Visions in Leisure and Business

Volume 11  |  Number 4  |  Article 3

1993

Institutional Strategy in Lodging Industries

L. Taylor Damonte
University of South Carolina

Follow this and additional works at: https://scholarworks.bgsu.edu/visions

Recommended Citation
Available at: https://scholarworks.bgsu.edu/visions/vol11/iss4/3

This Article is brought to you for free and open access by the Journals at ScholarWorks@BGSU. It has been accepted for inclusion in Visions in Leisure and Business by an authorized editor of ScholarWorks@BGSU.
INSTITUTIONAL STRATEGY IN LODGING INDUSTRIES

BY

DR. L. TAYLOR DAMONTE, DIRECTOR

INSTITUTE FOR TOURISM RESEARCH
SCHOOL OF HOTEL, RESTAURANT AND TOURISM
UNIVERSITY OF SOUTH CAROLINA
COLUMBIA, SC 29208

ABSTRACT

In addition to being viewed as a provider of sleeping accommodations, a lodging organization could also be viewed as a provider of tourists' experiences or even tourist destinations. For example, to some potential guests, a lodging organization may simply symbolize a supplier of overnight sleeping accommodations. To others it may symbolize facilities for meetings, for recreational experiences, or both. Still other members of the lodging organization's task environment (the actors, organizations, and institutions with whom the business interacts) may view the business differently based on the impact the business has on their organizations. For example, to the cruise industry the lodging organizations may symbolize a substitute service and therefore, competition.

This paper offers a paradigm for defining lodging organizations based on their relative degree of institutionalization within the tourism environment. Zucker (1980) proposed that the degree of institutionalization was a function of: 1) the degree to which subjective understandings are seen as part of the external world; and 2) the degree to which the acts are repeatable by other actors without changing the meaning. It is therefore proposed that as a lodging organization begins to be viewed by the actors, organizations, and institutions within the tourism phenomenon, as not only a provider of sleeping accommodations, but of tourism experiences and even, of tourists' destinations in themselves, the lodging organization begins to take on its own institutional status apart from other tourism phenomena in the environment in which it is located. It is further proposed that, as a lodging organization begins to develop facilities, services and technologies whose meanings are replicated outside of the context of a specific socio-geographic environment, the organization enhances its institutional status.

INTRODUCTION

Social constructionists believe that the interpretation, or what an organization symbolizes to the actors in the sociological environment, plays the determining role in creating and organization's institutional strategy (17). From this perspective, the institutional strategy or institutional definition of an organization operating within a lodging related industry is best described by the meaning attached to it by the actors within its relevant social world,
tourism. For example, in addition to being viewed as a provider of sleeping accommodations, a lodging organization could also be viewed as a provider of tourist's experiences or even tourist's destinations.

It is fundamental to the position taken in this paper that the actors and organizations in the sociological environments of lodging industries all help to define each individual lodging organization and therefore shape its institutional strategy. To summarize the relevance of these theories to institutional strategy in lodging industries, the following proposition is made.

PROPOSITION 1

Those actors, organizations, and institutions whose conscious lives are impacted by a lodging organization, interpret its meaning as an institution based on the meanings which the organization has to them, and therefore through mutual consensus with the organization, determine its institutional strategy.

For example, to some potential guests, a lodging organization may simply symbolize a supplier of overnight sleeping accommodations. To others it may symbolize facilities for meetings, for recreational experiences, or both. Other members of the lodging organization's task environment, suppliers and competitors, may view the business differently based on the impact it has on their organizations. To other industries which operate within the tourism phenomenon, such as the time share condominium or cruise industry, it may symbolize competition.

Societal actors and institutions within the host community also bring meaning to lodging organizations. To the impoverished, unemployed citizens of a developing community or country which has limited tourism attributes of its own, they may represent a needed infrastructure. Yet after a time, to the same actors in the same community, the organizations may be a symbol of foreign ownership and control.

Institutionalization has been viewed as a variable. At the level of the individual act, there are two determinants of the degree of institutionalization which are proposed in the literature: 1) the degree to which subjective understandings are seen as part of the external world; and 2) the degree to which the acts are repeatable by other actors without changing the meaning.

Applying the first determinant of institutionalization at the micro level of an individual act to macro level organizational theory, it follows that for an organization to have subjective meaning in the external world, it should have meaning to the actors outside of its task environment. That is, the degree of institutionalization of an organization is determined by the extent to which it has meaning within the broader sociological context, apart from its specific task environment.

Applying these principles and those of Cohen and Selznick, that organizations can influence their social environment, including the other actors, organizations, and institutions which compromise it, a second proposition may be stated.

PROPOSITION 2

As a lodging organization begins to be viewed by the actors, organizations, and institutions within the tourism phenomenon, as not only a provider of sleeping
accommodations, but of tourism experiences, and tourists' destinations in itself, it begins to reach institutional status.

In doing so the lodging organization brings meaning to the sociological environment of tourism as much as the environment brings meaning to the organization. The organization in effect creates its own tourism phenomenon and relies less on that of the host community for its definition.

Zucker's (26) second determinant of the degree of institutionalization, the degree of repeatability of the act by other actors without a change of meaning, can also be applied to the lodging industries. Lodging organizations, beginning with Holiday Inn, have attempted to replicate not only their physical facilities and services but the meaning of those facilities and services to their guests and other members of their task environment across different geographic locations. This was accomplished by developing standardized technologies and marketing plans. The following proposition suggests that the degree to which this has been accomplished also affects the degree of institutionalization of a lodging organization.

PROPOSITION 3

As a lodging organization begins to develop facilities, services and technologies which can be physically replicated, and whose meaning is replicated, outside of the context of a specific task environment, the organization reaches institutional status.

It is important to remember here that what is being referred to is the replicability of the meaning of the organization to the actors in the task environment and the general (sociological) environment. Intuitively, as a pre-requisite in the case of a service such as lodging, it would be necessary for the organization to be capable of reproducing similar facilities and services in multiple locations. However, standardization here implies that when a particular lodging organization has facilities in several different locations throughout the world, each one of the facilities is viewed in the same way by the actors within the tourism phenomenon. That is, each facility is seen as existing along the same point on the continuum between "Supplier of Sleeping Accommodations" and "Destination (Figure 1).

Just as a successful lodging experience may take on different meanings to different types of travelers, such as a pleasurable vacation, a successful convention, or just a good nights sleep, the lodging industries may take on different meanings based on the interpretation of the actors, organizations, and institutions involved. It is argued here that lodging organizations operate under different degrees of institutionalization, depending on their symbolic meaning within the context of the specific sociological environment within which they exist. There is in fact, not one industry, but a group of industries which operate within the context of the tourism phenomenon. What these industries have in common is that they provide sleeping accommodations. What separates them, is the degree to which they have become institutionalized into the sociological (tourism) environment. The definitions of these sub-industries are not distinct, but are a function of their relative meaning within the following lodging industry paradigm.

In this paradigm, lodging organizations are placed into six cells based on the degree of institutionalization. The degree of institutionalization increases from lowest to highest numerically. In cell number one are
lodging organizations which primarily provide sleeping accommodations. However their meaning is not standardized. To the actors in geographically or sociologically different environments, they represent different types of sleeping accommodations. Most independently owned and operated hotels which are not affiliated with a particular franchise fall into this category. Those in cell number two provide standardized sleeping accommodations. Their meanings transfer equally across different geographical and/or sociological (tourism) environments.

Cell number three includes lodging organizations which have come to be interpreted as providing, in some part, tourism experiences in addition to lodging. However the experience is not replicable in other destinations. An example of this type of lodging organizations is an independently operated, non-franchise affiliated, convention or resort hotel. Cell number four includes lodging organizations that are associated with a particular type of tourism experience and that carry their distinct meaning across all geographic and sociological (tourism) environments. Examples of these are companies which specialize in vacation or convention experiences such as Hyatt or Marriott.

Cell number five includes lodging organizations whose facilities have come to represent tourist destinations in themselves. That is, members of the organizations task environment such as customers and competitors do not consider the sociological (tourism) environment outside of the organization's facilities as necessarily contributing to their meaning as much as the organization itself. These lodging organizations (and their facilities) have reached institutional status. Independently managed resorts such as the Greenbrier are examples of these. Though in some cases they still rely on the geographic area to in part determine their meaning, to some, they are the destination. Organizations in cell number six are the most institutionalized because their meanings are, for the most part, independent of the particular tourism environments in which their facilities exist. An example of this type of organization is Club Med, which maintains its identity across all geographic areas in which it is located.

THE IMPACT OF INSTITUTIONAL STRATEGY ON OTHER LEVELS OF STRATEGY AND THE ENACTED ENVIRONMENT

A review of the literature on strategy was conducted by Welch (1990). Four levels of strategy development were uncovered: the institutional level (17, 20, 15) the corporate level; the business/competitive level; and the technological/functional level (19). Here the degree of institutionalization and the concept of the enacted environment will be related to the first three.

Past researchers have found that as institutionalization decreases, the organization becomes more open and adaptive to the environment (20, 6). As noted by Welch (1990), p. 85), "... an abundance of research exists which attempts to prescribe normative strategies for different environmental states, usually according to stages of the life cycle...." However, the purpose here is not to delineate the relationship between corporate strategy and the environmental state, but rather to reflect on the differences in the way in which the environment is enacted based on different institutional strategies.
Pfeffer (17) describes three levels of the environment: 1) the entire system of interconnected organizations and individuals; 2) the organizations and individuals with which the organization interacts; and 3) the level of the environment which is observed and registered, the enacted environment. According to Weick (24, p. 64), "the human does not react to the environment, he enacts it." He argues that this is done based on what is happening in the here and now, and on perceptions of events previously observed. Irrespective of whether environmental "reality" is perceived or created, Child (1972) simply suggests that it is the perceptions of the environment that guide the decision process.

It has also been proposed that the level of the environment upon which strategy is enacted differs with the type of business policy under consideration. A business policy approach to the study of strategy was posited by Bourgeois (5). According to Bourgeois, domain definition (corporate) strategies are enacted at the general environmental level while domain navigation (business level) strategies are enacted at the level of the task environment. Therefore, if the way that an organization enacts its environment changes, so then do the domain definition and domain navigation strategies.

The following propositions stem from the idea that as the degree of institutionalization of a lodging organization changes, so does the enactment of the organization's general and task environment. The corporate strategy of organizational domain in the lodging industry then, may be related to the degree of institutionalization.

PROPOSITION 4

As an organization takes on meaning outside of its geographic or socio/cultural area, corporate domain is defined within the context of a more broadly defined general environment.

For example, the sociological component of the general environment, for organizations in cell number one of Figure 1 is the tourism phenomenon in the particular destination areas in which their facilities exist. Therefore, their domain is defined within the context of the tourism phenomenon in the particular geographic or socio/cultural area. At the other extreme, for organizations in cell number five, the sociological component of their general environment is the national and to some extent international tourism phenomenon.

Similarly, business level strategies related to domain navigation in the lodging industry may also be related to the degree of institutionalization.

PROPOSITION 5

As the meaning of an organization becomes replicable across a larger geographically and/or socio/culturally defined area the task environment also becomes more broadly defined. Therefore, domain navigation (business level) strategies are enacted based on a larger task environment.

For example, for the organizations in cell number two of Figure 1 the task environment includes only the actors, organizations, and institutions with which the organization interacts at the local level. Its competitors for example, are other
organizations that exist within the same geographic area. For organizations in cell number six, the task environment includes all organizations which have similar meanings across a broad area. These organization's consider other destinations, not simply other hotels, as part of their task environment, their competition.

INSTITUTIONAL STRATEGY AND UNCERTAINTY

"Uncertainty refers to the degree which the future states of the world cannot be anticipated..." (16, p. 67). In one of the earliest studies of the organizations and their environment, Emery and Trist (10) identified four categories which presented varying degrees of uncertainty. These were based on the source and nature of interdependence of the organization and the environment. In order of the degree of proposed uncertainty they were:

1) Placid/Randomized - Resources are randomly distributed throughout the environment but those which the organization is dependent on are relatively plentiful.

2) Placid/Clustered - Interdependence is cyclical and predictable.

3) Disturbed/Reactive In this environment organizations compete for environmental resources or which they are all dependent.

4) Turbulent Field - In this type of environment multiple actors are interconnected and all interdependent on each other and the environment.

The turbulent field is the most uncertain because of the interconnectedness of actors and their mutual dependence on particular resources.

Other researchers have argued that the resources required for organizational survival are the most relevant focus in defining organizational environments (9). Environmental munificence (23) or capacity (1) refers to the degree to which environmental resources can support sustained growth. Pfeffer and Salancik (16, p. 68) argue that three structural characteristics have been found to contribute to uncertainty: 1) Concentration, the extent to which the power to achieve desired outcomes is closely held by few social actors; 2) Munificence, the availability or scarcity of resources; and 3) Interconnectedness, the number and patterns of linkages, or connections, among organizations. They state, "These three factors determine the amount of conflict and interdependence present in the social system . . . Conflict and interdependence in turn, determine the amount of uncertainty which the organization confronts." Concentration and munificence are negatively related to conflict. Whereas interconnectedness and interdependence are positively related.

As previously discussed, lodging has been viewed as part of a tourism system. The parts of the system are described by Mill and Morrison (13) as market, marketing, travel, and destination. By "destination" they mean the total mix of attractions and services used by the traveler. "If one examines the parts of the mix, it becomes clear that each part is dependent upon the others for success in attracting, servicing, and satisfying the tourist." To the extent that a lodging organization is not institutionalized its tourism resources are located within its tourism environment.
Components of tourism supply have been described by McIntosh and Goeldner (12). They are: 1) Natural Resources, the natural resources that any area has available for use by tourists; 2) Infrastructure, all of the below ground or surface systems necessary for the operation of tourism facilities or superstructure; 3) Superstructure, the major tourism service facilities; 4) Transportation and transportation equipment; and 5) Hospitality and cultural resources, the cultural aspects of an area which make the successful hosting of tourists possible. Lodging organizations are interconnected with the suppliers of these resources in creating the tourism experience.

Institutionalization, from the viewpoint of the lodging organization, can be a strategy for limiting resource dependency. Lodging organizations that have not reached total institutional status, those operating in cells one through five of the lodging industry paradigm, operate, to decreasing degrees respectively, as open systems. To the extent that a lodging organization does not hold institutional status, it must utilize the tourists attracting attributes of the destinations in which its facilities are located as organizational resources.

As uncertainty has been linked to resource dependency and structural variables within the environment. Uncertainty in lodging organizations may therefore be linked to structural factors in the tourism system.

PROPOSITION 6

As a hospitality organization gains institutional status, creating its own tourism experiences and destination, perceived uncertainty related to resource dependency declines.

In areas where tourism resources are scarce, a higher degree of institutionalization may be required to reduce uncertainty. However interdependence and interconnectedness does not necessarily warrant an institutional strategy reflecting a high degree of institutionalization. There is some evidence that it becomes easier to introduce an organization into an environment which is already thoroughly interconnected (16). Tourism environments may appear uncertain simply because of the interconnectedness of the actors, organizations and resources within the tourism system, rather than any specific conflicts among those entities. These types of environments may allow for the survival of lodging organizations that are less institutionalized as well as those that have a greater degree of institutional status.

The propositions made herein call for categorization of the lodging industry into three major sub-industries based on their institutional strategy. They are perceived as providers of: 1) Overnight Accommodations, cells one and two; 2) Tourism Experiences, cells three and four; or 3) Destinations, cells five and six. A logical research agenda would be to test for relationships between perceived environmental uncertainty across the range of sub-industries (institutional strategies), using Hambrick's mid-grained typology of environments. However, because the institutional strategy of a particular lodging organization is mutually agreed on by the actors and organizations in the tourism environment, the relationship between perceived uncertainty and institutional strategy should be explored on a case by case, or destination by destination, basis.
RESEARCH METHODOLOGY FOR EMPIRICAL TESTING OF THE PROPOSITIONS AND FOR FUTURE ANALYSIS OF LODGING INDUSTRY ENVIRONMENTS

The research technique suggested by Blumer (4, p. 40, 43) as the most empirically valid method for studying socially determined issues is "naturalistic" investigation. This procedure involves two parts, exploration and examination. Exploration is "... a flexible procedure in which the scholar shifts from one to another line of inquiry, adopts new points of observation as his study progresses, moves in new directions previously unthought of, and changes his recognition of what are relevant data as he acquires more information and better understanding." Inspection is the part of the process which takes the researcher beyond description to analysis of the relationships in the environment. By inspection is meant "...an intensive focused examination of the empirical content of whatever analytical elements are used for purposes of analysis, and this same kind of examination of the empirical nature of the relations between such elements."

In any naturalistic investigation the unit of analysis takes on prime importance. As mentioned previously, in Blumer's (4) view for studying sociological issues it is absolutely necessary to stay close to the empirical domain in question because of the formulation of different meanings by different actors within their particular group environment. If objects, organizations, or social institutions, are given their meaning through the interaction of the actors involved, then as the actors and/or the situation changes, the meanings change. Blumer viewed naturalistic examination as a complete scientific procedure in itself. Still, it can be argued that in even the most thorough studies of this type the results are, to some extent, situation specific. That is, they can only be applied to situations where exactly the same set of environmental factors exist.

Three sociological questions related to any lodging organization's environment, which follow from Blumer's symbolic interactional perspective are: 1) Who are the actors within the tourism environment in question? 2) How do they interpret meaning to the lodging industry? and 3) Why are these meanings not the same for all lodging and tourism organizations in all situations (geographically or sociologically specific areas). An exploration of multiple tourism environments is proposed in order that the relationships between the lodging organizations and the actors and organizations involved may be examined.

Who, how, and why questions are best studied using the case study approach (25, p. 23). Conceptually similar to naturalistic inspection, the case study is a method of inquiry that "investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used." In Figure 1, the first factor in the lodging industry paradigm is the extent to which the lodging organization determines the tourism experience and comprises the destination in itself. Where the boundary is in the actors' minds, between the lodging facility and the destination, will not always be definable in the same way. Therefore, the case study approach is recommended for studying sociological questions related to the institutional status of lodging organizations. Some of the issues related to the before mentioned questions are now posited.
The Actors

In discussing question one, it should first be pointed out that what is intended is not merely an exercise in market segmentation strategy development. Market segmentation is the process of dividing the market into homogeneous customer groups, segments What is being spoken to here is the question of who are the actors within the sociological (tourism) environment of tourism that give meaning to the lodging industry under study?

Question one at first seems quite academic. Gunn (11) provided a model of the tourism phenomenon which included tourist demand, suppliers of information/direction, suppliers of transportation, suppliers of tourism support services and facilities, and the actual tourism attractions including sites and events. Though the model is useful in describing the roles or functions within the sociological system the reader should not circum to the temptation of putting lodging or any other tourism industry into the same role in every situation. For example, during the first half of this century, cruise ship companies were major actors within the transportation industry. Now they are interpreted by vacationers as tourism sites or destinations within themselves.

Mill (13) described the components of the task environment as buyers, suppliers, competitors, and regulatory agencies. Yet, as has been argued, who the actors and organizations in the task environment are, is a situation specific and organization specific issue. The definition of "competitor" changes based on the institutional strategy of the organization.

How Meaning is Interpreted

How lodging organizations are perceived within their sociological (tourism) environment may partially be a function of perceived benefits of the interaction. Porter (18) described the willingness of buyers to adopt substitutes as being an important element of an organization's environment. This same concept may be relevant to explaining how meaning is interpreted by the actors and organizations within the tourism environment.

As previously discussed, tourism scholars in general have viewed the lodging industry as only a supplier of tourism support services and facilities (11, 22, 14). Yet, if guests can interpret the organization differently based on the situation, then members of the tourism environment (attractions, other tourism support businesses, and providers of tourism information) can also. For example, in a suburban area, tourists options for lodging may be limited to traditional hotel/motel businesses. However, in a major vacation destination area, there may be other lodging, e.g. condominiums or rental homes. In this situation, the organizations that run these businesses, and the travel agents that sell trips to the destination area, may view the traditional hotel and the condominium or rental home similarly to the traditional hotel.

Why the Meanings of All Lodging Organizations Are Not the Same

It has been the position of this paper that any answer which could be offered to this question would, to some degree, be related
to differences in actors' past experiences and the nature of the current interaction. One application of this explanation for the assignment of different meanings to the same lodging organization is that, in different situations, the degree to which interaction with the organization constitutes the guest's reason for travel is not always the same across all destination areas. This may be significant since it has been suggested that to the degree that a lodging organization controls the meaning of the experience in guests' minds, it causes the members of the socio/cultural (tourism) environment to adapt to the organization, rather than the converse.

CONCLUSION

This paper was designed not to offer definitive answers but rather to raise questions related to the domain of the lodging industry. It has been proposed that lodging is not one industry but rather a group of industries. One of these could be called "Overnight Accommodations," another "Tourism Experiences," e.g. Meetings, Conventions, and Resorts, and another, "Destinations." Further, an industry which primarily provides overnight accommodations is dependent on the tourism environment to provide the tourists attracting attributes of the destination and the overall tourism experience itself. The meaning attached to the organizations within the overnight accommodations industry by actors within the task environment, is simply that of a supplier of tourism support services. Conversely, those organizations which operate within the Convention and Resort industry actually create tourism experiences.

The social constructionist viewpoint stems from the precepts of symbolic interactionalism. Although it has been largely overshadowed as a sociological theory by structural functionalism, it has much to offer by way of explanation for the inconsistencies in the findings of organizational theorists across industries and environments. The concepts may not be as psychologically comfortable as the structural functional theories regarding the adaptive nature of formal organizations, because of the tentative nature of reality which is inherent in them. But then, this might be a partial reason for their dismissal from most of the contemporary theory of formal organizations.

REFERENCES


17. J. Pfeffer, Organizations and Organizational Theory, Ballinger Publishing Co., Cambridge, Massachusetts, 1982


# A Paradigm of Lodging Organizations Based on Their Degree of Institutionalization Within the Overall Tourism Environment

<table>
<thead>
<tr>
<th>Degree of Standardization of Meaning Across Locations</th>
<th>Meaning External to the Local Tourism Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sleeping accommodations at one location</td>
<td>Sleeping accommodations, food, plus some recreational or business tourism experiences at one location</td>
</tr>
<tr>
<td>Standardized sleeping accommodations at multiple locations</td>
<td>Standardized sleeping accommodations, food, plus some recreational and/or business tourism experiences at multiple locations</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>A self-contained complete tourist destination in itself</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Standardized complete tourist destinations at multiple locations</td>
</tr>
<tr>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

- Institutionalization increases from cell 1 to 6 -