Leading Change for Environmental Management Practices in Tourism: the case of SMEs in South West England

Submitted by

Anne-Kathrin Conny Zschiegner

to the University of Exeter

as a thesis for the degree of

Doctor of Philosophy in Management Studies

April 2011

This thesis is available for Library use on the understanding that it is copyright material and that no quotation from the thesis may be published without proper acknowledgement.

I certify that all material in this thesis which is not my own work has been identified and that no material has previously been submitted and approved for the award of a degree by this or any other University.

.....

Abstract

This study investigates the relationship between leadership and knowledge transfer regarding environmental issues in tourism businesses through the lens of small- and medium-sized enterprises (SMEs) in the South West of England. Within the tourism industry, sustainable development is a dominant paradigm and policy makers in the South West strongly encourage the implementation of sustainable management practices within tourism businesses through a wide range of 'best practice' manuals, case-studies and guidelines. As a result of these efforts the South West is leading within and beyond the region with regards to sustainability. However, a lack of understanding exists about the underlying reasons why tourism businesses and in particular SMEs embed sustainable management practices. This has the result that the diffusion of best practice at a local or regional level is often assumed to be present rather than understood. To ensure long-term competitiveness and survival of organisations in tourism – as well as in other sectors – the ability to change and alter one's business practices is vital. In this regard the importance of leadership has been highlighted within the general management literature. However, although leaders within organisations introduce, enact and are accountable for change, research on leadership in tourism is sparse.

Accordingly, an extensive survey (n=193) was conducted with in-depth semi-structured interviews (n=18) of owners and/or managers of serviced accommodation providers in Torbay. The results demonstrate that the leadership style exhibited by owner/managers outside their establishment strongly influences the extent to which sustainable management practices are implemented within their businesses. Moreover, different leadership styles also have a strong influence on promoting behaviour change through knowledge transfer outside their establishment. To a small number of owner/managers, the benefit of sharing knowledge and expertise is clearly understood, but the majority of participants had only started to identify potential benefits for their businesses. Additionally, the results highlighted that a refinement of the Multifactor Leadership Questionnaire (MLQ) was required. The standard three-fold model of the Full Range Leadership Theory (FRLT), consisting of transformational, transactional and laissez-faire, could not be replicated as transactional leadership style dispersed into two strands – leadership through active management-by-exception and contingent reward. Four distinct clusters of leadership behaviour were identified among the owner/managers in Torbay, of which 'Convinced Transformational Leaders' are the most important as they are responsible for driving change through the tourism industry at a local level. Therefore, this study confirms that, instead of a 'one-size-fits-all' policy to encourage widespread sustainable management practices, a more differentiated approach is needed to inspire change and deliver action on the ground.

Acknowledgements

I would like to express my deep and sincere gratitude to my supervisors, Professor Tim Coles and Professor Gareth Shaw for their support and guidance, which was invaluable to the completion of my PhD.

I would like to thank all my colleagues and friends in Exeter and abroad for their support. Especially, I would like to thank Claire Dinan, Kristyna Marcevova, Caroline Rook, Rowan Fraser, Hannah Ogilvie, Gergana Panteva and Heather Burgess. Without their friendship, help and moral support it would have been impossible to finish this work.

My special thanks to my sister Chris Wilhelm and my parents Gisela and Ulrich Zschiegner who always believed in me and encouraged me to follow my passion. Thank you.

Table of Contents

CHAPTER ONE – INTRODUCTION – 12

1.1. Research background: the knowledge – leadership –sustainable development nexus……. 12

1.2. Aims and objectives 15

1.3. Structure of the thesis 17

CHAPTETER TWO – LITERATURE REVIEW – 21

2.1. Introduction 21

2.2. Sustainable tourism management and its importance for SMEs 23

2.2.1. The road to sustainable tourism: a brief overview 23

2.2.2. Sustainable tourism management: from the national to the local level 26

2.2.3. Voluntary accreditation schemes/initiatives for widespread action 27

2.2.4. Environmental management practices among SMEs in tourism 30

2.2.4.1. The gap between environmental awareness and action..... 32

2.2.4.2. The role of the national government in fostering voluntary actions..... 34

2.2.4.3. The effect of uncertainty and the role of the external environment 35

2.2.4.4. The importance of customers for widespread action 36

2.2.4.5. The question of whether it pays to be green?..... 36

2.3. Knowledge transfer, innovation and tourism 38

2.3.1. Knowledge and its importance for competitive advantage 39

2.3.1.1. Differentiating between tacit and explicit knowledge 39

2.3.1.2. The conversion of tacit into explicit knowledge and the issue with sourcing knowledge 40

2.3.2. The importance of knowledge for innovation..... 42

2.3.2.1. Innovation in tourism: a snapshot 43

2.3.2.2. Knowledge as a prerequisite for different types of innovation..... 46

2.3.2.3. Barriers and drivers for innovation..... 48

2.3.3. Knowledge sharing: an emerging research agenda in tourism 49

2.3.3.1. An introduction to knowledge sharing 49

2.3.3.2. Knowledge sharing through networks in the context of tourism..... 51

2.3.3.3. Knowledge sharing in CoPs and clusters/learning regions 55

2.3.3.4. The extent of knowledge sharing 59
2.4. Leadership and its importance for the tourism industry 60
2.4.1. Leadership: definitions and its 'fascinating' history 61
2.4.2. Transformational and transactional leadership theory 63
2.4.2.1. The Multifactor Leadership Questionnaire to measure the Full Range Leadership Theory 67
2.4.2.2. Critique of the MLQ 68
2.4.2.3. Some reasons for the criticism of the MLQ 69
2.4.2.4. The consequences of the criticism – the MLQ (Form 5X) 70
2.4.3. The interface between leadership, management and entrepreneurship 71
2.4.4. Leadership research in tourism and hospitality 74
2.5. Conclusion 77
CHAPTER THREE – BACKGROUND: SUSTAINABILITY AND ITS APPLICATION TO THE SOUTH WEST OF ENGLAND – 82
3.1. Introduction 82
3.2. The characteristics of the tourism industry in the South West 83
3.3. Seaside resorts and their repositioning in the South West 85
3.4. The importance of sustainability in regional policy 87
3.5. The role of the South West in developing and promoting sustainable tourism 91
3.6. The case study area of Torbay 94
3.7. Conclusion 96
CHAPTER FOUR – RESEARCH METHODS – 99
4.1. Introduction 99
4.2. Selection of data collection methods 100
4.3. Explanation of the questionnaire design and survey execution 106
4.3.1. Framework of the survey design 106
4.3.2. Questionnaire design 106
4.3.2.1. Thematic content 106
4.3.2.2. Introduction 106
4.3.2.3. Section one: some questions about you and your business 106
4.3.2.4. Section two: you and the environment 107
4.3.2.5. Section three: knowledge sharing and networking 107

4.3.2.6. The development of the leadership items 108
4.3.2.7. Request for follow-up 109
4.3.3. Scales of Measurement 111
4.3.4. Piloting 112
4.4. Sampling 114
4.4.1. Overview of sampling methods 115
4.4.2. Selected sampling strategy and sample size 116
4.5. Main survey strategy and execution 117
4.6. Explanation of qualitative research 118
4.6.1. Interviewee selection 118
4.6.2. Semi-structured interviews 120
4.7. Validity and reliability 121
4.8. Discussion of the methods of analysis 122
4.8.1. Qualitative analysis 122
4.8.2. Quantitative analysis 122
4.9. Statistical analysis of the collected data 123
4.10. Summary of research methods and data collection 125
CHAPTER FIVE - CHARACTERISTICS OF THE LOCAL TOURISM INDUSTRY IN TORBAY AND ITS ENVIRONMENTAL MANAGEMENT PRACTICES – 128
5.1. Introduction 128
5.2. Structure of the serviced accommodation sector in Torbay 129
5.2.1. Socio-economic characteristics of the owner/manager 129
5.2.2. Business characteristics 132
5.3. Sustainable business practices 137
5.3.1. Environmental management practices among tourism businesses 137
5.3.2. The importance of the environment for owners/managers 142
5.4. Drivers and barriers for change 146
5.4.1. Personal dedication and cost control against an economic downturn 147
5.4.2. Guests as a double edged sword 152
5.4.3. Pressure to conform as environmental measures become the 'norm' and the reluctance to change 153
5.4.4. 'Stumbling' into the unknown 155

5.4.5. The struggle between accreditation schemes, rewards and the unproven benefits of environmental measures 158

5.4.6. Government and local council 161

5.4.7. Drivers for innovation changed over time 163

5.5. Summary of main results 164

CHAPTER SIX – KNOWLEDGE SHARING AMONG TOURISM BUSINESSES – 167

6.1. Introduction 167

6.2. Sources of information for tourism businesses in Torbay 168

6.2.1. The number of sources of information for tourism businesses 168

6.2.2. Importance attached to the sources of information used 172

6.3. The modes of and reasons for knowledge sharing with other businesses 174

6.4. Type of knowledge sharing among tourism businesses 180

6.4.1. Details about suppliers and trades people 180

6.4.2. Information about guests 181

6.4.3. Environmental measures 182

6.4.4. Information that wasn't shared 183

6.5. The extent of knowledge transfer among tourism businesses 183

6.5.1. The importance of close proximity 186

6.5.2. Relationship between knowledge transfer and location 188

6.5.3. The effect of seasonality 188

6.5.4. Extent of knowledge transfer has altered over the years 189

6.6. The importance of networking for sharing knowledge among businesses 190

6.6.1. The importance of formal and informal settings for knowledge sharing 191

6.6.2. The importance of national networks for knowledge sharing 191

6.6.3. The Importance on regional networks for knowledge sharing 192

6.6.4. The importance of local networks for knowledge sharing 194

6.6.4.1. An overview of the local networks in Torbay 194

6.6.4.2. Torbay Accommodation Providers (TAP) 195

6.6.4.3. The Green Forum 197

6.7. Summary of main results 199

CHAPTER SEVEN – THE IMPORTANCE OF EXTERNAL LEADERSHIP TO TOURISM – 202

7.1. Introduction 202

7.2. The leadership styles of serviced accommodation sector in Torbay 203

7.3. Application of the MLQ to external leadership in tourism 207

7.3.1. Step one: assessment of suitability for factor analysis 207

7.3.2. Step two: selecting the type of factor analysis 208

7.3.3. Step three: factor analysis - selecting the number of factors 209

7.3.4. Step four: factor analysis – finalizing item selection and description of the four factor solution 211

7.3.5. Step five: reliability of the factor structure 214

7.3.6. Discussion of the application of the MLQ to external leadership in tourism .. 215

7.4. Identification of different leadership types among tourism businesses 218

7.4.1. Cluster analysis 218

7.4.1.1. Stage one: conceptual considerations for conducting cluster analysis 219

7.4.1.2. Stage two: different techniques for conducting a cluster analysis 219

7.4.1.3. Stage three: determining the number of clusters 220

7.4.2. Comparing the differences between the four leadership clusters 220

7.4.3. Cluster descriptions 224

7.4.3.1. Avoidant Leaders 224

7.4.3.2. Passive Transactional Leaders 225

7.4.3.3. Motivated Transactional Leaders 226

7.4.3.4. Convinced Transformational Leaders 227

7.4.3.5. Discussion of the local leaders in Torbay 227

7.5. The influence of different types of leadership on business behaviour towards sustainable tourism management 230

7.5.1. The influence of different types of leadership on the implementation of environmental measures 230

7.5.2. The influence of different types of leadership on the perceived importance of environmental issues for their establishment and the region 234

7.5.3. Discussion of the different leadership types and their sustainable tourism management practices 238

7.6. The role of leadership in sharing knowledge among businesses 240

7.6.1. The influence of leadership on sourcing information 240

7.6.2. The influence of leadership on knowledge sharing 242

7.7. Summary of main results 246

CHAPTER EIGHT – CONCLUSION – 249

8.1. Introduction 249

8.2. Summary of main findings, implications and research contribution 250

8.2.1. Objective One 251

8.2.2. Objective Two 253

8.2.3. Objective Three 257

8.3. Research contribution 262

8.4. Limitations of the study 264

8.5. Recommendations for future research 266

BIBLIOGRAPHY 271

APPENDICIES 294

Appendix 1 Questionnaire 294

Appendix 2 Interview Schedule 300

Appendix 3 Bivariate Analysis 302

List of Tables

Table 2.1. Research definitions of small tourism businesses ……31
Table 2.2. Benefits of networks for building a profitable tourism destination ……..53
Table 2.3. Full Range Leadership Theory – the difference between six and nine factors and their operational definition ……66
Table 2.4. Leaders versus managers ……71
Table 4.1. Qualitative versus quantitative methods of research ……..101
Table 4.2. Strengths and weaknesses of a mixed methods approach to research ……..102
Table 4.3. Design possibilities for triangulation ……103
Table 4.4. Full Range Leadership Theory – Six factors and their operational definition ……..110
Table 4.5a. The question about sources of information used in the pilot (Q.18) ……113
Table 4.5b. The question about sources of information after pre-testing (Q.18) ……113
Table 4.6. Changes to the question about knowledge sharing (Q.20) ……..114
Table 4.7. Participants in the interview programme ……119
Table 5.1. Profile of owner/managers ……130
Table 5.2. Socio-economic characteristics of serviced accommodation providers ……..132
Table 5.3. Membership of associations of serviced accommodation providers ……135
Table 5.4. Environmental measures and their implementation by businesses in Torbay ……..138
Table 5.5. Importance of environmental issues to business owners/managers ……..142
Table 6.1. Sources of information used by tourism businesses ……169
Table 6.2. Respondents' important sources of information regarding environmental issues .173
Table 6.3. Modes of and reasons for knowledge sharing among tourism businesses ……..175
Table 6.4. Exchanging knowledge on environmental management practices with others ……184
Table 6.5. The importance of proximity for interviewees ……187
Table7.1. External leadership traits of tourism businesses in Torbay (n=193) ……204
Table 7.2. Factor loadings of the initial set of all 16 external leadership items ……210
Table 7.3. Factor loadings final and initial set of 14 external leadership items……212
Table 7.4. Reliability (Cronbach's alpha) of the final four factor solution ……215
Table 7.5. The external leadership characteristics of the four leadership clusters – their Leadership characteristics (Kruskal-Wallis test statistic) ……221
Table 7.6. Business characteristics of the four external leadership clusters ……223
Table 7.7. Comparison of leadership clusters and environmental measures ……231
Table 7.8. Comparison of leadership clusters and the perceived importance of environmental issues for their business and the South West of England ……235
Table 7.9. Comparison of leadership clusters and their sources of information ……241
Table 7.10. Comparison of leadership clusters on knowledge sharing ……243

List of Figures

Figure 1.1. Aims, objectives and research questions of this study ……16
Figure 2.1. The conceptual interfaces in this thesis and the location of this research ……..23
Figure 2.2. SECI process and its four processes of knowledge conversion ……41
Figure 2.3. Abernathy and Clark model – a tourism perspective ……44
Figure 2.4. The innovation and knowledge plot ……46
Figure 2.5. Two halves of a continuous process of learning and inventing ……47
Figure 2.6. Knowledge transfer channels to the tourism business ……51
Figure 2.7. Local buzz and global pipelines ……56
Figure 2.8. Cognitive distance and effective learning ……58
Figure 3.1. Map of the South West of England ……83
Figure 3.2. Hierarchical structure of English domestic tourism ……88
Figure 3.3. The administrative boundaries of Torbay (Torquay, Paignton, Brixham) ……95
Figure 4.1. Approaches applied to this research ……105
Figure 5.1. Environmental measures and their implementation by businesses in Torbay …….140
Figure 5.2. Importance of environmental issues to business owners/managers ……143
Figure 6.1. Reasons for knowledge sharing among tourism businesses ……176
Figure 7.1. External leadership traits of tourism businesses in Torbay (n=193) ……206
Figure 7.2. Scree plot of the factor analysis ……211
Figure 7.3. Difference in external leadership behaviour among tourism businesses in Torbay ……222
Figure 7.4. External leadership clusters and their environmental management practices ……232
Figure 7.5. External leadership clusters and the perceived importance of environmental issues for their business and the South West of England ……..236
Figure 7.6. External leadership clusters and knowledge sharing……244
Figure 8.1. Hierarchy of information that owner/managers are prepared to share with other tourism businesses……254
Figure 8.2. *Established* model of knowledge transfer between regional and local level ……260
Figure 8.3. *Proposed* model of knowledge transfer between regional and local level ……262