Tourism Management 68 (2018) 450–464

Contents lists available at ScienceDirect

Tourism Management

journal homepage: www.elsevier.com/locate/tourman

Hotel decision-making during multiple crises: A chaordic perspective

Nikolaos Pappas[a,b,*]

[a] Reader in Tourism, Hospitality & Events, Department of Tourism, Hospitality & Events, University of Sunderland, UK
[b] Sir Tom Cowie Campus, St. Peter's Way, SR6 0DD, Sunderland, UK

ARTICLE INFO

Keywords:
Hotels
Chaos and complexity
Chaordic systems
fsQCA
Crisis
Greece

ABSTRACT

This study focuses on the decision-making process of Greek accommodation providers during a period characterised by multiple crises (recession; political and financial instability; social unrest; a refugee crisis). Using fuzzy-set Qualitative Comparative Analysis the research employs a nationwide survey of 243 hotel managers/owners. The results reveal five sufficient configurations characterised by the development of enterprising competitiveness, the operational aspects, marketing and promotional concerns, business productivity and efficiency, and the financial issues of hotels. The research also compares asymmetric analysis with the dominant linear methods (regression and Cramer's V), highlighting the suitability of the former in chaordic systems. It also progresses from fit to predictive validity for the examined models. The study's contribution is to both theoretical and methodological tourism and hospitality domain.

1. Introduction

Crises have a heavy impact upon tourism since they cause significant reduction in the number of travellers (Alegre, Mateo, & Pou, 2013; United Nations World Tourism Organization, 2011), and force the tourism and hospitality industry to focus its recovery on the critical examination of operations and performance and the reassessment of strategies in a bid to gain competitive advantage (Pappas, 2015a). According to Perles, Ramon, Rubia, and Moreno (2016) the tourism and hospitality literature includes studies that examine the impact of crises in three different directions: (i) evaluation of demand aspects [i.e.: visitor arrivals is used as variable of interest] (ii) analysis of industry reactions [i.e.: cost reduction; reorientation of competitiveness] and (iii) the influence of crises on tourism destinations [i.e.: temporary competitiveness effects; market share fluctuations]. Those studies aim to provide a better understanding of the influence of attributes which affect tourism and hospitality and their respective decision-making, especially in regions suffering from serious crises (Papatheodorou & Pappas, 2017). Still, as illustrated in Fig. 1, one of the fundamental characteristics of crises is that they can generate multiple crises, or even combine with other parallel crises.

Since the traditional approach of research in tourism and hospitality assumes considerable stability, and is dominated by linear analysis as the appropriate profile for stable systems (Pappas & Papatheodorou, 2017) inevitably it didn't focus on the complexity generated by multiple crises. Therefore, the tourism and hospitality literature is silent on this matter.

In Greece, the current economic recession and the subsequent social and political crises have had a severe impact upon tourism, leading in 2012 to a 5.5 percent drop in international arrivals (compared with 2011), heavily affecting its hotel industry (Merkenhof, 2014). From 2013 onwards, foreign tourist arrivals steadily increased, mainly due to crises in neighbouring tourism destinations (for example, terrorist strikes in France, Tunisia and Turkey; war in Syria; the Lybian civil war; political instability in Egypt), but tourist consumption and domestic tourism are in a state of constant decline (Turner, 2015). Even so, due to the substantial increase in international tourism, tourist revenues also increased, accounting for a GDP contribution during 2015 of 24 percent (at the beginning of the recession in 2010 the respective contribution was 15 percent), and highlighting tourism as the most important contributor to the country's emergence from the economic crisis (Smith, 2016). During those years, the mismanagement of the recession by the Greek government, the implementation of extreme austerity measures, and the unrealistic assumptions and demands of Greece's creditors for growth and deficit reduction (Elliot, 2016) on 2015 levels have led to social unrest and riots, marked political instability (resulting in two national elections and a referendum), and capital controls in Greek banks. They have also brought Greece to the verge of an exit from the European Monetary Union (EMU). However, during 2015 Greek tourism had to face one more challenge; since it has, arguably, been the country most affected by the refugee crisis, its tourism and hospitality industry (especially on the islands of the eastern Aegean sea) have had to confront considerable problems (Leadbeater, 2016). Summarising the above, internally Greek tourism has affected from the crises of

* Reader in Tourism, Hospitality & Events, Department of Tourism, Hospitality & Events, University of Sunderland, UK.
E-mail address: nikolaos.pappas@sunderland.ac.uk.

https://doi.org/10.1016/j.tourman.2018.04.009
Received 17 March 2017; Received in revised form 20 February 2018; Accepted 27 April 2018

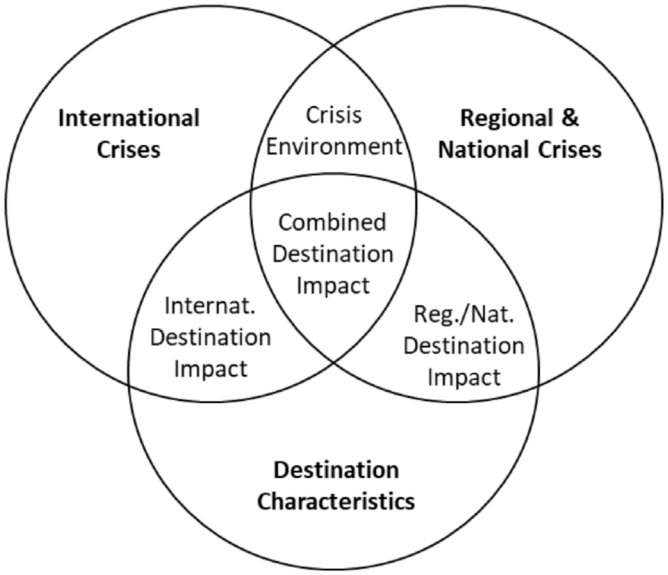

Fig. 1. Effect of crises in tourism destinations.

recession (reduction of disposable income; increase of occupational uncertainty; minimisation of consumption especially in elastic products such as tourism etc), and the social unrest (safety and security aspects; destination brand image etc) and political instability (investment prospects; efficiency of state administration; implementation of capital controls etc.) generated by recession and its consequent austerity. Externally, Greek tourism has mainly influenced by the recession in Europe (reshaping of inbound tourist flows; tourist consumption etc), the Arab spring (redirection of tourist flows to European Mediterranean destinations), the increase of international terrorism in European (i.e. France) and other Mediterranean (i.e.: Turkey; Egypt) destinations (safety and security), and the refugee crisis (sharp decline of tourism especially in eastern Aegean islands).

The combination of all the above has created a chaotic business environment in Greek hotels, considerably increasing the complexity of their managers/owners' tourism decision-making. Olmedo and Mateos (2015) indicate that in the tourism and hospitality industry the process of decision-making is characterised by high levels of complexity. This is because tourism decision-making embeds aspects of high diversity, rapid and constant change, large number of elements interrelated with each other, impossibility of perfect knowledge due to imperfect information, and the co-existence of simultaneous order and disorder in a manner that is able to compare the key concepts involved in the complexity paradigm versus the traditional ones in simplification paradigm (Olmedo, 2010). As a result, the dominant reductionist research approach does not permit the effective comprehension of tourism as a complex phenomenon (McDonald, 2009). This study takes into consideration the pressures generated by multiple parallel crises (i.e.: a refugee crisis may generate pressures or wages, labour market, health conditions, cultural proximity etc. [Alix-Garcia, Bartlett, & Saah, 2012; Baez, 2011]; recession can generate pressures in disposable income for tourism, occupational uncertainty, destination selection decision-making etc. [Papatheodorou & Pappas, 2017]), and focuses on the complexity of decision-making from the Greek hotel manager's/owner's point of view with reference to crisis resilience. More specifically, it evaluates the impact of chaordic (chaos vs order) systems on hotel decision-making processes in terms of the influence of operational costs and involvement, labour aspects, marketing activities, innovation, competition, pricing policies, use of Information Technology, and co-operative initiatives in crisis resilience. It also takes into consideration the category and operational type of the firms examined. In terms of literature, the theoretical contribution of the paper is based on the provision of a better understanding of the complex tourism-crisis relationship and its implications for decision-making in tourism accommodation. It does so by explaining the complexity of combining a number of different aspects related with the operations of accommodation establishments, and by proposing five different pathways for operational decision-making. Methodologically, the study implements fuzzy-set Qualitative Comparative Analysis (fsQCA), which is regarded as an innovative tool in tourism and hospitality studies and the service sector more generally. Furthermore, the research highlights the suitability of nonlinear (asymmetric) research in tourism as opposed to the more dominant correlational analyses (regression and Cramer's V). It also progresses from fit to predictive validity for the proposed models.

2. Chaos complexity and the chaordic perspective

In hotel management studies a plethora of decision-making frameworks is available from previous research. These frameworks focus on numerous aspects such as revenue management (Pereira, 2016), sustainability and green practices (Chen, Chen, Zhang, & Xu, 2018), information technology (Nguyen & Coudounaris, 2015), risk and crisis management (Nguyen, Imamura, & Iuchi, 2017), marketing activities (FitzPatrick, Davey, Muller, & Davey, 2013), innovation (Shaw & Williams, 2009), operational and economic performance (Marco, 2012), pricing issues (Aziz, Saleh, Rasmy, & ElShishiny, 2011), labour policies and costs (Ruzic, 2015), cooperative and international strategies (Chen & Dimou, 2005), and competition issues (Abrate & Viglia, 2016). This amalgam of hotel management frameworks highlights the complex interdisciplinary in the respective field. It also showcases the chaotic business environment and the generated challenges for an effective decision-making, since numerous factors and conditions need to be taken under consideration.

In recent years, research interest in controlling the chaos of business systems has become increasingly strong (Du, Huang, & Sheng, 2009). The theory of chaos was introduced in 1963 (Lawrence, Feng, & Huang, 2003) and proved useful in complex system analysis (Mahmoudabadi, 2015). In essence, the theory suggests that even small behavioural differences are able to produce substantial diverging outcomes to dynamic systems making it impossible to predict patterns on a long-term basis (Kellert, 1993). Chaos occurs in a deterministic nonlinear system (Williams, 1997) and is dependent on initial conditions and the density of periodic points (Devaney, 1989). According to Williams (1997) and Hwarng and Yuan (2014) the following are distinct features of chaos: (i) nonlinearity and non-randomness [i.e.: a direct relationship towards action and reaction] (ii) apparent disorder where the variables seem to be disorganised and irregular [systems can exhibit strange attractors whatever their dimensionality] (iii) any kind of order, pattern or structure may be found in phase space [every point in the space is approached arbitrarily closely by periodic orbits] (iv) the ranges of variables have finite bounds [specific parameters define the system's functionality], and (v) a sensitivity to initial conditions [arbitrarily close approximation of each point by other points]. Complexity theory has evolved from the theory of chaos, and is used primarily for research with complex characteristics. It “deals with systems that have many interacting agents and, although hard to predict, these systems have structure and permit improvement” (Zahra and Ryan, 2007, p.855). The theory of complexity deals with multi-elemental systems that may be well organised and produce (almost) predictable behavioural patterns (Baggio, 2008). Complexity includes two dimensions (Garud, Kumaraswamy, & Karnøe, 2010; Vergne & Durand, 2010): (i) path-dependence (exogenous and manifest as unpredictable, non-purposive, and somewhat random events), and (ii) path-creation (emergent and serving as embedded contexts for ongoing action). Furthermore, the predictability of the systemic behavioural patterns is less straightforward when the degree of complexity increases (Fitzgerald and Van-Eijnatten, 2002).

The ‘chaordic system’ is a concept derived in response to the strong