PATHS TO KNOWLEDGE MANAGEMENT IN
SMALL AND MEDIUM-SIZED HOTELS

A thesis submitted in fulfilment of the requirement for the degree of
Doctor of Philosophy

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DECLARATON

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; and, any editorial work, paid or unpaid, carried out by a third party is acknowledged.

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# TABLE OF CONTENTS

DECLARATION 1

TABLE OF CONTENTS III

LIST OF TABLES VIII

LIST OF FIGURES IX

ABSTRACT 1

1. CHAPTER ONE: INTRODUCTION 2
   1.1. INTRODUCTION 2
   1.2. RESEARCH PROBLEMS 4
   1.3. PURPOSE, RESEARCH QUESTION AND OBJECTIVES OF THE RESEARCH 6
   1.4. DELIMITATION OF SCOPE 7
   1.5. CONTRIBUTIONS OF THE RESEARCH 7
   1.6. OVERVIEW OF RESEARCH DESIGN AND METHODS 9
   1.7. STRUCTURE OF THE THESIS 11
   1.8. CONCLUSIONS AND SUMMARY 14

2. CHAPTER TWO: LITERATURE REVIEW 15
   2.1. INTRODUCTION 15
   2.2. RESOURCE-BASED VIEW AND KNOWLEDGE-BASED VIEW OF THE FIRM 16
   2.3. WHAT IS KNOWLEDGE 19
      2.3.1. Organisational capabilities 19
      2.3.2. Core competency 21
2.3.3. The hierarchy of knowledge 22

2.4. WHAT IS KNOWLEDGE MANAGEMENT 27

2.4.1. Definition of knowledge management 28

2.4.2. Knowledge management models 31

2.4.3. Processes of knowledge management 33

2.4.4. Organisational factors 37

2.5. SMALL AND MEDIUM-SIZED ENTERPRISES 43

2.6. CHARACTERISTICS OF HOTEL INDUSTRY 45

2.7. KNOWLEDGE MANAGEMENT IN SMALL AND MEDIUM-SIZED ENTERPRISES 47

2.8. CONCLUSIONS AND SUMMARY 52

3. CHAPTER THREE: METHODOLOGY 56

3.1. INTRODUCTION 56

3.2. PHILOSOPHICAL ASSUMPTIONS 58

3.2.1. Epistemological perspective 58

3.2.2. Ontological perspective 62

3.3. RESEARCH APPROACH 64

3.3.1. Inductive 64

3.3.2. Qualitative 67

3.4. DATA COLLECTION METHODS 69

3.4.1. Primary data 70

3.4.2. Interview 72

3.4.3. Secondary data 74

3.5. PROCESS OF EMPIRICAL STUDY 76

3.5.1. Interviewee selection 77
4.6. CONCLUSIONS AND SUMMARY 125

5. CHAPTER FIVE: PATH KNOWLEDGE 127

5.1. INTRODUCTION 127

5.2. THE EMERGING CONCEPT OF PATH KNOWLEDGE 129

5.3. REVENUE GENERATION AND RESOURCE INVOLVEMENT 133

5.3.1. Revenue generation 133

5.3.2. Resource involvement 136

5.4. KNOWLEDGE MANAGEMENT FOR GROWTH 143

5.4.1. Owners/managers’ understanding of knowledge management 143

5.4.2. Acquisition 147

5.4.3. Creation 154

5.4.4. Dissemination 157

5.4.5. Use 161

5.5. FOUR DIFFERENT PATH OPTIONS TO KNOWLEDGE MANAGEMENT 166

5.5.1. Path 1: Match 167

5.5.2. Path 2: Combination 171

5.5.3. Path 3: Divergence 175

5.5.4. Path 4: Specialisation 180

5.6. ISSUES AND OPPORTUNITIES IN KNOWLEDGE MANAGEMENT 184

5.6.1. The weak operational position 184

5.6.2. The lack of collective knowledge bases 186

5.6.3. The gap in access to modern technology 189

5.6.4. The lack of innovative knowledge-embedded products and services 192

5.7. CONCLUSIONS AND SUMMARY 196
8.2. CONCLUSIONS ABOUT THE RESEARCH QUESTION: WHAT KNOWLEDGE MANAGEMENT PATHS ARE LIKELY TO FACILITATE SMALL AND MEDIUM-SIZED HOTELS TO THE STATUS OF KNOWLEDGE ORGANISATIONS? 260

8.3. IMPLICATIONS 265

8.3.1. Implications for Theory 266

8.3.2. Implications for Practice 270

8.4. LIMITATIONS 273

8.5. FUTURE RESEARCH 274

8.6. CONCLUSIONS AND SUMMARY 275

REFERENCES 278

APPENDIX 1 301

APPENDIX 2 304

APPENDIX 3 306

APPENDIX 4 307
LIST OF TABLES

TABLE 1: ORGANISATIONAL FACTORS IN ADOPTING KNOWLEDGE MANAGEMENT 41
TABLE 2: KNOWLEDGE MANAGEMENT STUDY IN SMALL AND MEDIUM-SIZED ENTERPRISES 51
TABLE 3: ORGANISATION PROFILE 101
TABLE 4: INTERVIEWEE PROFILE 103
TABLE 5: STATUS OF KNOWLEDGE MANAGEMENT 110
TABLE 6: SUMMARY OF THE STRUCTURED QUERY LANGUAGE COMMANDS 122
TABLE 7: MATCH PATH 170
TABLE 8: COMBINATION PATH 174
TABLE 9: DIVERGENCE PATH 178
TABLE 10: SPECIALISATION PATH 183
TABLE 11: ISSUES AND OPPORTUNITIES IN KNOWLEDGE MANAGEMENT 195
TABLE 12: INITIAL KEY TERMS 208
TABLE 13: CATEGORISATION OF THE KEY INFLUENTIAL FACTORS UNDER THREE DIFFERENT THEMES 210
TABLE 14: KEY FACTORS AFFECTING PATHS TO KNOWLEDGE MANAGEMENT 211
TABLE 15: A COMPARISON OF THE RESEARCH FINDINGS WITH THE EXISTING LITERATURE 249
LIST OF FIGURES

FIGURE 1: ORGANISATIONAL PROFILE TABLE  113
FIGURE 2: THE INTERVIEW DATA INPUT FORM  114
FIGURE 3: HOTEL PROFILE REPORT  115
FIGURE 4: THE PATHFINDER MODEL  206
ABSTRACT

The purpose of this study is to develop a better understanding of strategic paths to knowledge management in small and medium-sized hotels. This thesis has formulated a path knowledge concept and developed a PathFinder model. The formulation of the path knowledge concept and the development of the PathFinder model are based on an empirical investigation through the conduct of thirteen face-to-face in-depth interviews with owners/managers in small and medium-sized hotels. The interview data were analysed with the use of a purpose-built database and Structured Query Language for data manipulation. This study has identified four broad types of paths to knowledge management in small and medium-sized hotels. A hotel’s choice of a path to knowledge management is essentially dependent on two defining aspects, the sources of revenue generation and knowledge management activities. The path knowledge concept reflects the growth visions of small and medium-sized hotels, where knowledge management is practised unconsciously as part of the integrated business operation.
1. CHAPTER ONE: INTRODUCTION

1.1. Introduction

With the evolution from an economy based on physical factors to a knowledge based economy, knowledge has emerged as a key firm resource and source of business growth. The resource-based view argues that inter-firm performance differences occur through heterogenous access to valuable resources. This disparity in access creates isolating mechanisms representing entry barriers at the industry level and mobility barriers at the industry group level, that sustain a firm’s competitive advantage. In the resource-based view, knowledge resources are highly valuable, unique to the organisation, difficult to copy and substitute and so can lead to competitive advantage.

In line with the resource-based view of the firm, the knowledge-based view of the firm contends that knowledge as an input to as well as an output of production is the most important resource. Both views hold that competitive advantage based on resources and capabilities is potentially more sustainable than one based on the traditional market-based approach. For this reason, managing individual and organisational knowledge has now become integral to the creation of sustainable competitive advantage.

In light of changes to the global economy, it is easy to see why so many large corporations have invested so heavily in knowledge management projects. Yet for similar reasons, managing knowledge is no longer just the concern of large corporations and is something that is as important to the sole operator as it is to the
large corporation. This can be illustrated by the example of small and medium-sized hotels. Small and medium-sized hotels make a significant contribution to the economy, both in terms of the number of establishments and the proportion of the labour force they employ. Moreover, they have inherent characteristics that affect not only their own circumstances as individual businesses, but also the longer-term sustainability of the hotel industry as a whole. In fact, the majority of hotel businesses are small in size, operate with limited resources, focus largely on day-to-day business operations, and lack a strategic planning dimension. In such circumstances, managing knowledge is important in order that small and medium-sized hotels can appropriate maximum benefit from their limited resources. Properly understood and implemented, knowledge management as a strategic direction can help small and medium-sized hotels to overcome their problems of size and limited resources in a highly competitive and dynamic marketplace. However, to date there has been relatively little research conducted into the application of knowledge management in small and medium-sized hotels.

In an attempt to reduce this gap, an in-depth investigation has been conducted into the practice of knowledge management in small and medium-sized hotels by determining those factors critical to the identification of strategic path options to knowledge management. This chapter introduces the content and structure of the thesis by explaining the research problems in Section 1.2, stating the research question, the purpose and objectives of the research in Section 1.3, and then establishing the scope of the research and its limits in Section 1.4. Section 1.5 covers the expected contributions from the research, while Section 1.6 includes a brief description of the research design and methodology adopted for the study. Section 1.7 provides an
outline of the overall thesis structure. Finally, Section 1.8 presents a summary and conclusions of the chapter.

1.2. Research Problems

Knowledge management is a multidisciplinary field represented in a range of literatures from those of Information Systems and Computer Science to the literature of Management and its sub-disciplines and related areas. This can be drawn by examples of organisational learning (Senge 1990), innovation (Everett 1995; Rogers 2003), process/cycle (AP&QC 1996; Bukowitz & Williams 2000; Meyer & Zack 1996; Ruggles 1998; Wiig 1993), intellectual capital (Bohn 1994; Eccles 1991; Edvinsson & Malone 1997; Kaplan & Norton 1996; Martin 2004; Roos & Roos 1997; Stewart 1997), social construction (Argyris & Schön 1996; Demarest 1997), communities of practice (Brown & Duguid 1998; Saint-Onge & Wallace 2002; Wenger 1998; Wenger et al. 2002), strategy (Hansen et al. 1999; Zack 1999a), social interaction (McAdam & McCreedy 1999; Sveiby 1997), structures (Earl 2001), knowledge processing (Firestone & McElroy 2003) and societal knowledge management (Wiig 2007). As such, this has given rise to an enormous output of writing and research in a range of perspectives, methods, systems, frameworks, and models, all purporting to explain knowledge management or some aspect of it.

However, to date there has been relatively little research conducted into the application of knowledge management in small and medium-sized enterprises. There has been even less attention paid to the broader circumstances of small and medium-sized hotels. As part of tourism and hospitality industry, small and medium-sized
hotels make a significant contribution to Australia’s economy, both in terms of the number of hotels, and the proportion of the labour force employed by these hotels. Less optimistically, the industry has unique characteristics that impact on its potential sustainability. The majority of small and medium-sized hotels operate with limited resources (such as the number of employees, finance and time) and a high turnover rate of employees, and tend to focus on day-to-day business operations. Broader considerations such as the exploitation of market intelligence of the pursuit of strategic management tend to be treated as options. All of which causes the industry to be highly competitive.

In this highly competitive industry sector where market shares tend to be small, some small and medium-sized hotels are moving away from the provision of physical products and services to the supply of knowledge products and services that can be sold or traded. Most continue to focus on physical products and services where the competition is based on price or where success depends on volume. Accordingly, each small and medium-sized hotel business or cluster of such businesses may need to follow different strategic path options to knowledge management. In such circumstances, an understanding of the potentially strategic dimension to knowledge management could help small and medium-sized hotels to break the vicious circle of resource constraints and market vulnerability by enabling them to compete on more sustainable terms. However, there is little in the literature that would assist either researchers or practitioners in gaining understanding of the operation of knowledge management in the small and medium-sized hotel sector.
1.3. Purpose, Research Question and Objectives of the Research

The purpose of this study is to develop a better understanding of strategic paths to knowledge management in small and medium-sized hotels. While a wide range of frameworks and models for knowledge management has been identified and formal processes have been prescribed in large organisational settings, there has been little work undertaken to investigate strategic options to facilitate the practice of knowledge management in small and medium-sized hotels. More specifically, there is a dearth of research into those knowledge management paths that would be likely to assist small and medium-sized hotels in gaining the status of knowledge organisations. This research aims to address these gaps in the literature, and specifically to address the issue of paths to knowledge management.

The research question for this study is what knowledge management paths are likely to facilitate small and medium-sized hotels to the status of knowledge organisations? In order to answer this question the study had three objectives. It first looks at the current status of knowledge management practice and at the key issues involved in small and medium-sized hotels through the eyes of owners/managers. In the process, particular attention is paid to their perceptions and perceived needs, to key challenges in pursuing knowledge management activities, and to the resource implications. The second objective is to examine the strategic options available to and ultimately adopted by small and medium-sized hotels in the management of organisational knowledge. The third objective is to identify those key organisational factors that might affect paths to knowledge management.
1.4. Delimitation of Scope

This research is confined to the circumstances of small and medium-sized hotels in the Melbourne Metropolitan region in Australia. A key constraint on the research was the size of the research population. It proved difficult to accumulate a body of owners/managers from small and medium-sized hotels for the purpose of conducting face-to-face, in-depth interviews. These are the key people in such hotels and not surprisingly their workload and time commitments made the building of a research population extremely difficult. Attempts to expand this group by accessing owners/managers outside the Melbourne metropolitan area were limited by issues of distance and the costs of travel. In the event, however, a viable research population of thirteen owner/managers was established.

In this research hotels refer to establishments that provide accommodation with food and/or liquor to the public for use on the premises.

Small and medium-sized hotels follow the definition of the Australian Bureau of Statistics by level of employment. A small business in the service sector refers to less than 20 employees. Medium-sized service enterprises are defined as having between 20 and 500 employees (ABS 2003).

1.5. Contributions of the Research

This research seeks to make contributions in three ways. They include: a) an epistemological contribution to both the resource-based theory and the knowledge-
based theory of the firm; b) a practical contribution to innovation in the hospitality industry; and c) a reduction of the gap in the literature of knowledge management. An overview of each contribution is as follows.

By investigating real issues in practice, this study develops a better understanding of knowledge management. Based on the analysis of the interview data, the study formulates the path knowledge concept and develops the PathFinder model. In doing so, it confirms the fundamental link between the resource-based theory and the knowledge-based theory of the firm within the organisational milieu of small and medium-sized hotels. This research therefore, extends current knowledge management theories to the circumstance of the small and medium-sized hotel sector and in the process, further enhances and develops the theory.

As owners/managers are the key people in the operation of small and medium-sized hotels, an increased understanding of the competitive potentials of strategic paths to knowledge management could make a significant contribution not only to their effectiveness in the industry, but also to industry sustainability as a whole. Although the strategic paths to knowledge management and the resultant benefits will differ from one small and medium-sized hotel to another, they all face common disadvantages in terms of a lack of human and other resources. Therefore, conceptualisation of the paths to knowledge management could be of significant value to the management of small and medium-sized hotels.

Although, in principle, all organisations need and can benefit from knowledge management, much of the emphasis in the literature has been on its implementation
within large organisations. This research provides a framework for smaller organisations to examine their own knowledge management options, and to draw recommendations from the findings of the study that are applicable to their own business context. As arguably, knowledge management is both part of the cost of doing business and the most likely source of competitive advantage, it is as important to the sole operator as to the large corporation. Thus, a third contribution for this research is a reduction of a gap in the literature of knowledge management, where currently the dominant focus is on large organisations.

1.6. Overview of Research Design and Methods

Owing to the exploratory and theory-building nature of this study, an interpretive qualitative approach is used to achieve the aforementioned research objectives. Existing theory is not adequate to define the context of their situations, nor is its conceptual link to pragmatic use in small and medium-sized hotels. This necessitates the need for empirical investigations using the kinds of rich and in-depth data that have not hitherto been available for this sector of the hotel industry. The context of the research is of paramount importance in gaining an understanding of the dynamics of the knowledge management practice in order to identify strategic paths in a real business setting. The study employs an interpretive research method where interviews are employed for data collection in order to explore management approaches to and perceptions of knowledge management. Data are collected using semi-structured interview questions. The use of semi-structured interview questions has enabled the elicitation of the key factors likely to affect the paths to knowledge management. It
has also enabled the researcher to probe beyond the initial responses of interviewees and gain a deeper understanding of what is going on.

While the interview method was selected as the main research method, secondary data were employed in order to address the gaps in current theory, in guiding development of the research question, and in informing the findings of the study. These secondary data were obtained from a review of the extant literatures. The literature review covered the field of Knowledge Management along with such relevant areas as Strategic Management, Information Systems and Technology, and Organisation Science, as well as Tourism and Hospitality Management. In the literature, a wide range of frameworks and models for knowledge management has been recommended within the setting of large organisations. However, there has been little work to investigate the strategic path options that could facilitate the practice of knowledge management in small and medium-sized hotels.

The interpretive qualitative approach is employed to examine what actually happens in the practice of knowledge management in small and medium-sized hotels by determining those factors critical to identification of strategic paths to knowledge management. Data collection is performed through face-to-face in-depth interviews with thirteen owners/managers in small and medium-sized hotels. Having encoded the interview data, the content analysis method has been utilised to analyse them. For analysis of the data collected, a qualitative analysis approach is used which entails the three key stages of description, analysis and coding, and interpretation. Considering the importance of the coding process and the difficulty of dealing with an abundance of text, the researcher designed and built a database using the functionality of
Structured Query Language for the support of interview data manipulation. The use of the database has assisted the study in storing interview data, managing interview scheduling, and in generating analytical queries and reports. Having been encoded into the database, the interview data were analysed and interpreted using a qualitative content analysis approach. The empirical findings from each interview were compared against each other as well as against the backdrop of extant literature.

As evidenced by the outcomes of the empirical study conducted, the research methods adopted in the study are viable to be used for large organisations. They include research method selection, data collection, sampling, and data analysis, as well as conceptual model formulation and evaluation process.

1.7. Structure of the Thesis

The thesis is organised into eight chapters.

Chapter One is an introduction to the research providing background information and outlining the scope of the study where small and medium-sized hotels are chosen as the target sector. The chapter also includes a description of the research purpose, objectives, the research question, and research contributions, as well as a brief explanation of the research methods and rationale for the research based on an extant literature review.

Chapter Two lays a theoretical foundation for the research through a review of the existing literature. This review identifies the pertinent research issue by exploring the
areas of knowledge management, strategic management, information systems and technology, organisation science, and hospitality and tourism management. The examination of these disciplines places the research in context, establishes the boundaries for the research, and identifies gaps in existing research.

Chapter Three outlines the methodology used in the research. The research methodology employed in this thesis is interpretive and qualitative. The chapter firstly explains the philosophical assumptions of the study. It then moves to justification of the selection of a qualitative approach for the study, including why the interview is an appropriate method for the investigation of the research question and why other methods are excluded. It also gives details of the research procedures, the interview questions constructed and the ethical considerations involved, as well as a brief introduction to the development of a model and evaluation of the research.

Chapter Four discusses the organisation of the interview data, including the manner in which the data were analysed and interpreted has supported the formulation of the path knowledge concept and the development of the PathFinder model. The chapter provides a description of the interview data sources including organisational profile, interviewee profile and the status of knowledge management in each hotel. It also provides information on how the data are formatted in a uniform way to support the analysis process and how the data are manipulated in the purpose-built database with the use of Structured Query Language.

Chapter Five explains the emerging concept of path knowledge. In explicating the concept, four different types of paths are identified in which the sources of revenue
generation and knowledge management activities are the major distinguishing elements between each path. As the path knowledge concept is closely related to the growth vision of individual hotels, the relationship between growth vision and knowledge management in the hotels is explained. The chapter also attempts to uncover the relationships between activities in knowledge management, as well as those between revenue generation and the knowledge management activities. Further, issues pertaining to the adoption of knowledge management have been taken into account along with some corresponding opportunities.

Chapter Six develops the PathFinder model, which embodies the concept of path knowledge and key influential internal and external resource factors. As the model has been developed based on the application of the path knowledge concept, the circumstances of path change are also explicated.

Chapter Seven evaluates the research. The evaluation begins with assessing the researcher’s standpoint through the paradigms and pre-understandings that governed the study. As the research relies on the data from face-to-face in-depth interviews, the reliability and validity of the research is assessed. The generalisability of the model has also been evaluated against three criteria: i) the use of a purposeful and theoretical sampling method; ii) the number of interviewees, the sampling size; and iii) comparison with existing literature.

Chapter Eight discusses the conclusions and findings of the research process. As the final chapter of the thesis, the chapter summarises each preceding chapter, addresses
the implications of the research for both theory and practice, acknowledges the likely limitations of the research, and provides suggestions for further research.

1.8. Conclusions and Summary

This chapter has sought to orient readers by setting the scene for the rest of the thesis. The chapter introduces the research problems, the research question and the purpose of the research with objectives, the delimitation of scope and expected contributions of the study. Subsequently, it outlines the research design and methodology employed for the study, and the overall structure of the thesis.

In the next chapter this research discusses the theoretical foundation of the study through a review of existing literature. This review is intended to identify research issues and gaps pertinent to knowledge management in small and medium-sized hotels by exploring multi-disciplines related to organisational knowledge management.
CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter presents literature review that has shaped and refined the research question in the early defining stage of this research. The literature review covers the area of Knowledge Management and other related disciplines including Strategic Management, Information Systems and Technology, and Organisation Science as well as Tourism and Hospitality Management. The literature presented here has also informed the study in the processes of the data collection and evaluation of the research. As new research findings became available for consideration, relevant literature has been sourced and reviewed in this chapter as well as in the overall investigation.

This study is built upon a theoretical foundation of the resource-based view of the firm and the knowledge-based view of the firm. In order to explore relevant literature to the study, the chapter begins by describing the resource-based view of the firm and the knowledge-based view of the firm in Section 2.2. While the different definitions of the term knowledge lead to different perspectives on organisational knowledge and thus to different concepts of interventions into an organisation’s way of handling knowledge, they all lay a role in knowledge management. As such, Section 2.3 reviews a broad discussion on what is knowledge including organisational capabilities, core competency and the hierarchy of knowledge. This is followed by
what is knowledge management in terms of various definitions, frameworks and models, processes and a wide range of organisational factors in Section 2.4.

In the knowledge management literature, it is suggested that a broad range of factors can affect the success of knowledge management initiatives. Although these factors are well summarised in the large organisational settings, the applicability of them to small and medium-sized hotels is questionable which led to the need for understanding distinct characteristics of hotel industry in Section 2.5. Section 2.7 shows research in knowledge management practices and perceptions in small and medium-sized enterprises. Knowledge management in small and medium-sized enterprises is included in the literature review to explore the nature of knowledge management practised by those firms. This is because, in comparison with large organisations, knowledge management studies in small and medium-sized hotels setting are scarce in the literature which necessitates drawing research from small and medium-sized enterprises. Finally, Section 2.8 sums up the findings with a conclusion directing to the research question that needs to be further investigated.

2.2. Resource-Based View and Knowledge-Based View of the Firm

Knowledge has become a vital organisation resource, and the key to business progress and economic growth. A view of knowledge as a key firm resource focuses on the internal side of the firm’s resources and capabilities. One of the basic propositions of the resource-based view of the firm is that firms differ as to their resource endowments (Barney 1991; Wernerfelt 1984). The resource-based view argues that inter-firm performance differences occur through heterogenous access to valuable
resources. This creates isolating mechanisms representing entry barriers at the industry level and mobility barriers at the industry group level, that sustain the firm’s competitive advantage (Mahoney & Pandian 1992; Rumelt 1984). In the resource-based view, knowledge resources are highly valuable, unique to the organisation, difficult to copy and substitute (Barney 1991; Boisot 1998) and can lead to competitive advantage.

Competitive advantage based on resources and capabilities is potentially more sustainable than the traditional market-based approach (Porter 1985). In 1980, Michael Porter published his influential work *Competitive Strategy: Techniques for analysing industries and competitors*. Porter’s model of five competitive forces allowed managers to assess the attractiveness of the market and establish the most competitive position within that market. Porter’s (1985) concept of the ‘value chain’ was a further advance in that allowing managers to determine potential sources of competitive advantage by examining the activities that their organisation undertook, and the links between them. The market-based approach concerns the organisation’s environment focusing on selecting an attractive industry and positioning an organisation attractively within this industry through one of the two generic strategies that is cost-leadership or differentiation. However, the market-based approach was based solely on market positioning and the consideration of organisational resources mostly only in the implementation phase.

Building on the resource-based view of the firm (Barney 1991; Grant 1991; Prahalad & Hamel 1990; Wernerfelt 1984), the knowledge-based view of the firm contends that knowledge is the key resource and the only resource capable of creating
sustainable competitive advantage. In the knowledge-based view of the firm, internal resources and capabilities such as know-how, customer knowledge, efficient processes, and expertise embedded in routines and practices that the firm transforms into valuable products and services are the keys to achieving sustainable competitive advantage (Boisot 1998; Davenport & Prusak 1997; Grant 1996; Teece 1998). Knowledge as an input to as well as an output of production is the most important resource in the knowledge-based view.

Both the resource-based view and the knowledge-based view of the firm have advanced the discussion on competitive advantage by acknowledging the proactive nature of firm strategies. The two views are interrelated in that knowledge has emerged as the most important organisational resource (Grant 1996; Nonaka 1994; Spender 1996). Managing knowledge therefore is important not only to ensure that knowledge is effectively managed in itself, but also to ensure that benefits from other resources are appropriated (Nelson & Winter 1982; Penrose 1959; Wernerfelt 1984). Although the benefits derived from embracing knowledge management tend to be different, they all aim at improvement and value creation (Jarrar & Zairi 2000; Skyrme & Amidon 1997), something that could be even more critical to small and medium-sized hotels given their perceived disadvantages in terms of resources and competencies.

This is particularly important to small and medium-sized hotels where the amount and the quality of resources are not likely to be satisfied by the firms. In such circumstances, it could be said that competing with other companies including large ones in terms of tangible resources, such as capital, equipment and physical
commodities cannot be viable anymore. In view of this, knowledge seems to be the essential enduring resource for firms. This is because organisational knowledge, as suggested by Bollinger and Smith (2001) and Meso and Smith (2000), is a strategic asset which is valuable, rare, non-substitutable and inimitable by competitors, and is what gives a firm a sustainable competitive advantage. Knowledge, if properly harnessed and leveraged by small and medium-sized hotels will enable them to stand out in the competition and outperform their rivals, thus maintaining their competitive edge. The development of this view requires a good understanding of what is the knowledge within the firm.

2.3. What is knowledge

There are a large number of definitions of the term knowledge with varying roots and backgrounds which differ not only between scientific disciplines contributing to knowledge management, but also within these disciplines and accordingly also within the knowledge management field. There are also related concepts such as intellectual capital or knowledge assets including organisational competencies and capabilities. Moreover, the scholastic debate focusing upon the nature of knowledge and more recently on knowledge management practices within firms has a complex long history.

2.3.1. Organisational capabilities

Organisations are primarily knowledge repositories, where capabilities are stored in, organisational routines and structures, in employees, and in the control and
information systems of the firm. Firm resources in the form of capabilities are developed, integrated, protected and exploited to give competitive advantage (Barney 1991). They are unique resources and constitute a high barrier to imitation, resulting in sustained superior performance and competitive advantage (Prahalad & Hamel 1990; Rumelt 1984; Schoemaker 1992). They subsume the organisational resources, processes, or abilities that make a company different from competitors and achieve market success. The firm’s core capabilities as a subset of knowledge are clusters of knowledge sets and routines that can be translated into distinctive activities.

The firm’s core capabilities can be distinguished. According to Leonard-Barton (1995), there are four core capabilities: physical systems (i.e., competencies accumulated in material systems that are built over time such as databases, machinery, and software), employee knowledge and skills, managerial systems (i.e., organised routines directing resource accumulation and deployment creating the channels through which knowledge is accessed and flows such as education, reward, and incentive systems), and the organisation’s values and norms (i.e., determining the kinds of knowledge sought and nurtured, and the kinds of knowledge-building activities tolerated and encouraged within an organisation). These four organisational core capabilities represent dynamic knowledge pools and the resources to manipulate them from the first two, and knowledge-control or channelling mechanisms from the last two.

Organisations are generators of dynamic capabilities (Teece et al. 1997) that emphasise the key role of strategic management in appropriately building, integrating and reconfiguring internal and external organisational skills and resources to match
emerging environmental opportunities. Dynamic capabilities are rooted in high performance routines operating inside the firm, embedded in processes and conditioned by organisational history. Organisations serve both as sources of new combinations and they provide a stable hierarchy of path-dependent routines and capabilities that are continuously replicated (Kogut & Zander 1992). Replication mechanisms bring stability and continuity, whereas routines serve as organisational memory.

The creation of knowledge will always be conceptualised in the framework of old established routines. The organisational routines are activities required when firm specific knowledge and resources are assembled in integrated clusters to enable distinctive activities to be performed (Teece et al. 1997). Such capabilities are valuable, rare, and idiosyncratic and hard to imitate and they define the firm’s fundamental business (Teece et al. 1997) which implies the existence of the nature of tacit knowledge to provide a sustainable competitive advantage. Tacit knowledge and organisational memory reside in an organisation’s structure via the routines that the organisation maintains (Cyert & March 1963; Nelson & Winter 1982). Such capabilities are also potential core competencies.

2.3.2. Core competency

Core competences or distinctive capabilities are combinations of resources and capabilities unique to a specific organisation and generating competitive advantage. Competitive advantage is based on firm specific core competences (Prahalad & Hamel 1990) or distinctive capabilities (Kay 1993) in which knowledge acts as the
foundation for competence development and leveraging. Consequently, such competence building and leveraging is essentially knowledge based sources of competitive advantage. Knowledge is indivisibly linked to core competence that is distinctive, complex, difficult to imitate, durable and adaptable to ensure it is a source of sustained superior performance. By its very nature, knowledge (i.e., tacit) is complex and difficult to imitate playing a role in building, leveraging, and conserving core competences.

### 2.3.3. The hierarchy of knowledge

In literature, the terms competence and capability tend to be used interchangeably. Although the dictionary meaning of both includes ‘ability’, there are differences. Many authors have avoided epistemological debate on the definition of knowledge by comparing knowledge with information and data such that data, information, and knowledge are not interchangeable concepts. Watson (1998) describes that data are a collection of facts, measurements, and statistics. There is no inherent meaning in data. In organisations, data may be the raw material of decision-making, but they cannot, alone, tell what to do as they represent only structured records of transactions. Although more data are not always better, all organisations need data, and some organisations are entirely reliant on them.

The dictionary definition of information provides the notion of communication concerning some facts or circumstances. The word, information comes from the verb to inform and one definition of information can be stressed as the act of informing (Microsoft 2001). In this regard, information is different from data because it has
meaning. Drucker (1994) makes the same point by noting that information is data endowed with relevance and purpose. Watson (1998) also claims that information is organised or processed data that are timely (i.e. inferences from the data are drawn within the time frame of applicability) and accurate (i.e. with regard to the original data).

Jonscher (2000) is even more precise when he describes information as data interpreted by the person who is being informed. Information, then, can be thought of as a message that is intended to have an impact on the receiver. It could be argued that although computers can do many of these transformations, they are incapable of doing them all. For instance, putting the data into context is something only people can do. Information is not a very rich carrier of human interpretation for potential action, but knowledge resides in the user’s subjective context of action based on that information (Nonaka & Takeuchi 1995). It is the social construction element of information that has important consequences for knowledge construct.

Knowledge has been discussed as something that is actively constructed in a social setting. Group members produce knowledge by their interactions, and a group memory is created (Wenger et al. 2002). Social constructivism views knowledge not as an objective entity but as a subjective, social artefact (Berger & Luckmann 1967). Social constructivists argue that knowledge is produced through the shared understandings that emerge through social interactions. The social constructivist perspective views knowledge as context dependant and thus as something that cannot be completely separated from “knowers” (Lave & Wenger 1991). Context helps distinguish between knowledge and information. The implication is that knowledge
has strong experiential and reflective elements that distinguish it from information in a given context. Having knowledge implies that it can be exercised for example, to solve a problem, whereas having information does not carry the same nuance. An ability to act is an essential part of being knowledgeable. For example, two people in the same context with the same information may not have the same ability to use the information to the same degree of achievement. Hence there is a difference in the human capability to add value.

Knowledge considerably differs from data and information. It is value added information to productive use enabling correct action with the meaning and purpose (Drucker 1994) owned by the organisation. Although knowledge is distinguished from data and information by that knowledge resides in the user and not in the collection of information (Churchman 1971), distinction between information and knowledge is not found especially in the content, structure, and utility. Knowledge is therefore not a concept radically different to information, but rather that information becomes knowledge once it is processed in the mind of an individual. In effect, understanding what data, information, and knowledge are and how to get from one to another could be the quintessence of knowledge management initiatives.

In contrast to the view of often assumed hierarchy from data, information to knowledge, Tuomi (1999) argues an alternative inverse view that knowledge must exist before information can be formulated and data can be measured to form information. In other words, raw data does not exist in a prior thought and knowledge processes are always employed in identifying and collecting even the most elementary data. Tuomi also states that knowledge exists which, when articulated, verbalised and
structured, becomes data. The important point to this argument is backed up by the fact that knowledge does not exist outside of a knower and it is indelibly shaped by one’s needs as well as one’s stock of knowledge.

Aside from the hierarchical view of knowledge researchers seem to agree that there are two types of knowledge, with a strong distinction being made between explicit and tacit. Explicit knowledge is knowledge, which can be expressed in words and can be easily communicated and shared in the form of hard data, scientific formulae, codified procedures or universal principles. It can be found in the documents of an organisation such as reports, articles, manuals and patents as well as software and diagrams. It can also be found in the representations that an organisation has of itself such as organisational charts, process maps, mission statements and domains of expertise.

As opposed to explicit knowledge, which is knowledge that is readily communicable and easy to transfer, tacit knowledge is more difficult to express to others (Polanyi 1966). Tacit knowledge cannot be easily codified and can only be learned through observation and practice (Grant 1996; Kogut & Zander 1992). The problem of tacit knowledge, its acquisition and epistemic status has been the focus of considerable philosophical investigation by such researchers as Ludwig Wittgenstein, Edmund Husserl, Hilary Putnam and, most significantly, Michael Polanyi in 1962 first developed the notion of tacit knowledge based on the observation that we know more than we can say. He argued that a large part of human knowledge is occupied by knowledge that cannot be articulated, that is tacit knowledge. According to Polanyi (1973), tacit knowledge is personal knowledge that is hard to formalise or articulate
embedded in individual experience and is shared and exchanged through direct, face-to-face contact. It is a type of knowledge that people believe that can only exist in the human minds.

In the literature tacit knowledge has been discussed with regard to organisational routines. Nonaka (1994) argues that tacit knowledge is deeply rooted in action, commitment and involvement in a specific context, therefore tacit knowledge resides in individuals but must be integrated to become useful facilitating such coordination are the organisation’s rules and routines. Similarly, Winter’s early research (Winter 1987) also discusses that the two types of tacit and explicit knowledge in practice can range from highly tacit to fully articulable knowledge and rooted in organisational coordination mechanism and routines. This view is further expounded by Nonaka and Takeuchi.

Nonaka and Takeuchi (1995) in their book *The Knowledge-creating Organisation*, indicating that tacit knowledge becomes explicit through the process of externalisation so that even tacit knowledge can be transformed to explicit knowledge by a sharing of metaphors and analogies during social interaction. Their view of tacit as meaning not yet articulated and as a form of knowledge that needs to be made explicit has proven to many organisations to be a useful means of categorising knowledge and knowledge processes. Despite the overwhelming acceptance making a contribution to knowledge management, Nonaka and Takeuchi’s view showed limitations as it was built upon partial adoption of Polanyi’s description of tacit knowledge, therefore missing his original concept in which tacit and explicit are inextricably bound.
In reality, these two types of knowledge are like two sides of the same coin, and bear equal weight in the overall knowledge of an organisation. Tacit knowledge is practical knowledge that is key to getting things done, but has been virtually neglected in the past, very often falling victim to the latest management fad. The example is the spate of business process re-engineering initiatives, where cost reduction was generally identified with the laying off of people (Hammer & Stanton 1995). The consequence was that the real and only repositories of tacit knowledge has damaged by the loss of the employees who have the tacit knowledge of many organisations. On the contrary, explicit knowledge defines the competencies and the intellectual assets of an organisation independently of its employees. It can grow and sustain itself only through a rich background of tacit knowledge. In many business situations, valuable and useful individual employee’s knowledge is tacit rather than explicit. Thus, a key element of knowledge management is not only finding ways to communicate this kind of tacit knowledge into explicit knowledge, but also where knowledge is rooted and where the primary sources of knowledge are.

This research adopts the view that the two types of knowledge in practice can range from tacit to explicit knowledge and rooted in organisational coordination mechanism and routines, with the related concepts such as organisational competencies and capabilities.

2.4. What is Knowledge Management
The term knowledge management is often challenging as there is little consensus concerning its definition. Some authors simply avoid the term but rather focusing on specific aspects or concepts of the topic such as knowledge, innovation or learning.

2.4.1. Definition of knowledge management

There are likely four distinct perspectives (such as organisational learning, process, information technology, and strategy) on knowledge management, and each leads to a different definition. One way to define knowledge management can be traced in the concepts of organisational learning and organisation memory. The closely related field of organisational learning popularised by Peter Senge in *The Fifth Discipline* (1990) dates back to works by Argyris and Schön in the late 1970s. When members of an organisation collaborate and communicate ideas, teach, and learn, knowledge is transformed and transferred from individual to individual. The term learning organisation refers to an organisation’s capability of learning from its past experience (Dibella 1995). Before an organisation can improve, it must first learn.

If knowledge management is an organisational learning as the process of internalising and converting information to knowledge, simply delivering or pushing information to the user’s desktop may not be an effective knowledge management strategy (Manville & Foote 1996), due to the scarcity of user attention required for processing this information and converting it to knowledge. That is, in addition to the provision of the necessary information (the raw material for knowledge creation), the individuals should also be motivated to convert it to knowledge such as to learn and internalise the information. Thus, knowledge is created and shared on the basis of pull
by individuals and not a centralised technology-enabled push of information to desktops.

A learning organisation must have an organisation memory and a means to save, represent, and share the organisational knowledge. Thus, establishing a corporate memory is critical for success (Brooking 1999). The learning organisation is one that performs five main activities such as systematic problem solving, creative experimentation, learning from past experience, learning from the best practices of others, and transferring knowledge quickly and efficiently throughout the organisation (Garvin 1993). With the five main activities the learning organisation is therefore able to develop new knowledge and insights that have the potential to influence an organisations’ behaviour. Individuals ideally tap into this memory for both explicit and tacit knowledge when faced with issues or problems to be solved. Human intelligence draws from the organisational memory and adds value by creating new knowledge. Information technology plays a critical role in organisational learning and management must place emphasis on this area to foster it (Andreu & Ciborra 1996) and a knowledge management system can capture the new knowledge and make it available in its enhanced form.

Along with the organisational learning approach to knowledge management, the process approach has also been well accepted by researchers. The process approach refers to a process through which organisations generate and use their institutional and collective knowledge (Fahey & Prusak 1998; Krogh 1998; Sarvary 1999), whereas Davenport and Prusak (1998) explain that knowledge management process is about acquisition, creation, packaging and application or reuse of knowledge. In a similar
way, Scarbrough et al. (1999) define knowledge management as any process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organisations. With the focus more on human side, Brown and Duguid (2000) view knowledge management as systematic processes of finding, selecting, organising, and presenting information in a way that improves an employee’s comprehension and use of business assets.

In particular, knowledge management that involves those various processes of knowledge needs the help of information technology. These processes require the aid of information technology and people because knowledge management involves knowledge assets and knowledge asset related processes with the subsequent planning and control of actions to develop both the assets and the processes. Davenport and Prusak (1998) state knowledge management is a compelling new information technology that can help organisations leverage their knowledge capital for increased competitive advantage as well as an endeavour both to capture explicit and tacit information and knowledge that exists in the organisation, usually in the minds of employees in order to advance the organisation’s mission.

DiMattia and Oder (1997) suggest that knowledge management involves blending a company’s internal and external information and turning it into actionable knowledge via technology platform. A study from AP&QC (1996) shows that organisations embarking in knowledge management efforts generally rely, for accomplishing their goals, on the setting up of a suitable information technology infrastructure. However, there is an ongoing debate about the danger that technology driven knowledge
management may end up objectifying knowledge into static and inert information thus neglecting overall the role of tacit knowledge.

Another way of defining knowledge management refers to the use of knowledge for competitive advantage. In this regard knowledge management is viewed as strategy and knowledge relationship in terms of how knowledge and its effective management can confer strategic or competitive advantage on an organisation (Grant 1991). That is knowledge management does not exist unless competitive advantage is pursued or even attained. This relationship involves both strategy formulation and strategy execution.

Combing such perspectives from the literature, in this research knowledge management refers to a systematic and integrative process of co-ordinating organisation wide activities of acquiring, creating, disseminating, and using knowledge by individuals and groups that are part of the organisation’s repository and that typically reside within the organisation through information technology where possible to achieve organisational goals.

2.4.2. Knowledge management models

There are a growing number of frameworks and models in literature. Even in what can broadly be described as the management literature, the treatment of knowledge management varies widely from investigations of a great deal of views including organisational learning (Senge 1990), innovation (Everett 1995; Rogers 2003), process/cycle (AP&QC 1996; Bukowitz & Williams 2000; Meyer & Zack 1996;

Where knowledge is categorised as existing in collections of forms such as: practical, intellectual, small talk, spiritual and unwanted (Machlup 1980); symbolic, embodied, embrained and encultured (Collins 1993); public knowledge, shared expertise, and personal knowledge (Wiig 1993); core, advanced and innovative (Zack 1999a). Some classifications use a dichotomy to describe one type of knowledge and its opposite such as codified versus personalised knowledge (Zack 1999b) and tacit versus explicit knowing (Nonaka & Takeuchi 1995; Polanyi 1966).

As a topic of interest, knowledge management now features in a proliferation of perspectives, methods, systems, frameworks and models all purporting to explain knowledge management or some part of it. Those models, frameworks, and a set of methods focus on the conceptual level of knowledge management, more suitable for large organisations that are in a better position than smaller ones in many aspects, including resources and competencies. Apart from the general and possible applicability of those models above mentioned, there is still a lack of models and/or frameworks suitable for small and medium-sized hotels’ situation, which can provide
their knowledge management initiatives with possible knowledge management directions including a practical strategic knowledge management vision and methods.

### 2.4.3. Processes of knowledge management

Many authors have suggested a number of activities as processes, cycles, or others (e.g., stages, steps, or pillars) associated with knowledge management. Knowledge processes can be simply explained as activities of creation, sharing, storage/retrieval, and usage (Alavi & Leidner 2001), while Wiig (1993) suggests three knowledge management pillars in which the major functions are also described. The first pillar refers to exploring knowledge and its adequacy where function includes: surveying and categorising knowledge; analysing knowledge and knowledge-related activities; eliciting, codifying, and organising knowledge. The second pillar refers to appraising and evaluating the value of knowledge and knowledge-related activities. The third pillar refers to governing knowledge management activity where the function includes: synthesising knowledge related activities; handling, using, and controlling knowledge; and leveraging, distributing, and automating knowledge.

Advocating the concept of knowledge based organisations with core capabilities, Leonard-Barton (1995) discusses four core capabilities and four knowledge building activities. The four knowledge-building activities are: shared and creative problem solving to produce current products; implementing and integrating new methodologies and tools to enhance internal operations; experimenting and prototyping to build capabilities for the future; and importing and absorbing
technologies from outside of the firm’s knowledge. According to Leonard-Barton, these knowledge-building activities are influenced by core capabilities.

Demarest (1997) explains four processes focused on producing knowledge: construction, dissemination, embodiment, and use. Construction refers to the process of discovering and structuring a kind of knowledge while dissemination refers to the human processes and technical infrastructure that make embodied knowledge available to the people within the firm. Use refers to the production of commercial values of the customer. Similarly, four main processes are explained by Alavi and Leidner (2001): creation, storage/retrieval, transfer and application. These processes suggested by Demarest (1997) and Alavi and Leidner (2001) show the common core ideas for knowledge management processes.

In suggesting more detailed processes, AP&QC (1996) identifies seven knowledge management processes: create, identify, collect, adapt, organise, apply, and share. The workings of the seven knowledge management process are to be facilitated by four organisational enablers including leadership, measurement, culture, and technology. Although there is lack of detail in terms of the nature of knowledge, processes and enablers, it is one of early models presenting a more comprehensive view in knowledge management by combining the processes and enablers.

With the notion of information products, Meyer and Zack’s knowledge management cycle (1996) includes five stages: acquisition, refinement, storage/retrieval, distribution, and presentation/use: Acquisition refers to the issues in relation to sources of raw materials (e.g., scope, breadth, depth, credibility, accuracy, timeliness,
relevance, cost, control, and exclusivity). Refinement refers to cleaning up (e.g., sanitising content) or standardising (e.g., conforming to templates of a best practice or lessons learned). Storage/retrieval plays a linkage role between acquisition and refinement stages that support the repository and later stages of product generation. Distribution is about how the product is delivered to the end user through a different means (e.g., email, fax, and print) and covers not only the medium of delivery but also its timing, frequency, form, language, and so on. At last, presentation or use is the stage that evaluates the effectiveness of each of the preceding value-added steps.

According to Meyer and Zack, the knowledge management cycle has failed to deliver value to the individual and ultimately to the organisation if the user doesn’t have enough context to be able to make use of the content, unique for each type of business/organisation. The distinction of the Meyer and Zack’s cycle derives mainly from the inclusion of the refinement stage and its application of the information processing model, adaptable to knowledge-based content.

Delineating how organisations generate, maintain, and deploy a strategically correct stock of knowledge to create value, Bukowitz and Williams (2000) describe knowledge management cycle stages: get, learn, contribute, assess, build/sustain, or divest. The get is the first stage related to seeking out information required for the purpose of making decisions, solving problems, or innovation. This stage concerns about the information overload which necessitates identifying the knowledge of value and managing it effectively and efficiently. The use stage refers to how to combine information in new and interesting ways in order to foster organisational innovation from individuals to groups. The learn stage involves the formal process of learning
from experiences as a means of creating competitive advantage. The focus here is on creation of an organisational memory base for making organisational learning possible through best practices and lessons learned. The contribute stage of the cycle refers to getting employees to post what they have learned to the organisational knowledge base. This stage enables individual knowledge to make visible and available across the entire organisation.

The assess stage refers to the evaluation of intellectual capital requiring that the organisation outline mission critical knowledge, and discover the gap between current intellectual capital and future knowledge needs. The build and sustain is the stage to make sure that the organisation’s future intellectual capital will keep the organisation viable and competitive where resources should be allocated to the growth and maintenance of knowledge, and they should be channelled in such a way as to create new knowledge and reinforce existing knowledge. The final step is the divest stage in which organisations need to examine their intellectual capital in terms of the resources required to maintain it and whether these resources would be better spent elsewhere. The Bukowitz and Williams’s knowledge management cycle suggests two new important stages of the learning and divesting knowledge content. In addition, the cycle includes the notion of tacit as well as explicit knowledge management.

Similar to the Bukowitz and Williams’ (2000) cycle focussing on the organisational memory, Wiig’s (1993) knowledge management cycle describes how knowledge is built and used as individuals or as organisations suggesting four phases: building knowledge, holding knowledge, pooling knowledge, and applying knowledge. The building knowledge phase refers to a broad range of learning from all types of sources
(e.g., personal experiences, formal education or training, and intelligence from all sources). Holding knowledge refers to retaining knowledge either within human beings’ heads or in tangible forms (e.g., print or databases). Holding knowledge subsumes remembering, accumulating knowledge in repositories, embedding knowledge in repositories, and archiving knowledge.

The next phase knowledge pooling includes coordinating, assembling, and accessing and retrieving knowledge. The final phase is applying knowledge in a variety of different ways depending on the context and the purpose. The Wiig’s cycle focuses on how organisational memory is put into use in order to generate value for individuals, groups, and the organisation itself. It also addresses identifying and relating the functions and activities that we engage into make products and services as knowledge workers.

### 2.4.4. Organisational factors

Knowledge management activities need to be supported by organisational factors/influences for the success of knowledge management. Different sets of factors that can influence the success of knowledge management implementation have been suggested by various authors. For example, Skyrme and Amidon (1997) deriving from the practices and experiences in leading knowledge management companies, outline seven key success factors: a strong link to a business imperative, a compelling vision and architecture, knowledge leadership, a knowledge creating and sharing culture, continuous learning, a well-developed technology infrastructure and systematic organisational knowledge processes.
Chase’s survey (1997) of 500 firms similarly finds that existing organisational culture as the major factor to the implementation of knowledge based management systems. Other important areas in the study also reveal ownership of the problem, organisational structure, senior management commitment, rewards and recognition as well as teamwork. With the inclusion of measurement, AP&QC (1996) suggests five factors: strategy and leadership, culture, technology and measurement as enablers which can support the process of knowledge management.

Based on an investigation to the factors which can influence the management of knowledge in organisations, Holsapple and Joshi (2000) describe three dimensions of influences: managerial, resource and environmental. Managerial influences include four sub-factors such as coordination, control, measurement and leadership. Resource influences include four sub-factors knowledge, human, material and financial resources. Environmental influences include more factors such as competition, markets, time pressure, governmental, and economic climates. Aside from more comprehensive inclusion of factors including the external factors, Holsapple and Joshi’s study (2000) lacks some important ingredients (e.g., culture and technology) as main factors.

With the emphasis on the need for a knowledge management strategy, Liebowitz (1999) suggests six key factors: a knowledge management strategy with support from senior leadership, a knowledge management infrastructure, knowledge ontologies and repositories, knowledge management systems and tools, incentives to encourage knowledge sharing and a supportive culture. Liebowitz’s study draws from lessons
learned from firms who were early adopters of knowledge management. As a knowledge management strategy, it suggests the creation of a centre of expertise for every knowledge discipline or subject matter. Like Holsapple and Joshi’s study (2000), it also draws attention to the resource requirement for knowledge management in organisations that could be the important issue.

By developing and evaluating a framework to examine how global software companies with successful knowledge management programs create knowledge management enabled value, Mehta (2008) discusses indication of various strategic, technological, and cultural issues influencing the success of knowledge management programs in global three software firms. Firms with successful knowledge management programs typically develop three specific capabilities to address these issues. These capabilities include articulating the knowledge management strategic intent, facilitating the knowledge flows to enable innovation, and assessing knowledge management value. The study suggests that software firms develop specific capabilities to create knowledge management-enabled value.

Based on a review of literature and examples of companies’ practices through personal interviews of managers in a major grocery retail business in USA, Smith (2008) reports the retail grocery industry is under immense pressure by external and internal stakeholders to remain competitive in a high volume transactional environment by sharing best business practices, policies, and procedures. Many of the most dramatic and potentially powerful uses of Internet-based technology involve networks that connect the people in a company, allowing them to share, manage and create data readily accessible by everyone in the company. Table 2.4.1 summarises
organisational factors studied in the adoption of knowledge management in the literature describing features/needs, and authors of the study.

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<th>Organisational factors in adopting knowledge management</th>
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<td><strong>Factors</strong></td>
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<td>• Systematic organisational knowledge processes</td>
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<td>Knowledge management infrastructure</td>
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<td>Knowledge ontologies and repositories</td>
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<td>Incentives to encourage knowledge sharing culture</td>
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<td>Managerial-coordination, control, measurement and leadership</td>
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<td>Resource-knowledge, human, material and financial</td>
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<td>Environmental-competition, markets, time pressure, governmental, and economic climates</td>
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Table 1: Organisational factors in adopting knowledge management

In the knowledge management literature, it is suggested that a broad range of factors can affect the success of knowledge management initiatives. Although these factors
are well summarised in the large organisational settings, the applicability of them to small and medium-sized hotel enterprises is questionable which leads to the need for understanding both small and medium-sized enterprises and small and medium-sized hotel enterprises’ distinct organisational characteristics.

2.5. Small and Medium-sized Enterprises

There are many differences between small and medium-sized enterprises and large enterprises. Based on the research (d’Amboise and Muldowney 1988, Haksever 1996, Ghobadian and Gallear 1997, Spence 1999, Yosof and Aspinwall 2000), small and medium-sized enterprises can be defined based on features of management, structure, culture, processes/procedures, and resources.

Small and medium-sized enterprises are often managed by the owner/managers in every aspect of their operation and business involving fewer layers of management. Thus decision making chain is shorter (Ghobadian and Gallear 1997). As the owner/managers are more likely to work closely to the operational level, they have a good understanding of their services and products as well as key business related processes and issues in the firm. Owner/managers also lack managerial skills and competence (Haksever 1996), and time commitment for strategic issues. In putting knowledge management as a strategic issue to achieve, their lack of skills, competence and time spending may impede them from carrying out effective knowledge management.

In regard to the organisational structural configuration small and medium-sized enterprises have a flatter and less hierarchical structure than the large counterparts.
enabling shorter levels of communication in the firm. Small and medium-sized enterprises frequently feature informal organisational structures, with the role of family members forming a key component within the decision making process.

Small and medium-sized enterprises’ culture appears to be more organic and fluid than that of large enterprises (Ghobadian and Gallear 1997). A survey conducted by Lindsay and McCauley (2004) shows the importance of owner/managers’ style in small and medium-sized enterprises where most owner/managers classify themselves as self-employed because of the flexibility and control they have over their employment. In addition, the desire for autonomy and independence has been well known for the main career motivator of SME owners.

Unlike large companies SMEs have simpler and less processes/procedures. Their process and procedures are more flexible and adaptable to the changes (Ghobadian and Gallear 1997) than those of large ones in which there is less formalisation and standardisation in small and medium-sized enterprises’ work (Spence 1999, Ghobadian and Gallear 1997). Their operations are more likely smaller and less complicated as well as people oriented.

Most small and medium-sized enterprises suffer from resource poverty, not only human resources but also other resources such as time, budgets, training, and market knowledge. Aside from facing hardship of less bargaining power compared to large firms in the market, small and medium-sized enterprises often operate in niche and specified markets. Thus, they are able to provide something marginally different from the more standardised products and services offered by large companies (Storey
1994). They also operate as a part of supply chain of larger firms. As supply chain and production systems are usually dominated by larger firms, the major issue is how small and medium-sized enterprises complies with the large organisation’s requirements including compatible systems.

**2.6. Characteristics of hotel industry**

The vast majority of hotel businesses around the globe are small in size. Those with one to ten employees make up 91 per cent of hospitality establishments in the UK (HTF 2000). In the EU there are around 1.3 Million hotels and restaurants and 95% of them are very small with 1 to 9 employees (Werthner & Klein 1999). In Australia, accommodation, café and restaurant businesses employing fewer than 50 persons account for 88 per cent of the sector (ABS 2003). According to the type of services provided, hotels can be classified as limited service hotels and full service hotels (Hayes & Ninemeier 2004; Jones & Newton 1997; Stutts & Wortman 2006). Hotels can range from five star full service exclusive upmarket establishments to starless owner operated boutique accommodation establishments with limited food and beverage, and amenities services.

Small and medium-sized hotels face enormous difficulty competing with their larger counterparts. The majority of the small hotel businesses operate with limited resources (Ogden 1998; Storey 1994) with lower barriers to entry (Baum et al. 1998; Hughes 1992) and there is a high turnover rate of employees (Jones & Newton 1997). The hotel industry with cafes and restaurants sector had the highest level of industry turnover of 35 per cent compared with an all industry average of 19 per cent (De Cieri
and high casual and seasonal employment (Gilder 2003; Keiser 1989). Many hotels operate with only a minimal number of permanent employees. The Australian Bureau of Statistics (ABS 2004) has shown that 58.6 per cent of workers in the ABS industry classification ‘accommodation, cafes, and restaurants’ were employed as casuals.

Hotels generally employ a high percentage of lower skilled workers (Bounchen 2002). In Australia, according to the reports from government agencies (Department of Small Business and Tourism 2002; Victorian Department of Education 2000), the hospitality industry does not greatly value formal training acquired prior to employment. The hotel industry provides relatively low wages and salary compared to other industries. According to Australian Bureau of Statistics (ABS 2005), in 2004 the average weekly income in Accommodation, Cafes and Restaurants had fallen to $459.90 per week. This was the second lowest paid industry just ahead of the Retail trade sector on $449.00 per week.

Another important characteristic of the hotel industry is that small businesses are less likely to concentrate on long term planning or strategic direction relative to the advantages of new economies and technologies (Applebee et al. 2000; Lituchy & Rail 2000). According to Buhalis (2003), small tourism businesses have been slow to adopt and realise the benefits of information technology for their business. In fact, the research findings (Braun 2004; Buhalis 2003; Jameson 2000) indicate that the tourism industry’s preparedness in terms of skills and training falls well short of the requirements to operate within an information technology driven sector.
Globalisation affects the operational environment of small hotel businesses. The
globalisation processes have created a challenge for hotels to change in economic
management and market strategy alike (Reid & Bojanic 2006; Stutts & Wortman
2006). There is evidence that the industry is moving in a direction towards hotel
chains and groups getting bigger and more globalised. The dynamic and increasingly
competitive business environment compounds the challenges for small and medium-
sized hotels. In this increasingly competitive global market, it is essential for small
and medium-sized hotels to strive for continual improvement in their performance.
One way to overcome these multiple barriers may be through managing
organisational knowledge. However, knowledge management studies in small and
medium-sized hotels setting are scarce in the literature which necessitates drawing
research from small and medium-sized enterprises.

2.7. Knowledge Management in Small and Medium-sized Enterprises

Most of knowledge management studies in small and medium-sized enterprises have
centred on case studies in order to examine small and medium-sized enterprises’
perceptions towards knowledge management and their practices and developments in
the area. For example, the comparison study carried out by McAdam and Reid (2001)
illustrates the perception of knowledge management in both large organisations and
small and medium-sized enterprises. The main findings from their study include that
small and medium-sized enterprises appeared to have a more mechanistic view and a
limited vocabulary of knowledge, less systematic approaches for embodying and
sharing knowledge and their perceived benefits of knowledge management were
targeted towards the market rather than towards the improvement of internal
efficiency. Their study indicates that small and medium-sized enterprises suffer from certain hindrances whereas knowledge management understanding and implementation was developing in large organisations. The study also indicates a need to further develop a proper understanding of knowledge management within the small and medium-sized enterprise sector.

In exploring knowledge management in small and medium-sized enterprises, Sparrow (2001) emphasises the need to recognise the different mental models of individuals and to share their personal understanding in the development of knowledge management processes. He also stresses that the development of a knowledge based system in smaller businesses should be based on the fundamental understanding of its role and basic principles, and that work related to knowledge management should recognise the holistic nature of small and medium-sized enterprises’ management and knowledge projects.

With the study of twelve innovative Dutch small and medium-sized enterprises from the industrial and business service sectors, uit Beijerse (2000) examines the extent to which knowledge management is being practised. He discovers a complete lack of explicit knowledge management strategies apart from the fact that when each company’s strategy was analysed, most integrated knowledge management principles. His study shows three different levels of involvement in knowledge management practices: strategic (strategy), tactical (structure and culture) and operational (systems and instruments) level. The study also shows that various types of knowledge management instruments exist in particular, at the strategic and tactical levels.
By investigating some of the unique knowledge management issues facing smaller firms in German industry, Wickert and Herschel (2001) discuss techniques that could be employed to acquire and retain knowledge. They also draw attention to the problems of both key employees leaving companies and of succession. As Wickert and Herschel’s study mentions, the issues on the loss of employees’ knowledge could be tackled by fostering the sharing culture in the firm. A case study conducted by Shelton (2001) reports how the owner/manager of the small company introduced the idea of knowledge management to his firm. The study also indicates how to make better use of employees’ expertise.

Another study in small and medium-sized enterprises’ knowledge management is discussed by Matlay (2000). The study focuses on competitive advantage in organisational learning in the UK small businesses. It finds that learning occurs in the majority of small businesses but only a minority of them managed knowledge in a proactive and strategic manner to enhance their competitive advantage. By characterising knowledge management in the small business environment based on literature review, Wong and Aspinwall (2004) suggest two important points, the lack of a proper understanding of knowledge management and slow adoption in formal and systematic knowledge management practices in the small business setting. With the study of twenty-five small and medium-sized enterprises, Desouza and Awazu (2006) report that small and medium-sized enterprises do not manage knowledge the same way as larger organisations. They suggest that as those enterprises have understandable resource constraints, have to be creative in working around these limitations in order to manage knowledge.
Findings from the small and medium-sized enterprises’ knowledge management studies suggest the needs and benefits in managing organisational knowledge. The findings also show that greater efforts are indeed needed to support small and medium-sized enterprises to embrace knowledge management. As evident from the current literature, few attempts have been made to small and medium-sized hotels’ knowledge management study. Therefore, the small and medium-sized enterprises’ study in knowledge management could be in fact useful as a stepping stone for small and medium-sized hotels’ knowledge management initiatives. By putting together, Table 1 summarises knowledge management study in the context of small and medium-sized enterprises in the literature describing findings, authors, and features of the study.

<table>
<thead>
<tr>
<th>Findings</th>
<th>Authors</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>• a more mechanistic view and a limited vocabulary of knowledge</td>
<td>McAdam and Reid</td>
<td>The study presents the perception of knowledge management in both large organisations and small and medium-sized enterprises</td>
</tr>
<tr>
<td>• less systematic approaches for embodying and sharing knowledge</td>
<td>(2001)</td>
<td></td>
</tr>
<tr>
<td>• market oriented</td>
<td>Sparrow</td>
<td>The development of a knowledge based</td>
</tr>
<tr>
<td>• need for proper understanding of knowledge management in small and medium-sized enterprises</td>
<td>(2001)</td>
<td></td>
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<tr>
<td>• need to recognise the different mental models of individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need/Recognition</td>
<td>System in Smaller Businesses</td>
<td>Study/Investigation</td>
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<td>------------------</td>
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<tr>
<td>• need to share their personal understanding in the development of knowledge management processes.</td>
<td>• need to recognize the holistic nature of small and medium-sized enterprises’ management and knowledge projects</td>
<td>• a complete lack of explicit knowledge management strategies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• three different levels of involvement in knowledge management practices: strategic (strategy), tactical (structure and culture) and operational (systems and instruments) level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• knowledge management instruments</td>
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<td></td>
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<td>• the loss of employees’ knowledge</td>
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<td></td>
<td></td>
<td>• techniques that could be employed to acquire and retain knowledge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• how the owner/manager of the small business should be based on the fundamental understanding of its role and basic principles, and that work related to knowledge management</td>
</tr>
</tbody>
</table>

Beijerse (2000) - A study of 12 innovative Dutch SMEs from the industrial and business service sectors

Wickert and Herschel (2001) - Investigation into some of the unique knowledge management issues facing smaller firms in German industry

Shelton - A case study
<table>
<thead>
<tr>
<th>Company introduced the idea of knowledge management to his firm (2001)</th>
<th>Competitive advantage in organisational learning in the UK small businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>A minority of them managed knowledge in a proactive and strategic manner</td>
<td>Characterises knowledge management in the small business environment based on literature review</td>
</tr>
<tr>
<td>- The lack of a proper understanding of knowledge management</td>
<td></td>
</tr>
<tr>
<td>- Slow adoption in formal and systematic knowledge management practices</td>
<td></td>
</tr>
<tr>
<td>Small and medium-sized enterprises do not manage knowledge the same way as larger organisations. (2006)</td>
<td>Report their findings of five peculiarities at twenty-five small and medium-sized enterprises</td>
</tr>
<tr>
<td>With understandable resource constraints, they have to be creative in working around these limitations to manage knowledge</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Knowledge management study in small and medium-sized enterprises

2.8. Conclusions and Summary
The literature review highlighted in this chapter indicates that most of knowledge management studies are drawn from large organisational settings that are far from being suitable for small and medium-sized hotels’ initiatives. There has been little work investigating what strategic options can facilitate small and medium-sized hotels’ knowledge management thus, how to realise the options by them. For example, what possible knowledge management options can be considered by small and medium-sized hotels’ knowledge management initiatives pertaining to their business circumstances? More specifically, what knowledge management paths are likely to facilitate small and medium-sized hotels to the status of knowledge organisations?

The majority of hotel businesses are small in size, operate with limited resources focusing on day-to-day business operation, and lack strategic planning. In such circumstances, managing knowledge is important for small and medium-sized hotels to ensure that benefits from the limited resources are appropriated. In particular, properly understood and implemented knowledge management as a strategic direction can help small and medium-sized hotels overcome problems relating to the business environment including size and resource. However, to date there has been relatively little research conducted into the application of knowledge management in small and medium-sized hotels. Existing theory is neither adequate to define the context of their situations nor is its conceptual link to pragmatic use in small and medium-sized hotels. This necessitates the need for empirical investigations, rich and in-depth data that could not derive satisfactorily from existing data.
With such demands recognised in the literature review, a research question is to be answered as follows:

What knowledge management paths are likely to facilitate small and medium-sized hotels to the status of knowledge organisations?

This research seeks to identify possible knowledge management paths that small and medium-sized hotels could consider to become towards knowledge organisations. In search for the knowledge management paths, understanding the factors that most likely affect small and medium-sized hotels’ knowledge management initiatives is a crucial springboard to effective implementation of knowledge management as the success of knowledge management is governed and facilitated by certain influential factors that are critical to the knowledge management. Accordingly, there is a need for in-depth exploratory studies to understand small and medium-sized hotels’ current knowledge management practices and issues that can affect their paths to knowledge management taken by small and medium-sized hotels. In investigating the factors, particular attention is paid to: small and medium-sized hotels’ advantages and disadvantages in implementing knowledge management; their strengths, weaknesses, challenges and opportunities in performing key knowledge management activities; their perceptions and perceived needs, and related key problems and issues in pursuing knowledge management.

To sum up, this chapter reviewed extant literature in order to build a theoretical foundation for the research. The chapter addressed the need for in-depth exploratory investigation of knowledge management paths through small and medium-sized
hotels’ knowledge management practice and their organisational factors that can affect the adoption of knowledge management. It also addressed the research question to be answered by exploring the various disciplines as the fragmented nature of the literature on knowledge management. Not only is knowledge management research fragmented across a variety of disciplines, it is also fragmented conceptually, particularly with respect to knowledge and knowledge management concepts as presented in this literature review.
3. CHAPTER THREE: METHODOLOGY

3.1. Introduction

This chapter discusses the research design and methodology adopted in the study to answer the following research question: What knowledge management paths are likely to facilitate small and medium-sized hotels to the status of knowledge organisations? This chapter begins with high level choices regarding ontological and epistemological perspectives, the choice of inductive or deductive and qualitative or quantitative approach and then moves to specific aspects of the research design and methodology. In this study, philosophical assumptions are understood to take into account both ontological and epistemological perspectives that provide the underlying foundations upon which theory and methods are built.

Research is a purposeful action. All academic disciplines involve implicit assumptions about what research methodology is appropriate. This research is not an exception. Design of the research includes the choice of various research approaches and methods in the process of conducting empirical study as well as analysing and interpreting the study. In this context, methodology refers to the way in which the researcher approaches problems and seek answers. As choosing an appropriate methodology is important to better design the research process, conduct the research, and to validate the research outcomes, the merits of different research approaches and practical methods are discussed in order to help the researcher to adopt a set of appropriate methods for conducting the study.
The chapter describes the design of an interpretive qualitative approach used to examine knowledge management paths taken by small and medium-sized hotels. Data collection is performed through carrying out face-to-face in-depth interviews with management personnel at thirteen hotels. In order to understand the data this study has adopted a set of qualitative analysis methods. The analysis methods include three phases of description, coding and analysis, and interpretation. Having encoded the interview data, the content analysis method has been utilised to analyse them. In search for meanings of the data interpretation procedure is involved in hermeneutics as a principal mode of analysis as well as cross-comparison of the interview data. The design and methodology described in this chapter has enabled the findings and outcomes of the study in later chapters that are derived from the interview data.

The rest of the chapter progresses as follows. The next Section 3.2 lays the foundation of the study with philosophical assumptions in which both epistemological and ontological perspectives are considered. Focusing on the search for appropriate research methods and techniques, the research approaches are discussed in Section 3.3. The research design in data collection methods is described in Section 3.4. The research processes of empirical study are explained in Section 3.5. The methods used for data analysis are discussed in Section 3.6. Section 3.7 briefly explains the development of a conceptual model based on findings from the interview data and existing theories. Considering the degree to which the research meets recognised principles for conducting this research, the subsequent Section 3.8 introduces evaluation on the research methods and the outcomes. A summary with conclusions of the chapter is included in Section 3.9.
3.2. Philosophical Assumptions

In developing a research design understanding philosophical assumptions is essential. This study has taken into consideration both epistemological and ontological perspectives in determining the underlying foundations for the research.

3.2.1. Epistemological perspective

Epistemology is the branch of philosophy that is concerned with the nature, origin, scope of knowledge. The term *epistemology* relates to the way in which the world may be legitimately investigated and to what may be considered as acceptable knowledge and progress. It includes elements concerned with sources of knowledge, structure of knowledge and the limits of what can be known. Epistemology defines the ground of knowledge (Klein & Hirschheim 1987) and concerns what constitutes acceptable knowledge in a field of study (Saunders et al. 2007). Although more research paradigms with different categories exist, for example: positivism, post-positivist, critical theory and constructivism (Guba & Lincoln 1994); positivist, interpretive and critical (Orlikowski & Baroudi 1991), this study considers two extreme positions.

At one end of the spectrum lies *positivism* and at the other end lies *interpretivism* sitting in opposition as differing perceptions of the objectives of academic inquiry and the creation of knowledge. *Positivism* implies the existence of causal relationships which can be investigated using scientific method whereas *interpretivism* implies that
there is no single truth that can be proven by such investigation. The two approaches sit completely opposed, raising numerous issues for consideration in the choice of one or the other.

Positivism is premised on prior fixed relationships between the phenomena, which are typically investigated with structured phenomena, and is conducted to test theory in order to increase predictive understanding of the phenomena (Orlikowski & Baroudi 1991). In Kuhn’s argument (Kuhn 1970) the positivist paradigm describes a set of interrelated assumptions about the social world which provides a philosophical and conceptual framework for the systematic study of that world. Positivism combines deductive logic with precise empirical observations in order to discover and confirm a set of probabilistic causal laws that can be used to predict general patterns of activity (Neuman 2006). It assumes an objective world, hence it often searches for facts conceived in terms of specified correlations and associations among variables.

Post-positivism is a recent evolution of positivism. It is consistent with positivism in assuming that an objective world exists, but it assumes that world might not be readily apprehended, and that variable relations or facts might be only probabilistic, not deterministic. Research (Miles & Huberman 1993) shows that the recent focus in post-positivism has been on qualitative methods modelled on positivistic methods and experimental designs.

Interpretive research, on the other hand, rejects the objective nature of positivist research and adopts a nondeterministic perspective to understand the phenomena within cultural and contextual situations (Orlikowski & Baroudi 1991). The
philosophical tradition in interpretive research focuses on the evolution of rich, complex descriptions of specific cases in order to understand social phenomena (Walsham 1995). Neuman (2003) states that the interpretive approach involves a systematic analysis of socially meaningful action through the direct detailed observation of people in natural settings in order to arrive at understandings and interpretations of how people create and maintain their social worlds. The intent of interpretive studies is to gain greater understanding about the phenomena of interest in a specific context, in the belief that this understanding can provide insights that can be used to inform other settings (Myers & Avison 2002; Orlikowski & Baroudi 1991; Walsham 1995). Typically, the phenomenon of interest is examined in its natural situation from the perspective of participants.

In the context of the rationale, goals and processes involved in this research, the interpretive approach was chosen as being the most appropriate. This study was primarily an exploratory investigation of knowledge management practices in small and medium-sized hotels and specifically of the challenges this presented as viewed by owners/managers (i.e., both owners and managers, including owners who are also managers). In particular, the study explored research participants’ interpretations of challenging situations, of the decisions they made relating to these situations, and the results of any actions taken to address these situations. For example, in order to identify factors that might affect their knowledge management activities, the study investigated whether or not owners/managers sought to manage knowledge and how they actually managed knowledge in everyday in business situations.
The exploratory nature of the research meant that the research methods used had to meet the requirement for contextual information, and for information about the meaning and purpose ascribed by the key participants to their actions. This situational context was of paramount importance in gaining an understanding of the dynamics of the knowledge management process, and of the clues that an owner/manager looked for in deciding what knowledge management path to adopt in a particular situation.

To answer the defined research question using an interpretive approach, this study had to address two major research concerns. One was the need for development of a theoretical foundation that provided a deeper conceptualisation of the knowledge management phenomenon in small and medium-sized hotels. The second concern was the development of a suitable methodology to assist in exploring the phenomenon. In this study, epistemology provided the philosophical underpinning and the credibility which legitimises knowledge, and the framework for a process that could produce a rigorous methodology consisting of a full range of research methods. Credibility is important in that it relates to research that can be believed to be valid, reliable and replicable. The interpretive epistemological foundation underlying the conduct of the study assumed that knowledge of reality was always filtered and interpreted through personal contexts, such as personal history, insights, experience, and personality.

It also assumed that knowledge gained and individual interpretations of that knowledge were strongly influenced through social constructions. Perceiving knowledge to be interpretively understood and mediated by social construction this research investigated the pragmatic application of paths to knowledge management in small and medium-sized hotels through identifying factors that might affect the
adoption of knowledge management. As the investigation was based on the responses of owners/managers, the study was basically grounded in practice in that owners/managers’ responses were a straightforward practical way of thinking about their practices and dealing with business problems, concerned with more on results rather than with theories and principles.

3.2.2. Ontological perspective

Ontology is concerned with the essence of things and with the nature of the world. It is an explicit specification of how phenomena are assumed to relate to each other within the world which is the subject of the research. In knowledge engineering and conceptual modelling, ontology defines the basic terms and relations comprising the vocabulary of a topic area, and the rules for combining terms and relations to define extensions to the vocabulary (Neches et al. 1991). Ontology subsumes two different stances of realism and nominalism.

Klein and Hirschheim (1987) postulate that in realism, the universe comprises objectively given, immutable objects and structures. These exist as empirical entities, on their own, independent of the observer’s appreciation of them. The ontological basis of realism is that there is a physical reality that exists independently of our cognition, but that we cannot appraise it. On the other hand, nominalism is where reality is not a given immutable out there, but is socially constructed. Thus knowledge is a social construct, but one which aims to explain a physical reality. We can only describe it, due to the fact that we are dependent observers, not independent of events.
In line with such streams, Burrell and Morgan (1979) observed that the objectivist position was characterised by a realist ontology and a positivist epistemology. The objectivist assumes that objects and structures exist as empirical entities independent of human observers, and that the appropriate way of acquiring knowledge of the world is by observation and the identification of causal relationships. In their book *The Social Construction of Reality*, Berger and Luckmann (1967) explain that the objectivists view language as neutrally depicting reality, which is the same for all, regardless of culture and individual perception.

Subjective experiences take on an objective quality in the minds of individuals are the rules surrounding institutions, tradition as transmitted through artefacts and changing use of language and sedimentation. Sedimentation in this context refers to the ordering of experiences, which is transmitted subconsciously by virtue of growing up in one segment of society as opposed to another, or in different societies altogether. The subjectivist position holds that scientific method is not appropriate for explaining the social world, as different people interpret the world in different ways, and any agreement is inter-subjective. Social reality has no independent existence and remains unformed until the act of cognition by actors.

The approach taken in this study is subjectivist, working from the assumption that reality is personally interpreted and socially constructed. The appropriate way to investigate the social world is to recognise multiple realities, and to adopt an interpretivist stance. In this position the concept of truth is more challenging and illogical than it is for objectivists. This is because, rather than assuming an empirical universe of discourse waiting to be uncovered, the social world is subjected to an
ongoing construction process conducted by reflexive actors, none of whom is able to completely objectively describe social reality. This perception of reality led to understanding the nature of reality as interpreted by a process of defining the situation, making sense and choosing to take action.

Making sense refers to the assumption that each person constructs their own understanding based on personal experience and social interactions. Each individual comes to know by a personally developed set of perceptions that are formed internally from personal experience in a socially constructed world. Individually created meanings are modified and developed through interaction with other individuals in a collectively or collaboratively shaped process of interactive meaning making. As each individual in a social setting expresses his or her perception, this is shaped by interaction with other humans who bring their own personal meanings to the same experiences. Such ontological conception necessitated the selection of research approaches in this study that make sense of empirical evidence through socially constructed and mediated meanings from the standpoint of each individual.

3.3. Research Approach

In line with the philosophical assumptions, the merits of different research approaches and practical methods were considered in order to adopt a set of appropriate methods for conducting the study.

3.3.1. Inductive
Among the different research approaches that need to be considered are the *deductive* approach and the *inductive* approach. The former often uses existing theory to identify theories and ideas that a researcher will test using data. It aims to explain causal relationships between variables, in which researchers often use highly structured methods to make the concepts identified in the literature measurable quantitatively (Gill & Johnson 2002; Robson 2002; Saunders et al. 2007). As Collis and Hussey (2003) explain, the deductive research involves the development of a theory that is subjected to rigorous testing.

As such, it is the dominant research approach in natural sciences, where laws present the basis of explanation, allow the anticipation of phenomena, predict their occurrence and therefore, permit them to be controlled. On the other hand, the inductive approach explores data and develops theories from them then the researcher will subsequently relate the newly developed theories to existing theories. Inductive research often takes small sample of subjects rather than a large number in the deductive approach. A distinctive nature of the inductive approach is that the theory follows the data rather than vice versa as in the deductive research approach (Glaser & Strauss 1967; Neuman 2006; Saunders et al. 2007). Researchers in the inductive tradition are therefore, more likely to work with qualitative data, and to use a variety of methods to collect these data in order to establish different views of phenomena.

The choice of a research approach is influenced by stages in a research. Neuman (2003) states that research is a three-stage process: theory building, theory testing and theory refinement. Theory building involves the exploration of concepts and phenomena, and leads to the formulation of research questions. Theory testing
involves those research studies that are intended to address clearly formulated research questions, and theory refinement builds on the results of the previous phases to refine and improve the adequacy of initial theories. According to Yin (1994), a research can be classified into three categories, such as exploratory, descriptive and explanatory, based on what a researcher is trying to accomplish.

Exploratory research is aimed at formulating more precise questions that future research can answer. Descriptive research attempts to analyse and describe the specific details of a situation, organisational setting or practice. It aims to take a well-defined subject and describe its structure and function accurately. Explanatory research attempts to answer the question of why things happen. Research with this objective usually employs methods which allow for a high level of control, such as experimental methods. Exploratory research addresses “how” and “what” type of questions and is used in the theory building stage of research; while “how many”, “who”, “where” are the typical questions for descriptive research, which is also appropriate to theory building where phenomena are not well understood (Gummesson 2000). Although it can be used to test theory about the structure of a situation, and to disprove hypotheses, explanatory research generally deals with “why” type questions. Explanatory research is useful for theory testing or theory refinement.

Having considered the options summarised in the above, the inductive approach focussing on the research stage of theory-building was chosen for this study. As presented in the literature review in Chapter Two, while knowledge management is a broad and developing field represented in a range of literatures in theory and practice,
producing an enormous output of writing and research, there has been limited research into the circumstances of small and medium-sized hotels. In particular, little is known about what path options to knowledge management available in small and medium-sized hotels. More specifically, what knowledge management paths are likely to facilitate small and medium-sized hotels to the status of knowledge organisations?

In order to answer the question, the study undertook an investigation into the current status and practice of knowledge management in hotels, looking for the key factors affecting the adoption of knowledge management. In considering the research problems and the research question, the purpose of this study was to develop a better understanding of knowledge management, leading to its adaption or improvement in small and medium-sized hotels. Hence, the nature of the study was primarily exploratory and theory building in nature, entailing the analysis of data and the conceptualisation of theories.

3.3.2. Qualitative

Research can be conducted using both quantitative and qualitative methods. Quantitative research is concerned with issues of design, measurement, and sampling, because its deductive approach emphasises detailed planning prior to data collection and analysis (Neuman 2006). The quantitative approach emphasises the measurement and analysis of causal relationship between variables, not process (Denzin & Lincoln 2003). Typically, this includes experiments, surveys, and existing statistics. On the other hand, qualitative research emphasises the issues of richness, texture and feeling.
of raw data, because its inductive approach emphasises the development of insights and generalisations from the data collected.

Qualitative research is exploratory and useful when little is known about the research topic (Creswell 1994). Exploratory research is normally conducted in areas where previous studies are limited in number or non-existent (Zikmund 2003). As argued elsewhere (Robson 2002), qualitative research is a systematic and empirical strategy for answering questions about people in a bounded social context. Similarly, Marshall and Rossman (1995) suggest that exploratory research, especially in cases of contemporary research in which the phenomenon is unfolding at the time of study, is best suited to qualitative methods. Although both qualitative and quantitative research methods may be used appropriately with any research approach, there are preferences in choosing certain research methods with a particular research approach.

The researcher in this study decided that qualitative research was a suitably valid research method for gaining a better understanding of the phenomenon of knowledge management in small and medium-sized hotels. Knowledge management is a contemporary issue and one that has been less explored in small and medium-sized hotels. Moreover, the lack of theoretical understanding and empirical results in regard to the practice of knowledge management in small and medium-sized hotels suggested that an exploratory and qualitative approach designed to gain insights would be likely to lead to a better understanding of the phenomenon.

The study emphasised the fact that the theory building phase in the exploratory approach mostly involved asking “what” and “how” type questions. “What” type of
questions asked in this study included: What knowledge management paths are likely to facilitate small and medium-sized hotels to the status of knowledge organisations? What are the determining factors that might affect knowledge management in small and medium-sized hotels? “How” type of questions included: How can knowledge management path change be understood by small and medium-sized hotels to ensure that the adoption of the path option to knowledge management is effective? How do small and medium-sized hotels manage knowledge in their business situation? These issues are investigated through the main research question.

This study sought to understand how knowledge management is practised in everyday situations within small and medium-sized hotels. However, as the literature review in Chapter Two indicates, the phenomenon under investigation in this research setting is still to some extent unclear. The richness of sheer abundance of publication in the field did not lend themselves easily to the design of objective questions for data collection. Equally, it was not clear what questions should be asked or what should be measured. In seeking to gain a deeper understanding of knowledge management in practice, the research sought to focus on the perspectives and experiences of owners/managers. The study adopted an interpretive, qualitative approach, which clearly influenced the choice of data collection methods. The next step of the research design involved choosing specific qualitative data collection methods.

3.4. Data Collection Methods

In the following subsections, the methods of collecting empirical data and the procedures carried out are explained, including: the data collection options considered
3.4.1. Primary data

Just as there are various philosophical perspectives which can inform qualitative research, so there are various qualitative data collection methods. Marshall and Rossman (1995) offer a good discussion of different methods of doing qualitative research for different purposes and topics. Primary data collection can entail the use of surveys, observations, document analysis and interviews. In considering the choice of data collection methods, it was important to keep in mind the domain in which the research was to be conducted. Although knowledge management has been a feature of organisations since the mid 1980s, there has been very little research conducted into knowledge management in small and medium-sized hotels.

Furthermore, existing theory seems adequate neither to the context of small and medium-sized hotels, nor to its pragmatic use in such contexts. This necessitates the need for empirical investigations. In particular, the need for rich data are sought that could facilitate the generation of theoretical categories that could not derive satisfactorily from existing data. This suggested that standardised forms of data collection, as with surveys, would not result in providing clear answers to help understand an unclear phenomenon. Hence, the survey method was excluded from consideration as a primary data collection method for this study.
Accordingly, consideration was given to other methods that could allow better coverage as a primary data collection method. Each of the following methods was examined against the fundamental objective of answering the research questions: participant observation, direct or non-participant observation, document analysis and interview.

Participant observation within a situation is a longitudinal approach requiring extensive time in observation. It requires that the researcher become a participant in the culture or context being observed. The aim is to provide the means of obtaining a detailed understanding of the values, motives and practices over time (Hussey & Hussey 1997). This method was deemed to be not appropriate for this study, first because observation (without asking questions) might not necessarily yield the rich data that the study sought, and second, owing to the difficulties of persuading hotel owners/managers heavily engaged in running the business to agree to the presence of an observer.

Direct or non-participant observation of the organisation involves observing and recording what people do in terms of activities of behaviours without the direct participation of the researcher (Hussey & Hussey 1997). It is distinguished from participant observation in that a direct observer does not typically try to become a participant in the research context, rather they take a more detached perspective. However, the aim of this study was not to gather an outsider or observer’s view on the organisation. Rather, the research aimed to construct an insider’s view, the view of owners/managers, of how knowledge management was practised or had been practised. In particular, it was important to investigate tacit knowledge, experience
and beliefs of the owners/managers, something that would most probably remain unobserved using a non-participant observation method, since they reside in the minds of the owners/managers. This method of data collection was therefore not chosen as the primary data collection method.

Document analysis could be used to support the view of organisations where possible. Existing records often provide insights into a setting and/or group of people that cannot be observed or noted in other ways. This information can be found in document form. However, many small and medium-sized enterprises typically are not familiar with the concept of knowledge management, even though they may have already been unconsciously engaged in some form of knowledge management activities in their business operation. An analysis of documentation, even where it existed or was available, was deemed unlikely to result in the rich data needed to create descriptions of the issues and practices in knowledge management. Moreover, as the study intended to focus on knowledge management in practice through the perception of the most knowledgeable people, namely owners/managers in hotels, the analysis of documentation as the primary data collection method did not make a lot of sense.

3.4.2. Interview

In comparison with the primary data collection methods considered up to now, interviews have much to commend them. Interviews provide very different data from those obtained through observations and document analysis. They allow the researcher to capture the perspectives of participants. As described by researchers, an
An interview is a purposeful discussion between two or more people (Kahn & Cannell 1957) and a “favoured digging tool” (Benny & Hughes 1970) for meaning. Through use of the interview method, a researcher can best access the interpretations of participants regarding the actions and events that have or are taking place (Yin 2003).

Various researchers (Easterby-Smith et al. 2002; Healey 1991; Jankowicz 2005; Saunders et al. 2007) have supported use of the interview method in circumstances, where: i) there are a large number of questions to be answered; ii) the questions are either complex or open-ended; and iii) the order and logic of questioning may need to be varied. These circumstances were relevant to this study. In a situation where the phenomenon of knowledge management was not well understood by small and medium-sized hotels, and where the relationship between the path knowledge concept and key factors that might affect the phenomenon was even less understood, the interview method was deemed to be the most suitable technique to uncover the issues and practices of knowledge management in those organisations.

An interview can be structured, semi-structured, and unstructured or in-depth. Different types of interviews offer different benefits (Hussey & Hussey 1997). Structured interviews allow between case comparisons, but are not responsive to changes in researchers’ understanding. Researchers cannot add new questions, pursue unexpected comments or seek explanatory information. Unstructured interviews may be overly adaptive and opportunistic. Researchers’ initial plans may be constantly revised and adjusted with a constant threat to construct validity. In structured interviews, the emphasis is on obtaining answers to carefully phrased questions. Interviewers are trained to deviate only minimally from the question wording to
ensure uniformity of interview administration. In unstructured interviews, however, the interviewers seek to encourage free and open responses, and there may be a trade-off between comprehensive coverage of topics and in-depth exploration of a more limited set of questions.

In-depth interviews also encourage the capture of respondents’ perceptions in their own words, a very desirable strategy in qualitative data collection. This allows the evaluator to present the meaningfulness of the experience from the respondent’s perspective. Semi-structured interviews offer a mixture of both features in the structured and unstructured interviews, with some set questions to structure the interview, as well as allowing flexibility to explore new issues or unexpected responses. Accordingly, the use of semi-structured interviews was adopted in this research, as interpersonal interaction was deemed to be important, as opportunities for follow-up comments from interviewees. The use of the interview method was expected to produce a rich practical understanding of the practice of knowledge management in small and medium-sized hotels and at the same time to do something to counter the lack of theory in this area. The focus of the interview was very much upon interpreting and understanding issues and practices that might influence the successful implementation of paths to knowledge management in small and medium-sized hotels.

3.4.3. Secondary data

Secondary sources supplemented the primary data set. The use of secondary data was achieved through the literature review formed part of the triangulation approach taken
in this research. Firstly, it identified the research gap with the evolution of knowledge management and of its overall theoretical construct being set in the context of large organisations. The lack of theoretical understanding of and empirical results from research into knowledge management in small and medium-sized hotels might be caused by the fact that knowledge management is a very multifaceted social phenomenon with no clear direction as to its application in other than the context of large organisations.

Taking the high degree of complexity of real life situations into account, the qualitative approach seemed to be appropriate to answer the research question. Secondly, it also gave support to developing the empirical part of this study. For example, the choice of research contexts, of interview themes, and the initial selection of interviewees was organised before starting data collection. In data analysis, the emergent categories and themes were discussed in comparison with the relevant literature. Thirdly, drawing on previous knowledge, it informed the establishment of the theoretical conceptualisation in the context of small and medium-sized hotels.

The review of literature covered not only the literature of Knowledge Management, but also of other disciplines including Strategic Management, Information Systems and Technology, and Organisation Science as well as Tourism and Hospitality Management. Although the developing field of Knowledge management has been heavily influenced by developments in Information Systems and Technology, the range of influences reaches far beyond these two fields, resulting in the research taking a trans-disciplinary approach to gain a clear view of the state of knowledge management in theory and practice. In reviewing the literature, key words were used
for searching and an iterative approach was adopted by integrating up-to-date new research findings as they became available. The literature review was drawn from three major sources: i) academic journals; ii) books and book chapters; and iii) conference proceedings. A complete list of these sources can be found in the reference section at the end of this thesis.

The literature review provided links and identified gaps between this study and previous relevant research. As this study was exploratory in nature, and concerned with generating theory from the interview data, it did not proceed on the basis of propositions. Instead, it had a stated purpose and objectives related to the research question that were posed. While the extant literature informed the process of defining the research question, data collection, and analysis, this study hinged profoundly on the interview data collected, allowing the findings to explain the multifaceted nature of the knowledge management phenomenon in small and medium-sized hotel organisations, and thereby contributing to the building of a theoretical conceptualisation. The development of the conceptualisation was informed by the existing literatures uncovering central patterns, themes, and interrelationships with regard to the conduct of knowledge management in the hotel industry, with the employment and use of the induction method enabled cross-comparisons and conclusions to be drawn from the findings of the empirical study and the literature.

3.5. Process of Empirical Study

Before the interview process could begin, it was necessary to obtain clearance for the research from the University Ethics Committee, which involved not only outlining the
purposes, methods and expected outcomes of the research, but also assuring the Committee that the research would be conducted in an ethical fashion, with interviewees being fully informed of their rights at all times. Once permission had been obtained, the researcher was then free to start the process of selecting and finalising the list of interview participants.

### 3.5.1. Interviewee selection

In the selection of interviewees, different types of qualitative sampling were employed. Four types of qualitative sampling are put forward by Morse (1991): the purposeful sample, the nominated sample, the volunteer sample and the sample that consists of the total population. Sharing the view that all qualitative sampling is purposeful (Patton 1990), Sandelowski et al. (1992) proposed two types of qualitative sampling, purposeful (or selective) sampling and theoretical sampling. The general process of theoretical sampling, according to Glaser (1992, p102) is “to elicit codes from the raw data from the start of data collection through constant comparative analysis as the data pour in. Then one uses the codes to direct further data collection, from which the codes are further developed theoretically with properties and theoretically coded connections with other categories until each category is saturated.” Theoretical sampling is developed through continual comparative analysis of data collected from beginning to next stage of data collection.

Purposeful sampling was first proposed by Schatzman and Strauss (1973). They suggest that field researchers, after several visits to the research site, will come to know who, what, when, and where to sample for the purpose of his or her research.
Categories such as age, gender, status, role or function in an organisation may also serve as criteria in selecting people. According to their view, the key for selective sampling is that subjects are selected according to the aims of the research. Similarly, Patton (1990, p169) asserts that “qualitative inquiry focuses in-depth on small samples, even single cases, selected purposefully.....the logic and power of purposeful sampling lies in selecting information-rich cases for study in-depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research.” In this sense purposeful and selective sampling share essentially the same meaning in that subjects are sampled on a selective basis, and with the particular purpose of the underlying research in mind.

This study takes the position that theoretical sampling is typically preceded by purposeful sampling in a research project. Purposeful sampling occurs in the initial data collection stage, because at this stage sampling is determined beforehand, not by the emergent theory. In this research, an initial sampling arrangement was determined before the actual data collection began since a theoretical outline was necessary as part of the ethics approval process required by the University. Once data from the first interviews were coded and analysed, then further data collection was carried out through theoretical sampling, where interviewees were selected based on the need to saturate the emerging categories, themes and their relationships.

The knowledge management experiences and issues encountered in small and medium-sized hotels are likely to be diverse and multifaceted. In order to understand the nature of these complex experiences, rich sources of data from the respondents involved in those organisations were required. Rich data in this context refers to data
filled with words that reveal the respondents’ perspectives, examples and thoughts on the subject of knowledge management. Consequently, to achieve the objectives of the research, the informants selected for interviewing were managers and/or owners who, it was believed were likely to the most fruitful sources on the subject of knowledge management in their organisations.

The contact details of organisations were collected from publicly accessible information such as telephone yellow pages directories. Data collection was based on the conduct of thirteen face to face in-depth interviews with owners/managers in small and medium-sized hotels in Victoria, Australia, and largely within the Melbourne Metropolitan region. Thirty potential hotel owners/managers were initially invited to participate in the process. Each formal interview took for approximately one hour to one-and-a-half hours. The researcher also conducted six informal interviews, most of with contacts by the researcher at international conferences and workshops. The focus of these informal interviews was on: i) discussing their own experience of a particular aspect of tourism and hospitality management and/or knowledge management; and ii) seeking feedback on the knowledge management model developed through the research. In addition to gaining insights from these informal interviews to support the model development, the conduct of informal interviews in different cities against different organisational backgrounds, provided the potential to overcome some of the quality issues such as the reduction of bias, the increase of validity, and the generalisability of the research outcomes.

3.5.2. Interview questions
This research used loosely defined semi-structured interview questions that supported the interpretive qualitative approach in seeking to understanding of the perceptions and meanings ascribed by the interviewees to the issues raised. The semi-structured approach also facilitated obtaining the relevant information from the interviewees, in that it provided flexible and responsive interaction between interviewer and respondents, by allowing meanings to be probed, questions to be covered from a variety of angles and questions made clear to respondents. In the use of the semi-structured interview approach to capture data, a list of open-ended questions was prepared in advance. These were augmented by probe questions composed by the researcher in response to statements made by the respondents. The initial interview questions were a mix of open-ended questions, designed to expose a diversity of opinions, and to allow the respondents to follow their own line of thought. Probe questions were used to elicit more information, and to keep the discussion focused when necessary. As this study is exploratory in nature, the research determined the degree of structure of the instrumentation.

For studies such as this one, a degree of standardisation is necessary to form a basis for comparison. This study focused on the need for rich contextual information emerging from the data hence, a semi-structured style was chosen, initially to allow developing concepts to be grounded in the data, and to provide thorough contextual descriptions. As the interviews progressed, and key concepts became clearer, the interview method was refined slightly to provide more structured mode, which is discussed in the conduct of the interview section. Findings from initial less structured interviews helped refine the modus operandi for later interviews, as the key factors and issues became clearer. Thus, the emphasis gradually changed to a more
confirmatory approach, with the need to ensure that responses from interviewees could be compared.

In particular, this study put more emphasis on exploring knowledge management practices and issues with the interviewees, by ensuring that essentially similar questions were asked at each of the interviews, and that similar information was obtained from each interviewee. This left the interviewer free to probe and explore the respondent’s response within these predetermined inquiry areas. To allow the strengths of the qualitative approach to emerge, the interview questions were through a modification process, with some questions being used to focus on areas of particular importance, and to exclude questions that the researcher had found to be unproductive for the objectives of the research. This process of gradual iteration and refinement applied to all questions.

Interview questions were designed in order to answer the research questions. These in turn were based on the literature review which played an underlying conceptual guideline role, forming a basis and a context for the aims of the study, as well as informing data collection. The themes in the design of the interview questions were based on the existing literature including, the definition of knowledge and knowledge management, knowledge processes, strategy, technology, organisational culture and structure. The questions were categorised into four groups asking respectively about: a) organisational and interviewees’ profiles b) concepts; c) activities; and d) organisational influences.
A total of thirty top level questions were constructed with sub-questions for each group. They were pre-tested with the help of two academics and two non-academics who were currently in hospitality industry. The pre-test to a large extent improved the questions in terms of the terminology used (i.e., free of academic jargon) and format (i.e., increase of clarity). Two test interviews were carried out in order to determine whether any modifications or improvements were required to the interview questions or to the actual conduct of interviews. These test interviews did not lead to further change. The interview questions used for this research are included in Appendix 1.

3.5.3. Ethical consideration

Ethical considerations were addressed by an established research policy at RMIT University. Research at the University which involves human participants must be conducted in an ethical manner, and must be approved by a Portfolio Human Research Ethics Sub-Committee or the University Human Research Ethics Committee. There was a need for identifying the project risk category in which Risk level 1 and 2 applications had to be submitted to a Portfolio Sub-Committee. This research project was assessed as being a category ‘Risk level 2’. This meant that this study involved research into human participants which would not be likely to expose them to physical, psychological, and legal risks above the everyday norm, but which might nevertheless contain a slight element of risk to participants. The formal ethical evaluation process in this research was initiated by filling in the University’s Ethics Approval form which involved a comprehensive survey to identify any ethical issues that might arise. Approval formally granted by the Sub Committee in 2007.
In accordance with the University ethics and privacy policies, this research had to take account of the interests of two major parties, namely the researcher and the participants. In particular, it was important that the researcher stated clearly whether the participants to the study were in any way vulnerable, and if there was attendant ethical risk in the research. This issue was addressed and the conclusion reached that no such risks would arise as: a) the interview method in this research project did not involve any physical activities, as the project was sought to understand respondents’ views based on their industry experiences in the hospitality organisational management; b) the interview did not have any psychological risks for the respondents as the study was not interested in obtaining confidential information from the respondents and their organisation, and as participation would be voluntary in that no interviewees were coerced to continue their involvement and each was free to withdraw at any time; and c) no legal risks would be involved in this study, as it would not entail the acquisition of confidential information, and all responses would remain completely confidential and anonymous. The issue that research ethics were applied the collection, use, storage and distribution of information without causing harm to research participants was also considered by meeting privacy and confidentiality requirements in the study.

It was assured that the participant’s interaction with the researcher through the research process was ethical, and that their rights as described in the ethics application and an introductory letter were protected. The letter gave a brief description of the research project in plain language and was printed on the School of Business Information Technology letterhead. It included a brief description about the research project with the title, the purpose, and contact details of the investigator, her
supervisor and other ethical related entities. In the letter, potential interviewees were provided with: an explanation of the purpose of the study; and what was being asked of them; the opportunity to participate or not; an assurance of confidentiality, anonymity, and privacy; and an explanation that each participant would have the same access to research results. The introductory letter was included in Appendix 2.

3.5.4. The conduct of interviews

Having posted the introductory letter to potential interviewees to invite them to participate in the research project, there were follow-up telephone calls made to the managers and managing directors who were the targets of the letters. During these telephone calls, the purpose of the study and the importance of their contribution were explained once again, and the date and means of the interview (such as by face to face communication or through telephone conversation) were determined. Additional telephone calls made for in connection with interviews already scheduled to remind the participant of the forthcoming interview. This approach was helpful in time management of the interview schedules.

The interviews were conducted between Jun 2007 and January 2008. Each interview took approximately between an hour and one and a half hours. Thirteen face-to-face, in-depth interviews were conducted by visiting the premises of the interviewees. These individuals were either owners/managers or senior managers, and could have been expected to have in-depth knowledge of the organisation and perhaps, some awareness the concept and practice of knowledge management. There was continuous transcription and discussion regarding results, with transcripts being fed back to
participants to confirm and validate their responses. The interviewees were interviewed in random order because all had demanding work schedules, and indeed, the availability of interviewees emerged as a critical factor. The interview sequence did not affect the outcome of the study.

The informed consent of each interviewee was gained prior to each interview. An example consent form used in this study is attached in Appendix 3. At the beginning of each interview, the importance of the accuracy of the response and of confidentiality of the data collected was emphasised. A request for tape recording the interview to ensure accuracy was made and the transcription methods were also explained. A typical interview began with greetings and then moved to ask questions about general understandings on knowledge management. This information was then retained in researcher’s mind to aid in the effective conduct of the interview. In the interviews, owners/managers were asked about organisational profile and then a series of questions pertaining to the topic of knowledge management, its concepts, activities, and organisational influences on it. An important part of each interview involved a search for clarification of interviewee perspectives on definitions of knowledge and knowledge management. The final stage of each interview involved very specific questioning to cover points that the researcher considered important but which had not yet been discussed.

Although interviews were a powerful source of collecting rich data, the researcher had several concerns with regard to the conduct of interviews. They were costly and time consuming in terms of contacting and visiting interviewees, as well as communicating and discussing the interview questions. Moreover, the face-to-face nature of the
interview process brought challenges not likely to be encountered in for example, postal surveys. However, there were advantages not to be found in the conduct of surveys. For example, follow up questions could be asked in order to focus the attention of the respondent on the subtle and ambiguous responses that might possibly be lost in a survey questionnaire. There were also certainly possibilities to focus on particular issues when the researcher felt a need for clarification.

In this research, therefore, the face-to-face interview mode enabled the researcher to encourage respondents to explain thoroughly any examples or experiences they had had with knowledge management. If necessary to go deeper or to clarify responses, the wording of questions was changed slightly if a question was not understood, or if it seemed more natural to use words or expressions that were put forward by the respondent. Some of the more general questions were also asked with a more direct focus, in light of the respondents’ personal experiences, while some questions were skipped because respondents felt that the question was not relevant to them. These techniques were useful in getting a better understanding on the issues related to the research questions. Aside from the use of such techniques, the major difficulty in conducting the interviews was waiting for permission from organisations and in retaining the owners/managers for over an hour, given their central importance day-to-day business operations.

In order to clarify what was answered during interviews, all interviews were tape recorded and transcribed by the researcher, yielding a common understanding and interpretation of responses and meanings. There has been some debate as to the appropriateness of this recording technique. For example, Lincoln and Guba (1985)
do not recommend recording, except in unusual cases, whereas Roberts and Renzaglia (1965) suggest that the respondent will elicit the same responses if recorded or not recorded. The overriding consideration for this research was to obtain rich data to support the research objectives, and to answer the research questions. In one-and-a-half hours, the volume of information given by a respondent can be unmanageable to recall from memory, or even by written methods. As a result, all interviews were recorded with the consent of the participants, with having the opportunity to edit their transcripts of the interviews before any textual analysis was done. Then, once analysis was complete, comments and feedback were invited. Moreover, interviewees were invited to read the final draft of the thesis to offer the opportunity to remove any content that could provide personal ethical dilemmas.

### 3.6. Analysis Methods

In order to understand the data, this study adopted a set of qualitative analysis methods. The analysis methods include three phases of description, coding and analysis, and interpretation. An overview of these phases follows below.

#### 3.6.1. Description

This descriptive phase of the analysis basically involved summarising the transcripts of each interviewee. Quality checks on the interview data were performed soon after the interviews were conducted, to ensure that information was not lost. The main checks included a follow-up inquiry when applicable, transcript review by interviewees, and editing by the researcher. Having conducted the initial interviews, a
period of review and reflection was also undertaken, that generated improvements to the research methodology and the theoretical model. The focus of this phase of the analysis was gaining an overall familiarity with the transcript and with the owner/manager’s explanation and an illustration of any practices and issues arising in the course of knowledge management in his or her hotel. Each interview was summarised in the same way.

The owners/managers provided context to the application of knowledge management in their hotels. The majority of them had similar educational backgrounds in Business and/or Hospitality Management. Their experience in the hotel industry ranged from four to over twenty five years, and all had customers in both the leisure and business segments. Basic details about each hotel and each interviewee’s profile were described, with a code assigned for each hotel and each interviewee, in order to maintain confidentiality. Detailed descriptions of each hotel’s current status of practice in knowledge management were also described subsequently. More detailed information on the interviewees and their hotel profiles, as well as the status of and issues in knowledge management practice in hotels follows in Chapter Four, Section 4.2.

3.6.2. Coding and analysis

Interview research requires a systematic approach, as it entails dealing with an abundance of free-flowing text. Coding is commonly used to reduce the large quantity of text produced by in-depth interviews to a manageable form. Research (Glaser & Strauss 1967; Neuman 2006; Taylor & Bogdan 1984) shows that in qualitative
research, concept formation is an integral part of data analysis, and that it begins during data collection by coding data into conceptual categories. Considering the importance of the coding process, and the difficulty in dealing with the abundance of text, in this study coding was employed to design and build a database, using the functionality of Structured Query Language for the support of interview data input and manipulation. The database used was a purpose designed and built for this study by the researcher using Microsoft Access 2000 technology, and was capable of storing interview data, managing interview scheduling, and generating analytical queries and reports. The reasons for the use of the database technology were based on the researcher’s expertise on building and managing databases, the empirical feasibility in terms of manipulating the interview data, and a lack of fund to acquiring off-the-shelf qualitative analysis software. More details on the use of a database technology with Structured Query Language follow in Chapter Four, Section 4.3.

Coding for the interview questions proceeded prior to analysing the interview data. In the actual coding process, a number of different techniques were considered. As suggested by Taylor and Bogdan (1984), Miles and Huberman (1993), Strauss and Corbin (1998), and Neuman (2006), qualitative data analysis focuses on contents using various techniques such as: a) open coding (the logical analysis of interview transcripts word-by-word, line-by-line, or sentence-by-sentence); b) axial coding (the identification of relationships between open codes); and c) selective coding (the identification of main point from the core codes). These coding techniques were utilised in this study when the interview data were encoded into the database. Although the coding process was iterative, open coding was normally performed in the first instance. Having input the data into the database, the next step was analysing
all the data bearing on categories, themes, concepts, and relationships, and bringing these together for the establishment of the meanings related to the issues and practices involved in knowledge management in small and medium-sized hotels.

The method chosen to analyse the data was of content analysis, in which the focus was the extraction and categorisation of information from the data. In order to uncover central patterns, themes, and interrelationships in the context of hotel knowledge management informed by extant theories, this study employed a method of cross comparison between the interview data and theories. The cross-comparison was recommended by Patton (2002) and aimed to use inductive analysis and creative synthesis. Cross-case analysis and pattern searching using divergent techniques forces the researcher to look beyond initial impressions and to see evidence through multiple lenses (Eisenhardt 1989). The elements identified from the findings of the study and from the literature were compared and some gaps and variances were revealed. The findings on the comparison of the elements with the existing literature are presented in Chapter Seven. The categories emerged during the process of analysing the interview content were discussed fully in Chapter Five and Six.

3.6.3. Interpretation

Hermeneutics was considered as the major mode of analysis in this study. Klein and Myers (1999) argue that the principle of the hermeneutic circle should underpin all interpretive research. The basic question in hermeneutics is *what the meaning of this text is* (Radnitzky 1970). Hermeneutics can be understood as both an underlying philosophy and a specific mode of analysis (Bleicher 1980). As a philosophical
approach to human understanding, it provides the philosophical grounding for interpretivism. As a mode of analysis, it suggests a way of understanding textual data. Although there are many different modes of analysis for the interpretation of the data in qualitative research, such as grounded theory, hermeneutics, semiotics, narrative and metaphor approaches, in this study hermeneutics was used as a specific mode of analysis.

Interpretation in the sense relevant to hermeneutics is an attempt to make clear and to make sense of an object of study. It aims to bring to light an underlying coherence or sense (Taylor 1976). As suggested by Ricoeur (1974), interpretation is the work of thought which consists in deciphering the hidden meaning in the apparent meaning. Since this study was largely concerned with the meaning of the interview data whether verbal or written, the adoption of hermeneutics enhanced the reduction of the gap between the original textual data collected from the interviewees and the hidden meanings of the data which the researcher came to understand. This understanding was achieved by iteratively integrating a contemplation of the interrelated themes, elements, and categories that make up a whole.

3.7. Model Development

This research models the phenomenon of knowledge management application in the domain of small and medium-sized hotels through the viewpoints of owners/managers. Regardless of the size, all the case hotels found it difficult to determine their paths to knowledge management. This is because managing knowledge is an enterprise wide issue where the fulfilment of organisational goals can
involve many factors. As such, there is a clear need for practical directions for the effective adoption of knowledge management. In order to address this need, the researcher has developed a model, called PathFinder. The model is constructed based on the emerging concept of path knowledge in Chapter Five. It entails a wide array of influential factors linked to the path knowledge concept. Based on the result of the categorisation and comparative analysis to group and regroup the interview data, the factors are classified under two major dimensions: internal resource factors and external resource factors. The internal resource dimension consists of five factors, while the external resource dimension includes another five factors.

The conceptual understanding of the domain was based on the analysis of primary interview data, and supported and validated by the secondary data. The process of the development of the model was iterative and incremental. The model was generated inductively from the systematic collection and analysis of the interview data, as well as informed by the existing literature. In this development of the model, two principles in determining sample size of the interviewee population were adopted. First, the sample should be able to allow the researcher to investigate the phenomenon of interest from all relevant perspectives. Second, the sample size should be increased until no new points were heard, that is to where it had reached theoretical saturation (Douglas 2003; Goulding 2002; Locke 2001; Strauss & Corbin 1998). According to Strauss and Corbin (1998), theoretical saturation is reached, in three ways: i) no new or relevant data seem to emerge regarding a category; ii) the category is well developed in terms of its properties and dimensions, demonstrating variation; and iii) the relationships among categories are well established and validated. More detailed information on the development of the model was presented in Chapter Six.
3.8. Evaluation of the Research

This research entailed an exploratory study of knowledge management in small and medium-sized hotels. The research approach chosen to meet the research objectives was an interpretative and qualitative one. The measures of the rigor of this study and the credibility of its findings emerged from the interpretive qualitative research literature. Evaluation in Chapter Seven presents a self-reflection on assessment of the study considering the degree to which the research meets recognised principles for conducting interpretative and qualitative research. The research has been evaluated in terms of the research methodology, processes and the research outcomes. More detailed information on how those aspects of the research were assessed follows in Chapter Seven.

3.9. Conclusions and Summary

The most appropriate philosophical and methodological basis to achieve the aims of this study was determined to be those of interpretive qualitative research. The philosophical assumptions led to the selection of qualitative research methodology compatible with socially constructed forms of empirical evidence gathering. In particular, the use of interviews provided access to the perceptions and meanings of the interviewees with regard to the theory and practice of knowledge management in the hotel industry. From the epistemological perspective, an interpretive qualitative approach was also deemed to be the most appropriate means of conducting this research. The ontological perspective also necessitated the adoption of research
methodologies that made sense of the real world situation, through socially constructed and mediated meanings. As a result, the approach taken was subjectivist, working from the assumption that reality was personally interpreted and socially constructed within an interpretive framework, thus allowing the interviewees in the research to exert a considerable influence on its essential questions and findings. Taking into consideration the likelihood that individuals make sense of and create knowledge about the world around them through understandings, experience and interrelationship in context of situation and prior experience, knowledge as something that is emergent, flexible and situational rather than a fixed and predefined entity.

In explaining the methodology chosen for the study, this chapter firstly illustrated the philosophical assumptions associated with the research, where two important paradigms were described. In line with those assumptions, the research discussed and adopted the qualitative research methodology. Having examined the advantages and limitations of various methods, the interview method was chosen in the belief that its advantages outweighed any deficiencies it might have. Adoption of an interpretative qualitative approach, with the use of interview method for data collection method was deemed to be a valid methodology for this research aimed at theory building. This chapter also outlined how the research was actually carried out, by describing major steps taken, which included the selection of the interviewees, the design of the interview questions, the actual conduct of the interviews, and ethical considerations. The use of semi-structured interview questions was beneficial to the research, in which thirteen small and medium-sized hotels participated, resulting in thirteen face-to-face in-depth interviews. The semi-structured design of the interview questions
gave the researcher further opportunities to explore the research questions in a greater depth in the context of particular answers.

As an essential part of the analysis of the interview data, the following chapter will discuss how the data are organised and analysed. The chapter includes summaries of the data collected, in relation to the organisational and interviewee profiles along with the practices in knowledge management in small and medium-sized hotels. It also discusses how the data are standardised in a uniform way with which a purpose built database is used in order to help to coordinate a systematic analysis of the data. Furthermore, it includes how the data are analysed with the use of qualitative analysis techniques and procedures.
4. CHAPTER FOUR: ORGANISATION OF DATA

4.1. Introduction

This chapter explains how the interview data were organised, analysed and interpreted that supported the formulation of the path knowledge concept in Chapter Five and the development and validation of a knowledge management path model in Chapter Six. This study applies an iterative and incremental approach in the process of organising, analysing, and interpreting the interview data. The pertinent data are constantly compared, categorised and refined against each other. In so doing the study identifies patterns represented by themes, categories, and relationships of the domain. The rationale of the process of organising, analysing, and interpreting the interview data serves two main objectives: i) to formulate the domain of hotel owners/managers’ knowledge into a more explicit format to uncover issues and practices in their knowledge management; and ii) to convert the raw, unclassified data into information that systematically support the formation of the concept and the development and validation of the model.

As this research is grounded on an interpretive qualitative approach, some of the commonly practised qualitative data analysis techniques such as coding and content analysis were employed to enhance the rigorousness of the analysis and interpretation process. This chapter illustrates how such techniques were used to help the analysis and interpretation of the interview data. In coding and analysis, the major concern was with regard to how to deal with the large quantity of free flowing texts gathered
through the interviews, therefore how to better facilitate the large quantity of texts to a manageable form.

In order to address such issue, the interview data were standardised into a uniform format as a basis for comparison of the data, and a database was purposefully designed and built, capable of storing interview data, managing interview scheduling, and generating analytical queries and reports. Among functionalities in the database, the use of Structured Query Language supported comparison of the data by generating various queries dynamically. Moreover, in conjunction with the standardisation of the data and the use of the database technology was helpful not only for data input and manipulation, but also for understanding the data. Graphic depictions of the examples including the use of a purposefully designed and built database with Structured Query Language facilities are interspersed throughout the chapter.

This chapter is structured into eight sections. The introduction in Section 4.1 provides a brief overview of the chapter. The description of data sources in Section 4.2 includes organisational profile, interviewee profile and the status of knowledge management in each hotel interviewed. The standardisation of the interview data in Section 4.3 explains how the data are formatted in a uniform way to support the analysis process. A purpose built database in Section 4.4 illustrates the use of database technology in this study. Queries in Section 4.5 show how the data are manipulated with the use of Structured Query Language in order to understand them. Analysis of data in Section Error! Reference source not found. demonstrates how the data are analysed and understood in which the technique of cross comparison is also explained. Section 4.6 provides concluding remarks and a summary.
4.2. Description of Data Sources

The description of each interview data includes the profile of each hotel and the interviewees, and detailed summaries of each hotel’s issues and practices in knowledge management.

4.2.1. Organisational profiles

The unit of analysis for this research is the small and medium-sized hotel sector in the Australian tourism and hospitality industry, with thirteen face-to-face in-depth interviews being conducted. The reasons for choosing the sector were outlined in Chapter One, and hence present a relevant source of data. Premises covered in this study include hotels, bed and breakfast establishments, youth hostels, motels/inns, and serviced apartments. The origin and definition of the hotel concept explain the inclusion of various establishments for the study. The term *hotel* derives from the French hostel, which is often defined as an accommodation establishment offering guest rooms, food and beverage, and amenities to guests. Internationally, the main purpose of a hotel is generally regarded as the provision of overnight accommodation to travellers, with the supply of food, beverage and other services as secondary services. These customarily known terms has been influenced the understanding of the term being used in Australia, so does this research. In this study, the term *hotel* refers to establishments focusing on the provision of bed service with or without the supply of food, beverage and other services to travellers and/or to the public.
While the various establishments fit into the general category of hotels, more specific distinctions between the establishments were identified during the interviews. Hence hotels in the purest sense, are licensed to operate a public bar and to provide accommodation on a room/suite basis, with a bath/shower and other facilities in most guest rooms, but do not have full cooking facilities (such as hot plates and oven/microwave) in most guest rooms. Serviced apartments and motels/inns mostly comprise self-contained units at the same location, and are available on a unit/apartment basis to the general public for a minimum of one night. The units all have full cooking facilities (i.e., hot plates and oven/microwave), refrigerator and a bath/shower and other facilities. All bed linen and towels are supplied and daily servicing (cleaning and bed making) is available through the on-site management. Bed and breakfast establishments and youth hostels are not licensed to operate a public bar. They provide accommodation on a room/suite basis, with a bath/shower and other facilities in most guest rooms, but do not have full cooking facilities (i.e., hot plates and oven/microwave).

The majority of establishments investigated for this research were hotels, with a small minority being bed and breakfast establishments, motels/apartments and in one case, a hostel. All the hotels were operated by owners/managers, with in three cases a co-ownership and management arrangement with family members in operation. Some establishments identified their clients as being the public or anyone, while others used more specific travel-related term such as leisure and business/corporate clients to their target segments. Most hotels interviewed were private hotels and as such, their turnover and profit details were not publicly available. Of the thirteen premises
participating in the research, five establishments were involved in a star rating scheme.

In terms of the size (i.e., the number of employees), the hotels participated in this study are divided into three types of small and medium-sized hotel businesses that are categorised as S1, S2, and S3 respectively. S1 refers to hotels that are operated by owner/manager(s), including at least one or two family members. Hotels CH3, HH8, and IH9 fall into this category, S1. S2 means a hotel that is operated by owner/manager(s), with at least one or two family member(s), but also employing several more staff. This includes BH2, DH4, EH5, FH6, GH7, and JH10. Type S3 refers to hotels run by the owner/manager(s), not only with at least one or two family member(s) but also employing a substantial number (more than thirteen) of staff. This includes hotels AH1, KH11, LH12, and MH13. In all cases, the staff of each type of hotel tended to be casual or part-time in nature rather than being fulltime employees.

To maintain confidentiality, each organisation was given a code in which two capital alphabetic letters and one numeric number were combined, such as CH3, HH8, and IH9. The first capital letter and the number are in the same ascending order, in numeric and alphabetic order respectively. For example, the number 3 goes with the letter C, which is the third letter in alphabetical order. Likewise, the number 8 goes with the letter H, which is the eighth letter in alphabetical order. The second capital letter H is a constant to each hotel signifying Hotel. With an assigned code the organisation’s size by the number of employee(s), the types of the establishment, star rating (when available) and their target segment(s) and ownership and management information are presented in Table 3 below.
<table>
<thead>
<tr>
<th>Organisation Code/Size categories (S1/S2/S3)</th>
<th>Employee Number (Full-time / Casual)</th>
<th>Establishment type</th>
<th>Target segment</th>
<th>Star rating</th>
<th>Ownership &amp; Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>AH1 (S3)</td>
<td>20 (4/16)</td>
<td>Motel/Inn &amp; Apartment</td>
<td>Business &amp; Leisure</td>
<td>4.5</td>
<td>Family owned managed</td>
</tr>
<tr>
<td>BH2 (S2)</td>
<td>4 (2/2)</td>
<td>Hotel</td>
<td>Public</td>
<td></td>
<td>Family owned managed</td>
</tr>
<tr>
<td>CH3 (S1)</td>
<td>2 (1/1)</td>
<td>Hotel</td>
<td>Public</td>
<td></td>
<td>Family owned managed</td>
</tr>
<tr>
<td>DH4 (S2)</td>
<td>12 (2/10)</td>
<td>Hotel</td>
<td>Public</td>
<td>4</td>
<td>Family owned managed</td>
</tr>
<tr>
<td>EH5 (S2)</td>
<td>7 (1/6)</td>
<td>Hotel</td>
<td>Public</td>
<td></td>
<td>Family owned managed</td>
</tr>
<tr>
<td>FH6 (S2)</td>
<td>6 (2/4)</td>
<td>Hotel</td>
<td>Public</td>
<td></td>
<td>Family owned managed</td>
</tr>
<tr>
<td>GH7 (S2)</td>
<td>5 (2/3)</td>
<td>Hotel</td>
<td>Public</td>
<td></td>
<td>Family owned managed</td>
</tr>
<tr>
<td>HH8 (S1)</td>
<td>3 (1/2)</td>
<td>B&amp;B</td>
<td>Public</td>
<td></td>
<td>Family owned managed</td>
</tr>
<tr>
<td>IH9 (S1)</td>
<td>2 (1/1)</td>
<td>Hotel</td>
<td>Public</td>
<td></td>
<td>Family owned managed</td>
</tr>
<tr>
<td>JH10 (S2)</td>
<td>4 (2/2)</td>
<td>B&amp;B</td>
<td>Business</td>
<td></td>
<td>Family owned</td>
</tr>
</tbody>
</table>
The interviewees were asked a total of thirty top level semi-structured questions. Some of the discussions between the researcher and the interviewees went beyond the scope of the questions initially described in the list of questions that had been previously provided to interviewees. That was particularly the case when discussing and seeking feedback on the path knowledge concept and the knowledge management path model. The focus of the interviews was on practices and issues in the course of hotels’ knowledge management from the industry practitioners’ (i.e., owners/managers) point of views. The interviewees were selected predominantly from within the Melbourne Metropolitan area, due to the limitation of resources available to the researcher, such as time, location, and funding.

Each interview lasted approximately between an hour and one-and-a-half hours. Thirteen face-to-face in-depth interviews were conducted including three with Front
Managers, one of was a junior and two of whom were senior hotel managers, and ten owners/managers (i.e., owners who were also managers). During the interviews, owners/managers were able to provide more context to the practices and issues of knowledge management in relation to their own hotels than could those managers who were employees. The interviewees had a variety of hospitality-related business backgrounds such as hotel management, and food and bar management. Their experience in the hotel industry ranged from four to over twenty five years.

Similar to the code given to each hotel, codes were used for each interviewee in order to preserve confidentiality. Two capital letters were combined with a numeric number, such as CM3, HM8, and IM9. The second capital letter M was common to each interviewee and stood for Manager. The first capital letter and the number were in the same ascending order, numerically and alphabetically. For example, the number 3 goes with the letter C, which is the third letter in alphabetical order. Likewise, the number 8 goes with the letter H, which is the eighth letter in alphabetical order. Table 4 provides a brief summary of interviewees’ profiles including education, gender, role or position and years with the business or the industry.

<table>
<thead>
<tr>
<th>Interviewee Code</th>
<th>Education</th>
<th>Gender</th>
<th>Role/Position</th>
<th>Years with the business</th>
</tr>
</thead>
<tbody>
<tr>
<td>AM1</td>
<td>Degree in Hospitality Management</td>
<td>Male</td>
<td>Front Manager</td>
<td>7</td>
</tr>
<tr>
<td>BM2</td>
<td></td>
<td>Male</td>
<td>Owner/Manager</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Certificate in Business</td>
<td>Male</td>
<td>Owner/Manager</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-------------------------</td>
<td>------</td>
<td>---------------</td>
<td>---</td>
</tr>
<tr>
<td>CM3</td>
<td>Diploma in Hospitality</td>
<td>Male</td>
<td>Owner/Manager</td>
<td>2</td>
</tr>
<tr>
<td>DM4</td>
<td>Diploma in Hospitality</td>
<td>Female</td>
<td>Owner/Manager</td>
<td>7</td>
</tr>
<tr>
<td>EM5</td>
<td>Certificate in Hospitality</td>
<td>Female</td>
<td>Owner/Manager</td>
<td>5</td>
</tr>
<tr>
<td>FM6</td>
<td>Diploma in Hospitality</td>
<td>Male</td>
<td>Owner/Manager</td>
<td>4</td>
</tr>
<tr>
<td>GM7</td>
<td>Diploma in Hospitality</td>
<td>Female</td>
<td>Owner/Manager</td>
<td>3</td>
</tr>
<tr>
<td>HM8</td>
<td>Diploma in Business</td>
<td>Male</td>
<td>Owner/Manager</td>
<td>5</td>
</tr>
<tr>
<td>IM9</td>
<td>Degree in Business</td>
<td>Female</td>
<td>Owner/Manager</td>
<td>5</td>
</tr>
<tr>
<td>JM10</td>
<td>Degree in Hospitality</td>
<td>Male</td>
<td>Front Manager</td>
<td>15</td>
</tr>
<tr>
<td>KM11</td>
<td>Diploma in Hospitality</td>
<td>Male</td>
<td>Front Manager</td>
<td>6</td>
</tr>
</tbody>
</table>

**Table 4: Interviewee profile**

In addition to the formal interviews with the hotel industry practitioners, the researcher also conducted six informal interviews with academics from different academic backgrounds such as Management, Business, Information Technology, and Hospitality and Tourism. These interviews were more of the nature of informal discussions, as the selection process of interviewees was organised in a far looser manner than that of the formal ones. The aim of these interviews was to seek feedback on and refinement of the knowledge management path model. All of the interviewees falling into this category were encountered by the researcher during conference trips and at workshops.
At various points, the dialogue between the researcher and the interviewees naturally led in the direction of the aspects that the interviewees were more familiar with or interested in. For example, one interviewee in particular talked more about the issues of doing businesses in hospitality and tourism than about those of knowledge management. Another interviewee focused more on issues on the technology side, based on his expertise on Knowledge Engineering. Although these interviews were conducted informally, the valuable feedback gathered from the interviewees contributed to the refinement of the concept and the model.

4.2.3. Status of knowledge management

As described above, the profiles of each hotel and each owner-manager were diverse, and so was the status of knowledge management in practice. All the hotels concerned had been engaged in their own, different practice of knowledge management. However, they were all alike in that they did not adhere to any academic concept of knowledge management nor were they operating dedicated planned knowledge management projects. Few hotels had even considered planning and implementing a formal knowledge management initiative. Nonetheless, within their various levels of adoption, some hotels had adopted a strategic view of knowledge management, while others were with knowledge management more at an operational level. All the owners/managers interviewed believed that knowledge could be managed.

In the smaller hotels (i.e., the size categories S1 and S2), a significant amount of knowledge was not explicit, and existed largely in the minds of owners/managers and in organisational routines. Knowledge management focused on utilising
owners/managers’ capability, as in most cases they were the only full time staff in the business. On the contrary, the owners/managers in hotels with a substantial number of staff employed (i.e., the size category S3) were able to make use of computerised systems for the storage and retrieval of knowledge. Hence, while in the smaller hotels, knowledge was mainly in tacit, being held in the heads of owners/managers, in hotels in the S3 category, owners/managers treated knowledge as explicit because they relied on both computerised and non-computerised systems.

Irrespective of the different size of the establishment, the owners/managers shared the wish to grow and be successful. In strategic terms, knowledge has emerged as the source of growth through generating revenue. All the hotels involved were predominantly oriented towards customers, marketplace performance based on the delivery of differentiated products and services. Acknowledging knowledge as a key resource and a source of competitive advantage, the owners/managers regarded their hotels as being knowledge-based, and they had been integrating knowledge management activities to facilitate this. Even though there were few systematically designed projects or programs for managing their organisational knowledge, all the owners/managers interviewed were exercising ad-hoc knowledge management approaches as the need arose. In the hotels, this entailed a range of activities to do with the acquisition and creation of knowledge, and with its dissemination and use. Along with these core knowledge management activities went the widespread involvement of external entities in such activities. Chapter Five provides more detailed analysis on these from the interview data. Table 5 summarises the current status of knowledge management, based on each hotel’s issues and practices in knowledge management.
### Status of knowledge management

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Issues and practices</th>
</tr>
</thead>
</table>
| **AH1**      | - Knowledge management was practised in obtaining, sharing, storing and creating knowledge where technology played an important role.  
- Considered knowledge as a source of the business focusing on quality assurance scheme, training employees, utilising knowledge and building knowledge bases.  
- The hotel was in the franchising business as franchisor, where selling physical products and services (i.e., beds) as well as knowledge products and services (i.e., hotel chains).  
- Strategic direction, technology (computerised systems), and leadership were regarded as paramount factors. |
| **BH2**      | - Knowledge management was practised through knowledge sharing mainly informally.  
- No particular information technology was used for knowledge management, except the traditional technology of the telephone, fax, and manual system.  
- More knowledge sharing was going on while little knowledge creation was involved.  
- Owners/managers’ knowledge was the knowledge base of the hotel. |
<p>| <strong>CH3</strong>      | - The hotel’s revenue was generated from selling physical products and services. |</p>
<table>
<thead>
<tr>
<th></th>
<th>The owner/manger ranked competition (competitors) and location of the hotel as the most important issues.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The manager considered the principal constraints to the learning and growth of the hotel as external influences such as external attractions, surroundings, and lack of knowledge in customer demand.</td>
</tr>
<tr>
<td></td>
<td>Knowledge in owner/manager’s head and best practices was the kinds of knowledge in terms of value to the hotel.</td>
</tr>
<tr>
<td>DH4</td>
<td>Networking through collaboration with competitors and suppliers.</td>
</tr>
<tr>
<td></td>
<td>Exchanging knowledge as a major knowledge management practice was encouraged between experienced and new recruits through apprenticeship and training.</td>
</tr>
<tr>
<td></td>
<td>Regular staff meeting utilised the hot spot of gathering and sharing knowledge.</td>
</tr>
<tr>
<td></td>
<td>The hotel Web site and email have been established and email for customers.</td>
</tr>
<tr>
<td>EH5</td>
<td>There was an awareness of the importance of knowledge management by the owner/manager.</td>
</tr>
<tr>
<td></td>
<td>Collaboration with suppliers and competitors.</td>
</tr>
<tr>
<td></td>
<td>Sharing knowledge with staff</td>
</tr>
<tr>
<td></td>
<td>The hotel did not provide its Web site, while email address was established for bookings and information to customers</td>
</tr>
<tr>
<td>FH6</td>
<td>There was no particular information technology used for knowledge management, except the telephone and fax.</td>
</tr>
<tr>
<td></td>
<td>Sharing knowledge, training staff, acquiring and use of</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
| **GH7** | - Too time consuming was the reason for non-involvement in knowledge management projects.   
|   | - The hotel ranked competition in the market as the most important factor.   
|   | - Sharing knowledge, new staff training, monitoring competitors’ services, products, and prices |
| **HH8** | - The traditional way of direct face to face communication, is regarded the way to do business and knowledge management   
|   | - Very limited effort was made on knowledge management.   
|   | - Acquisition and use of knowledge |
| **IH9** | - Knowledge management was not well understood nor well practised, but still some knowledge activities were practised such as sharing owner/manager’s knowledge with suppliers, obtaining external knowledge to comply with (legislations), utilising knowledge.   
|   | - There was no particular information technology used for knowledge management, except the telephone and fax. |
| **JH10** | - Innovatively operating the business, for example the introduction of bed and brunch to offer more personalised services in meeting customer demands. |
|   | - Lack of manpower in managing knowledge   
|   | - The use of information technology such as Internet/email played a role in obtaining, exchanging and distributing information. |
| KH11  | - Knowledge management was practised in capturing, sharing, storing and creating knowledge.  
|       | - As the hotel is in franchise business, knowledge regarded as a source of revenue generation  
|       | - There was a need for strategic guidance to knowledge management  
|       | - Technology was regarded as a marketing and operational tool.  
|       | - Knowledge management activities involved in the hotel included training employees, sharing and utilising knowledge, quality assurance scheme, and building knowledge bases. |

| LH12  | - As a franchisee of a hotel chain, knowledge was obtained through franchisor, and sharing and utilising the knowledge.  
|       | - Also involved in knowledge management related activities such as quality assurance scheme and training employees.  
|       | - Difficulty in communicating information within the hotel and external entities (customers and other business partners).  
|       | - Technology played an important role in maintaining and utilising customer related information as well as operational activities. |

| MH13  | - Knowledge management used to address business needs including sharing, obtaining, using, distributing and maintaining knowledge.  
|       | - The use of external knowledge from the franchisor  
|       | - Other activities in knowledge management was in the area of regular staff meeting, mentoring, business planning and developing in-house events, menus and facilities.  
|       | - Technology was a major operational support in making |
international reservations, maintaining customer information, daily administrative tasks.

Table 5: Status of knowledge management

4.3. Standardisation of Data

For studies such as this one, a degree of data standardisation was necessary to form a basis for comparison. The data standardisation phase was the initial step of the data analysis and interpretation process. At this stage, the research had been focused on producing a detailed transcription of the interview data. All interview data were transcribed into a uniform format, such as questions and their corresponding answers. All interviews were audio recorded, except in the case of three for which the note taking method was utilised. Each hotel’s interview was transcribed and then, the format of the interview data was standardised. In this research, all audio interview data were first transcribed into a text format soon after completing each of the interviews.

Each interview was given an identification code which was the same to that of each hotel. For example, an owner/manager’s interview at hotel BH2 was given the interview code of BH2 (For each hotel’s identification code, refer to Section 4.2.1 Organisational profile). In order to manipulate interview answers, the interview questions and answers were also assigned codes. The assigned code allowed various queries that could be designed and executed during the analysis and interpretation phase. The format of the code is the combination of the interview question number, plus a code of each hotel such as CH3 - Q6, DH4 - Q6, GH7 - Q6 and so on. For
example, the interview with question 11 at hotel MH13 was recorded into the following format:

MH13- Q11: Is there a shared understanding of the kinds of knowledge that are important to the hotel?

“In my view the most important knowledge that a hotel needs to have in relation to keeping this business on is [the ability of] being able to amend the problem situation and take actions to improve the quality of business operation” (MH13).

The term ability within the square bracket in the above example is inserted by the researcher at the standardisation process, and can be used in the analysis process to increase the capacity for the support of the processes of categorisation and conceptualisation. Using a square bracket around the term allowed the researcher to distinguish between the inserted terminologies and the original thought of the interviewees in the context of the interview taking place. The original data was not rephrased during this process. Wherever appropriate, commonly used academic terminologies were inserted into the interview data source in a square bracket (to make distinction between the researcher’s interpretation from the original interview data) to support the analysis and interpretation phase.

Such approach is similar to the frequently used qualitative data coding process, while providing an enhanced capability in terms of being able to keep the original source of data free from being rephrased by a researcher. Some of the answers were formatted
as numbers rather than text in order to make clear presentation. For example, at hotel AH1, the number of employees were recorded as 18 (3/15) instead of eighteen (three/fifteen). Each interviewee’s gender was recorded as Male or Female, instead of using acronyms such as M (for male) or F (for female). This data standardisation was performed with the use of database technology.

4.4. A Purpose-Built Database

This study used a database application to help manipulation of the interview data. The term database refers to database management programs that are computer programs with which people design and construct databases. Microsoft Access 2000 is such a program. With the use of the program, the researcher purposefully designed and built a database which provided a means of entering and storing the interview data, and generating analytical queries and reports. In the database, this study mostly dealt with objects such as Tables, Forms, Queries, and Reports. As these objects form the basis of the data standardisation and manipulation, an overview of the use of them follows below.

4.4.1. Tables

Three tables were created to contain the interview data. Tables were composed of records (rows) and fields (columns) and were displayed in a tabular format. All interview data were distributed into three different tables of the database. The three tables were entitled respectively, organisational profile, interviewee profile table and interview main. As the interview data were stored, the tables were the source of data
manipulation, where each interview and interviewee was assigned with identification codes. The details of the formation of the codes were explained in Section 4.3, Standardisation of data. Each table contains organisational and/or knowledge management related information of hotels. Figure 1 illustrates a snapshot of one of the three tables, organisational profiles.

![Organisational profile table](image)

**Figure 1: Organisational profile table**

### 4.4.2. Forms

Following the completion of formatting the interview data in the uniform way, each of the completed transcriptions was entered into the database. The data were entered into the database directly by copying or typing the text into the relevant section of the columns in relevant tables in the database. This method of data entry is relatively crude, due to less technical support in relation to systematic input. Thus, an alternative technique was chosen to facilitate data entry systematically, for which a main data entry form was designed. This approach provided better technical support for systematic data entry than the other one through a user-friendly input form thus, avoiding data entry errors.
Each interview was assigned with a code, which was the same as the code of each hotel. All interview data as answers entered into the data entry form in which the corresponding interview questions were included. Figure 2 is a snapshot of the interview data entry form, which allowed the researcher to systematically record all the individual interview data into a uniformed format.

![Figure 2: The interview data input form](image)

### 4.4.3. Reports

The use of database technology also facilitated better communication and distribution of the interview data. Based on the tables constructed, several reports were produced by utilising the object of *Reports*. The usefulness of the generation of reports was for communicating with others in an organised way. In this study there were occasions to
interview and discuss the research findings with academics and industry practitioners at conferences, seminars and workshops where some reports were printed and distributed to those participants. Data in reports were structured to make them more presentable than a table format. Reports were generated from one table, two tables and/or three tables depending on the information needed. In order for this to happen, relationships between the tables had been established. The relationships are the link to another table in which tables are related by using a common field. This approach is the relational model approach which uses two or more tables connected by relations between common fields in the tables. Figure 3 shows an example of a report about the hotels’ profiles.

![Hotel profile report](image)

In order to see patterns in the data, it was necessary to use a means of grouping, sorting, and querying functions. Grouping, as the name suggests, involves the grouping together of similar data in the report. Sorting operates to rearrange data in a way that makes it easier for the researcher to understand the data, as reports could
include data from more than one table, by creating queries which provide the data
needed for the report. A query is a specialised searching tool, similar to Find, except
that there is no need to redefine the search each time it is run. This study generated a
lot of queries in the process of analysis of the data.

4.5. Queries and Structured Query Language

One of the best ways to view selected data in the database is by using the object
Queries. Querying is a useful technique for extracting information from a table or
groups of tables in databases using specific computer recognisable languages.
Structured Query Language is a computer query language, and can be used to execute
commands on relational databases to add, search, update, and to delete records from
databases. A relational database management system is a database management
system where the database works according to the relationships between data.
Relational database management systems were invented by IBM in the early 1970’s
and are the basis for Structured Query Language, and for all modern database systems
like Microsoft Access. In this research the Structured Query Language, as a data
manipulation means, was used for extracting information from the purpose-built
database, where the raw interview data were stored. The main queries constructed and
used in this study included three categories: 4.5.1) by interviewee; 4.5.2) by question;
and 4.5.3) by keyword. An overview of the categories is as follows:

4.5.1. By interviewee
This type of query was generated to group the interview answers by individual interviewees in order to seek the overall picture of a particular view point of an individual interviewee. It shows how the result of a query can give a comprehensive view of the understanding of the domain area that the hotel owners/managers possess. The Structured Query Language syntax for extracting the data from the interview database for the aforementioned purpose was: 

```
SELECT [Interview main].Interview ID? FROM [Interview main].
```

In this syntax, the term SELECT denotes a type of query SELECT which allows one to view and edit individual data items. The question mark ? denotes the ID of the interview. The Interview main in the square brackets denotes the name of the table in the database, where the interview data are stored. The full result of the query (i.e., the interview ID is equal to KH11 (i.e., ? = KH11)) has been presented in Appendix 4, while a partial result of the query follows below, with the interview question followed by the corresponding answer of the hotel manager KM 11.

Interview question 7:

With knowledge now widely recognised as a key resource and source of competitive advantage, many companies regard themselves as knowledge-based and have adopted strategies to facilitate this. Do you see it as relevant to your hotel?

Corresponding answers by a specific hotel manager KM11:
“I think we are a knowledge-based company, as you might have known that this hotel has its own computerised reservation system, and customers can confirm their booking via either travel agencies or website instantly. We do not have staff with doctoral level qualifications yet, but we have quite a few staff with Master’s qualifications here. Now most of the supervisor level staff have a degree or advanced diploma in our hotel. We treat knowledge seriously.”

......

...... [Omission of the rest of data]

The information produced by this type of query was also used to weigh the importance of relevant views from each individual, when views from different interviewees on a particular topic had been contradictory or conflicting. These kinds of views might not be an obstacle, yet rather a desirable in the context of social science studies in better understanding the phenomena under investigation. Although the frequency of the information mentioned by the interviewees was not considered as a determining factor in this study, it was not completely disregarded with the assumption that if a particular interviewee showed a good overall domain understanding, then his or her view on the domain model might potentially carry more weight than an interviewee who expressed less overall understanding on the domain matter. As a result, the process of conceptualisation included dominant views that support the construction of the model.

4.5.2. By question
This query type was used to group answers by individual topic questions to make the views of different interviewee comparable for any given question or any aspect of concern. The Structured Query Language syntax for extracting the data from the interview database for this purpose was: `SELECT [Interview main].Q ? FROM [Interview main]`. The term SELECT denotes a type of query which allows to view and edit individual data items. The question mark Q? denotes the ID of the question. The Interview main in the square brackets denotes the name of the table in the database, where the interview data are stored. For example, when running a query ? = Q 9, following information was returned.

Interview question 9:

What would you define as knowledge in the context of hotel management?

Corresponding answers by each manager:

“`Knowledge is about the capacity of effective managing valuable intangible resources`”. (AM1)

“`Everything is knowledge. It should be part of the organisational knowledge. But maybe staff’s ability to handle customers and business partners is more important`”. (JM10)

“`... Sum it up, it is know-how, a real knowledge. For example, knowledge about how to manage staff, and knowledge of what customers want`”. (LM10)
The execution of this type of query allowed the researcher to compare different views among different interviewees relating to individual question or specific aspects in order to enhance the understanding on concepts, categories, and relationships in the domain area.

4.5.3. By keyword

This query was to group the views of interviewees by matching key terms for the support of the formulation of concepts, categories and relationships. The query syntax for extracting the data from the interview database for this purpose was: 

```
SELECT [Interview main].Q? FROM [Interview main] WHERE ((([Interview main].Q?) = "term n"))
```

The term SELECT denotes a type of query SEELCT which allows to view and edit individual data items. The question mark Q? denotes the ID of the question. The Interview main in the square brackets denotes the name of the table in the database, where the interview data were stored. The execution of this type of query helped the researcher to investigate the views of individual interviewees relating back to certain keywords.

Keyword search operators were used, as a well-defined query greatly improves the chances of finding the information. Operators are the rules or specific instructions used for composing a query in a keyword search. The following were among the most used operators in this study: Boolean AND and OR. These operators connect keywords in the query where: AND requires that both terms are present somewhere within the database being sought; OR requires that at least one of the keywords is
present. When used, the operators need to be capitalised as shown below. For example, the following query syntax: 

```
SELECT [Interview main].Q9 FROM [Interview main] WHERE ((([Interview main].Q9) = “ability”)) OR ((([Interview main].Q9) = “staff”)).
```

Q9 denotes the interview question (i.e., What would you define knowledge in the context of hotel management?) and “ability” or “staff” was the optional two keywords queried. This query with the operator OR resulted in information relating to how the term ability or staff was expressed by individual interviewees.

With the use of operator AND, the example syntax as follows: 

```
SELECT [Interview main].Q9 FROM [Interview main] WHERE ((([Interview main].Q9) = “ability”)) And ((([Interview main].Q9) = “staff”)).
```

Q9 denotes the question (i.e., What would you define as knowledge in the context of hotel management?) and the “ability” or “staff” were the two keywords queried. This was able to produce a set of different views, in which the only results returned were the interviewees who had linked the keywords both “ability” and “staff” together in their responses.

A variation of the aforementioned query was also used. For example, when adding synonym “capacity” as an optional parameter to the query, the query returned more information from the database. Table 6 summarises the types of Structured Query Language commands and query categories used in the study to support the analysis and the interpretation of the interview data.

<p>| Summary of the Structured Query Language Commands |</p>
<table>
<thead>
<tr>
<th>Query Category</th>
<th>Query Commands Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>By interviewee</td>
<td><code>SELECT [Interview main].Interview ID ? FROM [Interview main]</code></td>
</tr>
<tr>
<td>By question</td>
<td><code>SELECT [Interview main].Q ? FROM [Interview main]</code></td>
</tr>
<tr>
<td>By keyword</td>
<td><code>SELECT [Interview main].Q ? FROM [Interview main] WHERE ((([Interview main].Q?)=&quot;keywords n&quot;)=&quot;keywords n&quot;)</code></td>
</tr>
</tbody>
</table>

Table 6: Summary of the Structured Query Language Commands

Querying by keywords was a dynamic process in the analysis of the interview data. The capability of making multi-keywords by using the Structured Query Language facility made the analysis process a dynamic journey in which different views under any given criteria were produced to support the classification and conceptualisation. Accordingly, the process helped the researcher to identify categories and relationships among the interview data as well as to enhance understanding pertaining to them in the domain. Compared to other approaches such as using off-the-shelf qualitative analysis software or manual comparison of interview data, the use of the Structured Query Language in the database in this study gave the researcher a greater degree of control over the choice on what kind of data for comparison is more dynamically and how the data could be compared without the need for rephrasing the raw data. On the other hand, the use of this approach requires a researcher to have competent practical knowledge on database engineering and Structured Query Language management.

Although the use of the database technology did not mean automatic generation of concepts and categories, the technology along with Structured Query Language,
assisted in content analysis by being able to review large volumes of interview data looking for particular words or concepts, provided these words and concepts had been identified and coded into the database in the first place. This is one of the most powerful features of the database technology. This research has identified and confirmed that the use of Structured Query Language can eliminate the need for rephrasing interview data by a researcher, where most off-the-shelf qualitative analysis software require the qualitative data being rephrased using terminologies by the users to support the categorisation process. In many instances, the practice of rephrasing of data might increase the risks associated with losing the richness of the qualitative data presented to a researcher, and of the potential biases of individual researchers in interpreting the qualitative data.

By contrast, the database with Structured Query Language approach can potentially reduce the subjectivity imposed by a researcher to the data at an early analysis stage. In this approach, the raw data will not be modified or rephrased during the early analysis process. Nevertheless, the technology remains limited in its lack of natural language processing capabilities, and its demand for the researcher to set criteria (such as keywords) for the use of Structured Query Language functions in the database. However, it was a useful tool in enabling the researcher to be objective in the selection of the key words for categories that were by nature indeterminate. The data analysis and interpretation process in this research was assisted by utilising the database’s Structured Query Language facility to dynamically group and regroup data into different categories when the interviews progress.
4.6. Conclusions and Summary

This chapter discussed the process of organisation and analysis of the interview data gathered. For the analysis, all interview data were transcribed from the record and summarised in the same way. The summary of each interview included the profile of each hotel and interviewees, as well as issues and practices in knowledge management. The focus of this phase of the analysis was on gaining an overall familiarity with the transcript in relation to each owner/manager’s explanation and illustration of practices and issues to the course of knowledge management in his or her hotel. The owners/managers provided context for the application of knowledge management in their hotels.

To overcome the difficulty of dealing with large amounts of free flowing text, a database technology with the capability of Structured Query Language was used to support data manipulation. In order to facilitate effective data manipulation, the interview data needed to be standardised into a uniform format, and a database was purposefully designed and built. The database helped the researcher to effectively carry out data manipulation activities including entering and storing interview data, managing interview scheduling, and generating analytical queries and reports. The generation of various queries under the three different categories also helped to better understand the data by identifying categories and relationships. Although the use of the database technology was not straightforward, it was helpful to dynamically group and regroup data into different categories when dealing with the choice of logically uncertain categories.
At the conclusion of documenting each individual case, the analysis then focused on developing categories wholly grounded in the interview data involving cross-case comparisons. The data were compared with each interviewee’s response and then again compared to theory, through which themes, categories and relationships were emerged. A distinguishing characteristic of this cross-case analysis process was that, as more and more database transcripts became part of the analysis, fewer and fewer new categories emerged, and the existing ones became saturated.

The set of coding techniques was used for analysis, where the technique involved in reading and re-reading chunks of text, categorised by researcher-constructed labels that were applied to the text best capturing the description of the phenomenon. Once all text was coded, the concepts were organised by recurring themes. These themes became prime candidates for a set of common categories, which linked a number of associated concepts. The coding process helped to determine set of categories and concepts that covered as much of the data as possible. As this study was interpretive, the use of the qualitative techniques helped the researcher to ensure the quality of the study.
5. CHAPTER FIVE: PATH KNOWLEDGE

5.1. Introduction

This chapter addresses the analysis of the data as well as findings from them. The data are approached by looking at the current status of knowledge management in practice in order to identify key issues affecting the adoption of knowledge management from owners/managers’ point of views in small and medium-sized hotels. In the course of investigating the status of knowledge management practice, particular attention is paid to their perceptions and perceived needs, and related key problems and issues in pursuing knowledge management and in performing key knowledge management activities, as well as to the resource implications of knowledge management. As a result of the analysis of the data, the concept of path knowledge has emerged. The path knowledge concept represents the corporate visions of hotels wherein knowledge management is a part of the integrated business direction and varies accordingly.

Section 5.1 introduces the overall structure, analysis and findings of Chapter Five. Next Section 5.2 discusses the concept of path knowledge. The discussion is based upon perceptions of the current status and the issues involved in the practice of knowledge management in the hotels. The emerging concept of path knowledge comprises knowledge focusing on directional paths to knowledge management in small and medium-sized hotels. In understanding the concept, the existence of different types of paths are identified and placed into four categories. As a hotel’s choice of a path to knowledge management is essentially dependent on two major
aspects, namely the sources of revenue generation and knowledge management activities. The rationale for categorising the four types of paths to knowledge management is hinged on them. The four types of paths are named as: Match, Combination, Divergence and Specialisation.

The path options represent the views of experienced managers who deal with their business intelligence on a day-to-day operational basis. These path options are practical in nature and effective in small and medium-sized hotels as they take into consideration owners/managers’ views. In the conceptualisation of the emerging path knowledge concept, there are associated aspects that need to be discussed. As a fundamental finding underlying the path knowledge concept, Section 5.3 explains revenue generation and resource involvement pertaining to growth vision of the hotels. The relationship between growth vision and knowledge management in the hotels is further explained in Section 5.4. Section 5.5 then distinguishes the differences among the four types of path knowledge concept.

As the analysis of the interview data reveals that a hotel’s path to knowledge management has a close link not only to the activities in knowledge management, but also to the sources of revenue generation, Section 5.6 attempts to uncover the relationships among activities in knowledge management as well as those between revenue generation and the knowledge management activities. This section mainly focuses on two areas: a) the extent to which the acquired knowledge can be used, disseminated and/or contribute to the generation of new knowledge and; b) the extent to which the knowledge used contributes to the generation of new knowledge. An understanding of these issues will contribute to understanding of the relationship
between revenue generation and disseminated knowledge. Section 5.7 summarises some issues in the adoption of knowledge management in which corresponding opportunities have been taken into account. The chapter concludes with a summary and conclusions in Section 5.8.

5.2. The Emerging Concept of Path Knowledge

While the initial aim of conducting face-to-face in-depth interviews with small and medium-sized hotel owners/managers was focused on the status of knowledge management practices and the issues surrounding these, the compelling concept of path knowledge emerged as interviews progressed. All owners/managers interviewed agreed that growth was the key to strategic success and the foundation for the future of their hotels. Embodying the idea of growth in the corporate vision of small hotels predicated the generation of revenues through offering and delivering physical products and services, knowledge-embedded products and services, or knowledge itself as a product and service. Offering and delivering such products and services is closely related to a variety of knowledge management activities intended to leverage the resources and capabilities of hotels.

As the owners/managers perceive that the hotel’s growth is intrinsically related to revenue generation, the management of knowledge has been deemed necessary to enhanced marketplace performance. Thus, the growth vision is the reason for implementing knowledge management practices in the hotels. In these small hotels, the corporate and business levels of strategy operate at the same level. This is due to their size, where the entire business will be involved most likely in only one line of
business. Here the size refers to the number of employees. In this study three types of small hotel businesses have been identified: S1, S2, and S3. More detailed descriptions of this categorisation are provided in Section 4.2.

The key players in operating these hotels are the owners/managers heavily engaged in day-to-day operation. The hotels in categories S1 and S2 are typically owned and operated by one or two people, who have invested a major portion of their wealth and their lives in the business. The management of the hotel is, thus, very much subject to the experiences, skills, personal motivations, attitudes and prejudices of these owner/manager(s). Their level of business knowledge and management skills has significant bearing on the operations of the hotel. Organisational structures are developed around the owners’ interests and their abilities. Those hotels in categories S1 and S2 exhibit flat centralised non-hierarchical structures, whereas those in category S3 are moving towards decentralised and function-oriented structures.

Further, in the hotels in categories S1 and S2 there is normally an informal relationship between the owner/manager(s) and the operating personnel, noticeable in terms of loosely-defined duties and responsibilities, equally loose control of their execution, and unstructured communication processes. In the category S3 hotels, duties and responsibilities are clearly followed through both structured and unstructured communication processes. The relationship between the owner/manager(s) and their staff is much more formal than those hotels in categories S1 and S2. The owners/managers’ desire for growth in all categories seem to be less related to the length of their experience in the industry than to their attitudes and enthusiasm for the business. For example, an owner/manager at hotel BH2 has
twenty-five years’ industry experience and is about to retire, but still wishes to grow
the business, while an owner/manager at hotel CH3 with two year’s experience in the
industry also wants to grow.

The approach to strategic planning varies between the hotels. The smaller hotels (i.e.,
S1 and S2 category) are not open to scrutiny from anyone else except the
owners/managers so that tend to have very low accountability requirements. This
accountability results in the very informal practices such as an absence of written
business strategies and/or mission statements. Nor is there any evidence of formal
planning processes. Planning is continuous, dynamic and owner/manager driven.
Typically, these smaller hotels focus more on short term than on long term goals.
Essentially, planning strategy is a kind of luxury to the hotels in categories S1 and S2
given their limited resources in terms of time, money and the business and
management skills of owners/managers. As one such owner/manger observed:

“My hotel doesn’t have a plan in the longer term. When I feel a need I do plan
daily and monthly though....., I don’t see the long term planning is necessary
with my small business. Anyhow, I don’t have time and skills to develop a
futuristic plan.” (BH2)

And again:

“I don’t think of long term goals, today is more important than next year, but I
still do plan and have a plan. It would be good for our growth if I had that
kind of strategic plans, but we are happy with this current situation.” (IH9)
On the other hand, those hotels in category S3 engage in intentional and purposive planning activities:

“Our hotel has a chain business in which we need to manage heaps of things for maintaining the brand image, quality supply of products and services, know-how, and relationships with our customers and business partners. We are committed to regular strategy reviews and the development of strategic plans. A written document of the strategic plan is circulated to managers and to employees in order to communicate with staff. We try to make staff understood and execute the plan as intended.” (AH1)

“We do have a corporate plan and a knowledge management strategy. Short term performance targets are the part of the strategic plan brought on the table explicitly and communicated to managers and employees. I would say the owner is the main person who will put into the place. .....If I have got ideas, actually the owner will put everything into place.” (KH11)

In terms of knowledge management strategy, all owners/managers agree that it is very important to have a knowledge strategy. However, most of them do not have a knowledge management strategy, nor do they engage in any formal knowledge management planning. Just one hotel owner/manager reported that at his hotel knowledge management planning was done when required, which the researcher interpreted as meaning that it was performed in an ad-hoc manner.
5.3. Revenue Generation and Resource Involvement

The small and medium-sized hotels that wish to grow are concerned about their market performance. Such market performance is measured by revenue generation for which the sources of revenue generation have been critical in the hotel’s decision on product and service offerings. In turn, the product and service offerings necessitate the involvement of various resources including knowledge.

5.3.1. Revenue generation

Regardless of the size of the hotel interviewed, business growth emerged as a matter of concern for all establishments. In owners/managers’ terms, this entails achieving some level of economic growth through generating revenue in the marketplace. While the majority of hotels interviewed were not involved in formal corporate strategy development for the longer term, all the owners/managers believed that growth was the key to success and the foundation for the future. Owners/managers expressed growth in various terms including increasing numbers of customers, cash flow, profitability, income and revenue.

“In doing business, of course profitability is important so is cash flow. Managing cash flow is a challenge. The cash on my hands doesn’t mean that I will have profitability though. My hotel is very small .... Daily cash flow tells me if I am getting on well with this business or not, so I can make sure to get on the business.” (CH3)
“As far as my business is concerned, I would expect more money coming into the cash register. …..yeah, that means more income is coming in.” (IH11)

“I do know of that by checking my bank account……. if my bank balance is going up I can see the possibility the business is growing. Even not growing I can tell the business is going ok and so it is still ok to run it.” (HH8)

In relation to the increase in customer numbers, there are issues to do with the terms of occupancies and length of stay. According to another interviewee, the higher occupancy rate tells him the possibility in reduction of operational costs, therefore the increase of revenue.

“Our establishment benefits from occupancies that are 4 per cent to 5 per cent higher than other operators in our marketplace, and guests stay an average of three to four days typical hotel stays are only two days, which significantly reduces operational costs.” (KH11)

Despite the fact that small hotels are unlikely to control the market due to a lack of resources and capability to manoeuvre, their growth is highly related to enhancing marketplace performance through maintaining repeat customers and/or entering new markets. More customers mean more revenue generation in these hotels. The manager of hotel GH7 said that:
“I wish to have current customers keep coming back and also wish to have more new customers come to my hotel, but it is hard to get new customers in this area”. (GH7)

Another manager, at a serviced apartment and motel, was concerned about the expansion of the business to a new market and a new customer base saying that:

“A lot of our business is corporate. Monday to Thursday is mainly corporate business. Australian wide companies are coming to this area and send their executive staff to stay here. We are a 4 star establishment, our clients are corporate travellers. Friday to Sunday we get mainly casual people coming family from interstate to this area. Nowadays, we lose clients. It is very hard to find out new clients, specifically target companies from interstate to moving into here.” (AH1)

While relying on the market share, there was little systematic approach to the assessment of hotels’ performance. In most cases, owners/managers are the person(s) monitoring and observing the growth status of their hotels in relation to the number of customers and/or overall income. With regard to this, there appears to be an underlying assumption by owners/managers, that if the hotels are able to attract and retain customers they will automatically increase revenues. But according to some owners/managers, the increase of customer base does not necessarily correspond to the growth of the hotel. Neither does profitability. Customers are an external entity that is uncontrollable by small hotels. The manager at hotel KH11 used by way of example, hotel occupancy based on discounts and on the rack rate (i.e., full hotel
room price/rate before discounts). Hence, if during the low season hotel occupation is at the discounted rate it might generate less profitability, in comparison to occupancy at the rack rate.

On the other hand, the hotel which has the biggest market share can reasonably be expected to continue to perform well. The owners/managers’ views indicate that the market share and profitability are unlikely to bring the balance of relationship between them into equation. However, the steady inflow of a reasonable amount of money, irrespective of profitability, will more likely induce the small hotels to remain in operation, which will provide them with more opportunities to grow. In other words, small hotels can use their revenue as leverage for sustainable growth. For that reason, this study has employed the term revenue generation as an important aspect to indicate hotels’ market performance towards growth.

5.3.2. Resource involvement

All hotels have a set of resources which provide the basis for revenue generation and the supply of products and services. For most hotels, this set of resources normally includes knowledge resources. These knowledge resources can be tacit or explicit in nature. Tacit knowledge can be further categorised as individual knowledge and organisational knowledge. The former means the knowledge held by people and the latter means the knowledge that is owned by the hotel. Tacit knowledge is difficult to express to others and can only exist in the human mind unless intentionally transferred. In contrast, explicit knowledge is knowledge, which can be expressed in words and can be easily communicated and shared in the form of hard data, scientific
formulae, codified procedures or principles. It can be found in the documents of a hotel such as reports, manuals, trademark and patents as well as databases and pictures.

The mix of resources is not only internal in origin, but also is obtained from external sources. The resources that form this mix are determined by a hotel’s intended path, whether it be a focus on physical products and services, on knowledge-embedded products and services, or on knowledge itself as a product and service. The choice of a particular product and service focus is due to the customer-centric approach in the marketplace. All the hotels interviewed had a perception that they needed to deliver quality products and services to their customers. The rationale behind this perception was that such delivery would result in maintaining customers, and thus generating revenue.

The delivery of quality products and services operates on the basis of providing differentiated products and services to meet customers’ needs. According to most of the owners/managers interviewed, nowadays customers are not satisfied with a standard and widely available level of service. They are demanding better service, they want more specific service offerings and are more aware of competitors’ products and services. In addition to this, they are also more price sensitive and less loyal than would once have been the case. However, while the key achievement of growth vision might be the efficient and effective satisfaction of customer needs and wants, in an increasingly competitive environment, owners/managers have little choice but to cultivate competitiveness.
From the examples drawn from the interviews, it is clear that excellent hotels attempt to achieve a balance between customer and competitor orientation. While attempting to remain attuned to the ever-changing needs and wants of their customers, they watch the moves of their competitors closely. Thus, differentiation of the products and services is tremendously important for small hotels, not only to stand out among others, but also to stay in the market. The small hotels interviewed are providing this differentiation to their customers through utilising internal resources in the form of better locations, larger scale of establishment, unique food/menu, good price, and outstanding décor of the establishment. Hence:

“Our hotel has been recently refurbished and now offers an AAA Tourism 4 star rated accommodation offering individually designed rooms, all with private ensuite bathrooms and all rooms are non-smoking.” (DH4)

“We have been renowned for excellent food at affordable prices. Downstairs you will find the friendly and award winning bistro that has made us famous.....as well as our lovely outdoor garden area where guests can enjoy a glass of wine or thirst quenching ale.” (EH5)

“We cater for 30 to 150 people, for all occasions our stylish function room is becoming one of the most popular venues in this area. We also provide conference and boardroom to accommodate 14 to 60 delegates.” (GH7)

The hotels also differentiate their products and services offerings through the use of other externally available resources (e.g., infrastructure, attractions and information
centres) that are managed by other entities such as business partners (e.g., suppliers, trade associations), intermediaries (i.e., travel agencies) and aggregators (i.e., tour operators). Tour operators can be seen as product (i.e., attractions, beds, foods and beverages) aggregators, while travel agencies act as intermediary/information brokers providing customers with the relevant information and booking services. The intermediaries can be seen as the professional connection between supply and demand (e.g., hotels and customers), mainly based on the electronic infrastructure of the central reservation systems/global distribution systems.

There are other entities such as government and government agencies (e.g., Department of Industry, Tourism, and Resources, Tourism Victoria, and local city councils). These entities engage in the execution of government policy compliance, in destination marketing and management, as well as in destination planning and branding. Such entities are directly or indirectly related to the operation of the hotels. For example, the majority of hotels are focussing on their business in the domestic local market, although some hotels are looking at and/or progressively expanding their target market to overseas customers. Those hotels in latter category will be involved in international marketing efforts either themselves or with the help of government agencies.

This external dimension to resources includes not only to the various external entities of the hotel, but also to its customers who are the reason for the existence of the businesses. Most of the managers view their relationships with external resources such as customers, business partners and also the proximity to public transport, major tourist attractions and activities as highly important. Arguably, close proximity can be
regarded as an internal resource, because the location of the establishment is decided by the hotel itself rather than being determined by external entities. Nevertheless, in this context the proximity is mentioned to relate to the public transport, external to the hotels.

“I rely on my customers. All my customers are the public. They are from everywhere. Also, I rely on a long term benefit about two to three years in this growing area, over there is a big commercial investment premises in this area.” (CH3)

“Our full serviced four star hotel is conveniently located in the central business district of Melbourne, .... at the heart of the theatre, restaurants, government departments, and Melbourne’s key attractions. Royal Exhibition Building and Carlton Gardens, Melbourne Cricket Ground, Queen Victoria Market, the National Gallery and Arts Centre are all within walking distance or a short tram ride, providing a high level of convenience and comfort for our guests.” (LH12)

“We are located only 5.5 km’s from Melbourne’s CBD, two minutes from Flemington Racecourse, home of the famous Melbourne Cup, five minutes from Telstra Dome and The Docklands precinct, not forgetting other great venues such as The MCG, Victoria Market, Melbourne Show Grounds, Rod Laver Arena and the Melbourne Exhibition Centre. So during the visits guests can enjoy many attractions that Melbourne has to offer.” (AH1)
The utilisation of available internal and external resources is not the only contributor to revenue generation in hotels. With the perception that offering and delivering products and services which precisely meet customers’ demands will keep customers coming back, hotels are also managing their resources in an innovative way through offering knowledge-based products and services. If customers do not see a hotel’s products and services as having some advantage over those of its competitors, they may not keep using it. In order to be innovative, flexibility seems an important attribute of small hotels as their organisational structure is simple, flat and less or no hierarchical.

Arguably, smaller hotels can take action more flexibly and responsively to changing customers’ needs than can larger ones. In the case of hotel CH3, this element of flexibility is apparent because there the cost structure is very flexible because it is decided by the owner/manager who has full control of the operation. Examples of innovative products and services have been expressed by several owners/managers as including flexible products and services, and individualised or personalised services.

“Customers tell me about the competitors’ prices and I change to the same prices instantly to make the customers happy. I am the only person who runs this hotel so that I can meet the prices for my customers as low as the competitors do.” (CH3)

“We started off this business by offering bed and breakfast. Now we offer bed and brunch as well, because customers want to enjoy their stay with us in a
more relaxed manner, especially there are high demands on relaxed meal times.” (JH10)

These examples are present in several of the hotels that participated in this research. In addition, those hotels that fit into category S3 have added a further innovation, the introduction of new technologies and their use in customer service. Hence:

“Our hotel has our own hotel Web site which provides special offers, on line booking and payment …. Guest can also utilise our Internet lounge with high speed broadband during their stay with us.” (LH12)

These examples of innovate knowledge-embedded products and services are essential to hotels in order to better adapt to fast changing market requirements, and to become more flexible while meeting growing customer demands. Products and services better matching hotel customers’ needs are embedded with knowledge that best complements the customers. Driven by customers in the marketplace, the hotels face an increasingly competitive business environment. The capability to manage resources in an innovative way is seen as a source of advantage to hotels. It allows hotels to act more quickly in response to market changes. With the presumption that a hotel exercises its capabilities more readily than does its competitors, there can be expectation of direct such as the maintenance of loyal customers, an increase in revenues and the winning of new customers through word of mouth advertisement. While few small hotels have even considered planning and implementing a formal knowledge management initiative, the inclusion of knowledge products and services in growth visions is a common feature among hotels. Although they might not have a
strategy, all the hotels that pursue growth vision have been unknowingly practising knowledge management in their business operations.

5.4. Knowledge Management for Growth

There are varying degrees in the adoption of knowledge management. Some hotels have adopted a strategic view of knowledge management, while others deal with knowledge management at a more operational level.

5.4.1. Owners/managers’ understanding of knowledge management

In coping with the need for knowledge-embedded products and services, all the hotels are aware of the importance of managing knowledge. However, managers’ understanding of the knowledge concept is somewhat limited, with most owners/managers having difficulty in defining the construct. One interviewee urged the researcher to explain what knowledge is to him saying that:

“What is knowledge? You tell me. What do you mean by knowledge?” (HH8)

However, as the interviews progress interviewees have come up with certain understandings of knowledge that included experience, know-how, expertise, and problem-solving capacity as well as the ability to relate to people. Furthermore, their responses revealed that in practice many of the owners/managers were already engaged in some form of knowledge management, albeit with a strongly practical
focus and in order to solve day-to-day problems, regardless of the hotel size categorised in the Section 4.2.1.

To most of the hotel owners/managers, knowledge was something required to solve a specific problem that might arise daily in their business operations, or to help build relationships with external entities such as customers, business partners, suppliers, government agencies and/or even on occasion competitors. Effective communication is central to the building of these external relationships, and is regarded as an important parameter in solving daily problems in the hotels. This is clear when, having made plans and moved to implement them, the owners/managers have to rely largely on their staff for implementation.

“We talk about the matter when problems arise. I talk with my staff. We then try to solve the problems.” (BH2)

“I have very little knowledge and I am good at relating to people…..relate everything, customers and suppliers….. I interact with them and talk with them so I think that is important because of that customers come back…..” (CH3)

With the question of ‘what is your company good at, better than other hotels?’ there has been no specific answers come up. The majority of owners/managers are not able to identify, nor explicitly know of what they are good at in the marketplace to get competitive advantage. Of interest is that the majority of owners/managers place little importance on the much debated distinctions between data, information and knowledge, or on those between tacit and explicit knowledge. While some hotel
owners/managers in categories S1 and S2 see their knowledge as being more tacit-oriented, the category S3 hotels say about both side of knowledge, tacit and explicit. Nevertheless, it seems clear that in smaller hotels in the categories S1 and S2 a significant amount of knowledge is not explicit, and exists in the minds of owners/managers and in hotel’s operational routines, whereas in the case of category S3 hotels, the focus is on tacit and explicit knowledge.

“I don’t have manuals or systems, but knowledge is everywhere in kitchen and bar and knowledge in here, my head.” (FH6)

“Our hotel’s knowledge and information are all on the systems, policies, rules and manuals. Of course it is important not to forget our staff’s skills and experiences because they are the people to deliver the services to customers.” (MH13)

Aside from the conceptual differences between tacit and explicit knowledge, all the owners/managers interviewed agreed that knowledge could be managed. In the smaller hotels (i.e., category S1 and S2), owners/managers indicated that the most important form of knowledge was that contained in the heads of owners/managers, and that they as individuals were capable of managing this. In cases where these owners/managers were the only full time staff this was clearly feasible. In cases where the owners/managers employed a substantial number of staff (i.e., category S3 establishments), recourse was made to the use of computerised systems for the storage and retrieval of knowledge.
In this latter case, the knowledge (unlike that in the heads of owners/managers in S1 and S2 establishments) was more likely to be explicit, because tacit knowledge is less suitable for use in computerised systems. In stark contrast to the perception that owners/managers can manage their hotels’ knowledge whether it being tacit or explicit, there is little emphasis on the importance of employees’ knowledge, in particular in categories S1 and S2. According to an owner/manager from a smaller hotel BH2 which falls into the size category S2:

“Yeah, of course knowledge can be managed. I have experience for over twenty years in this hospitality business and my knowledge is in my head so I can manage that.” (BM2)

On the contrary, the manager at hotel KH11, and the manager from hotel AH1 where many staff are employed (category S3) remarked:

“Our hotel has installed a Reservation System called Room Master 2000 which is very important for our staff as well as for customers. The system does many things data processing of clients, staff, and everything.” (AH1)

“We have a system in which our hotel’s knowledge is there, which has all information on customers, suppliers, partners…. The system is very important for this hotel and I always input information into the system and other staff can input and use them as well. It makes us easier to keep every bit of information and knowledge for our hotel” (KH11)
Such diversity of views notwithstanding, knowledge is becoming a source of generating revenue in the hotels for who are pursuing growth as corporate vision and strategy. As a consequence, managing knowledge has become an issue not only at the strategic level but also at the operational level as hotels seek to gain an advantage over their competitors. All the owners/managers interviewed agreed that knowledge was a key resource and a source of competitive advantage. They regarded their businesses as being knowledge-based and had been integrating knowledge management activities to facilitate this. There are many different forms of knowledge management activities practised in these hotels. Although there are few systematically designed projects or programs for managing their hotels’ knowledge, the owners/managers have been exercising ad-hoc knowledge management approaches when needs arise. This usually has involved activities designed to manipulate knowledge resources and includes knowledge acquisition, knowledge dissemination, knowledge creation and knowledge use. An overview of these activities follows.

5.4.2. Acquisition

The hotels either originate knowledge internally or obtain it from various external sources. Internally obtained knowledge is newly created within the hotel or is a combination of new and existing knowledge. In this case, the collection of the tacit knowledge of individual staff is a valuable contribution to a hotel’s stock of knowledge because of its potential for innovation and performance improvement. The most common knowledge acquisition activities in the hotels interviewed were the owners/managers’ self analyses (i.e., cost and benefit), informal talks and/or regular staff meetings as a means of analysing, identifying, searching and finding knowledge.
such as novel ideas on products and services and effective business operation. Identifying useful knowledge in the first place is a major hurdle for most hotels. The majority of informal conversations are carried out during tea breaks and/or lunch times, while more focused activities such as brainstorming occur at formal meetings.

“We are part of a chain and also have our own franchisees. We have franchised three hotels. We are improving a lot of things, refurbishing rooms, and looking for new ideas into market place. Regular staff meeting supports the hotel to learn more about problems related to customers, partners, suppliers and staff. We do a lot of brainstorming sessions for sharing good ideas, but it is not easy to identify good ideas in the first place. Based on the understanding of the ideas, we develop strategies and put into practice. (AH1)

“This hotel’s organisational structure is very simple, no hierarchy, no bureaucracy. There is no problem to talk between management and staff. I talk a lot with my staff to make them happy and satisfied in working with me. My staff and I, We have lunch together and coffee together and talk about my side and their side of the business.” (DH4)

“This year, as we are part of a BBB hotel chain, our staff is encouraged to participate in initiatives set up by the chain head office..... The BBB chain introduced an environmental awareness program. We have committed to the implementation of at least ten initiatives a selection of environmentally friendly projects to save our valuable resources. For this, we discuss
innovative practices and methods with staff including energy efficiency and waste minimisation.” (LH12)

Seeking external sources is another way of acquiring knowledge in the hotels. For example, owners/managers who do not have the necessary knowledge and know-how to solve a particular problem would routinely try to acquire it externally. The external sources identified fall into four categories. The first category contains documented knowledge such as statistics, reports, books and on-line databases. The second category includes professional knowledge drawn from a range of business consultants such as lawyers, accountants, technology experts and property managers, or through networking with business partners/associates. The third category is knowledge accumulated in public forums such as the industry expos, conferences and Internet discussion groups. The fourth category is information and support from government authorities and agencies.

From such sources the hotels obtain knowledge about international marketing and the legal obligations involved in compliance with for example, the Tobacco Act and the Occupational Health and Safety Act. All the owners/managers know that they have legal responsibilities to protect their employees and customers from injury or illness at their hotels. Failure to comply with regulations can result in fines or jail terms. In some cases hotels may be shut down for breaches of the legislation. Some of the knowledge gained from these resources, for example information and explicit knowledge is converted into capabilities (such as know-how or tacit knowledge) for the use of hotels.
“When obtained this business I got external help to learn how to run the hotel. Previously I was in the construction industry and myself had working experience in hotels.... My accountants help all money matters of 90 %.” (CH3)

“I have been involved in business activities with tourism industry associations. I search information through the online discussions and online-databases available to the members. Our hotel is interested in expanding our current market to overseas, so nowadays I get information from government agencies related to international marketing, and support for small tourism businesses. I have been attending business development seminars and travel exhibitions to get more knowledge. Also, I get regulative information from the government which we need to go after. Mostly related legislations for us are the Occupational Health and Safety Act and Tobacco Act” (LH11)

“Sure if it is available any knowledge in our hospitality business would be very beneficial. We loose clients. Very hard to find out clients, specifically target companies from interstate to moving into this area here. There is not a lot of knowledge available. Whether I go through with a real estate agency or the Council, or through statistics and reports in the library it is very difficult to find out information moving into this area from interstate companies, whether it is tracking companies or....” (AH1)

In addition to the diverse sources of external knowledge, owners/managers acknowledge the value of complaints made by unsatisfied customers for improving
the service of hotels. Such complaints from unsatisfied customers can contain knowledge of service weaknesses and hence of areas for improvement. They can range from issues of operational deficiency to matters of policy inadequacy. As the hotels are customer-oriented they must strive to meet the demands of all customers, whether these are happy or dissatisfied customers. According to the owners/managers, satisfied customers often come back for the service, allowing some kind of relationship between the hotel and customers to be built. If making unsatisfied customers happy helps hotels to maintain their customer base, it can be said that customer complaint-related knowledge management in a way supports a continuing relationship between the company and previously unsatisfied customers. Indeed, the ability to respond more precisely than competitors to the needs and wants of unsatisfied customers in the targeted segments likely to enhance the hotel’s market performance.

This recovery of service issue is important to all the hotels investigated in this research, as they had all been engaged in providing some form of compensation to dissatisfied customers. For example, one of the owners/managers at hotel CH3 said that if customers complained about food or beer prices (i.e., more expensive than the neighbouring hotels), he always listened to them and tried to rectify the complaints quickly by offering free food or beverages, or matching the prices by reducing them. At hotel AH1, staff are trained in how to deal with unsatisfied customers, whereby the recovery of service is made available to them including the provision of upgrade to better facilitated rooms or to free nights at the hotel.
There are three types of channels found for the acquisition of their customer knowledge. They are paper-based, technology-based, and verbal-communication based. These different channels have been utilised to collect any concerns or feedback about customers’ stay with the hotel. In the categories S1 and S2 hotels, verbal communication is the main method of obtaining their customer feedback, while web sites are becoming an important method at the category 3 hotels. Overall, both categories S2 and S3 are largely used the paper-based feedback system.

“I get knowledge from my customers. They talk about current issues, topics and other hotels. And I listen and also talk with customers.” (BH2)

“Knowing our customers is very important for us to be in the market. We provide a piece of feedback paper in every room so customers can feel free to fill in and tell us about their satisfaction during the stay. And we treat customers’ feedback seriously. Of course customers are not always right but we try to rectify as well as compensate them by some means. If they are happy with our treatment on their complaints, they come back to us to stay. Having repeat customers are so important as well.” (KM11)

“Our website is linked to the information on feedback. By completing the details on the website customers will opt to our mailing list. If at any time customers would wish to cease obtaining information by clicking on the Unsubscribe link in the email from us and their details will be removed from the list. Based on this, from time to time we send customers information on
While there are different approaches taken by various hotels, small hotels are making an effort to acquire knowledge through various methods. This knowledge, or information that can be transformed into knowledge is not limited to detailed intelligence of the market. It also includes tacit knowledge of staff (i.e., new and/or better ideas on products and services, service operation related matters, relationship building with their customers, business partners, and suppliers). The activity of acquiring knowledge in the hotels is seen to be proactive in shaping future market performance.

In particular, the use of external resources from Destination Management and Marketing organisations in the federal government, as well as at the States level can be beneficial to hotels which are interested in offering products and services to overseas markets in that those organisations offer a range of marketing opportunities, market knowledge and advice for tourism businesses. As such, the hotels’ knowledge acquisition is affected by both internal and external knowledge. In relation to the acquisition of knowledge, commitment to corporate responsibility is deemed to be an important element of knowledge management in the case of some hotels. In particular, the hotels in the category S3 are involved in a range of areas such as those environmental policy, codes of business practice and employment policy. These hotels are conducting their day-to-day business in accordance with their stated commitment to corporate (and community) responsibility to ensure their operations are carried out with the highest levels of integrity.
5.4.3. Creation

Although hotels do not take a uniform approach, there has been something of a focus on developing new and innovative ideas for bringing knowledge-embedded products and services or knowledge itself as a product and service to the marketplace. Hotel JH10 is a case of the introduction of knowledge-embedded products and services, with one innovation being the introduction of bed and brunch to offer more personalised services in meeting customer demands. At hotel AH1 knowledge itself (i.e., franchise license) is traded to clients who wish to apply that knowledge. In this case the clients are other hotels. As a source of generating revenue, the hotel focuses on its quality assurance scheme and on building its knowledge base in order to sell the knowledge products and services (i.e., hotel chains) to other hotels. The hotel is in a franchising business as franchisor selling physical products and services (i.e., beds, foods and drinks) as well as knowledge products and services.

The creation of new knowledge is being essentially achieved through activities such as researching, making sense, communicating and listening to customers and staff. These activities are the feedstock of knowledge products and services, and critical to the solutions of significant business problems. The hotels’ knowledge creation activities rely largely on the insights and experiences of individual employees and owners/managers, in which interactions between managers and between managers and staff allow the exchange of knowledge. Such examples of knowledge creation were provided by several of the hotels interviewed during the research.
“When problems are identified I talk with my staff to solve the problems but also listen to them about what they think of. After all, listening to my staff is beneficial for me to run this hotel. Because most of my staff are working as frontline staff in many cases they know a lot of operational problems related to their responsibilities.” (BH2)

“I listen to the customers to make them happy. They talk about everything during their time at my hotel. Usually, I listen to their needs because the word of mouth effect is so great. And most importantly each customer is equally important for the business. (JH10)

“There is heaps of information out there, but converting it to making sense is very hard. We wish to grow so it is very important keeping current customers meanwhile searching for new customers. Nowadays customers are so demanding for more personalised services as well as value for money. It is a lot harder to get them satisfied than ever before. (KH11)

“Our staff meeting brings about a lot of fresh ideas. It is true two heads are better than one head. As we are running a chain business, managing our hotel’s knowledge is the basis for expanding the business. We discuss ideas to develop new product and services, and to provide excellent services to our customers.” (AH1)

At small and medium-sized hotels, creating knowledge leads not only to the development of knowledge products and services, but also encompasses the whole
business value chain to establish workable relationships with external entities such as customers, suppliers, business partners, government and even competitors. Some hotels are engaged in the process of developing relationships with suppliers and business partners for several reasons. These include future needs, cost reduction and quality assurance. While there is no such a straightforward answer for how to minimise the risk of collaborating with other organisations in building innovative relationships, there is clear positive evidence from the interviews in this matter. As knowledge resides in both internal and external resources, small and medium-sized hotels need to engage in more external collaboration in knowledge management if they wish to grow. In working proactively with business partners and competitors, hotel DH4, KH11 and LH12 are good examples of this practice.

“We work closely with our neighbouring hotels. We work with them and share customers and mutual interests. Although they are our direct competitors it is beneficial to work together because we can refer business and customers to each other. We do know exactly what is going on in other hotels locally and nationally.” (DH4)

“Our hotel works closely with a number of key business partners in order to provide our customers with even more value for money, better service and increased rewards. That helps our hotel with increased strength in promoting and marketing the partners’ products and services together.” (LM12)

“Whether they are business or leisure customers, to make our customers stay with more value for money, from time to time we are offering special
promotions with our business partners. Our partners have their own web sites where our hotel is linked. This link is another way of marketing us to customers. Because of that some customers might notice us to stay with us. We need more channels to market us. And I think there are no wrong or right channels but good or better chances to get more customers. Working with other businesses is definitely beneficial for us.” (KH11)

Making continuous efforts at improvement is not easy, yet its importance has to be understood by small hotels. Their identities, amenities and quality services should all be considered as part of the goal of pleasing customers by exceeding their expectations. For example, the presence of unique décors, signature dishes and regular special promotional prices can reinforce and establish the identity of the establishment. However, not every knowledge products or service will have the intended effect and many will require some modification. Some may be eventually removed from service. According to most of the hotel owners/managers interviewed, the best route to improve their competitiveness is to listen carefully to customers and then act promptly on their needs. Typically, the creation of knowledge is likely to be facilitated in the search for answers to those business problems which the owners/managers need to solve.

5.4.4. Dissemination

Knowledge can be acquired at the individual or organisational level, and to be useful it needs to be disseminated. Knowledge dissemination comprises the systemic processes of transferring and sharing existing and new knowledge to relevant
employees in the hotel. Training staff including mentoring and apprenticeship is the most prevalent of mechanisms to disseminating knowledge in the hotel industry, especially when new people are recruited. Typically, training is controlled by senior managers/owners who are the most knowledgeable people in terms of experience, and of the rules and procedures in the hotel. It is mostly based on oral understandings and commitments among owners/managers and key employees about where to head, what to accomplish, and how to proceed. According to the owners/managers, there are a variety of training activities going on. Each hotel has its own training style, disseminating both tacit and explicit knowledge as well as that leading to conformance with the hospitality industry standards.

“…Training housekeepers, front line staff, back office staff…. it’s very important that our staff meet quality standards. So does customer satisfaction. Training is ongoing activity in our hotel. We employ a number of casual staff who need to meet the standard when they start working particularly during the busy season.” (MH13)

“Our training focuses on meeting industry requirements actually related to the contents of a Staff Handbook used at establishments as guidance to staff on standards at the motel and its restaurant. The Handbook is almost identical to that recommended by the Restaurant and Catering Association. In compliance with the Handbook which could be used to staff training, I personally emphasise staff training on personal hygiene and standards of food preparation. Because some staff do unacceptable things unconsciously. All care should be taken to minimise spread of disease by avoiding touching hair
or face, sneezing over food, not washing hands after visiting the toilet, after smoking and after eating. And these things must be repeatedly reminded not to do so. I am sure none of our guests or anyone in a restaurant would be happy receiving food from someone who had been running their fingers through their hair or scratching their nose. Our hotel maintains the highest standards of food preparation, following those recommended by the industry.” (EM5)

“We do train staff on a person to person and a group to group base that help informal training. In my position as a line manager I often talk with staff informally whenever needs arise. Most cases are informal. But for formal situations, I print out job specifications for other line managers in which their roles and responsibilities are specified.” (AH1)

At all the hotels, the culture is broadly supportive of knowledge sharing. Although the hotels do not have any kind of system that rewards staff for sharing knowledge, sharing knowledge is primarily facilitated by the management. The owner/manager’s behaviour and commitment is essential to making sharing possible between managers and between managers and staff. While there is a prevalent notion of knowledge as power in the minds of the owners/managers, they claim that they have been sharing their knowledge with their staff, and are also happy to continue to do so in order to support the business. The owners/managers perceive that the more knowledge that is shared between staff, the more opportunities there will be for better business performance. None of the hotels have a dedicated knowledge sharing project, yet the owners/managers routinely share their knowledge with staff. Although they recognise
that knowledge is power, the owners/managers also recognise the importance of sharing it within the hotel.

“I agree with the saying that knowledge is power so I do not want to share my knowledge with someone else. Why should I?……, but I share my knowledge with my employees for the hotel.” (CH3)

The dissemination of knowledge enables knowledge of a hotel to be widely spread not only amongst its staff, but also to the public who need it to obtain access to the services or products provided by the hotel. For example, hotels AH1, DH4, KH11, LH12 and MH13 have their own web sites which enable customers to browse information on special deals and availability before purchasing products and services. In the dissemination of knowledge to the members of the staff, the adoption of push and pull mechanisms as delivery methods can be a useful component. The push mechanism aims to provide a solution by sending information to employees (i.e., knowledge users), while pull is initiated by requests for information by the employees (i.e., knowledge seekers). However, simply delivering unsolicited information through the push mechanism to the employee’s desktop may not be an effective way of dissemination if the individuals are not willing to convert it to knowledge.

In the process of the dissemination of knowledge, learning and education at both the individual or organisational level is regarded by the hotels as fundamental to the running of the business. This is carried out largely by sharing knowledge between management and/or staff through communication and interaction in which the transfer of information and knowledge is less formalised. The management’s willingness to
communicate and share knowledge with other employees is an element of knowledge management that is essential in small hotels for overcoming the inherent characteristics of skill shortage, labour intensive and high staff turnover rate in the sector.

### 5.4.5. Use

In order to gain an advantage from any knowledge acquired, disseminated or created, not least in the form of revenue generation to growth, it must be effectively used. In the hotels interviewed, this knowledge is largely utilised through problem solving for enhanced market performance, operational efficiency and the improvement of products and services. Problem-solving in the hotels is directly related to the capability of running the business as they count on day-to-day business operation not only for survival but also for prosperity. The majority of small hotels owners/managers interviewed exercise their knowledge and experience in order to solve business related problems. One of reasons for this is that the small hotels are unable to employ many staff, therefore the full-time working owners/managers’ knowledge and experiences practically represent the hotels’ knowledge capacity. This was clearly stated by the owner/manager of hotel CH3:

“I cannot afford to have more staff. If I have more staff I will be broke, but I talk with my staff when problems arise and then we try to solve them. I have worked in the hospitality industry for a long time and have solved similar problems before. If I cannot solve it, I do try either by talking with staff or by finding an expert and contacting that person(s) directly.” (CH3)
In the use of knowledge, effective marketing of the knowledge is a concern for almost all of the hotels. Instead of coping with physical products and services to generate revenue, hotel AH1 focuses on the specialised licensing knowledge with the aim of running their chain business and acting in the role of the chain’s head office. A chain head office’s role is to source products and services for clients and to provide solutions to their needs, adding value derived from the quality of advice and specialised knowledge. At this hotel, there are no longer physical products and services, but licensing knowledge itself becomes a commodity.

As revenue in this hotel is derived from the supply of the specialised knowledge generated mainly by the hotel itself, any increase in the number of franchisees is derived mainly from the marketing of the knowledge the hotel owns. The object of the marketing effort is the increase of franchisees through maintaining hotel brand name, advertising franchise availability, enhancing quality standard and gaining bargaining power. While hotel AH1 markets its franchise knowledge for generating revenue, most owners/managers interviewed said that their hotels mainly relied on the local customer base for growing their business. However, they also said that marketing methods had not led to an expansion of market share. As the owner/manager at hotel BH2 remarked:

“Having new customers are not easy…… I advertise to local newspapers, but it doesn’t work. My hotel relies on the locals. And if customers need something that I can deliver it, I do for them to keep the customer come back.” (BH2)
The use of knowledge in the hotels is continuously changing due to changes in either internal or external knowledge. While internal knowledge change can be related to the change of ownership, or management and/or to the modification of products and services, external knowledge changes are subject to other drivers. The external knowledge is based on the building of relationships with customers, competitors, governments, and business partners. The hotels are required to comply with the terms of various pieces of legislation and are heavily dependent upon the tourism destination factor. The term destination here refers to the respective tourist/visitor target areas that are spatially defined and seen as products that are considered decisive in terms of tourists’ choice of location. The destination product contains produced services, such as accommodation, food, transport services, entertainment and the like, as well as invariable product components that can be essential elements of a destination, such as landscape, infrastructure or the respective region’s local population.

The make up of destination products is heavily influenced by a number of external entities, not least external knowledge. In order to detect changes in competitive position in the market, owners/managers will closely monitor and compare their competitors’ actions. By analysing and assessing competitors’ changes, owners/managers will strive not only to match them, but also to provide enhanced products and services aimed at maintaining customer satisfaction and loyalty. According to the owners/managers interviewed, changes in the use of knowledge are evident based on the movement of both internal and external knowledge.
“I have experienced three instances of ownership change with this business. The current owner is the third. There are always some changes with new owners. Now we have more formal meetings, discussion sessions and staff training sessions. The current owner wants to improve many things.” (AH1)

“Just like rising value of the Australian dollar has an impact on us, all government regulation is a very major part to running a business. We have obligations to control smoking that are established through the Tobacco Act and the Occupational Health and Safety Act, and this year the introduction of non-smoking regulation all throughout Victoria.” (KH1)

“Because we are franchised, we are obligated to meet the operational service quality and procedures. The franchisor has specified us to comply with a number of manuals, usually called Operations manuals. We are also obligated to utilise the system by which the franchisee like us must conduct the business. Sometimes, through the franchisor there are lessons learned and best practices in some hotels are published for the purpose of being acknowledged and used to others.” (LH1)

Putting knowledge resources to use is important for the business operations and revenue generation of small hotels, as knowledge is fundamentally encapsulated in the employees, customers and other stakeholders, and in the processes and procedures that support the supply of products and services to the market. Therefore, making as much of this knowledge as possible explicit and accessible for use in the hotels is a challenge for them. The main purpose of utilising knowledge is to add value to
business performance by turning both internal and external knowledge into a hotel asset.

In practice, the hotels are using this knowledge in decision-making, in solving problems, in products/service development, in improving customer service quality, and for developing new or alternative service operations and routine service procedures. In order to improve products and services, the hotels customise and/or personalise their products and services in order to make them fit better to customers’ requirements. Further discussion on the use of knowledge resources is presented in Section 5.3.2, resource involvement. To support their businesses through the management of knowledge, the hotels are engaged in various knowledge management activities, supported by both human intelligence (i.e., owners/managers and staff) and technologies (i.e., databases, reservation systems, the Internet and the telephone).

As reflected in the interview findings, it is now clear that knowledge is a critical collective resource for all the hotels. Knowledge is routinely embedded in some or all of the products and services of the hotels. Offering and delivering these knowledge-embedded products and services involves a variety of knowledge management activities are involved. Those hotels that strive to deliver knowledge-embedded products and services through the application knowledge management are more likely to increase the chance of growth. However, while recognising the relationship between growth, revenue generation and knowledge management, each hotel is on a separate path to knowledge management. Hotel AH1’s path to knowledge management is different from that of hotel BH2’s. Likewise, hotel CH3’s path to knowledge management is again different from hotel DH4’s, AH1’s, and BH2’s. All
these hotels have adopted different path options to knowledge management in order to grow their business.

5.5. Four Different Path Options to Knowledge Management

A hotel’s choice of a path to knowledge management is essentially dependent on two things, the sources of revenue generation and knowledge management activities. These two aspects in the emerging concept of the path knowledge were confirmed, during the data analysis. The path knowledge concept represents hotels’ corporate visions, in which knowledge management is unconsciously practised as a part of the integrated business operation. The sources of revenue generation refers to the hotel’s decision on whether to offer a collection of physical products and services (e.g., bed, food, and drink), knowledge-embedded products and services (e.g., personalised products and services), or knowledge itself (e.g., hotel franchise knowledge). In the choice of products and services the hotels are undoubtedly involved in different levels of intensity of knowledge management in order to manipulate their resources and capabilities.

This study has found that there are four broad types of paths to knowledge management in small and medium-sized hotels. These are: Match (Path 1); Combination (Path 2); Divergence (Path 3); and Specialisation (Path 4). Each path features different degrees of the two aspects: 1) the sources of revenue generation; and 2) knowledge management activities. To make this path knowledge concept clear, there follows a more detailed discussion including relationships between the paths and determining factors that affect the paths.
5.5.1. Path 1: Match

In this path, hotels pursue their growth vision by generating revenue through the provision of physical products and services in which the extent of knowledge involvement is extremely limited. The provision of physical products and services refers to the delivery of traditional hotel services such as bed, food and beverage, and other ancillary services to customers. The hotels following this path are owned and operated independently by owner/manager(s) with at least one or two family member(s) such as hotel BH2, CH3, FH6, GH7, HH8, and IH9. These hotels have followed the match path very successfully, finding countless ways to give effect to it. This match path aims to make a suitable match with the offerings of competitors, so that the hotels taking this option can use the match in order to satisfy their customers.

In order to pursue this path, the ability to assess and compare competitors’ products and services is important. The management of a hotel focuses on the way in which its offerings are constantly being compared with those of competitors. However, in doing so, the hotels must primarily monitor their own operating costs. The owner/manager at hotel BH2, physically visits competitor’s premises in order to monitor their offerings, looks for differences from his own hotel and then tries to match the offering. This kind of activity can contribute to customer satisfaction and to the continuance of the business. The activities of monitoring and comparing competitors’ offerings are also reflected in their marketing efforts. All owners/managers following this path have sought to advertise depended on advertising their hotels through local newspapers, Yellow Pages, flyers, and word-of-mouth referrals. But developing a
successfully proven business marketing concept and promoting it through mass media advertising are often beyond the resources of such independent small hotels.

The magnitude of advantage accruing from the *match* path is likely to be small. Hotels with this path are not likely to be able to match all the changes instituted by competitors such as offering new products and services, reducing the cost of services, renovating the amenities, and/or having more staff. Aside from the capacity to match, it is questionable this approach would lead to a substantial enhancement of market share. The delivery of physical products and services on their own is unlikely to lead to a significant increase in market share or revenue generation. Moreover, there has been little knowledge management activity among hotels following this path, as the concept itself is new to them. They do acquire knowledge routinely from external sources including customers, suppliers, and government agencies, and internally from owners/managers.

The knowledge acquired has been utilised less to explore new areas, than to address current capabilities. In particular, the accumulation and use of knowledge is largely dependent on the subjective perceptions and personal knowledge of owners/managers. For example, in order to match competitors, an owner/manager might opt to be flexible in managing cost structure and customer relations. At hotel CH3, the owner/manager says that he always listens to his customers and detects the needs and wants of their customers. Afterwards, he tries to make prompt changes to increase customer satisfaction. The changes include offering complimentary drink, and lowering prices of the products and services. Flexibility in meeting customer
satisfaction and choices as well as in service delivery procedures are key elements in this process. This has helped the business to retain its loyal customers.

As no particular modern information technology has been utilised for knowledge management in the hotels following the match path, the traditional technologies (i.e., telephone, fax and copy machine) are still playing an important role in knowledge sharing and dissemination. The owners/managers in this path do not feel a need for other modern technologies, because the hotels are very small in size and managing knowledge and technology is deemed to be difficult. It is true that it is difficult to manage knowledge even with the help of information technology, since there is a set of complex issues that are interrelated and can not be segmented easily. More specifically, knowledge management activities involve interactions within the configuration of organisational factors such as knowledge, people, technology, strategy and organisational milieu. The application of information technology, no matter how pervasive and sophisticated, does not in itself constitute knowledge management. It is basically a very useful tool that helps people to manage knowledge. It is a support and an enabler.

Nonetheless, this suggests that the absence of modern information technology may hinder the application of knowledge management and ultimately, market performance. Although there is potential for market expansion through technology applications, including into international markets, the majority of owners/managers interviewed said that their hotels relied on more basic technologies to reach their locally limited customer base including advertising in local newspapers, Yellow Pages and flyers. However, such methods have not proved very effective either in
terms of market expansion or growth of the business. With this in mind if hotels wish
to employ additional marketing tools or enter the international market, the adoption of
modern technologies such as the Internet, the Web and email could be considered.
The use of such technologies also offers the potential for knowledge acquisition,
creation, dissemination, and use.

In fact, the activity of creating new knowledge features very little among hotels
following the *match* path. Instead as the interview findings revealed, those hotels
pursuing the *match* path tend to focus in order to satisfy their own customers. In fact,
the matter of building rapport with customers is crucial to survival in the marketplace.
The findings suggest that building rapport with customers is as important to revenue
generation as is offering products and services as it facilitates the retention of repeat
loyal customers. This makes sense in that either exactly the same or similar physical
products or services (i.e., bed, food and drink) can be matched by competitors,
whereas intangibles such as having a distinct rapport with customers (i.e., welcoming
ambience, empathy and courteous manner) are less likely to be matched.

The intangible services provided are normally not so obvious to competitors while
being appreciated by customers who are more likely to come back for that service.
Each of the case hotels was noticeable for providing their own intangible, customer-
oriented services. This finding suggests that developing and creating unique
intangible services can give these small hotels a competitive edge. As the
owners/managers are the main creators as well as operators in the delivery of services,
their subjective perceptions and personal knowledge are apt to affect both the process
and the outcome of the delivery. Table 7 summarises the path 1, *match*. 
### Path1: Match

The focus of this path is to make a suitable match to competitors’ offerings in the generation of revenue through the provision of traditional physical products and services.

| Sources of revenue generation | • Revenue is generated from the traditional physical products and services.  
• The physical products and services are important as the sole revenue generator. |
| Knowledge management activities | • Little application of knowledge obtained through internal and external resources  
• The internal development of new knowledge is atypical although knowledge may exist.  
• Owners/managers’ knowledge is very important as the hotel’s knowledge base.  
• Building rapport with customers is important.  
• Traditional technology use |
| Example hotel cases | BH2, CH3, FH6, GH7, HH8, IH9 |

**Table 7: Match path**

### 5.5.2. Path 2: Combination

The hotels in pursuit of the combination path strive to combine the match path with the management of knowledge to obtain an additional level of differentiation. In the
combination path knowledge is more embedded in hotels’ products and services than it is in the match path. While the concept of knowledge management is not always well understood by owners/managers, hotels following this path are already aware of the importance of knowledge management in their business practice. Examples of the presence of the combination path can be found at hotels DH4, EH5 and JH10.

In managing their knowledge, they are engaged in such knowledge management activities as acquiring, disseminating, utilising and creating knowledge, by identifying customers’ needs, analysing better products and services, having regular communication with internal and external stakeholders, and mentoring and training staff. In these hotels, the knowledge acquired is utilised to create either the service processes or the products and services themselves. The creation of processes and indeed, the reduction of process cycles, involve both the owners/managers and cooperation with business partners in order to make it workable.

In terms of offering products and services, the aim is to deliver more personalised products and services to their customers at very competitive prices. By tailoring these to the specific needs and wants of customers as well as by delivering value for money, they are attracting and retaining more repeat customers. For example, at hotel JH10, a service which offers bed and brunch is a good example of personalisation, in that it meets customer demands for flexibility in meal and sleep times. The key capability necessary for this path is that the hotels are in a position to adapt relatively quickly to the increasingly changing requirements of individual customers. The acquired knowledge in building capabilities as well as in exploring new areas has helped them to enhance market performance.
As a point of comparison, the hotels following the *combination* path have more opportunities to differentiate their products and services or to reduce the cost of servicing than those pursuing the *match* path. This is reflected in the fact that the *combination* path hotels tend to hire more staff than those following the *match* path. This approach gives the *combination* hotels better leverage over their competitors, and a greater likelihood of enhancing their market performance. By offering both physical products and services (like the *match* path) and additionally the knowledge-embedded in these, the *combination* hotels can increase revenue generation as well as market share. Both the *match* path hotels and the *combination* path hotels are market oriented, focussing on customers and competitors. However, the difference between these two groups of hotels and the paths they follow is evident at the level of analysis of competitor activity and change.

The aim in hotels following the *combination* path is not only to match such changes, but also to provide enhanced knowledge-embedded products and services so as to maintain better customer satisfaction and loyalty. In order to detect changes in competitive position in the market, the hotels closely monitor their competitors by watching their own costs and matching the marketing initiatives of their competitors. This approach is particularly common among the hotels in the *match* path and *combination* path, but a difference is that the hotels in the *combination* path looked for an edge in technology as well.

In the *combination* path, modern technology is one of the most sought after factors. In conjunction with the traditional technology, most of the *combination* hotels have been
utilising the Internet and email systems or their own websites. Like with the hotels in the *match* path, there is however, no use of any kind of online direct booking facilities such as reservation systems, nor of online payment facilities. According to the owners/managers, the use of the more modern technologies did not contribute to an increase in sales, but did help increase the recognition of their business and customer support service to wider communities. This indicates that the value of these technologies lies in their ability to disseminate information and to help build relationships with external entities such as customers and business partners. This also indicates that there is a need for using technologies in day-to-day operations by providing booking and/or payment facilities which are basic as well as crucial in running business.

Significantly also, they are now an affordable expense to the hotels concerned. As in the *match* path, the traditional technologies are still important for knowledge sharing and communication in the *combination* path. Along with their significant awareness and use of more modern information technology to support increased market performance, the hotels on the *combination* path focus on customer-centred assessment by analysing customer benefits and the implementation of the actions necessary to improve performance. Improved customer relationships based on evidence of continuing customer satisfaction and loyalty are still important for improving market share since there is a slim opportunity to substantially differentiate their offerings. Table 8 summarises the *combination* path type.

<table>
<thead>
<tr>
<th>Path 2: Combination</th>
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<tbody>
<tr>
<td>The focus of this path is to combine the <em>match</em> approach with the knowledge-</td>
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</table>


embedded approach in the generation of revenue through the provision of both physical products and services and knowledge-embedded products and services.

| Sources of revenue generation | • Revenue is generated from both the traditional physical products and services and knowledge-embedded products and services.  
| | • The physical products and services are still important as the revenue generator. |
| Knowledge management activities | • Substantial application of knowledge obtained through internal and external resources  
| | • The internal development of new knowledge is increasing.  
| | • Building relationships with customers and business partners are important.  
| | • Looking for an edge in modern technology |
| Example hotel cases | DM4, EM5, JH10 |

Table 8: Combination path

5.5.3. Path 3: Divergence

In this type, revenue is generated through the provision of two kinds of knowledge. One kind of knowledge is the knowledge-embedded in products and services derived from the local application of knowledge generated by the business itself through the hotel’s internal development or creation. The other knowledge is supplied by an external organisation (i.e., chain head office), the originator of the knowledge. The
knowledge created has been used either in the formation processes of services or in knowledge service itself. Physical products and services for this type of hotels are still important as part of the means of generating new knowledge, and the externally obtained knowledge from the chain head office is becoming commoditised as a part of revenue generator. For example, hotels LH12 and MH13 are independently owned and operated and have a hotel chain affiliation. While these hotels have performed their own knowledge management activities, they must also take into account that external knowledge generated by the chain head office includes knowledge embedded in processes/procedures, manuals, policies, products and services, and business partners. The use of this established external knowledge is clearly beneficial to the hotels.

By using such knowledge, the hotels in the divergence path are able to deliver standardised quality, which could be the source of competitive advantage. Another potential advantage is of the possibility of market control. For instance, the hotel chains can overcome traditional market barriers through some form of partnership. This can involve two levels of partnership, namely vertical and horizontal partnerships. The vertical level entails collaboration with other service/product providers in the tourism industry including destination production and marketing, which enables the hotels to better position themselves in the market. At the horizontal level, collaboration can help to improve service offering and delivery and lower costs. In addition, interaction with fellow franchisees under the same chain agreement is enabling the exchange of ideas and the improvement of operational systems.
As a member of a chain, a hotel franchise has entered into financial and contracted preferred agreements with other business partners. Preferred agreements mean that the hotels within the chain will need to relate predominantly to chain related programs, as the chain head office has preferred relationships with certain organisations. These preferred arrangements are also coupled with room allotment availability, direct buying power and negotiation power with business partners. In the case of partnerships with wholesalers and intermediaries, the dual role of any intermediaries is important in maintaining both potential and existing customers of the hotels. Intermediary travel agents are more inclined to sell products and services that have been packaged in a wholesale program. Although as dual agents they might buy from non-preferred wholesalers in seeking out products and services and pricing that best suit the expressed needs of specific customers.

In forming the partnership, the chain affiliation offers market control, something that is normally beyond the capabilities of small independent hotels. In seeking to control the market, the hotel chains must partner with technology intermediaries. The presence of technology such as the Internet and computerised reservation systems is a prerequisite to partner hotels reaching parts of the market that they would be unable to access on their own. At the same time, the Internet has had the effect of taking business away directly from the traditional distribution channels and done so in a highly cost effective manner. Nonetheless, the use of technology and collaboration with business partners and the ability to benefit from them, continue to be challenging areas for the hotels.
The hotels on the divergence path have sought to grow their business by joining a chain affiliation and hence enjoy greater prospects for revenue generation through controlling or enhancing market share. As a members of a chain, they can share booking, advertising and promotional activities, increasing their visibility and at the same time, reducing the level of investment required for these activities. Moreover, the chain brand is often a guarantee of the hotel’s standard of quality and helps to attract new customers. As a point of comparison, more knowledge is available in the divergence path for differentiating the products and services and/or more effective process improvement than in those hotels in pursuit of the match path or the combination path. This is because in divergence hotels, knowledge is not only developed by business itself, but also supplied by external sources of the chain. The hotels on the divergence path employ more staff than those on either the match path or the combination path. This indicates that hotel size is somewhat related to the intensity of knowledge involvement and knowledge management activities, thus the choice of a path to knowledge management.

While all the hotels in this divergence path have acquired and used external chain knowledge to provide knowledge-embedded products and services, some in addition to this have turned their knowledge into a commercial asset. In other words, with the progress of the franchising business knowledge, some hotels as a franchisor actually operate a hotel business, while at the same time selling the franchise to others. This is one of starting points of specialisation, another type of a path discussed in the next section. The divergence path can bee seen as occupying a middle ground between the combination and the specialisation paths, as the hotels involved not only depend on the characteristics of the match path and the combination path, but have also
developed the business to the level of chain affiliation that contributes to market enhancement. Table 9 summarises the divergence path type.

### Path 3: Divergence

The focus of this path is to extend the approaches of the match path and the combination path and develop the business to the level of chain affiliation in the generation of revenue through the provision of both physical products and services and knowledge-embedded products and services.

| Sources of revenue generation | • Physical products and services and knowledge-embedded products and services are still important as revenue generators.  
• Knowledge from the external source is becoming offered as commodities. |
| Knowledge management activities | • Internal knowledge creation is in limited availability.  
• Knowledge is applied through both internal development and the specialised knowledge obtained from external sources.  
• Relationship building with customers and with business partners.  
• Both traditional and modern technology use, mainly following the chain affiliation joined. |
| Example hotel cases | LH12, MH13 |

| Table 9: Divergence path |
5.5.4. Path 4: Specialisation

There is an increasing propensity for hotels to use their specialised knowledge as a means of generating revenue. Specialised knowledge here refers to the licensing of franchise businesses by hotel chains. It also includes intellectual property that can be legally protected, for example by a patent, trademark, or copyright. In hotels, the specialised knowledge is traded to clients (i.e., franchisees) who wish to apply it based on contractual agreement. Clients are normally independently owned and operated hotels. Typically, hotels pursuing this type of specialisation path move away from the focus on physical products and services, found in the cases of the match path and the combination path, where the competition is on price or where success depends on volume. Instead of relying on physical products and services to generate revenue, the specialisation path focuses on specialised licensing knowledge, with the aim of operating chain business for which it would serve as head office (i.e., franchisor). Along with the licensing of franchise business, the main roles of a chain head office are to source knowledge products and services to clients, and to provide solutions to their needs, adding value derived from the quality of advice and specialised knowledge.

In this specialisation path, products and services are highly customised, and have a strong focus on the specific needs of clients. Moreover, its inherent value turns specialised knowledge into a commodity that can be sold for profit. Although physical products and services still exist, they are components of bigger systems like processes/procedures, manuals, policies and business partners designed to support franchisees. As revenue generation in the specialisation path comes from the sale of
specialised knowledge, the marketing function becomes extremely important to maximising the sales of franchises.

In contrast to the position in the other three paths, managing knowledge in this specialisation path is an essential not only for growth, but also for survival. For example, hotel AH1 is running a chain business whose knowledge management portfolio includes their brand image, the quality delivery of knowledge products and services, and relationships with clients and business partners. In order for the hotel to survive in this knowledge-based business, partnership building is essential and is an area which requires innovation, knowledge and patience due to the involvement of many external entities. The manager at hotel AH1 acknowledges that the value of establishing partnerships could take the form of the reduction of upfront fees, cost effective advertising and promotional activities, stronger purchasing and volume discounts. Hotel AH1’s knowledge in such as documents, computerised databases, reservation systems, processes, and products and services, as well as that residing in employees and management, has been used to serve its both clients and employees.

For delivering the knowledge to clients, hotel KH11 as a franchisor provides regular support to them in accordance with a licensing agreement. Such support includes an induction when a new franchise begins, and assistance with marketing, computerised systems and technical planning. It also includes extensive manuals covering business planning, financial control, operations, customer service, staff recruitment and training, advertising, promotion and market research. This regular support is ongoing and given through field support programs and business success programs. Lessons learned and best practices are also provided to franchisees in order to offer improved
innovative service operations, products and services extensions, or entire new products and services.

In using its knowledge, hotel KH11 employs both standardisation and the alteration of existing knowledge in order to make it better with client needs. Through such activities, hotel KH11 is in a position to offer its clients more attractive services at very competitive prices. This has helped it to increase client value and reduce its service costs. As the business requires knowledge in order for this to happen, KH11 focuses on informing, training and motivating employees employing a range of methods, procedures and information systems to identify and collect their employees’ knowledge and experiences, and bring them to bear on problems and opportunities. As a result, hotel KH11 is able to develop new markets and offer quality services. According to the hotel manager, the underlying assumption in this approach is that in order to execute any kind of plan as intended, employees’ understanding and active participation of it is crucial. In line with this, the activities of developing and creating knowledge on strategy and the business model are also ongoing.

It is a matter of concern that both hotels KH11 and AH1 do not have an explicit knowledge management strategy, although are committed to regular strategy reviews and the development of strategic plans. As they have engaged in knowledge management planning as required, there is clearly a need for less ad-hoc, planned knowledge management, something that is not immutable but flexible and dynamic in the face of change. From their perspectives, marketing the business through high brand recognition and a reputation for consistent quality is the key to the success of their business. Akin to other hotels pursuing different approaches, the goal of the
The focus of the path is to apply the specialised knowledge in licensing by trading it to others who require the knowledge and wish to apply it.

**Path 4: Specialisation**

| Sources of revenue generation | • There are no longer physical products and services but knowledge itself becomes the commodity.  
|                              | • Knowledge is becoming commodities as a sole revenue generator. |
| Knowledge management activities | • Knowledge is applied from the local application of the specialised knowledge through the hotel’s internal development or creation and transferring specialised knowledge derived from local application to others who wish to apply it.  
|                              | • Internally developed knowledge may be used either in the service processes, in knowledge-embedded products and services or a knowledge product and service itself.  
|                              | • Building relationships with employees, customers and with business partners are still important.  
|                              | • Technology use is dependent on the franchisor’s resource availability (Both the traditional and the modern one). |
5.6. Issues and Opportunities in Knowledge Management

Notable among the knowledge management issues faced by small and medium-sized hotels are their weak operational position, the lack of collective knowledge bases, the lack of innovative knowledge-embedded products and services and the gap in access to modern technology, the so-called digital divide.

5.6.1. The weak operational position

The case hotels are basically managed by owners/managers who oversee every aspect of their operation in businesses with only a fewer layers of management and consequently very short decision chains. As they work close to operational level, these owners/managers have a good understanding of products and services as well as of key business related processes and issues in their hotel. While their management style which combines flexibility and centralised control is generally effective, in some cases their lack of managerial skills, competence and insufficient attention to strategic issues impacts adversely on growth. This is particularly noticeable when it comes to knowledge management where their limited strategic vision can be a major impediment. Predominantly, the organisational structure of these hotels is flat. In categories S1 and S2, it is flatter and less hierarchical than in the relatively large counterparts in S3, enabling shorter lines of communication in the hotels. For smaller hotels, this structural configuration can be an advantage over large ones, because the
relative absence of hierarchy enables them to cultivate the kind of flexible and open culture which could be an enabling factor for implementing knowledge management.

Nevertheless, the combination of an owner/manager who is both inflexible and not committed can be problematic when it comes to putting knowledge management into practice. As such, managerial behaviour plays a critical role in shaping the culture of small and medium-sized hotels, given the dominant position occupied by experienced and entrepreneurial owners/ managers. Unlike the hotels in the category S3, the smaller ones (i.e., in categories S1 and S2) have simpler and fewer processes/procedures. Also, their processes and procedures are more flexible and adaptable to change than those in category S3 hotels. There is less formalisation and standardisation in the work of smaller hotels and they tend to be very people-oriented. However, this very lack of formal and standardised procedures, and their ad-hoc needs-driven approach could be an impediment to the execution of knowledge management practices.

In all the hotels interviewed, resource poverty was a serious problem, whether in the form of resources such as finance, human, and time. As this research is based on the empirical findings from the small and medium-sized hotels, a simple example can be found in the process of conducting interviews with owners/managers at their own premises. In order to set up an interview, numerous telephone calls and personal visits were often required, as the owner/manager was normally the only full time staff member on duty and hence had no time spare from running the business. Some interviews were conducted in breaks between daily business activities, as the owners/managers were unable to be far from the day-to-day business activities.
Inevitably, this meant that there were interruptions to the interviews. When asked, most of the hotel owners/managers in categories S1 and S2 said that their greatest asset was knowledge held by themselves, rather than employees. This is understandable in small organisations with few staff other than the owners/managers.

As all the case hotels were extremely cost conscious, a lack of staff was a common problem. Although all the hotels had valuable human resources, a significant number lacked personnel with the appropriate information, knowledge and technology skills. The need for multi-tasking by few available staff inhibited the ability to implement additional activities including knowledge management projects. In addition to staff shortages, the case hotels faced other kinds of shortages including those of limited strategic visions on the part of owners/managers, staff training facilities and reward schemes to encourage employees. However, while clearly lacking bargaining power in the market when compared to large hotels, the smaller hotels, that is in categories S1 and S2 often operates in niche and specified markets. Thus, they are able to provide something that is marginally different from the more standardised products and services offered by hotels in the category S3, and hence enjoy a competitive advantage.

5.6.2. The lack of collective knowledge bases

One of the main challenges to the implementation of knowledge management in the small and medium-sized hotel sector was the lack of an organisational knowledge base. As with all organisations, hotels require resources and capabilities to be competitive and sustainable within the business environments. Central to this are the
skills and knowledge which the people in hotels employ, and the organisational capabilities built up over time. The knowledge and skills required by people include problem solving, decision making, communication, coordination and collaboration skills and social skills. The need for building organisational knowledge bases in small and medium-sized hotels stems from the two major sources. The first is a loss of organisational capabilities through the high turnover rate of the employees. The labour intensive nature of general hotel work does not require well educated nor experienced workers, hence people can move easily to other hotels or organisations.

The second reason is the high level of reliance on owners/managers’ knowledge and skills. In the smaller hotels, the knowledge of employees (apart from that of managers) is not as important as is that of owners/managers. All owners/managers in the smaller hotels (i.e., S1 and S2) interviewed rated employees knowledge as having the least importance while rating the owners/managers’ knowledge as being the most important. On the other hand, the hotels in category S3 were able to manage their knowledge more systematically through standardisation in manuals and/or computer assisted databases. In fact, they regarded their computerised databases as the most important system in the hotel, not only for operating the business but also for utilising the knowledge available.

Finding ways to effectively capture and organise the knowledge in hotels is imperative, given the risk posed to corporate memory through the loss of employees and a lack of knowledge accumulation. In hotels in categories S1 and S2, the knowledge base resides mainly in the heads of owners/managers. However, even in these smaller hotels, knowledge resides within the employees, few though these may
be. While it is difficult to capture the tacit knowledge of employees, this where successful can be included in the hotel’s knowledge base for future re-use. Clearly the possession of the necessary resources and capabilities is a key source of advantage to all hotels.

Advanced know-how, expertise, and experience are distinctive capabilities of human resources that can set them apart from the human resources of competing hotels. These can be technical skills, business skills and the systems or organisational structure of the hotel, skills which enable it to act more quickly in response to market changes. The hotels in the category S3 were better-resourced than those in categories S1 and S2, and thus able to exercise their capabilities more readily than their smaller competitors. These superior resources take the form of better locations, a larger scale of establishment, a larger workforce, wider distribution coverage, automated systems, and better established brand names. However, even for these hotels, the building of collective knowledge bases, especially those containing employee knowledge, remains a serious challenge.

Given their relatively weak position in a dynamic operational environment, small and medium-sized hotels will have to engage in the accumulation and management of knowledge if they are to survive, let alone be competitive. The building of such a knowledge base calls for greater integration of operations, allowing the collective knowledge of the hotel to be utilised throughout the entire scope of its operations. In turn, this calls for staff with the willingness and commitment to make their personal (tacit) knowledge available for inclusion in the system. This can be facilitated by training and by the introduction of reward and recognition systems, which could have
the dual advantage of enhancing employee commitment and reducing the rate of staff turnover.

5.6.3. The gap in access to modern technology

Digital divide, inequality of access to and use of information technology, was evident among the hotels investigated in this research. In order to connect the supply side and the demand side for the purpose of offering their products and services, large hotels have relied on worldwide networks where both production and distribution are based on cooperation using information technology. The hotel reservation system built by the Hilton hotel group actually preceded the airline reservation systems of the early 1960s. The first computer-automated guest room management system was used in the New York Hilton in 1963, but was very inefficient because front desk clerks had to use key punch cards to record information and then process these cards later in a batch. This problem was soon rectified and today, forty years later hotel information systems have become vital to the operation of hotels deal in the global economy. These information systems provide hotels with communication and analytical tools for supporting daily business operations. This makes it possible for business to adopt flatter, more decentralised structures.

In addition to the use of transaction based information systems such as computer reservation systems and management systems, decision support systems have also been employed for revenue management and yield management in hotels. These technological advances contributed directly to the advances in the hotel industry’s products and services mentioned in Section 5.7.4. It is clear therefore that the hotel
industry had a long association with advances in information technology applications. In the case of the smaller hotels (i.e., categories S1 and S2) in pursuit of the *match* path, realisation of the benefits of the use of such technology has yet to be fulfilled, as they have rarely moved beyond the traditional technology (e.g., telephone and fax). These smaller hotels are mainly operated by owners/managers who store the relevant knowledge in their heads and do not see the need for adopting more modern technology. In most cases, their knowledge management activities are performed through face-to-face interaction or over the telephone conversation. Even those hotels on the *combination* path who have adopted some of the more modern technologies, have got no further than the use of email and/or basic website provision. Nor are they as yet ready to use these technologies in their knowledge management activities.

Conversely, those hotels following both the *divergence* path and the *specialisation* path are heavily involved in the use of modern technologies such as the Internet and computerised reservation systems. Indeed, these technologies have proved essential to their operation in local and international markets through the provision of facilities, such as online reservation, payment, communication and information on products and services. This totally different picture is an explicit illustration of the digital divide that exists between those hotels that do and those that do not have access to modern technology.

Another aspect of the differences between these hotels that is not necessarily a result of the digital divide relates to the ability to capture tacit knowledge. As discussed earlier, knowledge is tacit-oriented in the smaller hotels (i.e., in categories S1 and S2) because it is held in the heads of owners/managers, whereas the hotels in size
category S3 much of the emphasis is on explicit knowledge owing to a high reliance on computerised systems. Knowledge management in these bigger hotels is about acquiring, disseminating, generating and using the collective knowledge of the hotel, involving corresponding sub-processes such as identifying, analysing, communicating, storing and converting knowledge into explicit forms for exploitation with the help of technology.

However, not all types of knowledge are captured and codified. A great deal of useful knowledge has been normally lost when seasonal and casual employees left their hotels. Accordingly, managing the tacit knowledge of such employees and of those remaining with the hotel is an inherent challenge for management. While information technology in the form of e-mail or memos and notes entered onto their hotel management systems is helping to facilitate the dissemination of tacit knowledge, identifying tacit knowledge in the first place is a hurdle for most hotels. Even with the cooperation of employees, capturing something more than information in an electronic format is difficult.

In fact, managing knowledge is difficult even with the help of the information technology because the hotels are dealing with a set of complex issues that are interrelated and cannot be easily segmented. This is because much of the activities in knowledge management involve interaction between the configuration of people, knowledge, business strategy, technology and the hotel’s operational environment. As the hotels on the divergence path and the specialisation path are heavily dependent on the use of information technology, they must understand that there are limits to the benefits of this technology. Technology is a very useful tool that can help people
manage knowledge, but no matter how cutting-edge, the application technology alone does not constitute knowledge management. The focus must always be on people.

Not only do people generate and share knowledge, but also people use the knowledge. There is no point in acquiring and implementing information technology if people do not use the knowledge to achieve the hotel’s business goals. Therefore, the implementation of information technology must be complemented by fostering a knowledge sharing culture, and a willingness to share information and knowledge conforming to business goals. The availability of electronic knowledge exchange does not automatically include a willingness to share information and build new knowledge, if employees are unwilling or unable to commit to such goals. For effective knowledge management, employees need training in quality reporting that captures the knowledge rather than information or data in order to make it a true knowledge management process. After the knowledge is collected, a process for reaching the employees who need it needs to be in place.

5.6.4. The lack of innovative knowledge-embedded products and services

Hotel products and services have specific characteristics including seasonality, perishability, inseparability and customer experience. **Seasonality** applies to both beds and foods (e.g., Easter hot cross buns and Christmas pudding) that are available at particular times of the year. **Perishability** applies to both food and service products, where an unsold bed or a plate of fresh salad is irrecoverable. **Inseparability** is related to the fact that the industry is highly networked, based on world-wide cooperation between very different types of stakeholders (e.g., supply side v demand side). On the
supply side, there are primary service providers like hotels and restaurants, as well as airlines and other transport services, which are big players.

In addition, there are other players that have to be considered. For example, tour operators can be seen as product aggregators, while travel agencies act as intermediary/information brokers providing customers with the relevant information and bookings. The intermediaries can be seen as the professional connection between supply and demand. There are other entities such as government and non-government organisations for destination marketing, management, planning, and branding. These entities are not service providers, nor are they engaged in any kind of reservation processes, rather they act on behalf of all the providers within a destination.

As to customer experience, this clearly impacts directly on the supply of hotel products and services. Today’s customers tend to undertake research on products and services before use and assess them both during and after use. The heavy involvement of customers in the relaying their experiences such as in selecting bed, food and beverage as well as ancillary services (e.g., Automated Teller Machine services and visitor information services) both requires and generates knowledge. As the quality of the products and services cannot be assessed beforehand, but only during actual consumption, the specific characteristics of hotel products and services have significant implications for the issue of quality. This quality issue has been dealt with differently in the four path types. For example, the quality issues are more focused and practised at hotels on both the divergence path and the specialisation path, as being associated with hotel chains, these hotels comply with standardised and
integrated quality control systems, in conjunction with manuals, business advice, marketing support and technical support.

Owing to the standardised nature of many products and services, hotels are having difficulty in offering innovative and knowledge-embedded products and services. Although those hotels on the divergence and the specialisation paths offer various knowledge-embedded products and services on the basis of their chain relationships, there are very few such knowledge-embedded products and services in the hotels following the match and the combination paths. Although the lack of such products and services of the hotels could be a difficult challenge to the match and the combination hotels, the concept of quality in what they actually offer of them is not negotiable. A good quality service is not only of a high standard but also gives value for money. The smaller hotels (i.e., category S1) have some advantages in this quest for quality insofar as they have greater flexibility to respond to the needs and wants of their customers. Nevertheless, they are not able to ensure a quality of services which guarantees the customer satisfaction at a competitive price.

The quality of the services in these hotels depends mainly on the actions of two parties, namely the owner/managers and the few employees. This leads to two kinds of different pressures on all these hotels. For example, the owners/managers in the smaller hotels are not always able to satisfy every aspect of customer demand. In addition, employees in categories S2 and S3 hotels are often working on a casual basis or not aiming at a permanent professional career in the industry. These pressures make the hotels vulnerable to complaints about quality, but there are ways in which they can respond. In the case of hotels on the match and the combination paths, this
means making extra efforts to be more flexible, prompt and deliver personalised services to their customers. In the case of those hotels on the *divergence* and the *specialisation* paths, the position is easier in that they are having the support of their established chain brand and the guarantees that tend to go with this. Table 13 summarises the issues identified and examples of possible corresponding opportunities in knowledge management.

<table>
<thead>
<tr>
<th>Issues</th>
<th>Opportunities</th>
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| Hotel’s weak operational position | • Niche, specified market to target  
• Owners/managers’ leadership  
• Relationship building with customers, business partners and competitors |
| The lack of collective knowledge bases | • The establishment and utilisation of the hotel’s collective knowledge throughout the entire scope of its operation  
• Linking and using externally available information and knowledge |
| The gap in access to modern technology, digital divide | • The adoption of modern technologies  
• The effective combinative use of traditional and modern technology |
| The lack of innovative knowledge-embedded products and services | • Offer of quality and value for money products and services  
• Generation of knowledge-embedded products and services |
5.7. Conclusions and Summary

This chapter sought to provide comprehensive views on the paths to knowledge management in small and medium-sized hotels. The analysis of the interview data confirms that knowledge management already plays a role in these hotels, embedded as an underlying implicit principle of their business operation. Managing knowledge in these hotels is also an enterprise-wide issue involving many challenges along with corresponding opportunities as hotels seek to fulfil their vision of corporate growth. This study has found that the growth vision of each hotel is related to revenue generation and knowledge management. This finding indicates that there is an inseparable relationship between the growth vision and knowledge management, where the understanding and execution of the growth vision provides a base for each hotel’s path to knowledge management through managerial decision-making. The finding led to the researcher to a better understanding of the emerging concept of path knowledge. Central to the path knowledge concept are the two defining aspects of the sources of revenue generation and the knowledge management activities involved in the acquisition, use, dissemination and creation of knowledge.

A hotel’s path to knowledge management to a large extent determines the creation of economic value by offering a collection of knowledge-embedded products and services. Again, the hotel’s decision to offer a single physical product and service, a package of knowledge-embedded products and services, or knowledge itself is a key
influence on revenue generation based on its ability to integrate internally and externally available resources. In the choice of products and services the hotels are also necessarily involved of necessity in varying extents of the knowledge management activities that facilitate different paths to knowledge management. In this context, the concept of path knowledge embraces four broad types of paths to knowledge management. These four paths are not isolated from each other, rather they are linked to further facilitate the advance of knowledge management in the hotels.

Surprisingly, all of the hotels interviewed were already involved in knowledge management, although the extents of the application of knowledge management activities vary from hotel to hotel. These hotels can with justification be regarded as being knowledge-based businesses, as they not only recognise the value and imperative of managing their organisational knowledge, but also have been engaged to whatever extent in knowledge management. However, there are outstanding issues faced by the hotels in seeking to move towards effective knowledge management. These issues include their weak operational position, the lack of collective knowledge bases, the lack of innovative knowledge-embedded products and services and the gap in access to modern technology, the so-called digital divide.

Although these issues all represent challenges, with prudent action they can be into opportunities. In terms of difficulties, the case hotels all had limited resources such as time, location, market knowledge, experiences and skills. The majority of the hotels often lost their valuable knowledge of employees, due to a high staff turnover rate. The level of business knowledge and management skills of owners/managers was also
a challenge in hotels relying on their operational input. While the hotels interviewed did not draw attention to financial issues as an influential factor in knowledge management, the lack of access to finance is inherently a constraint to all the small hotels. The better resourced a hotel is in financial terms, the better its capabilities for gaining competitive advantage. Nevertheless, in order to pursue their chosen paths to knowledge management, these hotels need to cope with what they have. For them, prudent management (in the absence of an inflow of resources) entails conducting ongoing quality checks, acting flexibly and creatively developing employee retention schemes and the owner/manager’s managerial capabilities and very important, fostering the development of external relationships.
6. CHAPTER SIX: THE PATHFINDER MODEL

6.1. Introduction

Chapter Five discussed the emerging concept of path knowledge where the four broad types of paths to knowledge management were identified. The different paths represent practical approaches to knowledge management that can be adopted and further shaped by small and medium-sized hotels. For the hotels, it is no longer feasible to regard knowledge management as irrelevant to their day-to-day operations. Nevertheless, the most critical missing resource in small and medium-sized hotels is a strategic view on the part of individual hotel owners/managers, many of whom find it hard to think in terms of long term vision, with their major focus being on costs. Furthermore, the concepts of knowledge and knowledge management are not well understood even by those hotels seeking a clear practical direction to knowledge management.

In spite of such demands, there are few explicit conceptual models to point the paths to knowledge management in small and medium-sized hotels. The choice of a path to knowledge management can be influenced by a broad range of factors in the growth vision of the hotels. A better understanding of the factors pertaining to the potentially strategic dimension to knowledge management could help the hotels to break the vicious circle of resource constraints and market vulnerability by enabling them to compete on more sustainable terms. In order to help understand such influential factors, this chapter presents a conceptual model, called PathFinder model. The model
essentially represents three core elements: 1) the path knowledge concept; 2) key internal and external resource factors; and 3) relationships between elements 1) and 2).

This opening section of the chapter introduces the rationale behind the development of the PathFinder model. Section 6.2 presents the model, representing the phenomenon of knowledge management in the domain of small and medium-sized hotels. The model entails a wide array of influential factors linked to the path knowledge concept. In line with the popular maxim that a picture is better than thousand words, this section also presents a pictorial representation of the model showing its constituents and core elements. As the owners/managers interviewed identified a number of influential factors in their paths to knowledge management, Section 6.3 explains and categorises those factors and uses comparative analysis to group and regroup the factors and identify similarities and differences in perspective. Based on the result of the categorisation, the factors are classified under two major dimensions: internal resource factors and external resource factors. The internal resource dimension consists of five factors: i) owners/managers; ii) employees; iii) structure; iv) culture; and v) processes, while the external resource dimension includes: i) customers; ii) business partners; iii) competitors; iv) technology; and v) environment.

As the factors have already been analysed in Chapter Five, the following Section 6.4 briefly defines each factor and shows the relationship between them. Since the model is constructed based on the concept of emerging path knowledge, understanding the scenarios of path change will help small and medium-sized hotels to enhance their
decision making in the choice of a path to knowledge management. This is the *raison d'être* of Section 6.5, in which possible combinations of path change are discussed. In Section 6.6 conclusions and a summary of the chapter are presented.

### 6.2. Formulation of the PathFinder Model

In the development of the pathfinder model, two fundamental areas were taken into consideration. They were: the need for a model in section 6.2.1; and the constituents of the model in 6.2.2. An overview of these is as follows.

#### 6.2.1. The needs for a model

Despite the overarching desire for growth with the increasing recognition of knowledge as a source of generating revenue, there has been little systematic approach to support small and medium-sized hotels’ paths to knowledge management. In the case hotels, knowledge management is commonly practised through activities such as acquiring knowledge, disseminating knowledge, using knowledge, and creating knowledge, along with the corresponding sub-activities. These activities are carried out by the owners/managers from time to time, as required on an *ad-hoc* basis. This kind of *ad-hoc* approach to knowledge management varies little among the hotels. For example, the hotels in category S3 have conducted strategic planning, whereas those in categories S1 and S2 do not have a fixed planning phase, and planning happens in response to operational urgency and need.
In contrast to their acknowledgement of the need for knowledge management, all the hotels, except one had neither a knowledge management strategy, nor formal knowledge management planning. It is apparent that strategic knowledge management is still a kind of optional extra to the hotels. The interviews with the owners/managers suggest that the hotels’ paths to knowledge management are influenced by a number of factors related to various resources and capabilities. They also suggest that although the owners/managers are heavily engaged in daily operations, their paths to practical knowledge management lack strategic direction.

Indeed, the fact that the business management skills and capabilities of owners/managers’ business are such a critical resource to their hotels, raises concerns over a lack of accountability impacting adversely on management of the hotels. There is little in the way of systematic approaches to the application of their business and knowledge management practices, as small hotels are not open to scrutiny from anyone else except the owners/managers. In other words, owners/managers with different backgrounds, conventions and beliefs tend to adopt specific perspectives which are not susceptible to systemisation and standardisation. This suggests that small and medium-sized hotels need more systematic approaches to the challenges and opportunities they face, focusing on the integration not only of their own capabilities and resources, but also of externally available resources through collaboration with external entities (i.e., business partners, competitors and customers).

Various resource factors influence the hotels’ paths to knowledge management, although the extent to which these impact on the paths of individual hotels can vary.
For example, some small and medium-sized hotels have moved away from the provision of physical products and services to the supply of knowledge products and services. Others still focus on the provision of physical products and services, where the competition is based on price or where success depends on volume. Accordingly, hotel businesses can follow different strategic knowledge management paths that distinguish them from their competitors in the industry. In such circumstances, a systematic understanding of the potentially strategic dimension to knowledge management could help small and medium-sized hotels to break the vicious circle of resource constraints and market vulnerability by enabling them to compete on more sustainable terms.

Regardless of the size of the hotels with which they compete, all the case hotels found it difficult to determine their paths to knowledge management. This is because knowledge management is multi-faceted. Managing knowledge is an enterprise wide issue where the fulfilment of organisational goals can involve many factors. As such, there is a clear need for practical directions for the effective adoption of knowledge management. In order to address this need, the researcher has developed a model depicting the different approaches to knowledge management paths along with key influencing factors for application within small and medium-sized hotels.

6.2.2. Constituents of the model

The model has been generated inductively from the systematic collection, coding and analysis of the interview data. The development of the model has been iterative and incremental. This study has formulated categories, elements and themes through the
process of data collection, coding and analysis. As reported in Chapter Five, the path knowledge concept is first derived from data coding and analysis, and then further grouped into four categories. Having clarified the concept, the categories including elements and themes are determined by more selective data collection and corresponding data coding and analysis. This induction process involved three data collection steps in order to investigate the phenomenon under investigation from all relevant perspectives and until theoretical saturation was reached. The initial data collection based on five interviews identified the path knowledge concept, comprising two different types of paths. The next round of data collection based on a further five interviews revealed another two different types of the path knowledge concept. The third round of data collection based on three interviews, resulted in no further new types of path.

In the initial data collection of five interviews, the rudimentary form of the path knowledge concept emerged. Data collection from this point was driven by the needs of the emergent rudimentary path knowledge concept, which signalled the beginning of the second stage. This second stage was recursive in that the emergent concept was constantly checked through further data collection, data coding, and data analysis. These recursive checks continued until at least the major types of paths were saturated and the two defining aspects of the concept were refined. At this stage, the refined and saturated types and relevant aspects of the emergent path knowledge concept had driven the selective sampling beyond the initial level. The end of the data collection was signalled by saturation of the four types and by establishment of the two aspects of the relationship, the sources of revenue generation and knowledge management activities.
The practical issues involved in building the model have been those of understanding and representing all the elements and relationships related to the concept of path knowledge in the hotels. The concept focuses on directional path options to knowledge management. In understanding the concept, the four different types of path to knowledge management were identified and categorised: *Match* (Path 1), *Combination* (Path 2), *Divergence* (Path 3) and *Specialisation* (Path 4). The categorisation of the four types is based on the relationship between the two aspects, explained in Section 5.5. As all the hotels interviewed pursue different paths to knowledge management in order to achieve their growth vision, the path knowledge concept is closely related to growth vision of the hotel through growing revenues for enhancing marketplace performance. The path to knowledge management taken by each hotel is different, while the dependence on the hotel’s resources and capabilities in executing the path is similar.

The hotel’s ability to apply its resources and capabilities for enhancing market performance is critical to the implementation of a path to knowledge management. Whether the hotel is beginning to understand knowledge management or has been already growing with knowledge, its choice of a path to knowledge management is determined by certain factors. The path knowledge concept comprising the four types of paths along with the two major aspects (i.e., the sources of revenue generation and knowledge management activities) is influenced by a wide array of internal and external resource factors. All the case hotels have managed their own style of paths to knowledge management in accordance with the available resources factors that have impact on their paths. These factors are drawn from both internal and external
resources. The internal resource factors include owners/managers, employees, structure, culture and processes. The external factors are customers, business partners, competitors, technology and environmental influences.

Those factors are identified in Section 6.3 and defined in Section 6.4. Figure 5 below illustrates all the constituents of the PathFinder model. The constituents of the model are: a) the internal and external influential factors; b) two aspects in the path knowledge concept with the four types of paths; and c) relationships among them. Four solid arrows are used to represent the four types of paths in which the mach path is depicted as Path 1, the combination path as Path 2, the divergence path as Path 3 and the specialisation as Path 4. The two dotted arrows are used to show the influential factors to a path. Path knowledge is depicted as a dotted box in order to distinguish from the solid box represented for the influential factors. As can be seen in Figure 5, the model represents a hotel’s path to knowledge management, influenced by both internal and external resource factors in choosing from four types of paths to knowledge management.
6.3. Factors Affecting Paths to Knowledge Management

This study was carried out with cross-case analysis of the interview data, using the constant comparison method to group answers and to similarities and differences in knowledge management perspectives in order to identify key factors affecting the knowledge management paths taken by small and medium-sized hotels.

6.3.1. Initial key terms

In the first instance, candidate factors emerged in the form of key terms that linked the analysed portion of the text of interviews with hotel owners/managers to the abstract factors being investigated, as reported respectively in Chapters Four and Five. The numerous terms expressed by owners/managers in everyday language were translated by the researcher into theoretical constructs. Initial key terms were selected based on
the practical quality of the data rather than the occurrence of the terms in the data. The practical quality of the data was assessed by comparing them on two accounts: i) if the initial key terms were appropriate to serve as abstract categories; and ii) if they appeared as influential factors in the responses of owners/managers.

Once the second objective here was attained, the first one was achieved by labelling certain key terms so as to obtain a more abstract level of meaning. For example, personalised products and services were re-labelled as innovative products and services. Creation, dissemination, acquisition and use of knowledge as well as identification and analysis of knowledge were re-labelled as knowledge management activities. In all an initial list of thirty-two key terms was subjected to further categorisation. Table 14 presents the categorisation of the initial key terms expressed by the hotel owners/managers.

<table>
<thead>
<tr>
<th>Initial key terms</th>
<th>Interview responses of owners/managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key terms</td>
<td>AM1</td>
</tr>
<tr>
<td>1. Growth vision</td>
<td>v</td>
</tr>
<tr>
<td>2. Technology</td>
<td>v</td>
</tr>
<tr>
<td>3. Suppliers</td>
<td>v</td>
</tr>
<tr>
<td>4. Customers</td>
<td>v</td>
</tr>
<tr>
<td>5. Business partners</td>
<td>v</td>
</tr>
<tr>
<td>6. Competitors</td>
<td>v</td>
</tr>
<tr>
<td>7. Innovative products/services</td>
<td>v</td>
</tr>
<tr>
<td>8. Revenue generation</td>
<td>v</td>
</tr>
<tr>
<td>9. Owners/managers (experiences and skills)</td>
<td>v</td>
</tr>
<tr>
<td>10. Legislation/Regulation</td>
<td>v</td>
</tr>
<tr>
<td>11. Employees</td>
<td>v</td>
</tr>
<tr>
<td>12. Daily tasks/routines</td>
<td>v</td>
</tr>
<tr>
<td>13. Knowledge management activities</td>
<td>v</td>
</tr>
<tr>
<td>14. Collaboration</td>
<td>v</td>
</tr>
<tr>
<td>15. Intermediaries</td>
<td>v</td>
</tr>
</tbody>
</table>

208
6.3.2. Categorisation of key factors

The initial key terms identified were then re-categorised by assessment against two criteria. The first was scope for the integration of terms where the most suitable key word was chosen when two or more key terms, expressed the same meaning. For example, the four key terms owners/managers, strategy, strategic direction and growth vision were all subsumed the term owners/managers. The rationale for this integration was that all the case hotels were heavily dependent on their owners/managers’ experiences, skills and capabilities for their strategic vision towards growth and path to knowledge management. Another example entailed the integration of six key terms namely, business partners, intermediaries, suppliers, cooperation, networking and industry associations under the term business partners. As in other examples, this instance of integration reflects the views of most
owners/managers as regards the importance of building relationships with business partners through cooperation and networking.

The second criterion involved finding an appropriate category in cases where a critical factor identified by an owner/manager did not correspond to any of the terms under consideration. Where none appeared, a new category was generated. One example was that of the *processes* and *environment* factor. The former key term was newly generated in order to represent hotel management operations. Although the three key terms of *daily routines/tasks*, *communication* and *collaboration* expressed by some owners/managers were related, there was a need for a new, more abstract term to adequately represent their range of views. Hence, the key word *process* was chosen. In another example, the six terms *legislation/regulation*, *economic down turn*, *disease outbreaks* and *natural disasters* as well as *government* and *Destination Marketing and Management Organisations* were integrated into a new key word namely, *environment*. These six terms are related to external events and entities over which the hotels have no control. The importance of the *environment* factor is evident in the fact that hotels are part of the tourism industry and hence, vulnerable to a wide range of events, both natural and human-made.

There are many dimensions on the paths to knowledge management. This includes both the internal and external resources available to hotels seeking to maintain daily operations and cope with their operational environment and external entities including environmental influences and those resources accessed through the mechanisms of collaboration, communication, cooperation, and competition. The key terms shown in Table 14 were further categorised and refined into three different themes which after
the initial categorisation began to emerge from the data pertaining to the categories. While there is recognition of the current status of knowledge management and the issues surrounding it in the case hotels, there is also widespread acknowledgement that success in knowledge management is linked clearly to three themes: a) internal resources; b) external resources; and c) the path knowledge concept. Accordingly, the list of key influential factors was re-categorised under these three themes, as shown in Table 15.

<table>
<thead>
<tr>
<th>Internal resources</th>
<th>External resources</th>
<th>Path knowledge concept</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Owners/managers</td>
<td>• Customers</td>
<td>• Revenue generation</td>
</tr>
<tr>
<td>• Employees</td>
<td>• Business partners</td>
<td>• Knowledge management activities</td>
</tr>
<tr>
<td>• Structure</td>
<td>• Competitors</td>
<td></td>
</tr>
<tr>
<td>• Culture</td>
<td>• Technology</td>
<td></td>
</tr>
<tr>
<td>• Processes</td>
<td>• Environment</td>
<td></td>
</tr>
</tbody>
</table>

Table 13: Categorisation of the key influential factors under three different themes

This categorisation shows the mix of resources that influences the hotels’ paths to knowledge management. Although not immediately apparent from the table, there are similarities and differences in the way that each hotel uses its resources to choose and pursue a path to knowledge management. For example, all hotels interviewed are pursuing a vision of growth and to this end are involved in knowledge management. Similarly, all the case hotels are engaged in collaboration, communication and competition. They need to face and cope with competition in order to survive, form
collaborations as an extension of their capabilities, and carry out effective communication within the hotel as well as with external entities. These mechanisms are important enablers in the application of the factors. Table 16 summarises a final list of key factors affecting paths to knowledge management.

<table>
<thead>
<tr>
<th>Key factors affecting paths to knowledge management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal resources</strong></td>
</tr>
<tr>
<td>- Owners/managers</td>
</tr>
<tr>
<td>- Employees</td>
</tr>
<tr>
<td>- Structure</td>
</tr>
<tr>
<td>- Culture</td>
</tr>
<tr>
<td>- Processes</td>
</tr>
</tbody>
</table>

Table 14: Key factors affecting paths to knowledge management

6.4. Overview of the Key Factors

This section explains the key influential factors affecting the small and medium-sized hotels’ paths to knowledge management under two themes: 6.4.1) internal resources; and 6.4.2) external resources.

6.4.1. Internal resource factors

Internal resources include five factors: i) owners/managers; ii) employees; iii) structure; iv) culture; and v) processes.
i) Owners/managers

Owners/managers play a key role in making decisions on viable paths to knowledge management. All the hotels interviewed in this study were operated by one or more owners/managers who had a major portion of their lives invested in them. These owners/managers dealt every aspect of their operation and hence, had a deep understanding of services and products, as well as of key business related processes and issues in the hotel. As ownership and management are combined, the management of these hotels is very much subject to the owners/managers’ entrepreneurial leadership including their knowledge, experience, industriousness and commitment. This entrepreneurial leadership is characteristic of these owners/managers, who took a risk by setting up the business in order to generate revenues and make a profit. It is also for propelling the hotels into a path to knowledge management. In particular, the owners/managers’ commitment to growth has a significant impact on the hotel’s choice of knowledge management path.

This issue of entrepreneurial leadership is not only a matter of owners/managers’ commitment and enthusiasm. In smaller hotels, a significant amount of knowledge is not explicit, and exists largely in the minds of the owners/managers. This knowledge and the past experiences of owners/managers’ can represent a major resource for the hotels where it can be transferred as appropriate to employees and contribute to the knowledge base of the hotel as a whole. On occasion, however, even entrepreneurial leaders can be found wanting. The interviews revealed that on occasions owners/managers either lacked experience and knowledge of strategic management
and/or they were happy for the hotel to remain where it was rather than advance for example, by moving from the *match* path to the *divergence* path, and/or to the *specialisation* path. Nevertheless, it is the entrepreneurial owners/managers that determine corporate vision, and perceptions of the challenges, opportunities, costs and benefits in the choice of paths to knowledge management.

ii) Employees

The skills and capabilities of employees are vital for the success of the hotel’s path to knowledge management. The knowledge, experiences and skills required for each employee to play his or her role within a hotel is part of its knowledge base. An important feature of employment in all the case hotels is its casual and seasonal. While partly driven by seasonal demand it is largely the result of a cost-driven response by owners/managers to the challenges of a volatile market. Most of the case hotels employ a high percentage of lower skilled workers through a network of family members or friends. The owners/managers in those hotels seem not to greatly value any formal training acquired prior to employment. Besides, the owners/managers are generally interested in obtaining workers who are willing to work the hours required. This situation will obviously impinge upon the ability of the hotels to retain their workforce and provide quality services to customers. When even these relatively low-skilled employees leave a hotel, this can have an adverse impact on its collective knowledge resource. In anticipation of employee turnover, it is important to build up a knowledge base of their explicit and tacit knowledge. At the same time the development and application of reward systems might help employee retention. Like
owners/managers, employees contribute to the hotel’s knowledge base, influencing the paths to knowledge management.

Managing employees’ knowledge is a challenge for the small hotels as they are less likely to have the ability to turn the tacit knowledge in employees’ heads into explicit knowledge that can be accessed for the training of new employees and the maintenance of product and service standards. All the case hotels acknowledged the importance of their employees to their operation, along with the importance of in-house staff training. This training extends to knowledge of internal processes, but can include apprenticeships with owners/managers and attendance at industry seminars or workshops. Although some employees, for example, managers may not require additional training to perform their duties, this might still be necessary in regard to knowledge management.

iii) Structure

The structure of a hotel can have an impact on the implementation of the knowledge management paths. Structure determines the hotel operates and performs by allocating responsibilities for different functions and processes to different employees. In the case hotels in size categories S1 and S2 pursuing the match path or the combination path, the structure is flatter and less hierarchical than in their relatively large counterparts in S3 following the divergence path or the specialisation path. The owners/managers in both S1 and S2 hotels are responsible for checking the guests in and out, servicing their needs, and taking care of the housekeeping for the guest rooms, as well as maintaining and marketing the establishments. In these categories,
total control over the hotel is in the hands of the owners/managers with or without the support of a few employees.

However, if hotels move towards the divergence path or the specialisation path, the demand for knowledge-embedded products or services increases and it becomes more and more difficult for an owner/manager to do his or her job well. Due to the increased workload, some owners/managers in hotels following these paths have had to add more personnel such as housekeeping staff, or one or more front desk staff to check in and check out the guests. This has included both additional senior staff. They have also engaged in outsourcing information technology maintenance for their web sites and other technology related matters. Such additions to staffing largely occur within the functional structure of the hotels, with employees grouped together based upon specific job functions.

In contrast to categories S1 and S2, the hotels in the S3 category in the pursuit of the divergence path or the specialisation path tend to decentralise by allowing and empowering employees to make certain decisions without obtaining approval from a higher level manager. Each employee is given certain authority to take positive actions that lead to high quality and improved performance, so that the control of the process and quality assessment become part of everyone’s job. One example of this approach was given by a manager in the S3 category whereby if a staff member at the front desk received a complaint about service from a customer, he or she would be able to respond within limits laid down by management in order to help retrieve the situation. Responding to such issues of customer dissatisfaction is critical for all hotels and beyond the immediate issue at hand can contribute both to employee job
satisfaction (a job well done) and to the likelihood that the customer concerned will come back to the hotel. This has direct implications both for revenue generation and profitability. For the smaller hotels in categories S1 and S2, their flat structural configuration along with centralisation enables to follow flexible and owner/manager-driven path to knowledge management. In the case of hotels in the S3 category, this still applies, however, such hotels need to put more effort into facilitating the entire processes of knowledge management by educating and motivating all employees to participate in it.

iv) Culture

Having a good organisational culture is essential for a hotel to effectively execute its path to knowledge management. The culture of a hotel is the shared beliefs, norms, values, practices, and behaviours of both owners/managers and employees. It reflects the things that the owners/managers and employees value, and the way they relate to one another within the hotel in working together on a daily basis to get things done. As most of the hotels in this study are small in size, their culture is open and flexible, enabling shorter chains of communication in the hotel. The culture in such hotels is also very positive in relation to sharing and exchanging knowledge. This is largely owing to the role of owners/managers and their willingness to share their knowledge with employees. Aside from the owners/managers’ behaviour, it is also important for employees to behave in the right way. In order to sustain a flexible open culture, the hotel’s employees need to support and subscribe to the owners/managers’ entrepreneurial mindset that reacts proactively to the marketplace. This calls for an
organisational structure which facilitates utilisation of all the knowledge in the hotel across the entire spectrum of its operations.

In the case hotels, in addition to appropriate behaviour on the part of both owners/managers and staff, the cultivation of a flexible open culture has been dependent on flat centralised structures, rather than on those that are decentralised. The centralised decision making process is the result of owners/managers, personally performing all management functions in the business. The open flexible and sharing culture also makes it easier for the hotels to achieve effective implementation of their paths to knowledge management. Accordingly, the smaller hotels (i.e., categories S1 and S2) are more flexible with regard to path changes (e.g. from the match path to the combination path or from the combination path to the divergence path) than are their relatively larger counter parts (i.e., category S3). This could be advantageous for the smaller hotels. However, as decision-making power remains almost totally centred on owners/managers, the potential for managerial rigidity in the face of change, due to their business experience and personality traits, can be a possible hurdle when implementing path changes.

iv) Processes

Processes are activities that respond to business events. They have inputs and outputs, as well as starting times and stopping times. Some happen repetitively, while others happen occasionally, or even rarely. Such processes are governed by policies and sets of rules and supported by procedures that are the step-by-step instructions and logic for accomplishing a process. Processes include daily routines and tasks within the
hotel, governed by policies, rules, functions and procedures. A great deal of interdependence exists among these processes in the delivery of products and services. For example, hotel work revolves around functions and ongoing activities that support the business. Functions can be decomposed into other sub-functions and eventually, into processes that perform specific tasks. The hotels in the category S3 recognise the need to standardise their approach to the provision of products and services in order to minimise re-work and errors which have the potential to annoy their customers. They also have implemented systems to formalise processes that previously relied on employee know-how.

Unlike category S3 hotels, the smaller ones (i.e., categories S1 and S2) have simpler and fewer processes. Processes at hotels in categories S1 and S2 are more flexible and adaptable to change than those in category S3. There is less formalisation and standardisation in the smaller hotels. Their operations are also smaller and less complicated. This means that there are fewer detailed rules and procedures and a higher level of autonomy. As hotel size increases such as in S3 category, several hotels have begun to empower employees and supervisors to make decisions that typically have been made by owners/managers. This approach ensures that employees are responsive to internal processes and have the necessary behavioural characteristics for a decentralised operational environment. This also ensures that with the application of individual autonomy and initiative both the hotel’s processes and its employees can respond differently to different situations. Nevertheless, a lack of formal and standardised processes, procedures and functions can pose a risk to impeding the operation of path changes. To overcome such risk, hotels need to understand that these processes, procedures and functions are not stand-alone
activities, but operate within an overall operational structure. Effective management of this kind of situation calls for a high level of cooperation between owners/managers and employees, and frequent direct communication between them.

### 6.4.2. External resource factors

External resources that impact on the paths to knowledge management in the case hotels include: i) customers; ii) competitors; iii) business partners; iv) technology; and v) environment.

i) Customers

All the case hotels are customer-oriented and seek to interact closely with their customers. The customers for hotels on the *match* path and the *combination* path are primarily locals, while in hotels on the *divergence* path and the *specialisation* path customer bases have also included interstate and international visitors. All the hotels have come to realise that the key to achievement of their goals is meeting the needs and wants of customers. Customer demand forces the hotels to develop improved or new service specifications for existing and potential customers.

Indeed, customers have played significant roles in initiating improvements to products and services, both in the delivery of modified products and services, and of new ones as hotels have sought to differentiate themselves from the competition. Customer feedback also directly and indirectly pushes the hotels to lower cost structures or to provide more flexible options. The constant monitoring of customer opinion in order
to understand it correctly, and prompt action in response, has been important to the winning of repeat customers. As the majority of the hotels operate in a niche market targeting a limited population of customers, such efforts at customer satisfaction influence their paths to knowledge management through management procedures, structures and the modification of internal operations.

ii) Competitors

While attempting to remain attuned to the needs and wants of their customers, the hotels watch the moves of their competitors closely. As the business environment become increasingly more competitive, hotels have little choice but to respond competitively. In such a competitive market, developing a successfully proven business concept and employing mass media advertising are often beyond the resources of those independent small hotels engaged in the pursuit of the match path and the combination path. Commonly, these hotels adopt the match approach in order to make a suitable match to competitors’ offerings so as to satisfy their customers. In order to match the offerings of competitors, owners/managers in S1 and S2 hotels are more likely to be flexible in managing cost structures and customer relations. This approach at least helps with the survival of the business.

Those hotels on the divergence path and the specialisation path are less concerned with the competition per se than those on the match path and the combination path. This is because hotels in both the divergence and specialisation paths offer a more sophisticated range of services, including the delivery of knowledge-embedded products and services, than just delivering physical products and services. As a result,
these S3 hotels can enjoy a competitive advantage not available to those S1 and S2 category hotels delivering products and services along the *match* path and the *combination* path. Nevertheless, all the hotels investigated, irrespective of size, are strongly subject to the pressure of competition, as they seek to a path to knowledge management. Commonly, also they lack suitable means to respond in terms of a shortage of market knowledge and competence.

iii) Business Partners

Business partners are an important factor as hotels address the issue of knowledge management. Several case hotels on the *divergence* and the *specialisation* paths are proactive in working with a wide range of business partners. This cooperation with competitors for the core business functions (e.g., referrals), and with suppliers for example, pertaining to outsourcing related matters (e.g., laundry, cleaning, technical support, foods and beverages). It also involves interaction with hotel industry associations in order to promote their own establishments, and with businesses which run customer loyalty and/or promotion programs. Owners/managers in those hotels are strongly of the view that such relationships help to support their business. In addition, they point out that their relationships with both intermediaries and aggregators are important external sources for smoothing their paths to knowledge management. As part of a distribution channel, the intermediaries (e.g., travel agents) help the hotels to access customers by acting as information brokers, providing customers with relevant information and booking facilities. They are the professional connection between the hotels and their customers, mainly based on the electronic infrastructure of the central reservation systems/global distribution systems.
Furthermore, the products and services of hotels are often sold as part of a travel package that comprises several elements from different service and product providers. Other business partners include tour operators who act as a single point of access to services, thus offering the possibility of lowering market information costs for hotels. Therefore, it is not surprising that hotels are engaged in the process of developing relationships with external business partners. In the case of small hotels, effective external collaboration is important not just for growth purposes but also for successful knowledge management. Not that cooperation is always a positive thing for small hotels, as it carries with it potential risks in relation to identity, brand and image and freedom of operation. How to minimise the risk of collaborating with other organisations without loosing their advantage needs to be considered by all hotels.

iv) Technology

The use of technology provides the hotels with many opportunities. While few hotels stress technology as an issue that is of major importance, all the hotels clearly use a mix of traditional and modern technology to facilitate activities on their paths to knowledge management. There are two types of technology used in the case hotels, which are synchronous and asynchronous technologies. With synchronous technologies a sender and a receiver communicate simultaneously by using traditional technology, for example a telephone. With asynchronous technologies, a sender and a receiver communicate with a delayed response by using such technology as modern (e.g., email and web feedback forms) and/or traditional (e.g., fax, letter, and paper-based feedback forms). The case hotels on the match path heavily rely on traditional
technologies, while those on the divergence path and the specialisation path are already in the use of modern ones.

The hotels on the combination path are increasingly using modern technologies. The use of modern technology at the hotels in pursuit of the divergence path and the specialisation path in particular, has enhanced the way they operate the business by means of: a) computerised reservations systems/global distribution systems not only allowing travel agencies and other intermediaries to access real time hotel reservation information, but also allowing customers to make bookings via the internet; b) property management and customer management systems allowing hotels to improve the level of service provided to customers; and c) computerised database systems allowing higher volumes of historical data about customers to be processed, transferred, stored and reused to produce information and knowledge.

Along with the use of such technologies, the face-to-face communication channel still dominates the facilitation of knowledge management. This involves communication between customers and employees, among employees, and between the hotel and the external entities. This provides the platform for the entire activities of acquisition, dissemination, use and creation of knowledge. In most cases, both the traditional and the modern technologies, as communication channels, complement the roles of the hotel employees and external entities rather than replacing them. The use of modern technologies is seen as one of the sources of competitive advantage, especially at the hotels on the divergence path and the specialisation path.
On the other hand, the owners/managers following the *match* path said that they felt no need at all for such technologies, because their hotels were very small. Due to such differences, the digital divide between the larger and smaller hotels is an issue not only in terms of access to technology, but also as regards an information gap to the market and to other external resources. This will eventually hamper the market performance of these hotels. Accordingly, there is a need to raise awareness as to the value of the modern technology adoption at those smaller hotels. On the other hand, those hotels already using such technology consider it not as a silver bullet leading to successful knowledge management but rather, as a useful tool that helps people to manage knowledge.

v) Environment

Various entities, events or circumstances in the external environment can impact upon hotels and have an influence on their paths to knowledge management. The high level of external uncertainty renders the hotels potentially vulnerable and susceptible to changes in their business. Examples include economic downturn, natural disaster, outbreaks of disease and legislative and regulative changes involving government and government agencies at federal, state and local level. Currently, all the hotels are affected by rises in the interest rates and in oil prices. A couple of hotels which deal with customers from overseas are also concerned with natural disasters and/or disease outbreaks in countries from which the customers depart. As an important external entity, government plays two major roles in that it provides support and regulates operations. The former entails Destination Marketing and Management whereby government promotes travel destinations to wider communities and facilitates the
forming of extensive cooperative networks with various products and services providers.

This kind of assistance from the government and also, the states and the local councils is particularly beneficial to hotels who are interested in offering products and services to overseas markets, in that the supporting organisations offer a range of marketing opportunities, market knowledge and advice in the tourism businesses. It is important for the hotels to take opportunity of these services, particularly if they wish to expand their market to include international travellers. In the development and application of regulatory frameworks, government mandates the hotels to comply with requirements, for example, for health and safety, quality management and accreditation schemes within the hospitality industry. As external environments are changeable and lie outside the control of small hotels, the ability to monitor and adapt to changes in the external environments is important for hotels in implementing their paths to knowledge management.

**6.5. Conclusions and Summary**

In spite of a strong desire for growth and an increasing recognition of the value of knowledge, all the small and medium-sized hotels in this research are involved in ad-hoc approaches to knowledge management. These approaches are initiated by owners/managers in the hotels and driven by their needs and such time as they have available. However, a lack of understanding both of knowledge management and of strategic directions to knowledge management presents a dilemma to owners/managers. Nevertheless, despite the potential complexity involved in the
implementation of knowledge management there is a relatively straightforward route to this goal for the hotels investigated in this study. This route has been laid down in the PathFinder model introduced in this chapter and representing the phenomenon of knowledge management in the domain of the small and medium-sized hotels.

Based on the analysis of the interview data, a number of key factors that have influenced the hotels’ paths to knowledge management have been identified. These include both internal and external factors. Faced with both similar and different resource conditions, each hotel has a choice of four different types of paths. The four types of paths are grounded in two key aspects, the sources of revenue generation and knowledge management activities. Whether a hotel chooses one path or another, the hotel’s intention in making the choice of a path to knowledge management is to grow, on the basis of its resources and capabilities and by realising the value of knowledge management.

All the case hotels have a set of resources that are considered to add value, generate revenue and provide products and services. This set of resources including knowledge determines a hotel’s intended path to knowledge management, whether it be through a focus on knowledge or on physical products and services. Increasingly, knowledge is required in order for the hotels to grow. To small hotel owners/managers, knowledge is something that is required to solve a specific problem in daily business operations or to build relationships with external entities such as customers, business partners, suppliers and/or government agencies. Most of all, the hotel’s growth means challenges to human resources management. It is important to train staff to manage internal systems effectively but for this to happen, changes are necessary to
organisational structures. As small hotels are particularly vulnerable to changes in their operating and external environments, the provision of practical but strategic options for knowledge management could allow for better management of their limited financial, physical and human resources. Such issues have been embodied in the PathFinder model which represents the business challenges facing small and medium-sized hotels and along with opportunities residing in the key influential resource factors in their choice of paths to knowledge management.
7. CHAPTER SEVEN: EVALUATION

7.1. Introduction

The interpretive qualitative study conducted in this research focused on the human aspects of knowledge management in the context of small and medium-sized hotels, seeing interviewees as a source of interpretations, interventions and individual decisions. In other words, this interpretive study has sought to understand the phenomenon through the meanings assigned by the interviewees. The researcher employed a set of qualitative data collection and analysis methods which supported the formulation of the path knowledge concept and the construction of the PathFinder model. The study has been consisted of three elements. They are: i) ontology, the reality that this researcher investigated; ii) epistemology, the relationship between that reality and the researcher and; iii) the research processes and methods used to discover reality.

In this study, epistemology has provided the philosophical underpinning and the legitimisation of knowledge, and the framework for a process that could produce a rigorous methodology comprising a range of research methods. By taking the subjectivist stance, the ontological conception has necessitated the selection of research approaches that make sense of empirical evidence through socially constructed and mediated meanings from the standpoint of each individual. These elements were considered appropriate for assessing the quality and the rigour of the study.
In the context of the three elements, the quality and the rigour of the study have been based on the researcher’s paradigm and pre-understanding, and the generalisability, validity and reliability of the research. The measures chosen for evaluating this study were derived from the literature of interpretive qualitative research. In sharp contrast to positivist studies, interpretive researchers reject the possibility of an objective or factual account of events and situations, seeking instead a relativistic perspective, albeit one that is shared between the researcher and the interviewee. As such, evaluation was first carried out by assessing the researcher’s standpoint through the paradigms and pre-understanding that govern the study in Section 7.2.

As the researcher had obtained data from face-to-face in-depth interviews, there was a need to address the level of confidence of the data gathered, as a fair and accurate understanding of the perceptions of the owners/managers that were interviewed. Therefore, two related issues, those of reliability and validity were assessed in Section 7.3. As this research was based on a relatively small data set, and the intention was to understand the deeper structure of a phenomenon, the generality of the study also had to be considered. Thus, the generalisability of the PathFinder model has been evaluated in Section 7.4, against three criteria: i) the use of the purposeful and theoretical sampling method; ii) the number of interviewees, that is, the sample size; and iii) comparison with existing literature. Finally, conclusions and a summary of the chapter are presented in Section 7.5.

7.2. Stance of the Researcher
As this research is an interpretive and qualitative investigation into knowledge management in small and medium-sized hotels, it is particularly important to be clear about the standpoint from which the researcher examined the data. In this case, the researcher adopted a subjective as opposed to an objective view of reality. Clearly, however, both these views and interpretations of a problem domain are potentially legitimate, and the way to progress is not to try and discover the one correct view, but to accept the differences and seek to gain insights by a deeper understanding of the complexity involved (Klein & Hirschheim 1987). Accordingly, in the development of conceptual representation, recognition of the philosophical background to human inquiry and of the nature of knowledge pertinent to appreciating the problems are more important than any argument about which view is correct. The process of conceptual representation is related not only to the hierarchy of data, information and knowledge of the domain, but also to human related activities and the interaction among the parties who use the knowledge to manage their affairs. The value of aligning the ontological concerns of being with the epistemological concerns of knowing should not be overlooked in the development of conceptual representation.

In the representation of reality, the philosophical foundation of epistemology and ontology needs to be acknowledged. The epistemological foundation underlying the conduct of this study presumes that knowledge of reality is always filtered and interpreted through personal contexts. Perceiving knowledge to be interpretively understood and mediated by social construction, this research investigates the practical application of paths to knowledge management in small and medium-sized hotels. As the investigation is based largely on interviews with owners/managers, the study is essentially grounded in practice.
Although the major emphasis in the information systems research community has been on fact-based approaches based on objectivism, consideration should be given to taking both objectivism and subjectivism as a duality, rather than taking one point of view, since pursuing a strong single position can be difficult. Furthermore, without recognising both perspectives, the reality that is modelled might not be sufficiently comprehensive. The problem is not whether to be objective or subjective, but that the presence of one implies the other, and that any method that is based upon one of these ontological positions must accept and cater for the other. Both objective and subjective aspects are present at the same time. Objective methods can be said to be objective because they are not subjective. Accordingly, a good understanding of the Universe of Discourse, and a means of specifying this understanding in a clear unified process are important to researchers.

Objectivity has to do with the standpoint of the researcher in the positivist paradigm, where researchers are objective agents in scientific enquiry and results can be standardised. That is, the influence of a researcher’s personal characteristics should be segregated from the research process. Interpretive qualitative researchers however, recognise that the personal characteristics of a researcher do influence data collection and analysis. Glaser and Strauss (1967) argue that personal experience plays a role in interpretive research, enhancing and sensitising data collection and analysis, theory formulation, and even the credibility of research. The researcher is not an ethnographer who attempts to collect the most complete data possible on a group, but rather an active sampler of theoretically relevant data. This is the role that this
researcher took, by continually analysing data so as to determine where to sample to investigate the emerging theoretical questions.

All researchers bring some kind of framework to the research process, interpreting the world through some kind of conceptual lens that determines the process among other things. In the process of data collection and analysis, this study begins with the definition of the research questions and research design, and moves to assembly of the interview data, as looking for categories and patterns that occur across the data. This process further shaded the researcher’s view of the research area, as the researcher was exposed to a range of ideas, concepts and theories.

The operation of such influences on the researcher is not without danger of bias and conflict, because different people interpret the world in different ways and any agreement is inter-subjective. The appropriate way to investigate the social world is to recognise multiple realities. This study is no exception and in consequence, the researcher’s experience as a manager in service and manufacturing industries for over ten years has led to a socially constructed view of the world. Nonetheless, while the researcher’s experience and knowledge might influence the analysis of the data to some extent, objectivity has been sought through adoption of an appropriate qualitative interview method that has maintained an adequate distance between the interviewer and the interviewee.

The researcher has taken the view that without the notion of objectivity, the notion of subjectivity is meaningless. Hence, in this study any action taken in the research process has been preceded by evaluation on the part of the researcher, as part of a
continuous effort to filter the influence of personal factors, from the choice of paradigms to the selection of methods, to data collection and data analysis. In stating clearly what is brought to the research process by the researcher, an important aspect of rigorous research practice is achieved, namely that of making the research design explicit.

7.3. Validity and Reliability of the Research

In this research careful attention has been paid to the key criteria of validity and reliability.

7.3.1. Validity

Validity and reliability are key tests in positivist research, because positivists aim to make their research findings readily generalisable from their samples to the population. For positivists, validity is concerned with the extent to which what is being studied is what the researcher claims it to be. It raises the issue of whether or not the data collected precisely measure the phenomenon that the researcher is studying (Neuman 2003). Reliability, on the other hand, is the robustness of the process, of the design, and the tools of research (Neuman 2003). This ensures that the research findings are not compromised by flaws in these aspects, so that the same research can be repeated by other researchers with a different sample, and essentially the same results can be obtained. Validity and reliability in interpretive qualitative research relate to the ability of the research to be repeated, and to its success, or otherwise, in answering the research question (Hussey & Hussey 1997). Having
addressed these issues, quality, validity and reliability have been achieved (Hussey & Hussey 1997). This study evaluates construct validity, internal validity, external validity and reliability based on Yin’s (2003) four assessments criteria.

Construct validity refers to the degree to which inferences can legitimately be made from operationalisation in one’s study to the theoretical constructs on which this operationalisation is based. In this study a number of techniques have been employed to ensure the construct validity of the interview data and data analysis. The study has maintained construct validity through on-going dialogue between the researcher and the interviewees, with the participants of conferences, and paper reviewers from various academic journals. The use of feedback from such dialogue has facilitated the research and enabled the findings to be incorporated into the formation of the concept of path knowledge and the PathFinder model. The interview data and interpretations of the data were constantly scrutinised by the researcher, by other academics and peer reviewers.

The preliminary findings were tested in subsequent interviews with owners/managers in hotels as well as with academics who were conducting research in knowledge management and/or tourism and hospitality management. To further improve the construct validity, as suggested by Yin (1994), this study has also utilised multiple sources of evidence. For example, the secondary data collection method was used to inform the study, including in the design of the semi-structured interview questions, and in comparing the constructs with the extant literature. Furthermore, the interviewee review process assisted construct validity through having interviewees review and revise the transcript of their interview.
Internal validity is the approximate truth about inferences regarding causal relationship or cause-effect. It is only relevant in studies that try to establish causal relationships. It is not relevant in most observational or descriptive studies. In this study, no such causal relationship was sought as the study is exploratory in nature, seeking to identify and explain the issues in and practice of knowledge management at small and medium-sized hotels. However, while not a focus of the study causal relationship is still relevant to the study. Therefore, internal validity has been addressed through a comprehensive analysis of the encoded results, and comparison of these with research purposes, problems and objective statements, and through pattern matching of the interview data.

External validity is the extent to which the study’s findings are generalisable beyond the immediate case, the likelihood that ideas and theories generated in one setting will also apply in other settings. Yin (1994) suggests that external validity could be achieved from theoretical relationships, and from these generalisations could be made. It is measured by the degree of transferability of the research. Lincoln and Guba (1985) posit that it is both for the researcher and the reader to make a case for the transferability of the study’s findings. This researcher has addressed the process of enabling external validity by accepting that any approach to generalisation based on analysis and theorising is substantially constrained by the immediate research data. Transferability for this study has been established through the use of multiple data sources, and rich descriptions which have taken into account the time, and context of the inquiry. It has also been sought through careful selection of the interviewees,
design of the interview questions and the design and implementation of the interviews.

### 7.3.2. Reliability

Reliability relates to the issue of whether similar observations can be expected from different researchers on different occasions if they apply the same general methods in similar situations. In interpretive research, reliability is dependent upon stability, consistency and predictability, and is often accomplished using an audit trail (Lincoln & Guba 1985) where the researcher maintains a log containing personal notes allowing for reflection upon what happens in relation to personal values or perceptions. In this study, the researcher maintained a logbook in the form of a hardbound notebook to record all observations interactions, thoughts and discussions that were carried out during the research project. It also recorded the source of non-interview data and its location, so that it could be found again if required.

Reliability was further achieved in this study through documentation of the research process, including a section describing how the interview procedure was refined as the interviews progressed, and the researcher’s reflections on the interview process. The data analysis methods were drawn from widely-adopted sources such as Eisenhardt (1989), Miles and Huberman (1994) and Patton (2002). A detailed description of the coding, analysis and interpretation processes was obtained by using a purpose-built database, and through constant evaluation of the process and findings by the researcher and by peer reviewers. The researcher took care to remind the reader of her personal involvement as researcher, and the fact that the analysis represents her
personal interpretations of the data in light of her thinking theoretical interests, personal background and experience.

To cope with concerns over both validity and reliability, the strategy of triangulation was adopted. Triangulation generally refers to employing more than one method, gathering data from multiple sources or studying something from several different angles. There are four types of triangulation: method triangulation, data triangulation, investigator triangulation, and theoretical triangulation (Neuman 2003). While all types of triangulation are not explicitly used in this study, application of the data triangulation method is evident both through comparative analysis of the interview data. Triangulation has also been achieved through the medium of discussions with industry practitioners, as well as conference paper presentations to and discussions with academics and industry experts. There has been positive feedback on issues of validity and reliability from academia and industry and in response to peer reviewed papers. The researcher has detailed the steps and procedures used to ensure reliability in this study in Chapter Three, to enable others to replicate the work as nearly as possible. The researcher has also maintained a reference library using Endnote Version 10 to support the referencing and analysis of secondary data.

7.4. Generalisability of the Model

Interpretive researchers (Strauss & Corbin 1998; Yin 1994) argue that generalisability is of little relevance to them as interpretive qualitative research is concerned with the meanings and experiences of the whole person or localised culture. Generalisations from the setting, usually from a small number of case studies to a population is not
sought; rather, the intent is to understand the deeper structure of a phenomenon, which it is believed can then be used to inform other settings. On the other hand, quantitative positivists achieve generalisability by attempting to decompose phenomena into measurable, common categories, which can be applied to subjects in the wider population. Maxwell (1992) argues that external generalisability is one of the two levels of theory generation at an abstract level. Pertaining to such frequent criticism of an inability to provide generalisable conclusions, Yin (1994) argues that general applicability results from the set of methodological qualities of the case, and the rigour with which the case is constructed. The goal of the study should establish the parameters, and then should be applied to all research. In this way, even a single case can be considered acceptable, provided it has met the established objective. In this study, generalisability of the PathFinder model embedded with the concept of path knowledge has been evaluated based on three criteria: 7.4.1) the use of a purposeful and theoretical sampling method; 7.4.2) the number of interviewees; and 7.4.3) comparison with the literature.

### 7.4.1. The use of a purposeful and theoretical sampling method

The selection of a valid sampling method is important for the quality, validity, and reliability of the research. Sampling considerations for interpretive qualitative research are different from those of quantitative positivist research. Quantitative positivist researchers are concerned with the representativeness of the sample due to their attempt to make claims about generalisability. They generally employ probability sampling procedures. On the other hand, qualitative interpretive researchers are concerned with fine grained understanding of phenomena in specific
contexts (Rubin & Rubin 1995) and do not attempt to make claims about the generalisability of their findings, leaving it to readers of their findings to make inferences about generalisability based on their own judgement.

In many cases interpretive qualitative researchers take a relatively small, selective sample (Neuman 2003; Patton 1990) and employ more flexibility in sampling than quantitative positivist researchers. Such flexibility may, at times, lead to choosing inappropriate sampling procedures which can adversely affect the robustness of research results. Random sampling should be avoided, because a small random sample violates both the quantitative principle that requires an adequate sample size to ensure representativeness and the qualitative principle of appropriateness (Morse 1991). All sampling in qualitative research has a purpose, and can be encompassed under the umbrella term of purposeful sampling (Patton 1990; Sandelowski 1995). As sampling is the essential building block of this interpretive qualitative study, it is important to clarify the principle of purposeful sampling method.

There are different types of qualitative sampling. Four types of qualitative sampling are put forward by Morse (1991): the purposeful sample, the nominated sample, the volunteer sample and the sample that consists of the total population. Patton (1990) has asserted that all sampling in qualitative research is purposeful. Sandelowski et al. (1992) have proposed two types of qualitative sampling, purposeful (selective) sampling and theoretical sampling. Purposeful sampling was first proposed by Schatzman and Strauss (1973). They suggested that field researchers, after several visits to the research site, will come to know who, what, when, and where to sample.
Categories such as age, gender, status, role or function in an organisation may also serve as criteria in selecting samples.

According to Schatzman and Strauss’ view, the key for selective sampling is that subjects are selected in relation to the aims of the research. Similarly, Patton (1990, pp 169) has asserted that “qualitative inquiry focuses in depth on small samples, even single cases, selected purposefully... the logic and power of purposeful sampling lies in selecting information rich cases for study in depth. Information rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research...” In this sense, purposeful sampling and selective sampling share essentially the same meaning in that subjects are sampled on a selective basis as well as with the particular purpose of the underlying of the research.

The goal of theoretical sampling is to facilitate the development of analytic frames and concepts in research. Glaser (1978, pp 36) described that “the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyses his data and decides which data to collect next and where to find them, in order to develop his theory as it emerges. This process of data collection is controlled by the emerging theory, whether substantive or formal.” The general process of theoretical sampling, according to Glaser (1992, pp 102), is “to elicit codes from the raw data from the start of data collection through constant comparative analysis as the data pour in. Then one uses the codes to direct further data collection, from which the codes are further developed theoretically with properties and theoretically coded connections with other categories until each category is saturated.” Theoretical
sampling is developed through continual comparative analysis of data collected from beginning to next stage of data collection.

What then is the difference between theoretical sampling and purposeful sampling? According to Glaser (1978), researchers who use purposeful sampling, decide in advance what to sample, according to a preconceived but reasonable initial set of dimensions, while those who use theoretical sampling cannot know in advance precisely what to sample and where the sampling will lead them. The distinction between theoretical sampling and purposeful sampling lies in that, in the former the researcher selects the subjects to sample according to the purpose of the research before data collection actually begins, while in the latter sample selection, data collection and data analysis are carried out jointly in an ongoing, emergent process of theory development.

In contrast to Glaser’s point of view, some researchers see purposeful sampling and theoretical sampling as being synonymous. For example, Morse (1991, pp129) has stated that “when obtaining a purposeful (or theoretical) sample, the researcher selects a participant according to the needs of the study.” With no specification on theoretical sampling, Patton (1990) has argued that “in the early part of qualitative fieldwork the evaluator is exploring, gathering data and beginning to allow patterns to emerge. Over time the exploratory process gives way to confirmatory fieldwork.....and sampling confirming as well as disconfirming cases.” In this context, theoretical sampling is represented as confirming and disconfirming cases.
Sandelowski et al. (1992) have suggested that the distinction between purposeful and theoretical sampling lies in the time in the research process at which sampling decisions are made. They explain that theoretical sampling is typically preceded by purposeful sampling because of the way academia operates, where any research project needs a clear specification of a sampling frame. That is the kinds of objects to be studied at the very beginning so as to receive approval from ethics committees or funding agencies.

In this study sampling was purposeful in the first instance, as the sampling decision was made prior to the study to conform to the University’s Ethics requirements. Once the first batch of data was collected and analysed, further data collection was carried out using theoretical sampling, because at this stage data collection was driven by the needs of the emergent path knowledge concept. However, both purposeful and theoretical sampling feature in this study as an evolving related process. In the initial stage of the study, data collection was begun with a sample of small and medium-sized hotels in which knowledge management took place. Then came the data collection stage where the interviewees to be sampled were selected according to the requirements of the emergent types of paths as the research progresses. Hence, although this study used the purposeful sampling method at the outset of the research, theoretical sampling played a part after the initial stage of data collection. The insights and feedback gathered from the interviewees were valuable sources to support the formulation of the path knowledge concept and the development of the PathFinder model.
7.4.2. The number of interviewees

For the quantitative positivist researcher, sample size means the number of subjects. In interpretive qualitative research, on the contrary, sample size refers not only to the number of subjects, but also to the number of events samples and the number of interviewees and observations carried out. This is because in interpretive qualitative research, the subject of study is the experiences, events, incidents, etc. (Sandelowski 1995). As suggested by Sandelowski (1995, p183) “Determining an adequate sample size in qualitative research is ultimately a matter of judgment and experience in evaluating the quality of the information collected against the uses to which it will be put, the particular research method and sampling strategy employed, and the research product intended.”

Appropriate sample size in qualitative research depends on the type of sampling used. To elaborate the different requirements for sample size by the different purposeful sampling types, Sandelowski (1995) used deviant case and maximum variation sampling as examples. In deviant case sampling, where the aim is to investigate an atypical manifestation of a phenomenon, one case can be sufficient. Even within one case there is however, a need for within-case sampling (Miles & Huberman 1994). A researcher has to decide which of the wealth of data provided by the case should be sampled in order to explicate its typicality. Maximum variation sampling typically requires the largest minimum sample size among all purposeful sampling, where the researcher must decide what kind(s) of variation to maximise and when to maximise each kind.
Demographic variation is one such kind of variation. According to Sandelowski (1995), the aim of sampling individuals with different demographic characteristics is not to generalise to people belonging to the same demographic group(s). Rather, it involves sampling for variation in person-related characteristics. A second kind is phenomenal variation, where variation on the target phenomena is looked for and the decision to seek phenomenal variation is made beforehand, to collect data from such variations because they are deemed to be important in understanding the target phenomena from different angles. Theoretical variation is the third kind of variation, where a theoretical idea is looked for. Research (Sandelowski 1995; Sandelowski et al. 1992) address the notion of phenomenal variation sampling where first, theoretical variations are identified and then theoretical sampling is conducted.

The underlying principle of determining the appropriate sample size is that of theoretical saturation. Theoretical saturation is reached, according to Strauss and Corbin (1998), in three ways: i) no new or relevant data seem to emerge regarding a category; ii) the category is well developed in terms of its properties and dimensions demonstrating variation; and iii) the relationships among categories are well established and validated. Concerning what is an appropriate size for sampling, Strauss and Corbin (1998) suggest that in the case of interviews as a means of collecting data, there is no fixed sample size where theoretical saturation can be reached. In contrast, some researchers argue that a specific number of subjects is necessary. For example, a sample of eight is enough for intensive interviews that are designed to explore a topic in-depth (McCracken 1988). Strauss and Corbin (1990) and Yin (1989) mention multiple-cases, but it is Eisenhardt (1989) who has written in detail about their theory-building properties. She found that the multiple-case
approach encourages the researcher to study patterns common to cases and theory, and to avoid chance associations. Earlier, Eisenhardt (1989) stated that in the multiple-case approach there is no ideal number of cases, but recommended between four and ten. With fewer than four cases, theory is difficult to generate, and with more than ten, the volume of data is difficult to cope with. Morse (1994) suggests that: about six participants are enough for phenomenologies aimed at discerning the essence of experiences.

There are two considerations regarding the appropriateness of the size of the samples in this study. First, the sample should be able to allow the researcher to investigate the phenomenon of interest from all relevant perspectives; and second, the sample size should be increased until no new view points emerge. In this study, interviewees were selected who had experience in business and knowledge management in the hotel industry. The selection of interviewees and the conduct of interviews was an ongoing process which continued until the themes, categories, and patterns emerged supporting the formation of the path knowledge concept and the PathFinder model. The number of interviewees was increased to a figure of thirteen until no new data was collected. The concept and model development is based on data. In this study, as suggested by Kwortnik (2003) and Strauss and Corbin (1998), data collected from the first few interviews served as a guide for the researcher to narrow the research focus, thereby reducing the sample size required.

Aside from the aforementioned considerations, some peripheral factors have affected the sampling size in this study. For example, Morse (2000) has argued that the researcher’s interview skills, and the nature or sensitivity of the phenomena being
studied, affect how difficult it is for research participants to open up and freely share their true thoughts with the researcher. In other words, if informants are not willing to fully share their thoughts with the researcher, then there will be more interviewees required. For those issues that are less sensitive and which participants find it easier to discuss, a smaller sample size is required. In this study, great care was taken and practical strategies were developed in dealing with the interviewees, so as to minimise the potential shortcomings. For example, the researcher made every possible effort to make interviewees feel comfortable including providing a clear introduction to the research project and the researcher, adhering to times that suited the work schedules of interviewees, and suspending interviews when necessary when the pressures of work intervened. As a result, the interviewees were willing to share their views on knowledge management practices. The sample size of this research was adequate to support the formation of the concept and the development of the model.

7.4.3. Comparison with the literature

For purposes of generalisability this section returned to the extant literature to note consistencies with and departures from findings of earlier research. This involved reviews to see if other research confirmed or disconfirmed the findings of the study. In pursuit of this objective, it is sought that the extent to which if this research is supported by previous research and the extent to which the research has added some new perspective or idea as to paths to knowledge management. In making these comparisons with the wider literature, the interview data, and interview findings leading to development of the PathFinder model were included, as the model represents the key influential resource factors that affect the paths to knowledge
management. These key factors were compared with those from the existing literature. In comparison with the studies of large organisations, small and medium-sized enterprises differ in terms of their structures, processes, resources and management practices. Indeed, the experiences of small and medium-sized hotels also somewhat differ from those of both large organisations and small and medium-sized enterprises as a whole, although general similarities such as those of size and resource poverty, exist.

As shown in Table 17 below, there are substantial commonalities between the set of factors drawn from the literature regarding both large organisations and small and medium-sized enterprises and those mentioned by the interviewees. This study includes five internal resources factors (i.e., owners/managers, employees, structure, culture and processes) and five external factors (i.e., customers, business partners, competitors, technology and environment). The following table shows a comparison of those factors as emerging in the literature compared with those emerging from the interviewees.

<table>
<thead>
<tr>
<th>A comparison of the research findings with the existing literature</th>
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<tbody>
<tr>
<td><strong>Existing literature from large organisations – Six factors</strong></td>
</tr>
<tr>
<td>1. Culture:</td>
</tr>
<tr>
<td>AP&amp;QC (1996); Chase (1997); Liebowitz (1999); Skyrme and Amidon</td>
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<td></td>
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</tbody>
</table>
|   | **Market oriented:**  
|   | McAdam and Reid (2001)  
| 1 | Customers and Competitors (external)  
|   | **Structure:**  
|   | uit Beijerse (2000)  
| 2 | Structure (internal)  
|   | **Management:**  
|   | Sparrow (2001)  
| 3 | Owners/managers (internal)  

|   | **2. Environmental:**  
|   | Holsapple and Joshi (2000)  
| 2 | Environment (external)  
|   | **3. Leadership/management:**  
|   | AP&QC (1996); Chase (1997); Holsapple and Joshi (2000); Liebowitz (1999); Skyrme and Amidon (1997); Smith (2008)  
| 3 | Owners/managers (internal)  
|   | **4. Process:**  
|   | Skyrme and Amidon (1997); Smith (2008)  
| 4 | Processes (internal)  
|   | **5. Technology:**  
|   | AP&QC (1996); Liebowitz (1999); Skyrme and Amidon (1997); Smith (2008); Mehta (2008)  
| 5 | Technology (external)  
|   | **6. Strategy**  
|   | AP&QC (1996); Mehta (2008)  
| 6 | Owners/managers (internal)  

(1997); Mehta (2008)
The factors that affect the adoption of knowledge management in small and medium-sized hotels identified in this study are with one exception the same as those identified in previous research. That exception is the factor of business partners. The list of factors in the literature comprises eleven in total where six are drawn from large organisations and another five are based on small and medium-sized enterprises’ knowledge management study. The former includes sharing culture, technology, leadership/management, process, strategy and environmental. The latter set of factors is structure, market, management, employees’ knowledge and knowledge management processes. Factors such as process and management/leadership are found to be common and applicable to large and small and medium-sized organisations, as well as small and medium-sized hotels.

Of interest is the fact that technology and environmental factors are considered important both in the small and medium-sized hotels and large organisational settings. A new factor, namely business partners has been identified in this comparison of factors from the literature and factors mentioned by the interviewees. Some hotels have already entered collaborative partnerships or business networks with business
partners and external entities, in some cases including their competitors. By forming such collaborative relationships, these hotels have been able to acquire additional resources, and to overcome the limitation of being small in size.

As far as generalisability is concerned, the PathFinder model can be applied to other contexts. While developed in a specific business situation of small and medium-sized hotels that have been studied, the model addresses the issue of external generalisability. Not every scholar might agree that the notion of external generalisability (Maxwell 1992) is applicable to interpretive qualitative research, owing to the fact that an attempt to focus on measuring the common categories destroys the holism that is at the centre of interpretive qualitative research. Indeed, quantitative positivist theories generated may not be applicable, not only to other situations, but also to any specific situation at all.

This argument may make more sense to interpretive qualitative researchers because the generation of a qualitatively generalisable theory is not an equivalent to the quantitative counterparts. The unit of analysis for this research was the small and medium-sized hotel sector, in which various types of establishments were covered including seven hotels, two bed and breakfast establishments, one youth hostel, and three motels/inns and serviced apartments. As explained in Section 4.2.1., examining the origin and definition of the hotel concept, the inclusion of the various types of establishments for the study is sensible. Such inclusion supports external generalisability, as the study findings are drawn from different kinds of establishments. It is, therefore, likely that the model is applicable to any other situation.
7.5. Conclusions and Summary

It is important in any piece of research that fundamental issues of quality are addressed. The researcher’s pre-understanding and paradigm guide the researcher to conduct the study and support the analysis and interpretation of the data obtained. The approach taken in this research was subjectivist, working from the assumption that reality was personally interpreted and socially constructed within an interpretive framework, thus allowing the interviewees in the research to exert a considerable influence on its essential questions and findings. As such, it was not the intention of the researcher to pretend to be independent, or objective, but rather to rigorously analyse and interpret the data gathered through the reality viewed by the owners/managers in small and medium-sized hotels. Irrespective of the different paradigms and pre-understanding of the researcher, validity and reliability remain important indicators of the standard of any research. For positivists, the tests of validity and reliability relate to the accurate portrayal of an objective social reality. However, this assumption runs contrary to that of interpretive researchers. The focus of validity and reliability in interpretive research relates to the ability of the research to be credible and replicable in answering the research question.

This study was heavily oriented towards continuous data interaction and integration. Concepts, categories, hidden meanings, associated properties and dimensions were uncovered and constantly investigated, consequently resulting in a conceptual explanation of the phenomenon under study. This was because the data collected and the way they were coded and analysed allowed for the rich details of social action to
be revealed, which quantitative data fail to do. However, generalisability is an issue in interpretive qualitative research. This study has evaluated the generalisability of the PathFinder model based on three criteria. The first criterion was the use of the purposeful and theoretical sampling method, something key to the findings and the eventual usefulness of the research. The second criterion was the sample size, the number of interviewees. The third criterion was comparison with the extant literature. The comparison indicated that the factors affecting paths to knowledge management in small and medium-sized hotels identified in this study are the same as those identified in previous research, with the exception of one factor, \textit{business partners}. Small and medium-sized hotels still differ from small and medium-sized enterprises although general similarities, such as size and resource poverty, exist. All of the factors will need to be considered if small and medium-sized hotels are to succeed in implementing effective knowledge management initiatives that fit their organisational goals. As a result, the model has addressed the issue of external generalisability so that will be applicable to other situations.
8. CHAPTER EIGHT: CONCLUSIONS

8.1. Introduction

This research set out to investigate the phenomenon of knowledge management in small and medium-sized hotels to better understand their paths.

Chapter One introduced the research by explaining the research rationales, research purpose, objectives and the research question. It then highlighted the scope of the study, the methodology employed, the expected contributions as well as providing an overview of the structure of the thesis.

Chapter Two reviewed the theoretical background of the research in relation to the notion of knowledge and of approaches to knowledge management. Although the field of Knowledge Management has been heavily influenced by developments in Information Systems and Technology, the range of influences reaches far beyond these two fields, resulting in the research taking a trans-disciplinary approach to gain a clear view of the state of knowledge management in theory and practice. The scholastic debate focusing upon the nature of knowledge and more recently on knowledge management practices within firms has a long and complex history. There are many definitions of the term knowledge with varying roots, which differ not only in terms of the scientific disciplines involved, but also as seen within these disciplines. These differences also extend to the field of Knowledge Management.
There are also related concepts such as those of *intellectual capital or knowledge assets* which include organisational competencies and capabilities.

While the different definitions of the term knowledge lead to different perspectives on organisational knowledge and thus, to different concepts of interventions into an organisation’s way of handling knowledge, they all play a role in knowledge management. There is now a proliferation of perspectives, methods, systems, frameworks and models all purporting to explain knowledge management or some part of it. The fact that these models, frameworks, and methods focus on the conceptual level of knowledge management, could well make them more suitable for application within large organisations that are in a better position than smaller ones in many aspects, including resources and competencies.

In common with the resource-based view of the firm, the knowledge-based view of the firm holds that competitive advantage based on internal resources and capabilities is potentially more sustainable than the traditional external market-based approach. For this reason, managing individual and organisational knowledge has now become an imperative to create sustainable competitive advantage especially, in large corporations. Nonetheless, properly understood and implemented knowledge management as a strategic direction can help small and medium-sized hotels to overcome problems relating to the business environment including those size and resources.

However, to date there has been relatively little research conducted into the application of knowledge management in small and medium-sized hotels. More
specifically, there has been little work to investigate those knowledge management paths are likely to facilitate small and medium-sized hotels in their transition to the status of knowledge organisations. To succeed such research would entail empirical investigation and the acquisition of the kinds of rich and in-depth data that have not hitherto been available in the context of small and medium-sized hotels. The literature review has helped in the refinement of the research question in the early defining stage of this study, as well as informing the data collection and evaluation phases.

Chapter Three described the research methodology adopted for the research. It began with a discussion of philosophical assumptions and approaches, and data collection and analysis methods and techniques, including a brief introduction to the development of the model and how the research would be evaluated.

The interpretive epistemological foundation underlying the conduct of the study assumed that knowledge of reality was always filtered and interpreted through personal contexts. Perceiving knowledge to be interpretively understood and mediated by social construction, this research investigated the pragmatic application of paths to knowledge management in small and medium-sized hotels through identifying factors that might affect the adoption of knowledge management. As the investigation was based on the responses of owners/managers, the study was basically grounded in practice in that owners/managers’ responses in dealing with business problems were more on problem solving and obtaining results rather than on the application of theories and principles.
The subjectivist ontological perspective adopted in the research necessitated an approach that makes sense of empirical evidence through socially constructed and mediated meanings from the standpoint of each individual. In considering the research problems, objectives and the research question, the purpose of this study was to develop a better understanding of knowledge management, leading to its adoption or improvement in small and medium-sized hotels. Hence, the nature of the study was primarily inductive, exploratory and theory building in nature, enabling the analysis of data and the conceptualisation of theories.

In a situation where the phenomenon of knowledge management was not well understood in small and medium-sized hotels, and where the relationship between the path knowledge concept and key factors that might affect the phenomenon was even less understood, the interview method was deemed to be the most suitable technique to uncover the issues and practices of knowledge management in those organisations. The use of semi-structured interviews was adopted in this research, as these combine the opportunity to ask pre-set questions in order to structure the interview, with the flexibility to explore new issues or unexpected responses. The use of the interview method produced a rich practical understanding of knowledge management in small and medium-sized hotels, and at the same time went some way towards countering the lack of theory in this area.

Prior to conducting the interviews, the preparatory steps taken included designing the interview questions, obtaining clearance for the research from the University Ethics Committee, and selecting and finalising the list of interview participants. Thirteen face-to-face, in-depth interviews were conducted on the premises of the interviewees.
These individuals were either owners/managers or senior managers, and could have been expected to have in-depth knowledge of the organisation and perhaps, some awareness of the concept and practice of knowledge management. There was continuous transcription and discussion regarding the results, with transcripts being fed back to participants to confirm and validate their responses.

In order to understand the data, this study adopted a set of qualitative analysis methods. The analysis methods included the three phases of description, coding and analysis, and interpretation. Considering the importance of the coding process, and the difficulty in dealing with the abundance of text, in this study coding was employed to design and build a database, using the functionality of the Structured Query Language for the support of interview data input and manipulation. The database used was purpose-designed and built for this study by the researcher using Microsoft Access 2000 technology, and was capable of storing interview data, managing interview scheduling, and generating analytical queries and reports.

The method chosen to analyse the data was that of content analysis, in which the focus was the extraction and categorisation of information from the data. In order to uncover central patterns, themes, and interrelationships in the context of hotel knowledge management informed by extant theories, this study also employed the method of cross-comparison between the interview data and theories. Hermeneutics comprised a major mode of analysis for the interpretation in this study. The adoption of hermeneutics enhanced the reduction of the gap between the original textual data collected from the interviewees and the hidden meanings of the data which the researcher came to understand.
Chapter Four discussed the organisation of the interview data providing explanation of how the data were standardised, manipulated and analysed. For studies such as this one, a degree of data standardisation is necessary to form a basis for comparison. The description of the data from each interview includes the profile of each hotel and the interviewees, and detailed summaries of each hotel’s issues and practices in knowledge management. The research focused on producing a detailed transcription of the interview data. All audio interview data were transcribed into a text format soon after completing each of the interviews. Each interview was given an identification code which was the same to that of each hotel. As explained earlier, the data were then entered and manipulated using the purpose-built database. The generation of various queries under the three different categories using the Structured Query Language also helped the researcher to better understand the data by identifying categories and relationships. The process of coding, analysis and interpretation helped to determine sets of categories and concepts that covered as much of the data as possible.

Chapters Five and Six discussed the results and analysis of the interview data. In Chapter Five, the concept of path knowledge emerged. It was categorised into four types under the two major elements, the sources of revenue generation and knowledge management activities. In Chapter Six, the PathFinder model was developed in association with the concept of path knowledge and the key internal and external resource factors that affected the paths to knowledge management in small and medium-sized hotels.
Chapter Seven presented an assessment of the research using three criteria: i) the researcher paradigm and researcher’s pre-understanding that governed the study; ii) the reliability and validity of the interpretive, qualitative research based on the data from face-to-face in-depth interviews; and iii) the general applicability of the PathFinder model. These criteria were applied in the context of three key methodological features: i) the use of a purposeful and theoretical sampling method; ii) the number of interviewees, the sampling size; and iii) comparison with existing literature.

In this chapter, the next Section 8.2 provides the conclusions emerging from investigation of the research question. In subsequent sections, the implications for theory and practice are presented in 8.3 and 8.4 respectively, and the limitations of this research follow in Section 8.5. Finally, Section 8.6 outlines the need for further research in this field.

**8.2. Conclusions about the Research Question: What Knowledge Management Paths are likely to Facilitate Small and Medium-Sized Hotels to the Status of Knowledge Organisations?**

Knowledge management can help small and medium-sized hotels to make use of their knowledge assets in a challenging operating environment. All hotels have a set of resources considered to add value, generate revenue and help in the provision of products and services. For most hotels, this set of resources includes the knowledge that can help to determine paths to knowledge management, whether through a focus on knowledge itself or on knowledge-intensive physical products and services.
Increasingly, knowledge is required in order for the hotels to grow. To the owners/managers of smaller hotels, knowledge is about something required to solve a specific problem arising during day-to-day business operations, or which features in the building of relationships with external entities such as customers, business partners, suppliers and/or government agencies.

Some of the larger of these small and medium-sized hotels have already entered collaborative partnerships or business networks with business partners and external entities, including with their competitors. By forming such collaborative relationships, these hotels have been able to acquire additional resources and overcome the limitation of being small in size. Increasingly, hotels are seeking to capture employee knowledge and experience both for operational and for staff training purposes. Using a variety of approaches including information systems, meetings, formal and informal procedures in order to highlight both problems and opportunities, these attempts to capture and manage knowledge are a significant factor in the growth plans of an increasing number of small and medium-sized hotels.

For many small hotel businesses, knowledge management is no longer viewed as being irrelevant. Although in the majority of the hotels interviewed, the concepts of knowledge and knowledge management were not well understood, managing knowledge has formed an element of business operations notably in such contexts as those of quality, hygiene, safety, and customer service. Knowledge management is already playing a role in those hotels and even if unconsciously is embedded as an underlying principle of their business operation. A hotel’s internal resources and capabilities in combination with external resources affect its choice of a path to
knowledge management. The application of such resources and knowledge for enhancing the hotel’s chosen path is critical to growth whether it take the form of knowledge product products and services, better locations, larger scale of establishment, a trustworthy workforce, marketing knowledge, wider customer base, automated systems, and better established names.

In the development of product and service offerings, smaller hotels tend to be more interested in achieving a greater modification on their offerings. Some hotels (i.e., in the size categories S1 and S2) which seemed most committed to this type of knowledge management spent a lot of time in customising their services, in effect making them tailor-made for customers. Others in the category S3 were more interested in taking a lead in knowledge product and service development, moving to become knowledge generators rather than physical product and service generators. This approach is essentially one of planning to manage uncertainty by diversifying the product and service range and introducing new products and services for which demand is high.

Another important trend is in the growing appreciation of the importance of marketing knowledge and of having the knowledge appropriate for this purpose. Some of the hotels interviewed had overseas customers, while others were focussing on local and interstate customers. In the former category in particular, there is considerable potential for expansion of the market, leading to constant pressure on hotels in their efforts to respond. Similar opportunities and pressures apply in the market for local and interstate customers. Proper marketing knowledge is, therefore so vital to the generation of revenue in both market categories.
A hotel’s decision on the choice on a path to knowledge management will be dependent on its sources of revenue generation as well as on its knowledge management activities. The path options consist of four distinct types of knowledge management paths that represent the viewpoints of experienced owners/managers formed in the particular circumstances of their own business operations. The options demonstrate that different paths can help hotels to maintain a competitive advantage in different ways. For example, some hotels (i.e., those following the *match* path and the *combination* path) offer differentiated physical products and services and operate at relatively lower costs in the marketplace. The delivery of such offerings can make a difference to the hotels’ performance if they are not matched or exceeded by competitors. Other options (i.e., the *divergence* path and the *specialisation* path) having the advantages of knowledge products and services can win a better position through joining a chain affiliation and/or delivering more customer value in the marketplace.

However, the most important considerations for all hotels are the right choice of a path, the quality of the course that is followed in order to achieve a business goal, and the methods employed for its implementation. Adherence to such conditions should lead in turn to better performance outcomes (e.g., greater customer satisfaction and hence, greater customer loyalty), the obvious result of which should be increased market share. Achievement of a greater market share leads to greater revenue generation. By understanding the different path options, hotels will be able to make better decisions on the choice of the path most suitable to their knowledge management strategy.
These different paths can be interpreted as dynamic directions. It should be noted that those hotels on the specialisation path are not better than others following the match path or the combination path, or the divergence path, but only different. There is no necessary rule in path change such that the match path must reach to the specialisation path in order to grow. Each type of path taken by the hotels is important in its own right. Accordingly, understanding the differences among the paths in the circumstances of small and medium-sized hotels can help construct better, more intelligent enterprises by expanding their knowledge management capacity.

All of the hotels interviewed were already involved in knowledge management, although the extent of the application of knowledge management activities varies from hotel to hotel. These hotels can with justification be regarded as being knowledge-based businesses, as they not only recognise the value and imperative of managing their organisational knowledge, but also have been engaged to whatever extent in knowledge management. However, irrespective of the size, the need for a practical knowledge management direction in relation to their business operation was clear. In spite of such demands, overarching conceptual models barely exist to guide small and medium-sized hotels in their paths to knowledge management. This is because knowledge management is not as simple as much of the current literature might suggest.

Managing knowledge in hotels is an enterprise-wide issue involving many factors so as to achieve the growth vision of the hotels. Such factors are not just independent determinants but are essentially linked to their collective resources and capabilities, as
well as related to the process of decision making on the path to knowledge management. The implementation of a path to knowledge management in the small and medium-sized hotels is due to multiple influential factors. The hotels manage their paths to knowledge management in accordance with their fit to the available pool of resources. Hence, an ongoing consideration of all operational processes, of culture, structure, and human resource management, and owners/managers’ managerial capabilities is required, as well as the development of external relationships.

8.3. Implications

This thesis enhances the understanding of paths to knowledge management through the application of the path knowledge concept, which represents how small and medium-sized hotels pursue the route to knowledge management in their business operations. The application of the path options has resulted in a state-of-the-art understanding of the status of knowledge management in small and medium-sized hotels. The development of the PathFinder model illustrates how the path knowledge concept is affected by resource factors. The model includes four broad types of path options providing insights into the specific nature of different levels of knowledge management activities and the influential resource factors, as well as into the relationship between revenue generation and knowledge management.

In developing the PathFinder model and the concept of path knowledge, this research makes a new contribution to the field of knowledge management. It has extended the understanding of the nature of the different approaches to knowledge management in
small and medium-sized hotels by addressing the need for empirical studies into practices and issues. The model has also confirmed the fundamental link between the resource-based theory and the knowledge-based theory of the firm within the organisational milieu of small and medium-sized hotels. This research therefore, extends current knowledge management theories to the small and medium-sized hotel sector and in the process, has further enhanced and developed the body of theory.

8.3.1. Implications for Theory

The findings from this research indicate that there are several areas that need to be further investigated. They are the definition of knowledge and knowledge management, knowledge management activities, path change and implementation of the models.

The definition of knowledge and knowledge management

The wealth of definitions of knowledge, from those of the early philosophers to modern management theorists has left much of the hotel industry largely unaffected. This said, the small and medium-sized hotels investigated in this research, there has been ample practical manifestation of the concept. While clearly performing knowledge management on a daily basis, most owners/managers have difficulty in understanding let alone defining knowledge, and yet these people represent the only knowledge base in the case of small and medium-sized hotels. Not surprisingly, moreover the majority of owners/managers place little importance on the much
debated distinctions between data, information and knowledge, or on those between tacit and explicit knowledge.

The interviews made clear that overwhelmingly, the focus of interviewees was on a practical rather than a theoretical dimension to knowledge. All the hotels are aware of the importance of managing knowledge. However, owners/managers’ understanding of the knowledge concept is somewhat limited. To most of the hotel owners/managers, knowledge was something required to solve a specific problem that might arise daily in their business operations, or to help build relationships with external entities such as customers, business partners, suppliers, government agencies and/or even on occasion competitors.

The term knowledge management is also challenging as there is little consensus concerning its definition in small and medium-sized hotels. However, the fact that knowledge management in small and medium-sized hotels is typically associated with visions of growth, improved marketplace performance and revenue generation, suggests that there is need for a more practical classification of knowledge and knowledge management, one that is based on applying them practice. Work on such a classification could begin by developing and structuring a taxonomy of knowledge with a choice of a method for taxonomy development, for example, classifying the structure of the contextual knowledge and the content of the knowledge in terms of computerised vs non-computerised, recorded vs non-recorded, and known to software vs not-known to software approaches.

Knowledge management activities
Such definitions have conveyed a series of actions directed to knowledge management while they all encompass many aspects of activities and sub activities around knowledge. Acknowledging knowledge as a key resource and a source of competitive advantage, the owners/managers interviewed regard their hotels as being knowledge-based, and they have been integrating knowledge management activities into their daily operations in order to facilitate this. Even though there were few systematically designed projects or programs for managing their organisational knowledge, all the owners/managers interviewed were exercising ad-hoc knowledge management approaches as the need arose. In the hotels, this entailed a range of activities to do with the acquisition and creation of knowledge, and with its dissemination and use.

The activities of acquisition, use, dissemination and creation of knowledge are prevalent among all the four types of the knowledge management paths. In order to deliver physical products and services or knowledge itself as a product and service, the hotels need to exploit both internal and external knowledge. The use of knowledge resources is an important element in developing and growing the hotel business. Most of the hotels interviewed for this research were trying to acquire knowledge from various channels, while at the same time having difficulties in assessing the actual usage of the knowledge acquired. As it happens, some knowledge, for example that residing in the heads of owners/managers is seldom used, because remaining in their heads it does not get disseminated to others such as their employees. Likewise, if a hotel does not disseminate knowledge through its products and services to customers, one likely outcome is an adverse affect on revenue generation.
This has major implications for the growth vision of hotels. Hotels can still retain their current market position if limited dissemination occurs. However, their paths to knowledge management will not take off, given the pursuit of growth on which the generation of revenue relies. This indicates the need for a further study to understand to what extent the knowledge management activities are related to each other for better performance. This study could be performed by adopting different research methodology including both quantitative and qualitative approaches.

**Path change**

The concept of path knowledge necessitates understanding both what factors need to be developed and how they can be developed in changing from one path to another. As an example, if a hotel wishes to change from its current *combination* path to a new *divergence* path, or from *divergence* path to the *specialisation* path, it is not clear what factors might affect this change. If the hotel wishes to change its current *combination* path to the new *divergence* path, cost considerations might include acquisition of license costs as well as costs for training, adaptation, integration and hotel re-design. The act of changing from one path to another one can entail a major investment for the hotel concerned, with implications that last for a long time. Path change can occur naturally based around internal resources and capabilities along with external resources, or alternatively through the acquisition or creation of new resources.
The level of detail in decisions on the resource requirements can be different depending on each hotel’s resources and capabilities. It is necessary to define concrete requirements in terms of the costs and benefits that are related to the specific hotel’s situation. Key resources for path change regarded as feasible and affordable might be considered in the first place, as cost reduction is one of the major concerns in small and medium-sized hotels. In addition, the choice of another path especially requires a certain mindset from owners/managers and often new competences that have not been possessed by the hotel. These areas should be included for further investigation.

**Implementation of the model**

This study has developed the PathFinder model in which the emerging path concept along with the key influential factors is conceptualised. While the resulting conceptual model provides small and medium-sized hotels with viable path options to knowledge management, the effective implementation of the model will be an important issue to them as effective execution will have greater impact on their performance, revenue generation. In considering the effectiveness of the implementation of the model, an explicit implementation guide including both systematic methods and actionable means should be further developed. As properly understood and implemented knowledge management options can help small and medium-sized hotels to overcome the problems relating to the challenging business environment in a strategic manner, there is a need for methodological support in implementation.

**8.3.2. Implications for Practice**
The pathfinder model as a theoretical construct provides the strategic level decision making options for knowledge management, and serves as the basis for future developments. The model provides a structure for a practical approach to the identification of potential business issues pertaining to knowledge management paths. Although these issues all represent challenges, with prudent action they can be turned into opportunities. In terms of difficulties, the case hotels all had limited resources such as those of time, location, market knowledge, experience and skills. The majority of the hotels often lost valuable employee knowledge due to a high staff turnover rate. The level of business knowledge and management skills of owners/managers was also a challenge in hotels relying heavily on their operational input. While the hotels interviewed did not draw specific attention to financial issues as an influential factor in knowledge management, the lack of access to finance is inherently a constraint to all the small hotels. The better resourced a hotel is in financial terms, the better its capabilities for gaining competitive advantage.

The facilitation of the knowledge base through the application of information technology can be a critical support in hotels. However, there can be difficulties related to the investment of time and money when it comes to the application of information technology to knowledge management practice. It is essential first, that owners/managers recognise the benefits of information technology and acknowledge the need for change according to the specific requirements of the hotel. Sufficient training and education for all staff is another area that must be addressed if the effective use of information technology is to be achieved. There is need for understanding in the context of the hotel’s intended path so that information technology usage can be tailored to the needs of the business. Based on this, a hotel’s
information technology policy needs continual adjustment since information
technologies are evolving and becoming more affordable to even small and medium-sized hotels.

A hotel’s growth vision inevitably presents challenges to human resources management. The success of a knowledge management approach is largely dependent on the people and the operational environment of the hotel in which it is being implemented. Without staff cooperation a knowledge management initiative is likely to fail. Although owners/managers can formulate and implement plans, successful execution is largely dependent on their staff. For this, the organisational culture of hotels needs to be aligned to the capture and sharing of knowledge, and especially of tacit knowledge and to promote a shared vision and common purpose. It is also important to train staff to manage internal systems effectively. Staff members must be trained adequately in order to be able to outperform hospitality professionals operating in other hotels.

Furthermore, since small hotels are more vulnerable to changes in their operating and external environments, it is essential that the continual development on systematic but flexible options is important to allow for better management of their limited financial, physical and human resources. In order to pursue their chosen paths to knowledge management, these hotels need to cope with what they have. For them, prudent management in the absence of a major inflow of resources entails conducting ongoing quality checks, acting flexibly and creatively developing employee retention schemes and the owner/manager’s managerial capabilities and very importantly, fostering the development of external relationships.
8.4. Limitations

This study is limited by three factors. The first is related to the number of interviewees for the application of the model. The model developed may not be applied to some organisations even in the same industry, as it has been validated on the basis of the interview questions asked to the relatively small number of selected interviewees in small and medium-sized hotels, largely within the Melbourne Metropolitan area.

Also as interviews were drawn from the private service sector in Victoria, Australia and excluded entities in the manufacturing and the public sector, the applicability of the model may be limited to this sector. Applied elsewhere it could have varying and perhaps different outcomes. This could be a second limitation for the application of the model.

Third, with regard to the management style of a chain business in the specialisation path, a franchisor can operate in either dual or sole mode. Dual operation involves acting as head office and providing physical products and services such as beds, foods and beverages. Sole operation entails acting only as head office, without the provision of such physical products and services. Hotels AH1 and KH11 are examples of dual operation. They deal with the day-to-day supply of the physical products and services to customers, as well as licensing the chain business to clients, franchisees. In particular, the business aim of hotel AH1 is to build their territory and brand effectively, to the point where they can step back and let the chain franchisees
continue to achieve financial and business growth. As a consequence, hotel AH1 requires employees to maintain both functions. On the other hand, sole operation means that operating only the head office, the franchisor focuses solely on franchise business. Although there has been no such case hotel found in this study, this is another possible management style that needs to be considered by hotels. As such, the application of the model is limited to the circumstances of dual operators in the specialisation path.

8.5. Future Research

While this study provides a better understanding of paths to knowledge management in small and medium-sized hotels, it also raises some questions for further investigation. Those questions have arisen from the limitations noted in the previous section. For example, while the application of the model can assist in developing strategic options, future research will need to explore whether or not the sample hotels following different paths to knowledge management are related to performance differences. In particular, a chain business (i.e., franchisor) in the specialisation path might generate higher revenue with or without the involvement of high capital risk. The specialisation path can be more attractive to clients (i.e., potential and existing franchisees), if a franchisor is able to provide a certain level of established performance in terms of market control, reduced costs and increased customer benefits. Furthermore, in a chain-based business, there is unlikely to be a significant correlation between a hotel’s size and its returns. The disadvantage in size of small business might fade away, for example, if sole operation in the specialisation path is adopted. Thus, there is need for further research in whether hotels following different
operation styles in the *specialisation* path to knowledge management are related to performance differences.

Similarly, as this research has been limited mainly to small and medium-sized hotels, further research should be carried out to examine the same question in the hotel industries of other countries and in other industries so as to determine if the findings are indicative of other industries, countries or only that of the hotel industry.

Another question that arises is whether it is rational to place large businesses into one of the four types of paths. Generally speaking, it is hard to classify large organisations into one of the four types because some large organisations reveal overlapping aspects of all four characteristics, which brings up a need for further study in comparison with large organisations’ perspectives and small and medium-sized enterprises’. This calls for comparison of the path knowledge concept between small and medium-sized business and large businesses.

**8.6. Conclusions and Summary**

The exploratory, interpretive and qualitative research described in this thesis has identified a path knowledge concept which embraces four types of paths to knowledge management. Central to the path knowledge concept are the two defining aspects of the sources of revenue generation and the activities involved in the acquisition, use, dissemination and creation of knowledge. The model has been constructed, based on the owners/managers’ need for practical direction in knowledge management. Since it is conceptualised upon the needs, wants and issues of industry practitioners in small
and medium-sized hotels, the model is a practical starting point which can be adapted to local circumstances. It also provides practitioners with a selection of key factors and relationships pertaining to the path knowledge concept in which four path options to knowledge management are suggested.

The model explains both elements and relationships in definition of the concept of path knowledge, and addresses the different paths to knowledge management. It not only distinguishes between internal resource-centred and external resource-centred factors, but also provides a balance between the sources of revenue generation and knowledge management activities. The model guides owners/managers through the articulation of the different types of paths and the identification of the key influential factors, the major elements in the path knowledge concept and the relationships between them.

Small and medium-sized hotels can use the model as a means for change and for responding to the challenges of higher levels of competitive performance, and the search for competitive advantage. The model can also be used as a benchmark tool for small and medium-sized hotel resources, and to help create a demand for advanced knowledge-embedded products and services. It can help in decisions on funding high risk or long-term infrastructure that would not be viable for investment at the present, and for promoting and undertaking research and development activities. In all these ways, the model could eventually contribute to a better understanding of the knowledge management domain and to fostering communication between the various stakeholders involved in the hotel’s choice of a path to knowledge management. At the same time, it represents knowledge about a hotel so that it can be used as a
knowledge management artefact to support people who want to learn how the hotel’s path to knowledge management works. In this regard, the model can provide additional support for the mechanism of collaboration, cooperation and even competition in pursuit of knowledge management. It may thus increase the number of people in communication networks with the potential for additional inputs from these sources to the hotel knowledge base.

In case a more detailed and/or specific modification of the current model is required, its deployment can serve as a basis for development in the context of wider business objectives. The representation of the path options captures the state-of-the-art of knowledge management model in small and medium-sized hotels that provides viable path options to knowledge management, not only manage the present but also to be able to shape the future. Thus, this thesis enhances the understanding of paths to knowledge management through the application of the path knowledge concept which represents how a small and medium-sized hotel goes about doing knowledge management in their business operation.
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Sage, Thousand Oaks.


APPENDIX 1

Interview questions

A. Background

1. How many years have you been with this hotel and/or in the industry?
2. How many employees are employed in your hotel?
3. Is your hotel operated and owned by family?
4. Who are your hotel’s customers?
5. Have you been experienced with ownership change?

B. Knowledge Management Concepts

6. Knowledge management refers to as using individual and corporate know-how such as ideas, experiences, and expertise. If knowledge management would provide benefits to your hotel, what would be the reasons for implementing knowledge management practices in your hotel?
7. With knowledge now widely recognised as a key resource and source of competitive advantage many companies regard themselves as knowledge-based and have adopted strategies to facilitate this. Do you see it as relevant to your own hotel?
8. Would you agree that knowledge can be managed?
9. What would you define as knowledge in the context of hotel management?
10. Would you agree that growth is the key to strategic success and the foundation for the future?
11. Is there a shared understanding of the kinds of knowledge that are important to the hotel?
12. What do you think of that your hotel is good at, or better comparing to other hotels which could be the source of competitive advantage?

C. Knowledge Management Activities

13. Do you agree with the saying “knowledge is power”?
14. Has your hotel ever used external experts for getting advice or help in running your business?
15. There are many forms of performance indicators like return on investment, shareholder value, profitability, and revenue growth. What kind of performance appraisal or assessment does your hotel use?
16. What are the sources of your hotel’s knowledge?
17. What are the sources of generating revenue?
18. Does your hotel create any kind of new knowledge?
19. In the context of the creation, acquisition, use and/or sharing of knowledge do you maintain formal or informal relations with other companies?

D. Knowledge Management Influences

20. What is the most important technology or system so far as your hotel is concerned?
21. Is there any kind of system(s) to hold or store hotel’s know-how, and/or best practices?
22. Is individual or organisational learning/education deemed to be important within the hotel?
23. How would you describe your hotel in terms of communication between management and staff?
24. How would you describe your hotel’s organisational structure?
25. Does your hotel’s culture generally supportive of knowledge creating and sharing between individuals and/or between departments?
26. Is there any kind of system that rewards staff for knowledge creation and sharing?

27. What policies or programs intended to improve knowledge creation and/or sharing does your hotel have?

28. As a manager leader, how would you describe the importance of leadership in the hotel?

29. Does your hotel evaluate the knowledge and knowledge management performance?

30. What external factors or entities influence your hotel?
13 September 2007

Dear Manager:

*Invitation to Participate in a Research Project*

I am a PhD research student with the School of Business Information Technology at RMIT University, Melbourne. As part of my research project I would like to interview managers in hotels. The purpose of the interview is to gain some understanding of organisational knowledge management practices and issues in the hotel sector. Your views on these issues could help refine critical understanding on how knowledge management could support hotels’ capacity building in an ever more competitive business milieu. Your hotel has been randomly selected from publicly accessible information such as telephone directories. The interview will take approximately 40 minutes and if you consent, will be audio recorded. Participation is of course voluntary and there are no perceived risks or disadvantages associated with participation outside those to be expected in the course of the participant’s normal day-to-day activities. The benefits associated with participation include a summary of outcomes of the study, which will provide you with an overview of the status of knowledge management in hotels and assess the implications for your hotel.

Your responses will be treated with strictest confidentiality, and data will only be used for the purposes of this study and presented in anonymous or aggregated fashion where results are disseminated. The research data will be kept securely at RMIT for a period of 5 years before being destroyed. Data collection, storage, and use are all subject to the Ethics and Privacy policies of RMIT University. For questions on any of these issues please feel free to contact the Secretary of the RMIT Business Portfolio Human Research Ethics Committee, GPO Box 2476V Melbourne 3000, Tel (03) 9925 2251; email rdu@rmit.edu.au.
If you have any questions regarding the study, please do not hesitate to contact either myself Mik Kim (email: minkyung.kim@rmit.edu.au) or my supervisor, Professor Bill Martin (Tel: 03 9925 5783, email: bill.martin@rmit.edu.au). I will be contacting your company shortly in the hope of setting up an interview.

Thank you for considering this request.

Yours Sincerely

Ms Mik Kim
School of Business Information Technology
RMIT University
APPENDIX 3

Prescribed Consent Form For Persons Participating In Research Projects Involving Interviews, Questionnaires or Disclosure of Personal Information

Portfolio Business
School of Business Information Technology
Name of participant:
Project Title: Paths to Knowledge Management in Small and Medium-sized Hotels
Name(s) of investigators: (1) Minkyung Kim
Phone: (03)96895599

1. I have received a statement explaining the interview/questionnaire involved in this project.
2. I consent to participate in the above project, the particulars of which - including details of the interviews or questionnaires - have been explained to me.
3. I authorise the investigator or his or her assistant to interview me or administer a questionnaire.
4. I acknowledge that:
   (a) Having read Plain Language Statement, I agree to the general purpose, methods and demands of the study.
   (b) I have been informed that I am free to withdraw from the project at any time and to withdraw any unprocessed data previously supplied.
   (c) The project is for the purpose of research and/or teaching. It may not be of direct benefit to me.
   (d) The privacy of the personal information I provide will be safeguarded and only disclosed where I have consented to the disclosure or as required by law.
   (e) The security of the research data is assured during and after completion of the study. The data collected during the study may be published, and a report of the project outcomes will be provided to __________________ (researcher to specify). Any information which will identify me will not be used.

Participant’s Consent

Participant: __________________________ Date: __________________________

(Signature)

Any complaints about your participation in this project may be directed to the Executive Officer, RMIT Human Research Ethics Committee, Research & Innovation, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 2251.

Details of the complaints procedure are available from the above address.
APPENDIX 4

The result of the query run, where the interview ID is equal to KH11 (i.e., ? = KH11).

Interview question 7:

With knowledge now widely recognised as a key resource and source of competitive advantage, many companies regard themselves as knowledge-based and have adopted strategies to facilitate this. Do you see it as relevant to your hotel?

Corresponding answers by hotel manager KM11:

“I think we are a knowledge-based company, as you might have known that this hotel has its own computerised reservation system, and customers can confirm their booking via either travel agencies or website instantly. We do not have staff with doctorial level qualifications yet, but we have quite a few staff with Master’s qualifications here. Now most of the supervisor level staff have a degree or advanced diploma in our hotel. We treat knowledge seriously.”

Interview question 11:
Is there a shared understanding of the kinds of knowledge that are important to the hotel?

Corresponding answers by hotel manager KM11:

“In my working time, I have seen a lot of changes in the way which customers raise their complaints. Fifteen years ago when I started working in the hotel industry then there was not many customers’ complaints for small things, but now customer complaints can really be anything, like this hotel is a four and half star rating hotel with most of the repeating customers who are business travellers, but they can be very picky too. So, we have to treat everyone seriously if we want to keep them.”

Interview question 12:

What do you think of that your hotel is good at, or better comparing to other hotels which could be the source of competitive advantage?

Corresponding answers by hotel manager KM11:

“It is hard to keep loyal customers nowadays, but we do not have problems with this. Because as I just mentioned, managing customers’ complaint management is about manage our hotel staff to make the hotel guests feel that we are on their side and we will need to let the guests know that we are trying our best to help them to resolve whatever the problem is. We have a
commitment to our customer satisfaction program. If a customer is not happy with whatever the services received, she or he can just pick a phone talk to our staff and we will try to solve it. Most of customers in this hotel use phone to make enquiries, also we have other channels such as comment cards in guest rooms. We also have a web based customer feedback system, but not many customers use this method.”