

**What's in it for Me?  
Competitive Strategy, Issue Interpretation and Practice Implementation in the  
Institutional Context**

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## ABSTRACT

While pursuing business objectives, each organization faces the challenge of balancing competitive and institutional demands. However, for some firms the conformance to institutional pressures to adopt and fully implement a practice does not necessarily imply that the most effective and efficient choice is made. The conventional practice diffusion model tends to neglect the stage of implementation, thus in order to fill this void, attention needs to shift to the motivation and cognition surrounding the implementation decision, namely how the practice is interpreted. However, additional work is also needed to understand what factors might predict issue interpretation (Jackson and Dutton, 1988).

Drawing theoretical insight from institutional theory, organizational agency, competitive strategy and issue interpretation I argue that a firm's competitive strategy will influence the extent of implementation a practice receives. To conduct this study I examined the implementation patterns of a quality practice that has been introduced to the tourist accommodation industry in the Republic of Trinidad & Tobago. The competitive factors that lead managers to interpret the practice as an opportunity for gain versus a threat for loss were examined to better understand motivations towards an adopted practice in a competitive environment.

Results suggest that the competitive environment does indeed influence how an adopted practice is interpreted. Further results demonstrate that there exists a strong association between issue interpretation and practice implementation extent that is arguably decided by top management beliefs regarding the value of the practice. Limitations of the study and potential avenues for future research are discussed followed by practical implications rendered applicable to business and society.

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As for me...this experience has opened up my mind and eyes to new horizons of discovery in my career that must and will be explored. As such, my learning and development will not cease until I attain a Doctor of Philosophy in Industrial & Organizational Psychology, and I will remain committed to achieving this end. For now, I continue to live life to the max, welcoming each gift and challenge along the way. I will never stop.

*"I would rather be ashes than dust; I would rather that my spark should burn out in a brilliant blaze than it should be stifled by dry-rot; I would rather be in a superb meteor, every atom of me in a magnificent glow than in a sleepy and permanent planet; the proper function of man is to live, not to exist; I should not waste my days in trying to prolong them; I shall USE my time."*

- Jack London<sup>1</sup>

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<sup>1</sup> [http://en.wikiquote.org/wiki/Jack\\_London](http://en.wikiquote.org/wiki/Jack_London)

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## INTRODUCTION

Tourism is vital to many of the Caribbean nations as most of their economies and economic growth depend on the industry. In an effort to diversify the economy and make it strong enough to withstand economic shocks, the government of the Republic of Trinidad & Tobago (T&T) has been making a concerted effort to promote sustainable economic growth and development. Now one of the nation's goals is to transform the country into a premiere tourist destination. Yet, a key issue that has always plagued T&T's tourism sector is a reputation for second-rate quality in its product and service offerings. In 2006, the Trinidad and Tobago Tourism Industry Certification Program (TTTIC) was re-introduced as a process by which an independent body gives written assurance that accommodation providers conform to a set of specified requirements contained in the national standard. This program is a joint partnership between the Trinidad & Tobago Bureau of Standards (TTBS), Tourism Development Company (TDC) and the Tobago House of Assembly (THA). For this quality practice to be successfully institutionalized, it will require that all tourist providers not only adopt the practice, the need is to wholly implement it. From an institutional perspective, full implementation is defined as the state when a practice is formally adopted by the organization and fully internalized by its members. This is important for the institutionalization of a practice since it is the state at which the recipients of the practice regard it as valuable (Kostova and Roth, 2002). When a practice is fully implemented it becomes internalized and this is argued to elicit positive perceptions about the value of a practice which creates "action-generating" properties that facilitate not only the initial



adoption of the practice but also its persistence and stability over time (Tolbert and Zucker, 1996: 177).

All this said, it is now 2012 and if one were to research tourist destination reviews, there exists an inconsistency in customer evaluations of quality service amongst T&T's accommodation providers. One would see reviews that range from the extreme positive to the extreme negative spectrum for accommodation providers who have the TTTIC certification. The question and problem now become why does the TTTIC certification reflect improved quality in some accommodation providers, whereas a strong need for further improvement in others? It comes into sight that the TTTIC practice has been internalized by some but not by all, and this has generated the interest and focus of this research endeavor.

The foremost objective of this study is to understand what has lead to varying levels of TTTIC practice implementation in T&T. The situation illustrated above is one in which the governing institution has introduced a new practice to an organizational field with the expectation that it will be adopted and fully implemented by all. Evidence leads one to believe that although the practice has been adopted by many organizations, there are differing levels of implementation with the practice.

In order to conduct this study, theoretical insights are needed from various schools of thought in organizational study. I particularly, draw upon institutional theory as it pertains to organizational agency, diffusion of institutional practices and adoption motivations. Additionally, being that this research is set in a competitive business environment it seems logical to include concepts of business research to add perspective and ground this research for business academia and management practitioners alike. As

such, Porter's generic business strategy conceptualizations (Porter, 1980, 1985, 1987, 1996) are included in this framework.

Based on these theoretical perspectives, I argue that an institutionally prescribed practice to an organizational field can be adopted uniformly but implemented differently depending on the firm's interpretation of the practice. I also view that a firm's competitive strategy shapes how the firm views and responds to issues as they occur in the environment; therefore, a firm's competitive strategy will influence the extent of implementation a practice receives after it is adopted. Although a firm may find itself coerced towards adopting a practice for social reasons, use of the practice will be acquiescent to competitive implications. As such, I argue that dependent of whether the firm views the practice as an opportunity for gain or a threat of loss, this will determine the extent of implementation it receives. If a firm views the practice as an opportunity for social and economic gain it will be motivated to implement and internalize the practice to derive its true value. On the other hand, if the firm views the practice as a threat that could result in social and economic loss, adoption will be done to save face amongst onlookers, but internalization will be minimal since value in the practice is not believed to exist.

### **1.1 Relevance of Study**

This study is important for many reasons. First to place this research in relevant perspective, T&T faces a situation where the government has mandated a quality practice that has not yet been uniformly implemented across the tourism sector. Unreliable results

in the level of quality achieved among accommodation providers signal a need to explore the factors that cause this variability in order to provide solutions that will make for better success with this government initiative. For the management practitioner interested in enhancing their market performance and position, this study will signal the salient issues that must be addressed internally by the organization if it wishes to be perceived legitimate by the state and remain valuable to its consumers. Using business-level strategies introduced by Porter (1980, 1985), which has become a dominant paradigm in business policy literature it is argued that firms employ generic business-level strategies in pursuit of their economic and competitive goals. The strategies of cost leadership, differentiation, focus or a combination of, each represents a profoundly unique approach to maintaining and enhancing market position as well as the creation and sustainability of competitive advantage. Since each business strategy denotes a different way for an organization to view and respond to changes in its environment, this variation would likely be seen in organizations responding to an institutionalized pressure to adopt a practice as well. Drawing on this framework, the role of a firm's conduct in influencing performance along with industry structure is explicitly recognized.

From an academic perspective, this study is important in that it fills some key theoretical gaps in management research. First, a central issue in institutional theory has been the debate of structure versus agency. In their meta-analytical study of this same debate, Heugens and Lander (2009) made a point to note that while quantitative studies of the structure hypothesis in institutional theory are in apparent abundance (Boxenbaum and Jonsson, 2008), it is rare to see a study of how organizations experience isomorphic pressures, interpret them and learn to manage them. Given the research problem

identified, an addition to this gap in research will be made since a comprehensive analysis will be done to reveal how organizations in the accommodation sector of T&T experience and interpret the isomorphic pressures that lead these organizations to make decisions on how to interpret and manage the TTTIC practice. Secondly, the diffusion of organizational practices has been a central topic in organizational theory and management literature with a central focus on issues involving motivation and cognition in studies of adoption accounts (Kennedy and Fiss, 2009). However, these accounts have remained largely disengaged from work on social psychology and organizational behavior, which proves unfortunate as this has resulted in minimal understanding of the phenomenon and still leaves the question open as to what exactly motivates adopters of a practice (Kennedy and Fiss, 2009)? To address this gap, this study includes the role of adoption motivation to help understand how adopters interpret issues they face and what are the likely outcomes of the interpretation. Kennedy and Fiss (2009) also emphasized the need for additional work to understand the factors that lead organizations to interpret situations as an opportunity or a threat. For example, what factors might predict issue interpretation? As mentioned earlier, this study will use an organization's business strategy as a predictor variable in issue interpretation as it is evident that different business strategies require varying approaches by decision makers which will no doubt result in different interpretations of the same issue experienced in one industry. This also would provide new insights for observation into the interplay between institutionally defined motivations and adoption patterns among organizations belonging to a specific industry.

## **1.2 Research Question**

With the focus of this study being the extent of implementation an adopted practice receives and the resultant dissimilarity in an organizational field, the primary research question is:

*In a given institutional context, what determines the extent of implementation that a practice receives by adopting organizations?*

## **2.THEORETICAL BACKGROUND**

### **2.1 Institutional Theory**

The institutional perspective of the organization first came on scene in organizational sociology over thirty years ago through formulations of the concept introduced by John Meyer and fellow colleagues (Meyer and Rowan, 1977; Meyer, Scott, Cole & Intili, 1978; Meyer, Scott & Deal, 1981). At that time it was argued that formal organizational structure was not only a reflection of both technological (Lawrence and Lorsch, 1967; Thompson, 1967) and resource dependencies (Pfeffer, 1972; Pfeffer and Slancik, 1978), but also of ‘institutional forces’. These forces were described as the “rule-like” frameworks and knowledge that were legitimated through social systems like laws and regulations, education systems and social norms for example. This early formulation stressed strict adherence to structure, underscoring the roles of history and habit in constraining choice through the moral pressures that lead to custom and stabilization of social order (Hodgson, 1994; Scott, 1995). This made for the essence of institutional arguments being that of social stability and the processes that creates continual reproduction. Yet it was still vague as to what these processes exactly were that lead to social reproduction.

To illustrate these processes DiMaggio and Powell (1983) introduced and made a distinction between coercive, normative and mimetic processes of social reproduction. Scott (1995; 2005; 2008) further elaborated these processes by inculcating them with the elements that underlie social order: regulative, normative and cultural-cognitive elements respectively. The regulative elements of the coercive process include rule-setting activities that establish the way things are supposed to be, followed by the monitoring of

these rules and sanctioning activities for violations that take place. The normative element that supports the normative process imparts dimensions of prescription, evaluation and obligation in to social life (Scott, 2008), which create and reinforce the values, beliefs, norms and assumptions of human action. Finally, the mimetic process is supported by the cultural-cognitive element which reflects mimicry through widely shared social knowledge and cognitive categories used by people in a given industry or country (Scott, 2008). These three processes and their respective elements each support a different type of institutional order with differing motives for compliance to institutional pressures. This means that actors when confronted with institutional pressures can use varying rationales for claiming legitimacy, thus compliance could derive from expedience to avoid regulative sanctioning, out of moral obligation or simply because one cannot conceive any other way of acting resulting in the need to mimic. Although varying rationales may be used for each institutional mechanism, they all still contribute to and maintain institutionalized behavior and reinforce social order.

Corrections and refinements to early work lead to the development of institutional analysis that recognized the possibility of agency and choice among individuals and organizations alike. DiMaggio (1988) commenced this reexamination of the theory by criticizing early attention given to extant institutions and shifting the focus to the process of institutionalization since this examines the interests and power that actors have which influence their institutional undertakings that contribute to purposive ends. DiMaggio (1991) then illustrated this argument by examining the role of conflicting interests and agency among actors involved in the construction of the field of art museums in the United States. However, as influential as this argument was, institutional theorists still

continued to embrace the theory of structuration introduced by Giddens (1979) and argued that social structures are reproduced and modified by the actors within them and that the process of institutionalization was not only top-down but also took place in a bottom-up direction. Oliver (1991) however, reaffirmed agency within the institutional context by envisioning various strategic responses to institutional pressures. She noted that although conformity may be the ‘default’ response, situations arose where other responses – compromise, avoidance, defiance and manipulation - were also a possibility. This argument was highly influential in that it created a theoretical framework that was much better received by the managerial audience as it extinguished the view of managers as being overly passive but rather purposive in the face of institutional pressures.

### *2.1.1 Structure versus Agency*

The above review of the institutional perspective has left us some thirty odd years later with two broad views in organizational analysis (Heugens and Lander, 2009). The first is highly skeptic of incongruent accounts of social processes contending that such accounts provide an ‘under socialized’ understanding of organizational behavior that disregards how social forces influence decision making (Granovetter, 1985). The second view contends that the environment to which the organization belongs is a socially constructed context of action that shapes the decision making of organizations (Scott, 2001). Despite these views, a central remaining debate in institutional theory is whether organizational behavior derives from and is guided by the larger social forces that be, or by the agency-type behavior that exercises the right to evaluate and make choice. Thus we have the “structure versus agency” debate (Hirsch and Lounsbury, 1997) that keep institutionalists



divided in view. Proponents of structure argue that organizations tend to become isomorphic over time in their pursuit to attain legitimacy from the institutional environment (DiMaggio and Powell, 1983; Tolbert and Zucker, 1983). Proponents of agency take offence to this overly deterministic view and while they agree that all organizations succumb to institutional pressures, each at the very least can exercise varying discretion in their response (DiMaggio, 1988; Oliver, 1991).

In order to test theories involving views surrounding structure and agency factors in the most appropriate empirical fashion DiMaggio and Powell (1983) introduced the concept of the 'organizational field'. They defined it as "those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (1983: 148). For this reason they concluded that organizations belonging to the same field are exposed to similar structural forces imposed by the governing institutional framework at play. In order to further explore the level of variability and choice that exists it seems appropriate to observe organizations belonging to the same organizational field as they react to isomorphic pressures in order to see what potential variability and choices exist.

### *2.1.2 Legitimacy versus Efficiency OR Legitimacy and Efficiency*

One major tenet of institutional theory supporting isomorphism as a natural occurrence in the organizational field is the fact that organizations require more than material resources and technical expertise to thrive in their social environment (Scott, Ruef, Mendel & Caronna, 2000: 237). The reason that the theory emphasizes an organization's need to

gain and maintain legitimacy is that the endorsement of cultural and political authorities are needed in order for the organization to receive support. In today's society these authorities are seen through state and government, professional and trade associations, accreditation agencies as well as customers and suppliers who decide and maintain what is socially acceptable. Thus, it seems wise for organizations to gain the support of these powerful constituencies in order to maintain their "license to operate" (Heugens and Lander, 2009) within their respective social milieu. In order to gain and maintain support an organization is expected to follow the laws dictated by governing bodies, meet the standards set by accreditation agencies, perform the duties as members of various associations and promote the products and services desired by end consumers. Isomorphism takes place since organizations in the same field are exposed to the same isomorphic pressures described above and thus a certain degree of conformity seems inevitable since all organizations have legitimacy concerns. Institutionalists consider isomorphism to be good for the field as it "avoids confusion, makes them intelligible, makes them legitimate, gives them funding and avoids coercive state sanctions" (Donaldson, 1995: 125).

From the sociological perspective, conformance to newly prescribed institutional templates provide organizations with positive social evaluations leading to increased legitimacy, since the organization is viewed as aligning itself with the prevailing rules, laws and cultural norms (Scott, 2001). On the other hand, bringing 'value' in to the discussion, the economic perspective questions how the newly introduced practice affects an organization's bottom line.

There is considerable debate as to how isomorphism relates to an organization's substantive performance, defined here as the extent to which the organization is able to generate accounting-based profits and/or increase its overall market value (Heugens and Lander, 2009). Meyer and Rowan (1977) contended that conforming to institutionalized rules more often than not directly conflicts with efficiency considerations thus perceiving a distinct trade-off between conforming to institutional rules and performance. However, there are scholars that view the trade-off between conformance and performance to be a false dichotomy, arguing that managers do not select practices merely on the basis of social acceptability (Kennedy and Fiss, 2009). Performance scholars defend this affirmation by pointing out that it is a key task of management to select strategies that enhance the organization's social standing as well as increase their performance, thus striking a balance between competitive and institutional demands (Chen and Hambrick, 1995; Deephouse, 1999). Referring back to the 'value' of an adopted practice once more, it can also be argued that newly institutionalized templates for organizing may in fact be a better way of doing business than compared to extant alternatives (Heugens and Lander, 2009). Additionally, competitive differentiation can result from firms pursuing different implementation patterns such as customization of a template in order to enhance its contribution to organizational efficiency and quality (Westphal, Gulati & Shortell, 1997; Zbaracki, 1998).

All this said it is quite debatable whether social and economic motivations for adoption are in fact mutually exclusive, instead, it could be that motivations for appearing legitimate and achieving higher performance may coexist. Regardless of whether the organization perceives a practice positively or negatively it appears possible that it will

consider the technical and social benefits (or losses) according to a parallel logic as opposed to substituting each other. It is even arguable that technical and social considerations could reinforce each other given that higher performance derived from practice implementation may also increase an adopter's legitimacy (Kennedy and Fiss, 2009).

### *2.1.3 Internalization versus Ceremonial Adoption*

The organization ultimately chooses the value that an institutionally sanctioned practice has for its operations and will no doubt treat the practice as such. In cases where the organization's routines, processes and values are in tandem with institutionally prescribed templates, beyond initial adoption one would expect the organization to fully internalize the practice thus staying committed. Kostova and Roth (2002) for example, conceptualized practice adoption along two dimensions-implementation and internalization. With implementation being expressed as objectively performing the actions required or implied by the practice (Kostova and Roth, 2002). One could assume that to avoid social sanctioning all organizations wishing to maintain legitimate standing will undertake some form of implementation. Internalization on the other hand is described as the state upon which the recipients view the practice as valuable and therefore become committed to it (Kostova and Roth, 2002). The authors argue internalization is of key importance since the positive perceptions of a practice are reflected in "action-generating" properties that go beyond initial adoption to create persistence and stability of the practice over time (Tolbert and Zucker, 1996: 177). However, an adopted practice not perceived as valuable by recipients is argued to lead to

ceremonial adoption (Kostova and Roth, 2002). Many authors argued this outcome to be likely when there is high uncertainty surrounding a practice or the belief that it is not valuable matched with strong pressures for its adoption from the legitimating environment (Meyer and Rowan, 1977; Tolbert and Zucker, 1983). In their same study on practice adoption Kostova and Roth (2002) characterized ceremonial adoption as recipients implementing the practice for legitimacy reasons, but with low to non-existent internalization.

These findings point to the fact that organizations may feel pressured to adopt practices in response to institutional demands, which results in some apparent isomorphism across the field. However, once adopted, organizations then proceed to “decouple” practices from actual use as they take in to account local circumstances and practical realities (Westphal and Zajac, 2001) that they face, thus buffering internal routines from external uncertainties. Decoupling is a key mechanism in studies of the organizational field as it leads to variability in the depth of response to institutional demands. Despite the importance of decoupling in the study of institutional theory there has been a relative scarcity in empirical research exploring the phenomenon and its antecedents (Scott, 1995). Most quantitative studies have focused on the adoption of new programs and policies by organizations with the presumption that full implementation (including internalization) had taken place (Oliver, 1991).

However, the need to further explore implementation becomes even more evident if one examines the many cases of partial or incomplete practice implementation such as civil right legislation in the workplace (Eldelman, 1992), the staffing of recycling programs (Lounsbury, 2001) or accounting standards and financial control systems (Fiss

and Zajac, 2006), to name a few. Evidence is clear that studies examining practice diffusion in an organizational field must look beyond the moment of adoption, since this response alone does not reflect the extent of true institutionalization. Evidence suggests that investigation need not cease at the decision to adopt, but rather extend research to explore how far that decision goes towards implementation.

#### *2.1.4 Practice Implementation*

Despite the debate surrounding motivations for initial practice adoption, there still lacks research exploring the subsequent stages in the diffusion process. The conventional diffusion model mostly neglects practice implementation despite the fact that the diffusion process is often viewed as dynamic (Strang and Soule, 1998) and it is argued that legitimacy and efficiency considerations should extend past the stage of adoption to affect implementation (Zbaracki, 1998) as well. In their paper discussing how practices vary during diffusion, Ansari et al., (2010) challenged that it was incorrect to view management practices as “off-the-shelf” solutions for adopting organizations. They argued that during the implementation process, practices require adaptation and configuration in order for them to be meaningful and suitable within specific organizational contexts (Robertson, Swan & Newell, 1996; Strang and Kim, 2004). This point of view is important in that it shifts attention away from the classic diffusion model which treats practices as invariant, requiring simply an accept or reject decision. Rather, bringing practice implementation in to central focus, it seems logical that practices rarely, if at all come out of the diffusion process the same way they went in (Strang and Soule, 1998). Ansari et al., (2010) defined adaptation as “the process by which an adopter

strives to create a better fit between an external practice and the adopter's particular needs" (2010: 71). This being said, it is clear that once a practice is adopted, the adaptation process will involve "framing" the practice to determine its value and how it will be regarded and used over time (Fiss and Zajac, 2006; Green, 2004). This also hints that organizations are not as homogenous in an organizational field as once thought. Whereas the homogeneity that exists in an organizational field at the stage of practice adoption seems salient on one hand, the possibility that adopters are likely to be internally heterogeneous seems evident on the other.

## **2.2 Issue Interpretation**

Cognition although one of the three pillars still remains relatively disconnected from institutional theory (Kennedy and Fiss, 2009), but along with conformity are core topics of discussion. Some authors have extended work on the cognitive dimension by showing how logics shape cognition leading towards different actions (Lounsbury, 2007; Kennedy and Fiss, 2009). This is important as it shows the pivotal role that a decision maker has in initiating organizational action. Indeed, how key decision makers process information surrounding a newly adopted practice, especially under conditions of risk and uncertainty, are likely to determine how the practice is shaped and what influence it will hold in the organization.

Discussing once more, human agency and institutional theory it is important to reaffirm the role of "agents" in determining responses to institutional pressures. Although there are expectations to conform to social convention, it is clear that agents influence the true conformance that is achieved. In an effort to enhance the domain of

institutional theory, many authors have made attempts at investigating why there are instances in which agents do not conform to social pressures, instead choosing to initiate deviant actions than what is expected (George, Chattopadhyay, Sitkin & Bardenet, 2006; Dacin, Goodstein & Scott, 2002; DiMaggio, 1988). While most attention has been given to external factors (Lawrence, Hardy, & Phillips, 2002; Oliver, 1991) and organizational features (Kostova and Roth, 2002) that lead to varying responses to institutional pressures, less attention has been given to the internal factors in an organization that shape its response (George et al., 2006). This is where it becomes crucial for one to understand the cognitive foundation of institutional theory. Many authors have made calls for the reexamination of the cognitive dimension (DiMaggio and Powell, 1991; Scott, 1995; George et al., 2006) arguing that the formation, operation, influence and dissolution of institutions cannot be understood without it. Scott (2001) even suggests that the cognitive dimension is the key distinguishing feature of neoinstitutionalism.

Given the above, when faced with environmental pressures, the decision makers' framing of those pressures will directly influence the organizational response. This will assist in explaining why organizations facing the same environmental pressures from the institution sometimes respond with isomorphic actions and at other times respond with nonisomorphic actions which deviate from what is considered legitimate. One way to examine interpretations by decision makers is to assign constructs to categorize environmental events (George et al., 2006).

Opportunity and threat constructs have been found to be useful in executive decision-making (Dutton and Jackson, 1987; Jackson and Dutton, 1988) as they each imply a sense of urgency and difficulty, which likely lead to organizational action



(George et al., 2006). Concerning managerial responses to threats and opportunities, one useful theoretical position introduced by Staw, Sandelands & Dutton (1981) is the threat-rigidity hypothesis. This theory posits that when faced with a threat, individuals and organizations have a tendency towards rigidly pursuing routine activities, which results in restricted information processing and constriction of control (Staw et al., 1981). The reasoning being that by strictly adhering to well-established thus predictable behaviors and routines, individuals and organizations can regain control over what seems uncontrollable after being perceived as a threat. However, the threat-rigidity theory does not explicitly state the expected behaviors resulting from an opportunity perception. Rather, Staw et al., (1981) imply that when an organization chooses to pursue an opportunity it will go beyond usual routines thus risking action that is perceived to result in benefit and gain. Framing an issue, whether positive or negative, affects organizational change by influencing the cognition and subsequent motivation of the organization's decision maker (Dutton, Fahey & Narayanan, 1983). In the case of framing an issue as a 'threat', implies a situation that is negative in which loss is likely and over which the decision maker has relatively little control (Dutton and Jackson, 1987; Kennedy and Fiss, 2009). An issue framed as 'opportunity' implies a positive situation in which gain is likely and the decision maker perceives to have a fair amount of control (Kennedy and Fiss, 2009).

### **2.3 Competitive Strategy**

All industries within a society include businesses whose purpose for existence is to achieve desired financial ends. Towards achieving these ends, each business must have in their plan a strategy of how they intend to compete within their environment. Michael Porter (1985, p. 47) defines strategy as "...positioning a business to maximize the value of capabilities that distinguish it from its competitors". With the central focus of strategy being to guide each business towards achieving competitive advantage, Porter introduced three generic positioning strategies that can be used to achieve distinctive value in the marketplace. The strategies of low-cost, differentiation and focus were initially introduced as mutually exclusive concepts, claiming that firms who attempted to pursue more than one of them were "stuck in the middle" (Hlavacka, Bacharova, Ruskanova & Wagner, 2001) and unable to achieve a competitive advantage in this position. However, there has been an emergent view in strategy that contradicts Porter's view contending that under certain conditions a combination of strategies may be the best option in creating and sustaining competitive advantage (Miller, 1992; Dess and Miller, 1993; Feurer and Chaharbaghi, 1994).

Regardless of the point of view chosen, all strategic frameworks agree on one thing, they all aim at maximizing organizational performance through improving its position compared to others operating in the same competitive environment (Feurer and Chaharbaghi, 1997). Through executing an effective competitive strategy a company discovers its industry focus and learns about the customers it serves (Porter, 1980). Porter's theory consists of two essential key elements to a competitive strategy. The first element being a schematic used to describe a firm's competitive strategies according to

its market scope, which is either broad or niche focused. The second element refers to the firm's chosen source of competitive advantage, which can be through cost or differentiation (Campbell-Hunt, 2000).

### *2.3.1 Low-Cost*

This generic strategy focuses on cost reduction wherever possible. A low-cost strategy addresses costs associated with operations, facilities, overheads and the savings attainable from experience. When possible, a firm pursuing the low-cost strategy will be budget conscious towards advertising, research and development, service delivery and training and development. The intended purpose of pursuing such efforts is to position the business to gain competitive advantage by having the lowest cost in the industry (Porter, 1979, 1987, 1996) for its products and services. To achieve a successful low-cost position the organization is challenged with designing, producing and marketing a comparable product/service more efficiently than its competitors (Allen and Helms, 2006). A firm's revenue is also not sacrificed when pursuing this strategy since high revenue is achieved through obtaining a large market share (Porter, 1979, 1987, 1996). For this strategy to be effective price should be an important factor among rivals and the product or service being offered should be standardized since the features are acceptable and recognizable to many customers. A notable vulnerability of this strategy is that most methods to achieve low-cost are easily imitated by competitors. Secondly, depending on the market, buyers can become less sensitive to price especially if buyer interests start to demand additional features for the product or service.

### *2.3.2 Differentiation*

This strategy is aimed at establishing fundamental differences in its product and service offerings so that buyers are able to perceive definable attributes of the product and service in contrast to those of the firm's competitors (Porter, 1979, 1987, 1996; Hlavacka et al 2001). Hence, this strategy focuses on creating uniqueness that is in demand so much as to justify incurring additional costs since the firm is rewarded by commanding premium prices of its customers. Understandably, for this strategy to be profitable to the firm the premium that the firm charges for its offerings must outweigh the extra cost to provide the uniqueness that customers demand. Effective implementation of this strategy means the business is able to provide unique or superior value to the customer through unique product characteristics, delivery system, quality of service, or distribution channels (Allen & Helms, 2006). Whether quality is real or perceived real based on brand name or image, the product and service offered appeals to a consumer willing to pay a higher price for it, and it is by this way that the firm increases its market share. Some key concepts often used to establish differentiation include using company size or brand name as advantage, training employees to have in-depth knowledge of the company's products and services (Darrow, Algin & King, 2001) and ensuring that the products and services selected are in strong demand from the customer base (Darrow et al, 2001). Although, there are many ways to differentiate a product to provide value to customers with diverse needs, the firm must make sure to differentiate on the right things. This means firms using this strategy must differentiate on features that buyers perceive as providing value and guard against over-differentiating to make product features exceed buyers' needs.

The inability to truly understand and fulfill customer needs will jeopardize a firm's ability to charge a premium price since value will not be perceived as intended.

### *2.3.3 Focus*

Whereas the first two strategies describe two distinct ways a firm can achieve competitive advantage and increase its market share, the focus strategy is actually a subset of the cost and differentiation strategy. Firms who adopt a focus strategy still align their activities with becoming either a cost leader or a differentiator but they target niche segments of the market as opposed to the market as a whole. Firms using this strategy seek to exploit differences between what they can do for specific customer segments compared to what their competitors can do (Hlavacka et al., 2001). This implies that the firm chooses to target a customer segment that is poorly served by broad-based competitors thus requiring exclusive focus. Instead of achieving competitive advantage through pursuing overall market share, the firm using a focus strategy directs its capabilities to achieve competitive advantage in its target segments. This strategy is ideal for firms who lack the resources necessary to compete industry wide but able to serve a narrow market segment more effectively than others. Firms can choose to focus for example on a select customer group, product range, geographic range or service line (Darrow et al., 2001). These chosen segments are usually not attractive or overlooked by larger competitors but still provide good growth potential (Allen and Helms, 2006).

One of Porter's earliest arguments (1980, 1985) was against the simultaneous pursuit of low cost and differentiation strategies contending that the two strategies are mutually exclusive. He defended this point of view on the grounds that each strategy has with it their own set of needed resources and organizational arrangements thus

concluding that the low cost and differentiation strategy are alternative, inconsistent or incompatible methods used to achieve competitive advantage. However, some authors (Pertusa-Ortega, Molina-Azorin & Claver-Corteet, 2009; Spanos, Zaralis & Lioukas, 2004) defend a dimensional approach, which rejects viewing low cost and differentiation as two unique strategies but rather as two dimensions within which firms choose to position themselves along. Instead of defining classes of competitive strategy, the dimensional approach describes the space in which classes can be defined (Campbell-Hunt, 2000). This makes for all possible designs to be positioned relative to both cost and differentiation dimensions thus allowing for the emphasis on one dimension without the exclusion of the other (Miller and Dess, 1993). This view is defended by the argument that reaching a strong position in one of the two strategies may lead to a firm being able to improve its position in the other. Miller (1992) for example, pointed out that by achieving a strong position through differentiation strategy leads to an increase in demand and market share for the firm allowing it to exploit the economies of scale that it has achieved. On the flip side, a firm who has achieved a strong position in costs will be able to invest its superior profits in to marketing as well as service and product attributes allowing the firm to reinforce its position through effective differentiation.

#### *2.3.4 Varying Perceptions and Internal Processes*

It is plausible that the competitive strategy chosen coupled with organizational characteristics leads to varying environmental perceptions among firms within the same industry. Early empirical evidence has indicated that organizations within the same industry face different environmental constraints and contingencies based on their chosen competitive strategy (Hatten and Schendel, 1978; Kim and Lim, 1988; Kumar and

Subramaniam, 1997). Indeed, one could expect that organizations pursuing a low cost strategy will consider certain sectors of the environment more relevant to them compared to those pursuing a differentiation strategy. Also taking in to account that environmental events impact organizational behavior, one could expect that organizations will have greater concern for uncertainty and unpredictability in the sectors of the environment most relevant to them.

Environmental changes to sectors will likely impose constraints on organizational planning, subsequent decision-making and strategy implementation. To further this assertion one can also refer to organizational learning theory, which posits that the adaptive patterns of the organization influence its subsequent perceptions of the environment (Kumar and Subramaniam, 1997), which as a result affects future actions taken.

Strategy research has also demonstrated that the failure on the part of the organization to align its competitive strategy with its internal processes can cause performance to suffer (Miller and Friesen, 1986). This means that a chosen strategy must be accompanied by complimentary characteristics in order for it to truly be effective. Organizations positioning themselves along a differentiation strategy focus on finding new market opportunities and continually redefining their respective domains (Kumar and Subramaniam, 1997). As such, internal processes supporting employee creativity and continuous employee education will be a high priority for high performing differentiators. More so, differentiators will be concerned with the success of new service and product deliveries since this directly affects their ability to retain customer base. Similarly, firms positioning themselves with the low-cost strategy will place strong emphasis on

developing effective personnel policies, minimizing turnover and improving employee attitudes in order to improve internal efficiencies and protect their domain (Kumar and Subramaniam, 1997). Accordingly, a low-cost firm's ability to exploit their learning curve and take advantage of preferential contractual arrangements, like with suppliers for example, becomes critical in order for them to maintain and increase their target market share.



## **2.4 Concluding Insights**

Uniting the concepts mentioned in this review of literature it is first posited that organizational decision makers have both efficiency and legitimacy considerations when adopting and implementing a new practice based on previous arguments. At the stage of implementation decision makers can approach the practice with a focus on either preventing losses or promoting gains (Kennedy and Fiss, 2009). It is likely that due to the varying environmental perceptions that result from a firm's chosen competitive strategy, organizations belonging to the same field will have varying motivations towards a newly introduced practice. More specifically, when motivated by avoiding losses believed to be associated with the adoption of a practice it is expected that the organization will respond by reverting to familiar routines and becoming rigid (Staw et al., 1981) in order to regain control in its environment. In this case, the organization is expected to work less towards fully implementing the practice, as it does not believe it to be economically beneficial. This results in ceremonial adoption where the practice is adopted so the organization suffers no loss to its social legitimacy, but implementation does not reach far past the point of adoption since it is not believed to enhance efficiency. Similarly, when motivated by achieving gains believed to be associated with the adoption of a practice, the perceived opportunity to realize efficiency gains and enhance control should lead the organization to work harder at fully implementing the practice (Kennedy and Fiss, 2009). In this case, the practice is adopted as it is believed to enhance the organization's legitimacy, and its implementation is more extensive, since the organization believes the practice will enhance its efficiency.

### **3. THEORY DEVELOPMENTS AND HYPOTHESESE**

#### **3.1 Research Context**

Prior to commencing theory development and related hypotheses for this study, it is important to outline the context in which this study is to be set. With focus being placed on the implementation of an adopted practice in a specific country, a profile is needed in order to ground the reader in the situation at hand. Providing a profile of T&T's current tourism trends will make one privy to the unique characteristics present in the country that serve to develop and maintain the institutional profile that exists in its tourism industry. This will aid in understanding the background to which the theoretical model is set for testing.

The Republic of Trinidad & Tobago is a twin island nation located in the southern Caribbean that sits approximately seven miles off the coast of Venezuela. In comparison to the other Caribbean nations, T&T has an extremely diverse population consisting of various migrant origins (Addae and Parboteeah, 2006). Of the population, approximately 39.59% are of African descent, while 40.27% of the population is of East Indian descent. The remaining 20.14% of the population consists of mixed, Caucasian, Chinese and various other ethnicities (Addae and Parboteeah, 2006).

The tourism sector in T&T is unique to the fact that there are recognized differences between the tourist product offerings of each island. In Trinidad for example, being the larger island and cultural hub of the nation, its unique tourist propositions include cultural diversity and a thriving business environment (Ministry of Tourism, Trinidad & Tobago, 2010). That said, Trinidad's main tourist market is business-related, but other markets targeted include: events and cultural attractions, ecotourism, nightlife

and sports. Tobago on the other hand is less developed with a much slower pace than its larger counterpart. This provides a semi-rustic and idyllic island-environment (Ministry of Tourism, Trinidad & Tobago, 2010), which provides the ideal setting for leisure tourism. Tobago's main target markets include ecotourism, water sports, events and cultural attractions as well as weddings & honeymoons. With Carnival being a critically acclaimed and internationally renowned event, Trinidad always receives an influx of tourists during this season. Additionally, the white sandy beaches, coral reefs and many eco-destinations throughout the two islands also add to its tourist appeal. Tobago has won several international tourism awards, including Best Eco-Tourist Destination 2003-2006 and best Caribbean Tourism Destination in 2004 (Romain, 2009). Most recent, the twin nation received the 'World's Best Tourist Destination' and was also declared the 'Favorite Cultural Destination in 2012 (Swamberkeino, 2011). The awards were decided by the European Union Council on Tourism and Trade, and were attributed to cultural patrimony and traditions, which offer tourists the opportunity to participate in many of the nation's festivals year-round (Swamberkeino, 2011). The awards were also given thanks to T&T's dedication to its environmental protection as well as ecological and geographical biodiversity (Swamberkeino, 2011).

*Differences in the Tourism Products of Trinidad and Tobago*

	Trinidad	Tobago
Unique Selling Proposition (USP)	Cultural diversity (religious and racial mix)	Infrastructurally developed, yet semi-rustic, idyllic island-environment Close proximity to the island of Trinidad
Main Types of Visitors	Business travellers Returning residents Independent travellers (not on pre-paid packaged holiday)	European leisure travellers on pre-paid packaged holidays  Trinidadians on short trips and week-end visits, long summer holidays
Main Source Markets	USA Caribbean Region	UK & Europe Domestic market (Trinidad)
Accommodation Types	Some large branded hotels Small, independent hotels Bed & Breakfast Apartments	Small, independent non-branded hotels Apartments & Condos Bed & Breakfast Villas
Main Markets	Business tourism	Beaches, leisure, sun, sand & sea tourism
Market Niches Targeted	Business Events and cultural attractions Ecotourism Diving Yachting Shopping Nightlife Historical sites Health Sports	Ecotourism Diving & Water Sports Events and cultural attractions Weddings & honeymoons Historical sites Health

Source: National Tourism Policy of Trinidad and Tobago – October 2010

**Table 1: Differences in the Tourism Products of T&T**

According to the World Travel and Tourism Council’s (WTTC) 2009 Travel & Tourism: Economic Impact Update-Trinidad & Tobago, travel and tourism accounted for 14.7% of total employment in T&T. This percentage represents a total of 88,000 jobs that are both direct and indirect in the tourism sector. To underscore the dependence that

Tobago has on the tourism sector in comparison to Trinidad, the sector contributed 47.6% of total employment in Tobago accounting for 14,000 jobs.

Central to this study is tourism accommodation in T&T, which to a large extent is characterized by small and medium-sized establishments, the majority of which are locally owned and operated (Ministry of Tourism, Trinidad & Tobago, 2010). The accommodation stock in Trinidad includes internationally recognized brands, but also includes locally owned hotels and guesthouses. In addition, Trinidad also has a substantial number of bed & breakfast establishments catering to business and short-term stay travelers alike. Tobago has a more diverse portfolio of accommodation offerings such as guest houses, apartments, condos, bed & breakfast and villa properties, all of which account for approximately 68% of the room stock available on the island (Ministry of Tourism, Trinidad & Tobago, 2010).

***Breakdown of Approved Room Stock in Trinidad, 2009***

Property Type	No. of Properties	No. of Rooms	% Share of Trinidad Accommodation Sector
Hotels and Guesthouses	28	1,857	91.2%
Bed & Breakfast	49	180	8.8%
Total	77	2,037	100%

*Source: Tourism Development Company, 2009*

**Table 2: Breakdown of Approved Room Stock in Trinidad, 2009**

***Breakdown of Approved Room Stock in Tobago, 2009***

Property Type	No. of Properties	No. of Rooms	% Share of Tobago Accommodation Sector
Apartment	162	976	23%
Bed & Breakfast	81	273	6%
Guesthouse	199	983	23%
Hotel	39	1,340	31%
Villa	171	692	16%
Condo	2	6	0.1%
Total	655	4,270	100%

*Source: THA - Division of Tourism and Transportation, 2009*

**Table 3: Breakdown of Approved Room Stock in Tobago, 2009**

To date however, there are a number of factors that affect the potential of T&T's tourism industry to play a more significant role in the nation's economy. Of these factors, the major issues central to this study include: quality of tourist accommodation establishments, adherence to international standards and customer service (Ministry of Tourism, Trinidad & Tobago, 2010). In addition, the global recession in 2008 has had a further impact on the nation's tourism industry and with the increase in airfare and emphasis on receiving value for money leaves the nation in a situation where it must do whatever it takes to market itself effectively to its potential visitors. Unfortunately, marketing and promotion within this respect have proven difficult given the challenge relating to the delivery of customer service in the nation (Newsday, 2010). Due to T&T's historical heritage and assortment of social factors there still exists a strong underlying perception among the population that service means servitude (Newsday, 2010). As such,

this attitude results in many cases of slow or indifferent service delivery, which no doubt contributes to reducing the tourism industry's competitiveness. In 2010, the country started tourism service transformation by launching the National Tourism Quality Service Improvement (NTQSI) program. The goal of the program being to foster a culture of service excellence, the initiative aims to lift customer service standards by providing training to all employees in the hospitality sector, from management to general staff (Ministry of Tourism, Trinidad & Tobago, 2010).

### *3.1.1 Trinidad and Tobago Tourism Industry Certification (TTTIC)*

Part of the NTQSI initiative the TTTIC was designed to ensure that all tourism providers are able to deliver goods and services, which meet or exceed international standards for excellence (Breaking Travel News, 2012). Part of the TTTIC process includes annual audits by the TTBS who ensure that suppliers meet national standards. Once the audits and period of training are completed, all successful participants receive the TTTIC certification as form of approval (refer to Appendix B). The TTTIC program is a collaborative effort between the TDC, Division of Tourism and Transportation at the THA and the TTBS, which collaboratively train and perform audits for hotels, guesthouses, tour guides, tour operators, vehicle rental operators, and land tourist transport service providers (Breaking Travel News, 2012). The Service, Training, Attitude & Respect (STAR) program was also launched in conjunction with TTTIC in order to improve service delivery within the hospitality sector at the strategic, tactical and operational levels of tourist organizations (Breaking Travel News, 2012) throughout the country.

Currently the TTTIC certification is a voluntary program for accommodation providers but governing bodies are making steps towards having it become mandatory across the industry. For accommodation providers specifically, there is a set of standards for bed & breakfast/self-catering properties and a set for hotels/guesthouses. To encourage practice adoption, the TTTIC offers benefits such as promotion on the TDC web site, operator credibility enhanced by a recognized logo, promotion in a TTTIC certified operator brochure listing as well as receiving special badges, decals and other marketing material to identify a certified operator (Romain, 2009). In addition, operators also have access to free and subsidized training through Small Tourism Enterprise Project (STEP) which provides training, capacity building and institutional strengthening for tourism operators.

Given the tourism profile of T&T, the nation has many tourist options and resources that can be utilized to further enhance the industry. Due to T&T's recognition as the economic hub of the Caribbean, international acclaim for carnival and various other annual festivals as well as its ecological preservation, many options are available to tourists. As such, due to the majority of accommodation providers being locally owned and operated, they will have limited ability to meet the needs of the broad market compared to internationally branded counterparts. However, local providers are in an excellent position to take advantage of the many niche market segments that exist throughout the country.

The purpose of the TTTIC practice is to increase the quality level of the nation's accommodation providers by having them meet minimal international standards through annual audits and continual monitoring. An inherent flaw of this mandate is the fact that



although quality is a term used frequently among policy makers and managers alike, it is also quite ambiguous. For one, quality could be simply a job well done, and although this could be seen as common sense, it still proves difficult to effectively define the term broadly as such (Sheehan and Presenza, 2011). Quality for another could be assuring the compliance of products and services with a given set of standards and procedures identified through a form of certification (Sheehan and Presenza, 2011). Although the second proposed definition seems to align itself with the mandate of the TTTIC, it also stands to complicate the definition further as it relates to the accommodation sector since manufacturing-based definitions have proven inapplicable to service quality, requiring that new conceptualizations be made. In the accommodation sector, the definition of quality becomes extremely elusive because outputs from the sector can be standardized and customized as well as tangible and intangible (Sheehan and Presenza, 2011). Therefore, it seems impossible to adequately represent what quality is in the accommodation sector by conformance to and/or exceeding a set of broad standards.

### *3.1.2 Theoretical Assumptions*

As theoretical arguments are given and developed in the following section it is important to note some assumptions that relate to all hypotheses put forth. First, it has been proposed that adoption motivations should be directly examined at different stages of the diffusion process, hence why this study is focused on reviewing practice adoption at the stage of implementation. It is also assumed that decision makers will treat efficiency and social considerations surrounding a practice according to a parallel logic as opposed to treating them as mutually exclusive. The main reasoning behind this assumption is the underlying argument that the desire to appear legitimate should only logically conflict

with a desire to improve efficiencies if efficiency improvements are themselves illegitimate (Kennedy and Fiss, 2009). Thus the firm that desires to look good in front of its key stakeholders in the institutional environment equally wants to do well amongst its competitors in the competitive environment.

Finally, this study will focus to a greater extent on only two of Porter's (1980, 1985) three generic business level strategies, namely cost leadership and differentiation. The rationale for not giving the focus strategy the same attention is that for one, firms using this strategy are in fact still pursuing either of the aforementioned strategies regardless of their market scope. Secondly, given the profile of T&T's tourism accommodation sector, the majority of firms will pursue a narrow market scope (focus strategy) due to geographical and economic considerations, with few larger accommodations possessing the ability to compete broadly. Also, hybrid strategies are not taken in to consideration for this study based on the dimensional approach used to define a firm's strategic position (Campbell-Hunt, 2000). That said, firms in this study will be assumed to have primarily aligned themselves along either the low-cost or differentiation dimension, regardless of whether they have begun to improve their position in the other dimension or not.

### **3.2 Competitive Strategy and Adoption Motivation**

Since a firm's competitive strategy represents how the firm chooses to operate within and interpret the external environment (Kumar and Subramaniam, 1997), I expect that the TTTIC practice will mean different things to different firms within T&T's accommodation sector. Due to the broad definition of what quality is under the TTTIC

mandate, the term is subject to varying interpretations within the organizational field. Given T&T's tourism profile discussed earlier it appears that tourists visit the nation for very specific purposes, such as business, carnival, weddings and ecotourism to name a few.

### *3.2.1 Differentiation Strategists*

Among firms pursuing a differentiation strategy, their strategic focus centers on creating unique products and services that will satisfy the needs of targeted customer segments (Kumar and Subramaniam, 1997). That said, when interacting within the environment, firms using this strategy will pay close attention to customer and competitor segments of the market in order to stay abreast of any new developments within the industry.

Being that the TTTIC practice is still a relatively new development in T&T, it likely has created some unpredictability in the tourism industry going forward. Fortunately, the differentiation strategy has been positively associated with dynamic and uncertain environments (Hambrick, 1983; Miller, 1988; Kim and Lim, 1988) since pursuing this strategy often involves exploring unforeseen customer and competitor reactions and adjusting operations accordingly. With the TTTIC practice, it is expected that differentiators will actively examine the quality practice to see how it can be adopted and tailored to suit the unique quality needs of targeted customers. Additionally, past research has indicated that differentiators emphasize growth, innovation and learning (Kumar and Subramaniam, 1997), and thus management at such establishments will value creativity and organizational learning when it comes to how the firm addresses the TTTIC practice.

Finally, firms pursuing a differentiation strategy focus on providing products and services that are perceived as unique in order to provide targeted customers with value and create loyalty, which will allow for price inelasticity (Kumar and Subramaniam, 1997). That being said, differentiators will place strong goal emphasis on the success of the new TTTIC practice since it will be closely linked with the success of retaining customers and attracting new ones.

One of the central tenets to the threat-rigidity hypothesis is how a decision-maker responds to environmental events based on perceptions of control (Staw et al., 1981). Although the TTTIC practice gives prospective adopters a broad definition of what quality is, those using a differentiation strategy already have their own well-articulated definition to go by. As such, the decision makers of these firms should positively frame the TTTIC practice since for them there is no ambiguity surrounding what quality is to their customer base thus they have perceived control as to what the practice will mean to them. With this perception of control, the decision maker's cognition will motivate them to see the practice as an opportunity for economic and social gain since adoption of the practice could for one help the firm distinguish itself from other organizations (e.g., Abrahamson, 1991), and even help them be regarded as one of the market leaders in their respective segment. This is valuable since being described as a market leader also enhances customers' attitudes towards the firm (Kamins and Alpert, 2004). In addition, organizations that see the TTTIC practice as an opportunity will choose to enhance their legitimacy by adopting the practice and leveraging it to gain greater control over their environment (George et al., 2006). Also, since a firm using a differentiation strategy caters to a unique customer segment it is highly likely that all its internal processes will

be well defined and highly specialized to meet the needs of its target segment. This alignment between the competitive strategy and the internal processes are important for firm performance (Miller and Friesen, 1986). Consequently, adoption of the TTTIC practice will allow the firm to redefine and sharpen the already specialized quality practices that they have in place.

Based on the tourist profile and accommodation characteristics of T&T coupled with the discussion on differentiation strategy and its perceived compatibility with the broadly-defined TTTIC certification, it is first hypothesized that:

**H1: Those using a differentiation strategy will be more likely to perceive the practice adoption as an opportunity to achieve economic and social gains, than those using a low-cost strategy**

### *3.2.2 Low-Cost Strategists*

Within the same organizational field, firms using a low-cost strategy are however expected to perceive the TTTIC practice in a different light. T&T's tourist profile reveals that tourists travel to the country for various reasons and interests, all of which require varying levels of service and product offerings. Firms pursuing a low-cost strategy in T&T are typically small bed & breakfast establishments as well 'no frills' self-catered apartments. These types of accommodation are ideal for budget travelers such as backpackers, students and in-transit passengers, who simply need a clean and cost-effective place to sleep that is conveniently located for the intended purpose of travel. The majority of these low-cost establishments are converted private residences, which are owner-occupied and operated.

Past research demonstrates that a low-cost strategy is ideally suited to a stable and predictable environment (Hambrick, 1983; Miller, 1988; Kim and Lim, 1988) as it allows firms to better control costs and improves efficiency (Miller, 1988). As stated earlier, with the TTTIC practice still relatively new to T&T's tourism industry, this creates a new learning curve that low-cost firms must navigate in order to see what economies can be realized as well as diseconomies to be avoided. Since the TTTIC practice's minimal requirements are broad in nature and rendered applicable to all accommodation types, ambiguity is likely to exist surrounding what denotes quality. Bearing in mind that low-cost firms focus on creating effective internal systems and minimizing unproductive organizational processes (Kumar and Subramaniam, 1997) they face the challenge of deciphering through the practice's ambiguity to see which organizational processes are productive for them to actively pursue or not as it relates to the TTTIC mandate.

More important is the fact that low-cost providers must focus on cost control measures to ensure desired returns. That said, achievement of this strategic position means that firms will have to focus on controlling operational expenses and improving return on capital (Kumar and Subramaniam, 1997). The challenge with the TTTIC practice for these firms is that implementation will largely depend on what foreseeable value can be derived from practice since new costs will have to be incurred.

All of the aforementioned factors relating to the TTTIC practice along with the fact that the majority of low-cost providers in this industry have limited economic resources present obstacles that can cause perception of having less control in the environment. This loss of control will cause decision makers to frame the TTTIC practice negatively in the sense that it will do nothing towards improving efficiency thus causing

low-cost firms to revert to familiar routines in order to regain control in their environment (Staw et al., 1981).

The introduction of the TTTIC as a mainstay in the tourist sector will also create normative pressures and legitimacy considerations to adopt the practice. Although a firm with a low-cost competitive strategy may recognize its inability to derive efficiency benefits from the practice it also wants to avoid sanctioning by its stakeholders from being seen as illegitimate (Abrahamson, 1991; Tolbert and Zucker, 1983). George et al. (2006) argues that when firms are threatened with legitimacy losses they will copy successful organizations in order to achieve legitimacy in the eyes of key stakeholders. When this is the case, it becomes socially unfavorable for the firm to be seen out of step with what has become legitimate and standard, thus they will adopt the practice to stay in tune with industry developments. Thus, even though the firm perceives no economic or social benefit in the TTTIC practice, it will not risk incurring any economic or social loss from failure in adopting it. Based on the above discussion the next hypothesis follows as:

**H2: Those using a low-cost strategy will be more likely to perceive the practice adoption as a threat of incurring economic and social losses, than those using a differentiation strategy**

### **3.3 Issue Interpretation and Practice Implementation**

At the implementation stage of the practice diffusion process, this is where the true conformance or non-conformance can be observed. As argued earlier, institutional pressures may cause an entire organizational field to conform to a new organizational practice when viewed from the interorganizational level. However, it is only when one

pears through the looking glass and observes individual organizational responses at the intraorganizational level that one is able to see how far a practice has truly diffused and been put to use. The problem that currently exists in T&T is one where an institutionalized template has been introduced (TTTIC), which for the population of tourist accommodation providers, represents a better way of doing business, but which we see inconsistent response across the organizational field. Various customer evaluations from TTTIC-certified establishments reveal that quality is present in some places and problematic to non-existent in others. How could this be, given that these establishments have gone through a regimented audit and receive year-round monitoring to ensure quality standards are met? In order to answer this question, the concept of agency becomes useful for examining the problem in this particular institutional context. The stance that agency scholars take is that organizations at the very least experience differing levels of discretion in responding to institutional pressures (Heugens and Lander, 2009). That said, when faced with institutional pressures, it will be key decision makers who will interpret and choose the best response that suits the organization. The relationship between a newly adopted practice and the organization does not cease at the moment of adoption. Rather the decision maker's reasons for taking up the practice should affect how far they go in implementation.

### *3.3.1 Opportunity Perception*

Examining the relationship between motivation and implementation prior research suggests that when the decision maker interprets an issue as an opportunity it will facilitate the organization's potential for action (Kostova and Roth, 2002). In support of



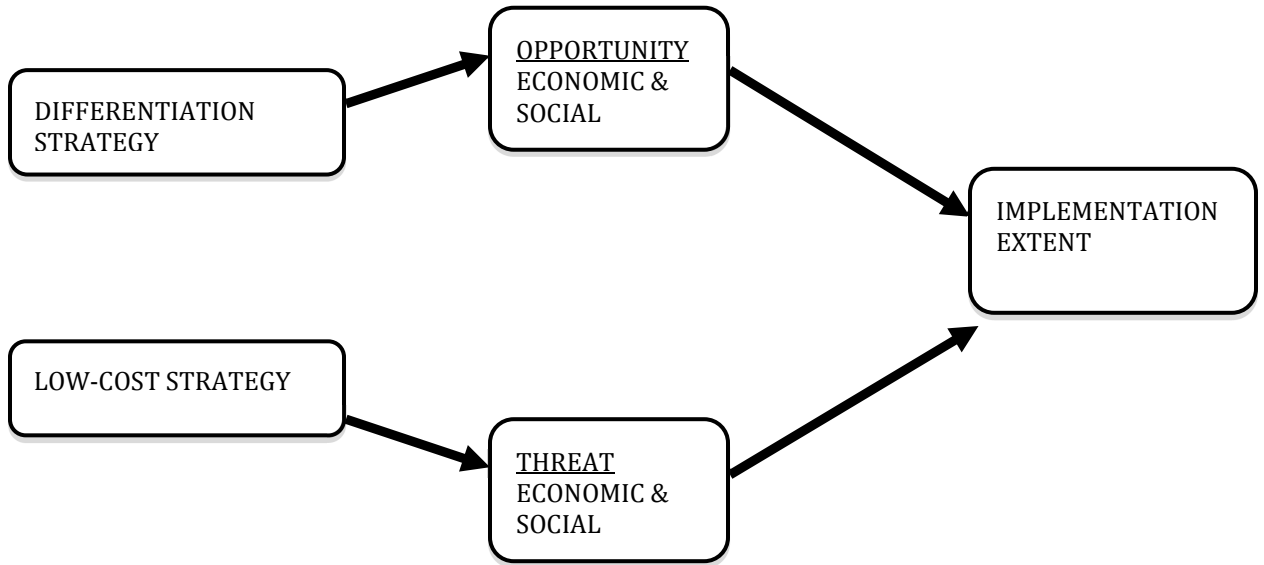
this assertion, a study analyzing TQM adoption in hospitals (Kennedy and Fiss, 2009) found that the extent of implementation was related to hospital's concerns about gains and losses in a way that parallels the effects of adoption. Hospitals who reported a concern for achieving economic and social gains did more to implement the TQM practice. With the issue being the adoption of the TTTIC practice, it is argued that decision makers who believe they can achieve gains associated with practice adoption will work harder to implement it. This would unfold through efforts on the part of the organization to not only adopt the TTTIC practice and meet the standards set, but rather efforts put forth to understanding what quality means to the customer one caters to. Since in this case a firm believes in the value of the practice, they are likely to internalize it making efforts towards full implementation. Although one could argue this posture by claiming that isomorphic behavior would dampen a firm's ability to competitively differentiate itself from the next, this is not believed to be the case however. Every firm occupying an organizational field has its own set of idiosyncrasies and unique characteristics that allow each to conduct different implementation patterns. Members in the organizational field are typically insouciant to certain amounts of differentiation, which allows each a range of leeway (Deephouse, 1999) around the institutionalized template. This means that organizations are free to customize a prescribed template such as the TTTIC practice to enhance its contribution to quality and efficiency (Westphal et al., 1997; Zbaracki, 1998) for the firm. All this said it is hypothesized:

**H3: Opportunity perception is associated with more extensive implementation of the practice**

### *3.3.2 Threat Perception*

Similarly, the threat-rigidity hypothesis suggests that when an organization is faced with an issue that is perceived as a threat, it will respond by reverting to familiar routines and becoming 'rigid' (Staw et al., 1981). As such, it is expected that this perception will lead the organization to restrict information and conserve its resources (Staw et al., 1981). In similar vein, it is argued that as opposed to achieving gains, no belief in such benefits will lead a firm to work less hard to implement the TTTIC practice. Referring back to the study of TQM implementation and hospitals (Kennedy and Fiss, 2009), conversely the study found that there was less complete implementation among hospitals whose respondents indicated a concern for economic and social losses. In a similar fashion, Kostova and Roth (2002) studied the adoption of organizational practices by MNC subsidiaries and found that ceremonial adoption was typical of subsidiaries that did not agree with the practice but were nonetheless forced to adopt it. This response is in line with institutional theory in that ceremonial adoption is the likely outcome when there is a belief that a practice is not valuable coupled with strong pressures from the legitimating environment to adopt it (Meyer and Rowan, 1977; Tolbert and Zucker, 1983). As such, firms perceiving the TTTIC practice as a threat to their economic and social standing will put forth less effort towards implementation, but still do just enough to save face and maintain their legitimacy. This leads to the following hypothesis:

**H4: Threat perception is associated with less extensive implementation of the practice**



**Figure 1: A simplified conceptual model of the theorized relationship between competitive strategy and practice implementation in the context of the TTTIC**

## **4. METHODOLOGY**

This section will articulate how the frameworks chosen to represent competitive strategy, adoption motivations and implementation extent respectively, will be used to explore the research question outlined in this study; In a given institutional context what determines the extent of implementation that an institutionalized practice receives by adopting organizations?

### **4.1 Design Overview**

The proposed model that has been developed in the previous section is general enough to be applied to various institutional contexts where a new organizational practice is being implemented by an organizational field. Previous empirical studies of strategy have focused both temporally and geographically on environmental control (DeSarbo, Benedetto, Song & Sinha, 2005), whereas study of managerial cognition has concentrated on specific industries in order to better understand the comparisons between firms (Kennedy and Fiss, 2009). Additionally, Conan, Mokwa & Varadarajan (1990) acknowledged that single-industry studies permit a greater control over market idiosyncrasies. Taking in to consideration the time and resource restraints, the chosen industry of interest had to be concentrated over a contained geographic area in order to gain access to the widest population possible from which to extract data.

For this particular study I have chosen to focus on the implementation of the TTTIC practice by tourist accommodation providers throughout T&T. The choice to use T&T for the context of this study was based on the researcher having cultural ties and

connections to the country, which made access to the population of interest much easier than if one had know prior knowledge of the country and culture.

#### *4.1.1 Sampling Strategy*

In order to obtain a sample of participants for this study my first objective was to identify all of the tourist accommodation providers who were audited and TTTIC approved as well as those pending certification. Through Internet searches I was able to compile a list of contacts from the TTBS and TDC who would have direct access to updated information on the TTTIC practice and participating firms. One informant from the TTBS was able to provide me with a spreadsheet consisting of all firms who were currently certified or pending. This list was to date and informative in that it categorized tourist accommodation providers by type, size, geographic region, price range and included contact names of both managers and owners along with contact numbers and email addresses.

The next step taken was to use the provided information and cross-reference it with websites and directories to ensure the information provided was as accurate and up-to-date as possible before making contact with any potential participants. Once this was done potential participants were sent an email outlining the study and the researcher's interest to have them complete a survey. To add incentive to participate, the researcher promised that participants would also be interviewed in person so that they could give personal points of view on the tourism industry that they would like heard.

As a result, I was able to develop a list of 48 accommodations in Trinidad and 57 accommodations in Tobago. Additionally, this list contained tourist accommodation

providers representing hotels, guesthouses, bed & breakfast and self-catering facilities that were spread throughout the entire country. These variations in types and locations suggest that the target firms are representative of the general characteristics of tourism accommodations of the population.

#### *4.1.2 Survey Informants*

It is important to note that this study and its survey were specifically designed to target informants as opposed to respondents. Anderson (1987) distinguished between the two in that informants give account of their perceptions and opinions about particular organizational properties, whereas respondents provide information about themselves as individuals.

For the survey, suitable informants were those who were knowledgeable of their company's involvement with the TTTIC practice including regulatory bodies such as the TTBS and the audit process towards achieving certification. Informants needed to answer various questions regarding perceptions surrounding the TTTIC practice as well as various questions regarding implementation outcomes. All this said I narrowed my targeted survey participants to shift supervisors, managers and owners who were knowledgeable of or directly involved with their company's adoption of the TTTIC practice.

In order to increase the validity of the information provided I would have ideally liked to gather data from multiple informants per firm wherever possible. However, due to time constraints and the fact that many of the firms in the sample were owner-operated I accepted single informant answers as valid data points for analysis.

### *4.1.3 Survey Administration*

The survey was created as an electronic form-fillable word document and was sent as an email attachment to all responding participants who agreed to participate in the study.

The body of the email gave instructions on how to fill out the survey and send it back to the researcher once complete. Participants were advised that they needed to complete the survey in its entirety in order to proceed with a face-to-face interview with the researcher.

The researcher's contact number and email address was given if any questions or clarifications needed to be provided. For any participants who had difficulty completing the form electronically they were advised that they could print out a copy and fill it out by hand or could receive a hard copy from the interviewer to fill out in person prior to commencing the interview.

To increase the response rate a follow-up reminder was sent one week after the first email and attachments were sent. To verify whether or not the initial and follow-up email were successfully received I also called participants directly who had not responded. Phone calls were also made to all participants in order to answer any questions about the study and survey as well as to book suitable interview times.

## **4.2 Operationalization and Measurements**

All of the multi-item measures in this study were those that have already been validated from extant literature and used a 7-point Likert scale, which was the same as for the original scales. The only exception to this was the multi-item scale used to measure top management belief, as the original scale borrowed from Liang, Saraf, Hu, and Xue

(2007) used a 5-point Likert scale. I elected to use a 7-point Likert scale for this measure in order to maintain uniformity with the other multi-item measures. Additionally, all multi-item measures were modified in order to make them applicable to the research context and participant sample of this study.

In order to pre-test the survey questionnaire and interview questions being administered I interviewed two hotel managers located in Montreal, Canada. They were given a copy of the survey questionnaire along with interview questions and asked to complete and review both, then provide feedback to the researcher. Once modifications were made based on practitioner feedback, the survey questionnaire and interview questions were then pre-tested by two academic researchers in order to ensure clarity, appropriate content and optimal format. Through this process I received valuable feedback from both the practitioners and the academics about my survey's wording, ordering of questions and any potential question redundancies.

#### *4.2.1 Independent Variables*

**Competitive Strategy:** In order to decipher what type of strategy each accommodation provider was pursuing I referred to pre-existing data that was already available. Given T&T's many market niches the majority of tourist accommodation providers have a narrow focused strategy based on a specific type of customer or geographic region. For example, in Trinidad, accommodation providers near the airport primarily target in-transit passengers whereas the accommodation providers in the nation's capital primarily focus on people arriving for shopping, various festivals, nightlife or business. Similarly, since



Tobago is the sun destination for T&T most of its accommodation providers target leisure and eco-tourists as well as those traveling for weddings and honeymoons.

The majority of bed & breakfast establishments in T&T are owner-operated and geared towards budget travelers. As a result this type of accommodation and its pricing were used as a benchmark to categorize low-cost providers versus differentiators. I first calculated the average daily rate of a bed & breakfast as well as the maximum and minimum price. As a result any accommodation provider that advertised a daily rate below \$100 was considered a low-cost provider. Any accommodation provider higher than this price was considered a differentiator. To further validate the accuracy of this method I reviewed the websites and any available advertisements of the targeted accommodation providers to verify their scope and whether they articulated the type of customer targeted. This method proved useful as results verified the validity of this chosen method. In addition, as a final confirmation of competitive strategy and scope the first question asked during the interview was as follows: “Does your business target a specific type of customer or do you cater to many types of tourists?” This question proved equally useful as informants responded by articulating both their scope and whether they catered to customers who were budget conscious (low-cost) or had unique requirements (differentiation).

**Issue Interpretation:** Testing the role of issue interpretation required a set of variables reflecting the motivations for firms who have adopted the TTTIC practice. I modified the measurement instrument used by Kennedy and Fiss (2009) and was based on a series of survey items asking informants, “On a scale of 1 to 7, how important were of the

following reasons for your business' decision to implement the TTTIC?" The measure then listed eight items that relate to economic and social gains and losses as reasons for TTTIC adoption (refer to Appendix A). A significant advantage with the chosen series of items was that it allowed me to directly access motivations for adoption as opposed to inferring them from other behaviors (Kennedy and Fiss, 2009), compared to questions used in previous works.

#### *4.2.2 Dependent Variable*

**Implementation Extent:** The extent to which the TTTIC practice was implemented was defined as the accommodation providers overall commitment to the TTTIC practice and was measured with a scale modified from Mowday, Steers, and Porter's (1979) Organizational Commitment Questionnaire .The measurement instrument was based on a series of survey items asking informants, "On a scale of 1 to 7 relating to your experience with the TTTIC, how much do you agree with the following statements?" The measure then listed eight items that reflected informant's attitudes towards the quality practice (refer to Appendix A). This measurement instrument was used since attaching a favorable attitude towards a practice can be seen as providing a basis in determining the extent of implementation based on the value attached to it by the adoptee (Tolbert and Zucker, 1996; Kostova and Roth, 2002).

#### *4.2.3 Control Variables*

**Organizational Size and Age:** Extant research has argued that a firm's size can provoke organizational inaction, hence reducing the probability that the firm can successfully

undertake significant change (Lant and Mezias, 1992; Tushman and Romanelli, 1985). Owing to the fact that external actions involve greater change than internal actions, larger accommodation providers may be more likely to act internally when considering the implementation extent given to the TTTIC practice. However, larger accommodation providers may indeed have a tendency to act externally since they are generally regarded as having more influence over the environment. Regardless, organizational size will be controlled due to its potential influence on the directionality of organizational actions towards the TTTIC practice. The age of T&T's tourist accommodation providers will be controlled for similar reasons as well.

Organizational size will be accounted for by counting the number of rooms at each establishment. This measure of size was chosen since it is a commonly recognized practice in the literature of hospitality establishments to use the number of beds or the equivalent number of rooms as indicative of size (Baum and Mezias, 1992; Chung and Kalnins, 2001; Fernández and Marin, 1998). The age of each establishment was simply accounted for by asking participants to indicate the year that their establishment commenced operations.

**Top Management Belief:** The beliefs held by top management are expected to have a significant influence on the relationships being tested in this model and therefore needing to be controlled. Top management belief is referred to in this study as the subjective psychological state in regards to the potential of the TTTIC practice. To start, previous research has demonstrated that the external environment heavily influences the beliefs of top managers. For example, in managing the concepts and stimuli from the environment, top management is argued to develop "belief structures" to use as a basis for making

inferences (Walsh, 1988). With this said, it is expected that top managers will create beliefs about the TTTIC practice that will guide their administrative behaviors towards the practice. It is similarly argued that organizational decisions, behaviors and strategies are guided by top management's mental images of a desired future organizational state (Srivastava, 1983).

As a result, the values and cognitive bases that top management develops towards a particular practice will reflect in the organizational choices made towards that practice (Hambrick and Mason, 1984). In the case of the TTTIC practice, if top management develops positive beliefs towards the practice it is expected that managerial action will result towards successful implementation of the practice. On the other hand, negative beliefs will lead top management to do less towards implementation of the practice since it would not be seen as providing a valued contribution to the organization. Top management belief was measured using a modified three-item scale borrowed from Liang et al., (2007). The measurement instrument was based on three survey items asking informants, "On a scale of 1 to 7 indicate how much do you agree with the following statements. The head(s) of this tourist accommodation believes that..." The measure then listed the three items relating to top management belief towards the TTTIC practice (refer to Appendix A).

#### *4.2.4 Open-Ended Interview Questions*

In an attempt to further qualify quantitative responses and add explanatory value to the arguments put forth in this study, four open-ended interview questions were included and asked to each participant. The interview questions allowed informants the opportunity to further reflect on their environmental perceptions of the adopted practice and how it relates to their business. Open-ended discussion also gave the researcher a further in-depth look at the underpinnings of the institutional context of this study. The following questions were put forth in the interview in the same order:

*“Does your business target a specific target segment or do you cater to many types of tourists?”*

*“What were the major reasons why your company adopted the TTTIC and how did you react to this decision?”*

*“Has the TTTIC practice helped you to better understand what ‘Quality’ means for your business?”*

*“Are there ways that the TTTIC program can be improved to better help your business and Trinidad & Tobago’s tourism industry as a whole?”*

## **5. DATA ANALYSIS AND RESULTS**

In this section the findings from the empirical test will be presented. I first discuss the response rate and demographic characteristics of the sample followed by the psychometric properties of the variables collected through survey. Following this is a presentation of the descriptive statistics for the sample and the correlation matrix for the variables included in my conceptual model. The results from hypothesis - testing are presented next followed by a brief discussion of the summarized results from the open-ended interview.

### **5.1 Response Rate and Demographics**

A total of 32 (16 in Trinidad, 16 in Tobago) from a list of 105 accommodation providers responded to the survey, resulting in a response rate of 30.5%. An inherent challenge in accessing a population such as this in the Caribbean region is the issue of time. Many managers are reluctant to participate in research studies due to the belief that it will take up too much of their valuable time. As a precaution, when soliciting participants via email or by phone I made sure to stipulate a time limit of 30 minutes to complete the research study. Additionally, I decided to use a personalized approach when sending participants information via email. I used a salutation with a person's title and last name and specifically indicated his/her company name in the email.

Of the final sample, females were the dominant informants (78.1%). Just over half (53.1%) of informants were 55 years of age or younger (26-35: 18.8%, 36-45: 9.4%, 46-55: 25%). The highest educational levels achieved by informants varied, however the

majority had completed high school (46.9%), followed by completion of an associate’s degree (18.8%), bachelors degree (15.6%), masters degree (9.4%), no high school (6.3%) and completion of either a doctoral degree or professional qualification (3.1%). The informants selected to participate in this study were shift supervisors, (15.6%), managers, (34.4%) or owner (50%), and the average industry experience of informants was 15.84 years.

The oldest firm in this study has been in existence for 53 years while the youngest was 5 years and the average company age being 18.96 years. In regards to company size the majority of accommodations had 5 rooms or less, while the smallest had one room and the largest had 418 rooms. In regards to the TTTIC, 50% of companies have been using the practice for at least 5 years. Based on the earlier discussion of T&T’s profile it is clear that the country’s tourism industry has many niche markets. As such it is no surprise that the market scope for the majority of firms in the sample were focused.

Table 4 below presents a summary of how the participant firms in the sample were dispersed across the two key elements of competitive strategy. The first element referring to a firm’s chosen market scope which can be broad or focused, and the second element referring to the chosen source to attaining competitive advantage-cost or differentiation.

**Table 4: Competitive Strategy and Scope of Sample**

<b>Scope/Strategy</b>	<b>Low-Cost Strategy</b>	<b>Differentiation Strategy</b>	<b><u>Total</u></b>
<b>Broad Scope</b>	4	3	7
<b>Focused Scope</b>	8	17	25
<b><u>Total</u></b>	12	20	32

## **5.2 Psychometric Properties of Measurement Instruments**

The instruments measuring some of the independent and all dependent variables were assessed through exploratory factor analysis. Reliability analysis was also conducted for all the multi-item measures to test internal consistency using Cronbach's Alpha.

### *5.2.1 Exploratory Factor Analysis*

Due to the small sample size (N=32) it is questionable whether there is enough data to provide a stable factor solution. As such, I elected to use the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO). I elected to accept values between .5 and 1, as this would indicate that the patterns of correlations are relatively compact thus concluding that further factor analysis would yield distinct and reliable factors. The four scales being analyzed were Opportunity and Threat perception, Top Management Belief (TMB) and Implementation Extent. The KMO values (.832, .637, .615 and .769 respectively) were all > .5 thus concluding the sample adequate.

Next, in order to test the common variance between items I observed the communality extractions. With the exception the TMB scale all items had a significant common variance with other items in their respective scales. For the TMB scale, the second item had a communality of .429, which indicated that it did not share a strong variance with the other items in the same scale. At this point in the factor analysis I elected to keep the item and observe how it fared in the tests to follow before making a removal decision.

The Bartlett's Test of Sphericity was then examined to test whether the variance-covariance matrix was proportional to an identity matrix. To conclude that factor analysis



was still appropriate it is important that results from this test yield a significance value < .5. All scales had matrices that reached significance with this test therefore concluding that factor analysis remained appropriate.

Finally, the oblique rotation method Promax was used to determine if simple structure was attainable. The Implementation Extent scale was the only scale that could be rotated with Promax and Kaiser Correlation resulting in convergence in 3 iterations. Simple structure was achieved as results indicated that two rotated factors were just as good as their initial factors.

### 5.2.2 Reliability Analysis

Cronbach's (1951) alpha was the test of reliability used to verify whether or not the items in each measure reflected the same underlying construct. After this analysis I deleted one item (item 2) from the TMB scale because its item-total correlation coefficient was low (.341). The item total statistics indicated that overall Cronbach's alpha for TMB substantially increased when this item was deleted. Table 5 presents Cronbach's alpha of the finalized measures. The reliability of all the items was good (>.8) except for TMB, which was just acceptable (.643).

**Table 5: Overall Cronbach's Alphas for Measurement Scales**

<b>Variable</b>	<b>Number of Items</b>	<b>N</b>	<b>Cronbach's Alpha</b>
<b>Opportunity Perception</b>	5	32	.896
<b>Threat Perception</b>	3	32	.855
<b>Top Management Belief</b>	2	32	.643
<b>Implementation Extent</b>	7	32	.873

### 5.3 Descriptive Statistics and Correlation Matrix

This section presents the descriptive statistics and the correlation coefficients for the key variables in the model. Table 6 below summarizes the descriptive statistics of interest for the key variables used in the study.

**Table 6: Descriptive Statistics of Key Variables**

Measurement Scales	Minimum	Maximum	Mean	Std. Deviation
Opportunity Perception	3.6	7	5.775	1.057
Threat Perception	1.333	7	4.313	1.419
Top Management Belief	1.5	7	4.734	1.344
Implementation Extent	2.143	7	5.272	0.997
Firm Size (rooms)	1	418	28.906	73.370
Firm Age (years)	5	53	18.968	14.526
	<b>Frequency</b>	<b>Percentage</b>		
Cost Strategy	12	.375		
Differentiation Strategy	20	.625		

In regards to the correlation coefficients, they were analyzed based on their signs and significance levels. The majority of key variables had significant correlation coefficients as expected. Also note that due to strategy being a dichotomous variable where a firm could either be pursuing a differentiation or a low-cost strategy, a Point-Biserial Correlation Coefficient had to be calculated.

$$r_{pb} = \frac{M_1 - M_0}{s_n} \sqrt{\frac{n_1 n_0}{n^2}}$$

Additionally, there were positive and significant correlations between Top Management Belief (TMB) and both Opportunity Perception and Implementation Extent. The correlation between TMB and Opportunity Perception indicates that a manager's positive belief towards a practice has a strong interaction with a positive perception towards the practice. Further, TMB's positive correlation with Implementation Extent is

**Table 7: Correlations**

	1.	2.	3.	4.	5.	6.	7.	8.
1.diff strategy								
2.cost strategy	-1.000**							
3.Opportunity	.776**	-.776**						
4.Threat	-.535**	.535**	-.562**					
5.Size	.244	-.244	-.063	-.190				
6.Age	.400*	-.400*	.115	-.205	.502**			
7.TMB	.137	-.137	.434**	-.200	-.169	-.080		
8.Extent	.224	-.224	.432**	-.335*	.024	.075	.617**	
N=32								
**. Correlation is significant at the 0.01 level (1-tailed).								
*. Correlation is significant at the 0.05 level (1-tailed).								

indicative that the more a manager believes in the value of an adopted practice is positively related to the commitment towards its implementation.

### 5.4 Testing of the Hypotheses

In order to test the hypotheses of this study Pearson correlation coefficients and ordinary least squares regression (OLS) analysis were used. When analyzing results from regression analysis I elected to use the ‘adjusted R square’ value due to the small sample size (N=32). The reasoning behind this decision is to control for overestimates of the population R Square that is a likely result from small sample sizes.

#### 5.4.1 Competitive Strategy and Issue Interpretation

Before testing the hypothesis 1 and 2 I ran the OLS with a model using just the control variables and the dependent variables of both opportunity and threat perception. These analyses were conducted to compare the improvement in the model once the focal

independent variables were added. Results from the first model with opportunity perception as the dependent variable indicated that the control variables on their own only explained 21.6% of the variance ( $R^2 = .216$ , adjusted  $R^2 = .132$ ,  $F(3,28) = 2.570$ ,  $0.5 < p < 0.1$ ) and the model as a whole was not significant. A notable exception was top management belief, which was found to be the only significant ( $b = .434$ ,  $p < 0.05$ ) predictor of opportunity perception in the model. The next model using control variables to predict threat perception only explained 10.8% of the variance ( $R^2 = .108$ , adjusted  $R^2 = .012$ ,  $F(3,28) = 1.125$ ,  $p > 0.1$ ) and was insignificant in predicting threat perception.

Hypothesis 1 predicts that tourist accommodations using a differentiation strategy are more likely to perceive the TTTIC practice as an opportunity for economic and social gain than those using a low-cost strategy. Hypothesis 2 predicts that firms using a low-cost strategy are more likely to perceive the TTTIC practice as a threat of economic and social loss than those using a differentiation strategy. I ran the OLS with two models; the first using just the focal independent variables and selected control variables along with opportunity perception ( $R^2 = .757$ , adjusted  $R^2 = .721$ ,  $F(4,27) = 20.994$ ,  $p < 0.0001$ ), then threat perception ( $R^2 = .559$ , adjusted  $R^2 = .312$ ,  $F(4,27) = 8.041$ ,  $p < 0.05$ ). The results indicated that the coefficients for differentiation strategy and cost strategy were significant in both models. In model one the differentiation strategy was a strong predictor of opportunity perception ( $b = .819$ ,  $p < 0.001$ ), more so than low-cost strategy. Based on this result, I concluded that Hypothesis 1 is supported. Similarly, in model two the low-cost strategy was the strongest predictor of threat perception ( $b = -.504$ ,  $p > -0.005$ ), more so than the differentiation strategy. Based on this result, I concluded that Hypothesis 2 is also supported.

**Table 8: Results of Regression Analysis for Issue Interpretation**

Variable	Dependent Variable: Opportunity Perception		Dependent Variable: Threat Perception	
(Constant)	19.153	(2.006)	13.461	(3.080)
Differentiation Strategy	8.803**	(1.136)		
Low-Cost Strategy			-4.365*	(1.539)
<b>Control Variables</b>				
Top Management Belief	0.561**	(0.193)	-0.233	(0.262)
Firm Age	-0.040	(0.042)	0.012	(0.057)
Firm Size	-0.011	(0.008)	-0.007	(0.11)
R <sup>2</sup>	0.757		0.312	
Adjusted R <sup>2</sup>	0.721		0.210	
F	20.994		3.066	
df	(4,27)		(4,27)	

Note: a. Values are unstandardized coefficients, with standard errors in parentheses.

† p < .10

\* p < .05

\*\* p < .005

Two-tailed test

#### 5.4.2 Issue Interpretation and Practice Implementation

For hypotheses 3 and 4, each argument predicted association between two variables. To explore the relationship between variables for each argument I first referred to the correlation coefficient matrix to observe the strength of the association and then using OLS I ran two models. The first model included opportunity and threat perception, selected control variables and the dependent variable, implementation extent. Results ( $R^2 = .443$ , adjusted  $R^2 = .336$ ,  $F(5,26) = 4.134$ ,  $p < 0.05$ ) indicated that the two focal independent variables were not significant (opportunity perception:  $b = .116$ ,  $p > 0.1$ , threat perception:  $b = -.135$ ,  $p < .1$ ) towards predicting implementation extent despite their

correlation (opportunity perception:  $r=.432$ ,  $p<.05$ , threat perception:  $r=-.335$ ,  $p>-.05$ ).

However, for this regression model, top management belief accounted for the majority of predictive power in the model and was significant ( $b=.556$ ,  $p<0.005$ ). As such, I ran OLS on model two choosing to exclude the focal independent variables and retain just the control variables. Results from this model ( $R^2=.402$ , adjusted  $R^2=.338$ ,  $F(3,28)=6.274$ ,  $p<0.005$ ) further validated that top management belief had a strong predictive power towards implementation extent and remained significant ( $b=.639$ ,  $p<0.0001$ ). Hypothesis 3 predicts that opportunity perception is associated with more extensive implementation of the TTTIC practice. In the regression model opportunity perception was unable to significantly predict implementation extent when control variables were included, despite the strong pairwise correlation. Based on this result, Hypothesis 3 is not supported.

Additionally, Hypothesis 4 predicted that threat perception is associated with less extensive implementation. Again, threat perception along with control variables in the regression model was unable to predict implementation extent in a significant way despite its strong pairwise correlation. Based on this result, Hypothesis 4 is not supported.

**Table 9: Results of Regression Analysis for Practice Implementation Extent**

Variable	Model 1: Dependent Variable: Implementation Extent		Model 2: Dependent Variable: Implementation Extent	
(Constant)	21.128	(10.002)	20.231	(4.075)
Opportunity Perception	0.153	(0.259)		
Threat Perception	-0.221	(0.302)		
<b>Control Variables</b>				
Top Management Belief	1.443**	(0.428)	1.657**	(0.385)
Firm Age	0.018	(0.083)	0.038	(0.081)
Firm Size	0.008	(0.017)	0.009	(0.16)
R <sup>2</sup>	0.443		0.402	
Adjusted R <sup>2</sup>	0.336		0.338	
F	4.134		6.274	
df	(5,26)		(3,28)	

Note: a. Values are unstandardized coefficients, with standard errors in parentheses.

† p < .10

\* p < .05

\*\* p < .005

Two-tailed test

## 5.5 Responses to Open-Ended Interview Questions

As stated prior, open-ended questions were included in the data collection for the purpose of adding insight to the interpretation of quantitative results. The question posed is italicized, followed by a summary of key responses.

2. *What were the major reasons why your company adopted the TTTIC and how did you react to this decision?"*

- The majority of respondents indicated that a major reason for adopting the TTTIC practice was that they believed quality standards were necessary and overdue for T&T's tourism industry

- Others indicated that prior to the launch of TTTIC the government had initiated a similar predeceasing program associated with the TDC. Those who were already part of that program indicated that they automatically transferred over to the TTTIC once it came in to affect
- Many of the low-cost strategists indicated that a major reason for adopting the TTTIC was based on the promise of government incentives

3. *“Has the TTTIC practice helped you to better understand what ‘Quality’ means for your business?”*

- The majority of differentiator strategists indicated that they already had pre-defined standards of quality for their business. They indicated that the TTTIC opened their eyes to quality practices that they may have previously been unaware or that they found inapplicable to their business
- The majority of low-cost strategists indicated that the TTTIC program opened their eyes to specific aspects of quality that they did not previously consider
- With the exception of a few larger hotels, the majority of informants indicated that the definitions and criteria used to explain quality had to be redefined and made applicable to many different accommodation types. There was a central belief that quality was a contextual factor that was subject to varying interpretations

4. *“Are there ways that the TTTIC program can be improved to better help your business and Trinidad & Tobago’s tourism industry as a whole?”*

- An overwhelming number of informants attested that they believe legislation to make the TTTIC practice mandatory was needed. Additionally, most believed that the standards need to be constantly re-examined to ensure that it remains applicable to T&T’s tourism context. Some elaborated further on this by stating that T&T should refrain from merely copying North American and European standards of quality and should define it to be applicable to the Caribbean context
- Some informants mentioned that they had not yet been audited for the calendar year despite the fact that the associated fees were paid. They furthered that actions such as this gave them less confidence in the program and that a central issue for any T&T initiatives is the general lack of follow-through
- Many of the low-cost strategists indicated that the incentives to align with the TTTIC practice were disproportionate to those given to larger hotels. They indicated that governing bodies needed to provide more incentive and smarter configuration of quality standards made applicable to low-cost establishments. Interestingly enough many informants pursuing a differentiation strategy also mentioned that standards for smaller owner-operated establishments (low-cost) were unfair and needed revision



## 6. DISCUSSIONS AND CONCLUSION

### 6.1 Discussion

The preceding results provide partial support for the model proposed in this study, suggesting that competitive strategy can predict issue interpretation towards an adopted practice. Issue Interpretation did not demonstrate to be statistically significant towards predicting implementation extent despite the strong pairwise correlations between the variables. The sample size is an obvious caveat in this study that most likely contributed to the lack of support for Hypothesis 3 and 4. Specifically, correlation coefficients can fluctuate from sample to sample, more so with small samples compared to large. One common 'rule of thumb' is for the researcher to have at least 10-15 participants per variable up to a total of 300 (Kass and Tinsley, 1979). Despite the fact that the KMO measure of sampling adequacy yielded acceptable results for factor analysis, results and coefficients may significantly vary if the sample in this study was larger.

In regards to the first two hypotheses testing competitive strategy's predictive ability of issue interpretation, it is important to note that strategies were determined using existing and subjective data. That said, results may have differed if a different methodology or measure was used to assess the strategy dyad. However, given the salient characteristics of most tourism industries like budget versus luxury accommodations, or bed & breakfast establishments versus hotels, I believe that the existing data used in addition to the accompanying qualitative question relating to strategy sufficed in providing an accurate depiction of the competitive strategy used by participants in this sample. In further support of the first two hypotheses it is important to note that the majority of informants indicated that they believed that having quality standards was

important to the industry, regardless of the competitive strategy they identified with. However, variation between the strategy types was evident from responses relating to the perceived utility of the TTTIC practice. The majority of differentiation strategists saw more utility of the TTTIC practice for their business compared to low-cost strategists who had a more skeptic outlook of TTTIC's utility for their business. That said, it is likely that internalization of the TTTIC practice is more likely to be seen by differentiation strategists, while ceremonial adoption is typical of low-cost strategists in this sample.

In regards to the third and fourth hypotheses, it was postulated that opportunity and threat perceptions are significantly associated with the extent of implementation that the TTTIC practice has received. It is important to reiterate that the correlation between variables does not imply that one causes the other. That is to say, from results it can only be concluded that tourist accommodation providers who have extensively implemented the TTTIC practice can be expected to have an opportunistic view about the practice. Conversely, those who have implemented the practice less extensively can be expected to have a contrary and less positive view towards the merits of the practice. Despite these proven associations, the regression analysis using the current data set was unable to conclude that a positive or negative perception predicts the extent of implementation.

Regarding the control variables, the models relating to implementation extent and issue interpretation all demonstrated that a firm's top management belief towards the TTTIC practice has a significant effect in predicting implementation extent. Given the positive and negative correlations between top management belief and both the opportunity ( $r=.434$ ,  $p<.01$ ) and threat perception ( $r=-.200$ ,  $p>-.2$ ) it is highly likely that

top management belief towards an adopted practice antecedes how the practice is interpreted. This lends support to the argument that in responding to stimuli from the environment, top management develops “belief structures” to use as a basis for making inferences (Walsh, 1988), which can arguably lead to a positive or negative interpretation.

Responses to open-ended questions in this study are of significant value in that they underscore the importance of context when perceiving organizational practices. Many firms mentioned that criteria used to assess some properties were based on standards representative of chain hotels and inapplicable to every situation. To illustrate, an informant from a boutique hotel refused to comply with a request to replace various light fixtures, as lighting was rendered too dim in main corridors.

*“They [TTTIC auditors] said I have to change all the lights because they were not bright enough for guests....I explained that guests come to my hotel for the ambience and prefer dim lighting...And I will not comply with rules that are clearly made for big-name hotels at the expense of my customer’s experience”*

Another major sentiment shared by the majority of respondents was that the TTTIC practice could be greatly improved by assessing proposed requirements to ensure that they are applicable and relevant to T&T’s unique context. Many informants complained that some of the standards were clearly copied from North American guidelines and refused to comply based on merited grounds. The quote below is one of a few informants complaining about the ridiculous request to use stainless steel garbage cans on premises in Tobago.

*“The one rule that takes the cake.... Can you believe that they [TTTIC auditors] said that I need to replace all my plastic garbage bins with stainless steel....Hello! This is Tobago, and common sense must tell you that if we are in a tropical climate close to the sea, all the [garbage] bins will rust in not time. Why would that rule apply in the tropics? ... Now where is the quality in that?”*

## **6.2 Contributions and Implications**

This study has made contribution towards the understanding of why the implementation of an adopted practice could range from shallow to extensive. Given the associations between interpretation and implementation of the practice, another example has been given to demonstrate how interpretation of a practice reaches past the initial adoption decision to affect implementation. A contribution has also been made towards understanding the factors that lead organizations to interpret practice implementation decisions with a view of pursuing an opportunity or avoiding a threat. Competitive Strategy has been shown to be a potential factor that may predict issue interpretation. Using competitive strategy it may now be possible to provide new insights into the interplay between motivations resulting from institutional pressures and the resulting implementation patterns of an adopted practice in many industries.

Finally, this study's contribution in developing a greater understanding as to what causes variation in practice implementation among firms in the same organizational field is relevant for key reasons. For instance, in a practical setting one motivation of policy makers is to improve the outcomes of the diffusion process when a practice is newly introduced (Ansari, et al., 2010). In order to do this, policy makers must be able to detect where, when, why and how adapted versions of a practice take place in order to improve on subsequent versions of the practice. For example, with regards to the TTTIC practice in T&T, policy makers promoting the practice would be wise to pay close attention to the opinions and implementation patterns of adoptees in order to alter and improve the practice as needed before disseminating new versions. On the other hand, policy makers may also be interested in assuring conformance to and faithful implementation of the

practice (Ansari, et al., 2010) as well. In the case of the TTTIC practice, by knowing what factors may lead tourist accommodations to vary in levels of implementation is useful towards creating interventions towards suppressing deviation from the preferred version.

### **6.3 Limitations and Future Research**

In addition to a small sample size this research investigation refers only to a specific geographical area with its own unique institutional context. Consequential of this, further investigation in other geographical locations and institutional contexts will be the only way towards generalizing the results of this study outside its setting. Secondly, in interpreting the results from data collection it would be impossible to rule out the possibility of common method bias. Unfortunately, this potential problem in behavioral research dates back more than 50 years (Campbell and Friske, 1959) and the issue has persisted over the decades. The bias is likely to have a potential impact on results due to the way questions were constructed, the way in which they were asked and potentially due to the audience to which the questions were asked to. Although pre-validation and pre-testing of measures was performed, the chance of common method bias cannot be ruled out completely.

Despite the findings that support H1 and H2, one must exercise err on the side of caution due to the small sample size and firms who did not behave as predicted in this study. Among the outliers in this model existed both low-cost strategists with opportunity perceptions and differentiation strategists with threat perceptions towards the TTTIC practice. Although these exceptions were unique and few it is quite plausible that other

factors such as the possession of firm resources, and prior top management experience, are equally significant predictors of issue interpretation if not more so than positioning strategies. Concerning the items used to measure top management belief and issue interpretation it must be noted that the items are closely related and the variables highly correlated. Rather, it is likely that top management belief could also be a significant predictor of issue interpretation, which could indicate a potential improvement to the conceptual model in this study.

One of the important findings from this study is that top management belief towards an adopted practice is influential towards predicting the level of implementation the practice receives. That said future studies could start by testing whether top management beliefs and even top management demographics could better predict issue interpretation. In addition, analyzing a firm's resources could further strengthen this study, as this would most likely influence the extent of implementation a practice receives. By reviewing a firm's financial assets for example, deeper conclusions could be made determining the potential practice implementation extent a firm is able to achieve. Finally, due to the fact that the data in this study derived from a less-regulated industry, it would be interesting to see the outcome of a study performed along the same lines of reasoning in a highly regulated industry. Compared, to less-regulated industries, the social and economic valuations pertaining to institutional legitimacy and market performance may be of greater importance in highly regulated industries. With this said, additional research will be fruitful in establishing the role that industry plays in setting boundary conditions for the effect of both pursuing economic and social gains or avoiding economic and social losses.

## **6.4 Conclusion**

In this study I have attempted to rethink the role of issue interpretation during the implementation of an adopted practice in an organizational field. Specifically, I have argued that a firm's chosen competitive strategy is a significant factor towards predicting issue interpretation. Indeed it is evident that due to the accompanying internal processes and environmental perceptions held by firms pursuing a specific competitive strategy, the compatibility of a new practice with a chosen strategy will go far towards determining the value that the practice receives by adoptees. Despite the fact that organizations and decision-makers are constrained and subject to varying institutional pressures, it is naïve to believe that adoption and implementation decisions are as mindless as once thought (Kennedy and Fiss, 2009). Indeed, this study further strengthens the agency debate in institutional theory by pointing out that strong organizational field-level isomorphic forces can result in acts of resistance and deviance by decision-makers (Heugens and Lander, 2009), regardless of whether they interpret an institutionalized template in a positive or negative light.

Policy makers who influence business and society must constantly keep in mind that when designing quality practices such as the TTTIC certification, competitive implications for affected businesses must be seriously considered along the same parallel as institutional purposes. If compliance with the rules and procedures of a newly introduced quality practice takes on value in itself, despite whether or not the practice actually improves a company's efficiency, this indicates that the true objective of the practice is to achieve legitimacy from the viewpoint of the firm's stakeholders rather than improving competitiveness (Sheehan and Presenza, 2011). All this said, although firms

may approach implementation decisions considering institutional forces and outcomes, the value that a decision-maker derives from a practice and its persistence over time will and should ultimately depend on the bottom line.

*“The society which scorns excellence in plumbing as a humble activity and tolerates shoddiness in philosophy because it is an exalted activity will have neither good plumbing nor good philosophy: neither its pipes nor its theories will hold water”*  
-John W. Gardner<sup>2</sup>

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<sup>2</sup> [http://www.brainyquote.com/quotes/authors/j/john\\_w\\_gardner.html#GwCY7U9Az3sUQ7Su.99](http://www.brainyquote.com/quotes/authors/j/john_w_gardner.html#GwCY7U9Az3sUQ7Su.99)



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## APPENDIX A – QUESTIONNAIRE ITEMS

**1) In what year did your business implement the Trinidad and Tobago Tourist Industry Certification (TTTIC)?**

On a scale of 1 to 7 how important were each of the following reasons for your business' decision to implement the TTTIC?

**(2) I was concerned with *LOSING some of my market share***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

**(3) I was concerned with *COMPETITION from my competitors***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

**(4) I wanted to *IMPROVE quality standards for customers staying at my accommodation***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

**(5) I wanted to *IMPROVE operational efficiency***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

**(6) I wanted OTHERS to see me as *a market leader***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

**(7) I wanted to *IMPROVE service quality***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

**(8) I wanted to *IMPROVE customer satisfaction***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

**(9) I was concerned with *INFLUENCE or PRESSURE from ANY of the following bodies: Trinidad and Tobago Bureau of Standards (TTBS); Tourism Development Company (TDC); Tobago House of Assembly (THA); Trinidad Hotels, Restaurants and Tourism Association (THRTA); Tobago Hotel and Tourism Association (THTA)***

1  2  3  4  5  6  7

*Not Important*

*Extremely Important*

On a scale of 1 to 7 relating to your experience with the TTTIC, how much do you agree with the following statements?

**(10) I have put a great deal of effort towards implementing the TTTIC**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**(11) I speak about the TTTIC to my friends as a great way to improve business**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**(12) I find that my values and the values promoted by the TTTIC are very similar**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**(13) The TTTIC program really inspires the very best in me in the way of involvement at my work**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**(14) I am extremely glad that I am involved in the TTTIC program**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**(15) I really care about the TTTIC program and its future**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**(16) Often I find it difficult to agree with what the TTTIC program suggests**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

On a scale of 1 to 7 indicate how much do you agree with the following statements. The head(s) of this tourist accommodation believes that

**17) The TTTIC has the potential to provide significant business benefits to the firm**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**18) The TTTIC will create a significant competitive environment for the tourist industry in this country**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**19) It is NOT necessary to use the TTTIC to conduct business activities**

1  2  3  4  5  6  7

*Strongly Disagree*

*Strongly Agree*

**20) What is your Gender?**

Male

Female

**21) What is your Age Group?**

Under 26

26 to 35

36 to 45

46 to 55

56 to 65

66 or older

**22) What is your highest level of Education?**

Did not complete High School

High school diploma

Associate's/2-year degree

Bachelor's degree

Master's degree

Doctorate degree/professional degree

**23) Which of the following terms best describes your position with your company?**

Shift Supervisor

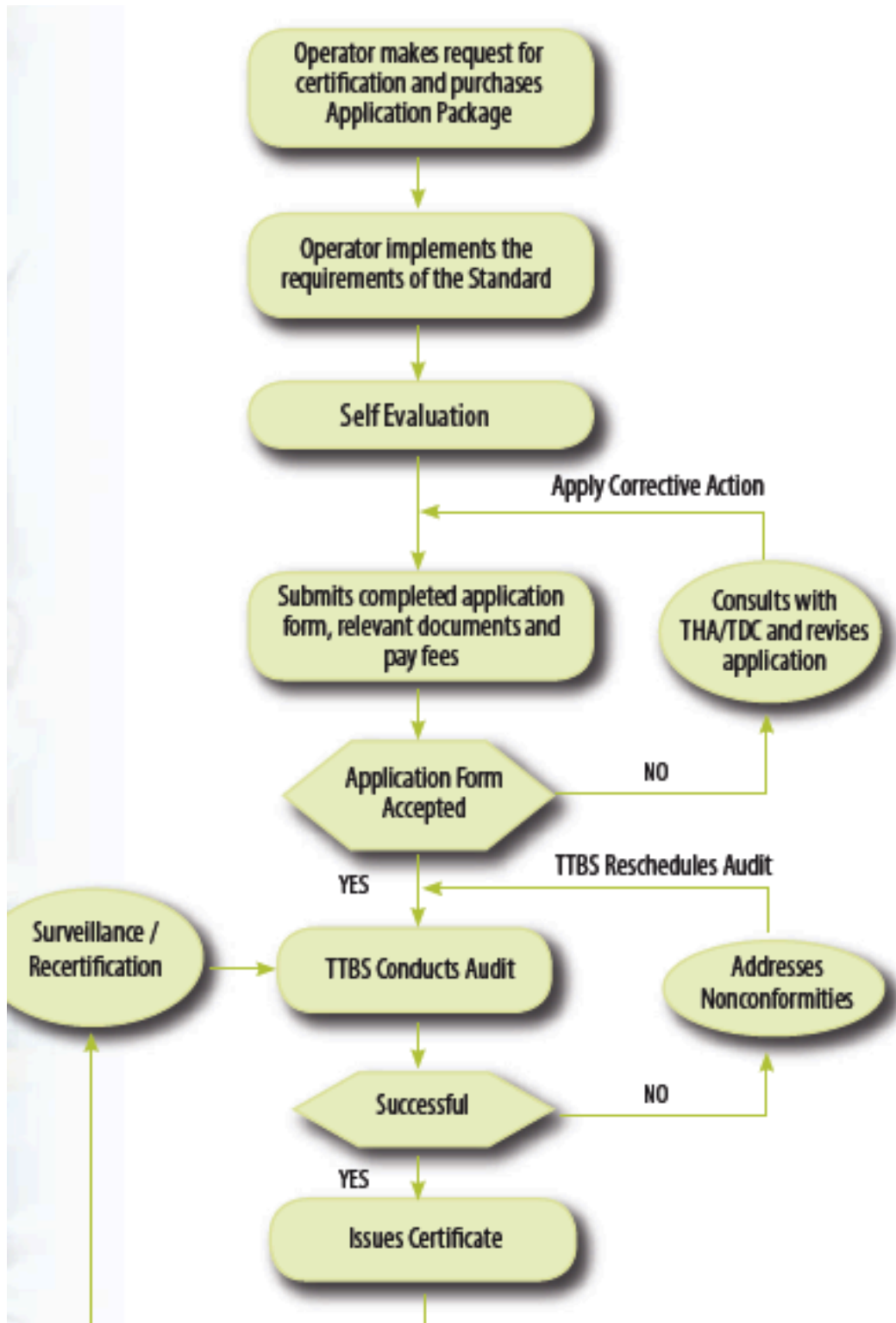
Manager

Owner

**24) In approximately what year did you start working in the tourist accommodation industry?**

**25) In approximately what year did your company open for business?**

**APPENDIX B – TTTIC CERTIFICATION PROCESS**



Source: A Guide to TTTIC, 2010