UNDERSTANDING INNOVATION IN HOSPITALITY THROUGH THE WORDS OF INNOVATIVE MANAGERS

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ABSTRACT

Recently, researchers have become more interested in service innovation, and they describe it mostly as a process of continuous improvement of service quality, quite different from the industrial sector, more directed to technological innovation. This paper summarizes research designed to explain the role of hotel managers in fostering innovation in high quality hospitality industry.

Within a role theory approach, interviews with 24 managers considered innovative by their employees, and six considered less innovative, were subjected to content analysis and correspondence analysis in order to extract the managers' perceptual maps. Results show the differences between innovative and non-innovative managers' self perceptions and the implications in service innovation.

This research suggested ways that can be used to bring better results to the hospitality organizations, and stressed the value of employee creativity in the management process.

KEYWORDS

Attitudes, Employment, Social Discrimination, Touristic Organization, Social Desirability.

1. INTRODUCTION

As the world becomes more complex, the tourism and hospitality industries are continuously submitted to change and to the new global challenges, compelling the companies to adapt to this new accelerated and discontinuous environment. The traditional solutions, which granted success for a long time, are no longer suitable. New and innovative ways of doing business are imperative. Organizations need flexibility, to face the unexpected changes, in addition to efficiency, to maintain successful routines (Basadur 1997). Further, organizations should be able to analyze and reflect upon their routines, in order to anticipate environmental changes and adapt by creating new products, services, or processes.

Leaders, at different organizational levels, are privileged actor in the way they have power to influence change and foster innovation within their teams. Hospitality industry is a human intensive activity and innovation in hotels is essentially depending on the employee commitment and continuous improvement. Managers have, therefore, the responsibility of identifying talent within their teams. As Hartel, Schmidt &

Keyes (2003) stated talented people are more committed and therefore more capable of producing creative solutions to improve their work continuously.

It is the aim of this paper to contribute to the study of innovation in hospitality industry, by describing the role of leadership in organizational innovation.

2. LITERATURE REVIEW

Innovation in hospitality industry

In the literature the constructs of creativity and innovation are often used indistinctly. The present research considers creativity as a process and adopts Stein's (1994) definition: "..a process that results in novelty which is accepted as useful, tenable, or satisfying by a significant group of others at some point in time' and innovation as' ..the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, organization or wider society" (West and Farr, 1990).

Innovation concerns the processes of implementation of creations, relying mainly on organizational communication and power (Spence, 1994); creativity remains exclusive to the relation established between the creator and his product, the "trying to do better", connected to cognitive and emotional processes (Sousa, 2007). In these definitions, creativity describes the processes of creation, taking place at an individual level, and innovation is related to the process of implementation, occurring at a social level.

However, as organizations implement systems (as creative problem solving methods) to solve complex problems, thus moving from the individual level to the team and organizational levels, creativity and innovation become more difficult to separate, leading us to adopt Basadur's (1997) conceptualization and say there is no difference between creativity and innovation, besides the individual level. In this paper, this will be the focus and innovative managers will be described, not by themselves as individuals, but inserted in the relationship network that defines organizations.

Organizational innovation is still in the beginning (Puccio, Firestien, Coyle & Masucci, 2006), for the main focus of research was on technology and product development. Also, the interest for innovation in the service sector (Hull & Tidd, 2003) and in tourism (Jacob, Tintoré & Aguiló, 2004) is growing. Services characteristics, namely intangibility, simultaneity of the production and consumption, heterogeneity and perishability (Vermeulen & Van der Aa, 2003), call for different models and explanations of the innovation process, for it cannot be measured by the production of patents or tangible products developed in R&D departments. Tourism services depend on human interaction and interpersonal exchanges that entail emotions and experiences which are impossible to standardize (Hull & Tidd, 2003; Jacob et al, 2004). In fact, if innovation is understood as a process rather than a result, it may be found in any organization or sector. Tidd, Bessant, & Pavitt (2003) showed how innovation may proceed from little adjustments in a daily process of continuous improvement, carried out by almost all the organizational actors, at all levels. Only by developing and sustaining a creative workforce, the organization will succeed in maintaining the necessary potential to overcome difficult problems and situations that cannot be solved only through investments (Huhtala & Parzefall, 2007). This potential is associated with the capacity of hiring, developing and retaining creative people, employees and managers (McAdam & McClelland, 2002) and the

establishment of an organizational climate and culture that favours individual commitment and concern with the company success.

Hospitality management has evolved in the last thirty years as Gilbert & Guerrier (1997), and Deery & Jago (2001) pointed out. The organizational structure has become more flat and flexible, co-workers got more empowered and management is quite aware of the need to adopt processes of continuous improvement to meet the clients' expectations. Critical thinking, communication and interpersonal skills along with an ethical behaviour have been pointed by Chung Herrera, Enz e Lankau (2003) as the future competencies the hotel manager should present in the XXI century. The manager's role has become more complex, as he needed to focus simultaneously on quality and cost control to survive the global crisis. Leaders must be experts in hospitality operation and must have solid skills in people management and development. As most hotels still have a functional hierarchical structure and the employees a low educational level, the managers assume most coordination activities.

This calls for the recognition of the privileged role of managers and leaders in organizational processes and requires some conceptualization on the construct of leadership, although it not the aim of this paper to go through the theoretical framework produced on the subject (for a complete literature review, please refer to the seminal work of Jesuíno, 1987; Yukl, 1989; Zaccaro, 2000). For the purpose of this paper, leadership will be defined as a group process and the focus will be the interaction between leaders and followers. As Stacey & Griffin (2005) stated, leadership is a product of group interaction, involving a leader and his or her followers. The leader is recognized in the daily conversation, articulating or deconstructing the relevant themes for the moment and, if they become too repeated, helping the group in the formulation of new themes. The acknowledgement of someone as a leader seems to be related to his or her capacity to put himself or herself in the place of the co-workers. As Stryker & Satham (1985) described, a person incorporates the collective habits and acts according to others' expectations in order to be accepted, adopting the views of the interlocutor in a process of *role taking*. Then, he or she anticipates the consequences of his or her own behaviour, in a process of *role making*. In an organization, the leader, engaging in the process of role taking, may choose between two significant others:

a) The other leaders in the hierarchy, building his or her role according to the perceived expectations, attitudes and behaviours; the relationship with the co-workers will follow a top-down pattern, based on power as Jesuíno (1996) showed, or

b) The followers, implying a additional effort to put him or herself in the place of more diverse persons fulfilling roles more distant from his or hers (Sousa, 2007). In this case the relationship leader–followers will rely on a social influence procedure, more horizontal and equalitarian (Jesuíno, 1996). The leaders do not solve the problems alone; instead they foster the followers' action. They pay special attention to the communication process within the group, acknowledging small differences and in a continuous learning process (Shiel, 2005). To be a leader is therefore directly related with creativity and to be a creative leader does not refer to someone who produces ideas or innovative actions, but to someone capable of promoting creativity and innovation in their co-workers.

The tourist organization, in order to remain competitive, should differentiate themselves from the competitors operating in the same environment. As stated before, neither the technology, neither the services themselves will foster differentiation; only through personalized attention and close relationship co-workers will be able to provide unique services to the client. It is a process of continuous improvement oriented by managers as well as co-workers. The service characteristics suggest that the leader's attention

must be focused not only on the co-workers' but also on the clients' expectations, attitudes and behaviours. And so it is the objective of this paper to describe the differences between more and less innovative leaders and to show how each one defines his or her role, in high quality hotels, in order to understand how to foster creativity and innovation in this sector and help managers to enhance their leadership skills.

3. METHODOLOGY

This paper describes a qualitative study resulting from semi-structured interviews, included in a larger research held in sixteen four and five star hotels, in the Algarve (Monteiro & Sousa, 2008).

The qualitative study was held in eight hotels that allowed the researchers to interview the employee in order to identify the more and less innovative leaders. More specifically, they were asked to give the name of an innovative manager. The employees easily identified twenty four managers, at all organizational levels. However, they refused to designate less innovative managers, explaining they couldn't harm their boss's reputation. To overcome this inconvenient, six managers where interviewed in hotels where the general manager and his staff stated that definitely it made no sense to talk about innovation in their hotel.

Twenty four of the interviewees were male (77%) and six female (23%) and they were managers working in all the hotels' functional areas. All interviews were record with the interviewees' consent.

The purpose of the interviews was to gain a deeper understanding of the construct of innovation in the hospitality industry. The questions were: "Why do you think you have been designated as an innovative (or less innovative) manager?" and "How do you describe yourself, as a manager"

The interviews were submitted to a thematic content analysis, keeping in mind the definition of the innovative leadership when extracting the categories (Bardin, 1996). The text was then submitted to lemmatization, in order to simplify and transform it in a set of significant words, and a correspondence analysis procedure was run through the software Data Mining c40 (DTM c40), helping to drawn the hospitality leaders mental map.

4. MAIN RESULTS

4.1. MORE INNOVATIVE MANAGERS

The more innovative managers, when asked why they were designated as such, at first are surprised: "I am surprised; I do not think of myself as a particularly innovative person" (interviewee nº 2). However, after a while, nineteen out of the twenty four more innovative explain how they value team work and good relationships: "I am enthusiastic about my work and I am able to transmit it to the team; … this increases the team self confidence" (interviewee nº 1).

The remaining five focused on the new things the company has accomplished: "We have been involved in changing the management system, using some tools quite new in hospitality in Portugal, like the Balanced Scorecard. …" (interviewee nº 24).

Most of them stated that to be innovative, the manager had to motivate their co-workers to be innovative: "It is allowing them to be innovative" (interviewee nº 19). In an opposite way, less innovative managers define innovative leadership as a person who "presents ideas to the administration" (interviewee nº 25).

In the description of innovative managers some categories have emerged, namely the importance attributed to continuous improvement processes: "An innovative person is someone concerned with continuous improvement" (interviewee nº 19);

The decision was making and activity planning, alongside with the relationships with the different organizational actors (co-workers, clients and managers) emerged as significant categories. The human element was considered the most important and the most difficult to manage: "The key knowledge today in hospitality is not the technical knowledge, as kitchen or bar, it relates with the choice of the right people for the team and with maintaining good relationships" (interviewee nº 6); "The problems enter the organization through my team, and if I stay close to them, I may gain a better understanding of the reality" (interviewee nº 1).

The more innovative leaders had a positive perception of people and considered their role to develop the co-workers, by being demanding and promoting participation: "I am very demanding with myself and with my team. I test all the capacities of new comers and involve them in different activities" (interviewee nº 11);

And they tolerated mistakes: "Sometimes they do not take the best decisions, but we may correct them later altogether" (interviewee nº 7).

The relationship between managers and co-workers develops on low power distance. Most of them referred their experience of working with innovative managers and described the way they helped their co-workers in daily operation tasks: "We have to give the example. We have to motivate people. My former manager did it naturally, when working in the back office: if she sensed there were too many clients at the desk, she came to help. I try to do the same". (interviewee nº 18).

The more innovative leader said he loves his job and expresses the need of learning permanently: "I really love my profession. I wake up every morning feeling happy to come to work". (interviewee nº 10);

Innovative managers tended to develop a real client focus in their co-workers' activity: "My restaurant waiter must say to himself: I am here to give my client a complete gastronomic experience in this magnificent historical monument" (interviewee nº 9).

The more innovative managers established close and friendly relationships with his or her hierarchy: "We have incredibly good relations with top management. There is a friendly climate and communication is very easy" (interviewee nº 11).

4.2. LESS INNOVATIVE MANAGERS

As for the less innovative managers' the relationship with their co-workers is also a salient category. However, they demonstrate a less confident attitude towards people. The difficulties are not analysed in terms of need for development, but attributed to differences in personality and resistance to change: "They have difficult personalities. Some employees only participate if they are told to do so" (interviewee nº 25);
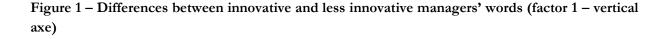
Along the chain of command, less innovative managers showed more vertical and asymmetric relationships: "This is a hierarchy, chefs talk to me, then I talk to the Director and the General Director and then the decision is taken" (interviewee nº 29).
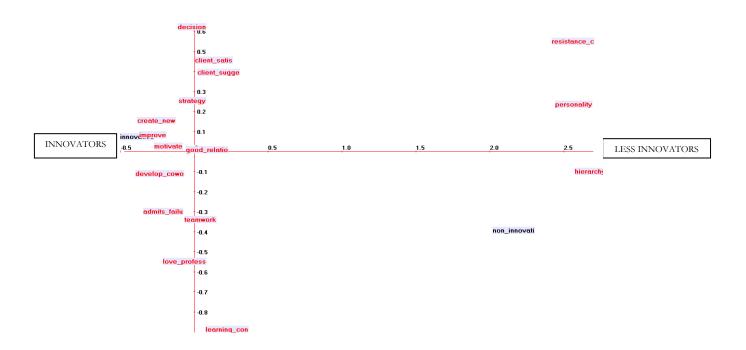
All the interviewees share a negative perception of non innovative leaders, who were described as someone who does not care, who does not like his or her job, someone who does everything the same way for many years, without listening or studying the environment. A non innovative manager is described as authoritarian and maintaining the *status quo*.

Summarizing the results, the more innovative leaders defined their role as team coaches, responsible for creating good relationships between the members which is a condition to guarantee the quality of service. More innovative managers insist on the importance of empowering people at all levels. They are tolerant and accept mistakes as a way of learning and improving continuously the service quality. They emphasize the importance of open communication and trust and seem to achieve it building more equalitarian relationships with all their co-workers. The leader acts as a role model, setting an example of the importance of the client. He or she is able to help the team members in their operational tasks if the situation requires it, thus helping to build cohesion and cooperation. They keep a permanent focus on the client, they insist on little details and on service continuous improvement. They motivate the team to listen to the client's complains and suggestions. The active listening capacities are recurrent in these managers' interviews.

4.3. CORRESPONDENCE ANALYSIS

After content analysis and lemmatization of the interviews, the corpus was reduced to a minimum number of words in order to be submitted to a correspondence analysis, following Lebart, Piron & Morineau (2006). Correspondence analysis is an inductive method that allows the statistical analysis of qualitative data. As Lebart et al (2006) said it allows the best simultaneous representation of two sets of data – rows and columns of a contingency table, or in this research categories and subjects. The analysis will allow the aggregation of the variables into dimensions represented graphically. Thus, the corpus was reduced to sixteen words and a correspondence analysis was run, extracting one main factor that clearly opposed innovative and less innovative managers, as can be seen in Figure 1. The first axe explains 55% of the variance.

Figure 1 – Differences between innovative and less innovative managers' words (factor 1 – vertical axe)

The more innovative managers' word grouping is significantly different and richer when compared to less innovative one. The latter view their role as a part of the hotel hierarchy, caught between their bosses and their subordinates who are difficult to manage due to diverse personalities and resistance to change. On the other side, the more innovative managers also consider the difficulty of leading their co-workers, but they describe their role as a coaches, rather than bosses, motivating, developing people and insuring good relationships among the team members. He is tolerates failure and stimulates co-workers to experiment new ways of doing their jobs and new products and services providing it results in the clients' benefit. They also emphasize a focus on clients' satisfaction and clients' needs.

5. CONCLUSIONS

The research has revealed significant differences between more and less innovative leaders. They both declare it is very difficult to manage people and consider that technical (or task) skills are important, but easily acquired by training or experience. On the other hand, when less innovative managers talk about their role as leaders, hierarchy category becomes salient: they identify themselves as members of a chain of command, responsible for a team or a hotel, according to their organizational level and insist on how difficult it is to manage different personalities who resist change. Furthermore, for these managers, an innovative leader is someone who has good ideas not always implemented, due to the difficulties in convincing their hierarchy.

The more innovative managers show a very distinct cognitive pattern, as they consider their co-workers as the most important people in the hotel, due to their direct contact with the client. They seem to have an outstanding capacity to understand the members of their teams, putting themselves in their place, thinking as they would think, imagining their expectation and anticipating their reaction, in a process of *role taking* and *role making* as Stryker &Satham (1985) described. In their discourse the less managers innovative managers presented a top–down thinking pattern, basing the relationship on power, while the more innovative leader establishes a more equalitarian relationship with the co-workers, based on social influence processes, as Jesuíno (1996) described.

  The more innovative manager analyses the environment, the organizational context and the followers' potential in order to guarantee an adequate relationship with the team. The innovative leadership consists in developing the co-workers' creativity and innovation, with the purpose of continuously improving quality and clients' satisfaction. They have a client–centred approach to work and manage to align the co-workers with the organizational goals and strategy.

The innovative leaders discourse values leader-follower interaction and the development of the teams' and co-workers' creativity and innovation, as Basadur (2004) proposes. However, as hospitality is a business of people working with people to provide other people a unique experience, the client must be integrated in the model. The co-worker appears as an interpreter of the customer's expectation and needs, in an intermediate position between the client and the leader.

The more innovative managers address the importance of recruiting a motivated staff, liking their jobs, capable to enhance quality and establish a warm relationship with the clients, alongside with McAdam & McClelland' (2002) findings. Managers state the central role their co-workers play in service delivery as they receive the clients' suggestions and claims and behaving to solve the problems. The more innovative managers strive to maintain quality relationships with their team, creating conditions to continuous improvement of service quality and to the development of followers' potential.

Let us refer that the need to deliver a high quality service able to satisfy a very demanding client and to listen to customers' suggestions is proclaimed by all managers, more and less innovative. The main difference seems to rely in more innovative leaders' active listening attitudes, enabling them to use diverse channels of information, namely clients and co-workers. Less innovative managers only refer to clients' information, without any particular strategy to assess different sources.

More innovative leaders adopt a pattern of behaviour consistent with Sousa's (2007) description, enabling the construction of trust relationships or psychological security (West, 1990) and tolerance to failure indispensable to allow the co-worker to take the risk of participating. The innovative leader encourages his or her staff to participation and reflection aiming at the service continuous improvement.

Innovation in high quality hotels seems to be associated to small changes made in the daily operation, within the teams leaded by managers that encourage a permanent focus in the clients' satisfaction, reflection on the continuous improvement of organizational processes and appeal to co-workers suggestions and participation.

Most of the more innovative top managers interviewed revealed the hotel chain has implemented a management system, that could be considered modern in this line of business – the adoption of *Management by Objectives* or *Balanced Scorecard* methodologies foster a focus on the client and a continuous

quality improvement and therefore innovation. They also refer as innovation, the particular attention given to personnel, inviting the employees to receive training and spend some time in a hotel belonging to the same chain, an effective way of offering them the possibility to go through the experience of being a client in a five star hotel. A manager formed a cycling team with receptionists that explored the historical and cultural facilities of the hotel environment, building the team and improving the quality of the information given to the client. More training and living experiences link both the client and the hotel employee, allowing for the emergence of more shared meanings and understanding that may revert in innovation. Furthermore, if innovation occurs in the interaction process, i.e., in the formal and informal processes of communication, the increase of knowledge and the improvement of manager / co-workers relations may help all the team to pay attention to the small details and engage them in reflections that lead to continuous quality improvement and innovation.

This study has some limitations that need to be accessed. The first one is related with the difficulty to obtain permission to do the study and interview on job employees. The study was held in only eight four and five star hotels where a small number of managers (twenty four) were identified as innovative. Another limitation has to do with the difficulty of identifying less innovative leaders by the same process the more innovative were nominated. It is useful to recall the co-workers refused to "harm their boss' reputation", showing more and less innovative attributes do not belong to the same dimension. To be less innovative means to be authoritarian and ineffective. This may be explained by the *pip* effect (identified by Jean Paul Codol in 1975). Future research should acknowledge these limitations, trying to clarify if innovative and creative management always address "good" leadership as opposed to less innovative or creative managers "bad" leadership, to deepen the knowledge of creative leadership. The comprehension of this process would benefit with the extension of these findings to include other hotel categories.

This study may help to increase the understanding of the innovation process through the voice of creative managers. It may contribute to train and select the managers able to achieve better results, fostering co-workers commitment and stating the importance of organizational creativity and innovation. Innovative managers, involving their teams in the definition and resolution of the organizational problems, are able to create a system that may help organizations to grow even in a global crisis.

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