

# INNOVATION IN HOSPITALITY

## The Managers' Role

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**Abstract:** This research was designed to explain the process of innovation in hospitality through the action of innovative managers. Responses OF employees to a questionnaire allowed the separation of managers' skills into two factors: decision making and relationship. Further, data analysis was used extract the managers' perceptual maps. Results show the differences between more and less innovative managers in their perceptions of ways to lead employees using creativity in their respective organizations. The match between an external criteria of separating the hotels in more and less innovative, and the perceived level of team and department innovation, clarified the relationship between organizational innovation and innovative management. **Keywords:** innovation, leadership, creativity, creative leadership, Kelly's Grids.

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## INTRODUCTION

Tourism is a growing activity all over the world and is considered as an important factor of economic and social development. In the last decade, Algarve, Portugal's main tourism region located in the south, has made efforts to identify alternatives to mass tourism, using a sustainable destination management system. New products are now emerging, aiming at reducing the negative impacts of seasonality and attracting different types of tourists.

Saying that we live in a globalized, competitive, and uncertain world is now a common sense statement, but tourism and hospitality firms have to deal with this reality everyday and monitor systematically their environment, in order to anticipate changes and identify opportunities. Worldwide political, economic, and social changes foster the emergence of new markets and increase competition both among hotels and destinations (Buhalis 1998). The technology and the internet are generalizing e-business and changing consumer behaviour all over the world. Moreover, demographic changes in Western countries have significantly altered tourists' characteristics, increasing, for instance, the number of senior tourists. Nowadays, citizens are more active and educated, demanding higher quality service and diverse leisure facilities (Moutinho 2000). Young generations, working hard, take short vacations to compensate for the daily stress and are willing to pay a fair price for high quality and personalized service (Cetron 2001; Willmot and Graham 2001). As the world becomes more complex and changes at a rapid rhythm, the companies find themselves working in ways poorly adapted to this new accelerated and discontinuous environment. The traditional solutions, which granted success for a long time, are no longer suitable fit for new and innovative ways of doing business. Organizations need flexibility and adaptation, in addition to efficiency, to maintain successful routines (Basadur 1997). Efficiency refers to the daily routine operation, fulfilling and improving the organizational quality standards. When facing unexpected market changes, the organization should be flexible enough to react

appropriately. Further, it should be able to analyze and reflect upon its routines, in order to anticipate environmental changes and adapt by creating new products, services, or processes.

This chapter summarizes a research designed to explain innovation in high quality hospitality firms of Algarve through the action of innovative hotel managers. Leaders' self perceptions as well as co-workers' perceptions are used to understand the relevant behaviours which may contribute to change hotel management into a more effective system of operation.

## INNOVATION IN THE HOSPITALITY BUSINESS

This study adopts the definition of innovation proposed by West and Farr: "The intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, organization or wider society" (1990:9). This construct was in the meantime broadened by West (2002) to include the process of creativity, which relates to the cognitive and emotional processes taking place at the individual level. Thus, creativity remains exclusive to the relation established between the creator and his product, when he or she is totally committed to improve the product, regardless of the others' evaluation of originality and usefulness; only "trying to do better" is important. In this sense creativity is connected to cognitive and emotional processes taking place at the individual level, as Sousa (2008) stated. Innovation, on the other hand, concerns the processes of implementation, relying mainly on organizational communication and power. In most situations, the creator does not have the capacity or the resources to implement his or her product or convince a power structure to produce it; therefore needing others to collaborate in the domains of production, adoption, implementation, diffusion, or commercialisation of creations (Spence 1994).

For long, linear or chain linkage models were used to explain the innovation processes in high-tech knowledge industries. However, recently research tend to consider innovation as a social, spatially embedded, interactive learning process that cannot be understood independently of its institutional and cultural context (Cooke Heidenreich and Braczyk 2004; Lundvall 1992). Innovation results from the involvement of a diversity of stakeholders, contributing with its own body of knowledge in order to build a new, common and shared perspective on reality.

Several approaches identify different types of innovation, either by separating the adoption of products and processes from its development (Cebon, Newtonand Noble 1999) or, in a more classical way, product and process innovation (Adams 2006). Most authors agree that innovativeness, or organizational innovation, is a third important type of innovation, which represents the potential of the workforce to promote changes to benefit of the firm. Common characteristics of the different approaches to innovation, identified by Edquist (1997), include innovation and learning at the centre; a holistic and evolutionary perspective; and an emphasis on the role of institutions. Innovation does not happen in isolation: organizations are shaped by institutions and simultaneously influence the institutions themselves, setting a two way relationship influencing the innovation processes and systems.

The increasing interdependence of technological and organizational change is a significant feature of systems of innovation, which means that technological innovation and organizational innovation have become increasingly important. These are combined with more diverse expertise which includes not only technical know-how, but also economic, organizational, and sociological knowledge and competencies. The second reason for the increased interest in non-technical innovations is associated with the connection between the organizational innovation and the corresponding learning capacity. The acceleration of change that is part of the globalization

process means that organizational learning processes are increasingly important for creating and maintaining competitiveness.

This conceptualization allowed the emergence of the study of innovation in the service sector, still underestimated, as Vermeulen and Van der Aa (2003) stated, because it differs substantially from the industrial sector, not depending on the production of patents and tangible products in RandD (research and development) departments. In fact, if innovation is understood as a process rather than a result, it may be found in any organization or sector. Tidd, Bessanta and Pavitt (2003) showed how innovation may proceed from little adjustments in a daily process of continuous improvement, carried out by almost all the organizational actors, at all levels. The development of a creative workforce will help the organization to succeed in maintaining the necessary potential to overcome difficult situations that cannot be solved through investments only (Cebon, Newton and Noble 1999). Creative people, managers or co-workers, are committed to their work and organization and according to a Gallup Management Journal survey (Hartel, Schmidt and Keyes 2003), engaged employees are more likely to “think outside the box” and produce creative ideas than disengaged people; they also are more receptive to new ideas.

According to the services’ categorization done by Sundbo and Gallouj (1998), hospitality business can be defined as labour intensive (as opposed to technology intensive) and personalised activity (as opposed to standardization), highly dependent on workers’ knowledge and professionalism. It depends on the quality of human resources more than on technology and thus innovation will depend less on the creation of new products (implementing a gourmet restaurant) than on the creation of new processes (such as empowerment of the middle management and co-workers). Building on services characteristics (namely, intangibility, simultaneity of production and consumption, heterogeneity, and perishability which seem to

gather some consensus among researchers), Vermeulen and Van der Aa (2003) consider that intangibility and simultaneity of production and consumption increase the need for interaction and communication among the actors involved in the innovation process. Furthermore, Jacob and Bravo (2001), and Jacob, Tintoré, Simonet and Aguiló (2004), studying innovation in tourism organizations, concluded that innovation in hospitality has its main source in the general direction and in the client, meaning that front office personnel have more probability to come up with innovations than the other hotel employees.

Gilbert and Guerrier (1997) and Deery and Jago (2001) studied the evolution in the hospitality management and related the changes in organizational structure (today more flat and flexible) to the empowerment of the employees and the importance of innovation as a continuous process of quality improvement. Further, managerial roles have become more complex, as one needs to focus simultaneously on the enhancement of quality and cost control to deal with an increasing competition and to attend to external and internal client satisfaction. One must be a specialist in hospitality operation, in management and in human resources management. As the majority of the hotels still present a functional hierarchical structure, it is the managers at all levels that assume the coordination of the activities. Moreover, the low educational level of most employees emphasizes managerial roles in stimulating change and innovation.

The role of leadership in fostering creativity and innovation has widely been discussed in the literature, with authors like Kanter (1983), King and Anderson (1990), Nyström (1990), among others, reinforcing the importance of a participative style. Leaders are responsible for the implementation of a proper human resources policy, in order to hire and train talents (leaders and peers), thus promoting a supportive human environment, a climate of mutual trust between

management and employees (West 1990), encouraging people to take risks while learning from failure (Osborn 1993), and promoting power sharing in the organization (Wheatley 1992).

Thus, recognizing the importance of leadership, it seems relevant to address theories which, in its recent developments, acknowledge the leaders' role as change agents. Basically, the concept of leadership has evolved from the assumption that "leader" and "leadership" are the same — meaning it is the leader's action that achieves results, through his or her "passive" employee — to an interactive framework where followers play an active role in the construction of leadership. This way the interdependence of leader–follower relationship is acknowledged.

Therefore, keeping in mind the connection of creativity and innovation with leadership, theories may be classified in three categories, as proposed: leader-centric theories, follower-centric theories, and interactionist theories (Graen and Uhl-Bien 1995). The leader-centric approach describes traits and behaviours that can be associated to creativity and innovation, as the transformational leadership theory (Bass 1998): the leader is considered a hero or an ideologist is charismatic and innovative, capable of stimulating innovation in followers. At an individual level, as Ford (1996) stated, the creative leaders' ability in providing sense making, allowing them to interpret their environment and identify problems through processes such as problem finding and problem definition. Reiter-Palmon and Illies (2004) insist on the relevance of problem definition or problem construction to allow for a deeper insight on the organizational problems and the production of higher quality and more original solutions. Creative leaders have a deeper knowledge of their organizations and are aware of the importance of developing creative skills in their subordinates, by making them more committed to their organization.

Others studies (Lord and Mahler 1993; Meindl and Erlich 1987) take a follower-centric approach, emphasizing the follower's information processing and implicit leadership theories.

The innovative leaders' salient characteristics and behaviours match the prototype socially construed in a given context, from which the follower may infer innovative leadership according with the outcomes of salient events.

The third way to look at innovative leadership is to adopt an interactionist perspective (following Georges Mead interactionist theory, Blumer, 1969) focusing on the relationship between the leader-follower dyad, like LMX theory (Graen and Uhl-Bien 1995) and, more recently, MMX theory (Graen 2006), as well as Hollander (2009), proposing the concept of inclusive leadership describing the “two-way operation of leadership and followership (that) depends upon Respect, Recognition, Responsiveness and Responsibility, both ways” ... “the four Rs of Inclusive Leadership” (Hollander, 2009:3).

In a symbolic interactionist perspective (Blumer, 1969), the recognition of a leader is associated with an individual's ability to put himself or herself in the place of the follower and to act according to the expectancies of the other (Griffin 2005). Stryker and Satham (1985), associating symbolic interactionism and role theory, explain the processes of “role taking and role making”. In the organizational context, according to Sousa (2003), in the process of role taking, the leader may choose between peers (or administration) and followers as the “significant other”, this last choice implies a greater effort of imagination to put oneself in the place of a more diverse and socially distant reference.

In the interactionist perspective adopted in this chapter, the locus of innovative leadership is the interaction between leaders and followers, in a specific context. Therefore, in order to explain innovative management, the co-workers' perceptions as well as the leaders' behaviours must be understood. As this research aims at explaining innovation in the hospitality sector

through the action of innovative managers, the research question, “how does innovation, in the hospitality business relate to innovative management?” leads to the following propositions:

P1: Teams differentiate innovative from less innovative managers

P2: Innovative and less innovative managers perceive their role in different ways

P3: Innovation is not uniformly spread in all the hotels departments

P4: Innovation is related to innovative management

### *Study Method*

*Sample and Procedure.* The chapter describes two research methods: quantitative (based on a questionnaire) and qualitative (resulting from interviews). The first was conducted in 16 hotels (4- and 5-stars), operating in the Algarve, where 519 hotel employees’ responses to a questionnaire were validated for statistical analysis. Most of the respondents were men (51%) and 254 (49%) were women; 52% had at least the 9<sup>th</sup> grade, 35% had the 12<sup>th</sup> grade, and 13% had various levels of university education; 134 (26%) were at a management position, and all hierarchy levels and departments were represented.

At the outset of the study, in order to identify innovative hotels and other tourism organizations, interviews were made with some presidents of the business and hotel associations in Algarve. All of them referred the importance of innovation but it was difficult to reach a consensus list of innovative organizations or innovation criteria to classify the companies. Nevertheless, all of them agreed that innovation was most likely to occur in the 4- and 5-star hotels. As this was consistent with the work of Jacob and Bravo (2001) and Jacob et al (2004) in the Balears, a letter was sent to the 52 4- and 5-star hotels operating in Algarve. Sixteen hotels agreed to participate. Among them, five were designated by the hotel association AHETA as

more innovative. Among the others, four were designated as less innovative, due to the evaluation of their top managers, during the interview that introduced the research. This classification stood as an external criterion helping to validate the present research.

In the 16 hotels, the questionnaire was distributed to all the workers in each hotel (2,151) but, as expected, only 25% of the possible responses were received. Afterwards, nine hotels allowed the researcher to interview employees, requesting them to identify innovative managers, and 24 of these managers were interviewed. The employees refused to designate less innovative managers, explaining they could not harm their boss' reputation. This led to interviews with six managers in hotels where the general manager and his staff, consensually, referred the absence of innovation. All the interviewees were asked to fill in the questionnaire even if they had already done it, allowing, subsequently, to identify innovative leaders and their teams.

The interviews were aimed at determining the innovative leaders' self perception and, thus, enhancing the understanding of the construct of innovation. The questions were "Why do you think you have been designated as an innovative manager?"; "How do you describe yourself, as a manager?"; and, finally, they were asked to describe the innovations introduced in the hotel in the past two years.

*Measures.* Most research in organizational context has to deal with the fact that people often speak in one way but act differently. According to Argyris (1999), "espoused theories"—values and objectives that people declare as guiding their behaviour—differ from "theories in use"—values and objectives which they actually follow. As the field of tourism and hospitality has not been the subject of much investigation about innovation, and there were no conviction that the existing measures were valid in this context, Kelly's (1963) repertory grid method was

chosen to build a questionnaire reflecting the theories in use in this field. Repertory grids has revealed itself as an interesting way of building questionnaires in the own words of the population inquired (Sousa and Monteiro 2005). In tourism research, it has already shown its qualities, for instance in the study of the destination images in New Zealand (Pike 2003) or of the perception of London museums (Coshall 2000).

Kelly's (1963) personal construct theory explains that a person's processes are psychologically channelled by the ways in which that person anticipates events, searching for prediction. The ways events are anticipated (named personal "constructs") are the style some things are interpreted as being alike and at the same time different from other things (such as black versus not black; white versus grey), and so every perception of experience is based on the way the person anticipates events. In the case of an innovative leader, as opposed to a less innovative one, it is the anticipation that leads him or her to try to understand the constructs of the followers, and to speak in the "follower's language", so that communication may take place between the two.

The method comprehends three main independent steps: the elicitation of elements (in this case, innovative and less innovative leaders) and constructs; the construction of the grid, composed by elements and constructs; and data exploitation which may be accomplished with the subject himself, when acting at the individual level, or carried out through statistical analysis, as in this research. When eliciting the constructs, researchers of this study were amazed with the absence of references to the client or the service to the client, and they returned to confirm these findings, asking some questions from front office hotel employees, to verify the findings. However the same results emerged. Neither front office nor back office employee associated

innovative or less leadership to the hotel client. This constitutes a first result that shall be acknowledged when discussing the findings.

Factor analysis was used to reduce the number of items in the questionnaire and to validate it. The validated instrument resulted in 16 items, organized in two dimensions: the “decisionmaking skills” with 9 items (such as he understands quickly the new situations, or does not demonstrate fear even when he fails), and Cronbach alpha = .88. The “relational skills, with seven items (example: he shares his knowledge with the co-workers, the results are always considered team results) and Cronbach alpha = .85. Both variables explained 53.5% of the variance and confirmatory factor analysis showed a good adjustment to the model ( $\chi^2 / gl = 2.02$ ; GFI = .97; AGFI = .94; CFI = .99 and REMSEA = .06).

The research methodology balances quantitative and qualitative work, from structured interviews using Kelly’s repertory grid, to a questionnaire allowing the interpretation of a large sample responses through statistic analysis, returning to a qualitative analysis of semi structured interviews, treated at first by content analysis and, returning to statistical textual data analysis to build managers perceptual maps. The result consists in a varied set of data, showing different aspects of the same reality, thus contributing to a deeper understanding of the ongoing processes.

Quantitative data were analyzed through SPSS 17.0 and the qualitative data were submitted to content data analysis and correspondence analysis using Data Text Mining DTMc28.

### *Study Results*

To test the first proposition, which stated that teams perceive innovative managers differently from less innovative ones, the former were identified, as well as their teams. As a reminder, the innovative managers were designated by their co-workers. It was then possible to identify in the questionnaire the respondents working at the same department, and designate a

new dependent variable named “team” with two levels: “innovative teams” (n = 102), as opposed to “less Innovative teams” (n = 280). A *t* test compared the means of these two groups, in both dimensions, decisionmaking skills and relational skills, showing significant differences (Table 1). It is interesting to mention that, in the innovative teams, the standard deviation is much smaller than in less innovative groups, meaning higher agreement in the first ones.

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Insert Table 1 about here

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To test the second proposition, which stated that innovative and less innovative managers perceive their role in different ways, the 24 managers designated as innovative by their co-workers, and the six considered less innovative, were interviewed. After content analysis and lemmatization of the interviews, the corpus was reduced, following the recommendations of Lebart, Piron and Morineau (2006), in order to be submitted to a correspondence factor analysis. The 30 interviews were reduced to 16 words (categories), such as develop co-workers, motivate, good relation, improve, create new things, and the correspondence analysis was run, extracting one main factor that clearly opposed innovative and less innovative managers. As shown in Figure 1, the first axe explains 55% of the variance.

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Insert Figure 1 about here

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The more innovative managers' word grouping is significantly different and richer when compared to the less innovative ones: these later referred to their role: as managers, as a part of the hotel hierarchy, caught between their own boss and their subordinates, who are difficult to manage due to their diverse personalities and their resistance to change. Innovative managers also consider the difficulty in managing their co-workers, but they described their role as a coach rather than a boss, whose job consists in developing their personnel, establishing good relationships with them, granting mutual respect and, at the same time, being very demanding. Nevertheless, the more innovative managers are tolerant with mistakes, which are considered as an important source of learning. Co-workers are stimulated to experiment new products and new ways of doing their jobs, always to the clients' benefit. The more innovative managers listen to employees, stimulate them to listen to the clients' suggestions and encourage their participation in the discussion of the hospitality operations. Figure 1 also shows that, in the more innovative managers' discourse, the two dimensions of decisionmaking and relational skills captured as structuring the behaviour of innovative managers, reappeared in the qualitative data. However, in the managers' interview the focus on clients' needs appears clearly, thus opposing to their co-workers' discourse.

In order to test the third proposition, a new variable was computed: "sector", with three levels ("front office" aggregating all persons who have direct relationship with the client, as reception, restaurants, or bars; "back office" covering those who do not made directs, like housekeeping, kitchen or maintenance; and "administration departments", as accounting or human resources departments). Table 2 shows the results of the variance analysis (ANOVA), confirming the existence of significant differences among the hotel departments. The results

show that it is in the back-office departments that innovation is seen more intensely, differentiating itself from front office in the perception of managers' decisionmaking skills and from the administration in the perception of managers' relational skills.

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Insert Table 2 about here

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To test the fourth proposition, a cluster analysis allowed to match the classification made by the president of AHETA to the 16 hotels, with the scores of innovative management, in the three groups of hotels: 5 less innovative, 6 median innovative and 5 more innovative. Table 3 shows that the three groups differ significantly.

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Insert Table 3 about here

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In the five hotels designated as less innovative, to the top managers and co-workers it did not make sense to talk of innovation, since no change occurred in many years. In the more innovative cluster, there were two 5-star hotels, a little independent hotel (whose CEO valued the three quality certificates the hotel obtained), and two 4-star hotels belonging to two well known national companies. The remaining six (of median innovation), were all 4-star hotels, one

independent international hotel, and the others belonging to two national companies. The three groups differed significantly from each other at  $p < .00$ , thus providing the required match between an external criteria of innovation and the perception of its employees as to the level of innovative management.

To go deeper in the analysis and test the effect of innovative management in the different departments,  $t$  test were used for more innovative and less innovative hotels in each sector. Table 4 presents the results showing that more innovative hotels are significantly different from less innovative properties in each sector in both factors, supporting the fourth proposition which states that innovation is related to innovative management.

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Insert table 4 about here

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### *Discussion*

The study reported in this chapter revealed two factors (decisionmaking skills and relational skills) describing the implicit theories of the innovative managers in the hotel business, thus providing an adaptation of the traditional task/relation model of leadership. The interviewees corroborated these findings, by considering that the technical skills (task skills) are important, but easily acquired by training and experience, as opposed to relational skills that are complex and demanding. To lead a diverse workforce in a close relationship and to be able to take the decisions adequate to each situation seemed to be the managers' core skills in high quality hotels.

As to less innovative managers, the definition seems to express the negativity effect: those in this category are “authoritarian”, “do not invest themselves in the job” and “live in the past”. This implicit theory was so strong that the co-workers avoided the designation of examples of less innovative managers. As the social identity theory explained (Turner, Brown and Tajfel 1979) the members of a group tend to protect their self-esteem by giving a positive image of the in-group members.

As to address the first proposition, stating that teams differentiate innovative from less innovative managers, the separation was made and it became evident that the less innovative did not seem to be quite the opposite innovative, but rather associated with an autocratic leadership style, deeply rejected in hospitality organizations. This result is consistent with Gilbert and Guerrier (1997) and Deery and Jago (2001) findings, when referring to the evolution of the hotel managers’ role.

It is also worth to point out the small number of innovative managers designated in the nine hotels where the qualitative study took place, which proves that innovation skills are barely represented in this group. Hotels still present a functional structure and relations among people frequently based on power and status, which have been found incompatible with the perception of innovation. The innovative teams appear to be more homogeneous and consistent across the hotels than the other teams, sustaining the idea that innovation is based on the interactions developed between a manager and his or her employees, through the processes of “role taking” and “role making” described by Stryker and Staham (1985) and Sousa (2003). The managers’ skills in decisionmaking and relationship are critical in this process.

The second proposition, stating that innovative managers have different perceptions of management than less innovative group was verified as well. Results have shown that when less

innovative managers speak of their role, hierarchy category becomes salient. They identify themselves as members of the command group, with the responsibility of leading a team or a hotel, according to their organizational level; they verbalize how difficult it is to manage people with different personalities who resist change.

Innovative managers self perceptions are substantially different from the previous ones. In fact, their first words go to their co-workers, the most important people in the organization, because they deal directly with the client. These managers seem to have the capacity to put themselves in the place of their employees, thinking as they would think, imagining their expectations and anticipating their reactions, in a process of role taking and role making, thus reflecting their ability to consider the team characteristics, the potential of each member and to analyze the particular context in which they act.

The innovative management is not related to having good or creative ideas, but in developing the co-workers' creativity and ability to innovate. This perspective is quite consistent with Basadur's (2004) view of creative leadership, when he states that effective leaders help individuals and teams to define the problems, respecting each one's problem solving style. Innovative managers permanently seek the continuous quality improvement and the client's satisfaction and get the personnel to invest in the constant enhancement of the service, which is the essence of innovation in the hospitality business. As they communicate, managers and co-workers create the meanings that make sense in their particular context, either the task objectives or the team organizational identity, while discussing each member's role in the group, as Watzlawick, Beavin and Jackson (1979) have stated in their studies.

All managers (innovative and less innovative) have stated the importance of improving quality and satisfying the client's needs. However, the main difference seems to be in the active

listening attitude of the innovative managers, who are capable of paying attention to more diverse channels. The innovative managers listen to the followers in order to obtain information about the client's suggestions, while the less innovative managers get opinion and input through the institutionalized channels of communication, such as the client's satisfaction questionnaires (seldom through direct relationship with the client). The more innovative leaders recognize the differences between their teams and individuals, as Basadur (2004) explained, and these skills allow them to recognize the more engaged and creative people in their team—that is, the more engaged co-workers (Hartel et al 2003)—and they rely on them to drive innovation and improve the management processes.

The third proposition highlighted there are significant differences among hotel departments. In the back offices, where co-workers do not interact frequently with the client, managers are more frequently perceived as innovative than in the other areas, results that are not supported (Sundbo and Gallouj 1998) and findings (Jacob and Bravo, 2001; Jacob et al 2004) which suggest innovation are found in front office departments, such as reception, restaurants or bars. Instead, innovation is more present in housekeeping, kitchen, or maintenance. Trying to understand these contradictory results, it seems important to remember that hotels maintain a traditional functional structure, where power is highly centralized in the general manager and his (or her) directors. Additionally, most employees have a low educational level and receive a low salary, thus legitimating the implementation of rigid standardization in order to avoid problems with the clients. In back office departments, failure is not easily visible to the clients, leading managers to be more tolerant to experiments and tests.

In the hospitality business, innovation appears to be related to innovative management, as stated in the fourth proposition, and revealed through the match between the external criteria in

the separation of the more and less innovative hotels, and the differences in their perceived management innovation level. In more innovative hotels, the differences between front and back offices no longer exist, meaning that innovative leaders are able to create a system promoting service alignment, without excessive standardization.

The interviews with managers revealed that in more innovative hotels, there was also a management system that could be considered more modern in this line of business: the adoption of “management by objectives” and “balanced scorecard” methodologies foster a focus on the client and a continuous quality improvement and hence innovation. Additionally, these methods support paying particular attention to personnel, such as inviting employees to receive training and spend some time in a hotel belonging to the same chain, offering them the possibility to go through the experience of being a client of a 5-star hotel. These were identified as ways to increase innovation. Further, knowledge of historical and cultural facilities of the hotel environment provides an improvement in the information given to the client. More training and living experiences link both the client and the hotel employee, allowing for the emergence of more shared meanings and understanding that may revert in innovation. Furthermore, if innovation occurs in the interaction process (in the formal and informal processes of communication), increase in knowledge and the improvement of managers and co-workers relations may help the whole team to pay attention to the small details and engage them in reflexions that lead to continuous quality improvement and innovation.

As in most studies, there are some limitations that need to be accessed. The first limitation had to do with the need to develop a questionnaire with a small number of items to make the answer easy to the hotel employees with low education and compatible with their schedules. With this procedure, almost 300 constructs were reduced to 16, at the issue of a long process that

lasted for a whole year, obtaining a questionnaire that reflected the main features related to innovation, although losing some of the richness and complexity that describe human organizations. Another limitation has to do with the difficulty to obtain a number of responses statistically representative of the population. The number of valid responses represented only 24% of the employees in the 16 hotels. Future research should extend the study to a more representative sample of hotels, including other hotel categories.

## CONCLUSION

To summarize the findings of this case study, it should be kept in mind that this research was designed to explain the process of innovation in high quality hospitality establishments through the action of innovative managers. Innovative management or leadership resulted in an interactive process of social construction around two main dimensions of decisionmaking skills and relational skills, ahead of the traditional bidimensional model (task and relation). Actually, innovation in services is highly dependent on people's knowledge, turning task competency somewhat taken for granted and an inadequate measure to differentiate more and less innovative managers. The research showed it is the capacity to decide and face new and unexpected situations, alongside with the construction of quality relationships with their co-workers.

Lord and Mahler (1993) have insisted in the role of co-workers perceptions in the recognition of leadership: someone is pointed out as a leader, in a given context, because he or she is recognized to possess a set of attributes consistent with the organizational prototype; or these attributes are inferred from salient events consistent with the organizational scenario. These

perceptions are constructed (and permanently reconstructed) in daily interaction, hence creating a reality significant for a given context.

Consistent with Stryker and Statham (1985) and Sousa (1999), the present work also shows that it is the way the leader constructs his or her role (either taking as significant other, the other managers – in the case of a less innovative leader; either taking his or her co-workers as referent, imagining their needs, feelings and expectations when anticipating the consequences of his or her action) that determines his or her innovativeness. All the leadership construction takes place in the communication process between managers and co-workers, negotiating role in their relationship. The leader receives a management position from the hierarchy, as the co-workers are assigned to a set of norms associated to an organizational role, and they engage from this position to develop relationship in a highly emotional process. The innovative leaders engage in relationship, imagining the employees' expectations and needs, building the team, encouraging them to express themselves, give suggestions and assume some tasks direction, in a shared leadership process intended to result in mutual trust and quality relationship. Therefore, the innovative leadership calls for developing innovation in the team, as a way to maintain the client focus and a continuous improvement in service delivery.

These findings can bring understanding to the innovation process through the voice of practicing managers and the creative employees. This research can also be of some help to train and select managers who can bring better results to the organization, by stating the value of employee creativity in the managing process, and by helping the administration to take the most out of innovative teams. Innovative managers, by recognizing and associating the more creative co-workers in the definition and solving of organizational problems, are able to create an

organizational system of transformation of creativity into innovation that can help to gain “competitive advantages”, as in the words of Basadur (1999).

Further research should focus on creative or talented employees in order to understand the real contribution they may give to innovation in hospitality. Researchers and consultants in the field of creativity have insisted in the idea that everyone can be creative, provided they have the knowledge and are allowed to participate in a system where there is freedom to create, but if their contribution is valued and recognized. This assumption may represent a different approach to innovation, which has to do with the ability that everyone has to add value to the organization, a topic to be addressed in another study soon.

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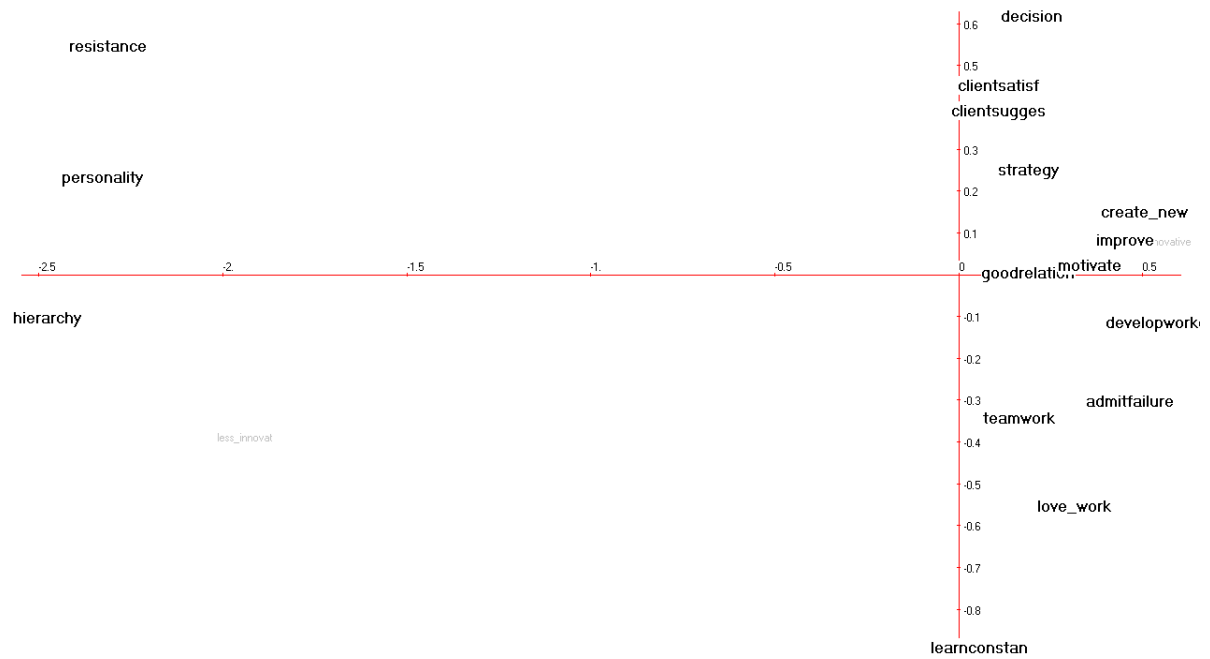
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**Table 1. Test Significance for Mean Differences in Each Factor of More / Less Innovative Teams**

Variable	<i>N</i>	Factor			
		Decision Making Skills		Relational Skills	
		<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>
Innovative Team	102	4.20	.66	4.18	.73
Less Innovative Team	280	3.94	.87	3.92	.91
Sig.		.00		.01	



**Figure 1. Differences between More / Less Innovative Managers' Words (factor 1 – vertical axis)**

**Table 2. Means and Test Significance for Mean Differences in Each Factor, in three Sectors**

Sector	N	Factor	
		Decision Making Skills	Relational Skills
Front Office	208	3.94	3.94
Back Office	217	4.20	4.13
Administration	94	4.06	3.87
Sig.		.00	.00

Scheffé test, for decisionmaking skills showed significant differences, between front office and back office at  $p = .00$  and for relational skills, between back office and administration at  $p = .05$

**Table 3. Means and Test Significance for Mean Differences in Each Factor and Cluster**

Hotels (16)	<i>N</i>	Factor	
		Decision Making Skills	Relational Skills
More Innovative (5)	136	4.42	4.38
Median Innovative (6)	189	4.10	4.00
Less Innovative (5)	194	3.78	3.75
Sig.		.00	.00

Scheffé test: Every group differs from one another, in both factors, at  $p < .00$

**Table 4. Means and Test Significance for Mean Differences in each Factor in More and Less Innovative**

	Front Office			Back Office			Administration		
	N	Decision	Relation	N	Decision	Relation	N	Decision	Relation
More Innovator	65	4.26	4.28	45	4.62	4.58	26	4.51	4.30
Less Innovator	76	3.63	3.63	82	4.01	4.01	36	3.59	3.41
Sig.		.00			.00			.00	