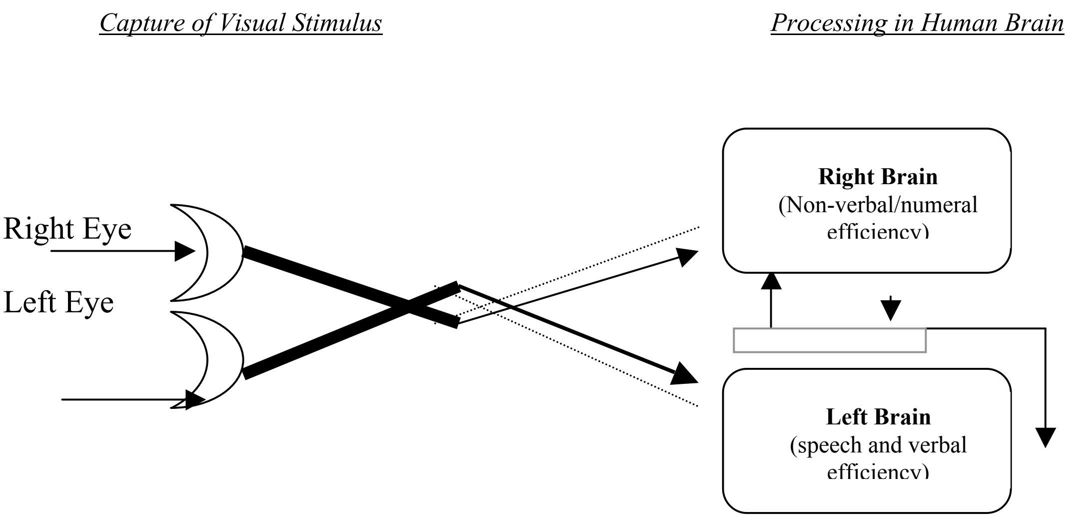
Figure 1: Pictorial Representation of the Split Brain



Corpus Callosum Connects the Brain and it activities and facilitates information exchange. At cross over point, some information from the left and right sides separate.

ROLE OF WEBSITE QUALITY IN ONLINE BOOKING DECISIONS

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ABSTRACT

In this study, we propose a research framework to examine the role of website quality in attracting online bookings and empirically test the proposed model with potential travelers. Results indicate that website quality is determined primarily by information completeness and ease of use and it affects customers' perceptions of expected product quality, expected value, and attractiveness of the online purchase. The paper includes discussions on practical implications and suggestions for future research.

Key Words: online booking, website quality, reservation, value, quality, information

INTRODUCTION

Online booking agencies are gaining momentum as a new distribution channel in the lodging industry. Sources show that in 2001 nearly half of all bookings were accounted for by a few dotcom companies such as Expedia, Travelocity, Hotels, and Priceline and the share of these agencies for hotel bookings is growing exponentially (Starkov, 2002a). Although hotels may benefit from the growing number of alternative distribution channels, an excessive reliance on online distribution agencies poses some serious threats like price and brand erosions, among others, to hotel companies. For example, Hotel Management Company has experienced the average booking rate of $76.80 via indirect agency websites, as compared to $110 via direct hotel websites (Starkov, 2002a, b). Moreover, this average booking rate was much lower ($58.55) if only online discounters like Priceline and Site59 are considered.

E-commerce consultants and researchers suggest that hotels develop strategies to effectively deal with the changing business environment before it is too late (e.g., Karcher, 2002; Lederer, *et al.,* 2000; Starkov, 2002a, b; Starkov & Price, 2002). Researchers have begun to report their studies conceptualizing the effects of website quality-related characteristics on customers' website usage and online purchase intention (e.g., Jeong & Lambert, 2001; Lederer *et al.,* 2000). Surprisingly, however, most studies considered quality-related characteristics of websites, such as usefulness and ease of use, as exclusive determinants of purchase intention, attitudes, or actual usage of the website. Grossly missing in these studies is consideration of target product-related variables such as price, product quality, and expected customer value. Note that website quality characteristics should be viewed as only *partial* determinants of online purchases and, therefore, online purchase behavior should be understood based on not only website quality characteristics but also product-related variables *simultaneously*. Only after website quality characteristics are considered together with other relevant variables can one argue for a realistic role of website quality in customers' online purchase decision making.

This paper reports the summary results of our recent study that reassessed the role of website quality in online booking decisions. The focus of our investigation was on whether website quality was still influential in online booking decisions when its effect is considered *relative to* that of other product-related variables. By doing so, our study could enhance the validity of the website quality concept and provide a further realistic framework to understand online purchase behavior. In particular, our study aimed to extend the technology acceptance model (TAM: Davis, 1989; Lederer, *et al.,* 2000) to online purchase situations in the lodging industry by integrating website quality characteristics into the traditional customer value model (Monroe & Chapman, 1987; Dodds, *et al.,* 1991). In this way, this study could assess the role of website quality in online purchase decisions more rigorously than in previous studies and improve marketers' understanding of the growing e-customer base.

BACKGROUND

Davis (1989) has provided a mainstream research framework, called the Technology Acceptance Model (TAM), for studying customers' online purchase-related behavior. A central thesis of TAM is that customers develop favorable or unfavorable attitudes toward their use of the target information system from their perceptions of the system's usefulness and ease of use. The attitudes then determine customers' intention to use the system, the intention which entails actual usage of the system. As applied to online booking situations, a lodging customer may perceive a particular hotel website to be useful and easy to use, from which s/he develops a favorable attitude toward the website and then uses the website for various purposes including booking at the hotel.

While TAM has resulted numerous applications mainly to study how new information technology (IT) is adopted by organizational members (e.g., Bagozzi *et al.,* 1992; Taylor & Todd, 1995), several IT researchers have adopted TAM's propositions to explain how customers make a purchase decision when using the Internet. Moon and Kim (2001), for example, extend TAM to include the concept of playfulness as an important antecedent of attitude toward using a particular website. In a similar study, the concept of playfulness is replaced with the concept of compatibility (Chen *et al.,* 2002). Notably, website quality characteristics such as perceived usefulness and ease of use were found to account for a significant proportion of variance in the purchase-relevant behavior of online lodging customers (Jeong & Lambert, 2001).

Reviews of previous studies consistently reveal that website quality characteristics are potentially critical variables affecting online purchase-related behaviors. Nevertheless, two issues are in question. First, past studies are not reconcilable for clarifying the components or antecedents of website quality perceptions. Most TAM studies suggest ease of use and usefulness of the website as precursors of website use intention and actual usage. The second issue regards the lack of face validity revealed in past studies on the role of website quality characteristics. Most TAM studies attempted to explain technology acceptance behaviors by narrowly focusing on only system-related characteristics and, thus, TAM has inherent limitations for applications in e-commerce behavior. Moreover, other online purchase models equally failed to consider critical variables other than website characteristics, such as the price and quality of the target product (e.g., Aladwani & Palvia, 2002; Chen *et al.,* 2002; Liu & Arnett, 2000; Moon & Kim, 2001).

Monroe and colleagues provide a widely-adopted conceptual groundwork for understanding consumer behavior in a purchase decision (e.g., Dodds *et al.,* 1991; Monroe & Chapman, 1987; Rao & Monroe, 1989). According to their model of *customer value*, customers form an impression of both acquisition and transaction values about a particular product as a result of tradeoffs between the product's price and quality. As argued above, online customers are seeking good prices and knowledge about the quality of the focal hotel product. Hence, the customer value model fits studying online booking decisions. Moreover, to the extent to which online shoppers are motivated to engage in online transactions for better price and quality information, marketers need to consider price- and quality-related variables in understanding the online purchase decision process. In other words, the role of website quality in online purchase decisions can be better understood by simultaneously modeling website quality with these product-related variables. Such an integrative approach was a primary goal of a recent qualitative study by Zeithaml, Parasuraman, and Malhotra (2000).

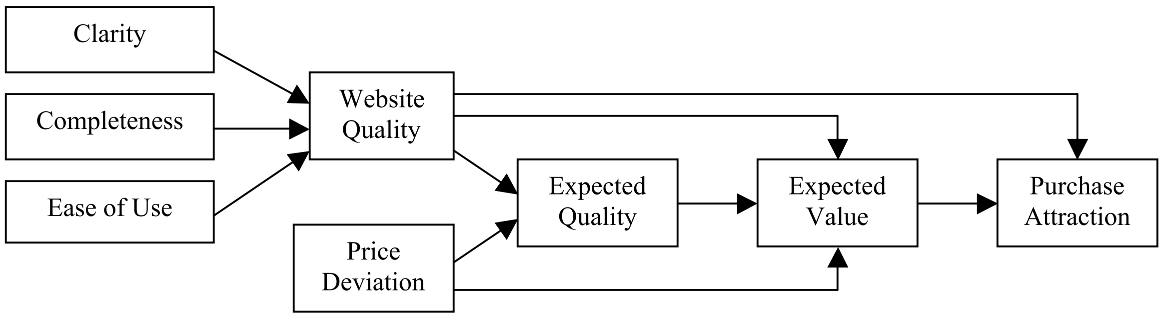
THE RESEARCH MODEL

In Figure 1, we propose a conceptual model to examine the process of online booking decisions in the lodging industry. The model incorporates the core website quality aspects that were derived from TAM and its extensions into the customer value theory of Monroe and colleagues, based on the rationales discussed earlier. In the model, website quality is conceptualized as influenced by information clarity, information completeness, and ease of use (see Aladwani & Palvia, 2002; Jeong & Lambert, 2001; Liu & Arnett, 2000). Following the customer value model, the attractiveness of an online purchase (i.e., booking) is influenced by expected value of the product as a result of a price-quality tradeoff. Note that perceived price in this case is captured by the actual price amount compared to both the customer's *internal reference price* and *reservation price* (see Bearden *et al.*, 1992, and Winer, 1986). In general, website quality is viewed as an added experiential cue to improve or undermine online shoppers' perceptions of the focal product's quality, expected value, and purchase attractiveness.

METHODS

We conducted an online survey early in 2001. A self-administered "click-button" questionnaire was placed online for data gathering. The questionnaire contained a linked page of an actual hotel website selected from hotels operating in New York City. The survey participants were asked to visit the linked website first and return to the questionnaire page to provide their opinions to the research questions tapping the variables in the proposed model. A total of 16 actual hotel websites were selected, with 4 from each of the four lodging segments (i.e., upscale, luxury, mid-scale, and economy) in an effort to increase generalizability of the results. Each website was randomly assigned along with the questionnaire page to an equal number of participants.

Figure 1. A Proposed Model of Online Booking



We measured most variables with multiple items to improve accuracy and allow assessing measurement quality. (Detailed measures are available upon request.) Each construct achieved relatively high reliability and the amount of variance extracted from the measurement items exceeded a suggested minimum of .50 for all constructs (Fornell & Larcker, 1981). Note that the two price deviations (i.e., *reference* and *reservation price deviations*) were truncated at $\pm\$500$, as we thought that excessive values could constitute response bias.

We distributed the questionnaire electronically to a national sample randomly drawn from the online shopper database maintained by Survey Sampling Inc. (SSI). A total of 41,600 online shoppers were initially contacted. Of these, 1,743 responded (4.3%). Although we offered all participants a chance to win one of five $200 cash incentives and to enter SSI's monthly sweepstake for winning $10,000, the resulting response rate was disappointing. Due to operational complexities, we avoided a follow-up procedure. In addition, perhaps the complexity of our survey and time commitment for completion (approximately 25 minutes) could have caused such a low response rate. Nevertheless, the sample covered all 50 states in the U.S. plus Puerto Rico in a representing manner. The majority were female (71%), but age was quite evenly distributed covering from 21 to 55 or over (10-22% for each 5-year age bracket). The majority was married (60%) and was earning an annual household income of $30,000-$100,000 (65%).

FINDINGS

We analyzed data by using SPSS for all supporting statistics and LISREL 8.3 for the proposed model. (Again, descriptive statistics are available upon request.) Measurement quality was assessed along convergent and discriminant validities by examining the measurement model. Based on Fornell and Larcker's (1981) suggestions, the reliability (.87-.93) and amount of variance extracted for each construct (.78-.87) substantiated the adequacy of each construct's convergent validity. Discriminant validity also was fully satisfied because the smallest amount of variance extracted (.78) was still greater than the square of the largest inter-construct correlation (.85 between ease of use and information clarity).

The measurement model resulted in x^2 (63) = 116.46 (p < .05), GFI = .98, AGFI = .96, CFI = .99, TLI = .99, and RMSEA = .036. Given the well-known high sensitivity of x^2-statistic to sample size, all the other model fit indices strongly supported the goodness of the measurement model. The proposed model was then estimated based on the measurement model structure.

The estimation results of the proposed model (Figure 1) appear in Table 1. We found the goodness of model fit to be highly acceptable, especially because all non-exact fit indices were higher than .95 and RMSEA was smaller than .05. Except for the relationship between information clarity and website quality, all relationship parameters appeared to be statistically significant at p < .05 and they were in the expected directions. For example, website quality was positively associated with expected product quality, value and purchase attraction, while price deviation was negatively associated with expected quality and value.

Table 1. Estimation Results of the Proposed Model

Structural Parameter	*Beta*	*t-value*
Information clarity → website quality	-.14	-1.80*
Information completeness → website quality	.16	2.66
Ease of use → website quality	.76	8.67
Website quality → expected quality	.67	19.98
Website quality → expected value	.15	3.27
Website quality → purchase attraction	.11	3.52
Price deviation → expected quality	-.09	-2.68
Price deviation → expected value	-.60	-14.99
Expected quality → expected value	.21	4.61
Expected value → purchase attraction	.69	18.96

$x^2(74) = 145.26$ ($p < .05$); GFI = .97; AGFI = .95; CFI = .99; TLI = .99; RMSEA = .04.
* $p > .05$; all the other parameters are statistically significant at $p < .05$.

DISCUSSION AND IMPLICATIONS

The results of this study indicate that website quality may positively influence online shoppers' perceptions of the target product's quality, expected value, and purchase attractiveness. This is true even when we controlled for traditionally powerful product-related variables such as product quality and price. The potential influence of website quality on expected product quality appeared to be more than four times stronger than its effect on expected value and purchase attraction. Ease of use was found to be a major determinant of website quality. Surprisingly, however, information clarity has no bearing on website quality perceptions, which was contrary to our expectation.

The basic tenet of customer value theory appeared tenable, as expected. Price deviation affected expected quality and value negatively, whereas the effect of expected quality on value was positive. Though unbalanced in effect size, these countervailing path coefficients represent the price-quality tradeoff toward value perceptions which, in turn, appeared to be a strong determinant of purchase attractiveness.

Lodging operators are advised to pay attention to website design, especially along the dimension of ease of use. The information on the website should be well organized and provide easy ways for online browsers to move around on the site. Excessive amounts of information and/or complicated graphics may clutter shoppers' information search process and, consequently, turn away potential bookers. Once website quality is perceived to be inferior, the hotel has less chance to sell rooms.

Online pricing policies must assure that the price offerings meet customers' expectations. Prices charged over what the customer thinks is fair (or of market value) or what the customer is willing to pay will produce negative repercussions upon the customer's quality and value perceptions, thereby lowering chances to sell rooms online. Apparently, lodging marketers need to develop a good understanding of customer-derived fair and maximum prices and these prices must be considered when posting room rates on the website.

CONCLUSION AND SUGGESTIONS

This study newly proposed a research framework to (1) assess the role of website quality in online booking decisions and (2) comprehensively understand online purchase behavior. Unlike previous studies, we attempted to take an integrative approach to developing the model by considering both website-related characteristics and target product-related purchase determinants. Given the fact that the volume of online booking is on the exponential rise and that online bookers will continue to hunt for deals and need-satisfying product information on the Web, lodging companies need to invigorate research efforts to monitor online purchase behavior. Our proposed model may be a useful tool for such purposes and aid in developing effective e-commerce strategies for the lodging industry.

Readers should be cautioned by several limitations inherent in our study. First, the response rate of our survey seems to be quite low and, thus, response bias may be lurking in the data. Second, the measurement of each construct could be enriched by refining the definition of each construct and by operationalizing each construct into additional measurement items. In addition, the scope of examining the precursors of website quality was narrow, even if it was not a main focus of the present study. Elaborating on the antecedents of website quality will produce additional useful suggestions for lodging companies. We observe that the constantly growing online hotel business seriously lacks systematic research efforts. More research is needed.

Note: This study was funded in part by the American Hotel & Lodging Foundation. The authors thank Douglas Viehland, President of the Foundation, for his assistance and feedback to the research process.

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THE STRATEGIC EVOLUTION OF LODGING COMPANIES TO BRAND MANAGEMENT ORGANIZATIONS: A LONGITUDINAL STUDY

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ABSTRACT

U.S. lodging brands have strategically evolved away from being hotel operating companies to increasingly becoming brand management organizations. This strategic trend has had the benefit of allowing for the accelerated growth of many major hotel company brands through franchising. This study analyzes strategic implications related to this trend by evaluating longitudinal data regarding the performance of major lodging brands in the marketplace, both in terms of guest satisfaction and revenue indicators, over the past several years, as the percentage of franchised hotels has increased and the percentage of chain-managed hotels has decreased. Specifically, we test whether guest satisfaction at various lodging brands influences both brand occupancy percentage and average daily rate three years later. In addition, we investigate whether the percentage of franchised properties influences both guest satisfaction and occupancy three years later. Also, we test whether overall chain size has a positive or detrimental effect on future occupancy percentage. Finally, we test whether the change in guest satisfaction for brands effects the change in occupancy, average daily rate, and RevPAR during the same three-year period.

Key Words: lodging, strategy, brand, franchising, quality, management

INTRODUCTION

Today's lodging guests are seeking consistency and quality at the right price (Dube & Renaghan, 2000). Consequently, lodging operators have turned their attention to guest satisfaction and branding because brand name operates as a "shorthand" for quality by giving the guest important information about the product/service sight unseen (Jacoby, Szybillo & Busato-Schach, 1977; Briucks, Zeithaml & Naylor, 2000). Accordingly, hotel executives recognize branding and brand quality as important company assets, and as potential sources of strategic advantage (Damonte et al., 1997). To maximize brand equity, most hotel mega-companies have developed multiple brands to serve multiple markets, and hotel chains have increasingly grown their multiple brands more so through franchising than through actual property management (Jiang, Dev & Rao, 2002). The value of a brand is based on the awareness of the brand, its quality perception, and overall customer satisfaction (Aaker, 1991). Satisfied customers tend to buy more, be less price conscious, and to generate positive word-of-mouth, thus contributing to bottom-line profit (Anderson & Mittal, 2000). Due to increased attention to customer focus, brand managers use satisfaction as a measure of operational success of their overall branding strategies (Shocker, Srivastava & Ruekert, 1994).

THEORETICAL BACKGROUND AND HYPOTHESES

From a corporate strategy viewpoint, well-managed brands tend to gain increasing market share. Yet, previous research linking service quality with market share in the hospitality industry shows mixed results (Ekinci, 2002). Specifically, there are two divergent views on the impact of brand growth on customers' quality perceptions (Hellofs & Jacobson, 1999).

First, the market signaling theory suggests that consumers interpret a high market share as a signal of high quality, thus resulting in increased future demand (Caminal & Vives, 1996). Consequently, it is not surprising that market share leaders, including those in the lodging industry, tend to use their share as a focal point in their advertising messages (e.g., Best Western's recent advertising campaign touting that they are the largest hotel chain in the world). The second stream of thought on brand management proposes that there is a negative relationship between market share and perceived quality. Some large-scale satisfaction studies show that satisfaction decreases with an increase in market share (Anderson, Fornell & Lehman, 1994; Fornell, 1992; Fornell, 1995). As a hospitality industry example, McDonald's executives have acknowledged that the company's growth has come at a high cost in terms of quality (Helloffs & Jacobson, 1999). We believe that the market signaling theory holds the greatest level of applicability to the lodging industry, i.e. larger brands (chains) will gain higher market share on a per unit basis. Thus, in the present study, we hypothesize as follows:

Hypothesis 1: Hotel brand (chain) size at Time 1 will be positively associated with brand occupancy rate at Time 2.

Previous research has established the link between satisfaction and financial performance (e.g., Anderson et al., 1994; Rust et al., 2002). Consequently, we believe that hotel brands with higher levels of guest satisfaction at Time 1 will experience higher occupancies and average daily rates at Time 2. Thus, we propose the following hypotheses:

Hypothesis 2: Hotel brands with higher levels of guest satisfaction at Time 1 will experience higher occupancy rates at Time 2.
Hypothesis 3: Hotel brands with higher levels of guest satisfaction at Time 1 will experience higher average daily room rates at Time 2.

The lodging industry as a whole is highly aware of the importance of customer focus. However, various hospitality organizations have different perspectives regarding who is their customer. Lodging companies focusing on brand management and franchise development typically indicate that their customer is not the guest staying in the hotel, but rather the franchisee, e.g. Choice's indication that, "We really consider our franchisees our primary customers." (Linder, 2001, page 80) On the other hand, those companies focusing on corporate development and management are more likely to discuss the guest sleeping in the bed as being their customer, e.g. Ritz-Carlton's credo that "the genuine care and comfort of our guests is our highest mission." (Partlow, 1993, page 18) Thus, evidence exists that lodging strategists must not only answer the question regarding how much (or whether) to segment the supply of hotels, but also must answer the question about how much (or whether) to franchise. Previous research shows that franchising tends to have a detrimental impact on overall system quality (Michael, 2000). In Michael's (2000) study, quality was negatively linked to the percent of franchising in both the hotel and restaurant industry. If hotel brands with a higher percentage of franchised properties may experience greater difficulty in controlling quality, then the lower guest satisfaction should be reflected in lower occupancy levels. Thus, the following hypotheses can be formulated:

Hypothesis 4: Hotel brands with a higher percentage of franchised properties at Time 1 will experience lower satisfaction ratings at Time 2.
Hypothesis 5: Hotel brands with a higher percentage of franchised properties at Time 1 will experience lower occupancy rates at Time 2.

METHOD

We gathered information pertaining to hotel brand (chain) guest satisfaction, occupancies, average daily rates, and number of hotel rooms from a variety of sources. Although most major hotel chains conduct their own measures of guest satisfaction, we sought to use satisfaction data that were from the same source over the course of several years. To do so, we elected to use data compiled by *Consumer Reports.* Their two most recent surveys were reported in their magazines in 1998 and 2001 (*Consumer Reports*, 1998, 2001). While there was slight variation in the brands that were included in each of the two surveys, most brands surveyed were included in both studies, and these 17 were the brands on which we focused our research. These chains showed only a 0.4 percent increase in overall guest satisfaction rating, from 77.82 to 78.18 from the first survey to the most recent survey.

We gathered information regarding annual hotel chain occupancies, average daily rates, the number of hotel rooms, and the number (and percentage) of franchised properties for the same years studied by *Consumer Reports* from a variety of sources. Information regarding the number of hotels and rooms, and the number and percentage of franchised properties in each chain by year was also gathered from a variety of sources. After compiling all of these data, we had complete information for a total of 17 hotel brands, representing all four hotel market segments as defined by *Consumer Reports* (luxury, upscale, moderate, and budget). These 17 brands represent a total of 984,377 guest rooms (as of 2000), or approximately 36.96 percent of the rooms in the 50 largest U.S. hotel chains (Lodging Hospitality, 2000). Descriptive statistics regarding these chains is presented in Table 1.

A summary of the 17 chains included in this study, along with their 1997 and 2000 average guest rating scores, chain-wide occupancies, and average daily rates is presented as Table 2.

Table 1: Descriptive Statistics

Variables	Mean	SD
Occupancy 1997	72.1%	7.2%
2000	71.6%	8.0%
% Change	(0.7%)	3.3%
ADR 1997	$107.82	$53.55
2000	$127.03	$71.61
% Change	15.6%	6.4%
Total Rooms 1997	49,001	37,019
2000	57,905	41,164
% Change	23.7%	29.9%
% Franchised 1997	51.9%	36.3%
1998	52.1%	36.2%
1999	54.4%	36.2%
2000	55.1%	35.8%

Table 2: Chain Occupancy, ADR, and Guest Satisfaction Scores, 1997 and 2000

		1997			2000		Occ.	ADR	Satisf.
Brand	Occ.	ADR	Satisf.	Occ.	ADR	Satisf.	↖	↖	↖
Clarion	62.3%	$72.47	72	58.8%	$81.37	73	-5.6%	12.3%	1.4%
Courtyard	80.4%	$83.63	79	78.9%	$97.68	80	-1.9%	16.8%	1.3%
Doubletree	71.0%	$98.77	76	71.1%	$111.27	75	0.1%	12.7%	-1.3%
EconoLodge	56.1%	$42.35	64	52.9%	$46.33	63	-5.7%	9.4%	-1.6%
Embassy Suites	74.9%	$113.45	82	75.0%	$132.73	83	0.1%	17.0%	1.2%
Fairfield	73.9%	$54.13	77	69.7%	$61.32	78	-5.7%	13.3%	1.3%
Four Seasons	75.3%	$263.02	87	76.5%	$340.00	90	1.6%	29.3%	3.4%
Hampton	71.3%	$64.10	82	68.1%	$74.04	81	-4.5%	15.5%	-1.2%
Hilton	72.2%	$115.19	74	72.6%	$135.75	77	0.6%	17.8%	4.1%
Homewood Suites	76.4%	$92.79	85	74.4%	$97.35	82	-2.6%	4.9%	-3.5%
Marriott	78.5%	$129.29	79	78.2%	$149.50	80	-0.4%	15.6%	1.3%
Quality	59.1%	$55.11	71	58.8%	$64.05	71	-0.5%	16.2%	0.0%
Residence Inn	83.5%	$95.40	82	83.5%	$104.88	82	0.0%	9.9%	0.0%
Ritz-Carlton	77.0%	$188.59	87	77.5%	$242.26	87	0.6%	28.5%	0.0%
Sheraton	70.5%	$121.14	74	74.0%	$147.81	74	5.0%	22.0%	0.0%
Westin	71.5%	$121.85	77	74.9%	$139.53	78	4.8%	14.5%	1.3%
Wyndham	71.1%	$121.72	75	72.6%	$133.65	75	2.1%	9.8%	0.0%

FINDINGS

We employed linear regression analyses to measure the relationship between the chain size (i.e. total number of guest rooms), the percentage of franchised hotels, and overall guest satisfaction at Time 1 as predictor variables with chain occupancy percentage at Time 2 as the response variable. All of these relationships were significant ($p<.05$), and the percentage of franchised hotels resulted in a negative standardized beta coefficient, as hypothesized. Thus, Hypotheses 1, 2, and 5 were supported. These results are summarized in Table 3. Moreover, the percent of franchised properties was negatively linked to guest satisfaction, standardized beta coefficient =-.569, t=-2.68, p<.05). This finding supports Hypothesis 4.

Table 3: Occupancy Rate t-tests

Independent Variable	Beta coefficient	t
Chain size	1.007	3.064*
Satisfaction	0.470	2.785*
% franchised	-0.660	-2.597*

* p<.05

We used linear regression analysis to test the relationship between chain wide guest satisfaction at Time 1 as a predictor variable and chain average daily rate at Time 2 as a response variable. With a standardized beta coefficient of 0.528, this relationship was also significant (t=2.380, p<.05). Thus, Hypothesis 3 was supported.

In addition, regression analysis was used to test the relationship between chain wide guest satisfaction change as a predictor variable and chain average daily rate change and RevPAR change as response variables. Specifically, we regressed the change in guest satisfaction against the change in ADR and RevPAR over the three-year study period and found significant results for both ADR (t=2.476, p<.05) and RevPAR (t=2.580, p<.05). However, guest satisfaction change did not significantly affect occupancy change, which was not surprising considering the nominal changes in occupancy over the course of the four years studied (ranging from 72.1 percent in 1997 to 71.6 percent in 2000). These results are summarized in Table 4.

Table 4 – Effects of Guest Satisfaction Changes

Statistics	Occupancy ↖	ADR ↖	RevPAR ↖
Beta coefficient	0.435	$0.608	$0.631
T	1.705	2.476*	2.580*

* p<.05

DISCUSSION

The strategic management of lodging brands and guest satisfaction is of utmost importance in today's crowded marketplace where customers are overwhelmed with choices. Previous work in the service sector suggests that satisfaction is directly linked to the company's bottom line performance (e.g., Anderson et al. 1994; Rust et al. 2002). Accordingly, in this study, guest satisfaction had a positive influence on both occupancy rate and ADR. Our results further indicate that brands with higher guest satisfaction levels seem to achieve not only greater revenues per guest room, but also achieve higher growth rates in room revenues. This finding is consistent with branding literature, which suggests that customers are willing to pay a premium price for the brand-affiliated product (Aaker 1996). Protecting brand reputation for satisfaction at a chain level has become a key issue both in terms of customer perceptions and franchisee willingness to sign and/or stay with a particular hotel brand. Brand hopping, or "flag switching," is a serious concern in the post 9/11 operating environment (The Wall Street Journal, 2002). Since today's hotel franchisees are as quick to change their brand loyalty, it may be more important than ever for hotel brand executives to maintain consistent brand quality.

Our findings are also consistent with the market signaling theory (Caminal & Vives, 1996). Chain size was positively linked to occupancy percentage, thus suggesting that lodging customers might use market share as a quality cue. However, hotel company executives need to be prudent when choosing their growth strategies. Growth via franchising might have an adverse impact on quality (Michael, 2000). In this study, the percent of franchised units within the chain was negatively correlated with both guest satisfaction and occupancy. These inverse relationships are interesting considering that the overall percentage of franchised properties grew during the years we studied, increasing from 51.9 percent in 1997 to 55.1

percent in 2000. As hotel chains continue to focus their growth strategies to a greater extent on franchising and brand management rather than actual property management, the issue of guest satisfaction could become an increasingly important factor in determining the ultimate revenue success of hotel brands.

CONCLUSION

This study raises several important long-term strategic issues regarding hotel brand management. One of the reasons that brands with a greater percentage of franchised properties might be achieving lower levels of guest satisfaction, and ultimately lower occupancy levels, is that as hotels age, they tend to suffer from functional obsolescence as their designs experience a decrease in utility over time (O'Neill & Lloyd-Jones, 2001). As hotel chains execute a greater number of franchise contracts, the average age of existing franchised properties conceivably increases. When an older hotel suffers from functional obsolescence, capital investments will no longer result in an acceptable return to the owner (Appraisal Institute, 2001). Hotel owners in such a position are financially de-motivated from improving the physical plant, regardless of brand standards.

Second, the franchisor must make strategic decisions regarding addressing the balancing of the guest need for service versus the chain need for franchise fee revenues. As this study indicates, this balancing act is a crucial one for hotel franchisors. Although the generation of franchise fees is a vital short-term goal for any franchisor, guest service has a long-term effect on the overall health of hotel brands, at least in terms of future chain occupancy levels, so the aggressiveness with which chain management disciplines, rectifies, or eliminates franchises that are providing relatively poor guest service may have serious implications regarding not only the future reputation, but the actual future performance of the entire brand.

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THE RELATIONSHIP OF HOTEL MANAGEMENT PRACTICES TO EMPLOYEE LEARNING AND PERFORMANCE ORIENTATIONS: THE MODERATING EFFECT OF SELF EFFICACY

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ABSTRACT

Employee attitudes and abilities, as influenced by their learning and performance orientations, could be a key to enhancing management practices. Seventy out of 200 employees from twenty hotels responded to the survey. Descriptive analysis were conducted to help understand sample characteristics and to assure overall data quality. Confirmatory factor analysis was conducted to identify factor structure of the constructs. Simple and multiple regression procedures were used to test the hypotheses. The results might help management to identify practices needed to encourage learning orientation.

Key Words: Learning Orientation, Performance Orientation, Self-efficacy

INTRODUCTION

Employees are a major part of the lodging services product and as such might provide an answer to the competitive dilemmas faced by the lodging industry. Employee attitudes and abilities, as influenced by their learning and performance orientations, could be a key to enhancing management practices. Literature in lodging management has not presented research studies specifically looking at the impact of management practices as perceived by the employees on employee learning and performance orientations. This study will help to establish the importance of these concepts to both, hospitality scholars and practitioners.

Management practices have been shown to influence employee learning and performance orientations (Hartline and Ferrell, 1996; Sujan, 1994; Weitz et al., 1986). But employee perceptions of management practices and their relationship to employee learning orientation and employee performance orientation has not been evaluated and studied in the context of the hotel industry. This study provides a theoretical model using employee perceptions of management practices and their impact on employee learning orientation, performance orientation moderated by employee self-efficacy.

LITERATURE REVIEW

Learning and Performance Orientation: Learning goals, which are long term, aim to improve employee abilities and enhance their task performance skills; performance goals, which are short-term in nature, orient them to achieve a positive evaluation of their current abilities (Ames and Archer, 1988; Dweck and Leggett, 1988; Elliott and Dweck, 1988;).Intrinsic motivation -- a preference for challenging work, curiosity and independence in mastery of material -- is at the root of learning orientation. Performance orientation results from extrinsic motivation—the desire to use one's work to achieve external ends (Meece, Blumenfeld, and Hoyle, 1988).

There is considerable evidence from field research that, under certain conditions, certain forms of extrinsic motivation may combine synergistically with intrinsic motivation, enhancing (or at least not undermining) the positive effects of intrinsic motivation on creativity (Amabile, 1993). For example, research in business organizations has uncovered several extrinsic motivators operating as supports to creativity: reward and recognition for creative ideas, clearly defined overall project goals, and frequent constructive feedback on the work (Amabile, Conti, Coon, Lazenby, and Herron, 1996; Amabile and Gryskiewicz, 1987; Amabile 1989).

Learning is seen as a long-term investment process and, hence, organizations such as hotels rarely practice this developmental perspective (Garvin, 1993). The nature of hotel services and the employee turnover rate can be assumed to be the reason for a short-term focus on development and short-term performance goals.

Research suggests that learning orientation causes sales people to seek challenging situations and increases their willingness to change their strategies according to the situation (Ames and Archer, 1988; Dweck and Leggett, 1988). Learning orientation also motivates sales people to engage in planning, developing knowledge and skill bases needed to improve their capabilities and experimenting with new sales approaches. Applying this reasoning to employees in a hotel, it can be proposed that learning orientation in employees results in self-efficacy and adaptive behavior.

Self-efficacy: Employee self-efficacy is the employee's belief in his or her ability to perform job-related tasks (Bandura, 1977). Empirical studies confirm that self-efficacy has a strong, positive relationship with employee performance (cf. Earley, 1994). Employee performance during a service encounter typically involves responding to customer needs, handling special requests, and performing under adverse circumstances, thereby influencing customers' perceptions of service quality and satisfaction (Bitner, Booms, and Terreault, 1990).

Employee abilities are important factors in the service delivery process in a hotel because of the interactive nature of hotel services (Gronroos, 1983). Ability is the aptitude, skills, and attitude of a person to perform a particular task. The basic abilities to do a particular job are generally brought to the job position. On-the-job training and development by the company enhances the abilities of employees. It is crucial for the company to fit the abilities of the employees to the job requirements. The presence of these abilities influences customer satisfaction and their absence results in customer dissatisfaction (Hartline and Ferrel, 1996).

Empirical studies confirm that self-efficacy has a strong positive relationship with employee performance (Earley, 1994). It is, therefore, reasonable to expect that front-line employees who possess strong self-efficacy beliefs are more likely to create favorable service encounters than those who do not (Hartline and Ferrell, 1996).

Management Practices: This component includes management at all levels, but most especially the level of individual departments and projects (Amabile, 1988). Several earlier researchers have suggested that creativity and innovation are fostered by allowing a considerable degree of freedom or autonomy in the conduct of one's work (Amabile and Gryskiewicz, 1987; Andrews and Farris,1967; Ekvall, 1983; King and West, 1985; Pelz and Andrews, 1966).

Management practices for creativity include the ability to constitute effective work groups that represent a diversity of skills and are made up of individuals who trust and communicate well with each other, challenge each other's ideas in constructive ways, are mutually supportive, and are committed to the work they are doing (Albrecht and Hall, 1991; Amabile and Gryskiewicz, 1987; Amabile, 1997).The results in the Hurley (1998) study indicate that higher levels of innovativeness in the firm's culture, which is a precedent to management practices, are associated with a greater capacity for adaptation and innovation (number of innovations successfully implemented). While this research was new to the lodging industry, there appear to be avenues for the study of the impacts of employee perceptions of management practices on their learning and performance orientations in the hotel industry.

METHODOLOGY

Data Collection: Twenty full-service hotel properties from a national chain were requested by corporate staff to participate in the study. A packet containing ten copies of the survey instrument, a copy of the memo from the corporate office requesting participation, and a cover letter from the principal investigator to the general managers and human resource directors were mailed to the twenty participating hotels. Postage paid return envelopes were provided. The managers were requested to distribute the surveys to hotel employees defined as those paid on an hourly basis, to include supervisors who are also on an hourly rate.

Operationalization of Variables: the variables were operationalized using constructs from previous studies (Sujan, 1994; Hartline and Ferrell 1996). (See Table 1)

RESULTS AND DISCUSSION

Only thirteen out of those twenty hotels actually responded to the questionnaires. Sixty-nine out of the two hundred subjects responded to the employee survey for an overall response rate of about thirty five percent.

Data Analysis: All analyses were performed with the Statistical Package for Social Sciences (SPSS) (Narusis, 1990). Data were analyzed from two perspectives: one, a descriptive analysis to help understand sample characteristics and to assure overall data quality; and two, an analysis of responses to the study's research questions and hypotheses.

Stage I: In stage one; descriptive analyses were performed on the 36 items included in the employee questionnaire. These descriptive analyses included means, standard deviations, and valid case values for each of the items. Reliability analysis of item scales was conducted. Cronbach's Alphas were run to assure internal consistency of items. Frequency analysis were also performed on selected demographic data questions.

Confirmatory factor analysis, using principal component method and varimax rotation, was conducted to identify factor structure the constructs. This analysis was used to confirm whether there were different underlying dimensions and if certain variables belonged to one dimension or the other. This was done for substantive interpretation, that is, to identify the constructs or dimensions that underlie the observed variables. Five items assumed to represent each of the five constructs were analyzed to see if they loaded on one dimension. If more than one dimension was extracted the factor loadings of > .60 were used as criteria to select the items to represent the constructs. Nominal or ordinal scales were used to measure employee backgrounds and characteristics. These categorical variables were re-coded to assure robust estimation and practical meaning of the reduced categories, based either on the literature or professional judgment.

Table 1: Operationalization of Research Variables

Variables	Items
Employee Perceptions of Management Practices (EPMP)	Encouragement of employees to solve problems creatively, fostering of work groups that are open to new ideas, encouragement for continuous improvement in all customer service processes, availability of training for employees to keep their skills current with new technology and processes, and constant improvement in customer services as a priority for management.
Employee Learning Orientation (ELO)	Employee efforts to learn how one customer differs from another, motivation to develop job knowledge and skills for the job, enjoy working long hours, constant focus on improving performance, and not being overwhelmed by difficult situations
Employee Performance Orientation (EPO)	The importance of being seen as a good employee by supervisors, need for being recognized as a good worker by colleagues, satisfaction about out-performing other employees, seeking continuous feedback from managers and supervisors, and constant efforts to communicate accomplishments to supervisor.
Employee Self-efficacy (ESE)	Employees' feeling of being overqualified for their job, employees' comfort level and confidence in their abilities, skills, and approaches to customer service as related to their peers, and ability to easily change their approach towards a customer.

Stage II: Stage two of the data analysis involved analyzing the study's results relative to the research questions and hypotheses. A data set was created to facilitate analysis of the research questions. Regression procedures were used to test the hypotheses.

Analysis of Research Question: Is there a relationship between employee perceptions of management practices and employee learning and performance orientations in a hotel?

The purpose of this question was to investigate whether a hotel firm's management practices, as perceived by the employees, affected two employee characteristics: learning orientation and performance orientations. Based on the research question, the following hypotheses were formulated:

H_{1A}: Employee perceptions of management practices influence employee learning orientation.
H_{1B}: Employee perceptions of management practices influence employee performance orientation.

Based on the level of significance $p<.05$, the null hypotheses, H_{01A} and H_{01B}, are rejected. The F-values 25.73 and 21.75 indicate that the regression models used to predict employee learning and performance orientations are reliable. The t-values of 5.07 and 4.66 indicate that the variable, employee perceptions of management practices, is a good predictor of employee learning and performance orientations at a <.05 level of significance. The adjusted coefficients of correlation (Adj. R^2) suggest that employee perceptions of management practices explain almost 27% of the variance in employee learning orientation and 23% variance in employee performance orientation. It can be further concluded that employee perceptions of management practices significantly (<.05 significance) influence employee learning and performance orientations.

Analysis for Research Question # 2: Is the relationship between employee perceptions of management practices and employee learning and performance orientations moderated by employee self-efficacy?

The purpose of this question was to explore whether management practices, as perceived by employees, influence employee-learning orientation and employee performance orientation differently at high and low self-efficacy levels. The variable "self-efficacy" was split in two sub-samples, one with high self-efficacy scores of ≥ 4.40 (34 observations), and the second with low self-efficacy scores of ≤ 4.20 (35 observations). Four hypotheses were formulated to investigate the relationships addressed in the research question. The first hypothesis proposed was:

H_{2A}: Employee perceptions of management practices influence learning orientation of employees with high self-efficacy.

At a level of significance <.05, the null hypothesis was rejected. At a .003 level of significance, it is concluded that employee perceptions of management practices (EPMP) has a strong association to employee learning orientation (ELO) in employees with high levels of self-efficacy. The t-value of 3.27 (.003 significance) indicates that the variable, employee perceptions of management practices (EPMP), is a good predictor of learning orientation (ELO)in high self-efficacious employees.

H_{2B}: Employee perceptions of management practices influence learning orientation of employees with low self-efficacy.

Based on the results at a level of significance <.05, the null hypothesis was rejected. At F =16.04, the regression model is significant and with a t-value of 4.0 employee perceptions of management practices is a good predictor of employee learning orientation in employees with low self-efficacy. Based on the results of the tests of Hypotheses 2A and 2B, it can be concluded that with both high and low self-efficacy, employee perceptions of management practices (EPMP) impact employee learning orientation (ELO).

H_{2C}: Employee perceptions of management practices influence performance orientation of employees with high self-efficacy.

At <.05 level of significance, the null hypothesis could not be rejected. The adjusted coefficient of correlation (Adj. R^2 = -.004)) is almost zero, indicating that the variable "employee perceptions of management practices does not explain the variance in performance orientation in employees with high self-efficacy. High self-efficacious employee performance orientation (EPO) is not affected by employee perceptions of management practices (EPMP).

H_{2D}: Employee perceptions of management practices influence performance orientation of employees with low self-efficacy.

The F-value of 34.59 is very significant at a level of <.05 and, thus, the null hypothesis is rejected. Employee perceptions of management practices (EPMP) do influence employee performance orientation (EPO) in employees with low self-efficacy.The t-value of 5.88(<.05 sig. level) suggests that the variable employee perceptions of management practices (EPMP) is a good predictor of employee performance orientation (EPO).

Based on the results of the tests of hypotheses $H_{2A,}$ $H_{2B,}$ $H_{2C,}$ and $H_{2D,}$ employee perceptions of management practices (EPMP) do influence employee learning orientation (ELO) and employee performance orientation (EPO) in low self-efficacious employees. However, employee perceptions of management practices influence only the learning orientation and not performance orientation in employees with high self-efficacy. This indicates that extrinsic motivators do not necessarily motivate highly self-efficacious employees. These relationships of employee perceptions of management practices (EPMP) to employee learning orientation (ELO) and employee performance orientation (EPO) for high and low self-efficacious employees was tested to investigate if innovative management practices influence the confidence in the abilities (ELO) of the employees as well as foster innovation and creativity.

CONCLUSION

The findings from this study should provide industry professionals, practitioners and future scholars, the basis to better understand, in part, the role of employee attitudes and abilities in the context of a hotel business. The results might also help management to identify practices needed to encourage learning orientation through innovative management practices. Based on this study, it would be a mistake to foster only a performance orientation at the cost of a learning orientation. The reward systems and structures in the hotel industry seem to predominantly facilitate performance orientation, and the study results indicate that performance orientation alone is not significant in influencing employee self-efficacy and their perceptions of management and customer satisfaction. Managers have to refocus their motivational systems to facilitate intrinsic motivation such as employee learning orientation.

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WHY RESTAURANTS FAIL? RESULTS FROM A LONGITUDINAL STUDY AND QUALITATIVE INVESTIGATIONS

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ABSTRACT

Past research on restaurant failures has focused mostly on quantitative factors and bankruptcy rates. Current study explored restaurant ownership turnover rates using a longitudinal data (1996-2000) as well as qualitative data, and presented a conceptual model for future research. There was a significant difference between the chain restaurants and the independent operators in ownership turnover rate. Restaurant density and restaurant ownership turnover were found to be strongly correlated. The ownership turnover rate was the highest in the Mexican restaurant segment. The qualitative results indicated that effective management of family life cycle is more important than believed earlier in the growth and development of a restaurant.

Key Words: restaurants, ownership turnover, business failures, longitudinal studies, qualitative investigations.

INTRODUCTION

The question of why restaurants fail can be better answered by implementing quantitative as well as qualitative research methods exploring the nature of restaurant failures. In the management literature, internal and external forces and the competitive environment are often cited as the major factors that contribute to business success or failure. Earlier research on this topic in the hospitality field is mostly concerned with the *relative* financial performance of existing restaurant businesses than understanding the basic nature of business failures. Unfortunately, in practice, a majority of change of ownership transactions are treated as legal matters without ever experiencing actual bankruptcy procedures. Thus the primary objective of this study is to determine the underlying factors that impact the viability (success or failure) of the restaurant business. This study has two parts: 1) *a longitudinal study (1996-2000) using restaurant business operational permits data 2) qualitative investigations involving full-service restaurant entrepreneurs.*

LITERATURE REVIEW

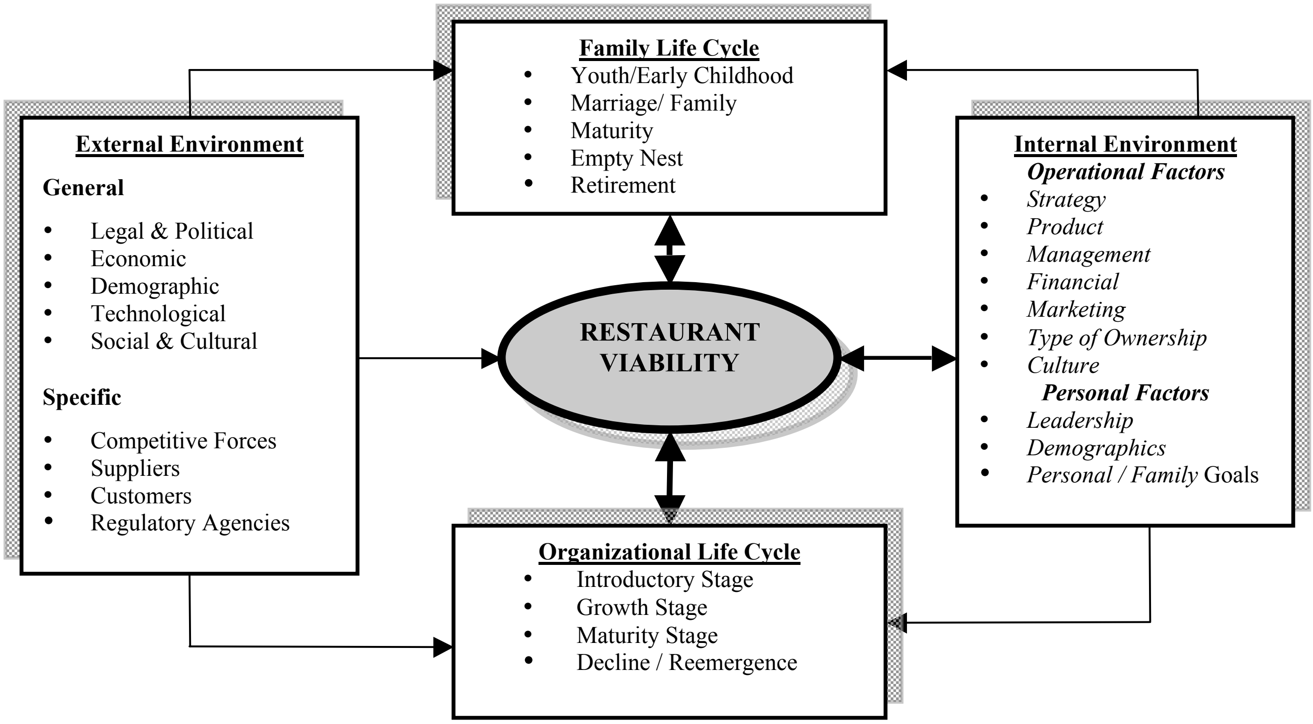
Definition of Restaurant Failure: Business failure can be defined broadly as "to be lacking or insufficient." It can include the definitive terminology of "stop operating" and "become bankrupt" (Makridakis, 1991). But according to Cross (1994), turnover would include all types of business failures beyond simple financial failures, thus, turnover rates tend to be significantly higher than bankruptcy failure rates. For example, when a businessperson leaves a failing business before becoming indebted (bankrupt), it will be recorded as business ownership turnover but do not appear in bankruptcy records. In addition, turnover rates include leaving a business for reasons other than financial such as health, retirement, 'burn out', family issues, planned change, legal matters etc. According to Cross (1994),"The turnover rate may be a more meaningful statistic,……." Thus for the current study, restaurant failure is defined as, "a restaurateur that ceased foodservice operations". In other words, when the owner of a restaurant is no longer functioning as the legal business owner of a place then it is considered as a restaurant ownership turnover.

Organizational Life Cycle: According to several authors (Levitt 1965; Hart, Casserly & Lawless 1985; Dodge and Robbins 1992), business organizations follow certain life cycles. At any point along these lifecycle stages a business can suffer setbacks catastrophic enough to lead to failure. Through the lifecycle, the first stages are the most vulnerable to failure. Stinchcombe (1965, p148) stated that "a higher proportion of new organizations fail than the old." Since this seminal work, several organizational theorists have studied this liability of newness and have linked organizational adolescence to increased organization mortality rates (Bruderl & Schussler1990). "New organizations typically possess too few resources…to be flexible or adaptable" (Romanelli 1989). Richardson (1991) noted that by the second year of operations, "…11% fail…and

17% in their third year. In the fourth, fifth, and sixth years a modest, but steady, number fail each year. After seven years, the propensity to failure drops dramatically… .”

H1. *The rate of restaurant ownership turnover rate is affected by the stages of organizational life cycle.*

Figure 1: Conceptual Representation of Restaurant Viability



Competitive Environment: “Firms (of all sizes)…exhibit survival rates that are a function of size and age: the larger, older firms are most likely to remain in business.” Venkataraman et. al. (1990) found that new and small firms are more likely to fail because they tend to have less cash to handle immediate situations, they are unable to manage rapid growth or changes, they lack experience in adapting to environmental turbulence, usually have inadequate planning in all stages of life cycle. Richardson (1991) states, “both suppliers and bankers are prejudiced against smaller firms.” Chain restaurants with economies of scale often out-spend the independents thus gaining greater market share.

H2. *There is no difference in the rate of restaurant ownership turnover between independent and chain restaurants.*

Firm Size: Small firms (physically and/or competitively) tend to be positioned for growth. However, rapid growth can contribute to a restaurant’s propensity to fail. Boardman, Bartley, and Ratliff (1981) found that the financial stresses associated with rapid growth led to failure of firms. Rapidly growing firms will have “higher cost of goods sold, greater debt, and smaller profit margins”(Gaskill, et al 1993). Blue, Cheatham and Rushing (1989) discuss how at each stage of expansion there is increased financial risk, which increases the likelihood of failure. “Good planning is essential prior to growth to ensure that growth demands do not lead to financial distress” (Gaskill, et al, 1993).

H3: *Restaurant firm size has an inverse relationship with restaurant ownership turnover rate.*

Restaurant Density: A restaurants location in its market and its ability to differentiate itself from its competition also contributes to its vulnerability to failure (Kottler, Bowen & Makens 1996 p255). Restaurants can benefit from close proximity to competition and restaurants are often located in clusters to attract more traffic. A restaurant could find itself in a cluster within which it cannot compete effectively. This can affect its chances of survival. A restaurants inability to differentiate itself from its competition will also result in failure. The restaurant density may have differential effect on the restaurant viability depending on the nature of ownership.

H4. *The density of restaurants in an area directly affects the rate of restaurant ownership turnover.*

External Factors: Edmunds (1979) found that the heavy burden of taxation and regulation contributed to increased business failure rates. Clute and Garman (1980) determined that higher growth in the money supply and more bank lending could decrease the failure rates of businesses. Jogaratnam et. al. (1999) suggest that to be a successful independent restaurant owner, one must develop strategies that will enable them to continuously adapt to the changing environment, and find ways to "link with, respond to, integrate with or exploit environmental opportunities." For example, shortage of seafood and high prices for beef affect the seafood restaurant segment and the hamburger and steakhouse segments respectively. Consequently, the rate of restaurant ownership turnover rate may differ across different restaurant segments. Thus, the next hypothesis, in null form:

H5. *There is no difference in the restaurant ownership turnover rate across various segments of the restaurant industry.*

Internal Factors: Management capabilities are of primary concern in preventing restaurant failure. Haswell and Holmes (1989) "report managerial inadequacy, incompetence, inefficiency, inexperience, etc., to be a consistent theme [in] explaining small business failures." This poor management can be connected to "poor financial conditions, inadequate accounting records, limited access to necessary information and lack of good managerial advice" (Gaskill, et al. 1993). Other internal factors affecting failure rates of restaurants include poor product, internal relationships, financial volatility, organizational culture, internal and external marketing, and physical structure and organization of the business. The managers "inability to manage rapid growth and change" (Hambrick and Crozier 1985) can lead to business failure. "The root causes of many business problems and failures lie in the executives' own personality traits…" (Sharlit, 1990). In agreement, Lee (1987) states, "the most important criterion for success is management. Managers direct the marketing, oversee product quality and standardization, and decide when and how to adapt."

H6a: Successful restaurant owners have well-defined strategy and unsuccessful owners do not.
H6b: Successful restaurant owners have well-defined concepts and unsuccessful owners do not.
H6c: Managerial characteristics of successful restaurant managers are significantly different from the managerial characteristics of unsuccessful restaurants

METHODOLOGY

Longitudinal Data: Most of the earlier studies assessing restaurant failure have used either Yellow Pages or bankruptcy data in assessing restaurant failure. Though bankruptcy data may be more objective it is considered incomplete since it includes only those firms that filed for bankruptcy officially, and Yellow Page information is deficient since some restaurants prefer not to advertise in Yellow Pages. To overcome these limitations, for the current study, the data of operating license permits from the local health department was selected (1996-2000) (n=2439). According to local health code, every restaurateur must have an operational permit and must renew it annually, and any change in the legal ownership of a restaurant requires a new permit. Data analysis was done with MS Access and SPSS software packages.

Qualitative Data: As stated by Creswell (1994), a qualitative study is "defined as an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting." The qualitative data was obtained by interviewing selected successful restaurant owners (n=15) and equal number of restaurant owners that are no longer operating their restaurants (n=15). Restaurant owners were pre-screened to be independent operators involved in full-service restaurant business for at least five years or longer (no franchisees). A pre-tested instrument was used for all the interviews. The obtained qualitative data was reviewed and coded by two independent researchers.

RESULTS AND DISCUSSION

Restaurant ownership turnover rate was calculated for 1year, 2yr and 3yr periods (1996-2000). Highest failure rate was noted during the first year, followed by the second and the third year (Table 1). The noted highest restaurant ownership turnover during the first year, the introductory stage of life cycle, provides support to the hypothesis one. Cumulative 3-year restaurant failure rate among the restaurant chains was 31.46% and among the independent restaurants was 43.27%. It is slightly high among the independent restaurants (11.81%) than the chains. These results reject the hypothesis two, stated in null form. The descriptive statistics indicated that most independent restaurateurs owned two or fewer units, and by definition, all chain restaurant chains had a minimum of three units or more. Thus one of the major differences between restaurant chains and independent restaurants was the size of ownership measured as number of units. The obtained higher restaurant ownership turnover rate (43.27%) among the independent restaurateurs compared to the chains (31.46%) indicated that larger firms had lower ownership turnover rates compared to the smaller firms. This provides empirical support to the hypothesis three.

Table 1: Restaurant Ownership Turnover (ROT) Rate 1996-2000

	n*	1 Yr	%	2 Yr	%	3 Yr	%	Cum. 3 Yrs	%	Survival	%
Total	132	25	18.94%	21	15.91%	7	5.30%	53	40.15%	79	59.85%
Independent	97	22	22.68%	16	16.49%	4	4.10%	42	43.27%	55	56.70%
Chains	35	3	8.57%	5	14.29%	3	8.60%	11	31.46%	24	68.57%
	* = New restaurants opened in 1996										

The density of restaurants was measured using US Postal zip code data. The US Postal Zip codes in the area were ranked according to the restaurant concentration. Then it was compared with the restaurant ownership turnover rate in the corresponding zip codes. Results indicated that the restaurant failure rate is highest among the zip codes where restaurant concentration is also the highest (Table 2). The top five zip codes for restaurant density and ownership turnover are very similar with a Correlation Coefficient of 0.9919, thus supporting the hypotheses 4.

Table 2: Top Five US Postal Zip Codes in the Test Market by Restaurant Ownership Turnover Numbers 1996-2000

	Zip Code	Total	In Biz	%	Cum. ROT 3Yr	%
1	43215	315	122	38.73%	193	61.27%
2	43229	241	95	39.42%	146	60.58%
3	43201	181	78	43.09%	103	56.91%
4	43232	108	45	41.67%	63	58.33%
5	43235	111	52	46.85%	59	53.15%

In addition, restaurant ownership turnover rate was also calculated across various segments of the restaurant industry by the type of food served. Mexican restaurants reported the highest three-year cumulative ownership turnover rate followed by Subs/Bakery shops, Coffee Shops and Pizza restaurants. Cafeterias and seafood restaurants had the lowest cumulative ownership turnover rate for the three-year period (Table 3). These results reject the hypothesis five stated in null form.

Table 3: Cumulative Restaurant Ownership Turnover Percentage by Restaurant Segment (1996-2000)

Restaurant Segment	1 Yr %	2 Yr %	3 Yr %	Cum. 3yr %	In Business %
Mexican	49.45	31.87	5.49	86.81	13.19
Subs/ Bakery	25.15	34.97	16.56	76.69	23.31
Coffee / Snacks	24.29	28.57	17.14	70.00	30.00
Pizza	32.50	11.88	16.88	61.25	38.75
Chicken	15.15	24.24	18.18	57.88	42.42
Casual Dining	23.44	15.63	14.06	53.13	46.88
Asian	31.43	5.71	14.29	51.43	48.57
Family Dining	22.5	10.00	12.5	45.00	55.00
Steak	4.76	9.52	28.57	42.86	57.14
Buffets / Cafeteria	15.38	0.00	23.08	38.46	61.54
Italian	5.88	23.53	5.88	35.29	64.71
Burgers	9.94	9.94	13.81	33.70	66.30
Seafood	13.33	6.67	13.33	33.33	66.67

The last three hypotheses, 6a-6c, were tested with the obtained qualitative data. Extensive interviews conducted with the restaurant owners (n=30) have clearly indicated that successful restaurant owners have a clearly defined concept while the failed owner only knew operations. Unsuccessful owners perceived themselves more as providers of food not as complete business-centered restaurateurs. This provided support to the hypothesis 6a. Interestingly there were very few or no differences in the well-defined strategy among successful and failed restaurant owners. In fact, some of the most successful managers did not have a well-defined strategy – 'they adapted and changed along the way as needed,' and some of failed restaurateurs had elaborate strategic plans. This rejects the hypothesis 6b. Finally, successful restaurateurs attributed their success to their ability to manage family life cycle and the business cycle at the same time. In contrast, most of the failed restaurateurs attributed their failure partly to the familial demands (divorce, ill-health, retirement etc). The immense time commitment required was mentioned by all of the failed restaurant owners at some point during the interview. Family sacrifice was mentioned by all of the owners both successful and failed. The successful owners were either: very good at balancing their family and work lives or single/divorced. The failed owners were no longer willing to make those familial sacrifices (Figure 1). Most successful owners attributed their success to their marketing savvy (especially relationship marketing) and the failed owners often blamed the intensive marketing activities by the competition. Successful owners had much passion for business and high energy levels while the failed restaurateurs lacked both – symptomatic of 'burnout' stage of one's career. This supports the hypothesis 6c.

CONCLUSIONS

Past research on restaurant failures has focused mostly on quantitative factors because of the ease of data availability and interpretation. Research also tended to focus on the financial state of restaurant businesses by considering only those restaurants that file for bankruptcy. Current study explored restaurant failures using quantitative (longitudinal) as well as qualitative data, and presented a model for future research. Restaurant failure rate is affected by internal and external factors, restaurant density, firm size and managerial characteristics. Results highlight the importance of the family life cycle on the growth and development of the organizational life cycle. This factor could be stronger for independents than for corporate chains.

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IMAGE COMMUNICATION, CULTURAL DIFFERENCES AND PRICE ENDING PRACTICES: AN ANALYSIS OF RESTAURANT MENUS FROM TAIWAN

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ABSTRACT

Menu price endings communicate more than economic value. Consumers attribute intrinsic values such as quality and value to specific price ending digits but these derived meanings are not universally accepted. Current study demonstrates that Taiwanese attribute different meanings to price ending digits and use them differently compared to the USA. The digit 4 is perceived as a negative number and never used for price ending purposes. Though digit 8 is perceived as a lucky number it is used less frequently as a price-ending digit. In spite of extensive Westernization, Taiwanese still hold many traditional cultural values effecting pricing strategies.

Key Words: price-ending, restaurants, menus, Taiwan, consumer behavior, marketing

INTRODUCTION

Price is one of the fundamental variables in consumer decision-making process. According to Sheth, Mittal and Newman (1999, p781), price is the universal value that comprises benefits one receives and sacrifices one makes. It is the economic sacrifice customers make to receive the goods and services they seek. "Price drives profit like no other factor. Price and value are the corner stones of all economic transactions" (Dolan and Simon 1996, p24-25).

Psychological Pricing and Price Ending Practices

Inclusion of consumer behavior in making pricing decisions is often referred to as Psychological Pricing (Monroe 1990, p47). According to Pride and Farrell (1997), psychological pricing is an attempt to influence consumer decision-making process while using price as a decision-making attribute. Brenner and Brenner (1982) explained that psychological pricing is practiced for reasons other than profit maximization such as market share and image communication. Among various psychological pricing practices, the odd-even pricing practice is the most investigated practice. The choice of price endings is not a random act but a strategic choice (Naipaul and Parsa 2001). Price endings are the right most digits in a pricing structure (ex: digit 5 in $0.95; 9 in $0.89; 0 in $.70) or the last two price ending digits (ex: $5.<u>99</u>; $4.<u>95</u>; $8.<u>00</u>). Marketers have successfully used these price-ending digits to communicate more than economic value. Different price ending strategies are meant to communicate images of quality or value (Naipaul and Parsa 2001; Stiving and Winer 1997; Schindler 1991).

Pricing Practices and Persuasion Knowledge

According to Freistad and Wright (1994), when consumers are exposed to persistent persuasion by marketers with specific price ending practices with certain products, then consumer may subconsciously associate that price ending practice with that specific product. The effectiveness of this phenomenon depends on the 'persuasion knowledge' of the marketers and the effectiveness of the persuasion episodes where consumers are exposed to the intended price ending practices. This raises the next set of questions: 1) Is there a universal consumer acceptance to the price-ending strategies? 2) Is it possible to adapt the price ending practices that are widely accepted and successful in the USA in other parts of the world?

Price Endings and Taiwan's Restaurant Industry

To address the above questions, a study was conducted in Taiwan using the restaurant industry as the primary choice of investigation. Earlier studies had indicated that a majority of Chinese restaurateurs in the USA do not subscribe to the 99-price ending practices. This resistance was attributed to the cultural and traditional beliefs about numbers and meaning they communicate in Chinese culture (Naipaul and Parsa, 2001). Traditionally, for many centuries, citizens of China were culturally prohibited from using the digit 9 for commercial purposes as it was reserved for the emperor (Qu 1996). Thus, by default, digit 8 has become the highest number which Chinese citizens could use in setting price-endings. Even today, the digit 8 is the most commonly used price-ending digit in the Republic of China. In addition, the digit 4 is perceived as a 'bad luck' number and it is a cultural taboo to use it as a price-ending digit (Hu 1999). Most Chinese, in general, culturally believe that even numbers are good luck numbers thus preferred as price ending digits and the odd numbers are less desirable numbers (Too 1998 p66-68) and discouraged as price endings digits. This leads to the next hypotheses:

H1: *There is no difference in the usage of digits 1 through 9 as price ending digits in Taiwan's restaurant menus.*
H2a: *Among the Taiwanese restaurant menus, the digit 4 is the least frequently used price-ending digit.*
H2b: *Among the Taiwanese restaurant menus, the digit 8 is the most frequently used price-ending digit.*

Historically, Taiwan shares its roots with the Republic of China culturally, ethnically, linguistically and in traditions, values and beliefs. But over the past five decades, Taiwan has become more westernized and adapted many American business practices compared to the Republic of China. Numerous American restaurant chains such as McDonalds, KFC; Dominos; and Pizza Hut have established successful operations in Taiwan since the early 1980s. As American companies expanded businesses to Taiwan, the practice of price endings has become an issue of research interest. Naipaul and Parsa (2001) and Kreul (1982) stated, in America, high-end restaurants prefer to use digit 0 and QSRs use digit 9 as the choice price ending digits. According to Freistad and Wright's Persuasion Knowledge Model (1994), being repeatedly exposed to the American price ending practices, consumers of Taiwan are more likely to accept even numbers as price-ending digits at high-end restaurants and 9-price endings in QSRs.

H3a: *Low-end and less traditional Taiwanese restaurants (such as QSRs) are more likely to use digit 9 or other odd numbers as the preferred price-ending digits, similar to the USA.*
H3b: *High end, traditional Taiwanese restaurants (such as full-service restaurants) are more likely to use digit 8 or other even numbers as the preferred price-ending digits, similar to the USA.*

Schindler and Kibarian (2001) demonstrated that, in addition to the last price-ending digit, the marketers also have different preferences for the last two right most price-ending digits. In their study of advertised prices, most commonly used last two digits were 00,99,95,50 and 49. As noted by Naipaul and Parsa (2001) different segments of the restaurant industry use different price ending strategies: fine dining (high-price) restaurants prefer 00-price endings and QSRs (low-price) predominantly use digit 99 as the choice price-ending digits.

H4a: *The* high*-end segment of the Taiwan's restaurant industry is likely to use even digits as the last two pr ice-ending digits (ex: 400.88; 500.00; 650.68*).*
H4b: *The* low*-end segment of the Taiwan's restaurant industry is likely to use odd price digits as the last two price-ending digits (ex: 85.99; 75.95; 90.97*) strategies.*

* The currency (spring 2003) exchange rate: $1 USD = $34 NTD.

METHODOLOGY

Consistent with the earlier studies on restaurant price endings, the current study also used restaurant menus as the primary source of data. Restaurant menus were collected in Taiwan 2000-2001. Unlike the USA, most QSRs in Taiwan do not offer printed menus and fine dining restaurant do not allow menus to be take out of the premises. Thus it was a challenge to collect data. One graduate student and an undergraduate class at a regional Taiwanese university have volunteered to collect data by photocopying restaurant menus and returning the original to the owners. In some cases where menus were posted on the wall, they were photographed and used in the data analysis. Thus it is not a random sample but a convenient sample. The final data set had 127 restaurant menus. The collected restaurant menus were divided into three categories based on price, consistent with the earlier studies by Kreul (1982) and Naipaul and Parsa (2001): 1) high-end, traditional restaurants included menu prices of NT$400 or higher -Taiwan dollars; 2) casual dining restaurants included menu prices ranging from NT$100 to NT$399; 3) QSRs with menu prices of NT$99 or under. This classification was suggested by a native industry expert familiar with the Taiwan's restaurant industry.

RESULTS AND DISCUSSION

The obtained results indicated that, digit 0 is the most commonly used (76.49%) price-ending digit in Taiwanese menus, followed by digits 5 and the rest (Table 1). Observation of unequal distribution of price-ending digits among Taiwanese restaurant menus rejects the hypothesis one stated in null form. The obvious absence of the digit 4 (0%) in Taiwanese restaurant menus across all three-restaurant segments presents strong support for the hypothesis H2a (Table1).

Surprisingly, contrary to the hypothesized relationship, the digit 8 was used less frequently among the restaurant menus compared to digits 0 and 5 across the three restaurant segments of Taiwan, thus failing to support the hypothesis H2b.

Table 1: Frequency of Right Most Digits in Taiwan's Restaurant Menus (n = 2203)

Restaurant Segment	Right Most Digits 1-9										
	0	1	2	3	4	5	6	7	8	9	Total
HIGH END	564	0	0	0	0	33	3	0	6	1	607
Percentage	92.9%	0.0%	0.0%	0.0%	0.0%	5.4%	0.5%	0.0%	1.0%	0.2%	100.0%
MID-PRICED	764	0	0	0	0	46	0	0	9	43	862
Percentage	88.6%	0.0%	0.0%	0.0%	0.0%	5.3%	0.0%	0.0%	1.0%	5.0%	100.0%
QSR	357	0	15	4	0	283	1	3	10	61	734
Percentage	48.6%	0.0%	2.0%	0.5%	0.0%	38.6%	0.1%	0.4%	1.4%	8.3%	100.00%
TOTAL	1685	0	15	4	0	362	4	3	25	105	2203
Percentage	76.5%	0.0%	0.7%	0.2%	0.0%	16.4%	0.2%	0.1%	1.1%	4.8%	100.0%

The most commonly used price ending digits for mid-priced dining restaurants were 0 followed by 5,9,8 etc and the most commonly used price ending digits for the QSR segment included 0 followed by 5,9 etc. (Table 1). Interestingly the digits 1 and 4 were the least used digits with 0.00% representation in all three segments. Though the digit 0 is still a predominant digit in the QSR segment but to a lesser extent compared to the other two segments. In fact, compared to the other two segments, in the QSR segment, there was a significant increase in usage of digits 5 (33.3% increase) and 9 (nearly 3.3% increase) and a significant reduction in usage of digit 0 (40.0%). This clearly indicated the presence of an emerging trend to use odd-price ending practices in the QSR segment and reduction in the usage of even numbers as price ending digits. Though these results have failed to support the hypothesis H3a empirically but they presented a clear emerging trend towards the posited relationship. The fine dining, high-end restaurants in Taiwan primarily used digit 0 as the choice price-ending digit followed by digit 5, 8, 6, 9, etc (Table 1). These results provide support to the hypothesis H3b. Less than popular usage of digit 8 as a price-ending digit by the high-end restaurants is a surprise finding. These results indicated deviation of Taiwan's price-ending practices from that of the Republic of China supporting the assumptions of Freistad & Wright's (1994) *Persuasion Knowledge Model (PKM)*.

Finally, the analysis f the second right most digits indicated that, in the high-end segment, most commonly used two right most price endings digits 80, 00 and 50. In the mid-price segment, most commonly used two right most digits were 80, 20 and 00 and in the QSR segment, the most commonly used two right most digits were 25, 30 and 20 (Table 2). These results support the hypothesis but not the H4b. Earlier, Schindler and Kibarain (2001) noted that 00, 99, 95, 50 and 49 were the top five right most price endings used in the USA. In contrast to the American practices, the most commonly used price-ending pairs in Taiwan were 80,20,00,77, 30 and the least used price-ending digit pairs were 10 and 99.

Table 2: Frequency of Second Right Most Digits in Taiwan's Restaurant Menus (n = 2203)

Restaurant Segment	Second Right Most Digits: 1 through 9										
	0	1	2	3	4	5	6	7	8	9	Total
HIGH END	115	3	43	19	45	84	63	16	182	37	607
Percentage	18.9%	0.5%	7.1%	3.1%	7.4%	13.8%	10.4%	2.6%	30.0%	6.1%	100.0%
MID-PRICED	104	39	128	71	86	97	98	42	152	45	862
Percentage	12.1%	4.5%	14.8%	8.2%	10.0%	11.3%	11.4%	4.9%	17.6%	5.2%	100.0%
QSR	24	72	240	168	56	37	34	17	46	40	734
Percentage	3.3%	9.8%	32.7%	22.9%	7.6%	5.0%	4.6%	2.3%	6.3%	5.4%	100.0%
TOTAL	243	114	411	258	187	218	195	75	380	122	2203
Percentage	11.0%	5.2%	18.7%	11.7%	8.5%	9.9%	8.9%	3.4%	17.2%	5.5%	100.0%

In spite of lack of support for the H4b, there is an emerging trend in usage of 99-price ending in the QSR segment. Digit 9 was used as the right-most digit 61 times in the QSR industry compared to 43 times in the casual dining and only 2 times in the fine dining segment (Table 1). Thus it appears that the QSR segment of the Taiwan's restaurant industry is slowly warming up to the idea of using digit 9 in menu pricing practices. Some of the impediments for faster adaptation may include lack of Point-of-Sale technology that allows efficient change of price ending digits while reducing dependence on human memory as often practiced in most Taiwanese restaurants.

CONCLUSIONS

Menu price endings communicate more than economic value. In purchase decisions, consumers relate specific digits as carriers of intrinsic values of a product and reflectors of cultural values. Earlier studies have indicated that digit 0 is associated with high quality and the digit 9 denotes high value. But these derived meanings are not universally accepted as different cultures attribute different meanings to different price ending digits. The current study demonstrates that price ending practices are significantly different in Taiwan compared to the USA. Taiwanese attribute different meaning to price ending digits and use them in different frequencies compared to the USA.

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COMPARISON OF NORTH DAKOTA SENIOR CITIZENS' GENERAL GENDER PERCEPTION TOWARD HOSPITALITY SERVICE

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ABSTRACT

Tourism is the second largest industry in North Dakota after agriculture. It generates over $2.3 billion annually. In this state, the senior citizen population has grown at an alarming rate and is expected to grow exponentially in the next 20 years. The study revealed that male and female senior citizens who are 65 years of age or over have similar and dissimilar perceptions toward the hospitality industry, including lodging, restaurants, and bar services, in North Dakota.

Key Words: senior citizens; gender; perception; hospitality industry.

INTRODUCTION

Tourism is the second largest industry after agriculture in North Dakota. Tourism brought $2.38 billion dollars into North Dakota in 2000, second only to agriculture's $3.56 billion. Between 1990 and 2000, tourism revenues grew 59.7 percent. Of the state's tourism budget of $5.2 million for the biennium, state tourism dollars must go to "branding the state" for visitors from nearby states such as South Dakota, Nebraska, and Minnesota (Schmidt, 2002).

North Dakota's senior population has grown at an alarming rate. Projected numbers show the senior population growing exponentially in the next 20 years. The state budget for nursing homes has been increasing annually by 5 percent (Schneider, 2002).

The growth in both the tourism industry and senior citizen population of North Dakota calls for closer attention to this market segment. An in-depth understanding of senior citizen perceptions toward the hospitality industry will help the industry to respond accordingly to the real needs of this potential market. Most senior citizens are and will be much more active than in previous generations, with travel being a favorite activity for many of them. According to the U.S. Bureau of the Census in 2000, the population over 65 was close to 35 million and was predicted to grow to over 54 million by 2020 (U.S. Census Bureau 2000).

LITERATURE REVIEW

The restaurant and lodging industry has recognized that some men's and women's perceptions and needs tend to be different. One of the ways in which women and men differ is in their eating preferences. Several years ago, Wendy's restaurant chain sought to increase the number of women customers by introducing one of the first quick-service restaurant salad bars. Taco Bell, on the other hand, sought to increase its share of the male dining-out market by introducing the double beef burrito. It was a heartier menu choice designed to appeal to men's bigger appetites. In these two cases, women were a target market for Wendy's, and Taco Bell targeted men. As lodging preferences, women business travelers consider security, personal service, and low prices to be relatively more important selection criteria. The availability of irons and ironing boards, room service, and bathrobes are also important. Men place greater emphasis on services and facilities than do women. (Hsu & Powers, 2002).

Gender differences are learned. Socially endorsed views of masculinity and femininity are taught to individuals through a variety of cultural means. From infancy on, we are encouraged to conform to the gender that society prescribes for us. Girls are often cautioned "don't be selfish" or "be careful" while, in contrast, young boys are more likely to be admonished "don't be a sissy" or "go after what you want" (Wood, 2001).

Singleton, in 1985, asked older adults visiting an outdoor recreation site to report on all of the activities they participated in on the previous day. He found gender differences in that males tended to engage more often in reading, relaxing, and driving for pleasure, whereas females reported participating more often in the entertainment of friends and relatives, the preparation and serving of food, and the completion of house chores (Mathieu, 1998).

The hospitality industry has recognized that mass marketing has a limited effect. Mass marketing has been replaced by even more sophisticated techniques of market segmentation in which consumer markets are identified and "targeted". Trade magazines blazon headlines like these: "New Products for the Young in Heart"; "Age Wave: The Challenge and Opportunities in Aging America"; "The Golden Revolution"; and perhaps the most forthright of them all, "Dipping Into Granny's Wallet". According to the latest, most sophisticated doctrine in marketing, the new "senior" market is not a homogenous body but is composed of many specialized sub-markets (Featherstone & Wernick, 1995).

Products and services can also be designed and marketed specifically to seniors. For example, hotels should provide luggage carts or bell service so seniors can get help with heavy luggage. Additional helps could include telephones, remote controls, and alarm clocks with large numbers; also easy-to-use facilities in the bathroom, including bars near the toilet and in the bathtub that can be used for getting up and down. Similarly, restaurants should provide menus with large print, meals that are healthy and have smaller portions, and adequate lighting so seniors can read menus (Reid & Bojanic, 2001).

The findings of this research will be of use to the hospitality industry (lodging, restaurant, and bar) owners/operators to better prepare for serving and targeting senior citizens.

SURVEY METHODOLOGY

From a randomly chosen sample of 20,000 licensed North Dakota drivers 65 years of age or over, 500 persons were selected for the study. We wanted the research to focus on seniors who were physically able to drive and visit hospitality sites; therefore, the driver's license registration list was used as a sampling frame. A pilot study was conducted with a group of 32 senior citizens for clarity and objectivity of the research instrument before mailing. A total of 325 surveys were returned. Eleven of the respondents were younger than age 65 and were deleted from the study (314 usable responses; return rate = 62.8%). The average age of respondents was 73.3 years (SD=6.3). The breakdown of age groups was 65-70, 35%; 71-75, 30%; 76-80, 22%; and over 80, 13%. Regarding education, 48% of participants had a high school degree, and 17% had less than a high school degree. Almost one-fourth (22%) had some training beyond high school but had not completed college while 8% completed college and 5% attended graduate school. There were more women (57%) than men in the study, and 91% of the participants were white. Most participants (86%) were retired/unemployed; 5% worked fulltime; and 9% worked part-time. Most of the participants (74%) were married; 21% were widowed; and 5% were divorced/single/separated. Health challenges included walking (33%), bathing (9%), vision (18%), feeding (4%), dressing (6%), and illness (9%).

Each person was mailed the survey with a cover letter explaining the research and human subjects issues. A follow-up thank you and reminder post card was mailed two weeks following the original mailing. Two weeks after the postcard was sent, those who had not returned the survey were sent another copy. The survey, a combination of open-ended and closed-ended items, included demographic questions regarding age, education, gender, ethnicity, employment, marital status, living situation, health challenges, driving status, community size, sources of economic support, and income adequacy. A series of questions on hospitality services (e.g., lodging, restaurants, and bars) focused on types of services utilized, frequency of use, ranking of factors that influenced service use, occasions for using services, transportation used to access hospitality services, and satisfaction with services. The focus of the analysis is to describe the use of hospitality services by this sample of senior citizens. When respondents indicated that they did not use any services in one of the areas (lodging, restaurants, or bars), they were instructed to skip the remaining questions on that service. Percentages presented for the questions reflect percentages of responses only for those who used that service area.

STATISTICAL ANALYSIS METHODS

Items on the survey where respondents were asked to check all choices that apply were analyzed as follows. Each choice was analyzed individually and compared the percentage of the males who checked that choice to the percentage of females who checked that choice using a chi-square test for homogeneity. The SAS statistical package was used (version 8.2). Items on the survey where respondents were asked to select only one response were also analyzed using a chi-square test for homogeneity. In this case, the null hypothesis was that the relative proportions for each category being selected were equal between genders. A rejection of the null hypothesis simply implied that there was a difference in the percentages for at least one of the choices between the males and females. We then informally compared the percentages for each choice across genders and looked for relatively large differences that might be associated with the rejection of the null hypothesis. T-tests were used to determine if there were significant differences in the average ratings on various hospitality services between the genders. A significance level (alpha level of .05) was used for all statistical tests.

RESULTS AND DISCUSSION

Lodging Services

The study indicated that there is no difference between males and females using hotels or motels as types of lodging. There was a difference between males and females in using campgrounds and a family or friend's home as a preferred type of lodging. More males used campgrounds than females, whereas more females used a family or friend's home (Table 1).

Table 1: Types of Loding Services Used

	Male %	Female %	X^2	P value
Hotel	23.39	28.29	0.90	0.3562
Motel	63.71	62.50	0.04	0.8359
Campground	12.90	3.29	8.97	0.0027
Family or friend's home	24.19	41.45	9.09	0.0026
Other	0.81	0.66	0.02	0.8849

The study indicated that there are no differences between males and females using lodging in North Dakota for vacations. More females used lodging for visiting a family than males, whereas more males used lodging for business purposes. The study revealed that there were differences between males and females when using lodging with different travel companions. More males traveled with a spouse and/or were alone while staying in a lodge. More females traveled with family, children, and friends than males when staying in a lodging facility. There were no differences between males and females regarding how often they use lodging service. It was indicated that more males drive their own car than females. When using a lodging facility, more females drive with family members or with special transportation. No differences were found between males and females in ranking factors such as price, location, cleanliness, service, brand loyalty, and safety that influenced their decisions in selecting a lodging facility. There were no differences between males and females regarding their satisfaction with the lodging in North Dakota. It appeared most of the males and females were completely satisfied with the lodging service in North Dakota.

Restaurant Services

There were no differences between males and females use of different types of restaurants from fast food to ethnic. No differences existed between males and females regarding restaurants' use for different occasions, except that more males used restaurants for business meetings than females (Table 2).

Table 2: Restaurant Usage

	Male %	Female %	X^2	P value
holidays	56.69	65.22	2.2	0.1337
when traveling	75.97	67.08	2.75	0.0973
business meeting	14.73	7.45	3.97	0.0463
regular dining	39.53	50.93	3.75	0.0529
other	3.88	3.73	0.0044	0.9473

More males tended to dine with a spouse or alone in a restaurant than females. More females tended to dine with children, grandchildren, friends, and other family members in restaurants. The survey indicated that there are no differences between males and females regarding how often they dine out at restaurants. More males tended to drive their own car to go to restaurants than females. There were no differences between males and females in terms of ranking factors. The survey indicated that there is no difference between males' and females' satisfaction with restaurant services in North Dakota. Most of the seniors seemed to be completely satisfied with the restaurant business.

Bar Services

The study revealed that more males tend to go to taverns and sports bars than females, whereas more females go to club bars than males (Table 3).

Table 3: Gender Related Bar Choices

	male %	female %	X^2	P value
tavern	26.83	12.06	9.34	0.0022
hotel bar	25.20	18.44	1.78	0.1827
sports bar	12.20	4.26	5.66	0.0174
others	1.63	0.71	0.49	0.4832
club bar	47.97	67.38	10.18	0.0014

There was no difference between males and females visiting bars during the holidays, traveling, business meetings, or social outing occasions. There was also no difference between males and females with whom they go to bars, such as spouse, friends, children, grandchildren, and other family members. The study indicated that there is a difference between males and females about how often they go to bars. Males indicated that they visit bars by driving their own car where females preferred to ride with other family members. There was no difference between males and females for selecting a bar based on price, location, cleanliness, service, familiarity, and safety factors. The survey showed that there is no difference between males and females about how satisfied they are with bars in North Dakota.

CONCLUSIONS/IMPLICATIONS

This study indicated good news for the hospitality industry in North Dakota. Most senior citizens, both males and females, were completely satisfied with lodging, food, and bar services in North Dakota. From the study, the lodging industry, in its marketing efforts, can focus on males for campground, business meetings, and single's market. Any family-related packages and features should be directed toward females. The restaurant industry can attract more males for business purposes and more females for family features and specials. The bar industry can attract more males in taverns and sports bars while females can be attracted to club bars. Currently, there is a growing segment of females who are in business and might be receptive to business advertising. There is also a growing segment of males who are receptive to family-packaged advertising. All in all, gaps between males and females are closing as well as gender roles.

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THE IMPACT OF THE RECREATIONAL FEE DEMONSTRATION PROGRAM ON VISITATION OF HIGH VOLUME NATIONAL PARKS

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ABSTRACT

This study assesses the impact of the Recreational Fee Demonstration Program on visitation of U.S. national parks. Baseline, multivariate, visitation models were developed based on secondary data from 10 years prior to the program's implementation, and used to predict visitation in years following the implementation. The predictions of the baseline models were then compared to the parks' actual visitation. The measured differences between the actual and the predicted visitation are statistically significant, indicating that the Recreational Fee Demonstration Program had an adverse effect on the visitation of the largest U.S. National Parks.

Key words: national parks, recreational fee demonstration program, visitation.

INTRODUCTION

In an attempt to address long-term financial difficulties, Congress authorized four federal agencies, the National Park Service, the USDA Forest Service, the U.S. Fish and Wildlife Service and the US Bureau of Land Management, to charge an entrance and usage fee at selected sites. This *Recreational Fee Demonstration Program* was designed to test the ability of the four agencies to use public land recreation fee to better maintain the sites and to improve their visitors' experience. The National Park Service along with the three other federal agencies began implementing the *Recreational Fee Demonstration Program* in late 1995.

A comprehensive discussion on the controversy over fees for use of public lands can be found in Winter et al. (1999, pp. 207-209) and Anderson (2000). Their list of possible adverse effects includes reduced visitation, decreased public support, non-compliance, and the exclusion of the economically disadvantaged and minorities. McDonald, Noe and Hammitt (1987) and More, Dustin and Knopf (1996) add that as the fee increases so might visitors' expectation of benefits. Since the program's inception, however, the major concern was the impact on visitation as stated by Schroeder and Louviere (1999, p. 300).

The purpose of this study is to find out whether indeed the recreation fee has affected the visitation of National Parks. Numerous studies and reports in recent years attempted to assess the impact of recreation fee on public land visitation and use. Some attempted to anticipate the potential impact on visitation before a fee was implemented or increased (for example see Leuschner et al. 1987, Marsinko 2000, Relling et al. 1996, Schroeder and Louviere 1999) and others evaluated the effect of a recreation fee on visitation after a fee had been implemented or changed (e.g., Krannich et al. 1999, Bamford et al. 1988, and Schneider, LaPointe and Stievater, 2000). These studies apply methods that can be grouped into two major categories. The first category is users/managers survey based, mainly surveying people about their attitude towards usage fee and their assessment of the likely impact on visitation. Some of these studies examined intention to use or revisit given a fee level, and others looked at self-reported willingness to pay (Bowker et al. 1999, Fedler and Miles 1989, Krannich et al. 1999, Schneider et al. 2000).

Rather than surveying people, studies and reports in the second category analyzed **actual** visitation figures. Some compare visitation before a fee was implemented or changed to the period following the change and some compare visitation in fee sites to non-fee sites or among sites with different fee levels (U.S. Department of the Interior, U.S. Department of Agriculture, 1998). Other studies measure price demand elasticity by examining simultaneously changes in visitations and changes in fees (e.g., Lindberg and Bruce 1999). This study examines "before" and "after" actual visitation figures and it compares the visitation of fee demo parks to non-fee parks. It differs from other published reports on the impact of the fee demo program on visitation in that it does not simply compare visitation figures. Rather, this study fits baseline models to the "before" data and use the models to predict the "after" values. That is, a key concept of this study is to establish (for each of the examined parks) what the visitation should have been were the *Recreational Fee Demonstration Program* not implemented.

The reports that address the question of impact of the demo fee program on visitation in the National Parks system state that very little or no decrease has been detected (Field et al., 1998, p. 1, Lundgren et al. 1997, p. 1, U.S. Department of the Interior, U.S. Department of Agriculture, 1998, p. 4, U.S. General Accounting Office, 1998, p. 3, U.S. General Accounting Office, 2001, p. 18) -- a rather surprising observation given that Economics theory predicts that as the price of a product or service increase, unless the demand is inelastic, the quantity (visitation) in equilibrium decreases. This study asserts that six years after the implementation of the program began, it should be possible to detect an impact on visitation if, as the theory predicts, the visitation has indeed changed. The paper analyzes individual national parks, selected from a pre-defined group based on a visitation volume, fee collected and performance of a baseline visitation prediction model. The results clearly indicate that visitation of some of the largest, well known, national parks have declined due to the *Recreational Fee Demonstration Program*.

METHODOLOGY

The major building block of this paper's approach to measuring the likely impact on visitation is fitting a **baseline visitation model** using data from 10 years prior to the implementation of the *Recreational Fee Demonstration Program.* The rationale behind the use of a baseline model is rather straightforward. To assess the impact of the fee demo program one cannot simply observe the visitation after the program had started and compare it to the period before the program. Doing so implicitly assume that visitation figures do not change over time and this assumption is not supported by the data. Instead, this study uses the baseline models fitted on data prior to the program to predict visitation in years following the implementation of the program. The study then computes deviations to compare the predicted visitation to the actual figures. Statistically significant deviations are strong indication that the demo fee program had indeed affected visitation whereas if no significant variances are found, one cannot conclude that the fee demo program affected visitation of national parks. The study applies two statistical tests: a Binomial test and a Chi-Square test. The first evaluates whether the proportion of negative deviations among parks participating in the program is significantly larger than 50% (the expected proportion if fee has no impact on visitation). The second tests whether fee-parks' actual visitation is more frequently below the predicted one compared to non-fee parks.

Data. This study focuses on a select group of national parks -- parks that had over 2,000,000 visitors in fiscal year 2000. Hence, the initial sample includes 31 national parks with a relatively high volume of visitors out of a total of 347 national parks in the U.S. Focusing on the largest (in terms of number of visitors) parks in the system ensures that the discussion is about the most popular sites. More importantly, it helps in the process of fitting a baseline visitation model since larger, well established, parks are more likely to have patterns of visitation that are easier to identify. Of these 31 parks, twenty-four (24) participated in the Recreational Fee Demonstration Program and seven (7) did not.

The sample was further reduced when the size of the fee was considered. The implementation of the *Recreational Fee Demonstration Program* varied significantly among the parks in regards to the fees they charged. Economic theory stipulates that the larger the fee, the more likely it is to have an impact on visitation. Hence, to ensure that the most relevant parks are indeed being analyzed, i.e., parks that are most likely to be affected, this study focuses on parks with a relatively high average fee per visitor or *AFPV*. The calculated *AFPV* for each participating park is based on FY2000 figures as follows: $AFPV = \dfrac{Fee\ Demo\ revenues}{Number\ of\ recrational\ visitors}$. The source for both figures is Appendix A in U.S. General Accounting Office (2001, pp. 56-61). Only parks with AFPV > \$0.50 have been kept in the sample. Ten (10) out of 24 participating parks with over 2,000,000 visitors per year, had an AFPV larger than \$0.50 thus were maintained in the sample. Fourteen (14) parks have been dropped due to their small AFPV.

At this stage, a baseline multivariate model was fitted to predict visitation to each of these 17 remaining parks (10 participating parks and 7 non participants). A cross- sectional (multivariate) model was preferred over a time series for two reasons. First is the theoretical advantage: the circumstances are such that if an explanatory model can be fitted, it can be best utilized for forecasting. A major difficulty associated with forecasting using an explanatory model has to do with the value of the independent variable. One most often needs to predict the values of the independent variables during the "predicted" period before the model can be used to predict the values of the independent variable. This hurdle obviously does not apply here since the values of the independent variables for the relevant period are known. Recall that this is not a forecast where future values are predicted but rather an exercise in calculating what the visitation should have been between 1996-2000. Hence, whatever the independent variables turn out to be, their values during the "predicted" period are known.

The second reason for preferring a cross- sectional model to a time-series is rather practical. Numerous time-series models were tested with all of the 17 parks and all were found to be extremely volatile. That is, small changes in their parameters resulted in very large changes in the prediction, often in the direction of the change (more or less visitors). Moreover, many of the models' predictions for 3 or more years ahead (that is for FY1998 and beyond) turned out to be outside the reasonable range i.e., very high numbers or negative figures. It was therefore concluded that time series models were of little use for this study.

Dependent Variable. The dependent variable, in all 17 fitted models, is the annual number of recreational visitors to the park. Data were obtained from the National Park Service Public Use Statistics Office (Street, 2002). Note that all are over 2,000,000 visitors a year because only parks with large volume were selected. The average number of visitors in this sample is 4,768,598 with a standard deviation of 1,002,449. See Table 1 for more details.

Independent Variables. It is assumed that visitor populations in many of these large, well known, parks are composed of two major elements: local US visitors and foreign tourists. The model adopted to explain variation in visitation over the years in each of the parks reflects these two distinct elements. Two independent variables were included in an attempt to explain variation in visitation over the years. The first is he U.S annual expenditure on recreation, a variable expected to explain the number of local visitors to the park, especially in parks were recreation is the main reason for the visit. Data was obtained from Table 2 published by the Bureau of Economic Analysis (2002). The second variable, the annual number of international arrivals to the U.S, is expected to explain the number foreign tourists who visit the parks. The numbers of international arrivals to the U.S. in each year were obtained from the Tourism Office (2002).
The Multivariate Models. The baseline model was fitted using data from 1986 to 1995, a period of ten years preceding the implementation of the fee demo program. Formally the model is given by: $V_{iy} = f(I_y, R_y)$ where V_{iy} denotes the number of recreational visitor to park i in year y, $y \in (1986, 1987, \ldots, 1995)$, I denotes the number of international arrivals to the U.S in year y, and R denotes the annual expenditure on recreation in the U.S. in year y.

The next step was to eliminate the parks for which no model could be successfully fitted. That is, we eliminated from our examined sample parks for which we failed to fit a model that is likely to have solid "predictive" power. Parks whose fitted model did not meet the following criteria were excluded from the final analysis: $R^2 > 65\%$, $F < 0.01$, p_0, p_1, $p_2 < 0.2$. If any of the p levels was larger than 0.2, the model was refitted without that variable. The park has been maintained in the sample only if the reduced (univariate) model met the criteria listed above. Note that the criteria for maintaining a park in the sample are rather conservative. While it further reduces the analyzed sample it is a crucial step in that it ensures the predicted visitation figures for parks that are analyzed in the study are indeed reliable as a benchmark and can serve as a valid reference point. Out of the 10 program-participating parks, 5 had met the criteria and thus remained in the sample, while 5 other participating parks were excluded. Four none participating parks remained in the final sample while 3 others were dropped. In summary, the final group consists of 9 parks of which 5 participate in the recreational fee demonstration program and 4 do not. All 9 parks had over 2,000,000 visitors in FY2000 and all have a solid baseline model to predict visitation -- $R^2 > 65\%$, $F < 0.01$ and $p < 0.2$. The fee demo revenue in each of the 5 participating parks is over $0.50 per visitor.

RESULTS

The baseline model fitted on data from 1986 to 1995 generates predictions for the number of visitors at each of the 9 parks for the 1996 – 2000 period. These predictions are based on the actual number of international visitors to the US as well as on the actual expenditure on recreation in the US during the "predicted" period. The generated predictions for 1996-2000 are then compared with the actual park visitation figures for the same period.

In the 5 fee parks analyzed between 1996 and 2000, there were around 13 million visitors less than the prediction. That represents a remarkable drop of around 16 percent in annual visitation. Among parks that participated in the program, 25 of 25 actual annual visitation figures (five parks over a 5 year period) were below what the models had predicted. That is, in the period between 1996 and 2000, 100% of the annual visitation figures were below the predicted values. Can one conclude that the proportion of the population with annual visitation below prediction is higher than 50%? The null hypothesis is H_0: proportion $\leq$ 0.50. Applying the binomial test we reject H_0 with $P < 0.0001$ and conclude that that the population proportion of visitation which is lower than the prediction is significantly greater than 50%.

Are the two groups (fee and non-fee parks) homogenous with respect to the deviation of number of visitors from the prediction? H_0 is the hypothesis that the two populations represented by the two groups in the study are homogenous with respect to deviations of visitation from the prediction. Using the Chi-Square test, H_0 is rejected with $p<0.0001$ -- one rejects the null hypothesis that the sampled population is homogenous with respect to deviations of visitations from the prediction. That is, we conclude that the sampled populations differ in their deviation from the predicted level of visitation and that this difference is statistically significant. In summary, the results along with the two statistical tests indicate that the recreational fee demonstration program had resulted in decreased visitation.

CONCLUSION AND LIMITATION

This study evaluates the impact of the recreation fee demonstration program on visitation to US national parks with over 2,000,000 visitors a year. It starts by fitting a visitation model to data from years prior to the program implementation and continues to predict visitation in following years. The difference between the actual number of visitors and the predicted visitation in years following the implantation of the program is tested for statistical significance and also compared to the same deviations from predictions in national parks that do not participate in the fee demo program. The results clearly indicate that the recreational fee demo program has a negative impact on visitation.

Non-random sample and the generalization of the results. Given the non-random manner in which the sampled parks were selected, it cannot be argued that visitation of all national parks is likely to react in the same manner. Only the largest parks (in terms of number of visitors) were considered. Those large famous parks are likely to attract different segments of the population, segments with different usage patterns and different reactions to recreation fees. Reducing the sample by eliminating parks where we could not fit a solid predictive model further aggravates the problem of non-representation. Not being able to fit a model indicates that these parks' visitation patterns are indeed different and as such, visitors of these excluded parks might react differently to the recreation fees.

Future research. A most promising avenue for further research is to add a third group to the analysis: the group of program participating parks for which the AFPV is less than \$0.50. Economics theory predicts that in these parks the decrease in visitation should be somewhat smaller than in the parks tested in this study (AFPV > \$0.50). Another extension could address the baseline models. Fifteen parks were excluded from the final analysis in this study, simply because the baseline model fitted to their data did not meet the criteria set in advance. Other approaches to modeling the visitation patterns in national parks might produce stronger models that can then be used to predict visitation in the tested period. Finally, it would be useful to look into the way in which different segments of the population are affected by the program. Efforts on behalf of the park authorities to reduce the negative impact on visitation would be more effective if the different segments and their reactions to the fee are better understood.

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HOTEL REVENUE MANAGEMENT FORECASTING: EVIDENCE OF EXPERT JUDGMENT BIAS

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ABSTRACT

Despite hotel revenue managers' increasing reliance on computers, human judgment is still indispensable, and in many hotels computers and revenue managers "interact" during the decision-making process. This study involved 57 experienced revenue managers, and examined two elements of the user interface. It tested whether these elements affect the managers' ability to provide an unbiased assessment, one that would fully adjust the computer-generated prediction. The results indicate that human judgment by revenue managers is, as predicted, prone to bias. The two elements of the user interface affected the judgment of even experienced revenue managers.

Key Words: Hotel, Revenue Management, Occupancy Forecasting, Bias

INTRODUCTION

Rapid advances in information technology account for the increased use of computers in hotel revenue management. Computers store information on historical occupancy patterns, guest preferences, current guest records, and reservation bookings. The Internet is increasingly used to disseminate information to potential customers and to record room reservations as they arrive (O'Connor & Frew 2002). Computers also play an increasing role in the two crucial elements of any revenue management system: the **forecast**, mostly of occupancies, length of stay and rates, and sometimes of more elusive constructs such as probabilities, and **room rates and allocation decisions**. Yet despite the increasing reliance on computers, human judgment is still indispensable. For reasons discussed later in the article, even the best computer assessments of future events and consequently rate and allocation recommendations might be sub-optimal. Human judgment is then required to adjust the computer-generated figures. Indeed, in many hotel systems, computers and human decision makers "interact" in the sense that the computer-generated prediction and recommendation is evaluated and modified by the hotel revenue manager. However, human judgment is prone to bias. This study explores whether the "interaction" between the computer and the revenue manager might promote human judgment bias. Specifically, the study examines two elements of the user interface and tests whether these elements affect the manager's ability to provide an unbiased assessment, one that would fully correct the computer-generated prediction.

A hypothetical automated system scans historical bookings, occupancy patterns, and reservation and rates information, and fits quantitative forecasting models to the data. Using the fitted models, the system arrives at predictions, which are then used as an input in making rate and allocation decisions. That is, the optimization algorithms recommend rates and allocation based on the predicted values of the forecasted variables.

While the entire process can be computerized or automated, all of the steps involve, and benefit from, some kind of human judgment. Human judgment is applied when data and models are selected, models are fitted, forecasts are evaluated and adjusted and final decisions on rates and allocation are made. This study focuses on the **forecast evaluation and adjustments** phase. The accuracy of the forecast is essential: inaccurate predictions lead to sub-optimal decisions in the optimization phase, consequently negatively affecting the hotel's revenues and profit margin (For a discussion on occupancy forecast accuracy measures see Schwartz, 1999). In addressing the importance of occupancy forecasts, Weatherford, Kimes, and Scott (2001) state: "*The forecast is the most important driver of any revenue management optimization approach.*" One way to improve the accuracy of quantitative occupancy forecasting models is to carefully consider the role of human judgment. Forecasting scholars argue that more accurate predictions are obtained when quantitative methods and judgments are combined, and the research indeed supports this notion (Makridakis, Wheelwright & McGhee 1985). For example, it was demonstrated that the accuracy of quantitative forecasting models of daily occupancy could improve when an explicit structured process of judgmental adjustments is applied (Schwartz 1998) . This is the case for two main reasons: additional relevant information and source independence.

Additional Information: A revenue manager might be aware of information that has not yet been entered into the database used by the model. For example, a large group booking is not recorded because the contract has not been signed. Or, the revenue manager might be aware of information that cannot be handled by the model, such as a one-time event that is likely to affect hotel occupancy. If the operating environment is changing, until the models are refitted or replaced by more adequate ones, judgmental adjustments might prove both necessary and effective. Finally, should an experienced revenue manager identify a recurring inaccuracy (bias) in the quantitative model's performance, s/he could correct it by simply adjusting the forecast.

Independent Source. When an additional independent forecasting model is used, the combined forecast is often more accurate. The reason for this is quite intuitive: independent models tend to cancel out each other's errors. Thus, a strong argument can be made for a combination of forecasts, where a simple way of doing this is to "*let the combined forecast be a weighted average of the individual forecasts*" (Granger & Newbold 1986). In this case, whether it is a combination of several quantitative models or a mix of a quantitative model and expert judgment, accuracy is likely to improve. The use of a combination of hotel daily occupancy forecasts is demonstrated in Schwartz & Hiemstra (1997).

Note, however, that for best results, both the quantitative models and the revenue manager's judgmental forecast adjustment or independent assessment must be as accurate as possible. While considerable attention has been given in recent years to the accuracy of hotel quantitative forecasting models (Kimes 2002, Schwartz 1998, 1999, Schwartz & Hiemstra 1997, Weatherford Kimes & Scott 2001), the literature has barely addressed issues regarding revenue managers' judgmental predictions and adjustments. This is especially surprising in light of laboratory research on the psychology of reasoning and judgment which shows that forecasters may be prone to bias in generating predictions and in evaluating outcomes (See, for example, Evans 1987). The authors' experience with hotel revenue management systems yielded anecdotal evidence that revenue managers' judgmental assessment might indeed be biased. In most hotels the main reason for combining quantitative and judgmental predictions is the large amount of additional relevant information possessed by revenue managers. For this reason, rather than weight average two independent forecasts (quantitative and judgmental), many hotel revenue managers review the predictions of the quantitative models and then use their experience to adjust it, based on the additional information they possess. It is hypothesized that the user interface, that is, the way the computer prediction is presented as well as the way the revenue manager's input is solicited, might create a bias effect on the expert's judgment. In other words, elements of the revenue management system and specifically the user interface design might unintentionally compromise the accuracy of the occupancy forecast. If true, the unfortunate result is sub-optimal rate allocation decisions and smaller profit margins for the hotel. This study further investigated the issue to discover whether, in fact, the forecast made by revenue managers or their adjustments to the computer's quantitative forecast are affected by built-in elements of the revenue management system. That is, is the forecaster's ability to produce independent and accurate predictions significantly compromised by the user interface? In the following section we describe the experiment where two elements of the user interface are varied, outline the results and discuss the implications, limitations and avenues for future research.

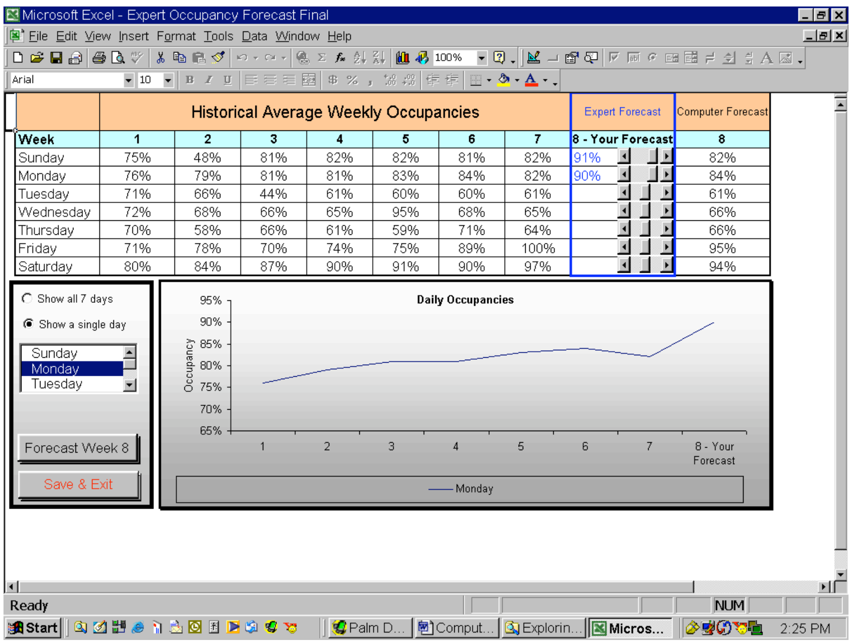
METHOD

Data. Fifty-seven expert subjects, most of them revenue managers, participated in the study. Rather than bringing each expert to the laboratory, the study was conducted at the subjects' offices. A simulated forecasting program was loaded on a laptop computer. Over a period of two months, a research assistant traveled to hotels in three cities and administered the test at the experts' place of work. There were 57 managers who took part in the study, 27 women and 30 men. They work in 35 hotels that were selected randomly from a list of hotels in three cities in Israel. Of these 35 hotels, 15 were located in Eilat, a tourist destination on the shores of the Red Sea. Eleven hotels were located at the Dead Sea – a health and spa-oriented destination with a mix of local and tourist guests. The nine Tel-Aviv hotels selected serve mainly business travelers. The study participants averaged 12.8 years of experience in the hotel industry (with a *Standard Deviation* of 8.06).

Motivation and Procedure. The revenue managers were told that the goal of the study is to test new quantitative occupancy forecasting algorithms and that their cooperation, opinion and input on the performance of the tested models is being solicited so that the models can be improved. The opening screen and the "about" window stated: "*The Expert Forecast Project is designed to enhance our understanding of how the expertise of hotel executives can be used to improve the accuracy of occupancy forecasts. This is an academic research study supported by the Department of Hotel and Tourism Management at Ben Gurion University of the Negev".*

In the first screen, the subject was asked to enter some personal data: name, organization, job title, years of experience, and gender. On the second screen of the forecasting simulation, each subject was shown a table listing daily occupancy figures for 7 consecutive weeks (49 "historical" daily occupancy figures) and the "computer forecast" for the next 7 days (i.e., the 8^{th} consecutive week). Note that all 57 subjects were shown the same "historical" and the same "computer forecast" occupancy figures. The subjects were then asked to enter their own forecast of daily occupancies for that 8th week in a column adjacent to the "computer forecast" column (See Figure 1). Thus, when forming their own predictions, the subjects were aware not only of the historical data but also of the computer-generated forecast. This mimics the typical situation in many hotels as discussed above, in which revenue managers "correct" the computer forecast, rather than provide their own independent estimate to be average weighted with the computer forecast.

Figure 1: Interactive chart – Displays a single day or 7 days



The computer software randomly assigned subjects to the test conditions – a 2x2 factorial design in each of the following test treatments: The computer generated the forecast slowly (informing the user about the progress), the computer generated the forecast instantaneously (an uninformative process), interactive chart and no chart.

Independent Variables

Forecast speed and progress update. This variable has to do with how fast the computer forecast is generated, that is, the time it takes the computer to finish the computation and present its forecasted occupancies on the screen. Twenty-nine subjects witnessed a speedy forecasting process. The computer forecast was presented on the screen instantaneously – a split second after the user had requested it. The other 28 subjects waited 23 seconds for the process to be completed. That is, after the user clicked the "Forecast" button, it took 23 seconds for the computer to display the forecast on the screen. In the meantime the user was shown a progress report. A small popup window listed the various steps the computer was going through while generating the forecast: accessing data, activating forecasting models, analyzing patterns, fitting models and testing accuracy.

Interactive Chart. Twenty-eight subjects had an interactive charting tool on their screen as shown in Figure 1. The user could select any single day of the week (or all seven days together) from a dropdown menu, and examine a chart listing occupancies for the selected period. Once a forecast has been entered by the user, forecast data points were added to the interactive chart so that the user could graphically assess whether her/his forecast made sense given the history for that day. Twenty-nine subjects had no chart and generated their expert prediction based on the occupancy figures table only.

Dependent Variable

The dependent variable, Y, is the sum of the expert's seven forecast adjustments (absolute value), that is, the sum of all seven absolute deviations of the expert forecasted occupancies from the computer's predictions. Using the absolute value of the difference ensures that negative and positive deviations do not cancel each other.

The study tests whether elements of the user interface affect the revenue manager's forecast. If true, it is expected that the four combinations of the two tested elements, speed computation and availability of the interactive chart, would influence the degree to which subjects adjust the computer forecast, computed as the averaged Y in each treatment. Note that each element is identical to the forecast error measure MAD (Mean Absolute Deviation). In the context of this research study, MAD measures the difference between two sets of forecasts (quantitative and judgmental) while in a more traditional forecasting setting, MAD is used to measure the difference between a forecast and the actual figures.

RESULTS AND DISCUSSION

The results are summarized in Table 1. The figures in the table cells represent the average of the absolute prediction adjustment, that is, the mean absolute deviation of the experts' forecasts from the computer prediction. The results indicate that the two elements have some type of interaction effect. The statistical tests (two-sample t-test assuming equal variances) support the notion that hotel revenue managers' judgmental occupancy forecast is prone to bias. The study clearly demonstrates that the subjects' occupancy predictions are altered in a statistically significant manner ($p<0.05$) as elements of the user interface are modified. Within the group of experts who had a chart, those who were subject to a slow forecasting process deviated (on average) 13.2% and those with a fast forecasting process deviated only 8.1%. The difference of 5.1% is statistically significant at $p<0.05$. For those who had no chart, the impact of speed seems to reverse. Subjects who had a slow forecast process had an MAD of only 4.6%, while those with a fast process had an MAD of 12.3%. The difference of 7.7% is statistically significant at $p<0.01$. Within the group of subjects who had a fast process, those with a chart had an MAD of 8.1% and those without a chart had an MAD of 12.3%. The 4.2% difference is statistically significant at $p<0.05$. The average adjustment of subjects who had a slow forecast process and a chart was 13.2% while the adjustment of those with a slow process but without a chart was 4.6%. The difference of 8.6% is statistically significant at $p<0.01$.

Table 1: MAD of experts' forecast adjustments (of hotel occupancy rates in percentages) by treatment

	Short process	Long process	Difference
Chart	8.1	13.2	-5.1[b]
No Chart	12.3	4.6	7.7[a]
Difference	-4.2[b]	8.6[a]	

a. Significant at .01
b. Significant at .05

The results of this study show that the judgment of revenue managers is indeed prone to bias. All participants based their predictions on exactly the same figures: historical occupancy patterns and a computer prediction. The extent to which their prediction deviated from the computer prediction was shown to depend on the two tested elements of the user interface: forecast speed and availability of a charting tool. The differences between the four test groups were statistically significant. This seems to strongly indicate that revenue managers are prone to bias because the "relevant" historical booking information was the same for all of the participants while the two user-interface elements should not have impacted on their predictions.

The authors can only conjecture as to the reason why these two elements affected the forecasts made by the subjects. Given the study framework in which the subjects evaluated two sources of information – historical occupancy patterns and the computer forecast – it is possible that changes in user interface elements affected the way in which the subjects perceived the two sources of information. For example, the decision maker might interpret the computer's forecasting speed to be an indication that the forecast is more reliable because a fast forecast would suggest a fast and modern computer – and hence more reliable. Such increased confidence in the computer's forecast is likely to result in a smaller judgmental adjustment (MAD) by the revenue manager. On the other hand, the slower forecasting process had the popup window with the online "progress report" – which might have had a similar effect of reassuring and creating a scientific impression, again resulting in smaller adjustments. The charting tool might have had an impact because some people find it easier to interpret graphical rather than numerical information, especially when it comes to identifying trends, evaluating the computer forecast and their own forecast on the basis of past numbers and occupancy patterns.

CONCLUSIONS AND FUTURE RESEARCH

This study is a preliminary investigation of revenue managers' judgment and demonstrates the following: Even highly experienced revenue managers are prone to bias and the user interface, often present and used when revenue managers adjust the computer forecast, might serve to intensify the expert's bias. It is possible to make only limited generalizations or more specific recommendations given the small cope of this study and the research methodology. As with many behavioral lab experiments, the study had a relatively small number of participants. Furthermore, the goal was rather limited – to demonstrate that even experienced managers could be biased. Therefore, the study did not systematically analyze the design of the user interface and its possible implication in affecting the revenue manager's judgment. Rather, the study arbitrarily selected two elements of the user interface and tested their impact on human prediction.

The results show that the important topic of revenue managers' judgment is deserving of a great deal more attention. Two avenues for future research might be beneficial. First, the industry could benefit from a comprehensive survey about the role of human judgment in the revenue management process. Such a survey could educate readers on a wide range of questions: what kind of judgment calls are made at each stage of the revenue management process, who in the organization is making these decisions, how did it change in recent years, where is it heading given the evolving technologies, and does human judgment play a different role in various hotel revenue management systems. A second avenue for research is a more technical one. Studies could further our understanding of the nature of revenue managers' bias, causes for bias, how bias could be reduced and what is the impact of judgmental bias and inaccuracy on the quality of allocation decisions and consequently on the hotel's profit margins. While such studies should include an in-depth evaluation of the role and design of the user interface, it is expected that the quality of the revenue manager's judgment will be affected by many other factors beyond the user interface. In order to achieve an improvement, these additional factors should also be identified and studied.

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EVALUATING COLLABORATIVE LEARNING IN AN ONLINE ENVIRONMENT: LEARNING OR LURKING?

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ABSTRACT

E-learning collaborative pedagogy assumes that interaction is important for successful courses, yet questions exist regarding the nature and extent of the interaction and its effects on student performance. Although the majority of past studies focus on students' perceptions of the quality and quantity of their interactions and the benefits they gained in e-learning, no research has examined the impact of online student participation on their performance. This study fills in this gap by proposing and testing a model for examining the relationship between online performance and students' type/level of participation in online forums. Findings provide suggestions for developing effective e-learning.

Key Words: e-learning; tourism & hospitality education; evaluation; performance

INTRODUCTION

E-learning environments enable students to engage with tutors and peers in ways that previously may have been impossible. Although e-learning is widely being adopted for enhancing and complementing tourism and hospitality instruction (Sigala & Christou, 2002) and its advantages for tourism and hospitality education are extensively argued (Cho, Schmelzer & McMahon, 2002; McDonnell, 2000; Williams & McKercher, 2001), little is known regarding the types of interaction and means by which students create new knowledge in e-learning. Pedagogical theories used for e-learning assume that interaction is important for successful courses, yet questions still exist regarding the nature and extent of the interaction and its effects on students' performance. However, past studies assessing e-learning platforms and benefits have mainly focused on examining students' perceptions and beliefs (Sigala, 2002b; Curtis & Lawson, 2001). This paper contributes to the literature by developing and testing a way for evaluating students' participation in collaborative online forums and examining the relationship of the latter with students' performance. The tool used for evaluation was based on Gunawardena, Lowe & Anderson's (1997) model for analyzing the content of discussion transcripts. This approach was found to provide a useful conceptual lens for coming to an understanding of the e-learning processes. The model is applied in real life online student forums developed to enhance classroom-based instruction. Findings provide useful suggestions for developing successful e-learning.

E-LEARNING PEDAGOGY AND THE IMPROTANCE OF INTERACTIONS

Internet's capabilities imply a different type of thinking in terms of how to make full use of its learning-enhancing features and pedagogical potential. Internet's affordance for enhanced communication provides great opportunities for combining collaborative techniques with technology to dramatically enhance the learning process and outcomes (Salmon, 2002; Sigala, 2002a; Cho et al, 2002). Harasim (2000) also advocated that the asynchronous, hypertext and multimedia based nature of the technology represents cognitive advantages (e.g. flexibility of the nature of interaction, reflection on stored communication or reduction of discriminatory communication patterns based on physical features and social clues) that provide an augmented domain for collaborative learning. The electronic implementation of collaborative learning often results in the development of virtual classrooms whereby tools such as electronic bulletin boards, mail, grade books, quizzes and lectures are used to provide feedback, distribute material and develop learning communities (Sigala, 2002a; Cho & Schmelzer, 2000; Williams, 2001). E-learning is increasingly adapting a pedagogical approach that is based on the theoretical underpinnings of constructivism (critical thinking skills) and collaboratism.

Constructivism argues that knowledge is created by searching for complexity and ambiguity, looking for and making connections among aspects of a situation and speculation (King, 1994). So, when learners are exposed to new information, each learner evaluates and analyses it, sees the relationships between the new information and his/her existing knowledge and makes inferences and judgments for new knowledge (Kafai & Resnick, 1996). So, to enhance learning, students should think critically, have the ability of analyzing situations, search for evidence and seek links between a specific situation and their prior knowledge and experience (Sigala, 2002a).

Collaborative learning evolved from the work of psychologists (e.g. Johnson & Johnson, 1975) and involves social (interpersonal) processes by which a small group of students work together to complete a task designed to promote learning.

Thus, collaborative learning involves the creation and interpretation of communications among persons/groups that might have different understandings and opinions (Goodwin & Heritage, 1995), which in turn enhance learning by allowing individuals to exercise, verify, solidify, and improve their mental models. Dillenbourg & Schneider (1995) identified three collaborative learning mechanisms directly affecting cognitive processes: a) conflict/disagreement; conflict forces learners to seek information and find a solution; b) internalization of interactions with more knowledgeable peers; c) self-explanation; less knowledgeable learners learn from explanations from more advanced peers, but the latter also benefit from constructing explanations (self-explanation effect). In collaborative learning, group processes are a part of the individual learning activity – individual and collective activities are mutually dependent on each other. This is because the learner actively constructs knowledge by formulating ideas into words, and these ideas are built upon through reactions and responses of peers (Johnson & Johnson, 2000). In other words, individual learning is a result of group processes, learning is not only active but also interactive and so, collaborativism is also seen as a variation of constructivism that stresses the cooperative efforts among students and instructors. Collaborative e-learning was found to significantly foster motivation and enhance the development of communication, interpersonal, social, cognitive and metacognitive skills and competencies (McConnell, 1994; Campos, Laferriere & Harasim, 2001; Johnson & Johnson, 2000). In tourism and hospitality education, such skills and competencies are vitally important (Christou, 1999) as graduates must work, communicate and collaborate (online & offline) within multi-cultural, multi-lingual and geographically dispersed environments (Sigala, 2002a; Cho & Schmelzer, 2000; Christou & Eaton, 2000). So, the applicability and value of online constructivism-collaborative approaches for tourism and hospitality education are clearly apparent.

EVALUATING ONLINE INTERACTIONS

With increasing interest in the evaluation of e-learning and online discussion groups, researchers have been applying a number of tools to tease out key aspects of the interaction that can lead to improvements in online learning environments (Pitman, Gosper & Rich, 1999). The evaluation of online discussion probably most often occurs as part of the routine module evaluation, with various methods used to determine students' perceptions of the experience such as surveys, interviews and focus groups. However, the unique features of the online forums invite for other approaches to evaluation. One could measure students' level of participation in a forum based on statistics on the number of users, frequency of access, number of messages per student, number of threads/messages per thread (Harasim, 1989). Yet, while this data can be useful, there is a danger in implying that level of online participation reflects level of learning.

On the other hand, the transparency of online discussions, the fact that all communication is easily organized stored and retrieved, suggests that analyses of the text-based archives/transcripts provides a powerful tool for understanding and evaluating e-learning. Although various authors have developed models to facilitate this analysis, there are as yet few studies in which these tools have been applied to real situations. McKenzie & Murphy (2000) noted that this reluctance may be due to not only the time and labor-intensiveness of this task, but also due to the lack of availability of tested models for assessing online forums' effectiveness using transcripts.

Of the proposed models, the preferred method of analysis varies according to the purpose of the evaluation and the interests of the researchers. In examining the nature of the interaction among participants, Levin, Kim, & Riel (1990) proposed a quantitative approach that involves the construction of "message maps" that represent the flow of communication within the group, but ignore messages' content. Levin et al (1990) used this analysis to identify threads and display the multithread nature of the interactions. They observed that some messages were particularly influential in producing numerous or lengthy sequences of responses, but message maps also formed confusing structures of threaded message archives as students built on previous contributions. So, message maps are only valued in viewing the interrelationships of various messages.

Other researchers are primarily interested in evaluating the effectiveness of online discussion in terms of the learning process. Each takes a similar approach to analyzing the discussion record, by first breaking the transcript down into small units and then classifying these units according to the content. Sometimes the categories are defined retrospectively capturing the flavor of a particular forum (e.g. McLoughlin, 2002; Mowrer, 1996). Other researchers take a more theoretical perspective, by designing the categories a priori to reflect evidence about the learning process in which the participants are engaged. Indeed, it is this level of analysis that is needed to evaluate and guide the use of online discussion environments. In Henri's (1992) model the transcripts are analyzed on five dimensions: participative; interactive; social; cognitive; metacognitive. Her approach is grounded in a cognitive view of learning, focusing on the level of knowledge and skills evident in learners' communications, and has been used in comparing critical thinking skills in online forums (McKenzie & Murphy, 2000; Curtis & Lawson, 2001).

Although Henri's (1992) approach provides a sophisticated framework for cognitive analysis, shortcomings have been identified. Henri's model is based on a tutor-centered instructional paradigm that is inappropriate in a constructivist environment where learning is based on the shared construction of knowledge (Gunawardena et al., 1997). This is because Henri's analysis of interaction did not reflect the "gestalt' of the entire online discussion, but rather focused on links between specific messages. A gestaltist approach to analyzing the interaction of the entire online conference was central to Gunawardena et al.'s (1997) purpose to evaluate evidence for the social construction of knowledge. Their own preferred method of content analysis was developed to capture the progression of ideas as they were reflected at different phases of the debate:

- *sharing/comparing information*; this phase may include an observation, opinion, agreement, corroborating example, clarification and/or identification of a problem.
- *discovery and exploration of dissonance or inconsistency among the ideas/concepts or statements advanced by other participants*; this is defined as an inconsistency between a new observation and the learners' existing knowledge and thinking skills, e.g. identification of differences of terms/concepts/schema and/or questions to clarify the extent of disagreement.
- *negotiating meaning and co-construction of knowledge*; e.g. negotiation/clarification of the meaning of terms, detection of areas of agreement, proposal of a compromise/co-construction
- *testing and modification of proposed synthesis*; testing against an existing cognitive schema, personal experience, formal data experimentation, contradictory data from the literature.
- *agreement, statements and application of newly constructed meaning*; including summarizing agreements/metacognitive statements showing new knowledge construction and application.

Overall, their proposed constructivist model of content analysis theorized that the interactive construction of knowledge moves through these five phases and that although every instance of socially constructed knowledge may not progress linearly through each successive phase, they are nonetheless consistent with the literature related to constructivist knowledge creation.

RESEARCH AIMS AND METHODOLOGY

The study aimed to evaluate students' participation in collaborative online forums and examine the relationship of the latter with students' performance. After reviewing the literature, the study adopted Gunawardena et al.'s (1997) model for investigating students' type and level of participation in online forums, because: the model was consistent with the constructivism - collaborative approaches adopted in the online forum that was examined; it reliably represented and identified the learning processes in which, according to the literature, students should engage for gaining the e-learning benefits and achieving increased performance. Thus, the following research questions were formulated and tested: to what extent the Gunawardena et al.'s components of e-learning can be identified in the online interactions of students?; are the type and level of students' interactions (i.e. participation in e-learning processes) related to their performance?.

The research methodology proceeds in four major steps: unitizing, coding, reliability tests and analysis. Using a hard and digital copy of the transcript from the online discussion forum, each message was first coded using unique identifiers for all student contributors (other postings such as moderators' feedback/threads/general announcements were excluded from the analysis). Each message was then divided into "message units". Krippendorf (1980) described the unit of analysis as a discrete element of text that is observed, recorded, and thereafter considered data. Many units have been experimented in e-learning (Rourke, Anderson, Garrison & Archer, 2001). However, none has been sufficiently reliable, valid and efficient to achieve preeminence. Syntactical units (e.g. sentence/paragraph) allow for consistent identification, but they are artificial and arbitrary designations that abide by logic that is usually external to the logic of the indicators of interest. An alternative is the "thematic unit", defined as *"a single thought unit or idea unit that conveys a single item of information extracted from a segment of content"* (Budd & Donohue, 1967: 34). Thematic units such as meaning units (Henri, 1992; McDonald, 1998) should reflect the logic of indicators, but they resist reliable and consistent identification (Howell-Richardson & Mellar, 1996; Rourke et al., 2001). The most appropriate unit would combine the flexibility of the thematic unit, which allows coders to capture a unit in its natural form, with reliable identification attributes of a syntactical unit. Thus, a working definition of a "message unit" was adopted referring to that representing one "idea". It was found that message units mostly corresponded to paragraphs, as this is how people tend to organize written communication (Henri, 1992).

Gunawardena et al's phases/processes were then used for classifying/coding each message unit. This approach yields both quantitative and qualitative data, as units are associated with input processes of each student. Specifically, the number of message units per category and per group was calculated for analyzing the level and type of students' interactions/participation in online forums. The former were then related with online performance for examining the relationship of student participation with e-learning performance. Reliability tests of the interactions' content analysis were also conducted. This involved two reproducibility tests: a two-coder (two data analysts perform content analysis on the same data independently using the same coding rules); a two-sets of message units. The two-coders analyses were compared and the coefficient of agreement was calculated at 85%. After discussion and reference back to the transcripts most inter-researcher were removed as suggested by Krippendorf (1980). Moreover, acceptable percent agreement interrater reliability figures ranging from 0.90 on first coding to 0.95 on second application to a new set of transcripts were also achieved.

DESCRIBING THE EXAMINED E-LEARNING ENVIRONMENT

Primary data for answering the research questions were collected from students participating in online forums that the lecturer-researcher developed to support and enhance the classroom-based instruction of a module. The online forum was an effective tool for enhancing classroom-based teaching because: the class was very large to enable dialogue among students; staff and time requirements (students had varied university and work timetables) constrained the ability to organize tutorials with smaller student groups; teaching was provided overseas in a block week, and so, tutorials during the semester were impossible. So, online forums were created aiming to: allow students to exchange ideas among themselves and with the lecturer asynchronously (through e-mail) and synchronously (e.g. chat room sessions); and create a data centre to store, update and access teaching and learning material of the modules in a secure environment (lecture notes/presentations, working papers, reports, bookmarks).

The yahoo! service (http://groups.yahoo.com/) was used for creating online forums that had: 1) a message area; group members can receive/send e-mails through their e-mails, send and access/retrieve any message sent to the group by using the Webmail; 2) file area; an area whereby teaching and learning material can be stored, accessed/downloaded by any group member. A directory structure was developed to make navigation/search easier; 3) bookmark area; bookmarks of relevant material, e-journals, associations, research centers etc, were stored in a specific location, because that was the area that was updated more regularly; 4) other features including chat sessions, polls, members' area (profile, interests) and calendar were available and students were motivated to use them. Yahoo! groups were used because of their familiarity/popularity among students and the previous evidence of their good performance in e-learning (Joia, 2002). The online forum involved the accomplishment of a group task (Salmon, 2002) that was linked to the modules' coursework (an individual assignment) to motivate participation and weekly monitored/moderated by students and the lecturer via summary reports and formative feedback respectively (Table 1).

Table 1: Online Forum Activities

Module	**Online group task** Conduct a debate with affirmative and negative ideas, with the instructor as the facilitator. **Group task guidelines and requirements** The tasks, concepts and online forum were explained, introduced and shown in class-room instruction. 9 weeks were available for online debate. One (different) student had to summarise online arguments every week and e-mail a summary to the tutor and the group (in order to diagnose problems, facilitate/moderate discussions, provide formative assessment/feedback). Group summaries were uploaded in the file area of the group for online access. The weekly task for each group was to read and respond to the arguments made by the groups debating the opposite argument to theirs. One student had to write a final report summarising the whole debate presented by his/her team and submit it to the tutor in week 10. The module assignment (submitted in week 12) was an essay that had a similar topic to the online debate. At any time, students could retrieve any message posted by any team member through the Webmail. This allowed students to build and develop stronger arguments, exchange resources etc.
Tourist Service Management (3^{nd} year, BA) (151 students, 15 yahoo! groups)	Students were grouped into groups of 10 (approximately). Each group had to debate one of the following issues: ▪ Information & Communication Technologies applications have a negative impact on service quality in hotel guests-staff encounters. ▪ Information & Communication Technologies applications have a positive impact on service quality in hotel guests-staff encounters.

ANALYSIS OF THE FINDINGS

Level and type of participation

From 975 messages, 1,672 message units were defined. On average, messages contained 1.7 units, each unit being approximately eight lines (or 65-80 words). The average number of messages per group was 62. Out of 151 students, 128 posted at least one message, 53 of which posted more than 10 messages. Overall, 61 students accounted for 80% of total number of messages. Regarding the type of contributions (Table 2), it was found that a great majority of message units reflected inputs regarding “sharing/comparing of information” and “discovery/exploration of dissonance/inconsistencies (38% and 23% respectively). The remaining phases attracted fewer message units, with the last phase attracting the least (12%). Moreover, it was also found that 53 (the 53% of) students accounted for the 80% of the message units coded in the last three phases.

The analysis of participation levels indicated that the discussion forum was used by a core group of students who contributed regularly. Student participation may have been increased by establishing more explicit links between module assessment and forum performance (Salmon, 2002). This distribution of message units and specifically the overwhelming number of message units in the first phase also raised the question of students’ skills and motivation to engage in online collaborative tasks (Sigala, 2002a). A number of possible hypotheses can be generated theorizing why the vast majority of interaction was at the first level. Previous findings (Sigala, 2002b) revealed that students were limited in their communication ability due to language barriers and the limitations of a text-only environment and a low social presence. An alternative hypothesis explaining the absence of negotiation of meaning is that it is much easier to ignore or not to respond to online messages that are incompatible with existing knowledge than it is in face-to-face environment (Kanuka & Anderson, 1998). The lack of or limited participation by some students may also be due to technical difficulties and/or due to some students finding hard to keep pace with the discussions as the forum run simultaneously with other modules during the semester. Students’ feedback on their experience and use would have yielded more useful and reliable results regarding the reasons of their observed type and level of participation and appropriate correction actions. Thus, the importance of continuous student feedback is highlighted.

Table 2: Level / Type of Participation: Its Impact on Performance (*Significant P Correlations, *a* =0.001)

Learning processes/phases	Percentage of message units Overall analysis		Pearson correlations Essay grade – individual forum participation	Pearson correlations Essay grade – group forum participation
	N	**%**		
Sharing/comparing of information	636	38%	0.368	0.429
Discovery/exploration of dissonance/inconsistencies	385	23%	0.461	0.591 *
Negotiation of meaning and co-construction	184	11%	0.601 *	0.693 *
Testing/modification	266	16%	0.482	0.568 *
Phrasing of agreement of newly constructed meaning	201	12%	0.247	0.468
Total	**1,672**	**100%**	**0.402**	**0.613***

However, it may also be possible that the construction of knowledge is not an observable activity. For example, students may have been reflecting on the issues presented in the forum, resulting in the construction of knowledge that was not shared with other participants. Or perhaps knowledge construction occurred over time, after the forum closed. It must be acknowledged, then, that transcript analysis provides only an indicator of the knowledge construction process and is based on the assumption that knowledge construction is an online observable process. To better investigate the impact of forum on student learning performance, an analysis of the impact of the type and level of participation on student performance was conducted.

Investigating the relation between forum participation and performance

The module coursework entailed an individual essay based on the topic debated on the online forum in order to foster and motive student participation in the forum. As the coursework was directly linked with the forum, for examining the impact of the forum on student learning performance and knowledge construction, students' essay grades were correlated (Pearson two tailed correlation) with students' forum participation. Specifically, two types of Pearson correlation were conducted: a) individual grades were correlated with individual level of participation for studying the impact of individual inputs on performance; b) individual grades were correlated with group level of participation for studying the impact of group overall inputs on student performance. The latter analysis was conducted as constructivism-collaborative theorizes that students can also learn by reading, reflecting on and internalizing peers' contributions.

Correlation coefficients between essay grade and forum participation were significant when the group total level rather than individual total level of participation was considered (Table 3). Thus, results indicated that essay grade and so, student performance is significantly affected by the level of group and not individual participation, meaning that student participation in constructivism-collaborative learning environments does have an impact on learning performance. Indeed, when looking at the impact of particular types of participation, the correlation coefficients were lower (and not significant) in the case of individual than group participation. Actually, when individual participation was considered, only message units related to the phase reflecting negotiation of meaning/co-construction were significantly correlated with essay grade, meaning that students seriously engaged with and reflecting on the online debate achieved higher grades. Three higher phases of group participation (discovery/exploration of inconsistencies, negotiation/co-construction, testing/modification) were also significantly related with grades.

CONCLUSIONS AND RECOMMENDATIONS

Although successful online instruction is assumed to be vitally dependant on student interactions, questions still exist regarding the impact of the latter on performance. To overcome limitations of past studies focusing only on students' perceptions, this paper examined this issue by testing Gunawardena et al.'s (1997) model for evaluating student online participation and investigating its impact on student performance. Primary data were gathered from students participating in online forums developed to support classroom instruction. Findings revealed unequal and uneven distributed student interactions that focused on lower phases of interactions and on the inputs of few students. Although this can be attributed to several reasons, student feedback was suggested as an effective way for identifying appropriate correction actions. Tests also revealed that it was the level of group than individual participation as well as interactions of higher than lower phases that significantly impacted performance. These findings imply that: students should be assisted in becoming motivated, skilled and active members of online communities that can contribute to learning processes; individual level of participation does not entail low performance. Students also learn by reading interactions (passive participation) as being in classrooms. However, the assessment of online lurkers is an interesting issue that needs consideration. Although passive participation may not entail that students do not learn and so, should not penalized in grading, the latter may not be fair for students that do participate. In this vein, Guwardenama's model can have a dual role: used for rewarding students based on the quality of their online performance: a diagnostic, formative type of assessment that can identify students that cannot or do not want to contribute so that corrective action can be taken well in advance. As performance was measured only by students' grades, future research could assess whether the communication, social, interpersonal and technology skills that e-learning can enhance are actually achieved as well as to investigate the factors that may moderate/facilitate their achievement. The replication of the study in different contextual and learner environments could also further refine, develop and enhance current findings. Of particular interest and importance is the identification of any specific factors related to learners' cultural and/or learning disabilities that could impact on e-learning and the investigation of effective ways for addressing them.

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INFORMATION & COMMUNICATION TECHNOLOGIES (ICT) AND HOTEL PRODUCTIVITY: DO HOTEL CHARACTERISTICS MATTER?

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ABSTRACT

Despite the huge ICT investments, research has not persuasively established corresponding increases in productivity. In contrast, many studies have found no significant relationships between productivity and ICT. Past studies are criticized for their methodological grounds particularly for their limitation to consider the impact of contextual factors. This paper proposes a Data Envelopment Analysis (DEA) method for assessing the ICT productivity impact that overcomes these shortcomings. The methodology is tested on a dataset of three star hotels in the UK and findings provide fruitful managerial and theoretical implications regarding the ICT productivity paradox in hospitality.

Key Words: ICT; hotel; productivity; impact; hotel characteristics

INTRODUCTION

Tourism and hospitality enterprises are increasingly investing in ICT, but studies investigating the ICT productivity impact have led to contradictory or questionable results. Robert Solow, a Nobel winning economist, is supposed to have said that *"PCs are showing up all over the place, except in productivity statistics"*, (in Lucas, 1993: 8), while Brynjolfsson (1993) first referred to the concept of the "IT productivity paradox", meaning that the benefits of IT spending have not shown up in output statistics. However, as past studies are criticized for their methodological grounds, specifically for their limitation to consider the productivity impact of contextual factors, new ICT evaluation methodologies are required to lessen or eliminate such caveats. This paper aims to develop and illustrate the value of a Data Envelopment Analysis (DEA) methodology for assessing the ICT productivity impact that overcomes previous limitations. So, first, the methodological limitations of past studies are reviewed. A framework for assessing the ICT productivity impact that considers the effect of contextual factors is proposed and a DEA model for implementing it is developed. Based on the theory of performance frontiers (Schmenner & Swink, 1998), the framework is also used for identifying robust ICT strategies. The model is tested in a set of UK hotels and managerial implications are discussed.

THE ICT PRODUCTIVITY PARADOX

The seemingly obvious yet elusive relationship between ICT and productivity has accumulated a great body of research exploring the productivity impact of ICT on four different levels (the economy, industry, firm- and process- specific levels). Several authors summarise an extensive number of studies investigating the relationship between ICT and productivity (e.g. Brynjolfsson, 1993; Hitt & Brynjolfsson, 1996; Lucas, 1993). However, results from studies are plagued with ambiguities and inconsistencies. Some researchers reported no relationship between ICT and productivity (e.g. Strassmann 1990; Byrd & Marshall, 1997), some others gave positive evidence of such relationship (e.g. Bender, 1986; Brynjolfsson, 1993). Few studies shown negative/dysfunctional ICT productivity effects (e.g. Weill, 1992; Cron & Sobol, 1983). Research within hospitality has been limited, but it draws to similar conclusions (Sigala, 2002a). In surveying hotel managers' perceptions on the ICT productivity impact, David, Grabski & Kasavana (1996) reported that respondents believed that some ICT (reservation, rooms-management systems) have improved productivity, while others (vending, entertainment) decreased it. Baker & Li (1996) obtained data from 29 Taiwan hotels; a significant correlation between ICT investment and performance was not found, but authors acknowledged problems in developing satisfactory performance metrics and in isolating the contribution of ICT from other factors affecting performance. But, as past studies are questioned on the following methodological grounds, findings are considered as statistical artefacts.

The quality of the data used and the consideration of contextual factors. A few studies relied on questionable, secondary data, while others did not control for contextual factors (Byrd & Marshall, 1997; Weill, 1992). Strassmann (1990) argued that ICT have an amplifier effect, i.e. the introduction of ICT into poorly run firms does not increase productivity, while ICT introduction into well-run firms pay-off. So, studies simply incorporating ICT as an input factor of productivity functions did not consider this issue. Yet, the isolation of the ICT productivity impact between high-low performers gets blurred with the impact of contextual factors. Several authors (e.g. Strassmann, 1990; Venkatraman & Zaheer 1990; Banker & Kauffman, 1988) argued that studies on the ICT productivity paradox should be able to isolate the impact of ICT from that of other moderating factors. Indeed, the impact of hotel size and design, market orientation, and management arrangement on productivity is widely documented (e.g. Sigala, 2002b; Brown & Dev, 1999; Johns, Howcroft & Drake, 1997). Siguaw et al (2000) also found that hotel size, target market, and management arrangement affected the number of available ICT applications, but they noted that findings could not provide any robust conclusions regarding the appropriate number and type of ICT investment for each hotel type. Specifically, small, independent hotels reported to use less ICT than big, chain managed hotels, however this did not suggest that the former hotels are better off by not investing in more ICT. In contrast, to provide robust conclusions regarding ICT investment levels, they highlighted that one should first examine the ICT productivity impact. Identifying the appropriate ICT investment level becomes vitally important when considering that a number of studies (e.g. Weill, 1992; Byrd & Marshall, 1997; Lucas, 1993) have also revealed that a threshold investment level (i.e. a level of ICT after which ICT benefits do or do not accrue) also exists. Number of ICT, hotel productivity, management arrangement, hotel design and target market were recently found to be interrelated (Sigala, 2002b), but the methodology adopted did not allow for the isolation, identification and measurement of the productivity impact of each factor. Overall, a robust methodology for investigating the ICT productivity paradox should consider the moderating impact of contextual factors on two relationships: a) ICT–productivity; b) conversion of inputs into outputs.

The metrics measuring productivity. There is a misconception that productivity metrics cannot capture the full impact of ICT. In contrast, several authors have argued that financial productivity metrics (e.g. Gummeson, 1998; Ball, Johnson & Slattery, 1986; Sigala, 2002b) encapsulate both tangible and intangible productivity gains, while Jurison (1996) claimed that the ICT productivity paradox is not due to mismeasurement but rather to bad management of productivity benefits. Another issue concerns the use of single-aggregated metrics that obscure information. Partial metrics (e.g. employment levels) can also be used, but they tend to hide information, trade-offs and synergies among departments/resources. To avoid this, partial metrics can be used simultaneously, but this is laborious and may lead to conflicting results (Baker & Riley, 1994).

The metrics measuring ICT. Most of the past studies give a disproportionate emphasis on ICT expenditure rather than functionality. ICT budgets are the most frequently used metric of ICT as these figures are readily available and objective, but there are crucial concerns regarding their reliability and validity. ICT budgets do not distinguish between different ICT applications and abilities, while different ICT applications can lead to different results (Lucas, 1993; Strassmann, 1990). ICT costs for comparing ICT levels across firms also suffer from: fluctuations over time (ICT budgets depend on the firms' accumulated ICT assets and on ICT costs which are continually decreasing); waste of ICT expenses; different ways of financing/ measuring ICT costs (e.g. outsourced ICT are considered as day-to-day expenses and not as investments, but the ICT functionality can be the same irrespective of the type of ICT sourcing).

The statistical method used to relate ICT with productivity metrics. The majority of studies have used regression and ratio analysis, but these techniques are limited since they only consider a limited number of variables at the same time. For example, a productivity metric "revenue to number of employees" does not consider other resources, while aggregated productivity metrics (e.g. total revenue to total expenses) do not distinguish the productivity impact of different inputs/outputs. Regression is also limited in investigating the effect of one input (or output) to multiple outputs (or inputs) and in assuming away inefficiency in the conversion of inputs to outputs, which production functions actually model. Production functions also consider multiple inputs and outputs simultaneously and so, have been broadly used in ICT productivity studies. However, being parametric techniques, production functions assume a functional form for the technology transforming inputs to outputs, meaning that they can suffer from specification error. Because of these, this study used a non-parametric, multivariate technique called Data Envelopment Analysis (DEA). DEA benchmarks units by comparing their ratios of multiple inputs to produce multiple outputs at the same time and by using the concept of the performance frontier (Charnes, Cooper & Rhodes, 1978; Cooper, Seiford & Tone, 2000). DEA shares the advantages of production functions, but it is specification-error free, because it does not assume a functional form. Instead, it estimates a "best practice" frontier in a piecewise linear approach by comparing similar units from the dataset. Other DEA benefits for productivity benchmarking are (Banker & Morey, 1986): it identifies bad from good performers by generating an overall, easy to interpret efficiency score; it is independent of measurement units, giving great flexibility in using outputs/inputs; it identifies and measures areas of improvement. DEA is widely used for measuring productivity in various industries (e.g. Cooper et al, 2002) – including hospitality (Johns et al, 1997; Avkiran, 1999)- as well as the ICT productivity impact (Paradi, Reese & Rosen, 1997; Dasgupta, Sakris & Talluri, 1999; Shafer & Byrd, 2000). Yet, these DEA studies present several methodological caveats: ICT budgets/costs and single-aggregated productivity inputs/outputs are used; the ICT amplifier effect on low and high performers and the productivity impact of contextual factors are not examined. By overcoming these, the proposed model extends past studies by developing a DEA model that assess the ICT impact after isolating and measuring the productivity impact of contextual factors.

RESEARCH AIMS AND METHODOLOGY

The paper aims to develop a DEA model for measuring the ICT impact on hotel productivity that also considers the productivity impact of contextual factors. The advantages, validity and value of the model are tested and illustrated by gathering data from the three star hotel sector in Britain. By focusing on a specific hotel segment, contextual factors and business operational features related to hotel ratings that could have had a productivity impact are also eliminated. Moreover, as a preliminary research identified high ICT adoption levels in 3 star UK hotels (Sigala, Airey, Jones & Lockwood, 2001), research investigating the productivity impact of ICT investments is guaranteed. In developing a DEA productivity model, first, the literature was reviewed for identifying appropriate hotel inputs/outputs and their measurement units (Table 1). Given the limitations of partial productivity metrics and the aim of the study, a total approach to productivity was adopted. To that end, the inputs/outputs used: represented all hotel resources (human, capital and material); were measured in financial units for encapsulating both tangible and intangible aspects; were dissagregated and not single-aggregated metrics (e.g. total revenue) to avoid hiding trade-offs and synergies among resources/departments. Outputs/inputs of the DEA productivity model are: rooms division revenue, F&B revenue, total payroll and total material and other (M&O) expenses, number of rooms and of ICT, F&B capacity (restaurant & banqueting seats). Three contextual factors were also considered: management arrangement (independent; chain managed; independent & consortium members); design (old/traditional; redesigned; purpose-build); market segments (% of annual roomnights from leisure, business-conference travellers). The impact of hotel size was considered via the two DEA inputs (F&B capacity; rooms number).

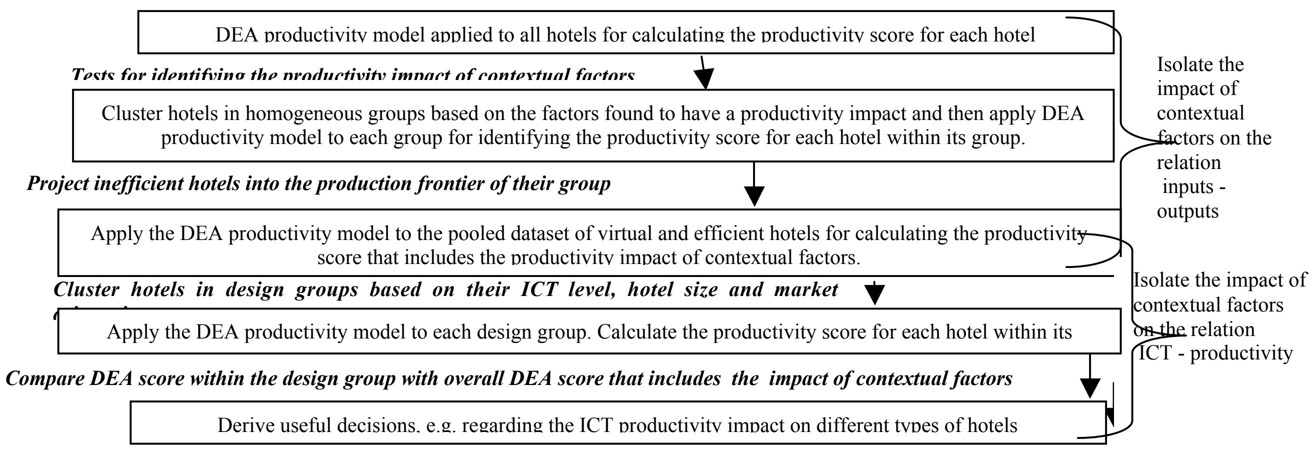
Table 1: Productivity Hotel Inputs and Outputs Used in Previous Studies

Sigala (2002b) Outputs: Average Room Rate, roomnights, non-roomnights revenue, Food & Beverage (F&B) revenue, ratio of banqueting to restaurant covers. Inputs: number of rooms, total F&B capacity, front office payroll, administration Material & Other (M&O) expenses, F&B payroll, F&B M&O expenses, other payroll, other M&O expenses, demand variability
Johns et al. (1997). Outputs: number of rooms sold, total covers served; total beverage revenue. Inputs: number of roomnights available, total labor hours, total F&B costs, total utilities costs.
Anderson et al. (2000). Outputs: total revenue generated from rooms, gaming, F&B and other revenues. Inputs: FTEE, number of rooms, total gaming related expenses, total F&B expenses other expenses.
Avkiran. (1999) Outputs: revenue and cost of a double room. Inputs: number of full time, permanent part time and casual staff, total bed capacity and largest meeting capacity
Morey & Dittman (1995) Outputs: total room revenue, average level of guest satisfaction. Inputs: number of rooms, rooms division expenditure, average occupancy rate, average daily rate for a group of competitors (uncontrollable input)
Ball et al (1986) Revenue/FTEE, covers/FTEE
Brown & Dev (1999) total annual sales, gross operating profit and income before fixed charges per FTEE.
Baker & Riley (1994) added value/full time employee, sales/full-time employee, F&B sales / full time employee.

Charnes et al (1981) built an approach to isolate and evaluate different school programme efficiency. Consequently, several authors adopted similar approaches for comparing and contrasting the efficiency ratings of contextual factors and for disentangling within- from between-groups efficiency differences (Banker & Morey, 1986; Frei & Harker, 1996; Chatzoglou & Soteriou, 1999). This study used this approach for isolating the impact of contextual factors on the relationships: inputs–outputs; ICT–productivity (Figure 1). The DEA productivity model was used for calculating the productivity metric for each hotel. Tests were conducted for identifying whether three contextual factors can significantly affect productivity and the process for measuring and isolating the formers' productivity impact is as follows. The factors significantly affecting productivity were used for clustering hotels into homogeneous groups. The DEA is applied to each group separately for examining efficiency differences within each group and managerial operating inefficiencies are removed by projecting inefficient hotels onto their operating frontier. A set of virtual and efficient hotels is constructed, the DEA is now applied to the pooled dataset (so, the new productivity scores embrace inefficiencies due to contextual factors). Having done that, the impact of contextual factors (hotel size, market orientation) on the ICT–productivity relation is isolated. Hotels are clustered in homogeneous groups based on their ICT level, size, market orientation. The DEA productivity model is applied to each group for calculating the score of each hotel relative to its group-operating frontier. The latter is then compared with the overall DEA score (that includes inefficiencies due to contextual factors) and useful decisions are taken. Warwick DEA package is used for data analysis.

This technique is consistent with the performance frontier theory (Schmenner & Swink, 1998) that identifies two frontiers/reasons for productivity differences: the asset and operating frontier; the former changes by kinds of investments typically shown up on the fixed assets, the latter shifts by changes in the choices that can be made, given the available assets. So, DEA metrics calculated within each group represent operating frontiers, as groups include homogenous hotels with similar operating practices, while DEA scores based on all hotels represent asset frontiers, as group inefficiencies are calculated and hotels are benchmarked based on their inputs/ assets. The theory also gives two types of performance improvement: improvement and betterment. Improvement is an increased performance in one or more dimensions without degradation in any other dimension, which is analogous to the Pareto optimality in DEA, and can be achieve by increasing utilisation or efficiency for bringing performance up to a predetermined standard (i.e. the best performance within the selected group). Improvement refers to removing inefficiencies in transformation processes (which takes a hotel to its operating frontier and then improvement ceases) by changing experience, motivation, planning and control. Betterment is about altering operating policies in ways that move or change the shape of the operating frontier and bring it nearer to the asset frontier, e.g. via just-in-time, TQM, ICT investments. However, the law of diminishing returns entails that as improvement (betterment) moves a firm nearer to its operating (asset) frontier more resources must be expended to achieve each incremental benefit. Thus, by identifying where units are located relative to their group frontier (operating frontier) and to the whole dataset frontier (asset frontier), robust decisions for productivity improvement can derive. So, (Schmenner & Swink, 1998): units operating near their asset frontier can reap greater benefits from structural, technological changes than units operating far away from their operating frontier; units not near their frontiers are not likely to enjoy as high returns on such investments (as the frontier is totally irrelevant to them), but they can benefit more from a cumulative improvement approach that improves infrastructure and efficiency.

Figure 1: DEA Model Isolating the Effect of Contextual Factors on the ICT Productivity Impact



A structured questionnaire was developed for gathering data referred to the financial year ending 1999. This was pre-tested with a focus group of eight managers to ensure a mutual understanding and enhance its validity. A systematic random sample of 900 three star hotels in the UK was compiled from the Automobile Association's hotel directory by selecting every 11th hotel. This sample was targeted by a mail survey in June 2000 (a pre-paid envelop and a covering letter ensuring data confidentiality was included). A follow-up was used and 93 responses were gathered overall. The low response rate is mainly attributed to the sensitivity of the data gathered (e.g. revenues). Respondents represent the diversity of the size and management arrangement of three star hotel sector in the UK (Table 2).

ANALYSIS AND DISCUSSION OF THE RESEARCH FINDINGS

Isolating the productivity impact of contextual factor: relation inputs - outputs

The DEA productivity model was used for calculating the productivity score for each of the 93 hotels. Constant returns to scale were assumed, but their validity was tested by correlating the DEA scores with the number of rooms (a metric reflecting size of operation, Avkiran, 1999). As no significant correlations were identified, the assumption of constant returns to scale was maintained. This is not surprising since the productivity impact of hotel size was already incorporated in the DEA score (number of rooms was a DEA input). The DEA model also assumed input minimisation, meaning that hotels aim to maintain at least the same level of outputs (be effective) while minimising inputs (be efficient). However, the selection of DEA hypothesis (input min or output max.) did not affect any analysis, because constant returns were assumed under which input minimisation and output maximisation give the same DEA scores.

Table 2: Respondents' Profile

Design	**N**	**%**	**Mgmt arrangement**	**N**	**%**
Old and/or traditional	31	33.33	Independent management	28	30.11
Redesigned/converted	25	26.88	Ind. mngt & cons. member	18	19.35
Purpose built	37	39.79	Chain management	47	50.54
Number of:	**Min**	**Max**	**Mean**	**Std. Deviation**	
ICT systems	2	27	14.29032	5.839	
Rooms	18	283	90.419	65.005	
Restaurant seats	20	300	109.408	48.316	
Banqueting covers	0	600	191.311	149.823	
Total M&O expenses	130,190	2,907,100	898,605.4	583,408.5	
Total payroll	178,881	2,460,300	899,811.5	465,702.3	
Annual rooms division revenue	302,096	6,359,772	1,617,972	408,719	
Annual F&B revenue	346,765	7,007,128	1,996,190	599,692	
% of roomnights from business/conference	0	90	53.153	21.349	
% of roomnights from leisure guests	2	90	36.841	23.810	

Pearson correlations and ANOVA revealed that hotel design (F=3.009, Sign 0.045) and management arrangement (F= 3.401, Sign. 0.026), but not market segment (P=0.236, _=0.05) significantly affected productivity. Post-Scheffe tests examining the direction of the productivity effect revealed that purpose built hotels had a significantly higher productivity score from both traditional/old and redesigned hotels (the latter two did not significantly differ in their productivity scores) and that chain managed hotels had a significantly higher productivity score from both independent hotels and independent-consortium member hotels (the latter two had no significantly different productivity scores). So, traditional/old and redesigned hotels as well as independent and independent-consortium member hotels were grouped together for creating three groups with similar operating policies (Table 3); the group of 9 hotels was excluded from further analysis, as the DEA model of 2 outputs - 5 inputs requires at least 2X5 hotels. The DEA model was applied to the 3 groups separately. Contextual inefficiencies were identified and removed by projecting each inefficient hotel into its group-operating frontier. Then, based on the pooled dataset of virtual and efficient hotels, a new DEA productivity score was calculated that embraced contextual inefficiencies and located hotels to their asset frontier. Independent hotels are close to their operating frontier (mean score within group 91.98), but when considering the inefficiencies of their managerial practices (contextual factors) they are very far from their asset frontier (mean score in pooled set 63.01). Chain managed, purpose-built hotels are close to their operating and asset frontier. So, the former are better off in adopting new operating policies, while the latter in extending their asset frontier.

Table 3: Hotel groups - Average DEA Productivity Scores per Hotel Group

	Ind. & ind. Cons.memb	**Chain managed**		**Small hotels (≥57 rooms)**	**Big hotels (< 57 rooms)**	**Leisure oriented hotels**	**Business/confer oriented hotels**
Old/trad. & redesigned	**37 hotels** DEA within: 91.98 DEA overall: 63.01	**21 hotels** DEA within: 76.01 DEA overall: 84.70	**Less than 9 ICT**	DEA within: 88.3 DEA overall: 89.9 **(Group 1)** **21 hotels**	DEA within: 82.1 DEA overall: 84.9 **(Group 3)** **20 hotels**	DEA within: 86.6 DEAoverall: 87.1 **(Group 5)** **23 hotels**	DEAwithin: 85.9 DEAoverall: 86.5 **(Group 7)** **19 hotels**
Purpose built hotels	**9 hotels**	**26 hotels** DEA within: 94.01 DEA overall: 95.20	**More than 9**	**(Group 2)** **18 hotels** DEA within: 89.1 DEA overall: 90.3	**(Group 4)** **25 hotels** DEA within: 92.5 DEA overall: 90.7	**(Group 6)** **17 hotels** DEA within: 88.3 DEA overall: 89.1	**(Group 8)** **25 hotels** DEA within: 89.7 DEA overall: 91.2

Isolating the ICT productivity impact of contextual factors: relation ICT – productivity

The following analysis was undertaken for investigating whether the ICT productivity impact is contextual dependent, i.e. whether hotel size and market orientation significantly determine the productivity impact of ICT. Since the previous analysis isolated the productivity impact of contextual factors by measuring a productivity score that embraces the former, the following analysis can robustly identify the productivity impact solely due to ICT. To cluster hotels in homogeneous groups based on their size and ICT level (Table 3), the reference sets of the DEA analysis on the pooled dataset were used. The reference sets include the similar efficient hotels based on which the inefficient hotels are benchmarked and so, the former can reliably identify homogeneous groups (Avkiran, 1999). As inefficient hotels with less than 57 rooms were benchmarked against smaller hotels, while bigger hotels were benchmarked with hotels with more than 57 rooms, 57 rooms was set as the cut off point for grouping hotels into small and big. Similarly, hotels having no more than 9 ICT were benchmarked against efficient hotels having similar level of ICT input, while hotels with more than 9 ICT were benchmarked against hotels with greater ICT systems. So, 9 ICT was the cut off point of the two groups with similar ICT levels. Hotels with more than 50% annual roomnights from leisure guests were grouped as leisure oriented and with less as business-conference oriented. The DEA was applied to each of the 8 groups separately for locating each hotel to its group-operating frontier. Average DEA scores for within-group and the overall DEA analyses are given in Table 3.

To determine which groups have statistically different productivity scores, a Mann-Whitney test is performed (null hypothesis that the means are equal for each of the six two-group combinations). Concerning the impact of size on the ICT productivity impact, the null hypothesis was rejected in three of the six cases all related to group 3 (that operated the utmost from its operating and asset frontier). Group 3 is statistically different from group 1, 2 and 4, but group 1 is not statistically different from groups 2 and 4. So, in big hotels a high ICT level is required for operating productively, which if not provided productivity levels can be dropped (group 3-4). In contrast, in small hotels, after a certain ICT level, greater investments cannot provide additional productivity benefits (group 1-2). Thus: high ICT investments are more vital in big than small hotels; the ICT productivity impact is more evident in big than small hotels; a threshold ICT level exists in small hotels after which added productivity benefits do not accrue. In investigating the type of the nine ICT, the Global Distribution Systems, hotel website, reservation system, Property Management System and customer database were the most heavily reported, which means that these ICT can be characterized as the most vital ICT for hotel productivity.

Concerning market segments, the null hypothesis could not be rejected in only two of the six cases, with groups 5 and 7 and with groups 6 and 8. Group 5 is statistically different from groups 6 and 8, but is not statistically different from group 7. Similarly, group 7 is statistically different from groups 6 and 8, but group 6 is not statistically different from group 8. Groups 5 and 7 also operate further from their operating and asset frontier relative to groups 6 and 8. So, the low-tech groups are different from high-tech groups and leisure and business hotels have much less of a productivity effect. As the type of target market does not significantly affect the ICT productivity impact, ICT investments decisions should not be affected by the hotel guest type. This is not surprising as the ICT requirements of business and leisure guests are becoming similar (e.g. in-room Internet access) and business guests are also leisure guests very frequently (Sigala, 2002b).

CONCLUSIONS

The paper aimed to develop and illustrate the value of a DEA methodology for measuring the ICT productivity impact that also considers the impact of contextual factors. To that end, the paper developed a DEA framework that based on the theory of performance frontiers identified and isolated the productivity impact of contextual factors on two relationships: ICT–productivity; inputs–outputs. Findings contributed to the literature by identifying the productivity impact that is solely due to ICT and providing appropriate strategies for ICT investments. The applicability of the framework was illustrated by applying it in a dataset of hotels in Britain, which clearly revealed that distorted ICT strategies may be taken if contextual factors are not considered. Specifically, findings revealed that for ensuring productivity payoffs big hotels should heavily invest in ICT, while for small hotels a threshold ICT level was found after which the incremental ICT productivity benefits are minimal. Moreover, it was found that decisions regarding ICT investments should be taken irrespective of the target market of the hotels. Yet, future research can further enhance and refine the model by replicating it in other contexts and industries. For example, as the model can simultaneously consider numerous variables that may also be measured in different units, one could adapt it for investigating and measuring the productivity impact of specific ICT strategies (e.g. Customer Relationship Management, virtual communities) that some hotels have adopted and implement. Indeed, the framework can be applied and transferred to any system whereby the moderating effect of any variable on the system's outputs needs to be measured.

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ARE REPEAT TRAVELERS HOMOGENEOUS?

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ABSTRACT

Despite the importance of repeat travel phenomenon in tourism, few studies examined the segment of repeat travelers to rural destinations. The objectives of this study were to investigate repeat travelers' characteristics and to examine if they constitute a homogeneous segment of rural tourism market. Using data collected from travelers visiting seven Indiana counties, the study examined demographic, activities and perceptions of repeat travelers. Factor analysis and ordinal logistic regression were employed in this study. Findings of this study were discussed in the context of overall Indiana tourism development and marketing.

Keywords: rural tourism, repeat market, demographics.

INTRODUCTION

Tourism industry is the Unites States' largest services export industry, third largest retail sales industry and the first, second or third largest employer in 29 states (TIA, 2001a). Total domestic trips in 2001 made by U.S. residents were 564.3 million, and the majority of the domestic trips (329.5 million) were for pleasure or personal purpose (TIA, 2001b). Most of the domestic trips were short trips. More than half of all travel in the U.S. was for two nights or less and the most popular accommodations were hotels or motels (TIA, 2001b). Moreover, main holidays tend to decrease in length globally, with growth most likely in additional shorter holidays, especially in the North America and Asia region (World Tourism Organization, 1999). In the U.S., limited paid holiday, work pressures, increase in two earner households and family complications arising from divorce all encourage the growth of short breaks. This trend contributes to the expansion of domestic tourism (World Tourism Organization Business Council, 1999). According to a report by the Illinois Tourism Network in 2000, there is a trend that travelers will seek more "back-to-nature" or "ecotourism" activities and seek "the good old days" by visiting nostalgia theme parks, emphasizing small town values and purchasing "authentic" American goods (Illinois Tourism Network, 2000). This trend favors tourism development in rural communities.

Rural areas have its own appeal to tourists because of their distinct cultural, historic, ethnic, and geographic characteristics (Edgell & Harbaugh, 1993). Rural tourism also is less expensive and easier to establish than other rural economic development strategies such as manufacturing (Wilson, Fesenmaier, Fesenmaier, & Van Es, 2001). Past studies on rural tourism has often focused on economic and social impacts or resident attitudes toward tourism (Jurowski & Brown, 2001; Kim & Kim, 1998). No literature has been found that specifically examines the topic of repeat travelers in rural areas, although the topic in general has been studied by a few researchers (Ehrenberg, 1988; Goodhardt, Ehrenberg, & Collins, 1987). Moreover, most of the past studies focus on comparing first time visitation versus repeat visitation. Few examined the repeat visitation in depth. The significance of this study lies in the realization that rural areas can benefit from repeat visitation if they can understand more about their repeat travelers. It is posited that repeat travelers in rural areas constitute a unique market segment that deserves further investigation.

LITERATURE REVIEW

Rural Tourism

Rural tourism has been considered as a means of achieving social and economic development. There are many benefits for rural communities to engage in tourism. It increases employment, diversifies local economies, and increases awareness for preserving natural and cultural heritage sites (Illinois Tourism Network, 2000; Hjalager, 1996). Jurowski and Brown (2001) investigated resident perceptions in rural areas. They found that there were no statistically significant differences in how involved versus noninvolved citizens evaluated the potential impacts of tourism. Sharpley (2002) investigated challenges of rural tourism development in Cyprus. He concluded that long-term financial and technical support was essential if tourism was to play a major role in rural area. Lewis (1998) proposed several steps for the development process of rural tourism. They include (1) local community should have a resource that would be of interest to tourists; (2) parties concerned should work together to secure resources (3) develop events and attractions; and (4) a formal tourism organization such as convention and visitor bureau should be established to implement tourism taxes.

Wilson, et al. (2001) examined the successful factors in rural tourism development in six rural Illinois communities. They concluded that rural tourism development and entrepreneurship could not work without the participation and collaboration of businesspersons directly and indirectly involved in tourism. Kastenholz, Davis and Gordon (1999) segmented and profile the needs of rural tourists visiting north and central Portugal. They found distinctive rural tourist markets and suggested that rural tourism not be treated as a homogeneous market segment. Most of the studies in rural tourism seemed to concentrate on examining resident perceptions, challenges that communities faced, successful factors or economic impacts of rural tourism development. There were very few studies that focused on the visitors to the rural areas.

Repeat Travelers

Repeat visitation is an important phenomenon in tourism industry. Overseas travelers to the U.S. were predominantly repeat visitors (78 %) in 2000 (ITA, 2001). According to the Department of Business, Economic Development & Tourism in Hawaii (2001), repeat visitors comprised 61.1 percent of total arrivals to Hawaii in 2001. The majority of repeat visitors were from the U.S. West where nearly 76 percent reported that they have previously visited the islands. Repeat visitors comprised 52.7 percent of arrivals from the U.S. East market. In terms of international tourism market, about 65 percent to 73 percent of the visitors to the United Kingdom during the period 1986-1996 were repeat travelers, and about 63 percent to 66 percent of them were pleasure travelers (BTA/ETB, 1997).

Gitelson and Crompton (1984) were among the first to examine the repeat travel segment and its marketing implications. They observed that many destination areas relied heavily on repeat visitation. Earlier studies examined the repeat travel behavior included those by Sonmez and Graefe (1998), Oppermann (1997), and Gyte and Phelps (1989). Most of the repeat travel studies were done comparing first time versus repeat travelers. Oppermann (1996) examined international and first-time visitors to Rotorua, New Zealand. It was found that there were significant differences with regards to trip characteristics between first-time and repeat travelers, but there were not many differences in terms of activities or spending patterns. Fakeye and Crompton (1991) indicated that most of the differentiation in image of a destination area occurs for first-time travelers, while repeat visitors tend to reconfirm their held images. Oppermann (1997) found that there were significant differences in travel composition and travel behavior between first-time and repeat travelers. He concluded that repeat visitors went to fewer destinations and attractions despite their longer stays in New Zealand, and therefore repeat visitors' impact were more concentrated on fewer locations and attractions than that of first-time travelers. Darnell and Johnson (2001) examined the way in which repeat visits to an attraction affected the visitor flow to that attraction over time. They found that a visitor opinion on his/her own visit shape the perceptions of others as to whether or not it is worthwhile for a repeat visit or indeed a visit for the first time.

The purpose of the current study was to examine repeat visitation in rural destinations. Specially, this study aimed to investigate demographics, perceptions and activities of repeat travelers in rural tourism communities. Unlike most of the previous studies that focused on the comparison of first time travelers versus repeat travelers, this study attempted to conduct a deeper investigation of repeat travelers' characteristics and to examine if any differences exist among repeat travelers. The main research question was to examine if repeat travelers to rural Indiana were homogeneous. Three hypotheses were developed as follows.

H1: Demographic characteristics of travelers to rural areas vary with the frequency of repeat visitation.
H2: Activities participated by travelers to rural areas vary with the frequency of repeat visitation.
H3: Travelers' perceptions of rural destinations vary with the frequency of repeat visitation.

METHODOLOGY AND RESULTS

This study utilized data from a series of visitor profile studies conducted in seven Indiana counties. The data were collected through personal interviews at four different times representing four different seasons at a variety of interview sites The questionnaire covered a wide range of information including socio-demographic characteristics, travel behavior, travel activities, and the level of satisfaction. This study included only those travelers that visited the destination more than once, and the main purpose of visiting the destination was for pleasure. The sample consisted of 1,394 qualified respondents. Dependent variable employed in this study was the frequency of repeat visitation, ranging from one repeat visit, two repeat visits, three-four repeat visits, and five or more repeat visits. Independent variables included travel party compositions, accommodation types, length of stay, education, gender, income, activities, and perception of the destination.

Ordinal logistic regression was employed to relate the dependent and independent variables. The dependent variable in this study was ordinal data, and could be treated as numeric (interval) or nominal (categorical). Fitting an ordinal data into an ordinal logistic regression is a preferred choice, although several other analysis techniques can also be used (Halpin, 2002). Factor analysis technique was also employed to reduce the number of perceptual variables to be used as the independent variables in the analysis.

The majority of the repeat travelers (63.4%) were over 35 years old. About half of the repeat travelers were male (50.9%). Most of the repeat visitors (64.3%) were highly educated and had at least some college experience or earned an associate, bachelor, master's, or doctorate degree. About 47.5% of the visitors had household income between $30,000 and $69,000. About half of the visitors (50.4%) spent 1 to 2 nights in the destination. The majority of the visitors traveled with family (61.9%). About 45.9% of visitors stayed in hotel or motel during the visits. About 61.1% of visitors did shopping during the visits. About 16.9% of visitors participated in an amateur or professional sporting event. About 11.1% visited a cultural attraction during their visits. Perceptions of repeat travelers were measured on a five point scale (1 = strongly agree; 2 = agree; 3 = neutral; 4 = disagree; 5 = strongly disagree). There were 13 perception questions and were reduced into the five factors of *Attraction Uniqueness, Accessibility and Safety, Transportation Inconvenience, Supporting Facilities, Family Attractiveness*. These factors explained 59.49 percent of the total variance, with eigen values above 0.90, which is acceptable (Johnson and Wichern, 2002).

The ordinal logistic regression modeled the repeat visitors who have been to the destination twice, 3-4 times, or 5+ times. The likelihood ratio test statistic was 95.7107, which corresponds to a p-value less than 0.0001, indicating the overall good fit of the model. As shown in Table 2, accommodation type, age and income significantly affected the frequency of repeat visitation. Moreover, those travelers who stayed in hotels or motels were more likely to be frequent repeat travelers compared to those who stayed with friends/relatives. Those who stayed in other places were less likely to be frequent repeat travelers compared to those that stayed with friends/relatives. The older the age of the traveler, the more likely he or she would frequent destination. Also, the higher the income that the household earned, the more likely the visitors would be frequent repeat travelers. Therefore, H1 was partially supported. There were not many activities in which the repeat travelers differed in their participation. However, the results show that those who attended conference/ convention/business meeting were less likely to be frequent repeat travelers, while those who visited cultural attraction were more likely to be frequent repeat travelers. Therefore, H2 was partially supported.

With regard to repeat travelers' perceptions, those who perceived the destination as unique were less likely to be frequent repeat travelers. Those who perceived the destination as having inconvenience transportation were less likely to be frequent repeat travelers. Moreover, those who perceived the destination as attractive to family vacation were less likely to be frequent repeat travelers. Therefore, H3 was partially supported.

CONCLUSION

It can be concluded from the study findings that repeat travelers in rural Indiana were not homogeneous. Frequent repeat travelers were more likely to stay in hotel/motels compared to those who stayed with friends/relatives. This is a valuable finding for hotels and motels. Hotel marketers can improve their corresponding market strategies to attract more frequent repeat visitors to stay in hotels. Also frequent repeat travelers tended to be older and earned higher income compared to less frequent repeat travelers to rural areas. There was a noteworthy finding with regard to activities participated. Frequent repeat travelers were more likely to visit cultural attractions comparing to those less frequent repeat travelers. This may indicate that a viable niche segment of cultural tourism may exist in rural destinations, verifying the fact that nearly half of the U.S. adult population indicated that they included historic and/or cultural activities in at least one out of eleven trips trip (TIA, 2001c). This represented 92.7 million adult historic/cultural travelers. Rural communities in Indiana can explore more on the cultural tourism market. However, more studies should be done in order to augment this finding.

The findings on the relationship between travelers' perceptions and their frequency of repeat visitation suggest that frequent repeat travelers did not have a very positive perception about the rural communities in Indiana as a unique destination, but they tended to overlook the inconvenient transportation. This is an understandable challenge for rural destinations to improve offerings in order to retain repeat market. The findings of the study should be examined in the rural setting of Indiana, although they shed some light on rural tourism market in general. Future research can be done to investigate the repeat travel phenomenon in other rural area to augment the findings of this study.

Table 1: Results of Ordinal Logistic Regression

Variables	Analysis of Maximum
Alone	0.1598
Family	0.0814
Family and friends	0.1423
Other party composition	-0.1298
Do not stay overnight	0.1196
Hotel/motel	0.3258*
Other accommodation	-0.2484**
Number of nights stay in the destination	0.0344
Education	0.00915
Gender	-0.00604
Respondent's age	0.0944**
Household income	0.0378**
Attend conference/convention/trade show/exhibition	-0.2557*
Attend musical/theater performance	-0.1349
Attend an education program or education-related event	0.2661
Attend a corporate business meeting	-0.1397
Attend or participate in an amateur or professional sports	-0.1208
Shopping including general shopping/local arts/handicrafts	0.0203
Visit a cultural attraction museum/art gallery/historic home	0.2495*
Visit a theme or amusement park	-0.1365
Other activities	-0.0891
Attraction Uniqueness	-0.1168*
Accessibility and Safety	0.0318
Transportation Inconvenience	-0.1323*
Supporting Facilities	-0.0483
Family Attractiveness	-0.2183**

*p < .05; * *p < .001

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THE MISSION IN ACTION WORKFORCE – INNOVATIONS IN THE HOSPITLAITY AND OTURISM CURRICULUM

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ABSTRACT

The hospitality and tourism industry faces major human resource concerns. This paper identifies the nature of the human resource problems and suggests some specific strategies that the educational sector can implement in order to make a positive contribution to a wider problem. A stakeholder approach is used as the methodology for assessing participants in education, then draws the human resource problem together with various stakeholder perceptions and offers a participative approach, highlighting the need for better industry-education partnerships, strong career path education and personal development training (to be embedded within curriculum).

Key Words: Human resource problems, stakeholder theory, hospitality education

INTRODUCTION AND BACKGROUND

The hospitality and tourism industry faces major human resource concerns, yet the literature offers little as to how educational institutions can provide specific curriculum-based solutions. The aim of this paper is to demonstrate a relationship between the human resource problems faced by industry and the constant need for innovative approaches within educational curricula. By adopting a stakeholder review, a trio of solutions is offered: industry partnerships, career path education and personal development training (embedded within academic curriculum). This paper posits that educational institutions can better prepare students for life in the workforce, thus minimizing the likelihood that these students will end up wearing "missing in action" or "left the industry" labels. In other words, whilst the paper does not attempt to solve industry's human resources problems, it does suggest some strategies that the educational sector can implement in order to make a positive contribution to the wider problem.

The human resource problems, stakeholder analysis and remedies on offer sit within the context of ineffective communication between education and industry that often leads to an endless loop of frustration, as faith in learning institutions diminishes, so goes any chance for strong relationships between the two (which this paper suggests are vital to long term synergy). There is a myriad of other challenges presently facing hospitality and tourism educators, such as rapid growth (Formica, 1996), a self-proclaimed identity crisis (note the interchangeably of the words "hospitality" and "tourism" in this paper!) (Christou, 1998; Middleton & Ladkin, 1996), questions of legitimacy regarding the very nature of hospitality and tourism as an academic discipline (Crispin & Robinson, 2001; Tribe, 1998), and ongoing arguments surrounding curriculum design, modelling and enhancement (Christou, 1998; Cooper, 2002). These challenges, however, must not inhibit collaboration between industry and education toward mutually beneficial problem solving.

Assessing the human resource problem

In 2002, 7.8% of the world's population is employed in travel and tourism, increasing to 8.6% by 2012 as a consequence of escalation in leisure activities, changes in social behaviour, increased tourism activity and the ageing of the world's population (World Tourism and Travel Council - Human Resource Task Force White Paper, 2002). This creates the classic paradox: increased demand and a decreased labour pool. As the WTTC (2002) states:

"HR is perhaps the single most critical issue facing the travel and tourism industry over the next ten years. Labour policies have been more traditionally concerned with administration of the workforce than with its development. As a result, there are growing shortages of skilled people in all sectors of travel and tourism, and education and training systems are often ill-adapted to industry's needs."

A Centre for Hospitality Research (Cornell University) survey of hoteliers asked for key issues of concerns facing the hotel industry. The results overwhelmingly demonstrated human resource issues as the major concern, concluding that managers are most worried about the attraction and retention of employees, middle managers and future leaders (Enz, 2001). Problems related to human resources within the hospitality and tourism industry are relentlessly documented (see for example

Booth, 1998; Enz, 2001; Francese, 2001; Ghiselli, Lopa, & Bai, 2001; Hinkin & Tracey, 2000; Kriegl, 2000; Walkup, 2002). They can be broken down into two basic categories – labour shortages; and employee turnover.

Labour Shortages

Despite erratic economic conditions around the world, "help wanted" signs continue to hang across much of the hospitality and tourism industry (Francese, 2001). Even during the post September 11 period in the USA, human resource issues still predominate (Walkup, 2002) with labour shortages at all levels, caused by many factors and further aggravated by competition from other industries. Labour shortages can be attributed to many causes such as a shrinking employment pool, the negative image of the industry, the nature of personal service work, poor pay and conditions, seasonality and poor management. The labour shortages are made more difficult within hospitality and tourism, as it is an industry made up of primarily small and medium businesses, which are less likely to commit to training, education and innovative human resource problem solving. Regardless, there is little doubt that labour shortages abound and it is up to the education sector to recognize this and offer some strategies that might help combat the problem. There are a variety of solutions presently on trial – some more successful than others, including employing the handicapped, pursuing student workers, job sharing, team approaches, use of recruitment firms (for permanent and temporary staff), paid maternity leave, child care, time off in lieu, and employee satisfaction programs.

Employee turnover

The industry is also beset by well-documented and continued problems with employee turnover. Turnover results primarily from dissatisfaction with the current job rather than attraction to other job opportunities, and whilst pay is a consideration for leaving a job, poor quality of supervision and poor working conditions have been most frequently cited as reasons for leaving (Hinkin & Tracey, 2000). The hospitality and tourism industry is characterised by low-skill workers and mundane jobs, however the problems inherent with this type of work can be partially overcome by effective human resource practices creating a supportive work environment affording opportunities to grow and develop (Hinkin & Tracey, 2000). Managers are often aware of turnover but do not fully understand the associated costs or the possible solutions.

Pfeffer and Veiga (1999) suggest a direct relationship between financial success and a commitment by management to treat people as company assets. What is so disturbing, they contend, is how habitually organisations overlook readily available opportunities to apply this basic concept into their business practice. Linking job satisfaction, life satisfaction and turnover underpins professional human resource management objectives, yet this linkage is rarely utilised in practice (Ghiselli et al., 2001).

The issue of turnover and labour supply shortages does far more than reduce service quality, make managers' jobs more difficult and corrode employee morale - it costs money. In addition, staff turnover, especially in tight and competitive labour markets, is a major inhibitor for organizations seeking to achieve enhanced service and product quality (Baum, Amoah, & Spivack, 1997). Jim Collins gets it right when he says, "The old adage 'people are your most important asset' is wrong. The *right* people are your most important asset" (Collins, 1999). If turnover is often the result of job dissatisfaction, education can assist by helping to create managers with the skills and knowledge needed to be aware of the value in treating people as assets. Additionally, staff shortages can often be attributed to inadequate recruitment strategies and a lack of awareness as to career opportunities. The stakeholder approach presents a sound methodology for assessing the participants in education and how their needs and viewpoints vary. With a snapshot of stakeholder perspectives, we can come closer to a fully participative approach to solving industry's human resource problems.

Stakeholder theory

Whilst stakeholder theory origins can be traced back to the depression era, the proliferation of the academic theory really began with Freeman's work (Clarkson, 1995). In 1984 R. Edward Freeman's "Strategic Management: A Stakeholder Approach," embedded the concept of stakeholders in management philosophy. The stakeholder concept has evolved from viewing only suppliers and buyers as legitimate stakeholders to a situation where management must perceive its stakeholders as not only those groups that management thinks have some stake, but also other groups that may believe they too have a stake (Carroll & Buchholtz, 2000). Despite the great number of definitions and interpretations of stakeholder theory, they are all based around the fundamental principle of *interest* in an organization or undertaking. Clarkson (1995) suggests a simple and straightforward approach - primary and secondary stakeholders. A primary stakeholder is one without whose continuing participation, the entity cannot survive as an ongoing concern, whereas secondary stakeholders are groups that influence, or affect, or are influenced or affected by an entity. This simple, yet useful approach is used here to demonstrate the various stakeholder groups in hospitality and tourism education. Whilst most of the literature on stakeholder theory is focused on the areas of business ethics and strategy, there does exist some discussion and application of stakeholder theory in education and curriculum areas (Christou, 2002; Cooper & Westlake, 1998; Crispin & Robinson, 2001; Enz, Renaghan, & Geller, 1993).

Application of stakeholder theory in hospitality and tourism education

Cooper and Westlake (1998) argue that while the stakeholder concept is clearly applicable to hospitality and tourism education, the innumerable organizations and individuals involved in education programmes present problems and controversy. If we consider Clarkson's (1995) definitions of primary stakeholders, we must then re-look at the Cooper and Westlake model (which suggests primary stakeholders as governments, students and faculty), agree that difficulties do exist, but add parents, industry partners (where clear partnerships exist), and adjunct academic staff. Consideration must also be given to overlapping stakeholders that can be both primary and secondary – such as industry, parents, commercial sponsors and donors.

Table 1: Stakeholder mapping summary for Hospitality and Tourism Education

PRIMARY STAKEHOLDERS (participation essential)		SECONDARY STAKEHOLDERS (influential but not essential)	
Students	"Customers" of education Need better representation Should have needs carefully assessed Want careers as a prime consideration of education	Consumers	Demands of consumers should be a driver of curriculum Becoming more discerning buyers
Faculty & Staff *(Academic and support)*	Steadfast commitment to educational values Must be flexible and responsive Care taken not to set curriculum solely based on self interests	Community groups and organisations	Influence curriculum content Vested interest in outcomes
Government / Community *(public stakeholder group)*	Guided by political agendas Trend toward commitment to tourism as economic stimulant Can play secondary role	Student Unions	Can represent students Often have self-serving agendas
ADD: Parents / Grandparents	Help fund education Educational values are often formed through family upbringing	Vendors	Suppliers to industry Vested interest in knowledge of their products Possible source of funds
Industry Partners	Crucial to the future Should become more involved in process Bring credibility to curriculum	Donors	Financial contributions can contain agenda, have "strings attached"
Adjunct Staff	Add credibility to education Should sit on curriculum and other academic decision-making committees	Alumni	Should play role in curriculum agenda Should represent student needs

Stakeholder positions in hospitality and tourism education

Table 1 summarizes primary and secondary stakeholders in hospitality and tourism education. The process approach to educational curriculum suggests that students are the leading stakeholder, and the curriculum should always bear student needs in mind (Cooper & Westlake, 1998). The problem here is one of representation – as students (a) rarely represent themselves during the planning process, and (b) even if they did self-represent, they would be unlikely to understand their own best interests. At present, however, it is the other stakeholders that are asked to consider the needs of students, and this is problematic. Many unanswered questions exist, such as what students expect from education (i.e. a broad perspective of industry or a clearly defined, specialist approach) (Crispin & Robinson, 2001)? Conversely, attention must be paid to the loss of academic integrity that can occur if too much emphasis is placed on student stakeholder needs (Cooper & Westlake, 1998). Students view themselves as customers, hence the content of the programme and the vocational opportunities offered will often be a deciding factor in choosing where to study. Other stakeholder considerations in hospitality and tourism education include those of the educators. They must maintain a steadfast commitment to core educational values while maintaining awareness of conflict in circumstances where long-serving educators are left teaching old philosophies and concepts to students in need of cutting-edge learning, or when educators design curriculum based on their own areas of research or expertise, often at odds with legitimate need.

Governments hold a unique position within stakeholder theory as they do not directly participate in the educational transaction, but are essential players in the process. A growing interest in the economic benefits of tourism strengthens governments as stakeholders in education. Other primary stakeholder groups include industry partners and adjunct staff, essential if we aim to enhance relationships, communication and empathy between education and industry. Further consideration must be given to parents as primary stakeholders, as parents often pay for education, and often are directly involved in educational decision-making process with their children. Alumni groups, often becoming more and more active in educational activities can also be considered a primary group, and can offer a realistic perspective on the curriculum.

Three suggested remedies

Mindful of the human resource problems facing industry, education can play a part in helping alleviate this issue. Due to the diverse and complex nature of industry, education must avoid trying to be all things to all people. Instead, it should consider making some distinct changes to the overall concept of delivery by incorporating three recommendations: industry partnership coordination; career path education; and personal development training. These three strategies, if incorporated into the curriculum (rather than replacing other courses) as a value-added component, can work in the long-term toward educating tomorrow's leaders into a realistic vision of the industry, its problems, opportunities and potential. These proposals place great emphasis on the importance of student stakeholder needs in education, but also offer many collateral benefits to industry.

Industry partnership development and coordination

Relationship marketing is defined as "attracting, maintaining… and enhancing customer relationships" (Berry, 2002). Applying this approach to hospitality and tourism education's relationships with industry can have the same positive impact on education (and student outcomes) as it has on marketing. Thus it is very important for educators to enhance their links with industry, community and government. In doing so, a symbiotic relationship will occur that can serve all stakeholders indefinitely. Relationships need to be nurtured, attended to and cared for. When industry partnership strategies are tasked to "everyone," problems arise. Academic staff often have many responsibilities, and are unlikely to exercise the necessary commitment to these partnerships if assigned randomly and school-wide. Each school should appoint a member of academic staff with strong industry ties to serve as an industry partnership coordinator, responsible for organizing and nurturing relationships, working as an advocate for education and building relationships between schools, industry and government.

This partnership development must recognize the governments growing role in capitalising upon the positive impact that tourism has on economic development. Government ambitions translate into research needs and work opportunities, and graduates in tourism will find employment opportunities directly in government agencies. Other benefits of a concerted industry partnership program include:

1. An enhancement of a school's profile in the business and general community;
2. The ability to negotiate and develop research opportunities;
3. A fostering of relationships with association bodies and community organizations;
4. Coordinating and strategically managing adjunct professorship programs; and
5. Development of effective internship and work placement programs.

Strong industry partnerships can lend themselves to further integration of the process approach to educational curriculum – mandating a strong concentration of case study work, seminars, internships and field visits (Cooper, 2002; Smith & Cooper, 2000). This leads to the second proposal - an increased focus on career path education within educational curricula.

Figure 1: Synergies sprung from effective partnerships with industry

Career path education

Public perception of the hospitality and tourism industry as a career path is often negative. Many people perceive jobs in sectors such as restaurants, theme parks and hotels as temporary positions rather than avenues toward successful careers. In reality, this industry offers unique opportunities to move quickly from entry-level to mid and upper management. This is where high turnover and the transient nature of the industry serve career paths well, as high turnover translates into quicker opportunities for advancement. This paper is suggesting that a concerted effort be made to embed career path knowledge into the curriculum. Career paths within tourism and hospitality are not clearly defined and this can de-motivate individuals and discourage them from entering or staying in the industry. Clearer career guidance needs to be given before, during and after the completion of the education programme and should be fully integrated into the curriculum (Crispin & Robinson, 2001). It is essential to link career-pathing with commitment to industry partnerships in order to provide students with real knowledge about career opportunities within industry. This can be done in many ways, including regular contact with alumni, interaction with industry leaders and case-study work focusing on careers paths.

In 1997, the government of the United Kingdom offered a response to the Dearing Report on Higher Education suggesting that institutions of higher education should integrate their careers services more fully into academic affairs and that the Government should integrate careers advice for lifelong learning within higher education institutions (Blunkett, Mowlam, Dewar, & Davies, 1998). This report and government response stirred controversy and opened discussions within academia and government regarding career path education processes (B. Porrer, personal communication, November 25, 2002). One specific activity offered is the development of a "mentor shadowing" program, different from work experience and hands on internships-type work, in that it suggests a placement of students for relatively short periods of time directly with a senior level manager in their chosen industry. This can give the student insights into the "big-picture" decision-making processes of an organization without overly imposing on the mentor. It is vital to create a strategy that is worthwhile to students, yet realistic for industry (demands made of employers are often a roadblock to successful internship/shadowing programs). Done properly, an effective mentor shadowing program is a great opportunity for employers to "try on for size" a potential new leadership recruit as well as demonstrate a commitment to education and leadership development. Career path knowledge can add significant value to the educational process, and can be further enhanced by the third suggestion, a strong emphasis of personal development skills and training.

Personal development training

Ralph Waldo Emerson once said, "what lies behind and what lies in front pales in significance to what lies within us." This is the ethos behind the third suggestion, a need for personal development training - a strategy that assists hospitality and tourism students to learn what "lies within." La Lopa (2000) makes reference to new teaching models needed in hospitality and tourism education – calling this new model "cooperative learning" (La Lopa, 2000). La Lopa (2000) suggests teachers become more than "sage on stage" but rather should become mentors, coaches and guides. Additionally, students cannot sit passively in the classroom; they must become active participants in learning. This feeds from earlier works by Bloom (1956, cited in La Lopa, 2000), which identified basic teaching goals as higher order thinking skills, basic academic success, discipline-specific knowledge, liberal art and academic values, career preparation, and personal development. There are many best-selling personal development books by renowned authors such as Steven Covey, Spencer Johnson and Anthony Robbins. One of the most popular, Covey's "The 7 Habits of Highly Effective People" states, as habit two, "begin with the end in mind" (Covey, 1989). This paper suggests that some attention be paid to students in developing their sense of "self" will do more for their own success and their longevity in industry than any other single part of their education. Nineteenth century evangelist Billy Sunday summed it up beautifully when he said, "more men fail through lack of purpose than lack of talent."

The need for personal development is enhanced by the concept of "alignment," a term used to explain business strategy, but that can be as powerful on a personal level as it is when applied to the overall direction of an organization (Lorsch & Tierney, 2002). Individuals, when deciding on careers, industries or specific organizations in which to be employed, must ensure that this alignment between their own capabilities, goals, need and values match that of the opportunity. Lorsch and Tierney (2002) suggest that happy, fulfilled people are most often those that have achieved personal alignment. Personal alignment requires self-knowledge and ongoing discipline. Engaging in such personal reflection is difficult and many never do this with the necessary degree of rigor required. Educational institutions can contribute toward development of this lifelong process by embedding some personal reflection practice within the curriculum.

CONCLUSIONS

This paper does not seek an answer for all of the problems facing industry and education within the hospitality and tourism sector. With such a broad industry we cannot reasonably expect to be able to provide the "perfect" education for each student. Instead, educational institutions owe it to student stakeholders to do the best job possible in preparing them for a career, while still providing an education with academic integrity. This paper suggests the need for re-assessing the representation of key stakeholders and the need to consider students and their career ambitions as a higher priority. An innovative combination of solutions is proposed, suggesting that powerful industry partnerships, embedding career-path education into the curriculum and offering personal development skills training to students can make inroads toward stabilizing the industry's leadership pool. If industry and education can collaborate and seek goal congruence, shortages of quality human resources and the tendency for workers to leave the industry will diminish. These proposals do not offer any short-term fixes to the aforementioned human resource problems. Instead, grass-root strategies are offered, directed at tomorrow's leaders, which can aid in minimizing and eliminating the debilitating effects of labour shortages and turnover. If these proposals are implemented as a strategic initiative by educators, it will aid students in filling the unbridgeable chasm, as Warren Bennis suggests, between one's aspirations and what actually gives satisfaction and happiness (Middleton, 2001).

LIMITATIONS AND FUTURE RESEARCH

This paper does have some limitations. It is theoretical in nature and employs a review of secondary resources as the methodology. Thus further empirical research is needed to test the validity of findings and relationships between human resource problems and solutions through education, especially because these solutions are non-traditional, innovative and potentially controversial. Further research should be undertaken into career longevity, the value of personal development training and the effect of industry partnership programs in educational programs specialising in hospitality and tourism in order to ensure a win-win amongst all stakeholders.

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TRAVELER GEOGRAPHIC ORIGIN AND MARKET SEGMENTATION: CLASSIFICATION MODELS FOR INTERNATIONAL VISITORS TO HONG KONG

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ABSTRACT

Using traveler geographic origin as a key instrument, this study proposes classification models for segmenting the inbound travel market. The study employed airport exit interviews to survey international travelers (N=1,814) from seven major source markets to Hong Kong. The survey instrument examined traveler characteristics, trip-related factors, and perception of the destination. The study results revealed almost all hypothesized factors significantly varied with geographic origin, emphasizing the instrument for the meaningful segmentation purpose. Logit analysis proposed structural models to classify the inbound travel market to Hong Kong into distinct traveler subgroups from different origin. Implications of the classification models are discussed to help providers and marketers better understand international travelers and formulate strategies to effectively cater to target segments.

Key Words: traveler geographic origin, market segmentation, classification models, international tourism, Hong Kong

INTRODUCTION

Over the past decade, Hong Kong has been one of the most popular destinations in the international travel market with a steady growth in inbound tourism. In 2000, Hong Kong welcomed a total of 13.1 international tourists and earned US$7.9 billion of tourism receipts, which ranked 14th and 13th biggest market share worldwide, respectively (World Tourism Organization, 2002). The same also represented 15.3% (arrivals) and 9.5% (receipts) of rises over 1999, demonstrating a bright outlook of the Hong Kong's tourism industry after the turnover. Hong Kong's current prime source markets include Mainland China, Taiwan, and Japan. Visitor arrivals from Mainland China in Hong Kong, in particular, have been increased from 1.7 million in 1993 to 3.8 million in 2000 (China National Tourism Administration, 2002; Hong Kong Tourist Association, 2000).

Not much has been reported about the different patterns of travel behavior across major source markets in Hong Kong's inbound tourism, suggesting an immediate need for identifying opportunities and developing marketing strategies in this area. This study aims at filling this gap in the literature by developing a structural analysis of international travelers to Hong Kong with traveler geographic origin as the primary segmentation base. The unique approach to segmentation in this study was to construct classification models for different origin in the multivariate analysis, providing an empirical framework in predicting the likelihood of prospective travelers by different source markets. Since predictive models in the inbound travel market to Hong Kong have not been fully developed, results of this study will provide a meaningful explanation of the significant factors and their association with geographic origin.

REVIEW OF LITERATURE

From a traditional consumer marketing management perspective, geographic category such as country of origin or regions has long been suggested as a major category for market segmentation along with demographic, psychographic, and behavioral variables (Kotler, 2002). As Flognfeldt (1999) discussed, one popular criticism in using geographic origin for segmentation purposes is that it might only explain some types of behavior and that studies based solely on such could possess limited practical results in regards to provide in-depth analysis of travel behavior. Instead of using just one key segmentation basis, several authors in tourism marketing widely suggest the use of "multistage segmentation" (Middleton, 2001; Morrison, 2002) by employing "multifaceted scales" (Havitz & Dimanche, 1997) or a "combination" (Kotler, Bowen, & Makens, 2003) of multiple variables in order to yield greater explanatory power. For instance, travel and tourism marketers and researchers have widely used 'general' categories of geographic, demographic, or sociocultural factors as primary segmentation bases (Cai, Morrison, Brunlich, & O'Leary, 1996) often in conjunction with psychographic, behavioral, or product-related factors.

In using geographic origin as a segmentation tool, one underlying assumption is that travelers from a particular origin might be different from those from other origins. In this context, it is generally agreed that the needs and wants of travelers might be somewhat different across the origin, leading to different patterns in their travel behavior. For example, the Americans are significantly distinctive from French, German, and British travelers in buying souvenirs and gifts, shopping, and photographing (Pizam & Reichel, 1996) and also from Japanese, French, and Italian travelers in socializing with other tourists (Pizam, Jansen-Verbeke, & Steel, 1997).

Developing an analysis of traveler geographic origin in this study will help explain how and why travelers from different geographic origin might be different in their travel behavior. Unlike previous studies focusing on profiling subgroups by national cultural characteristics (Pizam et al., 1997; Pizam & Reichel, 1996), nationality versus mode of travel (Flognfeldt, 1999), or trip characteristics across nationality (Reid & Reid, 1997), this study attempted to construct classification models based upon socio-demographic factors and trip related characteristics across different traveler geographic origin. The specific objectives of this study were to:

1. Determine if traveler socio-demographics and trip characteristics might vary with traveler geographic origin.
2. Determine if traveler perception of a destination might vary with geographic origin.
3. Develop structural models classifying the inbound travel market to Hong Kong into traveler geographic origin on the basis of traveler socio-demographics and trip characteristics.

METHODS

This study used primary data collected by International Visitor Survey (IVS) to collect travel-related information of visitors to Hong Kong from the seven top source markets. The survey was conducted by a team of 10 interviewers in the restricted area of the Hong Kong International Airport between October 3 and November 6, 2001. A quota sample was employed to access an evenly distributed sample across the seven target source markets. In an effort to minimize problems associated with non-random sampling method, interviewers were assigned with a random number daily to assist them in selecting respondents in a systematic and consistent manner. Three initial filtering questions were asked that excluded residents of Hong Kong, transit passengers who did not leave the airport terminal, and those who were not residents of one of the seven target source markets. A total of 1,814 interviews were completed.

The key variable of the study, traveler geographic origin, was categorized into seven primary source markets for inbound tourism in Hong Kong: (1) Mainland China; (2) Taiwan (Chinese Taipei); (3) Singapore; (4) Malaysia; (5) United States of America; (6) Australia; and (7) West Europe (excluding UK). Socio-demographic characteristics were measured by gender, age, marital status, employment status, education, and household income. Trip characteristics were defined by visitation status (first time or not), purpose of trip, main destination (Hong Kong or elsewhere), length of stay, party size, and expenditure. In addition, five destination perception questions were included to assess attractiveness, satisfaction, overall service quality, value for money, and likelihood of return to Hong Kong.

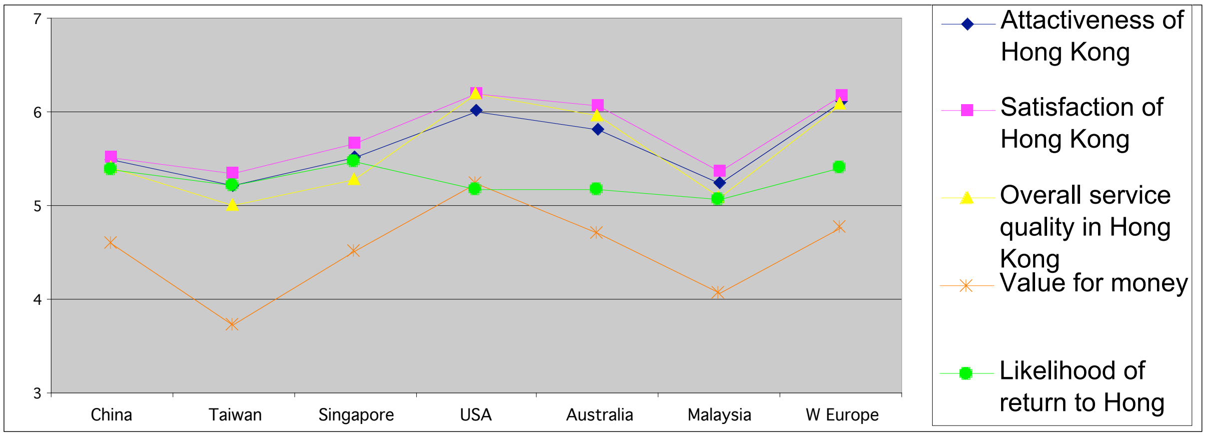
ANALYSIS AND FINDINGS

All seven source markets were represented, with Western Europe (18.7%), Mainland China (17.8%), USA (16.4%), Taiwan (15.5%), and Australia (13.6%) as the largest groups. The first research objective was to determine if traveler socio-demographics and trip characteristics might vary with traveler geographic origin. Results of Chi-square statistics indicated respondents' socio-demographic and trip characteristics varied significantly with traveler geographic origin. All trip-related factors – number of visit, trip purpose, trip arrangement, main destination, trip length, travel party, and trip expenditures – were found to be the most significant ($p < .000$) across international travelers' geographic origin. For socio-demographics, age, employment status, education, income appeared to be the most significant ($p < .000$) followed by gender ($p < .004$) and marital status ($p < .005$).

On a 7-point scale, with 7 being most positive, respondents were relatively satisfied with the experience (5.79) and the overall service quality (5.63) in Hong Kong, and they rated Hong Kong as an attractive destination (5.67) and would likely to return (5.26). A set of MANOVA was employed to detect variances in traveler perception of Hong Kong across traveler geographic origin, accomplishing the second research objective. Four out of five attributes – attractiveness of Hong

Kong, satisfaction of Hong Kong, overall service quality in Hong Kong, and value for money – were found to vary the most significantly with geographic origin ($p < .000$). On the other hand, likelihood of return to Hong Kong did not appear to attribute significantly to traveler geographic origin. The mean differences of perception variables (score 1 being the least positive to 7 being the most positive) are illustrated in Figure 1, clearly indicating international travelers from various geographic origins differently perceive Hong Kong as a travel destination.

Figure 1: Estimated Marginal Means of Travel Psychographics by Geographic Origin



The third research objective was to develop structural models classifying the inbound travel market to Hong Kong into traveler geographic origin on the basis of traveler socio-demographics and trip characteristics. Employing a logistic regression technique, the estimated coefficients provided a finalized model to classify each traveler geographic origin. The goodness-of-fit of the logistic models was evaluated based on –2 log likelihood, Chi-square statistics, and classification results, supporting all seven origin models to be highly significant ($p < .000$).

The predictors of the likelihood of being associated with specific geographic origin provided meaningful information to profile each segment. The Mainland China segment, for instance, are more likely to be predicted by visiting Hong Kong as the main destination for short business trips. These travelers tend to be married, younger than 35 years old, and well educated. It is likely that both the Taiwan and Singapore segments would generate the most frequent travelers to Hong Kong. Unlike the travelers from Taiwan origin among whom business trips tend to be more popular for no longer than 3-4 nights, travelers from Singapore might take rather extended trips to Hong Kong as the main destination for visiting friends or relatives. Single and employed females with some college education might possibly characterize the socio-demographic profile of the Taiwan segment. For travelers in the Malaysia segment who have ever taken trips to Hong Kong before, trips for 3-4 nights to be the most popular. They tend to be between 25-35 years old and travel in 2 person parties.

The varying effects of significant factors across categories were examined to identify meaningful associations with the likelihood of being associated with particular geographic origin. Factors such as trip length and trip expense had significantly different association with being from Mainland China versus from Singapore, while the effects of number of visits and trip purposes significantly varied across the Taiwan and the U. S. origin. Likewise, age, marital status, education, and income had significant but varying effects on the traveler geographic origin models estimated.

To those in the U. S. segment, Hong Kong clearly appears to be one of exotic destinations for their long-haul itinerary. Travelers in this segment tend to be distinctively mature (36 years of age or above) and mostly single. Regardless of gender, they appear to be the most affluent in terms of level of education as well as discretionary income enough to afford long-haul, novelty vacations. Although not as far as the U. S. from Hong Kong, the Australia segment appears to represent similar profile to that of the U. S. segment in terms of trip length, number of visit categories, and age. Unlike the U. S. travelers, some female Australian travelers are likely to take trips to Hong Kong for VFR purposes. The West Europe segment, similar to the U. S. segment, clearly represents the long-haul market of the inbound tourism in Hong Kong.

Table 1: The Results of Logit Analysis by Geographic Origin

Variables	Estimated Coefficients													
Reference Group in Parentheses	China		Taiwan		Singapore		USA		Australia		Malaysia		W Europe	
Constant	-1.2344	***	-2.8215	***	-1.5469	***	-2.9474	***	-2.6071	***	-2.6073	***	-1.1982	***
Trip Characteristics														
Number of visits (First visit)														
Repeat visit	0.1945		0.9731	***	1.0882	***	-0.6039	***	-0.3825	***	0.8572	***	-0.9103	***
Trip purpose (Leisure)														
Business/meeting	0.0308	***	0.6709	***	0.0633		-0.4545	***	-0.5920	***	0.0353		0.0889	
VFR	-0.6818		0.2364		0.4504	*	-0.1592		0.4009	**	0.0776		-0.4128	*
Trip arrangement (No package)														
Package	-0.0247		-0.1274		-0.2311		-0.0608		-0.1847		0.2464		0.1241	
Main destination (Hong Kong)														
Other destination	-0.5873	***	-0.1929		-1.0227	***	0.8662	***	0.2530		-0.7612	***	0.9909	***
Trip length (3-4 nights)														
1 night	0.5529	**	0.7430	***	-0.7317	**	-0.2609		0.4250	*	-0.4400		-0.3355	
2 nights	0.1550		0.5509	***	-0.2943		-0.1640		0.1045		-0.4674	**	-0.0749	
5-6 nights	-0.2212		-0.5286	**	-0.2320	***	0.6530	***	0.7352	***	-0.3171		0.2077	
> 7 nights	-0.9688	***	-1.3930	***	-0.9264	***	0.6936	***	1.3834	***	-0.1712		0.9988	***
Total travel party (Alone)														
2	-0.4451	**	-0.0262		-0.3600	*	-0.0795		0.2154		0.5025	**	0.1068	
3 or more	0.8427	***	-0.1426		-0.4206		0.0697		-0.0953		0.1057		-0.6094	***
Trip expense (HKD2500-4999)														
< $1000	-0.3956		-0.2156		-0.3277		0.0934		-0.1058		0.3571		0.4704	**
$1000-$2499	-0.3129		-0.3544	*	-0.0627		0.0704		0.0518		0.3936		0.1777	
$5000-$9999	0.7068	***	0.0305		0.0175		-0.2943		-0.3047		0.0338		-0.2677	
> $10000	1.2086	***	-0.0295		-0.4720	*	0.1296		-0.0867		-0.6732		-0.4418	*
Socio-demographics														
Gender (Male)														
Female	-0.1646		0.2725	*	0.2000		-0.1950		0.3612	**	-0.1901		-0.2913	**
Age (25-35)														
Under 25	0.5276	**	-0.4905	*	0.1720		0.1651		0.2485		0.1620		-0.4321	*
36-45	-0.3874	**	0.4205	**	-0.4422	**	0.9197	***	0.3805	*	-0.4932	**	-0.4579	***
46-55	-0.5393	**	0.2968		-0.7500	***	0.7801	***	0.9112	***	-0.4940	*	-0.3232	
56 or older	-1.2067	***	-0.3245		-0.5704	**	1.6783	***	0.9648	***	-0.9302	***	-0.5853	***
Marital status (Married)														
Single/Non-married	-0.9623	***	0.2923	*	-0.2874		0.5310	***	0.0497		0.0814		0.3320	**
Employment status (Employed)														
Not working/Retired	0.0625		-0.5193	**	-0.6567	**	0.2589		-0.1150		0.1933		0.2035	
Education (College)														
Up to high school	-0.0800		0.1598		0.5383	**	-0.9993	***	-0.0905		0.4394	**	0.2503	
Some college	-0.2490		0.4765	**	-0.6721	**	-0.1753		-0.0831		0.0222		0.3979	**
Above college	0.8615	***	-0.7291	***	-0.2732		0.3252	*	0.3048		-1.3159	***	-0.3467	*
Income (US$30,000-49,999)														
< US$10,000	2.2841	***	-0.6406	*	-1.8902	***	-0.6104		-0.5190		0.0650		-1.5267	***
US$10,000-29,999	1.1294	***	0.0454		-0.2743		-1.1272	***	-0.0194		0.4200	*	-1.0322	***
US$50,000-69,999	-1.5090	***	0.2943		0.0818		0.3945	*	0.2372		-0.1564		0.0629	
US$70,000-99,999	-0.9354	***	0.0422		-0.3936		1.0165	***	-0.2636		-0.1952		0.1931	
> US$100,000	-0.9212	***	-0.4124		0.1231		1.6868	***	-0.6867	***	0.2284		-0.6675	***

* Significant at 0.10 level   ** Significant at 0.05 level   *** Significant at 0.01 level

CONCLUSIONS AND IMPLICATIONS

This study examined traveler geographic origin as a key instrument to develop classification models with international travelers to Hong Kong. Findings from this study indicated that traveler geographic origin can be used as an effective tool for segmenting the international travelers to Hong Kong. As expected, traveler socio-demographics, trip characteristics, and destination perception significantly varied with traveler geographic origin. Results of this study provided some useful information about specific group characteristics in predicting the likelihood of being classified into different geographic origin. The results of this study suggest ways to further explore a conceptual framework to provide tourism providers and marketers in Hong Kong with practical recommendations to formulate effective marketing strategies. As Reid and Reid (1997) suggested, the viability and appropriateness of country of origin as a segmentation variable depends on whether these criteria identify opportunities for improving tourism performance.

Mainland China segment is apparently the biggest source market for inbound tourism in Hong Kong in terms of both their current market share and their growth potential. Package arrangements of 3-4 nights visiting various tourist attractions as well as shopping opportunities would be appropriate to target this segment. Both Taiwan and Malaysia, on the other hand, might represent somewhat matured market segments for more experienced or repeated travelers to Hong Kong. For these travelers, Hong Kong does not appear to have great value for money (see Figure 1), and shopping might not be the strongest motivation as for other source markets. Short excursions touring various tourist attractions or package deals of 3-4 days would be an attractive selling point. The Australia segment appears to be somewhat distinctive from other traditional short-haul markets for many first time visitors and its Western culture. Although package tours are not strongly preferred in this segment, a well-organized itinerary with quality cultural components could possibly gain an increasing appeal to some female travelers in this segment.

In addition to analyzing different profiles of traveler subgroups, this study might also have extended traveler geographic origin research to its conceptual linkage to traveler profile and trip characteristics. Future research on travelers from different geographic origin is recommended with the inclusion of additional travel psychographics or behavioral components such as motivation and benefits to comprehend and effectively cater to each target segment. For marketers and industry providers, extensive attention is warranted to the classification models of the Mainland China and the U. S. segments in order to pinpoint two prime target segments by predicting the likelihood of specific subgroup characteristics with different selling points.

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A THREE-PHASE STUDY OF CULTURAL CONGRUENCE AND LEADERSHIP: IMPLICATIONS FOR HOSPITALITY MANAGEMENT

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ABSTRACT

Previous research has found that cultural congruence between leaders and stakeholders in the hospitality environment impacts a variety of variables including perceived leadership style, satisfaction and trust. This study replicates and extends this line of research with three additional investigations. The first is a quantitative investigation of congruence, perceived leadership style, leader-member-exchange (LMX) and citizenship behaviors with a sample of 520 members of congruent and incongruent dyads from 66 countries. Next, the results of an open-ended questionnaire on cultural influences, perceived leadership and work-related outcomes administered to 70 hospitality mangers and staff members are discussed relative to the quantitative study. Finally, perspectives drawn from in-depth interviews with 10 hospitality managers helps to synthesize the findings and provide direction for cross-cultural management in the hospitality industry.

Keywords: Leadership Style, Leader-Member-Exchange (LMX), Cultural Congruence, Organizational Citizenship

IMPACT ON THE LOCAL ECONOMY OF A SPECIAL EXHIBIT AT A UNIVERSITY AFFILIATED MUSEUM

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ABSTRACT

This study focused on the direct economic impact to the local community from out-of-town visitors to the Vatican Exhibit at the Museum of Texas Tech University in Lubbock, Texas during the summer, 2002. Demographics, expenditures, and future travel plans were reported on a 15-item questionnaire. Data were collected from a random sampling of visitors exiting the exhibit. A total of 583 (69.40%) usable questionnaires were received from 840 contacts. The economic impact of the exhibit was estimated at five million dollars. This finding could promote tourism development efforts for the host city.

Key Words: tourism, economic impact, museum, special event, and Lubbock economy.

INTRODUCTION

Three paradigm industries will drive the service-led economies of the 21st century: telecommunications, information technology, and travel and tourism (Naisbitt, 1991). Worldwide tourism receipts amounted to approximately US $462 billion in 2001, which represents $1.3 billion a day (WTO, 2002). Travel and tourism is expected to generate $1.5 trillion of economic activities in North America in 2002 (WTTC, 2002). The daily average tourist's expenditures increased from $82 in the third quarter of 2000 to $95 in the same quarter of 2001 in Texas (DKS&A, 2001). The hospitality and tourism industry can also represent a significant influence on the local economy. An examination of economic impact demonstrates the importance of the tourism industry nationally, for the State of Texas, and for the City of Lubbock, Texas.

The umbrella term cultural tourism includes performing arts, visual arts, heritage, multicultural/ethnic events, and some attractions, but is not limited to these areas (VCTI, 2001). In terms of size, tourism is a growing industry nationally with "cultural tourism" constituting an important component (Penne and Shanahan, 1990). The cultural tourism consumer represents the fastest growing and richest market of the postmodern economy (Hillman-Chartrand, 1990). Cultural tourists are reported to have more economic impact on local communities they visit than travelers with other motivations. According to the American Travel Industry Association Survey (n.d.), cultural tourists spend more, stay longer and are more likely to stay in a hotel/motel than average tourists.

Visitation to museums is a growing component of cultural tourism in America. A museum functions as an educational and tourist destination. A unique event arranged in a museum can become a spectacularly attractive destination to tourists. People who attend art museums are generally in the upper educational, occupational, and income groups (Hendon, 1990) as well as being younger in age (Zill and Robinson, 1995). Considering these trends, museums attract visitors whose expenditures contribute to the local economy.

The most meaningful approach to assessing the direct economic benefit of a unique event in a museum is to examine the ratio of the different categories in overall expenditures. According to Gee, Makens, & Choy (1989), visitors' expenditures provide a source of income to residents and businesses including hotels, restaurants, car rentals, tour operators, and retail shops. For this study, categories of expenditures included shopping, lodging, dining, groceries, admissions to other local attractions/entertainment and expenditures at the museum gift shop.

The Vatican Exhibit, which featured 31 Roman frescoes painted in the 12th and 13th centuries, set a precedent for Lubbock, Texas, and for the Vatican Museums. The collection of frescoes had never been shown in the United States. The "Medieval Frescoes from the Vatican Museums Collection" exhibit at the Museum of Texas Tech University brought important artwork to Texas. The exhibit was opened to the public with free admission from June 2nd to September 15th, 2002.

There were approximately 122,500 visitors to the exhibit of which an estimated 52.16% were out-of- town visitors. The 107-day exhibition provided an opportunity for a study of its economic impact on Lubbock. This research estimated the impact of out-of-town visitors' expenditures resulting from their visit to the Vatican Exhibit.

OBJECTIVE

The purpose of this exploratory study was to investigate the cultural event tourists' direct economic impact on the host city. By measuring out-of-town visitors' average daily expenditures in Lubbock, Texas; it was possible to estimate the direct economic impact of the Vatican Exhibit on the local economy.

METHODOLOGY

Instrument

A three-part, fifteen-item questionnaire was developed for this study. Data were collected on demographics, daily expenditures while in Lubbock, and future travel plans. Questions regarding daily expenditures focused on lodging, dining, shopping, expenditures for groceries, admission to entertainment/attractions, and spending in the museum gift shop. Reliability was at _ level of .667 for the instrument. Validity for the assessment instrument was established by experts' review and a pilot test with 30 attendees at the exhibit in July.

Sampling Procedure

The sample for this study was tourists who visited the Vatican Exhibit during selected blocks of time during the first three weeks in August 2002. The data collection schedule was developed in cooperation with Texas Tech University Museum personnel. A research assistant intercepted every fifth attendee exiting the exhibit and asked him or her to complete the survey. If the fifth attendee refused to complete the survey or was a Lubbock resident, the next attendee (sixth) was asked. A request was made for the questionnaire to be completed on-site. No name or identifying information was gathered.

RESULTS

A total of 583 (69.4%) usable questionnaires were received from the 840 contacts made during the survey period. Based on the descriptive statistical analyses of demographic information, the majority (67.4%) of the respondents was female; sixty-eight percent of the respondents were between 41 and 70 years of age. Most of the visitors (79%) drove to the destination using private cars: 13% of the respondents traveled by airplane, and 5% traveled by bus or motor coach. Of the 583 respondents, 46.10% were on day trips from outside of the city of Lubbock; 53.90% were overnight visitors. Of the overnight visitors, 48.34% stayed with friends or relatives; 50.51% stayed in hotels/motels; 1.51% camped at RV parks. The average length of stay to the city was 1.02 days. The overall average daily expenditure was $77.31 per Vatican Exhibit visitor (Table 1).

The Museum of Texas Tech University reservation and visitor Vatican Exhibit records (2002) for the entire exhibit period showed that 52.16% were out-of-town visitors. Based on 122,500 total visitor counts for the 107-day event, there were 63,896 out-town visitors to the event. According to the average daily expenditure ($77.31) per visitor, the estimated total sales or revenue to Lubbock form out-of-town visitors was about five million dollars during the exhibit period. Of the five million dollars estimated direct economic impact (Figure 1), 35.90% was for shopping; 22.79% was for dining; 15.97% was for lodging; 11.64% was for the museum gift shop; 10.15% was for admission to other entertainment/attractions; and 3.53% was for groceries.

CONCLUSION AND IMPLICATIONS

The researcher quantified the amenity value of the out-of-town visitors' expenditures. This study identified the direct economic impact of visitors to the Vatican Exhibit at Texas Tech University on a variety of variables, of which the primary expenditures was for shopping, dining, and lodging. The finding that the estimated average daily expenditure per out-of-town visitor was $77.31 was lower than the states' average of $95. This study did not claim to answer all the questions related to the economic impact of the Vatican Exhibit, but attempted to address the direct economic impact from out-of-town visitors during a cultural tourism event. There are other issues this study did not attempt to address such as transportation cost on the way to the destination and local employment and economic multipliers.

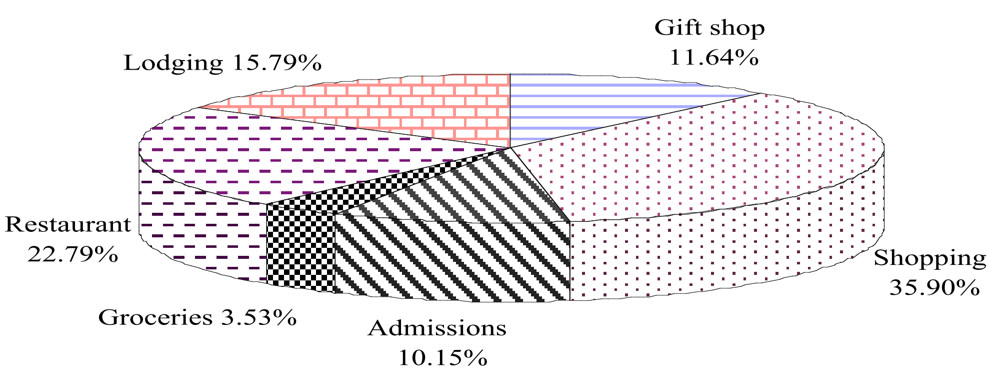
The findings indicating an estimated five million dollar direct economic impact has implications for attracting more tourists for special events and other tourism development efforts and ultimately for improving the quality of life in the city. In short, the Vatican Exhibit at the Texas Tech University Museum had a positive economic impact on Lubbock.

Table 1: Demographics and Travel Information (n=583)

Categories	Item	Percentage
Gender	Male	32.60%
	Female	67.40%
Age	Under 18	0.30%
	18 - 25	4.20%
	26 - 40	16.30%
	41 - 55	37.60%
	56 - 70	30.50%
	71 - 85	10.90%
	85 and over	0.20%
Accommodations	Friends/Relatives	27.60%
	Camping ground/RV park	0.90%
	Hotel/Motel	28.60%
	Other (included day-trippers)	42.90%
Transportation	Rental car	2.00%
	Air plane	13.00%
	Bus/Coach	5.00%
	Private car	79.00%
	Other	1.00%
Length of stay	0 night	46.40%
	1 night	21.40%
	2 nights	20.00%
	3 nights	7.90%
	More than 3 nights	4.30%

Figure 1

Expenditure Distribution



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STRATEGIC IMPLICATIONS OF SERVICE ENCOUNTER IN THE HONG KONG LODGING INDUSTRY: AN EMPLOYEE PERSPECTIVE

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ABSTRACT

The importance of repeat customers for profitability in all businesses has long been established. Management is concerned about the negative effects of customer switching on market share and profitability. The purpose of the study is to capture service encounters from an employee's perspective. For data gathering, the critical incident technique was employed to identify hotel service success and failure incidents. It consisted of personal interviews with a sample of Hong Kong hotel front-line employees. The assessment should help hoteliers to anticipate guest needs and wants and incorporate them into service delivery to create a new value perception in today's complex and dynamic business environment.

Key Words: critical incident, service quality, hospitality and tourism

INTRODUCTION

The lodging industry today is in a state of accelerating change. This is a result of such factors as globalization, deregulation, consolidation, and technological advances. Hospitality managers face the challenges of keen competition, a more diverse work force and demanding customer needs. There is also more pressure for management to produce an adequate return on invested resources. All these create an increasingly hostile, complex and dynamic business environment. Moreover, today's customers are more sophisticated, with complex needs to satisfy. They demand more value for the price they pay and they tend to substitute products for services. The role of services in providing value is ever more important. Thus, in order to survive and achieve growth in the new millennium, hospitality firms are experiencing the need to differentiate themselves by offering value and re-emphasizing quality in service and product so as to establish a viable competitive position (Augustyn and Ho, 1998; Olsen, Tse and West, 1999).

Strategic planning and the development of competitive strategy increasingly play an important role for the success of the operation. It is generally believed in the business community that sound business strategy leads to better organizational performance and success. On the one hand, there is the emphasis and commitment to service quality in order to improve customer satisfaction; on the other, there is the practice of strategic management that is gaining momentum in the service sector. However, these two concepts have been developed separately. Strategic planning has not focused directly on customer satisfaction, and customer satisfaction, in general, does not have a strategic dimension (Tse, 1995). Thus, there is a need to incorporate strategy into emphasis on service throughout all levels of the organization. One best way to achieve this goal is by linking the concept of service quality with the overall strategic management process.

With this objective in mind, we have undertaken a research study. This being an exploratory study, the primary objective is to gain understanding of the critical events and related behaviors of contact employees that cause customers to distinguish very satisfactory services from very dissatisfactory ones, through the use of critical service encounters in Hong Kong hotel industry. Most of the previous research studies on service encounters are from the customer's point of view, limited research is found to focus on the employee's perspective (Bitner, Booms, and Mohr, 1994). Hong Kong presents an ideal field for collecting empirical data since it is home to major international and regional hotel brands, such as the Mandarin, Peninsula, Marriott, Conrad Hilton, and Shangri-la. Thus, hotels in Hong Kong are comparable to hotels internationally. The findings of this study form the basis for management decisions in formulating business strategies on service quality and provide researchers with a foundation for future systematic investigation.

LITERATURE REVIEW

Service Quality and Employee's Role in Service Recovery

Today's consumers' demand for value results in a stronger focus on a combination of service quality, fair price, intrinsic product features, and convenience during their stay. Service quality can be viewed as a measure of how well the delivered service level matches consumer expectations. Service organizations become more successful when all levels of the organization collaborate to achieve quality service and use it as a differentiation tool to gain competitive edge (Baker and

Fessenmaier, 1997). However, there are complexity and divergence in service delivery systems. Service performance takes place in what has been termed the service encounters, the time frame during which consumers directly interact with service providers. Service encounters are usually goal oriented, limited in scope, task related, and roles are normally fairly clearly defined. It is sometimes refers to as the moment of truth and is a pivotal element around which service quality evaluations are formed.

The key to the hospitality industry is the workforce and how they relate to their customers (Wise and Reussow, 1996). We must provide hospitality through employees who may not be predisposed to being hospitable. In other words, it will depend largely on the ability of service providers to manage interpersonal relations with customers. Production and consumption occur simultaneously, and front-line people shape the customer's experience through the service encounter. Sparks and Callan (1992) suggested that the hospitality industry relies heavily on the people skills of service providers due to the intangible and inseparable aspects of the service product. It has been argued by researchers that the social interaction between the service provider and the customer is the key element of service (Bitner, 1990). It is the most difficult to control and is the most susceptible to service failure. In this case, hotel's front office operation can lead to outstanding quality. Front desk is the first and last contact a guest usually has with the property. This area receives more scrutiny and criticism than any other area.

The research of Berry and Parasuraman (1991) indicates that outcome is the primary driver of consumer evaluations of service during the initial service encounter, while process is the primary driver during service recovery. Thus, whereas the original service outcome attributes have a strong effect on consumers during their initial experience, the service recovery process dimensions may assume great importance when consumers have a complaint. There is a close relationship between how the companies handle customer problems and the level of employee satisfaction and loyalty. This is critical since the customers often associate more with the service providers than with the company. The role of customer-contact personnel during service recovery is expected to be a key factor in determining overall satisfaction. Naturally, they are also a critical source of information about customers. Bitner et al. (1994) found that it was not necessarily the failure of the core service alone that led to dissatisfaction, but it was the employee's response to that failure. To them, the employee serve a boundary-spanning role in the firm. While it is possible to make mistakes in any service firm, it is fundamental and essential to commit to service recovery. Recovery is fundamental to service excellence and should therefore be regarded as an integral part of a service company's strategy. There is a relationship between satisfaction and repurchase intentions (Yi, 1990). Halstead and Page (1992) found that satisfaction with the complaint response led to higher repurchase intentions for dissatisfied consumers, i.e. satisfaction with the service recovery process influenced intentions. Spreng, Harrell and Mackoy (1995) found that the largest determinant of overall satisfaction is satisfaction with claims personnel, the service recovery variable; its effect even exceeds the effect of the damage variable, the original cause of the service failure. Their study results support the hypothesis that service recovery dominates overall satisfaction formation and positive intentions.

METHODOLOGY

In this study, the critical incident technique was employed to gather first-hand information regarding service encounter, to assess the relationship of service quality and customer satisfaction from an employee's perspective. This being an exploratory study, we use a convenient sampling approach to collect data. There are approximately a total of eighty hotels that are members of the Hong Kong Hotels Association. From the membership directory, we drew up a list of hotels that are representative of different brands, for instance, national brand vs. regional brand, as well as hotels with 5 star and 4 star ratings. A letter was sent to each of the General Manager of the chosen hotels, which explains the purpose of the study and its signification, to solicit participation.

A trained research associate interviewed a sample of front-line employees of participating hotels. The interview was conducted over a period of four weeks to collect the incidents. Each interview took approximately 30 minutes per employee, prior to or after their work shift or during their recess. During the interview, employees were asked to cite incidents of service encounter results in satisfied and dissatisfied experience that occurred during the last year. A critical incident is an event that can be described in detail, that is, the specific interactions between customers and employees that are especially satisfying or especially dissatisfying. Thus, the unit of analysis for this study is a critical incident occurred in a service encounter (transaction). Once the data are collected, the incident classification system of the CIT was used to categorize the incidents. This analytic induction process consisted of repeated, careful readings and sorting of the incidents into groups and categories according to similarities in the reported experiences. The incident classification system developed by Bitner et al. (1994) was used as a starting point for sorting the data.

RESULTS

A total of 8 hotels participated in this study. In each of the hotel, we interviewed ranging from 2 to 6 employees per hotel. A total of 39 employees were interviewed. Each employee was instructed to cite up to five incidents that called for responses. This ultimately led to perceived customer satisfaction/dissatisfaction. In one hotel, the interviews turned up to be more conversational, with no specific incidents recorded. A total of 117 incidents were reported.

Respondents Profile

Of the 39 employees participated in this study, 23 of them are males. The respondents are relatively young, with half of them of 26 years or younger. About one third of the interviewees have 1 to 3 years of working in their respective hotels while close to half of them indicated that they have worked in this position for the same number of years. Participants in this study are primarily front-line employees, the majority of them working in front office. Supervisors and managers that have direct contacts with the customers are also included in the sample.

Common Complaints and Requests

Each critical incident was systematically categorized through a deductive sorting process into one of the three major failure groups developed by Bitner et al. (1990). These three groups were developed based on a sample of incidents from the hotels: 1) employee response to service delivery system failures, 2) employee response to implicit/explicit customer requests, and unprompted and 3) unsolicited employee actions (Hoffman, Kelley and Rotalsky, 1995).

Service delivery system failures usually are areas that are supposedly under the control of management. It is the product and services that a customer can rightly expect when he or she engages in a transaction with the hotel. Complaints in this area usually stem from the fact that customers receive slow or no service or make a mistake in handling requests. Employees are found not delivering what they suppose to do. Core service failures included all critical incidents that were due to mistakes or other technical problems with the service itself. Three subcategories of core service failures represented: mistakes, billing errors, and service catastrophes. Mistakes are incidents in which the provider was unable to deliver the service. Billing errors occur when incorrect billing and failures to correct billing in a timely manner; whereas service catastrophes are not only failed to provide the appropriate service but actually caused damage to the customer's person, family, pets, or belongings.

Implicit or explicit customer requests are those that for services or products that are beyond the standard procedure. Since we are in the industry of providing hospitality and making the guests happy is our number one concern, any requests that are from our guests, large or small becomes a priority. Examples range from customers want an upgrade of rooms to showing directions to looking for lost items. Unprompted and unsolicited employee actions are those that primarily employee's initiative that they take it upon themselves to take care of matters of the guests without being asked.

Regarding to common complaints and requests are presented, over half of the incidences cited in this study belong to the second category, implicit/explicit customer requests. This is followed by service delivery system failures. Less than 10% of the incidents recalled were of unprompted and unsolicited employee actions nature.

Employee Response to Customer Complain/Requests

Service recovery strategies are those responses of employees to the guests complain or requests. They are grouped in the following categories: 1) compensatory responses, 2) managerial responses, 3) corrective responses, and 4) empathetic responses as reported in Hoffman and Chung's (1999) study.

Compensatory responses are those gratis, discounts, coupons, upgrades and free ancillary services. Some incidents require managerial intervention. Replacement, corrections, and substitutions of products or service are grouped under corrective responses. There are times all employees can do to respond to complains or requests are apologies. These are empathetic response. In this study, one category is added: hospitable responses. These are employee responses that reflect the initiatives of employees that their actions are coming from their heart, and usually are beyond the call of duty, rather than a response to guest's request or complain. Usually these actions involve employees to perform activities outside of the property. About sixty percent of the responses are either corrective or compensatory. The employees usually take care of the problem within their power to please the guests. If it is beyond their control or against the company policy, they apologize and hope that they would calm the guests. About 10% of the incidents can be considered as exhibiting a true sense of hospitality. A majority (80%) of the customers are generally satisfied with the responses they receive per their complain or requests. This is because most of their complaints or requests are met. To make customers happy, hotels are very accommodating with upgrades or complimentary product/service. This is consistent to Hoffman and Chung (1999)'s findings that room upgrades were overwhelmingly evaluated by customers as the most effective response to hotel service failures. Offering upgrades was perceived as much more effecive than offering a room free of charge.

STRATEGIC IMPLICATIONS

For hospitality firm managers seeking to improve customer satisfaction in service encounters, the study has significant implications. The information obtained from this study can aid the management of the hotels in formulating strategy. The findings of this study allow managers, service providers, and researchers alike to view the service experience through employees' eye. Managers must have a good understanding of the variables that have an impact on the interactive process between employees and customers, of what customers want and the extent to which a hotel is meeting those expectations. Criteria can be developed that reflect the customer's perception of service quality. This way companies can develop an excellent service recovery program. The analysis of service failures from the employees' point of view allows managers to minimize the occurrence of future service failures through adjustments in service delivery system, policy formation, and human resources procedures e.g. selection, employee training, performance appraisals, and rewards.

Management Issues

Service excellence can be achieved through investment in training, for managers and front-line employees, so as to develop an awareness of customer's concerns. In order to help managers to provide a conducive environment for their service employees, it is important that managers are 'retrained' and receive support to move form one management style to another and to acquire the skills of coaching and counseling, performance appraisal, quality improvement, communication, teambuilding and empowerment. It is the responsibility of managers to reduce stresses created by such common issues arising from role ambiguity, role conflict, role overload and role incompatibility. Management should encourage staff development, skill building and cross training so that staff can have new or expanded roles and jobs. Moreover, because recovery embraces a management philosophy that places customer satisfaction first, the foundation for successful implementation of recovery efforts must begin with a thorough understanding of the core values customers hold.

Employee Empowerment and Training

The findings of the study provide a basis for the management to design training programs that develop a broad repertoire of responses (range of knowledge) and to define a range of action alternatives that employees can exercise. They reveal what employees need to know by making clear what general information customers consider important in different encounters. It is found that customer loyalty in service industries shows that two-thirds of customers defect because they find service personnel indifferent or unhelpful. In the limited empirical research examining failures and recoveries, Goodwin and Ross (1992) found that when customers are offered an apology or are provided with the opportunity to express their concerns to a service representative that perceptions of satisfaction and fairness are enhanced, particularly when recovery outcomes are favorable. This makes concern for people the cornerstone of service strategy. Because it is more cost effective to retain a customer than it is to attract a new customer, companies should reevaluate their relative budget allocations to these two activities. Firms can and should use service failures to identify service system problems, reduce customer defections, and increase loyalty and positive word of mouth. To improve service quality, service recovery efforts, and customer satisfaction, front-line employees need to be given responsibility and authority to correct problems, without having to get approval from managers. Once a service recovery program is in place, companies should actively encourage complaining behavior. Embassy Suites provides a free stay if the customer is not 100% satisfied, and this guarantee is likely to elicit complaints that would not normally be made. Identifying and contacting consumers who have experienced service failure is a necessary first step in trying to rectify problems.

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ANALYSIS OF DESTINATION ATTRACTIONS AND OVERALL IMAGE DETERMINANTS OF OKLAHOMA AS AN INTERNATIONAL TRAVEL DESTINATION

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and

Suosheng Wang

ABSTRACT

This study explored Oklahoma's underlying attraction dimensions based on a bundle of destination attributes generated through a complex way. Six factors reflecting Oklahoma's images were identified. Their relative importance in predicting Oklahoma's overall image was examined. Among the factors, 'cultural attractions' was found to be the most powerful factor in determining Oklahoma's overall destination image. Through factor analysis and subsequent multiple regression analysis, it is found that highly rated destination dimensions may not be the most important ones influencing destination's overall image. Implications are discussed and recommended.

Key words: Destination Attractions, Image Determinants, Oklahoma

INTRODUCTION

Image is the most important aspect of a tourist attraction from a marketing point of view. An accurate assessment of product image is a prerequisite to designing an effective marketing strategy. Hence, measuring and managing this image is a major priority for destination marketers and researchers. In order to remain competitive, destination marketers must be able to understand how tourists perceive the products and services of the destination. Gartner (1996) pointed out that understanding images held by target markets is essential to avoid moving the image into a position held by an able and strong competitor. Destinations need to project their distinctive images in order to enhance tourism appeal.

Tourism destinations often compete on nothing more than the images held in the minds of potential tourists (Baloglu and McCleary 1999). Developing a competitive position among tourism destinations is usually accomplished by creating and transmitting a favorable image to potential tourists in target markets (Gartner 1993). Search of literature indicates that destination studies has rarely discussed about the image and position of Oklahoma especially from the perspective of international travel, albeit such an understanding should be a prerequisite in designing Oklahoma's tourism positioning strategies and guiding its marketing activities towards. Studies addressing Oklahoma's destination image or attractions are remaining void. It is suggested that, prior to actual promotions or other marketing activities in the international travel market, it is essential for Oklahoma to analyze its destination images.

The purpose of this study is to explore Oklahoma's images as an international travel destination. Specifically, it is attempted to achieve the following objectives:

1) to explore Oklahoma's underlying image dimensions as perceived by international tourists;
2) to identify the important destination dimensions in determining Oklahoma's overall image as an international travel destination.

LITERATURE REVIEW

Given the importance of destination image study, this topic has been a popular topic discussed by many tourism researchers. Gunn (1972) defined images as being formed either on an induced or organic level. While little can be done to influence organic image, marketers can induce an image by investment in promotion (Gunn 1988). Crompton (1979) defined image as the sum of beliefs, impressions, ideas, and perceptions that people hold of objects, behavior, and events. Fakeye and Crompton (1991) pointed out that destination image is conceptualized as evolving from an organic image, through an induced image, to a complex image. According to Gartner (1996), "destination images are made up of three distinctly different but hierarchical interrelated components: cognitive, affective, and conative. The interrelationship of these components ultimately determines predisposition for visitation" (p457).

To completely measure destination image, Echtner and Ritchie (1993) suggested that several components must be captured. These include attribute-based images, holistic impressions, and functional, psychological, unique, and common characteristics. Images of the tourism product and the destination are composed of the perceptions of individual attributes (such as climate, accommodation facilities, friendliness of the people) as well as more holistic impressions (mental pictures of imagery) of the place. Destination image characteristics can be classified as functional (e.g., climate, prices, roads, nightlife, mental picture of physical characteristics) and psychological (e.g., friendly people, generally safe, general feeling and impression of the atmosphere of the place).

Concerning the importance of destination attractions influencing destinations' overall attractiveness, Chen and Hsu (2000) pointed out that, 'although previous studies have developed critical attributes tied to tourists' destination images, leading attributes that would help tourism scholars and practitioners measure the total attractiveness of a destination are still unknown'(p.411). Based on their study, Chen and Hsu observed that the leading factors assessing the overall destination attractiveness might not be those highly rated image attributes, thus argued that agreement ratings of destination image attributes might not be an accurate measurement of the overall attractiveness of a destination. Suppose that the argument is true, one significant implication for practical destination marketing is that marketers should not constrain their focus and resource on promoting those highly rated attractions, since those attractions may not be tourists' most concern in perceiving and assessing its overall image or attractiveness. However, it seems that more empirical studies are needed to make this finding robust. In order to further testify their observations, one hypothesis is developed as follows:

Ho: The leading factors predicting the overall destination image is consistent with those highly rated attraction dimensions;
Ha: The leading factors predicting the overall destination image is not consistent with those highly rated attraction dimensions

RESEARCH METHOD

This study uses a descriptive research method, aiming to explore and identify the image dimensions of Oklahoma as perceived by international visitors.

Survey Instrument

The data was part of a big survey covering a wider range of purposes. The original questionnaire consisted of several sections. For the section of destination-based attributes, respondents were asked to rate their level of agreement to destination attraction statements using a five-point Likert scale ranging from "strongly disagree - (1)" to "strongly agree - (5)". The information about destination attributes, respondents' travel characteristics; and socio-demographic data was clipped for the use of this study.

To create a list of destination attributes for the survey, previous destination image studies (Echtner and Ritchie 1991, Phelps 1986 and Gartner 1989) were referenced. Related publications and promotional brochures on Oklahoma's tourism attractions was reviewed. An interview was conducted with some of OTRD marketers and researchers in charge of Oklahoma's tourism promotion. As a result, 27 items were selecting to depict Oklahoma's destination attractions. In terms of Oklahoma's overall attractiveness or image, two items with 5-point Likert-scale were used as indicators of the overall attractiveness. A pilot test was conducted to examine the content validity and reliability of the questionnaire before the survey was undertaken. The questionnaire was developed in English, and then translated into German, French, and Spanish.

An orientation meeting was held at the OTRD building attended by the OTRD tourism marketing managers in charge of the welcome centers and tourism development and research. Due to the rarity of international visitors visiting Oklahoma, a convenience sampling was employed to collect the data. The survey started from August 2002 and was eventually conpleted at the end of November. As a result, 202 usable questionnaires were obtained

Data Analysis

Data was entered into the Statistical Package for Social Sciences Windows Version 10.0 (SPSS) program and analyzed accordingly. Factor analysis was used to group the destination into a smaller set of dimensions. The oblique principal-component method was used. Multiple regression analyses are employed to determine the impact of destination dimensions on the overall destination image. Destination dimensions, which are extracted from factor analysis, are used as independent variables, while Oklahoma's overall image was treated as the dependent variable.

RESULTS

Respondents' Profile

Respondents' demographic profile is presented in Table 1 (omitted for brevity reason). Table 1 shows that the majority of respondents are male (59.4%), with females representing 37.1% of the sample. In terms of age, the main age groups are those between 41 and 50 years (28%), 51-60 years (25%), and 31-40 years (22%). The majority of respondents were first time visitors (61.2%). And most of them are pleasure tourists (55.8) and VFR (visiting friends and relatives - 18.6%).

Destination's Underlying Dimensions

The results of factor analysis is presented in Table 2. Six dimensions comprising 26 saliently loaded items emerge from the analysis which, accordingly, are labeled as 'cultural attractions'(F1), 'traveling conditions'(F2), 'outdoor recreations'(F3), 'peculiar landscape'(F4), 'local attitudes'(F5), and 'nightlife/shopping'(F6). The factors explained 68.20% of the variance with eigenvalues ranging from 1.14 to 9.50. The Cronbach's alphas for the six factors range from 0.746 to 0.885, all above the minimum value of 0.50, which is considered acceptable for research in its exploratory stages (Nunnally 1978).

Table 2: Oblique Factor Analysis Results (Rotation Method: Promax with Kaiser, n=202)

Factor 1 - Cultural Attractions	Loadings	c15-lots of recreational facilities/activities	.683
c4-beautiful western arts and crafts	.838	c18-wonderful golfing	.681
c3-interesting museums	.812	c10-attractive pristine wilderness	.634
c1-interesting native American history	.774	c11-beautiful state parks/lakes	.631
c2-a taste of the cowboy life and culture	.696	Factor 4 – Peculiar Landscape	Loadings
c7-interesting festivals/activities	.653	c8-spectacular scenery	.757
c6-appealing American Indian attractions	.600	c9-a land of startling contrast	.750
c5-attractive country & western music	.545	c12-unspoiled eco-systems	.634
Factor 2 – Traveling Conditions	Loadings	Factor 5 – Local Attitudes	
c27-moderate prices	.821	c16-friendly local residents	.913
c26-convenient local transportation	.775	c17-helpful local residents	.897
c25-easy accessibility	.753	Factor 6 – Nightlife/Shopping	Loadings
c13-moderate climate	.678	c22-wide variety of accommodations	.746
Factor 3 – Outdoor Recreations	Loadings	c21-interesting nightlife	.704
c19-alluring water activities	.856	c24-great variety of shopping goods	.668
c20-adventurous activities	.779	c23-appetizing local food/cuisines	.613

	F1	F2	F3	F4	F5	F6	
Eigenvalue	9.50	2.37	1.96	1.53	1.23	1.14	
Variance (percent)	36.54	9.13	7.53	5.90	4.72	4.39	
Cumulative variance (percent)	36.54	45.67	53.20	59.09	63.81	68.20	
Cronbach's alpha	.847	.815	.831	.746	.885	.782	
Summated Mean	3.91	3.53	3.62	3.69	4.27	3.61	
Number of items (total=26)	7	4	6	3	2	4	

Determinants of Overall Image

Two items - respondents' intention to revisit Oklahoma and their attitude for attracting new visitors – were used as a converging indicator of Oklahoma's overall image. Reliability analysis was used to test these two items' internal consistency which is 0.754. The average mean of these two items is 4.0, indicating that respondents perceive fairly positive about Oklahoma's overall image. The result of multiple regression analysis of the destination dimensions against the dependent variable of 'overall image' using backward method is illustrated in Table 3.

Table 3: Results of Multiple Regression Analyses

R^2 =.608, Adjusted R^2 = .596

	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.402	5	9.080	48.784	.000
Residual	29.223	157	.186		
Total	74.626	162			

Variables in the Equation

Variable	B	Beta	t	P	VIF	Condition Index
Constant	.345		1.285	.201		
Cultural Attractions	.708	.614	8.075	.000	2.321	1.000
Traveling Conditions	-.323	-.324	-4.501	.000	2.072	16.777
Outdoor Activities	.356	.288	4.316	.000	1.789	19.730
Peculiar Landscape	.336	.318	4.886	.000	1.694	21.390

Dependent Variable: Overall image

The standardized regression coefficient 'beta' is used to indicate the relative importance of each dimension contributing to the overall image. Based on the Beta, the most important dimension is 'cultural attractions' (Beta = 0.614), followed by 'traveling conditions'(-0.324, which has a negative effect on the dependent variable) , 'peculiar landscape'(0.318), and 'outdoor activities'(0.288). Compared with other three dimensions' beta, 'cultural attractions' is the most powerful predictor.

DISCUSSION, IMPLICATIONS & CONCLUSION

Six underlying dimensions were identified and used to delineate Oklahoma's destination images. The factor of 'local attitudes' got the highest ratings (summated mean of 4.27). The 'cultural attractions' factor ranks second in terms of summated mean ratings (3.91), which is very close to 4 indicating respondents' positive agreement on its attractiveness. This factor did not obtain a higher mean score as expected. This may be partly because that the attributes representing this dimension are not the most attractive or distinctive features representing Oklahoma's image or at least they may not be solely belonged to Oklahoma. One implication might be that a comparison study needs to be conducted with other mid-western states in terms of native American attractions. Stabler (1988), Gregory (1989) and Shaw and Williams (1994) suggested that places may project distinctive images as a reflection of the uniqueness of their specific local environment, culture and economy. However, travel consumers prefer destinations with strong and salient images (Woodside and Lysonski 1989). Other dimensions' summated scales are just a little bit higher than the neutral point of 3, showing that the respondents have not given a highly positive consideration of the attractiveness of other dimensions. In terms of Oklahoma's natural attractions, it is a surprise that two nature-related factors which are considered by Oklahomans as its major attractions– 'outdoor activities' and 'peculiar landscape' were not perceived very positively by the respondents. Again, Oklahoma marketers should not isolate the evaluation of its attractions or images, but rather to compare these attractions with other states.

It is observed that two factors - 'local attitudes' and 'nightlife/shopping' were not included in the predicting model. As for 'nightlife/shopping', it has got a significant relationship with the dependent variable, it is excluded from the model because its partial relationship is not significant. Concerning 'local attitudes', there was no significant relationship found with the dependent variable. Could it mean that this dimension with the highest summated scale has no importance in determining destination's overall image? Previous research comments that local people's attitudes are an important factor in attracting tourists but need to be handled moderately. On one hand, residents' negative reaction towards tourists could sharply decrease travelers' satisfaction and severely damage a community's image (Pearce 1980). On the other hand, tourists may have their vacation spoiled or enhanced by local attitudes (Knox 1982). Therefore, though the dimension of 'local attitude' does not remain in the predicting model, its basic role in forming the overall image and maintaining tourists' satisfaction should not be ignored.

Recall that the null hypothesis of this study is that the leading factors predicting Oklahoma's overall destination images are consistent with those highly rated image dimensions. In this study, the most important determinant is 'cultural attractions', which is not the factor with the highest summated scale. The factor with the highest summated scale is 'local attitudes', which is excluded from the predicting model. Hence the null hypothesis has to be rejected. This result is consistent with the observation made by Chen and Hsu (2000). They found that the leading factors assessing the overall destination attractiveness were not those highly rated destination attributes. It thus further verifies that agreement ratings of destination attributes or dimensions may not be an accurate measurement of destination's overall images. A practical implication for this is that local tourism marketers should not limit their promotional efforts and resources to the highly rated destination dimensions, marketers also need to understand which factors are more important in contributing to destination's overall images. This study indicates that, as for a moderate attractive destination like Oklahoma, the identified destination dimensions should not simply be considered or used as their distinctive images before a further step is taken to compare these image dimensions with other competitors possibly sharing a similar image pattern.

Prior to this research, Oklahoma has rarely caught researchers' attention in exploring its destination images as perceived by international travelers. This study is a first attempt in examining its image and attraction features. Data collection especially on international visitors from a moderately popular destination like Oklahoma proves to be difficult as not so many international visitors come to visit the place. This study can serve as a foundation for further research on how to position and promote Oklahoma in the international travel market. Practically, the identification of Oklahoma's destination images would help local tourism marketers to have a better understanding of its marketing position thus can promote its products in a more effective and efficient way.

One shortcoming of this research is that, due to a wide dispersion of the respondents' demographic data such as respondents' 'country of origin', an expected image difference analysis across major market segments (i.e. Germany, Canada, the United Kingdom, and Mexico) has not been able to be conducted. Given that tourists from different countries and cultures may have different perceptions, further research is recommend to focus on specific market segments and identify their respective perceptions.

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MANAGING AT AN ATTRACTION LEVEL: FAILURE TO SEE THE STRATEGIC WOOD FOR THE OPERATIONAL TREES

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ABSTRACT

This paper presents the findings from an exploratory study into managerial skills in the Scottish visitor attraction sector. It provides an insight into the range, diversity and perceived importance of current and future skills. The main findings highlight a focus on operation and self-management skills, with less emphasis given to strategic skills.

PROBLEM STATEMENT

Recent international and national incidents, global economic downturn and concerns over personal safety are impacting on Scottish Tourism, leading to concerns regarding its competitiveness. 'There is a perception of Scotland as a declining venue for visitors' (Lennon, McDairmid & Graham, 2001:158). The visitor attraction sector is seen to be a fundamental constituent of Scottish Tourism, playing a major role in enhancing the visitor experience in Scotland. A visitor attraction can be identified as: 'A permanently established excursion destination, a primary purpose of which is to allow public access for entertainment, interest or education... It must be open to the public for published periods each year, and should be capable of attracting tourists or day visitors as well as local residents.'(Scottish Tourist Board, 1991:1)

The visitor attractions sector in Scotland is becoming increasingly diverse, with globalisation adding to an already competitive environment. The issue of skills and competence requirements for managers in this sector has increased in importance and hence forms the central loci of this paper. The importance of having managers with appropriate skills has been recognised as fundamental to the success of Scottish Tourism. In particular, 'Tourism People' (an industry - led body whose role is to invest in the development people who work in the industry) sees management and leadership development as a priority (Watson and Drummond, 2002). Although research has been undertaken into generic current managerial skills and knowledge, little work has been conducted on identifying skills and knowledge requirements for managers in visitor attractions either now or in the future. The aim of the research is to examine the range and importance of current and future managerial skills in the visitor attraction sector.

THEORETICAL FRAMEWORK

The subject of developing management skills and competences and their potential role in contributing to organisational success has received much attention (Hamel, 1994). Stinchcombe (1990:63) contends that the foundation of an organisation's capabilities is the competences of its individual members. This has led to a competence-based approach to management development being suggested as one-way forward (Talbot, 1997). Such competence-based approaches rely heavily on the notion of identifying a range of specific skills and knowledge, which encompass all aspects of a manager's work. The approach taken in the UK, has been to develop agreed classifications of what managers 'do' rather than what management 'is', as noted by the skills, knowledge and understanding needed by managers. The ability of a manager to function successfully in the workplace is then measured against these competences. As Day (1988) articulates, it is related to 'the ability to put skills and knowledge into action.' Winterton et al. (2000) in a comprehensive review of UK and USA based literature, present a range of competences and competencies that will be required of successful managers in the future. Such competences considered to be critical include: possessing knowledge based on a technical speciality; ability to see and act beyond local boundaries; learning and innovation; managing change; flexibility; group oriented view of leadership, and transformational leadership. Competences, identified as being important are: facilitation skills; communication across national boundaries; self-reliance; responsibility; self-monitoring, and ability to learn from experience. Finally, critical capabilities that organisations need to have in place are: shared value; trust; honesty; sustainable development; influence; instinct and judgement, and learning.

The ability to exercise both technical expertise and management skills to identify and implement productivity improvements is clearly imperative to operational success. Jacobs (1989) proposes that attention needs to be paid to the development of both systems and people in the operation, i.e. the 'hard' or technical aspects of management and the 'soft' or behavioural characteristics. In support of this, the McKinsey 7-S framework, initially developed by Peters and Waterman (1982), illustrates that organisational capability is influenced by the 'soft' elements of style, staffing, skills, and shared values, in addition to the traditional 'hard' areas of strategy, structure and systems (Fifield and Gilligan, 1997).

Although the above discussion centres on generic managerial competence and competencies, there has been a burgeoning interest in understanding what are the most important managerial skills and competences for managers in the tourism and hospitality industries. Much of this research has focused on identifying core managerial skills. For example Hay (1990) examined core managerial competences and characteristics, which are essential in a rapidly changing world. Tas (1988) and Christou and Eaton (1997) identify the most important competences for hotel general management. In essence these surveys all appeared to identify 'soft' or 'human relation' associated competences as being the most significant. More recently, Kay and Rusette (2000:55) conclude that although most essential hospitality managerial competencies 'fall under the rubric of leadership and interpersonal skills ' technical knowledge of product-service' and 'adapting creatively to change' were also rated as essential. Ladkin (1999:170) when reviewing the empirical research into hotel managers found that four principal roles of entrepreneur; cost controller; marketeer, and service and quality control assurance, could be identified. A Skills Task Force commissioned report, designed to investigate the nature, extent and pattern of skill needs and shortages in the UK leisure sector, found that in the leisure sector there were major skills gaps among the existing workforce, including: entrepreneurial and management skills; IT and customer care skills and the training of volunteers (Keep and Mayhew, 1999: 2). Also receiving some attention in the literature has been research that has specifically attempted to identify the importance of managers possessing a balanced range of skills and competencies (Ladkin and Riley, 1996). Carper (1993) indicates that there is support for operational skills training, but hotel managers acknowledge the growing importance of managerial skills in enhancing the performance of the hotel. Perdue, Ninemeier and Woods (2000) in researching competencies required for Country Club Managers found that they need expertise in accountancy & finance, human and professional resourcing and food and beverage management. This brief overview of the research into managerial competence serves to reinforce the fact that researchers have been preoccupied with examining the hotel sector, and have neglected other sectors of the tourism industry.

Swarbrooke (1995: 363) interprets the following issues to be important for the future success in managing visitor attractions: increased emphasis on quality; flatter structures and empowerment of staff; more emphasis on recruitment, development, appraisal and performance related pay; increased use of integrated computerised management information systems; increased professionalism of managers; greater emphasis on marketing, and a focus on ethical and social responsibility.

RESEARCH QUESTIONS

In an earlier phase of this research (see Watson and McCracken, 2002) the views of experts at the strategic level of Scottish tourism regarding skills requirements of managers in visitor attractions were gathered. This information along with that uncovered in the literature reviewed above was used to design a questionnaire to elicit managers' views on the importance of stated managerial skills, both now and in the future. In constructing the questionnaire the main objective was to address two research questions:

- Which skills/competences and competencies do managers in Scottish visitor attractions consider most important both now and in the future?
- Are the skills identified consistent with the views of strategic experts and authors in this area?

METHODOLOGY

By using theories on skill requirements and the views of experts in the industry, a deductive or positivist stance was adopted where attempts were made to see if the skill requirements reported elsewhere were relevant in the visitor attraction sector (Gill and Johnson, 1991). A process of categorisation was undertaken and the skill statements were reworded to encompass the views from the literature and industry experts. The categorisation was intended to make the questions flow more logically, and form a basis for analysing the data. Table 1 provides a breakdown of the number of skill items within each skill category in the questionnaire. After piloting the questionnaire and performing a factor analysis to assess the validity of the skills statements, the final survey instrument contained 37 skills statements divided into four categories. Respondents were asked to rate current and future importance of the skill on a five point Likert scale. The lowest rating equated to 'no' importance, and the highest option in terms of importance was labelled as 'essential'. The questionnaire also included six factual biographical questions (name, age, job-title, experience, education, and gender) and four open-ended questions where the manager could provide contextual information regarding the attraction, including size, ownership and training and development provided. In addition to completing the ratings of managerial skills, respondents were asked to identify what they saw as the top three skills required of attraction managers.

Table 1: Skill Categories and Items in Questions

Category	Antecedents (From literature & interviews)	Number of items listed
Strategic/ General Management	Analysing external environment: networking: balancing stakeholder contradictions: benchmarking: creating shared values: knowledge management: commercial/ecological and external funding	8
People Management	Attracting, recruiting and leading employees: motivating & enthusing, training & development: teambuilding: skills shortages: openness trust: managing diversity & conflicts	8
Self Management	Influence: enthusiasm: self-reliance: learning; creativity & innovation: ambassador	6
Operational	Pricing: budgeting: planning: marketing: technology: enhancing visitor experience: decision-making: promotion: customer focus: marketing: quality enhancement: languages: legislation: honesty: safety & security	

The 2000 Scottish Tourist Board Visitor Monitor identified 963 visitor attractions in Scotland, (Lennon et al, 2001:2). The sample of all visitor attractions (396) charging either an entrance fee or a fee to some part of the site, (guided tour or special displays), was chosen for this study. The reason for selecting this sample is that these attractions have to compete commercially with other tourist or leisure attractions, therefore, managerial skills, competence and capability are fundamental to the attraction's success. The rationale behind this process of sample selection can be aligned with the theoretical sample selection method (Glaser & Strauss, 1967), based on the premise that it is important to select respondents who will maximise theoretical development. It can also be aligned to purposive sampling (Sarantakos, 1998), where attempts are made by the researcher to purposely choose subjects who, in their opinion, are thought to be relevant to the research topic. The questionnaires were mailed to managers in October 2001. A second mailing took place in early December. After the two mailings, 107 useable completed questionnaires were received, giving a response rate of 27%.

RESULTS AND FINDINGS

The full range of attractions featured in the sample. The two largest groupings were the Interpretation and Visitor Centres (18%) and Museums and Art Galleries (20%) whilst Historic Houses and Sites represented 15% of the returns. This is representative of the sector as a whole (Lennon et al, 2001:2). The vast majority who returned a questionnaire (91%) charged an entrance fee to the attraction with a further 9% to some part of the site (guided tour or special displays). Forty four percent of the respondents described themselves as general managers, 21.7% as directors and 34.2% as supervisors/officers. In terms of permanent staff, on average there were 5.4 full-time employees, 3.7 part-time and 4.4 volunteers, supplemented by an average seasonal workforce of 3.6 full-time, 4.9 part-time and 4.6 volunteer staff. Indicative of the prevalence of small businesses is the finding that 56% of the respondents employed less than ten people, with only three percent reporting employing 100 staff or more. The predominance of small businesses is also evidenced when examining the attractions in relation to number of visitors, with 25% indicating that they had received 5000 visitors or less in the previous year, and only five percent of the sample reporting numbers of over 125,000.

In relation to the biographical data of the respondents there were some notable statistics. The gender breakdown was 55% male (average age of 51 years), 44% female (average age of 46 years) indicating a relatively high percentage of female managers in this sector. The age profile reveals that 49% of the respondents are between 35-54 years of age, with a further 35% over 55 years, with the average age being 49.2 years. Sixty eight percent of the visitor attraction managers in this sample had been working in this sector for four years or more with 64% of them being in their current place of work for four years or more. Furthermore 24% of respondents have been in their current position for at least 12 years. In terms of qualifications, 45% of the sample was educated to degree level or above and 20% possessed diplomas in various disciplines. These findings portray a managerial profile of maturity, long service and relatively high qualification when compared to general hospitality managers (HCTC, 1994).

The respondents were asked to detail training and development received for their present positions. What is pertinent here is that 41% of the managers indicated no training for their current role, with a further 13% attesting that they had learnt solely from experience. For those managers who provided specific details of training there appeared to be an emphasis on operational (10%)and general management skills (10%). For example management qualifications and short courses on change management, performance improvements and customer care. Receiving less attention was self-management (3%) and people management (6%) training and development.

Table 2: Current Skills for Managers in Scottish Visitor Attractions

	Current Importance			
Skills statement	Rank (Overall)	Skill Cat.	Mean	Std Deviation
Being enthusiastic and committed	1 (E)	SM	4.79	0.476
Dealing honestly in business	2 (E)	OS	4.69	0.556
Providing a safe and secure environment for visitors	2 (E)	OS	4.69	0.556
Acting as an ambassador for the attraction	4 (E)	SM	4.58	0.700
Managing visitors' needs with understanding and sensitivity	5 (E)	OS	4.55	0.678
Establishing trust between staff and management	6 (E)	PM	4.51	0.886
Self reliance skills	7 (E)	SM	4.50	0.731
Marketing the attraction effectively	8 (CI)	OS	4.44	0.848
Motivating and enthusing employees	9 (CI)	PM	4.44	0.859
Effectively managing change in the organisation	10 (CI)	OS	4.40	0.678
Being creative and innovative	11 (CI)	SM	4.39	0.749
Ensuring budgeting procedures are effective	12 (CI)	OS	4.37	0.787
Encouraging team-working	13 (CI)	PM	4.36	0.958
Willingness to learn new skills	14 (CI)	SM	4.35	0.753
Keeping up to date with relevant legislation. For example H & S and Employment	15 (CI)	OS	4.35	0.848
Maintaining the commercial viability of the attraction	16 (CI)	OS	4.35	0.902
Persuasion and influencing skills	17 (CI)	SM	4.34	0.835
Attracting and recruiting appropriate staff	18 (CI)	PM	4.33	0.888
Ensuring the attraction meets external quality standards	19 (CI)	OS	4.28	0.806
Harnessing individual knowledge for the benefit of the organisation	20 (CI)	S/GM	4.27	0.911
Leading the organisation's employees	21 (CI)	PM	4.23	1.021
Training and developing staff	22 (CI)	PM	4.18	1.044
Implementing and maintaining an appropriate pricing strategy	23 (CI)	OS	4.12	0.840
Creating and maintaining shared values in the organisation	24 (CI)	S/GM	4.12	0.863
Effectively managing diverse employee groups (volunteers and seasonal workers)	25 (CI)	PM	4.06	1.114
Networking with other organisations and agencies	26 (CI)	S/GM	3.80	1.041
Using the Internet to promote and sell the attraction	27 (CI)	OS	3.79	0.997
Identifying skills shortages in the organisation	28 (CI)	PM	3.69	1.068
Making decisions based on limited information	29 (CI)	OS	3.60	1.057
Securing funding from external sources	30 (CI)	S/GM	3.55	1.500
Using technology in managerial decision-making	31 (MI)	OS	3.34	1.072
Balancing the commercial demands and ecological impacts of the organisation	32 (MI)	S/GM	3.31	1.235
Analysing how the external global tourism environment effects the organisation	33 (MI)	S/GM	3.27	1.117
Using technology to enhance the visitor experience	34 (MI)	OS	3.23	1.095
Ensuring the attraction has foreign language(s) provision	35 (MI)	OS	3.23	1.116
Bench-marking against international standards	36 (MI)	S/GM	3.17	1.147
Balancing the contradictions between various stakeholders (any group who has an interest in the organisation)	37 (MI)	S/GM	2.82	1.419

Mean values: 2.50-3.49 = Moderately Important; 3.50-4.49 = Considerable Importance; 4.50 and above = Essential: Skills Cats: Strat = Strategic/General management skills; PM = People management skills; OS = Operational management skills; SM = Self-management skills (E) = Essential; (CI) = (Considerably Important); (M) = Moderately Important

The main part of the survey focused on the current and future importance of skills/competences and competencies (generated from the literature review and key respondents). The general managers' mean responses and standard deviations for the 37 statements on the importance of various skills both now and in the future are shown in rank order, in Tables 2 and 3. As well as the means for each of the skill statements, the skill category and rankings are included as discussed in the methodology.

Table 3: Future Skills for Managers in Scottish Visitor Attractions

	Future Importance			
Skills statement	Rank (Overall)	Skill Cat.	Mean	Std Deviation
Being enthusiastic and committed	1 (E)	SM	4.80	0.444
Providing a safe and secure environment for visitors	2 (E)	OS	4.78	0.436
Dealing honestly in business	3 (E)	OS	4.70	0.555
Acting as an ambassador for the attraction	4 (E)	SM	4.64	0.618
Marketing the attraction effectively	5 (E)	OS	4.64	0.743
Managing visitors' needs with understanding and sensitivity	6 (E)	OS	4.58	0.630
Being creative and innovative	7 (E)	SM	4.55	0.662
Motivating and enthusing employees	8 (E)	PM	4.52	0.695
Establishing trust between staff and management	9 (E)	PM	4.52	0.833
Self reliance skills	10 (E)	SM	4.51	0.705
Maintaining the commercial viability of the attraction	11 (E)	OS	4.50	0.769
Willingness to learn new skills	12(CI)	SM	4.46	0.677
Ensuring budgeting procedures are effective	12 (CI)	OS	4.46	0.682
Encouraging team-working	14 (CI)	PM	4.45	0.762
Keeping up to date with relevant legislation. (Health and Safety and Employment)	15 (CI)	OS	4.44	0.782
Attracting and recruiting appropriate staff	16 (CI)	PM	4.44	0.819
Persuasion and influencing skills	17 (CI)	SM	4.40	0.823
Ensuring the attraction meets external quality standards	18 (CI)	OS	4.39	0.769
Harnessing individual knowledge for the benefit of the organisation	19 (CI)	S/GM	4.38	0.794
Training and developing staff	20 (CI)	PM	4.31	0.902
Using the Internet to promote and sell the attraction	21 (CI)	OS	4.28	0.810
Leading the organisation's employees	22 (CI)	PM	4.27	0.695
Creating and maintaining shared values in the organisation	23 (CI)	S/GM	4.26	0.840
Effectively managing diverse employees (volunteers and seasonal workers)	24 (CI)	PM	4.21	1.016
Implementing and maintaining an appropriate pricing strategy	24 (CI)	OS	4.21	0.784
Effectively managing change in the organisation	26 (CI)	OS	4.17	0.849
Networking with other organisations and agencies	27 (CI)	S/GM	4.00	1.089
Identifying skills shortages in the organisation	28 (CI)	PM	3.91	0.982
Securing funding from external sources	29 (CI)	S/GM	3.73	1.489
Using technology in managerial decision-making	30 (CI)	OS	3.64	1.075
Using technology to enhance the visitor experience	31 (CI)	OS	3.62	1.103
Making decisions based on limited information	32 (CI)	OS	3.59	1.008
Analysing how the external global tourism environment effects the organisation	33 (CI)	S/GM	3.55	1.140
Balancing the commercial demands and ecological impacts of the organisation	34 (CI)	S/GM	3.53	1.280
Bench-marking against international standards	35 (CI)	S/GM	3.50	1.227
Ensuring the attraction has foreign language(s) provision	36 (MI)	OS	3.48	1.097
Balancing the contradictions between various stakeholders	37 (MI)	S/GM	3.00	1.041

Current Skills

The responses were analysed in the same way as Tas (1988). In his study Tas (1988) categorised competency responses as follows: those with a mean value over 4.50 were rated as essential; when a mean rating was between 3.50 and 4.49 it was deemed to be of considerable importance, and when the mean rating was between 2.50 and 3.49 the skill was rated as moderately important. By using this approach, there were seven skills that managers rated as essential, 23 were of considerable importance, and the remaining seven were considered to be moderately important. According to the responses, at the top of the essential scale was, ‘being enthusiastic and committed’, followed by ‘dealing honestly in business’. According to the mean response ratings at the bottom of this scale was ‘balancing the contradictions between various stakeholders (any group who has an interest in the organisation)’ (M=2.82).

Table 4: Top Three Skills required by Attraction Managers

Skill Category	Totals	Skill Category	
Self- Management	107	Operational	89
Leadership skills: (81)		**Customer care (19)**	
Enthusiasm	21	Welcoming to customers- creating good impression	7
Commitment, tenacity and dedication	16	Managing visitor needs / customer service and care	7
Flexibility (adaptability)	11	Ensuring staff deliver quality and customer care	4
Being a good leader	10	Family oriented	1
Vision/Shared values	7	**Organisational skills (49)**	
Creativity and innovation	4	Communication, public and staff	16
Approachable/ Encouraging	9	Financial, pricing and budgeting	14
Establishing trust between staff and management	1	Maintaining commercial viability	10
Managing change	1	Administration	4
Self- Managing	1	Working competently with staff and visitors	3
Personality Attributes (26)		Keeping attraction clean and tidy	1
Sincere / honesty / trust / reliable / patience / fair	10	Securing external funds	1
Pleasantness and attitude/ Confident/decisive	8	**Marketing: (21)**	
Sense of humour	4	Market, present and promote attraction effectively	20
Professional and efficient /experienced	2	Merchandising	1
Common-sense	1		
Resourceful and self reliant	1		
People Management	**69**	**Strategic**	**29**
Motivation of staff	20	Knowledge and interest of attraction and tourism (local and further a field)	16
Training & Development	17	Ability to deal with a wide range of issues	7
Building Teams	15	Continuous benchmarking	3
HRM / People management	11	Balancing visitor needs with conservation	1
Selection	4	Harnessing individual knowledge	1
Managing diverse range of staff	2	Networking	1

Future Skills

When the mean response ratings for the future skills were calculated, eleven skill statements corresponded to the essential category. In the final section of the questionnaire the respondents were asked to indicate what they felt to be the three most important skills that a visitor attraction manager requires. Nine respondents chose not to complete this question. Table 4 summarises the responses given by the 98 respondents who did complete this question. These responses reinforce the findings from the central part of this study by illustrating that strategic skills were less important than operational skills. However, self-management skills encompassing leadership and personality attributes that influence their capability were cited most often. The single most frequently mentioned requirement was simply being enthusiastic. This concurs with findings from the Likert scale survey where the statement ‘being enthusiastic and committed’ received the highest mean both now and in the future.

DISCUSSION

At a general level, the mean importance ratings given to all skills can be seen to be relatively high. This portrays a high degree of homogeneity in the sample, with none of the skills identified as unimportant, either currently or in the future. The diversity of the attractions involved, in relation to size, type and location, could have resulted in greater divergence of views. In examining essential skills, it is interesting to note the predominance of both operational and self-management skills, both now and in the future. Providing a safe and secure environment was not identified as a being essential in the literature, but was raised as an area for attention through the key informant interviews. It is likely that the timing of the survey, close to a major international terrorist incident, and the outbreak of foot & mouth in the U.K. influenced the results in this area. Other operational areas rated as essential focus on marketing and customer care, which have been found to be important in other hospitality studies (Keep & Mayhew, 1999; Swarbrooke, 1995) and by key informant interviews. Honesty identified as a critical capability by Winterton et al, (2000) was also rated as essential.

In relation to self-management skills it can be seen that those rated as currently essential include self-reliance, an important competence identified in the Winterton et al (2000) study. The authors also highlight the importance of personal competences for managers including 'being enthusiastic and committed' and 'acting as an ambassador for the attraction'. Both of these are rated as essential in this study. These can also be seen as part of the 'rubric of leadership' articulated by Kay & Russette (2000). Although 'being creative and innovative' is rated as considerably important currently (M=4.39), it is seen as being essential in the future. Willingness to learn new skills to cope with change was also rated considerably important, but it is seen to be of greater importance in the future, by attraction managers. These results concur with both generic and industry specific studies (Winterton at al, 2000: Kay & Rusette, 2000) that present such skills as being critical.

Although, the literature and industry informants identified 'soft' or human relation skills as being important (Jacobs, 1989; Christou & Eaton, 1997; Perdue et al, 2000), the managers in this sample identified only 'establishing trust between staff and management' as being currently essential, with 'motivating and enthusing staff ' also rated essential in the future. Establishing trust between staff and management is presented by Winterton et al. (2000) as being crucial to future success. This relative lack of emphasis on people management skills is different from an earlier study of managerial skills on the top 40 Scottish visitor attractions which reported a much higher rating of these skills (Watson & McCracken, 2002). Although the ability to 'effectively manage diverse employee groups, including volunteers and seasonal workers' was perceived to be considerably important by managers both now and in the future, when examining where it is ranked [25^{th} (now) and 24^{th} (future)], this places it in the third quartile in terms of importance. This is surprising, given the reliance on both types of employees in this sample, its importance in the literature (Swarbrooke, 1995) and as intimated by the key informants. Maintaining the commercial viability of the attraction was rated as essential in the future (M=4.50). In a similar vein, the need to market the attraction effectively was also rated as essential, both now and in the future. These are skills that both the literature and the interviewees identified as being fundamental to the future success of visitor and tourist attractions (Swarbrooke, 1995; Ladkin, 1999, Fyall, 2002). Understanding and meeting customer needs was also seen as being essential, now and in the future, which supports Keep & Mayhew's (1999) concern for customer care.

It is also interesting to note that the analysis revealed a distinct lack of 'strategic/general management' skills being seen as essential either now or in the future, with the highest ranking skill in this category being ' harnessing individual knowledge for the benefit of the organisation' at 20th currently and 19th in the future. Although identified as critical by the key industry experts, the managers in this survey did not see networking, external awareness and international benchmarking as essential. When examining both the results of the Likert scaling and the top three skills intimated by the respondents, it is evident that strategic management skills were not perceived as being of high importance. Currently four strategic management skills were rated as moderately important and they were the least cited skills, when mangers were given the opportunity to indicate the top three priority skills requirements. These results support the findings of other researchers within the hospitality industry, who exposed an emphasis on operational type skills (Geurrier & Lockwood, 1989, Carper, 1993). However, Winterton et al. (2000) highlighted the need for all managers to be able to think and act strategically as being vitally important. Generally, information technology skills were not rated On the one hand it was reassuring that, 'using the Internet to promote the attraction' was seen as being considerably important, however 'using technology in managerial decision making' and 'using technology in enhancing the visitor experience', were rated as moderately important. These increase in importance in the future, but achieve relatively low rankings. A feature of the literature (Swarbrooke, 1995; Keep & Mayhew, 1999) and the preliminary work underpinning this study (Watson and McCracken, 2000) articulated the need for greater use of Information Technology in this sector.

Finally, an interesting feature of the results is the lack of importance given to the provision of foreign language by the respondents, both now and in the future. This was seen as being important by the key experts and highlights further divergence between strategic decision-makers and visitor attraction managers.

CONCLUSION AND CONTRIBUTION TO HOSPITALITY EDUCATION

The increasing competitive environment is focusing attention on the managerial skill requirements for Scottish Visitor attractions. The purpose of this research was to explore what key skills were seen as being important to a sample of managers in paid visitor attractions. The discussion centred on key findings from the survey, in the context of the literature reviewed and the views elicited from the preliminary interviews (Watson & McCracken, 2002).

The most illuminating finding was the importance given to operational and self-management skills by the managers in this sample. Little credence was given to strategic/general management skills, which are emphasised in earlier studies as being the very skills, which managers require to deal with rapid change. This accentuates the gap between these respondents and the views of academics and industry experts, as to what skills are important. This study however has highlighted that both the managers and strategic thinkers agree on the importance of self-management skills, particularly leadership. In analysing the data and top skills statements enthusiasm is perceived to be particularly pertinent. However, although being enthusiastic is a laudable attribute, it takes more than enthusiasm to be a successful manager. Given the profile of the managers in this survey and the lack of current training and development to equip them, there is a danger that visitor attraction managers will not have the skills needed to cope with the evolving business environment. This should be of real concern to Scottish tourism promoters and training and development providers and educators. Finally the survey revealed complacency towards the provision of any training and development amongst some attractions. This study highlights a perceptual gap between policy and decision makers at the macro level and operational managers. It reveals the difficult task facing industry bodies whose role it is to enhance training and development within this sector. Not only are managers failing to understand the importance of strategic management, they are also not realising the role of information technology and people management skills on their businesses. Although self-management skills were seen as being of considerable importance, these may not be sufficient to ensure that they able to survive in this increasingly competitive environment. This is a key area of focus for tourism educators, in highlighting the importance of strategic management, information technology and people management skills.

LIMITATIONS AND FURTHER RESEARCH

This paper presents the preliminary analysis of the findings, the next step of the research is to analyse the data to establish whether contextual factors and biographical differences expose differences in the results. The findings from this study reinforce the assertions made by Glaser and Strauss (1967:vii) who articulate that much sociological research has emphasised an 'embarrassing divide between academic theory and empirical research'. This research can be used to stimulate further enquiry into managerial skill requirements, from a grounded theory perspective.

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A STUDY OF CRISIS MANAGEMENT BY HOTEL MANAGERS IN THE WASHINGTON, D.C. METRO AREA

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ABSTRACT

The 9.11 terrorist attack on the Pentagon in Washington, D.C. had a devastating impact on the local hospitality industry and tested hotel managers' preparedness for crisis management under great uncertainty and time compression. This study examines how hotel general managers handled such crisis and compares the impact of the terrorist attack on the human and financial aspects of the hotel industry by surveying general managers operating hotels of varying sizes, different affiliations and locations in the Washington, D.C. metro area. It offers an insight into crisis management performed by the general managers in the Washington, D.C. metro area.

Key Words: terrorist attack, crisis management, Washington, D.C. metro area, hotel manager.

INTRODUCTION

Terrorist attack has long been recognized as a major political risk for hospitality operations. The 9.11 terrorist attacks on the World Trade Center in New York and the Pentagon in Washington, D.C. had a calamitous impact on the hospitality industry in these two cities during the peak tourism season. Hotel occupancy in the Washington, D.C. metro area plummeted to 41.8 percent in the week after the attack, a decrease of 52 percent over the same period in 2000. Revenue per available room declined to $41.25 in the same week, a 62 percent plunge from the same period in 2000 (Smith Travel Research, 2001). The sudden business decline created a crisis for hotel owners and managers. They were forced to make hard decisions to conserve cash by reducing operating costs and deferring capital improvement. The hardest decision was to reduce the work schedules or lay off many of the 75000 hotel employees in Washington, D.C. (Schneider, 2001; Sheridan, 2001). Steep discounts on room rates and other sales promotions were offered to entice visitors to return to the city (Lonnig and McCaffery, 2001). This study examines and analyzes how hotel managers in the Washington, D.C. metro area managed such unprecedented business crisis. It identifies and compares crisis management carried out by hotels of different sizes, affiliations and locations. The experience and lessons learned from handling this unprecedented business crisis can serve as a guideline for formulating future crisis management plan.

TERRORISM AND TOURISM

Terrorist activity poses a great threat to global hospitality operations. Though it is a low probability event, it always makes a devastating impact on the hospitality industry once it occurs. One of the earliest studies on the relationship between terrorism and tourism was conducted by D'Amore and Anunza in 1986. The authors recorded an increasing number of terrorist attacks in the world since the 1970s. Pizam and Mansfeld (1996) edited a collection of well-researched essays analyzing the impact of terrorist attack on the tourism and hospitality industry. It is important to note that many terrorist groups specifically target international tourists and tourism facilities to achieve their political goals (Auerbach, 1998; Wahab, 1996). The *Sender Luminoso* (Shining Path) terrorist group in Peru, the Al-Jihad terrorist group in Egypt, and the Al-Qaeda global terror networks have been targeting international tourists in the last decade. The bombings of the bar in Bali and the Paradise Hotel in Mombasa in 2002 were the two latest attacks by local terrorist groups with links to Al-Qaeda. Terrorist attack is characterized as a business crisis which happens suddenly with great uncertainty and time compression (Lerbinger, 1997). The magnitude of the 9.11 crisis surprised and shocked hotel managers. They came under great pressure to effectively manage the crisis and regain control over the operations. Effectively managing crisis, through coordination and public relations, is important for any organization that has been affected by a terrorist act (Tarlow, 2002). Such effective management can only be performed with a well defined crisis management plan that integrates the interests of all stakeholders.

RESEARCH METHODS

This study examines and compares crisis management by hotel managers in the Washington, D.C. metro area, namely, Washington, D.C., northern Virginia and suburban Maryland. A survey instrument was designed to solicit information from hotel general managers about crisis management practiced by individual hotels. The first version of a four-page survey questionnaire was pre-tested with 4 general managers from hotels of different affiliations and sizes in Washington, D.C. and their input was incorporated in the revised version of a shorter two-page survey questionnaire. The survey instrument had 3 parts. The first part sought basic information on the location, affiliation and size of the hotels. The second part consisted of 33 questions concerning crisis management decisions. Respondents were asked to indicate their level of involvement by selecting either 'Active', 'Somewhat active' or 'Inactive' for the 33 questions. The third part was made of three open-ended questions. The first two questions asked each general manager to share their short-term and long-term recovery strategies respectively. The third question asked each respondent to indicate when they would expect the tourism industry to bounce back to pre 9.11level.

Survey questionnaires were sent to 120 members of Washington, D.C. Hotel Association by email and they were requested to return the completed survey in two weeks. 104 members of Virginia Hotel Association and 98 members of Maryland Hotel Association were selected for this survey by using systematic random sampling method. Randomly selected hotel general managers in northern Virginia and suburban Maryland were contacted by mail or fax and were requested to return the completed survey in two weeks. After the two-week deadline, a follow-up email reminder, phone calls or fax letters were utilized, and the final responses yielded a total of 79 completed usable survey returns. The response rate was 24.5 percent. Two types of statistical analysis were conducted for this study. Descriptive analyses of the data were performed to examine the location, size, ownership and affiliation of the sample hotels. Since the data were measured on the nominal scale, a comparison of crisis management by hotel location, affiliation and size was analyzed by Chi-square test.

RESEARCH RESULTS AND DISCUSSION

The profiles of the sample hotels are illustrated in Table 1. Of the 79 hotels in this survey, 22 are in Washington, D.C., 26 in suburban Maryland which consists of Montgomery and Prince George Counties, and 31 in northern Virginia which includes the cities of Alexandria, Arlington, Falls Church and Fairfax County. In terms of hotel affiliations, 32 percent are franchised hotels, 28 percent are brand-managed properties, 15 percent are independent owners with representative, and the remaining 25 percent represent independent hotels without representative. Hotel size is categorized into three groups: (i) less than 200 rooms, (ii) between 200 and 500 rooms and (iii) more than 500 rooms. 33 percent of the sample hotels are "small" properties with less than 200 rooms, 42 percent are "midsize" properties with 200 to 500 rooms and 25 percent are "large" properties with more than 500 rooms.

Table 1: Location, Affiliation and Size of the Hotels in the Survey

	DC (22 hotels)			Suburban Maryland (26 hotels)			Northern Virginia (31 hotels)			Total
	<200 Rooms	200-500 Rooms	>500 Rooms	<200 Rooms	200-500 Rooms	>500 Rooms	<200 Rooms	200-500 Rooms	>500 Rooms	
Franchised	4	2	-	2	6	2	-	3	6	25
Brand Managed	2	2	2	-	4	2	2	2	6	22
Independent with Representative	-	-	-	2	4	-	4	2	-	12
Independent without Representative	4	6	-	2	2	-	4	-	2	20
Total	10	10	2	6	16	4	10	7	14	79

Of the 33 questions examining crisis management by hotel managers in the Washington, D.C. metro area, statistical differences were found in thirteen questions. Table 2 highlights the Chi-square statistics for these questions as compared by location, affiliation and size. Significant difference was observed in general managers' involvement in lobbying the government for tax relief for the hotel business. It was found that no general managers in Washington, D.C. were actively involved in lobbying for tax relief. 27 percent were somewhat actively involved and 73 percent did not take a part in tax relief lobby activity. All the general managers in suburban Maryland indicated that they had participated actively in lobbying the government for tax relief. In northern Virginia, there was a polarized distribution with 53 percent of the general managers actively involved in lobbying for tax relief and 47 percent being inactive.

Table 2: Comparison of Crisis Management by Location, Affiliation and Size

Question	Location	Affiliation	Size
	χ^2	χ^2	χ^2
Lobby for tax relief	26.382*	5.014	5.374
Marketing recovery campaign with local tourism organization	11.617**	8.256	9.430***
Forming marketing alliances with hotels in same area, or in same company/brand	13.936*	5.964	3.041
Increase brand marketing initiatives	11.064**	6.792	2.598
Promote guest loyalty programs	10.160**	2.854	4.292
Redeploy sales staff for new market segment opportunities	9.499***	2.845	3.500
Redirect marketing resources toward local/regional market opportunities	14.191*	13.555**	4.002
Restructure capitalization of the hotel	10.814**	10.786***	1.787
Defer capital improvement program	4.305	1.481	11.240**
Reduce staffing level below prior staffing guidelines	15.323*	8.904	1.433
Partial closure of the hotel	14.554*	6.801	2.758
Defer preventive maintenance and routine non-critical product care	10.503**	5.546	4.002
Reduced specified quality levels of guest products, food products and/or some other routine purchases	10.325**	3.955	6.159

Notes: *Significant at 1% level
** Significant at 5% level
*** Significant at 10% level

The question on marketing recovery campaign with local convention and tourism organizations revealed significant differences by location at 5 percent significant level and by size at 10 percent significant level. Only 9 percent of the hotels in Washington, D.C., 6.7 percent in suburban Maryland and 20 percent in northern Virginia reported inactive in this activity. When compared by using the size category, it was observed that 5.6 percent of the hotels with 200 to 500 rooms, 10 percent with more than 500 rooms, and 23 percent with less than 200 rooms were inactive in forging strategic marketing alliances with local convention and tourism marketing organizations. In examining hotels' efforts in forming marketing alliance with hotels in the same area, and/or in the same company/brand, hotel's location as an independent variable showed a significant difference. In Washington, D.C., 27.3 percent of the hotels were actively involved in strategic marketing alliance with other hotels in the same area and/or in the same company/brand, 45.4 percent were somewhat active and 27.3 percent were inactive. In suburban Maryland, 80 percent of the hotels reported active strategic marketing alliances with hotels in the same area and/or in the same company/brand, 6.7 percent were somewhat active and 13.3 percent were inactive. Hotels in northern Virginia were divided in two spectra, with 73.3 percent being active in this activity and 26.7 percent being inactive.

No statistical difference was found among hotels using the affiliation and size categories when the question on any increased brand-oriented marketing initiatives was examined. The difference was found among hotels using the location category. In Washington, D.C., 45.5 percent of the hotels were inactive in increasing brand marketing initiatives, while only 13 percent in both suburban Maryland and northern Virginia were inactive. As for promoting guest loyalty programs as a recovery activity, all the hotels in suburban Maryland reported 'Somewhat active', while in northern Virginia most of the hotels (66.7%) were also somewhat active and 26.7 percent were active in implementing this program. In Washington, D.C., while 45.5 percent of the hotels were actively promoting this program, 45.5 percent indicated that they were somewhat active. Therefore, there was a significant difference among the hotels in pursuing this activity as a recovery strategy in the three locations. No significant difference was found in this activity using affiliation and size categories.

When asked if the hotel management had redeployed sales staff and/or other marketing resources to take advantage of new market segment opportunities, all the hotels in D.C. and suburban Maryland responded as either actively or somewhat actively making the redeployment while 20 percent of the hotels in northern Virginia did not make any redeployment adjustments. Therefore, a statistical difference was noted for the location category at 10 percent significant level, but no difference was found for the affiliation and size categories. To the question of redirecting marketing resources toward local/regional market opportunities rather than national/international market opportunities, a significant difference was detected in the three locations. The majority of the D.C. hotels (90.8%) indicated some form of activity. In suburban Maryland, 80 percent were active in promoting the local and regional markets and the other 20 percent were somewhat active. In northern Virginia, 33.3 percent were active, 60 percent were somewhat active and 6.7 percent were inactive.

For the question on hotel capitalization restructuring, 45.5 percent of the Washington, D.C. hotels, 73.4 percent in northern Virginia and 73.3 percent in suburban Maryland reported that they had to some extent restructured the capitalization of their hotels. While 54.5 percent of Washington, D.C. hotels were inactive in this activity, only 26.7 percent of hotels in both suburban Maryland and northern Virginia were inactive. The test results, however, showed a somewhat significant difference among hotels when compared by affiliation at the 10 percent level. Only 27.3 percent of brand-managed hotels and 10 percent of the independent hotels without representative were very active in restructuring capitalization of their hotels. On the issue of deferred capital improvement programs, a statistically significant difference was found only when the hotels were compared by size. It was revealing to note that 30.8 percent of hotels with less than 200 rooms, 10 percent of hotels with more than 500 rooms, and none with 200 to 500 rooms were very active in deferring capital improvement projects. However, 61.1 percent of hotels with 200-500 rooms were somewhat active in deferring capital improvement projects, 23.1 percent with less than 200 room and 20 percent with more than 500 rooms were somewhat active in deferring capital improvement projects.

In terms of reducing staffing levels below prior staffing guidelines, a significant difference was found when hotels wee compared by location, but not by affiliation and size. Of the Washington, D.C. hotels, 72.7 percent indicated that they were active, 18.2 percent were somewhat active and 9.1 percent were inactive in reducing staffing. In suburban Maryland, 13.3 percent were active in reducing staff, however, 80.0 percent were somewhat active and only 6.7 percent reported inactive. Meanwhile, 13.3 percent of the hotels in northern Virginia were very active in reducing staffing, 66.7 percent were somewhat active and 20.0 percent were inactive. Clearly, the terrorist attack had a significant impact on hospitality employment, particularly in Washington, D.C.

A significant difference was noted for the question on partial hotel closure by location due to sharp decrease of reservations. None in suburban Maryland and northern Virginia reported being very active in partial closure of their properties, while 36.4 percent of the Washington, D.C. hotels did. Meanwhile, 9.1 percent of the Washington, D.C. hotels, 6.7 percent of the suburban Maryland hotels and 26.7 percent of the northern Virginia hotels were somewhat active in partial hotel closure. The rest of the hotels in the three locations remained completely open, however, the majority of the hotels reduced their operating hours and/or services.

Concerning the deferment of preventive maintenance and routine non-critical product care, a significant difference was determined for the location category. None of the hotels in suburban Maryland, only 6.7 percent of hotels in northern Virginia and 18.2 percent of the Washington, D.C. hotels were very active in deferring such programs. However, 80 percent of suburban Maryland hotels, 53 percent of hotels in northern Virginia and only 18.2 percent D.C. hotels reported somewhat active in deferring preventive maintenance. Not surprisingly, 63.6 percent of the Washington, D.C. hotels were inactive in deferring preventive maintenance.

A statistical significance was found regarding reducing specified quality levels of guest products, food products and/or some other routine purchases by location. While 45.5 percent of the Washington, D.C. hotels indicated that they were either very active or somewhat active in reducing the specified quality levels of such purchases, only 13.3 percent northern Virginia hotels reported active or somewhat active reduction of specified quality levels of purchase, but none in suburban Maryland.

CONCLUSION

The 9.11 terrorist attack on the Pentagon and the ensuing anthrax scare had a devastating impact on the hotel industry in the Washington, D.C. metro area. In light of the unprecedented nature of this event, hotels in Washington, D.C. and its suburbs, regardless of location, affiliation and size, worked closely with local tourism and convention authorities to recover tourism business. The only significant difference was that all sampled general managers in suburban Maryland lobbied actively for government tax relief, while 53 percent of general managers in northern Virginia and none in D.C. were actively involved in lobbying for tax relief. All the hotels focused on marketing and sales promotions to boost room and food and beverage sales. However, in selecting specific marketing and sales strategies, there were some variations among hotels of different locations and sizes. More D.C. hotels and suburban Maryland hotels were active in working with convention and tourism marketing organizations; and more hotels in the 200-500 room and more than 500-room categories worked closely with convention and tourism marketing organizations. More hotels in suburban Maryland and northern Virginia actively forged marketing strategic alliances with hotels in the same area, in the same company, and/or in the same brand than those in D.C. Again, more hotels in suburban Maryland and northern Virginia actively increased brand marketing initiatives immediately after the 9.11 attack. However, D.C. hotels were more actively engaged in developing guest loyalty programs to entice repeat business than the suburban hotels. Most hotels in D.C. and suburban Maryland actively redeployed sales staff to explore new market segment opportunities and redirected marketing resources toward local and regional market opportunities.

In deploying cost cutting measures to conserve cash, there were some significantly different activities pursued by hotels in the three locations, by affiliation and by size. More suburban Maryland and northern Virginia hotels chose to restructure the capitalization of their hotels, and more brand-managed hotels and independent hotels without representative did the same. More hotels with less than 200 rooms deferred capital improvement projects. As for reducing staffing levels below prior staffing guidelines, the majority of D.C. hotels reported active reduction of staff immediately after the terrorist attack; and more D.C. hotels had to partially close their facilities due to declining reservations. In addition, D.C. hotels were more active in reducing specified quality levels of guest products, food products and/or some other routine purchases. But more hotels in suburban Maryland and northern Virginia indicated active deferment of preventive maintenance and routine non-critical product care. This study demonstrated that hotel management in Washington, D.C., suburban Maryland and northern Virginia shared many similar strategies for dealing with the unexpected and disruptive crisis of terrorist attack. They also differed in some ways of deploying strategies for crisis management and business recovery. The experience gained through the management of this crisis will greatly enhance the awareness and preparation for similar crises in the future and improve the management effectiveness in handling such a crisis. This study has the imitations of small sample size and possible non-response bias.

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