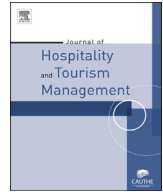




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Developing a people-technology hybrids model to unleash innovation and creativity: The new hospitality frontier

Jay Kandampully^a, Anil Bilgihan^{b,*}, Tingting (Christina) Zhang^c^a Department of Consumer Sciences, The Ohio State University, Columbus, OH, USA^b Department of Marketing, Florida Atlantic University, Boca Raton, FL, USA^c The Department of Hospitality Services, Rosen College of Hospitality Management, University of Central Florida, USA

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ABSTRACT

The purpose of this study is to propose a theoretical framework to harness creativity and innovation through people and technology. This study is grounded based on an extensive synthesis of previous scientific research and industry practices. It undertakes a detailed review of the literature to derive a framework and detail research and practical guidelines for both scholars and practitioners in the hospitality discipline. Advancements in computer and communications technologies is creating many unanticipated changes in how employees and customers interact, how service work is done, and how hospitality businesses succeed. This study investigates such changes. It also extends the present body of knowledge in the hospitality management by providing numerous directions for hospitality executives and researchers to understand how the combined resources of people (employees and customers) and technology will act as key sources of creative innovation and the firm's subsequent market leadership.

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1. Introduction

The exponential growth of the hospitality sector has given rise to various changes, including a remarkable transformation of hospitality firms from product to service-oriented entities (Ladhari, 2012; Ottenbacher & Harrington, 2010; Susskind, Kacmar, & Borchgrevink, 2003). These globally competitive enterprises, which constitute one of the largest sectors in the service industry, also have recognized the need to adopt new business models to survive, thrive, and compete, especially if the related strategies arise from technological advances (Nusair, Bilgihan, & Okumus, 2013; Cobanoglu, Ayoun, Connolly, & Nusair, 2013). For example, an emergent hospitality organization type competes by leveraging technological advances to engage both customers and employees. Such firms harness external and internal resources through online platforms and social media to create a distinctive formula for success. With this approach, firms such as Marriott, Hilton, Starbucks,

Disney, and Starwood transform themselves into “people–technology hybrid organizations.” Their newly adopted strategies enable them to use technology to engage with and reap the creativity of their employees and customers, to co-innovate new products and services. Such hybrid firms recognize the role of technology as an enabler, but they also understand that trust and emotional engagement with people (Akroush, Abu-ElSamen, Samawi, & Odetallah, 2013), both within and outside the organization (Harrison-Walker, 2001), are essential to the transformation of the firm through creativity and innovation. Combining these two distinct and required components—people and technology—produces the hybrid organization that benefits from new technology but still provides an appropriate climate and culture to nurture creativity and innovation through people.

The word “hybrid” originates with the Latin terms *hybrid* or *hibrida*, which refer to crossbreeding in animals (Pache & Santos, 2013). In English it applies in various contexts though, including wind–solar hybrids that generate electricity (i.e., using more than one source of power) or hybrid cars that combine an internal combustion engine with electric motors powered by a battery. For hospitality organizations, the combination of people and technology represents a particular hybrid that grants the firm a unique

* Corresponding author.

E-mail addresses: Kandampully.1@osu.edu (J. Kandampully), abilgihan@fau.edu (A. Bilgihan), tingting.zhang@ucf.edu (T. Zhang).

ability to leverage both internal and external resources. Technology, including information technology, online platforms, and social media, has revolutionized the global market and, perhaps even more important, provided new opportunities to engage and harness resources from customers and employees, such that firms can more readily gain valuable ideas, feedback, and other useful information (Bilgihan, Okumus, Khal Nusair, & Joon-Wuk Kwun, 2011; Chahal & Kumar, 2014; Hammedi et al., 2015; Zhang, Kandampully, & Bilgihan, 2015). People, including both employees and customers, also constitute core resources for hospitality firms (Gruman & Saks, 2011; Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010). People within the organization are internal resource, or the *pulse* of the firm (Berry, Carbone, & Haeckel, 2002; O'Reilly & Pfeffer, 2000). To capture this pulse, firms must provide an appropriate service climate, culture, and freedom to be able to benefit from their energy and creativity (Akroush et al., 2013; O'Reilly & Pfeffer, 2000). People external to the organization include engaged customers, who serve as active ambassadors and thus are invaluable to the firm (Bansal, Mendelson, & Sharma, 2001; Bartlett & Ghoshal, 2013; Kandampully, Zhang, & Bilgihan, 2015; Menguc, Auh, Fisher, & Haddad, 2013).

In turn, technology provides new tools to engage with customers through online platforms, social media, and customer communities, such that they function better as brand ambassadors and co-creators of value (Jaakkola & Alexander, 2014; Mascarenhas, Kesavan, & Bernacchi, 2004; Zhang et al., 2015). In this sense, technology grants service firms new means to fundamentally change the context in which they deliver services (Ostrom et al., 2015), such that they can establish and maintain more personalized customer relationships (Rust & Huang, 2014; Yadav & Pavlou, 2014). However, in the hospitality industry specifically, people continue to hold the highest value, at least from customers' perspective (Ottenbacher, Gnoth, & Jones, 2006). Accordingly, market leaders in the hospitality industry must make use of both people and technology, to achieve the best possible competitive advantage. We therefore propose that they must operate according to a people–technology hybrid business model—a new frontier that hospitality firms must reach to survive in the hypercompetitive, global hospitality market. Technology may be imperative, but it can provide only a limited competitive advantage that can be emulated easily by competitors. The hybrid model instead provides hospitality firms with opportunities to draw resources from both technology and people and hence improved capabilities to innovate creatively and perform at a level above their competition.

This paper is organized as follows. In next section we discuss people as core resources for hybrid organizations. Next, the requirements of an organizational environment that unleashes creativity and innovation is discussed. Examples are given to illustrate the people–technology hybrid organization. We offer implications and future research directions.

2. People as core resources for hybrid organizations

Innovation is one of the key factors to firm success (Ngo & O'Cass, 2013), and the main driver of innovation is the creative minds of the people who make up organizations (Pralhad & Ramaswamy, 2003). Technology has the ability to traverse every aspect of the organization and provide a platform to help people innovate (Bugshan, 2014; Lee, Olson, & Trimi, 2012; Zhang et al., 2015). Isolated attempts by individual firms or entrepreneurs to use technology to innovate are widespread but likely insufficient. Technology on its own cannot revolutionize firms or markets; such changes demand the innovative and creative input of people (Fairbank & Williams, 2001; Im & Workman, 2004; Lazarevic, 2012; Zhang et al., 2015). Creating a mechanism to allow firms to tap into

people's creative minds thus has become a strategic priority of many leading hospitality organizations.

In the past, firms often viewed each customer as a single entity. But today, customers are gradually considered as “social customers” who are always into Word-of-Mouth activities on online and offline contexts (Gligorijevic & Luck, 2012). Social customers represent the voices and thoughts of hundreds or thousands of like-minded individuals (Bugshan, 2014; Zhang et al., 2015). Firms thus recognize that engaging and enabling social customers is an effective strategy. The employees' ability to read customer needs is a major driver of idea generation (Lages & Piercy, 2012). Front line employees are valid sources of such customer ideas (Schneider & Bowen, 1985). Therefore, hospitality firms should invest in finding and recruiting employees with the ability to read customer needs, and should create work conditions that encourage and reward the offering of ideas to improve service (Bowen, 2016). Furthermore, they should create a service environment that asks feedback from their customers both online and offline.

Similarly, many firms acknowledge the importance of engaging and nurturing the creativity of their employees. Such firms offer initiatives to ensure the people within the organization have appropriate environments and support, to nurture their creativity and innovation (Kim, Im, & Slater, 2013; O'Reilly & Pfeffer, 2000). Table 1 summarizes some research that notes the importance of people for successful organizations. As Table 1 reveals, many scholars (e.g. Michel, Kavanagh, & Tracey, 2013; Sandvik, Duhan, & Sandvik, 2014; Tews, Michel, & Stafford, 2013) emphasized the key function of a supportive service culture that nurtures creative minds inside and outside the organization, which brings financial success. For example, a fun workplace boosts employees' attitudes towards jobs and organizations, thus reducing job turnover rate (Sandvik et al., 2014). Voon, Hamali, Lee, Abdullah, and Kueh (2012) found that an empowering service climate plays a key role in enhancing employees' creativity. Service climate affects job satisfaction and performance (Bowen & Schneider, 2014; Chiang, Birtch, & Cai, 2014). Supervisors' support for the employees takes an important role in enhancing favorable job outcomes, such as satisfaction and reduced turnover (Hon, 2012; Karatepe, 2014; López-Cabarcos et al. 2014; Stone, Diana, Kimberly, & Richard, 2015). Customer behaviors are shaped by providers, while employee performance and commitment are shaped by the organizations they are embedded within (Wong, 2015). Affectively committed customers exhibit a strong motivation to help a firm improve its business and show a great need to maintain positive relationships with the firm's frontline employees (Salanova, Sonia, & José, 2005). Therefore, organizational citizenship behavior is another key factor that could influence the performance of people for the organizational success. Citizenship behavior aimed at the organization includes activities such as promoting a hotel's products and making favorable comments about the property outside of work (Gracia, Bakker, & Grau, 2011; Liu & Mattila, 2015; Wu, Sturman, and Wang 2013, Wu, Tse, Fu, Kwan, & Liu, 2013). Citizenship behavior in support of coworkers includes assisting them as needed and taking time to listen to coworkers' concerns (Ma, Qu, Wilson, & Eastman, 2013; Wu, Sturman et al., 2013, Wu, Tse et al., 2013). Customer-focused citizenship behavior includes activities such as maintaining a positive attitude at work and performing duties carefully and accurately (Ma et al., 2013; Wu, Sturman et al., 2013, Wu, Tse et al., 2013). Furthermore, employee empowerment is widely viewed as a promising approach to improve operating efficiency and customer service (Zoghbi-Manrique-de-Lara, Suárez-Acosta, & Aguiar-Quintana, 2014). Customer empowerment constitutes a promising positioning strategy that managers can pursue to create a competitive advantage in the marketplace (Chernikov, Kushch, & Tikkanen, 2015; Fuchs & Schreier, 2011). Lastly,

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