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Small Business Survival
A Study of Scottish Rural Hotels

University of Glasgow

Faculty of Social Sciences

**A thesis for the Degree of
Doctor of Philosophy**

by

Andy Lowe

Volume One

February 1990

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I would like to thank Strathclyde University for allowing me the time to collect, analyze and interpret the data around which this thesis has been constructed. Finally my thanks go out to Rena and Sheila who had the unenviable task of word processing the thesis.

Summary of the Thesis

Five years ago I began my quest to explain the survival of small hotels in remote parts of rural Scotland. Not only did this provide new insights into small hotel survival but it has also identified fundamental survival mechanisms for many small businesses operating in the service sector of the economy. I have called this the "*Familial Economic Unit*". Although at the outset my main objective was to achieve a greater understanding of small business survival I believe that the main contribution of this thesis is the creation of a more satisfactory methodology for the analysis and interpretation of different types of qualitative data. This methodology I have named "*The Qualitative Coding Matrix*".

To achieve an explanation of the survival of the small hotel I have had to adopt a holistic, multiperspective interpretation of the small firm. This research strategy was chosen because it was the only way I could obtain a comprehensive understanding of small firm survival. Although the research strategy was intuitively appealing, in order to complete the research considerable methodological problems had to be overcome.

In the absence of any ready made methodology for this research strategy I had to refine and develop a new approach to the analysis and interpretation of qualitative data. This was the most unexpected aspect of my research and probably the most useful because of its applicability to a wide range of qualitative data in other contexts apart from small business research. This development of a new way to systematically analyse and synthesise vast quantities of qualitative data the "*Qualitative Coding Matrix*" is briefly discussed below.

The Qualitative Coding Matrix

This research methodology will give confidence to other researchers interested in exploratory research. It overcomes many of the legitimate criticisms associated with research which involves the subjective interpretation of qualitative data. It permits the researcher's audience to follow the researcher's own path through a variety of different types of qualitative data, revealing both the researcher's own a priori view points, and the emerging paradigm, at each stage of its evolution. Fig 1, on the following page, summarises the symbols and sequence of analysis and interpretation used in the "*Qualitative Coding Matrix*".

The Qualitative Coding Matrix

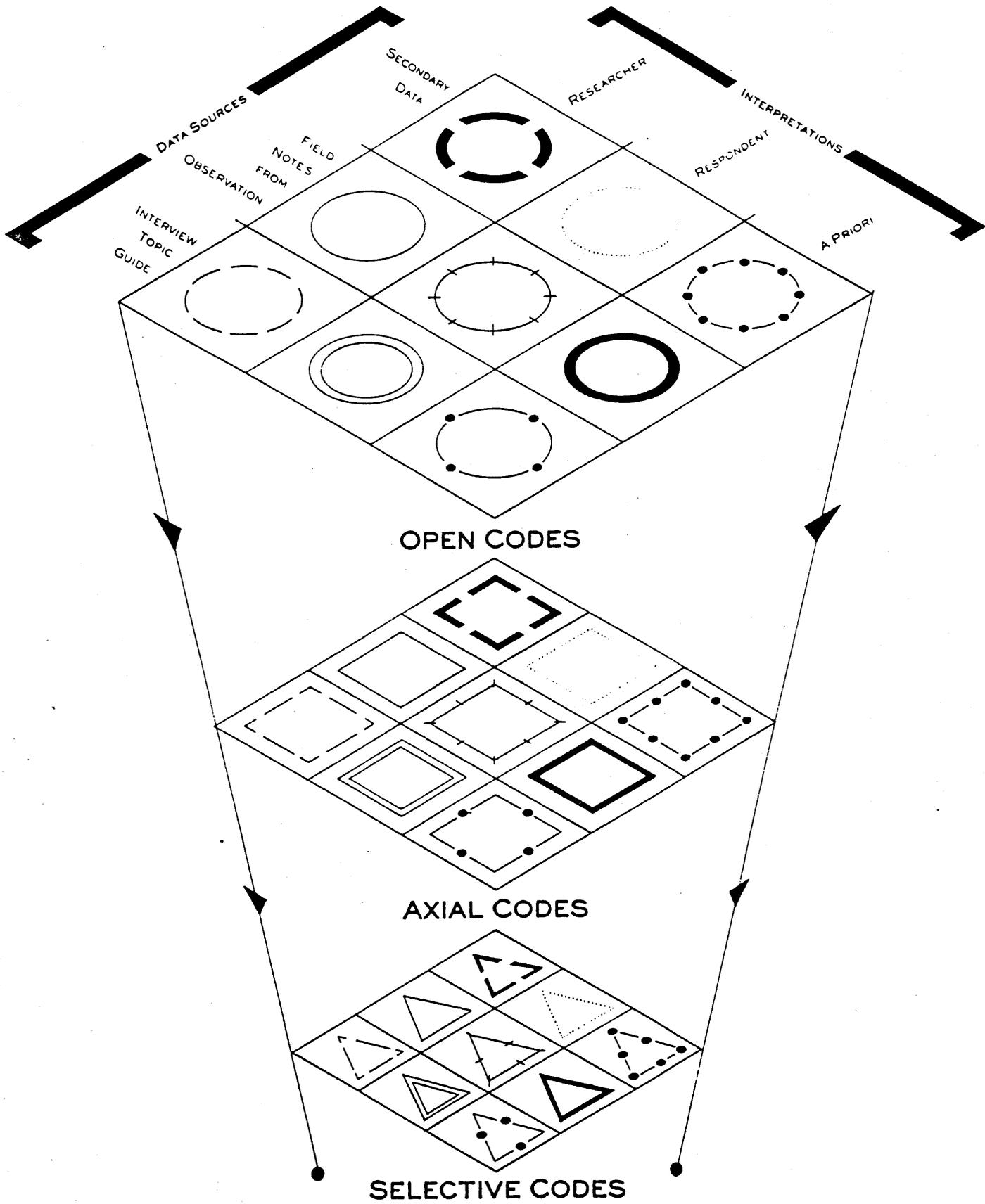


Fig 1

The methodology makes its impact from the first chapter onwards since the text of the thesis is used to demonstrate to the reader how the line of argument was constructed. The "*Qualitative Coding Matrix*" achieves this by means of overlaying the text with "thumb print" symbols shown in Fig 1. This provides the reader with an insight into my thought processes from the outset of the thesis.

The "*Qualitative Coding Matrix*" enabled me to penetrate the ideologies of hotel owners and reveal a small business survival mechanism which predates the industrial revolution; the "*Familial Economic Unit*".

The Familial Economic Unit

The small businesses in this study were families first and businesses second. The word family is being used in this context as a powerful metaphor for small business survival and not as a description of a nuclear family. The other "*family*" members here are, in addition to kinship; loyal customers, employees and friends and associates outwith the business. The small business's ability to survive largely depended on their smallness. Indeed evidence was obtained which demonstrates that the small hotel actively pursued very modest growth strategies and deliberately avoided growing beyond a size which limited their activities in the *formal, informal and underground economic activities*.

The *formal economy* is one in which governments collect taxes. The *informal economy* is concerned with the barter of goods and services and where information is exchanged. The *underground economy* is the area of activities in which tax evasion takes place. The smaller the firm the easier it was to manoeuvre between these different economies. The flexibility and ability to operate between these three economies simultaneously could only be effectively achieved whilst the business remained small.

The smaller business can avail its self of different types of opportunities provided by the *formal, informal and underground* economies within the "Familial Economic Unit". The existence of the "*Familial Economic Unit*" is an interesting finding because it provides an explanation for the apparent reluctance of the majority of small firms to grow. It's much less risky to stay small than to grow since if it does it becomes exposed increasingly to market forces. Prior to starting this research my curiosity was aroused by four main issues.

Failure of Hotel Systems Software

In the late 1970's and early 1980's I was the marketing manager for a computer software house specialising in real time multi-user hotel systems.

It soon became apparent that the UK large hotel market would be saturated with systems because the large hotel sector was dominated by a handful of companies. It was decided to introduce a scaled down version of the package for the use of small independently owned hotels which formed around 75% of all UK hotels. The system was not a success with these small businesses. We had made the mistake of assuming a small business was just a miniaturised version of a large organisation. To our cost we had discovered that the small hotel is fundamentally different from the large hotel, but at the time were able to say why.

The UK Hotels Industry Largely Comprises of Small Businesses yet the Vast Majority of Research has been in Large Hotels Owned by Multinationals

From 1982 to 1986 I was teaching marketing to graduate students in hotel administration. Many of these students were the children of hoteliers. They repeatedly claimed that the text books on hotel administration bore little relationship to the experiences they were familiar with inside their parents hotel businesses. Were their parents wrong and the text books correct? I turned to research findings for an answer. I didn't find a satisfactory explanation. Apart from one PhD study, which had methodological weaknesses, all the previous work in this field had been carried out in large, usually city centre hotels.

Contemporary Wisdoms by Hotel Founding Fathers Seemed Too Glib To Be True

The founder and one time president of Hilton Hotels, Conrad Hilton, was once asked what was the most crucial to the survival of an hotel? He replied that three things were vital; location, location and location. So why was it that so many hotels seemed to break this rule and yet survive quite well? As a keen hill walker and cross country skier I had occasion to notice that a number of surviving small hotels in Scotland were in fact located in most unpromising locations. How did they manage to survive? I was most intrigued to find out how they managed it.

The Orthodoxies of Business Management have been Generated Mainly from Research and Experience in Large Scale Manufacturing Industry. How relevant is this for Small Business in the Service Sector of the Economy?

My concern over this issue has been present ever since I first completed a Diploma in Management Studies course at Sheffield Polytechnic. It was later reinforced during my MBA studies at Aston University.

Most of the case studies, analogies, anecdotes, models and metaphors were concerned with large scale manufacturing. The few case studies which concerned themselves with small businesses were also from the manufacturing sector of the economy. They did not explain or interpret the experiences I had had in tourism, leisure and hotels industries. Were these differences real or imagined?

My thesis suggests that small businesses operating in the service sector of the economy have many fundamental differences apart from the obvious one of scale. The implications of my thesis for policy makers, researchers and teachers are highlighted at the conclusion of the final chapter.

The Conventions of the Qualitative Coding Matrix

On page (iv) of the summary of the thesis it has been stated that the Qualitative Coding Matrix is featured from Chapter one onwards. Below are the conventions within which this system is operational:-

The twenty seven different symbols shown in the Qualitative Coding Matrix diagram (fig 1) on page (iii) and in Appendix E Vol 2 represent the interpretative key which has been used in the thesis. Each symbol indicates four things. Firstly the stage at which the analysis is being made; the first stage (open coding) *a circular shape*, the second stage (axial coding) *a rectangular shape* or the final stage (selective coding) *a triangular shape*. The second issue the symbols represent is the type of data source; secondary data, primary data from field notes or primary data from verbatim transcriptions of interviews. The third thing the symbols indicate is the interpretation which is made with the three data sources just outlined. The three interpretations are; the researcher's own interpretation, that derived by the respondent and a priori interpretations. Finally the fourth issue which the symbols indicates is contained in the alpha numeric code contained within each symbol. This system of analysis allows the reader to check the origin of the data by referring to Appendix E vol two which summarises all the codes used in the thesis. One of the main purposes of the Qualitative Coding Matrix is to permit the reader to follow in the researcher's own footsteps through the interpretation of the data which has been made. A detailed explanation of the methodology is given on pages 191 to 226.

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CHAPTER 1

SMALL HOTEL SURVIVAL THE PROBLEM SITUATED

ABSTRACT

In this chapter the literature from three areas have been evaluated; the hotel industry, marketing and small business. The rationale for the selection of the three chosen bodies of knowledge was to enable a wide ranging synthesis of current thinking on hotels, marketing and small businesses.

The hotel related research, with one notable exception, was all based on large establishments. The marketing literature was chosen because marketing claims that it is only the market led firm that will improve its survival chances.

The small business literature revealed that little was understood at the fundamental level within the small firm of the actual mechanisms which made their individual survival possible. Of all the research strategies previously adopted in small business research it was qualitative research strategies that had the most success in explaining the behaviour of small firms.

The Background to the UK Hotels Industry

In the UK hotels industry most hotels have less than twenty bedrooms and the majority are seasonal. Small hotel survival in particular is

an under-researched area, with only one previous PhD study which was handicapped by methodological weaknesses. The remaining research in the hotel field has been in large hotels. The philosophical orientation of all previous research, whether with large or small hotels, has used research designs involving hypothesis testing. Methodologies have been used which have examined the hotel from a narrow perspective from the outside looking in. The result has been that most research into hotels has produced a series of stereotypical impressions based on the study of large scale city centre hotels.

A key research study by Hayes (1980) based in small hotels has provided some useful indications that there are likely to be more differences than similarities as between small and large hotels.

Marketing Theory and Small Hotel Survival

It was anticipated that marketing theory would be most useful in providing guidelines for small hotel survival. However the marketing orthodoxy has been largely generated from experiences in North American large scale manufacturing of some twenty or more years ago. Marketing traditionally has described an exchange process between buyer and seller. More recent research has indicated that market orientation is no more than a response to given market conditions. When market forces can be either manipulated, in the case of large firms, or neutralised, in the case of small firms, a matching process occurs. The emerging services marketing theory gives additional

support to this broader view of marketing and places particular emphasis on quality and makes a clear distinction between the actual service itself and the way it is delivered. The marketing literature indicates that small hotel survival is more likely to be a matching rather than an exchange process.

UK Small Firm Research

Two main aspects were revealed in examining the vast and increasing research in this field. Firstly a number of important issues were highlighted which gave warnings of areas of enquiry which had not been successful. Secondly, although much work has been done there is a requirement to carry out future research on the following basis; more exploratory research using qualitative methodologies, more investigations of the firm as an holistic entity, and more research done in small firms in the service sector, rather than in manufacturing.

The UK Hotels Industry

Professor Medlick (1972) has spent twenty five years writing about the UK hotels industry, and has argued that the usual tools of economic analysis used to describe an industry are not very useful in an hotels context. Although it is appreciated that economists are famous for their diversity of opinions, on this issue there is little disagreement. In the UK hotels industry there is an absence of an homogeneous product, or service being produced, by a group of easily identified organisations. The economic analysis of the UK hotels industry which has been carried out is accurate only with regard to the larger hotel groups Slattery (1988), Keynote (1988) and Jordans (1988).

The legal definition of an hotel is outlined in the Hotel Proprietors Act 1956 Section 1 paragraph 3:-

"{An Hotel is} an establishment held out by the proprietor as offering food, drink and, if so required sleeping accommodation, without special contract, to any traveller presenting himself, who appears able and willing to pay a reasonable sum, for the services and facilities provided and who is in a fit state to be received"

The Size and Structure of HOTELS in the UK and SCOTLAND

There is considerable disagreement over how many, and of what size, are the hotels currently trading in the UK. Appendix 1 indicates the Standard Industrial Classification [SIC], upon which much of the collection of official statistics is based. It will be noted that the minimum list headings are wide ranging, and not very helpful in terms of obtaining accurate assessments of the size and ownership of the hotel sector. Most of the disagreement of the actual number and size of hotels in the UK stems from the inadequacy of the SIC system as an effective means of measuring economic concentration of hotel operations. The smaller and more seasonal the hotel the more unreliable the statistics. Slattery and Roper (1987) indicate that the total number of hotels in the UK today is estimated at 17,000. They have ignored all seasonal hotels. The habit of ignoring seasonal hotels in industry-wide analyses is perpetuated by Slattery (1988), Keynote (1988) and Jordans (1988). The Hotel and Catering Industry Industrial Training Board [HCITB(1985)] claim there are 19,783 open all the year round, and a further 13,400 hotels, of less than 10 bedrooms, which are seasonal.

The industry is dominated by small independently run businesses many of which are seasonal. This has been identified by Brown & Hankinson (1986) as being a major problem for Tourist Boards to encourage these independent businesses to participate in marketing initiative and improved delivery systems such as computerised booking. What they

have found is a marked reluctance amongst the community of small hotel owners to become involved with these "improvements". Brown and Hankinson (1986) expressed the need to persuade these small businesses to embrace Tourist Board initiatives. This may well be desirable but I believe it is more important to understand why the intervention of government "help" is being so unenthusiastically received. Similarly Tourist Board inspired grading schemes have met with hostility, not from badly-run, poor-quality hotels, but from several of the best independently-run hotels in the UK (Marketing 1987). There is a clash of cultures between the state-run Tourist Boards and the independent hotelier. Reasons for this difference of opinion will be revealed in Chapter 2 of the thesis.

A detailed analysis of the size and structure of the UK Hotels industry is given in Appendix 1.

Previous Research in the Hotels Industry

Research in the hotels and restaurant industry can be traced back over forty years, and with one exception, all the empirical studies have been located in large hotels and restaurants. The majority of research projects in this industry have been concerned with the limited perspective of labour relations problems rather than examining the hotel as an entity. Consideration of the interaction between employee, owner, hotel guests and external advisers has been largely ignored.

Analytical frameworks used in empirical studies have been frequently drawn from large scale manufacturing rather than from small scale service sector experience. As a consequence, hotels in general, and small rural hotels in particular, is an area of enquiry which has been neglected by the academic community.

The Research Strategies Which Have Had The Most Success Have Been Those Involving Qualitative Methodologies.

The locus of enquiry has been from narrow perspectives of either managers or employees. There has been an absence of the holistic approach which viewed the hotel, simultaneously, from the perspectives of the owners, family, employees, customers, suppliers and external advisers.

Hotel workers are perceived as a kind of underclass where inadequate wages, poor conditions, low status and exploitative employment relationships are the norm. These workers tolerate these conditions only because of the institutionalized theft to which management turns "a blind eye".

In my research I was eager to avoid the limitations of the narrow perspective which has characterised so much of the previous research in this field. Before providing a rationale for the multidisciplinary approach I eventually chose it is important to examine in some detail the achievements of other researchers who have investigated hotels and restaurants in the past.

Research in Large Scale Restaurants

One of the pioneers and most enduring pieces of research in this field was carried out by Whyte (1947). He described the human relations in the restaurant industry in Chicago. Although his work is over 40 years old and took place in the US much of his original findings have been confirmed by a number of more recent UK based research [Bowey (1976), Chivers (1973) & Shamir (1975)]. In particular Whyte made comparisons between manufacturing and service industries.

The  single most striking feature he revealed was the importance of

social skills, as opposed to technical skills needed by those in the restaurant industry. In spite of these findings the importance of those social skills is largely ignored by the majority of hotel-and-catering-related training, and education organisations, in the UK today. An examination of the evidence reveals a lack of priority given to social skills on hotel administration courses in the UK is revealed by the number of hours devoted to technical skills, rather than to social skills in the syllabi of UK universities, and polytechnics who provide such courses. [Universities of Strathclyde and Surrey; Polytechnics of Huddersfield, Manchester, Edinburgh, Aberdeen, Dorset, Birmingham, Leeds, Sheffield & Portsmouth provide such courses.]

Academics in the sociological disciplines regard Whyte's work as exemplary both on methodological and epistemological grounds. Three reasons for the apparent reluctance by educators and trainers to implement these findings have been given by Lowe (1987). Firstly much of the teaching is still concerned with economic rationality. Management is portrayed as a activity which produces more efficient utilization of resources by technical efficiency. Qualitative areas involving judgement and sensitivity are undervalued.

Secondly, those doing the teaching and training, frequently have little grass roots recent experience of the provision of hotel administration.

Finally, it is much easier to teach and train people in technical skills rather than in social skills.

When Whyte carried out his research the methodology used was rather novel. It became known as "Action Research". Twenty five large scale restaurants were studied over a twelve month period. In the first six months he interviewed supervisors and waiters. During the remainder of the year he used participant observation (observer as participant) as the main research method. This approach allowed Whyte to interpret the implicit logic of the behaviour of those working in the restaurants. In so doing he revealed four crucial features of the restaurant as a social system.

The first was that employee behaviour is a function of the social status of the customer. In other words the same employee varies his approach to his job, depending on the type of customer being dealt with. The implication of this fact, for educators and trainers, is that standardised behaviour, based on technical efficiency, is unlikely to be useful within the context of a restaurant operation.

The second main finding was that there was considerable conflict between waiters and chefs. This has been interpreted by Mars & Mitchell (1976) as being caused by the "diadic" working environment of chefs, and the "triadic" ones of waiters. "Diadic" relationships occur when an employee only has to work with his associates, and with his supervisor, and never has direct contact with customers. Chefs

frequently fall into this category in hotels. "Triadic" relationships are very common in front of house jobs in hotels, such as receptionists and bar staff, where regular contact with customers associates and supervisors is the norm.

Thirdly, the role of tipping as a form of social rating system was revealed. Those who received the most gratuities had the most status within and amongst the employees.

Finally, Whyte discovered why the organisation of large kitchens were so bureaucratic. This was so organised in order to perpetuate the social status of the leading figures in the hierarchy rather than to promote technical efficiency of the restaurant businesses.

In terms of my own research these findings are useful but there are three features which make Whyte's findings unlikely to be directly transferrable to small owner run hotels in rural Scotland. Firstly Whyte's research is now over forty years old. Secondly his research setting was rather different from mine. His was based in large urban restaurants in North America. Finally the methodology used in Whyte's work had a very limited focus: i.e. that of the employee. Customers perceptions of the behaviour of employees were not investigated. The restaurants were not viewed from the perspective of a single business entity involving the behaviour of owners their families and their friends and business associates. Despite these comments his findings have remained remarkably robust for a considerable period of time.

Inspired by Whyte's work Bowey (1976) chose to analyze five large restaurants in the UK from which she was able to produce a critique of the then current thinking on organisation theory. Despite the scholarly manner in which she carried out her work the findings lack internal consistency. Detailed criticisms are to be found in [Lowe (1979), Slattery (1982) and Mars & Mitchel (1977)]. The principle criticism of Bowey's findings is that they fail to penetrate the ideologies of either the employees or the managers who worked in the restaurants she investigated. Her analysis is sophisticated but superficial.

Slattery (1982:10) specifically criticized her rather vague findings by stating that she should have spent more time understanding the logic behind the action and not just the action itself:-

"It is a necessary requirement for those wishing to study the hotel and catering industry to first gain a detailed knowledge of the industry's nuances before carrying out the research".

A researcher who did possess the above credentials was Mars (1976). He is an anthropologist by profession, but also has a wide research experience in the hotels and restaurant industry. Mars was intrigued by the findings which the Canadian researcher Henderson (1965) produced, following a study of workers in the restaurant and hotels industry. Henderson found that those hotel workers who had direct contact with the public, operate more like independent entrepreneurs

than employees. He claimed that workers who receive 75% of their income from tips are not employees in the usual sense, but merely private entrepreneurs doing business on someone else's property. This became known as "institutionalized theft". This concept influenced Mars considerably, and can be seen as a major line of argument in both of his major pieces of research based on the UK hotels industry.

The first was mainly based on secondary data and was a joint effort with another researcher Mitchell [Mars & Mitchell(1977)]. It was published in the form of an Open University industrial relations case study. It portrays an exploited, under-paid and abused workforce, which are poorly represented by trade unions, who know or care little about their members' plight. All the data was collected from sources such as the Low Pay Unit, and from anecdotal journalistic impressions gathered from the experiences of those working in London based large hotels and restaurants.

The second piece of work Mars did in the restaurant industry was done in collaboration with another researcher (Mars & Nicol 1984). The research was again mainly based in London, in the restaurants of five large hotels. An ethnographic research design was chosen. From 1976 to 1979 Nicol spent between two and five months working as a waiter in an entirely covert manner. He was able to discover interesting aspects of the nature of the customer/employee relationship in a restaurant environment. A detailed evaluation of their findings are

given in the next chapter. Curran (1985) has criticized certain aspects of their own reportage of their findings as being "naive", and praised their interpretation of the mismatch between traditional standards of service within the hotel industry and the expectations of many of today's customers.

Research in large Hotels

Academic interest in hotels and restaurants in Britain was not aroused until the 1970's. In his MSc thesis Slattery (1974) attempted to reveal the organisational structures and processes of the large hotel. Unfortunately the promise of Slattery's ambitious objectives was not realized. He chose a research strategy which was incompatible with his objectives. The work was entirely based on secondary data. What he did reveal was that an hotel, as an organisation, is highly complex. However his main contribution was to emphasize that hotel workers were in fact 'performers' rather than 'operatives'. This issue is dealt with in chapter 2.

Shamir (1975) wrote his PhD thesis on the working environments and attitudes to work based on six very large London hotels. The research design was deductive. His main hypothesis was that the location of the hotel worker within the hotel determines his behaviour and attitude. The research instruments used were Lickert scaled questionnaires. On his own admission, many of the hotel workers in the sample were non-British, with language difficulties.

The appropriateness of this type of research instrument must be questionable. The main contribution Shamir has made is to appreciate the extent of the marginalisation of employees in large city centre hotels who work "below stairs" rather than "above stairs".

In 1979 I first became involved in research in the UK hotels industry. I carried out a study into the attitudes of West Midland hotel workers, supervisors and managers to the notion of worker participation Lowe(1979). The findings tended to lend support to the industrial relations climate as described by Mars & Mitchell (1977). With the benefit of hindsight, the methodology chosen was highly inappropriate to the type of problem I was attempting to investigate or assess. I chose a deterministic and exclusively quantitative research design. The problem was that I was endeavouring to test an hypothesis about which very little previous research had existed. The result was that my supervisor, Professor Loveridge, contrasted the rich experiences I had personally observed, and which I related to him during our meetings, with the rather bland findings which statistical analysis of the questionnaires produced. Halfway through the research I realized that I should be more concerned with the accuracy of interpretation of the logic implicit within the respondents' actions, rather than with way in which they answered detailed questionnaires. A qualitative research design would have been more useful than the method adopted.

Research in small Hotels

The only UK based published research which is related to my own work is that by Hayes (1980). His research was concerned with the investigation of the determinants of the survival and growth of small family hotels in the English Lake District. The research methodology was a hypo-deductive deterministic one. He chose a deterministic contingency model, derived from North American large-scale manufacturing experience, with which to interpret his data. He was able to identify two important aspects of the small family hotel. Firstly: the developmental process of the small family hotel can be characterized by two strategies. Those businesses which do not wish physically to move from a specific location ["immobiles"] and those which are eager to relocate ["mobiles"]. Secondly: the description of the scope and structure of the family influence within these hotels was revealed. In particular he noted that the word 'family' needed to be redefined, since it should also include loyal customers and employees. This was so because they had a type of relationship which went beyond any commercially-based transaction. Loyal customers were treated and expected to be treated, as visiting relations rather than paying guests.

It is interesting to note both the above findings were only revealed towards the end of the research process. Hayes's research was being supervised from Manchester University Business School. During an interview I had with him in April 1984 he told me that he was under

considerable pressure to conform to the methodological orthodoxy within that establishment and that there would be resistance from supervisors if a hypo-deductive strategy was not used. Hayes initially conformed to the pressure and designed a contingency model which he sought to test by postal questionnaire. He managed to obtain 143 completed responses.

Having analyzed them he then realized that the information was inadequate for his purposes. At this rather late stage he courageously discarded the contingency model, and arranged as many personal interviews with hotel owners within his sample, as he could realistically manage in his time scale. After labouring over verbatim transcripts with hoteliers a recognizable pattern of behaviour began to emerge. The creative inspiration which broke the intellectual "log-jam" came for him when it was suggested to him that the research done by Bott(1971) on the family might prove useful; it did. The final paragraph of Hayes's own PhD makes interesting reading:-

"Contingency theory did not explain the role of the family business between and within the contingency segments of environment, task, task structure and task relations.....Much more research needs to be done in the small firm to identify new forms of analysis"

Methodological Issues

Research into any small business activity involving the owners of the business, their employees and customers is full of difficulties. Thorpe (1986) has clearly described the nature of the dilemma for those wishing to carry out research within a business. The traditional research strategies favoured by most academics are not able to situate business problems from the owners perspectives very easily. They are usually concerned with confirming or rejecting an hypothesis rather than the 'discovering nature' of complex phenomena.

Running an hotel is essentially a pragmatic activity with apparently irrational behaviour. Most academic research by contrast, is characterized by abstraction and complexity. Within the small business context this view has been confirmed by Gibb (1983:3):-

"The major barrier [in our research] was the absence of an established acceptable theory of small firm development which clearly designated the relevant parameters and established the nature and weight of their influence."

Gibb's remarks are apparently a plea for more abstraction and theorising before future research surveys commence. What he fails to indicate clearly is how this exploratory research should be conducted. There are no direct references for the necessity for

analytical induction at the micro level from within individual firms.

It is not surprising that the academic community has shown a reluctance to become involved with inductive approaches. I have argued in Lowe (1987) that they are time consuming, risky, expensive, highly subjective, very difficult to analyze and there are serious problems associated with inference and proof. However they have been demonstrated to provide the most durable explanations of behaviour when they have been skillfully executed. It is not surprising that the academic community has shown a reluctance to become involved with inductive approaches. But when the academics have been so involved the results can be most rewarding. As the reader will recall the single most durable research in the hotels and restaurant industry to date was carried out forty years ago by Whyte (1947).

Marketing the Key to Business Survival?

As a marketing practitioner and academic I was convinced that any study of economic survival would not be complete without using marketing as part of the analytical framework. In this part of Chapter one, the academic credentials of marketing will be assessed followed by an evaluation of how marketing has been used amongst hoteliers.

Marketing as an Academic Activity

In his opening address to the American Marketing Association's seminal conference Bagozzi (1979) recalls the emergence of marketing as an academic discipline. From economic roots in the early 1900's, to an institutional focus in the 1930s and 1940's, the shift to a managerial emphasis in the 1950's and 1960's and finally to a social and scientific orientation in the 1970's become clear. Throughout this period two themes have become part of the body of knowledge which marketing embraces. They are described more fully in Appendix 2.

Firstly, there is definitional agreement that marketing is an exchange process.

Kotler's (1972:12) definition is the one with which the majority of the literature is in complete agreement. "Marketing is the set of

human activities directed at facilitating and consummating exchange."

Deductively derived models can be useful as metaphors but can be misleading when they are presented as fundamental principles.

The second idea about which there is a widespread measure of agreement, though not quite universal, is that marketing is a philosophy where the customer needs are the focus of attention. Thus: first the organisation had to establish what the customer wanted, and then the organisation would attempt profitably to supply these goods and services. From this notion came the concept of segmentation. Resnik et al (1979:347) remind us that market segmentation was the logical outcome of the acceptance of the marketing concept:-

"In the 1950's the age of marketing was ushered in by an explicit statement of business philosophy - the marketing concept. Essentially the customer became the focal point of the market effort, with profit viewed as a result of satisfying customers through an integrated marketing strategy. Segmentation has been the vehicle for tailoring marketing strategies to precisely fit the needs of the customer in the 1960's and 1970's."

Since the 1970's there has been a challenge to both what marketing actually is, and whether services, as opposed to products, need separate and distinctly different marketing strategies.

What Is Marketing?

Marketing has been derived from more established disciplines such as economics, sociology, anthropology, geography, psychology and mathematics. It has been studied from several perspectives; commodity, product, service, institutional, functional, societal and managerial orientations. One of the difficulties of adopting such an interdisciplinary approach is the emergence of several definitions of marketing. The taxonomy of the conventional wisdoms widely accepted by academics working in marketing are shown in Appendix 2. In an attempt to clarify the plethora of definitions Crosier (1988) found that three types of marketing definitions existed:-

- (a) Definitions which conceive of marketing as a process
- (b) Definitions which see marketing as a concept or philosophy of business
- (c) Definitions which emphasize marketing as an orientation

The definition which is most frequently cited is Kotler's (1972:12) mentioned earlier in this chapter.

This definition has remained uncontroversial until the application of marketing philosophy was transferred to non commercial activities such as the provision of cultural and social services. Kotler and Levy (1972:57) cite several examples in which the marketing concept can be used in non-profit making enterprises. They state that "the crux of marketing lies in the general ideas of exchange rather than the narrow thesis of market transactions". Foxall(1984:31) suggests that market orientation is in a sense not applicable in all instances:-

"Marketing orientation is itself no more than an appropriate response to a given market structure:- high levels of intra-industrial competition, the capacity for supply to exceed demand and consumer affluence as manifested in a large measure of discretionary spending."

Foxall (1984) ^{20b} points out that in the case of the provision of social services the member of the general public has no discretion because he has no choice of supply. He cannot withdraw his taxes. Foxall (1984) further maintains that it is difficult to perceive exchange relationships in this example, let alone identify the freely entered into, invariably mutually beneficial transactions which are the essence of modern marketing. The description of modern marketing transactions as being invariably "mutually-beneficial" reveals a naivete not shared either by this author or by Galbraith (1968). In place of marketing being exclusively an exchange process Foxall

suggests that in certain cases marketing is actually a matching process. Where matching, rather than exchange, takes place both parties to the transaction seek to identify common features which are of value to both. If Foxall is correct, then when an enterprise has multiple objectives, especially in circumstances when many are not concerned with growth and profitability, "matching" rather than "exchange" is likely to take place. The implications of this are wide-ranging since it could be argued in such a situation, the requirement to establish customers' needs is less important than "matching" an enterprise's offering with customers who agree with what is on offer.

In other words many people are unable to say what they would like or desire in advance. Its only when they are confronted with an offering are they in any position to form a purchasing or none purchasing decision. However marketing orthodoxy still tends to believe that the "exchange" process, involving the mutual benefit of both parties to a transaction, is the most appropriate way to define marketing. A more detailed analysis of marketing's contribution to the survival of the firm is given in Appendix 2.

Is Marketing just intuitively attractive? Has it been rigorously grounded?

The five components of the marketing taxonomy shown in Appendix 2 have either been deductively derived, or have been based on data from

small unrepresentative samples. With a few exceptions, notably in services, marketing these have been developed from large scale manufacturing industries in North America some twenty years ago. These ideas are intuitively appealing. (This would perhaps explain why conflicting evidence has been ignored). Leppard and McDonald (1987:171) address the usefulness of marketing planning in a business environment:-

"Many observers are still bemused by the fact that many meticulous marketing planning companies fair badly, whilst the sloppy or inarticulate in marketing terms do well. Is there really, or indeed has there ever been, any relationship between marketing/planning, and commercial success? Or are we academics just indulging ourselves in logically deduced theories based on ungrounded assumptions? Some evidence for this is provided by Greenley (1987), who identified only seven empirically based studies on marketing/planning practices of commercial organisations. The remaining mass of publications are largely prescriptive."

In short the vast majority of research about marketing is logically plausible is mainly based on speculation rather than on grounded observation. Bartels (1974:14) summarized his dissatisfaction with the state of knowledge in marketing in the following terms:-

"Marketing has an identity crisis due to three factors.

- (a) An emphasis on quantitative methodologies rather than on the utility of research findings.
- (b) Developing an increasingly esoteric and abstract marketing literature.
- (c) A concern for increasingly sophisticated methods of data analysis rather than problem solving."

Marketing Literature and the Hotels Industry

Both the two most widely used publications listed below restate the contemporary marketing wisdoms within a large hotel environment; Nykiel (1983) and Buttle (1986). None of the writers in marketing within an hotel environments has mentioned the more recent developments in services marketing. This is especially surprising since they would appear to be far more relevant than using theories grounded in manufacturing and fast moving consumer goods.

Notwithstanding the above there have been interesting contributions by writers about hotel marketing. An entertaining but journalistic and anecdotal approach is given by Greene (1985) of marketing practice in large UK hotels which is described in more detail in Chapter 2. Marketing strategies were studied by Median (1982). He investigated the marketing strategies as used by 46 hotel managers. The smallest hotel in the sample had 80 bedrooms and all the hotels

were owned by large companies. He established that the two most dominant marketing strategies were growth and developing competitive orientations. The research was carried out at arms length using a postal questionnaire. There is no indication as to the number or type, of hotel managers who failed to respond. Allowing for this the usefulness of these findings to the owners of small hotels must still remain questionable.

A recurring theme which features in the marketing literature related to hotels, is that of the importance of 'marketing channels'. Kaven (1974) was one of the first academics to describe the complexities of typical market channel options which confront the hotelier. A rare reference which specifically deals with marketing opportunities is to be found in Littlejohn (1982). He clearly described the two main types of marketing channels which are in operation in the UK hotels industry. They are shown in Appendix 1.

What are the Implications of the Current State of Knowledge in Marketing for Establishing Survival Characteristics of Small Hotels?

The current text books written on marketing for hoteliers are not very helpful for three reasons. First: traditional marketing theory has been deductively derived from manufacturing industry, often based in North America. Second: the contributions from services marketing, and specifically the importance of internal marketing, and the use of public relations has been overlooked. Finally, the emphasis has been on large companies with an exclusively profit motivation.

Small Business Growth and Survival

The Significance of Previous Small Business Research

In an attempt to find research findings which more closely reflect the focus of my own research, the literature within small business research will now be examined to establish how this is likely to be of assistance in understanding the survival mechanisms of the small hotel business.

Since the Bolton Committee's (1971:1) findings were published research into small business has been gathering momentum. Bolton defined the small firms sector of the economy in the following manner:-

"Economically, a small firm is one that has a relatively small share of its market. Managerially, the small firm is administered by its owners, or part owners, in a personal way, rather than through the medium of a formalized management structure. It is independent in the sense that it does not form part of a larger enterprise and owner-managers are free from outside control in taking their principal decisions."

Not only did Bolton provide the impetus for more research but it has also been responsible for much of the conceptual basis of small business research ever since. The rationale for having this

governmental enquiry in to small firms was caused by the concern that this sector of the economy was in serious decline. This assumption was in fact based on national economic statistics from 1924 to 1935 and from 1940 to 1968. Curran & Stanworth (1983:19) have pointed out that both these periods are highly atypical.

If different bases of comparison had been adopted, research might be have been focused on other aspects of small firm activity, other than growth. Other assumptions implicit in much of the post-Bolton research are:-

- (a) The belief that the small firms sector was in long-term decline in relation to our international trading competitors.
- (b) The small firm sector is relatively homogeneous and can be usefully studied using the existing SIC categories.
- (c) Manufacturing will continue to be of considerably greater importance than the service sector of the economy.

Bolton commissioned studies of 18 industry-specific sector reports from which a more refined notion of 'smallness' could be generated.

One of the Pickering (1971) reports featured the hotels and catering industry. Pickering (1971:3) used the following guidelines in selecting the sample of small firms in the hotel and catering sector:- "It was agreed that we should concentrate on the supply of services of the hotel and catering industry in the free market by firms which are employers of non-family labour where more than minimal sums of money are tied up in the enterprise."

In so doing Pickering excluded the most common type of hotel and catering establishment from the study. It was also a declared objective of this sectoral report, to be very selective, and only choose those businesses who were committed to growth, profitability and cost-effectiveness.

"It seems however that some owner-managers may not have these goals and may have a high leisure preference rather than an objective stated in terms of something nearer to the idea of the maximization of cash income or profits. As we have shown, the particular nature of this industry means that the operators with such a personal goal can often survive quite happily in view of the non-monetary benefits available." (Pickering 197)

How Small is a Small Business?

The notions of smallness, in the Bolton report, had the effect of excluding many thousands of companies from their investigation. In manufacturing, small firms were assessed to be those companies with

less than 200 employees. Other industries such as retailing, wholesaling and the motor trade were categorised by turnover. This was £315K, £1.2M and £650K respectively. In the UK hotels industry, as previously mentioned earlier in this chapter, 75% of establishments have less than 10 letting bedrooms, which employ considerably less than 10 people, and many of these hotels will include family members on their payroll. The Bolton report's criteria for smallness excluded these types of hotels on the grounds outlined by Pickering(1971:3). This is unfortunate since it meant that the most numerically typical size of small firm, in the hotels industry was excluded from the the Bolton report's investigation.

Previous Literature Reviews

Milne & Thompson (1983), and Milne & Lewis (1984) in their reviews of key aspects of the literature, noted that there was a gradual move away from the study of the entrepreneur towards a greater understanding of small business development. Research into entrepreneurship has been carried out for several decades. Chell (1987) in her extensive literature review of the findings of the personal characteristics of entrepreneurs came to similar conclusions. The research results were characterized by inconclusiveness, and an inability to produce a single typology which fully explains what makes an entrepreneur different from the rest of society. From the early 1980's onwards, government interest in funding research into small business development increased as the

level of unemployment grew. The notion that small business growth would also reduce unemployment is politically attractive, and as such continues to attract funds despite strong evidence to the contrary. [Storey & Johnson (1987)].

Curran & Stanworth (1984:127) in their review of UK small business research commented on its very recent development:-

"Prior to 1971, the literature on the small firm was relatively small and overwhelmingly American in origin. Classic studies are those of Collins et al (1964), Mayer and Goldstein (1961), and McClelland's theoretical contributions..." . They describe the diverse development of UK based small business research but are able to isolate several areas of agreement:-

- (a) Few owner-managers make financial gain their key goal

[Boswell (1973), Stanworth & Curran (1973), Scase & Goffee (1981) & (1982), Bannock (1981) and Storey (1982)]

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- (b) The discovery of an "in-between" class of petit bourgeoisie amongst the self employed community.

[Bechhofer & Elliot (1976), (1978) and (1981), Scase & Goffee (1982a) and Scase (1982)]

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- (c) There is no single entrepreneurial type; there is a wide ranging repertoire of entrepreneurs that appear to be situation specific.

[Stanworth & Curran (1973) & (1976)]

- (d) There is widespread distrust of the state, and those external to the small firm



- (e) Most small firms do not wish to grow. They prefer to remain small.



[Stanworth & Curran (1976)]

A more recent, authoritative and comprehensive review and analysis of small business research in Britain from 1976 to 1986 by Curran (1986:30) drew five main conclusions about the current state of knowledge concerning the activities of entrepreneurs and owner-managers.

- (a) Research activities in small business have become a growth industry in itself. There is still a bias towards manufacturing rather than service industries.
- (b) "There has been a remarkable increase in the variety

of owner-managers and self-employed covered by the research.....research has revealed a great deal about the situation of the owner-manager in these types of small enterprise, the trends in their development and their backgrounds - yet the qualitative experiences of the owner-manager as an everyday role are little understood".

- (c) "To date the emphasis has been on surveys - the researcher had been on the outside looking in. Much more research effort needs to be devoted to getting closer to the owner-manager involved in the construction of the enterprises internal and external relations. This requires more participant observation, more opportunities for the voice of the owner-manager to be heard, but situated in the accounts of others - employees, customers, suppliers, bankers, accountants - who also contribute to the reality of the small scale enterprise".
- (d) "There is also a great need for follow-up research on the effectiveness of small business training".
- (e) "A further major gap in existing research is our knowledge of the self-employed without employees.

In a literature, so wide-ranging which has already reached a

"critical mass" stage, two studies will be examined in some detail to demonstrate both the quantitative and qualitative methodological approaches in small business research. It has already been highlighted, in the previous literature reviews, that the dominant methodology has been quantitative. The assumptions contained within the majority of quantitative studies to date have all been associated with the importance of growth in small business survival.

Quantitative Approaches

Growth has been viewed as a concomitant to the "success" and survival of the small firm. Growth, "success" and survival are created by a particular melange of internal and external variables which have been described by means of an elaborate contingency model. Two examples of this approach are Cited by Gibb, Webb & Scott (1983:) and Milne & Thompson (1984). Gibb et al acknowledged the shortcomings of their research strategy by saying that "insufficient was known about the fundamental issues in small business theory and a deductive strategy was only really able to reveal how little they actually knew." They discovered an interesting finding that "family firms display special problems arising out of personal relationships which hold back their development." They had not fully considered the possibility that they just did not wish to grow.

Milne & Thompson (1984)  made an heroic attempt to incorporate much of the Gibb et al findings in their model of the determinants of the

development of the infant business process. They studied one hundred companies. The basis of selection being "soundness" and "success" factors. Although manufacturing companies dominated the sample, a few service companies were included in the survey. The researchers decided to use the same analytical framework in which to situate all the data collected from several different industries. Their research was flawed in two important aspects.

Firstly they adopted two rather arbitrary and subjective criteria in "soundness" and "success".

Secondly they embarked on a research strategy without the necessary methodologies to provide a sufficiently rigorous interpretative framework. However their research design did include some qualitative data. Unfortunately they overlooked the problems of interpretation and analysis this type of data can cause. They were overwhelmed by large quantities of non-standard data and had great difficulty situating them in among their quantitative findings.

The main criticism of both research activities is that insufficient attention was paid to the assumptions which were implicit in their choices of analytical perspectives and research methodologies.

Both sets of papers employed contingency approaches and have assumed a "process" view of small business rather than a "social practice" view as advocated by Reed (1984).

Qualitative Approaches

Stanworth & Curran (1979)a & (1979)b and Goffee & Scase (1983) have written papers that are examples of the above. All of these research projects studied the small firm from a "social practice" perspective. A sociological approach was adopted. What they also had in common was the notion that it was no longer appropriate to study the small firm at a distance, through examining external quantitative indicators, or through interviews with a single organisational representative. A weakness of their research was its narrow focus of attention. It viewed the small business/hotel entirely from the twin perspectives of employee relations and managerial control.

None of the research strategies involved customers, family, suppliers or competitors for example. However, specific findings by Goffee & Scase (1983) proved useful in understanding the different type of small firms, which, whilst all being small in themselves, had noticeable differences. They were able to identify four diverse types of small firm organisations within the UK construction industry. It is interesting to note that there are parallels between the construction industry and the catering and hotels industry. They both are predominately comprised of very small firms. Modest amounts of capital are required to start up. There is an absence of professionalism amongst practitioners generally. Both industries are nationwide and long lived.

The four categories are shown below:-

- (a) Self employed
- (b) Small employers
- (c) Owner-controllers
- (d) Owner-directors

The conclusions which have been drawn from the kaleidoscopic small firm data base is that more exploratory research is needed. The research design should be holistic, and thus view the small firm in its entirety. The research procedures need to be carefully planned so that the data does not become overwhelming. The quality of access is more important than the quantity of data produced.

The most persistent theme which has emerged from all the literature reviews of the hotel industry, marketing and small business is the absence of research evidence at the micro level of economic activity at the level of the individual small firm. Before the survival mechanisms can be revealed and understood an understanding of the ideologies of those running the small firms needs to be penetrated. To this end a second literature review was undertaken to discover how the culture of the small hotelier could best be revealed. This literature review forms the focus of the next chapter.

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CHAPTER 2

THE SERVICE CULTURE IN HOTEL KEEPING

ABSTRACT

In the previous chapter it was established that there was an absence of research-based knowledge about the survival of the small firm at the level of the individual firm. It became obvious that an understanding of the service culture in general, and the culture of the small hotelier, was a necessary requirement in order to penetrate their ideologies, and so interpret the activities of those owning, working in, and staying in small hotels.

The issue of culture is explored in two main ways. Firstly, fundamentally, this is done from four different academic perspectives. Secondly, in an applied manner, as has been related to the contemporary business situation. It will be shown that much of the power of cultural analysis has been lost in the transition from the fundamental approaches advocated by anthropologists, to the situations analyzed by management pundits and gurus. They have underestimated the importance of taking a holistic perspective of an organisation. Where rigorous research has taken place in the discovery of the different cultures in the work place environment, especially by sociologists, they have tended to address only the narrow perspectives of particular interest groups. A holistic approach, it is argued, would, on the other hand, perhaps reveal deeper insights into the total behaviour of those, not only working in the firm, but also the owners, their family, customers, competitors and suppliers. To achieve this massive amounts of data

will be generated and the literature particularly from anthropology, suggests that the establishment of the different social boundaries of particular interest groups will be critical in achieving my research objectives.

The research on the culture of the work place has been dominated by work carried out in large scale manufacturing establishment. I have set out to discover if the culture of service is sufficiently different to warrant an interpretation which is specific to services rather than to manufacturing. The literature revealed that it does. The service concept is defined generally, and specifically, from the perspective of the small hotel. Various models of service within the hospitality industry are evaluated, and areas of agreement and disagreement are highlighted.

Finally the chapter concludes by synthesizing the concepts derived from cultural analysis, the nature of service and the small hotel context. The purpose of this synthesis is to describe both the ideologies of hotel keeping and the service culture. Additionally it is to suggest analytical frameworks which are capable of documenting both ideologies of hotelkeeping.

CULTURE

Whole areas of the social sciences, especially anthropology, have made culture the central theme of their analysis. However Wuthnow (1984:4) reminds us that because it is a widely used word some researchers in the social sciences have trivialised the concept by describing it as "that residual realm left over after all forms of observational behaviour have been removed". Culture has even made the best seller list in the Peters & Waterman (1982) book by appealing to the intuition of many managers, by describing the key cultural characteristics which the successful companies, in their study, revealed. Academics in management have not shared the enthusiasm of practicing managers for this publication. Whilst they have accurately identified several methodological weaknesses in Peters & Waterman, they have not established why this publication still remains so popular amongst its largely business-orientated readership. Its popularity, I believe, lies in the fact that certain intuitive universal "truths" emerge from the book, despite its methodological weaknesses. Managers realise that culture holds the key to the survival of any firm. Rather than add to the criticisms of Peters & Waterman's book, I will explore in this chapter, the power of using culture, when it is used as an analytical framework, rather than just a descriptive metaphor.

Watson (1987) has examined several research studies based on the work place including conflict at work by Goldthorpe (1974); the management

of boredom Edwards and Scullion (1982); the use of jokes and horseplay Roy (1952); and institutionalised theft Ditton (1977). All of these studies have, in their different ways, revealed important aspects of culture as a means of survival at the work place. Interesting though they are, they have not been focussed on the firm as a holistic entity. Frequently it is the culture of the employee or the manager which has been revealed. These studies have, in the main, been located in large manufacturing companies, and where service companies have been used, such as Ditton (1977), they have not been of the personal service variety.

Hofstede (1980) has attempted to establish the existence of cultural traits on an international level by examining the differences between "power distance" and "uncertainty avoidance". The methodological weakness of the study, is that Hofstede has attempted to measure the degree to which the size of an organisation, and its power relationships, vary across 40 different countries. Unfortunately these assumptions were largely based on the now discredited Aston research carried out by Pugh (1976) et al., where measurement took precedence over interpretation. Cultural traits are essentially qualitative in nature, and as such need to be decoded, interpreted and explained, before they can be measured in a deterministic manner.

It is most unusual to encounter a piece of research, involving the study of the culture of an organisation, which takes into account

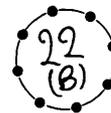
employees, owners, customers, suppliers and competitors. The reason why this holistic perspective has been previously avoided is that most of these studies took place in large organisations where such an endeavour would have been impractical. However with a very small firm the study of its survival culture, with reference to all those who work in it and interact with it, is more possible.

Some Definitions of Culture

The sociologist professor Watson(1987:83) defines culture as follows:-

"THE SYSTEM OF MEANINGS WHICH ARE SHARED BY MEMBERS OF A HUMAN GROUPING, AND WHICH DEFINE WHAT IS GOOD AND BAD, RIGHT AND WRONG AND WHAT ARE THE APPROPRIATE WAYS FOR MEMBERS OF THAT GROUPING TO THINK AND BEHAVE."

Van Maanen(1985:31), a social anthropologist, from his experience in working in corporate environments, produced the following definition of culture:-



"CULTURE CAN BE UNDERSTOOD AS A SET OF SOLUTIONS DEVISED BY A GROUP OF PEOPLE TO MEET SPECIFIC PROBLEMS POSED BY THE SITUATIONS THEY FACE IN COMMON....WITHIN SUCH A FRAMEWORK, FORM INITIALLY FOLLOWS FUNCTION, BUT FUNCTION SEEMS TO GIVE WAY TO FORM."

Schein(1985:9) the management leadership guru and academic discovered what anthropologists had known for decades - that culture is the

linch pin of the survival of all organisations. His description of the role of cultural analysis in companies is revealing:-



"THESE ASSUMPTIONS AND BELIEFS ARE LEARNED RESPONSES TO A GROUP'S PROBLEM OF SURVIVAL IN ITS EXTERNAL ENVIRONMENT AND ITS PROBLEM OF INTERNAL INTEGRATION. THEY COME TO BE TAKEN FOR GRANTED BECAUSE THEY SOLVE THOSE PROBLEMS REPEATEDLY AND RELIABLY. THE DEEPER THE LEVEL OF ASSUMPTIONS IS TO BE DISTINGUISHED FROM THE "ARTIFACTS" AND "VALUES" THAT ARE MANIFESTATIONS OF SURFACE LEVELS OF THE CULTURE BUT ARE NOT THE ESSENCE OF CULTURE."

The overlapping theme of all these definitions of culture is that culture is fundamental to the survival of any human organisation. Without an appropriate organisational culture; the organisation will have a limited existence. It was Pettigrew (1979) first who alerted academics, working in organisational studies, to the necessity of the rediscovery of culture. He reminded organisational studies academics that merely viewing organisations from their visible, tangible and rational aspects, such as structure and technology, was rather like trying to give an accurate description of the totality of an ice berg, by describing only that which was above the water line. Pettigrew reintroduced the need to penetrate organisational ideologies by paying close attention to symbols, myths, language, beliefs and rituals. Before outlining the implications of a cultural framework of analysis for my research, I would like firstly to

describe the four main philosophical orientations which are found in the literature of cultural analysis.

Philosophical Orientations of Cultural Analysts

Culture is largely invisible to the researcher since it is an agglomeration of learned responses to problems of survival. These learned responses are partially acquired through the process of socialisation and partially inherited. Culture happens to people usually without their conscious realisation. Because it is so difficult to observe, the researcher has to adopt a specific cultural framework of analysis. The emerging cultural framework has been derived from four different perspectives; phenomenology, anthropology, structuralism and hermeneutics. Of these four analytical frameworks it is anthropology which has been found to be the most useful in terms of my own research. Not only does the anthropological approach offer an holistic, interpretative, framework but it introduces the notion of invisible social boundaries, within which cultural norms, supported by values, operate. To discover the limits of the social boundaries is to understand the culture of the of the organisation being studied.

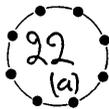
Phenomenology

Academics operating in this domain are concerned with issues orientated towards the very basis of being and knowing. Authors such

as Berger (1963) stress the shared understandings on which social interaction is based, and argue for descriptive research orientated towards a more empirically-grounded understanding of the ordinary perceptions and intentions of people in their daily life. Wuthow (1985:21) has argued that The Bergerian School of thought came about in the following way:-

"Berger demonstrates genuine ecleticism, and a propensity for synthesis of the finest kind. What is more, his fluency in German, and a working fluency in several other northern European languages, have given him access to a wide set of literature, otherwise inaccessible to the majority of American scholars."

Berger (1966:20) situates his philosophical orientation in the following manner:-



"Phenomenology is the social construction of reality..... Phenomenological analysis [is] a purely descriptive method and, as such, [is] "empirical" but not "scientific" - as we understand the nature of empirical sciences."

Anthropology

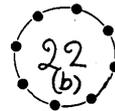
This is a vast area of study which it is not intended in this brief review of key issues, to cover comprehensively in the development of an analytical framework for cultural analysis. The work of

Douglas(1978) is featured because, although the context of her work was in primitive communities, she has revealed several universal truths which affect all types of human communities, whether in economically developed countries or not.

Cohen (1974:13) reminds the sceptical that anthropology is more than the sociology of primitive societies:-

"Social anthropology is not the sociology of primitive society, any more than sociology is the social anthropology of modern society. Anthropologists specialise in the systematic observation, and analysis, of the drama of custom, or of symbolic behaviour generally. They pose major questions about man, society, and culture, but seek to tackle these questions through intensive field work in small areas of social life, and through rigorous comparative analysis developed in the course of extensive cumulative experience in the study of a variety of cultural codes in different parts of the world.....THE CENTRAL THEORETICAL PROBLEM IN SOCIAL ANTHROPOLOGY HAS BEEN THE ANALYSIS OF THE DIALECTIC RELATIONS BETWEEN TWO MAJOR VARIABLES: SYMBOLIC ACTION AND POWER RELATIONS."

Douglas (1978), one of Britain's leading anthropologists, focussed on social forms of ritualism and developed categories of thought and social demarcation. THE NOTION OF THE SOCIAL BOUNDARIES IS PARTICULARLY USEFUL WHEN ONE CONSIDERS THAT BOUNDARIES EXIST TO DRAMATIZE ORDER. The main intellectual assumption underpinning her



work comes from Durkheimian tradition. She is concerned with questions which address moral order. In particular, she has unravelled the ways in which rituals dramatize moral order. Although much of her field work was carried out in the Belgian Congo's rural areas, her findings have remained robust and valid, in general terms, when related to Northern European countries. She rejects the structuralist approach, claiming that it is merely a form of reductionism. Douglas seeks to discover why certain symbols occur in some settings, and not in others, rather than focusing on certain hidden meanings contained within each symbol.

Structuralism

The analysis of meanings within language lies at the heart of structuralism.  The routes of these notions have been derived from Weber (1940) and Parsons (1951). Levi-Strauss (1962) further refined the use of structural linguistics to reveal specific meanings of words in given situations. He was able to differentiate between use of the metaphor and the metonymy. The former relies on recognition of similarities, and the latter on contiguities. In other words, in the case of a menu in a restaurant, the horizontal reading of each course would be seen as a metaphor. The vertical reading of the entire menu is a metonymy. The strength of this line of argument is that, in order to understand fully what lies behind language, both metaphorical and metonymical aspects have to be used.

The next development in structuralism came from Barthes(1964). For ten years he worked a branch of linguistics which attempts to come to terms with signs and symbols, and their relation to meaning. This became known as semiotics. Barthes (1964:213) defines structuralism in the following way:-

"What is structuralism? It is not a school of thought, or even a movement. For most of the authors habitually associated with this word do not feel in any way bound together by a common doctrine or cause. The aim of all structuralist activity, in the fields of both thought and poetry, is to reconstruct an object, and by this process, to make known the rules of functioning, or 'functions', of this object. The structure is therefore effectively a simulacrum of the object, which brings out something which remains invisible, or if you like, unintelligible, in the natural object. The simulacrum is the intellect added to the object."

The problem for many non-structural linguists is that the literature on the this subject area is so highly specialised, and exotic, that it remains somewhat impenetrable for non-experts. In more recent times, however, with the emergence of Foucault's(1972) "The Archaeology of Knowledge", things have begun to change. Foucault draws on other approaches apart from structuralism. These include the Durkheim(1956) and Marxist traditions. He is concerned with the role of language and terminology in shaping mental perceptions, and also with the way in which the particular arrangements of space, artifacts and social perceptions affect ideas. His particular

contribution to the understanding of culture is to demonstrate the particular ways in which knowledge and power form the boundaries of acceptable social behaviour in different settings. On a more fundamental level, he explains how, and why, the gatekeepers of knowledge and legitimate scientific enquiry exercise their power. In relation to culture Thompson (1986:108) describes Foucault's contribution in these terms:-

"The value of Foucault's contribution does not lie in offering a theoretical resolution to the problem of finding the articulating principle of cultural complex, or the final cause of its ideological effects. Its main value is in showing the fruitfulness of an archaeological method that drives us back again and again to uncovering the layers of culture, their specific interactions, and the political processes (both macro and micro) that produce their ideological outcome.....Foucault's analysis of culture is that it has been layered in two senses; diachronically and synchronically. The former relates to the superimposition of successive cultural productions over a period of time. The latter are the relations between the layers of culture refer to the articulation of different cultural elements, and includes consideration of their varying degrees of crystallization and institutionalization, ranging from the most fluid cultural forms to those that are enforced by institutionalized sanctions."

Hermeneutics

This a branch of phenomenology that tends to focus on the collective dimensions of cultural life and as such is more concerned with language, than would be the case with Berger. The most famous advocate of this line of approach is Habermas(1980). Wuthnow(1985:191) describes Habermas's views in terms of a 'critical theory' approach:-



"Habermas's critical approach to the analysis of culture is deeply rooted in the scientific tradition. He is skeptical of theory that has no obvious reference to the condition of observable social events. His interests lie in raising phenomena to the status of observable objects which can then become the focus of reflection and criticism. While it is necessary in this quest to posit certain unobservables, he is reluctant to make these unobservables the focus of his theory or to accept their existence on the basis of faith alone...He regards it of value to construct a unified theory of human culture, rather than admit that different theories may be of value in different situations."

Habermas extols the virtues of rationalism, but argues against both deductive positivism, and the Popperian view of the scientific method. He claims that we have lost our way. This has been caused by the advancement of science in the last hundred and fifty years. What is called rationalism is merely the development of a capacity to

formulate empirically-testable hypotheses. He believes that rationalism should be more concerned with the rediscovery of the relation between reason and human values. The articulation of this relationship is the main objective of hermenentics [sometimes also referred to as "critical theory"]. He further argues that this process of discovery involves the observer bringing preconceived models of interpretation to the situation. This being the case it is less accurate to say that the observer 'discovers' meanings, then he recognizes that these meanings are 'reconstructed'.

This is one of the main reasons why Habermas places so much reliance on language in understanding of culture. The language used is personal to those in the situation under observation. It is their own model of cultural expression, and as such is less susceptible to interpretive bias.

Why is Culture Such a Vital Component of Human Existence?

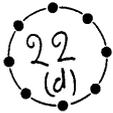
As has been previously stated, earlier in this chapter, the link between culture and its relevance to the study of organisations, and people at work, is not an entirely novel concept. Pettigrew (1979) advocated the use of a cultural approach to the study of organisations. He suggested that researchers interested in organisational behaviour should take a much closer look at the micro level of the firm, and rediscover the analytical methods of analysis first used by anthropologists.

When culture is used as an analytical framework, it can identify empirical regularities or patterns within the dimensions of reality. From these "regularities" several things can begin to emerge. These allow rules to be specified, mechanisms and relationships to be present, in any behaviour that is meaningful. Before these patterns of behaviour can be identified and understood, it is first necessary to appreciate the role culture plays in all our lives.

It has been argued by Leach (1982) and Levi-Strauss (1945) that the phenomena which we perceive, have characteristics which we attribute to them because of the way our senses operate, and the way the human brain is designed to order and interpret stimuli which are fed into it. One very important feature of this ordering process is that we cut up the continuum of space and time, with which we are surrounded, into segments, so that we are predisposed to think of the

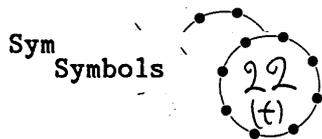
environment as consisting of sequences of separate events. Correspondingly, when we construct artificial things. We devise ceremonials, or write histories of the past. We imitate our apprehension of nature. In particular Levi-Strauss's thesis is that by noticing how we apprehend nature, by observing the qualities of the classifications which we use, and the way we manipulate the resulting categories, we shall be able to infer crucial facts about the mechanisms of thinking. In order to penetrate the ideologies of any given situation, it is first necessary to appreciate that they often find expression in language, symbols and myths.

Language

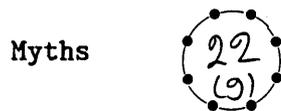


The realisation that language separates man from the other animals may appear to be a rather banal and a very obvious statement. Looked at in a more fundamental way, language is more than a spring of vocabulary. It is the enabling mechanism which explains what makes people do things. Structuralists, such as Levi-Strauss, argue that through the theory of signs (semiology) patterns of behaviour can be identified. Phenomenologists like Berger see language, more as a conduit for human meaning. It is clearly different from a theory based in structuralism which emphasizes not meaning but patterns, rules, and structures of language, which make particular words meaningful. Whether a structuralist or phenomenological orientation is used, the realisation that language has a pivotal role has made it possible to discover why symbols and myths play such a crucial part

in our daily lives.



Cohen (1974) describes symbols as objects, acts, concepts or linguistic formations that stand ambiguously for a multiplicity of disparate meanings which evoke sentiment, and impel men to action. Firth(1951:37) identifies four elements of symbols which explains why they form such an integral part in the understanding of culture. "Symbolic formations are flexible. They can be continuously interpreted and re-interpreted. They often are the key to understanding ideologies and symbols are very robust and durable."



Myths have been described by Freud as a device for the expression of unconscious wishes. Levi-Strauss (1945) declares that a myth is a universal primitive non-rational logic. Behind the stories embedded in myths are messages wrapped up in code. Schein(1985:126) demonstrate the power of myths used in contemporary industrial situations:-

"In an illuminating paper, Martin and Siehl (1983) analyse the key values of General Motors, as seen by the disenchanted John DeLorean. The point of most of DeLorean's stories is to "make the company look ridiculous and ineffective."

Ritual



Douglas (1978) borrowing concepts from Durkheim and Goffman has focussed on social forms of ritual, and deviance, as means of discovering the social boundaries we, as humans, survive and operate within. The distinction made by Durkheim between culture, and social structure, reducing the former as an adjunct to the latter, is, however not pursued by Douglas. She, being a cultural anthropologist, is more concerned with the internal patterns of culture, rather than its ultimate causation.

The contribution she made is a most vital one. Ritual and social deviance define the boundaries of order. Ritual dramatizes the boundaries and social deviance violates them. This notion of the boundaries of social order is most important in understanding culture, because it is on these boundaries, and along its margins are where the loci of power and order. (Douglas (1966:120):-

"Where the social system explicitly recognizes positions of authority, those holding such positions are endowed with explicit spiritual power, controlled, conscious, external and approved.....where the social system requires people to hold dangerously ambiguous roles, these persons are credited with uncontrolled, unconscious, dangerous, disapproved ambiguous powers."

In understanding that permissible boundaries dramatize order

that makes it possible to begin to penetrate the internal logic which impels any group of people to action.

Ideologies



These are the fundamental concepts which allow man to come to terms with, and deal with, all types of problems related to the human condition. Ideology has an integrative function with an organisation, in that it permits people to make highly efficient use of the symbols within any given repertoire. It enables the creation of new symbols to cope with new situations. A powerful way in which ideologies are sustained, and renewed, is in the 'social drama'. An explanation is given by Cohen (1974:132):-

"It is in these dramas that the political and the symbolic orders interpenetrate one another. Each drama tries to effect a transformation in the psyches of the participants, conditioning their attitudes and sentiments, repetitively renewing beliefs, values and norms thereby creating, and recreating, the basic categorical imperatives on which the group depends for its existence."

Culture as an Explanation of Managerial Behaviour

For several years many writers have expressed their dissatisfaction with the attempts of management researchers, to interpret accurately what actually happens within companies, and other organisations. The management "guru" Drucker (1958:90) expressed his sense of frustration over thirty years ago in these terms. [Have things really changed appreciably since then?.]

"The theory of business has still failed to explain adequately four main problems which confront business today...

- (a) The inability of the layman to understand modern business enterprise and its behaviour.
- (b) The lack of any bridge of understanding between the "macro-economics" of an economy, and the micro-economics of the business enterprise.
- (c) The absence of a genuine "theory of business enterprise" creates very real problems (those of internal integration of the organisation).
- (d) The business man's own attitude to theory -i.e. "theoretical equals irrelevant."

22
(A)

More recently, between 1982 and 1985, Peters and Waterman (1982) sold three million copies of their book "In Search of Excellence". It was revered by managers, and derided by many academics. The book told

practitioners what many already knew. Academics read that they had been over emphasizing the role of rationality in business practice. The book was really about the organisational cultures of large "successful" US corporations in the late 1970's. The authors themselves were somewhat embarrassed by the apparent simplicity of their own findings; Peters and Waterman (1982:1):-

"Each finding in, and of itself, may seem a platitude, but the intensity of the way in which the excellent companies execute the eight findings, is as rare as a smog-free day in Los Angeles."

Their research design was an opportunistic one. Their research methodology consisted of a combination of in-depth one-to-one interviews, and focus group interviews with senior personnel from 24 US companies. The original impetus for the research came as a result of Peters working for McKinsey's management consultancy. He was disenchanted with the conventional wisdoms coming from business schools. When they started the research, they began with an in-house McKinsey framework, which was used to diagnose client problems. The seven aspects in the framework were; structure, strategy, systems, skills, staff, style and shared values. They agreed that this framework somehow had a missing perspective. This was a convincing account of irrationality in managerial behaviour. Authors who attempted to account for this aspect of behaviour, and directly influenced Peters and Waterman, were Barnard (1938), Simon (1966), Mintzberg (1973) and Chandler (1972).

The eight main findings demonstrate the importance the culture within each corporation studied:- Peters and Waterman (1982:13)

"The eight attributes that emerged to characterize, most nearly, the distinction of the excellent innovative corporations are -

- 1) A bias for action and getting on with it.
- 2) Close to the customer
- 3) Autonomy and entrepreneurship
- 4) Productivity through people
- 5) Hands on and value driven
- 6) Stick to the knitting
- 7) Simple form and lean staff
- 8) Simultaneous loose-tight properties."

New ideas in management are rarely welcomed by the educational establishment. One of the most infamous examples was the appalling treatment given to Woodward(1965). Professor Eldridge(1986:183) revealed what actually happen when Woodward introduced her, then new ideas, on the relationship between technology, and the structure of manufacturing companies.

The main strength of Peters and Waterman (1982) was to expose the misplaced emphasis on rationality in managerial behaviour, which still dominates much of the thinking within the business school community. However they were correctly criticized for their failure

to take of, and use, the large body of knowledge which exists amongst cultural analysis, from phenomenology, anthropology, neo-structuralists and hermeneutics. They are rather coy about the precise nature of the research design, from the points of view of description and procedures adopted in their chosen methodology. No evidence is given to suggest how they overcame the inherent problems of validity, reliability, and bias within their chosen methodology.

Since the Peters and Waterman publication a rash of clones have been produced, many of which repeat the same methodological inadequacies. There has also been a cross-over amongst academics.

Figure 4 shown over is my interpretation of how Schein (1985) developed his "Levels of Culture".

Levels of Culture

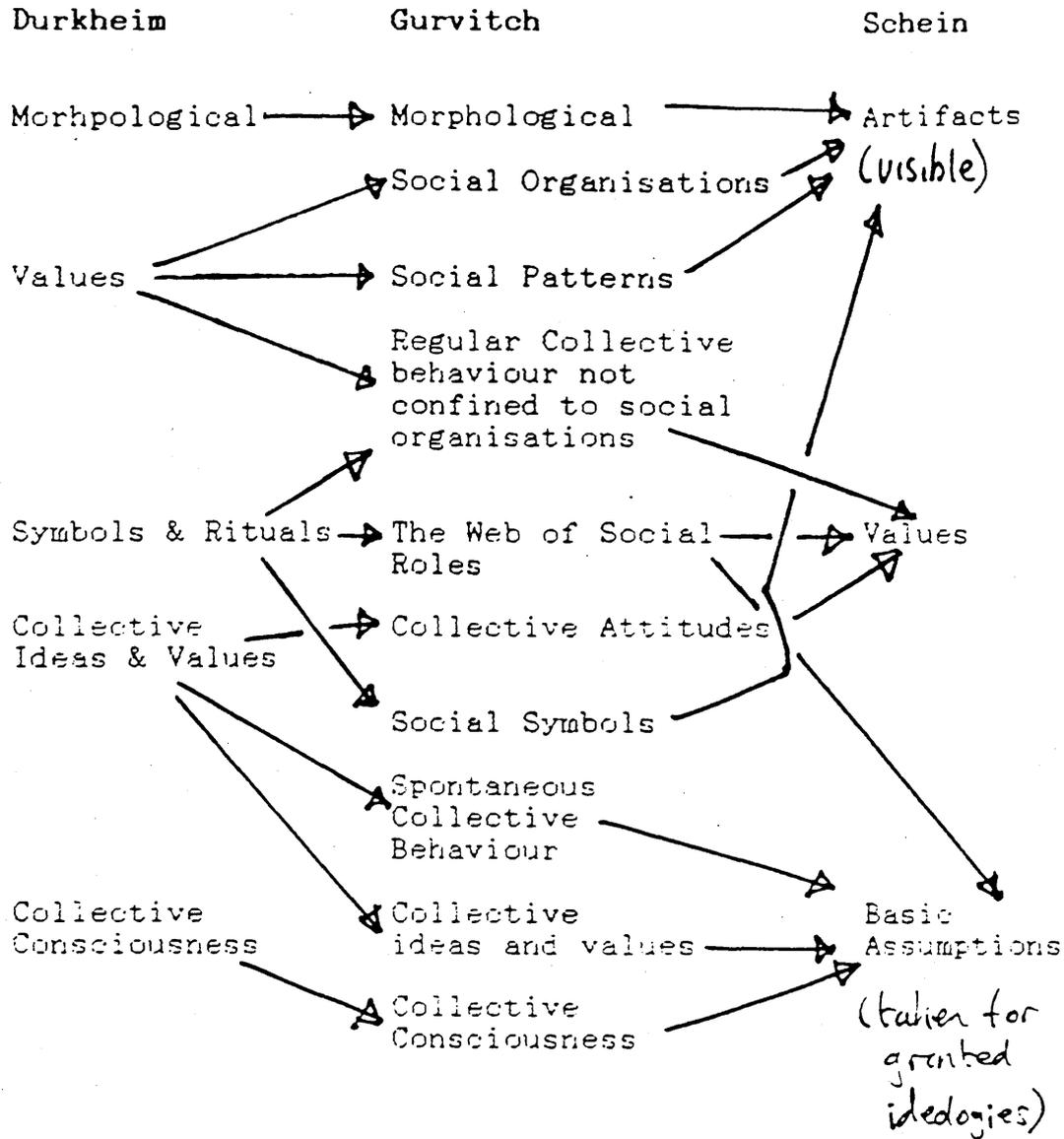


Fig 4

It can be seen in figure 4 that Schein (1985) has borrowed the concepts developed by Durkheim (1956) and Gurvitch (1971) to explain how apparently trivial physical artifacts can hold the key to first discovering norms and values, and ultimately penetrating the ideologies of an organisation.

Very useful though Schein's contribution is, to a cultural analysis within a management context, it has a major flaw. Schein's suggested analytical framework is purely theoretical, and not based on empirical data systematically collected in a rigorous manner. Instead, he takes a highly pragmatic stance, and describes his approach as a "clinical perspective". In other words he feels that data he has amassed as a consultant, rather than as an ethnographic researcher, is more valid because of the nature of the relationship between client and consultant, rather than researcher and client. In doing this he misinterprets the logic of his own argument. He quite correctly warns the reader that an organisational culture can only be decoded by careful and sustained examination of the visible "artifacts" such as language, symbols and myths. This requires in-depth observation and participant observation, for lengthy periods of time. Neither of these methodologies are open to the consultant due to the short time horizons, and commercial relationship, of client and consultant. What Schein has done is superimpose the analytical frameworks derived from anthropologists on to his own data which has not been collected in a manner which lends itself to this type of analysis. It may be unwise merely to adopt

Schein's cultural framework of analysis without first exploring particular aspects of services which might be expected to have been revealed.

Service

Before relating the service concept to small hotels, service will be dealt within two other contexts; macro and micro. The macro context concerns the impact of services within the economy as a whole, from an economist's perspective. The micro context will examine service at the level of the individual service company from a service marketer's view point.

What are Services?

In Chapter one some important differences between products and services have already been highlighted ; "intangibility" being the most important. Further development of the implications of these differences have been produced by the "Nordic School" of service management. Their definition of service has been stated as follows by Lehtinen (1985:85):-

24
(a)

"Service is a benefit-providing object of transaction that is an abstract activity essentially produced and marketed at the same time as it is consumed"

The Service Sector of the Economy

There is now widespread acknowledgement that as services form an

increasing proportion of the Gross National Product [67% of UK GNP in 1985] greater understanding of the service sector of the economy is needed. Despite the influential contribution from Gershuny (1983) economic activity is still monitored by the majority of academic and governmental economists by the three sector model. This involves the use of the primary, secondary and tertiary levels of economic activity. Gershuny (1983:245) states the conventional economic wisdom in the following terms:-

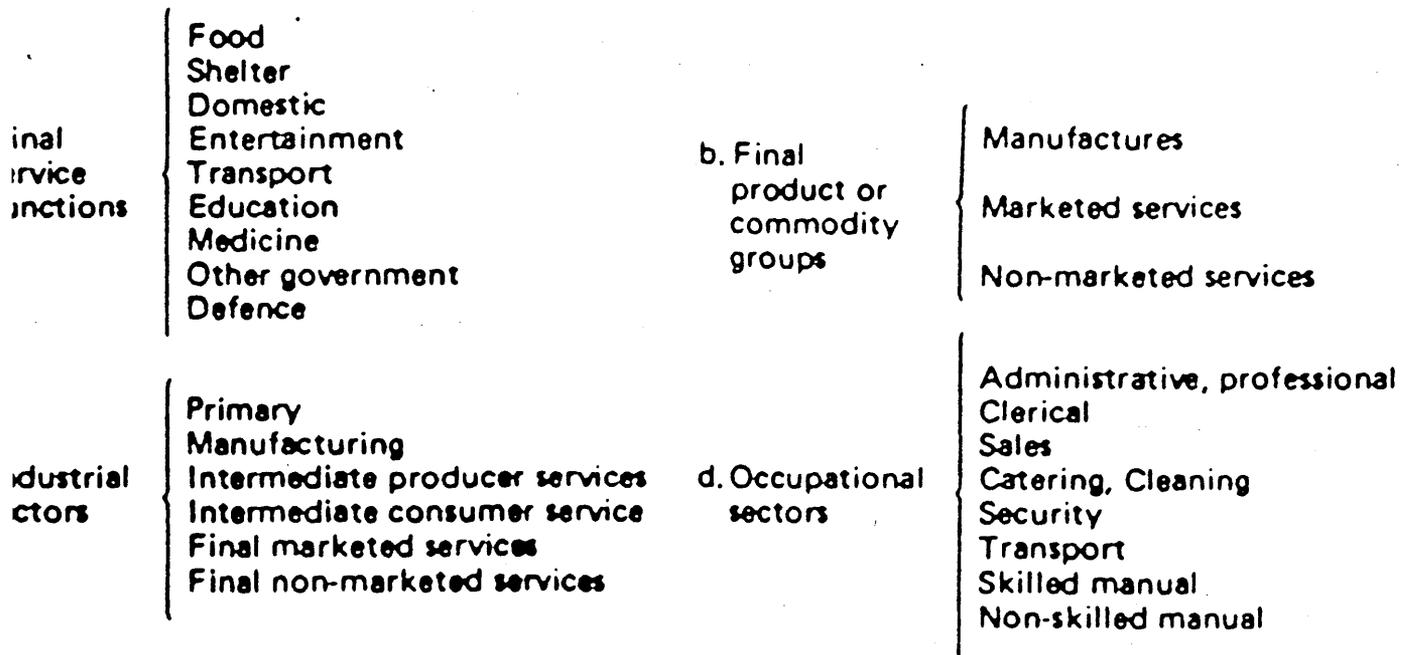
"....at the beginning of the economic process of economic development, societies consist of hunting and gathering groups; first agriculture develops, initially with such a low level of productivity that there is little surplus above the subsistence requirements of the farming groups, so that the economic activity of most members of the society falls into the 'primary' sector; as agricultural techniques improve, productivity rises and the size of surplus grows, enabling the development of manufacturing of 'secondary' sector, producing both equipment and also consumer goods which satisfy some less basic needs over and above subsistence requirements. As the wealth and productive potential of the society grows still further, even more sophisticated needs are provided for by the 'tertiary' sector."

Gershuny (1983:249) has stated that this form of economic analysis "describes a world much simpler than the one we are actually living

in" and has highlighted three major shortcomings of the traditional form of macro economic analysis.

The first weakness is that it ignores the implications of social innovation and technological change. Changes in demography and social customs alter the emphasis individuals in society place on basic and and luxury goods and services. Information technology makes possible new types of linkages between different types of economic activities in ways which were not possible to predict and incorporate into traditional models of economic theory. Secondly, there are implicit false assumptions of low-productivity in services relative to manufacturing. This was caused by a misinterpretation of the nature and function of services. Finally, the traditional economic model does not consider the differences in evolution between final manufacturing and service products, manufacturing and service industries, and manufacturing and service occupations.

Gershuny(1983:251-252) replaces the traditional three sector model of economic activity with a dynamic model within four classificatory dimensions fig3 . Whilst this reveals more of the complexities of the real world it is only a small step nearer a complete explanation of the way in which the model has been expressed it is not possible to put into operation. Gershuny's contribution is perhaps more useful when his recommendations for the future are analyzed.



Four classificatory dimensions

Fig 3

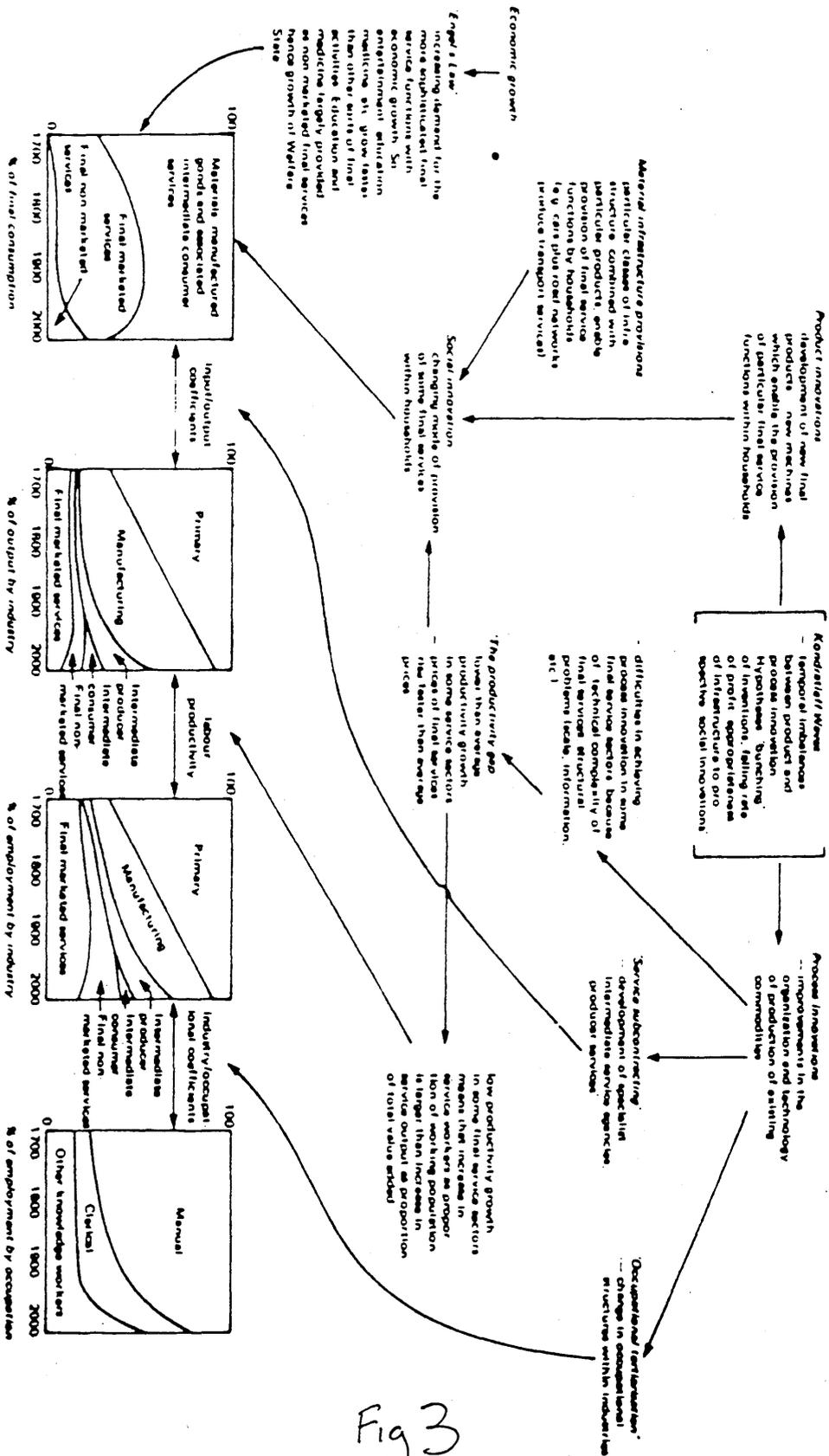


Fig 3

Schematic summary of the argument

Fig 4

Particular reference is made by him for the need to have more basic research into who does how much paid work, unpaid work and leisure, and how these choices are made. He highlights the need to develop ways in which to monitor the informal economy in order to understand the nature, and role, of services, within the economy. The implications of this are dealt with in Chapter 3. He advocates other lines of enquiry than orthodox macro economic analysis. He recommends a multi-disciplinary approach at the micro level of economic activity.

Services at the Level of the Individual Firm

For the reasons given in Chapter 1 and in Appendix 2 it was demonstrated that interest amongst marketing academics is a relatively recent phenomenon. The difficulties of establishing an adequate definition of services is shown in fig 5.

UNIQUE SERVICE FEATURES AND RESULTING MARKETING PROBLEMS

Unique service features	Resulting marketing problems	Selected references citing problems
Intangibility	1. Services cannot be stored.	Bateson (1977), Berry (1980), Lajeunesse et al. (1981), Sasser (1976)
	2. Cannot protect services through patents.	Figliier and Lajeunesse (1975, 1976), Judd (1968)
	3. Cannot readily display or communicate services.	Rathmell (1974)
	4. Prices are difficult to set.	Dearden (1978), Lovelock (1981), Thomas (1978)
Inseparability	1. Consumer involved in production.	Booms and Nyquist (1981)
	2. Other consumers involved in production.	Bateson (1977), George (1977), Grönroos (1978)
	3. Centralized mass production of services difficult.	Sasser et al. (1978), Upah (1980)
Heterogeneity	1. Standardization and quality control difficult to achieve.	Berry (1980), Booms & Bitner (1981)
Perishability	1. Services cannot be inventoried	Bateson (1977), Sasser (1976)

SOURCE: Valerie, A. Z., Parasuraman, & Berry, L. L., (1985), "Problems and strategies in Services Marketing", *Journal of Marketing*, Spring 1985, pp. 33-46.

Fig 5

REFERENCES LISTING UNIQUE CHARACTERISTICS OF SERVICES

	Intangibility	Heterogeneity	Inseparability	Perishability
BATESON (1977, 1979)	*	*	*	*
BELL (1981)	*	*	*	*
BERRY (1975, 1980, 1983)	*	*	*	*
BESSOM AND JACKSON (1975)	*	*	*	*
BOOMS AND BITNERS (1981, 1982)	*	*	*	*
CARMEN AND LANGEARD (1980)	*	*	*	*
DAVIDSON (1978)	*	*	*	*
DAVIS, GULTINAN, & JONES (1979)	*	*	*	*
DONNELLY (1976, 1980)	*	*	*	*
EIGLIER & LANGEARD (1975, 1976), EIGLIER et al (1977)	*	*	*	*
FIK (1981)	*	*	*	*
GEORGE & BARKSDALE (1974), GEORGE (1977)	*	*	*	*
GRÖNROOS (1977, 1978, 1979, 1983)	*	*	*	*
JOHNSON (1969, 1981)	*	*	*	*
JUDD (1968)	*	*	*	*
KNISELY (1979)	*	*	*	*
LANGEADR et al (1981)	*	*	*	*
LOVELOCK (1981), LOVELOCK et al (1981)	*	*	*	*
RAITHMELL (1966, 1974)	*	*	*	*
REGAN (1963)	*	*	*	*
SASSER (1976), SASSER & ARBEIT (1978)	*	*	*	*
SCHLISSEL (1977)	*	*	*	*
SHOSTACK (1977)	*	*	*	*
THOMAS (1978)	*	*	*	*
UHL & UPAH (1980), UPAH (1980), UPAH & UHR (1981)	*	*	*	*
ZEITHAML (1981)	*	*	*	*

SOURCE: Valerie, A.Z., Parasuraman, & Berry, L.L., (1985), "Problems and strategies in Services Marketing", Journal of Marketing, Spring 1985, pp. 33-46.

Fig 5

The main feature of the summary of the literature review by Parasuraman et al (1985) shown in fig 5 illustrates the integrative nature of the service function, and that all services have both tangible and intangible aspects. What makes services different from traditional products is the predominance of intangible aspects of the service offering, and a tendency for services to have greater customer-employee contact.

The Nordic School

Based at the Swedish School of Economics and Business in Helsinki, Professor Gronroos and his associates have established empirically-based theories on service organisations. The main reason why this Nordic School's view on the marketing of services is featured is that, unlike the majority of marketing academics, they first collected data from exploratory case studies in services organisation, and interpreted the behaviour of these firms rather, than generating an hypothetical hypothesis which was subsequently confirmed or rejected by survey and research methodologies. One of the frequently observed features of surviving services organisations was the clear distinction which was made between "technical" and "functional" aspects of quality. Gronroos (1983) found further evidence for this when he contacted 219 service organisations in Scandinavia by direct mail questionnaire, all of whom had recently attended marketing of services seminars at the Swedish School of Economics and Business Administration in Helsinki. The purpose of the

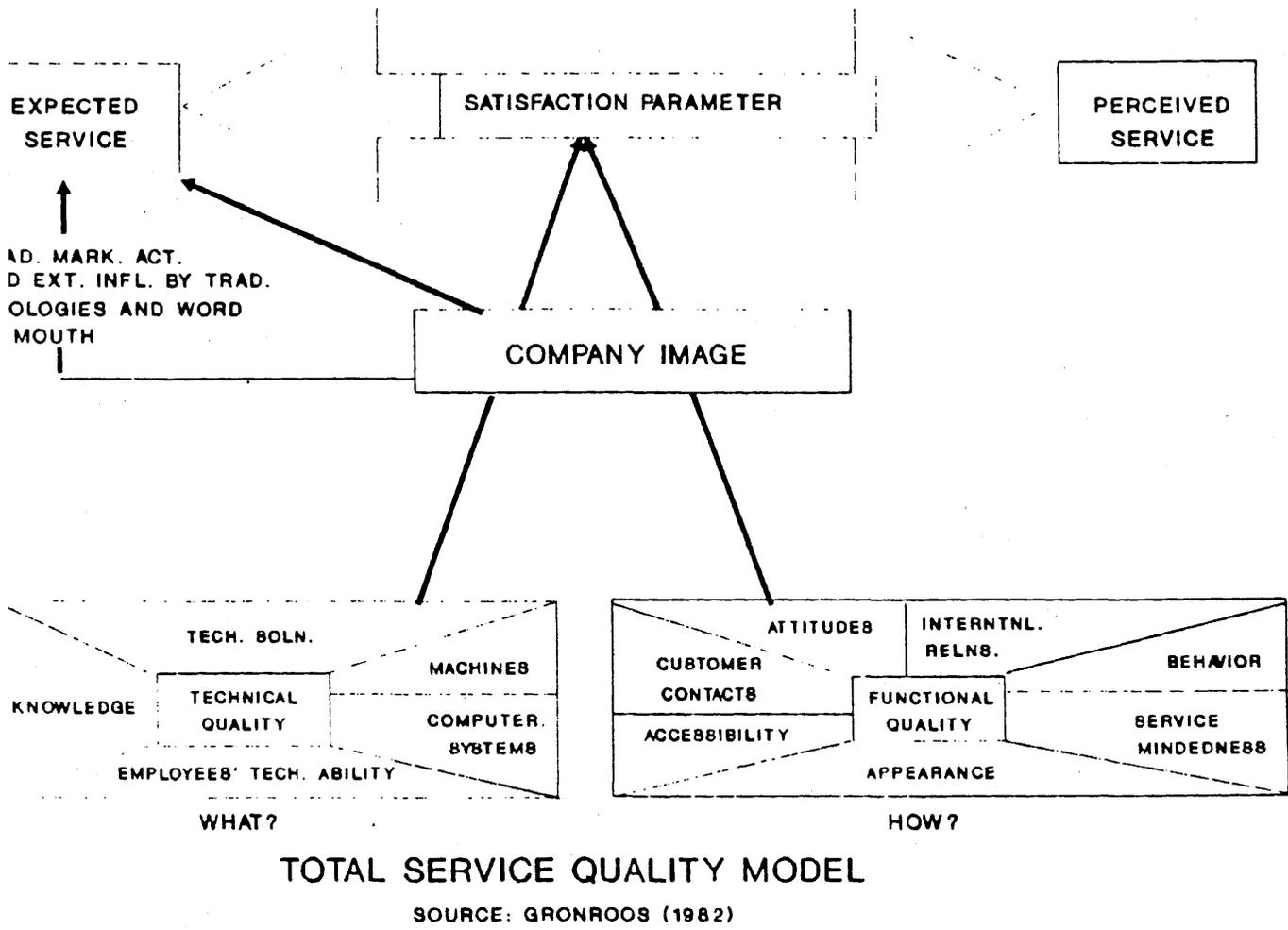


research was to attempt to establish what were the major differences, from a marketing perspective, between the service and manufacturing environments. The structure of the sample is described in Gronroos (1983:32)

It will be seen that no more than 3% of the respondents comprise of hotel or restaurant organisations. 15% of the sample came from companies with less than 11 employees. There were three main findings. The first was concerned with the issue of quality. It was established that there were two distinct aspects of quality of service; functional and technical. In other words functional quality concerns what services was performed, and technical quality was the way in which this service was performed. The respondents considered that their customers rather surprisingly placed a higher value on the latter.

The second main finding was that the quality of service depended upon the level of service expected by the customer [prior to purchase] and the perceived by the customer [post purchase]. The extent to which the customer was satisfied with the service was the degree to which customer expectations were met by actual experience. The third conclusion from the research was that the buyer-seller interactions were more important than traditional marketing activities such as advertising. The implications of these findings is that internal marketing is more likely to be appropriate than traditional marketing for service organisations.

Both these concepts are summarised in Fig 6 shown below.



TOTAL SERVICE QUALITY MODEL

SOURCE: GRONROOS (1982)

Fig 6

Interesting though these findings are it is important to make certain observations as to the validity and reliability of Gronroos's research. As far as construct validity is concerned the results are plausible and confirm findings by Swann and Combs (1976) in general terms. However it should be noted that Swann and Combs conducted a randomly based sample of housewives in a North American Shopping Mall eight years earlier. Gronroos(1983:109-110) used a purposive sample where all of the interviewees were senior executives, presumably mostly male. As far as predictive validity and reliability is concerned Gronroos himself has the following comments:-

"When judging the validity of the study, one should remember that the study reveals nothing directly about the organizations represented by the respondents, but rather shows the respondents' view of their companies. Moreover, the research population contained only respondents who had attended a seminar on service marketing, on average eight months before the questionnaires were answered.....No formal reliability test has been carried out, but it seems reasonable to believe that the reliability is acceptable."

Clearly the research design and methodologies are flawed. Despite these weaknesses Gronroos's work remains the only recent example of empirically-grounded marketing theory in a service context.

The French School

At the Universite d'Aix Marseilles professors Eiglier and Langeard(1981) had come to approach services from a marketing background. They presented their findings to the Marketing Science Institute in Boston which whilst being entirely theoretical, inspired others including Normann(1985) to write a book on service management. Normann is the director of The Service Management Group based in Paris, and also is a visiting professor at Universite d'Aix Marseille. His book is influenced by academics, but mainly comprises data drawn from fifteen years experience acting as a consultant to a wide range of mainly small and medium sized service organisations in France.

His contribution is useful because he goes beyond the rather obvious statements which relate to the importance of the customer employee interaction. He explores the nature of these interactions and suggests what has to be done for them to be managed.

Normann(1985:ix) opens his book with quite a provocative statement:-

"Actually, in a service organisation everybody tends to be a manager. A recurring theme is that the customer himself forms a crucial part of the production, or delivery of a service, and to make the customer productive and efficient, has to be managed."

24
(b)

This is an interesting view point since it violates the notion of customer sovereignty so beloved of marketing gurus. Normann(1985:55) describes how and why the client must be managed in the context of a restaurant:-

"In a restaurant, for example, the other clients represent an important part of the total ambience, and therefore the service is experienced. This is one reason why strict control of the type of clients who are 'let into' the club and those who are not--in other words market segmentation--is often called for."

Twelve elements of client-management are highlighted by Normann(1985:55):-

1. Can the timing of demand be influenced?
2. Does the customer have spare time while he is waiting?
3. Do clients and contact personnel meet unnecessarily face to face?
4. Are such contacts used to maximum effect?
5. Is contact personnel doing repetitive work which the customer could do himself?
6. Could client interest and knowledge be better utilized?
7. Do the customers show interest and knowledge about the tasks of the contact personnel?
8. Is there a minority of customers which disturb the service delivery system?

9. Do the customers ask for information which is available elsewhere?
10. Can the customers do more work for each other?
11. Can part of the service delivery process be relocated to decrease the costs?
12. Can the customer choose between service levels? Normann (1985:19) goes on to say that it is possible to identify certain cultural traits which he has found to be present in successful service organisations.

"On making contact with any really successful service companies, one is aware, almost immediately, of a special kind of ethos emanating from every employee and infecting the client as well"

Normann (1985:126) develops this line of argument and produces a model in which both the customer is managed and the ethos of the company is established.

Normann (1985:132) identifies five main characteristics which he has found to be indicative of successful service organizations:-

- a) An orientation towards quality and excellence.
- b) Client orientation
- c) An investment in people in terms of training
- d) A tendency to be extremely rigorous with regard to factors vital to success in the client relationship.

e) Strong focus but broad perspective

These findings are very similar to those produced by Peters and Waterman (1982) discussed earlier in this chapter.

However Normann can also be criticized for having the same methodological weaknesses as Peters and Waterman. One of Normann's main contributions is to situate his findings within an analytical framework which can be used by managers and owners of service companies. His principal contribution to academics working in the service company environment is to alert rather than to the requirement to manage the client.

Finally Normann (1985:78) echoes Gronroos in his statement about the relevance and consequences for service quality with regard to internal marketing:-

"Let us illustrate the complex mechanisms at work here in a slightly edited example from a company with which we have worked. Suppose that a customer enters a restaurant and orders a dish from the menu. Let us also suppose that he is neither very knowledgeable nor very discriminating about food, and that he is a one-time visitor who is just passing through town. Suppose that today the restaurant happens not to possess the perfect faultless ingredients needed for this dish, it is a bit of a gamble whether it will be up to standard or not. The chef hesitates but decides to serve

the dish. He may have done a fine job; the normal standard may have been exceptionally high; or the customer's lack of knowledge and low standards have come into play; but whatever the reason, our customer walks away happy and satisfied. So everything is alright?

No, because something extremely significant has happened: a new norm has been established in the company, stating that 'Its all right to cheat the customer a little, especially if he doesn't seem to notice'. The customer may not notice, but there is no way of hiding what goes on from the employees. Such an incident (probably quite right) will be seen not as a single occurrence but as a symptom of the prevailing professional and ethical norms in the organisation, and this will have a profound effect upon the way employees perceive the organisation, and on the kind of reputation it will eventually have among potential recruitment groups. Employees with high professional and ethical standards will not see this company as a place in which they could be happy in the long run. The grapevine will spread the news to the professional community. It is easy to see how in the slightly longer run our little incident will influence the personnel structure and professionalism of the restaurant, and consequently its genuine ability to provide excellence. In the end, the

service itself will be affected, and finally the customers will notice. Sloppy internal marketing will affect the external market position."

The Service Culture in the Hospitality Industry

So far in this chapter culture and service have been treated as separate and unrelated issues. In this final section of the chapter they will be unified in a description of the service culture within the hospitality industry. Based on the current state of knowledge specific ideologies will be revealed which might be expected to exist inside small hotels.

Ideologies of the UK Hotel and Catering Industry

An important feature of the hotels industry, which is explored in Appendix 1, is the fact that this industry predates the industrial revolution. The hotel and inn have been a part of Britain's history since records began. The majority of researchers, who have studied this industry, have tended to treat hotels as though they were another sector of industrial activity created as a result of the industrial revolution. Although Mars and Mitchel (1976) were the first researchers to produce any coherent analysis of the UK hotels industry, their interpretation has overlooked the subtelties of behaviour which operate at the mirco-level within each individual firm. Mars and Mitchell (1976:25) in their analysis of the UK Hotels industry have identified four dominant features which they claim directly affects each individual hotel and catering operation.

- 1) The direct nature of the demand for its product and the often immediate feed back of satisfaction or dissatisfaction from customers.
- 2) The erratic nature of this demand, causing facilities to be used intensively at certain times, and remain relatively unused at times.
- 3) The personal service nature of much of the industry emphasizes employee's direct relationships with customers.

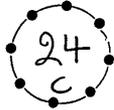
- 4) The perpetuation of basic distinction which occurs between those who are in direct contact with customers, and those such as kitchen porters who are not."

In Appendix 1 mention has been made of the failure of governments and the financial community to understand the mechanisms of the hotels industry in the UK. Worried by the lack of status which the hospitality industry had in the UK, the Hotel and Catering Institute [now called HCMA] commissioned research into establishing what body of knowledge was appropriate for hospitality managers to join a professional management organisation for the industry as a whole. Johnson (1970) working at Surrey University carried out the study which was a survey of hotel managers employed by large hotel organisations. He mistakenly concentrated on technical skills, and rather overlooked the social skills which might be needed by managers. These social issues which are well known to those working within this industry have remained largely unexplained to a wider audience. This is confirmed by Nailon (1982:137):-

"Thus the concept of hospitality seems to have developed as a mystique, exclusive and responsive only to those familiar with the rituals and the appropriate credentialals for entry."

In attempting to establish a theoretical framework within which to

situate hospitality management Nailon (1982:135) makes the following observations:-



"There is an absence of any commonly agreed theoretical framework about hospitality management."

Nailon(1982) gives two main reasons for this situation. The first is concerned with the very diverse nature of the hospitality industry. There are two extremes of service being offered; hedonistic and utilitarian. The pleasure seeking hedonist demands to be entertained. Whereas the utilitarian service is a substitute for normal domestic requirements. The second reason for a lack of agreement on theoretical frameworks in hospitality management is caused by the inappropriate transference of management theories based on North American manufacturing experiences. Miller and Rice (1967:45) realised that the manufacturing model was narrow and situation specific:-



"....in the context of general theory of organisation the conventional factory situation, far from being prototypical, is a special case."

It is hardly surprising that the diversity of the entire hospitality industry has not been encapsulated in a single unifying theory. One of the main purposes of my research is to induce such a model in a very specifically defined sector of this industry.

Perhaps without realising it Nailon(1982:137 & 142) has opened up two aspects of the service culture within the hospitality industry which need further investigation. The first relates to the norms and values which appear to underpin so much of the ritualistic behaviour:-

"As a consequence [of the growth and development of new hotels in the 1960's], what has been often described as 'service' is a watered-down, and often inappropriate, set of rituals which have infiltrated by default from the grand hotel tradition"

This issue has been highlighted by the work of Mars & Nicod(1984). Curran(1985:18) has summarized this aspect of their findings in a review of their book as follows:-

"As Mars and Nicod point out in one of the best argued analyses in the book, in recent decades the bottom end of the catering market has expanded enormously. Many more people now eat out, if only occasionally, than ever before. This has led to a wide spectrum of provision and expectations on the part of customers. At either end of the spectrum, the motorway cafe and the top-class London restaurant, customer's expectations are likely to be met. But in middle-range hotels, particularly the modern, highly bureaucratized variety, promises of exceptional service and food, in the promotional literature, are difficult to meet at the prices charged, if the business is to be profitable. It is in this type of hotel that

customer expectations are likely to be violated: waiters are often poorly trained, too few in number, and backed up by too few resources to meet the expectations generated by advertisements. The result is a lack of satisfaction all round."

The second aspect of the service culture which Nailon(1982:142) introduces us to is the nature of the complexity of the role of the hotelier:-

"The late Albert Elovic, a most profound and successful hotelier once said - 'The hotelier must have the diplomacy of a Kissinger, the grace of the Queen Mother, speed of a Concorde, the smile of a Greek God, the patience of a saint, the memory of an elephant, the thick skin of a rhinoceros, the strength of an Atlas, the staying power of a mother-in-law, the fitness of a centre forward, the grooming of a Duke, the voice of an Olivier, the eye for profit of a Vesty, and last, but not least, the hotelier must have a love of humanity; for humans show their worst side when they are tired and hungry."

The hotel and catering equivalent of the publication by Peters & Waterman (1982) was produced by Greene(1985). It has been reprinted four times since its original publication date. He also has received praise from practitioners, and rather a cool reception from some academics. The basic theme of his book is the distillation of two

decades as a leading hotel consultant is as follows [Greene(1985:186 & 206)]:-

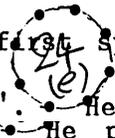


"What I am emphasizing is that in order to promote restaurants more effectively it is necessary to promote and sell atmosphere."

"Hotels should sell the benefits rather than the the product:-

- a good night's sleep
- relaxation
- escape from pressure
- a feeling of contentment
- let other people do the cooking and washing up
- impress your friends
- impress your customers
- impress your girl friend
- it really is a good investment
- put your customer in a more receptive mood
- atmosphere and ambience
- feel better when you return to work"

Campbell-Smith(1967) first systematically described the benefits as Can



'the meal experience'. He produced several check lists of the 'the meal experience'. He produced several check lists of the

various elements of these intangible qualities but failed to situate them clearly in specific, and different contexts, across the diversity of the wide range of restaurants and hotels.

Managing the Customer

In Appendix 1 there are several examples of how and why firms in the hotels and restaurant business have to manage their clients, guests and customers. But it was Whyte(1946:132-133) who was the first researcher in the context of a restaurant setting, who realized that customers have to be managed in a service situation:-

24
(b)(ii)

"The first question to ask when we look at the customer relationship is does the waitress 'get the jump' on the customer, or does the customer get the jump on the waitress? The skilled waitress tackles the customer with confidence and without hesitation. The relationship is politely, but firmly, handled and there is never any question of who is in charge."

Mars & Nicod(1984) found that both the customer and the waiter are continually trying to 'get the jump' on each other. Customers do it by tipping, asking for special requests, and the ever-present threat of complaints. The waiter tries to gain the upper hand by boundary breaking devices, such as having the menu written in French or by addressing the customer in polite but very formal modes of speech.

Burgess(1982) cautions against the injudicious use of these techniques and argues that the UK hotel sector has, for the last 100 years, tended to reflect the culture of the late nineteenth century, when the prevalent view of service was to ritualize and formalize the

event, reduce interpersonal behaviour, and create a subordinate status for staff. He concludes that the hotel manager today must become less concerned with administrative detail and start to perform a more 'public host role'.

The word "perform" has arisen earlier in this chapter, and occurs once more in Slattery's(1974:103, 105) synthesis of the "hotel as an organisation." He deduces that the single most important skill hotel workers, of all kinds, require is that of being an entertainer:-

31
(+)

"Two implications of this idea of entertainment will now be analyzed; the implications for jobs of hotel organization members and the implication for hotel classifications..... The metaphor that the hotel worker is a servant is replaced by a new metaphor of the hotel worker is an entertainer.... The issue here is that hotel classification has been used to do two jobs on the one hand, evaluate the inherent quality of the hotel, and on the other, evaluate the kind of experiences which customers are supposed to have in hotels. In its present form hotel classification assumes that entertainment occurs in hotels whose inherent quality is high. It is unable to account for the successful entertainment of customers in hotels with low grades or no grades at all."

A Study by Seymour(1985) of 22 Parisian owners and managers of small hotels is only the second specific investigation into small hotels which exists. She conducted a series of semi-structured interviews

lasting between one and three hours, and conducted in French with these hoteliers. Seymour(1985:3) outlines the purpose of her research in the following manner:-

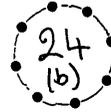
"Although the sociological study of occupations has revealed that there are many similarities between those who are committed to a particular occupation, the occupational ideology, of French or British hoteliers alike, stresses individual differences and uniqueness.....Data is presented from a sample of hoteliers in Paris, which demonstrates that in spite of this ideology, there are similarities in their attitudes and experiences which enable an occupational profile to be drawn up."

Seymour(1985:6) found that one of the main similarities the hoteliers had was the way in which they dealt with customers:-

"All [hoteliers] pointed to the importance of learning to assess people instantly, and of choosing their clientele very carefully"

Further examples of how the customer is managed within hotels and restaurants is shown in Appendix 1

The Ideologies of the Owners of Small Hotels



It has been stated already that, apart from Hayes(1980) and Seymour (1985), there is an absence of research based on understanding the particular context of the small hotel. In order to clarify what are observing of the prevailing ideologies in small hotels I will situate the evidence already available from work carried out from both the wider services context, and from the narrower hotel context, in an analytical, cultural framework.

The reader's attention has already been drawn to Cohen's (1974:13) posit that the central problem in social anthropology is the analysis of the relations between the two major variables: symbolic action and power relations.

To discover these, taken for granted basic assumptions or ideologies, it is necessary to have a greater understanding of the components of behaviour which, when examined, will reveal these ideologies. The reader will recall that the principle components are; language, symbols, myths and ritual. The problem of relating available evidence to this type of framework is that, apart from Mars & Nicod(1984), all other data has been collected for different purposes, or has been deductively, rather than inductively derived. A further difficulty is that Schein(1985:5) reminds us that cultural analysis has to consider both the external environment and the internal integration of the organisation. No study to date, within a

service context, has been designed to take account of both these internal, and external, factors. Within these limitations, I have constructed a tentative model of the service culture, based on the evidence available, and shown in fig 7 overleaf.

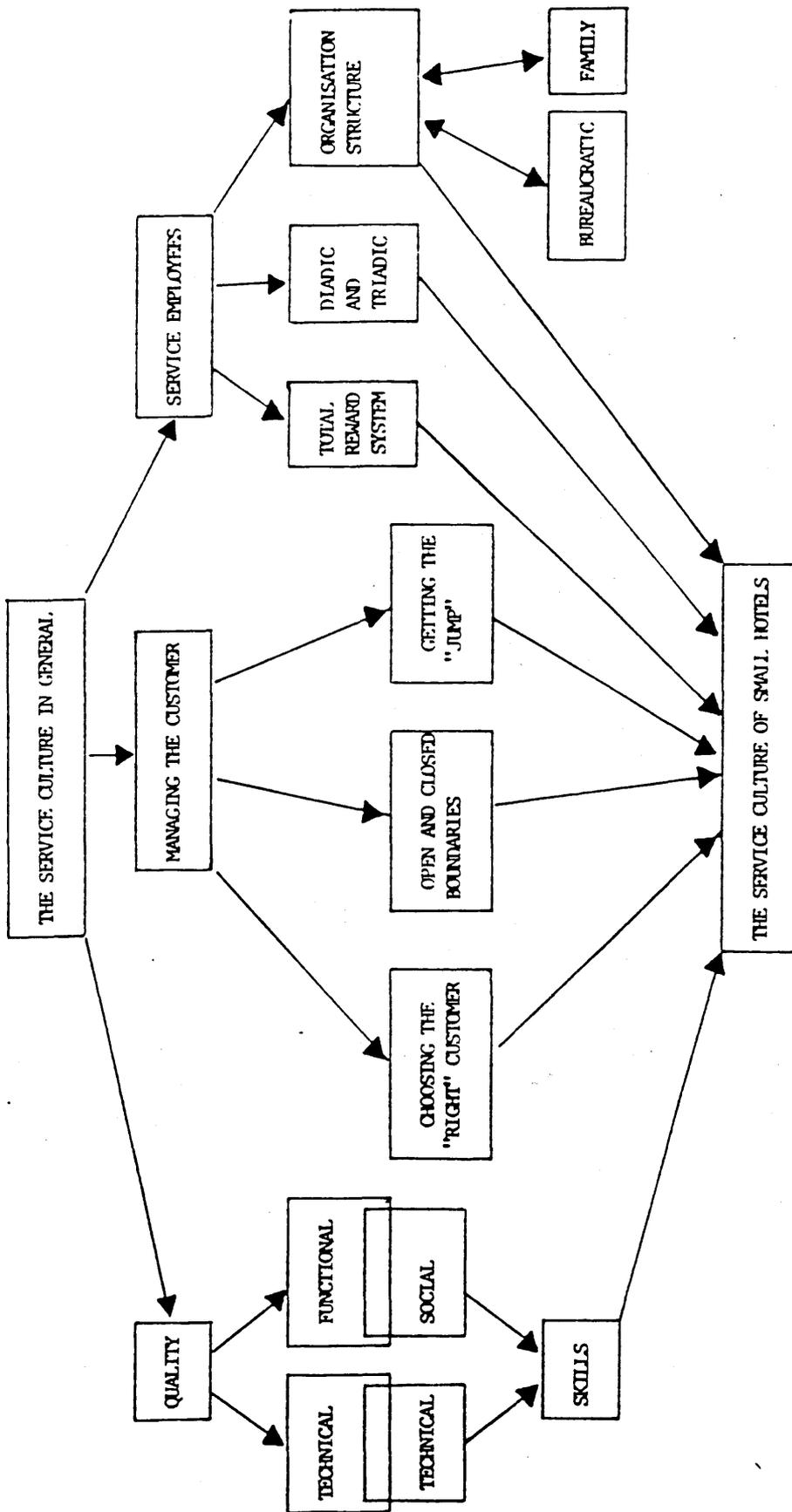


Fig 7

Three predominant values have emerged from the synthesis of the evidence on the ideologies which form part of the service culture.

Firstly, employees must be valued not just as hired hands but as the key element in the process of customer management. The evidence on this issue is ambiguous. Normann(1985) suggests that employees have to be made very clear what the norms and values of the organisation are. Mars & Mitchell(1976) claim that employees are treated as a stigmatized underclass who have to obtain their money, as part of the total reward system, which involves theft and tips. They also point out that in hotels there is an important difference between 'diadic' and 'triadic' workers. In other words many workers deal with customers constantly [triadic], and others never meet customers [diadic]. Shamir(1978) found that the large hotels he studied had very bureaucratic organisation structures. Hayes(1980), studying small hotels, found that these organisations were more like families than business organisations.

Secondly, the customer has to be managed. This is accomplished in three main ways; choosing the 'right' types of customer; immediate assessment of the open, or closed boundary transactions; and finally 'getting the jump'.

Finally the service offering has to be very carefully considered. The main difference between services and products is the degree of

intangibility present in services. Gronroos(1983) and Greene(1985) have usefully divided quality into two categories; what the customer receives [technical quality], and how the customer receives the service offering [functional quality]. They have found that all things being equal functional quality is more influential in providing customer satisfaction than technical quality. This has also been the case in the hotels context and has been confirmed by several different authors including Whyte(1947), Slattery(1976) and Lefter(1959). These very different types of evidence clearly suggests that the ways in which the service is provided [social skills] are more important than the actual service which is provided [technical skills] which support Gronroos` s (1982) ideas.

One of the central themes of my thesis is that the understanding of previous academics has been obscured by an over reliance on paradigms grounded in the large scale manufacturing. This chapter has shown how the use of culture as an analytical framework can reveal the ideologies and culture of the small hotel. The emerging literature on services has also demonstrated that because services are performed rather than just produced, fundamental cultural differences can be expected as between manufacturing and services.

In the next chapter the small hotel`s role as an economic unit in its own right, will be explored. Hotels have been in existence long before the Industrial Revolution. Perhaps other models which predate modern history may provide a more helpful picture of small firm

survival. To this end the family will be examined as a candidate for a more appropriate metaphor for the small hotel, than that of the large-scale manufacturing plant.

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CHAPTER 3

THE SMALL HOTEL IN THE CONTEXT OF AN ADVANCED

INDUSTRIAL SOCIETY

ABSTRACT

In this chapter I will explore the possibility that there may be lessons of business survival, at a micro level of economic activity, which originated before the Industrial Revolution, which may be appropriate, not only for hotels, but also for a variety of personal service businesses. What emerges is that the use of the family as a metaphor of small business survival has much to commend it. Providing the word "family" is not represented as an exclusively harmonious and cosy haven and refuge, the metaphor appears to be strikingly appropriate.

In the previous chapter, and in Appendix 1, it has been established that the existence of the small hotel predates the Industrial Revolution, and as such has survived for several hundred years. Pahl(1984:57) has pointed out is that our models, and metaphors for economic survival at a macro level, have been unduly influenced by unprecedented patterns of full employment in the 1950's and 1960's, "Many of the politicians, social scientists, and journalists writing in the 1980's, grew up in this atypical period, providing them with misleading personal experience.....It cannot be sufficiently stressed that a full understanding of the nature of work within a society requires a longer perspective than a mere 30 years".

The evidence for this line of argument is drawn from a wide range of sources; English hoteliers, builders, farmers, French bakers and

Italian clothing manufacturers.

I conclude that the family is a powerful metaphor from which and within which, to interpret the behaviour of the small hotel business enterprise in particular, and a wide range of other small service-related businesses. The use of the familial framework of analysis for small business provides a novel emphasis which is likely to provide new insights into small business theory. To understand the small hotel fully within family structure, it is clear that my research must involve an examination of both the internal and external relationships of the business.

Wishful Rather Than Critical Thinking?

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Before examining Pahl's(1984) historical perspective I would like to remind the reader what history can teach us. We are all victims of our past, both collectively and individually. The trouble is that we interpret history from the perspective of our own prejudices and preferences. In doing so we not only obscure the past but we are danger of misinterpreting the present. Goldthorpe(1979:28) has commented on a tendency for industrial sociologists to project their own socio-political goals on to the working class "wishful rather than critical thinking and a tendency to assert that which was desired was already historically in train". A recent example of this has been described by Hall(1987), in his lucid explanation of the failure of opposition political parties to understand the logic behind the remarkable electoral success of the current British Conservative government.

What both Hall(1987) and Pahl(1984) have done is to situate clearly the current economic conditions in a wider historical perspective. Pahl(1984:3) reminds us that "In the period from the late 1960's to the mid 1970's, very little field research in Britain was done by sociologists and social anthropologists, yet this was a time in which there was substantial discussion about working class (male) images of society".

He goes on to describe [Pahl(1984:7)] how this fact appeared not to

concern others who were working in this field of enquiry "I remember being something of an Ancient Mariner, stopping one in three at conferences and bemoaning the lack of detailed ethnography of ordinary peoples lives". Eventually Pahl managed to persuade the Nuffield Foundation to fund a pilot study which sought to understand how ordinary people were managing to get by in the traumatic economic situation of the late 1970's. He used an ethnographic approach and collected data from communities on the Isle of Sheppey in south east of England.

Prior to this period Pahl had been influenced by the arguments put forward by Gershuny(1978) about the fallacy of primary, secondary and tertiary levels of economic activity. These arguments which have already been raised in chapter 2.

In 1979 Gershuny and Pahl collaborated on a paper, and presented the notion of the simultaneous existence of the "formal", "household" and "underground" economies as a way of providing a more realistic explanation of the contemporary economic situation. Individuals demonstrated their resilience to hostile economic conditions by having a stake in all three economies.

The "formal" economy is one in which one receives taxed wages. The "household" economy would involve a combination of self-provisioning and barter. The "underground" is the receipt of monetary reward outwith the scope of taxation. Gershuny and Pahl(1979) argued that the role of the "formal" economy only has had preeminence in an

economy dominated by manufacturing. As services become a more important feature of the economy, and unemployment increases while social security payments become less generous, increasing numbers of individuals are seeking refuge in both the "household" and "underground" economies. As Pahl(1984) was to demonstrate later, individuals were rediscovering survival strategies which had existed for generations past long before the industrial revolution.

Pahl decided to try and discover, from numerous historical sources, how ordinary people in Britain before the Industrial Revolution organised their work. It soon became apparent that the economic unit of activity was not the individual but the household. Pahl(1984:47) found that "Up to the 18th century work was carried out by households and was a combination of self provisioning, wage labour and bi-employment. Regular, full time employment at a single job was very exceptional in the 18th century". Pahl(1984:48) cites several examples of workers from all parts of Britain who appeared to have single occupation but in fact operated in an immense diversity of occupations:-

"Metal workers in South Yorkshire in the 18th century were also part-time farmers.....and in rural South Lancashire families frequently combined small scale farming with textile work....In Cornwall miners worked in the pilchard fisheries during the peak autumn season."

Pahl(1984:313) concludes that "A consideration of all forms of work suggests that, while the total amount of work done is more likely to be increasing than declining for most households, new divisions of labour are emerging. It seems clear that the distribution of all forms of work is becoming increasingly unbalanced. A process of polarization is developing, with households busily engaged in all forms of work at one pole, and households unable to do a wide range of work at the other".

My interest, in this analysis, is to attempt to establish whether legitimate parallels also exist, in small business survival, between the households existing in the "formal", "household" and "underground" economies, and the surviving small hotel companies. The link is a good deal less tenuous than it might initially appear. A household after all is a family. The most recent study within the UK small hotels industry by Hayes(1984), came to the conclusion that the small hotel, as an organisation, was a family first and a business second. This unexpected revelation only became apparent after the field work had been completed. He was inspired by Bott's(1972) work on the discovery of the survival mechanisms of the ordinary UK family. An interesting, and rather surprising, aspect of establishing a link between the family and the most numerically numerous business, [the small business], is that, like marketing, mentioned in Chapter 1, organisational behaviour theory has failed to acknowledge any such possible link. In Britain today two of the most widely recognised texts on organisational behaviour Handy(1976) and

Buchanan & Huczynski(1985) avoid mentioning small businesses altogether. Buchanan & Huczynski(1985:6) dismiss the inclusion of the family in their publication on the grounds that :-

"Their [the family's] continued existence does not depend on satisfactory performance. They do not allocate and control functions to monitor performance, do not order and programme their activities, and do not control relationships and membership. That is why we are reluctant to call them organisations."

In my opinion the above statement is actually a rather accurate description of a family just as a sociological phenomenon or a small business enterprise. Could it be that Buchanan & Huczynski's(1985) reluctance is more to do with the absence of rigorously researched evidence on the small business than the inappropriateness of the family in a business context? Indeed Goldsmith(1985) cites several instances of the influence of the founder's family to be the critical success factors of many of Britain's leading companies.

The Family

Families have been long associated with kinship. Coale(1965) demonstrates the relationship between kinship and the family. Three types of kinship have been identified; family units, descent units and non-family units. Family units are those which are primarily derived and maintained for social purposes. Descent units are concerned with biological relatedness. Non-family units are sometimes described as "fictive". This means that they have the characteristics of both sociological and biological relatedness. All three types of kinship are to be found within a small business context. Gittins(1954:4) reminds us that "Families are not clear-cut, but are highly complex and often confusingly fluid social groups". Goode(1964) summaries the main categories of family structure as being nuclear and extended.

The Nuclear Family

The nuclear family is a unit composed of husband, wife and their children. Goode states that no nuclear family system actually exists in Western societies since the majority of families do have relationships with those other than their relatives. A more accurate description of this type of family he claims is the "conjugal family". In the conjugal family more emphasis is placed on the conjugal bond, or on the structural form of the nuclear family, than in other family systems, but a small family unit is not entirely

independent. The intensity of emotionality within this type of family unit is highly significant. Bilton (1981) has found that it creates both intensity and fragility. The degree of emotionality within the conjugal family is accentuated by the fact that custom forbids the individual to go anywhere else in society for help. If the husband or wife do not in fact obtain love and comfort within the family unit, then they have little motivation to continue to support it. Thus the divorce rate in the conjugal family is likely to remain high and bureaucratic social-welfare services will proliferate.

The Extended Family

This term, in its purest form, describes the phenomenon of several generations of the same family living under one roof. In certain cultures, especially in immigrant communities in the West, there is a tradition which ensures that only one child inherits the family property. This avoids the dilution effect of multiple inheritance. Whatever form of extended family is adopted there are several advantages over the conjugal family. In times of difficulty people who live in extended families can turn to many other people for help. This applies to both financial and emotional support. This makes the extended household more durable than the conjugal family. Having an extended kinship network to call on, these families are better able to invest in new types of enterprise. However, there are three particular difficulties associated with the extended family which must also be remembered.

The first potential problem area is concerned with leadership. The integration of a relatively large number of people in a single unit requires managerial skills and leadership. This often takes the form of strong older women organising the internal flow of services, and a strong man to assume the over-all direction of the unit, and of relations with other parts of society. Problems can arise when this external and internal control becomes out of balance, as when one or other person loses control of the situation.

The second main difficulty is concerned with the burden of responsibility. An inappropriate head-of-household could soon wipe out prosperity for many.

Finally, the extended family can only stay together as long as its land or wealth can support it.

A Wider Definition of the Family

Rosser and Harris(1965:81) felt that just to describe the family either in terms of "conjugal" or "extended" was too limiting "[a family] is a variable, amorphous, vague, social grouping within which circulate, often over great distances, strong sentiments of belonging". They also go on to suggest that, as social attitudes change the nature of what legitimately constitutes conjugality must also change. For instance stable domestic relationships between homosexual men or women may be also considered to be a form of family

unit. Indeed Harris(1972) and Miller & Rice(1970) have demonstrated that the term family needs to be enlarged to encompass the wide range of relationships which are not exclusively of the the kinship variety.

Within the hotel industry in England Hayes(1980) found that, in addition to the conventional kinship family, relationships were wide-spread:-



- (a) Two friends & spouses
- (b) Two friends
- (c) A small company organisation
(chairman, managing director & company secretary)

The Family and Social Networks



Bott(1972), [whose work was originally published in 1957], is a researcher who was interested to understand more about the survival mechanisms of the "ordinary" British family. She felt that a considerable amount of research activity had been given to understand so called "problem" families, since policy makers in the social services were naturally interested in alleviating the difficulties with which they were faced. Bott took the view that it would be more useful to understand how "ordinary" families managed to get by, rather than examining atypical "problem" families.

To understand the social and psychological organisation of urban families, Bott(1972) had a multi-disciplinary research team and investigated twenty families in all. The team consisted of two part-time psychoanalysts, one social psychologist and a social anthropologist (both full time). The early stages of the research process was described by Bott(1972:8) in the following terms:-

"We started with no well-defined hypothesis or interpretations, and no ready-made methodology and field techniques.....One is caught in a dilemma between succumbing to confusion, or choosing some simple plausible but false explanation. We decided to succumb to confusion in the hope that it would be temporary."

All the twenty families eventually used in the research had broadly similar characteristics.

- a) All families were "ordinary".
- b) All were in a similar phase of familial development.
- c) All had between one and four children and had been married for at least four years.

Finding families who would co-operate with this somewhat intrusive research strategy was difficult, but eventually twenty families were found. The methodologies involved a combination of focus group

interviews, individual interviews, observation, self-completed dairies, field notes and case conferences. Although all the interviews were tape recorded, comment was made that fewer families, studied in more depth, would have been of greater value since Bott(1972:23), "It would have been a great help in the research if we could have relied more on observation and less on interviews."

Despite these difficulties Professor Gluckman, writing the introduction to her book, has this to say about the construct validity of her findings:-

"What Bott did was to give us a clue to understanding this all round segregation of roles. Hence I affirm that Bott's book should be read with a far wider range of problems in mind, than those with which she specifically deals."

Bott's(1972) findings showed that the families which survive, and can considered to be unproblematic or "ordinary", deal with two types of roles in very particular ways. The roles concerned are:

a) Conjugal



b) External Social Relationships



The resulting hypothesis which Bott developed from the research, was that the degree of segregation in the role-relationship of husband

and wife varies directly with the connectedness of the family's social network. In other words the more differentiated the roles within the family the greater the tendency to have have a wide range of external individual non-family friends and social contacts.

The more families were able to exhibit this type of behaviour the more likely the family unit would be able to survive any difficulties which might beset it.

Conjugal Role Relationships

Roles can be considered as behaviour that is expected of any individual occupying a particular social position. Role/relationship is defined as those aspects of a relationship that consists of reciprocal role expectation of each other person concerning the other. Three main types of role/relationships were established by

Bott:-



- a) Segregated
- b) Intermediate
- c) Joint

Social Networks and Role Relationships

Here Bott's(1972:60) main findings were:-



"The degree of segregation in the role-relationship of husband and

wife varies directly with the connectedness of the family's social network."

In other words close-knit social networks will result in families having segregated conjugal role-relationships. Medium-knit networks will result in intermediate conjugal role relationships and loose-knit networks will result in joint role-relationships.

The Structure of Social Networks

It became apparent to Bott(1972) that neither social class, nor the development stage of the family, were providing useful frameworks of analysis. The external social relationships of all families assumed the form of a network rather than the form of an organised group. There was, however, a considerable variation within these networks. Two main types were revealed. Members of an individual's network were defined as persons:-

- a) to whom the focal individual was bound by positive affectionate ties such as friends and kinfolk.
- b) with whom the focal individual had regular social contact(at least once per fortnight throughout the year)

It was found that three types of inter-connectedness existed;

loose-knit, medium-knit and close-knit. A loose-knit network is characterised by the existence of inter-connecting linkages between less than one third of the non-focal households in a particular network. The equivalent proportions of inter-connecting linkages for a medium-knit network is between one and two thirds, and for a close-knit network more than two thirds.

[It should be noted that Bott's preliminary findings were in fact published in 1957].

Criticisms of Bott's Findings

The main difficulties are concerned with the lack of agreement on operational definitions. What exactly is a family? What is meant by an "ordinary" family? Can urban families be expected to be the same as rural ones?

A notable attempt to test Bott's hypothesis was developed by Aldous and Strauss(1966). A questionnaire was devised and sent out to 252 families in the USA comprising both rural and urban families. Generally speaking the result of the survey was rather inconclusive, in that there was insufficient evidence to say whether Bott's analysis was correct. It should be remembered that Bott had a purposive sample of "ordinary" families whilst Aldous and Strauss randomly selected from communities containing both "ordinary" and "problem" families. Notwithstanding these considerable difficulties,

Aldous and Strauss consistently found that very close-knit networks always resulted in highly segregated conjugal role-relationships.

A British study by Turner(1971:58) found in his exclusively rural sample of 115 families, that Bott's hypothesis was more valid amongst self-employed farming households than any other groups:-

"When husbands and wives both work in and around the home the form of relationship exerts a strong influence on the form of other aspects of the conjugal role-relationships...Among farm couples there is not a single case of segregated role relationship occurring with loose-knit networks, nor is there any case of a joint conjugal role-relationship occurring with a close-knit network."

Bott's hypothesis has remained robust, and as such should provide a useful framework in which to situate the data collected in my research.

The Family as a Business

English Buildings Companies

Scase and Goffee(1987:91&163), in interpreting their findings after studying 108 small businesses in the UK building trade, had these comments to make about the the nature of the real world of the small business owner:-

"Indeed, we would argue that the nature of marital relationships is crucial to any understanding of the formation and growth of small business.....Thus it is important to view small businesses as social, as well as financial units and to recognize that they are organised on the basis of particular patterns of personal relationships."

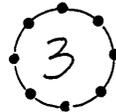
The research design adopted by Scase and Goffee(1987) involved a series of tape recorded interviews with the owners of small building firms during the late 1970's. They comprised 108 firms:-

25 self-employed

25 small employer

24 owner controllers

13 owner directors



A weakness of their research design was their failure to corroborate the responses of the small business owners with observational data. Data which might have been collected from the employees, other family members, suppliers and customers might also have been studied. Notwithstanding these criticisms the findings appear to have more content validity than the vast majority of US based small business research, recently described by Curran(1987) as the "bland leading the bland."

French Bakers

Another useful insight into the inner workings of the small firm was revealed by Bertaux and Bertaux(1981) in their study of the survival of artisanal bakeries in France. Both Bertaux and Bertaux were struck by the large number of small neighbourhood bakeries which appeared to be equally prevalent in all regions of France. This seems to be the case whether located in rural or urban settings. They found that there was one bakery in France for every thousand people. Was it that the French are fanatical about bread?

No! They found that bread consumption was no greater than in other European countries. The focus of their research was to try and explain and describe, in depth, the reasons for the massive scale of artisanal bakery in France. Forty bakeries were selected in different locations in France, and in-depth interviews were carried out, with not only owners, but also with employees. Additionally they carried out limited participant observation. Bertaux and Bertaux(1981:163,168 & 169) described the survival of the artisanal bakeries in these terms:-

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(A)

"Bakeries are family businesses, which means that they are production units in which both husband and wife invest their energy. But the key role is played not by the baker, but by the wife. In the competition between small bakeries, the appeal of the baker's wife plays a greater role than the quality of the bread, which does not vary very much from one shop to another. Small shops have a

personality of their own, and customers choose them(or abandon them) according to this."

"To become self employed, the bakery worker needs two things: money and a wife. A good wife is a courageous and responsible woman who will work to the utmost of her abilities, without getting much reward during the first years of marriage."

"The sociological truth about baker's marriages seems to be that the relation between husband and wife becomes at once a relationship, and an artisan and a shopkeeper who got together as business partners...The survival of the artisanal bakery is, in itself, the daily outcome of a protracted struggle, which mobilises not only the artisans, but their wives as well, and the young bakery workers and apprentices."

The Italian Experience - "Economia Sommersa"

Italian Clothing Manufacturers

If the small business survival mechanism is the family structure, rather than a miniaturized version of a large firm, then evidence from a culture which has long valued the institution of the family should also indicate the existence of a healthy small business sector of the economy.

Bamford(1984) describes the small business sector of the economy in

Italy in terms of a submerged economy:-



"The most interesting, lively and profitable sector of the Italian economy is, however, the small business sector....Many of these enterprises are based on another fundamental Italian institution - the family, and it has been argued that they have done much to maintain the prosperity of the Italian economy over recent years. This part of the economy has also been described as the *economia sommersa* (submerged economy), so-called because it manages to avoid many of the government's laws and regulations regarding taxes, social security, wage rates and regulations of working conditions.

The term covers a broad collection of micro firms whose performance is difficult to assess, statistically, for precisely the same reason that many of them exist, that is, by avoiding a large part of government regulation and assessment."

Which comes first the Family or the Business?

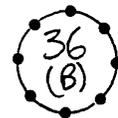
Writers on the family firm are numerous. Much of it is located in the US and tends to be either anecdotal Mancuso(1977), or based on deterministic surveys Tilles(1970), Calder(1961) and Donnelly(1964). Both types of findings lack any theoretical base grounded in observation. They have all produced a series of contemporary wisdoms which have more to with the author's perception of the small firm than what the small firm may actually be like itself. A noticeable

expectation to this approach appeared to be Rosenblatt et al(1985). They published their US based findings of the conceptual overview of the dynamics of business families.

Professor Rosenblatt (a sociologist in the Department of Family Social Science at the University of Minnesota) led his team of two psychologists and a sociologist to try and discover what it is actually like to be inside a family business. Although his research objectives were essentially exploratory, he chose a deterministic approach in interpreting his data. The firms investigated were all randomly selected from the local "Yellow Pages". They all had to have less than 100 employees and an annual turnover of less than £1 million. The professions and franchisees were excluded. In all 59 businesses participated in the research. 92 tape-recorded interviews were carried out using prepared questionnaires. (Rosenblatt et al(1985:273) The main findings were as follows:-

"The key idea is that the family and the family business are separate but connected systems. There are the two systems in that the goals, needs, tasks, and typically, the personnel of the family and the business are not identical. That means that what is good for one system is not necessarily good for the other, and the two systems must inevitably compete some of the time for resources, including money and the time and energy of individuals in both systems."

Rosenblatt et al(1985) argue that stress and friction in small



businesses is caused by people within the business failing to deal with carry-over effects of the family into the business, or vice versa. Rosenblatt et al(1985) argued that tension in the family business was caused by the failure of the entrepreneur to have sufficiently clear boundaries between business, home life and interpersonal relationships. They found that in businesses which were run from people's home, additional tensions were found and had the capacity to be more long-lasting and serious.

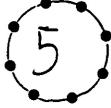
Limitations of Rosenblatt et Al(1985)

Their research objectives were essentially exploratory yet they adopted a deterministic design. The mechanistic use of a prepared questionnaire limited the possibility of discovering new phenomena. The methodologies were not triangulated. In other words only one type of data was collected. There was no mention as to the mix of manufacturing and service companies. A very narrow definition of the family was used.

In other words they have been outsiders looking in, and have not been able to penetrate the ideologies of the small firm anything other than a rather superficial basis.

The Small Hotel a Business Within a Family Structure?

Hayes(1980:310) in the concluding remarks of his thesis about small hotels in the English Lake district found that a wider definition of the family was the most appropriate way of portraying their situation:-

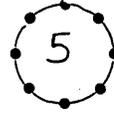


"The family hotel, therefore, is an household, extending beyond the nuclear family, and has tasks to perform, some of which are part of the normal domestic routine of any family, others relating to business."

Hayes's research design had the limitation that only data from within the hotel was collected. There was no contact with guests, professional advisors, suppliers, competitors and non-family friends. Because of this he was not able to substantiate fully Bott's hypothesis that those families that had a high degree of segregation in the role relationship would also have close-knit external networks.

However the evidence he collected from within the hotels in the research did suggest that whatever type of family structure was operational, role-relationships were almost always segregated and complementary, rather than independent and joint. Both partners in the hotel business possessed contrasting, but complimentary, skills.

Hayes(1980:161) found that the six key issues which related to the small hotel businesses he studied were as follows:-



(1) Relationships within the family

"At the centre of the family business is the marital relationship"

(2) Nest Building

"There is general impression that entrepreneurs are go-getters, constantly on the lookout for opportunities. Some families have quite different motivations[security and a home of our own]"

(3) Family developments

"Proprietors are only too well aware of the kind of demands the hotel can place on the family, which leaves a mother in some doubt about the kind of legacy she may give her daughter."

(4) Conflicts in the family

Between parents and children

"A son hints at conflict in the family as the pressure in the business builds up:- 'As the season develops, tension builds between parents'"

(5) Community life

"The hotelier has some difficulties in making social contacts outside the hotel".

(6) Lifestyle

"The contrasts in family lifestyles are marked. The typical picture of the proprietor of a hotel is of the owner of a fast car, antique, touring the world periodically, and having a fund of funny stories - "mine genial host!"

The major contribution Hayes(1982:248) has brought to the understanding of the mechanisms of the small hotel business is described as follows:-

"Their mechanisms for survival and growth are connected with the mutual selection processes of accommodation, establishment, and client. Matches are being continually made and, for some, go on to 'until death do us part'. This process is similar to the effect of of a stone being thrown into a pool, making a series of widening

circles. The inner ring comprises the founder members of the business, the next ring is the extended family, a further ring, trusted employees, and the outer ring the regular clientele of the business who return year after year - the whole process interacting yet held together almost as a family."

Hayes reached these conclusions without systematically interviewing employees, customers or professional advisors. Having set the agenda it is my task discover what actually happens inside the small hotel business.

The way I managed to achieve this is explained in the next chapter.

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CHAPTER 4

THE RESEARCH DESIGN, A DESCRIPTION OF THE METHODOLOGIES,
PROCEDURES ADOPTED AND JUSTIFICATION OF THEIR USE

ABSTRACT

In the previous three chapters, it has been clearly established that there is a requirement to study the behaviour of the small firm, from a holistic perspective, if the fundamental survival mechanisms are to be revealed and understood. Unfortunately there was no ready made research strategy which would be capable of easily achieving the interpretation of vast quantities of different types of qualitative data, which would inevitably flow from a multi-perspective exploratory study of this kind. Over a period of time a methodology did emerge; the "Qualitative Coding Matrix"

With this in mind the strategy of the research design was to develop methodologies which would enable the close scrutiny of the firm at micro level within the firm, and its external relations outwith the firm. It was decided to have a pilot study to test out the feasibility of these ideas.

This chapter is in three main sections; a) description of the research design; a detailed explanation of the procedures adopted during the data collection; c) data analysis and interpretation of the data. Finally, there is the justification of the chosen methodologies. Throughout this chapter I have indicated the cyclical nature of the progress of my research, and have demonstrated how and why I switched from an "alignment" to an "attunement" interpretation strategy.

Description of the Research Design

This is an exploratory study whose purpose is to establish an hypothesis, which accounts for the survival of small hotels in particular, and to explain the survival of small firms in the service sector, in general. This does not mean that the absence of statistically reliable samples of hotel companies will necessarily invalidate claims of generalisability. Gummerson (1988:79) addresses this issue in the context of exploratory case studies as follows:-

"..the possibilities to generalise from one single case are founded in the comprehensiveness of the measurements which makes it possible to reach a fundamental understanding of the structure, process and driving forces rather than a superficial establishment of correlation or cause-effect relationships."

Choice of sample

Size

All the hotels in the study were small. This reflected the most typical size of hotel in the UK, as outlined in both Chapter 1 and appendix 1. The operational definition of "smallness" ranged between hotels of not less than 10 bedrooms but no greater than 50.

Location

The hotels must not be in favorable locations. A favorable location is one which would mean that whatever the hotel did, there would always be a stream of business, due to its superior location. Thus all hotels which were on main roads, or near to other transportation infrastructure such as airports, railheads or ports were excluded from this study. Additionally, care was taken to ensure that each hotel was not adjacent to tourist areas, nor positioned near to other forms of economic activities, which might be responsible for creating artificially high levels of demand, and which were unrelated to the attractiveness of the hotel facility.

Ownership

All the hotels must also be established businesses with a minimum of two years trading behind them. Both seasonal and non-seasonal hotels were included in the research sample. The selected hotels would be confined to three of the four Goffee & Scase(1983) typology of small businesses:-

Goffee & Scase(1983)	Hotel Equivalent
a) Self Employed	Very small hotels (10 to 14 bedrooms)

[The owners & family
doing most of the work
employing only a few
part-timers]

b) Small Employers

Small hotels

(15 to 20 bedrooms)

[The owners & family
working along side
full time employees]

c) Owner-controllers

Larger Small hotels

(21 to 30 bedrooms)

[The owners & family
do not work along-side
full time employees, but
just carry out administrative
functions]

d) Owner-directors

Medium to large hotels

(31 to 150 bedrooms)

[The owners are neither
involved in the day-to-day
running, nor the internal
administrative procedures;
the hotel being part of a
wider investment portfolio]

The last category "Owner-directors" was ruled out because this type of hotel was likely to be too large, and more importantly, the survival of the hotel could well be affected by the multiple objectives of the investment portfolio. For example hotels are a cash-rich business, and can provide a most useful device for laundering excess profits generated from other unrelated business activities. Additionally, owners in this category were not actually running their businesses. They hire professional managers. Finally it was important to select hotel businesses which were not just being run as a hobby by proprietors who had private incomes.

Quality

A range of hotels were selected from one through to three "star" categories of quality. More important than the "star" rating was the esteem with which each hotel was held by their peers, guide books, and experts within the industry. What was required was examples of sound practice within a given "star" category.

The Pilot Study

Having established the criteria for the type of hotel to be included in the research, a hotel was chosen for a pilot study which located in a remote area of the Central Highlands of Scotland. After satisfying the criteria given above, access was secured. As described in the "procedure" part of this chapter. The pilot study

took place during September 1985. Five types of data were collected:-

- a) Financial data from both internal management accounts and final accounts.
- b) A detailed life history of each proprietor
- c) A record of the time spent by the proprietor on tasks and duties carried out as part of his normal daily activities.
- d) Field notes taken resulting from participant observation whilst working as a barman, chef and receptionist.
- e) Tape recorded interviews with proprietors and their family, employees, hotel guests, proprietor's bank manager, proprietor's accountant, tourist board officials, travel agents and marketing channel members.

Details of the processes involved are outlined in the "procedure" section of this chapter. Four main types of methodologies were used in the pilot study; participant observation, tape recorded individual and group interviews, self-completed management diaries and collection of primary data from hotel records. The data from each of these sources were then "triangulated" as proposed by

Denzin(1970). Additionally the data analysed by using grounded theory processes in the manner advocated by Glaser & Strauss(1965) and Strauss(1987), explanations of which are given the "procedure" section of this chapter.

The pilot study took longer than anticipated to establish, carry out and analyse. It took three weeks (21 days) intensive work inside the hotel to just collect the data and, several weeks more to produce a preliminary analysis.

The other hotels in the sample

The research investigated *five* more hotels in total with a similar depth of analysis. They were located in the following areas of Scotland; 1) the far north east corner of Grampian Region, 2) Central Highlands, 3) Borders Region and 4) the far south west area of Galloway. The first two hotels were investigated during the summer of 1986, the remaining three during the summer of 1987. Three weeks participant observation was carried out in each type of hotel.

Type of hotels in the sample

Size	Bedrooms	* Rating	Type of owner	Seasonality
Central Highlands (pilot study)	20	3 *	Small Employers	No
Central Highlands	12	4 *	Self Employed	Yes
North Eastern Grampian	27	2 *	Owner controllers	No
Borders	10	1 *	Self Employed	Yes
Perthshire	17	2 *	Small Employer	No
Galloway	15	3 *	Small Employers	Yes

Additional sources of data and exposure of findings to external scrutiny.

As well as the information collected from the sources shown above, a tape recorded interview was held with the Chairman of the British Hotels and Restaurants Association. When all the data had been collected and analysed, my preliminary findings were presented to a group of British hoteliers, who owned small hotels. Their reaction was gauged and recorded. Finally, throughout this process of research, both the methodology and preliminary findings were presented in papers to the National Small Firms Policy and Research Conferences in Lowe(1985), (1986), (1987) & (1988). The International Journal of Hospitality Management winter 1988 published my preliminary findings.

Procedures Adopted During The Data Collection Phase

This section deals with two issues: how the detail of the research process was executed, and ways in which the data collected can be validated and assessed for reliability.

Gaining Access

To obtain the level of detail demanded by this type of research, good access was an important prerequisite. This was achieved by making use of the informal and formal networks I had developed during the ten-year period I had been involved with the hotels and catering industry reciprocity being an important dimension. Initially, a short list of possible candidates was drawn up as a result of speaking to various officials in the Hotels and Catering Industry Training Board, Tourist Boards and others.

The first contact with the Hotel was established by telephone. During this conversation I would attempt to avoid the use of such words as "research", "interviews" and "tape recorders". Instead I used "find out why things happen", and having "conversations", which would be "accurately" documented. Having established sufficient rapport, I followed up the telephone call with a short letter.

After the hotelier had an opportunity to read my letter, I rang him up once more and suggested that I might travel to his hotel and

discuss the situation with him. Upon meeting the hotelier for the first time I would try to establish a rapport before discussing any research involvement. As an inducement I offered the hotelier a free, separate report as a reward for participating in the research. This report was a "situation analysis". (As well as being a lecturer, I am a partner in firm of marketing consultants. It is common practice for us to produce this type of report and it normally would cost around £1,500. These hoteliers were offered it free of charge.

All but one hotelier was interested in such a report. During this interview access was negotiated. As the research gained momentum it became easier to access each subsequent hotel. Hoteliers who had previously participated would willingly act as a point of reference for those wanting assurances as to my trustworthiness, and verify the impact my research activities had had on their businesses.

Even after going through these detailed and time-consuming processes I was badly misled by one hotelier, whose data is not included in this research. This hotelier had assured me that I would be able to examine all the accounting data and interview his accountant.

After a few days in the hotel it soon became apparent that the hotelier was not willing to give me detailed access to his accounts, or his accountant. The reason was that he had business interests (which at first he denied), which ran parallel with the hotel's operations. In short he was both a building contractor and a quarry

owner. I soon realised that funds were being transferred back and forth from one company to another in order to minimize his exposure to liability to taxation.

Data Collection

Documenting Observations as a Participant

During the first week I negotiated with the owner to work along side his employees or family engaged in the three activities which all hotels carry-out; cooking, serving food and drink, and providing accommodation. Whilst doing these activities I developed a system for recording my observations. None of this research was done in a covert manner.

However I obtained promises from the owner that any data I collected was the property of the researcher, and would not be revealed to those in the hotel. If anything was published it would be coded in such a manner that the identification of an individual hotelier would not be possible. Three types of field notes were taken; mental notes, outline notes and full personal journal notes.

The mental notes were collected at the time of an occurrence. It was a process in which I disciplined myself to remember not only what people said, but also the context in which they said it, and what they were doing when they were talking. It was not possible to

commit these observations immediately to paper. What I managed to do was to make 'outline notes' of the mental notes at the first available opportunity in the privacy of my own room, when I was off duty. Finally the day after the observation I would attempt to convert the outline notes to full personal journal notes. This was a personal journal, in which I not only record my observations, but also my reactions and preliminary interpretations of them. Particular note was taken to understand and become familiar with the jargon and colloquial slang which employees, owners and guests used about each other.

Individual Interviews

These were all tape recorded using a topic guide which was, in the first instance, derived from the concepts found in the literature. As the interviews developed, I made use of new concepts and ideas which came out of these structured conversations. As well as talking to the owners and their family members, I talked to employees and guests in the hotel. External to the hotel I talked to accountants, bank managers and channel members. Complete details of all the participants for each hotel are shown in appendices A, B, & C. In total this amounted to over one hundred in-depth personal interviews. The most difficult type of interview was always with the external professionals such as bank managers and accountants. They were always very nervous of having their opinions recorded on tape. With experience I developed a strategy for overcoming their shyness. In

the first instance I would obtain maximum cooperation from the hotel owner and he would personally inform his professional advisor that I was acting on his behalf and that frank answers would be appreciated. In cases where the professionals still were rather coy about speaking into a tape machine, I would hand over the device to the accountant or bank manager, and point out the pause button to him. This reassured the respondent to feel in control of events, and he was then able to talk with greater ease.

Group Interviews

This approach was used in situations where potential areas of difficulty might arise, and were restricted to interviews with employees and guests. The "agendae" for these interviews were established from the concepts from the literature and are shown in Appendix D. These interviews were the most difficult to set up operate and analyse. However they did yield information which would not have been possible in any other way. A central issue in collecting this type of data was being able to establish both rapport, but also have the detachment of a researcher.

The most critical phase of amassing this type of data was how to recognize and deal with the invisible social boundaries which were both present in groups of customers and employees. For both groupings of respondents it was a fairly unusual, and unexpected experience, to be confronted by a researcher working within an

hotel. I found it easier to talk to employees since I had already been working along-side them for at least a week before any group interview took place. With customers I deliberately chose regular clientele. With experience, I found that the most appropriate time to talk with the employees was during and after their evening meal when they were relaxed and feeling at ease. I would approach them in the early evening, often in a quiet corner of the bar, and have discussion with them.

Management Diaries

Having established a good level of rapport with the owner, usually by the end of the first week, I would persuade him to complete the management diary shown in Appendix C. This was a most difficult research task to execute. In all cases the owners disliked having to record their activities. Despite my best efforts no owner was prepared to continue the process more than a three day period.

Financial Data

In all cases except one, the final accounts and balance sheets were made fully available to me [Appendix B]. The hotel that did not provide the final accounts did so for acceptable reasons. They were in dispute with the Inland Revenue, and the most recent final accounts were not yet approved. However, in all cases, I was able to have freedom of access to the internal management accounts, where

they existed. Where there were no reliable internal accounting systems, which was the case in most of the hotels, I reconstructed actual income figures based on the booking charts. All hotels, even those who do not keep adequate internal accounting records, rely on the booking chart as the main method of recording the level of business activities. As will be seen later they proved to be of great interest when comparing revenue as recorded on balance sheets.

Internal and External Promotional Material

In each hotel all promotional literature was collected and evaluated. Additionally all menus and internal marketing literature were documented.

Data Analysis

Tape recorded interviews

Individual Interviews from people within the hotel

Owners, Partners and Family

All interviews with hoteliers, business partners and immediate family were tape recorded, and lasted at least one hour. In many cases more than one interview was given. I had technical problems with the tape recording machine during my work with hotel five, which resulted in having several unusable tapes. Fortunately it was the smallest of the hotels, and because of my close relationship with them, I was able to make notes written during the interview, without causing them any concern.

The strategy was to follow the issues cited in the topic guide shown in Appendix D. However if other issues emerged during the course of the interviews they would be pursued.

In addition to the issues raised in the topic guide it became apparent that the way in which the owners confronted and resolved business and personal problems gave particular insights into the dynamics of survival within each small hotel.

An important aspect of these interviews was to encourage and explore issues other than those identified by the topic guide. These arose firstly by the respondents themselves, and secondly issues which I introduced as well as the ones featured in the topic guide.

It should also be appreciated that these interviews took place over a three-year period, during which there long gaps between working in the hotels. This meant that my enquiries necessarily developed an increasingly sharpening focus. I started with an "alignment" strategy as described later in this chapter, and developed into an "attunement" strategy, as my confidence about the nature of the data and its context grew. What happened was that the interviews lasted just as long as they progressed, but also I was restricting my line of enquiry to become more in tune with the more important issues which were identified by other hoteliers.

In the beginning I personally transcribed every single tape verbatim. This became a most arduous task. Each hour's interview generated thirty pages of typed transcript. It took me approximately three hours per hour of interview to complete this process. The unexpected benefits from personally transcribing the tapes was the opportunity to re-live the experience of the interview by listening to the tapes. Often pauses were more revealing than the actual words which were being spoken. Nervousness in responses soon became apparent in the tightening of the throat muscles and manner in which responses were made.

The data was analysed by adopting the procedures advocated by Glaser & Strauss(1965); namely analytical induction by using grounded theory: in other words the discovery of theory from data. This involves categorizing data by coding and ending up with integrative diagrams which interpret the data from within its own context. Having obtained a verbatim transcript, I would then make a photocopy of the document and begin the first stage of analysis: open coding.

Open Coding

Using coloured pens I marked up the text by differentiating issues raised by the topic guide, issues introduced by the respondent, and issues I introduced spontaneously as the interview progressed. I then cut out each type of statement, and collected them together and created a label, or category, which I felt best suited the type of data which had been collected. Other interview data was similarly analysed from within the same hotel. Because of the vast amount of data being collected I found myself spreading open coded material over the largest floor I could find! Surprisingly to me this helped enormously in moving forwards to the next analytical stages; "axial" and "selective" coding.

Axial and Selective Coding

The second stage of analysis was the conversion of "open" codes to core categories by the use of "axial" and "selective" codes.

Strauss(1987:32) describes "axial" coding as:-

"It [axial coding] consists of intense analysis done around one category at a time, in terms of the paradigm items (conditions, consequences, and so forth). This results in cumulative knowledge about relationships between that category and other categories and subcategories. A convenient term for this is axial coding, because the analysing revolves around the "axis" of one category at a time."

Strauss(1987:33) defines "selective" codes in the following manner:-

"Selective coding pertains to systematically and concertedly for the core category. The other codes then become subservient to the key code under focus. To code selectively, then, means that the analyst delimits coding to only those codes in sufficiently significant ways as to be used in a parsimonious theory."

Core categories

After the establishment of a number of open codes, it became of critical importance to make judgements about which categories were robust enough to be retained, and which should be abandoned. The ones which were retained are called "core categories." This process has been described by Glaser & Strauss as "saturating categories."

What happens is in fact quite uncomplicated. All the evidence

collected, within each category, is examined for inconsistencies. The object of the procedure is to separate, out of the situation, specific idiosyncratic from patterns of generalisable behaviour. Those categories which do not stand up to this type of examination had to be rejected.

It would be a mistake to believe that these procedures are merely simplistic iterative process. What actually happened was that I had a dialogue with the data. This has been described as "a reflective conversation" by Morgan(1986). During this process the researcher repeatedly leaves the data, in various stages of analysis, and periodically returns to it for new insights, and "worries" at the data until a coherent explanation is forth-coming. In my case I was greatly helped by presenting my data to formal and informal seminars, where Professor Curran and his colleagues challenged me to confront the data from different perspectives. Forcing the externalisation of the ideas generated by the data became an essential procedure in order to understand the meaning of my data.

Following the coding the next stage was the construction of integrative diagrams. Having established the categories which were of most importance this next, and final stage, allowed the linkages and associations between the categories become revealed. An example from raw text to final integrative diagram is shown in appendix qqq. What was not anticipated, prior to starting this data analysis stage, was the length of time it took to move from open coding to

integrative diagram. It took several months, not of solid work, but I found that it helped to leave the data to one side at frequent intervals, and continuing my academic full time job. By so doing I was able to return to the data afresh, and be more receptive to new interpretive frameworks. These were accomplished by the discovery of the "Qualitative Coding Matrix" later on in this chapter.

The other types of data collected in this research from financial statements, hotel literature, and management diaries, presented much less of a problem of analysis, as will be seen in the following chapter.

Interpretative Frameworks

Having analyzed the qualitative data systematically it was necessary to situate the data within an interpretative framework. This further assisted the clarification of the data. Turner & Gherardi(1987) have described this process as either being "alignment" or "attunement". Initially I adopted the former process of "alignment". In other words the data collected was compared with the contemporary wisdoms contained in the topic guides used during the interviews. As greater confidence and expertise was accumulated, I moved towards an "attunement" framework. What this means is that having established the critical aspects of the data initially, I then proceeded to "attunement". This is where the researcher was in-tune with the data as it came along. Theoretical pattern construction could begin and

ideas and interpretations took on a much more powerful meaning. In this way repeatable patterns of behaviour could be distinguished from situation specific idiosyncratic behaviour.

The Cyclical Aspects of the Research Process and the Emergence of the Qualitative Coding Matrix

Fig 8 demonstrates three aspects of the research process I followed.

The Cyclical Nature of the Research Process

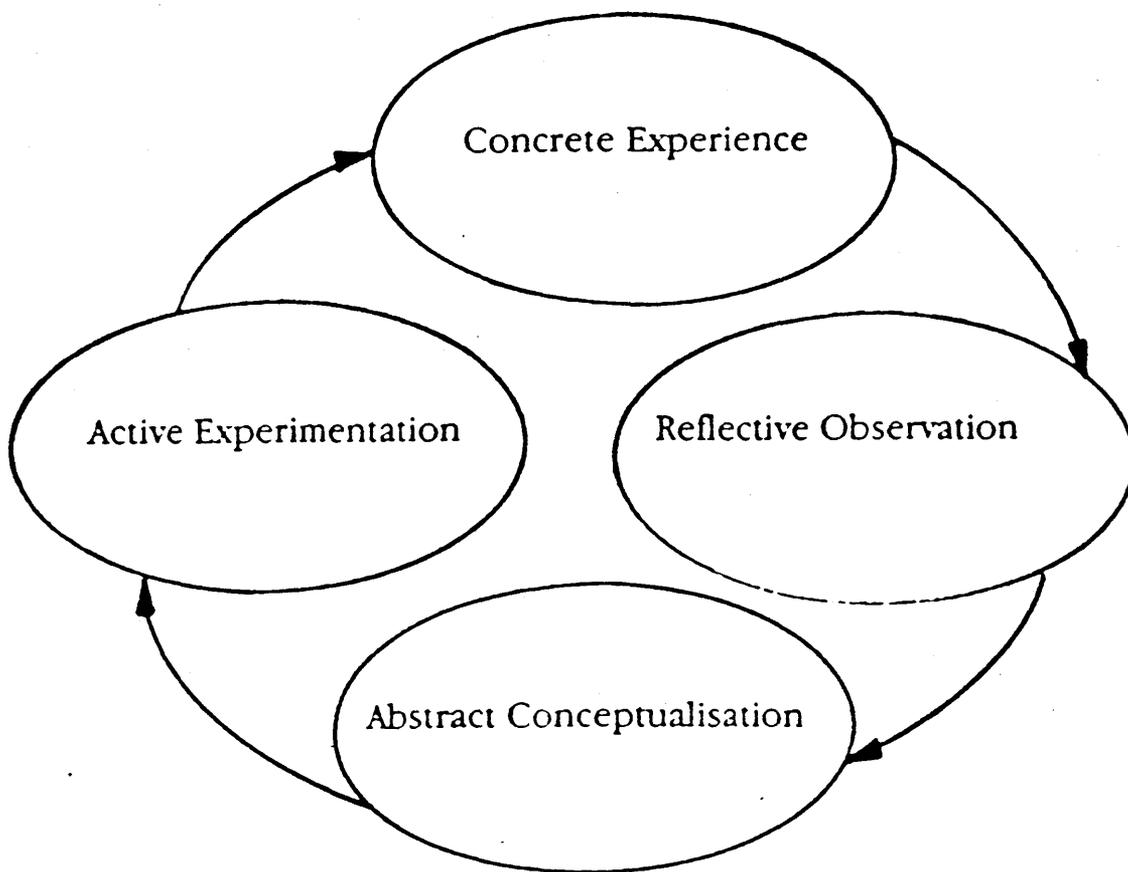
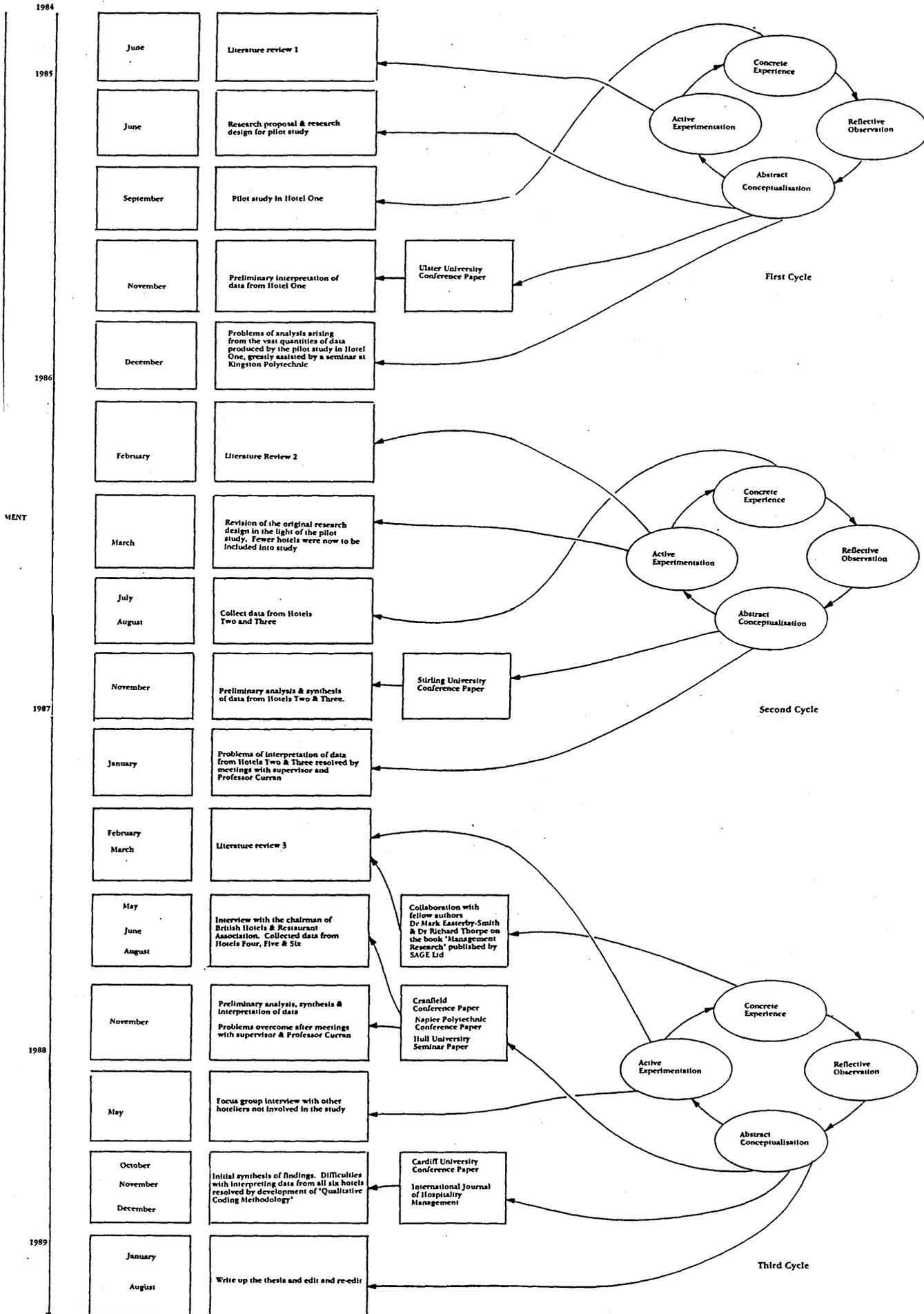


Fig 8

It shows the chronology, the switch from an alignment to an attunement strategy, and indicates the three main occasions I went through the Kolb learning cycle Fig 9:-



I only became aware of the cyclical nature of my own research process in retrospect. At the time it was rather bewildering with the words of Bott(1972:8) buzzing through my ears:-

"We started with no well-defined hypothesis or interpretations and no ready-made field techniques....One is caught in a dilemma between succumbing to confusion or choosing some simple plausible but false explanation. We decided to succumb to confusion in the hope it would be temporary."

Unlike Bott my approach enabled me to overcome the confusion. I created the "Qualitative Coding Matrix" which is described in Chapter 5.

The validation of qualitative data

Qualitative data is concerned with understanding meaning rather than the frequency of phenomena. The philosophical rationale which underpins this process is outlined in the final section of this chapter, under the heading of "Justification of the Research Design."

Qualitative data should not only be validated by providing robust reliable evidence, but also by the exposing of the methods of analysis to external scrutiny. The researcher must also demonstrate that he has been sufficiently close to the phenomena under investigation for the findings to be held to be generalisable.

Finally the researcher must subject the rationale for the chosen interpretive framework to examination so that the reasons for excluding as well including data are clear. The data presented in the next chapter conforms to the both the procedures of validation of qualitative data, as recommended by Lofland(1971) and Bruyn(1966). Lofland(1971) suggests this type of validation is a seven stage process.

- (1) Systematic direct observation
- (2) Spatial location of the researcher
- (3) Detailed listing of discarded data
- (4) Data fitting too neatly into the analytical schema
- (5) Recording of genuine errors of data
- (6) Does the data reflect the internal logic of the situation?
- (7) To what extent are the observations in agreement with established theories?

Bruyn(1966) describes the process of validation as "indices of subjective adequacy" in which there are six stages.

- (1) The more time the observer spends with the group the greater is the likelihood of adequacy.
- (2) The closer the observer works to the group the greater is the likelihood of adequacy.

- (3) The more varied the social opportunities within which the observer can relate to his subjects and the more varied the the activities he witnessed, the more likely it's interp[retations will be truthful.
- (4) The more familiar the observer is with the language of the subjects, the greater is the accuracy of the observation.
- (5) The researcher should record how social openings and barriers were dealt with, in order that the accuracy of the social-specific setting can be established.
- (6) It is important to record what the respondents say about the researcher's interpretation.

Justification of the Research Methodology

From the outset my quest has been to attempt to understand why and how, the owners of small hotels who are situated in disadvantaged locations manage to survive. In essence I am challenging the existing state of knowledge at two levels; the parochial level of small hotel survival, and on a wider level that of the nature of small business survival. By so doing I am adopting an analytical inductive approach advocated by Popper(1957).

This is in contrast to the majority of methods of inquiry as outlined in previous chapters. They have been in the main deductive. Inductive approaches rely principally on observation. To many academics the use of interpretive observation, rather than measurement as the primary method of discovery is too subjective. These academics believe that it is somehow unscientific because it is too subjective. It is far better, they believe, to generate testable hypotheses and either confirm or deny them by experimentation. I suggest that the prejudice against the subjective approach stems from the direct transfer of natural scientific methodologies to social scientific contexts.

Buchanan & Huczinski(1985) have addressed this issue of the social science researcher's dilemma with the methodologies drawn from the natural science traditions in the following manner:-

Goals of Science	Practical Implications	Problems of Social Science Research
<hr/>		
Description	Measurement	Invisible variables People change Ambiguous variables
Explanation	Establish causal links between variables	Cannot always see interactions
Prediction	Generalization from one setting to another	Uniqueness, complexity and lack of comparability between human phenomena
Control	Manipulation	Moral and legal constraints

A second major criticism of so called objective methodologies

from the natural sciences is that they are largely deductive. The basis of such deductivism is verification. Magee(1973:22) points out that:-

"Popper's seminal achievement has been to offer an acceptable solution to the problem of induction. In doing so he has rejected the whole orthodox view of scientific method, and replaced it with another.....Popper's solution begins by pointing to a logical asymmetry between verification and falsification."

Popper(1957:23) reminds us that:-

"Falsifiability is the criterion of demarcation between science and non-science."

Popper(1957) has outlined several well known examples of the failure of scientific inquiry, when the craving to be right has become obsessive amongst the scientific community. I agree with Popper that there can be no certainty in science, merely a better understanding of a problem, after the research, than before. Magee(1973:26) neatly summarizes Popper in the following way:-

"It is an elementary fact about the intellectual history of mankind that most of what has been 'known' at one time or another has eventually turned out to be not the case. So it is a profound mistake to try to do what scientists and philosophers have almost always tried to do, namely prove the truth of a theory, or justify

our belief in a theory, since this is to attempt the logically impossible. What we can do, however, and this is of the highest importance, is to justify our preference for one theory over another."

Eccles(1970:102) agrees with this line of argument, and introduces an interesting and liberating element, for the researcher, into the task of discovery:-

"The erroneous belief that science eventually leads to the certainty of a definitive explanation carries with it the implication that it is a grave scientific misdemeanor to have published some hypothesis that eventually is falsified. As a consequence scientists have been loath to admit the falsification of such an hypothesis. Whereas according to Popper, falsification in whole or part is the anticipated fate of all hypotheses, and we should rejoice in the falsification of an hypothesis we have cherished as our brain-child.

One is thereby relieved from fears and remorse, and science becomes an exhilarating adventure where imagination and vision lead to conceptual developments transcending, in generality and range, the experimental evidence. The precise formulation of these imaginative insights into hypotheses opens the way to the most rigorous testing by experiment. It is always anticipated that the hypothesis may be falsified, and that it will be replaced in whole, or part, by another hypothesis of greater explanatory power."

Deductive research designs use quantitative methodologies to collect

and analyze data. Reference has already been made to several unsuccessful research approaches of this kind in Chapter 1. Such research designs, concerned with the frequency of events can be assessed by using statistical techniques to measure their reliability and validity. Qualitative frameworks are very different because they are concerned with explanation of the logic of a situation, rather than the verification of the frequency of phenomena.

Van Maanen(1983:9) explains why qualitative methods need to be reclaimed for research into the organisational world:-

"The label "qualitative research" has no precise meaning in any of the social sciences. It is, at best, an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more-or-less naturally-occurring phenomena in the social world."

Earlier in this chapter the two main types of interpretative frameworks were discussed; "alignment" and "attunement". Building on the comment above by Eccles(1970), the researcher, using an analytic inductive approach is forced to use his creative powers to the full. Selye(1964:268) has imaginatively described the concept of interpretative framework as an "idea package":-

"The human brain is so constructed that it refuses to handle thoughts unless they can be wrapped up more or less neatly in individual "IDEA PACKAGES." It is astonishing how much confusion has been

caused by the failure to understand the following three simple crafts:

- (a) Thoughts, like fluids, can be adequately handled (isolated, measured, mixed, sold) only when put in individual containers.
- (b) The thought packages contain previous experiences; only the selection within the wrapping can be new. We have no thoughts of things whose likeness we have never perceived before.
- (c) The thought-packages, the idea units, are very loosely bound together and their contents are not homogeneous."

It is worth noting that all of Popper's philosophical notions of scientific inquiry were formulated, since he was a physicist, from within in the natural sciences.

This being the case, Popper's comments have a special importance when attempting to understand far more complex phenomena such as man himself.

A similar list of natural-versus-social-science-based paradigms have also been drawn up by Mitroff(1974). The dissatisfaction with the dominant paradigm of deductive positivism in human inquiry caused the formation of a group of researchers and management consultants in 1977, led by Reason of Bath University and management consultant Rowan. They chose to call themselves the "new paradigm group" Reason & Rowan(1981). I sympathize with their sense of frustration, and I

welcome their plea to allow the "victims", or participants in research to have access to the research findings, in order that their reactions to these findings might be systematically recorded as another legitimate source of data.

When is Qualitative Research Appropriate?

If little is known a qualitative exploratory approach would be appropriate. If the level of understanding is high but its incidence is not, then quantitative approach would be appropriate.

A wide range of writers in the field of management in general have commented on the unsatisfactory attempts management research has had in the understanding and the interpretation of human behaviour in firms.

Dalton (1959) was one of the first researchers to use a qualitative case study approach within the context of a company. He did this because he felt that previous research strategies in management tended to concentrate on "de facto" rather than "de jure" issues. Despite many difficulties he was able to produce a robust account of what actually happens inside a large company. Dalton's work is now recognised as a milestone in the interpretation of managerial behaviour in action.

Another management researcher who was dissatisfied with academic

explanations of managerial behaviour was Mintzberg. He pioneered the use of qualitative approaches to research into management. Mintzberg(1983:105-115) commented on his research strategy in the following manner:-

"This paper focuses on seven basic themes each of which underlies, to a greater or lesser degree, my research activities.

1. The research has been as purely descriptive as we have been able to make it.
2. The research has relied on simple - in a sense inelegant - methodologies.
3. The research has been as purely inductive as possible.
4. The research has nevertheless been systematic in nature.
5. The research has measured in real organizational terms.
6. The research, in its nature intensive, has ensured that systematic data are supported by anecdotal data.
7. The research has sought to synthesize, to integrate diverse elements into configurations of ideal or pure types."

Mintzberg's(1979) work has been acknowledged as providing robust insights into the nature of managerial work despite his, then, unconventional methodology. He spent only two weeks with each of the five senior executives he studied, and documented their actions, without using a tape-recorder.

His contribution came about because of his interpretive skills. Another researcher faced with the same data could well have failed to gain as many insights as did Mintzberg. Herein lies many of the hazards of "new paradigm", or qualitative approaches, to research into the human condition. The reliability of the research findings largely depends on the integrity, and intellectual ability of the individual researcher. There are also many other limitations which should not be overlooked.

Limitations of qualitative methodologies

To be involved with qualitative research the researcher has to be an enthusiast. It cannot be a passive experience. This being so, a tendency to overstate the importance of interpretations of the data is an ever present concern of the researcher. All qualitative approaches are subjective and judgmental. The usefulness of the research will therefore depend very largely on the integrity, dedication and interpretative skills of a particular researcher, rather than any inherent quality contained within the raw data itself. Qualitative research design will tend to be pragmatic. Researchers depend on securing good quality of high level access within particular settings. This means that sample sizes will be small, and longitudinal studies are difficult to sustain. Both these factors are not viewed with favour by sponsoring bodies since it makes the research process vulnerable to risk, and uncertainty as to the nature of the outcome.

The nature of this risk is very different from that in the quantitative approach. Unlike variable, centred, research strategies, qualitative methods can never guarantee results, since they depend on how they are used rather than their inherent character.

Finally, and very importantly there are problems of inference and proof. Qualitative methodologies tend to generate an immense amount of data. The researcher must resolve the problem of analysis in such a manner that the interpretation of the data may be scrutinized for evidence of falsification.

Benefits of qualitative methodologies

Becker(1958) found that participant observation gives the researcher the most complete information about social events and can thus be used as a yardstick to suggest what kinds of data elude him when other methods of inquiry are employed. Turner(1981) has argued that qualitative research methodologies direct the researcher immediately to the creative core of the research process, and facilitates the direct application of both intellect and the imagination to the demanding process of interpreting data.

In earlier chapters it has been demonstrated that the understanding of the survival of small businesses has been hampered by the imposition of large business models and deterministic approaches.

Since there is agreement that our understanding, at the fundamental

level, of small business survival is no more than rudimentary, qualitative approaches should now be used more frequently than hitherto. Glaser & Strauss(1965) were confronted with a similar problem in a totally unrelated field. Their work, the discovery of grounded theory, resulted in a clearer understanding of a medical condition which conventional deterministic analysis, by clinicians, was unable to explain.

Glaser & Strauss described this process of grounded theory as the discovery of theory from data. Which is to say that most hypotheses and concepts not only come from data, but are systematically worked out in relation to the data during the research process.

As far as business management in general is concerned Reed(1983) claims that it is perceived, and taught, as though it were a formalised structure of rational control, and co-ordination geared to economic maximisation. This naive and crude explanation of the management of organisations has been perpetuated by the excessive use of deterministic positivistic approaches. A similar view point has also been expressed by Whitley(1984:338) when he uses the term 'fragmented adhocracy' to describe the process of running an enterprise, and shows how the domination of inappropriate deterministic research methodologies is having a harmful effect on the education and training of tomorrow's managers:-

"As long as research about management by psychologists, sociologists, economists and mathematicians continues there will be a separation of

management research from the day to day concerns of managers, and the development of relatively esoteric intellectual standards become inevitable.....The need to teach marketing or accounting skills for particular job markets encourages intellectual dependence upon lay managerial categories and labels so that intellectual attempts to establishing a distinctive identity for management studies seems doomed to failure."

Qualitative approaches allow management and their enterprises to be seen as a process, rather than just as a structure. Hari(1983) describes qualitative methodologies as an unfolding of a process rather than a structure.

This makes these approaches especially suitable in the unravelling of little understood concepts deeply buried within the complex interpersonal relationships which go to make up any business enterprise. A technique contained within the process of analysis, in qualitative methodologies is the possibility of the "reflective conversation". Morgan(1986:374) defines this in the following way:-

"Such an approach would re-orient the role of the researcher from that of a technical functionary pursuing a prespecified form of knowledge, as a fundamental view of knowledge tends to encourage, and place responsibility for the conduct and consequences of the research directly with the researcher."

Morgan(1986:398) explains why it is often advantageous to have an interpretative researcher, than a passive but skilled, technically-

accomplished researcher:-

"The interpretative researcher is more concerned with identifying generalised processes that are not content-specific, and therefore cannot be characterised in terms of measured relationships between networks of facts verified through predictions of outcome.

However there is a contribution to knowledge if the researcher can identify generic processes or patterns, through which human beings construct and make sense of their realities: This can be illustrated through the evidence of exemplars, or archetypes, rather than through systematic bodies of data in the positivistic tradition."

In the proceeding chapter the importance of studying and interpreting a small business from an holistic cultural perspective was highlighted. It is not conceivable how all those, both within and external to a small business enterprise, could usefully be studied by any other means than by a qualitative approach. These sentiments have also been voiced by Curran & Burrows(1985:29):-

"The problems of establishing, of coping with unreliable customers and suppliers, and less than sympathetic banks, all contributed to accounts stressing the demanding and restrictive experience of owning and managing a small business.....Qualitative analysis treats these problems as a crucial of the data in attempts to come to terms with the understanding rather than the measurement of talk."

Writing of small business research Danridge(1979:53-57) states that a legitimate source of theory is to regard a business as consisting of close personal interpersonal relationships similar to those found in a family. Clearly, coming to terms with the intimacy of interpersonal relationships, would not be possible by using quantitative methodologies.

Another researcher expressed his dissatisfaction of the way in which behaviour of people within firms which could not be adequately accounted for, had been dismissed as "informal behaviour." Instead Boissevain (1976:3) opened up a new agenda:-

"My discussion thus concentrates on the way in which interpersonal relations are structured and influenced, on the way individuals seen as social entrepreneurs solve problems, and in the organisation and dynamism of the coalitions they construct to achieve their ends"

Previous researchers in the small business field have, (mentioned in Chapter one), have highlighted the need to penetrate the ideologies of the owners of these enterprises by changing from quantitative to more qualitative approaches. These notions were summarised by Stanworth and Curran(1983) in the following manner:-

"This shift in methodological emphasis to a qualitative approach means that the organisation can no longer be observed at a distance through examining external quantitative indicators, such as published

figures on output, profit levels and assets, or through interviews with single organizational representatives such as the chief executive."

Someone who long ago recognized the value of using qualitative methodologies to gain a deeper insight into the behaviour of people within the small business was Whyte(1947). His seminal study of human relations in the US restaurant industry stands head and shoulders above any contribution since.

The remarkable thing about Whyte's work is that in it he was able to describe clearly the conflict in a small service business, with such detail and accuracy, that it has yet to be bettered. In essence he demonstrated that the formal structure of an enterprise does not determine the pattern of human relations within the small firm.

In Chapter two I outlined the case for using a family structure as a more useful interpretative framework than the more conventional business school model. In the third Chapter I demonstrated that the twin notions of service organisations, and that of culture, should form a critical part of any analytical framework.

Taken together, the failure of quantitative methodologies to reveal new insights, and the use of analytical and interpretative frameworks embracing interpersonal relationships within both the family and the service culture, I believe the case for adopting a qualitative methodology was overwhelming.

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CHAPTER 5

THE DEVELOPMENT OF THE METHODOLOGY

ABSTRACT

In this chapter the emergence of the research methodology the "Qualitative Coding Matrix" is explained.

There are detailed worked examples drawn from the data in the pilot study to illustrate how the "Qualitative Coding Matrix" works.

The chapter includes the justification for presenting only detailed data from two only, of the six hotels used in the study.

Finally the nature of the discovery of the "Qualitative Coding Matrix" is given within a learning cycle context.

THE DEVELOPMENT OF THE METHODOLOGY

Six small hotels were selected in this research. They all had similar geographic contexts. Three categories of hotel emerged. They corresponded to Goffee's(1987) typology of small firms; "Small Employer" [Hotels one, five and six], "Self Employed" [Hotels two and four] and "Owner Controller" [Hotel three].

This demonstrates, that even within the small number of cases, in this thesis, they reflect the heterogeneity which is a feature of small firms. The evidence given in this Chapter has been collected from five main sources of data as previously described in chapter four. In order to penetrate the world of the small hotel, a web of information has been collected so that patterns of behaviour are revealed. The research design has been constructed so that the situation specific idiosyncratic issues can be distinguished from patterns of behaviour which are likely to reveal what Gummesson (1988:79) has called:-

"a fundamental understanding of the structure, process and driving forces rather than a superficial establishment of correlation or cause-effect relationships."

Thus such a small number of cases are capable of identifying and describing the survival characteristics, which are of more general applicability to a wide range of small businesses. The analytical

and interpretative approaches, which make this process happen, have been described in the previous chapter as "grounded theory" and "triangulation". In Appendix A the physical appearance, location, type ownership and owners, internal organisation structure and client base of each of the six hotels is described in detail.

The Interpretation of the Findings

The data has been triangulated and is presented within a framework derived first from "open" codes and then to "axial" codes and finally to "selective" codes from which the grounded model has been established. This process has been illustrated in Fig 1 and will be further explained in Figs 10 to 16.

The grounded model will be shown to fulfil three requirements:-

- (a) A contribution to the knowledge of small business survival in general, and small hotel survival in rural Scotland.

This is not a just replication of other people's work but is an original insight into small business survival

- (b) A contribution to research methodologies in small business research. There was no ready-made appropriate methodology to use in this type of

exploratory research. The qualitative coding matrix which has been developed during the course of this research is a useful new development which can be used in exploring the activities of the firm at the micro level when a holistic perspective is required. Although the individual methodologies are not new in themselves their integrated use, used in conjunction with the qualitative coding matrix, is a a new contribution to research methodology.

- (c) There are important implications and contributions for small business policy makers; both specifically for small hotel survival in particular and small business survival in general.

The Emergence of the "Qualitative Coding Matrix"

I was having tremendous problems in communicating my own ideas effectively. I was very aware of the richness of my own data. In its raw form it was rather impenetrable to those not immersed in my data. How could I make this breakthrough, so that my interpretation of the complex data I had collected could be made accessible to others? I had to begin again, and refine the coding procedure as recommended by Glaser & Strauss's (1967) and Glaser's(1987) grounded theory approaches to the analysis of qualitative data. The result is to be seen in Fig 1 which I have called the "QUALITATIVE CODING

MATRIX". It did not happen quickly, and came about when I working on an entirely unrelated problem.

The starting point occurred when I was working in my management consultancy company, with a firm of young talented graduate designers, who were wanting my help to improve their negotiation skills. They aimed to increase their current conversion rate of major corporate clients. I encouraged the design company to utilize their "visual intelligence", as part of the presentation procedure, to greater effect.

It then occurred to me that I should create unique symbols which represented all the types of data I had used in my own research together with the different types of interpretations that could be derived from them. By so doing it would help the reader to follow exactly the same path through the data as I had done so laboriously. I have also experimented this with technique with three of my post graduate students, in other unrelated exploratory research projects I have been supervising.

The contexts of their research were extremely varied. The first was based in Greece examining the marketing philosophy of the corporate Banking Sector in Greece. The second was concerned with penetrating the ideologies of the Scottish law firm. The third project was an examination of marketing strategies of Scotland's Museums and Galleries. In all of these projects a systematic approach to the

interpretation of qualitative data was needed. Had the qualitative coding matrix been available to them it would have had the following benefits:-

- (a) The reader of the research findings would have direct access to researcher's own path through the data.
- (b) It is highly systematic and can be used in a variety of different contexts involving the analysis of qualitative data.
- (c) It is easy to use and the reader can quickly get a feel of the richness of the data which has been previously very difficult to achieve.
- (d) The reader is able to see at a glance the degree of triangulation which has been used in the research process.
- (f) The reader can rapidly distinguish between those selective codes shown in the final integrative diagram which have been induced from the data and those which have not.
- (g) The reader is privy to each stage of the analytical thought processes the researcher has gone through

from low level open codes to axial codes and eventually to the selective codes and the final integrative diagram.

The main weaknesses however, to which I would like to draw the reader's attention, concerns the analysis, synthesis and interpretation of secondary data collected during the literature review phase of the research process. Is it ever possible to just present the findings of other authors exactly as they themselves would be have done? If it is, the qualitative coding matrix does not resolve this issue. It is still up to each researcher to have the professionalism, and personal integrity, not to misrepresent other people's findings.

A guide to the Qualitative Coding Matrix Approach

Examine Fig 1, which is the Qualitative Coding Matrix, and it will be seen that there are three levels of analysis corresponding to the low level labeling used in the "open" coding process via "axial" codes to finally the "selective" codes.

To interpret each diagram the reader needs three pieces of information. The Qualitative Coding Matrix itself. This indicates the source and type of data. Secondly, the researchers summary and description of each individual code. Finally, should the reader wish to establish precisely where this data originates,

reference has to be made to Appendices B, C & D in the case of data from field work, and to Chapters 1 & 2 in the case of literature review.

The Qualitative Coding Matrix

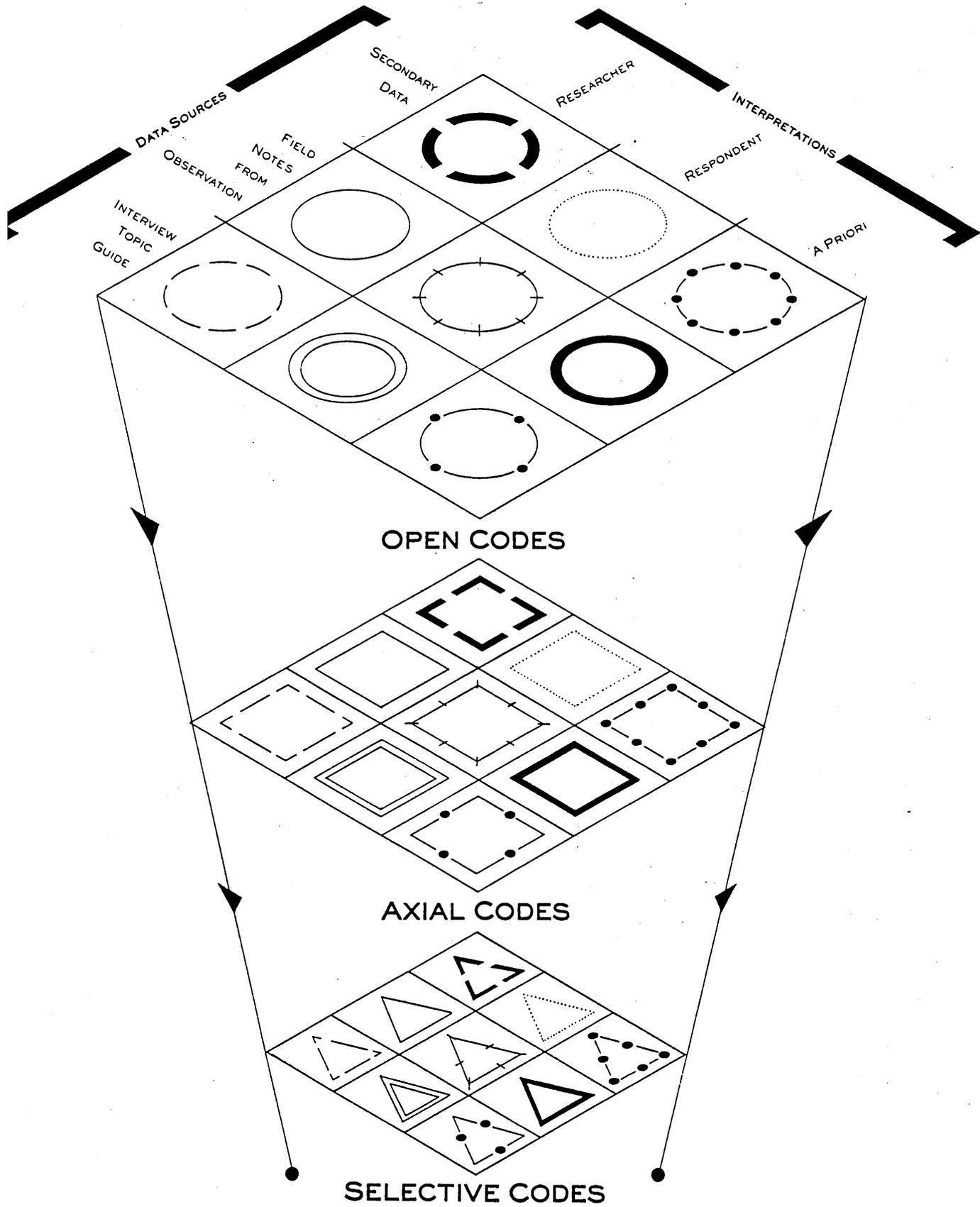


Fig 1

There are nine possible outcomes from the data types and different forms of interpretation. Each unique symbol can be used as a means of labelling ideas as they arise. In this research I have used only six of the possible cells in the matrix. Indeed one of the main weaknesses of my work is clearly revealed by the qualitative coding matrix itself. I did not show my respondents the detailed notes taken as result of the participant observation. This is a weakness which the new paradigmists would rightly criticize me for. Additionally, the absence of a priori exposure to the field notes and topic guides used in interviews is another flaw in the research approach I have used.

Each individual "open" code is then labelled in such a way which enables the reader to go directly to the raw data to establish the line of argument which the researcher is using as a method of pattern generation.

The first level of integrative diagrams demonstrates the associations and relationships of the "open" codes with one another in a dynamic manner.

The second level of integrative diagrams show which of the "open" codes have been discarded, and which have been up-graded to become "axial" codes.

The third and final level of integrative diagrams illustrates which

"axial" codes have been discarded, and which have been up-graded to become "selective" codes. The paradigm is then revealed showing which elements have been wholly, or partially induced from the data, and those which have withstood analysis, but have been derived from an a priori hypothesis.

"Open" codes are a form of low level labelling and were given alpha numeric codes as well as the shape of code. Together they provide each code with a unique identity, which can be traced directly to the raw data. Having collected several such codes, from the different data sources, certain of these "open" codes are upgraded to become "axial" codes. The basis of the upgrading is concerned with the robustness of their association with other codes. "Axial" codes are then constructed in diagrams which have been shown in Figures 11, 13 and 16. The process is then repeated and the more robust "axial" codes are up graded to become "selective" codes. The "selective" codes are drawn from all the different data sources, which indicates the degree of triangulation associated with each "selective" code.

Although this three step analysis is an adaptation of Glaser & Strauss (1968) grounded theory, without the "Qualitative Coding Matrix", it is almost impossible for the reader to penetrate the researcher's own logic without several hours of tedious reading. The "Qualitative Coding Matrix" permits the reader to move in and out of the data at will, checking interpretations at random, whilst always having an holistic view of the researchers' overall findings.

The literature reviews were treated as another form of data. This secondary data was analysed using the "Qualitative Coding Matrix" as shown in Figs 15, and 16 and are shown in the next few pages.

Following the literature review it was possible to identify seven key relationships which should feature during the pilot study in hotel one. They were:-

proprietor/customer, proprietor/supplier, proprietor/external professionals, employee/customer, proprietor/employee and proprietor/family. These are shown in Fig 17.

Figs 15 and 16 demonstrate the logic of my interpretation of the a priori assumptions to be found in the three literature reviews which were undertaken.

To understand these diagrams the reader should consult the Qualitative Coding Matrix (Fig 1), and refer to the explanation of "open" codes shown on pages (200-209).

The Qualitative Coding Matrix

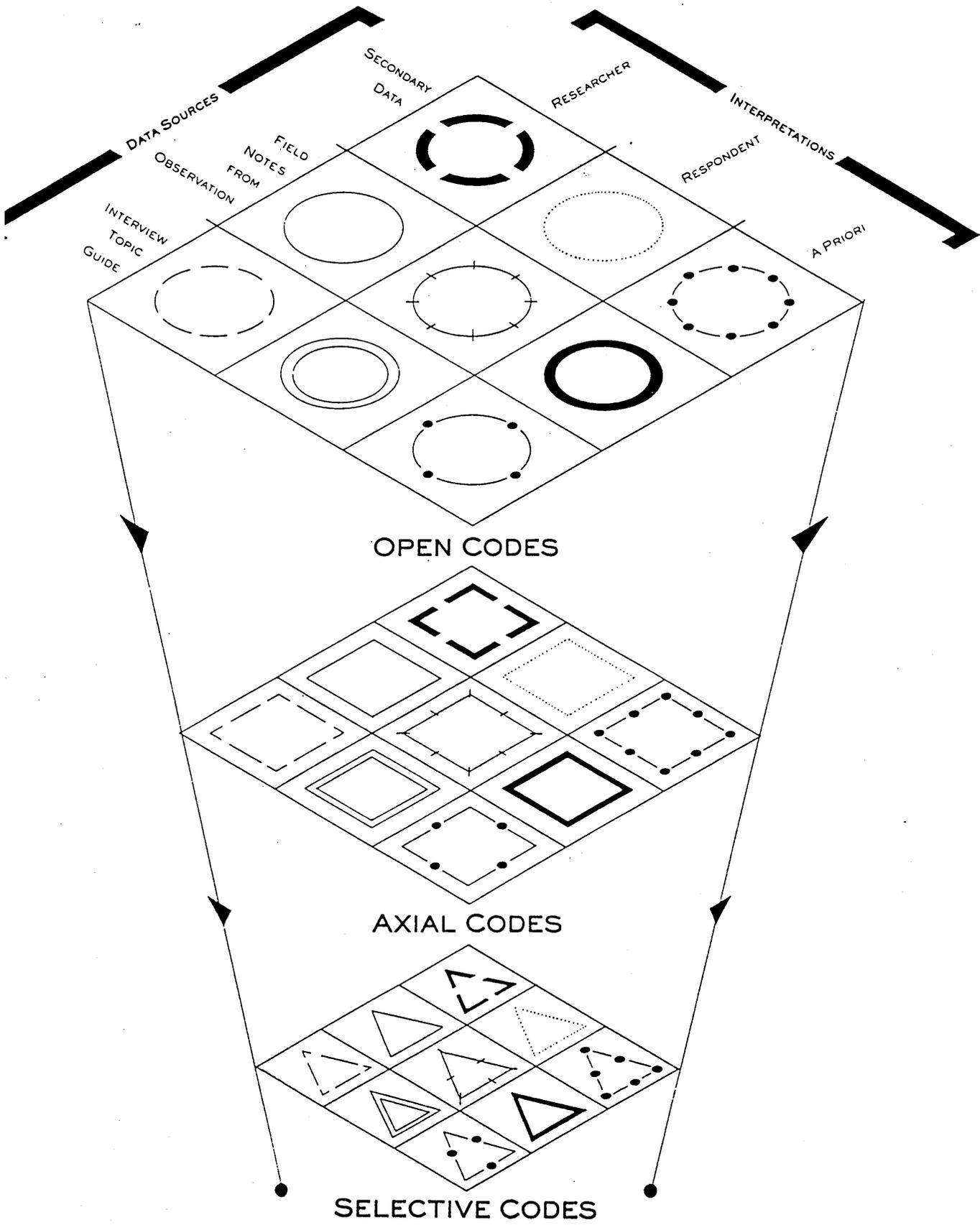


Fig 1
200

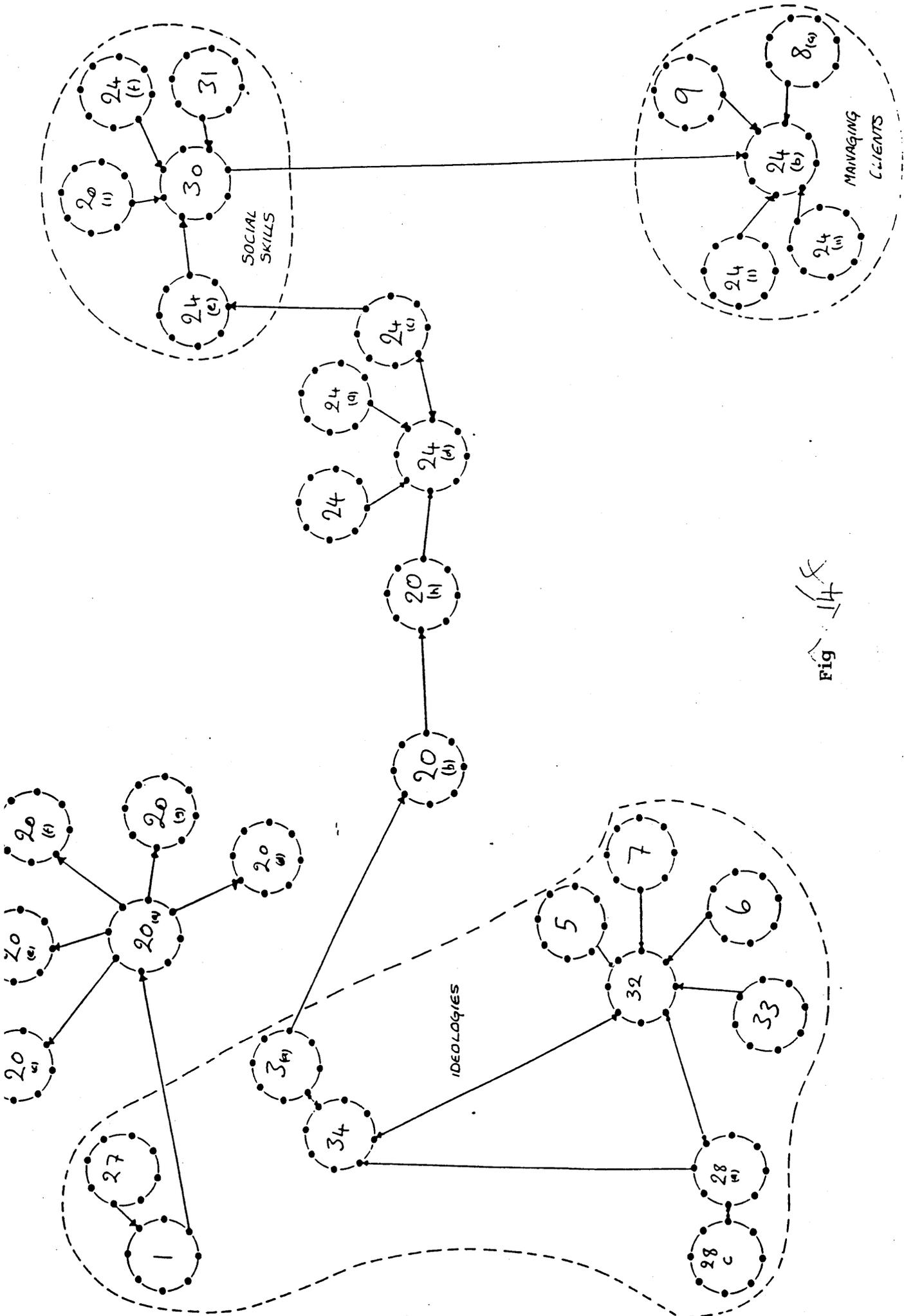


Fig. 14

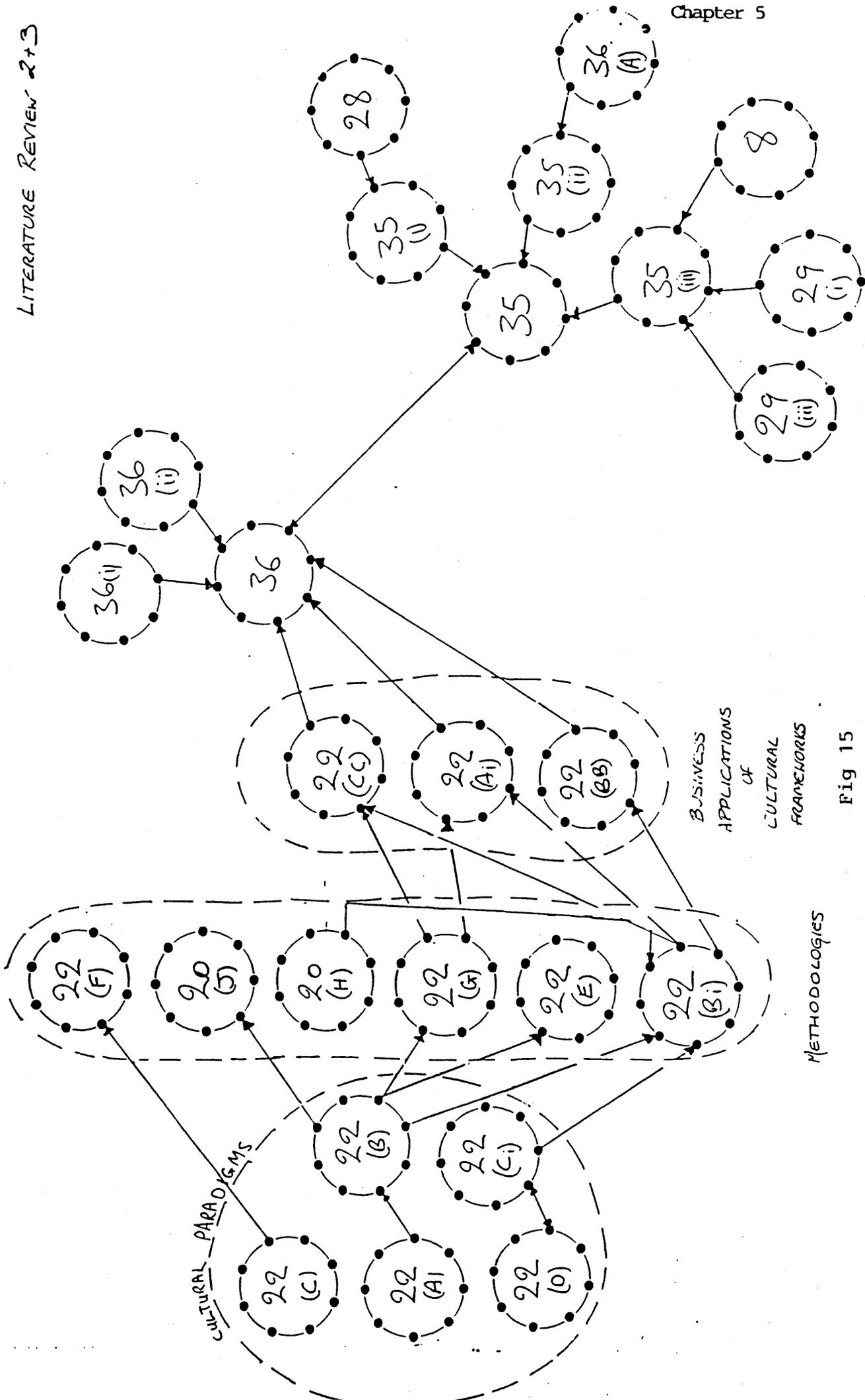


Fig 15

METHODOLOGIES

BUSINESS APPLICATIONS OF CULTURAL FRAMEWORKS

CULTURAL PARADIGMS

ADJAL CODES

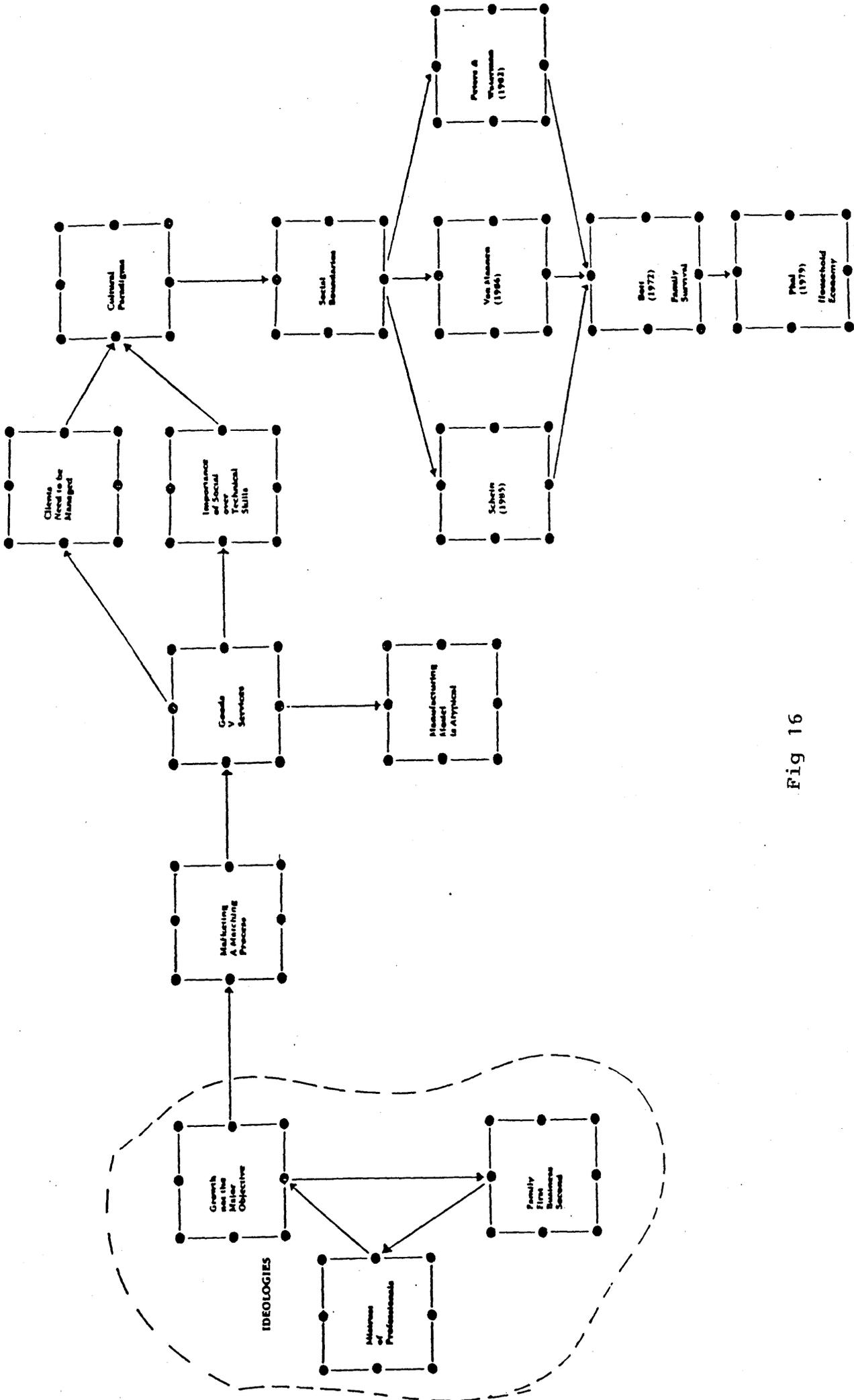


Fig 16

Open Codes



Below are shown a priori interpretations of the conventional wisdoms in the "literature" and the secondary financial accounting data found in the hotel companies.

- 1 Small firms survival by competition and market forces.
 Gibb & Scott (1983)

- 2 "Cosy" business clubs help small firms to survive.
 Gibb & Scott (1983)

- 3 The small business typology
 Goffee & Scasse (1983)

- 3(a) Small businesses avoid market forces
 Goffee & Scasse (1983)

- 4 The small hotel typology
 Hayes (1980)

- 5 An hotel is family which happens to be a business
 Hayes (1982)

- 6 Reasons why the Petit Bourgeoisie are frequently

running small businesses - Social marginality

Goffee & Scasse (1983)

7 Employees are regarded as "family" members
and not employees
Hayes (1982)

8 Institutionalised theft
Mars & Mitchel (1977)
Lowe (1979)
Mars & Nicod (1984)

8(a) Triadic relationships
Mars & Mitchel (1977)

9 Transaction type
Mars & Nicod (1984)

20(a) Marketing is an exchange process
Kotler (1980)

20(b) Marketing is a matching process
Foxall (1984)

20(c) The marketing mix concept
Borden (1965)

- 20(e) Buyer behaviour concept
Sheth (1970)

- 20(f) Channel management
Smith (1977)

- 20(h) Differences between goods & services
Gronroos (1981) & (1983)

- 20(i) Technical & functional aspects of quality
Gronroos (1983)

- 22(A) Phenomenology
Berger (1966)

- 22(B) Anthropology
Cohen (1974)
Douglas (1978)

- 22(Bi) Social boundaries
Douglas (1978)

- 22(C) Structuralism
Weber (1970)
Parsons (1951)
Levi-Strauss (1962)

- 22(Ci) Knowledge & power form the boundaries of
acceptable social behaviour
Foucaults (1972)
- 22(D) Hermeneutics
Harbermas (1980)
- 22(E) Language
Berger (1966)
- 22(F) Symbols
Firth (1954)
- 22(G) Myths
Schein (1985)
- 22(I) Ideologies
Cohen (1974)
- 22(H) Ritual
Douglas (1978)
- 22(Ai) Culture as an explanation of successful managerial
behaviour
Peters & Waterman (1982)

- 22(BB) Definition of culture - a phenomenological interpretation
Van Maanen (1985)
- 22(CC) Culture as an explanation of business survival
Schein (1985)
- 24(a) The service concept
Lehtinen (1985)
- 24(b) Customers in services companies must be managed
Normann (1985)
- 24(i) Taylor (1977)
Nailon (1977)
- 24(ii) Whyte (1946)
- 24(c) Absence of agreement on what the management of hospitality services actually involves
Nailon (1977)
- 24(d) The manufacturing model of business behaviour is misleading because it is a special case and not typical of most types of businesses
Miller & Rice (1967)

- 24(e) Hotels should sell atmosphere and not bedrooms
Greene (1985)
- 24(f) Waiters are entertainers not just workers
Lefter (1959)
- 24(g) Hotel workers are performers not operatives
because hotel business is showbiz
Slattery (1970)
- 27 External agencies are important to small business
survival
Gibb & Scott (1983)
- 28 Small business mistrust external professional
advisors
Brown & Hankinson (1986)
- 28(a) Mistrust of professional advisors by small
businesses
Milne & Thompson (1984)
- 28(c) Mistrust of government
Curran (1986)

- 29(i) Underground economic activities
 Bamford (1984)
- 29(ii) Underground economic activities
 Friedman (1987)
- 30 Importance of social rather than technical skills
 in a restaurant environment
 Whyte (1947)
- 31 A service worker performs rather than operates
 Slattery (1974)
- 32 Small hotels are families first and businesses
 second
 Hayes (1980)
- 33 Financial reward is seldom the sole criteria
 for small businesses
 Stanworth & Curran (1973)
 Goffee & Scasse (1982)
- 34 Most small business do not wish to grow they
 prefer to remain small
 Stanworth & Curran (1976)

- 35 Economic activity at the level of the household
 Pahl (1979)

- 35(i) Formal economy
 Pahl (1979)

- 35(ii) Household economy
 Pahl (1979)

- 35(iii) Underground economy
 Pahl (1979)

- 36 The survival mechanism of the family
 Bott (1972)

- 36(i) Segregated conjugal roles
 Bott (1972)

- 36(ii) Loose-knit external role relationships
 Bott (1972)

- 36(A) Survival of the family business
 Bertaux & Bertaux (1981)

- 36(B) Survival guidelines
 Rosenblatt (1985)

Six hotels participated in the research, but detailed analysis and interpretation using the "Qualitative Coding Matrix", has been shown (pages 271 - 297) for only two of the hotels. The reasons for this are outlined below.

Justification of the interpretation of the findings from two of the six hotels in the study.

It will be seen from appendices A, B, C, D & E that a massive amount of data has been collected during the course of this research. For clarity of presentation, detailed systematic analysis and interpretation has been restricted to two of the six hotels; Hotel one and Hotel two. Hotel three (owner controller) was the least typical of the hotels in the study for two reasons:-

Firstly it was the only hotel in which the ownership was shared between a number of people, most of whom had little active part in the day to day running of the hotel.

Secondly it was quite a large small hotel, and was within an hours drive of Aberdeen, which gave it the best of all the locations in terms its potential for stability of income during the winter months.

Hotel one was selected because it was a "small employer" who managed to stay open during most of the year and was the hotel

in which many of the key concepts were first observed since it featured in the pilot study. Hotel two was a good example of the other main category of hotel the "self employed" small business because it had the best reputation for quality, of all the hotels in the study, and had managed to survive the longest. Hotel two was also run by two male business partners, although obviously not the conventional nuclear family never-the-less operated the hotel in a highly conventional familial manner. Hotels 4, 5 and 6 broadly duplicate the findings of Hotels 1 and 2.

In addition to this research and, in order to move away from entirely situation-specific research findings, a focus group interview was carried out with three other hoteliers, who were running their own small hotels in similar circumstances but in different locations through the UK.

An explanation of diagram of open codes, axial codes and final integrative diagram

The grounded theory methodology used in this research in itself is not entirely new. But it is the first time it has been used within the context of the small business. More importantly the technique itself has been refined during the course of the research so that its use can be made more accessible to both those carrying out research and those reading other people's research findings. Essentially the raw primary data, either in the form of transcripts of interviews or field notes based on periods of participant observation is coded first by "open" codes.

These open codes are low level labelling from which the researcher seeks to interpret the fundamental processes, and driving forces within the context of the data, rather than to establish superficial measurements of correlation and cause and effect relationships. The "open" codes are then saturated with data from as many sources as possible to attempt to refute and deny their existence and emphasise any surviving codes. These surviving codes have been labelled "axial" codes to indicate the axis around which each code revolves.

Finally the process is repeated until the "axial" codes are further refined to become "selective" codes. These "selective" codes then form the main components of the final paradigm which are constructed in the form of an integrative diagram [They are shown in Figs 10 to

16]. During the process of this research several integrative diagrams were constructed. Only the most critical ones are shown in this chapter.

Without realising it at the time the manner in which my thesis evolved accurately mirrors the Kolb learning cycle described in Chapter 4; active experimentation, concrete experience, reflective observation and finally abstract conceptualisation.

Active Experimentation

The process began with active experimentation with concepts found in the literatures of small business, hotel administration and marketing. The reader will recall that following the initial literature review, a diagram was constructed highlighting the critical relationships which appeared to be worthy of investigation. This is shown in Fig 17. Six critical relationships between the proprietor and others were highlighted by the literature:-

1. External professional agencies
2. Competitors
3. Suppliers
4. Customers
5. Employees
6. Family

These key notions were then incorporated into a research strategy for the pilot study.

Concrete Experience

The next stage was the pilot study itself which was really a period of active experience. All those participating in the five key relationships were interviewed. This was a process of alignment, in which I had a series of hypotheses suggested to me by the literature as likely to be of importance. In addition to "testing" these hypotheses I also allowed myself to be influenced by any unexpected findings which might be revealed by accident. This part of the research process was a combination of hypothesis-testing and analytical induction.

Reflective Observation

Following this pilot study several months of reflective observation of the data took place. Eventually, by creating crude open codes abstract conceptualization revealed that three of the categories of relationships suggested to me by the literature were of little importance to the survival of the small hotel in the pilot study.

Categories rejected

External professional advisors

In the pilot study, and confirmed by subsequent studies in five other hotels I found that, hoteliers had a considerable degree of hostility towards external professional advisors. Advisors were not in fact in any sense critical to the survival of their businesses.

Competitors

The six hoteliers tended to be more interested in positioning their unique offerings to sympathetic guests rather than directly competing with other hoteliers. In short, these hoteliers were matching the special features of each individual hotel with guests who would share similar tastes as themselves. They insulated themselves from competition rather than become involved in a commercial exchange processes with their guests.

Suppliers

The hoteliers relationship with suppliers did not indicate that there was anything critical that would have a pivotal impact of their survival.

New category induced from the data - non-family friends

The coding process revealed an additional category, that of "friends of the proprietors". These were neither guests, family nor employees but had an important role to play in the process of the survival of

the small hotel. These non-family friends were important, but at that stage I was not able to say why.

Additionally I needed to find out how to penetrate the ideologies of these proprietor's in order to understand why they did things, and not just report on what they did. These categories which appeared to have the most importance both prior to the pilot study (Fig 17) and following the pilot study (Fig 18).

The preliminary analysis prior to the pilot study in hotel one

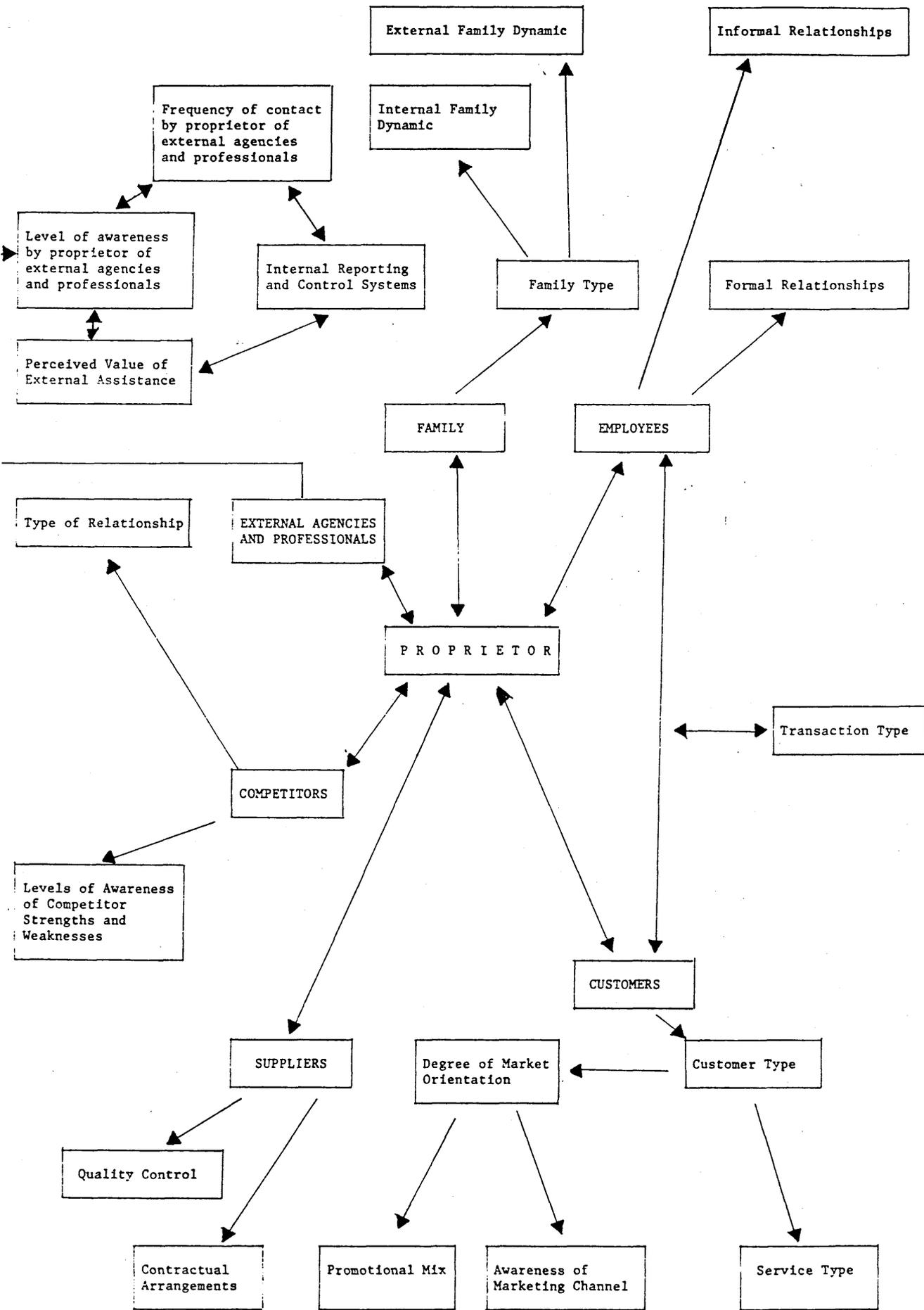


Fig 17

Following the pilot study in hotel one, four relationships emerged as being the most critical to the survival of the hotel

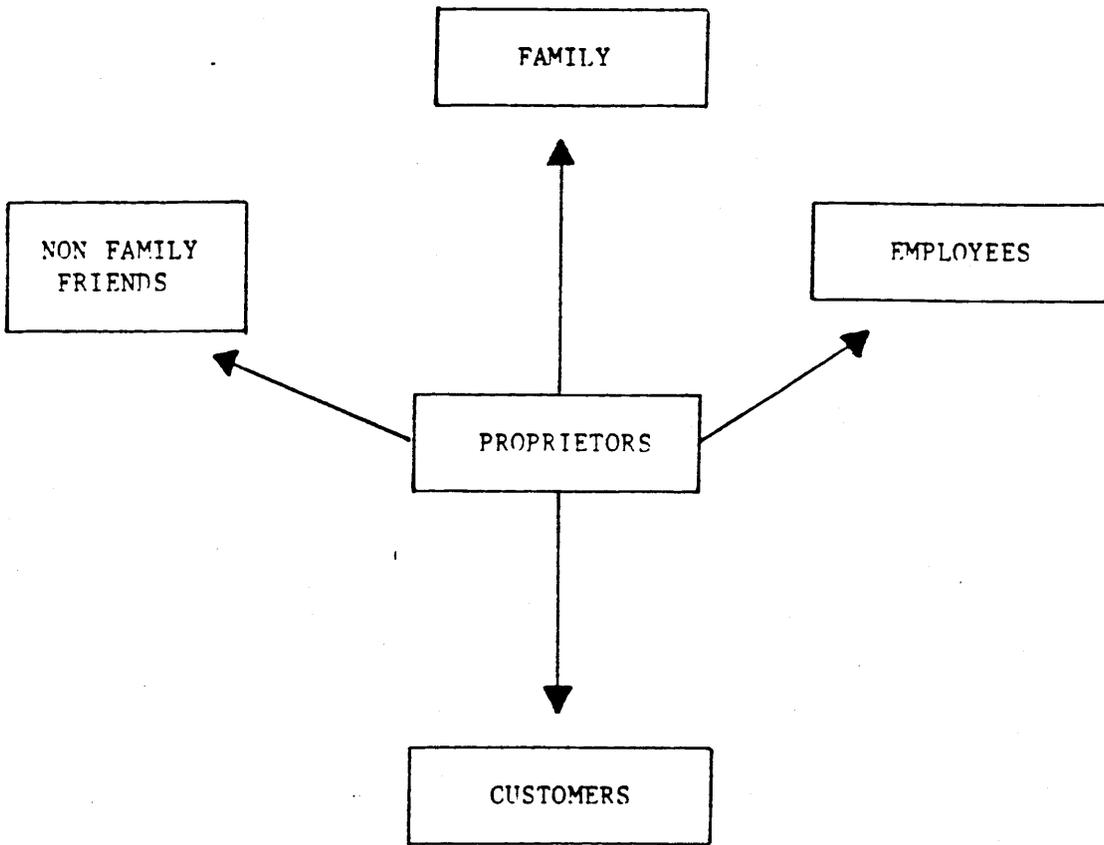


Fig 18

Abstract Conceptualization

At this point I was very confused. I intuitively felt confident that I had stumbled upon something of importance, but was uncertain how to proceed. Fortunately advice from Professor Curran proved most useful.

He introduced me to the ethnographic framework, which in turn lead me towards an anthropological framework, and finally to the realisation that the ideology of the small hotelier could only be penetrated by analysing his personal 'culture'. Three key elements contained in the use of 'culture' as an analytical framework were of great value. Firstly the notion of social boundaries, secondly the use of language, and thirdly entirely ritualistic behaviour.

Social Boundaries

To penetrate the ideologies of a given context it is necessary to establish what these invisible social boundaries actually are. It is not much use asking people to describe what these boundaries are, because they are unlikely to be aware of them since they represent solved problems which are buried in the subconscious. Greater emphasis was given in the other hotels following the pilot study participant observation. When people became distressed or simply uncomfortable an invisible social boundary had been violated and the parameters of social behaviour could be established.

Language

The literature indicated that language was more than mere vocabulary. It was also metaphor for the nature of relationships.

Rituals

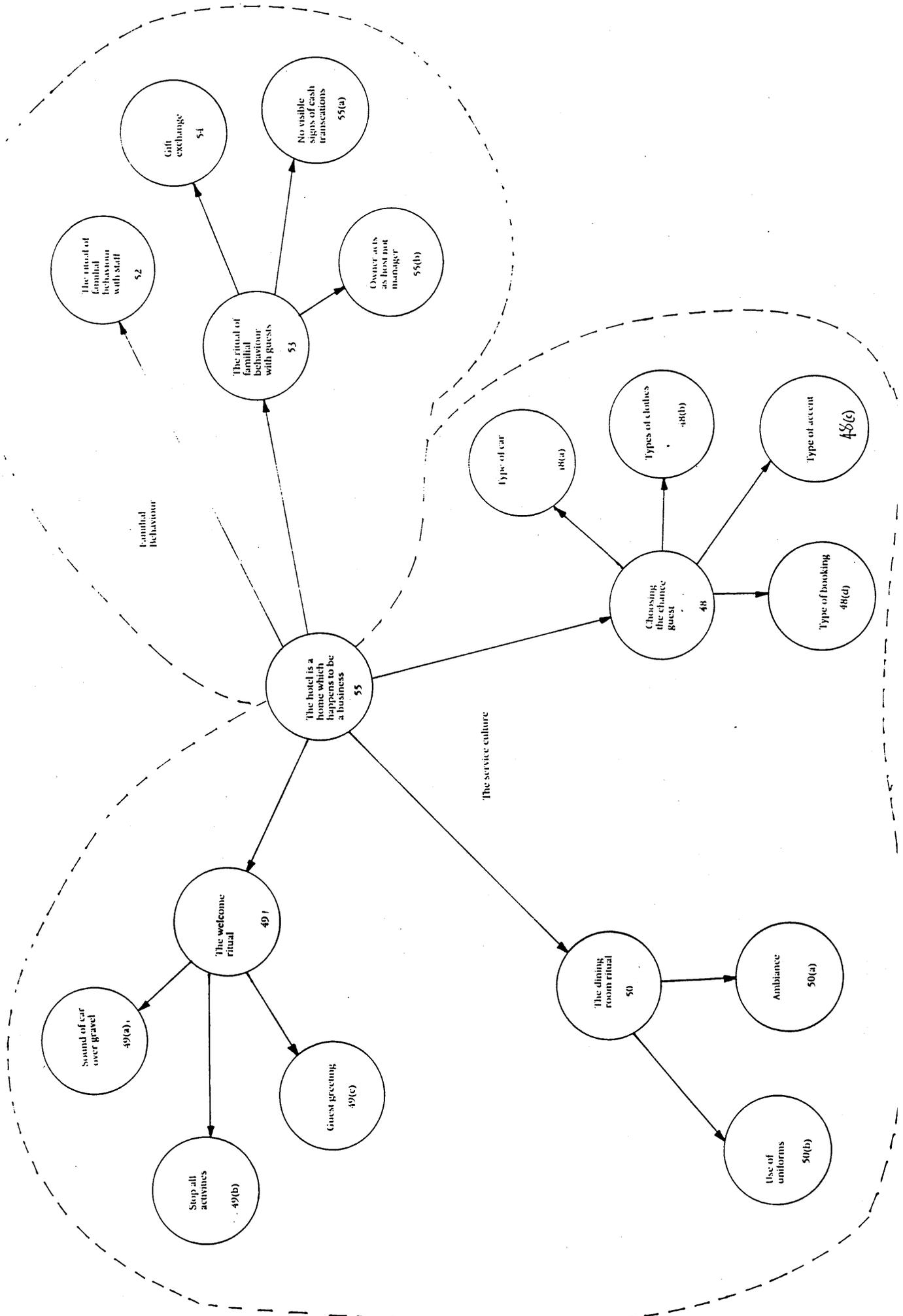
Similarly previous research indicated the importance of documenting repeated patterns of behaviour which had meaning in themselves. This ritualistic behaviour was not something which could be established from detailed conversations with the owners. Instead participant observation would be the most likely way in which to uncover and interpret, the existence of ritualistic behaviour.

Active Experimentation

The discovery of language

I started out my research using the word "customer" and I finished the research by using the word "guest". "Customer" implies a calculative, short-term, purely commercial relationship. Whereas "guest" implies a much more familial relationship in which the commercial aspects are placed in the background. As the research progressed I gradually moved away from over reliance on tape recorded interviews, and more and more towards the field notes made during the process of participant observation. Other examples of the importance

in hotel six



of words have been described in the analysis of Hotels two and six. Of particular note is use of the word "dining room" instead of restaurant. One the proprietor's of Hotel two described hoteliers as failed actors who had a need to perform ("open" code 36 PROP). This chance remark triggered off a series of ideas, which made me realise one of the most important aspects of hotels in particular, and personal services in general was that they were really a stage on which the hoteliers orchestrated their cast comprising both employees and guests. Since all actors need a director the better the director the better the performance, and the more everyone enjoys themselves. This finding was very useful in explaining why guests, staying in these hotels, not only tolerated a remarkable number of idiosyncrasies, but also enjoyed the experience.

The interpretation of rituals

Fig 19 shown over explains how these interpretations were derived.

By the time I had started my research in hotel six ("open" codes 48, 49, 50, 52, 53 & 55) I had adopted an attunement rather than an alignment approach to my research strategy. I became more sensitive to the detail and meaning of the various ritualistic behaviour within the hotel. These rituals are described later in this chapter headed 'Participant Observation'. They range from the initial "welcome", to the "dining room" ritual with intervening rituals designed to maintain the illusion of being a house guest, rather than an hotel customer. The integrative diagrams were derived from participant observation in Hotel 6; the systematic and ritualistic behaviour associated with welcoming the guest; choosing "chance" guest; controlling behaviour in the dining room; and "familial" behaviour with both guest and staff.

The cyclical nature of the research process.

As the research developed I found myself increasingly moving from experimentation, to concrete experience, to reflective observation, to abstract conceptualization, and back again to experimentation. The aspect of my work, which I realised only in retrospect was the switch from alignment to attunement. Initially I was actively seeking to align my data to secondary data findings, almost in an hypothesis testing manner. As I discovered more and more things of interest, and my confidence grew I began to switch from alignment towards attunement. I began to attempt to establish whether the things found in the pilot study were merely idiosyncratic, or were

patterns of behaviour of a more robust nature.

As this research process continued I began to place increasing reliance on data collect by participant observation, rather than just on tape recorded interviews. The second time I went round the four stages of the learning circle the breakthrough occurred, when once more thanks to Professor Curran, I was introduced to some literature which was hitherto unknown to me. It was Pahl's(1979) Analysis of Economic Activity amongst Households in Eastern Kent in England, which set off a whole series of very fruitful trains of thought, which enabled me to situate and interpret the real meaning of the data I had collected.

The third and final time I went round the Kolb learning cycle I was able to discover a useful method of notation for the grounded theory approach. It has proved useful both in terms of sorting my own ideas out, and also helping the reader to follow my own path through the data, and finally for the reader to be able make an informed judgement as to the validity of my line of argument. The details of the analysis and synthesis are further developed in the next chapter.

CHAPTER 6

THE PROCESS OF ANALYSIS AND SYNTHESIS OF THE DATA

ABSTRACT

The data from five main sources are analysed and synthesized; life history of each owner, financial data from internal management accounts and published accounts, the management diary, field notes from participant observation and the analysed transcripts of the interviews.

This chapter concludes by introducing the notion of the "Familial Economic Unit" as the explanation of small firm survival.

THE PROCESS OF ANALYSIS AND SYNTHESIS OF THE DATA

The results of the research, as outlined in the previous chapter, which was carried out in six small hotels during the summers of 1985, 1986 and 1987, are presented in three main ways. Firstly, by describing the context and content of the data from within each small hotel. This involves the presentation of the five main types of data for each individual hotel:-

- (1) Life history of each proprietor
[Appendix A]
- (2) Financial data from internal management accounts and
final accounts
[Appendix B]
- (3) An analysis of the management diary of the proprietor
[Appendix C]
- (4) Observations as recorded from field notes
[Shown in the text of this chapter]
- (5) Analysed interviews from participants associated
both with the hotels internally and externally
[Appendix D]

The secondly the findings are synthesised across the six hotels highlighting the main issues. Finally the findings from two of the

six hotels are analysed using the "Qualitative Coding Matrix" in Appendices D1 and D2 and Figs 14 to 19 in Chapter 5 and Figs 10 to 13 in Chapter 6.

In the next section of this chapter there follows a summary of the analyses of the six hotels in the four remaining areas; financial data, management daries, field notes from participant observation and recorded interviews.

The Financial Data from the Internal Management Accounts and Final Accounts

All the hotels except for Hotel 3 use accountants, who publish their client's final accounts in a manner which obscures the relative profitability of the three main sources of revenue all hotels receive. These are revenues from accommodation, food and alcoholic beverages. What normally happens is that all that is published is one total sales figure. This makes it impossible to establish the income and cost structures by revenue type. The practice assists the hotelier to obscure the level of income and amount of profitability from the Inland Revenue. The Inland Revenue can quite easily calculate the income and profitability from alcoholic beverage because of the V.A.T. system.

In producing the analysis shown below I have used both the information contained in the published final accounts and raw data gathered from internal management accounting. This was quite a

problem is some of the hotels because they actually didn't seem to have any. This meant I had to construct some from the data available. The figures shown below are the "actual" trading results as opposed to the records shown in the final accounts. Where there are variances between published data and actual data these have been highlighted. In all cases actual sales data has been shown ³ With an indication of the amount of under reporting of income. For all hotels the information is in the same format; sales value, gross and net profitability. As is the convention in the Hotels industry gross margin is sales less direct material costs.

Net Profit is gross profit less all other expenses except taxation. The return on capital and capital structure information has not been included because it did not make sense within the context of this data. There was a great deal of difference between the manner in which the buildings were being valued which would render comparisons rather pointless. The convention 'year one and two' (YR 1 & YR 2) has been used to denote the hotel's trading during the two most recent years, prior to my research activities, year two being the most recent year.

These statistics clearly demonstrate the involvement of all of these proprietors in the "underground" economy, by a combination of understated income, inflated costs of materials and heavy operating costs. ²

They are living off the business to a considerable extent. Under reports of 20% less than reported annual turnover would be a modest estimate of the extent of these practices. Only Hotel 3 was not carrying out this practice because it was the only hotel run with an "external" board of directors.

Analysis of the Management Diaries as completed by the Proprietors

This was one of the ways in which the world of the small hotel was revealed, by persuading the hotelier to complete the self-completed diaries in the form of a simplified activity form [Appendix C]. The rationale behind the analysis of this type of data has already been explained in Chapter four. In practice it was more difficult to execute than I had imagined. All the hoteliers hated paper work of any kind, especially if they couldn't see any extra business coming from it. What this meant, in this research, is that none of the hoteliers were prepared to continue the diary for longer than a three day period. This said, the information they gave is reliable since another thing I quickly learnt about hoteliers is that when they devote time to an activity they used it to good effect. That, after all, was the main purpose of this stage of the data collection process - to distinguish between those activities which the hotelier valued and those which he did not.

The detailed results of the diary study are shown in Appendix C.

Interpretation of the Management Diaries

There are inherent weaknesses in management diaries, and the three main lessons learnt by Bowey(1983) et al, were incorporated into this study. Firstly the diary system can only be introduced when a high level of rapport had been established. Secondly, the diary was highly structured, which only involved the participant in ticking pre-categorised activities. Thirdly the participants were discretely "supervised", in that they were not left entirely to their own devices. They were given encouragement to continue the diaries, and gentle reminders, if it was felt that the diaries were not being completed as frequently as requested.

It has to be stated that one of the major shortcomings of management diaries, was the difficulty of the manager having to report accurately aspects of his own work. Factors such as interruptions remained a difficulty. Some owners of these small hotels found it almost impossible to differentiate between what the researcher might see as interruption, and what he, himself, could consider to be interruption. In the rather hectic world of the small hotelier, interruptions are often perceived by them as part of the "normal" way of working, and as such asking him to make such distinctions is unrealistic, and of limited value.

The main benefit from these diaries was to provide additional evidence alongside the participant observation and tape recorded

interviews which were taking place. One of the main assumptions behind the diary system, is that if the manager spends a significant amount of time on particular activities, he does so because those activities are of greater importance. Listed below are those activities which the owners of these small businesses did value more than others.

Internal versus External Activities

The proportion of time spend on internal and external activities are summarized below:

	Internal	External
Hotel 1	55%	45%
Hotel 2	65%	35%
Hotel 3	67%	33%
Hotel 4	75%	25%
Hotel 5	40%	60%
Hotel 6	20%	80%

The above results are interesting because, they demonstrate that these small isolated businesses are not operated in a narrow parochial manner, with the owners spending all their time in on internal business activities, as one might have expected. They all,

in differing degrees of importance, tend to value the external contacts of the business.

Valued Internal Activities

Quality control was the single most important pre-occupation of activities which lasted longer than five minutes as highlighted by the management diaries:-

% of internal time spent on Quality Control

Hotel 1	18%
Hotel 2	25%
Hotel 3	35%
Hotel 4	30%
Hotel 5	20%
Hotel 6	40%

The quality control involved walking round all parts of the hotel on a daily basis, usually in random manner, inspecting the services being provided.

47
(A)

The other important finding was the proportion of time spent face to face with guests and staff. The internal telephone system was rarely used. This was partly because of the size of business. It also

demonstrated the owner's preference for talking directly to people rather than using the telephone.

Valued External Activities

There were three types of external activities the owners engaged in; meetings away from the hotel with guests and marketing consortia members, speaking to the bank manager and accountant and writing to suppliers. With each of these three types of activity the owners showed a particular communication preference.

Guests/Marketing Consortia	-	Face to face meetings away from the hotel
Accountant/Bank Manager	-	Telephone
Suppliers	-	Written correspondence

47

The analysis shows that between 10% and 20% of the hoteliers total time spent on all activities were engaged on activities physically away from the hotel. Additionally at least 75% of all three types of external activities were spent in issues related to obtaining more business rather than in administrative issues.

THE FIELD NOTES - OBSERVATIONS RECORDED WHILST CARRYING OUT

PARTICIPANT OBSERVATION

RITUALIST BEHAVIOUR REVEALED

Working in the front office of the hotel

Since I was already familiar with the booking and clerical procedures involved in hotel keeping I was able to be useful to the hoteliers in performing these routine tasks with minimal supervision. The reception area in any hotel is located in a strategic position, and makes an ideal "observation" post for a researcher.

Choosing the "chance" guests - a four stage process

Although I managed to do the office work I soon found, without at first realising it, that I had to develop a sensitivity to a preferred type of hotel guest. What happened was that each of the hotels had an elaborate four-stage selection process through which all "chance" guests had to come before they were allowed to stay in the hotel. In Hotels 1 and 3 this did not happen quite so deliberately, because they were larger than the other hotels and had a more mixed clientele. In all the hotels I was often asked to do the afternoon shift when "nothing happens", as it is the quietest period in the day of an hotel. Interestingly, though, things occasionally did. It usually took the form of "chance" guests arriving unexpectedly.

These are potential guests who arrive unannounced and seek accommodation. All the hotel proprietors have learnt to treat this type of guest with the utmost suspicion. I was briefed as to the

48

48
(a)

type of persons who were of this type. The first stage in the "chance" guest approval process was the year, and make, of the "chance" guest's motor vehicle. It was more subtle than just making sure the "chance" guests were likely to be able to pay the bill. It was more a question of their fitting in with the regular clientele. The more up-market European car was the most favoured type of car.

I was warned to be wary of those "chance" guests arriving by hire car unless they were non-British. Amongst the car owners a pecking order was established:-

Most Favoured	Acceptable	Least Favoured
Volvos and Saabs	BMWs	All hire cars
Rovers	Jaguars	Japanese cars
Audis	Mini cars	Fords & GMs

When I asked why an Audi driver was likely to be a more suitable "chance" guest than a BMW driver I received the following explanation. The hoteliers believed that BMW drivers were "flashy" and "arrogant" therefore had the potential to be a disruptive influence. They told me that older BMWs had more suitable car owners than the newer models. Audi owners on the other hand, the hoteliers believed were more discerning and less arrogant. The second stage in choosing the right type of "chance" guest involved a close

examination of the physical appearance of the new arrivals. Certain tell tale items of clothing were pointed out to me:-

Most Favoured	Acceptable	Least Favoured
Older more traditional clothes such as those sold by "Jaeger"	Smart casual clothes	Denim jeans Business Suits

48
(b)

The third stage was an assessment of their speech. Again it was a rather subtle process. It was not a case of just denying entry to those with unpleasantly strong regional accents. It was a question of knowing who the current "regulars" were, and attempting to calculate whether they would "get on" together or not.

The final stage in the process was the type of booking they required. In these small hotels all the rooms were very different. Some were extremely desirable because of their location and view, and others might be too near the kitchen, or close to noisy plumbing. Trade-off's were sometimes condoned when a "chance" guest, who had failed two out of the three previous selection tests, might redeem himself by agreeing to take a "difficult to let" room for more than one night. Bonus points could be won by "chance" guests who did not pay by credit cards, and who paid, in full, in advance. The

salvation of some "chance" guests was the mention of the names of regulars who had personally recommended the hotel to them. Not surprisingly I sometimes made mistakes and allowed the wrong type of "chance" guest into the hotel. If their booking was for one night only their presence was tolerated. In the case of longer bookings made by me for the wrong type of "chance" guests, who were asked to leave after the first night and I was rebuked, and sometimes moved off the reception duties to other tasks where I could do less damage to the business.

The Welcome Ritual

49

In all the hotels great emphasis was placed on the manner in which the guests first few moments was managed. In all the smaller hotels (hotels 2,4,5 & 6) the ritual was very similar. All members of staff, what ever type of job they had, were told that they must be alert for the sound of new arrivals. Hotels 2 and 6 specifically asked the staff to stop whatever they were doing, whenever they heard the sound of car wheels crossing the gravel chipped drive-way, find out who had arrived, and go out to the car and welcome them personally. Hotels 4 and 5 allowed the guests to find their own way to the hotel and then gave them a welcome. In all the hotels it was noticeable that all staff, not just reception personnel were encouraged to engage in conversation with guests. Those staff that did not converse with the guests tended not to fit in, and usually left of their own accord.

49
(a)

49
(b)

49
(c)

Working in the dining room

Meals were available at very particular ⁵⁰times and deviation from the advertised times was not normally permitted. With the exception of Hotel 3 the choice of food and wine was also more limited than many places. It was as though the hotelier had made his own personal selection and disagreement with it, by a guest, was a challenge to the host's expertise. The dining rooms were never referred to as restaurants. When I forgot, and mistakenly did so, I was reprimanded by hoteliers for so doing. Every thing was arranged ^{50(a)}in such a way that the hotelier was in control of this environment. The hotelier decided what was to be eaten, when, where, at what time, and which clothing was the most suitable for guests to be wearing at each type of meal. When the hotelier had made an error of judgement about allowing either "chance" residents or diners, they would ask them to leave rather than destroy the atmosphere which had been so elaborated constructed. This behaviour by the hotelier was endorsed by the the "regulars" who would give him moral and, sometimes physical, support in ejecting unsuitable "chance" guests if necessary.

Working in the kitchen

I found that wearing chef's whites was a great help in allowing me to ⁵³blend easily into the background, and the kitchen staff soon took my presence for granted. I was allotted all sorts of menial tasks such as grating Parmesan cheese, chopping massive quantities of parsley

and plucking pheasants. Usually I would be working alongside others, and became part of their working group. It soon became obvious that the process of menu planning was done on a daily basis and largely depended on the availability of fresh produce rather than what had been served up this time last year. In all the hotels except for Hotel 3 the staff ate exactly the same menu as the guests. (52)

This applied, not just to kitchen staff, but to everyone from receptionist to cleaner and odd job man. This caused problems in Hotel 6.

The kitchen had three top quality French chefs, and would produce various exotic garlic-soaked delicacies, which were not favoured by the ladies who cleaned the hotel. In this case, rather than have to eat this "strange" food, they brought in their own sandwiches.

All the hotels used fresh produce, but Hotels 2 and 6 were almost fanatical about quality. Both of them bought produce and fresh herbs from Paris. By using their ingenuity the owners and chefs had located an air cargo company which they persuaded to collect very small quantities of special items from Paris. In return they provided free meals in the hotel for the executives of the air cargo company based in Glasgow. (54)

Unlike large hotels it was the common practice in all the hotels in this study for the staff and owners to sit down at the same table, at

least daily, and have a meal together. It performed not only the function of providing sustenance. This was an important way for owners to find out about the operation of the hotel from the staff's view point. On occasion, regular guests would also eat with the owner and his staff. This was the ultimate privilege for a guest, and would often be the highlight of his stay in the hotel. Surprisingly, no evidence of hostility was experienced either to me, or to staff members who worked in the dining room.

Working in the bar

This is where the greatest variation in operational activities took place in the hotels in the study. The larger Hotels 1 and 3 operated much as one might have expected. Spirits were on optics, beer and larger on draft and everything rung up on a cash register. The decor was either the "lounge" or "tap room" type as can be found in many such public houses in Britain. In the other hotels things were done differently.

Price lists were kept well out of sight, there were no cash registers, all spirits were dispensed by hand-poured measure, and beers and lager were usually in bottles. In Hotel 6 things were taken even further and no cash was taken whether resident or not. At the end of the session or stay a "mess bill" was handed to them. In the smaller Hotels (2, 4, 5 & 6) everything possible was done to create the illusion that the guest was in fact a house guest and not

a paying guest. In Hotels 1 and 3 monthly physical stock checks were carried out by the owners. In the other hotels it was done on an annual basis.

In the smaller hotels the owners would always be present at particular times each day, in the bar, so that he and his guests could meet and talk. On occasions when the owners were either unable, or unwilling to do this, the guests were not best pleased.

Analysis of Recording Interviews

Two types of tape recorded interviews took place; in-depth individual interviews and group interviews.

Issues Arising from the Respondents Themselves

HOTEL ONE - SMALL EMPLOYER

Three main business traumas were discovered: cash flow problems caused by poor financial advice; dealing with the aftermath of fire when it was discovered that they were under insured; the unprofessional installation of computerised hotel system during the height of the season. In Appendix D the verbatim transcripts cover these issues in detail. In all these traumatic situations, it was the owner's wife who was the crucial factor in enabling the business

to survive. This became evident by the differences in language with which the owner and his wife spoke about the same situations. These traumas were spoken in terms of "tremendous challenge", "an enormous struggle" and "a difficult battle" by the husband. Whereas his wife spoke about the these business traumas in the following terms - "terrifically worrying", "the biggest single strain I have ever had to bear" and "it was the impact it was having on our marriage".

This is interpreted as the wife's absorbing the emotional stress caused by the business, so that the husband can use his energy to deal with the business traumas. Without the emotional support of his wife the business is unlikely to have survived. What it is important to realise here is, that, although this may not appear to be of stunning significance in itself, this aspect of small business survival is not featured very prominently in the advice which comes from an ever-increasing variety of sources. Instead, these publications concentrate on the importance of professional advisors and conventional wisdoms in marketing. Neither of which have been found to be particularly useful to these small hoteliers.

The contrasting but complementary roles performed by husband and wife

The husband spent a good deal of his time in developing the business, away from the hotel in meetings with marketing consortia and travel agents. Inside the hotel, he would be almost obsessive about quality

control. In short the husband was preoccupied with the creative aspects of external strategic issues, and internal issues of quality control.

Segregated role relationships inside the hotel

His wife in contrast dealt with the day to day operational issues such as bookkeeping, advanced reservations, and the administration of the housekeeping of the hotel. Although this represents contrasting skills there were important points of interaction. Before all the crises mentioned above, the husband would deal with the accountant, bank and travel company. But following such events she would support her husband by negotiating with these external agencies also, and often be the main source of contact for bank and accountant thereafter. The existence of this mutual support mechanism, and clearly differentiated roles within the business, helped them overcome their business traumas.

Loose-knit social networks outside the hotel

The husband was a keen golfer, and as the hotel was adjacent to a fine golf course he would frequently have a round of golf. The husband valued his fellow golfers not only for the sportsmanship, but also for their comradeship, and the opportunity to escape from the hotel. The development of the business necessitated travelling outside the hotel to meetings in London and Edinburgh to deal with

marketing consortia and travel agents. These appeared to be purely business meetings, but had a much wider social role than simply obtaining business. The husband told me that; "The hotel is both your own home and your work. I find it very difficult to escape from the constant demands it makes on me. When I go to these meetings I often see other hoteliers, and we do achieve some good deals but mainly its the chance to escape." This social role of the marketing consortia was confirmed when the amount of money spent on marketing consortia membership is compared with the actual level of increased sales produced.

His wife could play golf, but never became involved in the social life of the golf club. When she was asked why she replied - "Both X and I see quite enough of each other as it is. We both must have some time away from each other." Indeed she enjoyed dealing with aspects of the business which meant her physically leaving the hotel from time to time such as negotiating with the suppliers and the accountant. The wife had made quite a few friends in the village, who were not in the hotel business, and were her friends, rather than being friends of both husband and wife. There were some social occasions, especially in the quieter winter months, when they both went around with a set of friends who looked upon them as a couple. This was usually provided by the social programme of the local rotary club.

The ability for both partners to coexist as married couple and also as individuals was helped considerably by their both having two types of external social networks: those only known by each partner, and those known to both.

The owner's children

This hotelier had two daughters only one of whom lived and worked in the hotel. During the interview with the daughter who lived and worked forty miles away in an office job, she said the choice to move away from the hotel had been deliberate. She said that "I had to compete for affection with the hotel. It wasn't that my parents did not love me, but it was because running that hotel took so much of their time up, that I suppose I became jealous of it. So I left before things go too difficult."

The daughter, who lived and worked in the hotel worked in the reception area and had resigned herself to her job. She said "If another type of job opportunity came about I would take it. But I am not ambitious really. Its just that I have seen what its done to mum and dad. When they get older, and no longer want run the hotel I would be relieved when they sell the hotel."

HOTEL TWO - SELF-EMPLOYED

The trauma which afflicted this business came when partner "B"

developed an illness which necessitated a period of four months convalescence, and complete rest in a nursing home. It occurred just as their season from Easter to October was about to begin. They first decided to close the hotel until the partner recovered. They sent out several letters to their regular guests explaining the situation. The reaction of their guests was quite remarkable. Letters from retired colonels in Kent, Canadian businessmen and German bankers persuading them to keep the hotel open at all costs. They offered help, not in the form of money, but more impressively, they offered themselves and their friends to work, in the hotel doing what ever was necessary. For the first few weeks of the season they had a retired colonel working the bar, and a "Sloane Ranger" helping in the kitchen.

Partners "A" & "B" were a male homosexual relationship, and they did not have family to help them out of their business trauma. Instead the social network of loyal guests was acting almost as a surrogate extended family. They "A" & "B" had contrasting, but complementary, skills and performed highly segregated role relationships.

Partner "A" had trained as a printer and designer. Partner "B" had been professionally trained as a chef and gained valuable experience as a front of house manager in a five star hotel. Partner "A" had a considerable degree of creativity and imaginative flair, and energy. Partner "B" had more reflective skills such as tenacity.

Segregated role-relationships inside the hotel

Each partner did become involved in strategic, tactical and operational issues, but without over-lapping one another's tasks.

Partner "A" carried out the following tasks:-

Partner "A"'s Strategic Decisions

He was very involved with the overall physical image and appearance of the hotel. The long-term planning associated with the refurbishment of the interior decor and layout was a main pre-occupation. The design of corporate image and the promotional literature was his concern.

Partner "A"'s Tactical Decisions

The hotel grew most of its own vegetables and flowers. All the gardening decisions, and most of the gardening work were his tasks. He negotiated with all the suppliers.

Partner "A"'s Operational Decisions

This partner ran "the front of house" operations such as dining room, bar and bedrooms.

Partner "B"'s Strategic Decisions

In partner "B"'s previous occupations he had developed a series of useful contacts in the travel and hotel business, especially with up-market travel companies and marketing consortia. He used these relationships to obtain new business with a considerable degree of skill.

Partner "B"'s Tactical Decisions

Being the chef in the hotel he also devised the menus on a seasonal basis. He would produce a master plan for each season and then adapt it in accordance with the actual availability of produce. His other tactical skill was the development of a most effective manual control systems. This was for both auditing and marketing functions. He had produced immaculate records of every guest who had stayed in their hotel. Detailing every culinary preference and idiosyncrasy of each guest, including those who were not "allowed" back to hotel because they were the "wrong type".

Partner "B"'s Operational Decisions

This partner was the chef and bookkeeper. His culinary skills were exceptional, and guests would often plan their Scottish journey around the hotel's availability.

Loose-Knit social networks outside the hotel

This partnership had particular difficulties in establishing close-knit social networks. This was partly due to the social stigma associated with their sexual orientation, but also because of the size of their hotel. It was very small, and they did most of the work. Finally, not having any family in the area again made things a little difficult. They both valued time away from the hotel, and devised various schemes to accomplish it. Each partner, throughout the season, would combine a visit to either suppliers {partner "A"} and to marketing consortia meetings {partner "B"}, with visiting friends in other parts of Scotland. Usually following dinner on Wednesdays a partner would drive to visit friends near the location of the next day's meeting and return in time to serve dinner the following evening. They both found these trips a relief, and escape, from the claustrophobic atmosphere of their own hotel. The social importance of meetings with the marketing consortia, for example is underlined when a comparison is made with the costs of such trips and the business generated by them. As partner "B" indicated "Meeting other hoteliers from different parts of the country is like a breath of fresh air".

In addition to business trips during the season, both partners were also very keen to maintain relationships with groups of friends who were known to each other as a "couple". They each also had individual friends, who were only friendly with one of the partners.

During the period when the hotel was closed, both partners, each year would go on trips to France. They described them as "gastronomic pilgrimages". These trips not only rekindled their interest in hotelmanship but they also made new business contacts with other hoteliers. This formed the basis of a rather novel solution to the problem of staff retention. (More of which will be described later.)

HOTEL THREE - OWNERS CONTROLLER

This hotel was unlike the rest of the hotels in the sample, in that the ownership was diluted between chairman and directors of the company. The hotel manager had a minority shareholding in the business, and had opportunities to receive productivity bonuses in the form of shares. The focus of the research in this hotel was the hotel manager, rather than the absentee chairman and directors. Unlike the other hotels his wife had no direct involvement with the running of the hotel. Instead, she had her own career as manageress of the local branch of a national chain of chemist shops. They both lived on the hotel premises, in a separate part of the hotel, which was always out of bounds for the hotel guests or staff.

Segregated role relationship within the hotel

The business has been an almost constantly traumatic experience since the hotel's original purpose was to serve the needs of a major

nuclear processing plant which never actually got built. The objective was to try and develop a range of contra-seasonal activities, so that the volume of occupancy could remain reasonable through the winter months. The manager managed to create two main types of reputation for his business. Firstly, he was able to establish the hotel as the place to have a wedding reception: through a combination of keen pricing, good quality food, a comprehensive wedding package which included every thing from trousseau to honeymoon holiday in the sun was developed. He was able to achieve this by having a deputy manager who gave him the support of contrasting and complementary skills. The manager was a good front of house man and hated the tedium of administrative paper work. He chose his deputy, who was skilled at those things he was not good at.

Loose-knit social networks outside the hotel

As with the other hotels in this research, it is the extent and nature of the external social networks which are quite surprising. It must be remembered that all these hotels were located in remote rural communities, where it might have been considered difficult to have a wide range of social networks. Even so both the manager and his deputy placed a high value on the opportunities to form social contacts outside the hotel.

The hotel company joined a marketing consortia, and the manager

admitted that he felt the exchange of views at the meetings with other hoteliers throughout the country, was more useful than the rather small amount of additional business the consortia generated.

It is interesting to note that when the manager first took the job, the original idea was to have his wife and himself to work together in the hotel. It was tried but it failed. The manager's wife explained in these words:-

"It never worked because each of us would try and carry out similar tasks, and be too supportive of each other's mistakes. This resulted in the staff taking advantage of the situation and they would tend to play one off against another.....I am now a branch manager at X the chemists in the village, which not only keeps me occupied but helps to preserve my own identity. As things are now we help each other, almost without knowing it. When I discuss my work problems with him it takes his mind off his and vice-versa."

Both the wife and manager have friends cultivate others who regard them as a couple, and know each of them as individuals.

HOTEL FOUR - SELF EMPLOYED - SOLE TRADER

Of all the hotels in the study this one was the smallest and had the most intimate of atmospheres. When I was working in this hotel it was rather like invading the privacy of a domestic household. Apart from

the tasks described below by the husband and wife team, it will be seen from the diagrams in Appendix A that both the nuclear and extended families were used as employees as well as having "outsiders" as employees.

Segregated role relationship within the hotel

The wife who owned the business was renowned in the locality for her culinary skills. She ran the kitchen, the bedrooms and VAT/bookkeeping activities. Her husband ran the bar, and any special functions. The bar was as much a public house for the locals as it was a facility for the guests. When her husband was not available for bar duties, the wife would call on her extended family to serve drinks.

Loose-knit social networks outside the hotel

The other particular feature of the hotel was that it was still registered under the single ownership of the wife. Her husband still retained a small haulage business which involved him transporting timber from a Forestry Commission Plantation locally to a paper mill in North Wales once a week. When I enquired about the economics of keeping a modern articulated truck just for the once weekly two-day run to North Wales he explained things as follows:-

"Before I married X [his wife] I had this little truck business going. There were those in her family, in the village who thought that I was after her money and the hotel. So I decided to keep the truck business going and make sure that she was still the owner of the hotel. Well that was a few years ago now, and I suppose I do it now because I would be trapped in the hotel if I couldn't get out of it once in a while. The truck business provides me with a good excuse if you like."

His wife described herself to me as being "very much a home bird. Not one for too much socialising". None the less she still found time throughout the year to prepare, and deliver, meals on wheels for the local elderly people in the area. This lady's cooking has developed quite a reputation, and coach drivers have been rebuked by their travel companies for driving too far off the beaten track to feed their passengers on tours and excursions. The contra-seasonal business this trade developed was of great value economically, but also socially. When I asked her why she went out of her way so much to cater for these coach parties which many hotels shun she said this:-

"The drivers, and some of their passengers, have been coming here for a long while, they expect it. Any way there are old friends and we have a good laugh and gossip, and I find out what's been going on. The Tour Operators invite me to a meeting to plan their trips, and its a good day out and it gives me a break from this place."

HOTEL FIVE - SMALL EMPLOYER - LIMITED COMPANY

This hotel had the most unconventional organisation and ownership structure I had yet encountered. The hotel was a limited company in which the male hotelier was the majority shareholder, and the next largest shareholder was his wife from whom he was separated, although still lived in another part of the village. The minority shareholders were the hotelier's best male friend and his wife, with whom the hotelier was now living. The other main difference with this hotel was the way in which a balance of the seasonal fluctuations was quite skillfully managed. In the winter months skiers were accommodated. In the spring and autumn salmon and trout fishing parties were accommodated. In the summer there were the tourists. For the purposes of this analysis it is much more realistic to treat the male hotelier and his best friend's wife as the "couple". They were in fact running the hotel. This defacto relationship again demonstrated the internal role relationships operating most effectively.

Contrasting but complimentary skills

The hotelier, who used to be a sales and marketing man with a multinational consumer electronics company, was an extrovert who really enjoyed trying out various ideas to develop the business into an-all-year round business instead of just being seasonal.

"When I ran the hotel in the north of Scotland I soon realised that I had to go out and bring in the business. I did this at the other place in three main ways. First when I left X company to start up the hotel I made sure it was on good terms, and used as many business contacts as possible especially for the field sport activities. They were a useful source of income. As well as this I formed a regional marketing consortium of other hoteliers in the area. At first they were very skeptical of an outsider taking the initiative. But when they saw the discounts on purchases and coach tours they had never had before they changed their minds somewhat.....The thing that really made the difference though was having the courage to actually stay open in winter when the hotel had never done this before. You see unless people see you or hear that you are always open they will assume you are shut. Unless you are courageous enough to do this the hotel will always remain a rather marginally profitable affair.."

Segregated role relationship within the hotel

The main shareholder and husband [husband One] who was the strategist and planner and was interested in the medium and long term issues such as business development and establishing an effective cost structure regime rather than over seeing the day to day operational matter within the hotel. The exception to this was the bar. The husband [husband two] justified this by saying:-

"The bar is the only place in the hotel where residents and

non-residents meet. When newcomers enter the hotel they usually head for the bar and I can assess their first impression of the place. This is important because that first impression will colour everything else they see in the hotel. The bar is important because of its convivial atmosphere people are relaxed and through innocent conversation I can establish all sorts of future and potential requirements they may have. For instance I learnt that many more people would like to go shooting and fishing if they only knew a bit more about it. Next year I have planned a "how shooting and fish holiday". Surprisingly, many people are still nervous about choosing wine. So I will have a "wine appreciation holiday" next year. All these ideas would have probably escaped me if I had not positioned myself in a working role behind the bar."

The duties within the hotel were mainly delegated to the wife [wife two] with most of her time taken up by supervising the kitchen and dining room. Attempts by the hotel staff to play either husband [one] against wife [two] failed because the demarcation of duties was very clear.

Wife [one] had nothing at all to do with the running of the hotel. She lived in a large villa in the village which she ran as a Bed and Breakfast guest house, with paid domestic help. The villa was owned by the hotel company, but played no part directly in its commercial operation. It provided a home for husband's [one] and wife's [one] daughter. Husband [two] however, was very much involved with the

hotel. With the encouragement of husband [one] he was developing complementary associated businesses such as the day-to-day organisation of the shooting and fishing parties. As well as this he was also involved in starting up a fruit and vegetable wholesaler's business. (This had arisen because of the difficulty of obtaining a regular and reliable supply of such produce from local suppliers.)

Loose-knit social networks outside the hotel

Even in the 1980's, the existence of an overt relationship such as the one with husband [one] and wife [two], was regarded with disdain by the villagers in the rather remote part of Scotland. The two were openly living and working together. Wife [one] was living in another part of the village with her daughter whilst husband [two] was living in yet another part of the same village. This rather extraordinary situation somehow was working. Each of the two husbands and two wives had managed to carve some social life which was both independent of the hotel and their marital and extramarital relationships.

Husband [one] made bimonthly trips to Glasgow and Edinburgh for marketing consortia meetings. He played golf with both his bank manager and accountant. Wife [one] became an active member of the local Women's Institute. Husband [two] gradually became part of the local village community and refereed in local football matches, and was accepted by the locals in the village public house as "one of the

boys". Wife [two] had the most difficult time because she was branded by the local community to be the guilty party in the separation of husband [one] from wife [one]. To make matter more difficult for her she also was the one, of all four, who had the most reason to have some relief from the hotel business. She told me that:-

"There are days when I seem to just go on from meal to meal, from breakfast, lunch to dinner with minimal breaks in between. The only way I keep sane is that occasionally I manage to get away to Edinburgh and see an old girl friend of mine. But this isn't always possible, and I am not very happy about this part of the work in this hotel. Ideally I would like X [husband one] to sell up and buy a business well away from his wife. But I know its not possible until his daughter has finished her schooling.

HOTEL SIX - SMALL EMPLOYER - LIMITED COMPANY

Of all the hotels researched in this study this was the one in which the overall standards, of both technical and functional quality, were the highest. Guests would frequently plan their trip to this part of Scotland to include a stay at the hotel. But the hotelier had a difficult time in deciding to choose to purchase this particular hotel:-

"Trying to buy an hotel is extremely confusing. There are so many hotels on the market I did not know what to do. Eventually I realised that instead of looking at different types of hotel I decided that I wanted an hotel in a remote rural location where I could bring my children up with a good quality of life. I finally found this hotel and, through my father-in-law, who is an actuary, he introduced me to the financial community who loaned me 70% of the 250K purchase price of the hotel. The interesting thing was that I got the loan largely on the reputation of my father-in-law rather than the nature of the business proposition which this hotel represented."

I asked the hotelier whether the loan application had been supported by detailed cash flow projections:-

"Oh yes but I got the impression that the funds would be forthcoming anyway. I was projecting a food cost of 38% in the forecasts but if you were to ask me what the actual figure was I am unable to tell you because I don't keep any accurate cost structure records. Because I run my own hotel personally I don't have to keep statistics. I am here every day for every meal. I have my finger on the pulse and I know almost by instinct what the situation really is. I never take stock of either food or alcohol. I leave it to the auditors who come once a year."

The hotelier was asked if he had a pre tax net profit return target he was looking for with the hotel:-

"Before I bought the hotel yes. But reality is completely different. I am more concerned with how much money I have at the bank at any one time. Whether I should pay this bill or that at any one time or hold it back until later. I do view the business on more than a day to day basis but I now look at things very differently. For instance I am very concerned to have an accurate assessment of occupancy than cost structure or net margins. Once I have got the business I can do things. Without it I am stuck."

The hotelier recruited a chef direct from Paris to be in charge of the food since it was to be a very special feature of the hotel. The chef's salary in 1987 was 15K basic. Additionally he had annual bonus of two months extra salary and an all expenses two week holiday to the Seychelles. For this the chef was to prepare and cook dinner six nights per week with two sous chefs to assist. Commenting on the bonus and holiday elements of the salary the hotelier had this to say:-

"The bonus and holiday are payable only when he returns for another year's work. Since my brother runs a travel agency in the Seychelles it does not actually cost me very much money anyway. This I find is a good form of incentive if you like."

It was interesting to discover who decided the type and style of food in the hotel. The hotelier was asked who in fact determined the cuisine in the hotel?

"Well X the chef has the skills to be a great chef. I encourage him to be adventurous. I am allowing him to gain his own footing here. By allowing him really to be the chef in his own kitchen. You see I don't cut corners. He can have what ever he needs; foie gras or truffles he can have them. With my enthusiasm, and his skill, together we have created our own style of cooking. Its important to reaslise that all the menus are done daily, entirely based on what ingredients we actually have at any one time. If Dover sole has been ordered but monk fish arrives then we have to create a dish which comprises monk fish. Nothing is frozen, or prepared. It's all got to be absolutely fresh."

"It must be difficult to obtain all your ingredients fresh each day?"

"Yes it is but you have to do it. When I first opened the hotel I used to buy extensively direct from the Glasgow market. But now I also buy direct from the Paris market. I found out that a Glasgow fish merchant was sending a lot of lobsters to Paris, and not having a balanced air freight load for the return journey. So we now share the transportation costs, because I import fish, fruit and fresh herbs twice a week from Paris on the return lobster trips."

When you first started this hotel how did you find your way around the suppliers?

"One of the main reasons for joining this marketing consortia I am a member of, is that it presented opportunities to share experiences with other hoteliers."

Didn't the other hoteliers rather resent giving you all this free advice to another competitor?

"Not at all because we are not actually in competition with each other. In fact all of us who are serious hoteliers have to raise the standard of food in Scotland, because it is in all our interests to do so. We actually meet each other, talk to each other on the phone quite a lot, because we want to support each other not compete with each other."

Contrasting but complimentary skills and segregated role relationship within the hotel

The chef in this hotel fulfils a much more important role than in any other hotel in the study because the hotel is run along the lines of a restaurant "avec chambres". The chef is under 25 years old but is very skilled and the hotelier has enthusiasm and drive. Together they manage to work quite well. However, lines of demarcation are still very clearly drawn. The hotelier supervises the dining room operation and the bar. His wife looks after the bookkeeping, housekeeping and reception administration. There are no overlapping roles.

Loose-knit social networks outside the hotel

The chef has joined a local yacht club and plays golf two afternoons a week with people from the nearest village. The owner, on the other hand, has found it more difficult to leave the hotel and make new friends in the area. The hotelier expresses the following views on this matter:-

"I find it very difficult to make good friends with people in this part of Scotland because it is so remote here. They are either farmers or people who have bought houses as second homes. For example, if I wanted to invite somebody for dinner, I would have great difficulty in thinking of any of our neighbours who might have sufficient in common with us. Instead what I do is look forward to the consortia meetings because, one I will escape the hotel and, two, I will be able to enjoy the stimulation of other hoteliers from different parts of the country."

The hotelier's wife, because of their young child found it much easier to develop a network of friends outside the hotel:-

"When I first came here I wasn't sure where to get to best things for my young child. Its my only one at the moment and was I inexperienced and a little anxious, but the local women in the next village have been marvellous in giving me comfort and reassurance."

The hotelier was clearly concerned about having insufficient closeness of external relationships with those outside the hotel:-

"There is nobody really outside the hotel and my marriage, with whom I have a close relationship. This worries me because there is no doubt that only having my marriage and the hotel it makes me feel very claustrophobic at times."

ISSUES RAISED BY MYSELF WHICH DID NOT FEATURE IN THE ORIGINAL TOPIC GUIDE used during the pilot study in Hotel One, based on literature review.

Underground Economic Activities

Underground economic activities is a euphemism for tax evasion.

This evidence is shown in axial codes 1, 2, 3 and 4 on pages 268-272. Evidence of widespread activities within this area was found in all but Hotel 3. This was the only hotel in the study which was of the owner controller structure. Here, ownership and management, were separate functions. Since ownership was mainly in the hands of external board members the possibility for underground economic activities were reduced because of the nature of the reporting procedures in place. Underground economic activities were revealed in the other five hotels in two main ways:-

- (a) By systematic analysis of the actual booking chart against the audited annual sales income.

- (b) By participant observation.

As demonstrated in Appendix B all sales income was understated by at least 20% apart from Hotel 3. When accountants were asked about any possible discrepancy between actual and recorded sales. They all responded with professional detachment:-

Hotel one's accountant:-

"We have audited the figures as presented to us. We are neither surprised nor unsurprised at the likelihood of systematic understatement of income. We merely process the information as provided by the client. After all its his business not ours."

Hotel two's accountant:-

"We act on instructions provided by our client in the form of the financial data they provide us with. It is not our role to second-guess what we think they may not be declaring."

Both the accountancy firms represented above are amongst the top ten largest firms in the world.

Hotel four's accountant:-

"They present us with their books and we process them. Any possible understatement of income is a matter between the hotelier and the Inland Revenue."

This was a small parochial country accountancy practice.

During the periods of participant observation in these hotels two types of behaviour occurred in all the hotels except Hotel 3:-

The "Wednesday" syndrome

In the different hotels, when I violated their norms of behaviour, I would be rebuked. For instance, in Hotel 2 I was accused of being unduly slow in serving a rather busy lunch time round of drinks in the bar one Wednesday. I didn't pay particular attention to it at the time, because it was quite usual for this particular partner to become irritable from time to time. However when a similar thing happened exactly one week later, I asked what was going on. It transpired that it was the income from the guests for the lunch time trade on Wednesdays was not to be recorded as sales. This was regarded as "theirs" and not the Inland Revenue's. The norms I had broken was not work especially hard on days when the sales would be siphoned off.

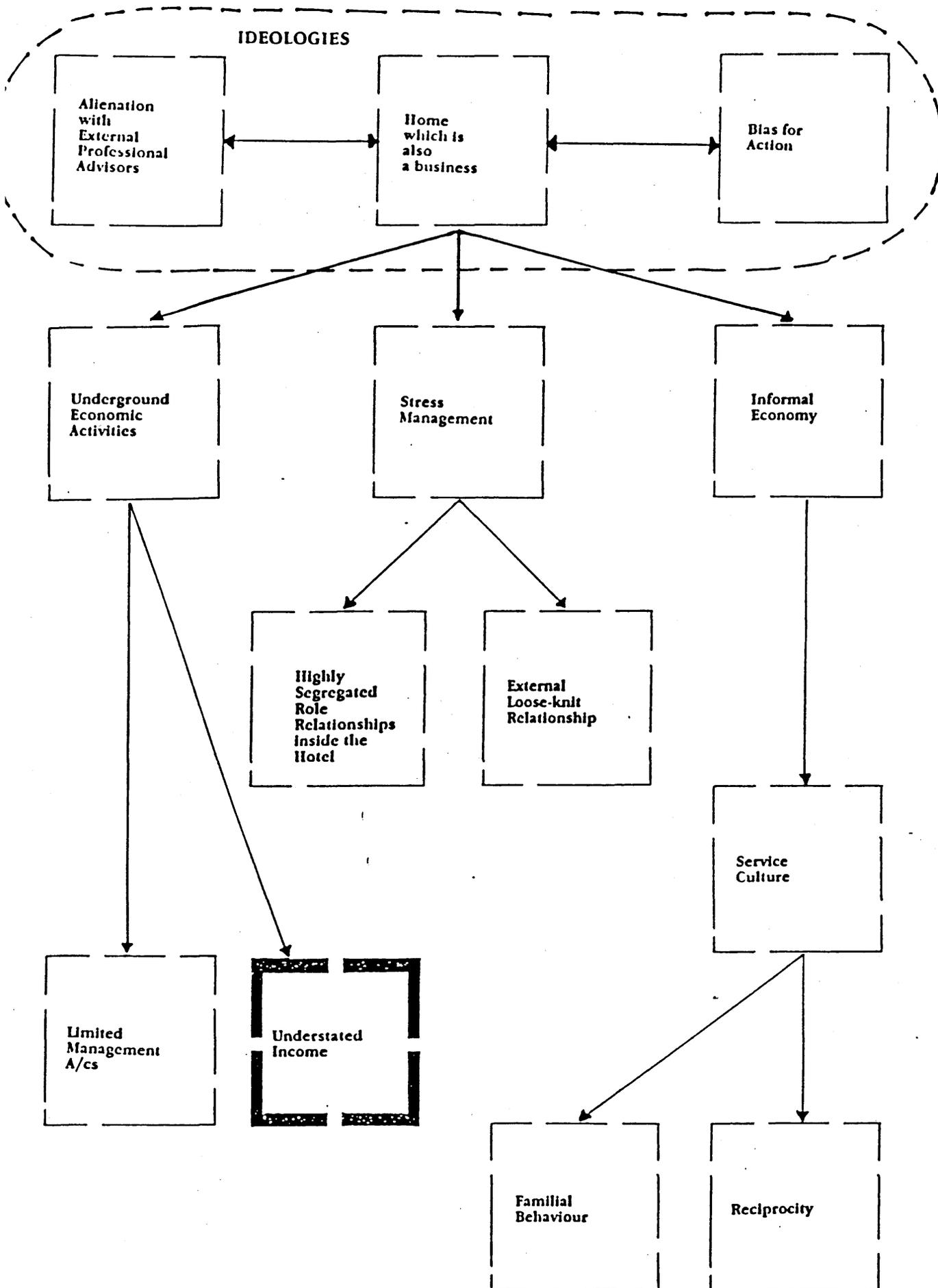
DETAILED ANALYSIS OF HOTEL ONE

Using The "Qualitative Coding Matrix" - "The Small Employer"

Appendix E gives a detailed listing of what the codes represent. It will be seen that Fig 10 [hotel 1 "open" codes] illustrates the complexities which were revealed by studying the hotel from a holistic perspective. The individual circular symbols represent the first "open" stage in the coding process. A list and explanation of the alphanumeric codes are given in appendix E [Qualitative Coding Explanation].

HOTEL ONE

AXIAL CODES



HOTEL 1

Explanation of "open" codes

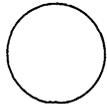
Issues raised from the topic guide using the researcher's own interpretation:-



Issues raised from the internal management accounting system as interpreted by the researcher:-



Issues raised from field notes used following periods of participant observation



Stress Management

- 14 MC (Interview with chief executive of marketing consortia)
Competition not co-operation
- 28 Accountant (Interview with accountant)
Importance of external contacts outside the hotel
- 44 Child (Interview with owners' children)
Tension and stress between the requirements of the hotel and those of the family
- 46 Child Stress caused by hotel life on her parents which affect her relationship with them
- 41 Prop (Interviews with the hotel proprietors)
Loose-knit external relationship outside the hotel
- 44 Prop The management of stress

- 47 PO (Combination of field notes from participant observation and interpretation of management diaries)
Importance of external contacts outside the hotel
- 47 PO(A) Importance of quality control by continual physical inspection of all parts of the hotel

The Underground Economy

- 1 A/c Researchers' interpretation of internal management accounts)
Accountants are being primarily used for their skills in tax reduction rather than for management accounting information
- 2 A/c Absence of coherent internal management accounting records
- 3 A/c Evidence of under reporting income

Hoteliers' Ideologies

- 34 Prop Bias for action, energy and drive
- 35 Prop Opportunistic decision making
- 36 Prop An hotel is a way of life not just another job
- 37 Prop Requirement for tenacity
- 38 Prop High value placed on role of intuition in decision making
- 39 Prop Mistrust of professional advisers
- 40 Prop Importance of the family over the business
- 22 TA (Interview with major travel agent)
Eye balling during negotiations
- 23 TA Survival in small hotels is by perpetual trial and error
- 8 MC (Interview with chief executive of marketing consortia)
Alienation of hoteliers with external professional advisers
- 17 MC Information Technology phobia amongst hoteliers

- 19 MC Preference for PR rather than advertising
- 4 A/c Small business typology
- 26 Accountant
Surviving small business owners tend to act on their instinct rather than on information provided by professional advisors
- 27 Accountant
Tourism largely depends on weather
- 43(A) Bank
(Interview with the hoteliers bank manager)
Small businesses are largely ignorant of the range of financial services open to them
- 43(C) Bank
Guts, determination and energy are needed by the small business owner in order to survive

Informal Economy
Familial Activities

- 42 Prop Guests' names used rather than room numbers
- 42(C) Guest
(Interviews with hotel guests)
Staying here is like visiting old friends its not like being a paying guest
- 29 Accountant
I find that all hoteliers use the bar as a strategic listening post to observe his guests

Reciprocity

- 46(A) Staff
(Interviews hotel employees)
Innovative management through novel use of staff
- 46(B) Staff
Job flexibility within the hotel
- 47 Staff Absence of animosity between kitchen and dining room staff
- 47(A) Staff
Absence of institutionalised theft

- 45 Prop Informal relationships between staff and guests encouraged
- 21 TA Examples of informal economic activities between the travel business and hotels

This qualitative coding methodology allows the reader to go back to the primary data to establish the authenticity of the researcher's interpretation for himself, instead of having to rely on a series of carefully chosen phrases. The Fig 11 [Hotel One "axial" codes] has been derived from Fig 10 [Hotel One "open" codes]. It demonstrates that four main issues have been induced from the different data sources used in this study: the ideologies of the small hotelier; and their associated three main survival strategies (the management of stress, the use of the service culture within an informal economic framework and underground economic activities).

The Qualitative Coding Matrix

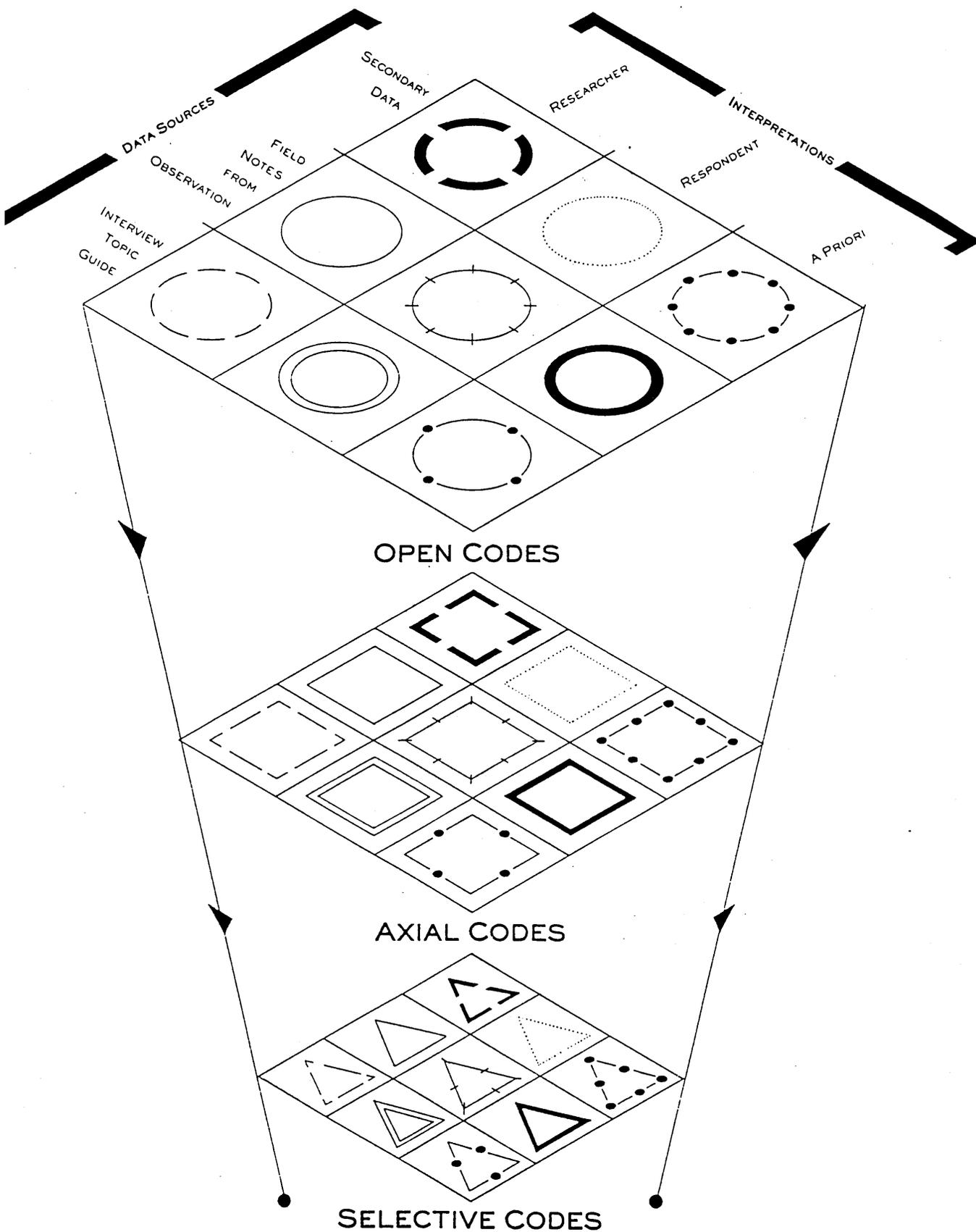


Fig 1
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The Ideologies of the Small Hotelier

Using the open codes identified on page 270 the following axial codes were induced.

Home first and business second

Open code 40 relates to the proprietor indicating that he values considerably being able to involve the rest of the family in the 'idea creation phase' of his decision-making process. Before he makes decisions about the hotel he always checks the implications this will have on the family, and not the other way round. Both husband and wife in "open" codes 40 and 36 demonstrate that running an hotel like running a family is a full-time occupation and, simply another job.

A Bias for Action

Evidence in support of this concept is derived from "open" codes 34, 35, 37, 38 and 43 from the proprietors; "open" codes 22 and 23 from the Travel Agent, and finally from "open" code 43 from the Bank Manager. The different sources of evidence all portray the owner of this small hotel as being a "fighter" with "guts" and "tenacity", using his intuition and moving forward largely by trial and error, rather than conventional rational economic logic in the pursuit of

profit maximisation. The small hotelier is an experimenter, a doer rather than someone impressed by the dispassionate logic of an accountant.

Alienation with external professional advisors

The proprietor's alienation with professional advisors has been established from four different sources: interviews with the proprietors ("open" code 39), with the chief executive of the marketing consortia of which the owner is a member ("open" codes 8,17 & 19); the proprietor's bank manager ("open" codes 43 (A) & 43 (B)); and my interpretation of the secondary data as found in the the final accounts ("open" code 4).

The Management of Stress

The business traumas which both proprietors suffered have already been detailed earlier on in this chapter ("open" codes proprietors 41 & 44, participant observation "open" codes 47 & 47(A) and accountant "open" code 28). To survive the aftermaths of fire damage without being fully insured, the complacency of an accountant, the economic collapse of a major travel agent in the middle of the main season, and being badly advised by a bank manager, requires a little more than just being "lucky". A combination of highly segregated role relationships within the hotel, and the maintenance of external contacts by each of the partners in the business, ensured that they

were both able keep the problems of the business in perspective. The role of the marketing consortia was interesting because the conventional role of these organisations is to increase the volume and value of the business by consolidating the the cost of promotional and marketing activities.

However, the costs associated in active participation in membership, did not even recoup the annual membership charges. The proprietor was able to use the excuse to attend these meetings in Edinburgh and London as an opportunity to share common problems with fellow hoteliers, rather than generate more business.

Informal Economic Activities

Within the hotel's activities several types of transactions were carried out which did not involve the exchange of money. In Chapter 3 the theoretical constructs of the service culture was outlined. The data demonstrated at least two of these elements of the hypothesised concept were present. They were (1) the management of the guests rather than being responsive to guests needs. "Open" code 46(C) guest demonstrates the degree of compliance with which the guests allowed the hotelier to manage the situation. The second element of the service culture which is present is the familial, rather than bureaucratic organisational structure, which is needed in order to deliver the service. Guests and loyal employees were being treated more like members of an extended family than those with a

strictly commercial relationship. A new category within the service culture context was that of reciprocity. Evidence for this was present from three different sources:- staff "open" codes 45, 46(A), 47 & 47(A), proprietor "open" code 45 and travel agent "open" code 21. In all instances behaviour was occurring which was really a form of bartering.

Underground Economic Activities

The lack of detailed accounting records as witnessed by "open" codes 1, 2 & 3 derived from my interpretation of the accounting system used by Hotel 1, is all the more surprising when one realises that he had installed quite a sophisticated "real time hotel and accounting system". Several features of the system were never used. The inertia has been interpreted as an explanation of the hotelier's unwillingness to expose the detailed financial status of the business to external scrutiny. The evidence from both the hotel accountant ("open" codes 24 & 25) and the chief executive of the marketing consortia ("open" code 18), confirm the lack of interest in producing detailed management accounts.

The accountants lend their tacit collusion to the practice of hoteliers consistently understating their income in two ways. Firstly, hiding behind the disclaimer which accompanies the accountants signature on the final accounts as being as fair representation of the hotels trading position "on the basis of the

information provided". A common practice amongst this and all the other accountants was to just declare a total revenue figure with little attempt to analyse the three main sources of income, which are common to all hotels; accommodation, food and alcoholic beverages. In my research, as indicated earlier in this Chapter, I reconstructed the trading and profit and loss account based on the information on the booking charts and I found under reporting of income of at least 20%. I conclude that the absence of detailed management accounts in an otherwise well-run hotel must be done for a very particular reason; to provide a smoke-screen behind which to engage in underground economic activities.

THE DETAILED ANALYSIS OF HOTEL TWO -

Using the "Qualitative Coding Matrix" - The Small Employer"

Diagrammatic representations of the "open" codes are shown in Fig 12. These "open" codes were then refined by subjecting the different data sources to the saturation process described by Glaser & Strauss (1965). During this process only the data which can be corroborated by more than one different data source, and survives scrutiny from negative evidence, is sufficiently robust to be upgraded from "open" codes to "axial" codes. The "axial" codes for Hotel 2 are shown in Fig 13. A detailed analysis and explanation of the symbols and

alphanumerics used for the "open" codes used in both hotels are shown in Appendix E.

AXIAL CODES

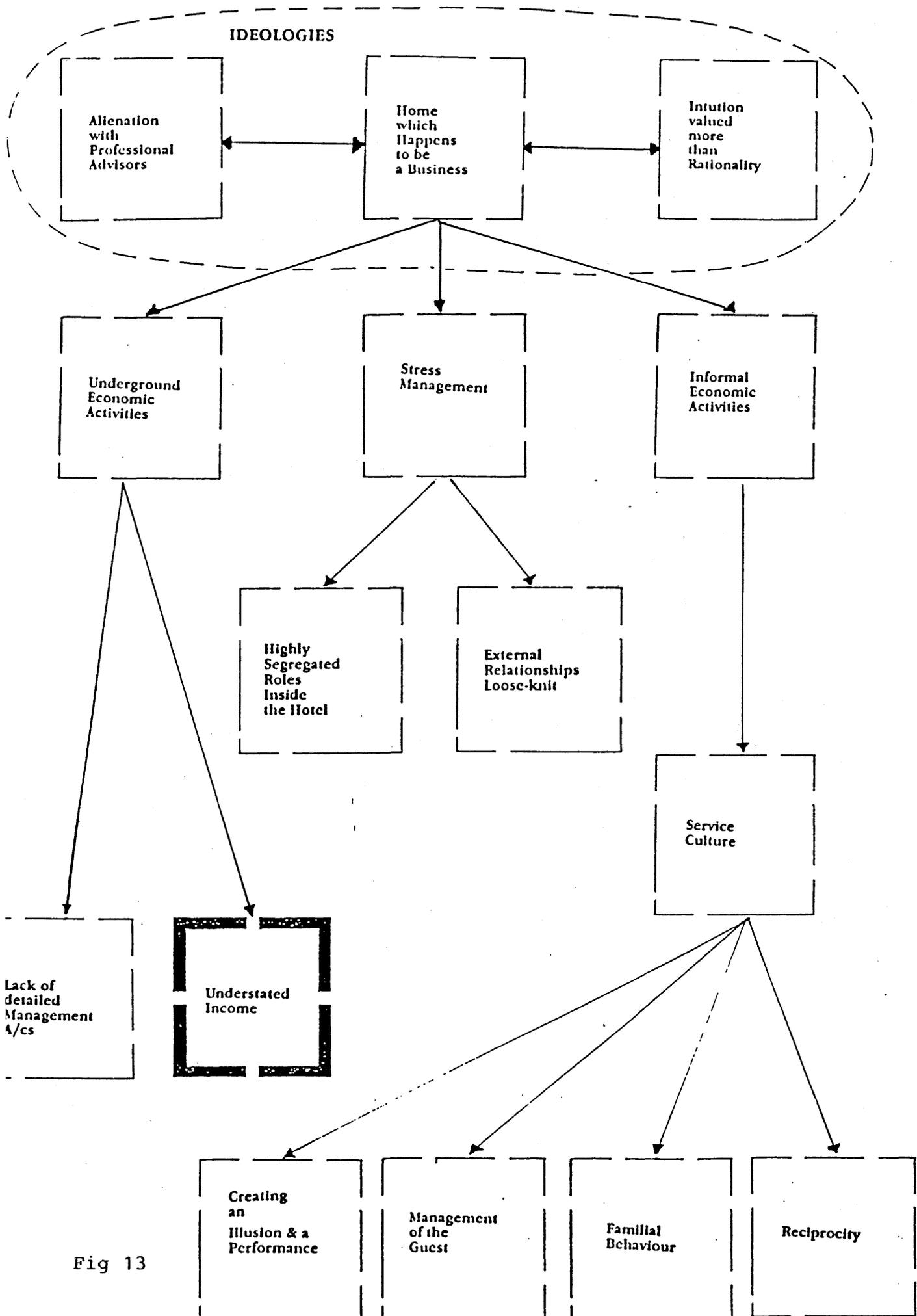


Fig 13

HOTEL 2

Explanation of "open" codes

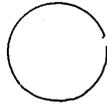
Issues raised from the topic guide using the researcher's own interpretation



Issues raised from the internal management accounting system as interpreted by the researcher:-



Issues raised from the field notes following periods of participant observation:-



Stress Management

- 1 MC (Interview with chief executive of marketing consortia who also was the chairman of the British Hotels and Restaurants Association)
Importance of the marketing consortia to the hotel in purely marketing terms
- 2 MC Importance of the marketing consortia to the hotel in terms of information exchange and other forms of informal economic activities.
- 11 MC Claimed benefits of the marketing consortia for the hotel; information, discount on purchases, staff exchange and marketing
- 34 PO (Combination of field notes from participant observation and interpretation of management diaries)
Loose-knit external relationships
- 35 PO Attendance at marketing consortia meetings regarded as mainly a social event
- 36 PO Widely differing social contacts for each partner outside the hotel
- 38 PO Trauma in the business due to illness of one of the partners

- 8 MC Alienation of professional advisors and government officials by hoteliers
- 9 MC Hotel business is a performance because it is in show business
- 30 Prop Reason for setting up own business, falling standards elsewhere and dissatisfaction with existing employment
- 34 Prop Decisions based on intuition rather than rationality
- 36 Prop Hoteliers are performers, "failed actors" at heart
- 37 Prop Alienation with external professionals

Informal Economy

Familial Activities

- 39 Guest (Interviews with hotel guests)
House guests rather than customers
- 40 Guest The guests used the hotel as a surrogate family
- 41 Guest Like visiting old friends not a commercial relationship
- 5 MC Atmosphere and ambience
- 6 MC Emphasis on functional rather than technical quality

Reciprocity

- 31 Prop Informal economic activities
- 31(A) Prop
Innovative staff retentions scheme - non monetary fringe benefits, accommodation & use of car.
Offers of contra-seasonal employment
- 38 Staff (Interviews with hotel staff)
Enlightened employment policy:
work six months, but receive an annual salary

The Service Culture

- 32 Prop (Interviews with hotel proprietors)
Highly segregated role relationships within the hotel
- 33 Prop Contrasting but complimentary skills

The Underground Economy

- 1 A/cs Researcher's interpretation of internal management accounts)
Underground economic activities in the form of under reported income
- 1 Accountant
Details of management A/cs very unusual in small hotels
- 2 Accountant
Underground economic activities a "normal activity" by all small businesses
- 3 Accountant
Accountants react to the instructions of their clients, rather than volunteer opinions
- 4 Accountant
Normally hotels regard their management accounting system as a chore of little value. It comprises a combination of invoices and bank statements

Hoteliers' Ideologies

- 1 GB (Independent hotel guide book's write up of hotel 2)
"People are treated as guests, and not customers: it is a home not an hotel"
- 3 MC Members of the consortia co-operate and are not competitors
- 4 MC The country house ethos
- 5(A) MC Managing the guest
- 5(B) MC An hotel is first a home and second an hotel
- 7 MC Potential problems with competition are dealt with by preserving the territorial integrity of each member of the consortia

Management of the guest

- 37(a) PO No television allowed to dominate the proceedings
- 37(b) PO No telephones in the bedrooms
- 37(c) PO No cash register visible to the guest

- 37(d) PO Children encouraged to eat early in the kitchen and not in the dining room
- 37 PO Creating the illusion of a house guest rather than a paying customer
- 42 Guest Atmosphere

The Ideologies of the Small Hotelier

House guests rather than hotel customers

The main ideology of these two proprietors running this hotel is that their hotel is first their home, and a business second. An hotel guide book ("open" code 1 GB) recorded its impression of the hotel as follows:-

"...if it is the first duty of an hotel to be all things to all men it fails. However, if it is regarded as a private house, furnished in striking but admirable taste, and admitting a paying public to rooms and meals it succeeds triumphantly."

Evidence was also collected from the interview with the chairman of the marketing consortia of which Hotel 2 was a member ("open" codes 3, 4, 5(B) & 7). This individual was also the chairman of the British Hotels and Restaurants Association. He emphasized importance of appreciating the difference between guest and customer in the following manner ("open" code 5(B)):-

"You see these hoteliers have a total and complete passion for the place that they are in. They have spent a life-time creating it, and rightly believe it is unreasonable to keep altering the business to please every single guest. Under these circumstances you can get across the feeling that you are entertaining people in your own home."

A mistrust of advertising, and a preference for public relations

There was a deep-seated resentment against spending money on paid advertisements. Evidence for this was collected from both the proprietors ("open" code 35), and the chairman of the marketing consortium ("open" code 10). The explanation for this was that advertising, being a strictly commercial undertaking, it violates the 'house guest' illusion, whereas public relations is seen to be quite acceptable.

Alienation with external professional advisors

Evidence from both the proprietors ("open" code 37) and chairman of the marketing consortium ("open" code 8) demonstrates that small hoteliers feel alienated towards the external professional advisors, and government, for the same reasons as indicated in the analysis of hotel one.

A preference for intuition rather than rational economic logic

Both the proprietors ("open" code 36), and the chairman of the marketing consortium ("open" code 9), expressed the view that the hotel business is different from any other businesses because it is in "show business". Hotel guests are disappointed if they do not witness, and participate in, a performance.

The Management of Stress

Hotel 2 was much smaller than Hotel 1, and the level of stress was much more evident. The simple reason for this was that, should either business partner be incapacitated, then the knock-on effect on the rest of business would be much more serious. Supportive evidence for this interpretation, came from four different sources of data; the management diaries, participant observation ("open" codes 34, 35, 36 & 38), chairman of the marketing consortium ("open" codes 1, 2 & 11) and interviews with the proprietors ("open" codes 32 & 33).

Within the hotel both partners had very clearly defined roles, which were quite different, but also complimentary. This had been described earlier on in the chapter. Each partner made a great effort to get away from the hotel for at least half a day every week regardless of the time of the season. The weekly purchasing expedition, into the nearest major Scottish city some sixty miles away, was used also as an excuse to escape from the demands of the

hotel. Less frequent hotel consortia meetings again were mainly a device for meeting other hoteliers, and exchanging gossip rather than obtaining new business. In conclusion the management of stress was achieved by the combination of internal role relationship segregation, and externally loose knit relationships, and by maintaining regular social contacts with each other's group of friends.

Informal Economic Activities

These activities did not directly involve monetary transactions, but were vital to the survival of the hotel since they were highly valued by their guests and employees.

The Service Culture

The four main elements of the service culture were discovered:

- 1) creating the illusion of a home rather than an hotel;
- 2) managing the guest;
- 3) familial behaviour and;
- 4) reciprocal relationships.

The creation of the illusion of a home rather than an hotel

Evidence for this came from three sources: 1) participant observation ("open" code 37); 2) interviews with guests ("open" codes 37(A) &

42); and 3) the interview the chairman of the marketing consortia ("open" code 5(A)).

Managing the Guests

The chairman of the marketing consortia ("open" code 5(A)) had this to say about the importance of the requirement for hoteliers to manage their guests:-

"When you are dealing with the public you have to be in control. If the guest does not like the ground rules he will be uncomfortable. An hotelier should, in a polite way, 'telegraph' what is going on. In short, he is like the leader of an orchestra - he has to orchestrate the situation." Additional evidence was derived from periods of participant observation ("open" codes 37(a), 37(b), 37(c), 37(d) & 37(e)). Many of these ground rules were actually spelt out in the hotel brochure:-

"a few points to note:

Open from April to November inclusive.

Telephone in bedrooms.

Poor television reception.

No dogs in public rooms.

High tea served to children in the kitchen.

No smoking in the dining room.

Jacket and tie for dinner".

Familial Behaviour

Interviews with the hotel guests revealed that ("open" codes 39, 40 & 41) showed they liked coming back to the hotel, because they were able to regard it almost as a surrogate family. It was like visiting old friends, rather than a commercial relationship which is involved in being an hotel customer. The chairman of the marketing consortia talking about how these rather intangible elements of an hotel business are monitored makes an interesting comparison with conventional grading schemes and the approach that they use ("open" codes 5 & 6):-

"Yes we do definitely inspect. But we do not inspect in the same way as the AA and RAC do. We do not go around with our shopping list counting the number of wash hand basins and lifts. Quite frankly to have such a predetermined list is crazy because although the hotels in our consortia have similarities, it is their uncomparable features which are so important. What we look for on our visits to these places is hospitality. Hospitality is to do with making the hotel seem welcoming, and the person staying there is a guest. These are things which you experience rather than count. These things are intangible, but the experienced eye notices them instantly. We get inside the dedication of the owner to discover what he is doing to provide these invisible sensations which make it a "country house" hotel quality."

Reciprocal Relationships

Interviews with both proprietors ("open" codes 31 & 31(a)) and with their staff ("open" code 28)), revealed that part of the social contract for their employees involved providing continuity of employment, although the hotel only operated from April to November. Two options were available: either the staff would be paid a standard rate throughout the twelve months, even when they were closed, with no overtime payable, or, they would offer them employment elsewhere in Europe in the closed season. Additionally, the staff had use of an hotel vehicle, and ate extremely well. In exchange for these conditions the proprietors expected their staff to contribute to the overall atmosphere of the hotel by loyally carrying out their daily tasks.

Underground Economic Activities

As with all the the hotels in the study, apart from Hotel 3, there was a mis-match between the declared annual income, as shown in the final accounts, and my estimates of the actual revenue based on information derived from the booking charts. The understating of income was between 20% and 30% ("open" code 1). Tacit condoning of the hotelier's underground activities also came from their accountants ("open" codes 2,3 & 4). This particular accountancy firm had over thirty similar hotels as clients, in rural locations in Scotland, and they did not find it difficult to believe that

under-recording of income was a widespread activity amongst hoteliers. The Grounded Model for the Survival of Small Hotels and its linkages are described in the final Chapter.

CHAPTER 7

THE FAMILIAL ECONOMIC UNIT

- AN EXPLANATION OF SMALL FIRM SURVIVAL

ABSTRACT

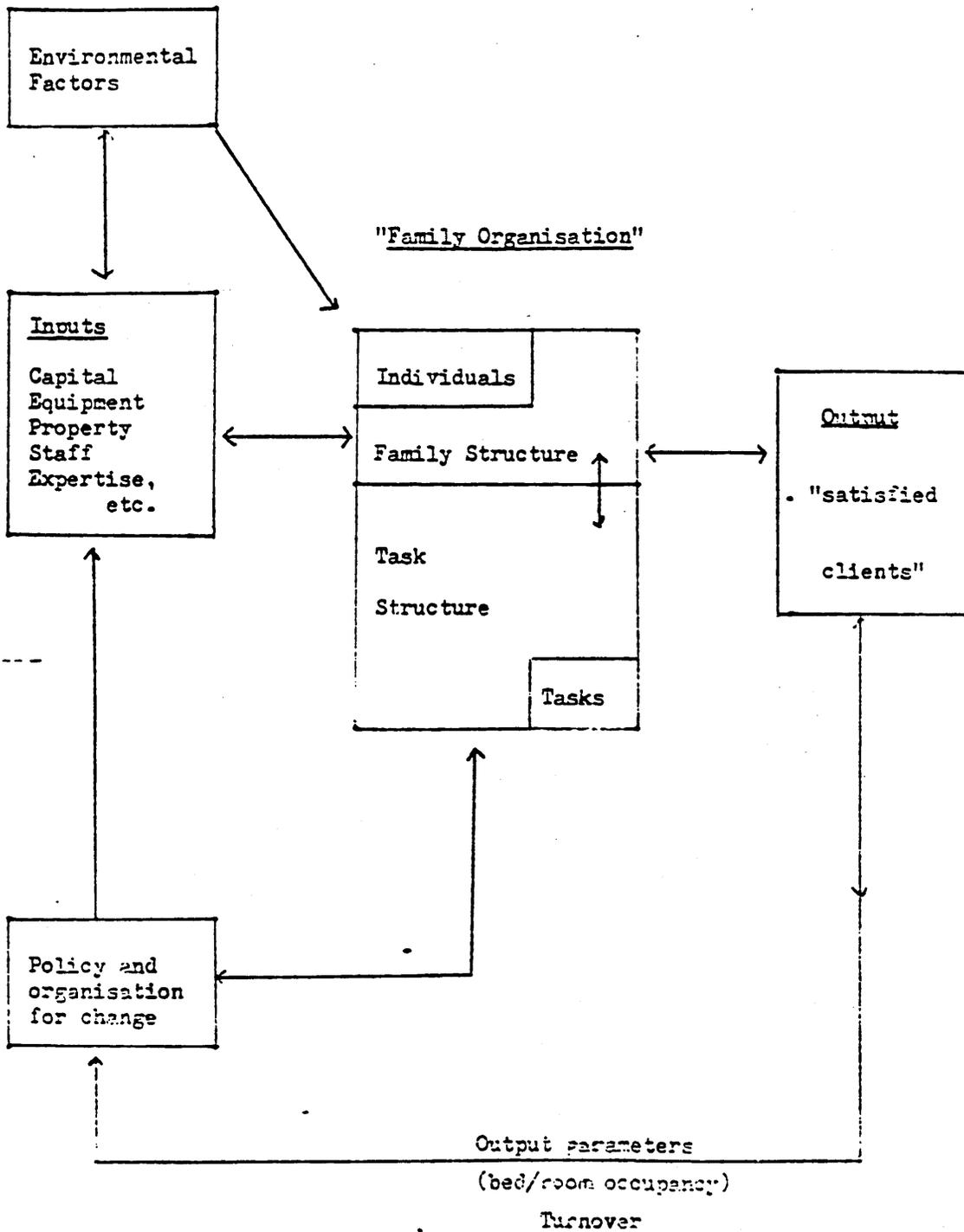
In this final chapter the three elements of the "Familial Economic Unit" are described and compared with earlier attempts to understand small firm survival.

This thesis draws to a conclusion by indicating to the reader the implications of the "Familial Economic Unit" to policy-makers, practitioners and educators.

**The Familial Economic Unit - An Explanation of Small Firm
Survival**

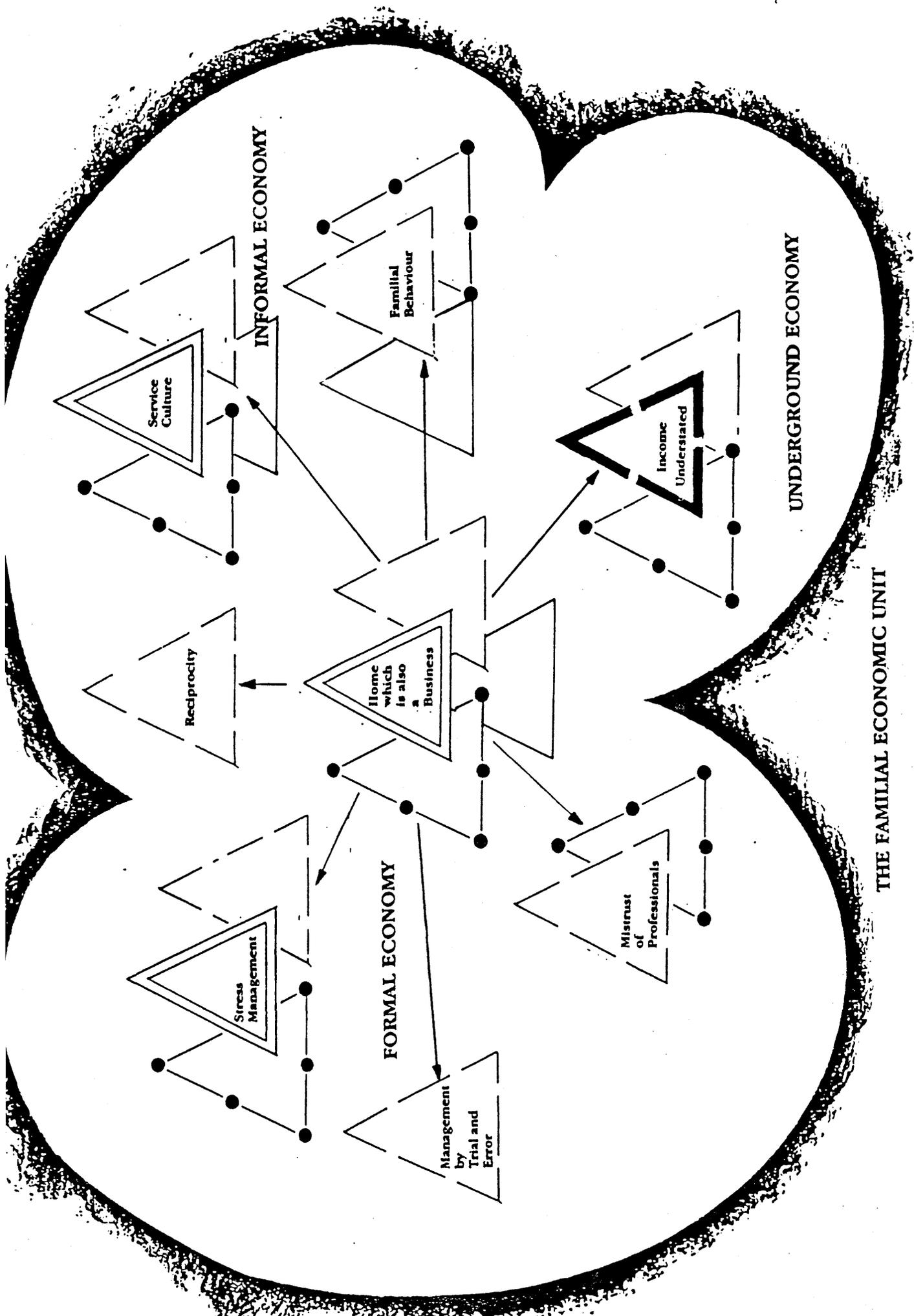
The surviving small hotel achieves this feat by its ability to move within, and between, the three different economies: the formal economy where income and expenditure is recorded; the informal economy where relationships are maintained, and reciprocity, not involving monetary transactions; and, finally, the underground economy where monetary transactions occur but are not recorded. These concepts are shown below in Fig 21.

It is interesting to compare the Familial Economic Unit (Fig 21) with the Hayes (1980) (Fig 20) model. The Hayes model is rather mechanistic, concentrates only on overt behaviour, and fails to take account of the ideologies of the small hotelier. Having said this, Hayes's approach was a useful starting point, and without it my task would have been even more difficult.



Contingency Model of Family Hotel

Fig 20



THE FAMILIAL ECONOMIC UNIT

The research reveals that it is in the small hotel's own interest to maintain a high degree of flexibility between these three economies, so that the owners own self-interest can be maintained. This interpretation of small business survival has major implications for external professional advisors and policy-makers. Those small businesses, which are choosing to survive by means of the familial economic unit are unlikely to wish to grow. Indeed they will deliberately suppress their own growth, since the larger the firm, the more difficult it is to operate within the familial economic unit framework.

The Ideology of the Small Hotelier

The evidence, as shown in the series of integrative diagrams, demonstrates that the core issue is that a small hotel is first a "family home" and a business second. From this notion all the other concepts and values flow. The reaction of four hoteliers, shown in Fig 22, who were not involved in this study. They also identified with the notion of the "familial economic unit" as a survival mechanism for small hoteliers. (Naturally there was little direct evidence of their underground economic activities.) The absence is not interpreted as a denial of this practice, but merely as an illustration that covert practices are unlikely to be revealed during the course of a simple interview, without supplementary evidence from participant observation.

The reaction of four hoteliers not included in the study to the preliminary findings

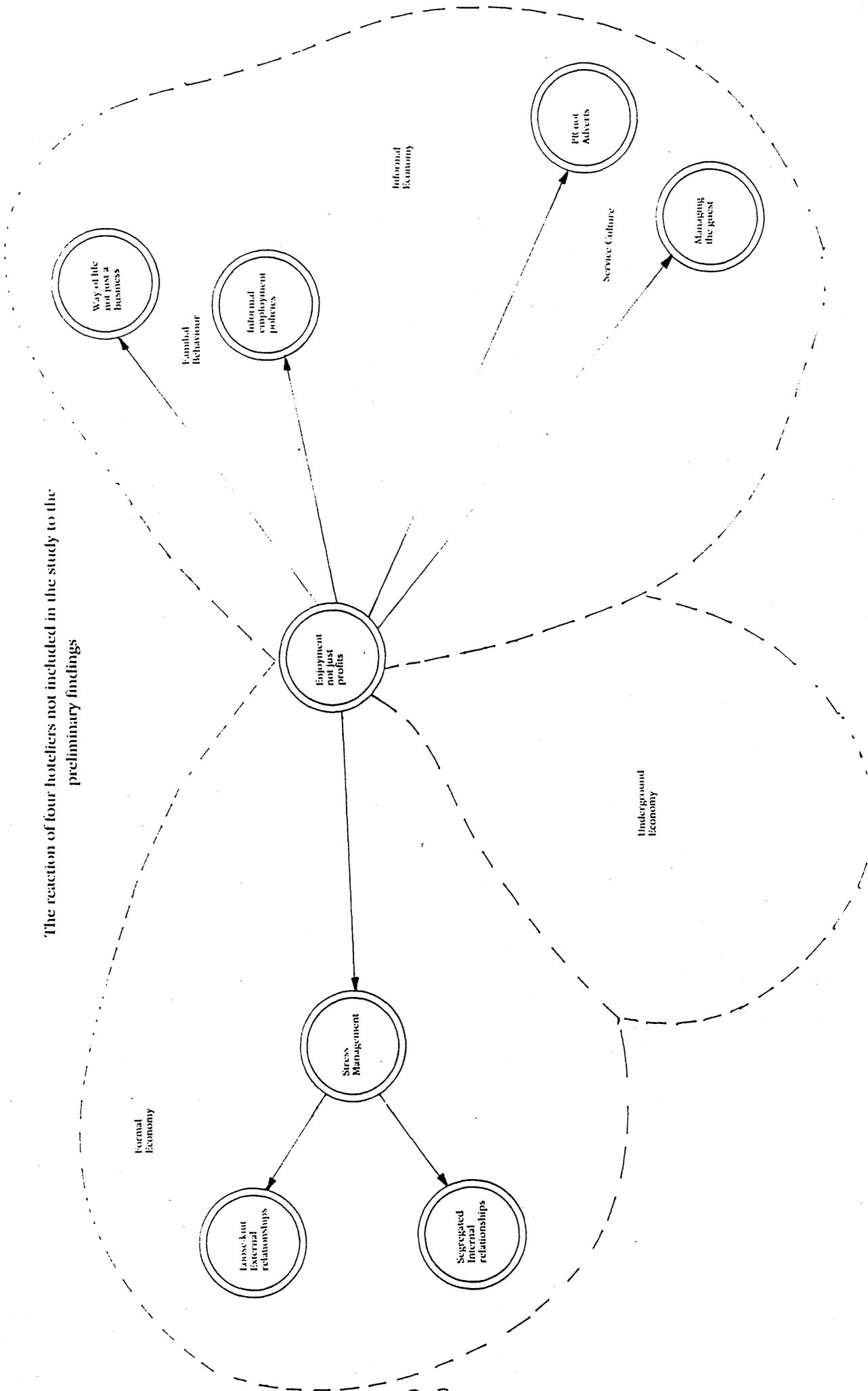


Fig 22

Formal Economic Activities

The hotels, as registered businesses, obviously have to operate within the prescribed legal framework. When they do so their behaviour does not correspond to the conventional profit maximisation rationale as describes by traditional economists. Instead, the small hotelier places great emphasis and reliance on his own personal intuition, and is very willing to experiment, and believes that most problems can be overcome by trial and error.

The small hotel's operation, within the formal economy, places tremendous stress on the relationships between business partners and their families. This is caused by the 'familial ideology' of the hotelier. There is a clash of cultures between the conventional ideology of the business enterprise, as perceived by the state, and the ideologies of the small hotelier. There are additional causes of stress in the hotel business, because of the nature of its operation, and the requirement for it to provide a home for guests, and the consequent long hours of duty which that entails. It was found that all hoteliers had broadly similar ways of resolving the stress which was caused.

Within the business, each business partner had complimentary but contrasting skills. They had very clearly segregated role relationships with hardly any evidence of overlapping roles. Outside the business, both partners managed to maintain their sanity by

making deliberate efforts to have social contacts with groups of people who had a particular relationship with each individual partner. It will be remembered that the hoteliers, who did not take part in the main study, suggested that, the smaller the hotel, the more acute would be the stress between the needs of the business and the needs of the family, and the more difficult it would be to resolve. One of these hoteliers commented in "open" code H8:-

"I think its quite difficult to know, yourself, when you are under stress, until its too late. Other people, often outsiders, are in a better position to comment on stress I think. Stress amongst hoteliers does happen quite a lot, and I think when you take yourself too seriously it makes the stress worse".

All hotels were alienated by external professional advisors. The main reason for this was hotelier's belief that these advisors had either let them down by acting only on client instructions, or because the external professionals simply did not understand what it was actually like to run a small hotel. Additionally, the greater the involvement in the hotel by external professional advisors, the less scope there was to become involved with the informal and the underground economies. Finally, the external advisor's culture is often directed towards helping the small firm to grow. I argue that the evidence, from my research, indicates that the small hotelier is more likely to want to remain at a size which enables him to manoeuvre between the three economies, than grow to an enormous size.

Underground Economic Activities

Few individuals enjoy paying tax, but those who are not running their own small business, find it quite difficult to avoid paying income tax. It is hardly surprising, therefore, that when opportunities present themselves, as they do in the case of small business, that advantage is taken of it. Accountants appear to act in collusion, to a certain extent, by distancing themselves from their clients by giving the excuse of "acting only on the instructions of their clients". Disclaimers stated the final accounts have been prepared on the information provided by the clients. The main reason that small hoteliers retain accountants is a damage limitation exercise so that their exposure to taxation is minimised.

One of the most effective ways of protecting oneself from a detailed taxation investigation, is deliberately to keep very limited accounting records. Hotels also have the additional advantage that much of their income and expenditure is likely to be cash. The underground economic activities are legitimised by the hotelier, in that they appropriate them as reward for the long hours, and hard work, which is associated with running a small hotel.

Informal Economic Activities

These non-monetary economic activities are central to the notion that

a small hotel is a home first, and a business second. Add in service culture, reciprocity, and familial behaviour, and the intangible, but important ingredients, which go to make hospitality itself, and the potency of this element of the familial economic unit, can be appreciated.

The picture of the hotelier, who manages to survive by deftly manoeuvring his business within and between the three economies of formal, underground and informal economic activities is interesting to compare with the more conventional "linear" approach, which Hayes(1980) used, which had been derived entirely from large scale manufacturing industries.

The Implications of the Familial Economic Unit

Future Small Business Research

There should be an even greater recognition of the diversity, and complexity, of the small business community. Within the rather narrow context of this study, although there are several valid generalisable findings, there is also diversity. This diversity is not only a function of the size and ownership of an hotel, but there is evidence to suggest that the degree of personal service offered by hotels operating in the different levels of quality, will affect the individual survival strategies to a degree. In essence there needs to be more research in the service sector, which attempts to penetrate other ideologies of the service culture, in order that the true diversity of small firm survival strategies can be better understood.

Research Methodolgy Issues

The emphasis on macro economic research strategies within the small business community are inappropriate, given the lack of knowledge of the behaviour of the small firm at the micro level. What has been established is that, even within the same industry, small firms have hetrogenity and share a common survival paradigm the "familial economic unit".

The nature of the paradigm is that it is not mechanistic and is in fact rather similiar to an organic structure in its behaviour. That is to say, that single snap shots in time of a small firm could well give a distorted picture of what is actually happening. There is now a need for longitudinal research strategies in which the survival of individual firms can be systematically followed over a two to three year period. This would entail a greater use of qualitative methodologies, and the adoption of a holistic approach to the study of the small firm. The quality of the research would also benefit from a multi-disciplinary approach, rather than the "lone wolf" strategy adopted in this study. There needs to be greater consideration of the analytical methods to be used for the interpretation and presentation of the data.

Although there is never any substitute for the researcher's skill in selecting coding systems, large quantities of qualitative data can now be handled by using such software packages as "Ethnograph". The Qualitative Coding Matrix outlined in this study should prove useful in presenting the interpretation to wider audiences. In summary what is now needed is multi-disciplinary teams, working on single figure numbers of small firms, adopting holistic qualitative approaches within a longitudinal research design.

Policy Makers

Government

The majority of small firms are simply not interested in growth. If policy-makers are interested in small firms who are able to grow faster than others, they should realise that any financial assistance should be highly targeted, and sharply focused to those exceptional firms, who are strongly growth-motivated.

If policy-makers wish to increase the overall number of small firms in the UK economy in total, then there should be fewer legislative restrictions on small firm activities, as demonstrated in the evidence from Italy in Chapter 3. In the 1970's and 1980's UK governments, of different political persuasions, have produced surprisingly similar hostile environments for small firms. It started with S.E.T. and Clause Four taxation, and has ended with V.A.T. There are moves afoot, in current government policy, to abolish the self-employment status of the small firm in order to bring more small firms within the closer scrutiny of the National and Insurance, and payroll inspectorate. Should this happen it will drive many small firms out of business entirely, and force others to go further underground. Small firms need less government not more, if they are to survive and grow. The justification of this line of argument is borne out from the evidence given in Chapter 2 on the Italian Economy.

Hotel and Tourism Organisations

Regional and area tourist boards will have to develop more sophisticated qualitative criteria for assessing the standard and quality of hotels within their grading systems. Currently all of them, in private and public sectors, only categorise tangible facilities such as bathrooms, direct and dial telephones.

Hospitality is not covered by any of the assessment procedures. This is because the quality control procedures have been based on manufacturing paradigms, involving the operation of a manufacturing process. Recognising the service culture, the hotel would, instead, be perceived as 'performance' rather than 'operation'. This would allow the incorporation of a greater amount of qualitative data in the interpretation and assessment of standards of excellence in hotel guide books.

Educators of hoteliers in further and higher education

Greater emphasis should be given to development of social, rather than merely technical skills, for those wishing to work in the hotels industry. A higher priority is needed to develop group social skills, so that hoteliers of the future will be able to demonstrate greater sensitivity towards the complexity of their task. More research is needed, to investigate hotels of different sizes at the micro level, using holistic qualitative approaches, to produce a greater understanding of the science and art of hospitality.