

# **Where is the meaning we have lost in hospitality? Turning the light on the values we live and work by**

## **Abstract**

Tourism and hospitality have a rich tradition of values that emphasise care for individuals, a concern for community, and responsibility for society. However, these complex social interactions and traditional values are often in conflict with contemporary economic goals that emphasise profit maximisation. This paper discusses the tensions between the demands of the commercial, economic environment and the relationship-centred origins of hospitality. Aristotle's notion of practical wisdom and its relevance to hospitality is explored within this context. The overall purpose of this paper is to explore the values that influence hotel management decision making. A qualitative case study was undertaken within nine hotels belonging to two international hotel groups in New Zealand. Data was gathered from 24 interviews with hotel and area managers and a document analysis of key company documents was also undertaken. The findings reveal that hotel managers must balance the tensions between people and profit, transactions and interactions, and the standardisation required to operate a global brand along with the flexibility need for accommodating personal uniqueness. Moreover, while the participants and hotel documents express the importance of hospitality values, it is evident that economic rationality and resulting instrumental action threaten to dominate management decision making.

**Keywords:** Hospitality, Values, Practical Wisdom, Rationality, Social Responsibility, Case study

## **Introduction**

Hospitality has an ancient origin and honourable tradition that asserts a relationship between host and guest where people are to be treated with respect and dignity. Yet, commercial hospitality describes itself as an industry where, it could be argued, hospitality has less to do with values and human relationships than with transactions involving products and services at an acceptable price (Brotherton & Wood, 2000; Jones, 1996). Furthermore, Hemmington (2007) suggests that for hospitality to work in the commercial setting, organisations must respect both customers and employees, understand their wants and needs, and treat them with dignity. This paper explores the values that guide hospitality management and the tension resulting from upholding the values, while working to achieve economic objectives. A qualitative case study methodology is applied to gather data through in-depth interviews and document analysis. The findings suggest that the hotel groups involved in this study desire to uphold hospitality values and act in the best interest of all stakeholders. Yet it is unclear how the tensions between profit and people, transactions and interactions, and standardisation versus flexibility will be successfully managed.

## **Literature Review**

### **The purpose of hospitality**

The Greek and Roman empires provide an opportunity to identify the origins and purpose of hospitality. Like other civilisations, as the Greek and Roman empires expanded, travel

became more important. Merchants travelled for trade, government officials for business of state, pilgrims for religious purposes, and scholars travelled to teach and debate. Sports events, such as the first Olympic Games in 776 BC, also attracted competitors and spectators from distant cities and neighbouring countries (Collier, 2006). The provision of hospitality was fundamental to the development of civilisation and life.

From these traditions, tourism and hospitality has developed into one of the largest and fastest growing industries worldwide (Lovelock, Wirtz, & Chew, 2008). Today, the United Nations World Tourism Organisation defines tourism as “a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes” (UNWTO, 2010, p. 1). The main purposes for tourism trips are identified as holidays, visiting friends and family, education, health care, religion, meetings and conferences, sports, and business (UNWTO, 2010). The diverse reasons for travel have not changed significantly over the last two millennia and neither has the central theme of people connecting with others and other cultures.

The New Zealand Ministry of Tourism (2008) also recognises that tourism and hospitality is closely connected to the environment, culture and society. It states that tourism and hospitality affects all communities and that the “values of kaitiakitanga (guardianship) and manaakitanga (hospitality) provide the foundation for a uniquely New Zealand approach to the development of the industry” (Ministry of Tourism, 2008, p. 8). The Ministry of Tourism defines kaitiakitanga as guardianship, stewardship, care and protection of primarily natural and cultural resources. Spiller, Pio, Erakovic and Henare (2011) expand on this definition in their discussion of the ethic of kaitiakitanga to include values such as compassion, unity, just and right behaviour, respect, honesty, truthfulness, and relationships. Manaakitanga refers to the provision of hospitality and means kindness, but refers, more broadly, to a complex set of traditions, attitudes and practices to do with caring for other people. It asserts a relationship between host and visitor where concern extends beyond a person’s physical wellbeing to their spiritual wellbeing also (Martin, 2009). Contemporary academic writings in this tradition also acknowledge values of hospitality which include a genuine welcome, sanctuary and safety, relationship building, generosity, and respect (Braithwaite, 2004; Hemmington, 2007; King, 1995; Lashley, 2000; Selwyn, 2000).

### **Corporate hospitality**

While hospitality has a rich history, corporate hospitality is a relatively new phenomenon (Morrison, 2009). Nevertheless, hospitality management literature has been quick to adopt established business management theory developed through an instrumental rationality that emphasises technical efficiency and utilitarian optimisation of resources to achieve business goals (Bolan, 1999). Thus contemporary definitions of hospitality revolve around the supply of food, beverage and accommodation services at an acceptable price (Brotherton & Wood, 2000; Jones, 1996), but make no mention of the values centred origins of hospitality.

This sterile economic view of hospitality is emphasised by Slattery (2002), who stated that “hospitality venues are businesses where the critical relationship is between seller and buyers. The buyers are not guests, they are customers. This relationship is not philanthropic, it is economic” (p. 21). Slattery (2002) further claimed that the very essence and driving force of the hospitality business is “renting rooms, selling meals and selling drinks” (p. 21). Moreover, in presenting his views of hospitality within the corporate context, Slattery predicts the demise of independent unaffiliated hotels and the supremacy of the hospitality corporation. Under this corporate model he suggests:

When the unit of analysis is the hospitality chain, then the corporate management of the business becomes central and an array of priorities emerge, such as the performance of the chain and the conception and management of hospitality brands, which have no part to play in the social and private domains (p, 25).

There is, within this instrumental view of the hospitality industry, little room for personal, community or social concerns and no indication of ethical responsibility. The business goals of growth, profits and market position expressed by Slattery (2002), draw from a formal rationality resulting in competitive action based on measurable evidence and calculated decision making. This view of the hospitality industry emphasises economics over community and profit over people, where, as Ritzer (2004) suggests, the dominant instrumental rationality emphasises “efficiency, predictability, calculability, and non-human technologies that control people” (p. 25). In this economic, transactional conception of hospitality, there seems to be little space for values-centred concepts of care concern and kindness unless there is a profit attached.

### **Tensions and complexity**

There is increasing recognition that, as the competitive global market continues to develop, management activity is becoming more complex (see, for example, Nutt & Wilson, 2010; Stacey, 2010; Weick & Sutcliffe, 2001). This complexity results in significant challenges for developing a balance between bureaucratic policies required for predictability, efficiency and control over uncertainties, while valuing relationships and community. Medlik and Ingram (2000) argue that as commercial organisations are business enterprises, their responsibilities include not only generating a profit for the owners, but also caring for and meeting the needs of the stakeholders. Therefore, significant management issues arise from the tension between the values of hospitality and the drive for efficiency and profit.

Within the corporate perspective of hospitality it could be interpreted that the traditional values of hospitality, including generosity, concern and connection, may not necessarily be the goals of the modern hospitality businesses. Nevertheless, while hospitality business organisations drive toward operational efficiency and profit maximisation, they remain, fundamentally, communities of people working together. This is highlighted by Spiller et al. (2011) who, in contrast to the instrumental view expressed by Slattery (2002), suggest that many companies achieve sustained economic rewards and stability through ethical behaviour that serves not only the organisation, but also the wider community. Moreover, Wijnberg (2000) also argues that corporations should be viewed as social institutions where managers are able to practice ethical behaviour and develop practical wisdom so that the competing demands and complexities of business and community may be balanced for the good of all stakeholders.

### **Practical wisdom – balancing instrumental and value rationality**

There is growing interest in Aristotle’s concept of practical wisdom (*phronēsis*) (see for example, Melé, 2010; Rooney, McKenna, & Liesch, 2010) as a means for management to ethically balance the tensions resulting from community and social concerns and the need for business profit. As practical wisdom involves the use of prudent deliberation resulting in action that is taken for the common good, it provides a framework for balancing the complexity of social value creation with the need for economic sustainability (Flyvbjerg, 2001). Furthermore, Rowley and Gibbs (2008) argue that practical wisdom re-emphasises a community culture of concern for others, both inside and outside the organisation.

Practical wisdom brings the community back in to focus where a culture of concern for others is driven by ethical considerations. This confronts the instrumental perspective of

business through a reconfiguration of management thought to enable wise decisions and value rationality to be brought back into focus for the good of all stakeholders. According to Aristotle, the balancing of instrumental rationality with value rationality is crucial to the viability of any social organisation (Flyvbjerg, 2002). Solomon (2004) suggests this balancing provides the possibility of clarity of purpose, corporate loyalty, and individual integrity for both financial success and wellbeing for all stakeholders. Rowley and Gibbs (2008) also describe the organisation that values practical wisdom as a place where its structure, culture and values create a community of ethical practice, where the organisation and participants have common goals and where the organisation acts for the good of the community and society. However, the hospitality literature is currently dominated by generic business and management theory which emphasises a commercial, economic perspective of hospitality (Hemmington, 2007).

To date there have been few empirical studies concerning the management of tensions resulting from both the economic and social value dimensions of the hospitality industry. Moreover, there are no studies that have applied an Aristotelian framework to decision making with the hospitality industry. Therefore, this paper explores Aristotle's concept of practical wisdom and its relevance within the hospitality context. The objective of this paper is to explore the values that influence hotel management decision making. To achieve the objectives the following questions are explored:

- What values guide hotel management?
- What operational tensions do managers encounter when embracing the values while achieving economic objectives?

### **Methodology**

To meet the purpose of the study and answer the research questions, a qualitative case study was undertaken within two international hotel groups operating in New Zealand. The hotel industry was chosen as it engages in both transactions and interactions in global, local and personal spaces. Collier (2006, p. 4) describes this phenomenon as a "complex set of interrelationships between people and place". Here it is evident that shared hospitality is a principle feature in the development and continuation of relationships and alliances between people, communities, and nations.

Given that this study applies an Aristotelian framework to investigating management wisdom within the hotel industry, a mix of inductive and deductive research provides the basis for identifying the current situation while also conceptualising how management wisdom is enacted (Hesse-Biber & Leavy, 2006). Data was gathered from interviews with regional and hotel managers from each hotel group and document analysis. A total of 24 participants from nine hotels and their national offices participated in the study. The interviews used in-depth semi-structured protocols to guide conversations. This approach facilitated the collection of data through tailored situational conversations (Hancock & Algozzine, 2006). In addition to using interviews, the study also reviewed existing company documents including:

- Vision and mission statements
- Values/ethics statements
- Annual reports
- Corporate social responsibility (CSR) statements and policy

Data analysis included thematic in-case and cross-case investigation. The data from

interviews and documents was reviewed and compared to each other for confirmation or disconfirmation of evidence (Eisenhardt, 1989). On completion of the initial coding, data reduction was undertaken to reveal the themes that express the character and essence of each cluster (Hycner, 1985).

## **Results**

### **Tensions between profit and people**

The findings reveal a number of tensions between the competing demands of generating a profit and acting in line with organisational values. The document analysis indicates both hotel groups (HG1 and HG2) share the values of integrity, respect, diversity, trust, care, courage, collaboration and excellence. Moreover, it is apparent from the interviews that looking after people is essential to the sustainable success of a hotel. As one regional manager suggested, placing people (both employees and customers) first is the basis of financial success, whereas focusing exclusively on profits is detrimental. Yet it is also evident that making a profit is critical to the survival of hotel companies and that managers spend considerable time and energy ensuring that they achieve the required targets. As the following participant indicated, financial goals can be viewed as more explicit and immediate when compared with measurements that indicate the satisfaction of people:

*“decision making is [often] made on the bottom line and not the understanding of all the other contributions to that, so if they can see it on their P&L then it’s real, but if it’s more intrinsic then it’s not.”* Regional HRM Sophia

This view was supported by many of the other participants, who often referred to the resulting tension between meeting the demand for profit and caring for people.

### **Tensions between transactions and interactions**

Recognising that there has been a drive for productivity and economic success through standardisation and control, the participants were concerned about the resulting lack of differentiation across brands within the hotel industry. For example the following participant noted:

*“as a whole the industry is conscious of not becoming [commoditised] so that we don’t become the McDonalds”.* GM Channel

Moreover, in response to becoming indistinguishable from the competitors, all participants across both hotel groups were cognisant of the need to provide a non-standardised hospitality experience, for example:

*“we want brands to deliver what your customer type need[s], [...] we want hotels that are living things. We don’t want McDonald’s cookie cutter approach.”* Regional Director Simon

To move away from what was seen as a commoditised “McDonald’s cookie cutter approach” the participants spoke of the need for providing experiences and meaningful connect with individual customers.

### **Tensions between standardisation and flexibility**

It is evident that there are also tensions between the need to maintain consistent brand standards through global homogeneity, while also providing a local experience requiring heterogeneity within the product and service offering. Moreover, this tension is emphasised by the shift toward individually tailored service experiences which require personal inimitability and therefore nonstandard responses. HG2 referred to global homogeneity,

local heterogeneity and personal inimitability as an imbalance and paradox of being consistent yet innovative at the same time. This paradox is also seen in the tensions between delivering standardised products and services while, on the other hand, being flexible enough to meet the needs of individuals. Moreover, achieving financial goals, global brand standards, consistent service outcomes and risk minimisation necessitates the development and enforcement of policy and procedures. Nevertheless, in contrast to policy and procedure, it is also evident that both hotel groups want employees to be able to make independent, often intuitive, decisions when interacting with colleagues and customers in diverse situations.

### **Bringing people back into focus**

The shift in focus toward the personalisation of the hotel environment is captured in the 2014 Trend Report of Hotel Group Two where it is stated:

*“Up until now, the focus has been how a global brand could localise its products and services [...]. We now put relationships, not properties, at the heart of everything our hotel brands do, necessitating a shift away from ‘transactions’ to ‘interactions’ with guests” (HG 2).*

Supporting the sentiment of the participant narratives the 2014 Trends Report suggests that, *“to be successful, brands must balance and provide benefits at the intersection of global, local and personal”*. The ‘global’ dimension here refers to global brand standards that enable hotel groups to consistently deliver *“outstanding and reliable service every time everywhere”*. This dimension, called *“global coherence”*, provides the *“over-arching brand promise, values and standards as a framework within which customisation can take place”*. The ‘local’ dimension refers to the need for adaptation of a brand to reflect local customs, tastes and cultures. To meet the need for *“local relevance”* it is suggested that hotel companies must enable *“greater creative freedom within the global brand framework”*. The ‘personal’ dimension refers to tailored interactions that respect *“individual differences between people in the delivery spaces”*. The 2014 Trends Report suggests that recognising ‘personal differences’ helps people to feel *“valued and respected as an individual”*. For Hotel Group Two, the ultimate end of successfully balancing the three global, local and personal dimensions is the development of trust and the reward of deeper connections with people.

### **Values guide behaviour**

As the following text extracts show, the hotel group values are expected to guide all hotel operations and employee behaviour:

*“Our values are embodied every day in our interactions and relationships with all of our stakeholders, [...] they perpetuate and instil the sense of hospitality and service...” (HG1 Ethics & CSR charter 2014, p. 4)*

*“Our [core values] are how we behave every day. They reflect the values that are important to us and they are a framework to help shape the way we work [...] they are a core part of the way we do business.” (HG2 Code of Conduct, n.d. p. 6)*

Hotel Group Two states on their web site that their core values are *“a set of behaviours that define how we interact with our guests and colleagues”*. It is interesting to note that rather than describing merely how employees should behave, the values for both companies place a significant emphasis on how the company should behave toward employees, along with how employees should interact with each other, for example:

*“Appreciate diversity and dignity of all people” (HG1)*

*“Understanding people’s needs, being sensitive to others & noticing the things that matter” (HG2)*

Both companies include statements that refer to valuing personal ‘employee’ performance and reveal a concern for acting responsibly.

## **Discussion**

### **The values that guide hotel management**

The findings indicate that both the economic view of hospitality argued by Slattery (2002) and the values centred perspective of guardianship and hospitality referred to in the New Zealand Ministry of Tourism (2008) strategic report play an important role in shaping the decisions of managers. Equally, many of the values of hospitality outlined in the reviewed contemporary academic writings (see for example, Braithwaite, 2004; and Hemmington, 2007) are reflected within the company documents and viewed by the participants as important to the success of hotel businesses. Moreover, it is evident that there is a belief among the participants that economic success stems from first focusing on ensuring people are looked after.

Within the hotel group documents it is also clear that hospitality values and ethical principles apply to not only interactions with guests, but also employees and other stakeholders. The values expressed by the participants and captured with the company documents point to a desire to act in the best interests of all stakeholders, which is in line with Wijnberg’s (2000) call for corporations to be viewed as social institutions where the complexities of business and community are balanced. The findings also indicate an alignment between personal and company values, which is also consistent with Wijnberg’s (2000) call for managers to be able to practice ethical behaviour. Moreover, these findings are closely aligned to the work of Solomon (2004) who suggests that organisations have a responsibility for the wellbeing of all stakeholders and the work of Rowley and Gibbs (2008), who call for companies to act for the good of society.

### **Operational tensions and complexity**

However, while the hotel groups call for employees to be guided by meaningful and virtuous organisational values, economic pressures often take precedence over social interactions. It is therefore evident that there are significant tensions between meeting budget requirements while also looking after people. Moreover, the hotel groups recognise that considerable tensions arise from trying to achieve global homogeneity, local heterogeneity, and personal inimitability simultaneously. The tensions between people and profit, transactions and interactions, along with the standardisation required to operate global brand versus the flexibility need for personal inimitability reflect Nutt and Wilson’s (2010) and Stacey’s (2010) view that management activity is becoming more complex.

### **The need for practical wisdom**

While acknowledging the complexities of providing meaningful, value laden hospitality experiences, the hotel groups recognise the need to provide employees with the autonomy required to meet the unique needs of customers and colleagues. Yet it is unclear how the tensions between profit and people, transactions and interactions, and standardisation versus flexibility will be successfully managed. There is little evidence to suggest the dominance of instrumental rationality expressed by Ritzer (2004) has been addressed by the hotel organisations within this study. Nor is there evidence of a strategy that will provide employees with capabilities to help balance these tensions. Moreover, the literature indicates

(see, for example, Statler & Roos, 2007) that abilities beyond managerial knowledge, intelligence and technique are required to bring a balance to decision making in dynamic business environments. It is precisely here that Aristotle's concept of practical wisdom (*phronēsis*) provides a means for ethically balancing the tensions between instrumental and values rationality.

## **Conclusion**

The paper adopts an Aristotelian approach to business which emphasises the importance of community (see Solomon, 2004). This approach provides a basis for viewing hospitality organisations as communities and for establishing their purpose within society. Viewing corporations as communities begins with the premise that organisational members are participants of social systems with shared histories and established practices that define how they view their world and act within it. For Aristotle, individuals and institutions must see themselves primarily as connected members of a society, 'polis', where not only do they owe their existence to society, but all they do must be executed ethically to fulfil their responsibility to the society. How hospitality business communities are managed is, therefore, very important to the general wellbeing of the stakeholders and society in general. Practical wisdom is essential for management to ethically balance the tensions resulting from community and social concerns and the need for business profit.



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