Phronēsis: Putting Wisdom into Action. An Aristotelian Perspective of Management Wisdom in the Hotel Industry

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Abstract

To date, there have been few studies concerning the practice and development of wise management (*phronēsis*) in contemporary organisations. The management literature, while acknowledging the need for wisdom, has instead focused on instrumental and economic rationality and has either categorised concepts of wisdom as irrational and fanciful, or ignored wisdom altogether. Moreover, although the rationality that drives organisations to achieve competitive advantage for economic ends - but often denies human well-being - is being called into question, it is evident that wisdom remains a misunderstood and misrepresented practice. Therefore, this study adopts an Aristotelian perspective to investigate wise management practice within the hotel environment. The research explores the purpose and values that influence hotel management decision making, what is considered wise management practice, how the development of wisdom is enabled or obstructed, and how the development of wisdom can be supported by organisations.

To meet the research purpose and aims, a qualitative phronetic social science (PhSS) approach was applied within this study. Responding to Flyvbjerg's (2001) call for further refinement of the theoretical and methodological positioning of PhSS, this study applies elements of critical theory alongside PhSS. It also adopts a dynamic ontology that negotiates between theoretical and pragmatic approaches while critically evaluating the social and political environment from the perspective and ethic of *phronēsis*. This approach leads to a dialectic epistemology constructed through dialogue and deliberation between the respondents and researcher. Following PhSS, case study methods were used to obtain data from two hotel group cases involving 24 in-depth interviews with hotel manager and analysis of company documents. Application of PhSS provided a novel approach to the study of wise management practice within a commercial hospitality context.

The findings reveal that the hotel groups within this study integrate and emphasise the creation of both business and social value. This suggests that the hotel groups have adopted a pluralistic approach to hotel management that extends beyond an either/or focus

on social value and business profits. This pluralistic perspective of hotel management captures the need to balance the interrelated, yet often competing, interests of shareholders, key stakeholders and wider community. It also reveals complexities and tensions which stem from the need to balance making profits with caring for people, and from the need to maintain predictability within the technical environment while working within an unpredictable social environment. In this way, the study moves away from purist conceptions of hospitality as a gift and business as self-interest by taking a more pragmatic look at how hospitality is conceptualised in contemporary capitalist society. It also reveals a glimpse at the potential of *phronēsis* for balancing competing ontologies and epistemologies and opens new avenues for approaching the study of hospitality in contemporary society. However, while the research identifies the intention to embrace paradox and balance competing hotel demands, the evidence suggests that the hotel groups do not fully understand how this balance can be successfully achieved.

The thesis provides significant theoretical contributions to wise management practice and decision making in a number of important ways. These include the development of a conceptual model of wise management practice, a deeper understanding of the intellectual capacity of practical intelligence (*nous*), clarification of the relationship between *nous*, *phronēsis* and *êthos*, and an understanding of how *phronēsis* is cultivated within organisations. Importantly, the study also makes distinctions between the intuitive elements of tacit knowledge, affective information and ethical perception. These distinctions add evidence to support interpretations of expert intuition as a rational and valid source of information that can provide insight into the particulars of complex situations.

Building on this understanding of expert intuition, the thesis provides a novel perspective of how intuition, experience and evidence contribute towards balanced decision making. Moreover, the study also emphasises the importance of community in supporting the development of wisdom and in providing perspective to help balance information and interests. It is clear that wise individuals do not act in isolation but, rather, are situated within and informed by a community. The role of community revealed within this study extends the discussion of *phronēsis* beyond the focus on individual wisdom generally found within much of the wisdom literature.

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Attestation of Authorship

"I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning."

Signed:

Warren Goodsir
December 2017

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Glossary

areté	excellence / virtue
deinotēs	cleverness
epistēmē	theoretical or systematic knowledge
epistēmē theôrêtikê	theoretical contemplation
epistēmē theôrêsis	positivism / positivist sciences
epistēmē theôría	theory of practice
êthikai aretai	excellence of character / moral virtue
êthos	character
eudaimonia	well-being / flourishing,
nóêsis	reflective thinking, critical thinking
nous	Practical / intuitive intelligence
phronēsis	practical wisdom, practical judgement
phrónimos	wise person / moral expert
praxis	practice / performance
sophia	philosophical wisdom; contemplative/theoretical wisdom
techné	art / craft / technique
télos	end / purpose

Note: As many of the terms, such as *phronēsis* and *episteme,* do not translate well, often the original Greek is used for clarity and meaning.

Chapter 1. Introduction

Homo sapiens: Latin homō, man + Latin sapiēns, wise, rational, present participle of sapere, to be wise.

(American Heritage Dictionary, 2011a)

The emphasis of this inquiry is the conceptualisation of wisdom in the commercial hospitality context. This study provides the first empirical research that applies an Aristotelian perspective to the exploration of wise management practice in the hotel sector. As the hospitality industry brings together concepts of hospitality and hospitableness with management practice, the hospitality industry provides an interesting basis for the study of *phronēsis* in contemporary organisations. By providing empirical data of management perceptions from two hotel case studies and analysing hotel group documents, this study advances knowledge concerning how management wisdom is practised and developed.

The purpose of this study is to investigate how *phronēsis* is characterised within the hotel environment. To achieve this purpose, the following research aims are explored:

1. To explore the purpose and values that influence hotel management decision making.
2. To explore what is considered wise management practice.
3. To explore how hotel organisations are enabling or obstructing the development of management wisdom.
4. To explore how hotel organisations can support the development of management wisdom.

This chapter provides a brief rationale for undertaking this study. This is followed by an introduction to *phronēsis,* providing some background to the concept and its current standing within the academic and management community. A brief definition of *phronēsis* is given at this point to provide some explanation of its characteristics. Background information about the hospitality industry and its importance to economic development and society is outlined before bringing the concepts of *phronēsis* and hospitality together. The discussion of *phronēsis* and hospitality draws attention to issues and gaps within the literature and the contribution that this study is able to make within each of these fields of study. The chapter then progresses to providing an outline of the research design and the significance of the research. The theoretical context section provides a brief introduction to the main theories and concepts that inform this research. The chapter finishes with an outline of the research scope and limitations, terminology, and an explanation of the format used to cite Aristotle within this study.

1.1 Background and rational for the research

The rationale for this study stems from the somewhat oxymoronic nature of commercial hospitality that tries to fashion a sense of warmth, connection, care and concern for others out of a business environment that can be cold, disconnected, indifferent and self-centred. The values of hospitality, with its welcoming embrace, seem at odds with the contractual nature of business based on a handshake. While this tension is acknowledged within the literature, it is generally framed within the perspective of the employee and customer. Yet, there is far more complexity within the organisational, manager, employee, customer and community dynamic that characterises hospitality organisations. The two paradoxical elements, commercial and hospitality, can be viewed as being in competition with each other, and it could be thought that bringing them together diminishes the value of both. Yet, there are many examples of genuine hospitality within successful commercial environments where employees feel like they are part of a family and customers are treated like guests or even friends. This study explores these issues, the purpose that guides management practice, and the possibility of wise hospitality management.

1.1.1 *Phronēsis* in context

The introduction to the *Handbook of Decision Making* (Nutt & Wilson, 2010) opens with the following statement:

> As organisations grow and become more complex, decision making becomes a central activity. Managers are expected to make choices among alternatives that are often uncertain and to **choose wisely** in order to benefit both the organisation and its key stakeholders. (p. 3) (emphasis added)

While the expectation for “wise choice” is highlighted as an essential ingredient for benefiting the organisation and stakeholders, within the 679 pages of the *Handbook of Decision Making*, wisdom is only mentioned in passing. When looking for references to wisdom in the index, the reader is referred to four pages within the text, yet the word wisdom is found only on one page. The other three pages identified in the index instead discuss the more general concept of ethics, where wisdom is perhaps evident in some implicit form. However, this oversight of wisdom is not uncommon, as *The Oxford Handbook of Rationality* (Mele & Rawling, 2004) and *The Oxford Handbook of Organizational Decision Making* (Hodgkinson & Starbuck, 2008b) make no mention of wisdom whatsoever. Similarly, Lashley, Lynch, and Morrison (2007a) open Chapter One of the book *Hospitality a Social Lens* with the following extract from Epicurus' letter to Menoeceus (circa 300 BCE): "…both old and young alike ought to seek wisdom" (p. 1). Yet, the only reference to wisdom within the text calls into question "orthodox" and "conventional wisdom" (p. 9) which leaves the reader wondering what type of wisdom ought to be sought.

In tracing the history of wisdom and its loss from management discourse, Rooney, McKenna, and Liesch (2010) suggest that the trend towards measurability and bureaucracy based on positivist empiricism and rationalism has largely relegated wisdom to the transcendent and spiritual realms. This way of thinking has been attributed to the scientific revolution that began during the Renaissance (Hargreaves, 2012; Robinson, 1990; Rooney et al., 2010) and resulted in the dominance of knowledge attained through calculable scientific methods (Birren & Svensson, 2005). While it may be expected that discussions of wisdom remain active within philosophy, Tiberius and Swartwood (2011) point out that the leading moral philosophy journal has not published an article on wisdom since 1949 and that wisdom is rarely discussed as a serious intellectual topic by professional philosophers.

Nevertheless, there are signs of a resurgence of interest in wisdom, and in particular, Aristotle's concept of *phronēsis*. For example, *phronēsis* has more recently been studied within the domains of psychology (Baltes & Staudinger, 2000; Fowers, 2005; Sternberg, 1990, 1998; Sternberg & Jordan, 2005), education (J. Beyer & Nino, 1998; L. Beyer, 1986; Dunne, 1997; Eikeland, 2008; Khan, 2005; Kinsella & Pitman, 2012b; R. Smith, 1999; Sternberg, 2001, 2004), economics (Yuengert, 2012), management (Crossan, Mazutis, Seijts, & Gandz, 2013; Gibson, 2008; Intezari & Pauleen, 2014; Intezari, 2015; Küpers, 2013; Malan & Kriger, 1998; Melé, 2010; Nonaka & Toyama, 2007; Rooney & McKenna, 2005; Rooney et al., 2010; Sison & Fontrodona, 2012; Small, 2004; Solomon, 2004), medicine (Hofman, 2002; Khan, 2005), strategic preparedness (Statler & Roos, 2007), leadership (Halverson, 2004; Küpers, 2007; Küpers & Statler, 2008; Ruwhiu & Cone, 2013), planning research (Flyvbjerg, 2004), knowledge management (Rowley, 2006a, 2006b, 2007), decision making (Melé, 2010), tourism ethics (Jamal, 2004; Jamal & Camargo, 2014), hospitality ethics (Wijesinghe, 2014) and research design (Flyvbjerg, 2001; Flyvbjerg, Landman, & Schram, 2012c). These neo-Aristotelian studies have completed much of the ground work in providing an understanding of *phronēsis* and its importance to contemporary society.

Yet, conflicting accounts of *phronēsis* leave questions about its characteristics unanswered. While conventional wisdom tells us that wisdom (*phronēsis*) is needed, it is not yet clear how wisdom is operationalised within management practice. Although there is a growing body of research investigating the attributes and importance of wisdom, contemporary studies of *phronēsis* within organisational contexts, and particularly within management research, are limited (McKenna, Rooney, & Boal, 2009; Provis, 2010; Schmit, Muldoon, & Pounders, 2012; Spano, 2015). In particular, Intezari (2015) and McKenna and Rooney (2008) point to a lack of research concerning how wisdom is practised in real business settings. Similarly, previous studies suggest that there is still much work to be done (Brown, 2005) and that we need to know more about the nature of *phronēsis* and how it operates as a form of reasoning (Gibson, 2008). Additionally, Baltes and Smith (2008) contend that there is little known about the practical application of wisdom and Rooney (2013) identifies that "very little theory development has been done at an organisational level" (p. 82). These studies reveal significant gaps within our understanding of *phronēsis*, particularly within contemporary business contexts. This research makes a significant contribution towards filling these gaps.

1.1.1.1 *Phronēsis*: an introduction

The construct of *phronēsis* is outlined in Chapter Two, where *phronēsis* is defined as the rational excellence (master virtue) that unites and coordinates the activities of intuitive intelligence (*nous*) and excellence of character (*êthos*) to produce wise actions that contribute towards the well-being of all (*eudaimonia*). *Phronēsis* is also translated as practical wisdom, which is used at times within this thesis. Additionally, where the term wisdom is used in this thesis, it refers to the general everyday concept of wisdom which includes ideas of both *phronēsis* and *sophia* (theoretical wisdom).

Aristotle described *phronēsis* as an intellectual excellence that provides an ethical balance to scientific thought and the pragmatics of technical practice. However, as previously indicated, wisdom's standing has been reduced to that of generally accepted beliefs or common understandings (conventional wisdom) that have little evidential basis. Consequently, the validity of wisdom largely remains overlooked within theories of decision making and business practice. This has resulted in decisions concerning the application of science, technology and practical understanding being left to subjective interpretations of right and wrong (relativism) or confined within the resolute dictum of bureaucracy (Flyvbjerg, 2004). Therefore, this thesis aims to further our understanding of *phronēsis*, its characteristics, practice, relevance and positioning within contemporary business organisations.

1.1.2 Hospitality in context

It is clear that tourism and hospitality provide opportunity for business and economic development. Globally, since 2009 international tourist numbers have grown annually by four per cent to reach 1.2 billion travellers in 2016, and this number is projected to increase to 1.8 billion travellers by 2030 (World Tourism Organization, 2017). Additionally, the tourism sector accounts for 10 per cent of world gross domestic profit and one in every 10 jobs. Moreover, the United National World Tourism Organization (UNWTO) says "travel and tourism is a people's sector [where] at the heart of its development should be its capacity to bring opportunities for better livelihoods to all" (World Tourism Organization, 2017, p. 43). The UNWTO goals include building sustainable communities that provide decent work, economic growth and social progress (World Tourism Organization, 2017). With significant connections with tourism, it is not surprising that the hotel industry shows similar patterns of development. In 2011, Slattery (2012) calculated the number of hotel rooms to be approximately 15 million and projected that the total global hotel room supply could increase by 60 per cent to reach 25 million rooms by 2030.

Similarly, the tourism and hospitality industry in New Zealand has had substantial growth, and as the largest earner of export revenue (17.4%) (Bradley, 2017), tourism has a significant impact on New Zealand's economy and society. In 2013, tourism in New Zealand was a $24 billion industry, employing 110,800 full-time-equivalent employees, of which 37 percent were in the accommodation and food and beverage sectors (Ministry of Business Innovation & Employment, 2013). For the year ending March 2016, total tourism expenditure had reached $34.7 billion (an increase of 12.2% on the previous year) (Ministry of Business Innovation & Employment, 2017). This growth is expected to continue and reach $41 billion by 2025 (Tourism Industry Association New Zealand, 2016). Moreover, it is estimated that 36,000 extra full-time-equivalent workers could be required by 2025 to keep up with tourism growth (Tourism Industry Association New Zealand, 2014). Furthermore, like the UNWTO, New Zealand recognises that tourism does not just provide an economic benefit, it also affects all communities and is closely connected to the environment, culture and society (Ministry of Tourism, 2008). Therefore, how tourism and hospitality businesses are managed is very important to the general well-being of employees, the organisation and wider society.

As indicated, the economic and social outcomes of tourism and hospitality have the potential to provide considerable benefits within communities, yet there are also significant issues, tensions and possibilities for exploitation (Lashley, 2007). While there is an ongoing search for productivity and improved employee capability (Ministry of Business Innovation & Employment, 2013; Ministry of Tourism, 2008), issues with the quality of working conditions within the hospitality industry remain largely unchanged (Baum, 2007, 2015). These issues are highlighted by Ritzer (2004), who draws attentions to an economic rationality that seeks to maximise profits through instrumental means and the dehumanising effect this has on the work force and society in general. The tensions between a focus on profits and wider social issues are also evident within the debates between shareholder and stakeholder theory (Brotherton, 2003; Freeman, Wicks, & Parmar, 2004; Slattery, 2003; Sundaram & Inkpen, 2004a). Additionally, within the hospitality context, there are tensions between the need for standardisation and efficiency while also caring for customers (Korczynski, 2002) and "conflicts of interests between customers and owners, and between customers and employees" (Lashley, 2007, p. 217). There are within these tensions, points of balance between demands of quality and efficiency, productivity and people, empowerment and control (Korczynski, 2002) and business and society (Freeman, 2010). Nevertheless, there is a significant gap in the literature concerning how these tensions and points of balance can be effectively managed.

While tourism and hospitality organisations have the potential to create both economic and social value, MacIntyre (2007) suggests that the ideals and creativity of a practice is always vulnerable to the power of the institution and economic pressures to maximise shareholder wealth. As a result, the values that drive a concern for people and wider social issues have given way to the economic, pragmatic and competitive demands of the commercial enterprise (Hargreaves, 2012; Kinsella & Pitman, 2012a). This is particularly evident within the tourism and hospitality sector where formal and economy rationality impinges upon the variable, ambiguous and often sophisticated nature of interactions between employees, customers and wider stakeholders (Mudie & Pirrie, 2006; Tribe, 2006; Wijesinghe, 2014). The power of business institutions is recognised by Lashley (2007) who draws attention to hospitality research that is dominated by topics aimed at "informing management practice without ever, or rarely, questioning the nature of management [or] the consequences of organisational power in hospitality businesses" (p. 216). As this research investigates mechanisms of institutional power and the balancing of tensions, it makes a significant contribution to filling this gap within the literature.

While the need to balance the economic, human and social dimensions within an organisation is evident (Drucker, 2002; Freeman, 1994; Lashley, 2016a), how this balance is achieved and the relationship between business and society remains unclear (Brotherton, 2003; Lashley, 2000; Lashley et al., 2007a; Lynch, Molz, McIntosh, Lugosi, & Lashley, 2011; Slattery, 2003). While the growing interest in corporate social responsibility (CSR) has gone some way to help bring social values back into focus (Ingley, 2011), there is criticism that CSR strategies remain subordinate to the goals of economic activity (Brooks, 2010; Ingley, 2011). The tensions between acting in a socially responsible manner for the good of community and acting for the good of oneself and/or the organisation remain unresolved. The gap in our understanding of how to create an environment where business, individuals and society flourish together is highlighted by Freeman (2010) who calls for "conceptual schemata which analyse these forces in an integrative fashion" and provide an "understanding of complex interconnections between economic and social forces" (p. 40). Porter and Kramer (2011) also suggest that what is missing is “an overall framework for guiding efforts” (p. 64) to bring business and society back together. Additionally, in discussing ethics within hospitality decision making, Myung (2017) calls for a “more coherent theoretical framework ... which includes both individual characteristics and organizational environment” (p. 11). This research explores these issues within the New Zealand hospitality context and seeks to add new knowledge and understanding concerning how economic, human and social issues can be balanced.

1.2 *Phronēsis* and hospitality

Situating the study of *phronēsis* within the commercial hospitality context provides the opportunity to explore wise practice within the mundane and everyday activity of work and social interaction (Chia, Holt, & Yuan, 2013). As an industry, commercial hospitality incorporates the production (e.g. kitchen) and delivery of tangible products (e.g., food) and intangible service elements that are shaped by a long tradition of hospitality values, ethics and experiences (O’Gorman, 2010). However, despite the traditions and values of hospitality predating Aristotle (384–322 BCE), studies of ethics, employee behaviour and decision making within the contemporary hospitality context are limited (Harrington & Ottenbacher, 2009; Hudson & Miller, 2006; Köseoglu, Sehitoglu, Ross, & Parnell, 2016; Myung, 2017; Wijesinghe, 2014). Nevertheless, within business environments there is a growing interest in ethical decision making (Lashley, 2016a; Lugosi, Lynch, & Morrison, 2009). It is here that *phronēsis* provides “reflexive virtue-based ethics [that understands] the bounded nature of reason, and [has] an appreciation of emotion in judgement” (Rooney et al., 2010, p. 23). Nevertheless, while *phronēsis* integrates reason and intuition (Fowers, 2005; Rooney & McKenna, 2005; Yuengert, 2012), there remains significant gaps in our understanding of how intuition and emotions inform decision making (Dane & Pratt, 2007; Elbanna & Child, 2007; Yuengert, 2012) and how value rationality can inform instrumental rationality (Dustin, Schwab, & Rose, 2012). This thesis addresses these gaps by exploring how ethics and values are integrated into management practice and how intuition and emotions inform decision making.

1.3 Research design

This multidisciplinary study applies knowledge and understanding from the field of Aristotelian *phronēsis* to explore hotel management practice while also drawing from the

field of hospitality management to explore how wisdom is practised within contemporary society (Lashley, Lynch, & Morrison, 2007b). Pernecky (2016c) describes a multidisciplinary study as involving “more than one […] field of study […] in tackling a problem” (p. 17) where each field of study provides a different perspective.
The use of a multidisciplinary approach is promoted by O’Gorman (2007b) and supported by McIntosh (2016) who suggest that it is required to investigate the nuances of hospitality within the social context. Additionally, Rooney et al. (2010) suggest that to understand *phronēsis*, “multidisciplinary teams of researchers and multidisciplinary theories and methods are called for” (p. 214).

The study adopts a phronetic social science (PhSS) approach (Flyvbjerg, 2001) that is informed by elements of critical theory (CT). A PhSS approach is appropriate for this study as it explores the values, interests and power dynamics within social systems by applying Aristotelian *phronēsis* (Flyvbjerg, 2006). Moreover, as CT provides a basis for critiquing and transforming strategic structures and the resulting social, political and cultural environments (Guba & Lincoln, 1994, 2005; Voronov, 2009), it complements the aims of PhSS. The use of CT as a means for investigating power dynamics and breaking free from conventional constraints has significant support within the hospitality literature (Lashley, 2007; Lashley & Lynch, 2013; Lashley et al., 2007a; Lynch et al., 2011; McIntosh & Harris, 2012; Tribe, 2006). Bringing a PhSS and CT approach together creates a dynamic ontology and dialectic epistemology as basis for this study (refer to sections 4.2.1 and 4.2.2).

This research applies a qualitative research methodology and case study methods involving a dual case study approach comprising two international hotel groups to answer the research questions. Each case study also included four embedded hotel cases (refer to section 4.4.1). Twenty-four hotel managers (12 within each case study) were interviewed using semi-structured interview techniques. Additionally, company documents were examined to provide background information and offer the ability to compare and contrast company statements with respondent narratives (refer to section 4.4.3.2). Thematic data coding techniques were employed to carry out data analysis.

1.4 Research significance

This research makes significant empirical, theoretical, practical and methodological contributions within the domains of *phronēsis* and hospitality studies. Empirically, this thesis provides data that contributes to an understanding of tensions and paradox within the hospitality environment. The evidence also reveals that a stakeholder approach is being adopted by the hotels and that they are seeking ways to balance competing stakeholder interests to create shared value. These findings extend our understanding of hospitality within the commercial context by revealing how business management and the practice of hospitality are integrated to provide economic and social value. Significantly, the research establishes the attributes required for wise management practice and the critical role that community plays within wise decision making.

Theoretically, the thesis adds significant contributions to wisdom theory. This includes clarification of the role of *phronēsis* as a master virtue that integrates excellence of character and practical intelligence. Moreover, the study makes useful distinctions between three types of intuitive knowledge and the role that emotions play within wise decision making. Similarly, the distinction made between scientific theory (*epistēmē theôrêsis*) and theory of practice (*epistēmē theôría*) helps clarify the contribution that *epistēmē* makes to *phronēsis*. The conceptual model of wise management practice that brings together the interrelated concepts explored throughout the discussion chapter provides a significant theoretical contribution (see Figure 6-8).

This is the first empirical research study to explore wise management practice (*phronēsis*) within the commercial hospitality environment. The study outlines a relatively novel phronetic social science (PhSS) approach which implemented together with CT provides a critique of social systems, brings values into focus, and provides a perspective from which to develop human well-being. Moreover, the qualitative methodology and case study protocol applied within this study provides a fresh approach to integrating inductive and abductive reasoning within the construction of new knowledge.

This research provides practical contributions to the management of hospitality organisations by providing an understanding of the simple, complicated, complex and potentially chaotic environments that exist within commercial hospitality environments.

Furthermore, the decision-making frameworks and stories provide valuable tools that can be used for developing decision-making capabilities. Additionally, the study provides a framework for creating a structure and culture that supports the development of organisational and individual wisdom and offers 12 practical actions that can be taken to cultivate *phronēsis*. The empirical, theoretical and practical contributions of the study adds valuable knowledge to the "exploration of and dialogue about possible understandings, approaches, interpretations" that was called for by Küpers and Pauleen (2013, p. 15). Moreover, and importantly, the research provides a conceptual model for operationalising and practising *phronēsis*.

1.5 Theoretical context of study

This study draws primarily from literature within the areas of Aristotelian wisdom (*phronēsis*), and hospitality studies. Given that Aristotle (384–322 BCE) wrote the *Nicomachean Ethics* (*NE*) some 2350 years ago, there is a considerable body of literature discussing his writings from a philosophical perspective. However, it has only been from the beginning of the 1990's that discussions concerning the relevance and application of *phronēsis* within contemporary society have gained momentum. This thesis draws primarily from these studies within the areas of psychology and contemporary organisations as previously indicated in section 1.1.1. Additionally, two translations of *NE*, by W. D. Ross (Arist. 2009, *NE*,) and C. Rowe (Arist. 2002, *NE*,), are referred to and referenced within this thesis.

The literature on hospitality studies is also extensive and while providing many potential avenues for discussion, the final themes explored within this study are limited to the scope of the research aims. In particular, the hospitality literature concerning the values and ethics of hospitality, the purpose of hospitality within the business domain, and the tensions resulting from the commercialisation of hospitality provide fruitful discussion for the thesis. The discussion of hospitality management is also supported by reference to stakeholder theory and social responsibility, Max Weber's typology of rationality, complexity theory and a brief discussion of paradox. While these theories are not able to be explored in depth, they are important to the discussion of *phronēsis* within this thesis.

1.6 Research scope and limitations

This study draws from Aristotle's conception of practical wisdom and neo-Aristotelian discussions of *phronēsis* to provide a detailed account of *phronēsis* within contemporary thought and management practice. The review of literature has limits as it is not possible to account for all studies of wisdom. For example, each of Aristotle's intellectual virtues has nuances that are beyond the scope of this study. Additionally, this study does not provide an account of the origins of Western (European) wisdom as these are readily available within the literature (see, for example, Birren & Svensson, 2005; Rooney et al., 2010). Moreover, while some demographic information was collected from the respondents, it was beyond the scope of this study to explore differences within the findings (e.g. relating to gender, cultural or age).

1.7 Terminology

Aristotelian: The term Aristotelian is used to describe interpretations of Aristotle's works as close as possible to translations and original interpretations of his works.

Neo-Aristotelian: The term neo-Aristotelian is used to represent contemporary thought that draws from Aristotle's works while also taking into account new scientific discoveries and knowledge. Hursthouse (1999) describes neo-Aristotelians as acknowledging the flaws in Aristotle's thinking (for example, slavery, women and elitism) and also allowing for an extension of Aristotle's concepts to include more recent ideas (for example, contemporary virtues of "charity or benevolence") (p. 8).

Wisdom literature: The term wisdom literature used within this thesis refers to the studies and discussions of Aristotelian and neo-Aristotelian *phronēsis* found with academic books and journals.

*Greek words***:** A list of the Greek words and their meaning that has been attributed to them is provided within the Glossary.

1.8 Citing Aristotle

Rowe's (2002) and Ross's (2009) translations of *Nicomachean Ethics* (*NE*) were used as the primary sources for referencing Aristotle within this study. Within the text of this thesis where Aristotle's work is directly quoted, the references are set out as follows:

Author abbreviation, work abbreviation, book and chapter reference, Bekker number, translator's name; for example, (Arist. 2009, *NE*, I.4, 1095a12–28, trans. Ross). However, where the work of Aristotle is not drawn from one particular translation yet relates to a section of his work, for simplicity the references only refer to the name of the work, book, chapter and Bekker number; for example: (*NE*, I.4, 1095a12–28).

1.9 Chapter outline

Chapter Two provides a review of the literature concerning *phronēsis*. The chapter begins by defining *phronēsis* and distinguishing it from theoretical wisdom. *Phronēsis* is also positioned in relation to the other intellectual excellences that contribute rational knowledge for decision making and the non-rational excellence of character (*êthos*) that provides ethical understanding. The chapter then provides an overview of significant psychological and organisational perspectives of *phronēsis* which informs this research. Additionally, there is a discussion of *phronēsis* within community and the literature concerning the development of wisdom.

Chapter Three provides an overview of the hospitality literature. The discussion focuses on the significant tensions and complexities within the commercial hospitality environment. The discussion highlights gaps within hospitality studies of ethics and the definitions of commercial hospitality. The literature review within this chapter also draws from management and sociology literature to inform significant areas of interest within this study, including tensions, rationality and complexity.

Chapter Four outlines the methodology and research methods employed within this study. It provides an overview of the phronetic social science research approach and the use of critical theory within this study. The ontological and epistemological positioning of the study is then explained. The qualitative research methodology and the use of inductive and abductive reasoning are outlined. The chapter then discusses the case study protocols that were used within this research.

Chapter Five presents the research findings. The chapter begins with an introduction to the case studies, research respondents and demographic information. The research findings are then presented within three sections, which follow the first three research aims. The first section explores the findings concerning the purpose of the hotels, the values that guide decision making and management practice, and the tensions that are evident within the hotel environment. The second section explores the findings concerning wise management practice and how the tensions within the environment are balanced. The third section presents the findings concerning the development of wisdom.

Chapter Six provides a theoretical discussion of the findings from Chapter Five. The discussion draws from and integrates the relevant literature on *phronēsis* and hospitality. This chapter follows the same format as the findings chapter by discussing each research aim in turn: hotel purpose, wise management practice, and development of wisdom. The chapter concludes by providing an integrated model of wise management practice that synthesises the key themes discussed within the chapter.

Chapter Seven presents the conclusions for the thesis. The chapter outlines the significant contributions to knowledge for each of the four research aims. Outcomes for the final, (fourth) research aim is presented in this chapter. Additionally, the theoretical contributions to management *phronēsis*, hospitality studies and methodology are outlined. The chapter concludes with a discussion of limitations and future research, and final concluding thoughts.

Chapter 2. *Phronēsis* – Practical wisdom

2.1 Introduction

This chapter provides a literature review and discussion of *phronēsis* and its characteristics. The chapter is divided into two main sections. The first section provides an Aristotelian discussion of *phronēsis* and situates it within the context of the other four Aristotelian intellectual excellences and the non-rational excellence of character (*êthos*). The section begins with introducing dictionary definitions of wisdom and then defines, describes and discusses *sophia, phronēsis, êthos, nous, epistēmē* and *technē*. The second section of the chapter provides a review of the main neo-Aristotelian theories and models of *phronēsis* that inform this study. This section begins with discussing two important psychological accounts of *phronēsis* that have gained prominence and then the organisational and management accounts of *phronēsis* that inform this study. The literature review then provides a discussion of virtue ethics, collective wisdom and the development of wisdom.

2.2 Wisdom

It is generally accepted that the concept of wisdom is difficult to define (Birren & Fisher, 1990; Birren & Svensson, 2005; Kim, 2012; Rooney et al., 2010; Sternberg, 1990; Yuengert, 2012). The complex nature of wisdom means that it is not possible to suggest a single prescriptive definition (Fowers, 2005; Rooney et al., 2010; Yuengert, 2012). The complexity of wisdom is evident within the following *Oxford English Dictionary* and *Collins English Dictionary* definitions of wisdom (refer to Table 2-1: Wisdom dictionary definitions).

Table 2-1: Wisdom dictionary definitions

Wisdom characteristics	***Oxford English Dictionary*** (2004, p. 421)	***Collins English Dictionary*** (2009, p. 1868)
Sound judgement Decision making	1) Capacity of judging rightly in matters relating to life and conduct; Soundness of judgement in the choices of means and ends; Sound sense esp. in practical affairs	1) the ability or result of an ability to think and act utilizing knowledge, experience, understanding, common sense, and insight.
Theoretical and practical knowledge	2) Knowledge (esp. of a high or abstruse kind); Enlightenment, learning, erudition; In early use often = philosophy, science; Also practical knowledge or understanding, expertness in an art	2) accumulated knowledge, erudition, or enlightenment
Maxim Accepted principle	3) Wise discourse or teaching – a wise saying or precept	3) archaic – a wise saying or wise sayings or teachings
Sound reasoning	4) Sanity, 'reason'	4) obsolete – soundness of mind
Integration of faculties		utilizing knowledge, experience, understanding, common sense, and insight
Attributes of wise people		1) possessing, showing, or prompted by wisdom or discernment; 2) prudent; sensible; shrewd; 3) crafty: a wise plan; 4) well informed; erudite

The *Oxford English Dictionary* describes wisdom as the ability to make sound judgements, which perhaps sums up the general trait of wisdom. Nevertheless, within the above definitions it is apparent that part of the difficulty with defining wisdom can be attributed to different types of wisdom that are not explicitly distinguished from each other within these definitions. Wisdom is referred to as the accumulation of sophisticated knowledge and enlightenment while also being referred to as practical knowledge (*Oxford English Dictionary*, 2004) or common sense (*Collins English Dictionary*, 2009). These definitions indicate that wisdom is associated with what appears to be conflicting traits including excellence of intellectual knowledge and/or expertise in practical knowledge or even simple common sense. Moreover, the *Collins English Dictionary*

(2009) suggests that wisdom stems from the integration of knowledge, experience, understanding, common sense and insight, indicating that wisdom involves practical or useful outcomes. However, wisdom can also be associated with learnedness and theoretical concepts. Additionally, wise people are seen to have discernment (judgement); they are sensible, shrewd, crafty and knowledgeable (*Collins English Dictionary*, 2009, p. 1868). Yet, what these definitions are missing is any reference to ethics or values. Instead, readers are left wondering what constitutes sound judgement and how being "shrewd" or "crafty" (*Collins English Dictionary*, 2009, p. 1868) fits with "judging rightly in matters relating to life and conduct" (*Oxford English Dictionary*, 2004, p. 421). Turning to Aristotle's discussion of wisdom helps to provide some answers to these issues.

Within the *Nicomachean Ethics* (*NE*), Aristotle discusses the nature of wisdom by distinguishing between the intellectual qualities of theoretical/philosophical wisdom (*sophia*) and practical wisdom (*phronēsis*) (Small, 2004). Aristotle also makes comparisons with the other intellectual qualities of craft (*technē*), theoretical knowledge (*epistēmē*) and practical intelligence (*nous*) (Dunne, 1997; Eikeland, 2008; Parry, 2008). However, although each of these intellectual qualities are distinct excellences (virtues), it is important to note that when conceptualising wisdom they are not mutually exclusive (Bierly, Kessler, & Christensen, 2000; Eikeland, 2008; Rooney & McKenna, 2005). Moreover, due to the "wide range of variables" associated with wisdom (Brown, 2005, p. 355), Yuengert (2012) warns that the nature of wisdom can only be "approximated and roughly outlined" (p. 137). Nevertheless, while it may not be possible to offer a precise definition or full account, it is possible to add something to the overall understanding of wisdom.

2.2.1.1 Defining virtue (*areté*)

The Greek word *aretê* is generally translated as virtue or excellence (Eikeland, 2008; Fowers, 2005; Kraut, 2014) and refers broadly to what makes something work at its best rather than the narrower definitions of moral virtues generally referred to in contemporary literature (Solomon, 1997).[1] Discussing virtue (*aretê*), Aristotle states:

> We must, however, not only describe virtues as a state of character, but also say what sort of state it is. We may remark, then, that every virtue or excellence both brings into good condition the thing of which it is the excellence and makes the work of that thing be done well (Arist. 2009, *NE,* II.6, 1106a15–18, trans. Ross).

Aristotle uses the term *aretê* to describe the intellectual virtues, which are excellences of mind, and ethical virtues, which are excellences of character (Eikeland, 2008). Eikeland describes virtue as the "ultimate form of that thing or activity" and a "perfected capacity or ability to act" or "actuality of a fully developed potential" (p. 53). Fowers (2005) defines virtue as "the form of excellence that allows an individual to pursue worthwhile ends in everyday activities" (p. 27). Moreover, Aristotle points out that the intellectual and ethical virtues are not obtained from genetics or gifted by nature; rather, they are developed over time from practice, exercise or habituation (Eikeland, 2008).

2.2.2 *Sophia* – theoretical/philosophic wisdom

Aristotle makes a clear distinction between philosophic wisdom (*sophia*) and practical wisdom (*phronēsis*). In this distinction, the attainment of intellectual accomplishment or *sophia* does not endow someone with practical wisdom. *Sophia* and *phronēsis* are viewed as two different kinds of excellence (Broadie, 2002; Robinson, 1990). *Sophia* is described as excellence of intellectual accomplishment and theoretical mastery (Broadie, 2002), combining practical intelligence (*nous*) and theoretical knowledge (*epistēmē*) (Small, 2011). This relationship is depicted in Figure 2-2. As Aristotle describes it, "philosophic wisdom [*sophia*] is scientific knowledge, combined with intuitive reason, of the things that are the highest by nature" (Arist. 2009, *NE,* VI.7, 1141b3, trans. Ross). Adding to this, Eikeland (2008) states that *sophia* "deals with the essential or primary definitions of things" which provides classifications of "what-it-means-to-be-or-do" (p. 85). It is from this concept that the word philosophy – "philo-sophia", literally meaning "love of wisdom" – is derived (Broadie, 2002).

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[1] From Latin, virtūs, manliness, excellence, goodness (American Heritage Dictionary, 2011b)

While *sophia* represents intellectual accomplishment, it is clear that *phronēsis* has different characteristics. Ardelt (2004a) emphasises the difference between theoretical wisdom and practical wisdom by highlighting that theoretical wisdom (*sophia*) is theoretical knowledge about what is good and right for humans, whereas practical wisdom (*phronēsis*) involves the ability to apply this knowledge to achieve well-being and life satisfaction. This is evident within the *NE* where Broadie (2002) comments that "abstract theoretical understanding [*sophia*] does not confer practical wisdom, [and it] is not a precondition of that sort of wisdom". Long (2002) also makes the distinction between *sophia* and *phronēsis* by connecting *sophia* with "that which cannot vary" (p. 39), and "systematic knowledge" (Arist. 2002, *NE*, VI.7, 1141a16–20, trans. Rowe), whereas *phronēsis* is described as concerning "things human, and with things one can deliberate about" (Arist. 2009, *NE*, VI.7, 1141b8–10, trans. Rowe). Nevertheless, while *sophia* and *phronēsis* are separate virtues, Aristotle suggests that *phronēsis* also takes into account intuitive intelligence (*nous*) and theoretical knowledge (*epistēmē*) (Arist. 2009, *NE*, VI.8, 1141b15, trans. Rowe).

2.2.3 *Phronēsis* (practical wisdom)

Many discussions of *phronēsis* quote Aristotle in defining *phronēsis* as "a true and reasoned state of capacity to act with regard to the things that are good or bad for man" (Arist. 2009, *NE*, VI.5, 1140b5, trans. Ross) (e.g. Chia et al., 2013; Dunne, 1997; Khan, 2005; Noel, 1999). However, it is clear that simple definitions are unable to capture the full meaning of *phronēsis*. In the introduction to *NE*, Broadie (2002) suggests the complexity of *phronēsis* is "one reason [Aristotle's] discussion of wisdom and decision can often seem maddeningly obscure" (p. 51). Additionally, there are a variety of translations and interpretations of Aristotle's works which, as Khan (2005) suggests, enables a variety of meanings to be extracted from the texts. Eikeland (2008) suggests that "*phronēsis* is usually translated as 'prudence', 'practical wisdom' or 'judgement'" (p. 15), while Noel (1999) identifies interpretations of *phronēsis* including, among others, "moral discernment" and "practical reasoning" (p. 273). R. Smith (1999) preferred the definition "practical judgement" over "practical reasoning", as he suggested the word judgement "usefully connects the cognitive and affective and captures something of the importance of the discernment of particulars in practical judgement, as well as its ethical character" (p. 330). These different interpretations indicate the multidimensional nature of *phronēsis* (Baltes & Staudinger, 2000; Birren & Fisher, 1990; Dunne, 1997). It is perhaps for these reasons that interpretations of Aristotle and contemporary discussions struggle to represent wisdom in its fullness and the antecedents and characteristics of *phronēsis* remain unclear (Chia et al., 2013; Ellett Jnr., 2012; Rooney et al., 2010; Schmit et al., 2012).

When looking across different translations of Aristotle, Noel (1999) identifies rationality, insight and ethical character as three attributes of *phronēsis* that are often emphasised, to a greater or less degree, within different interpretations. Examples of these different interpretations are evident in Tiberius and Swartwood's (2011) discussion where they emphasise the rational character of *phronēsis* when defining it as an "intellectual virtue that […] includes knowledge or understanding of what the right goals are in human life and the reasoning ability that allows the wise person to apply this knowledge" (p 278). On the other hand, B. Schwartz (2011) states that *phronēsis* depends "on our ability to perceive the situation, to have the appropriate feelings or desires about it, to deliberate about what was appropriate", which places an emphasis on perception, intuition and insight as important features of *phronēsis*. Halverson (2004), in contrast, places an emphasis on ethical characteristics of wisdom by stating that "*phronēsis* is an essentially moral form of knowledge, guided by the habits of virtue" (p. 92). Nevertheless, while some commentators emphasise some attributes of *phronēsis* over others, it is generally accepted that *phronēsis* is a master virtue (Fowers, 2005, p. 643; Lewis, 2012, p. 157; D. Schwartz, 2006, p. 379) that integrates and coordinates the other rational and non-rational virtues (Baltes & Smith, 2008; Baltes & Staudinger, 2000; Birren & Svensson, 2005; Eikeland, 2008; Flyvbjerg, 2001, 2006; Halverson, 2004; Kinsella & Pitman, 2012b; Long, 2004; MacIntyre, 2007; Rooney et al., 2010; Schmit et al., 2012; Thompson & Bevan, 2013; Yuengert, 2012).

As a "reasoned and true state", it is clear that *phronēsis* is an intellectual excellence (Arist. 2009, *NE*, VI.3, 1139b15–17; 5, 1140b20, trans. Ross). However, as Aristotle states it is not possible to "be wise without excellence of character", phronēsis also encompasses ethical excellence (Arist. 2002, *NE*, VI.13, 1144b30, trans. Rowe). The connection between *phronēsis* and character (*êthos*) is confirmed by Broadie (2002), who states "wisdom, then, turns out to be impossible without excellence of character, just as excellence of character is impossible without wisdom" (p. 50). Eikeland (2008) also points out that the interdependence of *phronēsis* and character (*êthos*) distinguishes *phronēsis* from the other intellectual excellences. As a result, *nous*, *epistēmē* and *technē* are not directly connected with *êthos*; therefore, as they are able to be used for purely instrumental reasons, they remain amoral virtues (refer to Figure 2-2).

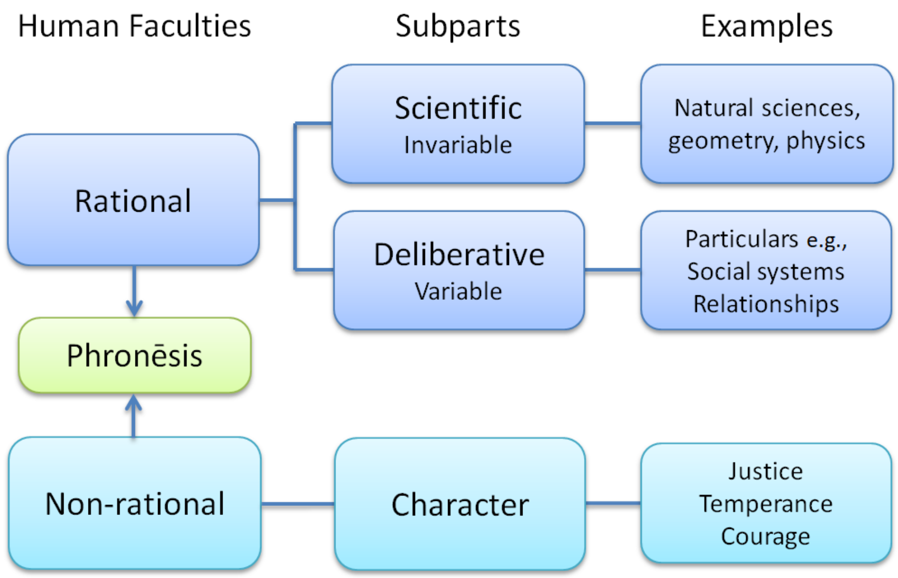
Nevertheless, it is also evident that *nous* is closely associated with *phronēsis* as Broadie (2002) suggests "for wisdom's eye actually to see […] it needs more than the qualities that make for character-excellence; it also needs cleverness (*deinotēs*), penetration, thoughtfulness, and the experience necessary for shrewd reflection" (Arist. 2002, *NE*, VI.12, 1144a20–9, trans. Rowe). "In a word, wisdom requires practical intelligence (*nous*)" (Broadie, 2002, p. 49). Moreover, depending on the particulars of the situation, *phronēsis* also takes the intellectual excellences of *epistēmē* and *technē* into account within deliberation (*NE*, VI.13, 1139a34–35) (Broadie, 2002; Eikeland, 2008; Flyvbjerg, 2001). This is acknowledged by Rooney et al. (2010) who state that "the wise person deliberates by carefully weighing and integrating, intuitively and 'scientifically', the facts, reasons, and basic principles to produce good and honourable courses of action and outcomes" (p. 43). While there is some evidence of different interpretations – for example, Greenwood and Levin (2005) suggest that one form of knowledge "is not superior to the other" (p. 50) – it seems clear that *phronēsis* integrates, coordinates and moderates the other forms of rational and non-rational knowledge. As *phronēsis* is clearly connected with *nous* and informed by *epistēmē* and *technē*, these three intellectual excellences are included as attributes of *phronēsis* (refer to Figure 2-2) and are discussed in more detail later in this chapter. However, it is first important to explore the interdependent relationship between *phronēsis* and *êthos* and the end to which these excellences are directed.

2.2.3.1 Integrating rational and non-rational

In an introduction to *NE*, Broadie (2002) emphasises the rational capacity of *phronēsis* by stating that "wisdom shows itself in good deliberation, and deliberation is plainly a kind of reasoning" (p. 47). However, as *phronēsis* is linked to character and ethics, it also involves discerning what is right and ethical (Eikeland, 2008; Fowers, 2005). Within contemporary interpretations, Rooney et al. (2010) suggest that this has resulted in more transcendent forms of intuition and discernment being emphasised and the rational capacity of *phronēsis* being diminished. For example, Bierly et al. (2000) link wisdom to spirituality and suggest that it is "faith, courage and hope that facilitate wise decision making and actions" (p. 607). Moreover, Bierly et al. (2000) suggest that "instead of following rigorous scientific principles, [*phronēsis*] lets creativity and wonder 'bubble up' to take one to a place that facts alone could not do" (p. 607). Nonetheless, while *phronēsis* is inextricably linked to non-rational perceptive abilities that subconsciously discern unfolding situations and environments, it remains a rational capacity and intellectual excellence (Fowers, 2005; Kraut, 2014). Therefore, to understand *phronēsis* requires understanding how it can be simultaneously rational, intuitive and ethical.

The integration of both rational and non-rational human faculties is central to Aristotle's concept of *phronēsis* (Khan, 2005). Moreover, Aristotle further divides the rational faculty into two subparts, which are referred to as "scientific" and "deliberative" (Arist. 2002, *NE*, VI.2, 1139a12–15, trans. Rowe). Scientific rationality refers to invariable knowledge (e.g. natural sciences and geometry) which remains consistent across time and contexts, while the second rational faculty is labelled deliberative as it contemplates things that are variable (e.g. social systems and relationships). The non-rational faculty includes ethics and excellences of character (*êthos*) which, together with rational deliberation, provide the basis of *phronēsis* (refer to Figure 2-1). Integrating the rational and non-rational, *phronēsis* analyses and interprets to determine the particulars of the situation and then deliberates about the best courses of action for the good of all (Eikeland, 2008; Obseck & Robinson, 2005; Rooney et al., 2010; Thompson & Bevan, 2013). Within this context, practical reasoning and deliberation requires that an end, goal or purpose is known and trying to be achieved (Kraut, 2014).

Figure 2-1: Rational and non-rational faculties



2.2.3.1.1 The ultimate goal (*eudaimonia*)

According to Aristotle, knowing what is of importance requires knowledge of the final end (*télos*) that is aimed at and the purpose for which an activity is undertaken (*NE*, I.1, 1094a1–26). In his extensive exegesis of Aristotle's works, Eikeland (2008) points out that "Aristotle considers a *télos* to be 'the ultimate and best', i.e. that for the sake of which everything is done" (p. 126). Where finding the end or purpose of an activity is achieved by repeatedly asking "For what purpose?" until no further purpose can be found other than for the final end itself (Eikeland, 2008, p. 126). Within the concept of *phronesis*, it is apparent that without an understanding of the final end, reasoning and deliberation about the means for achieving a goal may be misdirected (Beadle & Moore, 2006; Khan, 2005; Kraut, 2014; MacIntyre, 2007). Therefore, the practically wise (*phrónimos*) is described by Hursthouse and Pettigrove (2013) "as those who understand what is truly worthwhile, truly important" (p. 8). There is considerable consensus among neo-Aristotelian authors (e.g. Hursthouse, 2013; MacIntyre, 2007; Rooney et al., 2010; Sison & Fontrodona, 2012; Solomon, 1992) that knowing the end that is being aimed at is important for *phronēsis*. Moreover, connected with understanding the end (*télos*) of an activity is Aristotle's discussion of "goods" and the ultimate purpose of human activity.

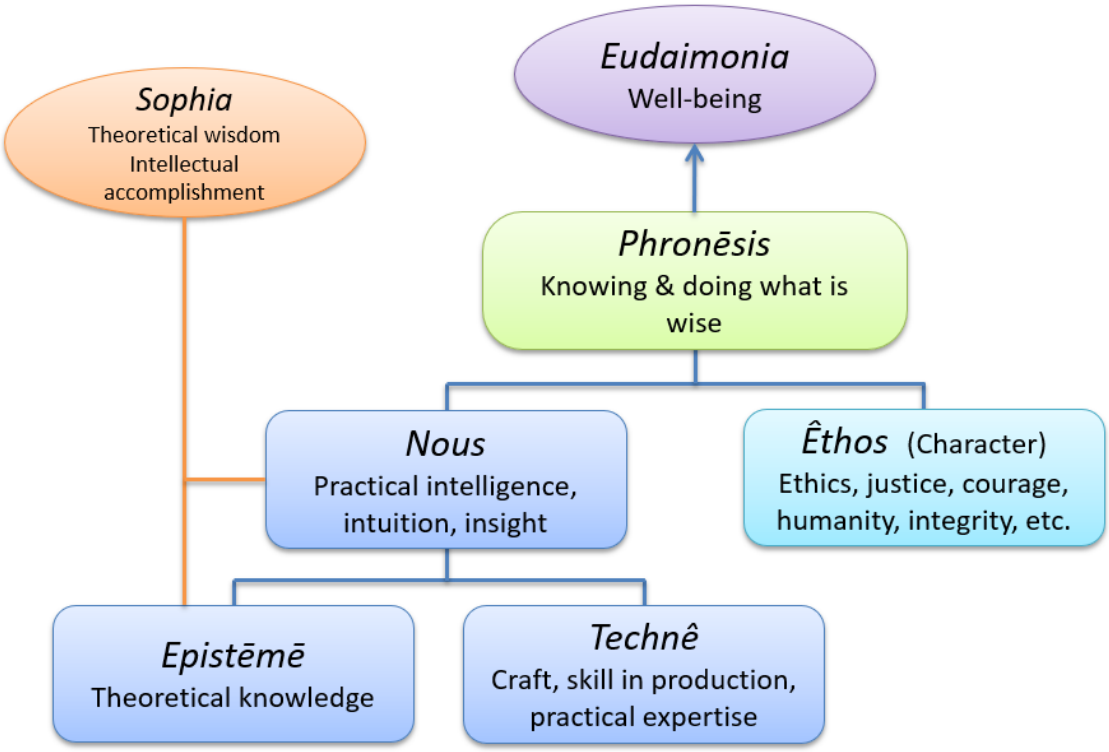
As an intellectual excellence connected with ethics and values, *phronēsis* is concerned with achieving the highest practical purpose (good) for humans, which Aristotle (*NE*, I.4, 1095a12–28) defines as *eudaimonia* (Eikeland, 2008; Noel, 1999; Statler & Roos, 2007). *Eudaimonia* is often translated as happiness (Arist. 2002 & 2009, *NE*. 1.7; ; Eikeland, 2008); however, as contemporary interpretations of happiness are associated with emotions and feelings of pleasure, which are not needed for *eudaimonia*, the word happiness does not provide an adequate translation (Dierksmeier & Pirson, 2009; Fowers, 2005; Kraut, 2014; Sadler-Smith, 2010; Yuengert, 2012). While alternative translations of *eudaimonia* include a "life well lived" (Arvidsson, 2011), more common and perhaps better suited translations include human flourishing and well-being (Beadle & Moore, 2006; Fowers, 2005; Hursthouse & Pettigrove, 2013; Johnson, 2005; Kraut, 2014; Küpers & Statler, 2008; Lewis, 2012; McKenna, 2013; Rooney, 2013; Solomon, 1992, 2004; Wijesinghe, 2014). Moreover, achieving well-being (*eudaimonia*) is also associated with aiming at the highest human good (Khan, 2005), which is also described as the ultimate good (Yuengert, 2012), supreme good (Hursthouse, 2013), common good (Sison & Fontrodona, 2012), public good (Solomon, 1992), proper goods and ends (Eikeland, 2008) and internal goods (Fowers, 2005; MacIntyre, 2007). Aristotle's discussion of goods and well-being also provide an important means for understanding the goals and aims of *phronēsis*.

2.2.3.1.2 External and internal goods

In discussing the relationship between goods and well-being (*eudaimonia*), Aristotle distinguishes between goods that are external and those internal to an activity (*NE,* I.4, 1094a1–16). Fowers (2005) describes external goods as "objects or states of affairs" that can be possessed "such as money, prestige, or a job" (p. 55). However, Aristotle places external goods as subordinate to internal goods as external goods are achieved for some other purpose (*NE,* I.1, 1094a14–15*)*. For example, attaining a job or money is not an end in itself; rather, these goods provide a means to some other end. Moreover, as there are many different methods for obtaining external goods, they can be pursued through instrumental means that provide the most efficient, but not necessarily wisest, way for achieving them (Fowers, 2005; MacIntyre, 2007). Additionally, MacIntyre (2007) suggests that when external goods are attained they belong to an individual, and as they are characteristically competed for, "the more someone has of them, the less there is for other people" (p 190). Acknowledging these characteristics, Eikeland (2008) describes external goods as “merely rational capacities [that] can be used for both good and bad purposes” (p. 59).

Conversely, internal goods are described as goods that have meaning in themselves (*NE*, I.7, 1097b1) and are undertaken to become a certain kind of person and/or achieve well-being (Fowers, 2005; MacIntyre, 2007). The aim of internal goods is not only to produce an outcome (e.g. rejuvenation or nourishment) but to achieve excellence of production, meaning and character. Fowers (2005) suggests internal goods “are known as internal because the means for achieving them are inseparably tied to the good” (p. 55). For example, the only way to provide excellent hospitality is to be hospitable. Additionally, being hospitable involves practising the provision of hospitality values (e.g. genuine welcome, sanctuary, relationship building and respect) referred to in much of the academic literature (Braithwaite, 2004; Hemmington, 2007; King, 1995; Lashley, 2000; Selwyn, 2000). As internal goods, these values are worth pursuing for themselves and not for some other purpose (*NE*, I.7, 1098a16–17). Referring to these types of values, Aristotle states “for if nothing resulted from them we should still choose each of them” (Arist. 2009, *NE*, I.7, 1097b2, trans. Ross). Nevertheless, while internal goods can be seen as superior to external goods, it is evident that both external and internal goods are required to obtain well-being. It is within this relationship, and the resulting tensions, that *phronēsis*, through the integration of the rational and non-rational excellences, provides the ability to bring external and internal goods together (Baltes & Staudinger, 2000; MacIntyre, 2007; Small, 2011) for achieving well-being (*eudaimonia*) (refer to Figure 2-2).

Figure 2-2: Attributes of phronēsis



2.2.4 Character (*êthos*) and virtue (*aretê*)

Aristotle makes it clear that *phronēsis* is not possible without excellence of character (*êthos*) nor is excellence of character possible without *phronēsis* (*NE*, VI.13, 1144b,30). Consistently throughout the *NE*, it is emphasised that excellent character (*êthos*) is required to act wisely, yet *phronēsis* is also required to develop and bring balance to the traits of character. Eikeland (2015) provides some insight into the dialectic and interdependent relationship between *êthos* and *phronēsis* by discussing praxis as both a practice and a performance. Praxis as a practice involves the ongoing practice and development of habits required to move from novice to expert, as in becoming wise; for example, practising being bold or exercising integrity on a daily basis. Praxis as a performance involves the wise person (*phrónimos*) who, drawing from already developed character strengths and an ethical disposition, takes action in the interests of all. From these perspectives, praxis can be seen to work upwards, within the practice of exercising wisdom on a journey towards *phronēsis*, and downward from a position of *phronēsis* in its more complete form, embodied within the wise actor (*phrónimos*) to make wise judgements and take action within the particulars of the situation (Eikeland, 2008). Either way, praxis involves doing or practising ethical action.

Although *êthos* is generally interpreted as excellence of character, it is also referred to as moral virtue (Arist. 2009, *NE*, VI.13, 1144b,30, trans. Ross; Fowers, 2005; Khan, 2005; Melé, 2010; Rooney et al., 2010), ethical virtues (Eikeland, 2008; Kraut, 2014; Rooney & McKenna, 2005; Solomon, 1997), virtue ethics (Fowers, 2005; Jeong & Han, 2013; Khan, 2005; Rooney et al., 2010; Swanton, 2003, 2015) and character strengths (Crossan, Mazutis, & Seijts, 2013; Crossan, Mazutis, Seijts, et al., 2013; Fowers, 2005; Park & Peterson, 2008). However, within contemporary writings, the character traits of *êthos* are often simply referred to as the virtues (Beadle & Moore 2006; Crossan et al., 2013; Fowers, 2005; Jeong & Han, 2013; Schwartz & Sharpe, 2006; Sison & Fontrodona, 2012). These interpretations draw attention to both the character strengths and the ethical dimensions that some of the character strengths provide.

It is evident that Aristotle's discussion of character and ethics continues to remain relevant within contemporary society. Nevertheless, while many of the virtues of character listed with the *NE* continue to be referred to in contemporary writings, the virtues referred to by Aristotle have been updated to reflect contemporary life, language and contexts (Chun, 2005; Crossan, Mazutis, & Seijts, 2013; Fowers, 2005; Swanton, 2003). Arguably one of the most extensive modern-day studies of virtues and character strengths has been conducted by psychologists Peterson and Seligman (2004). Their research reveals significant cross-cultural and historical convergence of six core virtues: wisdom, courage, humanity, justice, temperance and transcendence, and 24 associated character strengths (refer to Table 2-2). Core virtues are defined by Peterson and Seligman (2004) as an "abstract ideal encompassing a number of other, more specific virtues that reliably converge to the recognisable higher-order category" (p. 35). The character strengths describe the traits (more specific virtues) that a virtuous person may display. However, rather than requiring the full range of traits, Peterson and Seligman (2004) suggest that a person could be considered to have good character if they displayed one or two of the traits within the related virtue. The virtues and character strengths identified here are consistent with those discussed within contemporary wisdom literature (e.g. Crossan, Mazutis, Seijts, et al., 2013; Fowers, 2005, 2012).

Table 2-2: Virtues and character strengths

Wisdom and Knowledge

- Creativity
- Curiosity
- Open mindedness
- Love of Learning
- Perspective

Justice

- Citizenship [social responsibility, teamwork]
- Fairness
- Leadership

Courage

- Bravery
- Persistence [Perseverance]
- Integrity [authenticity Honesty]
- Vitality [Zest, enthusiasm, vigour, energy]

Temperance

- Forgiveness
- Humility
- Prudence
- Self-Regulation

Humanity

- Love
- Kindness
- Social Intelligence

Transcendence

- Appreciation of Beauty and Excellence
- Gratitude
- Hope

Source: Peterson and Seligman (2004)

Referring to Yearley (1990, p. 13), Park, Peterson, and Siligman (2004) define character strength as "a disposition to act, desire, and feel that involves the exercise of judgment and leads to a recognizable human excellence or instance of human flourishing" (p. 604). This definition is consistent with Aristotle's argument that excellence of ethics and character is concerned with feeling and acting appropriately, which he describes as finding the middle ground (mean) between excess and deficiency. As *phronēsis* takes into account the particulars of the situation, finding the mean requires having the right feelings or taking the right action at the right time, with reference to the right objects, towards the right people, with the right motives, and in the right way (Arist. 2009, *NE*, II. 6, 1139b15–17; 5, 1140b20, trans. Ross). These attributes of *êthos* reveal two important characteristics: *êthos* is required to fully understand human complexities within a context, and knowing what is right involves understanding human feelings.

With respect to context, Khan (2005) points out that as the mean between excess and deficiency is context dependent, it cannot be calculated or determined by rules. Swanton (2007) suggests that the virtues and character strengths referred to by Aristotle and Peterson and Seligman (2004) should be thought of as "prototype virtues […] which are specified at a high level of generality" (p. 211). As prototype virtues do not take into account the specifics of a role, social circumstances and details of a practice, they need to be interpreted within context. For example, Swanton (2007) points out that the virtue of love can take the form of affection, friendship, romantic or selfless love and is applied differently in each situation. The relationship between *phronēsis* and situational context is discussed in more detail in sections 4.2.1 "Positioning phronetic social science" and 4.2.2 "Epistemology", within the methodology chapter. However, in relation to knowing what is right and developing the right feelings, Kraut (2014) suggests that the ability to recognise the best course of action for each context requires practice to develop the required habits. For Aristotle, the development of appropriate dispositions or habits results from habituation (*ĕthos*) from which the word for character-trait (*êthos*) is derived (*NE*, II 12 1103a17–18). As a non-rational excellence, *êthos* is formed through practising excellent action (e.g. courage) and ethics (e.g. justice). Therefore, the development of a disposition to know and do the right thing is achieved by forming good habits over time (Eikeland, 2008; Fowers, 2005; Khan, 2005; Kraut, 2014).

Excellence of character requires the development of a "disposition" that is "determined by rational prescription" (Arist. 2002, *NE*, II. 6, 1107a1, trans. Rowe), yet it is also associated with "affections and actions" (Arist. 2002, *NE*, II. 6, 1106b16, trans. Rowe). Affections refer to both positive and negative feelings (e.g. anger, fear, boldness, friendliness or hatred) (Arist. 2002, *NE*, II. 5, 1105b21–23, trans. Rowe) while dispositions are described as a propensity to act in a certain way. For example, a person may be inclined to be led by their affections (emotions) to become excessively angry or reckless, whereas excellence of character provides a disposition to act appropriately within the particulars of the situation (Arist. 2002, *NE*, II. 5, 1105b21–23, trans. Rowe). Therefore, developing a disposition for wise action requires training feelings, emotions and thoughts to provide the right response in the circumstances (Fowers, 2005, 2012; Hursthouse, 1999).

However, while *êthos* refers to a disposition for excellent action – for example, being courageous, compassionate or friendly – Fowers (2005) points out that it also involves "ethical sensitivity […] and clarity about what is good" (p. 193) – for example, justice, integrity and humanity. This ethical element is evident in descriptions of *êthos* as a "moral perception" or discernment (Fowers, 2005, p. 118), "moral intuition" and "inclination"

(Roca, 2007, p. 198), which reveal an understood or tacit characteristic of *êthos* that is not able to be explicitly made known or clearly articulated (Eikeland, 2008). Nevertheless, while this nonlinguistic ethical knowing and understanding is associated with feelings, intuitions and emotions (Baltes & Smith, 2008; De Cremer, van Dick, Tenbrunsel, Pillutla, & Murnighan, 2011; Fowers, 2005; Rooney et al., 2010; Sadler-Smith, 2012), *phronēsis* rationally shapes and trains character and ethics to form a non-rational disposition rather than an irrational emotion response. Therefore, *êthos* influences behaviour towards acting in the correct manner for the circumstances. However, it is also necessary to have intellectual excellence (virtues) that enable correct reasoning about how to behave appropriately. While *phronēsis* develops an ethical disposition, strength of character and ethical intuition (perception), *nous* is required for calculative reasoning and intuitive knowledge, which is required to negotiate the world.

2.2.5 *Nous* (practical intelligence)

Aristotle refers to wise people (the *phrónimos*) as having comprehension, good sense and *nous* (Arist. 2002, *NE*, VI. 11, 1143a25–36, trans. Rowe). *Nous* is defined as a perception of both theoretical knowledge, which is unchanging, and practical reasoning, which is contingent. It includes the ability for comprehension, which is described as being able to understand the particulars of the situation (*NE*, VI. 10), and good sense, which is defined as making correct discrimination about what is reasonable and true (*NE*, VI. 11). *Nous* is translated by Ross (Arist. 2009, trans. Ross) as intuitive reasoning and by Rachham (Arist. 1934, trans. Rachham) and Rowe (Arist. 2002, trans. Rowe) as intelligence (Arist. *NE*, VI. 3, 1139b15–17). The intellectual, reasoning and intuitive elements within these translations have led to a diverse range of descriptions including intuitive intelligence (Eikeland, 2008; Tessitore, 1996), a state of highly finished intellectual achievement (Bolton, 2014), a deliberative capacity (Fowers, 2005), an intellectual capacity (Moss, 2011), an intuitive capacity (Moss, 2011; Rooney et al., 2010), insight (Roone et al. 2010), practical intelligence (Roca, 2007) and “street smarts” (Myers, 2002, p. 56). These different translations and interpretations suggest that the intellectual excellence of *nous* is complex. Moreover, Eikeland (2008) points out that the “activity and work of *nous* is never really explicitly specified in any detail or spelled out into an activity of doable” instructions by Aristotle (p. 215). It is perhaps for these reasons that O’Sullivan (2005) and Baltussen (2007) find that *nous* remains ill-defined within contemporary discussions.

For example, Hartman (2006, p. 77), Nonaka and Toyama (2007, p. 378), Roca (2007, p. 197), and Rooney & McKenna (2005, p. 309) suggest that it is *nous*, rather than *phronēsis*, that integrates intellectual and ethical excellences (*êthos*). Nevertheless, descriptions of *nous* that point to its intellectual, rational and intuitive characteristics reveal something about its complex nature.

The intellectual element of *nous* is emphasised within the capacity for understanding the principles of factual or theoretical knowledge gained from *epistēmē* (Bolton 2014; Dunne, 1997; Eikeland, 2008; Rooney et al., 2010; Shields, 2016). *Epistēmē* provides generalisable evidence-based knowledge to inform decision making (refer to section 2.2.6). However, it is *nous* that understands the generalisable knowledge stored in memory and integrates it appropriately into practical reasoning (Rooney et al., 2010). Concerning practical reasoning, Eikeland (2008) points out that the rational "activity of *nous* is *nóêsis*" which is interpreted as "internal reflective thinking" (p. 217). From this perspective, Eikeland (2008) describes *nous* as a dialectic habit that is rational, logical and analytical, and, as it involves a process of internal thinking, *nous* engages "critical dialogue" to sort out "similarities and differences" (p. 246). Similarly, Sternberg (2013) defines *nous* as "practical intelligence which provides the ability to solve everyday problems by utilising knowledge gained from experience" (p. 388). Likewise, Rooney et al. (2010) suggests that *nous* provides the ability to appropriately ascertain the particulars of the situation.

However, while the intellectual and rational capacity of *nous* is generally agreed upon within the literature (Baltussen 2007), the intuitive capacity of *nous* is less clear. Baltussen (2007) suggests that many of the interpretations concerning intuition within *nous* fail to adequately explain its characteristics and therefore provide a "quasi-mystical element in the account of how we acquire knowledge" (p. 56). This is evident in Trowbridge's (2011) argument that wisdom involves a transcendent element and Bierly et al.'s (2000) descriptions of intuition as a "leap of faith", where "instead of following rigorous scientific principles, it lets creativity and wonder 'bubble up' to take one to a place that facts alone could not do" (p. 607). Malewska (2015) also identifies descriptions of intuition as "a paranormal force", "sixth sense", an "unconscious thought process", and "the irrational acquisition and use of information" (p. 255). Likewise, Myers (2002) found common descriptions of intuition to include "premonitions", "unbidden hunches" and “gut reactions”. However, as *nous* is classified by Aristotle as a rational excellence, the intuition associated with *nous* must also be rational rather than mystical, instinctual or irrational. The ability for rational and intelligent intuition is supported by Malewska (2015) who found that intuition:

- is an ability to acquire and use knowledge and experience stored within the subconscious
- is a rational thought process that is based on facts, emotions or feelings
- is a cognitive activity of the human mind
- as a rule, is not an irrational process that takes place outside the logical framework and separated from an individual’s knowledge or information about the environment. (p. 255)

Similarly, Claxton, Owen, and Sadler-Smith (2015) suggest that intuition exists at the “nexus of cognition and affect” (p. 57).

However, while there is growing acceptance that rational intuition is an important component of decision making (Claxton et al., 2015; Sadler-Smith, 2012), there are different interpretations concerning the process of intuition and how cognition and effect work together. For example, Dane and Pratt (2007) define intuition as “affectively charged judgments that arise through rapid, nonconscious, and holistic associations” (p. 40), which suggests that feelings are always involved with intuition. Likewise, Provis (2010) suggests the language of intuition is feelings. Alternatively, Gore and Sadler-Smith (2011) make an interesting distinction between types of intuition including social and problem-solving intuition. Although they agree that intuition is a “nonconscious” process, they describe social intuition as the “rapid and automatic evaluation of another person’s cognitive and/or affective state through the perception and nonconscious processing of verbal and/or nonverbal indicators” (p. 308). While this description acknowledges an affective element, it does not suggest that this cognitive ability is always transmitted through feelings. Moreover, their description of problem-solving intuition as an “expertise-based response to a tightly structured problem [which involves] matching of complex patterns of multiple cues against previously acquired prototypes and scripts held in long-term memory” (p. 308) does not suggest that feelings are involved in intuitive decisions of this type. Rather, Gore and Sadler-Smith’s (2011) description of intuition as an expertise-based response is consistent with discussions of expert intuition (Claxton et al., 2015; Cokely & Feltz, 2014) and tacit knowledge within decision making (Sternberg, 1998, 2004).

Tacit knowledge refers to habituated knowledge gained over time from experience (Lewis, 2012; O'Sullivan, 2005; Provis, 2010; G. Smith, 2008; Sternberg, 2007; Sternberg & Vroom, 2002). Like the categories of social and problem-solving intuition previously discussed, the use of tacit knowledge provides the ability to negotiate procedural and affective contexts (Baltes & Kunzmann, 2004; Baltes & Staudinger, 2000; Sternberg, 1998; Thompson & Bevan, 2013). Emphasising procedural contexts, Sternberg (1998) suggests the use of tacit knowledge is often associated with common tasks or problem solving. Additionally, O'Sullivan (2005) adds that tacit knowledge is also developed through practising complex procedural actions; for example, driving a manual car or riding a bike. It is evident that while at times intuitively completing these activities may provoke feelings (e.g. disquiet or unease about a situation), emotions are not always involved.

On the other hand, the ability to negotiate affective contexts requires self-awareness and understanding of social dynamics and circumstances (Fowers, 2005). The development of personal and social awareness is described by Boyatzis (2007) as emotional and social intelligence. From this perspective, a well-developed and trained *nous* (practical intelligence) provides the ability for emotional self-awareness and interpersonal competences (Boyatzis, 2007). Therefore, the capacity of *nous* for rational reflective and analytical thinking (Eikeland, 2008) is engaged in developing an understanding of feelings associated with emotional states (Boyatzis, 2007) to achieve desired outcomes. In this way, recognised and understood feelings (affective intuitions) brings attention to significant issues and provides important information for decision making and action (Lerner et al., 2015; Sadler-Smith, 2010; Solomon, 1992). Consequently, *nous* and its ability for intuitively drawing from tacit and factual (theoretical) knowledge developed over time from experience is well suited to negotiating complex unstructured social environments (Dane & Pratt 2007)

Nevertheless, it is also important to note that *nous* by itself is an amoral intellectual excellence (virtue) and therefore can be used for good or bad. The ability for amoral or immoral use of *nous* is especially evident in the ability of *nous* for cleverness, creativity, subtlety of mind, deception, opportunism and flair (Pilario, 2005). Broadie (2002) refers to cleverness (NE, VI., 12, 1144a20–9) as incorporating “penetration, thoughtfulness, and the experience necessary for shrewed reflection” (p. 49). Pilario (2005) interprets this as cunning intelligence (*metis*) which, acquired over time and with experience, can create the capacity for shrewd reflection that provides an ability to deal with the particulars while also seeing beyond the immediate. Aristotle associated cunning with military generals, politicians, doctors (Statler & Roos, 2007) and hunters (Pilario, 2005), who all seek victory in one form or another. The person with cunning (*metis*) is able to apply their skills to situations that are ambiguous, shifting and urgent, where precise measurement, exact calculation or prolonged logic is not possible (Pilario, 2005).

According to Pilario (2005), cunning intelligence is characterised in the following ways:

- *Cunning trick*: May involve the use of cheating and treachery but it also useful for overcoming a stronger adversary.
- *Skilful timing*: The person with cunning is alert to the present particulars, aware of the future and has experience from the past that enables them to discern and act at the appropriate moment (to act quickly or wait patiently).
- *Flexible*: In dynamic, fluctuating and unpredictable situations, the person with *metis* (cunning) is able to be flexible and chameleonic.
- *Deceitful*: A person of *metis* (cunning) uses subterfuge and illusion to mislead and confuse, to appear one way – for example, foolish or weak – then to take advantage by surprise.

Nevertheless, while cunning can be associated with fraud and opportunism, it also refers to decisiveness, ingenuity and inspired creativity when seeking advantage over an adversity (Pilario, 2005). Applied to the social world, Aristotle recognised the strength of cunning to effectively cope in competitive environments; however, he also recognised that unrestrained, cunning can be misused to gain power or selfish advantage; for example, as in the case of recent business frauds.

However, as previously noted, there remains some confusion within contemporary interpretations over the role of *nous* in wise decision making. Additionally, Myers (2002) suggests that tacit knowledge is learnt unintentionally, whereas others indicate that *nous* and the associated intuitive capacity are not only able to be, but should be deliberately developed through practice and habituation (Eikeland, 2008; Kahneman & Klein, 2009; Osbeck & Robinson, 2005).

2.2.6 *Epistēmē* (theoretical knowledge)

The translation of *epistēmē* as "scientific knowledge" (Arist. 2009, *NE,* VI. 3, 1139b15–20 trans. Ross) is often referred to in relation to *phronēsis* (Bierly et al., 2000; Dustin et al., 2012; Flyvbjerg, 2004; Fowers, 2005; Kinsella & Pitman, 2012a; Osbeck & Robinson, 2005; Small, 2011; Statler & Roos, 2007). However, Parry (2008) warns that contemporary ideals of science represented by positivism should not be confused with Aristotelian *epistēmē*. Instead, Rowe's translation of *epistēmē* as theoretical or "systematic knowledge" (Arist. 2002, *NE*, VI. 3, trans. Rowe) enables a broader understanding of Aristotle's meaning. Dunne (1997) suggests that for knowledge of something to qualify as *epistēmē* it requires traceable evidence that connects it to a principle or cause. It is therefore able to be organised and codified into systems of thought allowing for reproduction of findings (Halverson, 2004) and demonstration as a rational model (Dunne, 1997).

According to Eikeland (2008), *epistēmē* describes something that can be defined as a particular type, as "being this and this, but not that" (p. 70). It is theoretical knowledge of a field or activity that has been analysed, defined and explained. It is also common for definitions of *epistēmē* to be presented in absolute or extreme terms; for example, as eternally true, primary and causative of outcomes (e.g. calculus). However, Eikeland (2008) suggests that Aristotle's conception of *epistēmē* is broad enough to include variations of theoretical knowledge that accommodate degrees of specificity according to the nature of the object or phenomenon under study. The closer to absolute *epistēmē*, the more precisely and definitively the theory becomes and the more formal deductions and calculations are possible. On the other hand, Aristotle also recognises that much epistemic knowledge offers different potentialities and varying degrees of validation. This interpretation is supported by Stange and Kunzmann's (2008) and Thompson and Bevan's (2013) perspective which views *epistēmē* as providing an underlying factual knowledge including knowledge of areas such as human nature and life. Broadie (2002) also acknowledges that *epistēmē* can represented as both universal truths and more generalised theories. From a similar perspective, Eikeland (2008) discusses the classifications of *epistēmē theôrêtikê, theôrêsis* and *theôría*.

Epistēmē theôrêtikê (theoretical contemplation) can be classified as *epistēmē theôrêsis* and *epistēmē theôría*. *Epistēmē theôrêsis* (positivism) is more closely associated with the natural sciences (e.g. physics and chemistry) and provides explanatory ability to predict behaviour through formal deductions that can be tested and falsified according to a standard. *Epistēmē theôría* (theory of practice) refers to theories of human endeavours and ways of doing things. It is obtained from closer participation in the activities being studied through experience and intellectual contemplation. Additionally, *epistēmē theôría* can be divided into different forms depending on what is studied; for example, *epistēmē praktikê* (practical) refers to theories concerning practice and *epistēmē poiêtikê* (in making) captures theories of production (Eikeland 2008). Nevertheless, as Bierly et al., (2000) make clear, “wisdom is more than scientific knowledge. Science can tell us how to do things but not whether any specific thing that can be done, ought to be done” (p. 603).

2.2.7 *Technē* (art, craft)

The intellectual excellence of *technē* is defined by Aristotle as a “reasoned state of capacity to make” and “Art – knowledge of how to make things” (Arist. 2009, *NE*, VI. 4, 1140a4 trans. Ross). Additionally, *technē* is translated as craft (Parry 2008) which Aristotle describes as “technical expertise” and a “productive disposition accompanied by true rational prescription” (Arist. 2002, *NE*, VI. 4, 1140a10, trans. Rowe). Interpreting Aristotle, Flyvbjerg (2004) describes the objective of *technē* as the “application of technical knowledge and skills according to a pragmatic instrumental rationality” (p. 286). Therefore, *technē* can be seen to employ the most efficient and practical means to use resources in the production of desired ends (Eikeland, 2008; Hargreaves, 2012; Kinsella & Pitman, 2012a). Consequently, technical knowledge can to be captured within routines and procedures (Halverson, 2004). As a result, when undertaking production, the purpose (*telos*), knowledge and skills of *technē* can be precisely specified (Rooney et al., 2010). For example, as a practical undertaking, the knowledge of production ranges from the craft of a builder, architect or doctor to the creation of states of affairs within organisations and communities (Dunne, 1997; Halverson, 2004; Spicker, 2011). As there is predictability, production can be duplicated across a variety of contexts (Rooney et al., 2010). Moreover, as a virtue, Saugstad (2002) suggests that "*technē* is more than a competence, as it both consists of an ability to carry out a procedure […] and to give an account of the general laws and principles behind the procedure" (p. 380).

Nevertheless, while there is general consensus concerning the characteristics of *technē*, there is less clarity concerning its relevance and application within general and particular contexts. Eikeland (2008) suggests that as the processes of production involved with *technē* are developed from universal principles and perfected techniques, it is not directed towards the particulars of each situation. Therefore, like *epistēmē*, *technē* does not involve deliberation within decision making (Eikeland, 2008; Rooney et al. 2010). Yuengert (2012) also proposes that techniques and standards of practice are developed to meet defined ends when there is need for reproduction of consistent outcomes (e.g. accounting systems or hotel check-in procedures). In line with this perspective, Halverson (2004) states:

> Technical knowledge, expressed through routines and procedures, shares with epistemic knowledge the ability of the knower to move from the particular to the general. A good technique captures a reproducible procedure that will lead to predictable results despite variations in context (p. 93).

Challenging these claims of predictability and generalisability, technique is also described as being variable and context dependent (Flyvbjerg, 2004; Hargreaves, 2012; Kinsella & Pitman, 2012a). This view also has some support from Halverson (2004) who appears to contradict his aforementioned statement by claiming the principles of *technē* are customised within particular contexts. However, this inconsistency is possibly resolved by viewing *technē* from the perspective of the expert. In claiming that the principles and techniques of *technē* can be customised, Halverson (2004) qualifies his claim of customisation by suggesting that "experts are able to use their models to understand the nuances of situations lost on novices and to recognize emergent opportunities for action in complex situations" (p. 95). This indicates that the rigid prescription of pragmatic instrumental rationality (Flyvbjerg, 2004) is able to be adapted, or customised, by an expert who has the experience to select from and integrate multiple alternative techniques to produce the desired end. This perspective also has some support from Yuengert (2012) who proposes that “knowledge of technique reduces the need for judgement”, yet does not eliminate it altogether (p. 38).

On the other hand, Rooney et al. (2010) interprets Aristotle’s conception of *technē* as already encompassing the expert practitioner and instead suggests that it is the influence of *phronēsis* that provides the ability to tailor technique to “find some action in particular circumstances [beyond narrow utilitarianism] which the agent can see as the virtuous thing to do” (p. 41). While this provides a viable and perhaps more accurate interpretation of *technē*, this view does not take into account the influence of *nous*. As *nous* provides the ability for perception, discrimination, cleverness and creativity (refer to section 2.2.5) it is well suited to the task of understanding the nuances of a situation and, by intuitively drawing from tacit knowledge, it customises techniques too effectively achieve desired pragmatic instrumental ends. Even so, ultimately, Rooney et al. (2010) are correct in stating that it is *phronēsis* which selects ethical means to achieve human well-being.

2.3 Contemporary (Neo-Aristotelian) perspectives of *phronēsis*

This section of the chapter provides a discussion of the theoretical frameworks that, along with the *phronēsis* framework outlined in the previous section, provide a basis for exploring how hotel organisations are enabling or obstructing the development of management wisdom in this study.

2.3.1 Psychological perspectives

Two significant psychological accounts that have gained prominence are Baltes and Staudinger’s (2000) *Berlin Wisdom Paradigm* (BWP) and Sternberg’s (1998) *Balance Theory of Wisdom* (Lewis, 2012). These authors both acknowledge that the psychological study of wisdom is informed by philosophical foundations of wisdom and, in particular, Aristotle’s contribution to this field. Lewis (2012) also highlights significant similarities between Aristotle’s discussion of wisdom and the construct of both the Berlin Wisdom Paradigm and Balance Theory of Wisdom.

2.3.1.1 Berlin Wisdom Paradigm (BWP)

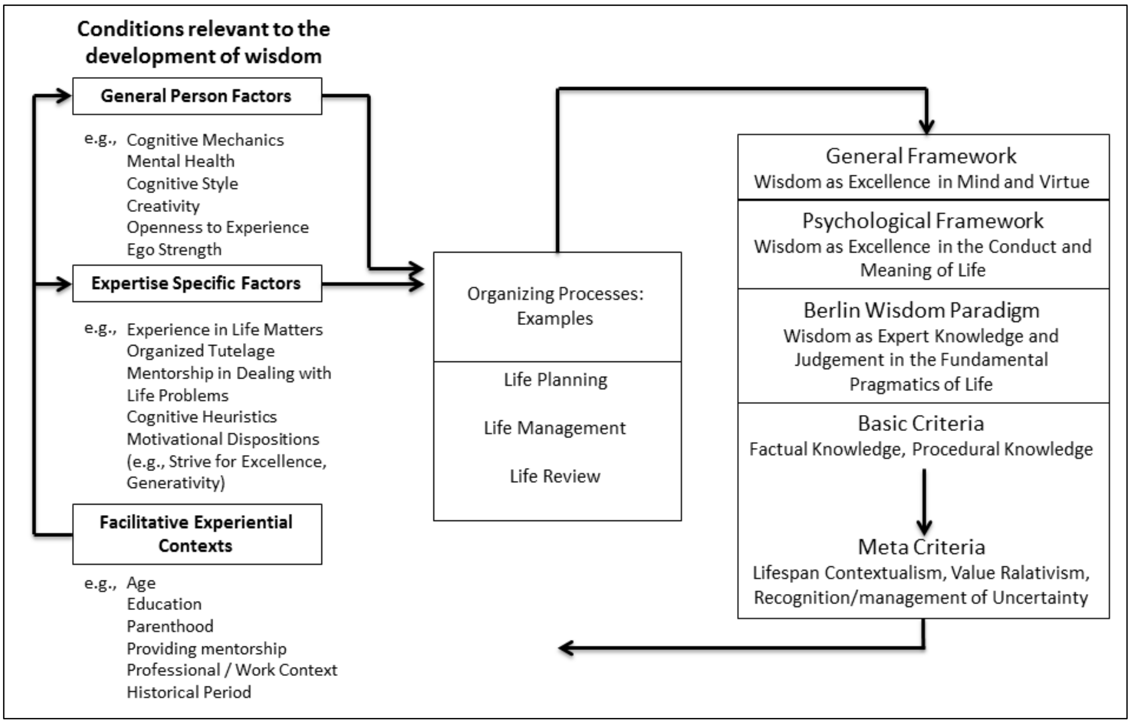
Arguably the research on wisdom at the Max Planck Institute for Human Development provides one of the most extensive research programmes on the construct of wisdom (e.g. Baltes & Kunzmann, 2004; Baltes & Smith, 1990, 2008; Baltes & Staudinger, 2000; Kunzmann & Baltes, 2003, 2005; Pasupathi & Staudinger, 2001). Building on the foundations of Western philosophy, the research, primarily led by Paul B. Baltes, developed the Berlin Wisdom Paradigm (BWP) which provides a theoretical framework depicting the development, structure and function of wisdom (Baltes & Kunzmann, 2004, p. 294). Within this paradigm, wisdom is seen to emphasise excellence, and is viewed as "expertise in the fundamental pragmatics of life" and "a key factor in the construction of a 'good life'" (Baltes & Staudinger, 2000, p. 124). Expertise in the fundamental pragmatics of life is defined by Baltes and Staudinger (2000) as the attainment of a wide range of knowledge about what it is to be human and the difficulties faced in life. Wisdom is seen to enable successful navigation through the often complex and ambiguous nature of life circumstances and the potential for multiple solutions.

The distillation of philosophical and historical conceptions of wisdom, along with research in the field of psychology (including expertise, personality and adult cognitive development) and empirical studies of wisdom development, led to the creation of the theoretical model depicted in Figure 2-3. The following five criteria are used within the BWP to assess wisdom-related performance:

1. rich factual knowledge about life
2. rich procedural knowledge about life
3. lifespan contextualism
4. relativism of values and life priorities, and
5. recognition and management of uncertainty. (Baltes & Staudinger, 2000, p. 135)

The first two criteria are viewed as basic criteria for the identification of wisdom. Rich factual knowledge about life encompasses a theoretical understanding of human nature and development, knowledge concerning interpersonal relations and of strategies for the coordination of oneself and others for the good of all. A rich procedural knowledge about life includes the practical application of strategies for dealing with life issues, challenges and decisions (Baltes & Staudinger, 2000).

Figure 2-3: Berlin Wisdom Paradigm



Source: Baltes & Staudinger (2000, p. 125)

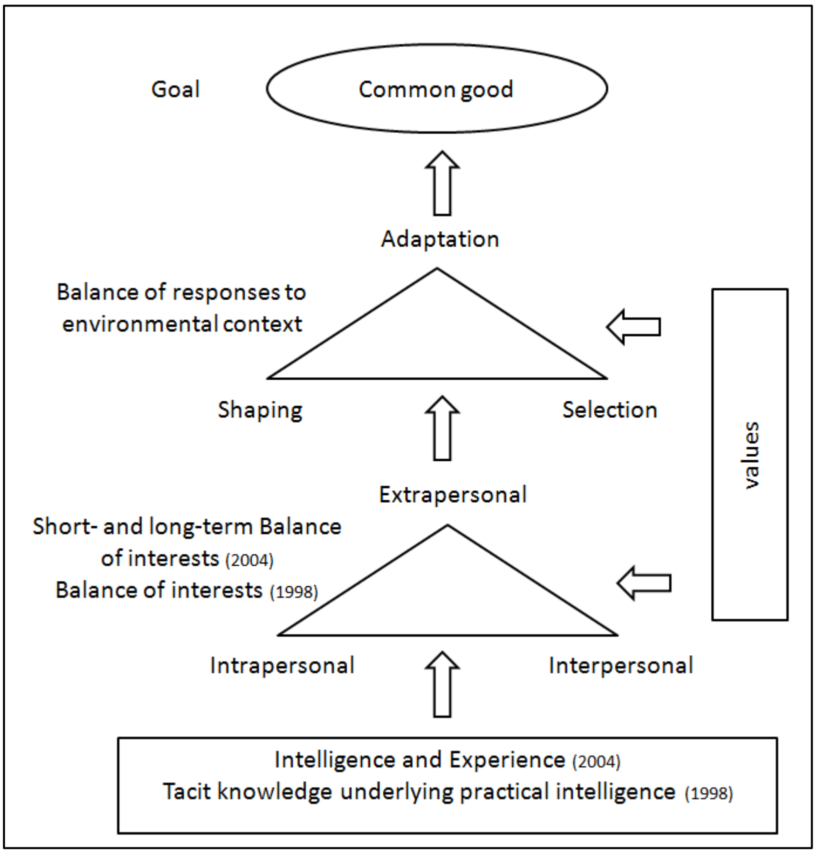
The third criterion, lifespan contextualism, incorporates knowledge and ability to negotiate the variety of contexts encountered across the span of life (e.g. family, friends, work and community). While Baltes and Staudinger (2000) acknowledge there are universal values, these are not identified. Instead, the fourth criterion, relativism of values and life priorities, refers to an acknowledgement of and understanding that individuals and societies may view or prioritise values differently. The last criterion, recognition and management of uncertainty, acknowledges that humans have limits within their ability to process information, not all information is accessible or known, and the future is uncertain (Baltes & Staudinger, 2000).

Within the BWP there are some features that are similar to the *phronēsis* framework displayed in Figure 2-2. The BWP "General Framework" (refer to Figure 2-3), which includes "wisdom as excellence in mind and virtue", captures something of the intellectual qualities and character excellences represented in the *phronēsis* framework. The BWP also recognises that factual knowledge (*epistēmē*) and procedural knowledge (*technē*) are the "Basic Criteria" required to develop "wisdom as expert knowledge and judgement in the fundamental pragmatics of life" (*phronēsis*). However, Fowers (2005) cautions that by focusing primarily on the development of technical expertise and expert knowledge, the BWP emphasises instrumental reason and a highly systematised formation of knowledge. Moreover, the BWP avoids, and therefore excludes, reference to character development and any commitment to ethical dimensions emphasised by Aristotle. Instead the BWP emphasises value relativism and an ethical neutral version of wisdom that Fowers (2005) states provides a "detached, managerial" perspective of wisdom that is "the very picture of instrumentalism" (p. 113). In a similar vein, Brown (2005) warns that the "postmodernism of the Berlin Wisdom Paradigm, with its emphasis on value relativism and uncertainty, deconstructs virtue, transcendence, and communal wisdom into the individualism of idiosyncratic resolutions of relativity and uncertainty" (p. 367).

2.3.1.2 Balance Theory of Wisdom

Building on Aristotle's philosophic approach to wisdom and further exploring implicit and explicit theories of wisdom, Sternberg (1998) developed the *Balance Theory of Wisdom*. This theoretical model was further refined in 2004 when he presented the "Wisdom as value-mediated intelligence and experience, balancing goals, responses and interests" model. Figure 2-4 presents Sternberg's *Refined Balance Theory of Wisdom* which indicates the two fields that were updated in his 2004 model.

Figure 2-4: Sternberg's Refined Balance Theory of Wisdom



Source: Adapted from Sternberg (1998, 2004)

Wisdom, according to Sternberg (2004), is defined as:

> … the application of intelligence and experience as mediated by values toward the achievement of a common good through a balance among (1) intrapersonal, (2) interpersonal, and (3) extrapersonal interests over the (1) short term and (2) long terms, to achieve a balance among (1) adaptation to existing environments, (2) shaping of existing environments, and (3) selection of new environments. (p. 165)

Within the 2004 Refined Balance Theory of Wisdom, the difference between intelligence and experience is emphasised, as according to Sternberg (2004), it is possible for people to be intelligent yet unwise, suggesting that wisdom requires the integration of both intelligence and experience mediated by values.

Sternberg (1998) emphasises accumulated tacit knowledge as a significant aspect of experience and suggests that this is generally obtained implicitly rather than through explicit instruction. It is tacit knowledge that enables a person to know how to accomplish something rather than just knowing that something needs to be accomplished. Put another way, an intelligent person may know strategies for achieving results; however, tacit knowledge enables an action to be tailored to a specific circumstance or context for a successful outcome (Sternberg, 2001).

Yet, as the model indicates, for practical intelligence (intelligence and experience) to be used for the common good rather than for selfish interests, it requires the balancing of “self-interest (intrapersonal) with the interests of others (interpersonal) and of other aspects of the context in which one lives (extrapersonal)” (Sternberg 2001, p. 231). Intrapersonal interests, which include putting one’s own desires or needs first, can refer to a desire for individual status, wealth or power with no consideration of others. Interpersonal interests refer to taking care of the needs or wants of select others rather than oneself, whereas extrapersonal interests include a concern for the wider community.

The Refined Balance Theory of Wisdom also indicates that a balanced response to the environmental context is required. It is suggested that environmental circumstances may require individuals or groups to find a balance between adapting to the environment and shaping the environment so that it is more conducive to achieving excellence. Alternatively, if adaptation or shaping is not possible, then it is suggested that a new environment may be required (Sternberg, 1998). Sternberg (1998, 2001, 2004) further argues that in order to act wisely and achieve “the common good”, the balancing of interests and environmental context must be mediated by values. However, because values are subjective and context specific, Sternberg (1998, 2001) is cautious about specifing any particular moral stance; instead indicating that values should provide the “ability to judge rightly, soundly, or justly on behalf of [the] community” (Sternberg, 2004 p. 167).

Fowers (2005) points out that Sternberg (1998) viewed wisdom as practical intelligence, which is defined by Aristotle as *nous* (refer to section 2.2.5). For Sternberg, practical intelligence enables the interests of respondents to be balanced and the selection or adaptation of environments to be achieved. The emphasis on practical intelligence is seen by Fowers (2005) as a reversal of Aristotle’s perspective that *nous* is subordinate to *phronēsis*. The promotion of practical intelligence (*nous*) as the central component of

Sternberg's perspective of wisdom is also evident in his positioning of values, and their influence, to the side of his model. The reluctance to commit to any basis for values within Sternberg's approach is consistent with the approach taken by the BWP. Therefore, Fowers (2005) sees Sternberg's emphasis on practical intelligence as "further indication of the strength of the instrumental impulse in psychological theorizing" (p. 113). The refusal to discuss the role of values, character and ethics within wisdom is made evident in Sternberg's (1998) belief that it is not the role of "psychology, as a discipline, to specify what the common good is or what values should be brought to bear in what proportion toward its attainment. Such specifications are perhaps more the job of religion or moral philosophy" (p. 356). Fowers (2005) suggests that the Max Planck group's BWP and Sternberg's distancing from values and ethics results from a desire to maintain scientific objectivity, which obstructs any commitment to or discourse on character and ethics.

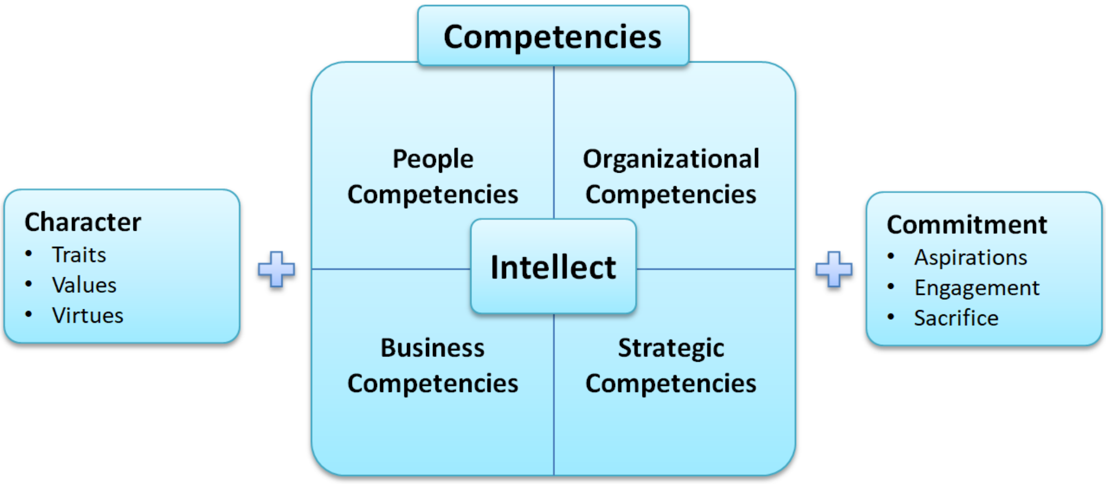
2.3.2 Organisational and management *phronēsis*

There are a growing number of organisational and management studies that have begun to investigate the application of Aristotelian *phronēsis* within contemporary organisations. Many of these studies also draw from the understanding of wisdom developed within the psychological domain. This section of the chapter provides a discussion of the contemporary organisational and management frameworks that inform this study. The frameworks are discussed in alphabetical order which is not intended to provide any ranking of importance.

2.3.2.1 Cross-enterprise leadership

After investigating the attributes required by successful leaders during the time of the 2008/09 Global Financial Crisis (GFC), a team of researchers from the Richard Ivey School of Business published a number of studies integrating *phronēsis* within organisational leadership (e.g. Crossan, Gandz, & Seijts, 2010; Crossan, Mazutis, & Seijts, 2013; Crossan, Mazutis, Seijts, et al., 2013; Gandz, 2010a; Seijts, Gandz, Crossan, & Reno, 2015). Building on the foundations of philosophical and psychological literature on wisdom and the findings from their research, they developed a framework outlining the attributes of highly successful leaders (Crossan et al., 2010; Seijts et al., 2015) which could be used for leadership development (refer to Figure 2-5).

Figure 2-5: Cross-enterprise leadership



Source: Seijts et al., (2015, p. 66)

While Seijts et al. (2015) do not provide descriptions of the five competencies identified in their model, in an earlier publication by the same authors (Crossan et al., 2010), the competencies (people, organisational, business and strategic) were labelled as intelligences and described as follows:

- *Business intelligence*: Provides an understanding of the "economics of the business model, how value is created, how functions of the business relate to each other, competitive dynamics, customer needs and where the leverage points for improvement reside" (p. 29)
- *Strategic intelligence*: Provides an "understanding beyond business intelligence to more fundamental elements that drive short- and long-term business success" (p. 30). It involves developing a sense of opportunities and threats before they fully emerge.
- *Organizational intelligence*: Provides an understanding of the "structures, procedures, and compensation systems" (social architecture) that underpins organisational culture. It affords an understanding of how an "organisation works", […] "the dynamics of complex change […] how to lead it, [and] how and when to use power, influence and persuasion" (p. 33).
- *People intelligence*: Refers to being able to "understand individuals and teams" and know how to "support and enable them to have the motivation, capability and direction to contribute" to common goals (p. 34)

Moreover, according to Crossan et al. (2010), the above four competencies are able to be developed by a person over time although the central competency of intellect cannot be learnt as it is attributed to a capability that someone is "born with…or not" (p. 37). Nonetheless, Crossan et al.'s (2010) classification of intellect as fixed is inconsistent with the previously discussed concept of *nous* (refer to section 2.2.5). Additionally, in discussing the capability that intellect provides, Crossan et al. (2010) refer its ability to "analyse cause-and-effect relationships […] and to isolate the effects of independent variables" (p. 36), which suggests a strong capability for understanding theoretical knowledge associated with *epistēmē*. Yet, they also associate intellect with providing the ability to understand complex issues which can encourage the use of intuition. However, they provide no definition of intuition or how it is used in association with intellect.

While achieving excellence in each of the five competencies is viewed as important, the character of a person is presented as a critical factor for effective decision making and sustained leadership success (Crossan, Mazutis, & Seijts, 2013; Seijts et al., 2015). Character is defined by Seijts et al. (2015) as a combination of virtues, traits and values. Adopting Peterson and Seligman's (2004) definition of core virtues, Crossan et al. (2013) further describe virtues as behaviours that are appropriately displayed within a particular situation. Moreover, drawing from Aristotle and building on the work of Peterson and Seligman (2004), Crossan et al. (2013) provide a list of character traits associated with each of the core virtues: wisdom, courage, humanity, justice, temperance and transcendence (refer to Table 2-3). The character traits and values depict the desirable mean situated between their related vices of deficiency and excess.

Table 2-3: Virtues and associated character strengths within the virtuous mean

Virtues	Character traits		
	Deficiency	**Virtuous mean**	**Excess**
Wisdom	Unoriginality	Creativity	Impracticality
	Closed to experience	Curiosity	Unfocused interest
	Closed minded	Open mindedness	Lack of judgement
	Apathy	Love of learning	Obsessive
Courage	Cowardice	Bravery	Recklessness
	Laziness	Persistence	Zealot
	Inauthenticity	Integrity	Righteousness
Humanity	Harsh/cruel	Kindness	Obsequiousness
	Unfeeling	Compassion	Indulgence
	Stinginess	Generosity	Profligacy
	Socially awkward	Social intelligence	Manipulative
Justice	Treachery	Citizenship	Blind obedience
	Unjust	Fairness	Undiscerning
	Lack of confidence	Leadership	Dictatorship
Temperance	Unmerciful	Forgiveness	Pushover
	Boastfulness	Humility	Self-deprecation
	Rash	Prudence	Overly cautious
	Sloth	Self-regulation	Inflexibility
Transcendence	Ungrateful	Gratitude	Suppliant behaviour
	Hopeless	Hope	Foolishness
	Spiritlessness	Spirituality	Fundamentalism

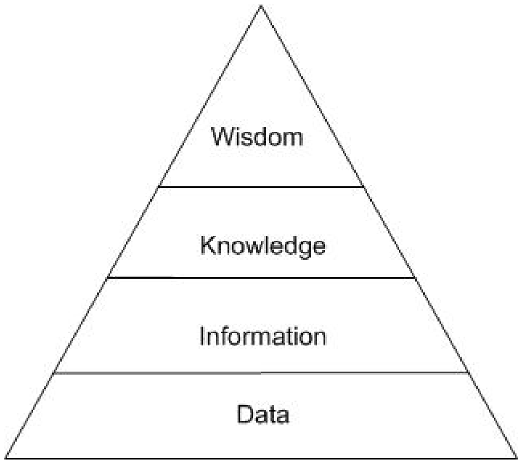
Source: Crossan, Mazutis, Seijts, et al., (2013, p. 289)

Moreover, according to Crossan et al. (2013), character involves values and personality traits. The values referred to by Crossan et al. (2013) are in keeping with S. Schwartz's (1994) description of values as trans-situational and desirable goals that motivate action (e.g. honesty, kindness, integrity). According to S. Schwartz (1994), values are seen to function as standards for judging and justifying action and are acquired through socialisation within communities and through individual learning experiences. Personality traits are seen to provide relatively stable dispositions that motivate people to behave in certain ways (e.g. conscientiousness, curiosity and openness to experience). The dimension of commitment within the Cross-enterprise Leadership Model includes the elements of aspirations, engagement and sacrifice. Crossan et al. (2013) suggest that wise leaders need more than competencies and character, they also need the commitment to put in the effort and work required to be a leader. Within the domain of commitment, leaders need to be engaged in developing the required competencies and character strengths and prepared to sacrifice their own interest for the good of others.

2.3.2.2 DIKW hierarchy and learning organisation

In a series of predominantly literature reviews, Rowley (1999, 2006a, 2006b, 2007) and Rowley and Gibbs (2008) explore the nature of wisdom, managerial wisdom, organisational wisdom and wisdom management. While Rowley draws from diverse conceptions of wisdom including Eastern thought (Rowley, 2006a) and general literature, for example, Tolstoy’s *War and Peace* (Rowley, 2006b), she also incorporates an Aristotelian account of wisdom within her studies. In particular, Rowley provides two interesting perspectives of wisdom worth noting. The first perspective is from the knowledge management literature which positions wisdom at the top of the data – information – knowledge – wisdom (*DIKW) hierarchy* (refer to Figure 2-6). While the DIKW hierarchy is often used in the information sciences (Rowley & Slack, 2009) to contextualise data, information, knowledge and wisdom with respect to one another, Rowley (2006b) suggests that significant time and energy has been directed towards the management of data, information and knowledge, yet academics and practitioners have given very little attention to wisdom. The preoccupation with management of information and knowledge has led to the DIKW hierarchy often being referred to as the information hierarchy or knowledge hierarchy.

Figure 2-6: DIKW hierarchy



Source: Rowley, (2006b, p. 252)

The second perspective applies the five disciplines of the learning organization (Senge, 2006) as a basis for exploring the development of wisdom. Integrating concepts of the learning organisation with wisdom, Rowley and Gibbs (2008) propose "seven pillars of the practically wise organization" (p. 367). According to Rowley and Gibbs (2008), wise organisations will seek to develop processes associated with:

1. understanding dynamic complexity
2. developing personal wisdom competency
3. deliberating towards ethical models
4. refreshing shared sustainable vision
5. group wisdom dynamics
6. deliberated praxis, and
7. embodied learning. (p. 367)

From this perspective, the wise organisation recognises and embraces the complexity of environments and the interests of multiple stakeholders. It understands universal issues and can act on them while also accepting uncertainty. The wise organisation recognises the importance of and incorporates ethics and values within decision making. Moreover, it captures wisdom developed through experience, practice and judgement within the organisation. Ultimately Rowley and Gibbs (2008) argue that these attributes are achieved within organisations whose learning architecture is based on the principles of practical wisdom.

2.3.2.3 Integral wisdom

Exploring wisdom as a multidimensional phenomenon with organisations and management, Küpers and Statler (2008) conceptualise wisdom as an integral and relational process in the development of an "integral model" of wisdom. Appling integral theory, Küpers and Statler (2008) attempt to integrate multiple perspectives of wisdom to provide a holonic multilevel framework of the wisdom construct. Importantly, Küpers and Statler (2008) capture the interdependent role of community and the individual within their integral wisdom model. However, while they initially link their study to *phronēsis*, it is not made clear how Aristotle's concept of wisdom is integrated into their model. Moreover, and like Sternberg (1998, 2004) and the BWP (e.g. Baltes & Staudinger, 2000), Küpers and Statler (2008) seem reluctant to discuss the role of Aristotelian character strengths and values within their framework. Instead, their conceptualisation suggests a relativistic and an ethical neutral version of wisdom.

2.3.2.4 WICS model of leadership

Arguing that effective leadership requires a synthesis of creativity, intelligence and wisdom, Sternberg (2003, 2007, 2010, 2005a, 2005b) presents the *WICS* model which stands for "wisdom, intelligence and creativity synthesised" (WICS). In developing this model, Sternberg (2003) suggests that effective leaders are not born; rather, they need to develop the wisdom, intelligence and creativity required for wise leadership. Intelligence is defined by Sternberg (2004) as a cognitive ability for success in life within the sociocultural environment a person is situated. This definition of intelligence incorporates multiple forms of intelligence including emotional and practical intelligence with conventional concepts of intellectual quotient (IQ) required for learning, memory and analysis. In particular, Sternberg (2003) places an emphasis on practical intelligence as it provides the "ability to solve everyday problems by utilizing knowledge gained from experience in order to purposefully adapt to, shape, and select environments" (p. 388).

Creativity refers to the capacity to formulate novel, high-quality ideas that are appropriate for the circumstances. Sternberg (2003) includes within creativity the ability to:

> (a) redefine problems; (b) recognize how knowledge can both help and hinder creative thinking; (c) take sensible risks; (d) surmount obstacles that are placed in

> one's way; (e) believe in one's ability to accomplish the task at hand (self-efficacy; (f) tolerate ambiguity; (g) find extrinsic rewards for the things one is intrinsically motivated to do; and (h) continue to grow intellectually rather than to stagnate. (p. 392)

Largely following his 1998 Balance Theory of Wisdom, Sternberg (2003) defines wisdom as the successful use of "intelligence, creativity and experience as moderated by values to seek to reach a common good" (p. 395). The finial dimension of the WICS model, synthesis, refers to the ability to integrate wisdom, intelligence and creativity for effective leadership. Ultimately Sternberg (2003) sees the basis of the WICS model as excellence of intelligence which provides creative ability to formulate novel ideas, analytical ability to evaluate if the ideas are appropriate, and practical ability to involve others in the implementation of the ideas.

2.3.2.5 Social practice wisdom

Social practice wisdom (SPW) has been developed from an extensive research programme exploring wisdom from a neo-Aristotelian perspective within the domain of management and organisational practice (McKenna & Rooney, 2008; McKenna et al., 2009; McKenna, Rooney, & Hays, 2011; McKenna et al., 2006; Rooney & McKenna, 2005, 2007; Rooney et al., 2010). Rooney and McKenna (2005) argue that discourse about knowledge-based economics is limited by instrumental perspectives that ignore the values and ethics of humanity and therefore provide inadequate conceptions of knowledge. They suggest that since the scientific revolution, the status of wisdom has been replaced by rational scientific epistemologies and that the growing focus on scientific knowledge restricts judgement, degrades decision making and compromises ethical standards (Rooney & McKenna, 2007). McKenna, Rooney and Liesch (2006) highlight the need for wisdom in managing paradox within contemporary organisations and challenge the institutional structures that promote instrumental approaches and isomorphic tendencies within organisations. Further challenging taken-for-granted scientific and economic ways of thinking, McKenna and Rooney (2008) suggest that wisdom's capacity for ontological acuity provides the ability to cope with differing ontological and epistemological perspectives and enables alternative ways of knowing, deciding and acting to be formulated.

According to McKenna and Rooney (2008), ontological acuity is “the capacity to understand the categorical and epistemic foundations of knowledge systems and the context in which this foundation derives its meaning” (p. 538). Drawing from cognitive and intuitive capabilities to distinguish between, understand and integrate categorical (generalisable) and variable (subjectivist) perspectives, ontological acuity enables the interpretation and critique of accepted beliefs and knowledge (McKenna & Rooney, 2008). Moreover, McKenna, Rooney and Boal (2009) suggest that ontological acuity is foundational to *phronēsis* as it extends beyond the capacity to discern and integrate factual, technical and social complexity to also include ethical elements within decision making. Underpinning the necessity for ontological acuity and wisdom is a growing need for wisdom in managing paradox resulting from competing economic, social and ethical demands and the growing complexity, uncertainty and ambiguity in contemporary environments (McKenna et al., 2009).

Building on this work and drawing further from discussions of wisdom within philosophy and psychology, Rooney, McKenna and Liesch (2010) published *Wisdom and Management in the Knowledge Economy* which outlines the theory of social practice wisdom. SPW is described by Rooney et al. (2010) as a “discursive system linking mind and social practice to produce well-being and human flourishing” (p. 56). Following Aristotle’s notion of practical wisdom, Rooney et al., (2010) state that SPW captures “how people engage in everyday activities like work” (p. 118). Therefore, as SPW is dependent on the situation, it does not provide a set of rules. Instead, accepting that the environment is unpredictable, knowledge is uncertain, and paradox is unavoidable, SPW remains adaptable to the context (Rooney et al., 2010). Consequently, Rooney et al. (2010) state that SPW “integrates reason and imagination, the particulars and the abstract, emotion and logic, and self and other” (p. 56). Moreover, there is recognition with this construct that the development and application of wisdom is both a community and individual endeavour. As McKenna et al. (2009) state, “being wise is a social process and so is part of a discursive structure” (p. 186).

The SPW model (Rooney et al., 2010) is underpinned by the following five wisdom principles:

1. Wisdom is based on reason and observation.
2. Wisdom incorporates non-rational and subjective elements into judgment.
3. Wisdom is directed to authentic humane and virtuous outcomes.
4. Wisdom is articulate, aesthetic, and intrinsically rewarding.
5. Wisdom is practical. (pp. 57–58)

In summary, wise people are seen to establish facts and gain understanding from which they make interpretations and formulate explanations. However, they also acknowledge the limitations of knowledge and rationality and integrate non-rational information within judgements. Wise people intentionally develop character strengths and an ethical disposition to achieve well-being for all. They are open minded and act with humanity, empathy and tolerance. Wise people can express their judgements and options in a style that promotes harmony and others are able to hear. Overall, wise people are sensible and practical, they understand themselves, others, community and society. They are capable of independent thought yet also listen to the wisdom within community (McKenna, 2013; Rooney et al., 2010).

2.3.3 Virtue ethics

Virtue ethics (VE) is described by Hursthouse (1999) as an approach to normative ethics that emphasises the role of character strengths or *virtues of character* (VoC) as opposed to deontology which emphasises rules and doing one's duty or utilitarianism which emphasises the consequences of actions.[2] The foundations of virtue ethics are based in Greek and, in particular, Aristotelian philosophy of *aretê*, *phronēsis* and *eudaimonia* (Hursthouse & Pettigrove, 2013). Aristotelian VE does not seek to establish external universal rules or laws that can be applied across contexts; rather, it focuses on the development of virtues that enable a person (Hursthouse, 1999) or community (MacIntyre, 2007) to achieve the greatest good for all (*eudaimonia*). The strength of VE is the ability to make wise judgements in ambiguous and complex situations where rules, no matter how detailed, are not effective (Kraut, 2014). MacIntyre (2007) defines VoC as "dispositions not only to act in particular ways, but also to feel in particular ways. To

[2] The virtues associated with virtue ethics are referred to as virtues of character (VoC) to distinguish them from the general virtues of excellence (*aretê*) discussed elsewhere.

act virtuously is […] to act from inclination formed by the cultivation of the virtues" (p. 149). For MacIntyre (2007), VoC can be developed and it is through the exercising of these virtues that goods internal to a practice are achieved.

Virtue ethics takes a broad view of ethics by looking at the excellences that are required to become the best type of person possible. A virtuous person is someone who has developed ideal character traits that create natural internal tendencies to act appropriately (Hursthouse, 1999; Hursthouse & Pettigrove, 2013; MacIntyre, 2007). It is the internalisation of VoC that motivates an individual to act from conviction (Fowers, 2005; MacIntyre, 2007; Swanton, 2003) rather than from the ethic of duty promoted by deontology (Swanton, 2003) or fear of consequences. Moreover, developing VoC provides the ability to exercise good judgement across a variety of situations to achieve well-being for all (Beadle & Moore, 2006). On the other hand, deontology emphasises learning the rules or laws that govern each situation and utilitarianism requires working out the consequences of action within each context (Hursthouse & Pettigrove, 2013).

Swanton (2015) suggests that Aristotle's views of the virtuous agent have been interpreted as being opposed to ethical rules. This perspective possibly results from the inability to reduce *phronēsis* and VE to a set of rules (Rooney et al., 2010). While Fowers (2005) suggests that ethics policy and rules can produce a culture that is reliant on rule books rather than practising judgement, she also makes it clear that ethics guidelines – for example, codes of conduct – are important in laying foundations for developing ethical dispositions. Moreover, while recognising the centrality of VE, Swanton (2015) also acknowledges that rules and consequences play a role in the development of VoC. Therefore, taking a neo-Aristotelian approach, Swanton (2003, 2015) suggests a pluralistic view of virtues that accepts different virtuous responses to different situations (e.g. VE) while also acknowledging that rules and consequences play a part. This pluralistic perspective of ethics is evident with hospitality where the ethic of hospitality (conviction) and the laws of hospitality (responsibility) come together. The act of being hospitable requires the individual needs of a person to be taken into account which resists the Kantian ideal of a categorical imperative that covers all situations and the utilitarian search for the most expedient means to achieve the desired end. Instead, adopting *phronēsis* provides the ability to integrate the ethic of hospitality with the contextual laws of hospitality to meet the particulars of the situation. *Phronēsis* recognises and enables both the ethic of hospitality and the laws of hospitality to be embraced.

Additionally, Swanton (2003) claims that VoC is a “threshold concept” (p. 24) which holds that the requirements for virtue are not set by one standard and that it is not possible for a person to achieve perfection. Therefore, the standard for meeting the thresholds of virtue is contextual, where what is accepted for behaviour to count as displaying virtue will vary (Swanton, 2003). As a result, Swanton (2015) questions the common view of virtue ethics as monological which holds that the virtuous agent, a person of excellent character and *phronēsis*, is thought to be the arbiter of correct action. Instead, Swanton (2003) argues that the cognitive and practical limitations of people require VE to be socially grounded and dialogical.

The importance of community for ethical decision making is made clear by Swanton (2003) when she states:

> Judgement informed by the virtues is informed by wisdom, which in turn feeds into virtues of self-knowledge; and these tell us that we are not only limited in perspectives, experience, and expertise, but that the constellation of virtues possessed by us will not exactly match that possessed by others. Hence a virtue ethicist could and should accept that ethical decision-making in social contexts is and ought to be collective (p. 252)

Recognising the collective nature of *phronēsis* and VE, Swanton (2003) suggests wise practice is founded within both virtues and dialogue. It is centred on virtues rather than rules due to the “ill-structured” nature of “real-life problems” and it is founded on dialogue “because the reasoning of a single agent, no matter how virtuous, is limited, and because of the social context of problems” (p. 252). The role of community and benefits of collective wisdom are discussed further in the next section.

2.3.4 Collective wisdom

Contemporary discussions of *phronēsis* (e.g. Baltes & Smith, 1990; Baltes & Staudinger, 2000; Kunzmann & Baltes, 2005; Stange & Kunzmann, 2008; Sternberg, 1990, 1998, 2004) often focus on the characteristics and actions of the wise individual and their ability for *phronēsis* (Brown, 2005). However, while there is considerable discussion concerning the wisdom of individuals, Baltes and Staudinger (2000) also recognise that the wisdom held by an individual is often weaker than wisdom held within a community. Consequently, their research found that social collaboration benefited wise decision making and action within individuals (Baltes & Staudinger, 2000; Stange and Kunzmann, 2008). Vaill (2007) also treats wisdom as a social phenomenon embedded in conversations and communal “sense making” (p. 330). Moreover, in summing up Sternberg and Jordon’s (2005) edited book *A Handbook of Wisdom Psychological Perspectives*, Brown (2005) also concluded that individual wisdom is situated within social contexts. Additionally, Brown (2005) suggests much of the wisdom displayed by individuals draws from wisdom embedded in culture rather than deriving from a personal attribute.

There is considerable support for the view that community and culture are able to create a foundation for wisdom and provide a pool of wise recourse for the individual to draw from (Beadle & Moore, 2006; Dyck & Kleysen, 2001; Fowers, 2005; Halverson, 2004; Kilburg, 2006). Brown (2005) also found that “culture and society preserve wisdom” (p. 361), which is a view supported by Rooney et al. (2010) who suggest that wisdom embedded within organisational culture is likely to provide longer-term benefits than wisdom held by individuals acting independently. It is evident that within organisations individuals do not function in a social vacuum (Solomon, 1992); rather, they collaborate to solve problems and achieve goals (Eikeland, 2008). It is through collective deliberation and dialogue within community that the potential to overcome individual weakness is achieved, enhancing the likelihood of wise decision making and action (Birren & Svensson, 2005; Brown, 2005; Fowers, 2005; Provis, 2010; Swanton, 2003). There is general acceptance that wisdom is formed through social relationships and is ultimately exercised for the good of community (Beadle & Moore, 2006; Brown, 2005; Crossan, Mazutis, Seijts, et al., 2013; Yuengert, 2012). Nevertheless, Eikeland (2008) contends that “the quality of the community increases with the quality of the goods and tasks pursued collaboratively” (p. 402), suggesting that not all communities are wise. Therefore, the purpose of an organisation, the goals it emphasises and the culture it develops in pursuing these goals is important to the overall well-being and flourishing of the organisation.

2.3.5 Developing *phronēsis*

It is suggested that humans are not naturally wise (Fowers, 2005; Kilburg, 2006); nevertheless, given the right guidance and environment, it is believed that the majority have the capacity to develop wisdom (Baltes & Smith, 1990; Baltes & Staudinger, 2000; Fowers, 2005; Rooney et al., 2010; Sadler-Smith, 2012; Yuengert, 2012). The view that wisdom can be developed is also supported by Stange and Kunzmann (2008) who maintain that it is possible to "create contexts which can provide learning opportunities that may facilitate the development of wisdom-related knowledge" (p. 30). Within the Berlin Wisdom Paradigm (refer to section 2.3.1.1), facilitative experiential contexts, expertise-specific factors and general person factors are identified as conditions relevant to the development of wisdom.

Facilitative experiential contexts refer to significant experiences including life events, such as parenthood and aging, and also work contexts that have the potential for developing wisdom (Stange & Kunzmann, 2008). Expertise-related factors include professional, technical and social expertise gained throughout life by undertaking activates including mentorship and professional training. According to Stange and Kunzmann (2008), general personal factors refer to personal capabilities including "cognitive abilities, creativity, and thinking styles as well as personality factors, such as openness to experience" (p. 27). Additionally, the types of behaviours and actions chosen by a person are also seen to have a significant influence on wisdom development (Stange & Kunzmann, 2008). These facilitative factors are discussed further under the headings: structure and culture, practice and experience, and personal factors.

Structure and culture

As work contexts have the potential to influence development, Dyck and Kleysen (2001) suggest how communities and organisations are managed is critically important to the development of *phronēsis* and human well-being. Consequently, Rooney et al. (2010) argue, the manner in which organisations are structured and the culture they develop has a significant influence on individual and organisational wisdom. Additionally, a study of employee responses to ethical context within hotels found that the ethical climate and ethical culture of an organisation has an influence on employee behaviour (Cheng, Yang, Wan, & Chu, 2013). The structure of an organisation is defined by Bierly et al. (2000) as regularities in activities such as control mechanisms, degrees of centralisation and decentralisation, divisions of work, and levels of bureaucratisation. Bierly et al. (2000) also define culture as a “system of shared meaning based on common characteristics and shared values” where culture serves as a “sense-making mechanism that guides and shapes the values, attitudes, and behaviours of employees” (pp. 610–611). Taking these definitions into account, it is evident that the way structural and cultural systems are integrated, and the balance between these systems, has the potential to cultivate or inhibit the development and enactment of *phronēsis* (Ellett Jnr., 2012; Hartman, 2006; Küpers & Statler, 2008; Rooney, 2013).

Discussing the balance of internal and external goods within institutions, MacIntyre (2007) suggests that organisations are naturally concerned with achieving external goods (e.g. money) and are “structured in terms of power and status, [therefore] they distribute money, power and status as a reward” (p. 194). The emphasis on external goods is attributed to the need to sustain the organisation (e.g. its operations and financial viability) and the practices that the organisation was set up to administer. Practices are defined by MacIntyre (2007) as:

> ...any coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended (p. 187).

From this perspective, the provision of hospitality within a hotel organisation can be defined as a practice as it involves enacting the values and ethic of hospitality to achieve well-being for the guest, and arguably, the wider stakeholder community (Wijesinghe, 2014).

MacIntyre (2007) argues that practices and their internal goods are unable to sustain themselves unless they are supported by the structure and culture developed within an institution. However, MacIntyre (2007) warns that such is the potential corrupting power of the institution that practices and their internal goods are “always vulnerable to the acquisitiveness of the institution” (p. 194). These views are supported by Rooney et al. (2010) who assert that “orthodox economics, and more particularly the incarnation of neo-classical economics from the 1980’s provides a hostile climate for the practice of wisdom.” (p. 34).

The embrace of economic principles shaped on the belief that human motivation results from self-interest promotes the formation of social structures and institutions that cater to self-interest (MacIntyre, 2007; B. Schwartz, 2011). Supporting this view, Crossan et al. (2013) report findings indicating that increased study of economic principles strengthened and justified beliefs that humans act out of self-interest which resulted in diminishing other-orientated values. Moreover, even though an organisation may originally be motivated for good, the rationality that seeks to minimise risk and achieve social perfection through formalised control (e.g. policy, procedures and rules) reduces the ability for practising professional and wise judgements (Fowers, 2005; Rooney et al., 2010) and for providing humane systems (Gane, 2005; Ritzer, 2004). B. Schwartz (2011) also argues that rules replace the need for personal ethical capability, and incentives replace the need for personal conviction. Consequently, excessive bureaucratisation is seen to reduce the opportunity to practise and develop wise decision making (Fowers, 2005; Rooney et al., 2010; B. Schwartz, 2011). For this reason, MacIntyre (2007) claims that without the balancing effect of VoC, practices would be dominated by institutional pursuit of external goods and instrumental forms of rationality.

According to Rooney and McKenna (2005), maintaining an environment that enables wisdom to be practised requires an organisation to purposefully implement a structure and culture that promotes VoC (ethics) and supports its development. This requires the organisation and its employees to have a clear understanding of the organisation’s purpose and the means for achieving it (Kilburg, 2006; Rooney et al., 2010). Additionally, structures that support the development of wisdom are seen to enable decentralised control that provides freedom to challenge common beliefs and practise ethical judgement (Bierly et al., 2000). Beneficial structures also create organisational communication systems that encourage knowledge transfer (Ferrari & Weststrate, 2013). They provide training and the opportunity for gaining experience (Provis, 2010) and promote the development of *technē*, *phronēsis* and *nous* (Rooney et al., 2010).

Moreover, cultures that promote the cultivation of wisdom include those that provide safe environments for employees to seek advice and ask questions (Marker, 2013). They provide environments where employees are able to admit to and learn from mistakes (Ferrari & Weststrate, 2013; Marker, 2013; McKenna, 2013; McKenna et al., 2006, 2009) and enable employees to discover the limits of their knowledge (Küpers & Statler, 2008; Rooney et al., 2010). Additionally, the retention of senior employees who have gained extensive knowledge, experience and wisdom is viewed as important for mentoring, coaching, transferring knowledge and maintaining wisdom within an organisation (Lashley, 2016a; Provis, 2010; Rooney et al., 2010).

Practice and experience

While there is evidence suggesting that formal teaching benefits the development of *phronēsis* (Baltes & Smith, 1990; Crossan, Mazutis, Seijts, et al., 2013; Sternberg, 2003; Thompson & Bevan, 2013; Yuengert, 2012), it is widely accepted that developing *phronēsis* requires practice gained from experience over time (Baltes & Kunzmann, 2004; Baltes & Smith, 1990, 2008; Cokely & Feltz, 2014; Crossan, Mazutis, & Seijts, 2013; Eikeland, 2008; Flyvbjerg, Landman, & Schram, 2012b; Kahneman & Klein, 2009; Rooney, 2013; Rooney et al., 2010; B. Schwartz, 2011). Nevertheless, Cokely and Feltz (2014) suggest that "not all practice is the same and experience alone does not guarantee expert performance" (p. 213). Additionally, Baltes and Smith (1990) found that while developing wisdom can be facilitated by age, age is not sufficient on its own. Moreover, Eikeland (2008) points out that experience may provide the ability to extend theoretical knowledge (*epistēmē*) and hone practical skills (*technē*), but it does not necessarily develop VoC or *phronēsis*. The development of wisdom requires more than just accumulated general experience (Schmit et al., 2012), it requires significant practice in applying VoC (Broadie, 2002; Kilburg, 2006) exercised over time (Dane & Pratt, 2007).

It is evident that developing the ability to balance rationality with VoC requires repetitive practice in drawing appropriately from VoC and applying ethics in the right way, at the right time and on the right occasion (Crossan, Mazutis, & Seijts, 2013; Crossan, Mazutis, Seijts, et al., 2013; Rooney et al., 2010). Crossan et al. (2013) and B. Schwartz (2011) suggest that practising *phronēsis* enables the gap between knowledge and action to be closed. Moreover, Baltes and Smith (1990) state that experience dealing with a "range of human conditions", especially in "human services" (p. 105), is particularly relevant to wisdom development. Nevertheless, while experience and practice are important, reflection on experiences and reflexivity about the lessons learnt is also required (Obseck

& Robinson, 2005; Rooney et al., 2010). Reflexivity provides the ability to evaluate and learn from mistakes (Hager & Halliday, 2009), to acknowledge individual strengths and weaknesses (Schmit et al., 2012), and to reduce self-centeredness while increasing maturity and wisdom (Ardelt, 2004b; Schmit et al., 2012). However, Bolton (2010) states that "reflective practice leading to change and development only happens in learning organisations with supportive mechanisms of coach, mentor or facilitator and not when top-down, organisational visions are imposed leading to compliance" (p. 5).

According to Aristotle, observing and being mentored by someone with excellent character and judgement provides a significant contribution to the development of *phronēsis* (Baltes & Smith, 2008; Crossan, Mazutis, Seijts, et al., 2013; Seijts et al., 2015). Being apprenticed by a trusted advisor provides the ability for the less experienced to learn the nuances of wise decision making and observe wisdom in action (Halverson, 2004; Rooney et al., 2010; Yuengert, 2012). These views are consistent with the management literature which contends that "management actions have significant effect on the ethical orientation of the organisation" (Kincaid, Baloglu, & Corsun, 2008, p. 476). According to Saldler-Smith (2010, 2012), being coached by a mentor and receiving feedback is essential for developing expert intuitive judgement. Moreover, Bierly et al. (2000) assert that organisational wisdom is not developed unless individuals share their knowledge with others, which Hartman (2006) suggests is particularly important as working within a good community is essential for developing VoC and *phronēsis*. It is evident that promoting open and honest sharing of knowledge, where seeking advice from not only trusted advisors but also diverse others is promoted, provides a favourable environment for developing wisdom.

As previously indicated, wisdom develops through interpersonal relations, dialogue and cooperation within community (Crossan, Mazutis, Seijts, et al., 2013; Meacham, 1990). Therefore, an environment that promotes consultation with others is important for fostering *phronēsis* (Thompson & Bevan, 2013). Fowers (2005) maintains that consultation with others enhances the ability to hear diverse opinions, explore alternative possibilities, and discuss issues of ethics. The importance of dialogue for wise decision making is also highlighted by Stange and Kunzmann (2008) who explain that people who enter into external and/or internal dialogue achieve higher wisdom-related performance. External dialogue refers to discussion with others while internal dialogue is imagined discussion with another person; for example, asking yourself what would your mentor do or say in this situation?

In discussing the development of wisdom, Flyvbjerg (2001) and Hager and Halliday (2009) refer to the Dreyfus model of adult skill acquisition. Originally presented by Dreyfus and Dreyfus (1986) as a five-stage model (refer also to S, Dreyfus, 2004), it was later extended by Hubert Dreyfus (H. Dreyfus, 2008) to incorporate seven stages. While both the five-stage and seven-stage model depict the progression from rule-based thinking and directed action to context and intuitive thinking and action (Flyvbjerg, 2001), Hager and Halliday explain that the seven-stage model moves beyond mastery of technical and professional skills to capture features of *phronēsis*. Adapted from H. Dreyfus (2008), Flyvbjerg (2001) and Hager and Halliday (2009), the seven stages of development are summarised as:

Stage 1: The *novice* learns and follows context independent rules, policies and specified procedures.

Stage 2: *Advanced beginners* have developed an awareness of situational contexts and are able to practise being flexible in providing a few alternative courses of action. They are guided by both rules and maxims.

Stage 3: *Competence* enables learners with more experience to be aware of multiple options and alternatives for action. However, while being guided by a developing sense of responsibility and emotional involvement, learners are not yet sure of appropriate actions.

Stage 4: *Proficiency* enables performers to automatically see what needs to be done, yet they still need to decide how to do it. Intuitive reactions begin to replace reasoned responses.

Stage 5: The *expert* not only sees what needs to be done but has experience within a variety of situations to immediately see how to achieve goals. Experts are guided by intuitive expert insight

Stage 6: A *master* has been guided by a range of expert masters but has now developed their own style of expert practice. They draw from a wealth of tacit knowledge to tailor authentic action within the context.

Stage 7: *Phronēsis* enables practitioners to draw from internalised practice, knowledge, expertise, culture, values and virtues to form a natural, integrated and automatic process of wise action. They are able to influence structure and culture to foster wise thinking and action.

Importantly, Flyvbjerg (2001) points out that the Dreyfus model depicts the important transition from the rational dominated activity of the novice, advanced beginner and competent practitioner to a practitioner able to integrate appropriate rational and intuitive action within the particulars of the context.

Personal factors

While structure, culture and experiences are important for facilitating wisdom, it is suggested that character development requires deliberate practice and ongoing effort to bring knowledge, experience and ethical action together on a daily basis (Broadie, 2002; Cokely & Feltz, 2014; Kilburg, 2006). Consequently, an important element in developing personal wisdom is making a deliberate choice to develop the attributes required for wise decision making and action (Fowers, 2005; Hager & Halliday, 2009; McKenna et al., 2006; Rooney et al., 2010). Similarly, being open to new experiences and different ways of thinking is also considered essential for pursuing wisdom (Csikszentmihalyi & Nakamura, 2005; Rooney et al., 2010). Additionally, Fowers (2005) maintains that "making good ethical choices is partly a matter of intelligence, training, and experience, [however] it is even more an expression of character, ethical sensitivity, deliberative capacity, moral motivation, and clarity about what is good" (p. 193). However, while developing wisdom requires effort, Broadie (2002) and Kraut (2014) contend that pursuing wisdom should not be an imposition; instead, wise people see practising VoC as enjoyable and worthwhile in itself.

2.4 Summary

The discussion within this chapter defined and described *phronēsis* as the rational excellence (master virtue) that unites and coordinates the activities of *nous* and *êthos* to produce wise actions that contribute towards the well-being of all (*eudaimonia*). *Êthos* was described as a disposition for excellent action that draws from character strengths and ethical sensitivity. Moreover, the need for *phronēsis* to rationally shape and develop character and ethics to form a non-rational disposition rather than an irrational emotion response was discussed. The role of *êthos* in providing ethical intuition and discernment for right action was also discussed.

Nous was defined as practical intelligence that provides a perception of both theoretical knowledge, which is unchanging, and practical reasoning, which is contingent. *Nous* provides the ability for intuitively drawing from tacit and factual knowledge (*epistēmē* and *technē*) that has been developed from experience. Moreover, *nous* can be seen as both a reasoned capacity for understanding and a rational intuition that brings cognition and affect together. In this way, *nous* provides the ability to intuitively draw from knowledge and experience for pragmatic action and the emotional and social ability to negotiate the complexities of life.

It was also established that *nous* integrates *epistēmē* and *technē* in the construction of intuitive knowledge, understanding and action. The discussion of *epistēmē* made important distinctions between e*pistēmē theôrêtikê*, which is interpreted as theoretical contemplation, and the subcategories of *epistēmē theôrêsis* and e*pistēmē theôría*. *Epistēmē theôrêsis* is described as being closely associated with positivism, while e*pistēmē theôría* is more closely associated with contingent theory of practice. Alternatively, *technē* is described as technical expertise that provides the ability for production. As *technē* was seen to apply instrumental rationality to achieve practical ends, its technical knowledge and skills are able to be precisely specified and captured within routines and procedures.

The discussion of virtue ethics (VE) explored the importance of developing virtues of character (VoC) that enable a person to act from conviction rather than from an ethic of duty. VE provides the ability to make wise judgements in ambiguous and complex situations where rules, no matter how detailed, are not effective. Nevertheless, Swanton (2003, 2015) also argued for a pluralistic perspective that accepts the role of ethical responsibilities and rules at the same time as maintaining the centrality of VE. Moreover, recognising the cognitive and practical limitations of people, Swanton (2003, 2015) contended that VE need to be grounded in community. The importance of community was also discussed in relation to the benefits it provides to wise decision making and the development of individual wisdom. It was evident from this discussion that wisdom is not only situated within social contexts but is also developed and strengthened through dialogue within community. The discussion also explored how organisational structure and culture, practice and experience and personal factors benefited the development of wisdom.

Chapter 3. Managing hospitality

3.1 Introduction

This chapter provides a review of the theoretical and applied literature that informs the investigation of management *phronēsis* within the hospitality and hotel industry. While hospitality and tourism research have a growing body of literature exploring a wide range of topics informed by numerous theoretical approaches, investigations of wise management practice are nowhere to be found. In this chapter, four broad theoretical areas are explored to provide a basis for investigating management wisdom: conceptualisations of hospitality, management focus and the inclusion/exclusion of social values, rationality that underpins management focus, and resulting complexity within the hospitality environment. The review identifies the need for wise management practice to balance tensions and cope with the paradoxes inherent within the hospitality environment.

As previously discussed, according to Aristotle, everything has a purpose (a *télos*), an ultimate end that it is designed for, and given the correct conditions to actualise its inherent potential, it will thrive. Business communities, and more specifically hospitality organisations, also have a purpose, an end goal to which they work towards (Dierksmeier & Pirson, 2009). In the second part of the chapter, this literature review explores the theoretical, historical and economic conceptualisations of Western hospitality to help provide an understanding of the purpose of a hotel. This naturally leads to a brief review of hospitality and tourism ethics. Definitions of commercial hospitality are then discussed, which highlight tensions between social and commercial perspectives of hospitality and raise questions about the focus and purpose of hospitality organisations. This is followed by a discussion of shareholder and stakeholder perspectives of management and the short-term economic goals compared with longer-term social outlook that each approach emphasises. These perspectives also highlight tensions and competing perspectives concerning the responsibility of managers and the social versus economic purpose of hospitality business. Max Weber's typology of rationality (Gane, 2005; Kalberg, 1980) is introduced at this stage to provide an understanding of rationalities that lead to different ways of thinking and their consequences. The review finishes with a discussion of complexity theory and exploration of the paradoxes that are inherent within the hospitality management environment.

3.2 The values of hospitality

The foundations of commercial hospitality date back over thousands of years and across civilisations where people travelled away from their homes. 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 B.C.E. also attracted competitors and spectators from distant lands (Collier, 2006). Within these contexts, the provision of hospitality was fundamental to travel and ultimately to the development of trade and civilisation. Hospitality was so important that Plato (428–348 B.C.E.) laid down laws detailing the treatment of strangers. The provision of hospitality brought expectations of a friendly welcome, provision of sustenance, shelter, safety and rest (O'Gorman, 2007a). The ethic, duty and expectation of hospitality remained fundamentally unchanged across pre-industrial societies (Lashley, 2015).

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 Organization 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 cultures and others.

The New Zealand Ministry of Tourism (2008) also recognises that tourism and hospitality is closely connected to the environment, culture and society. They state that tourism and hospitality affect 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 and 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 well-being to also encompass their spiritual well-being (Martin, 2009). These values remain central within New Zealand tourism and culture where it is recognised that, as New Zealanders, "[w]e consider our guests as our *taonga* (our precious gifts), so we should be looking out for each other to ensure our *manuhiri* (visitors) will become walking advocates for their New Zealand experience" (Tourism Industry Association, 2016, p. 2).

However, extending beyond caring for distant travellers and tourists, within the post-industrial environment, the commercial hospitality industry also caters to the needs of the domestic market (Brotherton & Wood, 2008). In this way, domestic hospitality provides environments that enable the development of local trade, culture and contemporary society. To view the hospitality industry from this perspective suggests that the industry facilitates and creates connections between people which Collier (2006) describes as a "complex set of interrelationships between people and place" (p. 4). Likewise, O'Gorman (2007a, 2010) suggests that shared hospitality is a principle feature in the development of relationships between persons, communities and nations. Similarly, Lashley (2000) describes hospitality as "… a set of behaviours which originate with the very foundations of society" (p. 4).

These descriptions suggest that hospitality involves the provision of a friendly welcome, refreshment, shelter and rest to strangers. Moreover, it indicates that hospitality involves virtues of character including compassion, justice, respect and honesty in caring for others and developing relationships. Contemporary academic discussions of hospitality also acknowledge the ethic and 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; Wijesinghe 2014). These hospitality characteristics are also consistent with Dawson, Abbott and Shoemaker's (2011) research which found that hospitality cultures are characterised by management principles (e.g. employee focus, empowerment and respect) and customer relationships (e.g. creating connections, memories and feelings of comfort). Moreover, the personal attributes of hospitable employees include being welcoming, courteous, respectful, kind, trustworthy, honest, reliable, generous, sociable and open (Dawson et al., 2011; Tasci & Semrad, 2016).

It is clear from these accounts that the provision of hospitality is steeped in values and virtues of character. Bulley (2015) draws attention to Derrida's claim that "hospitality is ethics" (p. 186). Similarly, Wijesinghe (2014) refers to hospitality as a universal virtue while Telfer (2000) also recognised hospitableness as a virtue, albeit, an optional virtue. Furthermore, in keeping with the practice of virtue ethics (VE), O'Gorman (2007b) and Telfer (2000) suggest that people who are hospitable do so from choice rather than from a sense of duty because they enjoy the act of providing hospitality.

3.2.1 Ethics and hospitality

Given the clear relationship between hospitality and ethics, it is surprising that there has been little progress in hospitality ethics research (Jamal & Camargo, 2014; Myung, 2017; Paek & Chathoth, 2013; Wijesinghe, 2014). Ethics is defined within the business literature as the philosophy of human conduct and the determination of right and wrong (Ferrell, 2005; Parboteeah & Cullen, 2013). It involves not only understanding what is good and just but also good action (Nergiz, Kozak, & Balta, 2011; Tribe, 2002). In a study of articles from across 20 journals published between 1995 and 2014 (20 years), Köseoglu, Sehitoglu, Ross and Parnell (2016) found only 362 articles relating to hospitality and tourism ethics. Put into perspective, this equates to less than one article per year per journal. A similar study investigating developments in research on hospitality ethics between 2006 and 2015 (10 years) found only 62 articles from across 19 hospitality and tourism journals. This equates to less than 0.3 articles per journal per year (Myung, 2017).

Moreover, the leading theme for hospitality and tourism ethics research has been environmental ethics (Hudson & Miller, 2006; Myung, 2017). Other topics have included decision making ethics (Hudson & Miller, 2006; Valentine, Godkin, & Mandabach, 2014; Wilborn, Brymer, & Schmidgall, 2007), hospitality ethics education (Dredge et al., 2012; Tribe, 2002), and corporate social responsibility (CSR), ethical leadership and codes of ethics (Köseoglu et al., 2016; Myung, 2017). Particularly noteworthy is Rendtorff's (2009) study which found that ethical principles of "autonomy, dignity, integrity and vulnerability are very important [for a] foundation of justice and responsibility in service" (p. 9) at both an individual and organisational level.

Three generally accepted approaches applied within the study of ethics include the utility approach, the rights approach and the justice approach (Becker & Gao, 2010; Köseoglu et al., 2016). The *utility approach* focuses on the consequences of decisions and the greatest good for all; the *rights approach* emphasises individual rights; and the *justice approach* examines if the costs and benefits are fairly distributed across stakeholders (Becker & Gao, 2010; Köseoglu et al., 2016). A number of studies have also applied *phronēsis* within the context of hospitality and tourism pedagogy and sustainable practice (Dredge et al., 2012; Jamal, 2004; Jamal, Taillon, & Dredge, 2011; Tribe, 2002). Additionally, drawing from Aristotle and Alasdair MacIntyre's theory of virtue ethics, Wijesinghe (2014) explored how sustainability and virtuous action are able to be achieved within hospitality. Nevertheless, while there is increasing recognition of the importance of ethics within hospitality management, the ethic of hospitality remains largely invisible within definitions of hospitality and the hospitality business literature.

3.2.2 Defining hospitality

There is little agreement over a definition for hospitality management within the academic literature (Brotherton & Wood, 2008; Hemmington, 2007; Poulston, 2015; Walton, 2012). O'Gorman (2007b) and Bulley (2015) suggest that this lack of agreement could be because hospitality and the act of being hospitable are not able to be precisely defined. In searching for a conceptualisation of authentic hospitality, O'Gorman (2007b) concludes that "it seems that true hospitality is somewhat of an enigma; this is not due to any philosophical conundrum, but perhaps because hospitality is not a matter of objective knowledge" (pp. 200–201). Likewise, Bulley (2015) points to Derrida's assertion that "we do not know what hospitality is" as it defies "consistent, stable, and objectifiable conceptual determination" (p. 185). The diverse and often disparate conceptualisations of hospitality are captured by Lynch, Molz, McIntosh, Lugosi and Lashley's (2011) suggestion that concepts of hospitality could sit on a continuum ranging from "commercial hospitality at one end, ulterior-motives hospitality a bit further along, reciprocal hospitality somewhere in the middle and genuine altruistic hospitality at the other end” (p. 11). The implication of this type of conceptualisation is that commercial hospitality is far removed from authentic, value-infused hospitality.

Exploring theoretical approaches to hospitality, Lynch et al. (2011) highlight differences between how hospitality is conceptualised within different disciplines. While historical accounts describe the values, ethics and duties of hospitality (O’Gorman, 2007a, 2010), managerial accounts focus on economic activity where the meaningful essence of hospitality is replaced by what is measurable and manageable (Lynch et al., 2011). This distinction is also evident in Lashley’s (2000) discussion of hospitality within the domestic and commercial domains, where Bell (2009) points out that for Lashely, “an historical view sheds light on the social domain of hospitality, on the development of shared codes of giving and receiving, welcoming and graciously accepting—codes of civility and trust that sit outside of the commercial context” (p. 21). The implication here is that commercial hospitality has little to do with civility, trust and a gracious welcoming. From this perspective, commercial hospitality is “calculative” (Bell, 2009, p. 31) whereas social hospitality is caring.

The reduction of hospitality to a commercial exchange is evident within Medlik and Ingram’s (2000) definition of hotels as “institutions of commercial hospitality, which offer its [sic] facilities and services for sale” (p. 13). Similarly, in searching for the essence of hospitality, Brotherton (1999) refers to “accommodation, food and drink” as the “holy trinity” of hospitality (p. 168). While perhaps unintentionally, Brotherton’s claim has the implication of deifying the products of hospitality which diminishes any focus on its values and ethic. Building on this foundation, one of the most widely accepted definitions of commercial hospitality is provided by Brotherton and Wood (2000) who conclude that “the hospitality industry is comprised of commercial organisations that specialise in providing accommodation and/or, food, and/or drink, through a voluntary human exchange, which is contemporaneous in nature, and undertaken to enhance the mutual well-being of the parties concerned” (p. 143). While this definition recognises the goal of enhancing the well-being of respondents involved, reference to an “exchange” implies a narrow customer/provider focus which fails to identify wider stakeholder involvement. Moreover, it suggests a transactional approach to hospitality that is stripped of the values and ethic of hospitality. For example, if references to “accommodation and/or, food, and/or drink” were replaced with the words “products and services”, the definition could fit almost any service industry. However, these functional, industrial conceptions are challenged by Hemmington (2007) who suggests that hospitality is a behaviour and experience which requires a genuine regard for individual guest concerns. Hemmington (2007) argues that the inherent ethic of hospitality and genuine concern for the guest highlights "tensions between hospitableness and commercial hospitality" (p. 750). These tensions are also evident in Lynch et al.'s (2011) reference to the "common divide between the social and philosophical dimensions of hospitality from its organisational and commercial manifestations" (p. 11).

3.3 The business of hospitality

What it is apparent from the literature is that tourism and hospitality have a rich history, whereas corporate hospitality is a relatively new phenomenon (Morrison, 2009). Nevertheless, hospitality management has been quick to adopt established business theory which emphasises an instrumental rationality founded on principles of pragmatism, technical efficiency and utilitarian optimisation of resources to achieve economic goals (Bolan, 1999; Gandz, 2006). This is highlighted by Aramberri (2001) who asserts that the reciprocity in and values of traditional hospitality have been left behind along with the "fuzzy codes of mutual rights and duties" that guided action (p. 746). Aramberri (2001) further states that "the main tie that binds the contracting parties is the deliverance of services [and] commodities" in exchange for payment. From this perspective, "the hosts are no longer hosts, just providers of services, while the guests are no longer guests, just customers" (p. 746). Likewise, this sterile economic view of hospitality is supported by Slattery (2002) who states that "hospitality venues are businesses where the critical relationship is between seller and buyers" (p. 21). The values and ethic of hospitality have been replaced by economic contacts involving "renting rooms, selling meals and selling drinks" (Slattery, 2002, p. 21). Referring to calls for the recognition of traditional hospitality values within the commercial environment, Slattery (2002) states that "declarations of this kind on the hospitality industry can only be regarded as gossip and of no value to professionals in the hospitality business" (p. 21).

The practice of reducing tourism and hospitality to a "set of economic activities" (Tribe, 2006, p. 366) is acknowledged across the hospitality and tourism literature (Lynch et al., 2011; Macbeth, 2005). For example, Wijesinghe (2014) contends that operators of luxury hotels often focus on "profit maximisation" to the detriment of "local host communities" (p. 35). Causevic and Lynch (2009) suggest that from a management perspective, the hospitality exchange is viewed as a "commercial relationship" where "operational efficiency" dominates decisions (p. 130). Similarly, Kincaid, Baloglu and Corsun (2008) found that restaurant managers who have a responsibility to maximise profits feel pressured to compromise ethical standards. Additionally, in their study of hospitality leadership, Minett, Yaman and Denizci (2009) found that hospitality "undertaken to enhance the well-being of parties concerned, [is] in danger of being bypassed by younger managers in favour of a purely economic, or self-interested imperative" (p. 429). The dominance of an economic and technocratic approach to management is made clear by Slattery (2002) who states:

> 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)

It is evident within this instrumental view of the hospitality industry that there is little room for personal, community or social concerns and no indication of ethical responsibility beyond a legal obligation. The business goals of growth, profits and market position expressed by Aramberri (2001) and Slattery (2002) draw from an instrumental rationality resulting in competitive action based on measurable evidence and calculated decision making. These views of the hospitality industry emphasise economics over community and profit over people. In this economic, transactional conception, there seems to be little space for values-centred concepts of hospitality. The debate within the hospitality literature concerning the importance of economic goals versus social responsibility (e.g. Aramberri, 2001; Brotherton, 2002, 2003; Slattery, 2002, 2003) mirrors the wider debate within the management literature concerning maximising shareholder returns versus balancing stakeholder interests.

3.3.1 Profits, people and purpose

Following Milton Friedman's (1970) assertion that the only social responsibility that business should follow is to "increase its profits" (Friedman, 2007, p. 178), shareholder theory continues to be promoted as the principal rational management approach (Crane, Palazzo, Spence, & Matten, 2014; Lashley, 2016b; Sundaram & Inkpen, 2004b, 2004a). These views have led to generally accepted assumptions that the aim of a corporation and the manager is to maximise profits, and by doing so, they are fulfilling their responsibility to society (Gandz, 2010a; Holjevac, 2008; Lashley, 2016b; Lee, Oh, & Pines, 2008; Simons, 2013; H. Smith, 2003; Snellman, 2015). However, Freeman (1994, 2010) contends that by applying economic rationality, shareholder theory separates business decisions from social concerns – a process also referred to as the "separation thesis" (Freeman, 1994; Freeman et al., 2004; Sandberg, 2008). By separating values, Melé (2010) explains that economic rationality applies "calculative assessment of efficiency to obtain a certain goal, using a cost-benefit analysis as the main tool" (p. 639). Moreover, within a shareholder approach, stakeholders (e.g. customers, employees) become the means to achieving the shareholders ends (Freeman, 1994; H. Smith, 2003).

Conversely, stakeholder theory claims that managers have a responsibility to all stakeholders including shareholders (Freeman, 1994, 2010; Freeman et al., 2004; H. Smith, 2003). From this perspective, managers have a responsibility to ensure that the interests of stakeholders are balanced, and wider social values are maintained when making decisions. Freeman (2010) defines stakeholders as "any group or individual who can affect or is affected by the achievement of an organization's purpose" (p. 231). In general, stakeholders include owners, customers, employees, suppliers and local communities (Freeman, 2001; H. Smith, 2003). However, for large organisations, stakeholders also include the financial community, activist groups, unions, competitors, governments and political groups (Freeman, 2010).

Stakeholder theory seeks to understand the purpose of an organisation beyond simple economic ends and encourages managers to understand the shared sense of value that is created beyond the narrow confines of the shareholders (Freeman et al., 2004; H. Smith, 2003). Moreover, stakeholder theory rejects the separation thesis by maintaining that "values are necessarily and explicitly a part of doing business" (Freeman et al., 2004, p. 364). This requires managers to know how business should be conducted and the kinds of relationships they need to create with stakeholders to achieve the organisation's purpose (Freeman, 2009). Consequently, ethical profits result from creating value across a community of stakeholders rather than from pursuing profits as an end in it-self

(Freeman, 1994, 2009). In this way, profits become the means to achieving a greater business purpose rather than an end (Freeman, 2009; Handy, 2002; H. Smith, 2003).

Many of the attributes of stakeholder theory are also apparent in theories of *corporate social responsibility* (CSR). These similarities are evident in CSR objectives of contributing to the development of communities, responding to social concerns, acting ethically, and creating sustainable profits (Dahlsrud, 2008; Garriga & Melé, 2004). In general, CSR seeks to create value for owners/shareholders, stakeholders and wider society (Baldarelli, Baldo, & Ferrone, 2015; Queiroz, 2015). Additionally, Porter and Kramer's (2011) concept of "creating shared value" (CSV) also adopts some of the characteristics of stakeholder theory and CSR. CSV is defined by Porter and Kramer (2011) as:

> ...policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress. (p. 66)

However, the approach of CSV differs from stakeholder theory in that it uses the advancement of social conditions as a means to maximise profits. Smith (2003) points out that stakeholder theory views social responsible action as an end in itself. However, "if stakeholder interests are being considered only as a means to the end of profitability", then managers are following the dictates of shareholder theory (H. Smith, 2003, p. 87). Similarly, as the implementation of CSR is often promoted as a means to increasing competitive advantage and profits, it also tends to remain subordinate to the goals of economic rationality (Brooks, 2010; Font, Walmsley, Cogotti, McCombes, & Häusler, 2012; Harrison & Wicks, 2013; Ingley, 2011; Jones, Hillier, & Comfort, 2016; Vogel, 2005).

While the benefits of stakeholder, CSR and CSV theories have merit, they have received criticism from advocates of shareholder theory (Simons, 2013; Sundaram & Inkpen, 2004b, 2004a). Simons (2013) calls into question the decision-making ability and competitive drive of executives who seek to balance economic demands with stakeholder needs. Instead, Simons (2013) suggests that executives who have identified their organisations primary purpose (e.g. maximising profits), and direct resources towards achieving this goal, are able to make the necessary tough rational choices. For example, Simons (2013) claims that successful executives “minimise resources allocated to staff groups and to any function that does not create value for their customers”. They do not think of themselves as professionals; “They think of themselves as no-holds-barred competitors. Their goal is to win” (p. 26). Similarly, seeking to balance the interests of multiple stakeholders is viewed by Sundaram and Inkpen (2004a) as “well-meaning sentiments” that are unable to provide “guidelines for decision making” (p. 370). Therefore, trying to balance multiple stakeholder interests is claimed to be a nearly impossible undertaking for organisational members to manage (Crane et al., 2014; Sundaram & Inkpen, 2004b).

3.3.2 The rational decision maker

The rationality that is evident within the economic view of hospitality and shareholder theory is consistent with rational decision-making models; for example, expected utility theory (Djulbegovic & Elqayam, 2017) and operations research (Lee et al., 2008). Rational decision theories generally presume that all relevant actions and their probable consequences can be discovered, an order of preference for alternative actions can be found, and that rules are able to be applied to maximise expected utility (Barros, 2010; Beshears & Gino, 2015; Hodgkinson & Starbuck, 2008a; Simon, 1997; Stacey, 2011). Rationality from this perspective is an ability to calculate the most efficient means to obtain the desired end (Melé, 2010; Stacey, 2011). For example, Harrington and Ottenbacher (2009) suggest the “rational decision-making process can be outlined as six main steps: problem identification, information search, development and evaluation of alternatives, identifying the best solution, implementing the chosen solution, and outcomes based on the decision” (p. 29). However, while these types of formal decision-making models provide an ideal, in reality, Simon (1997) contends that rationality is bound by the limits of human cognition and available resources (e.g. time, money). This view forms the basis of the “bounded rationality” thesis (Simon, 1960). According to bounded rationality, decision makers adopt a satisficing process involving the selection of an option that meets or exceeds acceptable standards (Barros, 2010; Djulbegovic & Elqayam, 2017; Secchi, 2011). Nevertheless, like shareholder theory, bounded rationality follows principles of positive economics which promotes the separation between facts and values (Bierly et al., 2000; Flyvbjerg, 2004; Melé, 2010).

3.3.3 The loss of values

Secchi (2011) suggests that the type of rationality that underpins shareholder theory, rational decision-making models and bounded rationality leave little room for social concerns. This denial of socially embedded values is viewed by Korczynski (2007) as a "key element in the commodification of the service economy" (p. 582). Similarly, the impact of rationality on contemporary Western society is discussed by Ritzer (2004), who, drawing from the work of Max Weber (1864–1920), contends that organisations have become increasingly dominated by rationalisation and scientific management principles. Rationalisation refers to the systematisation of organisations and adoption of instrumental means that seek efficiency in achieving goals or ends (Gane, 2005; Ritzer, 2004). Scientific management refers to organisational structures and the division of labour that aim to maximise productivity (Korczynski, 2002). Using the metaphor of "McDonaldization" to represent the rationalisation of society, Ritzer (2004) suggests that contemporary organisations are characterised by a drive for "efficiency, predictability, calculability, and nonhuman technologies that control people" (p. 25). Efficiency here refers to the most productive means for achieving goals. Predictability describes the use of policy, procedure and production techniques that provide consistency across time and location. Calculability refers to the need to measure processes, costs and outcomes. The substitution of nonhuman technologies that control people refers to high levels of control over workers and bureaucratisation which is designed to maximise efficiency and predictability while minimising costs. Control is also achieved through the use of automation to reduce labour costs and standardise worker actions (Ritzer, 2004). However, this process of rationalisation is seen to lead to the bureaucratisation of contemporary organisations resulting in management action being increasingly divorced from social values and ultimate purpose (Gane, 2005). The impact of bureaucracy is acknowledged within the hospitality literature where bureaucratic organisational structures are seen to restrict the ability to customise service interactions or meet the individual needs of others (Raub, 2008; Sandoff, 2005).

3.4 Balancing perspectives of rationality

The previous discussion of the values that characterise hospitality and the rationality that underpins business reveal competing perspectives, goals and approaches that largely remain unresolved within the academic literature and organisational life. These tensions are also evident between stakeholder and shareholder approaches to management. However, while instrumental rationality and economics dominate discussions of business purpose and organisational decision making (Beadle & Moore, 2006; Secchi, 2011), value-free rationality is being called into question as it tells us what can be done but not what *ought* to be done (Bierly et al., 2000; Jamal, 2004; B. Schwartz, 2015a; Stanovich, 2015; Tribe, 2002; Wijesinghe, 2014). Recognising the limited perspectives of rationality within much of the decision-making literature, B. Schwartz (2015b) and Stanovich (2015) suggest that a broader understanding is required. Fittingly, Max Weber's theory of rationality offers a basis for gaining this broader perspective (Gane, 2005; Kalberg, 1980).

Drawing from the work of Max Weber, Kalberg (1980) provides an account of formal, practical, theoretical and values rationality, each or any combination of which provides a perspective of rational thought. Formal rationality refers to bureaucratic forms of control found primarily within contemporary organisations. Formal rationality leads to the formation of rules, policies and regulations that are able to be universally applied. This removes the need for individual judgement which reduces the risk of poor decision making. However, it also leads to decisions that are arrived at without regard for individual circumstance. Referring to the economic sphere, Weber suggests that the logical consequence of formal rationality is that it "increases to the extent that all technically possible calculations within the 'laws of the market' are universally carried out, regardless of either their effect on individual persons or the degree to which they may violate ethical substantive rationalities" (cited in Kalberg, 1980, p. 1159). Therefore, Ritzer (2004) warns, formal rationality leads to rational systems which "are unreasonable systems that deny humanity, the human reason, of the people who work within them or are served by them" (p. 134).

Practical rationality refers to the means by which individuals, often for pragmatic self-interest, calculate to solve practical problems by the most advantageous means for obtaining ends (Bolan, 1999; Kalberg, 1980). The adaptive and pragmatic nature of practical-rational action enables contextual realities and complexity within the environment to be negotiated. As a result, practical rationality can conflict with bureaucracy (formal rationality) which is uncompromising, and values (substantive rationality) that get in the way of expediency and self-interest (Gane, 2005; Kalberg, 1980).

Theoretical rationality provides an understanding of reality by determining facts, and, therefore, it is generally associated with science, theoretical concepts and models that often form the basis of logical reasoning and cognitive processes (Kalberg, 1980). However, in following scientific methods to establish causality and construct an increasing precise constellation of facts, theoretical rationality rejects what is viewed as the irrationality of values. On the other hand, substantive rationality, also referred to as "values rationality" (Flyvbjerg, 2004; Gane, 2005), provides for practical action on the basis of values, ethical responsibility and personal conviction (Kalberg, 1980). The values guiding substantive rationality can be developed through intrinsic ethical, religious or philosophical responsibilities and convictions rather than being rationally chosen (Gane, 2005; Kalberg, 1980). Therefore, value-rational action involves requirements (e.g. duties, responsibilities or convictions) which, in the actor's opinion, take precedence, irrespective of possible consequences, over competing goals (Gane, 2005). Consequently, the actions of one person may seem irrational to another who holds different clusters of values. For example, a person with a practical-rational disposition who prioritises economic goals may view providing equal, or greater, priority to the values of hospitality as "irrational" (Kalberg, 1980).

While helping to clarify rationality and the value choices that confront people, Weber also identified the tendency for formal, practical and theoretical forms of rationality to dominate society. Therefore, he acknowledged that "actions need to be judged not merely by their instrumental value but by their intrinsic value as well" (Gane, 2005, p. 71). Additionally, it is evident that balancing value-rational and instrumental-rational action requires bringing together an ethic of conviction with an ethic of responsibility (duty ethics) (Gane, 2005). Karl Löwith (as cited in Gane, 2005) explains this as follows:

> Weber contrasts the ethic of responsibility with the ethic of conviction, which he regards as an ethic of "irrational conduct" because of its indifference to

> "consequence"; in comparison to purposive rational action, the ethic of conviction has a "value-rational" orientation. The ethic of responsibility, by contrast, takes account of the prospects and consequences of action on the basis of available means. It is a relative, not an absolute, ethic because it is related to the knowledge, attained through this weighing of means, of the prospects and consequences of pursuing one's aims (p. 66).

Acknowledging the importance of balance, Weber recognised "the need for the individual to make responsible and thus reasoned value choices" (Gane, 2005, p. 63). Weber also saw that ultimately there was an "irresolvable struggle between competing life-orders and their value spheres" (Gane, 2005, p. 74).

The discussion of hospitality values, business imperatives and competing rationalities highlights significant complexity and tensions within hospitality business (Hemmington, 2007; Korczynski, 2002; Lashley, 2015). These complexities and tensions are especially evident within the social and economic environments that characterise commercial organisations (Freeman, 2010; Hemmington, 2007; Provis, 2010). Recognising these tensions, Small (2004) asserts that "contemporary management is complex, intellectually fragmented and in urgent need of some serious rethinking" (p. 752). As this thesis explores this complexity and the resulting tensions within commercial hospitality, it is necessary to define complexity and how it is positioned within the hospitality industry.

3.5 Complexity and decision making

There is increasing acknowledgement that the traditional rational decision-making models are not adequate for complex and dynamic business environments (Hodgkinson & Starbuck, 2008b; Nutt & Wilson, 2010; Stacey, 2011). Growing management complexity has been attributed to the growth in industry competition and the competitive global market along with the diversification of workforces (Ackoff, 1999; Vasconcelos & Ramirez, 2011; Weick & Sutcliffe, 2001). Complexity is also associated with the increase of interconnected problems (Wit & Meyer, 2010), the interplay between diverse individuals and groups (Cooper, Braye, & Geyer, 2004; Stacey, 2011), an increase in information technology (Sargut & McGrath, 2011), and the integration of sustainability goals beyond profit maximisation (Aust, Brandl, & Keegan, 2015). Consistent with these characteristics, complexity is also a critical issue for service organisations where the variable and sophisticated nature of interactions between stakeholders further complicates the management process (Baum, 2006; Bell, 2009; Lovelock, Patterson, & Walker, 2007; Mudie & Pirrie, 2006). Furthermore, the variety of events, issues and competing demands often means that it is not possible to account for every management contingency (Flyvbjerg, 2001).

Complex environments are characterised by large numbers of interacting non-linear elements resulting in unpredictability (Kernick, 2006; Kurtz & Snowden, 2003; Snowden & Boone, 2007). Moreover, making a distinction between complexity and complication, Vasconcelos and Ramirez (2011) explains that complexity results from human interaction where there is potential for conflicting goals, varying opinions and different values. Solutions to complex issues require qualitative procedures rather than those identified from data (Vasconcelos & Ramirez, 2011). Conversely, complication refers to problems that are best solved using rules and/or quantifiable measures (e.g. algorithms, procedures and computer programmes). Complicated activities consist of large numbers of interrelated elements; for example, engineering a car. While these activities/functions are complicated, they can be clearly defined, categorised and accurately carried out. It is evident that both complicated and complex environments and tasks exist within contemporary organisations.

The *Cynefin* framework helps to understand and position complex and complicated environments within the hospitality environment by categorising the organisational environment into four contexts: simple, complicated, complex, and chaotic (Kurtz & Snowden, 2003; Snowden, 2005; Snowden & Boone, 2007). For the most part, organisational activities fall within either the simple, complicated or complex contexts. Each of these contexts involves a different approach to management and decision making. However, during times of crisis, organisations potentially become chaotic and, at these times, order needs to be re-established to bring the environment back into the appropriate context depending on the activity. Each of the four contexts are described as follows:

Simple context

Activities within the simple context have a clear relationship between action and outcome (cause and effect) and hence best practice can be identified, codified and captured within procedures and policies. As simple contexts are predictable, directives are straight-forward, and many functions are able to be automated. This environment is characterised by technical process, procedures and operational routines (Snowden & Boone, 2007). For example, making a cup of expresso coffee is able to be automated and procedures can be established for setting a dining room for restaurant service.

Complicated contexts

While cause-and-effect relationships are able to be identified within complicated environments, they are often difficult to determine. Finding solutions requires the use of rational decision-making models often employing calculation and modelling techniques. Expertise is required to identify facts, analyse data and synthesise information. Additionally, decision making often requires exploring several options prior to selecting the most appropriate or best-fit solution (Snowden & Boone, 2007); for example, establishing processes for maximising hotel occupancy and revenue per average room.

Complex contexts

Complex environments are characterised by large numbers of interacting elements and unpredictability; for example, social interactions between employees and customers during a busy dining room service. As the environment is dynamic, solutions cannot be predetermined or rigidly imposed; rather, they arise from the circumstances and require adaptation (Snowden & Boone, 2007). Decision makers are required to draw from tacit knowledge to make value-based decisions constructed from incomplete and often non-formalised pieces of information (Vasconcelos & Ramirez, 2011).

Chaotic contexts

Chaotic environments are characterised by high tension and an overwhelming number of competing demands leaving insufficient time for working out solutions; for example, experiencing multiple systems failures during a busy restaurant service. This context requires crisis management and therefore action needs to be taken immediately. As there is often no time for deliberation or exploration of options, decisive decisions need to be made and directives given to establish order and recover from chaos (Snowden & Boone, 2007).

The simple, complicated and complex contexts referred to by Snowden and Boone (2007) are consistent with the technical and functional environments identified within the service quality literature (Grönroos, 1984; Lehtinen & Lehtinen, 1991; Llach, Alonso-Almeida, Martí, & Rocafort, 2016; Polyakova & Mirza, 2015; Zaibaf, Taherikia, & Fakharian, 2013). Complicated contexts are reflected in the technical environment which refers to the tangible elements of production that are able to be codified and captured within standardised processes. The functional environment, however, which refers to intangible elements of service – for example, the manner in which interpersonal interactions are carried out and service is delivered – (Grönroos, 1984; Kang & James, 2004; Zaibaf et al., 2013) is consistent with complex contexts.

3.5.1 Hospitality paradox

In managing service quality, a strong emphasis has been placed on the standardisation of both the technical and functional environments (Llach et al., 2016). It is generally accepted that standardisation processes improve productivity, operational reliability, cost effectiveness and efficiency (Llach et al., 2016; Sandoff & Widell, 2015). Sandoff and Widell (2015) found that even within *humanistic* approaches to human resource management (HRM), technocratic controls are emphasised and that "standardisation seems to be escalating" (p. 312). Nevertheless, Crick and Spencer (2011) suggest that as "service organisations are increasingly dependent on the authenticity of […] employees" and employees are "continually faced with novel situations requiring unique methods of response to the customer", standardised procedures designed to control the functional environment are inadequate (p. 469). Therefore, the complex functional environment calls for flexibility within interpersonal interactions and the customisation of service encounters (Sandoff, 2005; Sandoff & Widell, 2015).

However, achieving standardisation and customisation simultaneously creates a paradox within hospitality organisations (Sandoff, 2005). A paradox is defined by Smith and Lewis (2011) as "contradictory yet interrelated elements that exist simultaneously and persist over time; such elements seem logical when considered in isolation, but irrational, inconsistent, and absurd when juxtaposed" (p. 387). These types of paradoxes have been discussed within the hospitality literature in relation to tensions that are inherent within hospitality organisations. Sandoff and Widell (2015) discuss tensions between the technical and human environment and between management control and employee freedom. Korczynski (2002) discusses tensions between routinisation and efficiency while maintaining a customer orientation, and Zeng, Go and de Vries (2012) refer to the paradox created by seeking authenticity within standardised service encounters.

Additionally, the paradoxical nature of commercial hospitality is acknowledged within the literature. Wijesinghe (2014) refers to a paradox resulting from seeking to achieve the ethic of hospitality and the goals of capitalism. Similarly, interpreting Derrida, Bell (2009) refers to the paradox presented in Derrida's ideal of unconditional hospitality compared with the reality of conditional, limited hospitality experienced within contemporary Western society. Lynch et al. (2011) also highlight paradox within social/economic hospitality. However, there is little discussion of how paradox is able to be managed. Moreover, according to Sandoff (2005), the dominance and benefits of standardisation leaves little room for the customisation of services or humanisation of management practice.

When faced with a paradox, Smith (2015) suggests that "individuals often respond defensively, repressing paradoxes by framing tensions as […] 'either/or' options, and ultimately choosing one alternative" (p. 60). Similarly, Hargrave and Van de Ven (2017) claim that initially, "individuals are unable to resolve contradictory elements and react to them with confusion, ignorance, anxiety, and defensiveness" (p. 4). However, it is suggested that as an understanding of the interdependent nature of competing elements grows, the paradoxical nature of commercial organisations can be accepted rather than resolved (Hargrave & Van de Ven, 2017; W. Smith & Lewis, 2011). Rather than viewing paradox as something to be avoided or resolved, it is advised that managers should accept inherent tensions so that conflicting elements can be brought together to create sustainable organisations (Aust et al., 2015; Hargrave & Van de Ven, 2017; W. Smith, 2015).

3.6 Summary

From the previous discussion, it can be seen that balancing the needs of individuals, groups and communities in dynamic business environments calls for abilities beyond the current ways of thinking. While hospitality business organisations drive towards operational efficiency and profit maximisation, they remain, fundamentally, communities of people working together. However, what is not clear is whether these communities of people are working towards a common purpose. The traditional virtues of hospitality, a friendly welcome, generosity, concern and connection, are not necessarily the goals of a modern hospitality business. Moreover, it is evident that hospitality involves social interaction and virtues such as compassion, unity, justice and respect rather than the simple provision of products for payment. Tourism and hospitality have traditionally embraced humanity and its values; the very nature of hospitality embraces the individual and community, and fosters connection between people and place. However, these traditional values are confronted by the commercial realities of the competitive economic environment.

The call for careful consideration concerning the essential nature and practical manifestation of contemporary hospitality proposed by Lashley et al. (2007b) remains as relevant today as it was 10 years ago. More recently, Lashley (2016a) suggested that organisations are increasingly searching for a "more value-led approach through which to guide business behaviour" (p. 4). Similarly, Aust et al. (2015) maintain that a sense of organisational purpose is not as clear as previously thought. Instead of the previous narrow focus on profit maximisation, "multiple purposes and goals are [now] both possible and thinkable" (p. 198). Within the literature there are calls for new perspectives on tourism and hospitality businesses, where, as Solomon (2004) posited, the central purpose of serving society for the public good is upheld and sustainable economic results are achieved.

As discussed in the previous chapter (section 2.10), contemporary businesses are increasingly promoting codes of ethics. Solomon (2004) also emphasised that while individual virtue and integrity are essential in business ethics, the emphasis placed on different rationalities by organisations has the potential to subvert management focus. For Aristotle, the balancing of instrumental rationality with value rationality is crucial to the viability of any social organisation (Flyvbjerg, 2002). *Phronēsis* provides a basis for balancing the tension between deep-seated community values and a business environment based on instrumental rationality that emphasises efficiency and profit maximisation. It reinstates the values and ethic of hospitality and offers the potential to unify business life with individual and community values. Adopting an Aristotelian perspective in this thesis provides a framework for bringing values rationality back into focus (Flyvbjerg, 2001; Solomon, 2004).

Nevertheless, as suggested by this literature review there is a lack of academic discussion concerning the ethical and social obligations of business in general (Brooks, 2010) and hospitality research in particular. Moreover, Rooney et al. (2010) and Schmit et al. (2012) contend that empirical research concerning management wisdom is extremely limited. Therefore, in response to this discussion and the need for research concerning practical management wisdom, this study aims to explore how *phronēsis* is characterised within the hotel environment.

Chapter 4. Methodology

4.1 Introduction

The purpose of this study is to investigate how *phronēsis* is characterised within the hotel environment. As the characteristics and practice of *phronēsis* have not previously been investigated within the hospitality context, the research is exploratory in nature (Marshall & Rossman, 1999; Tolich & Davidson, 2003). The study also adopts a *phronetic social science* (PhSS) approach to investigate wise management practice. Moreover, as the study is situated within an everyday hotel context, it applies both a theoretical and applied perspective in the investigation of management *phronēsis*. Tolich and Davidson (2003) suggest that theoretical research aims to advance "fundamental knowledge about the social world" (p. 15), whereas applied research is designed with a practical outcome in mind. This integrative approach fits well with the theoretical underpinnings and practical, action-orientated outcomes of *phronēsis*. To achieve the purpose of this study, the following research aims are explored:

4.1.1 Research aims

1. To explore the purpose and values that influence hotel management decision making.
2. To explore what is considered wise management practice.
3. To explore how hotel organisations are enabling or obstructing the development of management wisdom.
4. To explore how hotel organisations can support the development of management wisdom.

4.1.2 Overview of chapter

The chapter begins by introducing phronetic social science (PhSS) and then proceeds to discuss how it is interpreted and employed within this study. A discussion of the philosophical positioning of PhSS follows. This includes a discussion of the dynamic tripartite (*epistēmē, technē, phronēsis*) ontology which underpins the methodology. The section then culminates with a discussion of the critical theory (CT) elements that support PhSS. The dialectic epistemology, which enables the paradoxical orientations of objectivism and subjectivism to be integrated within knowledge construction, is then discussed. Additionally, the dialogical integration of multiple knowledge forms including ethics is outlined. This is followed by a discussion of researcher reflexivity and positioning within the research approach. In keeping with the philosophical underpinnings of this study, a justification for engaging a qualitative methodology is provided. This section also provides a discussion of inductive and abductive reasoning which is applied within this study. The case study method and protocols for the study are then outlined and the practicalities of the research described in detail. The chapter ends with the positioning of research ethics within the study and a brief discussion of the limitations of qualitative research and case study methods. A broader discussion of research limitations is provided at the end of the concluding chapter.

4.2 Introduction to phronetic social science

In undertaking this study, it was apparent that investigating *phronēsis* as a management phenomenon would result in the characteristics of *phronēsis* shaping the ontological and epistemological position of the research. Moreover, *phronēsis* also required that values were integrated within the research paradigm. As the study adopted an Aristotelian perspective in exploring wise management practice, a *phronetic social science* (PhSS) approach (Clegg, Flyvbjerg, & Haugaard, 2014; Flyvbjerg, 2001, 2004; Flyvbjerg, Landman, & Schram, 2013; Flyvbjerg, Landman, & Schram, 2012) was employed to provide a basis for achieving the research aims. Flyvbjerg (2001) states that "the principal objective for social science with a phronetic approach is to carry out analyses and interpretations of the status of values and interests in society aimed at social commentary and social action i.e. *praxis*" (p. 60). Being concerned with finding answers to *praxis*, PhSS brings together *epistēmē*, *technē* and *phronēsis* to investigate pathways towards achieving human flourishing and well-being. Moreover, as it is focused on practice, PhSS does not just report about what "is", but also looks to identify what "ought" to be done within the particulars of the context (Schram, 2012).

PhSS is situated within the contextualised community to reveal practices involved with achieving the purpose of communities of practice, the values that guide these practices, the interests of community respondents, and the power relations that influence human relationships and community outcomes (Flyvbjerg et al., 2012b). Within PhSS research and this study power is viewed as not only an obstructive and adverse control mechanism but also as having the potential for productive and positive outcomes. Moreover, power is viewed as being inherent within all relationships and interactions rather than merely localised within an institution or possessed by one or a few people (Flyvbjerg 2001, 2004). Clegg and Pitsis (2012) state that for PhSS power "should also be seen as constituted in the dense networks and entanglements that comprise the normalcy of everyday life" (p. 73). Looking to integrate such an approach when investigating human systems, Flyvbjerg (2001) argues for a *phronēsis* methodology that searches for answers, or at least partial answers, to the following questions: Where are we going? Who gains and who loses and by what mechanisms of power? Is this desirable? What should be done? These questions aim to cultivate social dialogue concerning the problems and consequences associated within a community of practice, and to explore the desired outcomes of the community and avenues for achieving the community purpose. Flyvbjerg's (2001) four phronetic questions have been used to frame the research questions for this study as follows:

Where are we going?

1. What is the purpose of a hotel?
2. What values guide hotel management decision making?

Who gains and who loses and by what mechanisms of power?

3. What operational tensions do managers encounter when embracing the values to achieve the hotel group's purpose?
4. How do managers balance tensions when making decisions?

Is this desirable?

5. How is wise decision-making practice described?
6. How is the development of management wisdom cultivated or obstructed?

What should be done?

7. How can hotel organisations cultivate management wisdom (*phronēsis*)?

In seeking answers to the four phronetic questions, PhSS calls for research that moves beyond technocratic, values-free epistemic approaches. Flyvbjerg (2001) suggests that the ability for "intelligent action" requires more than just empirical "calculated, analytical rationality" (p. 21) which limits the creation of knowledge within social science to fragmented approximations of reality. Instead, PhSS incorporates values rationality and encourages the development and use of expert insight within a qualitative research approach. However, recognising that there is no "single answer" for investigating social phenomena Flyvbjerg (2001) suggests that PhSS “should be considered [as] only one attempt among many possible” (p. 5) approaches. Moreover, in developing the basis for PhSS, Flyvbjerg (2001) acknowledges that he provides “only a first step that will […] need further theoretical and methodological refinement, just as it will need to be developed through further practical refinement in social-science research” (p. 5).

Flyvbjerg’s (2001) neo-Aristotelian methodology positioning *phronēsis* at the centre of social science research is consistent with the approach taken by other neo-Aristotelian researchers (e.g. Eikeland, 2008; Rooney, 2013; Rooney et al., 2010) and commentators (e.g. Blakely, 2016; Long, 2004). Nevertheless, the shift in focus from *epistēmē* to *phronēsis* called for by Flyvbjerg (2001) is viewed by Caterino (2013) as a “radical challenge to positivistic versions of social inquiry and rational choice” (p. 739). Consequently, it is not surprising that Flyvbjerg’s (2001) and Flyvbjerg et al.’s (2012) discussion of PhSS has generated some criticism from within the social science community. Some of this criticism has been based on a strong preference for and defence of positivist natural sciences frameworks within social science (e.g. Laitin, 2003), and misunderstandings of the integrative role of *phronēsis* (e.g. Fitzpatrick, 2011; Laitin, 2003). Other critiques have raised concerns about a lack of clarity with phronetic procedures (Healy, 2008) and the relationship that theory and *epistēmē* have with PhSS (Adcock, 2009). While there has been ongoing development and clarification of PhSS methodology (e.g. Clegg et al., 2014; Flyvbjerg, 2004, 2006; Flyvbjerg et al., 2012c, 2013), it is apparent that further clarification of ontological and epistemological positioning is still required.

A philosophical framework provides the approach to a research project and establishes the paradigm within which the research is located (Silverman, 2013; Trede & Higgs, 2009). A *paradigm* is defined as a system of theoretical beliefs and values that comprise the researcher’s ontological, epistemological and methodological position which guides action (Denzin & Lincoln, 2005; Pernecky, 2016b) and positions the research within the complex research landscape (Munar & Jamal, 2016). Moreover, in addition to the traditional perspective of a paradigm, Guba and Lincoln (2005) suggest that axiology be “part of the basic foundational philosophical dimension of [a] paradigm proposal” (p. 200).

In general, *ontology* refers to the researcher's philosophical position concerning the essence and nature of existence and what can be considered reality. *Epistemology* is concerned with how the world can be known, determinations about what is considered as knowledge, and understanding and explaining what is known (Duberley, Johnson, & Cassell, 2012; O'Reilly & Kiyimba, 2015; Rooney, 2013). *Axiology* relates to the field of philosophy that deals with ethics and aesthetics (O'Reilly & Kiyimba, 2015). Taking ontology (theory of reality), epistemology (theory of knowledge) and axiology (theory of ethics) into account, the research methodology encompasses how the phenomenon under investigation should be studied (a theory of inquiry) (Klenke, 2016). Moreover, the philosophical assumptions and the research paradigm have practical consequences for the way research is conducted in terms of the focus of research, what is considered data, how data is collected and analysed, and how the research is theorised and presented (Duberley et al., 2012; Pernecky, 2016b).

Well-established contemporary research paradigms include positivism, critical theory, interpretivism/constructivism (Guba & Lincoln, 2005), pragmatism (Klenke, 2016) and critical realism (Gorski, 2013; Platenkamp & Botterill, 2013; Sayer, 2000). However, while a number of these paradigms capture something of the philosophical position within this study, no one paradigm fully captures the philosophical stance of *phronēsis* as conceptualised within this study. Taking this into account and the conceptualisation of *phronēsis* presented in Chapter Two (view Figure 2-2), the paradigmatic underpinnings of this study are discussed in the following sections.

4.2.1 Positioning phronetic social science

Adopting an Aristotelian approach within this study leads to an ontology which accepts that there is more than one way of viewing reality and constructing knowledge. The ontology of *phronēsis* begins with recognising that there are differences between conceptions of reality within natural sciences and social sciences. Flyvbjerg (2001) highlights this distinction by rejecting positivist natural sciences methodology as a model for social science research. The rejection of natural science methodology results in claims that PhSS rejects positivistic research (*epistēmē*) and ideas of universal truth (Healy, 2008; Laitin, 2003). However, it is important to note that rather than rejecting universals, PhSS rejects the idea that a positivist natural science paradigm provides the best approach for social science research. Flyvbjerg (2001), along with other neo-Aristotelian researchers and commentators (e.g. Blakely, 2016; Long, 2004; Rooney, 2013; Rooney et al., 2010), argue that the scientific method of natural science (e.g. physics, chemistry and biology), while being able to provide predictive qualities and generalisable truths, by itself remains inadequate for fully understanding the complexities of human activity. The limits of positivist research are also acknowledged within tourism research by Tribe (2006) who suggests that much of tourism reality, including “emotions, aesthetics and values”, is unable to be examined by positivist studies “in all its complexity” (p. 369).

In general, positivistic inquiry holds the view that truth or factual knowledge is only able to be discovered from observation or experimentation. In this approach, empirical, observable, measurable and values-free objective data are viewed as trustworthy. Therefore, discovering reality is distinct from social perception. The aim is for positivistic studies to provide testable and reproducible information that produces predictive, generalisable and universal principles (Flyvbjerg, 2001; Guba & Lincoln, 2005; Long, 2002, 2004). Moreover, Flyvbjerg (2001) argues that the promise of certainty and *truth* offered by positivistic deductive inquiry has elevated its authority and importance over qualitative inductive methods, which are viewed by many positivist researchers as inferior. From a positivist perspective, qualitative methodology, at best, supports the role of quantitative studies by providing additional explanation or in helping to develop hypotheses for testing by positivist methodology which is viewed as being more rigorous (Flyvbjerg, 2001; Long, 2004; Spicker, 2011). The hegemony of positivism is evident in Rivera and Pizam’s (2015) analysis of hospitality research publications where they suggest that “statistical analysis” is “considered as an early sign of sophistication and maturity” within a research community (p. 366). The message promoted within Rivera and Pizam’s (2015) article is that the use of qualitative methodology involves “sloppy methods” (p. 366) while “logical and mathematical treatments is the exclusive source of all authoritative knowledge” (p. 375).

The positivistic approach to contemporary research follows Aristotle’s definition of *epistēmē theôrêtikê* (theoretical contemplation) as demonstrable knowledge (Eikeland, 2015; Long, 2004; Oancea & Furlong, 2007). However, positivism does not account for distinctions between *epistēmē theôrêsis* (positivism) and *epistēmē theôría* (theory of practice) within *epistēmē theôrêtikê*. As *epistēmē theôrêsis* aims for deductive, predictive universal knowledge, it refers more to contemporary perspectives of positivist natural sciences, whereas *epistēmē theôría* refers to theory of contingent practice which provides an understanding of social and political environments (Eikeland, 2006, 2015) (refer to section 2.2.6). While it is accepted that positivistic approaches in natural sciences can provide valuable and necessary knowledge for human advancement (e.g. food production, engineering, medicine), the dominance of *epistêmê theôrêsis* and its application within the finite and contingent social environment is challenged by *phronēsis* ontology (Flyvbjerg, 2001; Long, 2002, 2004).

However, although PhSS research is situated within the finite and contingent social environment, Long (2004) suggests that the ontological principles of *phronēsis* are "firm enough to account for order and stability" while being "dynamic enough to do justice" (p. 16) to the particulars of the situation. This dynamic perspective of *phronēsis* is evident within PhSS where *epistēmē*, *technē* and *phronēsis* form what is referred to as a "tripartite […] of intellectual virtues" (Flyvbjerg et al., 2012b, p. 1) contributing to the understanding of social environments. In keeping with Flyvbjerg's (2001) approach and Long's (2004) description of ontological principles, Statler and Roos (2007) described *phronēsis* research as having a dynamic ontology. This account of *phronēsis* ontology is supported by Eikeland (2008) who described *phronēsis* ontology as the middle ground between *epistēmē* and deliberation. Similarly, in reviewing the works of Charles Taylor and Alasdair MacIntyre, Blakely (2016) suggests that *phronēsis* accepts the role of empirical evidence while also adopting a humanist ethical outlook that is critical of power relations. These descriptions provide a view of a dynamic ontology that negotiates between theoretical (*epistēmē theôría*) and pragmatic (*technē*) approaches while critically evaluating the social and political environment from the perspective and ethic of *phronēsis*.

The integration of ethics and a critical perspective of power relations within social ontology results from the recognition that social reality involves community beliefs about values and ethics (Blakely, 2016; Eikeland, 2008; Long, 2004; Rooney, 2013). Accepting this, Blakely (2016) suggests inquiry of political and social reality must include exploration of values. The inclusion of values within the paradigm is also in keeping with Guba and Lincoln's (2005) call for values to "be grouped with 'basic beliefs'" as values have an influence on the research from the "choice of the paradigm" through to the "treatment of the values already resident within the [research] context" (p. 197). The positioning of values within the paradigm and ontology is evident within management research where, for example, Voronov (2009) suggests that many critical management academics seek to "challenge the assumptions that management is a neutral, value-free activity" (p. 550).

However, it is important to note that the values and ethics of *phronēsis* are not the same as normative moral laws or rules. Long (2004) makes an important distinction between "morality and ethics" by pointing out that "morality seeks security in firm foundational principles", whereas "ethics always involves more than the simple imposition of predetermined principles upon each new situation" (p. 7). Flyvbjerg (2006) also holds that within phronetic organisational research, a focus on values means pursuing an ethical contextualism where ethics is determined by the common view held by the reference group within the specific context as opposed to foundationalism or relativism. This approach reveals the need for ethical judgement that is informed by the habits, culture and community of practice within which it is embedded (Long, 2004) and where values and ethics provide principles that suggest, or point to, desirable outcomes without being "absolutely determinative" (Blakely, 2016, p. 101). As Flyvbjerg (2001) states:

> *Phronēsis* thus concerns the analysis of values […] It focuses on what is valuable, on that which cannot be encapsulated by universal rules, on specific cases. *Phronēsis* requires an interaction between the general and the concrete; it requires consideration, judgement and choice (p. 57).

As the study of social and political activity and *phronēsis* is concerned with human endeavour and the issues facing communities of practice, it is situated within everyday contexts (Flyvbjerg, 2001; Schram, 2012) and "concrete encounter[s]" (Long, 2002, p. 48). Working from this position, PhSS takes into account the contingencies of the context and historical influences over practice. Additionally, as the social environment is viewed as contingent and temporal (Long, 2002; Statler & Roos, 2007), explaining human motivation and action requires interpreting the meanings, perceptions and language of social actors (Blakely, 2016). Consequently, an interpretivist paradigm provides some basis for a PhSS approach.

Interpretivist research is concerned with capturing the meanings and beliefs of respondents in organisational practices. Moreover, interpretive research applied within an organisational context seeks to understand and explain the actions and practices of actors while also, to some extent, providing an understanding of the institution under investigation (Hay, 2011). Hay (2011) further suggests that an interpretivist stance focuses attention on "the relationship between the ideas actors hold, the inter-subjective discourses and traditions on which they draw in developing such ideas, and, crucially, the institutional and extra-discursive context in which those ideas and traditions come to acquire and retain resonance" (p. 167). However, while an interpretivist paradigm acknowledges that there may be multiple realities (Denzin & Lincoln, 2005), an Aristotelian approach to social science suggests that human action and beliefs are not disconnected or erratic; but, rather, within the particulars of an organisational context, they are integrated through individual and institutional goals (Blakely, 2016). Therefore, while involving interpretation of subjective social complexities, PhSS does not sit comfortably within an interpretivist paradigm.

In being concerned with evaluating and describing individual and institutional goals and the means for achieving these goals (Flyvbjerg, 2001; Schram, 2012), PhSS seeks to understand the end that is being aimed for, which reveals a teleological focus within *phronēsis*. For Aristotle, understanding why an action is taken and what can be considered a rational action requires exploring the needs, wants and purpose of those involved (Blakely, 2016; Eikeland, 2008). From this perspective, Rooney (2013) suggests that incorporating *phronēsis* within inquiry replaces the "traditional ontology of being" that accounts for *what is* with an "ontology of becoming" (p. 80) which draws attention to *what ought* to be. Nevertheless, it is important to note that shifting to an ontology that accounts for the desired end also incorporates investigating the realities of the existing situation. This dichotomy is accounted for within PhSS through the investigation of issues that people confront in practice and by exposing tension points and power relations within the practice under investigation (Flyvbjerg, Landman, & Schram, 2012a; Flyvbjerg et al., 2013). In investigating tension points and the relationship between *what is* and *what ought* to be, Blakely (2016) suggests that social and political inquiry also involves exploring and assessing the reasonableness of individual and community actions and beliefs. The investigation of tension points and power relations and the evaluation of action taken towards achieving the desired end have similarities with the principles of critical theory.

Critical theory (CT) provides a basis for critiquing and transforming strategic structures and the resulting social, political and cultural environment (Guba & Lincoln, 1994, 2005; Voronov, 2009). Neuman (2011) suggests that CT questions accepted beliefs to identify unjust, unreasonable and irrational societal contradictions with the aim of revealing "underlying sources of social control, power relations, and inequality" (p. 109). Moreover, CT recognises the importance of researching power to identify whose interests are served and, like PhSS, it rejects positivist views of value freedom while challenging interpretivist relativism that denies the questioning of ethical concerns (Lugosi et al., 2009; Tribe, 2008; Wilson, Harris, & Small, 2012). Additionally, it is evident that the following four broad CT themes highlighted by Duberley, Johnson, and Cassell (2012) are consistent with the PhSS approach to research:

> [A]n emphasis on the social construction of reality; a focus on issues of power and ideology; the need to understand any social or organizational phenomenon with respect to its multiple interconnections and its location within holistic historical contexts; and the importance of praxis – the ongoing construction of social arrangements that are conductive to the flourishing of the human condition. (p. 23)

Moreover, as CT provides the basis from which to explore power and how it is structured and negotiated, it offers the ability to go beyond interpretations of social phenomena focused simply on understanding the social world (Merriam & Tisdell, 2015). Furthermore, in contrast to positivist and interpretivist views, CT engages with issues of values and the means in which these are employed for achieving desirable ends (Hammond & Wellington, 2013). Nevertheless, as this study aims to explore wise management practice as it is situated within the everyday activity of work, it does not apply a radical, narrow form of CT that seeks emancipation from oppression (Bohman, 2016). Moreover, while CT suggests that "social research is a moral-political activity that requires the researcher to commit to a value position" (Neuman, 2011, p. 114), it provides little indication concerning the approach from which values can be integrated or evaluated. It is here that PhSS provides a foundation for dialogically integrating multiple forms of knowledge and a basis for evaluating wise (ethical) structures and actions (Eikeland, 2008; Flyvbjerg, 2004; Long, 2004).

4.2.2 Epistemology

For the purpose of this research and in keeping with a PhSS approach, it follows that embracing elements of critical theory and a dynamic tripartite (*epistēmē theôría, technē, phronēsis*) ontology leads to a dialectic epistemology constructed through dialogue and deliberation between the respondents and researcher (Eikeland, 2006). A dialectic epistemology enables what is generally seen as contradictory and paradoxical orientations – for example, objectivism and subjectivism – to be integrated within the process of knowledge construction (Neuman, 2011; Rooney, 2013). Within a PhSS dialectic epistemology, objectivism refers to socially constructed objective reality which is closely associated with Pernecky's (2012, 2016a) discussion of weak constructionism. From this perspective, social and institutional structures (e.g. passports, exchange rates, train tickets) provide comparatively stable social realities that can be objectively studied and known (Pernecky, 2016a). Within PhSS, it is this type of objective reality that is more closely related to the focus of *epistēmē theôría* and *technē*.

Conversely, subjectivism within this study refers to subjective analysis of respondent perceptions, beliefs and memories (Neuman, 2011) which requires the researcher to make interpretations of interpretations (Blakely, 2016). It is recognised here that a researcher brings their own subjective interpretation of a phenomenon and attaches subjective meaning to the experiences of others (Guba & Lincoln, 2005; Neuman, 2011). Moreover, from a subjectivist stance, society as a human construct is unable to be captured within a single explanation (Pernecky, 2016a). This approach, which brings values into focus and accepts uncertainty within rationality, is described by Pernecky (2016a) as *strong constructionism*. Additionally, strong constructionism provides for a "critical, emancipatory, discursive, political, and liberating" approach to social science research (Pernecky, 2016a, p. 157).

Similar to strong constructionism, PhSS can be seen to involve an interpretive stance and an understanding of subjectivity that is ethically engaged and normatively directed towards human well-being (Blakely, 2016). Therefore, interpretation involves evaluation of the rationality or irrationality of particular beliefs and actions (Blakely, 2016). As Flyvbjerg (2001) states, "[O]ne interpretation is not just as good as another, which would be the case for relativism" (p. 130). Blakely (2016) suggests that approaching social science research from this stance also brings an objective scrutiny upon subjective social phenomena. Although different interpretations of the same social phenomena are possible, Blakely (2016) argues that objectivity is obtained through “comparing overall coherence between rival interpretations” and through “constructing the most comprehensive narrative possible” (pp. 96–97). It is evident here that PhSS enables both an open mind and tolerance of competing ontologies and perspectives to be maintained while also “avoid[ing] a full blown ‘anything goes’ relativism by maintaining that all such frameworks are ultimately answerable to conditions for human flourishing” (Baghramian & Carter, 2016, p. 51).

Moreover, within the dialectic advancement of knowledge towards “becoming”, Eikeland (2007) highlights the importance of integrating multiple forms of dialogical knowledge. Eikeland (2007) points out that Aristotle did not intend for epistemic information to one dimensionally dominate human reality and action, but rather he called for multiple sources of knowledge to contribute towards creating well-being. Long (2002) also views this one-dimensional approach as mono-logical. Instead, for Aristotle, understanding what is good and bad for humans requires the dialogical integration of all knowledge forms including ethical (*qua phronēsis*), epistemic (*epistēmē*) and technical (*technē*) (Eikeland, 2007, 2008; Rooney & McKenna, 2005) knowledge. Nevertheless, within this tripartite, the importance of ethical knowledge is highlighted by Eikeland (2007) as it deals with human relations and the resulting “ethico-political implications” (p. 349) that require dialogical consideration.

In integrating different perspectives, Neuman (2011) suggests that a “reflexive-dialectic orientation” provides the ability to unite fragmented and incomplete forms of knowledge in a “process of becoming” (p. 114). Within this context, reflexivity refers to the critical evaluation of different approaches, and the questioning of beliefs (Haynes, 2012; Pernecky, 2016a). This reflexive-dialectic orientation is also consistent with Kenneth Gergen’s approach to constructionism (Pernecky, 2016a). In evaluating accepted beliefs, Gergen (2009) highlights the need for a critical reflexivity that requires the researcher to question their own views and potential bias. Thus, critical reflexivity encourages contending “with the comparative outcomes of multiple standpoints” and enables “alternative framings of reality” (Gergen, 2009, p. 12).

4.2.2.1 Positioning the researcher

As indicated, PhSS knowledge is constructed through dialogue and deliberation between the respondents and researcher which inevitably involves the researcher's subjective interpretation of social phenomenon. It is, therefore, important to acknowledge and make explicit the researcher's position so that it can be exposed to critical examination (Gergen, 2009; Klenke, 2016; Pernecky, 2016a). Moreover, it is acknowledged that social science research cannot be value free and, therefore, the researcher is not a neutral observer (Duberley et al., 2012; Klenke, 2016). Denzin and Lincoln (2005) point out that values are derived from the personal history, preferences and experiences of the researcher which influence on the selection of methodologies and ultimately the results of a study. Haynes (2012) also indicates that "reflexivity goes beyond simple reflection on the research process and its outcomes" to instead take into account "complex relationships between the production of knowledge (epistemology), the process of knowledge production (methodology), and the involvement and impact of the knowledge producer" (p. 73).

As this section of the thesis provides an outline of researcher positioning and reflexivity, it seems appropriate that personal pronouns are used when reflecting upon my potential impact on the research outcomes. My work life can be divided into two significant segments which include an 18-year career in the hospitality industry, predominantly within the hotel sector. I then transitioned into the hospitality and tourism education sector while intermittently consulting to a variety of hospitality businesses. Currently, I am lecturing in hospitality and tourism management within a university environment. Along the way, I have gained tertiary qualifications in hospitality business management. This history and lived experience in both practice and teaching management theory provided an insider perspective of hospitality businesses that, no doubt, helped gain access to the research sites and respondents within the study. Moreover, this insider positioning enabled me to interact with the respondents as an accepted member of the hotel community of practice. This provided an insider (*emic*) perspective within the study.

While my understanding of hospitality practice and theory initially helped shape the research topic and questions, it also meant that I was able to notice important details during interviews and explore unexpected avenues of interest. Moreover, being cognisant of *phronēsis* epistemology, qualitative research practice and the need for reflexivity also provided a basis for approaching the research data from the perspective of an "objective" outsider (*etic*). As Berger (2015) suggests, the aim was to maintain a "fluid rather than static" (p. 231) position by balancing an emic-etic approach. This affords the opportunity for capture the lived experiences and viewpoints of the respondents while also enabling distancing from and suspension of personal judgements (*bracketing*) about the respondents' views and experiences.

Nevertheless, it is also, as Tribe (2006) suggests, important to acknowledge the wider influence of my cultural and socio-economic background. Therefore, as a middle-class white male, it is prudent to acknowledge an unavoidable Eurocentric world view that inevitably influences my perspective. Moreover, while I consider myself as reasonably liberal, which includes the seeking of truth and justice from a critically informed perspective, Tribe (2006) warns that even liberal values coincide with the interests of intellectuals and the Western middle class. While my heritage and experience provide some obstacles requiring consideration, these attributes have also helped to shape the approach taken within this study. For example, the positioning of my university department within the Facility of Society and Culture helps to bring a balance to the instrumental nature of hospitality business by focusing attention on social issues and well-being. Moreover, as hospitality and tourism are not a traditional university subjects, there is little "academic tribalism" and tradition that reinforce narrow forms of knowledge creation (Tribe, 2006, p. 370). This lack of academic tradition opens up opportunities for a multidisciplinary approach within research. While it is not possible to fully account for my personal influence on this research, it is hoped that by taking a reflexive stance and seeking a balance between emic-etic approaches that a comprehensive narrative revealing novel perspectives of wise management is able to be constructed (Blakely, 2016).

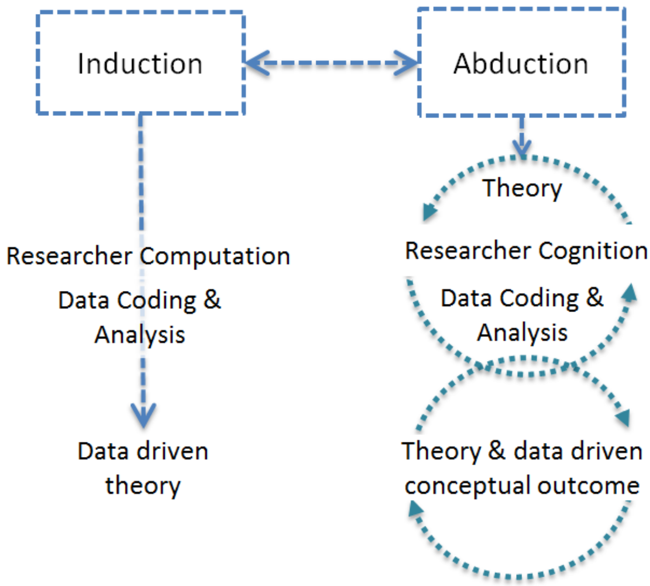
4.3 Qualitative research methodology

In adopting an Aristotelian phronetic social science approach and dialectic epistemology, it follows that a qualitative research methodology will be used for this research (Eikeland, 2008; Flyvbjerg, 2001, 2004; Flyvbjerg et al., 2012b; Klenke, 2016). As qualitative research involves an interpretive and naturalistic approach in exploring social phenomenon and human experiences (Klenke, 2016; Miles, Huberman, & Saldaña, 2014), this methodology is particularly appropriate for the exploration of wise management practice. Moreover, qualitative research enables rich descriptions of social phenomena and insights into organisational practice to be developed, which are important objectives of this study (Harrington & Ottenbacher, 2009). The aims of this study are also consistent with Creswell’s (2007) description of a qualitative researcher who “builds a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting” (p. 249). It is in developing a holistic understanding of complex issues that Merriam (2009) suggests that the strength of qualitative methods provides the ability to incorporate and cope with difference within ideology, epistemology, axiology and humanity, which as previously discussed, is consistent with the goals of PhSS.

Additionally, qualitative methodology as applied in PhSS leads to knowledge construction through both inductive and abductive reasoning (Mantere & Ketokivi, 2013; D. Thomas, 2006; G. Thomas, 2010). Induction refers to the reasoning process involved in analysing data to derive concepts, themes and models. It begins with studying the particular and allows findings, themes and theory to emerge from the data (Merriam & Tisdell, 2015; D. Thomas, 2006). A purely inductive approach begins with little or no predetermined theory or structure, but instead uses collected data to construct categories, themes and theory (Atkinson & Delamont, 2005; Mantere & Ketokivi, 2013; Merriam & Tisdell, 2015). Inductive reasoning is evident within this study through theoretical insight gained by cross-case comparisons and between case replication (Mantere & Ketokivi, 2013). The interpretation of data in these instances is derived more from the computation of data than application of cognition. Computation within this study follows Mantere and Ketokivi’s (2013) description as “explicit, logically coherent rules” rather than “mathematical operations” (p. 72). Following logical analysis rules enables the researcher to disconnect from the data analysis process, hence facilitating objectivity. However, Mantere and Ketokivi (2013) point out that while qualitative induction builds theory, interpretive research moves beyond pure induction to also apply abductive reasoning within data analysis.

According to Mantere and Ketokivi (2013), abduction involves a “dialogical process between theory and the empirical phenomenon, where researcher judgment (cognition) plays a crucial role in interpretation” (p. 75) (refer to Figure 4-1). As the current study is shaped by *phronēsis*, the abductive process of moving “back and forth between theory and empirical data” (Mantere & Ketokivi, 2013, p. 82) provides a method for developing explanations, theoretical concepts and new understandings (G. Thomas, 2010). Moreover, the abductive reasoning process allows theory to guide data interpretation while also maintaining a stance that continually questions preconceptions and remains open to unexpected insights provided within the data (Mantere & Ketokivi, 2013). The ability to maintain an openness to new insights is viewed by Mantere and Ketokivi (2013) as an important quality of abduction as it helps prevent the data, findings and discussion from being shaped to fit preconceived outcomes and guards against researcher bias. Moreover, as Figure 4-1 indicates, abductive reasoning involves a dialectic process of moving between theory, analysis and plausible explanations of the findings. This suggests that the dialogical process of abduction does not produce a final, universal explanation but, rather, in keeping with an interpretive stance, provides opportunity for the "best" explanation from a number of possible outcomes (Douven, 2017; Mantere & Ketokivi, 2013; G. Thomas, 2010).

Figure 4-1: Qualitative methodology reasoning process



Within this study, the mixture of inductive and abductive reasoning provides the best basis for identifying the existing situation while also developing a suitable conceptual framework of wise management practice (Hesse-Biber & Leavy, 2006). This approach is also supported by Miles et al. (2014), who suggest that qualitative research should be pre-structured where there is some understanding of the phenomenon being investigated but more understanding is required.

4.4 Case study method

In keeping with a PhSS approach and Flyvbjerg's (2001) clear recommendations, this research applies an interpretive case study method to investigate wise management practice. Drawing from Aristotle, Flyvbjerg (2001) states that "case knowledge is crucial to the practice of *phronēsis*" (p. 65) as "values and human behaviour must be seen in relation to the particular" (p. 70). Moreover, adding to compelling arguments for the use of case studies within PhSS (Flyvbjerg, 2001; Flyvbjerg et al., 2012b; Schram, 2012), case study research is seen as appropriate for undertaking in-depth investigation of bounded systems (Creswell, 2007; Merriam & Tisdell, 2015; Miles et al., 2014; Neuman, 2011), for exploration of ill-defined concepts (Meyer, 2001), and in the production of exemplary knowledge rather than generalisable outcomes (G. Thomas, 2010). Bounded systems refer to a distinct unit of study which, within this research, is the hotel organisation. Moreover, wisdom in general, but particularly within the context of management practice, is an ill-defined concept which is explored in depth within this study. However, while this research aims to produce exemplary knowledge, Flyvbjerg (2011) suggests that it is a common misbelief that case studies are unable to produce generalisable outcomes. The ability for generalisation (external validity) is discussed later within this chapter. Yin's (2009) definition of case study research as "an empirical enquiry that investigates a contemporary phenomenon in depth and within real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (p. 18) captures succinctly the aims of this study.

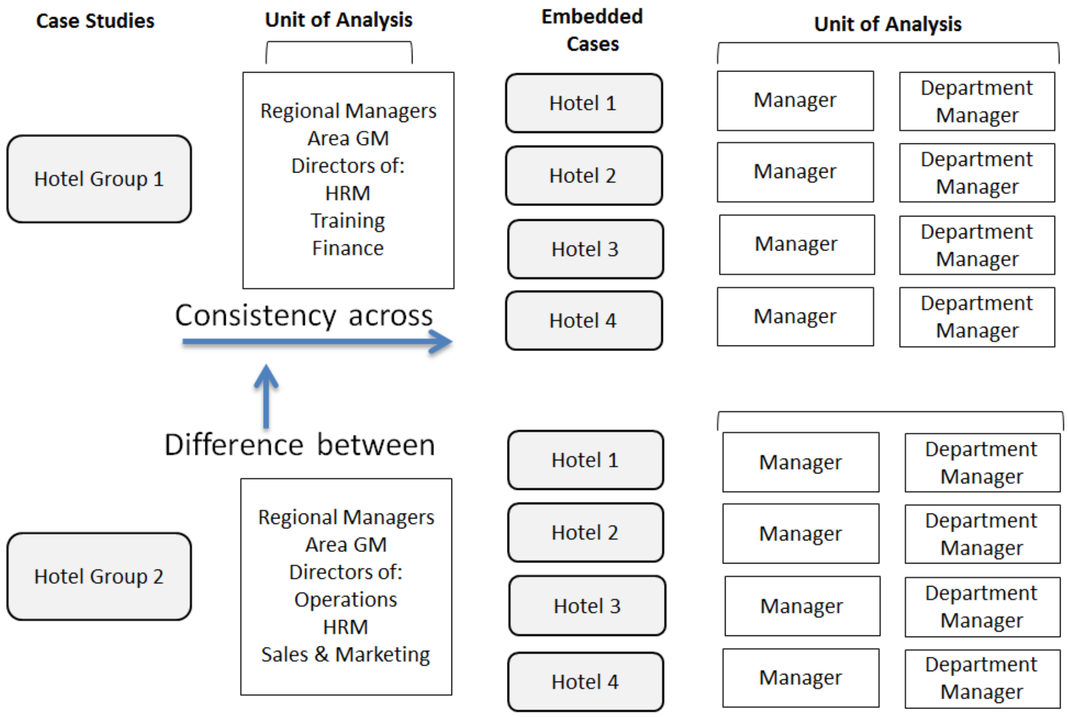
4.4.1 Case selection

The hospitality industry provides an interesting basis for exploring wise management practice. As an industry, commercial hospitality incorporates the manufacture and delivery of tangible products and intangible service elements that are shaped by a long tradition of hospitality values, ethics and experiences. Within this context, the hotel industry was selected as hotels are engaged in a wide range of hospitality services; for example, restaurants, events and accommodation. Therefore, for the purpose of this study, a "case" is identified as an international hotel group that operates hotels within the midscale to luxury level of brands. International hotel groups were selected for this study as they provided the possibility of including different hotel properties and brands within the same group and access to managers who have diverse experience within the hotel industry. Moreover, it was expected that international hotel groups would have well-developed policy, procedures and systems to ensure consistency across brands and geographic locations while also having a clear sense of the experience they want to provide customers. Additionally, it was expected that midscale to luxury branded hotels provide higher levels of individualised customer service, requiring greater levels of employee freedom, than that provided by more utilitarian budget brand hotels.

The strategic selection of cases is referred to as *purposeful sampling* since cases are deliberately selected to be especially informative (Flyvbjerg, 2011; Merriam & Tisdell, 2015; Neuman, 2011). In undertaking this study, it was hoped that the cases would reveal general characteristics of wise management practice within hotel communities. This type of research is described by Flyvbjerg (2001, 2011) as a *paradigmatic case*. Paradigmatic cases provide a prototype as the basis for further study within the domain (Flyvbjerg, 2011). Moreover, they also have the potential to reveal new relationships, orientations or phenomena that current theoretical perspectives have not captured (Cooper & Morgan, 2008).

A dual case study approach comprising two international hotel groups was adopted within this study as it offered an opportunity for comparison and contrast between the cases (Meyer, 2001; Miles et al., 2014). Moreover, while two cases do not provide for any more generalisability than a single case, Miles et al. (2014) state that “multiple-case sampling adds confidence to findings” while also strengthening their “validity, stability, and trustworthiness” (p. 33). The case study design also incorporated four embedded hotel cases (Yin, 2009) within each case study. The use of embedded cases enabled different perceptions of wise management practice to be investigated in different hotel brands (Miles et al., 2014). The general design of the case study is presented in Figure 4-2 which depicts the two hotel group case studies, the four embedded cases within each case, and the units of analysis.

Figure 4-2: Embedded case studies and unit of analysis



4.4.2 Respondent selection (units of analysis)

Respondents for this study were purposefully selected to ensure a range of management perspectives including regional, hotel and department managers. *Regional managers* are defined as managers responsible for decisions that influence multiple hotel brands. *Hotel managers* are responsible for decision-making and leadership within a specific hotel property, and *department managers* are those responsible for the management of a team of people within a hotel department (e.g. food and beverage, human resource or front office manager).

Initial access to the hotel groups and managers was obtained through pre-established professional industry contacts. The area managers of both hotel groups were sent an email inviting their hotel groups to participate in the research (Appendix 1). A copy of the respondent information sheet was also attached to the invitation (refer Appendix 2). The area managers were given the opportunity to discuss questions prior to committing to the research.

Once approval was obtained from the hotel group regional management, *snowball sampling*, also referred to as reputational selection (Miles et al., 2014; Neuman, 2011), was used to identify respondents for the study. Snowball sampling provided the advantage of gaining access to expert informants and respondents who may not have been accessible though random sampling or researcher enquiry. For example, after an interview with the area GM for HG2, he recommended and arranged an interview with the Australasian operations manager who happened to be in New Zealand from Australia.

Potential respondents were sent a general invitation letter similar to the area manager invitation (Appendix 1). However, it was explained that an interview of approximately 45 minutes duration would be held at a time and location that was convenient to the respondent. Respondents were also given the opportunity to clarify or add to their response from the interview at a later time. It was stated that the interview and discussion would be kept confidential at all times. Moreover, respondents were reassured that the interview transcript would not be made available to anyone other than the research team and the respondent's identities would not be disclosed in any research publications. Likewise, a copy of the respondent information sheet (Appendix 2) was also attached to the invitation. All except one department manager, who did not respond to the invitation or follow-up emails, accepted the invitation to participate in the study.

4.4.3 Data collection

Data collection methods for this study included respondent interviews and document analysis. In keeping with the respondents' preference, all of the interviews were conducted in hotel lobbies, restaurants or in the corporate offices of the hotel group. The interviews progressed in a friendly manner with many of the respondents stating that it was an enjoyable process and an interesting topic. In general, the interviews lasted approximately 70 minutes with one area manager interview extending to two and half hours. The interviews produced approximately 180,000 words of respondent narrative for analysis. The semi-structured interview protocols and procedures for document analysis are discussed in the following sections.

4.4.3.1 Semi-structured interviews

The interviews used in-depth semi-structured protocols to guide conversations. The use of semi-structured interviews to enable in-depth exploration of the topic is consistent with qualitative methodology (Merriam & Tisdell, 2015; Neuman, 2011). Moreover, in seeking answers to the research questions, both an exploratory and explanatory strategy was used within the interview questions. Yin (2003) states that questions asking "what" are exploratory while "how" questions make the study explanatory. In keeping with the PhSS approach, the research questions were designed to focus on "actors and structures, and on the relationship between the two" (Flyvbjerg, 2006, p. 380).

Consistent with suggested practice, the interview questions invited respondents to tell their story concerning management practices and experiences (Miles et al., 2014). The interviews were thus conducted as guided conversations with the sequence of questions being determined during the course of the interview. Determining the sequence of questions during the interview process allowed the respondents to speak freely and discuss topics that they thought were relevant rather than being limited by the research questions. This provided insight into how the respondents feel and think about the topic being investigated (Tracy, 2013). However, it also provided some challenges with ensuring that each respondent covered all the research questions in sufficient depth.

Moreover, general conversational questions provide an opportunity for revealing unexpected areas of interest (Mantere & Ketokivi, 2013). For example, one respondent spoke of his experience in managing a hotel during the 2011 Japanese earthquake and tsunami (refer to section 5.3.3). Pursuing this experience within the interview and allowing the respondent to tell his story provided a significant piece of data that may not otherwise have been explored. Probing questions were also used to clarify respondent responses and extract further responses to open-ended questions (Miles et al., 2014). This approach facilitated the collection of more complete data (Hancock & Algozzine, 2006) and was suited to this study as the research sought to understand the experiences of managers, the issues around decision-making, and beliefs about current management strategies that influence wise management practice (refer to Appendix 3: Research and interview questions).

Prior to undertaking respondent interviews, a pilot interview was conducted with a senior hotel manager from an independent hotel company (industry expert) to test the interview questions and interview approach (Neuman, 2011). Overall, the feedback from the pilot interview was positive and the hotel manager confirmed the importance and relevance of the research. However, after discussing the objectives of the study and interview process with the hotel manager, it was decided to add a question concerning changes within the hotel industry over the last 20 years to provide some context for the current direction and purpose of the hotels. The pilot interview also helped to confirm the approach of using general conversational questions before seeking clarity though specific questioning of the topic (Miles et al., 2014). It reinforced the decision to shift the question concerning "How wise management can be described" to the end of the interview process as this would help prevent responses to questions being influenced by the respondent's own description of wisdom.

At the beginning of each interview, the respondents were asked to sign a research consent form (Appendix 4) and the details of the respondent information sheet were discussed to ensure all the respondents understood the research process. Once consent was obtained, the respondents were asked to choose a pseudonym to represent their contribution to the study. This pseudonym was then used in all further analysis and coding of the transcripts. (Where respondents did not choose a pseudonym, one was assigned to them). Also prior to beginning the interview, respondent details including gender, age, qualifications, cultural background and number of years' experience in the hospitality industry and as a hotel manager were collected.

All interviews were digitally recorded and professionally transcribed on completion of the interview. Recordings were transcribed to capture all spoken words; however, verbatim transcriptions of every intonation and pause were not required for this study as the general meaning of respondent voice was deemed to be sufficient. Transcriptions also included time stamps at intervals which enabled quick access to sections of the recording at the specified time. Moreover, once the transcript was received from the transcriber, it was read while listing to the original recording to check for transcription mistakes and clarification of words where the respondent's voice was not clearly recorded.

4.4.3.2 Documents

In addition to using interviews, company documents were also examined to provide background information and offer the ability to compare and contrast company statements with respondent narratives. As Hancock and Algozzine (2006) suggest, the documents provided a rich source of information to supplement and validate the data collected through interviews. Additionally, Yin (2009) highlights that multiple sources of data provide the capacity for triangulation of evidence, which serves to corroborate data gathered from other sources. As both hotel groups are publicly listed companies, the following documents were able to be accessed from the hotel group websites and used within this study:

Hotel Group One		
Document	**Date**	**Number of pages**
Annual report (1)	2013	344
Annual report (2)	2014	322
Business review	2013	120
Ethics and corporate social responsibility charter	2014	40

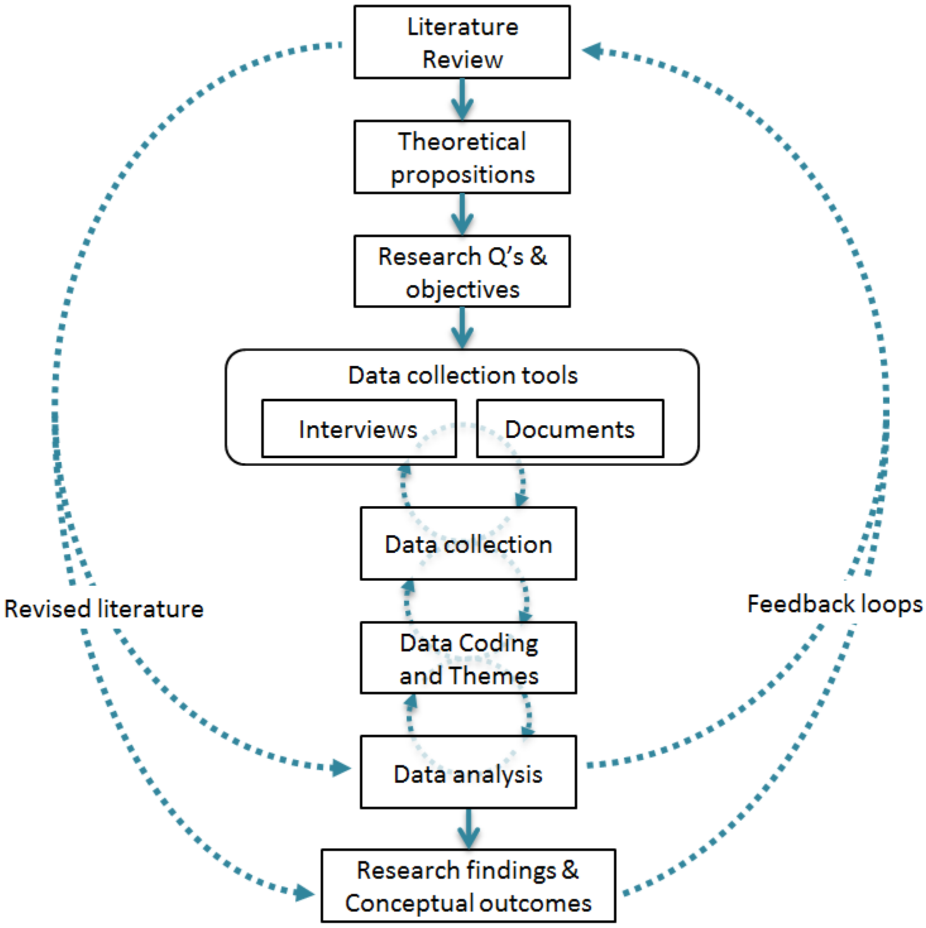
Hotel Group Two		
Document	**Date**	**Number of pages**
Annual report (1)	2013	190
Annual report (2)	2014	192
Corporate responsibility report (1)	2013	100
Corporate responsibility report (2)	2014	34
Trend report	2014	44
Hotel group code of conduct	n.d.	22

For hotel group one (HG1), the 2013 and 2014 annual reports contained information across seven sections including general corporate information, corporate responsibility report, corporate governance, year in review, financial statements, capital and ownership structure, and other information. This information was considered useful as it covered the company's corporate profile, core business information, financial highlights and strategic vision. Moreover, the annual reports for HG1 included 65 and 71 pages of corporate responsibility information respectively, covering stakeholder dialogue and employee, social and environmental commitments. The 2014 ethics and corporate social responsibility charter provided an outline of company values, management behavioural principles, and company commitments and responsibilities to ethical business conduct. The 2013 business review provided background information about HG1, outlining areas of importance to the company and future directions.

For hotel group two (HG2), the 2013 and 2014 annual reports contained information across four important areas including a report of strategic business activity, corporate governance structure, financial statements, and additional general information. The 2013 and 2014 corporate responsibility report included information about the hotel group's commitment to responsible business practice concerning social and environmental sustainability and stakeholder collaboration. The 2014 trend report provided the findings of research commissioned by HG2 to investigate what travellers desire from hotel brands in the coming decade. The code of conduct for HG2 set out the company's commitment to ethical business and provided guiding principles for employee behaviour and decision making.

Additionally, the hotel groups provided access to confidential documented training programmes during the interview process. These documents, along with the publicly accessible documents, offered valuable insight into organisational systems, structures, values and commitments (Silverman, 2013). Throughout the data collection phase, ongoing examination and interpretation of the data was undertaken. This facilitated tentative conclusions to be reached and for further refining of research questions in light of the data obtained (Hancock & Algozzine, 2006). The research process illustrated in Figure 4-3 indicates the iterative process of data collection which informed and refined the data collection within this study. It also shows the feedback loops between data coding, analysis and formation of research findings that are discussed in the following sections.

Figure 4-3: Research process



Adapted from Knight and Cross (2012)

4.4.4 Data coding and themes

The interview transcripts and documents were analysed using thematic analysis processes. Thematic analysis entails making sense of the respondent transcripts and company documentation to create categorises of text within *codes*, *pattern codes* and *themes* (Patton, 2002). Patton (2002) states that there are numerous terms used to describe qualitative analysis processes; however, with the exception of grounded theory, there are no universally adopted definitions of terms. Therefore, within this study, codes refer to labels assigned to potentially interesting segments of data extracted from transcripts or document text (Miles et al., 2014). The term pattern codes refer to emergent clusters that brings codes together into more meaningful units of analysis (Miles et al., 2014). As Miles et al. (2014) explain, pattern codes help to develop a "cognitive map – an evolving, more integrated schema for understanding local incidents and interactions" (p. 86). Themes refers to categories of information arrived at through conceptualising data (Punch, 2009) during the abductive third cycle of data analysis (discussed in section 4.4.5).

The first cycle of coding within this study began with printing and reading interview transcripts. Comments were written in the margins of the transcript and any topics leading to potential codes were noted. This first cycle of noting and coding informed further interviews and started the process of organising data into a coding scheme (Patton, 2002). At this stage of coding, little or no inference beyond the piece of data was sought (Punch, 2009). Merriam and Tisdell (2015) refer to this phase of data analysis as a "simultaneous, 'rudimentary' analysis of data with data collection" (p. 168). Towards the end, as the planned respondent interviews drew to completion, it became apparent that no new information was being identified. This, therefore, indicated that data saturation had been reached and no further interviews were required (Patton, 2002).

As interviewing progressed, the transcripts were uploaded to NVivo (version 10) Computer Assisted Qualitative Data Analysis Software (CAQDAS). The initial coding scheme obtained from the transcript notes was entered into NVivo and the transcripts were reread to ensure all relevant text had been selected and coded accordingly. New codes were created as required. The automated features of NVivo – for example, auto-coding – were not used for this study as the respondents used a variety of terminology when referring to the same or similar concepts. Using NVivo as a data base to store, manage and code data, did however, provided the ability to freely explore and capture potential topics and to create codes and pattern codes as required. Moreover, it enabled relevant data to be easily coded to multiple "nodes" (codes) as required. However, this also proved to be somewhat problematic as the first round of coding produced a multitude of codes. Nevertheless, NVivo enabled these codes to be easily rearranged, combined or eliminated when they became redundant. The use of NVivo also enabled a database of all the information about the case to be collected in one area and retrieved as required (Merriam & Tisdell, 2015; R. K. Yin, 2009). The database assisted in the comparison and contrasting of respondent narrative with document text to establish within-case consistency and across-case comparison. For an example of this process, refer to Appendix 5: Hotel group extended values.

Data analysis followed the constant comparative method which began with comparing transcript data with other narratives before being assigned to a code. These comparisons continued throughout the coding and extended to the comparison of tentative patterns and themes (Merriam & Tisdell, 2015). To help manage the volume of data and develop a coding scheme, codes were arranged under the broad headings: hotel purpose, hotel wisdom and wisdom development. However, while this study draws from *phronēsis* theory, the codes were allowed to emerge inductively from the data rather than the data analysis being driven by a pre-established coding scheme (Merriam & Tisdell, 2015; Miles et al., 2014). This approach fits with PhSS research as Flyvbjerg (2006) states "at first, the organization researcher takes no position regarding the truth – value and significance […] No practice is seen as more valuable than another" (p. 378). Additionally, in keeping with Flyvbjerg's (2001) suggestion that practice be looked at before discourse, respondent narratives were explored to reveal management practice prior to corporate level rhetoric being investigated through the analysis of company documents.

After all the transcripts were coded, data analysis progressed to what Miles et al. (2014) describe as the second cycle of coding. During this phase, the codes were compared with one another to check for similarities and differences. This enabled the codes to be combined or clustered together through the process of synthesis (refer to Figure 4-4) to create pattern codes. Establishing pattern codes enabled the data to be reduced into more manageable categories while also allowing any relevant remaining codes to be assigned as "sub-codes" (child nodes) with data aggregated to the "pattern codes" (parent node). Maintaining the sub-codes offered the ability to explore the data in more detail when required. Moreover, where appropriate, codes that contained one or only a few pieces of redundant data were eliminated. Within this process, the importance of themes and codes was determined by the significance and relevance of the respondent statements to the overall aims of the study and in helping to answer the research questions.

While NVivo enabled the data and codes to be easily reorganised, the actual process of creating patterns and themes required considerable thought and multiple iterations before a reasonable coding framework was finally achieved. Patton (2002) describes this process as the "challenge of convergence" which requires "figuring out what things fit together" (p. 122). Additionally, once the pattern codes were created, NVivo provided the benefit of being able to conduct a search for key words within transcripts and documents to help identify any relevant information that was not originally picked up through manual coding. The movement back and forth between the data and codes helped to confirm internal homogeneity and external heterogeneity of the coding scheme to ensure meaningfulness of the pattern codes and remaining sub-codes (Patton, 2002).

On completion of the first and second cycle of coding, the respondent transcripts and documents had been closely read multiple times. However, as Patton (2002) states, the largely "descriptive phase of analysis builds the foundation for the interpretive phase when meanings are extracted from the data, comparisons are made, creative frameworks for interpretation are constructed, conclusions are drawn, significance is determined, and, in some cases, theory is generated" (p. 465). These processes are explained in the next section: Data analysis.

4.4.5 Data analysis

While the approach to data coding and pattern development was initially inductive, abductive reasoning was also applied in the development of themes and the research findings. This process creates a third cycle of analysis, as depicted in Figure 4-4. *Abduction* involved applying the theoretical frameworks discussed in Chapters Two and Three to guide and inform ongoing interpretation and examine divergence within the data. Divergence is described by Patton (2002) as elaborating on identified patterns through the "processes of extension (building on items or information already known), bridging (making connections among different items), and surfacing (proposing new information that ought to fit and then verifying its existence)" (p. 123). Within these processes, Flyvbjerg's (2001) methodological guidelines and principles of "placing power at the core of analysis" (p. 131), "joining agency and structure" (p. 137) and "emphasising the little things" (p. 133) were also applied to draw inference from the coded data (G. Thomas, 2010) (refer to Figure 4-4).

“Placing power at the core of analysis” was particularly important at this stage of analysis as it brought back into focus the central PhSS question of “who gains, and who loses?” (Flyvbjerg, 2001, p. 131). The guideline of “joining agency and structure” brought to attention how phronēsis was practised and cultivated by the individual and within the organisational structure (Flyvbjerg, 2001, p. 137). Moreover, questioning “how power works and with what consequences” also guided data analysis at this stage of the research (Flyvbjerg, 2001, p. 140). “Placing an emphasis on the little things” within this study was achieved by questioning first- and second-cycle codes and patterns to create “thick descriptions” of the phenomena under investigation (Flyvbjerg, 2001, p. 133). These approaches are supported by Tracy (2013) who suggests that structured questions should be “laid on top of the data in an etic fashion” to “lift specific answers from the data” (p. 222). Moreover, these data analysis strategies support the overall PhSS case study approach of investigating “particular circumstances” and “concrete examples” as a means for understanding practical rationality and *phronēsis* (Flyvbjerg, 2001, p. 135).

The process of moving from inductive reasoning to abductive reasoning provided the ability to gain clarity and insight within areas of the findings. The procedures at this point are similar to what Miles et al. (2014) describe as “subsuming the particulars into the general” (p. 285). This activity is both “conceptual and theoretical” as it involves moving “back and forth between first level data and more general categories that evolve and develop through successive iterations” until the theme is fully developed (Miles et al., 2014, p. 286). During the third abductive cycle, visual diagrams were constructed to capture the meaning of identified themes. As the data was subjected to the dialectical process of comparison with theory and ongoing reflexivity, these diagrams were modified and finally presented in the discussion chapter. (Refer to Appendix 6 for an example of this development.)

The data analysis processes employed within this study included *clustering*, *counting*, *qualitative factoring* and the use of *construct tables* and *exemplary narratives*. The use of these processes and displays assisted the process of analysis, synthesis and creative thinking (Tracy, 2013). Clustering is described as a process of synthesising and aggregating representative narratives and text to enable within- and between-case comparisons (Miles et al., 2014). Within this study, clustered narrative and text was displayed within construct tables which provided the ability to check cross-case homogeneity and heterogeneity and to develop the final themes for the findings chapter. For example, the construct table in Appendix 7: Standardisation versus customisation displays respondent narratives concerning the importance of maintaining both policy and flexibility.

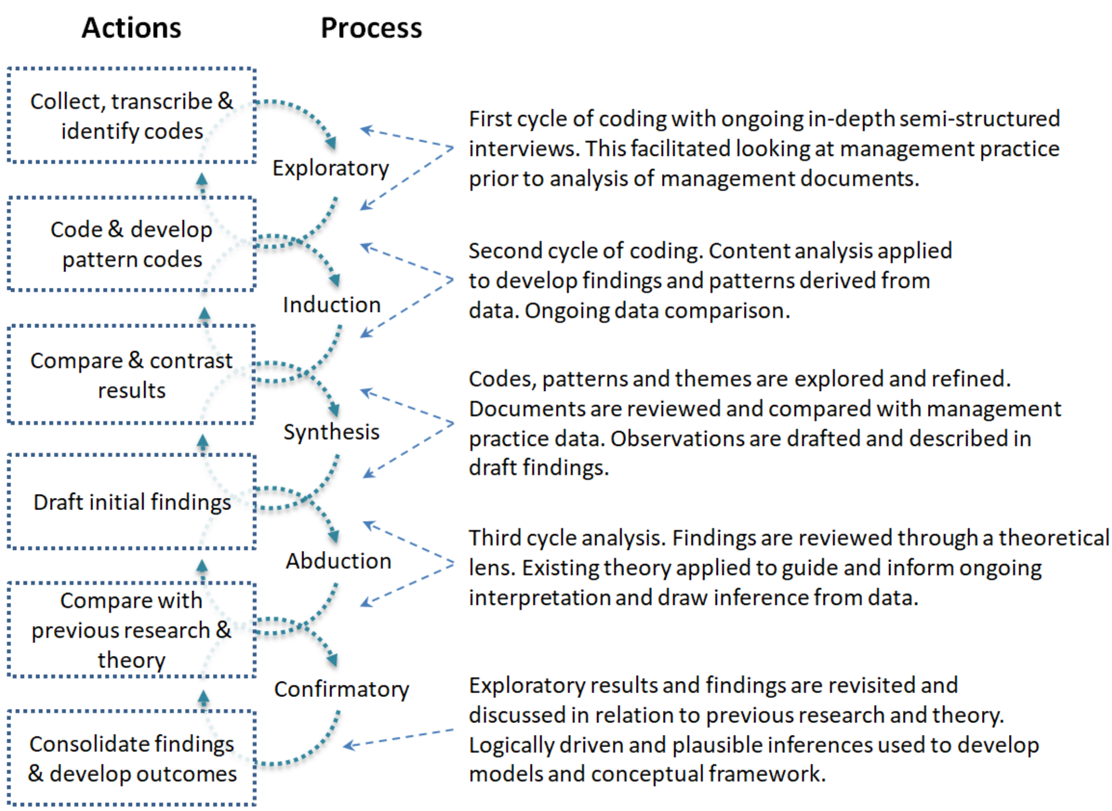
The process of counting the number of times values were referred to within the narratives and document texts was applied to the analysis of respondent and company values. While this study employs qualitative methodology, counting the frequency of times a relevant term was used was beneficial at this stage of the research as it added another dimension to the analysis. This strategy is supported by Miles et al. (2014) who suggest that the process of counting within qualitative research can help to identify or confirm the significance of data. Moreover, it can also help to make objective judgements and protect against researcher bias. The process of counting terms associated with values is expanded on in section 5.2.2.1: Values – the companies' perspective, section 5.2.2.2: Values – the respondents' perspective, and Appendix 5: Hotel Group extended values.

The process of qualitative factoring was applied within the abductive cycle of data analysis. As Miles et al. (2014) explain, factoring is usually associated with statistical analysis; however, within qualitative research it refers to bringing descriptive categories together to create a smaller number of new categories that "thematically represent the data" (p. 289). For example, the process of qualitative factoring was undertaken throughout section 5.4 of the findings to reveal the six pillars that support the development of wisdom (refer to Table 5-22: Factors contributing towards the development of wisdom).

Additionally, exemplary narratives were used within this study as a means of identifying or confirming findings and for adding depth to the data analysis. Tracy (2013) explains that exemplars are "significant and multi-faceted examples" (p. 207) of narrative that have been identified within the data. For example, Appendix 8 demonstrates the use of exemplary narratives for analysing the use of intuition within decision making. Moreover, data analysis of the narrative in Appendix 9 reveals important intricacies and attributes of wise management. Additionally, the story of managing a hotel during the 2011 Japanese earthquake and tsunami (refer to Appendix 10) provided the basis for confirming the use and relevance of the balanced decision-making themes (refer to section 5.3.3).

The case study data analysis procedures illustrated in Figure 4-4 are presented in a linear format beginning with data collection and ending with consolidated findings and developed outcomes. However, while there is structured progression within the data analysis applied within this study, as Patton (2002) suggests, each stage is not isolated but instead often occurs concurrently. The dynamic and recursive process of conceptualisation, synthesis and developing inferences in abduction is represented by the open boarders of each action and interlinked cyclic processes applied to analysis. In applying these process and actions, the respondent narrative and document texts were explored, probed, questioned and interrogated to reconstruct a narrative that provided answers, or at least partial answers, to the research questions.

Figure 4-4: Case study data analysis procedures



Adapted from Knight and Cross (2012)

4.4.6 Research trustworthiness and rigour

It is generally recognised that the terminology used for discussing quality and rigour in qualitative research are variable. Moreover, it is commonly accepted that quantitative standards for quality and rigour are not suitable for qualitative research (Merriam & Tisdell, 2015; Miles et al., 2014; Patton, 2002; Tracy, 2013). Nevertheless, as Merriam and Tisdell (2015) rightly state, qualitative research must be rigorously conducted so that others have confidence in the results. Therefore, the criteria of credibility and transferability (Symon & Cassell, 2012) are used to outline and discuss trustworthiness and rigor within this study. For reference, Table 4-1 provides a comparison of positivist and naturalistic terms associated with research quality criteria applied within this study.

Table 4-1: Quality criteria terminology

Positivist terms	Naturalistic terms
Internal validity	*Credibility* • Truthfulness • Authenticity • Dependability • Trustworthiness
External validity *Generalizability*	*Transferability* • Naturalistic generalisation

Table 4-1. Adapted from Symon and Cassell, (2012, p. 207)

Research credibility

Within qualitative research, *credibility* is viewed as being similar to internal validity as Neuman (2014) states that "validity means truthfulness" (p. 214). In turn, truthfulness within qualitative research is described as "authenticity" rather than a "single version of "Truth" and authenticity means "offering a fair, honest, and balanced account of social life from the viewpoint of the people who live it every day" (Neuman, 2014, p. 214). Moreover, according to Tracy (2013), "credibility refers to dependability, trustworthiness and expressing a reality that is plausible or seems true" (p. 235). Similarly, Merriam and Tisdell (2015) suggest that credibility is associated with the congruity or agreement between the research findings and the real world. Oancea and Furlong (2007) also suggest that the trustworthiness of qualitative research can be judged, in part, by the believability of the findings and strength of relationship between the research process and the representation of the context. In keeping with strategies for improving credibility within this study, the analysis of data and developed findings are presented in detail to provide thick descriptions (Tracy, 2013) of *phronēsis*, its development, attributes, practice and outcomes. Moreover, the credibility of the findings was improved in this study by using both interviews and document analysis as data sources.

Within this study, respondent perspectives were studied across different hotel groups (case studies), in different hotels within the hotel groups (embedded cases), and at three different management levels (units of analysis). Moreover, the profile of respondents included different genders, ages and cultures (refer to section 5.1.2). The inclusion of multiple voices offers the ability to analyse social action from a variety of perspectives which highlights convergent and divergent points of view (Tracy, 2013). Similarly, within the PhSS approach, Flyvbjerg (2006) suggests that research credibility and objectivity is enhanced by a "polyphony of voices" (p. 381). Therefore, in keeping with phronetic organisational research, this study adopted Flyvbjerg's (2001) "dialogical" approach, which is described as having "no one voice, including that of the researcher, claiming final authority" (p. 139). Additionally, obtaining documents from two-time frames (2013 and 2014) added to the trustworthiness of document analysis (Tracy, 2013). The use of multiple types and sources of data provided the means for obtaining diverse perspectives and the ability to cross-check respondent narratives within and across case studies and against company statements. Merriam and Tisdell (2014) state that this provides a "powerful strategy for increasing the credibility and internal validity" (p. 245) of research.

Research transferability

Transferability within qualitative research refers to the ability and the extent to which the research findings can be applied to other situations (Merriam & Tisdell, 2015). While qualitative studies refer to the ability for transferability, quantitative research discusses the external validity, or ability to generalise findings beyond the boundaries of the specific study (Neuman, 2011). However, where quantitative research seeks to produce generalisable results, Flyvbjerg (2001) states that "there does not and probably cannot exist predictive theory in social science" (p. 72). Nevertheless, there is some potential for the results of qualitative research, including those from case studies, to have some degree of transferability when the findings and outcomes of the study help to develop an understanding of a practice (Buchanan, 2012; Tracy, 2013).

Moreover, Flyvbjerg, (2001, 2011) suggests that paradigmatic case studies, as used within this thesis, have the potential for increased transferability. Buchanan (2012) further suggests that opportunities for transferability of findings are enhanced when the research is applied to different organisations within the same sector. Additionally, Buchanan (2012) and Symon and Cassell (2012) suggest that it is possible for the findings to be applied across sectors that have similar processes, characteristics and/or structures. However, while it is hoped that the results of this study provide a basis for further research and have some application within the hospitality/hotel sectors, there are some factors that potentially limit its transferability. As previously noted in section 4.4.1, a dual case study approach is no more transferable than a single case. Additionally, as PhSS is a developing research approach and this is the first study to apply it to management practice within the hospitality/hotel domain, any potential for transferability of the conclusions to other context requires careful consideration.

4.4.6.1 Research ethics

In keeping with good qualitative research practice, ethical research considerations play an important role in contributing towards the trustworthiness of this study. Merriam and Tisdell (2015) point out that research credibility is not ensured by research design, methods or analytical techniques alone but, rather, rigorous qualitative research is ultimately dependent on the ethical stance and integrity of the researcher and the quality of thinking applied to the study (Merriam & Tisdell, 2015). All research undertaken through Auckland University of Technology (AUT) requires approval from the AUT Ethics Committee (AUTEC) to ensure that the research is both procedurally and relationally ethical.

Procedural ethics at AUT consists of ensuring that the research meets standards of adequacy and other ethical concerns associated with informed voluntary consent, respondent confidentiality and risk minimisation (Tracy, 2013). Standards of research adequacy within this study refer to ensuring that the topic is significant or worthy of study and that it has clear, achievable research goals and a sound plan for achieving these goals. A central aspect of AUT’s research ethics also includes relational ethics which Tracy (2013) defines as “being aware of one’s own role and impact on relationships and treating respondents as whole people rather than as just subjects from which to wrench a good story” (p. 245). Within the New Zealand context and at AUT, relational ethics is informed by the principles of partnership, participation and protection, and by ensuring social and cultural sensitivity.

Partnership refers to the interaction between the researcher and respondents which includes consideration of ensuring mutual respect and benefit. For this study, the Aristotelian perspective and qualitative research design adopted the view that understanding is co-created by the interviewer and respondent (Denzin & Lincoln, 2005). Moreover, the dialectic nature of the enquiry resulted in research that is produced through dialogue and deliberation between the respondents and researcher (Eikeland, 2006). The use of these methods during the course of the research fostered collaboration and partnership between the researcher and research respondents. Moreover, collaboration between researcher and respondent was conducted in good faith which was enhanced through open, honest and transparent research processes and procedures.

For the hotel groups and respondents, participation in the research was entirely voluntary. The role of the respondents was to share their perceptions and experiences concerning wise management practice and decision making within the hotel industry. The respondents contributed information that helped co-create an understanding of wise management practice and the resulting knowledge. Protection of the respondents’ privacy has previously been discussed in sections 4.4.2 and 4.4.3; however, other important considerations taken into account within this study included ensuring the social and cultural sensitivity of respondents was respected.

Overall, the research itself was based on the premise of hospitality; therefore, the principles of partnership, participation and protection were central to and adopted within the study. The act of being hospitable encompasses protection and empathy for the guest and community, an acknowledgement and sharing of cultures, and equal participation between the organisation, customer and community, and, in the case of this study, the researcher and respondents. In part, the research sought to identify how these principles are being worked out and/or managed in the commercial hospitality environment.

4.4.6.2 Some methodological limitations

The limitations of qualitative research including researcher subjectivity and potential bias, lack of representativeness within the population, and limited ability to generalise the findings are well documented (Landman, 2012; Merriam & Tisdell, 2015; Neuman, 2011; Patton, 2002; Tracy, 2013). Moreover, the limitations of qualitative studies and, in particular, case study methods are emphasised when compared with quality standards within positivist natural science research.

However, as previously discussed in section 4.2.1, within the context of social sciences it is important to note that the goals of interpretive qualitative research differ from positivist quantitative studies. As Blakely (2016) states, “[G]eneralizations [can] only be applied ‘generally and for the most part’ and not with the predictive certainty of laws. Therefore, social scientists should expect their generalisations, unlike those in physics, to always exist with counterexamples” (p. 66). Moreover, as this research applies interpretive processes, it is accepted that different researchers may obtain different results from the data collected within this study, or data collected from a similar study in other contexts (Neuman, 2011).

These limitations are acknowledged within this study and have been kept in mind throughout the research process to help protect, as much as possible, against bias and to aid the practice of researcher reflexivity. The nature of social science and, in particular, the study of *phronēsis* creates challenges which are best summed up by Long (2004):

> Phronēsis is always directed toward that which can be otherwise, and thus always includes a dimension of uncertainty, deliberation mediates the encounter between the judging subject and that which is judged in each new situation. This sort of deliberation is temporally determined, because the right choice must be discursively discerned by considering the contingencies of the context, historical experience, and the idiosyncrasies of the individual involved. (p. 161)

Despite these limitations, which Flyvbjerg (2011) points out have often been misunderstood and misrepresented by proponents of positivist research, the benefits of well-designed and implemented case study research are highlighted by many qualitative researchers (Buchanan, 2012; Merriam & Tisdell, 2015; Patton, 2002; Tracy, 2013; Yin, 2009), PhSS researchers (Flyvbjerg, 2001; Flyvbjerg et al., 2012a; Schram, 2012; Statler & Roos, 2007) and Aristotelian academics (Blakely, 2016; Fowers, 2005; MacIntyre, 2007). Nevertheless, acknowledging that all research has limitations within methodology, scope and resources, further reflections on the limitations specific to this study are provided in section 7.5: Limitations and future research, in the concluding chapter.

Chapter 5. Research findings: Wise management practice

5.1 Introduction

> “We need to be clear about the fact that our industry is going through a period of profound upheaval.” *(2013 Business Review,* HG1*)*

The chapter presents the empirical data collected from the two hotel case studies to meet the aims of this study. The research data was collected from semi-structured, in-depth interviews with 24 hotel managers and from the 2013 and 2014 company documents for both hotel groups. The findings are presented using the voice of the respondents as much as possible. Additionally, respondent quotes are provided to support the data analysis and interpretation. Many of the sections are also supported by additional respondent narratives, supporting evidence, extended respondent stories and examples of detailed data analysis which are presented in the appendices.

The chapter begins with a brief introduction to the hotel case studies. This is followed by the details of the respondents interviewed for this study and respondent statistics. As it is beyond the scope of this thesis to provide an analysis of difference between genders, age or cultural background, the respondent statistics are provided mainly for interest and to show representation within the sample. The remainder of the chapter is then structured according to the first three research aims:

1. To explore the purpose and values that influence hotel management decision making.
2. To explore what is considered wise management practice.
3. To explore how hotel organisations are enabling or obstructing the development of management wisdom.
4. To explore how hotel organisations can support the development of management wisdom.

The exploration of the hotel purpose outlines the aims, goals and issues facing the hotels. This includes exploring complexity within the hotel environment and the resulting tensions that hotel managers contend with. The section ends with establishing the significant features of the hotel environment. This is followed by an analysis of wise management practice where the attributes of wise hotel managers are explored along with the elements of balanced decision making. The final significant section in this chapter presents the findings concerning the development of wisdom. The chapter concludes with a brief outline of how the development of wisdom is supported. However, the fourth research aim is largely explored in the discussion chapter where the findings from across all three sections of this chapter are able to be integrated to reveal a more complete answer to the question.

5.1.1 Case studies

Two international hotel groups that operate hotels within the midscale to luxury level of brands participated within this study. Both hotel groups operate multiple brands and hotels across New Zealand. All hotels involved in this study were under management contract at the time of data collection. Hotels operating under a management contract are managed by a hotel group; however, the hotel property is owned by another party. The hotel group (brand) provides a general manager, the technical expertise, operating system, brand standards and access to customer networks in return for a management fee. Management contracts differ from franchise agreements in that the managing hotel group is responsible for operating the hotel and providing a return on investment to the owner. The hotel owner is generally responsible for maintaining the hotel property to the level required by the brand standards and for the employment contracts of staff except the hotel manager. Both hotel groups operate within the Asia Pacific region under a geographic structure with regional offices located in New Zealand. The two hotel groups within this study are referred to as hotel group one (HG1) and hotel group two (HG2).

5.1.2 Respondent details

The respondent details including pseudonym, titles, age, level of qualification, the number of years employed in the hospitality industry, the number of years working in a leadership position and the cultural background of the respondents.[3] The details are presented in Table 5-1 for hotel group one and Table 5-2 for hotel group two.

[3] Cultural background refers to the country that the respondent felt the greatest affiliation with during their informative years of growing up rather than the country they were born in.

Table 5-1: Respondent details Hotel Group One (HG1)

Respondent pseudonym	Job title	Abbreviation	Age	Highest qualification	Years in hospitality	Years in a leadership role	Cultural background
Maurice	Regional Director	RegDir	41–50	—	30	23	Australia
Charles	Regional Director Human Resources	RegDirHR	51–60	Diploma	38	30	New Zealand
Matthew	Chief Financial Officer	CFO	41–50	Bachelor	25	22	Malaysia
Sophie	Regional HRM	RegHRM	31–40	Bachelor	15	13	New Zealand
Jacob	Hotel General Manager	GM	31–40	Diploma	20	18	New Zealand
Peter	Hotel General Manager	GM	41–50	Diploma	23	11	New Zealand
Channel	Hotel General Manager	GM	31–40	—	14	10	New Zealand
Tom	Hotel General Manager	GM	51–60	Diploma	35	28	New Zealand
Mary	Human Resource Manager	HRM	20–30	Bachelor	10	4	New Zealand
Lilly	Department Manager	DM	20–30	Diploma	7	4	Korea
Bruce	Department Manager	DM	31–40	Diploma	8	6	Pacific Islands
Harry	Department Manager	DM	41–50	Diploma	33	16	New Zealand

Table 5-2 : Respondent details Hotel Group Two (HG2)

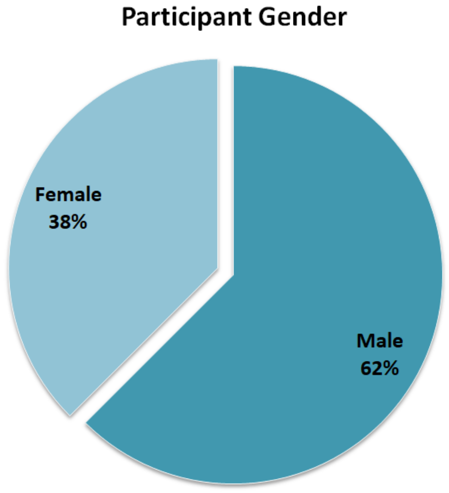
Respondent pseudonym	Job title	Abbreviation	Age	Highest qualification	Years in hospitality	Years in a leadership role	Cultural background
Joe	Regional Director	RegDir	51–60	MBA	35	28	Netherlands
Simon	Regional Director	RegDir	41–50	Diploma	25	17	Australia
Bob	Regional Sales and Marketing	RegSM	31–40	Bachelor	16	8	Germany
Jess	Regional HRM	RegHRM	20–30	Bachelor	9	5	Australia
Trevor	Hotel General Manager	GM	31–40	MBA	15	7	Australia
Kirk	Hotel General Manager	GM	41–50	Bachelor	25	23	Australia
Ben	Hotel General Manager	GM	31–40	—	20	8	New Zealand
Cassandra	Human Resource Manager	HRM	20–30	Bachelor	8	1	South Africa
Chris	Human Resource Manager	HRM	31–40	Bachelor	17	14	Australia
Mila	Human Resource Manager	HRM	20–30	Bachelor	2	2	New Zealand
Agnes	Financial Manager	FM	41–50	Diploma	25	10	New Zealand
William	Department Manager	DM	20–30	Bachelor	9	6	Britain

5.1.3 Respondent statistics: Gender, age and ethnicity

Gender

Male = 15 (62.5%)

Female = 9 (37.5%)



The majority of respondents are male (62.5%)

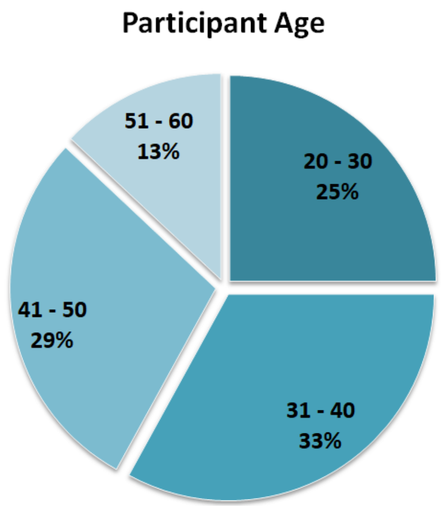
Age (years)

20–30 = 6 (25%)

31–40 = 8 (33%)

41–50 = 7 (29%)

51–60 = 3 (13%)

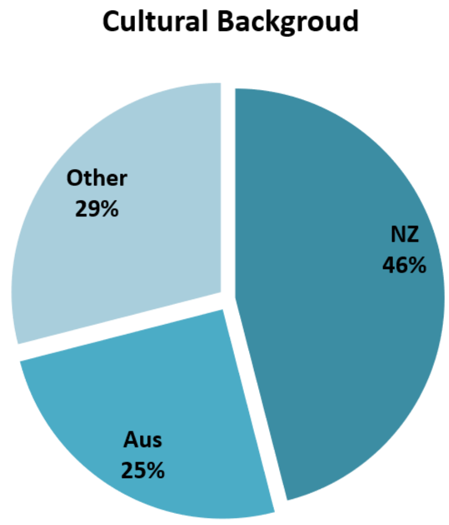


The majority of respondents (75%) are over 30 years of age.

More than half of the respondents are male (62.5%). Three-quarters of the respondents were older than 30 years of age, with slightly more than two-fifths (42%) being older than 40 years of age.

Ethnicity

New Zealand	= 11	(46%)
Australian	= 6	(25%)
Other	= 7	(29%)
Britain		= 1
Germany		= 1
Korea		= 1
Malaysia		= 1
Pacific Islands		= 1
Netherlands		= 1
South African		= 1



5.2 Hotel purpose

> "The wise man knows more than the material or efficient or formal causes behind events. He knows, too, the Final Cause, the *that for the sake of which*[4] the other causal modalities are engaged." (Robinson, 1990, p. 17)

Introduction to section

The aim of this section of the findings is to explore the purpose and values that influence hotel management decision making.

This section presents the findings relating to the following research questions:

- What is the purpose of a hotel?
- What values guide hotel management decision making?
- What operational tensions do managers encounter when embracing the values to achieve the hotel group's purpose?

5.2.1 The purpose and nature of hotels

Before the respondents were asked about their opinions of wise management practice, they were first asked about the goals of hotel management. The objective of this line of questioning was to explore the respondents' opinions concerning the purpose of the hotel organisation. Establishing the purpose (or the ends) of the hotels involved in this study was important as it helps determine what could be considered wise hotel management (the means for achieving the ends). The importance of understanding the purpose of the organisation is expressed well by RegDir Simon:

> "If the organisation doesn't clearly articulate why we are here, why it exists, what its true purpose is, not profit, purpose, if you don't state that clearly you won't find like-to-like colleagues to come and play with it. So, you'll have nobody to work with. If you have a clear purpose and you live the clear purpose, you'll attract the next level of brilliant people for whatever that role is."

The above narrative points to the need to understand why the organisation exists while also suggesting that the reason lies beyond mere pragmatics of profit. It further

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[4] Aristotle's *Physics*, Book II

suggests that clearly communicating the full purpose of the organisation will “attract” like-minded people, and that the purpose needs to be embodied, practised and modelled by the leadership, which indicates that the purpose has inspirational characteristics.

Likewise, in the following quote, RegDir Maurice suggested that the hotel group’s purpose lies beyond generating profits for the shareholders to include broader stakeholder interests:

> “Great companies are always created, … and people think that they’re just created for shareholders and shareholders’ investment money, but generally great companies and big companies are created to give people opportunities and a place to be and live and feel comfortable and that’s how we feel about our company and so that’s an ultimate responsibility.”

Nevertheless, while the need for a deep understanding of purpose is expressed, it was clear from the respondent transcripts that profit is very important.

5.2.1.1 The importance of profit

The managers interviewed acknowledge the importance of generating a profit for the key shareholders – as one respondent explained, “Ultimately we are a business and the crux of everything that we do is about making money” (RegHRM Sophie). The importance of generating profits was evident across both hotel groups where it was clear that all other hotel activities could not be undertaken without it. Moreover, as GM Tom pointed out, managers need to “have far more awareness of performance because [they’re] reporting to not just the hotel company but to the owning company as well”. The responsibility to provide a return to the hotel owners was acknowledged across all management areas. For example:

> “The owner might have a set of targets they want you to achieve because if they don’t achieve that, their loan might be recalled.” (CFO Matthew)

> “There’s definitely a responsibility to our owners to deliver financial results and be a profitable business, and not just make a lot of money, but controlling

> the costs within making that money as well, so there's the best possible return." (HRM Chris)

> "We've got an owner group and they are our number-one stakeholders. They pay our salaries. So, we must meet their needs." (HRM Cassandra)

> "I want to make a return to the owner, I want to achieve budgets. Mine is all very financial and that's my goal and that's my promise to the owner." (FM Agnes)

The importance of controlling costs and providing the best possible return to the owners was made clear by two hotel managers who recalled instances of underperforming hotel restaurants that had been shut down as they were not profitable. Managing the business performance of the hotel and the conversion of revenue into to profit was a daily focus for the management team across all departments including HR. For example, HRM Cassandra stated:

> "We talk about occupancy, we talk about our rate and we talk about RGI [revenue generator index] every day. … We talk about these all the time."

Additionally, GM Tom recalled that his hotel "had a month where the profit conversion wasn't on target, the top line was pretty healthy, but the bottom line conversion wasn't, and the team hadn't taken a grip. So, they had an awakening". However, while it was evident that financial results were important for the hotel groups participating in the study, one GM made an interesting comparison with the culture of his previous employer where it was evident that the drive for profitability was far greater.

> "I have certainly been at [another hotel company] where I've pushed and pushed and pushed. But I guess leaving the previous company and coming to work for [this company], you kind of had to detox a little bit and not be so rigid and be more open minded about things" (GM anonymous)[5]

However, while it was made clear that revenue and profit generation was a consistent pressure, when asked about the purpose of hotels and the goals of hotel managers,

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[5] The respondent's pseudonym is not used to ensure anonymity.

the interviewees focused on connecting with guests, providing experiences, treating customers as individuals, and employee engagement. Overall, the managers interviewed paid comparatively little attention to the topic of finance. Moreover, the managers interviewed indicated that the operation and management of hotels has a wider social focus other than the mere generation of wealth for the owners and the management company.

5.2.1.2 The growing importance of differentiation

All the respondents recognised that to remain "commercially sustainable", their hotels needed to offer more than just superior products and standardised services in the right location. Yet, a common theme emerging from the interviews was that hotel products and services were generally undifferentiated, not only across brands, but also across geographical regions. For example:

> "...if we look at what we do as distinctively different, we don't, our services are the same as many countries. … We've hit a bit of a crossroads where we've become unfortunately in many areas beige." (RegDirHR Charles)

> "...you know within reason we're doing the same as Rydges, the same as Crown Plaza, the same as Langham, the same, you know we're all the same." (GM Peter)

> "[T]here is always a sea of sameness with regards to how the hotels … are positioning themselves." (RegSM Bob)

> "[We] all have the same services, we have the same products." (HRM Mila)

Moreover, as the following respondent indicates, the concerns of being undifferentiated are not just limited to the two hotel groups in this study – they believed that the wider hotel industry was also aware of hotel brands becoming indistinguishable from each other:

> "...as a whole, the industry is conscious of not becoming [commoditised] so that we don't become the McDonalds." (GM Channel)

In response to becoming indistinguishable from the competitors, all respondents across both hotel groups were cognisant of the need to provide a non-standardised hospitality experience. This point is captured in the following narrative:

> "[W]e 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." (RegDir Simon)

To move away from what was seen as a commoditised "McDonald's cookie-cutter approach", the respondents spoke of the need to provide experiences and connect with individual customers in meaningful ways. For example:

> "If all hotels ever did was trade on the bed and the breakfast and the price, there's no delineation on the shelf. We want you to love coming to this environment. We want to engage with you and have a human interaction with you. We don't want you to be a product or a commodity." RegDir Simon)

5.2.1.3 Providing a customer experience: Creating meaning and connection

> "The hotel industry has always looked after people and that's ultimately what we're about, […] caring for people and giving people an experience" (RegDirHR Maurice)

Many of the respondents spoke of a how hotel management has changed over time. Reflecting back, GM Peter recalled that previously, traditionally trained "expert" managers where in charge of directing and running their hotel with often a "very autocratic and very dictatorial" style. This style of management, which relied on managers with the technical experience to make all the decisions concerning hotel operations, then moved to a management structure that was lead from a corporate office resulting in the development of policy and procedures to ensure consistency across brands within the group. These changes are captured by RegDirHR Charles, who compared managers in New Zealand 15 to 20 years ago who were "quite knowledgeable about how to independently run their business" with managers today who operated under a "far leaner management" structure, where there is "a lot more collective […] responsibility" and "a hell of a lot more governance go[ing] on". Along with the increase in centralised control and leaner management style, the majority of the respondents spoke of an increase in bureaucratic policies and procedures that direct every aspect of hotel operation. As RegDirHR Charles indicated, whether "driven by the government or whether it be driven by the company or whether it be driven by, […] the cultural social environment", the need for formalised control mechanisms had been pervasive.

When discussing policies, procedures and the ability for flexibility and employee autonomy, the respondents' views were generally consistent within and across both case studies (refer to Appendix 7 for a summary of respondent narratives). Data analysis revealed the following key themes:

- benefits of policy
- harms of policy, and
- need for flexibility.

There was a belief that many of the policies were vital for the successful operation of business, especially in the areas of health and safety, critical business processes and brand standards. Policies and procedures were seen to provide consistency and important support to employees; as one respondent stated, they "really help us guide what we do". However, most of the respondents recognised the harm excessive bureaucratic policy was causing human interactions. This was emphasised by RegHRM Sophie who stated, "I think there's a growing realisation that the business won't succeed if it continues with that sort of approach."

For both hotel groups, this growing awareness has resulted in a move towards a more flexible management approach. Speaking of corporate office expectations, GM Tom captured the change from a centralised to more decentralised management style:

> "Over time [head office] are learning that not every approach fits all the boxes. And you will see more today that we are, even the regions, we will put our hand up and we will say this doesn't work for us and there is now a greater flexibility to regionalise where appropriate, which wasn't always the case." (GM Tom)

The shift to a more flexible approach is especially apparent within daily operations involving human interaction. The respondents spoke with enthusiasm about being able to be creative when dealing with customers and more caring when dealing with colleagues. This shift was apparent in both hotel groups, but was especially clear within a new training programme implemented by HG1. As GM Tom stated, "The tag like having the art of human connection was something that you just wouldn't even consider [in the past]." CFO Matthew captured the sentiment of the other respondents well when he said, "We are selling an experience right, so we are not selling a policy." All of the respondents recognised that it was important to provide an environment for flexible, intuitive, creative and authentic human interactions, a sentiment that is expressed well in the following narrative:

> "[T]he two biggest brands in the world and the staff are given freedom. You wear a uniform, you wear the badge, you deliver the branded service behaviours, but you do it in a way that you can totally be yourself. And it's celebrated. … We've got a million different ways we're instructed to [serve], but in the end, you have to take it case by case. You need to be empathetic as to what is about to happen or what has happened, what's a rational thought as opposed to what the rules always are. And then you resolve it individually." (GM Kirk)

The above narrative points to a number of interesting dichotomies. These are evident in a global brand that presents, on the one hand, a uniform appearance and branded service, yet on the other hand, employee individuality is celebrated and they are encouraged to be themselves when providing tailored service interactions. Moreover, there are numerous ways employees are "instructed" to deal with customers, yet employees are asked to ignore these instructions depending on circumstance. Additionally, acting on feelings of empathy is viewed as a rational decision, whereas following rules may be irrational. It is also evident that the global brand seeks to meet the needs of a homogenous market segment through maintaining consistent brand standards. However, when it comes to the service encounter, the market segment gives way to the individual. The respondents suggested that market segments and group characteristics are replaced by people with personal needs, concerns and issues.

The same yet different

A review of the documents from both hotel groups also reveals the shift in focus towards the personalisation of the hotel environment. This shift is captured in the *2014 Trend Report* of HG2:

> "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" (HG2 *2014 Trend Report*).

Supporting the sentiment of the respondent 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 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 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 HG2, the ultimate end of successfully balancing the global, local and personal dimensions is the development of trust and the reward of deeper connections with customers.

While HG2's *2014 Trends Report* provides a clear framework outlining the need for balancing global, local and personal dimensions of hotel management, similar themes are also evident within the documentation and respondent transcripts of HG1 where there was a shift towards a more "local" and "authentic" representation of New Zealand hospitality. Recognising the need to localise customer experiences, RegDirHR Charles suggested that New Zealand hospitality captured by the Māori word *manaakitanga* was an important part of the "cultural heritage" that needed to be "explored". Table 5-3: Homogeneity, heterogeneity and inimitability provides a brief comparison of the narrative used by each hotel group within their documents.

Both the respondent narratives and hotel groups' documents point to the need for consistency across brands (global homogeneity) while also enabling customisation for local communities (local heterogeneity) and personalisation for individuals (personal inimitability). It was also evident that both hotel groups wished to create stronger, more "authentic" connections with their customers. However, while there were clear intentions to build trust, authenticity and connection with and between people, it was also clear that there were tensions between what can often be the competing demands of global homogeneity, local heterogeneity and personal inimitability.

Table 5-3: Homogeneity, heterogeneity and inimitability

Hotel Group One	Hotel Group Two
Global Homogeneity	
A consistent range throughout the world supported by the resources developed at Group level, which ensure consistency among practices and provide greater impact. (*2013 Annual Report)*	...focusing on driving brand standards – an important set of guidelines for each brand that support the delivery of a consistent branded hotel and guest experience and thereby assist in increasing guest satisfaction. (*2013 Annual Report)*
Local Heterogeneity	
We appreciate and recognize the diversity and dignity of people around the world […] we are committed to respecting local cultures and our host communities. (*2014 CSR Charter*)	...global brands will be more effective if they encourage greater creative freedom within the global brand framework. "Freedom within the framework" (*2014 Trend Repor*t)
Personal Inimitability	
...we can make a person feel special ... by making an exception for them – bending the rules and showing them that they matter more to us than slavishly following the rulebook... (*2013 Training Workbook*)	...comfort is both physical and emotional – the physical comfort derived from having things just the way they like, and the emotional comfort of feeling looked after... (*2014 Trend Report*)
Connection	
It is now about creating experiences for our customers that have a substantial impact and create an emotional connection... (*2013 Training Workbook*)	...marketplace transition now underway from thinking about products to thinking about people – a transformative change that puts relationships at the heart of everything our brands do. (*2014 Trend Report)*
Authenticity	
...to create powerful and authentic guest experiences... (*2013 Training Workbook*)	...delivering authentic local customisation... (*2014 Trend Report)*

Balancing these competing demands was identified in HG2's *2014 Trends Report* as a "challenge facing global brands across all consumer-facing industries". The dimensions of global homogeneity, local heterogeneity and personal inimitability were referred to by HG2 as "three forces of imbalance" and considered a "paradox of being both consistent and innovative". Moreover, the report warned that the imbalanced and paradoxical nature of these forces can "cause chaos if ignored". However, while the hotel groups were experimenting with enabling flexibility within the procedures, the respondent narratives suggested that providing both consistency and inimitability was not easy to achieve.

This difficulty is highlighted by department managers from both HG1 and HG2 who spoke of problems they faced with trying to accommodate guest needs. As DM Lilly (HG1) explained, while having the ability to be flexible was "much better than before", it created issues with making judgements and taking risks. For example, referring to checking customers into the hotel, DM Lilly explained:

> "[B]efore we were quite adamant, you have to give us the cash or you can't check in, regardless of where they are from, but now we're trying to be flexible. … It's difficult when, … the guest made a booking themselves, [and they] don't have a mobile, don't have a credit card, don't have cash to check in, then it gets very difficult for us."

Lily explained that front-line employees had to make a judgement to "determine whether it's a high-risk guest". However, if they trusted the customer and the room got damaged or the customer did not pay, then she stated:

> "It just comes back to us and [management says] it's your fault for not taking anything, when at the same time they say bend the rules to satisfy customers, but at the same time if you get it wrong then it's kind of catch 22."

This type of experience was highlighted by DM William (HG2) who provided an account of his experience checking in a guest at a luxury hotel in England. The following is a synopsis of his story:

William's experience

I was the manager on overnight. A guest came in who was a regular guest and our policy is to take a credit card for authorisation. I knew this guest. He wanted a suite for seven nights which would have given us soooo much revenue. Just like most of our Middle Eastern guests, [he said] "Oh, my driver will bring you cash." It was a regular occurrence and in our hotel our policy wasn't so ironclad that sometimes we do take credit cards, sometimes we don't. I felt happy to take the risk [so] I checked him. But, when I came back the next day, I was told the guest is no longer around and he's gone and there's a ₤2000 bill. Yeah…, I took the risk and I'm in trouble.

I went through a disciplinary process where I was told that my management was flawed. However, that evening I was on, the guest came back and gave me all the cash, paid for his bill. I said he can't come back to the hotel because my manager's decision is to kick him out. The issue was I had breached the policy of check-in, which I showed wasn't clear. I was given a final written warning [but] I appealed, and I got that reduced to a verbal warning […], the fact that I had been back to work with no training or coaching. And I thought well hang on, if you think my management's flawed…

(refer to Appendix 11 for a full transcript of the story)

As only one side of William's story is known, it is not clear if a poor judgement was made. However, the story does highlight issues with being in a position requiring a judgement call while not having the training and support required to learn from mistakes. Moreover, the desire to make a lot of money for the hotel appears to have been a significant decision-making factor which suggests that generating revenue for the hotel is an influencing pressure. However, as a result of this experience, William is now inclined to work within the policy and expects others to do the same – to work outside of the policy results in taking personal risks. As he explains:

> “I follow policy. … If someone hasn’t followed that policy I can’t defend them, … the policy is there, […] If they haven’t followed it …. That’s black and white. … So if you take that risk, … you can take that risk, and that’s fine, but that’s your risk. So, if that guest walks away, this business is going to be out of pocket and you are going to be taken through disciplinary. … if it goes wrong because they’ve not followed procedure, that’s black and white.”

Moreover, William’s story highlights the importance of employee experiences and how they shape future behaviour. For William, he learnt that policy must be followed.

The concerns raised by DM Lilly and the lessons learnt by DM William highlight some of the difficulties of moving from a policy-controlled model to an environment that promotes more flexible human interactions. During the interviews it became clear that shifting to an intuitive, flexible model where people are placed first is not an easy transition. As RegDirHR Charles expressed:

> “So, we’ve got the procedures and our guys are good at doing the procedures. They are good at following the rules, really good at that because they know very well there’s punitive actions if you don’t follow the rules. Now we’ve got to turn around and we’ve now got to go completely the other way and go, ‘How the hell do we make service an intuitive process?’ ”

The respondent narratives pointed to an embedded culture of bureaucracy which provides operational consistency along with the security that if policy was followed by employees they would be safe from repercussion. However, it was also evident that the young age of front-line employees and department managers working within hotels means that they lack experience. As RegHRM Jess points out, the hotels have:

> “...quite a young leadership team who don’t know what they don’t know; therefore, they follow everything by the book.”

All of the hotels in this study appeared to have the same issue of young inexperienced managers needing to make decisions in complex uncertain social environments.

Synopsis

The findings so far reveal an interesting dynamic. As hotels are commercial entities there is a requirement to generate revenue and return profits, and while the basis of the hotel function can be viewed as meeting a simple need, (e.g. providing a comfortable, secure room to sleep and offering food and beverage), all of the managers spoke of the need to provide customers with a memorable experience. Moreover, to meet the customer's desire for consistency across hotels within a brand, achieve efficiency within the operation, and meet business obligations, hotel organisations standardise their products and procedures through bureaucratic controls. However, while profits, product and service consistency, along with memorable experiences, are the basis of a hotel offering, all respondents expressed the need to also care for customers by recognising their individual and often diverse needs. It is not surprising then that the majority of the respondents believed hotel management is becoming more complex.

5.2.1.4 Hotels: Relatively simple yet very complex

The majority of the respondents spoke of the complex nature of the hotel industry. Yet, it is also apparent from the comments of a few respondents that fundamentally hotel operations could be considered as relatively simple. Nevertheless, the transcripts also reveal that hotel management could be considered as quite complicated and at times very chaotic. As each of these different situations require different decision-making strategies, the respondent narratives concerning the hotel environment have been categorised under four themes – simple, complicated, complex and chaotic – so that they can be explored in more detail. Appendix 12 provides examples of respondent narratives and perspectives under each theme.

It is quite simple really

Viewing operation from a simplistic perspective reveals the fundamental purpose and functions of hotel which, as GM Peter states, is "one of the oldest professions ... and the model hasn't changed dramatically for hundreds of years, ... overall, [the] things that we do are very simple". The narratives reveal that at its core, a hotel can be seen as providing a clean, tidy, secure room at the right price. As GM Peter pointed out: "[T]hat is the crux of our job." The role of front-line employees is seen as "not that difficult” when “if [the procedures are] in place, everything is reasonably straight-forward” (GM Ben). Nevertheless, it was apparent that *w*hile this view may help with focusing on the important job of meeting the basic needs of customers, it over-simplifies wider employee and management roles.

It can be complicated

While the tasks of a front-line employee could be seen as quite simple, it is evident that many of the tasks involved with running a hotel are complicated. The narratives coded to this theme provide examples of tasks that could be seen as requiring skill, training, extensive knowledge of the processes involved and more complicated analysis, but are also tasks that can be directed and controlled by policy, procedure, logarithms, mathematical modelling and other relevant processes. Examples of complicated tasks are financial reporting, pricing strategies, health and safety requirements, and other business processes.

It is very complex

The overall complexity of the hotel industry was highlighted by all of the interview respondents. Within the respondent narratives, the following characteristics contributing to complexity are:

- the number and diversity of people
- managing human interactions
- unpredictability, and
- human tragedy.

Overall, the number and diversity of people interacting within the hotel environment were the main contributor to complexity. The respondents referred to not only guests but wider stakeholder groups including employees, hotel owners and managers of the hotel management company. While working in hotels required interacting employees with “all sorts of different personalities and different cultural backgrounds” (DM Lilly), the following extract from GM Kirk highlights the complexity of the service environment:

> "The complexities for us come in the detail of client; you know, we're a hotel that deals with, pretty much every CEO in Australasia at some stage or another, we deal with international delegations. We have the All Blacks. We have those world leaders. So, there's complexity in how we do it. The discretion that we show, the service we need to deliver. There's a lot to it on any given day."

For HG2, the hotel goals also capture this complexity by focusing management attention on key areas of "guest experience, employee satisfaction, financial returns, responsible business and owner relationships" – as GM Trevor stated, "[T]here's a lot to juggle". The management of human interactions within the hotel environment was viewed as one of the most complex challenges. For example:

> "Pleasing humans is the hardest thing in the world to do because everyone has a different opinion" (GM Tom)

> "...we're managing interactions and that is infinitely more complex." (HRM Chris)

> "...we're people dealing with people. We're people, we're not robots." (HRM Cassandra)

> "You have to understand that you're dealing with a hundred different cultures on any given day." (GM Kirk)

It was evident that the numbers and diversity of people interacting together within the hotels creates an environment that was often unpredictable and where there are "so many things that can go wrong" (RegDir Joe). This was highlighted by GM Channel:

> "[O]ur industry is just so unpredictable; you can't predict what will happen today and you can't predict what a customer will want and … what challenges they may pose..."

The unpredictability and reality of the hotel environment, which involves and deals with many of the issues that humanity brings, was also revealed by RegDir Maurice:

> "Things happen every day. Someone will jump off a building – how do you deal with that? Someone will have a heart attack and die at their daughter's

> wedding – how do you deal with that? There are so many touch points. To tell you what's going to happen tomorrow in our hotels would be impossible."

As evident in the above extracts, both hotel groups acknowledge the complexity of human interactions which result in unpredictability. This unpredictability is also highlighted in HG2's *2014 Trends Report* which states:

> Recent events are changing our world making it feel more uncertain today than it did 10 years ago. In an increasingly complex and unpredictable world, people look for touchstones of trust... (p. 8)

While acknowledging that "the future is by its nature unknown", the *Trends Report* also emphasised the "economic global aftershocks" following global financial crises and political uncertainty as some of the reasons contributing to complexity. Moreover, the *Trends Report* also suggests that climate change is producing a "growing threat of extreme weather events". However, whether it is climate related, generated by human activity or the result of natural processes, with the number of properties and people involved in globally branded hotels, these types of disasters are a significant issue within the hotel industry.

It can be chaotic

A number of managers spoke of natural disasters that they had experienced while working in the hotel industry. In this study, these types of events are categorised as chaotic due to the significant lack of control over the event and potential for ensuing chaos. However, it was also evident that the hotel companies have now developed extensive procedures to help cope with natural disasters, as the following transcript referring to the 2013 Wellington and 2011 Christchurch earthquakes indicates.

> "We mobilised a crisis team in both cases. We had a team on the ground, we had reports going, we had satellite phones, we were looking at back-up supplies, we were looking at the water scenarios, we were relocating guests. If that had happened 10 years ago, we would have said to the manager, 'So, what do you do?' And now we've managed it essentially by a central team." (RegDirHR Charles)

Nevertheless, despite all these plans for disaster management, not every contingency can be accounted for. This is evident in GM Ben's story of managing a hotel during a Japanese earthquake and tsunami which reveals that at the time of a disaster, managers may find themselves cut off from immediate help and having to make critical decisions about the aftercare of customers, employees and the community. (This event is discussed further in section 5.3.3 and outlined in full in Appendix 10.)

5.2.2 Hotel group values

One of the research aims for this study is to explore the values that guide hotel management decision making. Therefore, identifying the company values and the values of respondents are an important. The following section identifies and analyses the values found within the hotel group documents and the values discussed by the respondents.

5.2.2.1 Values – the companies' perspective

Each hotel group presents their core values within a number of publically available documents; for example, annual reports, CSR reports, business reviews and codes of conduct. Both companies present five core values and provide descriptors that help describe the associated behaviours. As the following text extracts show, it is evident that the company 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 that nurtures our reputation around the world. (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 at [our company]. Along with the other principles set out in this document they are a core part of the way we do business. The Code helps us to live our [core values] and do business responsibly. *(*HG2 *Code of Conduct,* n.d. p. 6)

To analyse the core values for each hotel group, the labels or headings that each company provides for their values have been incorporated into the descriptors of the relevant value. This is done for two reasons. First, removing the heading for each value helps protect the identity of the company. Second, incorporating the heading and statements used to describe each of the hotels values reveals a more extensive list of values that can be considered important to each hotel group. Table 5-4 Hotel group core values, shows the identified values for each hotel group along with common values that each hotel group shares.

Both hotel groups share the values of integrity, respect, diversity, trust, caring, courage and excellence. The value of integrity refers to honesty, keeping promises and doing the right thing. For HG1, respect is an explicit value that captures the behaviour of valuing employees along with the diversity of all other stakeholders, whereas for HG2, the value respect can be inferred from the behaviours associated with their core values and points more towards maintaining a respect between employees. The value diversity captures the desire, by both hotel groups, to embrace the diversity of employees and communities. Trust signifies the building of trusting relationships and being able to place trust in colleagues. The value caring in the context of the core values can be defined as being considerate and concerned for others. Hotel group one explicitly refers to the value of courage within the context of being courageous in maintaining uncompromising integrity and character, whereas for HG2, the value of courage is evident in the call for employees to be bold, take risks and challenge norms. For both groups, the value of achieving excellence refers more to operational performance than interpersonal relationships.

In addition to the values shared by both hotel groups, HG1 promotes values of innovation, altruism and sincerity. It is evident that innovation is an important core value for HG1 as this value is captured by the encouragement for employees to be imaginative and creative, and is also supported by the value courage. The value of sincerity is evident in the call for cultivating honest and genuine relationships. And being altruistic (altruism) is apparent in the desire to "create value for everyone" and enabling others to achieve fulfilment.

On the other hand, HG2 emphasises the core values of empathy, collaboration and reliability in addition to the values shared by both hotel groups. The value of empathy is manifest in the expected behaviours of “understanding people’s needs”, “noticing what matters” and “knowledge of people”. It is also apparent that collaboration is a significant value for HG2 as it is emphasised in the core value descriptors by the phrases, “form a powerful winning team”, “combine to create” and “trusted group”. Interestingly, while HG2 “celebrates local difference” (diversity), it qualifies the celebration of difference with the statement “understanding that some things should be kept the same”, which is recognised as the value “reliability” in Table 5-4.

There are significant similarities between the core values for both hotel groups, which can be summarised as an emphasis on people. However, it is noticeable that the values for each company signify underlying differences in company culture. For HG1, behaviours such as innovation, creativity, risk taking, being bold, and challenging norms point to a more dynamic, enterprising culture where “bold action” and “taking risks” are valued. Moreover, for HG1, statements such as “Valuing employees & **partners**”, “Appreciate **diversity** and dignity of **all people**” and “Create **value for everyone**” [emphasis added] express a more explicit desire for the wider inclusion of stakeholders and diverse communities.

Table 5-4: Hotel Group core values

Values	**HG1 core value Words and statements**	**HG2 core values Words and statements**
<u>Innovation</u>	"Imagining **<u>innovative</u>** solutions, creativity, & showing initiative"	
Altruism	"Create value for everyone" "Enable personal fulfilment"	
<u>Sincerity</u>	"Nurture **<u>sincere</u>**, caring relationships"	
<u>Caring</u>	"**<u>caring</u>** relationships"	"being sensitive to others"
Excellence	"Deliver the highest performance" "Continuous improvement"	"Striving for success […] look for a better way to do things"
Integrity	"Confidential trusting relationships, fulfilling commitments"	"Knowing what is right and […] put it into practice"
<u>Courage</u>	"taking risks, being bold, challenging norms"	"having the **<u>courage</u>** and conviction"
<u>Respect</u>	**<u>"Respect"</u>** "Valuing employees & partners" "Appreciate diversity and dignity of all people"	"valuing individuals who look for a better way to do things" "Listening to each other"
<u>Diversity</u>	"Appreciate **<u>diversity</u>**"	"celebrating local differences"
<u>Trust</u>	**"<u>Trust</u>"**	"focused and **<u>trusted</u>** group of people"
Empathy		"Understanding people's needs […] noticing the things that matter" "knowledge of our people"
<u>Collaboration</u>		"**<u>Collaborate</u>** to form a powerful, winning team" "Listening to each other and combine to create a strong, focused and trusted group"
Reliability		"understanding that some things should be kept the same"

Shared Core Values

<u>Underlined bold text</u> – represents values explicitly stated in one or both hotel groups descriptors

Alternatively, the values statements for HG2 reinforce a sense of stability and careful consideration. For example, the statement, "Understanding that some things should be kept the same" suggests the importance of reliability and stability. The importance of reliability and stability is also reinforced throughout HG2's *2013 Annual Report* where statements such as "Consumers trust brands with a heritage and they value the comfort and security established global brands provide" (p. 10) highlight the reputation that heritage and tradition produces. This approach to management is further reinforced by an emphasis on “Disciplined Execution”, which is a phrase that appears 27 times in the *2013 Annual Report*. Furthermore, there is a greater emphasis on teams within the value statements of HG2. This can be seen in the phrases “focused and trusted **group**” and “collaborate to form a powerful, winning **team**” [emphasis added]. These differences are summarised as follows:

HG1 **Greater emphasis on:**		**HG2** **Greater emphasis on:**
change	——	reliability and consistency
bold action and risk taking	——	careful consideration
behaviour towards stakeholders	——	behaviour towards each other
being dynamic	——	maintaining tradition
	——	teams

Nevertheless, despite the differences between the hotel groups’ core values, for both companies there is an overwhelming emphasis on behaviours that enhance and develop relationships between people. For example, HG2 states on their website that their core values are “a set of behaviours that define how we interact with our guests and colleagues”. However, it is interesting to note that rather than describing only how employees should behave, the values for both companies place a significant emphasis on how the company should behave towards employees along with how employees should interact with each other. For example:

> “...encouraging personal initiative and risk taking...” (HG1)
>
> “...appreciate diversity and dignity of all people...” (HG1)
>
> “...understanding people’s needs, being sensitive to others & noticing the things that matter...” (HG2)
>
> “...valuing individuals who look for a better way...” (HG2)

Both companies include statements that refer to valuing personal employee performance and reveal a concern for acting responsibly. The only statement that indicates an economic concern is found in HG1’s core values. Nevertheless, the statement “create value for everyone” indicates a concern for all stakeholders, (the company, owners, employees, customers and wider community) rather than a narrow focus on profit. Moreover, “value” in the context of HG1’s core values can be seen to include a range of outcomes (e.g. improved benefits, increased well-being or enhanced experience) beyond mere financial gain.

In addition to the core values noted above, an analysis of the hotel groups’ documents highlights a number of additional key values that are also important to both hotel groups. For the purpose of this study, values were seen to be important if they were emphasised in the text. For example, “Responsible business is part of [our] DNA and is at the heart of everything we do” (HG2, *2013 Social Responsibility Report*) indicates that being responsible (responsibility) is an important attribute. Moreover, the word responsible[6] can be found 406 times in HG2’s documents which reinforce its selection as a key company value. Applying the above criteria, the following list of values was extracted from the company documents:

- financial
- employees
- responsibility
- shareholder return
- customer
- community
- sustainability
- environment
- business growth
- learning and mobility
- partnership
- health/Safety
- innovation

While it is possible to read too much into the numbers of times each value is referred to in the documents,[7] a general sense of each value’s importance can be obtained from Figure 5-1: Documented key values word count. The values financial,[8] employees and responsibility are, on average, referred to more than 300 times whereas shareholder return, customer,[9] community, sustainability.[10] and business

[6] Also refers to, and includes in the word count, stemmed words; for example, responsibility.

[7] For example, the word count was conducted on annual financial reports; therefore, it is not surprising that the word “financial” appears multiple times.

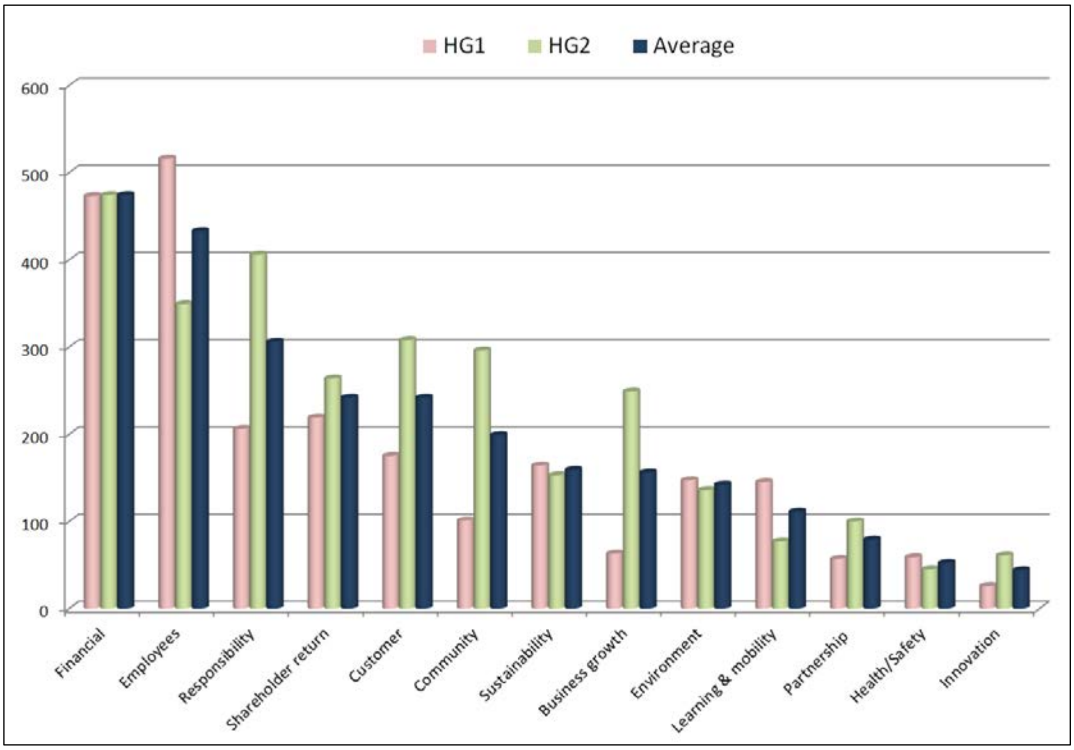
[8] The identified value “financial” includes all references to this word within the documents, including appearing as a label (e.g. “Financial Statements”) and in more meaningful statements; for example, “...impact on [company] in terms of financial performance...”.

[9] “Customer” also refers to, and includes in the word count, stemmed words and the synonym “guest/s”.

[10] “Sustainability” is referred to here in the general sense including economic, environmental and operational sustainability.

growth are referred to between 150 to 299 times. Environment, learning and mobility,[11] partnership,[12] diversity, health/safety and innovation feature on average between 44 to 142 times.

Figure 5-1: Documented key values word count



A more detailed discussion of the process used to identify the above list of key values, along with a table of text extracts and word counts for each value, is located in Appendix 5.

When conducting the document analysis, it became apparent that all identified key values are important to both hotel groups. While innovation is identified as a core values for HG1, but not for HG2, it is, extensively used within the body of HG2's documents and is, therefore, included in Figure 5-1. Although not included as a core value for HG2, it is evident that being innovative is still very important to the hotel

[11] "Mobility" refers to the ability for employee promotion and movement across different properties and brands within the hotel group.

[12] "Partnership" also refers to, and includes in the word count, the synonym "collaboration".

organisation especially with respect to financial return and customer experience, as the following statement reveals:

> [The company] invests across a range of technology platforms to ensure that our revenue delivery and guest experience systems are at the forefront of innovation in the industry. (HG2 *2013 Annual Report*)

Bringing the shared core values from Table 5-4 together with the additional shared values identified from the document analysis (refer to Figure 5-1) provides a list of 20 values which are categorised as key values and overarching values in Table 5-5. Moreover, as it is evident that a number of the key values have the same orientation – they are able to be categorised under the headings economic, customers, employees, society and character. As innovation referred to both business innovation and service innovation, for example, it appears under both economic and customer orientation. Moreover, the shared core values of caring/empathy, excellence, integrity, courage, respect and trust all relate to character. It was also evident that the values of responsibility and sustainability can be classified as overarching values as they are associated with the orientation of all other key values. For example, HG2 states, “Responsible business is part of [our] DNA and is at the heart of everything we do” and HG1 seeks to make decisions that “drive its sustainable growth for the benefit of all its stakeholders”.

Table 5-5: Documented key value orientation

Orientation	Key values	Overarching values
Economic	Financial Shareholder return Business growth Innovation	Responsibility Sustainability
Customers	Customer/guest Innovation	
Employee	Health/Safety Employees Learning & mobility Diversity	
Society	Partnership Community Environment	
Character	Caring/empathy Excellence Integrity Courage Respect Trust	

5.2.2.2 Values – the respondents' perspective

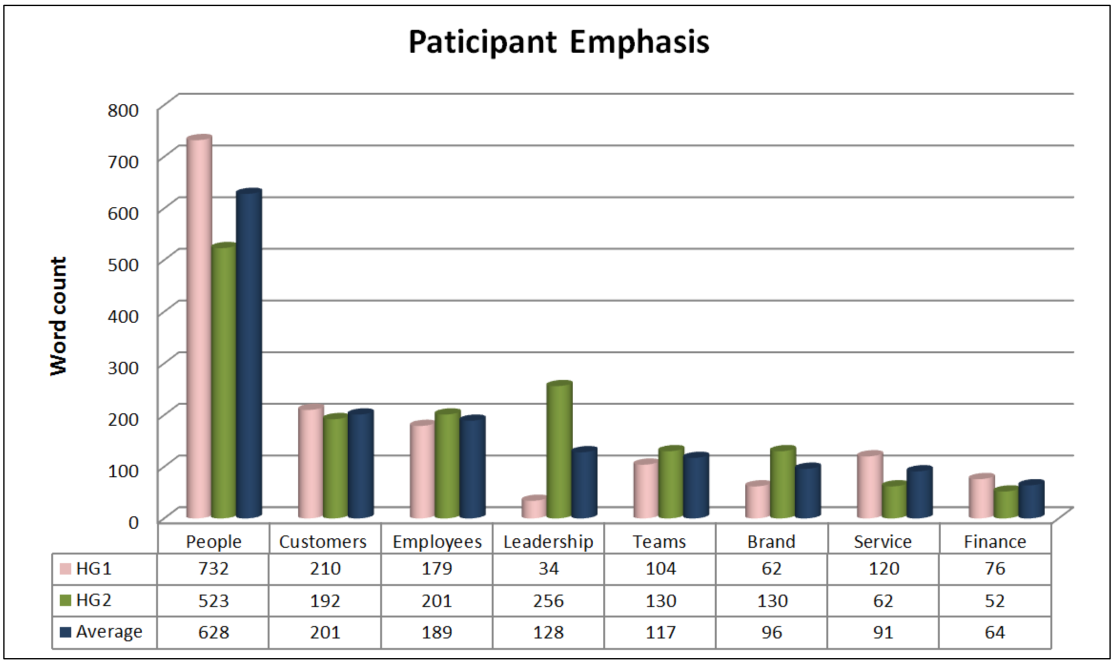
"We just make good decisions. I'm proud of what we do." (GM Kirk*)*

When reading through the respondent narratives, it is clear that the core and key values identified in the company documents are also important to the respondents of both hotel groups. The respondents were very familiar with the core values for their respective hotel groups and the key values identified above were often referred to within the transcripts. However, the respondents also paid considerable attention to, and placed significant importance on, the following values and topics:

- people
- customers
- employees
- leadership
- teams
- brand
- service
- finance

Figure 5-2 shows the number of times each value/topic appeared within the respondent transcripts. The respondent key value word count is not intended to be used as a quantitative measure but rather is used to give a general sense of each value's/topic's importance and to reinforce their inclusion in the above list. The values and topics identified above were deemed to be important as they appeared in a list of the top 200 words extracted from the respondent transcripts and were used by the respondents in a context emphasising their importance to the organisation and/or interviewee.[13]

Figure 5-2: Respondent key value word count



People

All interview respondents emphasised that people were important to both the company and themselves personally; as DM Harry pointed out, "Hospitality, I think, has always been about or should be about giving to people". RegDir Joe also captured the general sentiment of all respondents when clarifying that "looking after people" generally referred to "showing you care for guests [and] showing you care for team

[13] The top 200 words were identified after removing words with fewer than three letters and words identified by NVivo stop word filter. Other non-relevant nouns, verbs and technical terms were also not included in the top 200 word search.

members”. More broadly, as GM Channel states, “doing the right thing by our people [included] everybody, employees, customers, suppliers [and] owners”.

Caring for people was not only viewed as a being hospitable but also as a company responsibility, a point that is made clear in the following account of the 2005 Boxing Day Tsunami:

> “[S]ome significant things have happened to us as an industry and how we care, and one of our deciding factors from [our] point of view was the Boxing Day tsunami in 2005, … we lost a large number of guests and staff, which were washed away into oblivion. … So, the governance thing, the whole precautions that you take, cause you can’t afford not to do that, because there’s a whole duty of care going on inside our industry.” (RegDirHR Charles)

It is also evident from the following transcript excerpts that the respondents believed their organisations/companies care for people:

> “I think that [our company] values really genuinely always have been very much people focused. As much as we are all about making profit, I think everything that [the company] has ever done has always had people at the core of it.” (RegHRM Sophie)
>
> “[This] would be the best-branded company I’ve worked for from its people angle.” (GM Tom)

While “people” are important to the hotel company, it was also clear that respondents personally enjoy working with and caring for people; as HRM Mila stated, “[P]eople are the most important part of anything I do.” Moreover, in the following excerpts it is apparent that company/respondent values alignment also provided the bases for employee engagement:

> “...the reason I have stayed two and a half years is because of the people focus. So if it wasn’t a people-focused business I wouldn’t be here.” (HRM Cassandra)
>
> “...it’s not a job, it’s a way of life. You are just so connected with those people and the organisation. I can’t explain it in simple terms, but I don’t get up and

> make decisions for work; I get up and make the best decision I can." (RegDir Simon)

Customers

As hotels are a part of the service industry, it is not surprising that the term customers featured highly within the transcripts.[14] The importance of customers is made clear by RegDir Maurice who stressed the need to stay "as close to your customer as possible. So anytime you separate or move too far away from the customer or the guest, that's unwise." Likewise, RegDir Joe emphasised that people working in the hotel industry need to have a "passion for delivering great customer service" which was defined well by GM Channel as being "all about the art of human connection and ... the very basics of ... human interaction."

Employees

Although employees appear in third place in Figure 5-2,[15] overall a substantial amount of the respondent discussion was focused on employee issues. The general consensus from the respondents was, as GM Channel states:

> "...in very simple terms, if you're driving happy employees, your service will come naturally ... Your service will be there and your profit will increase." (GM Channel)

All interview respondents expressed a concern for employee well-being and the belief that employees were central to the hotels' success. Moreover, the respondents expressed a care for their colleagues and a desire to "do the right thing" by them. The attention given to employees, by all respondents across both hotel groups, is captured in the following excerpt:

> "So are they getting what we say we'll give them? Do they have the tools and resources they need? Do they feel their managers lead by example? Do they understand the vision of the company? Do they have what they need development wise? So do they have enough training? Do they like coming to

---

[14] To arrive at the final number of times customers where referred to within the word count all reference to customer/s and guest/s were included under the heading "customers".

[15] The word count for employees included all references to, employee/s, staff, and colleague/s.

> work? Do they like their uniforms? Do they get food? Just a whole lot of questions." (HRM Cassandra)

Employees were also a central focus when interviewees were asked about the most difficult decisions they had to make. Regional HRM Maurice captured the general sentiment of the respondents when stating "[it] mostly was around people […] because everything revolves around people". By people, he was referring largely to employees. Difficult decisions concerning employees included discipline, restructuring the organisation, and making employees redundant. The respondents' general feelings about these issues are expressed well in the following text excerpt:

> "It's something I never take lightly. I've been through crises and I've been through problems. I've been through all sorts of stuff. But I think it's always to do with people [that] are always the hardest thing, because you are affecting people's lives. I take that kind of thing really personally and I always think to myself before we go down the track of really unfortunately terminating somebody or disciplining them or whatever it is; I really need to ask myself the question: Did we do the right thing with that person?" (GM Ben)

Leadership

Leadership also featured within the respondent transcripts. The word leadership was recorded 256 times for HG2 and was spoken of by HG2's respondents as being very important.[16] Inspirational and charismatic leadership were viewed as important leadership characteristics for both hotel groups. For example:

> "In our industry, you can be strategic and scientific to a point, but you still need to inspire because you're leading two, three, four hundred people that usually join this industry because they enjoy working with other people and they want to look after people." (GM Kirk)

> "...charismatic leaders that think about outside of the box are the ones that makes the differences, and we've got them in the industry." (RegDirHR Charles)

[16] The word count for "leadership" included all references to leader/s.

Leadership was only referred to 34 times in the transcripts for HG1; nevertheless, while it was not spoken about as often as by HG2, it is evident that selecting and developing leadership is an important activity. Both hotel groups recognised the need for training programmes and support structures to help develop leadership ability within their organisations, as explained in the following excerpt:

> "We've just got to make sure that we support them as they go through their career. So, we've now got a programme called [XX], we are now looking at potential leaders about two steps down, people who are sort of very much in middle management, and now looking at developing them." (RegDirHR Charles)

Respondents also expressed considerable personal satisfaction in being involved with leadership development. For example:

> "I get a lot of satisfaction out [of] working with new young leaders, … helping them develop and helping them become leaders, great leaders. That's very satisfying. I see it's a very important thing that the company expects me to do as well. So it's a good fit, it's a good fit." (RegDir Joe)

Teams

Delivering customer service was very much seen as a team effort by the respondents. As GM Channel pointed out, "...not forgetting that this is a service industry. It's your team that are providing the service to your guests." The interview respondents spoke of the importance of working together in diverse teams and being "much more reliant now on leading various disciplines and various teams" (RegDir Joe). Moreover, developing and working with a team was viewed as a rewarding. For example:

> "I had the support of my team. So I loved my job and I loved my team." (DM William)

> "For me it's definitely about the environment, the opportunities, the travel, the team." (RegHRM Jess)

Brand

Both hotel groups operate multiple global brands which was viewed as an advantage. As RegSM Bob stated, “When it comes to brand awareness, we do have the power of the brand and being a desired global brand.” When discussing hotel management and decision making, the respondents emphasised that that brand knowledge was important as there is a “different management style for different brands” (GM Peter) and an “overarching brand promise” (RegDirHR Charles). Decision making was made “through the eyes of the brand” (RegSM Bob) and judged by “how this would affect not just this hotel, but the brand” (DM William). Maintaining brand standards was viewed as very important – a point highlighted by HRM Casandra who stated, “We’d rather lose a hotel that wasn’t meeting brand standards than have one. So it’s very important to us.” Brand standards are emphasised by the importance of maintaining brand integrity, which is captured in the following excerpts:

> “We’re positioning ourselves as a trusted, reliable brand and a partner for the future.” (RegSM Bob)
>
> “...that’s why reputation like [for our] high profile brands, the integrity is very important.” (GM Tom)

Service

Service is synonymous with the hotel industry and, therefore, it is not surprising that service appears in the top 200 word list. When respondents referred to customer service or providing service, it was generally within the context of making “service the distinguishing factor”, “friendly service” and “providing great customer service”. However, there was also an apparent conflict between the expectations to maintain service standards while also delivering authentic service. For example, GM Kirk pointed out, “We all follow the same regulations. We all have branded service behaviours”, whereas, the need for delivering an authentic service encounter is evident in the following statement by DM William, “As long as the service is genuine, people are generally happy.” It was evident that a significant issue facing both hotel groups is balancing service standards with individualised customer experiences delivered by employees displaying genuine care. As RegDirHR Charles points out, the “problem is where service becomes a regulatory procedural driven process.”

Finance

Although the word finance only appears on average 64 times in the transcripts, when it was spoken of, its importance was emphasised. It was evident that while customers were viewed as important, financial issues were seen as a critical factor for the success of the hotel group and the managers concerned. For example:

> "If you get the customer part right, and you sell enough stuff, everything else will happen, but, yeah, at the end of the day, I live or die here based on my financial result. … if you can't show some commercial acumen or understanding, no matter how fantastic you are with the customers or whatever, um it doesn't matter." (GM Peter)

Some of the respondents also spoke of instances where financial concerns were seen to dominate management activity. For example:

> "Sometimes I think it's financials first; I guess it's fine, and then its customers and staff really about their well-being and how they are managing." (DM Bruce)

> "[I]t is a really hard thing to balance, it really is. I mean our prior GM here was purely financial driven, which I have no issue with because at the end of the day we want to have jobs." (HR Mila)

The conflict between achieving the expected financial returns and maintaining a care for customers and employees is evident in the above respondent excerpts. Acknowledging it is sometimes "financials first" then justifying this with "I guess it's fine" reveals a tension between what is being emphasised and the other values of customers and employee well-being. Moreover, the statement "I have no issue with [being] purely financial driven ... because at the end of the day we want to have jobs" indicates the dominant position that financial concerns has over both the organisation and individual. As DM Bruce points out in the following excerpt, the appeal and power of self-interest is also evident within the bonus structure provided for general managers:

> "Because a hotel manager is, … the only ones that get a bonus, so … some of them just become, you know, cost cutting maniacs really."

The emphasis placed on financial results raises issue with balancing “what’s best for the company financially, what’s best for the guest and then what’s best for an employee … to get the best outcome for all three” (HR Mary). Difficulties with achieving this balance are expressed in the following passage:

> “I guess where we see general managers potentially struggle is where they’re focusing so narrowly on making profit, for example, that they lose sight of how the other things do actually contribute to that profit.” (RegHRM Sophie)

It is apparent in the phrase “general managers potentially struggle” that placing a narrow focus or too much emphasis on profits is viewed as poor management practice. In contrast, good management practice is emphasised by HRM Mary who, when ask what a well-thought-out decision would look like, responded:

> “That would be overall positive for the company, for the guest and for the employee. … I think it’s getting that balance of the three as much as you can.”

While some respondents suggested that financial issues were the most important and others spoke of achieving a balance between the competing demands, RegDir Joe explained that the emphasis should be placed on employees and customers, which will then result in achieving the required bottom line:

> “I think first of all there’s a relentless belief … in the vision and the strategy to get there. There is a relentless belief that … if we get the right people and we deliver the right customer service we will deliver the required bottom line, You cannot deliver the right bottom line without the right people and the right customer service. I mean, that’s just a belief that is there; everybody supports that, and everybody is on the same page.”

As the following narratives from the directors of both hotel groups indicated, achieving the required financial result is viewed as an end that is obtained by caring for employees and customers.

> “The satisfaction of our people flows onto the satisfaction of our customer which in turn flows into the pockets of our owners and investors.” (RegDir Maurice)

> “Financial results and the bottom line is a result. It’s not a means to get, … it’s a result of the things that we do. ... There’s absolutely supportive evidence that you get these things and you measure all these areas and there’s just evidence that we can see these areas are performing well, then consequently the bottom line is well.” (RegDir Joe)

The emphatic belief that effective employee and customer management delivers financial success conflicts with the “financial first”, “purely financial driven” narrow approach that, it was suggested, struggling managers adopt. Moreover, while the respondents recall examples of managers who focus primarily on financial results, the order of respondent values and topics (shown in Figure 5-2) supports the assertion that financial results are just one of the ends of management activity and that the means for achieving the end are important. As RegDir Joe stated (cited above), this is “just a belief that is there; everybody supports that, and everybody is on the same page.”

The eight respondent values identified from the transcripts are presented in Table 5-6 under the headings key values and overarching values. The key values are then categorised, according to their orientation. As the value of people is associated with the orientation of all other key values, it is classified as an overarching value.

Table 5-6: Respondent values orientation

Orientation	Key values	Overarching values
Economic	Financial	People
Customers	Customer/guest Service	
Employee	Employees Teams Leadership	
Brand	Brand	

5.2.2.3 Values synopsis

Overall, despite differences between HG1, who displayed a stronger tendency towards bold action and risk taking, and HG2, who emphasised reliability and stability, the hotel documents and respondent transcript reveal significant similarities in behavioural, economic and social values. Nevertheless, out of all the values expressed within the hotel documents and respondent transcripts, the most noticeable emphasis was placed on valuing people, and in particular, integrity in dealing with people; as GM Kirk stated, "People values, integrity for me." The focus on people and communities was also evident within the hotel groups' documentation where, for example, inclusiveness though social dialogue is highlighted by HG1 through "negotiations with employee representatives [which] were initiated […] in a spirit of constructive social dialogue with the unions" (HG1 *2014 Annual Report*, p. 45) and HG2 aimed to operate "Responsible and innovative hotels that are at the heart of their communities" (HG2 *2014 CSR Report*). The following transcript excerpt sums up the sentiment of the respondents from both hotel companies. It expresses the focus on people and the means by which business is, or at least intended to be, conducted:

> "A company like ours is built on and based on integrity. ... Basic for any leader, ... in the business around making the right decision, [are] decisions with integrity, decisions that are right, that are always going to hold your integrity and the business integrity ... I think the world is full of people who have made really bad decisions and we see them in the financial pages every day. We're not that business." (GM Kirk)

By stating "a company like ours", the respondent is referring to hotels for which integrity is viewed as a core value. Moreover, having and maintaining congruence between personal integrity and business integrity is emphasised as a fundamental attribute of all leaders wishing to make "the right decision". Conversely, it is suggested that making a bad decision is equated with a lack of financial integrity.

The importance of company and employee values congruence is also highlighted by the following excerpt that indicates some employees may leave a hotel company if they feel uncomfortable with the company's or their manager's values:

> “Once the culture shifts or the head changes and the culture becomes uncomfortable or doesn’t meet your values then you […] lose the loyalty to that company and you look for something else.” (GM Jacob)

The importance of management integrity and alignment with the hotel values expressed in this study was evident in many respondent responses. The respondents enjoyed working for a company that emphasised the values they held and for managers who upheld these values.

Bringing the company and respondent values together, Table 5-7 displays the 22 key values that, when categorised, are orientated towards economic, customer, employee, character and brand concerns. Moreover, the findings reveal the three overarching values – people, responsibility and sustainability – shape how economic, customer, employee, character and brand concerns are viewed.

Table 5-7: Company and respondent values orientation

Orientation	Key values	Overarching values
Economic	Financial profit Shareholder return Business growth Innovation	
Customer	Customer/guest Service Innovation	
Employee	Health/Safety/Well-being Employees Learning & mobility Teams Leadership	People Responsibility Sustainability
Society	Partnership Community Environment	
Character	Caring/empathy Excellence Integrity Courage Respect Trust	
Brand	Brand integrity	

5.2.3 Tensions between competing goals

It is evident that making a profit is critical to the survival of a hotel company and that managers spend considerable time and energy ensuring that they achieve the required targets. However, it is also apparent that looking after people is essential to the sustainable success of a hotel. Moreover, it would seem that placing people (both employees and customers) first is the basis of financial success, whereas focusing exclusively on profits is detrimental. Nevertheless, as the following respondent indicated, financial goals can be viewed as more explicit and immediate when compared with measurements that indicate the satisfaction of people:

> “[D]ecision 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.” (RegHRM Sophie)

The respondents often referred to the resulting tension between meeting the demand for profit and caring for people.

Further tensions are evident within the respondent narrative concerning the need for maintaining consistent brand standards through global homogeneity while also providing a local experience requiring heterogeneity within the product and service offering. Moreover, this tension is further emphasised by the shift towards 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, 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.

It is also apparent that managing brand standards through standardised policies and procedures has resulted in increased control measures. Whereas, encouraging innovation, flexibility and intuitive decision making entails allowing both regional and individual freedom. Further tensions are also evident between identifying and managing the needs of market segments and collective groups while at the same time understanding and responding to the needs and concerns of individuals. These tensions are summaried in Table 5-8: Hotel environment tensions.

Table 5-8: Hotel environment tensions

On the one hand...	On the other hand...
• Profit	• People
• Global homogeneity	• Local heterogeneity • Personal inimitability
• Consistency	• Innovation
• Transactions	• Interactions
• Standardisation	• Flexibility
• Policy & procedure	• Insight & intuition
• Control	• Freedom
• Collective groups	• Individual concerns

5.2.3.1 Issues with balancing the tensions

Both hotel groups have identified the need to operate in the three spheres of global homogeneity, local heterogeneity and personal inimitability. They also recognise that there are considerable issues with operating in each sphere simultaneously. Nevertheless, as the following statement indicates, it is possible to operate in all three spheres: "Where there is a balance, it works well" (RegDirHR Charles). Yet it was also apparent that HG1 had not yet developed a clear strategy that would enable them to successfully achieve consistency and flexibility across the hotel group. This point was emphasised by Charles, (RegDirHR), who, while stating "We are very good at teaching structural stuff and we are very good at teaching policies and procedures" also acknowledged that they had not yet worked out how to "put back the whole art of human connection."

When discussing the implementation of a custom service programme designed to help employees become flexible, RegDirHR Charles recognised that there were some employees, including managers, who found it difficult to balance tensions:

> "As we're running that out as a company, we're starting to see the people that really struggle with that whole concept [of] service that comes from within, or the ability to be able to recognise what hospitality is and actually apply the basic principles of service or human interaction. Some people just struggle with that."

Problems with implementation and balancing tensions were also identified by DM Lilly who, while recognising the value of the new customer service programme, also acknowledged that they had not resolved a number of issues with being simultaneously both consistent and flexible. The following quote captures the issue between wanting to satisfy a customer request while also needing to follow a procedure:

> "But like I said, sometimes we can't bend the rules all the way to satisfy [customers] but what this programme actually tells us to do is to find a yes to that no [to not say no to the customer]. ... My staff [also] say, look the service programme actually tells us to do whatever we can to make them happy, but yet there is a procedure and we are not allowed to do a couple of things and so where do we go, so there is a bit of a conflict."

As already referred to previously in the findings, a key issue that HG1 appeared to be facing was the dominance of policy and procedure that had been built up over time within the hotel group. For example:

> "We are slowly recognising and identifying that we are, I think, a company that is very bound up in that paper trail and bureaucracy and we need to shift our focus a little bit. So, I think that's something that we are improving … slowly." (HRM Mary)

5.2.4 Synopsis: Hotel environment

The aforementioned findings provide an overall view of how the hotel environment influences management decision making. From these findings, the following four key goals of the hotel companies can be identified: commercial sustainability, brand reliability and responsiveness, customer satisfaction and connection, and caring for people. Additionally, it is evident that the hotel environment has the following four key characteristics: stakeholder orientation, values orientation, complexity, and paradox. Each of these goals and characteristics are briefly described below and summarised in Table 5-9: Key features of hotel environment.

Key goals of the hotel

Commercial sustainability

It is clear that generating the required level of profitability is a key goal for the hotel groups. The respondents view the return of profit to the hotel owners, hotel group and shareholders (investors) as a fundamental responsibility. The importance of revenue generation and profit conversion was spoken about by all respondents across both hotel groups. While it was indicated that sales and revenue management strategies were important, it was also evident that maintaining or improving productivity and cost management strategies were an ongoing activity. Additionally, the respondents indicated that due to the critical importance of commercial outcomes, some managers appeared to be motivated primarily by profit generation to the detriment of other hotel goals. The respondents also recognised that maintaining profitability was required for the ongoing viability of hotel operations and ultimately employee jobs, which indicates a long-term orientation towards economic sustainability. The findings reveal that both hotel groups follow a growth strategy and therefore maintaining long-term commercial sustainability was important for attracting new hotel management contracts and investors. The overarching values of responsibility and sustainability provide further support to the importance of providing sustainable profits to hotel group investors.

Brand reliability and responsiveness

The findings indicate that brand reliability and responsiveness is a central concern for the hotel groups and respondents. Of particular importance was maintaining trust, consistency and keeping promises within a global and local environment. This included providing customers with a level of hotel brand experience that is consistent and comparable across geographical regions while also representing features of the local culture and responding to the individual needs of customers. Moreover, as the hotels involved in this study were under management contracts, brand reliability also refers to the ability to consistently meet the contractual responsibilities to hotel owners. Maintaining the integrity of the brand was an important consideration for the respondents from both hotel groups. Brand integrity was evident in the hotel groups' focus on risk management where the interests of hotel owner profits and assets, customer safety and satisfaction, and brand reputation were all considerations that influenced decision making.

Customer satisfaction and connection

It is not surprising that an important goal for the hotel groups was to provide customer satisfaction. However, the findings suggest that both hotel groups aimed to meet not only the simple physiological needs of customers but also their more complex psychological needs. The findings indicate that meeting the basic needs of customers and providing customer satisfaction required consistently providing efficient services through well-designed process. However, to differentiate themselves from hotel competitors, both hotel groups sought to make customers feel special by providing customers with meaningful experiences and through the creation of emotional connections. The goal of providing customer satisfaction and connection is closely associated with brand reliability and responsiveness in that hotel groups sought to provide customers with a consistent and efficient level of service yet also meet their individual needs through customised interactions.

Caring for people

Caring for people was generally expressed in relation to caring for customers and caring for colleagues but also included a general care for everyone including the local community. The goal of creating connections expressed in the previous paragraph also extended to creating connections between and within communities, local culture and the global environment. Caring for people was expressed in terms of developing caring relationships, being sensitive to others, and enhancing and developing relationships with people in general. The respondents suggested that people were at “the core” of hotel activities. The overarching values of people, responsibility and innovation further support the inclusion of caring for people as an important goal.

Key characteristics of hotel environment

Stakeholder orientation

When discussing the purpose of hotels, the respondents primarily focused on meeting the interests of four key stakeholder groups: the hotel property owners, the hotel group, the hotel customers and hotel employees. Additionally, there was also evidence that the respondents were concerned with wider stakeholder interests. The hotel group documents also emphasised the importance of stakeholder groups which included the local community and concerns for the natural environment. In this respect, both the respondent narrative and hotel group documents point to a stakeholder orientation where the hotel company and respondents desired to create value for the diverse stakeholder groups associated with the hotels.

Values orientation

For the purpose of this study, values orientation refers to values of principles and standards of expected behaviour (value of principle). Both hotel groups had similar sets of core values that were intended to guide decision making and employee behaviour. The values orientated towards character in Table 5-7: Company and respondent values orientation, include caring and empathy, personal integrity, courage, respect and trust. Leadership is also included as a key value as the leadership characteristics discussed by the respondents and desired by the hotel groups generally referred to desirable character traits (e.g. self-control, social ability). Additionally, brand integrity is included as a values orientation as it inspires employees to act not only with personal integrity but also in a manner that upholds the integrity of the hotel brand (e.g. honouring commitments to customers).

Complexity

The complexity of the hotel environment stems from a range of interrelated factors including the need to achieve global consistency while providing for local difference and personal uniqueness. Moreover, the range of goals and activities undertaken within the hotel context further adds to hotel complexity. It is clear that managers need to maintain tight control over processes through policies and procedures to ensure efficiency and customer satisfaction. However, it is also evident that there needs to be a certain amount of “freedom within the framework” to enable the completion of quality interpersonal interactions. The number and diversity of people involved in interpersonal interactions was viewed by the respondents as a significant contributor to the complex nature of the hotel environment. Moreover, due to the global nature of the travel and tourism industry, complexity also resulted from unpredictability within the long-term, short-term and immediate operating environment.

Table 5-9: Key features of hotel environment

Hotel context	Description
Goals	
• Commercial sustainability	Generating long-term financial returns and profit for investors (hotel group, hotel owners, shareholders)
• Brand reliability and responsiveness	Maintaining trust, consistency and keeping promises within a global and local environment
• Customer satisfaction and connection	Efficient and meaningful delivery of products and services to provide customer satisfaction, experiences and connection
• Caring for people	Generally expressed in relation to caring for customers and caring for colleagues but also includes caring for the community
Characteristics	
• Stakeholder orientated	Creating value for diverse stakeholder groups
• Values orientated	The centrality of hotel values that guide action
• Complexity	Achieving technical and social quality in a global and local market, and in interpersonal exchanges
• Paradox	Imbued with competing goals and interests requiring considered management

Paradox

A number of tensions were identified out of the complementary yet often competing key goals and stakeholder interests (refer to Table 5-9). Hotel group two referred to the need to provide global homogeneity, local heterogeneity and local inimitability as a "paradox of being both consistent yet innovative" and warned that if not managed effectively, the imbalanced and paradoxical nature of the forces can "cause chaos". The findings suggest that this same warning applies to all of the tensions identified within the findings.

5.3 Wise management practice

> "Wisdom […] it's so hard to define but you know it when you see it, I do anyway and I respect it and I listen to it." (GM Kirk)

The findings in the previous section (5.2) indicate that accomplishing the hotel group purpose requires achieving a balance between a complex and often competing set of organisational objectives and values. As one of the aims of this research was to explore what is considered wise management practice, this section of the findings seeks to resolve the issues identified in the previous section by answering the following two research questions:

- How is wise decision-making practice described?
- How do managers balance operational tensions when making decisions?

To achieve the aim and answer the two research questions, the research respondents were asked about their decision-making experiences and perspectives. This line of semi-structured questions was intended to explore what the respondents believed to be the basis and outcomes of wise decision-making. The following questions helped to explore these issues:

- Thinking of someone who you believe is a very good manager within the hotel industry. What do you believe makes them a good manager?
    - What do you believe are the attributes of a good manager?
    - How would you describe a wise manager?
    - What types of characteristics and behaviours do you look for when selecting managers?
- How do you balance the tensions between competing demands within the hotel environment?
    - When making a decision, what process do you use and how do you arrive at a final decision?
    - Thinking back over your hotel career, are there any decisions that you would like to change? Why?

The following questions related to other research questions also helped to inform this section of the findings:

- Thinking about decision making, what experiences have taught you the most?
- As a manager in the hotel industry, what are some of the most difficult decisions you have to make?

The findings from these questions are organised under the two headings “Wise hotel management: the elephant in the room” and “Achieving a balance”. Wise hotel management explores the respondents’ descriptions of a wise manager and reveals the four key attributes: personal and interpersonal competencies, business competencies, excellence of character, and practical intelligence.

Within the section “Achieving a balance”, the findings reveal five patterns of behaviour – balancing interests, attention, information, perspectives, and influence – that have been adopted by the respondents to achieve a balance between the often-competing demands and resulting tensions within the hotel environment. A practical example of how the five patterns of behaviour are evidenced in the management of a crisis is then presented.

5.3.1 Wise hotel management: The elephant in the room

At the end of the interview process, the respondents were asked how they would describe a wise hotel manager. This question was asked towards the end of the interview to help prevent, as much as possible, answers to other research questions being influenced by the respondent’s own description of wisdom. However, it was apparent that a complete and integrated approach to what could be considered wise decision making was not clearly formulated within the minds of each respondent, or at least, if it was formulated, it was not able to be clearly articulated.

While the respondents were familiar with the concept of wisdom, it was apparent from the limited detail in their responses, which included a few comments like “It’s so hard to define, but you know it when you see it” and “Um… God it’s a hard question”, that they found it difficult to describe precisely what they thought the attributes of wisdom were. However, somewhat like the Indian fable of six blind men describing an elephant,[17] each respondent was able to articulate some attributes that they thought a wise manager would display. Examples of the respondents' narratives are presented in Appendix 13.

Although the respondents' definitions of wisdom were varied and sometimes limited, collectively the thematic analysis of respondent responses reveals a list of 22 attributes that contribute towards hotel management wisdom. These emerging attributes further reveal the following four broad themes (key attributes): personal and interpersonal competencies, business competencies, excellence of character, and practical intelligence (refer to Table 5-10).

However, as Table 5-10 indicates, the respondent responses when describing a wise hotel manager show some differences between the two hotel groups. This is not surprising considering the limited detail each respondent was able to provide when directly asked to describe a wise manager. Therefore, each of the attributes was checked against the full respondent narrative to ensure that it represented the views of respondents from both hotel groups. In Table 5-10, the symbol '*' is used to indicate that an attribute was not identified from a respondent's direct descriptions of wise mangers, but rather was evidenced within the general narrative for respondents from that hotel group.

[17] In brief, each blind man could only describe the part of the elephant that they were touching, but after comparing notes they were able to understand what the full elephant was like.

Table 5-10: Emerging attributes of wise hotel management

Central theme	Key attributes	Attributes	HG1	HG2
Balance	Personal and interpersonal competencies	Self-knowledge	*	✓
		Balance	✓	✓
		Collaboration	✓	✓
		Empowering	✓	✓
		Relationship centric	✓	*
		Social intelligence	✓	✓
	Business competencies	Knowledgeable	✓	✓
		Experienced	✓	✓
		Business acumen	✓	*
		Situational awareness	*	✓
		Sees larger context	✓	✓
	Excellence of Character	Engagement	✓	*
		Open minded	✓	✓
		Judgement	✓	✓
		Courage	✓	*
		Business ethics	✓	*
		Guided by values	✓	✓
	Practical Intelligence	Clever	✓	✓
		Creative	✓	*
		Intuition	✓	✓
		Logic	✓	✓
		Foresight	✓	✓

* Is evidenced in the wider respondent narrative for this hotel group.

5.3.1.1 Personal and interpersonal competencies

Attributes coded under personal and interpersonal competencies include self-knowledge, the ability to balance sources of information (e.g. knowledge, intuition and emotions), along with being collaborative, empowering others, and having social intelligence and a relationship-centric approach. While the attributes are listed separately, it is apparent that they are also interrelated; for example, within the context of the respondent narrative, it is apparent that self-knowledge provided the ability to identify and understand emotions, which in turn enabled balanced decision making.

Within the narrative, self-knowledge referred to understanding one's own emotions, feelings, strengths and weaknesses. For example, it is suggested that a wise manager should take "the time to understand what's occurring ... and not [ignore] emotions because they are very important" (RegDir. Simon). The call here to not "ignore emotions" requires an understanding of one's feelings and how they can inform decision making. Inclusion of self-knowledge for HG1 is also supported by the respondent narrative in section 5.4.4.3 Developing self-awareness. Moreover, the above narrative from RegDir Simon suggests that wise managers are able to use emotions to balance the logic of reasoning. Likewise, the following narrative suggests that balancing logic and emotions requires the ability to regulate the use of both emotions and rationality:

> "I think to be level headed in process and decision making, because if you ... are making a decision and you are not over excited ... about it or about the process [and] bring everything into perspective you can then make a wise decision." (GM Channel)

The importance of balance and emotional regulation can also be seen in the following extract where it is evident that decision making driven primarily by emotion without checking or balancing these feelings with the views of others was seen as problematic:

> "The main issues I would think [are] very emotional, narrow-minded views. People not [being] consultative." (RegDir Joe)

Simlarly, the ability to balance policy, procedures and routines with the needs of people is evident in the following narrative:

> "People with the most wisdom in hospitality are people who can take the technical stuff and overlay that [hospitality] over the top of it as well." (RegDir HRM Charles)

The attribute "collaboration" refers to the process of engaging others in the decision-making process by facilitating discussion and obtaining a variety of opinions prior to making a decision. For example:

> "They engage you in the decision making." (DM Harry)
>
> "Collaborative ... getting a lot of input from the crew before making important decisions" (GM Trevor)

The respondents believed that a wise manager is also "empowering" of others by helping them to discover their own solutions (GM Kirk) and providing "freedom for people to grow" (GM Jacob). Two respondents from HG1 highlighted the importance of maintaining close connections with customers and employees; for example, "keeping close to your people and close to your guests" (RegDir Maurice), which is interpreted as being relationship centric. Attributes of relationship centrality were also evident in other respondent narratives where understanding others and being good with people (social intelligence) were considered important attributes of wise management. Social intelligence is also evident within the already identified attribute of collaboration and its inclusion is further supported by the wider respondent narrative where effective managers were described as being able to form connections with people and to work effectively with diverse groups of people, for example:

> "Interested in people, really curious and the ability to form that connection and bond with people." (RegHRM Sophie)
>
> "Able to deal with people ... to be flexible with all sorts of different people" (DM Lilly)

5.3.1.2 Business competencies

The respondents described wise managers as having a number of attributes that can be categorised under business competencies. The theme business competencies refer to the abilities, skills and knowledge required for managing operational concerns of a hotel. Collectively, these include being knowledgeable, experienced and having business acumen. Having an understanding of the situation (situational awareness) and an understanding of the larger context, along with being engaged in hotel activities, were also seen as important attributes of wise managers.

The references to knowledge within the narrative suggest that the respondents were generally referring to explicit and codifiable forms of information. For example, they described the wise manager as "the fountain of all knowledge" (GM Kirk), as "knowledgeable and ... logical" (GM Channel), and as having "enough information behind [them]" (CFO Matthew) along with the ability to "clearly articulate ... the goals of the business" (RegHRM Jess). The importance of having explicit knowledge about business practice is also supported by other references to knowledge within the general narrative. For example, the following narratives suggest that managers need to be knowledgeable about business operations, the general operating environment, and the requirements outlined in laws and policies:

> "...knowledgeable about how to run their business unit..." (RegDirHR Charles)
>
> "...knowledge of what's happening around the world..." (RegGM Maurice)
>
> "...in terms of the policies and processes..." (HR Mary)
>
> "...a reasonably good knowledge of safety, security and crises management..." (GM Ben)

Respondents from both hotel groups associated wisdom with people who had gained significant experience over time. For example:

> "If we talk about wisdom in management, you know that comes from just lots of experience." (RegDirHR Charles)
>
> "Been in the industry for a very long time," (GM Channel)
>
> "[They are able to draw] from past experiences." (FO Agnes)
>
> "Wisdom ... is something that is established over years of experience." (HRM Mila)

As the need for experience was also often referred to in response to many of the questions across the respondent narratives, the role of experience in decision making is further explored in section 5.3.2.5 Balancing Information and section 5.4.4.4 Gaining experience.

Business acumen was identified in HG1 respondent narratives as an important attribute. For example:

> "It's about business and how do you get the best out of business." (RegDir Maurice)
>
> "Business acumen ... that's a core, a bigger focus than ever." (GM Tom)

However, it is interesting to note that when directly discussing wise managers, business acumen was not focused on by respondents from HG2. Nevertheless, the findings presented in section 5.2.1.1 The importance of profit, suggest that the respondents from HG2 also recognised the importance of business acumen for decision making. For example:

> "There's definitely a responsibility to our owners to deliver financial results and be a profitable business and not just make a lot of money but controlling the costs within making that money as well, so there's the best possible return." (HRM Chris)

Situational awareness was mentioned within the context of tailoring responses to the particulars of the situation; for example, "They wouldn't always make the same decision for a similar type situation" (RegSM Bob). Having the ability to see the larger context in the sense of having a "global approach" (RegHRM Sophie) or seeing what you are "trying to do ... in the long term" (GM Ben) was mentioned by respondents from both hotel groups. The attribute "engagement" was identified within the narrative as "somebody who is involved in the business" (RegHRM Sophie), which is interpreted within the context of the narrative as a manager who is actively involved in the daily operations of the hotel and has an overall perspective of the activities and issues at hand. Moreover, there is also evidence to suggest that being engaged with organisational issues and involved with people within the business is an important attribute of wise management for HG2. This is clearly evident in the following narrative from RegDir Simon, who highlighted issues with a manager who was not engaged in the realities of the organisation:

> "I mean this person is removed from the freaking organisation, is not engaged with what our culture is, and he's in a very big role, is not connected and is causing untold damage." (RegDir Simon)

While there was some difference between HG1 and HG2 respondent focus – for example, HG1 indicated a stronger focus on business acumen – overall, the respondents indicated that wise managers need to know the hotel business and be in touch with what is occurring at an operational level while keeping in mind the overall purpose of the hotel. The wise manager is able to use their knowledge and experience to lead and support a team to successfully achieve operational goals.

5.3.1.3 Character

This section identifies character traits that were evident within the respondents' descriptions of a wise manager. However, it also extends the analysis to include an investigation of character strengths identified within the full transcript for each respondent (refer to Appendix 14). The findings from this analysis are presented in Table 5-11.

The character traits of open mindedness, judgement and courage, along with references to ethics and being guided by values, were identified within the respondents' descriptions of a wise manager. Being open minded was explicitly mentioned in the following narrative:

> "Open minded. […] They facilitate a discussion and are really open to coming up with the best solution." (HRM Chris)

Moreover, within the context of being open to different points of view and willing to learning from others, being open minded was commonly referred to across both hotel groups. For example:

> "...listen for various views before they make a decision..." (CFO Matthew)
>
> "They will ask for input if they're making decisions." (DM Harry)
>
> "...evaluates more than one point of view before making a decision." (RegSM Bob)
>
> "...before making important decisions ... seeing the whole picture from the different angles." (GM Trevor)

Being able to make good judgements was included as character trait as it is closely associated with being open minded. This is evident in the aforementioned respondent narratives where listening to different perspectives requires a judgement to be made prior to making a decision. As HRM Chris inferred, making a judgement is necessary if “the best solution ... for everybody concerned” is to be achieved. The need for managers to be able to make wise judgements and ultimately balanced decisions was a trait common to both hotel groups, which is also supported within the analysis of the wider respondent narratives.

The character trait courage can be identified within HG1’s respondent narrative within the context of having the courage to take action when required and in taking ownership of mistakes. For example:

> “...not afraid to ask questions, sound wrong, say I’m sorry, make mistakes and say hey I [messed] up.” (CFO Matthew)

However, while “courage” was not apparent within HG2’s respondent description of a wise hotel manager, the respondents from HG2 did highlight the importance of these attributes at other times in their transcripts. For example:

> “I’d say a really open conversation.” (RegHRM Jess)
>
> “..,taking ownership or owning your mistake...” (HRM Mila)

The respondents’ reference to ethics and values are included under character traits as they reflect the general values of the hotel organisations,[18] which is in turn echoed by the respondents. At a strategic level, the importance of ethics is evident within the selection of hotel group business partnerships. For example:

> “We like to be in business with legitimate people that have got the right morality.” (RegDir Maurice)

In talking about being “in business with legitimate people”, the respondent was referring to partnerships between the hotel group and hotel owners. Inferred here is

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[18] In many cases the term “values” as used by the hotel groups and respondents denotes character strengths

the need for a number of character strengths and values including, for instance, judgement in the selection of partners, courage to turn away from a potential management contract, and the integrity required to do what is believed to be the right thing. Similarly, respondents from both hotel groups explicitly mentioned being guided by company values when describing a wise manager. For example:

> "...connection with the values of the organisation and the company ... the values are important." (RegHRM Sophie)
>
> "Wise decision making is driven by ... the company values and our culture. Are we here to make a quick buck? […] or are we here to [position] ourselves as a trusted, reliable brand and a partner for the future ... in the way we interact with clients?" (RegSM Bob)

Interestingly, within Bob's narrative the values (and goals) of trust and reliability are linked to the goal of long-term economic sustainability, which is evident in the question "Are we in it to make a quick buck?" This sustainable view of business built on trust is also evident in the desire to "be in business with legitimate people" noted above. However, perhaps more importantly, the narratives indicate that both sets of company values are worthy of adopting and that they influence management thinking. (For further findings concerning the influence of values, refer to section 5.4.3.2) Building on the character strengths identified within the respondents' description of a wise manager, Table 5-11 below provides a list of 34 character strengths identified from across the respondent narratives. As indicated by the shading, 20 character strengths were shared by respondents from both hotel groups.

The identified character traits point to the overall importance of employee character within hotel management. Although it is not within the scope of this study to provide a statistical analysis of character strengths, Table 5-11 does identify the hotel group the character trait was evidenced within.

Table 5-11: Respondent character strengths

Themes	HG1	HG2
Accountability		✓
Authenticity		✓
Balance	✓	✓
Big-picture thinking	✓	
Care	✓	✓
Collaboration	✓	✓
Courage	✓	✓
Creativity	✓	✓
Curiosity	✓	
Dependability	✓	✓
Empathy	✓	✓
Empowering	✓	✓
Equity	✓	
Fairness	✓	✓
Future orientation	✓	✓
Honesty	✓	✓
Humanity	✓	✓
Humility		✓
Integrity	✓	✓
Judgement	✓	✓
Kindness	✓	✓
Knowledgeable	✓	✓
Open minded	✓	✓
Relationship centric	✓	
Respect	✓	
Responsibility	✓	
Self-knowledge	✓	✓
Situational awareness		✓
Social intelligence	✓	✓
Teamwork	✓	✓
Transcendence		✓
Transparency	✓	
Trust	✓	
Vision		✓

Note: shading indicates character strengths shared by respondents from both hotel groups

5.3.1.4 Practical intelligence

Being clever, creative, intuitive and having foresight and logic was classified under the theme practical intelligence as these attributes suggest a cognitive ability to sort, synthesise and balance relevant information for use. Being clever is explicitly stated within the narratives “They have to be clever” (HRM Mila) and “You have to be commercially, ... quite clever or astute” (GM Peter). Creativity is also evident in the belief that wise managers need to be “innovative” in the “ways of getting more business [and] looking after staff” (GM Peter). These attributes are further supported by a wider search of the respondent narrative where it is apparent that being clever and creative is an important attribute for both hotel groups. Moreover, the respondent narrative suggests that the attributes clever and creative are closely associated with each other in the context used by the respondents. This is evident in the following narratives where the respondents’ reference to creativity also implies being clever. For example:

> “You have to be creative in finding ways, not necessarily to cut costs, but to be, improve your efficiency in how you do things.” (GM Jacob)
>
> “...trying to be a little bit more creative ... to think about how can you make this work.” (HRM Mary)
>
> “We came up with the most creative amazing ideas ... We try to be as creative as we possibly can.” (GM Kirk)

The use of intuition as an attribute was referenced as being closely associated with wisdom and required, as one respondent stated, in balancing “technical things” with “be[ing] able to feel your way through the industry” (RegDirHR Charles). Likewise, RegDir Simon indicated that it was best not to ignore “emotions because they [were] very important” as a source of information. Intuition was also seen as working with other sources of information such as data to help make balanced decisions. For example:

> “...making [decisions] with some intuition as well, ... But I think unless you look at the data, going on basic intuition itself is not wise. Sometimes the data tells you the logical thing is to do, but every bone in your body tells you I don’t think this will work.” (CFO Matthew)

The use of intuition in decision making was referred to across many of the respondent narratives and is therefore explored in more detail under the topic of balancing information in section 5.3.2.5.

The attribute of having foresight is clearly evident in the statements "They know the effects of what they are going to say and do, what's going to happen in the future" (DM Bruce), "They see around corners" (GM Kirk), they read "things before they happen" (HRM Cassandra) and "They have to think ahead" (HRM Mila). Logic was referred to within the context of having an analytical approach to decision making and not making biased decisions. For example:

> "...be knowledgeable and have a logical approach." (GM Channel)
>
> "...not making decisions based on your personal assumptions." (HRM Mila)

The 22 attributes identified as emerging attributes of wise hotel management (Table 5-10) provide the respondents' perspective of a wise hotel manager and reveal the four key attributes of personal and interpersonal competencies, business competencies, excellence of character, and practical intelligence. Moreover, much of the respondents' discussion of wise management and the associated attributes suggest that wise managers are able to make balanced decisions. The following section (5.3.2) thus explores the antecedents of balanced decision making and the associated attributes in more detail.

5.3.2 Achieving a balance

> "Where there is a balance it works well." (RegDirHR Charles)

Balancing the identified operational tensions was viewed by the respondents as a very important activity. As the regional director for HG2 suggests in the following transcript, people who can achieve a balance are able to meet the needs of all stakeholders:

> "Balanced people understand and are sensitive to the different needs of people. They balance the needs of colleagues and customers while striving to meet business objectives." (RegDir Joe)

This section presents an analysis of the respondent findings concerning how balanced decision making is achieved. The section begins with a summary of the analysed findings for balanced decision making as set out in Table 5-12. The table provides examples of indicative respondent narratives along with the interpreted meanings extracted from the narratives and the corresponding pattern of behaviour that was identified. Following this summary, an in-depth analysis is provided of each identified pattern of behaviour including balancing of interests, attention, information, perspectives and influence.

Table 5-12: Achieving management balance

Narrative examples	Interpreted meanings: Balancing –	Pattern of behaviour
"...keep all the stakeholders' best interests in mind."	All stakeholders Guests Employees Owners Brand/Business	**Balancing Interests** Acting in the interest of all stakeholders
"...people who can take the technical stuff and overlay [hospitality] over the top of it as well."	Procedure/experiences Transactions/Interactions Function/feelings	**Balancing Attention** Paying attention to technical and social quality
"If you haven't looked at the data and went with [intuition], I think that is the risk. So, it's making informed decisions."	Evidence Experience Intuition	**Balancing Information** Use information from a range of diverse sources
"...we need to balance those people with someone else in the department […] a thinker, a doer […] a relationship guy in the middle."	Different personalities Different approaches Cultural differences	**Balancing Perspectives** View issues from a variety of perspectives
"...a fine line between ... how much pressure we exert on corporately as to how much we give the hotels free will to run their business."	Centralised/decentralised Formal/informal control Control/freedom	**Balancing Influence** Apportion influence appropriate to the particulars of the environment

5.3.2.1 Balancing interests

The importance of balancing the interests of various stakeholders was discussed by all of the respondents across both hotel groups. While the respondent narratives point to a general concern for all stakeholders, mostly the respondents referred to customer, employee, owner, revenue/profit and/or business interests. Two respondents also referred to "people" which as one respondent suggested "applies to anybody that you come into contact with". The effect of decisions on multiple stakeholders is also captured by one GM who stated that "a successful decision" is seen as "win-win or a neutral outcome" whereas a poor decision has "a detrimental effect on the hundred stakeholders that might be involved in that process or the outcome".

The focus on both key stakeholder and wider stakeholder interests is also evident within the hotel groups' documents. For example, in their *2014 Annual Report*, HG1 identify their main stakeholders as "employees, guests, financial and business partners, suppliers and host communities", but also emphasise a commitment to wider stakeholder groups through their commitment to "maintaining ongoing, constructive dialogue about employee rights and benefits with employee representative organizations." HG2 also engaged with wider stakeholder groups, which include academic institutions, NGOs, government and community organisations and "Shared Value Initiative[s]". HG2 see their hotels as a:

> ...central part of its community, from creating jobs and stimulating local economic opportunities, ... creating sustainable value for our brands, business and stakeholders, as well as addressing social and environmental challenges. (HG2 *2014 Annual Report*)

Respondent responses within HG2 also included the hotel "brand" as an important concern for decision making. Brand, within the context of HG2, refers to the "the brand's *êthos* and reputation (HG2 *2013 Annual Report*), which is interpreted as the brand's specific characteristics along with the experiences and promises that it makes to its customers. Two respondents from HG2 also spoke of being a responsible business (labelled CSR) as a factor in decision making. Another perspective was provided by RegHRM Jess who discussed taking into account the interests of the business, teams and individuals. This perspective places an emphasis on balancing the needs of the business (e.g. operational and financial) with the needs of a collective group (e.g. restaurant service team or housekeepers) and the needs of an individual who may have a specific need (e.g. roster change or training). Table 5-13 is a summary of stakeholders and areas of interest discussed by the respondents.

Table 5-13: Balancing stakeholder interests

Areas and interests	HG1	HG2
All stakeholders	✓	
Suppliers	✓	
Customers	✓	✓
Employees	✓	✓
Business	✓	✓
Owners	✓	✓
People	✓	✓
Revenue/Profit	✓	✓
Brand		✓
Business, team, individual		✓
Corporate social responsibility		✓

Note: shading indicates areas and interests noted by respondents from both hotel groups. Examples of the respondent narrative and interpreted meaning are available in Appendix 15.

However, overall the findings reveal that the needs of four key stakeholders – customers, employees, owners and brand – are central to the sustainable success of both hotel companies. The importance of these four key stakeholders is illustrated by RegDir Joe who stated:

> “We say there is a table, four legs on a table. I’ve got my guests here, I’ve got my people, my staff ... here and my owners here and I’ve got my brand on the other side. And if one leg is shorter than the other it’s not going to work, the table will wobble. The balance is out. And I think where it goes wrong is where I had people who just focus too much on one of the legs, one of those areas, and just don’t have the balance for the entire business.”

The metaphor of the four-legged table indicates that all key stakeholders – guests, employees, owners and brand – are fundamental for a successful hotel operation with each requiring considered management attention. It is suggested here that if one or more stakeholders are neglected, then management issues can arise. The inference is that the entire business needs to be in balance, a view that is also supported by RegHRM Sophie who stated that the focus needs to be “a true global approach” where there is “development across all areas”. Moreover, RegDir Simon also suggested that balancing guests, employees, owners and brand provides an “ongoing ability to be commercially viable” and is a “sustainable view” of management.

5.3.2.2 Balancing attention

Many of the tensions identified in section 5.2.3 highlighted the need to find a balance between maintaining efficient hotel procedures versus meaningful customer experiences, business transactions versus personal interactions, and completing operational functions while also recognising people’s feelings. As GM Channel pointed out, it is a case of “looking after people as individuals rather than processing”.

The need to focus on both technical and social quality is highlighted within the transcripts and documents of both hotel companies. The concern for looking after people rather than merely processing people is also captured by RegDir Maurice, who, when asked about the potential tension between managing a business and providing hospitality responded:

> “I wouldn’t say tension. I’d say [it] can be a disconnection as well, not from the functions that are involved in bringing business to our hotels and training our people, but from functions that ... can be mechanical ... A number on a page ... means something different to you if you saw the person ... rather than something on a page”

The narrative recognises that technical and/or procedural (mechanical) functions can cause employees to become disconnected from the people who the procedures are designed to help.

While discussing tensions between managing the business and providing hospitality, RegDirHR Charles provided an interesting view of how strategic planning meetings are conducted at the hotel group international office. He stated:

> "We spent an extraordinary amount of time understanding what people would feel about the brand ... So talking about [the] brand, we quite often start thinking about what [it] is to people, [from] a feeling point of view, what it is, what it gives, what it means, what's the symbol of it, what sort of hospitality does it symbolise. ... This is before you go anywhere near the figures that show you the loss of business [or] what percentage of people do that. That comes later. It always starts off with a bit of a journey getting into it."

The structure of these meetings indicates that discussions start with taking time to remember the purpose of the brand, the values it represents and how they want people to interact with and feel about the brand. It is only after focusing on these desired goals that the details of more technical issues are discussed. As the following excerpt reveals, balancing technical and social quality is viewed in this context as wise management:

> "And the great hoteliers, or the people with the most wisdom in hospitality, are people who can take the technical stuff and overlay [hospitality – connection with people] over the top of it as well." (RegDirHR Charles)

5.3.2.3 Balancing influence

To enable the effective management of diverse and unpredictable environments, the respondents spoke of the need for achieving a balance between centralised control and decentralised control, and a balance between formal and informal control mechanisms. For example, RegDirHR Charles suggested, there is "a fine line between how much pressure we exert on corporately as to how much we give the hotels free will to run their business".

The need for centralised control (e.g. corporate brand standards) and formal control measures (e.g. policy and procedure) was acknowledged by both hotel groups as these measures provided consistency across the hotel brand, knowledge of compliance requirements (e.g. health and safety) and reassurance to employees that they were doing the right thing. At the same time, the need for decentralised and informal control measures was also acknowledged as this enabled adaptation to the local environment and the freedom to personalise service interactions and respond to stakeholder needs. The findings here are closely related to the information presented in section 5.2.1.2.

The respondents indicated that finding a balance over levels of influence required apportioning influence appropriate to the particulars of the environment. For example:

> "You have the freedom to be the leader that you want to be, but when things happen, […] you have to follow policy. And that makes sense, and that gives you security in what you're doing as well. So it hasn't taken away from our ability to make creative decisions, it actually gives you confidence to make the right decisions." (GM Kirk)

This suggests that balancing influence includes providing enough control to achieve brand consistency and compliance with enough freedom to allow personalised service and individual care, and supporting employees with efficient systems while allowing creative responses to situations. To help achieve this balance, when discussing management training, RegHRM Sophie stated that a lot of time is spent on "helping people to [understand] that there isn't just one way to be a manager or one way to be a leader, it's about understanding yourself and the ability to be flexible".

5.3.2.4 Balancing perspectives

When not needing to make quick decisions, the respondents highlighted the importance of consulting others to gain different perspectives. Consultation included seeking input and advice from other employees, trusted advisors, experienced managers and others with expert knowledge.

The respondents indicated that it was good practice to carry out consultation whenever possible and that they respected others who demonstrated consultative management practice. Consultation was seen to help overcome bias in decision making by obtaining the views of others with different personality types, or by balancing different approaches to decision making. For example, when discussing general managers meetings, CFO Matthew stated:

> "We want to make sure that when we have a discussion we invite someone on the other [MBTI] spectrum to speak their mind.[19] So we get a very balanced approach."

Recognising that his approach to decision making was "intuitive and conceptual", RegDir Simon spoke of the need to gain an alternative view by having "sitting right beside me the hardest financial guy we've got, somebody who will quantitatively pin me to the floor".

The other benefits of consultation discussed by the respondents were alleviating potential business risk through gaining expert advice, obtaining a broader view of potential consequences from experienced practitioners, and improving effectiveness by getting practical advice from staff implementing the change. Generally, consultation was viewed as beneficial as it provided access to broader sources of information and enabled decision makers to check their thinking process. Further examples of respondent narratives and interpreted meanings are available in Appendix 16.

5.3.2.5 Balancing information

As this research aims to understand the process managers follow to balance tensions when making value-based decisions, the findings here focus on decisions that relate to balancing the tensions identified in Table 5-8: Hotel environment tensions.

The respondents generally spoke of using a mix of intuition, experience and/or evidence as the basis for their decision making. Additionally, it was also evident that decisions were informed by a number of associated information sources. The three categories of information, intuition, and experience and evidence, along with their associated information sources and examples of each source, are shown in Table 5-14.

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[19] Myers-Briggs Type Indicator (MBTI) personality inventory test.

Table 5-14: Decision-making themes and sources of information

Themes	Information	
	Source	**Examples**
Intuition	Tacit knowledge	Habituated knowledge
	Feelings	Empathy
	Values	Internalised values (e.g. justice)
Experience	Experience	Developed skills
	Explicit knowledge	Technical knowledge
	Dialogue and consultation	Colleagues, working groups
	Internal advisors	Corporate office, HR managers
	External advisors	Legal counsel, consultants
Evidence	Organisation purpose and goals	Brand standards
	Research and data	Marketing reports, surveys
	Financial statements	Profit and loss statements
	Policy	Codes of conduct
	Guidelines	Customer service
	Procedures	Reservation process
	Test and tools	Recruitment tests
	Regulations	Law (e.g. employment contracts)

Note: Refer to Appendix 17 for examples of respondent narratives.

The role of intuition

Intuition was seen as an important contributor to the decision-making process by many of the respondents as it informed interpersonal interactions and also provided relevant and sometimes compelling information. The following themes are evident within the respondent narratives (refer to Appendix 18) concerning the use of intuition in decision making:

- Importance of intuition
- Difficult to define
- Associated with feelings, values and tacit knowledge
- Emotions can be problematic
- Supported by a framework
- Importance of context
- Swiftness of decisions.

Importance of intuition

The use of intuition was accepted by all respondents as an important contributor to hotel decision making. For example, it was suggested that managers who have developed the ability to "feel" their way through the complexities of the hotel environment should be provided with "lots of scope and freedom" to practice intuitive decision making (RegDirHR Charles). Moreover, when discussing issues with leadership styles, RegHRM Sophie suggested that too much "decision making based on data and less on intuition" could potentially lead to problems. The narratives reveal that varying levels of intuition were used in a variety of contexts and at all levels of decision making. However, intuition was viewed as particularly important for effective interpersonal interactions. For example:

> "What's making that experience now is that intuitive service that we have." (RegDirHR Charles)
>
> "I think in my space it's more of the intuitive..." (RegHRM Sophie)

Within interpersonal interactions, such as customer service, the term intuition was often used to describe the process of interpreting a situation through feelings. For example:

> "[T]hey gather their information through intuition, they can feel a situation where a guest is not right. Their whole decision-making process is a feeling decision-making process." (RegDirHR Charles)

Moreover, as Charles further explained, being hospitable is seen as a trait that "comes from within", which enables the "principles of human interaction" to be engaged.

Difficult to define

While the respondents referred to intuitive decision making, they often found it difficult to explain the source of information that was used for decision making. For example, the following narratives refer to the use of instinct and knowing the right way forward but not knowing how it is known:

> "[Y]ou instinctively make decisions. It's hard to even put your finger on it." (RegDir Maurice)
>
> "But those sorts of things, they're very hard to prove; you know you know, but how do you know you know? It's that gut sort of thing a lot of the time." (RegHRM Sophie)
>
> "I'm not really sure how intuitive it really is. Sometimes maybe we think it is intuitive..." (RegDir Joe)

Associated with values, feelings and tacit knowledge

While the respondents used terms like instinct, gut and emotions to describe intuitive processes, it is apparent that the respondents' intuition was generally associated with values, feelings and tacit knowledge gained from experience. For example, GM Kirk spoke of a situation where he "didn't feel comfortable in decisions that were being made" indicating that his internal values were guiding his feelings. Likewise, the following narratives highlight the process of recognising and acknowledging values that inform decisions:

> "When I am involved in activities that maybe go against my own personal brand or behaviours or style, that's definitely something that I immediately become aware of." (RegHRM Jess)
>
> "[Y]ou absolutely need to become comfortable with who you are, trust that value base system and listen to it." (RegDir Simon)

Simon also discussed how, when visiting a hotel, he could "sense ... there's something not right" and explained how he has learnt to recognise when his values conflict with what is happening within the hotel. As he stated:

> "Now I slow down and I think okay what's occurring, ... taking the time to understand what's occurring before me, and ... not parking off from my

> emotions because they are very important, they inform me of a lot." (RegDir Simon)

It is evident here that Simon is able to take account of the nuances and particulars of the situation. He acknowledges the relevance of his feelings and emotions as an important source of information that can be analysed and used to inform decisions. An extended version of Simon's narrative analysis is in Appendix 8.

While feelings and values were closely associated with intuitive decision making, it was also apparent that intuition involves tacit knowledge. This is evident in RegDir Joe's narrative where he referred to experience and evidence informing intuition (refer to Appendix 9 for an extended version of Joe's narrative). Joe also suggested that the ideas and feelings gained from intuition are compared to knowledge gained through experience and the organisational framework, which indicates that there is a process of checking and balancing intuitive feelings against more rational forms of information. For example:

> "What evidence do I have to support my gut feel? ... There's still a check and balance that you do." (RegDir Joe)

Ultimately, Joe concluded that intuition is a subconscious process informed by experience and habituated tacit knowledge:

> "After a while you start thinking in a certain way [and] it becomes intuitive, but really, subconsciously it is influenced by that whole framework." (RegDir Joe)

Emotions

It was also apparent that emotions can be problematic as they can impair rather than inform the decision-making process. For example, as the following narrative shows, personal emotions need to be understood and controlled to enable informed and rational decision making:

> "I think in those situations you've got to remain emotionally removed, and yet you can't ignore their emotion." (HRM Cassandra)

Likewise, in the following extract, RegDir Marcus recognised that he could "emotionally get carried away in the moment" and therefore relied on others to help bring a balance to his thinking. The need to balance emotions with other sources of information is also highlighted in the following narratives where the respondents indicate issues with not remaining open to other views and being excessively influenced by emotions:

> "The main issues [is] very emotional, narrow-minded views." (RegDir Joe)

> "...to make sure that there weren't any elements that we may have got caught up in [like being] emotional rather than factual." (RegHRM Jess)

Supported by a framework

The importance of working within a framework and checking intuitive information against other sources of information is evident in the following narratives where the respondents recognise that intuition works alongside and is moderated by policy, technical information, data and evidence provided by others:

> "So, I would say there's a huge balance between the policies that really give us that foundation and … intuitive decision making." (RegHRM Jess)

> "...balance those technical ... capabilities with, to be able to feel your way through the industry." (RegDirHR Charles)

> "...having an understanding of the data that you have available to you and making it with some intuition as well." (CFO Matthew)

Importance of context

Within the respondents' descriptions of the hotel environment and decision making, it is evident that the type of decision being made and the context of the situation influences the emphasis placed on intuitive decision making. This can be seen in the following transcripts where it is suggested the use of intuition is particularly relevant in ambiguous and unique situations and when rules are unable to cover all eventualities:

> “There’s elements that come up both with our employees and our guests that you can never have a policy [for] because the situation is so unique.” (RegHRM Jess)

Moreover, the narratives suggest that at times intuition was used as either the primary or deciding source of information. For example:

> “[I]t’s not necessarily all scientific. Sometimes it’s gut.” (GM Jacob)
>
> “I’m going to ignore the data because I feel this is probably the way to go/” (CFO Matthew)

The respondents generally referred to the use of intuition in enabling quick decision making. For example:

> “...decisions were made quite quickly, where many of those decisions were made from intuition and experience rather than data.” (RegHRM Sophie)

However, the following narrative reveals that in some instances, but especially when under pressure, it is important not to make emotional decisions, but, rather, to take time to listen to intuition:

> “[Y]ou allow the business, […] the sheer weight of what’s occurring to influence you, […] that causes you to make a more emotive decision [when] you should have slowed down […], slept a couple more nights on and gone, don’t know, there’s something funny there...” (RegDir Simon)

Additionally, a number of respondents discussed how, when deliberating about decisions, they felt compelled to follow their intuition rather than other forms of evidence. For example:

> “If I get to a point where I still can’t make the decision, I’ll go with gut feel.” (GM Jacob)
>
> “Sometimes the data tells you the logical thing is to do this, but every bone in your body tells you I don’t think this will work, so you try the other thing.” (CFO Matthew)

The role of experience

The role of experience in hotel decision making was viewed as essential by all respondents. This was highlighted by Jess (Regional HRM) who, while discussing the ability to make decisions based on following policy versus personal judgement, stated:

> "What you can obtain through experience, to be able to make those kinds of decision is ultimately where we're all working towards."

Being able to draw from experience was especially important from an operational perspective as it enabled quick decisions to be made during interpersonal interactions. Moreover, the respondents discussed the need for breadth of experience; for example, a wide variety of experiences working in different hotels and cultures, along with depth of experience and knowledge gained over time. When time allowed, the respondents also spoke of drawing from the experience of others through dialogue and consultation. For example, information held by others includes advice from internal advisors:

> "We have a risk manager for the region who gives us advice, what you should do next." (DM William)

and advice from external advisors:

> "[T]hird party advice which no matter whether we feel confident in a situation or the outcome or not we'll always consult third party. ... we may have got caught up in that we were emotional rather than factual." (RegHRM Jess)

and requires practice:

> "[intuition] evolves more effectively as you become more experienced." (GM Tom)

The role of evidence

> "You have to learn not to make a snap decision, you have to be informed." (GM Kirk)

While respondents spoke of needing experience to deal quickly and confidently with the many different issues that arose on a daily basis, with less urgent issues all respondents recognised the importance of evidence in decision making. For the purpose of these findings, the category "evidence" includes information sources external to the decision maker which can be described as information sourced from documents and/or obtained by research. Examples of information obtained from documents ranged from government regulations, such as employment contracts, through to guidelines; for example, RegDir Joe explained: "You are supported by a fairly clear framework ... to check whether or not [it] is the right thing to do". The respondents also spoke of using data in decision making while also referring to research undertaken by the hotel company. For example:

> "It's really collecting the data and getting to the root of the problem and not being too quick maybe to jump in and try and solve it, but really understanding it." (GM Trevor)

Many of the respondents indicated that evidence in its various forms provided them with a sense of confidence in the decisions they were making; as one respondent stated, "It does tell us what is important to the guest, not what we think is important to the guest" (RegSM Bob). Nevertheless, the use of data and research in decision making was often referred to as being a fairly recent undertaking. Moreover, some respondents believed that evidence-based decision making could be implemented more often. For example:

> "[D]ecisions were made pretty quickly without a lot of analysis or thinking things through or looking at options; sort of, right let's move onto the next thing, we'll do this and move on and that's probably something that is replicated at different levels through the organisation as well" (Anonymous)[20]

> "As an industry we're really poor at making decision with using data. We don't analyse." (Anonymous)

The interplay of intuition, experience and evidence

Many of the respondents spoke of using a combination of intuition, experience and/or evidence so that their decisions were informed by more than one category of information. Moreover, it was apparent that different combinations of categories are

[20] The respondent's pseudonym is not used to ensure anonymity.

more relevant to some situations than others. For example, when discussing human interactions, one respondent indicated that "operating policy and procedures" provide a "foundation" to "guide" interactions with and between employees and guest, but as each "situation is so unique", it requires a "level of intuitive decision making". Furthermore, CFO Matthew suggested that wise managers use both data and intuition to make informed decisions but know when to place more emphasis on feelings rather than data. As Matthew explained, at times the data may point to a logical answer, but it may not be the best decision. Conversely, one GM recalled carrying out restructuring within a hotel that required making employees redundant. In this situation, they thought that following employment law and procedure became more important than allowing intuitive feelings to dominate interactions and decisions, even though they were "still impacting somebody's life". Overall, the respondent narratives point to three broad types of situations, of which each emphasise a different information category (evidence, experience and/or intuition), as depicted in Table 5-15.

Table 5-15: Situational balancing of information

Environment	**Example**	**Information source**		**Narrative example**
		Emphasis	**Moderator**	
Social	Unique interpersonal interactions	Intuition and experience	Evidence	"[T]here's elements that come up both with our employees and our guests that you can never have a policy [for] because the situation is so unique." (RegHRM Jess)
Operating	Maintaining procedural efficiency	Evidence and experience	Intuition	"You make decisions every day, some, you instinctively make decisions. It's hard to even put your finger on it." (RegDir Maurice)
Regulatory	Complying with legal and company requirements	Evidence	Intuition and experience	"...the areas where we have risk such as hygiene, health, safety, well you can't breach that." (GM Tom)

Note: Refer to Appendix 19 for further examples of respondent narratives.

When discussing situations that involved the social environment (e.g. unique interpersonal interactions), the respondents emphasised the importance of both intuition and experience in decision making, while also stressing that policy and procedure (evidence) help to inform and moderate their decisions. Within the general operating environment, where procedure and technique provide efficient and accurate production, the respondents spoke of making decisions based on experience and available evidence moderated by intuition. On the other hand, the respondents also indicated situations where regulations (e.g. legal requirements and/or company policy) directed decision outcomes. In these instances, evidence was relied on while intuition and experience moderated how decisions were implemented and enacted.

Overall, as the following narrative suggests, hotel decision making requires knowing the right thing to do in the circumstances:

> "So, it's about being able to maintain that quality and still have standards and still meet audit requirements and all that sort of thing and over the top layering the ability to be flexible and to make good decisions and to understand what the right thing to do is." (GM Channel)

As the following narrative indicates, being out of balance and focusing on one area of the business was viewed as problematic:

> "We've got general managers that get how to run a commercial business but don't get how to run the people bit. And fall over themselves because they're ... so busy looking at the hard line bit of it." (RegDirHR Charles)

5.3.3 Balanced hotel management in practice

The following account provides a summary of a story told by an interview respondent who was the general manager of a hotel located in Japan during the 2011 Japanese earthquake and tsunami. A full account of the story, as told by GM Ben, is in Appendix 10. The story provides practical examples of how the previously discussed attributes of balancing interests, attention, information, perspective and influence were evident during the management of the crisis.

Synopsis of Ben's story

On 11 March 2011, a magnitude 9.0 earthquake struck 130 kilometres off the coast of north-eastern Japan. Approximately 30 minutes after the earthquake, a 10-metre high tsunami devastated the Japanese coast.

Key events of the crisis	Basis of decisions
When the earthquake struck the hotel was evacuated, as Ben stated, "**the big decisions are procedure driven** … we've already predetermined that … so that sort of stuff's **quite easy**." After evacuating the hotel, the guests and staff were **left standing outside in the cold and snow**. The earthquakes continued, but had calmed down	**Balancing influence** At this point decisions are influenced by centralised, formal control measures (e.g., policy, procedure and practiced routine) Influence shifts to hotel management team as decisions are influenced by the particulars of the situation
The **management team made a decision** to bring everyone back into the hotel ballroom and offered them food from a scheduled wedding that was now not going to take place.	**Balancing perspectives** Management team discuss the next course of action
Guest rooms were inspected to determine if they were safe for guests to use. There was only emergency hotel power. The **only information available came from television news** reports. The phones, internet and mobile phone networks were not working which left the hotel isolated from external support.	**Balancing information** Evidence is collected for decision making
Initial concerns were focused on **looking after guests and employees**. Concerns then shifted to include employee families and a decision was made to **send employees out** to check on the employee families and then **report back to everyone**.	**Balancing attention** Attention is focused on the concerns of guests, employees and families
As a result of the tsunami, the Fukushima nuclear power station (approximately 150km away) partially melts down releasing radiation in the air. **Some information was received from the government** concerning radiation. The **management team had some conversations** about the radiation but determine there is little immediate threat excepting that food and water need to be sourced from further away.	**Balancing perspectives and information** Decisions made based on available information & discussion
After safety concerns where dealt with **concerns then turned to business** continuity and how to move the business forward.	**Balancing interests** Attentions shifts to business interests

As Ben (the GM of the hotel at the time) points out, formal control mechanisms have limitations, after which the individual or team are required to make decisions based on the particulars of the environment:

> "[T]he initial procedure to do everything is predetermined, and then the after-care in many respects is non-predetermined because that's all very flexible depending on the scope of the problem." (GM Ben)

5.3.4 Synopsis: Hotel wisdom

The findings in this section present what the managers thought were attributes of wise mangers. From the findings, it was determined that wise managers have developed personal, interpersonal and business competencies along with character traits that include being open minded, guided by values and acting for the common good. Finally, it was suggested that wise managers require practical intelligence. Practical intelligence encompassed the ability to synthesise complex information, be creative in finding solutions, use intelligent intuition to draw from tacit knowledge, feelings and emotions, and have the foresight to see the consequences of decisions.

Moreover, taken collectively, the respondent narratives reveal that to accomplish the purpose of the hotel and balance the complex and often competing sets of organisational objectives, managers engaged in a combination of the following behaviours: they weigh up and balance the interest of all stakeholders; they pay attention to both technical and social quality so that the systems and processes integrate with the needs of people; and they not only use information from a range of diverse sources, including intuition, experience and evidence, but also know when and how to apply the correct combination of information at the right time. Additionally, wise managers are able to view issues from a variety of viewpoints to balance perspectives. They are also able to find a balance between areas of influence to enable the appropriate levels of control and freedom to be implemented according to the particulars of the environment.

The following section of the findings explores how hotel organisations are developing or obstructing the development of management wisdom.

5.4 Developing wisdom

> "To create great leaders, we need to teach them to be intelligent, emotionally intelligent, physically intelligent and spiritually intelligent and they have to be comfortable in all those four spaces." (RegDir Simon)

Following on from the previous section, where the findings presented what the respondents thought to be wise decision-making practice, this section of the findings explores how organisations are developing or obstructing the development of management wisdom. To achieve this aim, answers to the following research question were sought:

- How is the development of management wisdom cultivated or obstructed?

The following questions were used to guide respondent interviews and the investigation of hotel group documents:

- How are decision-making capabilities being developed within the hotel group?
    - What influence do the company values have over decision making?
    - What incentives are there to help managers achieve organisational goals?
    - How does the hotel group develop the ability within its managers to balance competing organisational goals?
    - What has had the most influence over your development as a manager?
    - What training programmes are used to develop management competencies?
    - Thinking about decision making, what experiences have taught you the most?

The findings are presented under key themes that explore the alignment of strategy, structure and values, and the influence of organisational culture and support systems. Findings concerning the need for hotel groups to retain wisdom within the organisation are also presented along with findings indicating that individuals need to be receptive and willing to engage with the organisation in developing wise decision-making capabilities.

5.4.1 Social architecture

For the purpose of this study, social architecture refers to the formal structures and processes implemented by the hotel organisations along with intentional strategies engaged to develop the desired culture and influence employee behaviour. The documents for both hotel groups revealed evidence of alignment between the hotel groups' strategy and values and operational processes. Within these documents, it is evident that conducting business to obtaining profit in an ethical and sustainable manner is a significant concern for both hotel groups. As HG2 states in their *2014 Annual Report*, "...a commitment to responsible business practices underpins our entire strategy and the way we work". This is also echoed in the documentation for HG1 where they state that "corporate social responsibility process is irrigating every aspect of our business" (HG1 *2014 Annual Report*).

5.4.2 Strategy, structure and values alignment

The documents for both hotel groups provide consistent messages concerning the importance of both profit and social responsibility. HG1 states this dual responsibly clearly in the following extract:

> [O]ur strategic decisions are shaped by two imperatives. The first, […] make a profit. The second […] responsibilities, such as sharing the value […], nurturing fair and equitable stakeholder relations and integrating social responsibility and environmental considerations into […] business practices. (HG1 *2014 Annual Report*)

The dual imperative of profit and social responsibility is also apparent, although more implicitly, within the following extract from HG2's documentation:

> Our Corporate Responsibility Committee […] ensures we continue to make progress against our commitments […] creating the maximum shared value for [our hotel group], our hotel owners and our guests, as well as the local communities in which we operate. (HG2 *2014 Responsible Business Report*)

Here, it is evident that the phrase “shared value” encompasses the generation of profit for the hotel group and owners as well as wider social responsibilities towards guests and local communities.

The importance of being “a good corporate citizen” (HG1) and “truly responsible business” (HG2) are messages captured in statement by the chief executive officers and repeated across documents for both hotel groups. Moreover, the creation of ethics and CSR committees further reinforces the importance of business ethics and CSR and its integration into the structures of both hotel groups. For example:

> Our [CSR] Committee advises the Board on the Group’s corporate responsibility objectives and strategy, and its approach to sustainable development [to ensure] responsible business priorities deliver against our core purpose. (HG2 *2014 Responsible Business Report*)

As previously indicated, the integration of ethics and social responsibility is viewed as an important practice for HGI and acknowledged by HG2 in the statement that “the long-term success of [our] business […] depends on doing the right thing” and by their setting of their CSR agenda to ensure their “priorities align with [their] purpose” (HG2 *2014 CSR Report*).

The structured integration of hotel group values is also evidenced within both hotel Groups’ reporting of CSR strategies which include commitments to each of the sections indicated in Table 5-16. The table indicates that, with the exception of independent verification, both hotel groups engage in very similar CSR activities and reporting structures.

Table 5-16: Summary of CSR strategies

CSR strategy including:	HG1	HG2
• Stakeholder dialogue plan	✓	✓
• Commitment to employees	✓	✓
• Responsible business practice	✓	✓
• Environmental sustainability	✓	✓
• Sustainable communities	✓	✓
• Measuring CSR performance	✓	✓
• Independent verification	✓	not evidenced

Stakeholder orientation

While shareholder returns are critical to both hotel groups, it is also evident from the following exerts that both hotel groups are also orientated towards wider stakeholder interests:

> [O]ur operations are seamlessly interwoven with our stakeholders... (HG1 *2014 Annual Report*)

> We act in a way that benefits all of our stakeholders... (HG2 *2014 Responsible Business Report*)

The importance of stakeholder interests is further emphasised by key performance indicators for both hotel groups. Table 5-17 shows that apart from the normal variety of financial measures, which are all captured under the heading Financial in the following table, both hotel groups measure a range of customer satisfaction scores, employee engagement indicators, commitments to local communities, environmental impacts, responsible business practices, and employee diversity ratios.

Table 5-17: Key performance indicators

KPIs	HG1	HG2
Financial	✓	✓
Customer satisfaction	✓	✓
Employee engagement	✓	✓
Employee work conditions	✓	Not evidenced
Employee training participation	✓	✓
Community donations	✓	✓
Environmental impact	✓	✓
Responsible business practice	✓	✓
Gender diversity	✓	✓
Age diversity	✓	Not evidenced

Taking into account the above findings, it appears that the values for both hotel groups are integrated into the strategy, structure, reporting and monitoring systems. This is further evidenced within the respondent narratives where a stakeholder approach to decision making is highlighted in the following statements:

> "So, it's 60 per cent on financials, 20 per cent on customers and 20 per cent on our people." (RegDirHR Charles)
>
> "We've got an employee satisfaction column, you've got a guest satisfaction column and bottom line." (RegDir Joe)

The key performance indicators and above narratives indicate that management attention is being directed towards hotel group concerns and goals.

The homogeneity of messaging from CEO statements through to management structures, reporting and monitoring process, along with interviewee familiarity of hotel group messaging, all point to comprehensive alignment between strategy and values within the context decision making is undertaken. For HG1, this alignment is also confirmed by independent verification of social, environmental and societal information presented in its *2014 Annual Report*. The verification process consisted of five independent verifiers who spent 14 weeks interviewing 16 managers and analysing company documents. The verifiers' aim was to "verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR information and identify the procedures for internal control". Nevertheless, while the verifiers did not identify "any significant misstatement that caused [them] to believe that the CSR information, taken together, [had] not been fairly presented", they did find that "calculation of some HR, sustainable procurement and [environmental] indicators [were] not homogenous" and that "associated internal controls [were] not regular enough" (HG1 *2014 Annual Report*).

Overall, the strategy, values and hotel group communications provide a consistent message. However, the issues raised by the independent verifier also indicate some inconsistency in calculation of CSR performance indicators along with issues concerning internal controls. While on their own, these issues do not appear to be significant, when compared with the exacting measures and recording processes demanded within financial reports, it has the potential to emphasise financial results over and above other stakeholder concerns.

Moreover, when asked to describe issues that detracted from creating shared value, a number of respondents referred to examples of hotel managers they had known who adopted a narrow focus and "profit-driven mentality" (GM Jacob). This way of thinking can be seen in the following examples:

> "Insular thinking ... driven off how much we can cut and run to the bottom line" (RegDirHR Charles)
>
> "[H]e had such a drive on financial returns, that this whole, 'our people agenda', was really overlooked." (HRM Mila)
>
> "...often the feeling is that the decision making is made on the bottom line and not the understanding of all the other contributions to that, so if they can see it on their Profit and Loss then it's real, but if it's more intrinsic then it's not." (RegHRM Sophie)

Within the above narratives, the excessive focus on financial returns is attributed to losing sight of the hotel purpose and how the profit is generated along with the explicit evidence provided by a profit and loss statement compared with the more difficult to quantify nature of human relationships. There is within this apparent imbalance the separation of drive for financial returns from a concern for relationships and social value.

In summary, the findings concerning strategy, structure and values alignment reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development

- Alignment between strategy, structure and values
- Stakeholder orientation
- Measuring what is important
- Rewarding performance across business and social goals
- Balancing attention

Barriers to wisdom development

- Excessive focus on financial returns
- Losing sight of the purpose
- Separation of financial and community concerns
- The dominance of financial reporting compared with social performance indicators

5.4.3 Organisational culture

This section explores how organisational culture influences the development of wise decision making. The section begins by presenting the findings on the influence of hotel group codes of conduct. It then presents findings concerning how organisational values influence employee behaviour along with the influence of trust, legal requirements and community.

While the documents revealed some differences between the cultures for each hotel group, overall, taking into account both the documents and respondent narratives, it is evident that there are many similarities between the behavioural expectations for each hotel group. Table 5-18 provides a comparison of the hotel groups' behavioural expectations, which illustrate the similarities.

Table 5-18: Documented behavioural expectations

Expectations	HG1 document narrative	HG2 document narrative
Code of ethics and business conduct	Outlines key company values and approaches to decision making along with expected management behaviours. Provides a set of principle and guidelines concerning: • Understanding and meeting legal requirements • Business conduct and ethics • Stakeholder relations – employees, guests, shareholders, communities, the environment	Outlines key company values and provides a set of decision-making heuristics to guide decision making. Provides an introduction to "key global policies" and guidelines including: • Complying with legal requirements • Business conduct and ethics • Security of intellectual property • Stakeholder relations – respect, diversity and community, human rights Acknowledges that "the Code cannot address each and every difficult situation"
Values	Our values are embodied every day in our interactions and relationships. (HGI 2014 *Ethics and CSR Charter*)	Our [core values] are how we behave every day. (HG2 *Code of Conduct*)
Complying with the law	Compliance with the law is non-negotiable.	...complying with the laws and regulations of the countries we operate in...
Complying with broader global ethical practices	...dedication to focusing our concerns clearly on people, employees, the environment and integrity.	...signatory to the UN Global Compact aligning our operations and strategies with the 10 universal principles that include commitments to human rights and labour standards
Engaging in ethical business practice	...to manage our operations diligently and transparently...	Committed to operating honestly and upholding the highest ethical standards.
Nurturing community relations	...duty to demonstrate outstanding performance in areas of employee relations, social responsibility and the environment.	...act in a way that benefits all of our stakeholders.

5.4.3.1 The influence of codes of conduct

The Code of Conduct (CoC) for both hotel groups sets out detailed expectations for management behaviour. For HG1, it is expected that the CoC will be "embraced" within the "decisions and daily practices" of employees. Likewise, for HG2 the Code supports the development of employees and provides guidelines to assist employees in "making the right decisions". The CoC, for both hotel groups, provides a range of expected behaviours and their definitions along with hotel group pledges to uphold standards, behavioural expectations, practical examples of potential issues and advice to aid employee understanding and decision making. (Refer to Appendix 20 for an example of each hotel group's CoC.)

In outlining expected behaviours, many of the statements within the CoC encourage the development and display of character strengths within employees. A summary of the character traits identified within the codes of conduct is presented in Table 5-19. Of the 17 character traits identified, 11 traits where shared by both hotel groups, which indicates considerable similarity between both hotel groups' expectations of behaviour. Moreover, the following document extracts suggest that character strengths are important for supporting ethical, social and personal conduct.

Ethical conduct

> ...ensure equal opportunity and prevent discrimination... (HG1)
>
> ...upholding the highest ethical standards... (HG2)

Social conduct

> Respect and appreciate and recognize the diversity and dignity of people... (HG1)
>
> ...value our colleagues as unique individuals, with the different ideas, perspectives... (HG2)

Personal conduct

> ...demonstrate our ambition for excellence... (HG1)
>
> ...people are encouraged to be themselves... (HG2)

Table 5-19: Documented character traits

Character traits	HG1	HG2
Accountability	✓	✓
Agility	✓	
Authenticity		✓
Care	✓	✓
Collaboration	✓	✓
Courage	✓	✓
Creativity	✓	
Excellence	✓	✓
Fairness	✓	✓
Honesty		✓
Humility		✓
Integrity	✓	✓
Open mindedness	✓	✓
Pragmatic	✓	
Respect	✓	✓
Responsibility	✓	✓
Trust	✓	✓

Note: Blue rows indicate character traits identified in the documentation of both hotel groups.

However, recognising that the hotel environment is complex, the hotel groups acknowledged that their codes of conduct, principles and guidelines could not account for every eventuality. For example, HG2's CoC states that "the information provided in the Code cannot address each and every difficult situation that may confront colleagues". Consequently, employees were encouraged to discuss issues with others and to seek help in making decisions. In recognising the limitations of codes of conduct, the hotel group acknowledges the ambiguity and complexity of the operating environment and therefore encourages employee dialogue and consultation in decision making.

In summary, the findings concerning the influence of codes of conduct reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	Barriers to wisdom development
• Guidelines for conduct • Behavioural expectations • Recognising that not everything can be known and not every eventuality can be accounted for	• None identified

5.4.3.2 The influence of values

Both hotel companies recognise the importance of company values and CSR strategies for the development of their organisational culture. In their *2014 Annual Report*, HG1 states that the “foundations of [their] culture and commitments” are based on their “values” and “management principles”. These values are expected to “underpin and [drive a] sense of hospitality and […] form the foundation of […] ethical commitment”. These values are “enriched with a mind-set shaped by management principles.” Likewise, HG2’s *2014 Annual Report* states that their “commitment to responsible business is part of our culture.” These statements also reinforce the intentional alignment between strategy, culture and values.

Moreover, both hotel groups make it clear that their values and management principles are intended to influence employee behaviour. For HG1, it is expected that the hotel group principles will strengthen “management practices based on attention to others, respect for […] differences, transparency, decision-making, openness to new ideas and a sense of initiative” (*2014 Annual Report*). While for HG2, to maintain ethical business standards, employees are asked to “live” the hotel group values “and act in a responsible way” as it is part of their “culture” (*2014 Annual Report*).

The intention for organisational culture and values to influence employee behaviour and practice are also evident in the following respondent narratives where HRM Mila stated that signing her contract meant “we’re signing to say that we’ll live and breathe these internal and external value systems". Additionally, DM Bruce explained that with new employees, "We're teaching the values right at the beginning and how [they] should treat a guest". Nevertheless, while there is clear intention to instil company values within employees, as the following quotes illustrate, many of the interviewees believed that they already embodied the values prior to working for the hotel group:

> "I think it's part how you are born, your parenting." (RegDir Simon)
>
> "[T]hose [hotel group] values are something that have been instilled in me personally through my childhood." (RegHRM Jess)
>
> "I suppose those things existed in families, ... hospitality was part of what you did." (RegDirHR Charles)

The ability for integration of personal values with work values was viewed as both an important and attractive aspect of the hotel industry. From an organisational point of view, it was important to "hire people who have those values" while it was also important to continue to develop the values so that they "become stronger" within employees. It was also believed that work/life values integration is an attractive aspect of the work:

> "A lot of people that we bring into our industry like the feel of the industry and the fact that it's something you live." (RegDirHR Charles)

This belief was also confirmed by another respondent who, when asked how much their experience in the hotel industry had shaped their own values, stated:

> "Massively I think, ... almost the whole of my adult life has been with this company. ... that's probably why I feel such a strong personal connection to the organisation because it has shaped me a lot." (RegHRM Sophie)

The aforementioned narratives point to the strengthening of personal values rather than the adoption of a new set of values. One respondent emphasised this well as she believed that where "internal values are in conflict with the organisational values, it's their internal values that will prove stronger and will drive their behaviour". As the following narrative indicates, work/life values conflict was viewed as an issue that was believed to contribute to poor management performance:

> "We do talk a lot about ... managers that we perhaps believe aren't quite the right people, and a lot of it does come down to values." (RegHRM Sophie)

Both hotel group codes reiterate the intention for the values to influence how employees "behave every day" and provide a framework to "help shape the way [people] work" (HG2). The values and management principles are restated across multiple company documents which provide a consistent and often repeated message. Additionally, as the following text extracts indicate, the responsibility for ensuring the message is transmitted and implemented throughout the hotel group is placed upon all managers:

> Directors are responsible for promoting its values and commitments to their teams and carefully tracking its application. (HG1 *2014 Annual Report*)

> ...ensure that everyone who reports to them have read and understands the code and completes any required training on the Code. (HG2 *Code of Conduct)*

Moreover, beyond ensuring employees know and understand the values and principles that guide decision making and behaviour, managers are expected to lead by example:

> Managers are the leading ambassadors of our values. They guarantee that the principles and commitments resulting from these values are respected and properly applied. (HG1 *Code of Conduct*)

> "If our general manager isn't living our internal or external value system, then how can anybody else be expected to." (HRM Mila)

Many of the respondents from both hotel groups referred to and recited their company's values during the interviews, indicating that the company values were actively communicated within the hotel.

In summary, the findings concerning the influence of values reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	Barriers to wisdom development
• Emphasising the importance of the organisations values • Clearly articulating desired character strengths • Management leading by example • Enabling managers and employees to practice living out the values	• Lack of employee focus on worthy values • Employees not recognising or engaging with the development of worthy values

5.4.3.3 The influence of trust

As much of the activity undertaken by managers involves interaction with diverse groups of people, the situations managers are faced with are often characterised by ambiguity and uncertainty. Therefore, in respect to complex situations, many of the principles provided by the hotel groups were intended to guide management and employee behaviour rather than dictate specific action. For HG1, the principles promote "employee accountability at every level of the business" but also acknowledge that achieving this requires "relationships [that] are built on the assumption of trust and the freedom to fail". The development of trusting relationships and the freedom to fail was also evident in many of the respondent narratives. For example:

> "If they make a decision and it turns out maybe to not be the right one, they can just tell me. And I'm not going to get upset with them, it's just a coaching moment where talk about what we could have done differently." (GM Trevor)

> "If the employee or the manager ... had the best intentions of the guests in mind, then we would support them in their decision and then provide them with support ... to reflect on that or do it differently next time" (RegHRM Jess)

Trust, in this context, implies a confidence that employees are trying to "do the right thing" yet also acknowledges that it is a practice that requires learning from mistakes. It also suggests that trust is mutual within the relationship, for to take responsibility for a mistake requires trusting that mistakes will be accepted by others as a part of the process of ongoing coaching and learning. Providing “freedom to fail” and building relationships on trust also suggests an emphasis on leadership rather than a more mechanical managerial approach. As one general manager explained:

> “[T]he majority of hotel leaders these days want to provide a safe, smart, collaborative working environment with trust.” (GM Kirk)

The need to provide employees with a supportive environment that enables individuals to practice making decisions that lead to successful outcomes is also captured it the following narrative:

> “What stops colleagues from caring? We do! ... Management is not a police action; management is a process of enablement. I think that if you find yourself standing in the middle of a restaurant instructing ten staff specifically what to do day in day out, take you away and the whole structure falls down. Is that sustainable, is that enabling? No, it’s not! […] they might be getting some education, but do they feel enabled to do their job? Probably not!” (RegDir Simon)

The above view suggests that providing centralised prescriptive directives may help individuals learn technical processes and procedures but will not enable them to think for themselves and engage in the practice of decision making. Moreover, if the control mechanism, in this case the manager, is removed or is unable to provide the required direction at the required time, then service delivery may fail. It further suggests that a centralised prescriptive management style applied to situations where complex human interactions occur results in an environment that focuses on process at the expense of caring for others. The statement “Management is not a police action; management is a process of enablement” further reinforces the notion that sustainable and enabled decision-making results from developing relationships built on trust rather than mechanistic control.

In summary, the findings concerning the influence of trust reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	**Barriers to wisdom development**
• Promoting accountability	• Excessive control
• Building trusting relationships	• Micro-managing
• Providing the ability to learn from mistakes	• Excessive bureaucracy
• Decentralising decision making	
• Enabling employee participation in decision making	

5.4.3.4 The influence of legal standards

While many of the guiding principles were open to interpretation depending on the particulars of the situation, both hotel groups made it very clear in their documents that "compliance with the law is non-negotiable" (HG1 CoC). The introduction to the CoC for HG2 begins with encouraging employees "faced with a difficult issue and unsure of how to proceed", to first consider "Is it legal?" The instruction concerning compliance with the law was unambiguous and very explicit.

In summary, the findings concerning the influence of legal standards reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	**Barriers to wisdom development**
• Ensuring everyone understands the legal requirements	• None identified

5.4.3.5 The influence of community

In relation to supporting the development of wise decision making, a consistent theme that emerged from the hotel group documents and respondent narrative was the reference to community. As the following text extracts indicate, the importance of community was referred to within the context of both the hotel itself being a community of people working and interacting together, and the hotels' interaction with and contribution to local communities:

> [Our hotels] form living communities deeply anchored in their cultural, historical or natural heritage, interacting both with people in the local economy to produce goods and services and with host populations as a whole. (HG1 *2014 Annual Report*)

> ...our hotel communities ... hotels that are at the heart of their communities (HG2 *2014 CSR Report*)

Within the local communities "dialogue with all shareholders" informed hotel group policy, direction and decision making. For example:

> ...continuous stakeholder dialogue, a critical process that plays an ongoing, inherent role at every level of the organization and in every aspect of the business... (HG1 *2014 Annual Report*)

> ...working with local communities and in partnership with others we help develop a pool of skilled, motivated and engaged people. (HG2 *2014 CSR Report*)

Connection with local communities was seen as important as it kept hotel management close to the needs, concerns, desires and realities of the local community. The hotel documents acknowledged that decisions made by the hotel group and managers within individual hotels had a significant affect on the lives of others. Moreover, throughout the documents reviewed, it was apparent that the affect on people influenced how decisions were made. In the above text extracts, both hotel groups referred to their hotels as "communities". This view is supported by the respondent narratives where it was evident that discussion and collaboration between colleagues was important to the decision-making process. As HRM Cassandra pointed out, that making decisions involved "connecting with our teams and realising that we can't do this alone".

The documentation and narratives indicate that creating networks within the hotel community is encouraged both formally and informally. Formal structures for creating connection and networks include for example, training sessions where managers collaborate together in working groups and management meetings and retreats where managers are encouraged to connect. The following narrative indicates the importance that the hotel groups placed on building these professional relationships and connections between managers:

> "[T]here's three parts of a general managers meeting. A third of it is information sharing, what I talk to managers about, new things that are happening, a third of it is education and a third of it is fun. And the fun part is actually about networking, and it's more about getting the team to gel and work together and enjoy each other. And that's the bit we won't compromise on." (RegDirHR Charles)

The importance of these professional connections and networks is evident in situations where managers are faced with difficult decisions. In these instances, all of the respondents recognised the benefits of more informal consultation with colleagues while also indicating that they enjoyed the discussion with their colleagues. For example:

> "[I]n situations that will come up often, we'll just touch base. We have regular contact weekly and we'll talk through different issues." (RegHRM Jess)

> "We bounce ideas off each other ... helps you to actually know what the right thing to do is." (HRM Chris)

> "I like discussing ideas and how we can do things better." (GM Trevor)

> "[W]e will all talk and discuss and then make the decision." (GM Jacob)

Moreover, collaboration and open dialogue with diverse groups and individuals was both viewed as critical to the health of the organisation and well-being of stakeholders and encouraged by the hotel organisation. For example:

> "[C]reating a workplace environment that celebrates openness and the exchange of ideas and by building our relationships around dialogue and respect, we can avoid self-censorship. We share best practices among ourselves and leverage the power of our collective intelligence." (HG1 *Code of Conduct*)

Here it is evident that HG1 seeks to foster a culture of open dialogue and respect to encourage the expression of diverse and alternative opinions. In doing this, the hotel group recognises the "power of ... collective intelligence" that is enabled through community dialogue and "the exchange of ideas". This approach to decision making was also reflected in a number of respondent narratives across both hotel groups. For example:

> "I certainly don't hold back in putting forward my feedback ... my opinion ... and my influence to ensure that I'm comfortable [with the decision] I try to have an input and maybe offer some consideration to alternative methods." (GM Channel)
>
> "I don't want my team to be afraid to question something or give me their thoughts if they don't agree with what I am saying." (GM Trevor)

Conversely, working in isolation was seen as a barrier to wise decision making and good practice. Moreover, as the following example illustrates, when asked to provide examples of what poor management and decision making looked like, GM Peter thought that managers who held too high an opinion of themselves (egotism) and failed to engage with others were not going to succeed:

> "You get people with immense egos that feel the hotel is theirs ... it can lead all sorts of issues. ... just sitting in your office and thinking that the world revolves around you is not going to make ... a successful hotelier."

The necessity for building relationships and fostering connections with others and communities was a consistent theme running through the documentation and interview transcripts. Moreover, incorporated with the narrative on community is a subtext that both reveals and encourages a primary concern for the interests of others before, or even in place of, a concern for self-interest and at times commercial interests. This concern for others was evident within the stories that managers shared with others. For example, RegDirHR Charles stated that he often tells the story of the Boxing Day tsunami, where he talks "about the details of what actually happened and how many people we lost". Likewise, when he discussed the response to the 2014 Wellington earthquake, Charles pointed out, "There's no procedure that says that when you have a disaster ... the first thing you should think of is ... are there people ... who are going to need some help." These stories, which are often told at meetings, training sessions and employee inductions, focus attention on others to remind everyone that hotel processes and procedures affect people.

Stories and personal accounts are also used to develop new staff members by providing learning through vicarious experience and learnt lessons. Sharing experiences and learnt lessons by more experienced staff helps avoid having to “letting them learn from their [own] mistakes” (DM Lili). Additionally, for both hotel groups, being part of an international chain enabled them to share information and experiences of how they dealt with situations. For example:

> “[What] our company does is share those stories. We celebrate the success of people [and] how they handle it ... We’re the largest hotel company in the world, and you learn from those things.” (GM Kirk)
>
> “...sharing success, what’s worked well...” (HRM Chris)

Many of the interview respondents had also adopted a variety of maxims to help to guide them in decision making. The maxims, like the stories above, foster the development of empathy by drawing attentions to others while also causing reflection on whether the decision or action will be “the right thing to do”. For example:

> “One of the key mantras that I would like to think we all have, is to ask yourselves: ‘What’s the right thing to do?’ ” (RegHRM Sophie)
>
> “...saying to yourself” ‘Is this how I would want to be treated?’, or ‘How would I feel if someone did this to me?’ ” (HRM Mila)
>
> “‘...use your maturity to get through it.” (DM Bruce)
>
> “[T]reat somebody else like how you want to be treated” [and] “I know we can but should we?” (RegSM Bob)

A desire to do the right thing was a common sentiment expressed by the respondents. Within this context it was apparent that doing the right thing referred to ensuring that the needs of the hotel and local community were taken into consideration.

In summary, the findings concerning the influence community reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	**Barriers to wisdom development**
• Engagement with community of stakeholders • Connecting with stakeholders • Building relationships • Sharing information • Open dialogue • Appreciating diversity • Fostering a concern for others • Sharing stories • Using wise sayings	• Acting independently • Isolation • Egotism

5.4.4 Organisational support

> "[I]t was about building your confidence. [The hotel group was] saying to us we actually believe in you as a leader thus we're giving you this tool. We're not giving it to you because you're not a good leader; we want to add value to what you do. We want you to succeed." (GM Kirk)

This section explores how wise management practice is being supported. The section begins by presenting the findings concerning the influence of training and development. This is followed by findings concerning how leadership capabilities and self-awareness are developed. The findings concerning the importance of experience and engaging in a consultative process is then presented.

5.4.4.1 The influence of training and development

The importance of training and development to organisational and employee success is evident within the documents reviewed and supported by the respondent narratives. As can be seen in the following extracts, within their documentation both companies claim a strong historical commitment to training and development and pledge ongoing support for employee development:

> [E]mployees work and grow in an environment that is committed to training and encouraging talent ... to broaden their skills, knowledge and understanding. (HG1 *2014 Annual Report*)
>
> We promise our people the support and training they need to perform at their best as well as career development opportunities. (HG2 *2014 Annual Report)*

Moreover, research conducted by HG1 acknowledges that employee training, along with compensation and service quality, were areas of "critical" concern to the hotel group and their stakeholders (HG1 *2014 Annual Report*). It is also interesting to note that the formation of a 'Sustainable Development Department' strategy along with consideration of wider stakeholder interests further indicates a commitment to employee and community well-being and business sustainability.

The respondent narratives further support the hotel groups' claims that training and development is important. As GM Tom noted, "Everyone appreciates the value of development." This appreciation of training along with access to support networks is also evident in the following respondent narratives:

> "[They] ensure that the right tools are there for them to make those decisions and that's through training and support." (GM Channel)
>
> "They train us correctly how to handle pretty much everything and if we can't they have an incredible support system in place." (GM Kirk)
>
> "...the company, what it puts out in terms of resources and guides and tools, we're very, very blessed. I've learnt a lot." (HRM Cassandra)

Interestingly, while there was some mention of training technical skills (e.g. financial understanding or operational processes), the majority of respondent discussion centred on frameworks, resources and guidelines that supported the development of leadership skills and interpersonal capabilities. This focus is perhaps best explained by RegHRM Sophie who stated:

> "[I]t's easy to put somebody into revenue management for six months to learn that but it's a hell of a lot harder to teach them how to be hospitable and that sort of thing."

In summary, the findings concerning the influence of training and development reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	Barriers to wisdom development
• Providing training • Supporting development of competencies • Providing frameworks and guidelines to help with decision making	• None identified

5.4.4.2 Leadership development

When exploring what hotel organisations are doing to cultivate the development of management wisdom, the most significant theme to emerge was the growing importance of leadership development. (Leadership was also identified as a central value in section 5.2.2.2 Values – the respondents' perspective.) While the need for leadership was nothing new for the hotel groups, there were indications of a more recent shift towards the development of leadership skills and decision-making capabilities across a wider range of management and supervisory levels within the hotels. This multilevel approach and emphasis on leadership can be seen in the following document extracts and respondent narratives:

> ...multi-layered program focuses on developing the talents and potential leadership skills of each individual. (HG1 2014 *Leadership Training Programme*)
>
> "We want to develop potential for leadership and it's not actually about our GMs, it's actually about our managers underneath." (RegDir Maurice)
>
> ...strengthening our approach to developing leaders and investing in tools and training that build leadership capabilities. (HG2 *2014 Annual Report*)
>
> "...supervisory roles were very day-to-day transactional and there's definitely a shift towards them becoming more of a leadership style position." (RegHRM Jess)

Central aspects of the leadership programmes implemented by the hotel groups focused on helping to develop the social ability, technical skills and operational understanding of the respondents. The development of these three capabilities is illustrated by the account of DM Lilly who was selected to participate in a leadership training programme. Lilly was placed into a small group with other respondents and assigned a project to complete over a 12-month period. The respondents of this programme also attend modules run by experienced managers who provide insights into hotel operations and added to the knowledge required to complete the project. The following extracts from DM Lilly's narrative (refer to Table 5-20) indicate the type of knowledge and experience gained along with the associated competency developed.

The benefit of this type of training was highlighted by HRM Mary (HG1) who, when recalling the impact that the training programme had on a manager from her own hotel, stated:

> "We've seen, [a] really huge differences in performance. ... their maturity and their professionalism and their dedication to their career."

The importance of developing an understanding of leadership was also explained by GM Tom, who recalled that gaining an understanding of the difference "between managing and leadership ... was the fundamental change" for his career.

Table 5-20: DM Lily’s Leadership training experience

Narrative extract	Knowledge and experience	Competency developed
“...they mixed up all the different departments, different regions, different cultural backgrounds and put us into a team.”	Working with diverse groups	Social ability
“It wasn’t nice to start with. We didn’t bond very well.”	Team work and overcoming difficulties and differences	Social ability
“...we are developing tools to use, ... for that particular department...”	Operational knowledge	Operational understanding
“...we are doing motion and time studies [to] see whether we are doing is the most effective way.”	Evidence-based decision making	Technical skills
“...module might be about HR and [another] about sales and marketing...”	Business and operational knowledge	Operational understanding
“...director of HR will come to teach us about his expectations...”	Operational knowledge	Operational understanding
“...sales and marketing will show us how we can get the things and get surveys and things, how do we deal with that.”	Evidence-based decision making and business knowledge	Technical skills
“...vice president will be coming to talk about the leadership.”	Leadership understand	Social ability and operational understanding

HG2’s leadership programme also demonstrates the advancement of employee leadership development as they progress through their careers. As RegHRM Jess explained, leadership training begins with:

> "...lead self, for all ... employees who are responsible for leading themselves, [then] steps up into leading others, leading managers, leading businesses, leading strategies. And it starts to articulate what the indicators are, so that if you're sitting at leading yourself and you want to get to leading strategy, you can identify some of the indicators that you demonstrate now and some of those gap areas that you need to focus on."

Within this multilevel approach to leadership development, it is interesting that leadership development first begins with gaining an understanding oneself and others which is then followed by learning how to lead teams, business and strategy. The importance of developing self-awareness was also highlighted by the respondents of HG1.

In summary, the findings concerning the influence of training and development reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development

- Leadership development
- Developing social ability
- Developing technical skills
- Developing operational competencies

Barriers to wisdom development

- None identified

Expanding the on the theme of leadership, when asked what types of activities supported the development of leadership and decision-making capabilities, the respondent's responses indicated the following three distinct, yet also interrelated, themes:

- Self-awareness
- Experience, and
- Consultation

5.4.4.3 Developing self-awareness

The development of an understanding of oneself and one's relationship with colleagues, customers and within teams was highlighted by the respondents as important to leadership and decision making. As the following narratives illustrate, both hotel groups used personality and behavioural tests to help employees develop this understanding:

> "We used MBTI profiles and a dysfunctional team model to sort of try and improve our team effectiveness."[21] (RegHRM Sophie)
>
> "DiSC is a huge part of that training session."[22] (HRM Mila)

The benefit of this type of testing and information was apparent as many of the respondents spoke of being more aware of their own strengths and weaknesses, and how they contributed to teams within the working environment. For example:

> "I've learnt to appreciate my own ability ... you get to understand other people, and ... identify people who have the skills that I don't." GM (Jacob)
>
> "I recognise what my skill set is and what value I can offer to a hotel." (GM Peter)
>
> "I think conceptual people like me who are intuitive and conceptual, I think we see things differently and it's trusting and knowing that and being comfortable in that." (RegDir Simon)
>
> "I need to develop more collaboration myself. I'm very directive." (DM William)

Within the above narratives, it is apparent that respondents had become comfortable and confident with their own abilities. With this knowledge, the respondents spoke of being able to work on areas needing improvement while also appreciating the contribution others could make to decision making. They indicated they had gained an understanding of their own limitations and that they did not have all the answers or all of the capabilities to solve every issue. There was an acknowledgement that

[21] Myers-Briggs Type Indicator (MBTI) personality inventory test.

[22] DiSC behavioural styles and personality type test.

diverse ways of thinking is beneficial to decision making and that collaboration was required to provide a balance. As leaders, the respondents recognised that the nature of the hotel environment meant that they needed to remain responsive to the particulars of the situation. The following narrative sums up the general thoughts of the respondents quite well while also capturing the intent of the hotel groups when training employees:

> "Alot of what we do in that space is really helping people to work through and understanding that there isn't just one way to be a manager or one way to be a leader, it's about understanding yourself and the ability to be flexible and understanding what people need from you and how you need to adapt." (RegHRM Sophie)

In summary, the findings concerning the development of self-awareness reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	**Barriers to wisdom development**
• Understanding self	• None identified
• Understanding others	
• Collaboration	

5.4.4.4 Gaining experience

> "So, despite all my best intention, all my best intuition, all my best desires to get that right, I got it wrong." (RegDir Joe)

Experience and perhaps more importantly diversity of experience as a manager and leader within the hotel environment was viewed by all respondents as essential to the development of good decision-making capabilities. This view was captured by the regional human resource managers for both hotel groups:

> "If we talk about wisdom in management, ... that comes from just lots of experience and a good liberal dose of age." (RegDirHR Charles)

> "...what you can obtain through experience, to be able to make those kinds of decision is ultimately where we're all working towards." (RegHRM Jess)

While obtaining experience in general business practice and procedural aspects of running a hotel was mentioned by some of the respondents, the need to develop depth of experience in general life matters and more extreme, often unpredictable, events was seen as very important. The following narrative demonstrates some of these life issues and events that managers need to deal with and ultimately make decisions around:

> "There's certain things you can prepare people for and a lot of things you actually can't. […] You know fire for instance, you do a lot of evacuations. You'll prepare, prepare, prepare but until someone's got their face in a fire… How do you prepare someone or your employees for someone that dies? […] A lot of that comes out of experience. There are so many touch points. To tell you what's going to happen tomorrow in our hotels would be impossible." (RegDir Maurice)

Even though the examples provided in the above extract fall towards the more extreme and unpredictable end of hotel management issues, they, like many of the more mundane decision-making events referred to by the respondents, involved the need to negotiate through the complexities of human interaction and experiences.

The ability to recognise the particulars of a situation, make decisions about what is important at the time, and take the appropriate action was seen as important management capabilities that could be developed. Not surprisingly, as the following narratives show, life experience gained over time was mentioned by a number of respondents as beneficial to wise decision making:

> "They [young people] might not have the same sort of world and life experiences as someone that might have been around people for a lot longer." (RegDir Maurice)

> "...that comes from just lots of experience and a good liberal dose of age." (RegDirHR Charles)

> "I think that comes with a level of maturity." (RegDir Joe)

> "Young leaders are not pragmatic. Pragmatism comes with time." (GM Kirk)

However, as was also pointed out by HRM Chris, “experience doesn’t mean people are good at things. It just means they worked for longer”. This point of view was also confirmed by the regional director for HG1 who believed that experience alone can lead to “cynicism” rather than the desired leadership qualities. These points of view indicate a need for individuals to engage in meaningful reflective practice in order to realise the potential of their experiences. Moreover, as many of the supervisory and department level managers are relatively young, and therefore lack life experience, it was also important for the hotel groups to identify and prepare employees for management and leadership positions as early as possible. As RegHRM Jess suggests in the following narrative, a lack of experience and knowledge can result in managers deferring to policy and procedure rather than taking into account the particulars of the situation and being flexible when required:

> “You have quite a young leadership team who don’t know what they don’t know, therefore they follow everything by the book.”

Therefore, gaining experience under a variety of mangers and within a variety of hotel properties was seen as very beneficial for developing effective decision-making abilities.

Diversity of experience

For many of the respondents within this study, working within their global hotel groups provided the ability to gain experience in different countries and within a variety of hotel properties under different managers and leaders. While it appeared that relocating was not a requirement within either of the hotel groups, it was apparent, as the following narratives indicate, that experience within different hotels and cultures was encouraged by the respondents and supported by the hotel groups.

> “Those who are exposed to different scenarios make better managers.” (GM Jacob)

> “My career is an interesting observation ... it’s a diversity of leadership and responsibility, but that’s the company providing room ... for me.” (RegDir Simon)

> “...when leaders move across our different businesses, that in itself is a benefit...” (RegHRM Jess)

> "...when you live and work in different countries and work with different cultures, I definitely believe that I'm much richer [from] that experience." (RegSM Bob)

Experience working with a variety of managers was discussed by many of the respondents as a significant factor that had shaped their management and decision-making abilities. Nevertheless, according to one manager, transferring between hotel properties to gain experience resulted in "a very transient industry" which had the potential to "drive short-term visions". As the manager explained:

> "[I]n the end it still comes down to a yearly budget because we need to achieve that average rate or need to achieve that occupancy. ... I might make a decision today to upset a client that has been a loyal client for five years just because I see an opportunity for this property to drive more rate and more revenue in the next 12–18–24 months for which I will most probably be here." (Anonymous)[23]

The implication is that as managers may only be located for a few years in one hotel, it is in their self-interest to achieve short-term goals and financial targets rather than considering wider stakeholder concerns when making decisions. While, in the above instance, it is evident that it was the manager making the decision, the level of importance that shareholders place on short-term financial results, and the transient culture, can also be seen to promote this short-term way of thinking.

Learning from mistakes

The respondents also spoke of the lessons they had learnt from the best practice of others along with the mistakes and poor practice of less-respected managers and leaders. For example:

> "My first general manager ... he could be quite a vile person ... it [caused] me to think that's not right, that's not a good example. And 30 plus years later I haven't forgotten those things." (GM Tom)

[23] The respondent's pseudonym is not used to ensure anonymity.

> “[O]ver the years I’ve seen that and I’ve tried not to do that because I can see how it impacts on the staff. It impacts negatively.” (DM William)
>
> “Every leader that I’ve worked under, I’ve always taken on bits and pieces of what they’ve done that I’ve liked and the things that I haven’t liked. I always try not to do those things.” (GM Trevor)
>
> “You grow, ... through what your manager has done in certain situations you learn how to make decisions and what kind of impact they could have.” (RegSM Bob)

On a similar theme, a number of respondents recalled instances of mistakes they had made, and the lessons learnt from how they were dealt with by their superiors. The following short account highlights the significance of this type of experience and the lasting impression that it had on the respondent:

Simon’s experience

“I made a big mistake as a junior leader, a big mistake, and [my manager] could have chopped me at that point. ... he pulled me aside ... he said we all get a chance, we all get a chance, and this is your chance. I remember walking out of there thinking I just missed the knife by a mil, ... He was a big tough German guy, you know. His humility, the way in which he dealt with it, his honesty with me, he had to deliver a very hard message, he did it so, so well, ... I thought he demonstrated to me that day great leadership.” (RegDir Simon)

Simon’s experience with making a mistake and being given a second chance by his manager was obviously memorable; he was still telling the story. Moreover, it was evident that Simon learnt about leadership, humility and the importance of experience. However, what is more striking is the contrast between Simon’s experience and William's experience in section 5.2.1.3. Simon was provided with the opportunity to learn and experience great leadership while William appears to have been taught that policy is there to be followed and that if someone makes a mistake they should be disciplined.

Apart from the personal lessons the respondents had learnt from their own mistakes, mistakes were also referred to within the following contexts:

Unavoidable (at times)	"[W]e're all human, we're not machines. It happens." (RegS&M, Bob)
Necessary for development	"[T]hey mightn't make as many mistakes but they just won't actually move forward either." (GM Peter)
Learning from the mistakes of others	"We share the experiences and mistakes rather than letting them learn from their mistakes" (DM Lilly)

The inevitability of making mistakes when managing the juxtaposition between human interactions and organisational goals is accepted as an important part of learning and development. Moreover, as indicated, these events became examples and stories used to help learning from the experience of others. However, additionally, and more importantly, to enable this learning the following respondent narratives point to a culture that encourages people to take responsibility for their mistakes and seek advice about moving forward:

> "It's also the way that when you do mistakes that you are not afraid to stand up to it and say I made a mistake, I need some help here, and everybody makes mistakes. We learn through mistakes." (RegSM Bob)
>
> "They are not afraid to say I'm sorry. They are not afraid to make mistakes and say hey I [messed] up." (CFO Matthew)
>
> "...you need to allow space, rich fertile ground for people to grow in, be okay to make mistakes and support them through it and the organisation here does that." (RegDir Simon)

These findings are consistent with what was found in section: 5.4.3.3: The influence of trust; where providing the freedom to fail in a supportive environment enabled learning through reflective and reflexive practice.

Experience of significant events, whether they were environmental crises, life events or emergencies involving others, were cited by the respondents as meaningful point in time that had helped shape their management practice and approach to decision making.

In summary, the findings concerning the influence of training and development reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	**Barriers to wisdom development**
• Formalised on-the-job learning • Procedural experience • Life experience • Environment that supports learning from mistakes • Encouraging reflective and reflexive practice	• Not realising the potential from experiences • Lack of life experience • Limited knowledge • The dominance of short-term financial goals

5.4.4.5 Engaging in consultation

When asked about processes that helped to shape and support their decision-making capability, the respondents referred to the ability to access and receive input through various forms of consultation. The data coded under the heading Consultation includes respondent discussion of advice obtained from others and engagement with mentors and coaches. Within the narrative, *mentoring* refers to the process of a manager investing time in sharing knowledge, experience and advice to help with the development of an employee who has entered into a mentor–mentee relationship. *Coaching* describes the process of a manager or supervisor providing advice to employees and to that of coaches external to the organisation, who, through a formalised process provide guidance and advice on management issues. It was apparent that engaging in a consultative process was viewed by all respondents as highly beneficial to decision making. For example:

> "...mentoring ... and I think that makes a really big difference" (HRM Mary)
>
> "...she'll just give you the perfect advice that you need to put you back on track." (DM Bruce)
>
> "...the coaching, the professional coaching, I feel indebted." (RegDir Simon)
>
> "I went through an external coaching programme last year. It was amazing." (GM Kirk)
>
> "...to have that double-check support of ... a central person who probably deals with this across Singapore, Japan, Asia, Fiji." (DM William)

The respondents recognised the value of engaging in a consultative process as it helped them to obtain different perspectives from more experienced practitioners, acquire expert knowledge from specialists, or attain the unbiased perspective of others external to the organisation. As depicted in Table 5-21, the respondents referred to consultation within both formal and informal context and with sources both internal and external to the organisation.

Formal consultation

Formal consultation refers to structures and process put in place by the hotel groups to aid dialogue between mangers and others with the aim of developing management capability and decision-making effectiveness.

Formal internal consultation

Respondents from both hotel groups referred to internal structures within their hotel groups that enabled them to consult with others who had specialist knowledge and/or expert experience. It was evident that this consultative process was encouraged for complex decisions where there was no one right answer, but an answer needed to be found.

Table 5-21: Formal and informal consultation

Consultation process	Hotel Group	Respondent narratives
Formal		
Internal	HG1	"We have a good support network […] if something could impact the network, I will always say what do you think here." (GM Tom)
	HG2	"...to confirm that with a risk manager for the region who says yeah, legally you're within the contract" (DM William)
External	HG1	Not evidenced for HG1
	HG2	"I went through an external coaching programme last year. It was amazing." (GM Kirk)
Informal		
Internal	HG1	"[T]the training academy [manger] she gives you the best advice hands down." (DM Bruce)
	HG2	"...business development manager here in the hotel. So, I often go to her for personality advice." (HRM Mila)
External	HG1	"My father, yeah, who is a very astute businessman." (GM Channel)
	HG2	"My mum was a very, very wise businesswoman, and my dad obviously being the general manager of a business..." (HRM Mila)

Nevertheless, it was evident for HG1 that a consultative decision-making process was something that was not explicitly taught but, rather, was more implicit within the structure and expected process. For example:

> "In terms of how they make their decisions? That's a good question. We probably don't really have a formal sort of process for that. I guess part of it is again in our supervisory and management development programmes I talk about that a lot, you know, I talk a lot about what is the right thing to do and what are the things you need to consider, but we don't teach decision making as such. So, it's probably more of a … sort of woven through message rather than a blatant message." (RegHRM Sophie)

Conversely, as the following narratives indicate, HG2 had engaged in a deliberate strategy to focus on the process of consultation and deliberation for decision making:

> "One thing that the company in general is really trying to focus on at all levels is not give people the answer, but get them to talk through the answer, ... to come to [their] own resolution." (RegHRM Jess)
>
> "...so it's about coaching them through those and getting them to understand and not just ask for the answer most of the time but think about it and let's work on the answer together." (GM Trevor)

Within the above narrative from RegHRM Jess, it is interesting to note that "the company in general" is intentionally undertaking a strategy that encourages consultation and deliberation. And perhaps more importantly, the narrative from GM Trevor indicates that this consultative approach is being implemented at the hotel level and modelled to all employees.

Formal external consultation

Within HG2, an external coaching programme was made available to senior managers. Commenting on how the coaching supported decision making, RegHRM Jess explained that the coaches were there to help "talk them through the processes that they've applied, how that made them feel, what response they had, [and] what the perceptions are, but not actually on how to make the decision". The benefits of accessing this formal consultation process were captured by RegDir Joe:

> "I think they ... give you a much more objective view in terms of stepping away from whatever company politics might be, ... what would the company want me to do, or what would be politically the right thing to do. Coaches or an external coach are not influenced by any of those issues, ... they make you ask yourself the right questions."

In the above narratives, it can be seen that rather than providing managers with answers, the consultation process helps managers to access information, weigh up options and make judgements.

Informal consultation

A number of respondents from both hotel groups discussed lines of informal consultation that included discussions with trusted colleagues and managers within the hotel group (internal) and/or friends and family members (external).

Informal internal consultation

Overall the respondent narratives indicated that informal consultation between colleagues was a widely accepted and encouraged practice that enabled managers to call colleagues and trusted advisors when they needed someone to help work through issues. For example:

> "She's an ex-HR manager. If I feel that something's not quite right with HR I'll send her an email and when we've got time we'll catch up." (DM Bruce)
>
> "My HR colleagues in Australia. ... we'll pick up the phone and just say, 'Look I just want to talk through something with you. This is what I'm thinking, do you think [there is] anything I've overlooked?' " (RegHRM Jess)

Additionally, as HRM Mila indicates, these informal networks enabled younger managers to seek informal advice from more experienced colleagues:

> "...our business development manager here in the hotel. So, I often go to her for advice, because I guess with my age and my experience I haven't really been around the track yet."

Informal external consultation

While there was no evidence that informal external consultation was promoted by the hotel group, a number of respondents stated that they sometimes consulted with friends and/or family members when deliberating about complex issues. For example:

> "My mum was a very, very wise businesswoman, and my dad obviously being the general manager of a business as well. But I have to be quite careful with confidentiality." (HRM Mila)
>
> "My wife has a hospitality background. She's incredibly good for getting another perspective." (DM Harry)

Like the formal external consultation outlined above, the respondents who did mention this form of consultation recognised the value of having an external perspective that helped to check their thinking process or inform their decision making. However, and perhaps more importantly, it indicates that the respondents recognised the value of consultation and deliberation in balanced decision making.

In summary, the findings concerning the development of self-awareness reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	Barriers to wisdom development
• Encouraging consultation • Structures that support consultation • Encouraging employees to deliberate • Helping employees to come up with the answer themselves • Fostering informal networks	• Providing answers to issues • Making decisions without consulting • Lack of input from diverse sources

5.4.5 Retaining wisdom

While the interview respondents did not discuss staff retention, it is apparent within the hotel group documents that retaining experienced and talented employees who have accumulated tacit knowledge is critical to the sustainable success of both organisations. For example:

> ...success depends first and foremost on the commitment of the people ... That's why our human resources policies [have] a particular emphasis on employee skills development, work life quality, and talent management and retention. (HG1 *2013 Annual Report*)

> ...to remain competitive, the Group must employ the right people. This includes hiring and retaining highly skilled employees with particular expertise or leadership capability. (HG2 *2014 Annual Report*)

To help retain employees, HG2 has focused on giving employees "the tools, guidance and support to be successful" (*2014 Annual Report*) and "increased leadership succession through new appointments and internal promotions" (*2014 CSR Report*).

Likewise, for HG1, the importance of retention and promoting employees from within the company is apparent within the following statistics:

> In 2014, 10,382 employees were promoted in their hotels, of which 2,146 from non-management to management positions. At year-end, 69% of hotel General Managers had come up through the ranks. This vertical and horizontal mobility is encouraged by today's human resources processes. (HG1 *2014 Annual Report*)

Moreover, in addition to developing and retaining talented employees, it was also recognised that the hotel group must enable individuals to share their experience and knowledge. For example:

> Unless skills are supported by a sufficient infrastructure to enable knowledge and skills to be passed on, the Group risks losing accumulated knowledge if key employees leave the Group. (HG2 *2014 Annual Report*)

Along with the goal of retaining staff, the above text extracts point to a cycle of ongoing development and sharing of knowledge that must be "supported" by "infrastructure" within individual hotels and across the hotel group. The importance of knowledge sharing is apparent for the following significant reasons:

- Employee mobility within the hotel group means that knowledge may be potentially lost to other hotel properties.
- Employees leaving the hotel group may result in knowledge being lost from the organisation altogether.

The potential for loss of tacit knowledge from the hotel group is identified by HG2 as a significant risk to the organisation in the following statement:

> ...implementation of the Group's strategic business plans could be undermined by ... failure to recruit or retain key personnel, unexpected loss of key senior employees, failures in the Group's succession planning and incentive plans, or a failure to invest in the development of key skills. (HG2 *2014 Annual Report*)

Within the aforementioned text extracts, it is recognised that the tacit knowledge of employees is a valuable resource that needs to be retained and invested in. However, the extracts also acknowledge that some talented employees will leave the group and therefore it is equally important to capture their tacit knowledge within a community of practitioners, or, as HG1 expressed it, "a pool of international managers" (HG1 *2014 Annual Report*).

The importance of developing and retaining employees within the organisation is highlighted by HRM Mary, who explained:

> "Something that we perhaps take for granted [is] the knowledge that we gain as time goes on. You bring somebody in from externally and it's just such a huge beast of knowledge of information for them to learn about the company. ... in operational roles it's very rarely that I've seen people come in, into those types of management roles externally."

However, as Mary indicates, the knowledge and experience of employees and managers is perhaps something that is taken for granted, until someone is lost and a new person arrives.

In summary, the findings concerning retaining wisdom reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development	Barriers to wisdom development
• Sharing experience and knowledge	• Staff turnover
• Retaining expertise, talent and tacit knowledge	• Loss of tacit knowledge
• Building a community of practitioners	

5.4.6 Developing the seeds of wisdom

It is evident the hotel groups provide opportunities, tools and resources for training and development along with structures and cultures that provide a basis for developing wise decision making. However, for the organisations support structures to be effective, some interviewees remarked that it was also important that employees both have the right disposition and are actively engaged in the process.

The importance of having the right disposition is highlighted by RegHRM Sophie in the following narratives where it is indicated that there needs to be some previous disposition for hospitality embedded within a person:

> "I think there has to be a seed in there that you can water and see it grow, but if it's not there I don't know if it can be put in ... some people just don't get it." (RegHRM Sophie)
>
> "So, it's having really good knowledge and understanding but also having that essence of hospitality." (RegHRM Sophie)

In the above narrative, the analogy of a "seed" and reference to the "essence" of hospitality bring attention to the social ability, values and character strengths associated with being hospitable rather than the more technical requirements of production that can be learnt from instruction. It suggests that there is a type of person who is suited to the hotel environment. For example, Sophie further suggested that:

> "...there are some people that it just doesn't mesh with. It's different values, different approach, you know, some people really struggle with [providing flexible human interactions] because it doesn't fit their natural talents." (RegHRM Sophie)

The reference to "natural talents" in the context of this narrative refers to the ability to accept and cope with ambiguity and complexity within the social environment.

Showing an interest in developing one's self by actively engaging with the development opportunities provided by the organisation, or having "a general attitude towards learning" (DM William), was seen as an important step in engaging with ongoing development. This is evident in the following narratives where it is apparent that managers are looking for individuals who have the motivation and initiative for learning:

> "...those ones who show interest are future leaders in my head because they question, they ask and they seek feedback and they want to develop themselves." **(**DM William)

> "If you use the tools great, that's probably the first sign that you're a leader of the future because you're self-aware enough to go you know what, I really do want to develop." (RegDir Simon)

> "...they put in place frameworks that supports the development of people through coaching, talent mapping, development activities, learning lounges, leadership, mentoring. But like any tool, it's only good [if] it's picked up and used." (RegDir Simon)

The above narratives suggest that the development of hotel *phronēsis* begins with having a disposition towards providing hospitality and sufficient self-awareness to know that ongoing development is important. However, while having a desire to develop one's self is important, it is acting on that desire that is perhaps more important.

In summary, the findings concerning developing the seeds of wisdom reveal the following characteristics that enable or create barriers to wisdom development:

Enabling wisdom development

- Encouraging self-development

Barriers to wisdom development

- Lack of individual desire
- Lack of action
- Lack of understanding of the hotel environment
- Incompatible personality or values

5.4.7 Synopsis: Developing wisdom

The findings concerning the development of wisdom highlight a range of activities and processes that either support the development of wisdom or potentially inhibit its development. While the research data was coded to the themes social architecture, strategy, structure and values alignment, organisational culture, and organisational support, further analysis of these findings reveals seven factors that contribute towards the development of wisdom: foundations, training and development, modelling, understanding, practice, connecting, and engagement (refer to Table 5-22).

Foundations refer to organisational structures, systems and culture that support wisdom development. This includes:

- *Alignment*: between organisational strategy, structure, and values
- *Laws*: a constant company commitment to meeting legal requirements
- *Policies*: the essential company policies which must be followed
- *Guidelines*: codes of conduct and processes that provide guidance for decision making, behaviour and action; guidelines provide the ability for flexibility
- *Tools*: the frameworks (e.g. best practice procedures and process) that support decision making and operational actives
- *Culture*: a company culture that supports the development and practice of wisdom including the other factors identified in section 5.4.3

Training and development refers to supporting employees' development and progression by providing systems, programmes and development opportunities in

- leadership ability
- technical skills
- operational competencies, and
- commercial knowledge.

Modelling refers to the process of management leading by example and creating an organisation climate where the desired values, behaviours and actions are consistently demonstrated. It also refers to the provision of formal processes and structure so that employees can be mentored and coached by more experienced staff. This includes retaining employees and managers with expertise, talent and tacit knowledge (exemplars). It also refers to developing and supporting informal processes where employees are able to develop networks of trusted advisors.

Understanding refers to the awareness and appreciation of people, diversity and the operational environment. It includes:

- *Uncertainty*: accepting that not everything can be known and not every eventuality can be accounted for
- *Self*: helping employees to develop an understanding and appreciation of their personality and abilities and areas for development (self-awareness and emotional intelligence)
- *Others*: helping employees to understand others through the development of social intelligence or social ability.

Practice refers to enabling employees to practise decision making and learning from mistakes. It includes:

- *Experience*: gaining a wide range of experience in hotel management and life
- *Mistakes*: the ability to learn from mistakes
- *Empowerment*: working within a decentralised environment that enables practising making decisions
- *Trust:* creating environments where employees feel safe voicing concerns and being honest. It also includes promoting the development of trusting relationships.

Connecting refers to the development of an environment that fosters the development of relationships and connections with stakeholders and wider community. It also includes:

- *Collaboration*: fostering open dialogue, encouraging consultation, sharing of information, and teamwork.

Engagement refers to engaging employees in the process of developing wisdom and encouraging reflective and reflexive practices.

Table 5-22: Factors contributing towards the development of wisdom

Foundations	**Training and development**	**Modelling**
• Alignment • Laws • Policy • Guidelines • Tools • Culture	• Leadership • Technical • Operational • Commercial • Supporting	• Values • Behaviours • Actions • Leading by example • Empathy • Mentoring • Coaching
Understanding	**Practice**	**Connecting**
• Uncertainty • Self • Others	• Experience • Mistakes • Empowerment • Trust	• Community • Collaboration
Engagement		

Chapter 6. Interpretive discussion: Wise management practice

6.1 Introduction

This study approaches the exploration of wise management practice from an Aristotelian perspective and therefore focuses on the integration of practical and ethical pursuits to achieve the desired end (Eikeland, 2008). As this is the first empirical study of management wisdom to be undertaken within the hospitality context, there was no previous hospitality theory of wise management practice to provide a point of reference. Therefore, as outlined in the methodology chapter, knowledge within this study is constructed through both inductive and abductive reasoning. Inductive reasoning has driven much of the initial development of themes presented in this chapter. However, as these themes and interpretations have developed, abductive reasoning has been applied. This has enabled the concepts and models presented within this discussion chapter to be developed through a process of moving back and forth between theory and the findings (Mantere & Ketokivi, 2013). The discussion within this chapter is grounded within a phronetic social science (PhSS) methodology and Aristotle's attributes of phronēsis (refer figure 2-2). Additionally, the chapter links the findings with relevant literature and theories that also inform this discussion.

The following three research aims are discussed in this chapter:

1. To explore the purpose and values that influence hotel management decision making.
2. To explore what is considered wise management practice.
3. To explore how hotel organisations are enabling or obstructing the development of management wisdom.

In keeping with the findings chapter, this chapter has been organised around each of the three research aims; hence, after the introduction, the discussion is divided into three main sections: 6.2. hotel purpose, 6.3. wise management practice, and 6.4. developing wisdom. Section 6.2. establishes the purpose of a hotel and discusses the tensions and complexity within the environment. This section also discusses the hotel group's stakeholder orientation and explores the interests of shareholders, key stakeholder groups and the community. The section ends with a discussion of the paradox resulting from organisational characteristics and goals. Section 6.3. discusses wise management practice and explores the sources of power that influence management decisions and action. The section also establishes the attributes required for wise management, the five key features of balanced decision making, and the critical role that community plays in wise management. The third discussion section, section 6.4. discusses six organisational pillars that support the development of wisdom and the need for individuals to engage in developing wisdom. The chapter concludes by proposing a conceptual model of wise management practice which draws together the key themes and models discussed throughout this chapter.

6.2 Hotel purpose

Research aim: To explore the purpose and values that influence hotel management decision making

This section discusses the purpose of a hotel and explores the values that guide management decision making. The section is divided into three parts: hotel environment, stakeholder orientation, and paradox. The discussion of hotel environment explores the interdependent and recursive nature of the four key hotel goals and their influence on complexity within the environment. Included here is a discussion of how complexity within the technical and social environments influences management decision making. The discussion of stakeholder orientation focuses on the interests of shareholders, stakeholders and the wider community and explores how value is created for each of these groups. Finally, the discussion of paradox explores the tensions and forces of imbalance that result from the hotel's goals and stakeholder orientation.

6.2.1 Hotel environment

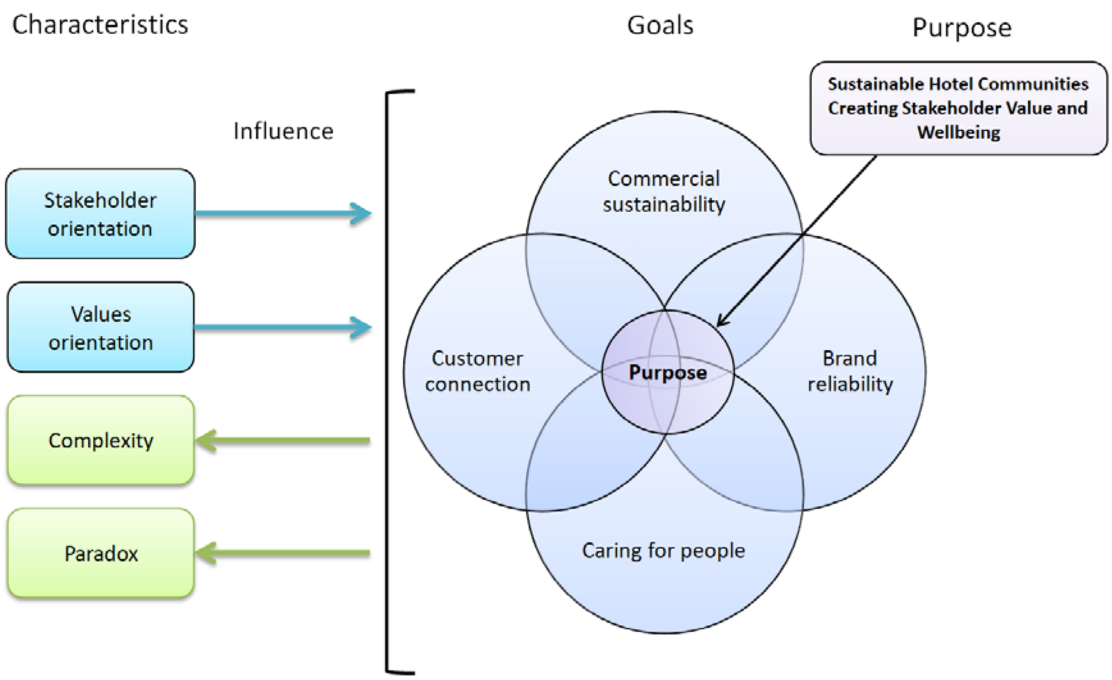
The hotel companies involved in this study operate international hotel brands under management contracts within the New Zealand environment and, therefore, they have a contractual responsibility to provide a return on investment to the hotel property owners. Moreover, as public companies, both hotel groups also have a legal responsibility to exercise their powers and discharge their duties in the interests of the corporation and of the shareholders. The importance and power of this legal, and some would say moral (e.g. Friedman, 2007; Simons, 2013; Sundaram & Inkpen, 2004b) obligation to return a profit to hotel group investors was expressed by all of the respondents (refer to section 5.3.1.1).

As operators of hotels, the required financial returns and profit margins are generated from the sale of facilities (e.g. bed rooms and meeting rooms), products (e.g. food and beverage) and services (e.g. internet connection, movies and room service). The generation of profits through the sale of these hotel products and services form the commercial basis of the hotel environment (e.g. Lashley & Lynch, 2013; Medlik & Ingram, 2000). However, in addition to these transactional elements of the hotel environment, it is apparent that the image of the brand and quality of service interactions are also critical to the creation of customer satisfaction and memorable customer experiences. Moreover, the hotel groups desired to develop what were described as "human" and "emotional connection[s]" (HG1) and "feeling[s] of being looked after" (HG2). These characteristics and qualities of service interaction were seen as important dimensions of customer experiences and viewed as essential to the creation of commercial sustainability (refer to section 5.2.1.3). The importance of maintaining both a successful hospitality business and a hospitable environment is consistent with Tasci and Semrad's (2016) findings concerning the need for hospitableness within hospitality.

The findings suggest that the hotel groups adopt a stakeholder approach (refer to Freeman, 2010) that aims to create value for both key stakeholders (e.g. investors, customers, employees and suppliers) and wider stakeholder groups (e.g. local communities). Moreover, the hotel goals are influenced by values that are consistent with the hospitality values discussed in the literature (e.g. Dawson et al., 2011; Hemmington, 2007; Tasci & Semrad, 2016; Wijesinghe, 2014) and character strengths that are associated with wisdom (e.g. Crossan, Mazutis, & Seijts, 2013; Fowers, 2005). It is interesting to note here that as hotels operate within a fragmented industry (Enz, 2010), it could be argued that maintaining a concern for wider stakeholder groups is a natural strategy. However, as the motivation for adopting this approach was not a focus of this research, the hotel group motives for a stakeholder approach will need to be undertaken in future research.

The four identified goals – commercial sustainability, customer connection, care for people and brand reliability – along with the hotel characteristics – stakeholder and values orientation, complexity and paradox – reveal important aspects of the hotel environment that help to shape decision-making strategies and practice (refer to section 5.2.4, Table 5-9). The relationship between these goals and characteristics suggests that the ultimate end (*télos*) of a hotel extends beyond wealth creation for shareholders to include enabling the creation of stakeholder value and well-being through building sustainable hotel communities (refer to Figure 6-1). Moreover, the findings suggest that to achieve their purpose, the hotel groups need to manage the hotel characteristics and excel in the attainment of all identified goals, which points to an interdependent relationship between the four goals.

Figure 6-1: Hotel characteristics, goals and purpose



The interdependent nature of the goals is evident in the creation of customer satisfaction and connection in return for payment which provides the means for attaining commercial sustainability. Likewise, if the hotel was not commercially sustainable, it would not be able to meet customer needs. Similarly, gaining a reputation for brand reliability has the potential to attract more investors and/or customers which, in turn, enables growth of the hotel group and thus contributes to commercial sustainability. Moreover, caring for people (all stakeholders) contributes to customer connection, brand reliability and commercial sustainability, as RegDir Maurice stated: “The satisfaction of our people flows onto the satisfaction of our customer which in turn flows into the pockets of our owners and investors.” And conversely it could be said that commercial sustainability enables the hotel group to place more resources into caring for people and developing customer connections. This interdependence suggests that a change to the performance of any one of the goals will have an impact on the others. In combination with this interdependence, the characteristics of the goals can be seen to influence the nature of complexity within the hotel environment.

6.2.1.1 Complexity

It is clear from the findings that hotel management is indeed very complex. This complexity is apparent throughout the findings but is detailed in section 5.2.1.4, where respondent descriptions of the hotel environment were coded as simple, complicated, complex, or chaotic. These codes were draw from the Cynefin model of decision making (Snowden, 2005; Snowden & Boone, 2007) (refer to section 3.5).

Simple and complicated contexts

The types of activities (and functions) assigned to the simple context are characterised within the findings as uncomplicated and reasonably straight forward (refer to Table to 6-1). Activities within this context can be described as procedures that involve routine tasks (e.g. setting dining room tables, processing reservations and maintaining rooms) and are therefore controlled by policies, standard operating procedures and best practice. The characteristics of these activities are in line with Vasconcelos and Ramirez’s (2011) description of low complication and low-complexity environments and Snowden and Boone’s (2007) definition of a simple context.

Similar to the simple context, the complicated context captures activities where best practice provides clear guidance to achieving the required outcome (refer to Table 6-1). However, as complicated activities involve multiple sources of knowable information, expertise is required to analyse and synthesise the information to determine the best answer or course of action. Examples of complicated activities within the hotel environment include financial reporting, event planning, risk management and revenue management.

As both the simple and complicated contexts involve activities where the process for achieving the desired outcome can be predetermined and codified, these contexts sit within what the service quality literature describes as the technical environment (e.g. Polyakova & Mirza, 2015). The technical environment refers to processes designed to efficiently carry out predictable functions or services that require adherence to procedure and involves technical skills or expertise. Nevertheless, the domain of technical quality in this study extends beyond the customer perspective traditionally used in the service quality literature to also include the relevance of each attribute to all stakeholders. From this perspective, technical processes designed to provide efficiency, predictability and consistency can be seen to benefit not only customers through efficient and predictable service interactions, but also investors through achieving lower cost structures resulting in higher profits, and employees through, for example, making knowledge explicit to aid skill transfer and the organisation of tasks to aid work flow.

Complex and chaotic contexts

In line with Vasconcelos and Ramirez's (2011) description of complex environments, activities categorised within the complex context involve interpersonal interaction where respondents hold differing and often subjective assumptions concerning outcomes and the means for achieving outcomes. These activities involve managing interactions between diverse groups and individuals in often unpredictable situations which include exchanges between stakeholders and representatives of the organisation; for example, when providing restaurant service, guest check-in interactions, caring for the needs of employees, or meetings with hotel owners (refer to Table 6-1).

The chaotic context describes unexpected situations and unique events (refer to Table 6-1). Chaotic contexts are described by Snowden and Boone (2007) as highly "turbulent" environments characterised by many unknown variables and "high tension" with "many decisions [that need] to be made but no time to think" (p. 73). Examples of these types of events identified in the findings included natural disasters (earthquake) and social unrest (bombings). However, a less extreme chaotic event would be organisational systems failure that impacted on social order; for example, a break down in restaurant service processes or guest check-in processes due to unexpected busy periods creating customer dissatisfaction and employee stress.

There are also many similarities between the characteristics of the complex and chaotic contexts and the characteristics associated with the functional environment discussed in the service quality literature (e.g. Polyakova & Mirza, 2015). However, as with the technical environment, the parameters of the functional environment extend beyond the customer perspective, which is often the focus of the service management literature (e.g. Grönroos, 2007; Zeithaml, Bitner, & Gremler, 2013), to include an impact on all stakeholders. Taking this into account, both the complex and chaotic contexts can be viewed as part of the social environment as shown in Table 6-1. In this way, qualities of the social environment support caring and customised interactions not only between customers, but also between colleagues, hotel owners and the wider community where relationships and connections are both developed and maintained. However, unlike the stability and predictability of the technical environment, the social environment is characterised by inconsistency and unpredictability.

Brand reliability and responsiveness

A key hotel goal identified in the findings was achieving brand reliability and responsiveness which refers to the stakeholders' trust in the brand to consistently keep brand standards and maintain its corporate and public profile. Brand reliability includes maintaining the integrity of the brand and its ability to keep promises to all stakeholders. Responsiveness refers to the ability to respond to the needs of customers and key stakeholders. While Lehtinen and Lehtinen (1991) suggest brand quality concerns the organisation's reputation that is built up over time and is, therefore, symbolic in nature, the findings of this study suggest that brand reputation extends beyond symbolism to include more discernible attributes such as consistent quality of products, experience and tailored interactions. In Table 6-1, brand reliability and responsiveness sits across both the technical and social environment, illustrating the need for the hotel groups to successfully manage both of these environments. Nevertheless, while the respondents recognised the need for technical and social quality, it is apparent that balancing these often competing goals was a struggle. This is evident in section 5.2.1.2 of the findings where the respondents revealed the dominance of bureaucratic policies and procedures resulting in the loss of attention to the social environment and commodification of the hotel industry (refer to Gane, 2005; Ritzer, 2004).

Table 6-1: Hotel complexity in the technical and social environment

Brand reliability and responsiveness			
Technical environment		**Social environment**	
Simple	**Complicated**	**Complex**	**Chaotic**
Involves: Routine tasks Best practice Limited information, functions and processes	**Involves:** Best practice Expertise to analyse and synthesise information	**Involves:** Interpersonal exchange Unpredictability Customisation Flexibility	**Involves:** Unexpected situations Unique events
Hotel examples Setting dining room Reservations process Guest check-in process	**Hotel examples** Event planning Financial reporting Risk management Revenue management	**Hotel examples** Dining room service Employee concerns Guest check-in interactions	**Hotel examples** Natural disasters Social disorder Systems failure (social impact)

Relationship between contexts within the hotel environments

While the findings suggest that hotel activities can be categorised into four contexts within the technical and social environment, it is also apparent that many hotel activities are not undertaken in isolation and, therefore, influence each other. As can be seen in Figure 6-2, the intersection between each of the four hotel contexts indicates the relationship between each dimension. Here it can be seen that complex interpersonal exchanges affect simple and complicated contexts and, therefore, increase complexity within the technical environment. Example of this complexity within the simple context include maintaining the efficient flow of restaurant service while caring for the individual needs of customers or processing guest check-in while taking care of their individual needs. Within a more complicated context, complexity is added to managing the technicalities of a wedding event while also managing guest preferences, emotional expectations and subjective demands. The findings here suggest that at the intersection between the technical and social environments within the day-to-day operations of the hotel, there is a clash between efficiency and individual concern, between costs and connection.

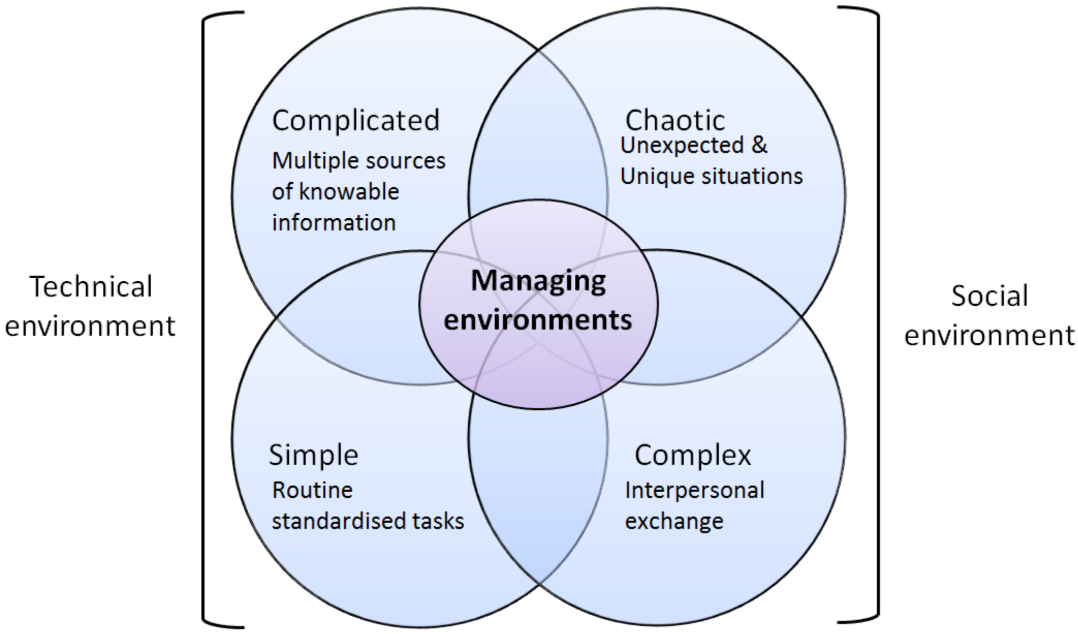
The intersection between the chaotic environment and the simple, complicated and complex environments indicate the potential for chaos within each of these contexts. It is evident that many of the respondents within this study have had to deal with natural disasters while managing hotels. As hotels accommodate significant numbers of guests year round and are situated in a diverse range of geographic locations, from cities to alpine ranges to coast lines, there is a chance of experiencing natural disasters along with the need to manage these events as they unfold. This, therefore, opens the hotel environment to the very real potential for chaos. Ben's story of managing a hotel during the 2011 Japanese earthquake and tsunami (refer to section 5.3.3) provides an interesting account of the intersection between the simple, complicated, complex and chaotic contexts.

Within Ben's account it is evident that the hotel had practised for such an event and had procedures in place to deal with the initial evacuation of the hotel. These procedures fall within the simple context as they are designed to be relatively straightforward, are captured within policy and best practice procedures, and have been trained for. Nevertheless, there is also considerable interpersonal exchange that takes place during and after the event. As Ben stated:

> "I think always the most important thing is to remain calm and cheerful and it's okay, it's going to be fine, don't worry about it, because I think panic would ensue panic throughout the building." (extract from full story, Appendix 10)

After the initial simple evacuation procedures were completed, it is apparent that more complicated decisions needed to be made that involved ongoing interpersonal exchanges concerning complex needs and emotions of both guests and employees. It is interesting to note that even though there is some preparation for emergencies, the actual events are unexpected and the manner in which the events unfold are unpredictable (Statler & Roos, 2007). As HM Ben said, “It’s difficult, I’m telling you now.” As can be seen from this example, the intersection between technical and social environments is made especially evident when looking at routine standardised best practice procedures, and the management of interpersonal exchanges that bring events back from chaos or prevent chaos from happening altogether.

Figure 6-2: The hotel environment



As discussed, the four hotel goals add complexity to hotel operations and reveal challenges in the management of the technical and social environments. However, the findings suggest that the hotel characteristics identified as stakeholder orientation and values orientation also have a significant influence over how the goals are attained. Moreover, as the following discussion of value creation suggests, the stakeholder and values orientation adopted by the hotel groups strengthen bonds between the four goals and points to a purpose beyond the mere accomplishment of each goal.

6.2.2 Stakeholder and values orientation

> "Profit for a company is like oxygen for a person. If you don't have enough of it, you're out of the game. But if you think your life is about breathing, you're really missing something." (Peter Drucker)

The discussion of stakeholder and values orientation explores the findings concerning looking after shareholder, key stakeholder and community interests through the creation of shareholder, stakeholder and social value.

6.2.2.1 Shareholder interests

It is evident from the empirical research that the hotel groups sought to add value to their business by acting in the interests of their shareholders and the hotel owners. In Figure 6-3, shareholder interests represent the activities that are undertaken primarily in the interests of the hotel group's shareholders and the hotel property owners. These activities include the efficient production of products and services to generate financial returns, and from this standpoint, the activities can be viewed as transactional in nature. This view is evident in the findings where the basic purpose of a hotel was seen as providing customers with a safe comfortable bed and the offering of food and beverage to generate a profit for the hotel owner and hotel management company (refer to section 5.2.1.1).

This simple and transactional view of hotel purpose and management activity is captured with Medlik and Ingram's (2000) definition of hotels and promoted by Slattery's (2002) argument where he states that "hospitality venues are businesses where the critical relationship is between seller and buyers" (p. 21) (refer to section 3.3). This institutional, mechanistic view of commercial hospitality which focuses on transactions between host and customer and marginalises the pursuit of higher ideals is also evident within much of the hospitality management literature (refer to Brotherton & Wood, 2008, pp. 39–40). In this respect, the generation of adequate financial returns and profit through efficient management of products and services is seen as the primary driver of ongoing success for the hotel owners and management groups (Gandz, 2010b). This view is reinforced by segments of the management literature (e.g. Simons, 2013; Sundaram & Inkpen, 2004a) and the belief that a manager's success is ultimately judged on their business acumen and financial results irrespective of how effective they are with customers (refer to section 5.2.2.2, subheading "**Finance**"). However, as Smith and Lewis (2011) point out, from this perspective, stakeholder interests, including employees, are viewed as a cost that needs to be minimised. Therefore, actions taken primarily for generating business value are classified as being undertaken in the interests of shareholders.

This perspective of business places the generation of profit as the primary purpose of a hotel business. However, from an Aristotelian perspective, profits are classified as an external good and, therefore, are seen as a means to some other end rather than an end in itself (refer to MacIntyre, 2007; Fowers, 2005). It is evident that the dominance of economic rationality has a significant influence over management decision making and that in some cases it is the final authority that guides management activity. However, in line with a number of academic authors who have criticised business purpose derived from an ideology of profit (e.g. Freeman, 2001; Melé, 2010; H. Smith, 2003), the respondents within this study recognised that their purpose lay beyond just carrying out transactions for business interests in the most efficient manner. Even though the critical importance of maintaining profitability requires managers to direct significant attention towards achieving business interests, it is also clear from the findings that stakeholder interests were important to the hotel groups.

6.2.2.2 Stakeholder interests

The concern for stakeholders is indicated in the findings by statements such as "create value for everyone" (HG1) and "growth for the benefit of all its stakeholders" (HG2) (refer to sections 5.2.1, 5.3.2.1 and 5.4.2). Within this context, the hotel groups' focus on developing stakeholder value supports the principles of stakeholder theory which claims that stakeholder interests are vital to the sustainable success of an organisation (Freeman, 2001) and that their interests need to be factored into management decision making (Freeman, 2010). Within the context of this study, stakeholder value refers to the creation of shared extrinsic results including economic value and non-monetary forms of reward (e.g. employee training) (Lankoski, Smith, & Van Wassenhove, 2016). The key stakeholder groups identified by the respondents within the findings included customers, employees, owners, the brand (hotel management group), suppliers and the wider community (refer to section 5.2.2). The focus on these stakeholder groups fits closely with the narrow classification of stakeholders identified by Freeman (2001) in his discussion of stakeholders in the modern corporation.

However, the findings suggest that the relationship between a hotel group and its stakeholders can be characterised as a partnership built on mutual benefit, and, therefore, the motivation of the hotel groups and management is viewed as fundamentally instrumental in nature. Within this view, stakeholder management is a strategic activity undertaken as a means to an end that potentially may not have anything to do with the general welfare of stakeholders. While this approach to stakeholder management was not widely expressed by the respondents, it was spoken about by some respondents in relation to other managers they knew, and was also an approach that could be implemented by the respondents of this study when required. For example:

> "I might make a decision today to upset a client that has been a loyal client for five years just because I see an opportunity for this property to drive more rate and more revenue." (RegSM Bob)

It is evident here that stakeholders can become instruments for the use of the hotel groups and managers, where, if the cost of the relationship out ways the benefits or better alternatives are available, ending the relationship with the stakeholder (e.g. employee, customer, supplier) is justifiable (refer to Fowers, 2005). Interestingly, the aforementioned marketing manager also described how the hotel group was treated in much the same way by some of its corporate clients, which further illustrates the instrumental nature of hotel business.

Figure 6-3: Balancing shareholder, stakeholder and community interests

Characteristics
- Community interactions
- Connection
- Relationships
- Virtue ethics
- Orientated towards:
  - Psychological needs
  - Internal goods

Characteristics
- Transactional
- Profit focus
- Institutional bureaucracy
- Orientated towards:
  - Products and services
  - Physiological and safety needs
  - Investors
  - External goods

Characteristics
- Interactional
- Experiences
- Reciprocity and mutual benefit
- Orientated towards:
  - Customers, investors and employees
  - External goods

Therefore, the domain of stakeholder presented in Figure 6-3 represents the interactional and reciprocal characteristics of stakeholder relationships that are evident within the findings. The instrumental characteristics of hotel interactions that are apparent within this domain are consistent with many contemporary definitions of commercial hospitality that focus on exchange aspects of the business by describing hospitality as the provision of food, beverage and a room accompanied by pleasant interactions with staff (refer to section 3.2.2) (e.g. Brotherton, 1999). This approach to managing stakeholder relationships is consistent with Max Weber's observations of values spheres that are "seduced by the force of instrumental reason

[and] ruled by rational purpose rather than ultimate conviction" (Gane, 2005, p. 8). In this sense, even concerns with stakeholder value are perhaps influenced by capitalist ideologies that promote an economic rationality (e.g. Simons, 2013; Sundaram & Inkpen, 2004b). This economic perspective of stakeholder management is also consistent with Harrison and Wicks's (2013) utilitarian perspective of value creation and discussions of CSR that become subordinate to the goals of economic reality (refer to Brooks, 2010; H. Smith, 2003). However, while there is evidence to suggest that management behaviour could be driven by self-serving instrumental motives, there is also considerable evidence within the findings to suggest that managers were guided by other ethical values and sought to act in the best interests of all stakeholders.

6.2.2.3 Community interests

While the primary attention of the respondents within this study was orientated towards narrow stakeholder groups, the hotel group documents at the corporate level also reveal a concern, or at least recognition of, wider stakeholder interests; for example, local community, unions, and government and non-government organisations (refer to section 5.3.2.1). Recognition of these wider stakeholder groups is also consistent with Freeman's (2010) stakeholder map of large organisations, and in this respect, the hotel groups have a wider stakeholder rather than narrow shareholder orientation. Moreover, the findings indicate values and concerns that extended beyond contractual and reciprocal obligations to stakeholders to also include concerns for their general well-being. These findings suggest that achieving the hotel group purpose requires managers and employees to act and behave in a hospitable manner by practising hotel group values and codes of conduct. Additionally, there is considerable evidence suggesting that the respondents themselves enacted the values of hospitality not because they were required to, but rather through personal conviction (refer to Fowers, 2005; MacIntyre, 2007; Swanton, 2003).

In acting in the interests of community, it is evident that the hotel groups desired to add social value. For the purpose of this study, the term social within the domain of social value is defined as interactions undertaken between people and within communities.[24] Social value refers to the creation of both extrinsic and intrinsic value the organisation provides to stakeholders and wider community through upholding organisational values orientated towards the well-being of customers, employees and society (refer to Table 5-7).[25] Commitment to the practice of these values is clearly evident in the findings where it is apparent that the hotel groups and respondents were concerned with caring for people and acting with integrity and in a manner that shows respect for the people they interacted with and the communities they operated within (refer to section 5.2.2).

The values of empathy, respect, trust, excellence, care and courage to act promoted by the hotel groups and expressed by the respondents are in keeping with the hospitality values discussed in section 3.2 and reflect a commitment to a hospitality ethic (refer to O'Gorman, 2007b). In the sense that the hotel managers were guided by a hospitality ethic (hotel values) and sought to act with integrity in the best interests of all stakeholders, the activities adding to social value can be classified as internal goods. *Internal goods* are described by Fowers (2005) and MacIntyre (2007) as goods that have meaning in themselves and are undertaken to become a certain kind of person and/or support worthwhile actions. The aim of internal goods is to not only produce an outcome (e.g. accommodation or delivery of food) but to also achieve excellence of production, meaning and character.

In contrast to the claim that there is little room for personal, community or social concerns in the management of hospitality organisations (e.g. Aramberri, 2001; Slattery, 2002), the findings of this study reveal that the hotel groups and respondents provide significant attention to the interests of people and community. From the respondents' perspective, when discussing the values that inform decision making and guide action, it was clear that caring for and looking after people was a central concern that captured their attention (refer to section 5.2.2.2). Moreover, while the respondents often acknowledged the interests of wider stakeholder groups, a

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[24] This definition is in keeping with the sociological view presented in most English language dictionaries (e.g. American Heritage Dictionary, 2011c).

[25] Intrinsic value refers to psychological rewards (e.g. satisfaction) and the acquisition of knowledge, capabilities and character strengths.

significant amount of their focus was directed towards meeting the needs of both customers and employees. The focus on customers and employees is perhaps not surprising given the operational environment which involves significant numbers of employees interacting with large numbers of customers. Within this context, the findings point to management goals of connecting personally with customers to provide them with meaningful experiences (refer to Korczynski, 2002). It was also apparent that fostering "the art of human connection" extended beyond simply building relationships with customers to also include caring for and looking after the needs of employees and colleagues. This was summed up well in the findings by Regional Manager Joe who stated: "Showing you care for guests [and] showing you care for team members." Moreover, extending from the hospitality ethic and hotel values that guided action, it was also evident that that hotel groups desired to enrich the lives of customers and employees beyond meeting the basic needs of providing products and service or a wage in exchange for labour.

The desire to enrich the lives of customers is evident in what can be seen as a shift away from a commoditised, policy-driven, bureaucratic environment towards an environment where hotels were viewed as "living things" (refer to section 5.2.1.2). This highlights an underpinning concern for quality of human interaction and humanity in general that extends throughout the findings. There is an acknowledgement here of the desire to meet not just the physiological needs of customers but also their psychological needs. This again points to the provision of internal goods, which in this case are achieved through human interactions and emotional experiences, as an important purpose for the hotel groups (Fowers, 2005; MacIntyre, 2007). However, in contrast to MacIntyre's suggestion that much contemporary service work excludes the features of a practice favourable to the development of internal goods (Beadle & Moore, 2006), the findings within this study indicate that the hotel groups are trying, or at least desiring, to resist the competitive forces of the institution (MacIntyre, 2007) by promoting an ethic of hospitality (e.g. Bulley, 2015; O'Gorman, 2010) and Aristotelian virtues (e.g. Crossan, Mazutis, & Seijts, 2013; Fowers, 2005). For example, enriching the lives of employees was viewed in a similar fashion to that of customers but also extended to investing in the development of their social ability, technical skills and what can be viewed as general life skills. In this way, value is added to customers and employees that extend beyond the confinements of interactions within the walls of the hotel by potentially influencing interactions and relationships within the community (refer to section 5.4.3.2). The goals and values expressed here are in line with the goals and values of *manaakitanga* discussed in section 3.2 of the literature review.

From a corporate (hotel group) perspective, the findings also reveal values that promote the development of relationships between people (refer to section 5.2.2.2). The values discussed by the respondents along with their intentions to add value to the lives of people whom the hotel groups interacted with were also embedded and promoted within the company documents. Furthermore, the hotel groups' documents also emphasise the importance of the local community that the hotels operate within (refer to section 5.4.3.5). Both hotel groups recognise the interdependent relationship each hotel has with its community. For example, HG1 recognised that the community provides an environment that benefits the hotel through "cultural, historical or natural heritage" while the hotel groups add to the local community through the production of goods and services. In a similar vein, HG2 viewed their hotels as being "at the heart of their communities" where they worked with "local communities and in partnership with others" and helped to "develop a pool of skilled, motivated and engaged people". This approach is in line with the concepts of *manaakitanga* and *kaitiakitanga* (refer to Spiller, Pio, Erakovic, & Henare, 2011). The focus on people, cooperation and building both prosperity and well-being for all is also in keeping with the Aristotelean approach to business which emphasises that the responsibility of business is to serve society and the public good while bringing prosperity to both the organisation and community (e.g. Solomon, 1992).

6.2.2.4 Balancing interests – summary

The previous discussion of balancing interests and creating value explored the influence of the hotel groups' stakeholder and values orientation (refer to Figure 6-1) on hotel management. While the importance of generating wealth for the hotel group investors and owners was highlighted, the findings also suggest that for the hotel group to achieve the goal of commercial sustainability, value needed to be created not only for the business but also for key stakeholders and the wider community. For example, HG1 sought to make decisions that "drive its sustainable growth for the benefit of all its stakeholders". However, it is evident that value creation was seen not only as building wealth for stakeholders but also included enhancing stakeholder well-being. This pluralistic approach to hotel management is in line with Gummesson's (2007) call to balance the interests of multiple parties and Aust et al.'s (2015) definition which suggests business "sustainability goes beyond the financial bottom line of the firm and also includes social and environmental firm performance and impact" (p. 206). Nevertheless, while there is evidence of pluralism within the service management literature (refer to Korczynski, 2002), embracing this pluralistic approach within hotel management appears to be a fairly recent undertaking for the hotels within this study. There is also considerable evidence pointing to an emphasis on managing hotel complexity and balancing shareholder, stakeholder and the community interests. This strategy is in line with Lashley's (2016a) discussion of business ethics and sustainability within the hospitality industry and Sternberg's (2004) Balance Theory of Wisdom. Nevertheless, the findings and discussion also highlight tensions and considerable challenges resulting from the influence of a stakeholder and values orientation and the diverse nature of the four goals.

6.2.3 Paradox: The forces of imbalance

The findings identify a number of tensions inherent within the hotel environment (refer to section 5.2.3). Moreover, the previous discussion of the hotel environment and value creation further highlight these tensions by viewing them in relation to the technical and social environments and business, stakeholder and social value orientations of the hotel groups (refer Figure 6-3). The nature of these tensions is captured by Smith (2015), who defines them as paradoxes that are "contradictory yet interrelated elements that exist simultaneously and persist over time" (p. 59). Recognising the problem created by these paradoxes, HG2 referred to them as "forces of imbalance" and a "challenge facing global brands across all consumer-facing industries". Moreover, while HG1 made no explicit reference to paradoxes, it was clear they were grappling with very similar issues. The challenges created by paradoxes are recognised by Aust et al. (2015) who suggest that "to pay attention to all sustainability dimensions simultaneously is, however, very challenging and can create multiple paradoxical tensions" (p. 206).

The tensions identified in the finding (refer to Table 5-8) are consistent with the types and nature of tensions identified in the organisational literature (e.g. Aust et al., 2015; W. Smith & Lewis, 2011) and service management literature (e.g. Korczynski, 2002; Sandoff, 2005). Aust et al. (2015) suggest a considerable amount of research has already been undertaken describing the duality of tensions and their effects on organisations; therefore, the analysis of tensions within this study will instead focus on discussing the underpinning forces that help create paradoxes within hotels. This will in turn inform the discussion of how paradoxes are being managed through wise management practice in section 6.3 and how the hotel organisations are developing the wisdom required to balance these tensions in section 6.4.

Applying Max Weber's classifications of rationality (refer to Kalberg, 1980) as the basis for exploration, Figure 6-4 categorises the tensions identified in the findings under three forces: bureaucratic, pragmatic and humanistic. The *bureaucratic force* follows Weber's classification of formal rationality and is defined as means-end action legitimised through "universally applied rules, laws, or regulations" (Kalberg, 1980, p. 1158). Bureaucracy is viewed as the most rational form of control as it is obtained through calculating universal means in the production of regulations and laws (Kalberg, 1980; refer also to Korczynski, 2002). From this perspective, the bureaucratic domain includes legal requirements along with hotel rules and policies that are designed to control action for specified outcomes (e.g. health and safety, financial reporting, and brand standards). These laws and policies control behaviour to ensure standardised action and consistent outcomes are achieved. As the laws and policies are universally applied, they assume homogeneity within the population and environments. Transactions also sit within this domain as they represent the contractual obligations between the various stakeholders (e.g. customers, employees, and owners). However, as the findings indicate, the bureaucratic environment can reduce interactions to that of processing people rather than serving their needs; for example:

> "[O]ver time we've put so many policies in front of people that they've actually forgot to talk to people." (GM Jacob)

The *pragmatic force* is in line with Weber's classification of practical rationality. It is defined as rational action justified through the calculation of the most expedient means to negotiate the complexity of life for the achievement of practical ends (Kalberg, 1980). While there are similarities between the bureaucratic and pragmatic spheres – for example, both rationally calculate the means to achieve the desired ends – the pragmatic sphere captures the need for the flexibility required to be creative and innovative in arriving at practical ends. In this domain, the expert practitioner, who uses their insight of the particulars of the situation, is able to tailor production to meet the requirements of the local (heterogeneous) environment. For example, one general manager stated:

> "...we will say this doesn't work for us and there is now a greater flexibility to regionalise where appropriate." (GM Tom)

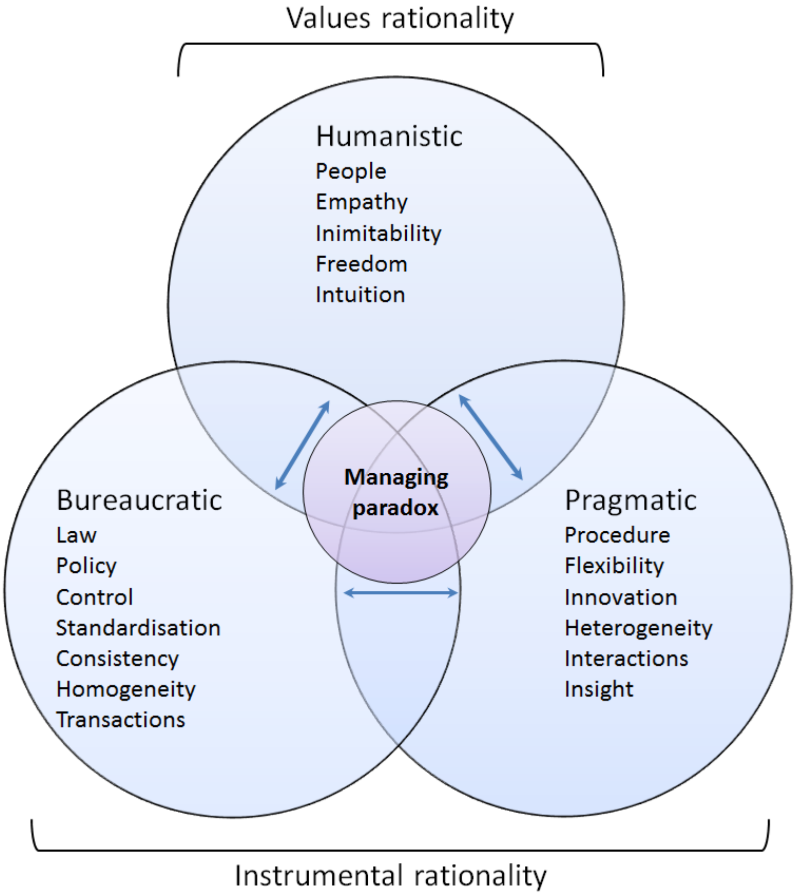
Within the pragmatic sphere, best practice procedures and techniques, rather than rules and policies, provide the guidance necessary for efficiency and quality of production. This, therefore, leads to tensions between obstructive bureaucracy, which while reducing risk also restricts creativity, and the sphere of pragmatism, which enables innovation, increases efficiency (Gane, 2005) and benefits interpersonal interactions (Korczynski, 2002).

The humanistic force follows Weber's concept of substantive rationality (values rationality) and is therefore defined as moral or ethical principles and values that direct action. The moral or ethical principles and values stem from socially acceptable norms of behaviour; therefore, action is not calculated but rather directed by ethical responsibility and/or conviction (Gane, 2005; Kalberg, 1980). According to Kalberg (1980), Weber defines ethical standards as a particular type of value-rational belief held by individuals which direct expected types of behaviour within the community. From this definition, the values relating to caring for people and integrity expressed within the findings can be viewed as ethical standards for the hotel companies (e.g. empathy, respect, and trust). The values and ethical principles identified within the findings are also in keeping with the hospitality values discussed in the academic literature (e.g. Tasci & Semrad, 2016) and expressed by the NZ Ministry of Tourism (2008) through the concepts of manaakitanga and kaitiakitanga (refer to section 3.2). Moreover, throughout the findings, it is evident that the respondents embodied the hotels' values and ethical standards; for example, RegDirHR Charles stated, "You don't think hospitality, you feel hospitality." The respondents also talked of "the art of human connection" and creating environments that people "loved coming to". These expressions along with the desire to have "human interactions" all point to actions guided by a conviction for "doing the right thing" by and for people (humanity). Nevertheless, it is clear that fulfilling this conviction requires meeting the individual needs of people and, therefore, also requires freedom from bureaucratically imposed rules and policies and the constraints of pragmatic efficiency and technocratic production (Gane, 2005). This is perhaps best summed up by HG2's *2014 Trend Report*:

> "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."

The shift from a transactional to interactional focus is consistent for both hotel groups and signals an intentional change to strategy. The shift in focus and corresponding change within the environment is consistent with Sternberg's (1998, 2004) suggestion that the environment can be shaped to support achieving excellence.

Figure 6-4: Paradox and forces of imbalance



Instrumental and values rationality

As both the bureaucratic and pragmatic domains follow rationally calculated means to achieve specified goals, they also fall within Weber's conception of *instrumental rationality*. This type of instrumental decision making was evident in the findings when respondents spoke of the explicit and dominant nature of budgets compared with the more implicit and ambiguous characteristics of values. For example:

> "[O]ften the feeling is that the decision making is made on the bottom line and not the understanding of all the other contributions to that, so if they can see it on their Profit and Loss then it's real, but if it's more intrinsic then it's not." (RegHRM Sophie)

It is apparent here that the dominance of bureaucratic and pragmatic forces has a powerful influence over decision making and action within the hotel environment. However, it is evident that over-emphasising bureaucracy and pragmatism reduces hospitality to a handshake (contract) rather than an embrace (relationship). This is particularly evident in the respondents' concerns about hotels adopting a "McDonald's cookie cutter approach" (refer to section 5.2.1.2) to management, which as Gane (2005) points out is a very real possibility since the "reduction of the pursuit of ultimate values to the rational pursuit of secular ends leads, by its logical conclusion, to an impersonal social world" (p. 23). The tensions between instrumental rational action and values rational action are made very clear in the findings where the pragmatism of running a hotel ruled by bureaucracy and shaped by efficiency, utility and maximisation are in conflict with subjective values and ethics that hold people to virtuous standards. These tensions are in line with Rooney et al.'s (2010) suggestion that an instrumental rationality based on "neo-classical economics ... provides a hostile climate for the practice of wisdom" (p. 34).

Nevertheless, it is interesting to note that at a corporate level, both hotel groups have recognised the need to manage paradoxes rather than eliminate their causes. Moreover, both hotel groups also appear to be trying to embrace paradoxes within their organisational frameworks. For example, HG2 stated: "To be successful, brands must balance and provide benefits at the intersection of the global, local and personal." These findings indicate a shift from impersonal policies that emphasise general rules towards a concern for personal experiences within communities and contexts (refer to Solomon, 1992). Moreover, the recognition that paradoxes can be managed is in line with the paradox theory which assumes that creative solutions can be found to engage interrelated tensions simultaneously in the pursuit of organisational sustainability (Aust et al., 2015). This challenges Sandoff's (2005) suggestion that service organisations are unable to embrace the paradox inherent within complex hospitality contexts.

At an organisational level, both formal and informal control mechanisms (refer to Jaworski, 1988) are used to help to balance tensions. Formal mechanisms included key performance indicators (KPIs) that not only include financial results, but also customer and employee satisfaction along with social and environmental indicators. Likewise, tying senior management rewards to meeting targets for financial, customer and employee outcomes incentivises hotel managers to pay attention to multiple stakeholder interests. Informal control processes include social constructed behavioural expectations which can be seen in HG1's customer service training aimed at developing the "art of human connection" and HG2's leadership training programmes.

The hotel groups' documents point to a harmonious relationship between instrumental and value-rational action; however, the balancing of these three spheres of influence remains less certain within the respondent narrative. Moreover, there is also evidence within the findings to suggest that the respondents struggled to fully understand the forces of imbalance and how they could be balanced. This conflict is revealed in section 5.2.2.2, subheading "Finance" on page 160, and in William's experience on page 139) where it is evident that when there was fragmentation between business interests and social interest, instrumental rationality took precedent over values rationality and business interests often won over social concerns. This suggests that at an individual level, there is a lack of coordination between instrumental and values rational action (Fowers, 2005). This unresolved tension is evident in the following example when, at one point during an interview, a respondent stated that "ultimately we are a business and the crux of everything that we do is about making money" and then at another time, stated, "As much as we are all about making profit, I think everything that [the company] has ever done has always had people at the core of it."

6.2.4 Synopsis: Hotel purpose

As can be seen from the previous discussion, the interdependent and recursive nature of the four key goals – customer connection, commercial sustainability, brand reliability, and caring for people – has a significant influence on the complexity within the hotel environment. Complexity within the hotel setting can be seen to stem from the need to maintain stability and predictability within a technical environment while also working in a social environment characterised by inconsistency and unpredictability. Elements of the technical and social environment are apparent within each of the four goals. The need to successfully manage both the technical and social environments is especially evident within the goal "brand reliability", which includes elements of efficiency, consistency and predictability while also requiring responsiveness to individual concerns which are often unpredictable and time consuming.

The emphasis of the four hotel goals and the need to integrate both the technical and social environments reveals tensions inherent within the hotels and arguably the wider commercial hospitality industry. These tensions reveal a clash between profit and people, between efficiency and affect, and between costs and connection. It is also apparent that to bring a balance between these tensions, managers need to be able to choose appropriate strategies for negotiating simple, complicated, complex and chaotic environments.

The discussion of business, stakeholder and social value creation signals a shift away from a focus on a commoditised, policy-driven, bureaucratic environment towards an environment that not only accommodates the individual needs of customers but also recognises the importance of stakeholder well-being. In response to this, there is a move towards promoting the practice of hospitality values and the development of personal and social mastery. The discussion also revealed that embracing the values of hospitality requires incorporating practices favourable to the development of internal goods. This suggests that the development of Aristotelian character strengths is required to provide hospitality and bring a balance to decision making. The evidence here indicates the need for an awareness of issues resulting from excessive bureaucracy and its effect on people. It also reveals the need to understand the competitive forces of the commercial hotel institution.

The discussion of paradox, tensions and the forces of imbalance within the hotel environment indicates the co-existence of instrumental rationality, which directs attention towards efficient production and economic goals, and values rationality, which directs attention towards social interests. Moreover, acknowledging the importance of excelling in the social environment, both hotel groups recognised the need to manage paradox by bringing a balance between the bureaucratic, pragmatic and humanistic domains.

The discussion of whose interests were being served by the hotel groups looks at actions taken in the interests of shareholders, key stakeholders and the wider community. While it is apparent that profit is very important to hotels, it is also evident that this external good provides a platform from which the internal goods of hospitality, which are central to the hotel experience, and values, which underpin ethical hotel operations, can be practised (Fowers, 2005). This suggests that both hotel groups seek to create value and well-being for all stakeholders.

Nevertheless, while the tensions inherent within the hotel groups' goals are acknowledged by both hotel groups, the evidence also suggests that an understanding of how these competing goals and resulting tensions can be held in balance has not yet been fully formulated. There is evidence to suggest that tensions between social and economic responsibilities remain unresolved. As can be seen in the findings, this can result in the precision, clarity and immediacy of the economic endeavour dominating the subjectivity, ambiguity and remoteness of social concerns

6.3 Wise management practice

<u>Research aim: To explore what is considered wise management practice</u>

This section discusses the findings concerning wise management practice within a hotel context. The section is divided in to three main areas: sources of power, attributes of wise managers, and balanced decision making. The discussion of the sources of power explores four key concerns that focus and/or direct management attention. The second area of discussion focuses on the attributes of wise mangers. The section discusses how these attributes are integrated to enable the hotel goals and competing interests of stakeholders, including sources of power, to be balanced and wisely managed. The final area within this section discusses five dimensions – interests, attention, influence, perspective and information – that support balanced decision making. Moreover, this section also highlights the importance of community within wise management practice.

6.3.1 Source of power

In looking at the mechanisms of power that direct management action, this study found that management decision making was influenced by the power of profits, the power of the institution, the power of hospitality and the power of people. It is evident that these mechanisms of power also underpin the tensions resulting from needing to manage the technical and social environments and the stakeholder approach aiming to creating business and social value.

There is little doubt that the economic environment and financial expectations (power of profit) have significant influence over management decision making. The relentless pressure of financial targets accompanied by management incentives for creating economic success (e.g. bonuses, promotion, peer respect,) are powerful forces that capture management attention and influence action. This can be seen in stakeholder relationships defined by contractual obligation and mutually beneficial transactions where, if the economic cost outweighs the financial benefits, the relationship is terminated. From this perspective, the shareholders have the potential to gain the most benefits. Moreover, as management success is judged on business acumen and financial results, managers also have the potential to benefit irrespective of the cost to stakeholders.

The power of the institution is evident in the institutional dynamics that seduce decision makers by means of instrumental reasoning (refer to Gane, 2005) through the promise of reduced risk, improved efficiency and superior financial performance. This can be seen in the dominance of bureaucratic policies and procedures which has resulted in the loss of attention to the social environment and the commodification of hospitality with the hotel industry. The institution exercises power by enforcing policy, rules and regulations, while also incentivising employees to abdicate responsibility for exercising values by removing the consequences of actions if rules are followed. In this way, the findings show that the dominance of instrumental reasoning inhibits the power of individuals to exercise the value-rational action that is required to care for people (refer to Ritzer, 2004, section 3.3.3 and Weber’s theory of rationality, section 3.4).

The power of hospitality can be seen in the hospitality rules and ethic that direct attention towards the care of and concern for the customer (refer to O’Gorman, 2007b; Telfer, 2000). This is apparent in the rules that direct attention to providing customer satisfaction and in the internalised hospitality ethic that influences decision making through personal responsibility and conviction (refer to Fowers, 2005; Swanton, 2007). As with rewarding economic success, however to a lesser degree, the hotel groups provided incentives to managers for achieving customer satisfaction goals. The findings also suggest that the desire to provide hospitality has significant power when there is alignment between the hospitality values of the organisation and the hospitality values of the manager. In this way, the manager is motivated through both duty and emotional conviction (refer to Swanton, 2003).

The power of people is evident in the respondents' desire to care for colleagues and people in general. Caring for people was viewed as a natural extension of providing hospitality to customers and it was evident that it drew from many of the same character strengths and values. From this perspective, a concern for the well-being of people was driven by personal conviction (virtue ethics). However, social control mechanisms also created expectations to conform to social norms. In addition, the hotel groups provided managers with incentives for achieving employee satisfaction scores which also gave some power to employees. While the power of profits, the power of the institution and, to some degree, the power of hospitality are consistent with Korczynski's (2002) conceptualisation of the customer-orientated bureaucracy, the findings within this study suggest that providing hospitality and caring for others (people) was also driven by an internal power of conviction.

It is evident that the power of profit and the institution are consistent with the discussion of instrumental-rationality in section 6.2.3. Moreover, as the power of hospitality and people largely result from personal conviction these forces are in line with Weber's discussion of value-rationality (refer Gane, 2005; Kalberg, 1980). The remainder of this section explores how the attributes of wise managers enables these tensions and sources of power to be balanced to achieve the hotel goals.

6.3.2 Attributes of the wise managers

When asked to describe attributes of a wise hotel manager, the respondents found it difficult to clearly articulate what they thought wisdom involved. There are several possible explanations for this finding. As Rooney et al. (2010) suggest, the difficulty with describing wise practice could be attributed to contemporary life where discussions of wisdom have been largely relegated to spiritual realms and, therefore, definitions of wisdom have been lost from modern-day vocabulary. Additionally, it may also result from the daedal nature of wisdom which means that it is difficult to codify or document but, rather, is only recognised (Yuengert, 2012), a view highlighted by one respondent who stated, “You know it when you see it” (GM Kirk).

Nevertheless, the four key attributes of personal and interpersonal competencies, organisational competencies, character traits, and practical intelligence, along with the overarching theme of balance, were identified within the findings. Using the identified key and supporting attributes as a framework, the following discussion also draws from other sections of the findings, including document analysis, to compare and contrast the findings with the academic literature. Additionally, viewing the attributes from the perspective of Dreyfus’s seven stages of wisdom development (refer to H. Dreyfus, 2008; Hager & Halliday, 2009) suggests that ultimately, mastery rather than mere competency of a skill, field or characteristic signifies wisdom. Therefore, the word mastery is used in this discussion to signify the ultimate developmental goal required for wisdom (refer to section 2.3.5).

6.3.2.1 Personal and social mastery

The findings suggest that both personal and interpersonal competencies are important to hotel management. However, as each of these competencies require the development of different capabilities (Boyatzis, 2007), they are discussed separately under the headings personal mastery and social mastery.

Personal mastery

The first step in HG2’s leadership training programme begins with developing the ability to “lead self” (RegHRM Jess, section 5.4.4.2). The importance of this first step is supported by the findings where it is suggested that the development of self-awareness, emotional intelligence and internal balance are capabilities fundamental to the development of wisdom (Rooney et al., 2010). The evidence within the findings is also in line with Boyatzis’s (2007) suggestion that the ability to lead oneself is grounded in awareness of and mastery over one’s own values, emotions, feelings and minds.

The importance of developing self-awareness on the journey to successful hotel management can be seen in the investment in personality training and profiling by both hotel groups; for example, MBTI and DiSC tests (refer to section 5.4.4.3).[26, 27] For the respondents, self-awareness provided an appreciation of their strengths and limitations and a general understanding of themselves which enabled them to be comfortable with their contribution within the hotel environment and flexible in their approach to managing the hotel environment. The focus on self-awareness by the hotel groups and inclusion as a key attribute for wise decision making is also supported by the wisdom literature (e.g. Crossan, Mazutis, Seijts, et al., 2013; Rooney et al., 2010). Moreover, as the hotel groups provide employees with "freedom" to "be themselves" and expect that they will be able to provide authentic human interactions (refer to section 5.2.1.3), it is essential that self-awareness and emotional intelligence are developed if employees are to have the self-regulation and capabilities required for independent action (refer to Eikeland, 2008; Rooney et al., 2010).

The use of emotional awareness is evident in respondent accounts of balancing logic and emotions, and in reference to having to make tough decisions – for example, when making someone redundant – which required the ability to be informed, but not ruled by their emotions (Fowers, 2005). Maintaining self-control over emotions while also enabling emotions to inform action is also in line with Boyatzis's (2007) discussion of emotional intelligence and supported by Fowers (2005) who points out, "[W]hen properly attuned, emotional reactions can be very informative about the nature of the situation a person faces" (p. 45). It is also interesting to note that while the respondents did not explicitly differentiate between the terms emotions and feelings, references to emotions were often accompanied by acknowledgement of problems faced by emotional excess compared with information obtained from feelings. The distinction between emotions and feelings is discussed in more detail in section 6.3.3.5.

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[26] Myers-Briggs Type Indicator (MBTI) personality inventory test.

[27] DiSC behavioural styles and personality type test.

The rational use of emotions and feelings in conjunction with policies and procedures suggest that wise managers are able to find a balance between their internal intuitions, which enable them to care for people, and external frameworks, which help them get things done. This is referred to as balance in Figure 6-6 as it represents the ability to think and act independently while collaborating with others and working within the organisational framework. The hotel groups recognise the importance of this balance, as the alternative to providing "freedom within the framework" is the implementation of tight bureaucratic controls that lead to a "McDonaldization" of the hotel industry (refer to section 5.2.1.2) which, as Ritzer (2004) and Max Weber (refer to Gane, 2005) suggest, is a logical outcome of a bureaucratic approach.

Social mastery

As a service industry, it is not surprising that social ability is important for hotel employees, and therefore, it is also not surprising that the second step in HG2's leadership training programme focuses on "leading others" (refer to section 5.4.4.2). The category social mastery is used here to capture the attributes expressed by the respondents of being collaborative, empowering and relationship centric. Moreover, social mastery also covers attributes of anticipating and recognising the needs of others and being able to empathise with others, attributes which are closely associated with the characteristics of social intelligence described by Boyatzis (2007) and referred to as "people intelligence" by Crossan et al. (2010).

The respondents generally referred to aspects of social mastery in connection to customer and colleague interactions. However, it is also evident that the qualities of social mastery are applicable to all interpersonal interactions associated with hotel operations. The importance of collaboration with colleagues was evident throughout the findings, and especially in connection to teamwork and decision making where consultation and dialogue were seen as important. For example:

> ...creating a workplace environment that celebrates openness and the exchange of ideas and by building our relationships around dialogue and respect, we can avoid self-censorship. We share best practices among ourselves and leverage the power of our collective intelligence... (HG1 *Code of Conduct*)

Moreover, wise management practice was described by the respondents as empowering others to engage them in their own development, which fits closely with Strange and Kunzmann's (2008) account of wise practice and Boyatzis's (2007) discussion of social intelligence.

The attribute relationship centrality was identified in section 5.3.1.1. However, the importance of maintaining a connection with colleagues and customers can also be seen across the findings and is captured in section 5.4.3.5 where the importance of hotel community was explored. Moreover, the hotel groups' documents reveal a shift of focus away from transactions towards "creating an emotional connection" with customers (HG1 *2013 Training Workbook*), and "a transformative change that puts relationships at the heart of everything" (HG2 *2014 Trend Report*). As can be seen here, relationship centrality relates to both employee and customer relationships; however, viewing these two categories from an Aristotelian perspective suggests that different types of relationships are involved and, therefore, different social competencies are required for each type of relationship.

While the hotel groups desire to create meaningful connections with customers, it is evident that the relationship with customers is primarily based on benefits gained through the transactional exchange between parties (e.g. products and services exchanged for money) and the pleasure experienced by customers. Although the findings suggest customer transactions are steeped in hospitality values (e.g. friendliness and caring), Fowers (2005) points out that this type of relationship is largely self-serving and generally only continues if mutual advantage exists. The relationship between the organisation and customers is, therefore, weighted more towards reciprocity and mutual benefit (refer to Brotherton & Wood, 2000) even though it may also attempt to provide higher-order social values. In *Nicomachean Ethics*, Aristotle uses the relationship between friends to discuss types of relationship excellences (*NE*, 8.1–14). However, for the purpose of this study, the term "hospitality relationship" is used to differentiate the prototype virtue of friendship from the role virtue of hospitality (refer to Swanton, 2007). Similarly, according to

Aristotle, the relationship with and between employees can be described as both a benefit relationship and a development relationship.[28, 29]

Like commercial hospitality relationships with customers, employee relationships are based on benefits as they involve mutual advantage and reciprocity (e.g. work for pay). Nevertheless, the evidence indicates that wise management practice also involves elements of personal development within the employee relationship. According to Aristotle, development relationships are defined by a mutual understanding of what is good (e.g. being hospitable), and a commitment to work together to achieve internal goods (e.g. the development of character) (Fowers, 2005). Helping employees develop internal goods, such as character traits and social intelligence, is evident in the respondent narratives of wise management practice. These findings are further supported by Boyatzis (2007) who suggests that engaging in development relationships requires the social skills needed to develop others including the facilitation of teamwork and collaboration. The importance of character strengths within hotel management is discussed further in section 6.3.2.4.

6.3.2.2 Business mastery

The wise management attributes identified under the category business competencies in section 5.3.1.2 suggest that the wise hotel manager is knowledgeable and experienced, they have business acumen, situational awareness, see the larger context that they are working within, and are engaged with the people and activities within the organisation. These attributes indicate that wise hotel managers need to understand the economics of the hotel business and the organisational dynamics required to operate a hotel. These findings are in line with Crossan et al.'s (2010) claim that wise business management is not an abstract practice but is grounded in organisational and business realities. Moreover, Crossan et al.'s (2010) claim that leaders require business, strategic and organisational intelligence is supported by the attributes identified within business mastery. For example, the need for business intelligence is evident within the attribute "business acumen" and strategic

[28] For the purpose of this study, the word "friendship" is replaced by the word "relationship".

[29] The word "development" is used here in place of the word "character" used by Fowers (2005).

intelligence is captured by the ability to see the consequences of decisions and actions within the larger context. The respondents' references to understanding "the goals of the business" and "how each of the team" help to achieve the goals (RegHRM Jess) also reflects Crossan et al.'s (2010) description of organisational intelligence which includes the organisation's "structure, procedures and compensation systems" (p. 33) that influence an employee's attention and action.

It is not surprising that having knowledge and experience was identified as attributes of a wise manager. Moreover, the synergy between knowledge and experience can be seen in references to knowledge gained over time and from diverse experiences (refer to section 5.4.4.4). However, it is interesting to note that the types of knowledge referred to by the respondents are more closely aligned to Aristotle's descriptions of factual knowledge derived from a practical understanding of and extensive involvement in the hotel business (*epistēmē theôría*) as opposed to scientific knowledge of generalisable information (*epistēmē theôrêsis*) (Eikeland, 2008, p. 305) (refer to section 2.2.6) The classification of practical theoretical knowledge (*epistēmē theôría*) captures knowledge of business practice, laws and regulations, and organisational policies referred to by the respondents. While there is recognition here of epistemic knowledge, it is evident that from the perspective of business mastery, hotel management is closely aligned with Aristotle's classification of *technē* which describes the craft of producing a product or state of affairs through the use of technical knowledge (Rooney et al., 2010) (refer to section 2.2.7). In addition to practical theoretical knowledge of laws, regulations and policies, and explicit technical knowledge of processes, the findings indicate that wise managers have gained extensive tacit knowledge through being engaged in hotel operations and involved with managing diverse groups of people.

6.3.2.3 Practical intelligence

It is evident that the attributes of being clever, creative, logical and using intuition and foresight identified in the findings (refer to section **Error! Reference source not found.**) are all associated with the traits of practical intelligence (*nous*) as described in Chapter Two (section 2.2.5). Interestingly, the need for intelligence was not explicitly discussed by the respondents; for example, when discussing the attributes of a wise manager, only one respondent explicitly mentioned the need for managers to be clever. Perhaps the lack of respondent emphasis on intelligence results from the importance of experience and social intelligence which dominated the respondents' focus. Alternatively, perhaps the respondents do not refer to intelligence as it is often thought of in the context of theoretical scientific knowledge (*epistēmē theôrêsis*) (refer to section 2.2.6), and, as hotel activities are primarily located in the social world, they draw more from a practical form of intelligence (Eikeland, 2008; Fowers, 2005) which does not fit the usual definitions of intellectual intelligence (Baltes & Smith, 2008).

Nevertheless, the evidence indicates that wise managers have developed practical intelligence (*nous*) that enables them to gain insight and understanding of the particulars of a situation (refer to Eikeland, 2008). The findings concerning the use of practical intelligence as the ability to sort, synthesise and balance relevant information for use is consistent with Rooney et al.'s (2010) suggestion that wise managers are able to accommodate the need for cognitive complexity and have the acuity required to integrate knowledge, experience, and intuition into creative action. The cognitive ability of *nous* to integrate practical theoretical knowledge (*epistēmē theôría*) and intuition for action is in line with Eikeland's (2008) and Bolton's (2014) interpretation of *nous*. However, one of the most significant findings concerning the use of *nous* is the importance of intuition within decision making. The role of intuition is discussed further in section 6.3.3.5.

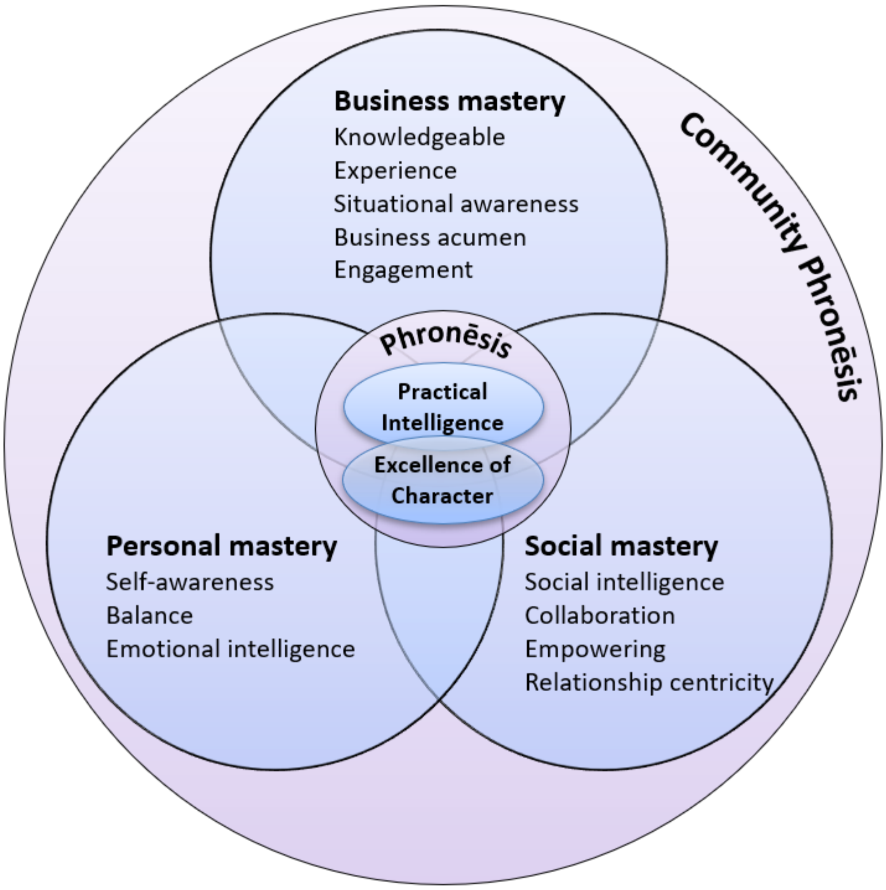
The findings within this study provides a different perspective from that of Crossan et al. (2010) who suggest that intellectual quotient, which is fixed, is required to coordinate essential leadership capabilities (refer to section 2.3.2.1). While accepting that a certain level of intellectual quotient is required, the findings within this study suggest that practical intelligence (*nous*) is able to be developed through practice and experience. This view is consistent with Eikeland's (2008) perspective that *nous* evolves over time through reflective thinking and critical dialogue. The idea that *nous* can be developed through experience is also supported by R. Bolton (2014), Kahneman and Klein (2009) and Osbeck and Robinson (2005).

The wise hotel manager was also described as having foresight in that they can "see around corners" (GM Kirk) and "they know the effects of what they are going to say and do" (DM Bruce). Within the context of the respondent narrative, foresight is closely associated with tacit knowledge, experience and practical intelligence as it draws from these attributes to give the wise manager the ability to be able to see the potential consequences of decisions and actions. This ability for foresight is recognised within the wisdom literature. For example, Fowers (2005) suggests:

> Before selecting among the response options, a wise individual will consider the way that the most promising alternatives are likely to play out. This involves a cognitive rehearsal of the various actions and their probable results. The ability to predict, with some accuracy, how well one can carry out a plan and how the actions will be perceived by others is also involved. (p. 125)

It is evident that the wise manager requires practical intelligence (McKenna & Rooney, 2008; Rooney & McKenna, 2007) to integrate personal, social and organisational mastery (refer to Eikeland, 2008; Rooney et al., 2010). Therefore, practical intelligence sits in the centre of Figure 6-5. However, in keeping with the wisdom literature, the findings reveal that wise managers also require excellence of character.

Figure 6-5: Attributes of wise hotel management



6.3.2.4 Character strengths

While the previous discussion of personal, social and business mastery and practical intelligence indicates that these attributes contribute to excellent hotel practice, it is evident that these attributes on their own are not sufficient for wise decision making. Rather, the evidence suggests that the quality of the person and quality of hotel practice are intertwined. This can be seen in the alignment between personal values and hotel group values and behavioural standards as illustrated by respondent references to seeking to do “the right thing” (see also section 5.4.3). Therefore, the findings of this study suggest that to be an excellent hotelier requires being both a good person and excellent practitioner.

This section discusses the findings concerning excellence of character which describes the personal qualities of the wise manager. Within the findings there is considerable reference to the importance of values and their place in guiding decisions and action. It is evident that the respondents and hotel groups use the word values in a broad sense and that many of the values identified within the findings can be classified as character strengths. *Character strengths* are defined as trait-like human characteristics that are morally valued because of the internal goods they produce that lead to human flourishing (Nansook Park, Peterson, & Seligman, 2004) (refer to section 2.2.4). This discussion is important as wise decision making and action require practical intelligence and experience; however, it is the qualities of character that provide clarity about what is considered good action (Fowers, 2005). Moreover, within the literature, developing excellence of character is regarded as a critical factor leading to wisdom (e.g. Eikeland, 2008; Fowers, 2005; Rooney et al., 2010).

Like intellect, when it came to specifically describing the attributes of a wise manager (refer to section 5.3.1.3), explicit references to character strengths by the respondents were limited. The limited reference to character strengths is somewhat remarkable considering the emphasis placed on values and character within the general respondent narrative and company documents. However, it could be a result of the respondents' primary emphasis on other areas of wise practice, such as knowledge, logic, experience and intuition, rather than an intentional exclusion. Additionally, it could indicate that the respondents did not associate wise decision making with the need for character strengths. Nevertheless, a number of respondents did mention attributes that refer to being open minded, able to make sound judgements and being guided by values. Moreover, as Table 5-11: Respondent character strengths indicates, there is considerable evidence across the findings that add to, and emphasise, the importance of character strengths for hotel decision making and management (for example, refer to sections 5.2.2 & 5.4.3). The significance of character strengths for hotel management and operations is particularly relevant as the hotel groups desire to provide employees with the freedom to act in an authentic manner when creating meaningful connections with and between people. It is evident that the success of this strategy requires the employee's character to be in line with the hotel group's values and behavioural standards.

It is interesting to note that the findings reveal an alignment of personal goals with hotel group social value goals, including empathy, care and respect for others as discussed in section 5.2.2.1 The unity of self and workplace values and ethics is perhaps best exemplified by RegDir Simon who stated: “The reason I want to do that is because I care. And that’s behavioural, that’s emotional, that’s feeling.” What is particularly interesting is the ethical and emotional harmony between the character of the individual and the values represented by the hospitality goals of the hotels (refer to sections 5.2.2). In Simon’s narrative, it is evident that his emotions do not require cognitive regulation to bring them into line with good action, but rather good action is embedded in excellence of character to produce the internal good of caring for others (Fowers, 2005). Fowers (2005) suggests that this embedded desire to act in the best way, because of an internal motivation to act well rather than through the imposition of an external rule, is a central quality of wise practice. This internal motivation to act well, or “do the right thing”, is evidenced throughout the findings, and, it could be suggested, is ultimately required for the type of customer care and employee development expressed by the hotel groups.

Drawing from Peterson and Seligman’s (2004) research into character strengths and Crossan et al.’s (2010) discussion of character strengths in business leadership, the findings suggest wise hotel management draws from character strengths across the six virtues of wisdom and knowledge, courage, humanity, justice, temperance, and transcendence (refer to Appendix 21). However, it is important to note that the identification of specific character strengths here is limited by the scope of this study. These results, therefore, need to be interpreted with caution. Nevertheless, taken together, the findings do suggest the character strengths of a manager are very important for wise hotel decision making. Focusing on the traits identified within the narrative of both hotel groups, the following discussion highlights the most significant points.

Wisdom and knowledge: References to knowledge, open mindedness, judgement and balance were consistent across both hotel groups. The findings suggest that both knowledge and being open minded give managers the ability to provide a balanced perspective. Balance here refers to the ability to balance the task of production while interacting with and caring for people, which is a dynamic that is evident in the discussion of complexity (refer to section 6.2.1.1) and paradox (refer to section 6.2.3). Moreover, the importance of balance for wise decision making is also highlighted in Table 5-12. The central role of balance in decision making outlined here is consistent with both Sternberg's (2004) Balance Theory of Wisdom and Rooney et al.'s (2010) discussion of wisdom in leadership. As the role of balance in hotel decision making is an important finding, the features of balanced decision making are discussed further in section 6.3.3.

Courage: Having courage, included being able to speak up to avoid "group think", was highlighted by both the respondents and the hotel groups' codes of conduct in the findings. However, it is interesting to note that Peterson and Seligman (2004) categorise integrity, honesty and authenticity within the virtue of courage. People who display integrity, honesty and authenticity are described by Peterson and Seligman (2004) as acting "true to themselves, accurately representing – privately and publicly – their internal states, intentions, and commitments. Such persons accept and take responsibility for their feelings and behaviours" (p. 249). This description both captures the account of integrity expressed by the respondents and matches the needs of the hotel groups since they are looking for employees to be able to provide authentic guest experiences. This, in turn, emphasises the importance of unity between private and public spheres, where employee values, character and actions must match the values, character and desired actions of the hotel group. For example:

> "...decisions with integrity, decisions that are right, that are always going to hold your integrity and the business integrity..." (GM Kirk)

The call for managers to exercise integrity is in line with Crossan et al. (2010) who referred to integrity as the manager's "moral compass" which enabled managers to "do the right thing in the right way" (p. 40).

Humanity: The importance of humanity is evident throughout the findings and was expressed in terms of developing human connections and a general care and concern for the well-being of others. The virtue of humanity along with the character strengths of kindness and social intelligence, and the corresponding traits of care, empathy and understanding of others, are closely aligned to the hospitality values discussed in the literature (refer to section 3.2) and expressed by the concepts of *manakitanga* and *kaitiakitanga*. From this perspective, the act of hospitality is closely associated with the virtue of humanity and fundamental to wise action.

Justice: While the virtue of justice was not explicitly identified within the findings, it is clear that the associated character strengths of citizenship, which include traits of teamwork, dependability, collaboration and fairness, were seen as important for wise hotel management. Moreover, wise managers were described as empowering others, helping them to engage with the practice of hotel management and develop their own abilities. These character strengths and traits are all evident within the previous discussion of social mastery in section 6.3.2.1 and are consistent with Crossan et al.'s (2010) categorisation of people intelligence.

Temperance: The character strengths self-regulation and emotional intelligence have already been discussed in section 6.3.2.1. However, adding to this, the findings indicate that wise managers take responsibility and are accountable.

Transcendence: The character strengths "future orientation and big-picture thinking" (Crossan et al., 2010) capture the wise manager's ability to think ahead and exercise foresight. Within the findings wise managers were also described as having a global approach and a long-term outlook.

In exploring attributes of wise hotel managers, the findings from this study suggest that, like practical intelligence (*nous*), excellence of character (*êthikai aretai*) is central to wise management. Moreover, as *phronēsis* is required to exercise judgement through the integration of practical intelligence and excellence of character (MacIntyre, 2007), it sits at the nexus of personal, social and business mastery. Additionally, while the discussion of wise management indicates personal attributes that provide a basis from which hotel *phronēsis* can be practised, the empirical evidence also suggests that wise managers do not act alone; rather, they are supported and informed by a collective pool of community *phronēsis*.

6.3.2.5 Connecting with community *phronēsis*

The role of community in wise hotel decision-making practice is an important finding within this study as it reveals the significance of connecting with other organisational members in the provision of hospitality and achieving hotel goals. Wise managers do not act alone; rather, they are informed, shaped and supported by a hotel culture and a community of practitioners who seek to act with excellence to achieve the desired end. Moreover, the evidence also suggests that it is through connection with the community of practitioners that balanced decision making is achieved. For example, it was emphasised that effective leadership required "connecting with our teams and realising that we can't do this alone" (HRM Cassandra). Conversely, over-emphasising one's own importance and capabilities, working in isolation, not engaging with the culture of the organisation, and failing to connect with others were seen as significant issues inhibiting effective hotel management practice (refer to section 5.4.3.5). The centrality of community to wise decision making (refer to section 2.3.4) also has considerable support within the wisdom literature (e.g. Baltes & Staudinger, 2000; Rooney, 2013; Rooney et al., 2010; Yuengert, 2012).

The findings reveal that connection with the community of practitioners through consultation and communication provides access to the diverse perspectives, expert knowledge, and advice of others (refer to section 5.3.2.4). This enabled managers to see matters from different perspectives and obtain a broader view of the issues which helped in knowing "the right thing to do" (HRM Chris). These findings are consistent with Baltes and Staudinger's (2000) claim that "social collaboration, whether internal or external, facilitates wisdom-related performance" (pp. 130–131). The importance of a collective wisdom is also evident in the respondents' references to shared stories, maxims and lessons. For example, sharing the story of the 2004 Boxing Day tsunami drew attention to humanity, and using maxims such as "Is this how I would like to be treated?" (HRM Mila) highlights justice (refer to section 5.4.3.5). The respondents' emphasis on consultation and communication also supports Rooney's (2013) claim that *phronēsis* is essentially dialogical as it involves consultation with, and taking counsel from, others.

Additionally, the findings indicate that accumulated wisdom embedded within the company documents and culture also influences wise decision making. For example, it is apparent that organisational values have a significant influence over developing, strengthening and supporting the enactment of personal values required for wise decision making (refer to sections 5.3.1.3 & 5.4.3.2). Moreover, it is evident that best practice captured within company documents – for example, codes of conduct and organisational policies and procedures – inform wise decision making. These findings support the wisdom literature which suggests that accumulated wisdom captured over time and shared within the organisational community is most important for wise decision making (De Meyer, 2007; Rooney et al., 2010).

The significance of community becomes particularly evident when viewing the previously identified attributes of wise managers. As the attributes have been identified by analysing a variety of different perspectives concerning what constitutes a wise manager, it could be argued that mastering all of the attributes and consistently exercising them is an ideal that may be unattainable for an individual. However, as the attributes are viewed from the perspective of being embedded within a community of practitioners, it is reasonable to expect that the wise attributes could be developed by the community as a whole. This further highlights the significance of an individual's connection with wise communities that enable them to draw from the collective wisdom.

The evidence pointing to the importance of community *phronēsis* suggests that it is not the gifted manager, elite leader or savant acting in isolation who holds claim to *phronēsis*, but instead it is the manager/leader who, with humility and recognition of their own limitations, consults with colleagues and trusted advisors to draw from their collective wisdom and make decisions for the good of all. These results are in keeping with those of Rooney et al. (2010) who suggested that wisdom is not the sole domain of the individual: "...rather a person becomes respondent in a tradition, a culture, in which wisdom is continually and reflexively evaluated" (p. 19). The influence and importance of community on wise action is also supported by Baltes and Staudinger (2000) who found that wisdom embedded and exercised within community is more effective compared with that enacted by individuals in isolation.

6.3.2.6 Synopsis: Attributes of wise managers

Overall wise hotel management practice can be described as being balanced. This is particularly evident with respect to balancing the four hotel goals within the technical and social environments and the competing interests of stakeholders (refer to section 6.2). To achieve this, wise managers need to develop mastery over personal, social and business skills and competencies. Additionally, the development of practical intelligence and strength of character is required to achieve wise outcomes. It is through the integration of practical intelligence and strength of character that personal, social and business capabilities can be drawn together for wise decision making and action. Together these attributes form the basis for personal management wisdom. However, it is clear that wise managers do not act in isolation. Rather they are connected to and supported by a community of practitioners who provide access to accumulated collective wisdom which helps overcome individual limitations and aids balanced decision making.

Personal mastery incorporates self-awareness, emotional intelligence and internal balance. In brief:

- The development of self-awareness, emotional intelligence and internal balance are capabilities fundamental to the development of wisdom.
- *Self-awareness* provides an appreciation of one's own strengths and limitations and a general understanding of oneself.
- The ability to lead oneself is grounded in awareness of one's own values, emotions, feelings and mind.
- *Emotional intelligence* incorporates maintaining self-control over emotions which provide the ability to be informed but not ruled by emotions.
- *Internal balance* brings together the rational use of emotions and feelings required for achieving excellence in the social environment with more rational frameworks required for managing the technical environment.

Social mastery includes attributes of being empathetic and able to anticipate and recognise the needs of others along with being collaborative, empowering and relationship centric.

- *Collaboration* refers to the ability to work in teams and to engage in consultation, dialogue and the exchange of ideas for wise decision making.
- *Being empowering* refers to inspiring and engaging others to learn, think and act for themselves. It includes creating environments that enable others to develop.
- *Relationship centricity* refers to valuing and maintaining close connections with customers and colleagues. Hoteliers who are relationship centric recognise the importance of creating and maintaining relationships as opposed to completing transactions.

Business mastery requires having extensive knowledge and experience within the hotel environment. Wise managers need to have business acumen, situational awareness and a strategic perspective to see the consequences of decisions within the larger context. It is evident that achieving business mastery requires developing practical theoretical knowledge, explicit technical knowledge and tacit knowledge.

- *Practical theoretical knowledge* refers to factual knowledge derived from a practical understanding of and extensive involvement in the hotel environment. It includes knowledge of business practice, laws, regulations and policies.
- *Explicit technical knowledge* refers to knowledge of the art and craft of being a hotelier. It includes knowledge of the process and skills required for the production of hotel products and services.
- *Tacit knowledge* refers to the habituated knowledge gained over time from experience.

Practical intelligence (*nous*) within the context of this study refers to the ability to gain insight and understanding of a situation through the integration of knowledge, experience and intuition. Practical intelligence provides the ability to sort, synthesise and balance information within cognitively complex environments (Rooney et al., 2010). The balancing of information is discussed further in section 6.3.3.

The significance of **character strengths** for wise hotel management is particularly relevant as the evidence suggests that the quality of the person and the quality of hotel practice are intertwined. Character strengths are defined by Park et al. (2004) as morally valued trait-like human characteristics that produce internal goods that lead to human well-being. Character strengths are also directly related to the Aristotelian virtues of wisdom, courage, humanity, justice, temperance and transcendence (Peterson & Seligman, 2004). The key character strengths and virtues identified within this study include:

- *Wisdom*: knowledge, open mindedness, judgement, balance
- *Courage*: integrity, honesty, authenticity
- H*umanity*: care, respect, empathy, kindness
- *Justice*: collaboration, fairness, trust, dependability, empowering, teamwork
- T*emperance*: Accountability, responsibility, self-knowledge
- *Transcendence*: Future orientation (also can be referred to as strategic thinking)

The **role of community** in wise hotel management is a significant finding within this study. While individual managers may develop the attributes required for wise practice, it is evident that they do not act alone. Instead, the development and practice of personal wisdom is informed, shaped and supported by a community of practitioners who provide advice, wise counsel and diverse perspectives.

6.3.3 Balanced decision making

The previous discussion describes desirable attributes of wise managers; however, it is suggested that while these attributes provide the basis for wise decision making, it is the practice of balancing interests, influence, attention, perspective and information that enables tensions to be balanced and wise decisions to be made (refer to section 5.3.2). Each of these factors are discussed in turn, although as aspects of balancing interests, attention, influence and perspective have previously been discussed in section 5.3.2 of the findings chapter, to help avoid repetition, only a brief outline of these four behaviours will be provided in this section. Nevertheless, as the practice of balancing information is central to wise decision making within this study, this attribute will be discussed in more detail.

6.3.3.1 Balancing interests

Balancing interests refers to acting in the interests of all stakeholders but more specifically indicates taking into account the concerns of customers, employees, owners and the hotel company when making decisions (refer to section 5.3.2.1). The importance of balancing interests is also highlighted in section 5.2.4 where a stakeholder orientation was identified. Additionally, the discussion of value creation in section 6.2.2 (refer also to Figure 6-3) indicates that balancing interests sits at the intersection of shareholder, stakeholder and community interests. Together these findings suggest that balancing stakeholder interests involves ensuring that any one stakeholder does not maintain excessive management attention to the ultimate detriment of others and that each stakeholder informs decision making. In this way, balancing stakeholder interests reflects Aristotle's concept of the golden mean which represents a balance between extremes of excess and deficiency (refer, for example, to Dierksmeier & Pirson, 2009; Rooney et al., 2010); for example, an excessive focus on profit creation that results in miserly behaviour towards employees or, on the other hand, excessive generosity towards customers that threatens the viability of the business.

The practice of taking into account the needs of multiple stakeholders challenges Sunaram and Inkpen's (2004b) suggestion that it is "wishful thinking" (p. 354) and "unrealistic" (p. 360) to expect managers to cope with more than one objective. Instead, the managers within this study sought to engage with stakeholders and act in the interest of the wider community. The commitment to stakeholder engagement and accounting for wider community interests was also actively encouraged in the documents of both hotel groups. This approach is in keeping with the growing body of literature calling for business to look beyond a single-minded focus on shareholder primacy (e.g. Aust et al., 2015; Freeman, 2010). It also reflects Sternberg's (2004) Balance Theory of Wisdom which calls for the short- and long-term balancing of self, team and community interests.

6.3.3.2 Balancing attention

For the hotel groups, paying attention to what is important refers to accounting for both technical and social quality (refer to section 5.3.2.2). Additionally, it is also evident that the complex (refer to section 6.2.1.1) and resulting paradoxical nature of the hotel environment (refer to section 6.2.3) drives the need for balanced attention. Moreover, to balance attention between the technical and social environments, the evidence within this study suggests that managers need to maintain close relationships with employees, customers and other stakeholders. These results are consistent with the literature that calls for a relationship-centric approach to management (e.g. Crossan, Gandz, & Seijts, 2012) and the service quality literature that identifies the need to manage both the technical and social environment (e.g. Kang & James, 2004; Llach et al., 2016; Sandoff & Widell, 2015). However, the findings within this study specifically bring attention to the bureaucratic, pragmatic and humanistic forces that require balancing within technical and social environments.

6.3.3.3 Balancing influence

Balancing influence refers to knowing when and how to apportion influence appropriate to the particulars of the environment (refer to section 5.3.2.3). This includes knowing when and how much centralised versus decentralised control is appropriate. For example, when to provide freedom for individuals or teams to tailor decisions and actions to the particulars of the situation or, alternatively, when to impose tight control measures to ensure policies, procedures and specified outcomes are met (refer to section 6.2.3; in particular, to the discussion of bureaucracy, pragmatism and humanism). Balancing influence can also be seen from the perspective of interpreting the appropriateness of control measures being exerted on the decision maker from above and from the perspective of how much control to exert over those under the decision maker's responsibility. For example, on the one hand, knowing when to follow the directives of more senior managers, while on the other hand, knowing when to prescribe action or enable freedom to other employees. This suggests that the practice of balancing influence is required at all levels of the organisation. For example, the hotel groups desire global brand consistency while also providing for local representation at the hotel level and accommodating personal uniqueness in interpersonal exchanges (refer to section 5.2.1.3).

As the practice of balancing influence focuses on the amount of control and/or freedom provided within the organisational framework, it has similarities with balancing the amount of attention focused on technical and social quality. For example, the findings indicate that both hotel groups seek to provide a framework that enables concurrent standardisation of technical functions and flexibility within social interactions (refer to section 5.2.1.3). Moreover, the findings indicate that the hotel groups understood the consequences of excessive bureaucratisation highlighted by Gane (2005) and Ritzer (2004) and that they aim to balance this by providing "freedom within the framework" (HG2 *2014 Trends Report*). This approach is consistent with the wisdom literature which recognises the need for effective bureaucratic controls while also acknowledges the need to be able to bend the rules when appropriate (e.g. Fowers, 2005; Rooney et al., 2010; Staler & Roos, 2007).

6.3.3.4 Balancing perspective

Balancing perspective requires analysing issues from a variety of viewpoints (refer to section 5.3.2.4). While the topic of perspective has previously been introduced in section 6.3.2.5, its importance to balanced, and therefore wise, decision making requires that it is highlighted again within this context. In particular, balancing perspective involves engaging the voice of diverse community members within the decision-making process. For example, employees are encouraged to consult with colleagues to avoid "group think". The importance of community consultation for wise decision making within the complex hotel environment is a reoccurring theme within the findings. This is depicted in Figure 6-6 by the inclusion of community perspective as a source of information that provides support for *phronēsis* at the individual level. The inclusion of balancing perspectives as a wise decision-making practice is also supported by the work of other studies where viewing issues from multiple viewpoints was found to be a key attribute of wisdom (e.g. Harrington & Ottenbacher, 2009; Schmit et al., 2012).

6.3.3.5 Balancing information

Balancing information refers to using information from a range of diverse sources to inform decision making (refer to section 5.3.2.5). The findings indicate that wise action involves balancing information obtained from intuition, experience and evidence. These findings are supported by Fowers (2005) and Rooney and McKenna (2005) who suggest that wisdom is linked to practical intelligence (*nous*) which includes intuition. It is also interesting to note the parallels between Figure 6-4, which presents the bureaucratic, pragmatic and humanistic spheres as forces of imbalance requiring managing, and Figure 6-6, which suggests that it is through the integration and balancing of evidence, experience and intuition that the paradoxes resulting from the forces of imbalance are able to be balanced.

6.3.3.5.1 Intuition

The prominence of intuition within hotel management decision making provides an interesting finding within this study. It is evident that not only is intuition used as an important source of information for decision making, its use is also promoted and viewed as something to be developed within employees.

The terms used by the respondents to describe the origins of their intuition – for example, gut feel, feelings, instinct and emotions – are consistent with descriptions of intuition referred to in the literature (e.g. Bierly et al., 2000; Fowers, 2005; Gummesson, 2006; McKenna et al., 2006). However, unlike some of the more mystical descriptions of intuition that refer to intuition as a "sixth sense" or "leap of faith" where "creativity and wonder 'bubble up'" (Bierly et al., 2000, p. 607), the intuitive processes identified in the findings provide a clearer explanation of information obtained through intuitive practices. This is evident in the intuitive processes classified under tacit knowledge, feelings and values (refer to section 5.3.2.5), and in the findings that reveal the importance of experience (refer to section 5.4.4.4) and community (refer to section 5.4.3.5) in the development and use of intuition. When comparing the three intuitive processes of feelings, values and tacit knowledge with the literature in sections 2.2.4 and 2.2.5, it is evident that the findings are consistent with the classifications of affective intuition, ethical intuition and tacit knowledge. Each of these categories is discussed in turn below.

Affective intuition

As a basis for decision making, it is evident that feelings (affective intuition) provide an important source of information. Moreover, it is apparent that references to the use of feelings were synonymous with intuition. In particular, feelings enable the interpretation of social interactions, draw attention to how decisions may affect others and alert managers to potential problems in complex situations where multiple sensory inputs are being processed. These contexts are consistent with the circumstances identified within the literature where the use of intuition was seen to be particularly relevant for decisions with no clear right or wrong answer (Sadler-Smith, 2010), unpredictable conditions (McKenna, 2013) and social situations (Dane & Pratt, 2007; Fowers, 2005). For example, when Regional Director Simon felt “something was not right”, he would take the time to acknowledge his feelings and consider the information his emotions and feelings provided (refer to Appendix 8). This suggests that wise practice requires listening to and understanding the information provided through feelings (refer to section 5.3.2.5).

Moreover, as the discussion of personal and social mastery in section 6.3.2.1 indicates, emotions alert managers to relevant information, yet are also seen as problematic as they can impair decision making. Respondent references to emotions were generally associated with intense feelings. However, while emotions signal something significant that require acknowledgement, it is the underlying feelings that need to be interpreted, and, therefore, for this to take place, emotions need to be controlled. This is consistent with Sadler-Smith’s (2010) assertion that “intuitions are charged with feelings but aren’t emotionally-charged, [therefore] a vital skill is to be able to disentangle intuition’s subtle feelings from intense emotional feelings” (p. 19).

The distinction between feelings and emotions is an important finding as it suggests that more extreme emotions need to be controlled and managed in order to reveal the information feelings provide. This is evident in the findings where the irrationality of emotions was emphasised. For example, being “very emotional” was connected with having “narrow minded views”, while the ability to “feel your way through the industry” or “feel a situation” was presented as a rational practice and viewed as a critical skill requiring development. These findings are consistent with Hursthouse's (1999) argument that emotions are able to rationally contribute to decision making. Moreover, the acknowledgement that intuition, informed by feelings, is relevant to the decision-making process provides empirical evidence to support both Malewska's (2015) claim that "there is no basis for associating intuition and irrationality" (p. 24) and Sadler-Smith's (2010) suggestion that "the feelings that come with intuition are different from the feelings that come with a 'passionate' emotion like anger" (p. 19). However, it is also evident that the intuition discussed here falls within the domain of *nous* as discussed in section 2.2.5.

Ethical perception (ethical intuition)

Along with feelings gained from social cues and environmental nuances, it is evident that expert intuition is also informed by embedded values which are classified as virtue ethics in section 2.3.3 (De Cremer et al., 2011; Fowers, 2005; Gore & Sadler-Smith, 2011). For example, it was suggested that intuition provides a sense of "knowing the right way forward" and with recognising when personal values conflict with what is occurring. The description of values (e.g. integrity and respect) as being "embedded" acknowledges the processes of reflecting on and practising values which are evident in the findings. The practice of enabling embedded values to intuitively guide decision making is captured by Fowers (2005) who describes it as a "habitual tendency to act ethically without much thought" (p. 195). Similarly, the habituation of character strengths, as described in section 6.3.2.4, acknowledges the relevance of subconscious information provided by the development and exercise of appropriate character strengths (e.g. judgement, courage and justice) (Fowers, 2012). This type of intuition is consistent with discussions of Max Weber's ethic of conviction (refer to Gane, 2005; Kim, 2012) and virtue ethics (refer to MacIntyre, 2007; Swanton, 2003, 2007). Moreover, these findings are consistent with Aristotle's account of *phronēsis* that enables values and moral character, developed through experience and practice, to guide decision making and ethical action (Khan, 2005; Lewis, 2012) (refer also to section 2.2.3).

Tacit knowledge

While feelings provided a relevant source of information, other references to intuition within the findings indicate that tacit knowledge also provides an important basis of intuitive information. This can be seen in the example of accumulated experiences and knowledge that was able to be subconsciously accessed to guide decision making (refer to section 5.3.2.5). Moreover, it is evident that intuition informed by tacit knowledge resulted from expertise gained through experience within the hotel environment (refer to section 5.4.4.4) which is consistent with G. Smith's (2008) description of intuition as expert insight. The importance of tacit knowledge for wise decision making is also supported by Sternberg's (1998, 2004) Balance Theory of Wisdom (refer to section 2.3.1.2) and G. Smith's (2008) account of intuition as knowledge accumulated through past experience.

Intuition – summary

The value placed on intuition by the respondents and their acceptance of it as a valid form of information (refer to section 5.3.2.5) challenges the dominance of rational decision-making strategies (e.g. Beshears & Gino, 2015) which, as Sadler-Smith (2010) suggests, regard the use of intuition as undesirable and to be avoided if possible. Instead, intuition is identified as a key source of information within this study. It is developed over time, which as the discussion indicates, requires practice in listening to and interpreting feelings, exercising values and strengths of character, and accumulating tacit knowledge. This description is consistent with Cokely and Feltz's (2014) claim that intuitions are based on past experiences, connections and feelings. However, rather than intuition being seen as mystical, random and irrational, the findings conceptualise intuition as natural, purposeful and sensible, and in this sense, when mastered, it could be described as intelligent intuition. Moreover, as Kahneman and Klein (2009) suggest, understanding intuition helps to demystify it.

6.3.3.5.2 Experience

While it is apparent that intuitive information is gained from experience, it is also evident that experience provides more explicit forms of information which adds to the wise decision-making process. Experience, as conceptualised in Figure 6-6, follows Aristotle's classification of *technē* (refer to section 2.2.7) where the expert craft person is able to precisely specify the purpose, knowledge and skills required to produce a specified outcome (Dunne, 1997; Halverson, 2004). Whereas intuitive knowledge cannot be codified or precisely communicated, the sources of information attributed to technical experience provide detailed accounts of the activities and principles required to achieve an outcome (Flyvbjerg, 2004; Rooney et al., 2010). In the findings, this included knowledge of routine and standardised tasks within the technical environment (refer to Table 6-1) and expertise in the practice of running a hotel (e.g. mastery of the procedures, processes and techniques; refer to section 5.4.4.4). In this context, the information obtained from experience provides the most efficient means for achieving pragmatic ends (Flyvbjerg, 2004).

In addition to being informed by developed expert skill and explicit knowledge, the findings indicate that the wise practitioner also consults with other expert practitioners both internal and external to the organisation. In this way, technical and procedural information obtained from others can confirm, support or add to the explicit knowledge of the decision maker. This supports Rooney et al.'s (2010) neo-Aristotelian view of social practice wisdom discussed in section 2.3.2.5 and suggestions that wisdom is strengthened through collaboration within a community (e.g. Baltes & Staudinger, 2000; Stange & Kunzmann, 2008; Vaill, 2007).

6.3.3.5.3 Evidence

The importance of obtaining and using evidenced-based information to inform decisions was referred to throughout the findings. The category of evidence refers to reliable documented information that specifies or informs decisions (refer to Table 5-14). In comparison with the experience domain, which enables the production of pragmatic outcomes, evidence provides theoretical information to enable critical analysis and deliberation over potential outcomes (Harrington & Ottenbacher, 2009). The categories of evidence included within this domain comprise categorical external and internal regulations and more conditional internal guidelines and evidence-based data. External regulations include non-negotiable laws where compliance is mandatory (refer to section 5.4.3.4). Internal regulations include non-negotiable organisational policy; for example, explicit codes of conduct and performance reporting requirements. On the other hand, guidelines include behavioural standards, operational procedures and value statements, while evidence-based data captures the information gained from tests, market reports and surveys. As evidence is obtained for a purpose, it suggests that it is gathered according to the criteria required to identify action or explore potential outcomes.

The use of evidence also provides decision makers with greater assurance concerning the avoidance of bias (Kahneman, 2013) and that the most effective option was achieved (Melé, 2010). Additionally, it is apparent that using evidence (e.g. following hotel policy) reduces individual and organisational risk. For example, following policy reduces the need for individuals to make risky judgements resulting in potential harm to the organisation (e.g. refer to DM William's experience on page 139). This conceptualisation of evidence-based information is consistent with the analytical approach of rationalist decision-making models discussed in section 3.3.2 (e.g. Harrington & Ottenbacher, 2009; Stacey, 2011). However, as previously discussed in section 6.3.2.2, evidence-based decision making is more closely aligned to Aristotle's description of theory of practice (*epistēmē theôría*).

Integration of intuition, experience and evidence

The discussion of intuition, experience and evidence outlines important distinctions between the information provided within each domain. *Intuition* provides information via feelings and insight to inform decision making from the perspective of habituated values, character strengths and tacit knowledge. *Experience* informs decision making through expert knowledge (*technē*) of how to produce practical outcomes, and *evidence* provides theoretical information (*epistēmē theôría*) to explore potential options and support decisions. However, as the findings in section 5.3.2.5 suggest, depending on the particulars of the situation, decisions were made using various combinations of all three information sources, as depicted in Table 5-15. As a result, the empirical evidence within this study suggests that *phronēsis* sits at the nexus of intuition, experience and evidence and provides the ability to coordinate these information sources to achieve desirable ends (refer to Figure 6-6). This description of wise management practice is consistent with the wisdom literature (e.g. Fowers, 2005; Rooney et al., 2010), descriptions of balancing paradox (e.g. Sadler-Smith, 2010) and discussion of intuition in management decision making (e.g. Malewska, 2015). However, by mapping the emphasis placed on each source of information to balance the interest of stakeholders (refer to section 6.2.2.4), this study adds to the existing theoretical knowledge and provides valuable insight for industry practitioners.

The intersection between evidence and intuition

The intersection between evidence and intuition represents the findings concerning the use of evidence as a moderator of intuition and vice versa. The use of evidence as a moderator is apparent in the findings where it is suggested that information obtained from the organisational framework (e.g. policy) and collected data are used to check intuition (e.g. refer to page 194). In these instances, universal rules and rational evidence are the primary basis of action (Fowers, 2005). On the other hand, it is recognised that within social situations, policy and explicit codes are unable to cover every eventuality (Yuengert, 2012). In these circumstances, intuition enables a judgement to be made and, while rules and data may inform decisions, intuitive information is emphasised.

Nevertheless, while *phronēsis* is required for making ethical judgements, it is also evident that *phronēsis* is necessary to recognise when universal rules apply (e.g. recognising when employee harassment is taking place). Therefore, not only is there a need for *phronēsis* to overcome policy limitations, *phronēsis* is also required to produce good policy and to recognise when policy is relevant. The use of intuition in the balancing of facts with values is an interesting finding within this study as the literature generally promotes the use of rational decision-making models for checking intuitive judgements but makes little mention of intuition as a moderator of facts (Beshears & Gino, 2015).

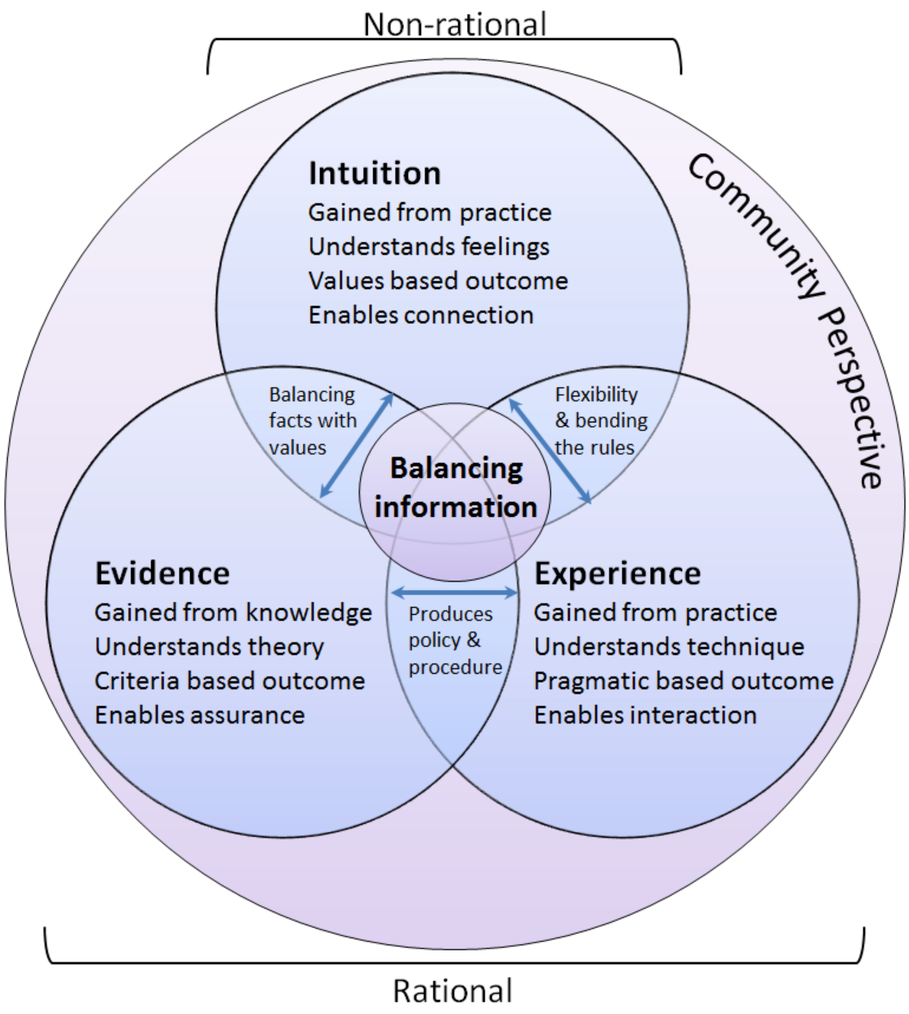
The intersection between intuition and experience

Experience provides the ability to produce technical procedures, standards and guidelines to direct decision making and action for specified ends. However, as experience, in the form of *technē*, focuses on production by the most efficient means, it is, like evidence, not able to account for the particulars of social interactions. Therefore, it is at the intersection between intuition and experience that intuition, guided by values and enacted through tacit knowledge, enables the flexibility required to bend the rules and provide alternative solutions (Fowers, 2005; Harrington & Ottenbacher, 2009).

The intersection between evidence and experience

Bringing together information and knowledge from evidence and experience provides the ability to produces policy, procedures, rules and techniques that can be clearly communicated (Yuengert, 2012). It is this information and knowledge that informs and provides for efficient and predictable (Ritzer, 2004) hotel operations.

Figure 6-6: Balanced decision making



Rational and non-rational information

In line with Khan's (2005) interpretation of Aristotle (refer to section 2.2.3.1), it is evident that evidence and experience draw from rational capabilities, whereas intuition is classified as a non-rational capacity (refer to Figure 6-6). Without the integration of intuition, the rationality of evidence (*epistēmē theôría*) and experience (*technē*), coordinated by practical intelligence (*nous*), has the potential to create bureaucratic systems that Ritzer (2004) suggests can become “unreasonable systems that deny humanity” (p. 134). This is acknowledged in the findings (refer, for example, to sections 5.2.1.2 and 5.2.1.3) where it is suggested that formalised control mechanisms have become pervasive. For example, RegDirHR Charles stated, “We are proceduralised to death in our company.” Moreover, the findings highlight a historic tendency for excessive emphasis on rational systems that diminish the value of intuition (Crossan et al., 2010). For example, as previously noted, a focus on following policy and procedure inhibits listening to the needs of people.

However, both hotel groups recognise that the ability to make intuitive judgements is central to connecting with and meeting the needs of people. The mapping and positioning of intuition as an essential source of information for wise decision making is a significant finding within this study. Through the integration of evidence, experience and intuition, moderated and shaped by community perspective, the findings suggest that a balance can be achieved between intuitive and analytical systems. It is the integration of the rational and non-rational systems that enables the balancing of paradox identified in section 6.2.3 and the management tensions identified in section 5.2.3 and discussed in section 6.2. This is consistent with Claxton et al.’s (2015) claim that “Intuition and reason are no longer seen as ‘locked in mortal combat’, but as being yoked together in a mutually advantageous partnership” (p. 66). However, it is *phronēsis* that provides the ability to balance information and determine the ethical quality of the decision. These findings are supported by Rooney et al. (2010) who suggest that the wise person intuitively and rationally considers facts and values, and Fowers (2005) who claims that ethical decisions require intelligence, experience, character and an understanding of what is good.

6.3.3.6 Synopsis: Balanced decision making

The five dimensions of balancing interests, attention, influence, perspective and information are important findings within this study. Together with the attributes of wise managers, the five dimensions enable the complex environment to be negotiated, paradox to be accommodated, and the interests of diverse stakeholder groups to be balanced.

- **Balancing interests** involves recognising and balancing the interests of stakeholders by acknowledging stakeholder legitimacy and avoiding excessive attention on any one group.
- **Balancing attention** refers to taking into account both the technical and social environments to ensure efficient services and quality products are offered while also providing meaningful social interactions.
- **Balancing influence** refers to knowing the appropriateness of centralised and decentralised control from both the perspective of working under the control of others or exerting control over others.
- **Balancing perspective** involves engaging with and taking into account the viewpoints of diverse community members. It includes accessing the accumulated community wisdom to overcome limitations and challenge personal bias.
- **Balancing information** refers to drawing from evidence, experience and intuition to integrate theoretical information, practical expertise and values for wise decision making.

While the dimensions of interests, attention and influence are not represented in Figure 6-6, it is important to note that they relate to recognising and understanding complexity and paradox within the hotel environment. However, it is through the balancing of these dimensions (interests, attention and influence) that complexity and paradox can be accommodated within management practice (W. Smith, 2015). Nevertheless, it is through the integration of community perspective and the balancing of information (intuition, experience and evidence) that complexity and paradox can be wisely managed (refer to section 6.2.3).

6.4 Developing wisdom

Research aim: To explore how hotel organisations are enabling or obstructing the development of management wisdom

The previous two sections of this chapter have provided an understanding of the purpose of a hotel and what can be considered wise management practice. This understanding is now able to inform the discussion of wisdom development. This section is organised around factors identified within the findings that contribute towards the development of management wisdom. The first six factors – aligning, training, understanding, modelling, practising and connecting – form what are described as six pillars supporting the development of wisdom. The seventh factor identified within the findings – employee engagement – discusses the need for employees to actively engage in developing wisdom. Moreover, the role that community plays within the development of wisdom is discussed. The process of developing wisdom is represented in Figure 6-7.

6.4.1 Aligning

Aligning refers to creating harmony (alignment) between the hotel purpose and social architecture that focuses employee attention on achieving wise organisational outcomes. As noted in section 5.4.1, social architecture refers to the structures and processes designed to create the desired culture and influence employee behaviour (Crossan et al., 2010). Of particular interest for this study are the process and messages designed to focus attention on creating shared value and well-being for stakeholders. For example, both hotel groups explicitly state their commitment to maintaining profitable business practice conducted in a socially responsible manner (refer to section 5.4.2). The empirical evidence suggests that alignment between strategy, structure, culture and action is deliberately undertaken by the hotel groups. Within this study, it is evident that this deliberate and ongoing effort to shape the desired outcomes provides a foundation for the development of *phronēsis*. This is in line with Fowers's (2005) and Kilburg's (2006) suggestion that deliberately designed and ongoing effort helps to foster the creation of *phronēsis* and wise organisations.

Within the alignment between business practices designed to create profit and socially responsible practices designed to contribute to the well-being of people, there is recognition, at least by some, of the interdependent and recursive nature of these two goals. This is captured in the metaphor of the four-legged table (refer to page 189) where it is evident that without profits, hotels would not be able to provide for the well-being of stakeholders, while without stakeholders, profits would not be able to be created (refer to Solomon, 1992). In this way, alignment provides the basis for bringing together the pursuit of external goods (e.g. profit) with the pursuit of internal goods (e.g. care for humanity) (refer to Fowers, 2005) or more simply put, balancing profit and people.

However, the findings also suggest that the relationship between external and internal goods is not always in harmony. The results indicate that financial goals can become the dominating focus of daily activity while care for people becomes merely an instrumental means to financial ends. This is suggested where the immediate and explicit nature of financial reporting moves attention away from people, which results in a disconnection from the concerns of others. There is also evidence of more extreme cases where managers became completely focused on financial targets; for example, HRM Mila recalled that one GM "had such a drive on financial returns, that this whole 'our people agenda' was really overlooked".

These findings indicate that irrespective of structural alignment between purpose and social architecture, which within this study appears to encourage a balance between the needs of stakeholders, some managers remain focused on financial goals. One possible explanation for this could be dominant economic reporting structures which produce more immediate and measurable results when compared with the more ambiguous measures of social value (refer to section 5.2.3). It is also possible that unrealistic or an excessive drive for financial targets could shift management focus away from creating social value (refer to Crossan, Mazutis, Seijts, et al., 2013; Halverson, 2004). Additionally, the focus on external goods could indicate that the paradox between instrumental and values rationality (refer to section 6.2.3) has not yet been fully embraced, or perhaps understood, by all managers (e.g. Kilburg, 2006).

The suggestion that conflicting features of the environment, underlying priorities or misunderstandings may shift management attention away from what is important is supported by Crossan et al.'s (2013) discussion of situational determinants overriding character strengths. Fowers (2005) also warns that an uncoordinated or misunderstood approach to the integration of internal and external goods produces a fragmented view of goals that creates tension for organisational members. Whether the separation of financial and community concerns is a result of organisational pressure or individual ideology, this imbalance potentially inhibits the development of *phronēsis* (refer to Beadle & Moore, 2006; MacIntyre, 2007). It is beyond the scope of this study to explore the drivers of external goods over internal goods in more detail; therefore, exploring the personal and organisational drivers that direct where managers focus attention and how they behave individually and in groups provides an interesting topic for future research.

The evidence suggests a desire to shift from a bureaucratic approach of hotel management towards a balance between central and decentralised control. The shift to balance the tight control of policy and procedure with the flexibility of guidelines also forms part of the social architecture for the hotel groups and provides opportunity for the development of *phronēsis* (refer to section 5.4.1).[30] Interestingly, the findings indicate that while in the past there has been an emphasis on developing and following policy and procedure, both hotel groups recognise that employees also need to have freedom to meet the needs of people within the complex environment. This can be seen in the desire to provide "freedom within the framework". The findings reveal that policies and procedures provide vital information required for ensuring compliance and procedural quality (e.g. minimising risk, maximising efficiency and consistency) while the shift to guidelines is intended to offer the flexibility required to negotiate ambiguous situations (refer to section 5.2.1.3). This approach reflects Huber Dreyfus's (2008) model of adult skill development which suggests that novice employees must first know the rules of the job to ensure compliance and procedural quality before they are able to adapt to the complexity of the environment. In this way, policies and procedures are intended to form a foundation that supports and informs action rather than barriers that restrict creativity and action (refer to Halverson, 2004). Aligning, from this perspective, refers to knowing and developing appropriate levels of policy and procedure that support freedom so that wise decision making can be practised.

[30] The term "guidelines" refers to documented procedures, processes, codes of conduct and values statements that are designed to guide rather than direct action.

The importance of creating an organisational culture that promotes the desired company values, behaviours and actions is also evident within the findings (refer to section 5.4.3.2). The findings point to alignment between the documented values statements, codes of conduct and behavioural expectation, which are intended to create a company culture that promotes hospitality values and influences employee behaviour, and the reporting and reward structure that directs management attention to areas of importance. The findings also bring to attention the need for alignment between the values held by the hotel organisation and the values held by employees. Nevertheless, while the alignment of organisation and employee values was viewed positively, it is evident that balancing the power of instrumental rationality with desire for values rationality requires the organisation to practise the values it promotes and for the employees to want to engage with these values. The importance of alignment between structure, culture, values and employees for the development of *phronēsis* is supported by Rooney et al. (2010) who state, “Organisational culture and climate, and communities of practice matter if organisational wisdom is desired” (p. 217).

However, it is also interesting to note that high levels of employee turnover experienced within the hotel environment (refer 5.4.5) creates a significant challenge for hotel organisations as it has the potential to restrict the provision of freedom and the practice of making judgements. For example, if employees do not stay long enough to progress from being a novice/advanced beginner to proficiency and then expertise (stages 4–5 of Dreyfus’s 2008 skill development; refer to page 62), it is possible that to continually accommodate high levels of novice/advanced beginner employees, work structures will need to remain focused on bureaucratic centralised control systems.

6.4.2 Training

Training refers to the initiatives undertaken by the organisation to develop employee skills, competency and understanding. The training of employees is viewed as an important activity for the hotel groups (refer to section 5.4.4.1) which included developing technical, social and leadership ability within employees and managers. From the perspective of developing wisdom within the hotel organisations, these areas of training are consistent with Crossan et al.'s (2010) suggestion that wise business leaders require organisational, business and personal intelligence. Nevertheless, while the hotel groups provide training that includes some key capabilities required for the development of *phronēsis,* there is no evidence of formal decision-making training being delivered by the hotel groups or a unified plan to develop wise decision-making capabilities. For example, decision making was seen as something that was "woven through" the training modules but not explicitly discussed (refer to page 241).

Technical ability is seen to be important as it enables efficient, cost-effective and consistent production of quality products and services. These attributes reflect the characteristics of *technē* (art and craft of production) outlined in section 2.2.7 and discussed in section 6.3.3.5; therefore, they contribute to the development of *phronēsis*. However, while ongoing technical training is viewed as an area of "critical" concern (refer to section 5.4.4.1), the findings suggest that both hotel companies know how to achieve technical quality. For example, RegDirHR Charles believed that the hotel had "the procedures" and their employees were "good at doing the procedures" and RegHRM Sophie considered it "easy to put somebody into revenue management for six months to learn". On the other hand, the evidence suggests that the development of leadership ability is capturing more attention (refer to section 5.2.2.2). Moreover, the leadership capabilities focused on by the hotel groups are consistent with traits of *nous* discussed in section 2.2.5 (e.g. Eikeland, 2008).

The growing focus on leadership ability suggests a shift from what has been an organisational culture defined by formal control measures (refer to section 5.2.1.2) to one that places more emphasis on decentralised control mechanisms that enable flexibility within the framework (refer to section 5.4.3.3). Moreover, the evidence indicates that focusing on leadership abilities emphasises the development of self-control and social ability along with the values and character strengths (êthos) that are required for navigating the complex social environment. This suggests that leadership training, which for the hotel companies includes the ability to direct oneself and influence others to do the right thing, helps to foster the development of important wisdom characteristics. These findings are consistent with Boyatzis's

(2007) view that self and social understanding is fundamental to the development of wisdom and are also in line with Crossan et al.'s (2010) discussion concerning the importance of developing people intelligence within wise leaders. However, while the importance of intuition in decision making is highlighted in the findings and the literature reveals that it can be developed (e.g. Eikeland, 2008; Gore & Sadler-Smith, 2011; Malewska, 2015), it is evident that there is very little workplace understanding of how effective intuition works or how it can be intentionally developed.

Moreover, while the findings identify that training undertaken by the hotel groups includes attributes (e.g. technical skills, social skills and virtues) that are important for the development of *phronēsis*, it is beyond the scope of this study to explore the extent of this training in more detail. It would be interesting to investigate how much training is conducted at various levels of the organisation and the effect of this training on wisdom-related dimensions. Additionally, further research is required to investigate the effectiveness of training on the development of self-awareness, social ability and character strengths. In particular, it would be interesting to explore perceptions of character strengths including their relevance to the workplace and the strategies undertaken to cultivate their development.

Furthermore, the focus on developing leadership capabilities and their associated attributes across multiple levels of the organisation is an unexpected yet interesting finding within this study. As the concept of wisdom is often misunderstood in contemporary society and, when used, generally associated with the transcendent and spiritual realms (e.g. Rooney et al., 2010), leadership training and development may provide a useful avenue for bringing wisdom attributes back into focus. The potential for leadership training to encompass and make more explicit the attributes required for wise decision making provides an interesting topic for further investigation.

6.4.3 Understanding

Understanding refers to developing an appreciation of one's self and the complexities of the social and operating environment. The term understanding is used here to capture a process of learning, interpreting and making sense of information and indicates a depth of awareness beyond simply knowing. Self-awareness (refer to section 5.4.4.3) is described within the context of this study as having an understanding of one's emotions and feelings (emotional intelligence), personal strengths and weakness (e.g. personality traits and skills), and personal values. The desire for employees to be able to act authentically (refer to section 5.2.1.3) indicates that gaining an understanding of self-awareness is particularly important for the hotels. Moreover, drawing from the discussion of social mastery in section 6.3.2.1, it can be seen that the hotels also promote an understanding of the social environment along with the importance of creating connections with and between people. The hotel groups' focus on developing an understanding of one's self and the social environment is viewed within the literature as an important step towards the development of wisdom (e.g. Baltes & Staudinger, 2000; Fowers, 2005; Glück & Bluck, 2013; Stange & Kunzmann, 2008).

The complex and paradoxical nature of the hotel environment has already been established in section 6.2.1.1 Additionally, there is acknowledgement of uncertainty and ambiguity within the hotel environment and recognition that not everything can be known and not every eventuality accounted for (refer to section 5.4.3.1). However, there is little evidence within the findings to suggest that developing an understanding of this environment is intentionally undertaken by the hotel groups. While working within complexity and the resulting tensions requires employees to practise making judgements (e.g. Fowers, 2005; Sadler-Smith, 2012; Statler & Roos, 2007), and is therefore potentially beneficial to the development of wisdom, Rooney et al. (2010) warn that conflicting areas of importance can potentially create confusion for organisational members. This confusion can be seen in DM William's account of disciplinary action taken when not following customer check-in procedure (refer to page 139). Consequently, without an understanding of how to manage complexity and paradox, there is the potential that the desired hotel outcomes for flexibility within the framework will not be achieved and the development of *phronēsis* may be inhibited (McKenna et al., 2009).

To achieve the hotel goals of creating commercial sustainability, brand reliability, customer connection and caring for people (refer to Figure 6-1), it is evident that gaining an understanding of complexity and how a balance between the competing tensions within the environment is able to be achieved is important. Rooney et al.

(2010) suggest that to achieve this balance, organisational leaders require ontological acuity to be able to reflexively analyse different belief systems and question assumptions. The importance of understanding different belief systems can be seen, for example, within the situational balancing of information (refer to Table 5-15) where it is apparent that employees need to understand the different demands of the social, operational and regulatory domains and their effect on decision making. These findings are also supported by Kramer's (1990) argument suggesting that wisdom requires logic based on contradiction and paradox. The research also supports Swanton's (2003) view that wise practice needs to adopt a pluralist approach that integrates duty ethics (deontology) and virtue ethics.

To achieve appropriate social outcomes, employees need to be able to accept ambiguity and unpredictability within the environment. Viewing the social environment from this perspective requires accepting that not everything can be known, which, therefore, requires less prescription and more freedom to enable flexible approaches in achieving social quality. On the other hand, ensuring operational efficiency or compliance with state and organisational requirements requires taking a prescriptive approach to managing and decision making. Viewing the organisational and regulatory environment from this perspective results in the creation of rules to ensure the required standards and procedural efficiencies are achieved and risk of noncompliance is avoided (refer to Rooney et al., 2010). Therefore, the ability to embrace complexity along with the more prescriptive views of organisational management (refer to Stacey, 2011), and to know when and how to embrace each perspective (ontological acuity) is important for the development of *phronēsis*.

Developing an understanding of different and at times contradictory world views along with being able to reconcile divergent perspectives and address problems from multiple points of view are also capabilities that are closely associated with dialectic thinking and the development of wisdom (refer to Glück & Bluck, 2013; Kramer, 2000). Glück and Bluck (2013) refer to the ability to cope with the knowledge that some things cannot be predicted or controlled as "an inherently dialectical concept entailing active control but also the acceptance of uncontrollability and the ability to balance these two in response to what a situation requires" (p. 80). These findings are also consistent with Zhang et al.'s (2015) suggestion that embracing and managing paradox requires the integration of both rules and freedom.

Moreover, within the context of the self, social and the complex operating environment, understanding the development of *phronēsis* can be seen to be important at the individual, local and corporate level (refer to Table 5-3). The importance of developing an understanding of the relationship between these levels, including how shareholder, stakeholder and social value (refer to section 6.2.2) are recursively co-created through dialogue and interaction (refer to Stacey, 2011), is revealed within the findings. These finding are consistent with MacIntyre's (2007) discussion of the mutually reinforcing nature of internal and external goods (refer also to Beadle & Moore, 2006). The ability to embrace the paradox of predictability and uncertainty requires understanding how generalised and idealised corporate goals, expressed through policy and procedures, are made sense of and enacted by a community of practitioners engaging in local interactive processes (refer to Stacey, 2011).

These findings focus attention on complexity and how interdependent individuals collaborate within local hotel communities to provide standardised yet flexible service offerings. Endeavouring to meet the challenges of complexity, the hotel groups, at a corporate level, have begun to explore the relationship between global homogeneity, local heterogeneity and individual inimitability (refer to Table 5-3). Moreover, at a local hotel level, there is evidence that the provision of freedom within a framework is being supported through training, dialogue and cooperative interaction. Nevertheless, there is evidence to suggest a lack of understanding concerning the dominance of bureaucratic and pragmatic forces and their influence over organising and decision making. The dominance of instrumental rationality and its impact on the implementation of freedom within the framework provides an interesting topic for future research. Moreover, further studies could also explore employee understanding of the social, operational and regulatory domains and how the information sources of intuition, experience and evidence are used to achieve quality within each of these areas.

6.4.4 Modelling

Modelling refers to supporting the development of *phronēsis* through leading by example, mentoring and coaching. For the purpose of this study, leading by example captures the process of managers and supervisors modelling desired hotelier attributes to less-experienced employees (refer to section 5.4.4.5 for definitions of mentoring and coaching).

While it is evident that on-the-job training of procedures and technical process involves coaching, the role of modelling primarily focuses on providing behavioural exemplars for others to follow. This can be seen in the expectation that manages become "ambassadors of [company] values" (HG1 *Code of Conduct*) and the recognition that if management do not demonstrate the values then it is unlikely that other employees will (refer to section 5.4.3.2). It is also apparent that as employees gain more experience, they pass their knowledge and expertise on to others and became role models for less-experienced employees.

The results of this study indicate that leadership exemplars, mentors and coaches have a significant influence on the development of others. This is especially evident in the way that exemplars and mentors demonstrate the desired values, behaviours and actions to less-experienced employees. The importance of modelling appropriate behaviour to novice employees is supported by the hospitality literature (e.g. Crick & Spencer, 2011) and Crossan et al.'s (2013) suggestion that individuals "learn what is right and good by observing good people doing the right thing and then aspiring to become of similar character" (p. 290).

Likewise, it is evident that coaching provides the potential to aid in the development of *phronēsis*. For example, coaches helped others to discover answers by helping them to work through sense-making and decision-making processes rather than providing them with solutions or answers to problems (refer to section 5.4.4.5). Moreover, the lessons learnt from coaches were passed on to others and duplicated across various levels of the organisation. The importance of modelling for the development of wisdom is supported by the literature which suggests that as *phronēsis* is unable to be precisely formulated, it is best developed through imitating role models (e.g. Yuengert, 2012). The process of modelling described within the findings provides further support for the suggestion that wisdom development is an activity undertaken within and supported by a community of practitioners.

6.4.5 Practising

Within the context of developing *phronēsis*, *practising* refers to providing the opportunity and support for employees to engage with and practise the desired values, behaviours and actions required to excel in both the technical and social domains and achieve wise outcomes. The overarching concept of practising also involves gaining experience, learning from mistakes and building trust. Moreover, as hotel management is classified as a craft and art (*technē*), it is not surprising that the development of technical and social skills requires practice over time.

Practising technical and procedural skills is important as it is through practice that technical knowhow and ability becomes embedded as tacit knowledge (R. J. Sternberg, 2004). As previously noted, tacit knowledge enables employees to respond intuitively to situations rather than mechanically following rules (refer to section 5.3.2.5, and to Bierly et al., 2000; Provis, 2010; Sadler-Smith, 2010). The movement from practising technical skills to drawing from tacit knowledge reveals an interesting step in the development of hotel wisdom. This is evident in the issues faced by hotels when training new employees. As the following narrative highlights, prior to being able to exercise freedom within the framework, new employees must first learn the skills and rules of job:

> "[I]f someone starts here you know the first two weeks or three months, […] all they're getting told is what they can't do. This is how we do this. This is the policy for this, this is the procedure for this, you can only do this and if a guest asks for this, this is what we do […] so all we're doing is actually taking any […] customer service they may have had in them and actually hiding it and saying no, no the policy is this." (GM Peter)

The implication is that novice employees must methodically and carefully work through technical options prior to making a decision. Unlike experts, who are able to quickly evaluate large amounts of information, comprehend relationships within complex environments and exercise freedom to select the best outcome from many possibilities (Horn & Masunaga, 2000), novice employees find it difficult to process information that they are not familiar with or do not yet understand. GM Peter's observations are consistent with the literature which suggests that proficiency in the technical environment is required before much thought can be directed towards mastering the social environment (e.g. Dreyfus, 2008; Horn & Masunaga, 2000).

This further highlights the significance of employee retention for the development of *phronēsis*. Without sufficient numbers of employees staying long enough to develop the levels of technical and social expertise required for exercising judgement in decision making, it could be suggested that providing freedom within the framework, at least at a front-line customer service level, may not provide the expected benefit of improving social quality. This could potentially result in the hotels reverting to high levels of formal control and bureaucratisation (refer to Gane, 2005; Ritzer, 2004). Therefore, high levels of employee turnover can be seen to obstruct the practice and development of management wisdom. As exploring this issue further is beyond the scope of this study, it provides an interesting topic for further research.

The findings suggest that while people may have a disposition to act hospitably (e.g. being welcoming, friendly, kind, sociable and accommodating), to strengthen and perfect the desired values and character strengths requires an environment that not only enables but also encourages the practice of being hospitable. Additionally, it appears that maintaining ongoing practice is also required to retain a hospitality disposition. These findings are consistent with Fowers (2005) who suggests that it "takes practice to learn to love what is good and to develop the habit of acting for the sake of that good" (p. 95). This suggests that the disposition for being hospitable could be diminished if the organisational structure does not support ongoing practice or focuses excessive attention away from people to other concerns (e.g. efficiency or budgets) (refer to Horn & Masunaga, 2000).

Additionally, the evidence suggests that when the decision maker is separated from the people affected by their decision, or when there is a lack of connection to the concerns of people, then decision making potentially becomes more instrumental. From this perspective, consistently providing and perfecting the art of being hospitable is an intentional undertaking that requires ongoing individual effort to achieve success. However, this does not imply that being hospitable requires people to be inauthentic. Rather, it suggests, like any performance, to transform a desire or disposition into action and achieve excellence requires ongoing practice (refer to Cokely & Feltz, 2014; Rooney et al., 2010; Sadler-Smith, 2010).

It is also interesting to note that practising hospitality is not only a personal undertaking – it also involves a process of employees and the organisation working together to create a hospitable environment. In this respect, hospitality practice needs to be embedded in the organisational culture. The implication is that for company values to influence how employees "behave every day" and "help shape the way they work" (refer to section 5.4.3.2), the practice of being hospitable needs to be demonstrated across all levels of the organisation and in all interactions, from senior manager interaction with employees to employee interaction with customers (refer to Crick & Spencer, 2011).

Within the domain of practice, the evidence indicates that gaining diversity of experience is very important for the development of hotel wisdom. Moreover, while gaining experience in both the technical and social environment is important, the evidence indicates a particular focus on gaining life experience within the social environment. These findings are consistent with the wisdom literature (e.g. McKenna et al., 2009; Schmit et al., 2012). In this context it is evident that working under a variety of hotel manages in different settings provides the opportunity to develop expertise (e.g. Hager & Halliday, 2009). However, perhaps the most significant finding is the importance of being exposed to and needing to work through unpredictability and complexity. It can be seen that these types of experiences involve the exercise of judgement and require employees to practice being discrete, sensitive and yet decisive when managing interactions that involve emotion, conflict, human needs and sometimes tragedy (refer to section 5.3.3). These findings are consistent with the wisdom literature which highlights the importance of accumulating enough life experiences to be able to make informed judgements concerning appropriate actions in a variety of circumstances (e.g. Baltes & Kunzmann, 2004; Fowers, 2005; McKenna et al., 2009; Rooney et al., 2010; Webster, 2003; Yuengert, 2012).

As a part of gaining experience, the findings also suggest that making mistakes are an inevitable and important aspect of developing *phronēsis*. Mistakes can be seen to enable reflection and evaluation of practice, and at times mistakes become particularly memorable events that have a significant impact on the development of individuals (refer to page 236, Learning from mistakes). These findings are consistent with discussions of wisdom development (e.g. Ferrari & Weststrate, 2013; Hager & Halliday, 2009; Kristjánsson, 2014; McKenna, 2013; N. Park & Peterson, 2008; Rooney et al., 2010), paradox management (e.g. Sadler-Smith, 2010; Zhang et al., 2015) and hospitality attributes (e.g. Dawson et al., 2011). Additionally, the evidence suggests that human error is an inevitable and somewhat important part of social environments and service encounters. The desire for hotel environments to be characterised by authentic "human interaction[s]" (RegDir Simon) also reinforces the need to accept human error as part of the social environment. However, this confronts the goals of service quality programmes designed to reduce errors, increase operational reliability, standardise service processes and produce more effective control of production and service (e.g. Llach et al., 2016).

These findings suggest that there needs to be a shift from following manufacturing-based models of total quality management (TQM) to perhaps a more service-orientated model of acknowledging while also managing human error to provide social quality. Within this environment, the provision of hospitality can be seen as a dialectic practice involving learning from experiences within mundane social interactions to progressively and recursively develop excellence and *phronēsis*. Additionally, it is evident that practising hospitality values and *phronēsis* helps prepare for wise decision making during more significant and unpredictable events. Interestingly, this implies that making mistakes in service interactions has the potential to lead to overall quality, which further highlights the paradoxical and dialectical nature of hospitality.

Establishing a culture of mutual trust emerged as a key requirement for supporting hospitable practice and enabling learning from mistakes (refer to section 5.4.3.3). For example, providing freedom within the framework required providing the "freedom to fail" (HG1). These results support Solomon's (1992) argument that mutual trust is a central element of wise business practice. Within this environment, coaching takes precedence over disciplining and leadership is emphasised more than management. Closely associated with this collegial environment, the findings suggest that humility is a fundamental attribute required for maintaining freedom within the framework. Humility within the context of this study is described as having an accurate understanding of one's abilities and limitations. It also involves the ability to seek advice when required and acknowledge one's own mistakes (Peterson & Seligman, 2004). Putting this into an Aristotelian perspective, humility can be seen as sitting between a deficiency of self-abasement or lack of confidence and an excess of egotism or hubris.

However, perhaps more importantly, the findings suggest that maintaining mutual trust requires managers to exercise humility. Management humility is required in enabling employees to practise making decisions and work out solutions to issues. Managers also need to display humility, as opposed to arrogance, when using employee mistakes as a "coaching moment" (GM Trevor). These findings are consistent with Marker's (2013) suggestion that the development of *phronēsis* requires "safe environments in which employees can solicit advice, ask questions, and make mistakes without undue fear" and "where humility is rewarded" (p. 16). Nevertheless, while the evidence suggests that exercising humility may be best practice, there is also evidence to suggest that not all managers exercise this virtue. In these instances, the break down in mutual trust and relationship between managers and employees reduces the development of *phronēsis* to learning from examples of what not to do (refer to page 236, Learning from mistakes).

Overall the findings suggest that hotel environments provide a rich environment for experiencing the complexity and diversity of life. When working well, hotels "provide a safe, smart, collaborative working environment" (GM Kirk) that fosters mutual trust and cultivates collective *phronēsis*. In contrast, there is also evidence of misalignment between the attributes and practice of some managers and the hotel groups' desired outcomes. Moreover, while experience is essential for the development of *phronēsis* (e.g. Baltes & Smith, 2008; Baltes & Staudinger, 2000; Yuengert, 2012), the evidence suggests that experience alone does not necessarily lead to wise practice. This view also has general support within the wisdom literature and is captured well by Cokely and Feltz (2014) who suggest that "not all practice is the same and experience alone does not guarantee expert performance" (p. 213).

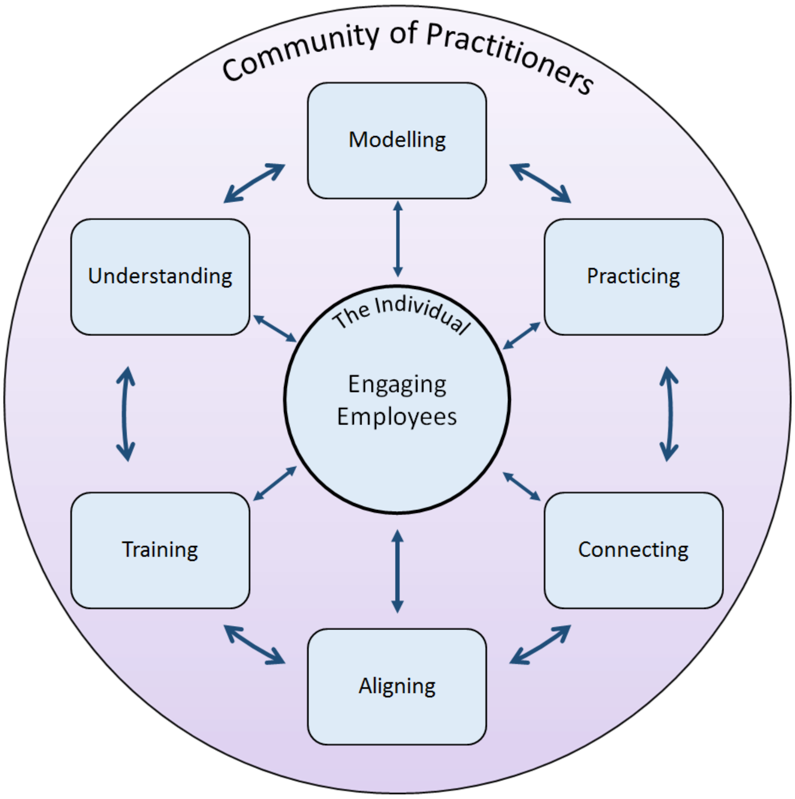
6.4.6 Connecting

Connecting denotes the action that is enabled through creating a community of practitioners who are able to build professional relationships to collaborate with colleagues and stakeholders in the production of wise outcomes. The importance of being connected to a community of practitioners and wider society is a central theme running throughout the findings of this study (refer to section 5.4.3.5). Moreover, as the discussion in section 6.3.2.5 indicates, actively connecting with community is fundamental to developing the attributes of a wise hotelier and essential for wise practice.

The evidence within this study reveals that the development of *phronēsis* is a community undertaking. The art and craft (*technē*) of the hotelier is learnt from a community of practitioners and refined through practice within the social environment of the hotel (refer to sections 5.4.4.1 & 6.4.2). Moreover, it is evident that the character strengths (*êthos*) required for balancing tensions and paradox within the hotel environment are dialectically developed and strengthened by the community of practitioners.

For the hotels in this study, engagement with the community is fostered through networks and connections between organisational members and through creating environments that encourage dialogue, openness and the exchange of ideas. This is evidenced in the formal processes (e.g. management retreats and working groups) and informal processes where dialogue and advice aid decision making (refer to section 5.4.3.5). As the narrative reveals, these formal and informal networks, relationships and connections provide perspective, challenge thinking and help reveal "the right thing to do" when making decisions and taking action. It is also evident that retelling organisational stories (e.g. the 2004 Boxing Day tsunami) and maxims (e.g. "treat somebody else like how you want to be treated") form an important part of the collective wisdom that can be shared within the community.

Figure 6-7: Wisdom development



These findings are consistent with much of the wisdom literature which suggests it is within community that individual values and character strengths are developed (e.g. Fowers, 2005; Rooney et al., 2010; Yuengert, 2012). However, the findings concerning the development of *phronēsis* also reveal that it is not just the individual that benefits from forming connections within a community of practitioners; rather, creating connections between members of a community can be seen to strengthen both the collective wisdom of the community and wisdom of the individual (refer to section 6.3.2.5). This again reveals the recursive nature of wisdom development where individual wisdom strengthens collective wisdom and vice versa. The benefits of this interdependent relationship between collective and individual wisdom is consistent with Baltes and Staudinger's (2000) suggestion that wisdom embedded within community is more informed and sustainable compared with that of an individual acting alone.

6.4.7 Engaging employees

> "What stops colleagues from caring? We do! ... Management is not a police action; management is a process of enablement." (RegDir Simon)

While it is evident that organisational architecture provides the foundations for developing *phronēsis*, it is also apparent that employees need to actively engage in the process. The positioning of employee engagement at the centre of Figure 6-7 captures the need for individuals to interact with each of the six pillars supporting the development of *phronēsis* and with the community of practitioners. Additionally, the evidence suggests that developing hotel *phronēsis* is a choice that needs to be made by individuals who have the right disposition (refer to section 5.4.6).

The need for individuals to choose to engage in their own development is captured in the findings by the suggestion that organisations may create structures and support activities but unless they are "picked up and used" (RegDir Simon), these structures and activities are of little value for the individual. However, it is perhaps more notable that the respondent comments concerning the importance of engaging with the organisations support structures (six pillars) draw particular attention to the need to engage in the development of social ability and the character strengths required for the practice of hospitality (MacIntyre, 2007). The importance of ongoing engagement in the development of personal attributes and character strengths associated with being hospitable is a consistent theme running throughout the findings (refer to section 5.3.1). Moreover, as discussed in section 6.3.2.1, it is evident that without the employee participation in the development of internal goods, the relationship between organisation and employee would remain limited to that of mutual advantage (e.g. work for pay), which ultimately leads back to an emphasis on bureaucratic control. These findings are consistent with the literature where it is recognised that choosing to engage in the development of internal goods is a decision that must be made by the individual (e.g. Crossan et al., 2010; Fowers, 2005; Kilburg, 2006; MacIntyre, 2007).

While choosing to engage in development is important, the findings also suggest that having a disposition for being hospitable is needed to be able to balance the tensions within the hotel environment. This is evident in the view that hospitality is something that “comes from within” (refer to section 5.2.3.1) and that some people “struggle with it” (RegDirHR Charles) or “just don’t get it” (RegHRM Sophie). These findings indicate that while hospitality values and the associated character strengths are able to be enhanced and further developed, they are not able to be instilled within individuals. This suggests that hospitality is a virtue ethic enacted out of conviction rather than duty (refer to Fowers, 2005; Swanton, 2003). Moreover, while it is apparent that these character traits are desirable for practising hospitality, they are also required for wise decision making. The notion that individuals need to have some appreciation of and inclination towards practising hospitality values is in keeping with discussions of wisdom development (e.g. Fowers, 2005; Hager & Halliday, 2009; Schmit et al., 2012). Nevertheless, perhaps a more interesting outcome from this study is that it appears some managers do not recognise the importance of care and concern for all stakeholders. While there may be a number of explanations for this, MacIntyre (2007) suggests that institutions (e.g. hotel organisations) are inherently focused on external goods, and therefore susceptible to their own competitive nature. The ultimate consequence of this is that without a focus on the character strengths required for ensuring social value (refer to section 6.3.2.4), the corrupting power of the institution would not be able to be resisted (Gane, 2005; MacIntyre, 2007).

While the respondents within this study were asked about their perceptions of wise management practice displayed by others, it is apparent that the interviewees themselves displayed many of the characteristics that indicate a disposition for wisdom development. For example, the interviewees were open to alternative views and had an understanding of their own strengths and weaknesses (Schmit et al., 2012); they also appeared to be motivated by a responsibility to do the right thing (Fowers, 2012) and displayed generosity (Kraut, 2014). Additionally, they engaged in developing their leadership capabilities through self-awareness and an understanding of others (Crossan et al., 2010; Rooney et al., 2010). Moreover, the respondents displayed the ability to reflect on their own practice (Schmit et al., 2012).

Therefore, the findings from this study suggest that it is possible to develop and practise *phronēsis*.

Nevertheless, it is also apparent that there is much work to be done in developing cohesion and strength within the six pillars supporting wisdom development and engaging employees in the process of developing *phronēsis*. While it is possible, there are many challenges. For example, these findings have significant implications for the selection, development and promotion of employees. This highlights important issues that provide interesting areas for further enquiry. It would be interesting to investigate the importance of developing hospitality character strengths and why it appears some managers do not maintain this practice. Moreover, further research should be undertaken to investigate the corrupting power of the hotel institution and what hotel organisations are doing to ensure that a balance between competing goals can be maintained.

6.5 Wise management practice: conceptual model

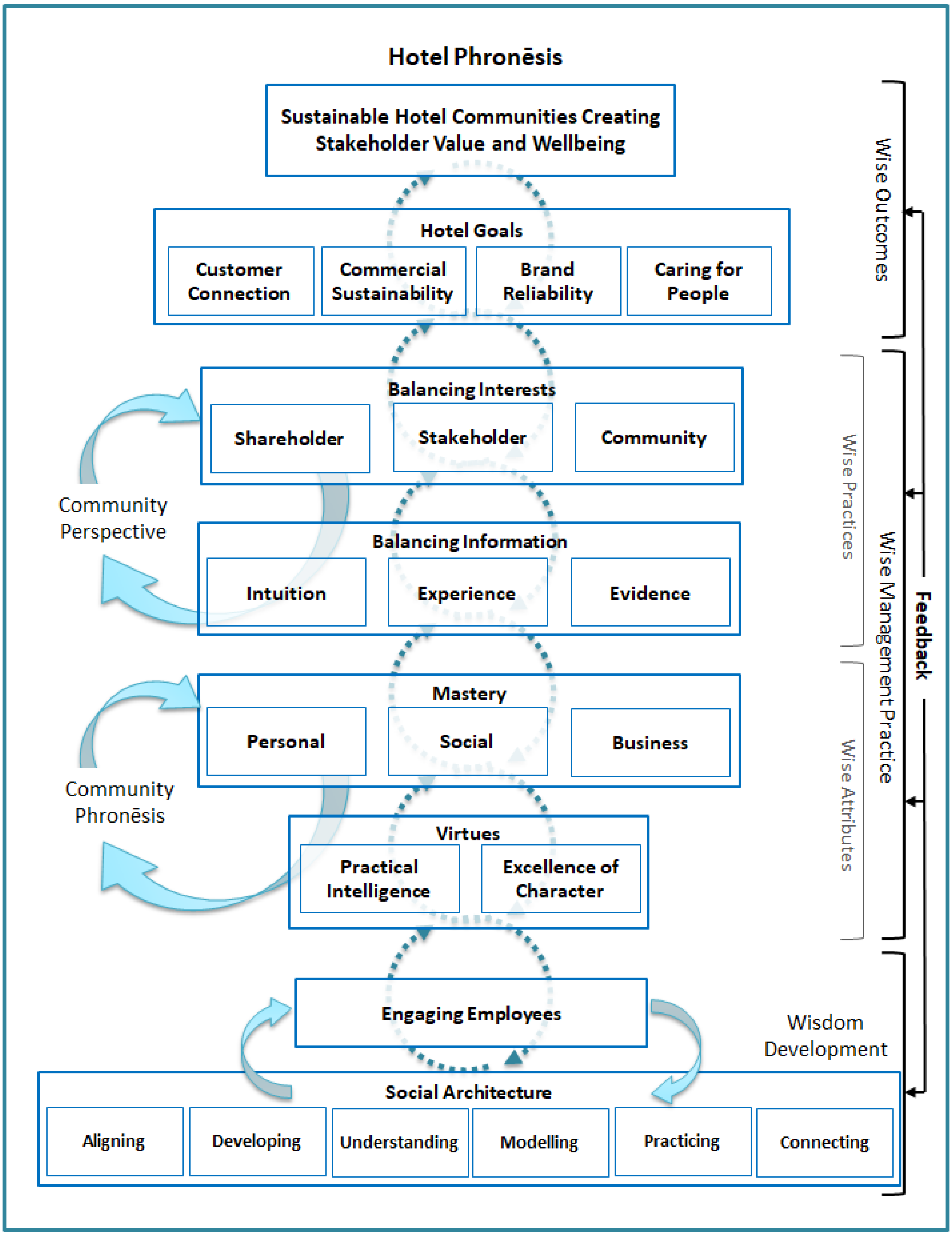
While studies of hospitality cover a diverse range of topics covering, for example, historical accounts (e.g. O'Gorman, 2007a, 2010), social perspectives (e.g. Lashley et al., 2007a, 2007b; Lashley & Morrison, 2000; Lynch, 2005), managerial studies (e.g. Aramberri, 2001; Slattery, 2002) and research into hospitality business practice (e.g. Grönroos, 2007; Valentine et al., 2014; Wijesinghe, 2014), the hospitality literature remains fragmented. Moreover, studies of hospitality ethics, let alone wisdom, are largely missing from the literature (e.g. Köseoglu et al., 2016; Myung, 2017). There are also unresolved debates concerning the purpose of commercial hospitality organisations such as hotels with proponents of business and social approaches (shareholder and stakeholder) justifying different positions (e.g. Brotherton, 2003; Slattery, 2003). Applying an Aristotelian perspective to investigate wise management practice, this study provides an avenue for integrating different perspectives and fragmented concepts. *Phronēsis* integrates the theoretical, the technical and the human dimensions of hospitality and it challenges the extremes of organisational rationality.

The study investigates three interrelated concepts that inform wise management practice: the purpose of hotels, wise management practice, and the development of wisdom. These concepts are explored and presented separately within the findings and discussion as this provides a useful way of gaining an understanding and overview of each concept. However, it is important to note that the distinctions cannot be entirely delimited, the separation is artificial, and the concepts, processes and practices are all interrelated. The following conceptual model of wise management practice (refer to Figure 6-8) brings the findings from this study together as a multidimensional visual representation of the discussion from this chapter. The model is drawn from the findings of this study and is also informed by Sternberg's (1998, 2004) Balance Theory of Wisdom, Rooney et al.'s (2010) social practice wisdom, and Crossan et al.'s (2010) concept of cross-enterprise leadership.

The model contains four key sections: wisdom development, wise attributes, wise practice, and wise outcomes. Wisdom development is situated at the base of the conceptual model to represent the foundations provided by the six pillars that supporting the development of wisdom. It also shows the need for engaging employees in the process (refer to Figure 6-7). This leads to the development of wise attributes, which are drawn from Figure 6-5: Attributes of wise hotel management. As indicted, wise managers do not act alone; rather, they are recursively engaged with the community wisdom (*phronēsis*). Wise practice captures the discussion concerning the balancing of information (Figure 6-6) and balancing of interests (Figure 6-3). Furthermore, this section shows how the community perspective also supports and informs the balancing of information and interests. At the top of the conceptual model, the section Wise Outcomes shows the four hotel goals that were identified within the findings and captures the purpose of the hotels within this study which, as the findings and discussion reveal, is ultimately aimed at achieving wellbeing for all (eudaimonia).

While the conceptual model is displayed in a linear format, each section of the model is interconnected and informed by feedback from the other sections. This is represented by the feedback arrows connecting each of the four sections and by the interlinked cyclic loops running through the middle of the model. The feedback arrows linking each section indicate that the purpose of the hotel determines wise practices that need to be undertaken which, in turn, shape the attributes required by managers. The purpose also determines the structure and content of the social architecture. The interlinked cyclic loops represent the recursive and dynamic process of *phronēsis*. Each stage is never fully developed or completed. The process of developing wisdom and achieving excellence in production, practice and character is ongoing.

Figure 6-8: Wise management practice: Conceptual model



6.6 Synopsis: Hospitality wisdom

The discussion in this chapter employed an Aristotelian perspective of wisdom (*phronēsis*) framed within a phronetic social science (PhSS) approach to investigate wise management practice in the hotel industry. The discussion has established that the purpose of the hotel groups involved with this study extends beyond wealth creation for shareholders to include the creation of stakeholder value and well-being through building sustainable hotel communities. Moreover, drawing from complexity theory, the chapter provided a discussion of hotel environments and the tensions created by these environments. The tensions revealed competing demands between profit and people and highlight the need for managers to be able to select suitable strategies to negotiate the environment. The discussion of the hotels stakeholder approach focused on the need to balance shareholder, key stakeholder and community interests. Exploration of paradox, tensions and the forces of imbalance within the hotel environment indicated the co-existence of instrumental and values rationality and the need to balance the bureaucratic, pragmatic and humanistic domains within the hotel environment.

The discussion of wise management practice revealed that managers need to develop mastery over personal, social and business competencies and develop practical intelligence and strength of character. However, it was also clear that managers needed to remain connected to a community of practitioners who provide access to accumulated collective wisdom. Additionally, the discussion revealed that wise decision making involves balancing the five dimensions: interests, attention, influence, perspective and information. In particular, discussion of the information dimension and the three embedded elements – intuition, experience and evidence – provides a significant contribution within this study. Discussion of the development of wisdom revealed six pillars that support the development of wisdom within hotel organisations. Moreover, it also identified that for employees to develop wisdom, they must actively engage with the process of development. Additionally, it was revealed that engaging with community is critical for wise practice and wisdom development.

Chapter 7. Conclusion

Phronēsis: Putting Wisdom into Action.

An Aristotelian perspective of management wisdom in the hotel industry

7.1 Introduction

This study set out to explore how practical wisdom (*phronēsis*) is characterised within the hotel environment. This chapter outlines the key contributions to knowledge and provides a summary of the central findings from the research questions used to meet the following research aims:

1. To explore the purpose and values that influence hotel management decision making.
2. To explore what is considered wise management practice.
3. To explore how hotel organisations are enabling or obstructing the development of management wisdom.
4. To explore how hotel organisations can support the development of management wisdom.

The chapter then goes on to explain important theoretical contributions to management *phronēsis*, hospitality studies and methodology. This is followed by an outline of the significant implications for management practice in the hotel and wider hospitality industry. The limitations of the study and potential areas for further research are then discussed. The conclusion chapter ends with final remarks concerning the development and practice of *phronēsis* within the hospitality industry.

7.2 Contribution to knowledge

This exploratory study of hotel management wisdom provides valuable empirical evidence that informs three significant areas of hotel management. Firstly, it provides valuable insight in to the meaning and provision of hospitality within a commercial environment. Secondly, derived from this meaning of commercial hospitality and its purpose (*télos*), the research reveals management attributes and practices that support wise management practice. Finally, the study identifies actions that hotel organisations can take to help cultivate *phronēsis* within organisations and its members. The important contributions to knowledge are explored under each of the four central research aims drawn from Flyvbjerg's phronetic social sciences (PhSS) framework. Additionally, the conceptual model of wise management practice (refer to Figure 6-8) is highlighted as a significant contribution to knowledge as it integrates each of the findings from the research questions to show how they are interrelated.

7.2.1 Hotel purpose

In answering the methodological PhSS question "Where are we going?", this research identifies that the hotel groups follow a stakeholder and values orientation. This orientation together with the four identified hotel goals of creating customer connection, brand reliability, commercial sustainability and care for people, broadens the purpose of hotels beyond the often-limited definitions of commercial hospitality that focus on technical aspects of product and service offering (refer to section 3.3.2) and purely economic benefits (refer to section 3.3). The goals of the hotel groups, which integrate and emphasise the creation of both business and social value, suggest that the hotel groups have begun to adopt a pluralistic approach to hotel management that extends beyond a focus on customer satisfaction and business profits. This pluralistic perspective of hotel management captures the hotel need to meet the interrelated yet often competing interests of shareholders, key stakeholders and the wider community.

Nevertheless, the findings reveal a strong isomorphic tendency that has drawn institutional hotel behaviour towards what is described in the findings as the "McDonaldization" of the hotel environment (refer to section 5.2.1.2). In their search for efficiency, consistency and control, the hotels have become dominated by excessive bureaucratisation. This has inhibited localised pragmatic action and largely eliminated the value-rational action required for employees and managers to tailor interactions to the particulars of the situation and respond to the individual needs of customers and colleagues.

However, responding to this loss of localised brand identity and lack of ability to meet the needs of people, both hotel groups are working to bring greater emphasis on value-rational action at a localised and individual level. This signals a shift in the hotel environment from a transactional to an interactional focus. This shift requires moving from an emphasis on instrumental rationality towards the integration of values rationality, and from the enactment of hospitality values and ethics solely implemented through rules (duty ethics) to values and ethics that are also being motivated by personal conviction (virtue ethics).

The need for integrating both duty ethics and virtue ethics is also reflected in the company and respondent values (refer to Table 5-7). These findings reveal an ethical responsibility (duty) in managing the business of hotels (e.g. financial return, health and safety) and in enacting the ethics of hospitality (e.g. warm welcome, hospitable service). However, it is also evident that underpinning the technical and functional operations of the hotel are values and ethics that are motivated from personal conviction rather than external obligation.

The identification of the tensions (refer to section 5.2.3) which result from the interrelated yet often competing hotel goals (refer to section 5.2.4) is also a significant finding. These tension points expose the inhospitableness of business functions while also drawing attention to the provision of hospitality and ethical behaviour that organisations desire to provide. The tensions extend beyond the business/customer orientation noted in Chapter Three and reflect the growing complexity within the hotel environment. This is evident within the complexity created by managing the technical and social environments (refer to section 6.2.1.1) and the focus on creating both business and social value which requires balancing the competing interests of shareholders, key stakeholders and the wider community (refer to section 6.2.2). Moreover, by adopting a pluralistic approach that seeks to bring greater emphasis on value-rational action to balance the dominance of instrumental rationality, the hotel groups are required to embrace the resulting paradox (refer to section 6.2.3). However, the findings reveal that the hotel groups are not yet clear on how to manage this paradox.

In short, the purpose for the hotel groups can be seen as developing sustainable hotel communities that create stakeholder value and well-being (refer to Figure 6-1). The adoption of a pluralistic approach towards the management of hotel business, the acknowledgement of the need to embrace paradox, and the integration of virtue ethics within the hotel framework are important findings as they indicate a significant desire to shift away from restrictive bureaucratisation within the hotel industry. These findings have important implications for understanding how hotel businesses need to be managed. However, while this research identifies the intention to balance the competing demands of a hotel business and embrace paradox, there is less evidence to suggest that the hotel groups fully understand how this change can be successfully achieved.

7.2.2 Wise management practice

In looking at the mechanisms of power that direct management action, this study found the hotels have been dominated by economic, institutional and customer pressures that place power in the hands of the organisation and customer. However, the findings indicate that the hotel organisations are unable to achieve the desired goals of creating customer connection and caring for people without relinquishing some institutional control over the local environment to individual hotel managers and employees. Recognising the need to respond more effectively to people's needs, the hotels are looking to decentralise areas of control within the operating environment by reducing the power of some policies and procedures to that of guidelines which are able to be adapted to the particulars of the situation. Thus, there is a need for the centralised decision makers to share power with individual managers and employees to reduce restrictive bureaucracy and balance tensions, which has the potential to benefit all stakeholders.

In exploring the how wise decision making can be described, it emerged that wise practice involves balancing the diverse interests of stakeholder groups (refer to section 6.2.2) and the sources of information (refer to section 6.3.3.5) required to make balanced decisions. Additionally, the findings also revealed that wise managers require the attributes of personal, social and business mastery, practical intelligence and virtues of character (refer to section 6.3.2). Together these attributes form the basis of management wisdom at an individual level. However, a significant finding from this study is the importance of community in providing diverse perspectives (refer to section 6.3.3.4) that support decision making and provide access to collective wisdom (refer to section 6.4.6). Wise managers have an awareness of their own limitations, and so they actively work with and remain connected to a community of practitioners who can help “fill in the gaps” in personal wisdom. Ultimately, this research suggests that while the individual is important to wise decision making, it is the individual situated and connected to a community of practitioners that defines wise hotel management practice.

Another important finding emerging from this study is the importance of balancing information obtained from intuition, experience and evidence. Of particular significance is that the emphasis placed on intuition, experience and evidence varies under the different circumstances found within the social, operating and regulatory environments (refer to Table 5-15). However, while experience and evidence provide important information, the use of intuition in decision making is a particularly significant finding within this study.

In short, it is through the integration of evidence, experience and intuition, moderated and shaped by perspective and wise attributes, that a balance is able to be achieved between the intuitive and analytical systems (experience and evidence) and the interests of stakeholders. Together, wise management practice and wise attributes enable the complex environment to be negotiated, paradox to be accommodated, and tensions to be balanced. Becoming a wise hotelier requires being both a person of excellent character and an excellent practitioner. Nevertheless, while wise decision making and action require practical intelligence and mastery of personal, social and business domains, it is the qualities of character that provide clarity about what is considered good action. Moreover, it is evident that wise managers do not act in isolation. Rather, the wise manager is one who, with humility and recognition of their own limitations, consults with colleagues and trusted advisors to draw from their collective wisdom and varying perspectives. *Phronēsis* sits at the nexus of these attributes and qualities as it is required to coordinate these characteristics to achieve the hotel goals and purpose.

7.2.3 Developing wisdom

It is evident that there are many features of the hotel environment and organisational structure that aid in the development of wisdom at a personal and organisational level. For example, the adoption of a stakeholder approach encourages managers to consider the impact of their decisions on affected individuals and groups. The values orientation of the hotel groups and the ethic of hospitality draw attention to ethical business practice and the needs of people. Additionally, the hotels recognise that both people and profits are important to maintaining a sustainable hotel business, and, therefore, focus on developing business and social intelligence in managers. Moreover, in recognising the importance of tailoring interpersonal interactions, the hotel groups have moved to provide freedom within the framework. This requires managers and employees to practise making value-laden judgements that require wisdom. The features of the environment along with the hotel groups' philosophical approach and initiatives reveal many positive hotel characteristics that potentially cultivate wisdom. Notably, the findings reveal six dimensions (pillars) (refer to section 6.4) that support the development of wisdom. Additionally, the need for individuals to choose to be engaged with the community of practitioners and the six pillars that support the development of wisdom is an important finding.

The findings suggest that many features of the hotel environment and approaches to hotel management support the development of management wisdom. Moreover, by providing more freedom for managers and employees to practise making judgements, the hotel groups create greater potential for wisdom development. Nevertheless, the evidence indicates that there remains a legacy of institutional bureaucracy, risk management through centralised control, and rationalisation that leads to the commodification of hospitality which needs to be addressed if the full potential of wisdom is to be realised.

7.2.4 Supporting the development of management wisdom

The final aim of this study was to explore how hotel organisations can support the development of management wisdom. As there has already been considerable discussion concerning the development of wisdom, this section of the conclusion provides 12 practical, bullet-point answers to the final research question: How can hotel organisations develop management wisdom (*phronēsis*)?

This research suggests that hotel organisations are able to support the development of wisdom by undertaking the following actions:

1. Clearly define the purpose and values of the organisation including how social value is created.
2. Create an orientation towards providing both social value and business value.
3. Provide an understanding of how wise decisions are made, including the balancing of interests, information and community perspectives.
4. Identify organisational tensions, and providing an understanding of how these tensions influence decision making and the work environment.
5. Recognise uncertainty and ambiguity within the environment.
6. Provide an understanding of how the flexible social environment and regulated operational environment can be balanced and managed.
7. Retain wisdom within the organisation. This includes capturing wise practice within stories, sayings and processes, and retaining wise managers who are able to lead, mentor and coach less-experienced employees.
8. Create a supportive culture where employees are able to seek advice, ask questions, and discuss mistakes.
9. Provide an understanding of and emphasise the development of character strengths.
10. Provided an understanding of different sources of information including evidence, experience and intuition, and how these are integrated within decision making.
11. Provide opportunities for gaining diversity of experience across the organisation and in different cultures.
12. Select and promote employees who display a disposition for hospitality and a desire to engage in the development of leadership attributes.

7.3 Theoretical and methodological contribution

This study provides a number of identifiable contributions to management *phronēsis*, hospitality studies, decision-making theory and methodology. Each of these contributions will be discussed in turn.

7.3.1 Management *phronēsis*

This thesis provides significant theoretical contributions to wise management practice and decision making in a number of important ways. These include the development of an integrated model of wise hotel management practice, a deeper understanding of the intellectual capacity of practical intelligence (*nous*), clarification of the relationship between *nous*, *phronēsis* and *êthos* an understanding of how *phronēsis* can be developed within organisations, and the patterns of behaviour that contribute towards balanced decision making.

A significant contribution of this study is the development of the conceptual model of wise management practice (Figure 6-8). While the conceptual model is grounded within the hotel context, and it is not the intent of this study to offer a generalisable theoretical model, the model has the potential to provide a more general framework for studying *phronēsis* within organisational contexts. The conceptual model captures the recursive dialectic and dynamic nature of wise practice involving individual excellence interacting with and co-creating wisdom within a community of practitioners. Additionally, the four general dimensions of organisational *phronēsis* – wisdom development, wise attributes, wise practices and wise outcomes – offer an interesting basis for further study of organisational wisdom.

Crucially, this study also emphasises the importance of community within wise hotel management. Thus, this research highlights the interdependent relationship that exists between the individual and community. In this way, the important interdependent relationship between the individual and community extends the discussion of *phronēsis* beyond the focus on individual wisdom generally found within much of the wisdom literature.

This thesis provides a deeper understanding of the intellectual capacity of *nous* (practical intelligence), its importance to wise decision making, and its relationship with *phronēsis*. Within this study, *nous* is described as practical intelligence that provides an understanding of both theoretical knowledge, which is unchanging, and practical reasoning, which is contingent on the context (refer to section 2.2.5). Previous studies have focused on describing the role of intuition within the capacity of *nous* and define intuition as an all-inclusive term generally associated with tacit knowledge. This study, however, makes important distinctions between the intuitive elements of tacit knowledge, affective information and ethical perception (virtue ethics). This distinction captures nuances of intuitive information that reveal the more cognitive and skill-based aspects of tacit knowledge and the more feelings-based aspects of affective information and ethical perception.

Closely associated with the discussion of intuition, this study found that emotions and feeling are an important source of information within decision making. However, while the intense feelings associated with emotions signal that something requires attention, it is the underlying feelings that need to be interpreted, and for this to take place, emotions need to be regulated. This further highlights the importance of developing *nous* as it enables intuitive inputs in the form of emotions and feelings to be understood, regulated and integrated into decision making (refer to section 6.3.3.5). The significance of mastering intuition is also revealed in the need to develop personal and social mastery as the research suggests that it is these attributes that enable individuals to engage in authentic and autonomous decision making and action. Thus, the discussion of intuition within this thesis responds to calls to provide an understanding of how intuitive information is effectively used in organisations (refer to Fowers, 2005; McKenna et al., 2006). Moreover, the study adds evidence to support interpretations of intuition as a rational and valid source of information resulting in expert insight into the particulars of complex situations, rather than the more irrational mystical "sixth sense" and "bubbling up" of intuitive feelings reported within much of the literature.

This thesis helps to provide an understanding of how *nous*, *êthos* and *phronēsis* are integrated while also revealing that it is *phronēsis* that coordinates practical intelligence (*nous*) and excellences of character (ethical virtue) for wise action. Moreover, and perhaps most importantly, the study suggests *phronēsis*, *nous* and *êthos* can be developed through experience and practice. Additionally, viewing knowledge and experience from an Aristotelian perspective adds to our understanding of difference between types of knowledge including theoretical scientific knowledge (*epistēmē theôrêsis*), theoretical knowledge of human endeavours (*epistēmē theôría*), and practical knowledge of technical crafts (*technē*). This, in turn, helps to provide an understanding of how each of these types of knowledge interacts with intuitive inputs for the construction of balanced (wise) decision making.

This study is one of only a few empirical studies to investigate the development of *phronēsis* within a commercial environment. The findings add an important theoretical contribution by suggesting that how organisations structure their environment and emphasise goals has the potential to cultivate or distract from the development of *phronēsis*. The significance of the community of practitioners who are actively engaged in achieving wise outcomes and supporting the development of individual *phronēsis* is again highlighted in this section of the research.

The study builds on Sternberg's (1998, 2004) Balance Theory of Wisdom by identifying five patterns of behaviour – balancing of interests, attention, influence, perspective and information – that contribute towards balanced decision making (refer to section 6.3.3.5). These patterns of behaviour provide an understanding of how the complex environment can be negotiated, paradox accommodated, and diverse stakeholder group interests balanced. Additionally, the thesis provides a novel perspective on how intuition, experience and evidence contribute towards balanced decision making (refer to Table 5-15). Significantly, the findings identify that different internal environments and circumstances within the organisation require different emphasis on information sources. For example, within the social environment, more emphasis is placed on information obtained from intuition and experience while evidence takes the role of moderating the quality of decisions.

7.3.2 Hospitality studies

This thesis contributes to definitions and understanding of commercial hospitality and hospitality theory in a number of important ways. Crucially, this study provides empirical evidence that extends the understanding of hospitality within the commercial context. Exploring the purpose of a hotel business from an Aristotelian perspective provides valuable insights into how business management and the practice of hospitality can be integrated to provide economic and social value. Moreover, viewing hospitality management through the lens of *phronēsis* provides deeper insights into achieving excellence in creating business, hospitality and social value and managing the resulting tensions.

This study adds new insights to a growing body of literature investigating the interplay between practices of hospitality, management and society (Brotherton & Wood, 2000, 2008; Lashley, 2000; Lashley et al., 2007a; Lynch et al., 2011; McIntosh, 2016; O'Gorman, 2007b; Poulston, 2015). While it is common for the social phenomenon of hospitality and the transactional nature of business to be cast as a choice between one and the other or at opposing ends of a spectrum (Causevic & Lynch, 2009; Hemmington, 2007; Poulston, 2015), this research suggests that hospitality and business can be viewed as complementary rather than competing. For example, the findings reveal an interdependent and recursive relationship between commercial sustainability and providing hospitality. *Phronēsis* (practical wisdom – functional and philosophy) brings together the practical function of business and philosophical ethic of hospitality. More colloquially, and in culinary terms, *phronēsis* is the yolk that amalgamates the oil of hospitality with the vinegar of business. In this way, the study moves away from purist conceptions of hospitality as a gift and business as self-interest by taking a more pragmatic look at how hospitality is conceptualised in contemporary capitalist society. It also reveals a glimpse at the potential of *phronēsis* for balancing competing ontologies and epistemologies and opens new avenues for approaching the study of hospitality in contemporary society.

Importantly, this research provides empirical evidence highlighting the significance of business, stakeholder and wider community interests. It challenges claims that the only responsibility of a hospitality business is to the shareholder by revealing that that international hotel groups in this study adopt a stakeholder orientation which brings the importance of people and communities into focus. This reveals a rich and meaningful interactional orientation that calls for the embracing of stakeholder and community interests which needs to be considered within definitions of hospitality. Exploring this stakeholder orientation, the study makes further important contributions to hospitality theory by casting new light on the inherent tensions and paradox within the provision of hospitality in a business environment. Significantly, this thesis argues that these tensions and paradox need to be accepted and managed rather than eliminated.

7.3.3 Methodological contribution

This is the first study to explore an Aristotelian perspective of wise management practice (*phronēsis*) within the commercial hospitality environment. Moreover, the study employed a relatively novel phronetic social science (PhSS) approach, which, for the purpose of this research, applied elements of critical theory (CT). Bringing CT and PhSS together provides considerable support and justification for the positioning of PhSS research as a viable and valid methodology that affords not only a critique of social systems but also a perspective from which to develop human flourishing and well-being.

As CT aims to reveal sources of social control and power relations by uncovering unjust, unreasonable and contradictory social beliefs, it provides an ontological foundation that integrates well with the objectives of PhSS. Moreover, the Aristotelian foundations of PhSS that are built on *phronēsis* also compliment CT by enabling the dialogical integration of multiple forms of knowledge and a basis for evaluating ethical structures and actions. Additionally, this study provides clarity to what can be been described as a dynamic ontology that negotiates between theoretical (*epistēmē theôría*) and pragmatic (*technē*) approaches while also critically evaluating the social and political environment from the perspective and ethic of *phronēsis*.

In conjunction with the adoption of PhSS which leads to a dynamic tripartite (*epistēmē theôría, technē, phronēsis*) ontology, the methodology provides an outline of a dialectic epistemology constructed through dialogue and deliberation. This dialectic epistemology enables what is generally seen as contradictory and paradoxical orientations – for example, objectivism and subjectivism – to be integrated within the process of knowledge construction. The methodological approach taken within this study outlines how adopting a dynamic ontology and dialectic epistemology within PhSS research enables competing ontologies and perspectives to be balanced which in turn enables the extremes of relativism and positivism to be negotiated. In this way, the discussion of methodology employed within this study responds to Flyvbjerg's (2001) call for further refinement of the theoretical and methodological positioning of PhSS.

Additionally, the discussion of the qualitative methodology and case study protocol applied within this study provides an informative explanation of the inductive and abductive reasoning process that leads to the construction of knowledge and outcomes for this study (refer to section 4.3). Induction refers to the reasoning process involved in analysing data to derive concepts, themes and models, whereas the abductive process involves a dialogical process of moving back and forth between established theory and the empirical data which plays a crucial role in the construction of new knowledge. The use of inductive and abductive reasoning within the data analysis is explained in detail in section 4.4.5. Additionally, a novel representation of this data analysis processes is provided in Figure 4-4: Case study data analysis procedures.

7.4 Practical implications

The findings from this study have significant implications for management practice in the hotel and wider hospitality industry. Moreover, these implications also extend to hospitality education providers and potentially to other environments where the development of business and social value is important. A significant contribution of this study is that it offers a framework for integrating ethical, pragmatic and bureaucratic dimensions of wise management practice into organisational structures and cultures to enable both business and social value to be achieved.

The discussion of complexity (refer to section 6.2.1.1) also provides an understanding of simple, complicated, complex and chaotic environments that exist within the operating environment. This understanding has the potential to aid in the development and implementation of policy, procedure and decision-making capabilities that can be targeted towards the characteristics of each environment and dynamic situations as they evolve. The research also highlights the importance of providing decision-making training within the workplace and intentionally developing wise decision-making capabilities. The need for developing an understanding of *phronēsis* and the determinants that contribute towards its development also has the potential to inform and guide the development of training and education programmes. Moreover, as the research is embedded within hotel management practice, the frameworks and examples of decision-making strategies (e.g. Ben's story of managing a hotel during and after the Japanese earthquake; refer to Appendix 10) provide informative and useful material that can be used to inform training and management practice.

The research reveals that wise management practice is important to hotel organisations, hotel managers/employees and the wider community. This research provides insight into how the development of both organisational and individual wisdom can be supported and cultivated. The study reveals the importance of creating alignment between the strategy, structure, values and culture (social architecture) of the organisation and the need to intentionally engaging in the development of *phronēsis* at both an organisational and individual level. This includes creating a community of wise practitioners and a leadership culture that enables and supports wisdom development.

7.5 Limitations and future research

This thesis sought to add to an understanding of *phronēsis* and its practice within the hotel industry. However, while the use of qualitative case study methods provided the ability for in-depth exploration of hotel *phronēsis*, the nature of exploratory case study and the nature of wisdom results in several limitations that require acknowledging. Given the immense scope of a subject like wisdom, this study is unable to cover all possible areas of focus or answer all possible questions. The abstract nature of *phronēsis* means that it is only possible to provide a general outline of wisdom derived from tentative interpretation and analysis of wise practice (refer to Brown, 2005; Rooney et al., 2010; G. Thomas, 2010; Yuengert, 2012). Additionally, the temporal nature of this research only provides insights into the hotel industry at one point in time and in the context of two international hotel groups. Consequently, the extent to which the specific characteristics and attributes of wisdom development, wise management practice and wise outcomes can be generalised to other contexts requires careful consideration.

Although the research provided considerable insight into how wisdom is conceptualised within the hotel industry, the respondents' subjective interpretation of their own hotel management practice and the small sample size (24 respondents) also limits the generalisability of the findings. Moreover, while the study involved two international hotel groups, data was only gathered from within the New Zealand context. Therefore, the nature of the New Zealand operating environment may have influenced respondent responses. Additionally, as both hotel group companies originate from Western cultures (European and North American) and the majority of the respondents are of European decent, this research provides a predominantly Eurocentric perspective of hospitality and wise practice.

The study provides a view of hospitality management and wise decision making from the perspective of experienced and what appears to be successful senior hotel managers (7 regional managers, 7 hotel general managers and 10 hotel department managers). However, the perspective of front-line employees is missing from this study. Moreover, while the managers interviewed expressed a desire to "do the right thing", it would be interesting to hear employee perspective of how wisdom is practised by their managers. Likewise, it would be interesting to hear how wisdom is being practised by and developed within front-line employees.

This research is limited to exploring *phronēsis* from the perspective of two multinational hotel groups operating managed hotels within New Zealand. While a dual case study approach provided opportunity for comparisons to be made between the case studies, in the end there were more similarities between the hotel groups than contrasting findings. Therefore, it would be interesting to also explore concepts of *phronēsis* within a wider representation of the hotel industry, including independently owned hotels. Additionally, future research could explore *phronēsis* within other segments of the accommodation and hospitality industry operating across a variety of geographical regions. Moreover, the scope and focus of the research meant that it was not possible to make comparisons between gender, age or ethnicity within the respondent responses. Therefore, it might be interesting for future research to compare different perspectives of wise hotel practice and decision-making responses from the viewpoint of gender, age, and ethnicity.

The limitations and the findings of this study raise a number of important questions and opportunities for future research on the topic of *phronēsis*. It would be interesting to investigate the corrupting power of the hotel institution and what hotel organisations are doing to ensure that a balance between competing goals can be maintained. In particular, research into how the power of the institution and profit influences a hotel's desire to provide employees with "freedom within the framework" would be useful. This study reveals the importance of community for supporting *phronēsis*. Therefore, it would also be interesting to explore how employee turnover affects the development and retention of community wisdom and the sustained ability to maintain a strategy of providing employee freedom within the organisational framework. Finally, the four key elements of wise outcomes, wise practice, wise attributes and wise development provide a novel approach to investigating *phronēsis* within an organisational context and, therefore, perhaps provide a starting point for further studies. Other potential opportunities for further research are listed in Appendix 22.

7.6 Concluding thoughts

It is apparent that *phronēsis* is gaining attention within a wide range of disciplines and practices. The research undertaken within this study suggests that wisdom is very important for hotel management, and is practised, albeit to different degrees and under the guise of other labels, by many of the respondents within this study. However, while it could be suggested that the development and practice of wisdom is required for human well-being and sustainable organisational management, there remains little evidence to suggest that the concept of wisdom and its practice within contemporary business organisations is understood, intentionally developed or widely applied. Moreover, although there is evidence of wise practice within business organisations, the concept of wisdom remains on the fringe of academic study and research. Perhaps its lack of favour could be attributed to it being a misunderstood concept, or perhaps it could be viewed as an inconvenience to organisational efficiency and/or self-interest. Nevertheless, the respondents within this study all thought that the study of wise practice was important. Moreover, the search for balance and the desire to *do the right thing* expressed by the individuals involved within this study suggests that there is the potential for the re-emergence of wisdom as a management practice.

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Appendices

Appendix 1: Corporate office invitation letter

Hotel company XX

An Invitation to Participate in Hospitality Research

AUT UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

Dear XXX

I am currently conducting research on the development of managerial wisdom within hotel companies in New Zealand and I would like to invite your hotel corporation to take part in this study. I believe your company and the expert opinions and experiences of its managers will be valuable to this research.

Research Purpose and Aims
The overall objective of this study is to explore how hotel organisations are cultivating the development of management wisdom. In doing this the research aims to explore:

- The values that dominate hotel management decision-making
- How hotel managers balance tensions between social and economic imperatives
- The basis of management decision-making in complex, dynamic business environments.

The study is important as it aims to identify the purpose of commercial hospitality and what constitutes wise decision making in the hospitality industry.

Participation in the Research
I would like to meet with you to discuss the details of the study and how your organisation can participate in this study. However, in brief the study would involve interviewing 12 New Zealand managers at varying levels from within the hotel corporation. I have also attached to this email a Research Information Sheet that provides you with more details about the interview process and the involvement of participants in the research.

I will be contacting you in the next few days to personally introduce myself and answer any initial questions that you may have or alternatively please feel free to contact me.

Regards,

Warren Goodsir
warren.goodsir@aut.ac.nz
Ph: 09 921 9999 ext 8374
School of Hospitality and Tourism
Faculty of Culture and Society
Auckland University of Technology

Appendix 2: Respondent information sheet

Participant Information Sheet

AUT UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

Project Title

Phronēsis: Putting Wisdom into Action. An Aristotelian perspective of developing management wisdom in the hotel industry.

An Invitation

I would like to invite you to participate in research on the development of managerial wisdom. My name is Warren Goodsir and I am undertaking research into how hotel managers develop wisdom in decision making. Your experience and knowledge of the hospitality industry and the decisions that need to be made to ensure success in the hotel industry is important to this research. However, your participation in this research is voluntary and should you wish, you are able to withdraw from the research project at any stage.

What is the purpose of this research?

This study aims to identify what constitutes wisdom in decision making and how wise decisions link to the purpose of commercial hospitality. It also seeks to explore how social values are integrated into hospitality decision-making. This research is important as it seeks to identify how hospitality organisations can balance the competing demands of complex business environments. Overall the objective of this study is to explore how hotel organisations are cultivating or obstructing the development of management wisdom.

This research will be used for:

- further understanding of the basis of management decision making.
- identifying strategies to improve the development of management wisdom.
- the completion a thesis to meet the requirement for my PhD qualification.

It may also be used for publication of articles in hospitality magazines, academic journals and conference presentations.

How was I identified and why am I being invited to participate in this research?

Selection for participation in this research is based on the following criteria:

- Participants are managers or department managers within the hotel industry
- Participants are over 20 years of age

What will happen in this research?

Your participation will involve an interview of approximately 45 to 60 minutes duration held at a time and location that is convenient to you. On completion of the interview and reflection upon the research topic and discussion you will be provided with the opportunity to respond. It would be expected that, if you wish to respond, the second interview would take no longer than 30 minutes. The interviews will be recorded and then word processed. You will receive a copy of the interview transcript to read and make adjustments to if required. The information obtained from the interviews will be used for the study.

Are there any discomforts and risks?

The information sought in this research is not expected to be controversial, so you should not experience any discomfort, be exposed to any embarrassment or face any repercussions. Furthermore, confidentiality will be maintained at all times and you will not be able to be identified from the results of the research. Nevertheless, as the hospitality industry has close networks, there is a possibility that you may know or be known to the researcher, therefore, if you feel any discomfort or risk you are welcome to stop the interview and/or withdraw from the study.

What are the costs of participating in this research?

The only cost to you should be approximately 45 to 75 minutes of your time. It is my hope that this will be offset by the experience of participating and sharing your knowledge and expertise. You may also gain some insight into decision making processes.

What opportunity do I have to consider this invitation?

It is important that you give consideration to your involvement in this research. If you have any further questions regarding your participation or the research please contact me (Warren Goodsir) on 921 9999 ext: 8374. You will have at least seven days to consider the invitation and accept or decline the offer to participate. Remember, you may withdraw from this study at any time without any adverse consequences, penalty or repercussions.

How do I agree to participate in this research?

After you have had time to consider participating in the research you will be contacted and provided the opportunity to accept or decline the offer. If you decide to participate you will be asked to complete a simple Research Consent Form before the interview commences.

Will I receive feedback on the results of this research?

On completion of the research a summary of the findings will be mailed to you if you wish (remember to mark this area of the consent form).

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Erling Rasmussen, (see contact details below).

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Dr Rosemary Godbold, *rosemary.godbold@aut.ac.nz* , 921 9999 ext 6902.

Whom do I contact for further information about this research?

Researcher Contact Details:

Warren Goodsir
warren.goodsir@aut.ac.nz
Ph: 09 921 9999 Ext. 8374
School of Hospitality and Tourism
Faculty of Culture and Society
AUT University
Private Bag 92006

Project Supervisor Contact Details:

Erling Rasmussen
erasmuss@aut.ac.nz,
Ph: 09 921 9999 Ext. 5916
AUT University

Appendix 3: Research and interview questions

Question type	Key questions and probing questions
Research question	**What is the purpose of a hotel?**
Interview questions	What do you believe are the key goals of a hotel manager? • What do you believe defines effective hotel management? • What have been the most significant changes to the way hotels are managed over the previous 20 years? • What is the purpose of a hotel?
Research question	**What values guide hotel management decision making?**
Interview questions	What do you believe are the values that guide management decision making? • What guiding principles do you use to help make decisions?
Research question	**What operational tensions do managers encounter when embracing the values to achieve the hotel group's purpose?**
Interview questions	What tensions do you experience when trying to meet the various objectives of a hotel manager? • As a manager in the hotel industry, what are some of the most difficult decisions you have to make?
Research question	**How do managers balance tensions when making decisions?**
Interview questions	How do you balance the tensions between competing demands within the hotel environment? • When making a decision, what process do you use and how do you arrive at a final decision? • Thinking back over your hotel career, are there any decisions that you would like to change? Why?

Question type	Key questions and probing questions
Research question	**How is wise decision-making practice described?**
Interview questions	Think of someone that you believe is a very good manager within the hotel industry. What do you believe makes them a good manager? • How would you describe a wise manager? • What do you believe are the attributes of a good manager? • What types of characteristics and behaviours do you look for when selecting managers?
Research question	**How is the development of management wisdom cultivated or obstructed?**
Interview questions	How are decision-making capabilities being developed within the hotel group? • What influence do the company values have over decision making? • What incentives are there to help managers achieve organisational goals? • How does the hotel group develop the ability within its managers to balance competing organisational goals? • What has had the most influence over your development as a manager? • What training programmes are used to develop management competencies? • Thinking about decision making, what experiences have taught you the most?
Research question	**How can hotel organisations develop management wisdom (phronēsis)?**
Interview questions	No questions were directly asked on this topic. Rather it was expected that potential answers to this question would emerge from the findings

Appendix 4: Respondent consent

Consent Form

AUT UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

Project title:	***Phronēsis: Putting Wisdom into Action. An Aristotelian perspective of developing management wisdom in the hotel industry.***
Project Supervisor:	***Erling Rasmussen, Coral Ingley***
Researcher:	***Warren Goodsir***

- ○ I have read and understood the information provided about this research project in the Information Sheet dated 24 May, 2013.
- ○ I have had an opportunity to ask questions and to have them answered.
- ○ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ○ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- ○ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- ○ I agree to take part in this research.
- ○ I wish to receive a copy of the report from the research (please tick one): Yes○ No○

Participant's signature: ....

Participant's name: ....

Participant's Contact Details (if appropriate):

....

....

....

....

Date:

Approved by the Auckland University of Technology Ethics Committee on 17 June 2013AUTEC Reference number 13/122

Note: The Participant should retain a copy of this form

Appendix 5: Hotel Group extended values

The following table provides examples of statements that either explicitly or implicitly supports the identified key values.

Key values	Hotel Group	Examples of document text	Documents referring to values			
Financial	One	...business model focused on generating revenue from fees and optimising the income statement...	BR	AR	SR	
	Two	...helps us deliver profitable growth...		AR	SR	
Employees	One	Promotes listening, dialogue, promotion from within the organisation, and recognition of performance	BR			
	Two	...the creation of an environment that supports the well-being of our employees...		AR	SR	CC
Responsibility	One					
	Two	Responsible business is part of [our] DNA and is at the heart of everything we do.			SR	
Shareholder return	One	...a hotel operator and brand franchisor that will be fee-oriented and P&L driven.	BR	AR		
	Two	Superior shareholder returns delivering consistent, sustained growth in cash flows and profits...	BR	AR		
Customers/ guests	One	...goal of optimising the experience of today's ever more demanding and informed customers...	BR			
	Two	...driven by a deep understanding of guests' needs...	BR	AR		
Community	One	...committed to launching, encouraging and federating initiatives designed to support the economic and social development of its host communities...			SR	
	Two	...responsible community partner by ensuring that our business objectives enhance the quality of life in the community.	BR		SR	
Sustainability	One	...drive its sustainable growth for the benefit of all its stakeholders...	BR			
	Two	We focus on delivering high quality growth, ... delivering consistent, sustained growth in cash flows and profits over the longer term...	BR			

Key values	Hotel Group	Examples of document text	Documents referring to values			
Environment	One	[The company] is committed to earning ISO 14001 certification...		AR	SR	
	Two	We acknowledge our responsibility to respect the environment and manage our impacts for the benefit of the communities in which we operate.	BR		SR	
Business growth	One	...to deliver optimal operating performance and sustainable growth for employees, partners and shareholders.		AR		
	Two	Our focus is to deliver high quality growth.	BR	AR	SR	
Learning and mobility	One	...focus on learning, continuously developing talent, and providing opportunities for promotion and mobility...	BR			
	Two	[W]e continue to invest in the development of our people both at a corporate level and in our hotels.	BR	AR	SR	
Partnership	One	...commitment to openness, exchange and dialogue	BR		SR	
	Two	[Our] model is based on partnership, so collaboration with key stakeholders is a natural corporate behaviour.			SR	
Diversity	One	Embracing & recognising diversity	BR			
	Two	We are committed to providing equality of opportunity to all employees without discrimination.		AR		
Health and safety	One	...focus on safety and respect for people in every aspect of our business.			SR	
	Two	Our commitment to safety, security and crisis management in hotels is a fundamental part of being a responsible business.	BR		SR	CC
Leadership	One	...renewed management and firm leadership...		AR		
	Two	We build strong leadership from the top...		AR		

Key: BR – *Business Review*, AR – *Annual Report*, SR – *Social Responsibility Report*, CC – *Code of Conduct*

To check the relevance of each value within and across the hotel groups, the number of times each value appeared in the 2013 annual and social responsibility report for each hotel groups was recorded. The word count for each value along with average word count across both hotel groups can be seen in the Table Appendix 5: Key value word count on the next page. The word count is used here to reinforce the relevance of the identified values. As HG1’s 344-page annual report included their social responsibility report, only one document was analysed. For HG2, however, the 192-page annual report and 100-page social responsibility report are produced as separate documents; therefore, to obtain a reasonable representation of the word count for HG2, the total number of times a value appears in both the annual and social responsibility reports is included as one total. Furthermore, for the purpose of this study the fact that each value is referred to multiple times in the documentation is more important than the difference between the number of times it appears for each organisation. For example, innovation is deemed to be an important value as it appears 26 times within the annual report for HG1 and 61 times within the combined annual and social responsibility reports for HG2.

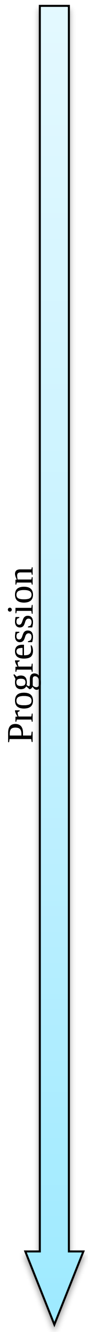
Table: Key values word count

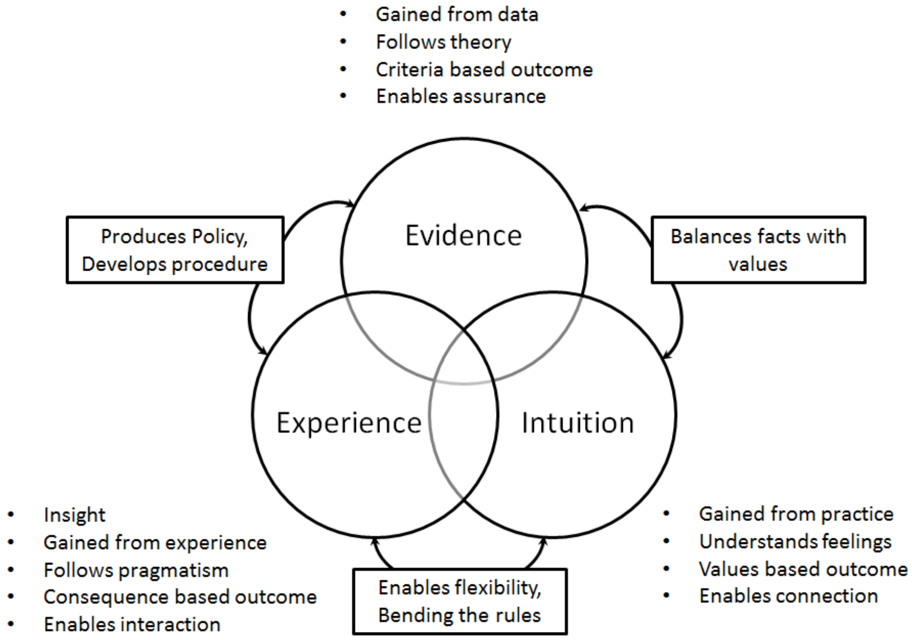
Key values	HG1 AR including SR	HG2 total AR+SR	HG1 & HG2 average
Financial	473	474	474
Employees	516	349	433
Responsibility	260	406	333
Shareholder return	219	264	242
Customer/guest	175	308	242
Community	101	296	199
Sustainability	164	153	159
Business growth	63	249	156
Environment	147	136	142
Learning & mobility	145	77	111
Partnership/collaboration	57	100	79
Diversity	40	88	64
Health/Safety	59	45	52
Innovation	26	61	44

Key: BR – *Business Review*, AR – *Annual Report*, SR – *Social Responsibility Report*

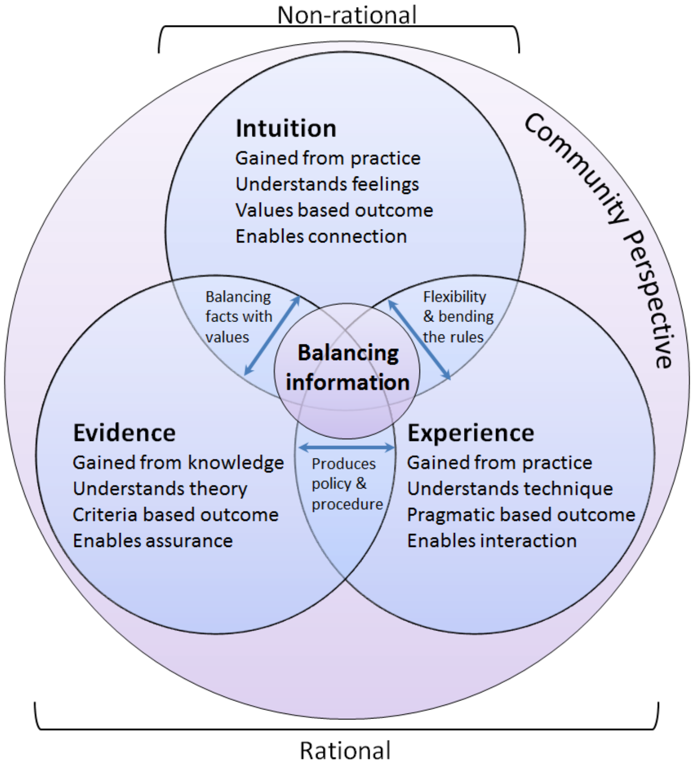
Appendix 6: Development of balanced decision-making model

The first model was sketched during the abductive third cycle of data analysis.





As the abductive process progressed within the write up of the discussion chapter, the following model was finally developed to capture the dynamic process of decision making.



Appendix 7: Standardisation versus customisation

Respondents	Talking about policy	Talking about flexibility
RegDir Maurice	"[Y]ou need that foundation in place to be able to do good business."	"[W}e've seen it as a necessity; we're talking about cultural training and understanding of people"
RegDirHR Charles	"We are proceduralised to death in our company. I can show you [a] manual that would terrify you."	"[Y]ou don't think hospitality, you feel hospitality."
RegHRM Sophie	"I think that maybe in the past we've gone too far towards the process side of things and having policies and procedures for Africa."	"[O]ne of the big things around the art of human connection is that flexibility and that ability to know when the process isn't right or when to flex a procedure."
CFO Matthew	"There will always be policy..." "[T]he internal policy, does not affect guests; it has to be followed..."	"The stuff that affects guests...we're asking our staff right now to actually use some common sense." "[Y]ou want people to think and develop and not be bound by policy and procedures."
GM Jacob	"[O]ver time we've put so many policies in front of people that they've actually forgot to talk to people."	"But that's where I think [the training programme] is a breath of fresh air for us to put all the policies in the drawer."
HRM Mary	"You get so focused on follow the policy and procedure rather than thinking, hang on, what are we actually here for."	"I think we're starting to look at it as guidelines, or at least questioning why they are there, rather than just following them."
DM Harry	"[H]ospitality is all about people and outcome, yet we get caught up with policies and procedures."	"I think there is probably more support of that style now."
RegDir Simon	"The employee value proposition is the move away from command, control and direct, to providing a framework that employees can work within."	"...help them to understand empowerment and what they represent and how they bring the brand and the business alive to the customer."
GM Kirk	"[H]otels have to make policy but it's around brand ... that's what people come to expect ... they expect the brand hallmarks wherever they go."	"You need to be empathetic as to what is about to happen or what has happened, what's a rational thought as opposed to what the rules always are."
GM Ben	"Procedures are just something you've got to have."	"So, it's freedom within framework."
HRM Jess	[T]the policies really give us that foundation..."	"...and then there is that level of intuitive decision making..."
HRM Chris	"[W]e give them guidelines but…"	"[W]e allow them to be themselves […] we talk about what's service delivery could look like but it doesn't look the same for each member of staff. They're allowed to interpret it."

Appendix 8: The role of emotions, feelings and intuition in decision making

Regional Director Simon

Abbreviated respondent narrative	Interpreted meaning	Condensed interpreted meaning
"The number of times I've walked into a ... hotel and I've gone there's something wrong, ... there's something not right here. ... I've learnt to go, there's a value in there that's just been triggered, I don't know what that value is. ... you suddenly find yourself emotionally in the box ... going I feel conflicted or I feel pressured ... So I calm down and I think to myself ... why are you in the box? And I go off into a different thought now. Whereas ten years ago, I would have come boxing out of the box at a million miles an hour and tried to fight my way out of it, right. Now I slow down and I think okay what's occurring and you might want to call that wisdom. I just call that taking the time to understand what's occurring before me, and not being, not parking off from my emotions because they are very important, they inform me of a lot, accepting them and going you are upset about something, let that occur, stop, understand it, and then figure out how I can use that."	Gets an intuitive feeling that something is not right. Has learnt to recognise when his values conflict with what is happening. Recognises his emotions as a response to values conflict. Acknowledges and analyses emotions. Emotions signalled the need to think. Previously would not have acknowledged emotions and would have been defensive – controlled by emotions. Takes time to analyse what is occurring and why he feels the way he does. Embraces emotions as important information that needs considering. Understanding the information that emotions provide and using it to make informed decisions.	**The respondent:** • has learnt to intuitively know when his values conflict with what is occurring, and • acknowledges his emotions as an important source of information that can be analysed and used to inform decisions.

Appendix 9: Intuition as a rational process

Regional Director Joe

Abbreviated respondent narrative	Interpreted meaning	Condensed interpreted meaning
“I think a lot of that has to do with past experience. ... quite often when you say there is intuition, you still test them against some of the directional elements that you need to assess them against. ... What evidence do I have to support my gut feel? ... There’s still check and balance that you do. ... maybe you think you are making an intuitive decision but in reality, you actually start checking it against certain touch points and say okay now does it meet that criteria, does it meet that criteria, does it fit for us to succeed, do I see this behaviour, do I see that behaviour. So I’m not really sure how intuitive it really is. Sometimes maybe we think it is intuitive. After a while you start thinking in a certain way [and] it becomes intuitive, but really, subconsciously it is influenced by that whole framework.”	Accumulated experience provides the basis for intuition. Ideas or feelings gained from intuition are compared to tacit knowledge gained from the organisational framework. The use of intuition involves a rational process where feelings are checked against tacit knowledge. The respondent questions if it is really intuition when it is also informed by tacit knowledge Intuition is a subconscious process informed by experience, habit and tacit knowledge.	While the respondent indicated uncertainty about the meaning of the term intuition, he was able to conclude that it was a subconscious process informed by experience, habit and tacit knowledge.

Appendix 10: Managing a hotel during the 2011 Japanese earthquake and tsunami

Ben's Story

"I was [the general manager of a hotel] during the Japan earthquake and tsunami, you know the big ONE. We were [located] 150 odd kilometres from the epicentre. So, the earthquake that hit Fukushima was about 9.3 on the Richter scale, where we were it was 8.7. So, it was pretty serious. We had no food, no fuel, no electricity for several days. So, we, you know, we went through a pretty serious crisis situation.

So, the hotel customers come out of the hotel, right through the car park, 'cause that's the evacuation point. Okay so they're all standing there. It's snowing, it's cold, it's sort of rumbling a little bit, but it's calmed down. So, management decision is, 'Alright we'll put them all back inside. Maybe not up into the rooms yet, because we haven't checked them.' We had a wedding booked for 300 people that day that obviously didn't come to the hotel. 'So alright, all the people that are standing in the car park freezing to death, bring them into the ballroom and feed them that [wedding] food while we inspect your rooms and look for damage, that sort of stuff.' They are decisions that you make at the time.

So, I guess the initial procedure to do everything is predetermined, and then the after-care in many respects is non-predetermined because that's all very flexible depending on the scope of the problem. Generally looking after our guests is really what it's all about and plus there was quite a bit of after-care involved [with] how our employees were doing and how are their families. Because you know, you've got to understand that there's no phones, there's no internet, there's no nothing. So we've gone from complete crisis mode: 'Great, everyone's out of the building.' So now suddenly we've got 30 or 40 room attendants, 50 waiters, 20 chefs, 30 or 40 other assorted employees thinking to themselves, 'Alright, what's my family doing?' They're looking at the highway which is now backed up for a hundred kilometres because the whole thing's stopped. All the traffic lights went off. And wondering how they get hold of their family. So we have to take care of that.

Eventually a couple of employees were deployed out through the back roads to sort of drive around and see people, because they all know where they all live and to say 'Hi' and then come back and report back. So, it was quite interesting. Then the guests are all, you know, demanding information, wanting to know what's going on, whatever. It's very difficult. We didn't have a lot of information. Basically, what we had was what was on TV.

So, because we had generator power we powered up a couple of TVs to have a look. So, we had Japan news on and we had CNN on. We had a look at both to see what the deal was. And that doesn't help because of course you turn on Japan TV and there's a tsunami sort of sweeping across the countryside and people looking out their car window as a tsunami sort of engulfs them, and you're sort of thinking … you say to someone 'Well where is this?' and they say, 'It's sort of 50 kilometres up the road' and you are thinking, 'Oh, is it coming here?'

Yeah, it wasn't miles away. We were getting letters from the government two or three days later saying, you know, don't drink the water because of the nuclear fallout and all that sort of stuff. We had one of the US news crew stay with us for about a week as they did their reporting. So, at one point we had people broadcasting live from the lobby about the situation. So, it was all very close.

We had some conversations about it [the nuclear fallout]. About how, you know, whether or not you could put some filters on the air-con intake to stop it coming in, that sort of thing. It didn't come to that in the end. It's quite heavy, the nuclear particles, so they don't travel that far. But all the vegetables from that area were banned and so we had to get in vegetables from other places and that sort of stuff.

Yeah, it was pretty tough. It's quite strange because I remember about day… well the thing was in day three my family left. They came home to New Zealand. My wife said, 'Enough, I'm out of here.' So that was fine. But I do distinctly remember about day five or six was a beautiful sunny day. No guests for miles because no one's going to come anymore. The airport was shut down. Oh yeah, they had all gone pretty much, apart from this news crew. They were very busy. They were basically stuck in the ballroom, they were out in the helicopters or whatever they do, so they weren't affecting me. I remember standing just outside in the sun thinking, 'Wow you wouldn't think this was, you know, a problem.' Yeah, I mean it was… Yeah it was really surreal, yeah. Having said that, we're still in crisis mode. We still don't have any food supplies, we still don't have regular water supplies. We've got electricity being on and off all the time because that nuclear plant that got shut down was basically powering a third of that country. It's difficult, I'm telling you now.

I think my primary – primary concern was to make sure that employees and our guests are still safe because there were still some safety concerns. Secondary concerns are to do with business continuity and then there's the next concern about 'Alright, where is the business moving forward?' because suddenly we are having to write off millions of dollars of revenue because of all the cancellations and this hotel was sort of right next to the airport so we had big issues with air crew that we were hosting or looking after because they couldn't stay anymore. So, they were going to some other locations where the power was more sustainable. So, we had some pretty serious business concerns about, you know, were we going to make it over the next 12 months because we had no revenue coming in. So, there were all sorts of concerns at that time. Lots of concerns.

Though having said that, in the middle of all that, you know, I think the most important thing for the general manager to be is calm and collected and not screaming and yelling and running around, which sounds all very obvious, but you know, there were times when you feel like just screaming and yelling and running around. It’s quite a, you know, difficult situation to be in. But yeah, I think always the most important thing is to remain calm and cheerful and it’s okay, it’s going to be fine, don’t worry about it, because I think panic would ensue panic throughout the building. So that’s the last thing you really want.”

Appendix 11: DM William's mistake

William's experience

"I was the manager on overnight. A guest came in who was a regular guest and our policy is to take a credit card for authorisation. I knew this guest. He wanted a suite for seven nights which would have given us soooo much revenue. Just like most of our Middle Eastern guests, [he said], "Oh my driver will bring you cash and I'll pay the whole thing in cash." It was a regular occurrence, and in our hotel our policy wasn't ironclad – sometimes we do take credit cards, sometimes we don't for these Middle Eastern guests. So, I knew this guy, I felt happy to take the risk, and I did. I checked him in and obviously he didn't have any luggage, and he had a little party in the room and then the next day he wasn't anywhere to be found. Obviously, I'm sleeping at home 'cause I was on the night shift. Came back the next day and I was told the guest is no longer around and he's gone and there's a ₤2000 bill. I went okay, so I'm in trouble.

Yeah, I took the risk and I'm in trouble.

I was called into my manager's office. "What do I do now?" I asked her. She goes, "Well there's nothing you can do", handed me an envelope to say I'm invited to a disciplinary. Okay, like my whole intention was to do something good for the business for the next seven days, get ₤1500 revenue per night for the next seven nights, I thought it would be great.

Yeah, I went through a disciplinary process where I was told that my management was flawed. However, that evening I was on, the guest came back and gave me all the cash, paid for his bill and I said he can't come back to the hotel because my manager's decision is to kick him out. But he was ready to give me the cash for the seven nights, so this is where I kind of went, well… my decision was right. So, I trusted the right person, but by then it was too late. So, we lost a customer.

And at the end I was happy because that bill was paid, so I hadn't lost any revenue for the hotel and I trusted the right person. The issue was I had breached the policy of check-in, which I showed wasn't clear because I did my own investigation and kind of legal thing as well to defend myself. Yeah…, but in the disciplinary I was told that my management was flawed.

I was given a final written warning, which I appealed, but it just went to show that there was no coaching, there was no support. They said that my management was flawed and wasn't trusted to be on the job. […] And, yeah, I appealed, and I got that reduced to a verbal warning […], the fact that I had been back to work with no training or coaching. And I thought, well hang on, if you think my management's flawed…"

Appendix 12: Respondent narrative; Simple, complicated, complex and chaotic

Simple	Complicated	Complex	Chaotic
"T]he décor will be different and the uniforms might be different but ultimately hotels have always been providing a location, comfort, night sleep and convenience, so ultimately we haven't changed." (RegDir Maurice) "[H]otels are not overly complex. We're not doctors or anything like that. it's just running a building, but there's a lot that can go wrong." (GM Trevor) "[F]or a reception person or a waiter person and all these sort of guys, I think we can train them how to do that. I mean some of them are difficult jobs, but they're not that difficult. The procedures if they're in place and everything are reasonably straight-forward..." (GM Ben) "[O]ur job isn't hard, you know we have a product, a room, really what we sell here is beds, and if we price it correctly people will buy it." (GM Peter)	"I found the industry quite multi-faceted It's got so many parts to it. The systems were quite complete and yet they were contained in one silo in the hotel. I could see from the beginning to end what they looked like." (CFO Matthew) "The commercial world is far more complicated, technology, marketing, employment law" (GM Tom) "I've got three or four people who all they do every day is look at the price and maximise the price that we can get and they're looking at what the competitors are doing, they're looking at what the market is telling us, looking at what history is telling us, looking at what events for the future; yes it does get very complex." (GM Peter)	"[C]oordinating the best interests of all the stakeholders is always the challenge." (RegDir Maurice) "[W]e have to make sure that we meet people's needs when they're here, needs and wants and that is the crux of our job." (GM Peter) "...so many people to consider within the industry […] we have an ownership structure where every hotel suite is owned by an individual owner. And so we need to ensure that the effects of decisions we make are the best outcome for those investors and our people and the business." (GM Channel) "If you look at the number of nationalities you have working in the hotel, different viewpoints, different backgrounds..." (RegDir Joe) "[You] can be local in your environment but you have to understand it's a global scenario that could affect you on any given day. You have to understand that the world is a very small place now." (GM Kirk)	"[W]e had the floods last year; a lot of our people that work for us were devastated." (RegDir Maurice) "Cyclones now were almost one or two a year." (DM Harry) "Wellington and Christchurch earthquakes..." (RegDir Maurice) "I was involved in the Japan earthquake and tsunami. We were 150 odd kilometres from the epicentre..." (GM Ben) "Boxing Day tsunami in 2004. We lost a large number of guests and staff, washed away into oblivion..." (RegDir HR Charles) "...the second Bali bombing, and it was very close to the hotel. So the hotel lobby was a triage area." (GM Trevor)

Appendix 13: Wisdom analysis – summary

Respondent	Respondent narrative	Interpreted meaning
RegDir Maurice	"...keeping close to your people and close to your guests..." "...it's about business and how do you get the best out of business..." "[W]e like to be in business with legitimate people that have got the right morality."	Relationship centric Business acumen Ethics
RegDirHR Charles	"...that's the intuitive bit, the wisdom, … to balance those technical things … to be able to feel your way through the industry..." "[T]the great hoteliers, or the people with the most wisdom in hospitality are people who can take the technical stuff and overlay that [hospitality – connection with people] over the top of it as well." "[I]f we talk about wisdom in management, you know that comes from just lots of experience."	Judgement Intuition Balance bureaucracy with people Experience
RegHRM Sophie	"[S]omebody who encourages and supports development across all areas. … a passionate defender of their team … has the ability to be objective and to recognise when maybe somebody's not the right person and takes steps to do something about it. Somebody who is involved in the business..." "...connection with the values of the organisation and the company … the values are important." "...understanding that in order to be a successful business, you actually do have to have a true global approach."	Collaboration Social intelligence Courage Engagement Company values Sees larger context
CFO Matthew	"enough information behind you ... but I think unless you look at the data, going on basic intuition itself is not wise. ... So it's making informed decisions" "really good managers listen for various views before they make a decision. They are not afraid to ask questions, sound wrong, say I'm sorry, make mistakes and say hey I [messed] up. ... if something is wrong they are quick to alert people. They are very transparent, and they are very good with their people, they look after their own staff"	Balancing knowledge and intuition Open minded Courage Social intelligence
GM Jacob	"Listens to guests [and] the staff." "...provide freedom for people to be able to grow and develop … not put roadblocks in front of them." "Trust is a big one."	Open minded Empowering Trust

Respondent	Respondent narrative	Interpreted meaning
GM Peter	"...being aware of what other people do and learning from that..." "...the innovative ways of getting more business … innovative ways of … looking after staff..." "[Y]ou have to be commercially … quite clever or astute..." "...understand the business … show some commercial acumen"	Open minded Creative Business acumen Clever
GM Channel	"...to be knowledgeable and have a logical approach..." "[I]f you're not logical about it or about the process or the topic, you need to bring everything into perspective, you can then make a wise decision. If you don't have the goal and perspective, or the outcome or the topic and it's all very … almost out of control in your mind, then you won't make a wise decision." "...been in the industry for a very long time."	Knowledgeable Logical Experienced
HRM Mary	"...high level of wanting to empower their teams … involve them and develop them..." "...interacting with their team, that are really interacting with their guests."	Empowering Collaboration Social intelligence Relationship centric
GM Tom	"[B]usiness acumen ... that's a core, a bigger focus than ever..." "...people success and how they have managed and lead people, … commercial success and have a look at the business they're operating..."	Business acumen Clever Social intelligence
DM Bruce	"They look at the future and they know the effects of what they are going to say and do, what's going to happen in the future."	Foresight
DM Harry	"They engage you in the decision making." "They will ask for input if they're making decisions, they're empowering."	Collaborative Open minded Empowering
RegDir Simon	"...taking the time to understand what's occurring … and not [ignore] emotions because they are very important, … accepting them … let that occur, stop, understand it"	Balancing knowledge and intuition Self-knowledge
RegSM Bob	"...wise decision making is driven by … the company values and … culture..." "Someone who evaluates more than one point of view before making a decision" "[T]hey wouldn't always make the same decision for a similar type situation..."	Guided by values Open minded Judgement Situational awareness
RegHRM Jess	"...someone who could clearly articulate what the goals of the business were and how each of the team around them fit into that and are helping us to achieve that..." "[The] strongest leaders are those that consult with others..."	Knowledgeable Empowering

Respondent	Respondent narrative	Interpreted meaning
GM Kirk	"The fountain of all knowledge. … they will turn your question into a bigger question, but they give you the context of how to answer that [question]." "They see around corners."	Knowledgeable Empowering Foresight
GM Trevor	"Collaborative … getting a lot of input from the crew before making important decisions and making sure you're seeing the whole picture from the different angles."	Collaborative Open minded Judgement
GM Ben	"[H]e's always bringing me back to what are you trying to do … in the long term..."	Sees larger context
FO Agnes	"...drawing from past experiences..." "...it's a hard question..."	Experienced Not sure
HRM Cassandra	"Reading things before they happen, accurately. … see perspective … knows that they can't do it alone..."	Foresight Open minded
HRM Chris	"Open minded. … They facilitate a discussion and are really open to coming up with the best solution … for everybody concerned..."	Collaboration Social intelligence Open minded Judgement
HRM Mila	"[T]hey have to be clever, they have to think ahead … not making decisions based on your personal assumptions..." "[W]isdom … is something that is established over years and experience..."	Clever Foresight Experienced Logical
DM William	"...having the knowledge and putting it in the right place at the right time..."	Knowledgeable Situational awareness

Appendix 14: Respondent character strengths

Respondent	Respondent narratives	Themes
RegDir Maurice	"...ultimately we need to care for people..." "...consult … counsel from people and conversations..." "...keep all the stakeholders' best interests in mind when you make decisions." "...keeping close to your people and close to your guests."	Care Collaboration Equity Judgement Relationship centric
RegDirHR Charles	"...there's a care for the community, the environment "...a whole care of people..." "...that's the intuitive bit, the wisdom, … to balance those technical things … to be able to feel your way through the industry..."	Care Future orientation Open mindedness
RegHRM Sophie	"...values are trust, respect, performance, courage." "...through looking after people really well and people being guests but also the employees." "Character … honesty, not afraid to say what needs to be said, you know, willing to have tough conversations and to be open..." "Warm. Interested in people, really curious and the ability to form that connection and bond with people..." "Generosity. Openness. Flexibility. … Its generosity of time and spirit..." "[Y]ou actually do have to have a true global approach."	Trust Respect Responsibility Care Honesty Courage Curiosity Social intelligence Generosity Open minded Fairness Big-picture thinking
GM Jacob	"[I]t comes sometimes back down to the values of that company." "...knowing what you have done has actually made a difference to people in their lives."	Kindness Care
GM Tom	"...integrity is very important..." "...got to be a trust element..." "If you're a good employer your team will be well looked after."	Integrity Trust Care
GM Peter	"[Y[ou want people that are very different to you in teams and be respectful of each other's differences..." "...have a bit of EQ … and seeing ways you can do things differently which may be bending the rules a little bit." "...innovative ways of … looking after staff..."	Open minded Respect Self-knowledge Social intelligence Judgement Creative

Respondent	Respondent narratives	Themes
GM Channel	"Honesty and openness. Transparency and trust..." "I always just make sure that I am comfortable I am doing the right thing by every party that it will impact." "I certainly don't hold back in putting forward my feedback and my opinion." "...to be knowledgeable and have a logical approach." "[A]s a manager you have to remove your emotion, but you're still impacting somebody's life."	Honesty Open minded Transparency Trust Integrity Courage Knowledgeable Self-regulation
HRM Mary	"High level of wanting to empower their teams … involve them and develop them." "...interacting with their team, that are really interacting with their guests."	Empowerment Collaboration Relationship centric
DM Lilly	"Able to speak up what their mind." "Able to deal with people and just be honest." "[Y]ou have to be flexible with all sorts of different people right..."	Courage Social intelligence Honesty
DM Bruce	"[O]ur values are respect, trust, performance, courage." "[F]or my staff, for me it's all about having integrity and being honest..." "[I]f I don't believe in something that they are doing, … I will say something"	Respect Trust Teamwork Honesty Courage Integrity
DM Harry	"They engage you in the decision making..." "They will ask for input if they're making decisions, they're empowering..."	Collaborative Open minded Empowering
RegDir Joe	"...aim higher, show we care, working better together, celebrate difference..." "...showing you care for guests, showing you care for team members..." "...helping them develop and helping them become leaders, great leaders. That's very satisfying."	Vision Care Collaboration Open minded Empowering
RegDir Simon	"...being humble and being very humanistic about what you do." "[W]hat governs you through all those things is your value base..." "I don't get up and make decisions for work, I get up and make the best decision I can." "...taking the time to understand what's occurring … and not ignoring emotions because they are very important, … accepting them … let that occur, stop, understand it."	Humility Transcendence Open mindedness Self-knowledge

Respondent	Respondent narratives	Themes
Reg SM Bob	"It's still important to be able to achieve a great up sale but it's the way you did it is more important." "I've recruited according to behaviours rather than skills..." "...our value of do the right thing" "[W]ise decision making is driven by … the company values and … culture." "Someone who evaluates more than one point of view before making a decision..." "[T]hey wouldn't always make the same decision for a similar type situation..."	Integrity Judgement Open minded Situational awareness Judgement
RegHRM Jess	"I'd say a really open conversation..." "...we'll always consult third party..." "...ability to collaborate and work collaboratively with our team..." "...is this fair, is this reasonable, and has everyone had the same opportunity..." "...being passionate about being hospitable. It's quite interesting to see that some people don't have that as a foundation skill set..."	Courage Collaboration Fairness Hospitality – Kindness
GM Kirk	"...million different ways we're instructed to deal, but in the end, you have to take it case by case." "You have to understand what happened for them to be unhappy … empathetic." "...decisions with integrity, decisions that are right, that are always going to hold your integrity and the business integrity..." "Values are really important, I think so. And I think we take values very seriously as a company." "The fountain of all knowledge. … they will turn your question into a bigger question, but they give you the context of how to answer that [question]." "They see around corners."	Situational awareness Empathy Integrity Knowledgeable Empowering Insight
GM Trevor	"...authentic leadership, people with integrity, people who keep their promises..." "...humility, integrity, honesty..." "Collaborative..." "...getting a lot of input from the crew before making important decisions and making sure you're seeing the whole picture from the different angles..."	Authentic Integrity Dependability Humility Honesty Collaborative Open minded Judgement
GM Ben	"...be honest and the key to everything is to keep your promises..." "consultative attitude … involve people in decisions..." "[H]e's always bringing me back to what are you trying to do […] in the long term."	Honesty Dependability Consultation Future orientation

Respondent	Respondent narratives	Themes
HRM Cassandra	"Decisive. Strong vision, authentic, honest, great integrity, humanity, deep understanding of the business..." "Reading things before they happen, accurately. … see perspective … knows that they can't do it alone..."	Judgement Vision Authentic Honest Integrity Humanity Insight Open minded
HRM Chris	"...showing a lot of empathy to people..." "...show them compassion..." "[I]t's about do the right thing..." "[G]row and develop yourself as well as your team." "...is this the right thing to do and it's a balance of guests and staff and the business."	Open minded Empathy Integrity Teamwork Judgement
HRM Mila	"Someone who is open, honest and friendly." "[D]o the right thing, show we care, aim higher, work better together and celebrate difference." "[B]e you or being yourself, showing you care..." "...showing initiative, taking ownership or owning your mistake, for example, being knowledgeable..." "...knows the right things to do..." "So, I often go to her for personal advice, because I guess with my age and my experience I haven't really been around the track yet..."	Open minded Honest Kindness Integrity Care Vision Teamwork Authenticity Accountability Courage Knowledge Judgement Consultation
DM William	"...having the knowledge and putting it in the right place at the right time..."	Knowledgeable Situational awareness

Note: Non-shaded rows are employee respondents from Hotel Group One; shaded rows are employee respondents from Hotel Group Two.

Appendix 15: Respondent narratives balancing stakeholder interests

Respondent	Respondent narrative	Interpreted meaning
RegDir Maurice	"...keep all the stakeholders' best interests in mind..."	All stakeholders
CFO Matthew	"You've got a criteria [sic] of profit, you've got a criteria of taking care of your staff, taking care of your guests."	Profit, employees, customers
RegHRM Sophie	"...through a balance scorecard approach..." "...applies to the teams as well and it also applies to anybody that you come into contact with, […] suppliers and owners and other stakeholders. It's about that genuine sort of humanness behind it. But then also balanced with the business savvy..."	People, teams, suppliers, owners, all stakeholders and business
GM Jacob	"They're balanced because it's not all about profit. They do take time to engage with their staff..."	Business and employees
GM Channel	"I'm about making people happy and doing the right thing by our people and that's everybody, employees, customers, suppliers, owners."	People, employees, customers, suppliers, owners
HRM Mary	"...overall positive for the company, for the guest and for the employee."	Company, customers, employees
DM Lilly	"...achieving the budget while looking after the staff."	Business, employees
RegDir Joe	"...balanced scorecard..." "I've got my guests here, I've got my people my staff, ... and my owners here and I've got my brand on the other side."	Customers, employees, owners, brand
RegDir Simon	"...four key stakeholders, employee, customer, brand and the asset which means the owner."	Customers, employees, owners, brand
RegHRM Jess	"What's right for the business, what's right for the team, and what's right for the individuals."	Business, employee groups and individuals
GM Kirk	"...decision that doesn't damage a brand or a person..."	Business and people
GM Trevor	"...there's a lot to juggle, ... guest experience, employee satisfaction, financial returns, responsible business and ... owner relationship."	Customers, employees, profits, CSR, owner
HRM Cassandra	"...ten measures we use and are measured against for our performance [Guests, colleague, brand, revenue/profit]."	Customers, employees, brand, revenue/profit
HRM Chris	"[I]t's a balance of guests and staff and the business."	Customers, employees, business
DM William	"[W]hen we're making a decision in our business how do we balance [four areas]" "responsible business"; "guest experience"; "financial returns"; "our people"	Customers, employees, CSR, revenue/profit

Appendix 16: Balancing perspective narratives

Respondent	Respondent narratives	Interpreted meaning
RegDir Maurice	"I'm one that likes to consult quite a bit as well, keep my people close if I've got a tough situation or a decision."	Consults with team
RegHRM Sophie	"...that was a difficult decision and I guess really that wasn't my decision, that was a group decision..."	Team decision rather than individual
CFO Matthew	"[W]e want to make sure that when we have a discussion we invite someone on the other [MBTI] spectrum to speak their mind. So we get a very balanced approach."	Balanced perspective Input from different personality types
GM Jacob	"I will gather people … who have the expertise and … we go through I guess at a democratic solution"	Consults with others Experienced perspectives
GM Tom	"I will always talk to someone … to say, if I say no to this, is this going to impact anything for the company?"	Seeks expert advice about potential risk
GM Peter	"[W]e need to balance those people with someone else in the department … a thinker, a doer … a relationship guy in the middle..."	Balanced perspective Input from different personality types
GM Channel	"[I]n their decision-making process, always, they didn't make decisions on their own..."	Consults with others to check thinking
HRM Mary	"[W]e've got a really strong network of other hotels and other managers that you can call and get advice from them."	Consults with experienced other
DM Lilly	"[W]e discuss, okay do you have any suggestions, does it work for you, because I am not the one standing at the reception desk all the time."	Consults with those decision affects Gains practical advice
DM Bruce	"[The RegHRM], she gives you the best advice hands down … when it's just not adding up for me I might give her a call or send her an email."	Trusted experienced advisor
DM Harry	"I've had some good HR managers … if there's anything that I want to sound off [to] them I've always been able to do that. [And] there's always the wife … she's incredibly good for getting another perspective."	Trusted experienced advisors and diverse opinions
RegDir Joe	"[F]irst start talking with some other people, what they think. Let's see what they think because they might think something completely different or things that I haven't thought of yet before I start moving ahead."	Consults with others to check thinking
RegDir Simon	"I can have a low eye for detail when I emotionally get carried away with moment, so if you said to me … what would it take in your next role for you to be successful, my answer will normally be … I need sitting right beside me the hardest financial guy we've got, somebody who will quantitatively pin me to the floor."	Recognises own strengths and weaknesses and seeks alternative views

Respondent	Respondent narratives	Interpreted meaning
RegHRM Jess	“If we look at the two situations of leaders who follow the policy versus make their own decisions, there’s got to be a balance there, and if they’re consulting then it works, if they’re not then it’s not going to work.”	Consultation to obtain alternative views and balance bias
GM Kirk	“I reach out now. I’ll never apologise for doing that because there are smarter people than me in the world that are better informed and have experience that maybe I haven’t had.”	Seek views of others to obtain broader information
GM Ben	“If I’ve got a problem that I’m looking at from one angle, he does have the ability to bring me out of that one angle and say alright have you looked at it from a slightly wider point of view...”	Obtains advice from trusted advisor to broaden perspective
HRM Chris	“They don’t go into situations with a particular answer that they want. They facilitate a discussion and are really open to coming up with the best solution you know for everybody concerned.”	Maintains an open mind and seek alternative views
HRM Mila	“I always seek advice from other managers who are relevant to that conversation … having the right people in the room and not making decisions based on your personal assumptions, I believe is hugely important.”	Seeks advice from informed others to avoid personal bias

Appendix 17: Information sources and narratives

Example of respondent narrative	Information source
"...making any decision we do through the eyes of the brand..." (RegDirSM Bob)	Organisation purpose and goals
"...employment contracts or the schedules that outline serious misconduct..." (RegHRM Jess)	Regulations
"We keep some pretty accurate statistics on a couple of thousand people, so we kind of know what that looks like." (RegDirHR Charles)	Research Data
"The policies are internal and they are there as the guiding light so we don't do the wrong thing. They are internal policies that we say that's the internal policy, does not affect guests, it has to be followed." (CFO Matthew)	Policy
"You work within that framework and within that framework you have your intuition … your kind of instinct … I think you are supported by a fairly clear framework to check whether or not what I'm doing is the right thing to do." (RegDir Joe)	Guidelines
"...operating procedures and policies in place that really help us guide what we do day to day" (RegHRM Jess)	Procedures
"[O]ne of the benefits of working for a large company is you get a lot of tools to help you make decisions and to guide you." (HRM Chris)	Test & tools
"I tend to make decisions via a committee, trusted people, this is on the table, let's come up with the best outcome, then I'll be the guy who has to do it." (GM Kirk)	Dialogue & consultation
"We have a risk manager for the region who gives us advice, what you should do next." (DM William) "[M]y immediate boss … I probably only reach out to him once a month or something like that." (GM Ben)	Internal advisors; e.g. corporate office,senior managers,
"...third party advice which no matter whether we feel confident in a situation or the outcome or not we'll always consult third party. … we may have got caught up in that we were emotional rather than factual..." (RegHRM Jess)	External advisors; e.g. legal counsel, consultants
"...what you can obtain through experience, to be able to make those kinds of decision is ultimately where we're all working towards" (RegHRM Jess)	Tacit knowledge Experience
"What's making that experience now is that intuitive service." (RegDirHR Charles)	Intuition
"[T]rust that value base system and listen to it, and when it knocks listen." (RegDir Simon)	Values

Appendix 18: Characteristics of intuition

Intuition	Interpreted meaning	Respondent narrative
Importance of intuition	The use of intuition is seen as beneficial and encouraged	"He feels his way through it and he is particularly good at that. And you need to give those sort of managers, … lots of scope and freedom to run." (RegDirHR Charles) "I'm just wondering if you would see a correlation in the hotels that we maybe think the leadership culture isn't quite right, whether there's more decision making based on data and less on intuition." (RegHRM Sophie) "[I]t will affect how we recruit, because some people are naturally suited to that kind of intuitive work than other people." (CFO Matthew)
	Used at all levels of decision making	"...even up to general manager level where a lot of it is decisions more on gut instinct." (HRM Mary)
	Is important for effective interpersonal interaction	"What's making that experience now is that intuitive service that we have." (RegDirHR Charles) "I think in my space it's more of the intuitive." (RegHRM Sophie)
Difficult to define	Associated with instinct It is difficult to explain or codify intuition	"[Y]ou instinctively make decisions. It's hard to even put your finger on it." (RegDir Maurice) "But those sorts of things, they're very hard to prove, you know you know, but how do you know you know? It's that gut sort of thing a lot of the time." (RegHRM Sophie) "I'm not really sure how intuitive it really is. Sometimes maybe we think it is intuitive..." (RegDir Joe)

Intuition	Interpreted meaning	Respondent narrative
Associated with values, feelings and tacit knowledge	Intuition is associated with feelings, emotions and values. Feelings and values provided information about the environment	“I just didn’t feel comfortable in decisions that were being made...” (GM Kirk) “When I am involved in activities that maybe go against my own personal brand or behaviours or style, that’s definitely something that I immediately become aware of.” (RegHRM Jess)
	Is a subconscious process informed by experience, habit and tacit knowledge	“After a while you start thinking in a certain way [and] it becomes intuitive, but really, subconsciously it is influenced by that whole framework.” (RegDir Joe)
	Processes and interprets information from the surrounding environment	“I’m intuitive and the surroundings inform me of things.” (RegDir Simon)
	Need to be balanced Emotions are important but need to be balanced	“I think in those situations you’ve got to remain emotionally removed, and yet you can’t ignore their emotion.” (HRM Cassandra)
	Unchecked emotion is viewed as problematic	“The main issues [are] very emotional, narrow minded views...” (RegDir Joe) “...to make sure that there weren’t any elements that we may have got caught up in [like being] emotional rather than factual.” (RegHRM Jess)
Is supported by a rational framework	Intuition is supported by a rational framework	“[W]ithin that framework you have your intuition, your kind of instinctive intuition decision making” (RegDir Joe) “What evidence do I have to support my gut feel? […] There’s still check and balance that you do.” (RegDir Joe)
	Works alongside policy as a source of information	“So, I would say there’s a huge balance between ... the policies really give us that foundation and then there is that level of intuitive decision making.” (RegHRM Jess)
	Works alongside technical sources of information	“...balance those technical […] capabilities with, to be able to feel your way through the industry...” (RegDirHR Charles)
Is supported by a rational	Works alongside data in decision making	“...having an understanding of the data that you have available to you and making it with some intuition as well.” (CFO Matthew)

Intuition	Interpreted meaning	Respondent narrative
framework (con.)	Works alongside information obtained from others	“I can have a low eye for detail when I emotionally get carried away with the moment, so […] I need sitting right beside me the hardest financial guy we’ve got, somebody who will quantitatively pin me to the floor.” (RegDir Marcus)
Required when rules do not capture the particulars of the situation	Required in ambiguous and unique situations	“[T]here’s elements that come up both with our employees and our guests that you can never have a policy [for] because the situation is so unique.” (RegHRM Jess)
Can be the primary or deciding source of information	Can be the primary or deciding source of information	“It’s not necessarily all scientific. Sometimes it’s gut.” (GM Jacob) “I’m going to ignore the data because I feel this is probably the way to go.” (CFO Matthew)
Enables fast decision making	Intuition based on experience enables quick decision making; provides access to tacit knowledge	“Decision were made quite quickly, where many of those decisions [were] made from intuition and experience rather than data.” (RegHRM Sophie)
Requires slower decision making	Important to take time to listen to intuition especially when rational decision-making processes are emphasised. For example, policy and procedures direct process and provide a formula for hiring a new staff member.	“...you allow the business, … the sheer weight of what’s occurring to influence you, … that causes you to make a more emotive decision [when] you should have slowed down…, slept a couple more nights on and gone, ‘Don’t know - there’s something funny there.’” RegDir Simon
Requires practice	Develops with experience and practice	“It evolves more effectively as you become more experienced.” (GM Tom)
Does not guarantee a successful outcome	Does not guarantee a successful outcome but enables non-critical decisions to be made. Enables decisions to be made when there is ambiguity and uncertainty.	“I’ll look at it and my gut will say that’s a good idea, let’s do it and we might not get it 100% right but we’ll probably be about 80% right.” (GM Peter)

Appendix 19: Narrative examples, situational balancing of information

High-risk environments Compliance and technical risk Emphasis on evidence, and regulations Intuition and experience inform and moderate	Operational environment General risk Emphasis on experience and evidence Intuition moderates	Unique interpersonal interactions Interactive risk Emphasis on intuition and experience Evidence informs and moderates
"We have a pretty structured way of delivering a message like … your contract has been terminated for the following reasons, … it is pretty structured and clear cut, but it's just emotionally difficult to deliver." (HRM Mila) "[W]e have a reputation, we have an obligation to work within the laws of the country..." (RegDirHR Charles) "[T]he areas where we have risk such as hygiene, health, safety, well you can't breach that." (GM Tom) "[T]here's conditions and policies and guidelines and procedures to minimise our risk from a profit [perspective] and a health and safety legislation scenario." (GM Channel) "The policies are internal and they are there as the guiding light so we don't do the wrong thing. They are internal policies that we say that's the internal policy, does not affect guests, it has to be followed. The stuff that affects guests we're asking our staff right now to actually use some common sense." (CFO Matthew) "I guess a lot of my role is policy driven" *(HRM Mila)	"You make decisions every day, some, you instinctively make decisions. It's hard to even put your finger on it." (RegDir Maurice) "[O]ur managers are empowered to bend the rules, because at the end of the day a policy is a guideline to protect our business and how big is the risk that you are taking if you are bending that." (GM Channel) "...it's asking our teams to … take a second look and to think about it in regards to, let's say a policy or procedure, that, yes there's reasons for it but is there a good reason? Let's look at [the] end outcome and how terrible would it be if we didn't actually follow this procedure in this instance and what would be the end outcome for the guest and what would be the end outcome for the hotel." (GM Channel) "[W]e've really been trying to encourage our teams to … work through the risk of if … we do make this decision what are the risks and if we don't do it what are the risks and try and weigh up what has the better positive outcome." (RegHRM Jess)	"[W]e're taking a more flexi approach case by case … because people expect more we have to look at adapting more..." (GM Tom) "[T]here's elements that come up both with our employees and our guests that you can never have a policy to because the situation is so unique..." (RegHRM Jess) "[T]he initial procedure to do everything is predetermined, and then the after care in many respects is non-predetermined because that's all very flexible depending on the scope of the problem." (GM Ben) "It's an ever-changing environment, so I don't think, that's why you have to apply flexibility." (GM Channel) "I think a lot of that has to do with past experience. I do though sometimes, quite often when you say there is an intuition there, you still kind of test them against some of the directional elements that you need to assess them against." (RegDir Joe) "I think in my space it's more of the intuitive" *(RegHRM Sophie)

**Note*: HRM Mila had been discussing the regulations governing HR practice and the process of terminating someone's employment when she made this this statement, whereas, RegHRM Sophie had been discussing the implementation of a customer service programme designed to help employees to carry out interpersonal interactions.

Appendix 20: Framework supporting expected conduct

<u>Hotel Group One (HG1) *Code of Conduct* supporting framework</u>

The following example is extracted from the employee section under stakeholder relations of HG1's *Code of Conduct*.

Section	**Document Narrative**
Issue	Combating moral and sexual harassment
Definition	Moral or sexual harassment is characterized by repeated, hostile conduct, verbal comments and actions that impugn the employee's dignity and integrity.
Supporting evidence	Moral or sexual harassment is an infringement of: Article 5 of the Universal Declaration of Human Rights, which states that "No one shall be subjected to cruel, inhuman or degrading treatment or punishment"; Specific legislation adopted in many countries, which may require the employer to take steps to prevent or stop any actions that may be construed as moral and sexual harassment. HG1 tolerates no form of moral or sexual harassment.
Pledge Expectation	Every manager is expected to alert the Human Resources Department, which is ready to deploy the resources needed to stop any reported cases of moral or sexual harassment.
Practical example	Example: One of my female colleagues confided to me that she feels harassed by her manager. However, she has a strong personality and it seems to me that she has enough authority and the capability to defend herself. Should I get involved anyway?
Potential solution and advice	Yes. Harassment can cause distress and make even someone in authority feel vulnerable. You should alert your HR Department, which will take the necessary measures.

<u>Hotel Group Two (HG2) *Code of Conduct* supporting framework</u>

The following is an example of a key compliance issue extracted from HG2's *Code of Conduct*

Section	**Document Narrative**
Issue	Bribery and Corruption
Pledge Expectation	We are committed to operating with integrity. Bribery is not permitted under any circumstances. We must never offer, promise or give bribes in connection with HG2 or hotel business and we must never ask for or accept bribes. This applies globally even in countries where bribery is more common. It applies to government and public officials and also to bribery of individuals and entities in the private sector.
Definition Expectation	Bribes can include payments or anything of value, such as complimentary rooms, that are intended to influence someone or induce them to act improperly. Facilitation payments are also prohibited. These are small unofficial payments made to government or public officials in order to speed up routine acts such as clearing goods through customs or obtaining a licence. We must also ensure that agents, consultants and other service providers do not make corrupt payments on our behalf.
Practical example	Question: Can I make a payment to an immigration officer to speed up obtaining a visa. I need it as soon as possible and I don't think it's against local law.
Solution and advice	Answer: You must not make the payment. Even if it is permitted under local law, the anti-bribery laws of other countries may still apply and it is against the HG2 Bribery and Anti-Corruption Policy. Talk to your line manager or the Legal Team to work out if there is a legitimate way to speed up the visa. Further information – [HG2] Bribery and Anti-Corruption Policy

Appendix 21: Character strengths and virtues

Virtues and Character strengths (Crossan et al., 2012; Peterson & Seligman, 2004)	**Hotel Group and respondent reference to character strengths**	
	Code of conduct	**Respondent**
Wisdom and Knowledge Creativity (originality, ingenuity) Curiosity (openness to experience) Love of learning (new skills, knowledge) Open mindedness (judgement) Perspective (balance) Situational awareness*	Creativity (HG1) **Excellence** **Open mindedness**	**Balance** Creativity (HG1) Curiosity (HG1) **Judgement** **Knowledgeable** **Open minded** Situational awareness (HG2)
Courage Speaking up (acting on convictions) Integrity (honesty, authenticity, transparency) Persistence Vitality (agility, initiative)	Agility (HG1) Authenticity (HG2) **Courage** Honesty (HG2) Integrity	Authenticity (HG2) **Courage** **Honesty** **Integrity** Transparency (HG1)
Humanity Relationships (respect) Kindness (generosity, care, empathy) Social intelligence (understanding others)	**Care** **Respect**	**Care** **Empathy** **Humanity** **Kindness** Relationship centric (HG1) Respect (HG1) **Social intelligence**
Justice Citizenship (teamwork, social responsibility, dependability, collaboration, consultation) Fairness (objectivity, impartiality, equity) Leadership (empowerment)	**Collaboration** **Fairness** **Trust**	**Collaboration** **Dependability** **Empowering** Equity (HG1) **Fairness** Social responsibility (HG2) **Teamwork** Trust (HG1)
Temperance Forgiveness Humility (acknowledge limitations, seeks advice) Prudence (responsibility, accountability) Self-regulation (emotional intelligence)	**Accountability** Humility (HG2) **Responsibility**	Accountability (HG2) Humility (HG2) Responsibility (HG1) **Self-knowledge**
Transcendence Future orientation* (vision) Big-picture thinking*		Big-picture thinking (HG1) **Future orientation** Transcendence (HG2) Vision (HG2)

Notes: Bold text under Hotel Group and respondent reference to character strengths indicates traits that are evident within the narrative of both hotel groups.

*indicates character strengths identified by Crossan et al., (2010).

Information for this table was obtained from Table 5-11: Respondent character strengths and Table 5-19: Code of conduct character strengths.

Appendix 22: Additional research opportunities

- It would be interesting to investigate how paradox is managed and instances where the ethic of hospitality or important values have needed to be supressed in order to provide an economic benefit for the organisation.

- Given the understanding of *phronēsis* and the factors involved in its development provided by this study, future research could investigate the impact of hotel training and support structures on wisdom-related dimensions and, in particular, the development of self-awareness, social ability and ethics.

- It would be interesting to explore employee and manager perceptions of Aristotelian character strengths and their relevance to the workplace.

- Future research could explore in more detail the organisational forces that focus attention on achieving external and/or internal goods and manager/employee ideologies that direct attention towards external and/or internal goods

- The research provides interesting findings concerning the use of intuition and, in particular, the use of tacit knowledge, affective and ethical information. The use and importance of intuition for decision making requires further investigation. Moreover, it would be interesting to explore how expert and intelligent intuition is able to be effectively developed.

- It would be interesting to investigate further how paradox and tensions are embraced and managed within business organisations. For example, Hargrave and Van de Ven (2016) provide some interesting new perspectives that look at integrating dialectical and paradoxical perspectives for managing organisational contradictions.

- The study suggests the need for further exploration of a service-orientated model of quality management that acknowledges and accommodates the level of human error required to achieve greater authenticity in the social environment and ultimately higher levels of social quality.