



The contributions of economics to hospitality literature: A content analysis of hospitality and tourism journals



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ABSTRACT

This paper aimed to develop a concrete understanding of economics topics and methodologies that have been applied to hospitality research and to suggest areas for further research. Content analysis of 292 full-length articles was performed. The results showed that the contributions of economics to hospitality literature were largely empirical and microeconomics-related. Most of the research topics focused on market analysis, which involves demand and supply modelling and price determinants, followed by performance analysis, involving efficiency and productivity studies. Limited contributions of macroeconomic topics to hospitality were determined, highlighting the lack of studies on the impact of government or public policies on the hospitality industry. Moreover, the application of game theory to market structures was found to be limited, creating a vacuum in terms of understanding the competitive and cooperative behaviours of hospitality firms. As a contribution to the literature, the study provides suggestions for future research.

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1. Introduction

Over the last three to four decades, hospitality management has become a vibrant area of research, producing a considerable number of studies aimed at shaping industry practice and academic work (Lugosi et al., 2009). As a consequence of this development, several scholars have conducted literature surveys to track the progress and development of research in this field with special focus on identifying the main subject areas and research methodologies (Baloglu and Assante, 1999; Bowen and Sparks, 1998; Crawford-Welch and McCleary, 1992; Chon et al., 1989). More significantly, the hospitality review papers have sought to contribute to the growth and maturity of the field by identifying relevant research gaps and providing suggestions for future research. In the 1980s, when hospitality research was still limited (Eder and Umbreit, 1988; Khan and Olsen, 1988) and considered to be in its infancy (Taylor and Edgar, 1996), the literature review papers at that time (e.g., Chon et al., 1989; Crawford-Welch and McCleary, 1992) literally combined all existing literature into a single study without examining separately and in detail the specific subjects within the field. However, as hospitality literature continues to

grow, adopting this broad-brush approach to literature review has become less valuable and practicable.

Increasingly, a growing number of review papers are now focussing on the specific subjects within the hospitality domain so that a relatively more comprehensive knowledge and in-depth insight could be provided. So far, the within-subject-specific reviews have centred on hospitality marketing (e.g., Line and Runyan, 2012; Yoo et al., 2011; Oh et al., 2004; Bowen and Sparks, 1998), human resources (Guerrier and Deery, 1998), finance and financial management (Jang and Park, 2011; Tsai et al., 2011), strategic management (Olsen, 2004; Olsen and Roper, 1998), information technology (Ip et al., 2011; Law et al., 2009; Leung and Law, 2005; O'Connor and Murphy, 2004), and hospitality psychology (Tang, 2014). Notwithstanding the prevalence of economic theories and concepts, such as demand and supply in the hospitality literature, there is no single study that has specifically examined the contribution of economics to the hospitality literature. At present, it is only in tourism economics review papers (e.g., Song et al., 2012; Sinclair et al., 2003; Eadington and Redman, 1991; Gray, 1982) that the contributions of economics to hospitality literature could be inferred. But, the findings of these papers are so general to tourism economics that they cannot be regarded as sufficient in providing the needed insights into hospitality-economics-focussed research or bringing to light the specific gaps in hospitality literature that can be addressed through economic theories, concepts and methodologies.

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Thus, different to the tourism economics review papers, this study reviews and analyses the contributions of economics to hospitality literature by focusing on publications in hospitality and/or tourism journals that relate to the key sectors of the hospitality industry. The purpose is to identify emergent trends and suggest directions for future research. Towards this end, the specific objectives of this study are to: (a) identify the main topics or subject areas in economics that have been studied in the hospitality literature; (b) analyse the sectors or segments of the hospitality industry in which economic theories and concepts have been applied; (c) investigate the regional distribution of hospitality economics research and the journals in which these were published; and (d) examine the methodological contributions of economics in terms of analytical methods that were applied in the reviewed studies. To achieve these objectives, a content analysis was conducted on 292 full-length articles published in 40 hospitality and/or tourism journals. The findings revealed several important trends in the literature by demonstrating the predominance of the following: empirical research over conceptual, microeconomics-related over macroeconomics-related topics, hotel/lodging sector studies over those on other hospitality sectors, and the dominance of regression techniques over other analytical methods.

More specifically, the findings revealed that studies on market analyses relating to demand and supply modelling, pricing and price determinants, as well as elasticity and market segmentation were the dominant subject areas of research interests, followed by performance analyses, which include productivity and efficiency analyses. The most widely used analytical technique was regression. Among the macroeconomics-based topics, the dominance of impact studies and the limited efforts on examining the effects of macroeconomic variables or government policies on the hospitality sectors were notable. To achieve a balanced contribution, the study has offered several suggestions for future research. These suggestions include but are not limited to: (a) exploring consumer choice and decision-making by applying the theories of revealed preference and willingness-to-pay; (b) examining the competitive and cooperative behaviours or conduct of hospitality firms in the market structure context by using game-theoretic techniques; (c) investigating how the economic principles of short-run and long-run production decision-making can be adopted by hospitality firms to minimise cost and maximise profit; (d) analysing the effects of government policies (fiscal and monetary) or public policies on the hospitality industry; and (f) assessing and evaluating the competitiveness of the hospitality industry in general, and its constituent sectors in particular.

The remainder of this paper is organised into four parts. The first part provides a literature review to delineate the boundaries of hospitality economics research. The second part describes the methodology adopted to achieve the research objectives. The third part presents the results and discussions. In the final part, the major conclusions are highlighted, including a number of suggestions for future research.

2. Literature review

2.1. Delineating the boundaries of hospitality economics research

To accomplish the goal of this study, it is important to first of all delineate the boundaries of hospitality economics research. One option is to define the respective boundaries of hospitality and economics and combine these definitions to establish the boundaries of hospitality economics research. However, as simple as this option may sound, it does not seem feasible for the present study. Part of the reason is that existing literature on scoping the boundaries of hospitality and hospitality management suggest that defining

the boundaries of hospitality management, and for that matter hospitality research, can hardly be achieved without any controversies (Brotherton, 1999). Indeed, the reality is that the boundaries of hospitality management and research are not non-overlapping, especially when they are considered in relation to the 'near neighbours', such as travel, tourism and leisure studies (Henning et al., 2005). Likewise, defining the boundaries of economics, which is a relatively more mature field, is equally problematic especially when the subdivisions within economics are considered in relation to other fields. For example, by comparing financial economics to finance or by comparing industrial organisation economics to strategy and strategic management, one may realise that the boundaries are less definite.

Explicating the relationship between the hospitality industry, and tourism and travel industries, Pizam (2009, p.184), opines that "...the hospitality industry is at the same time more and less than the tourism industry". It is more because in addition to lodging, restaurants, events and time share which are common to both industries there are hospitality businesses such as institutional food service, clubs and assisted living facilities that do not cater to tourists; and less because there are tourism issues at the macro- or destination level such as destination planning and development, and destination management and marketing that fall outside of hospitality business. In consideration of the above intricacies, the position adopted by this paper is that, to the extent that the hospitality industry is not entirely distinct or unrelated to tourism, a more realistic approach to delineating the boundaries of hospitality economics research will be to consider the sectors accounting for the hospitality industry which includes among others lodging, restaurants, events and clubs. To this end, the boundaries of hospitality economics research in this study are delineated by putting forward an operational definition of hospitality economics research using two simplifying assumptions.

First, hospitality economics research is considered to be a subset of the bigger umbrella of hospitality research, which for the sake of this study, is limited to publications in hospitality journals or tourism journals but with a focus on hospitality. Second, hospitality research constitutes hospitality economics research if it applies theories and/or concepts from the domain of mainstream economics which is subdivided into microeconomics and macroeconomics. To further clarify the second assumption, the basic distinction between microeconomics and macroeconomics maintained in this study is as follows. Microeconomics is concerned with the efficient use of scarce economic resources (such as land, labour capital, and entrepreneurship) in production, consumption, and exchange decisions of individuals, firms, industries, and government. By contrast, macroeconomics is concerned with the efficient utilisation of scarce economic resources at the national and international levels (Eadington and Redman, 1991; Gray, 1982).

Taking into account the aforementioned assumptions, hospitality economics research in this study is defined as both conceptual and empirical studies in hospitality and tourism journals that relate to any segment of the hospitality industry (hotel/lodging/accommodation/resort, restaurant/food and beverage services, casino/gaming/gambling, assisted living facilities, institutional food service, clubs, events, time share and so on), which dwells on theories, concepts, and/or methodologies from mainstream economics. The theories, concepts and/or methodologies constituting topics in mainstream economics are worth outlining but prior to that, the merits of the proposed operational definition are also worth emphasising. First, the definition avoids the complexities of scoping the boundaries of hospitality and economics separately without compromising validity. Second, the definition has a merit of broadness that is capable of capturing the dynamism of the hospitality industry as reported by Pizam and Shani (2009). Precisely, the topics from mainstream economics

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