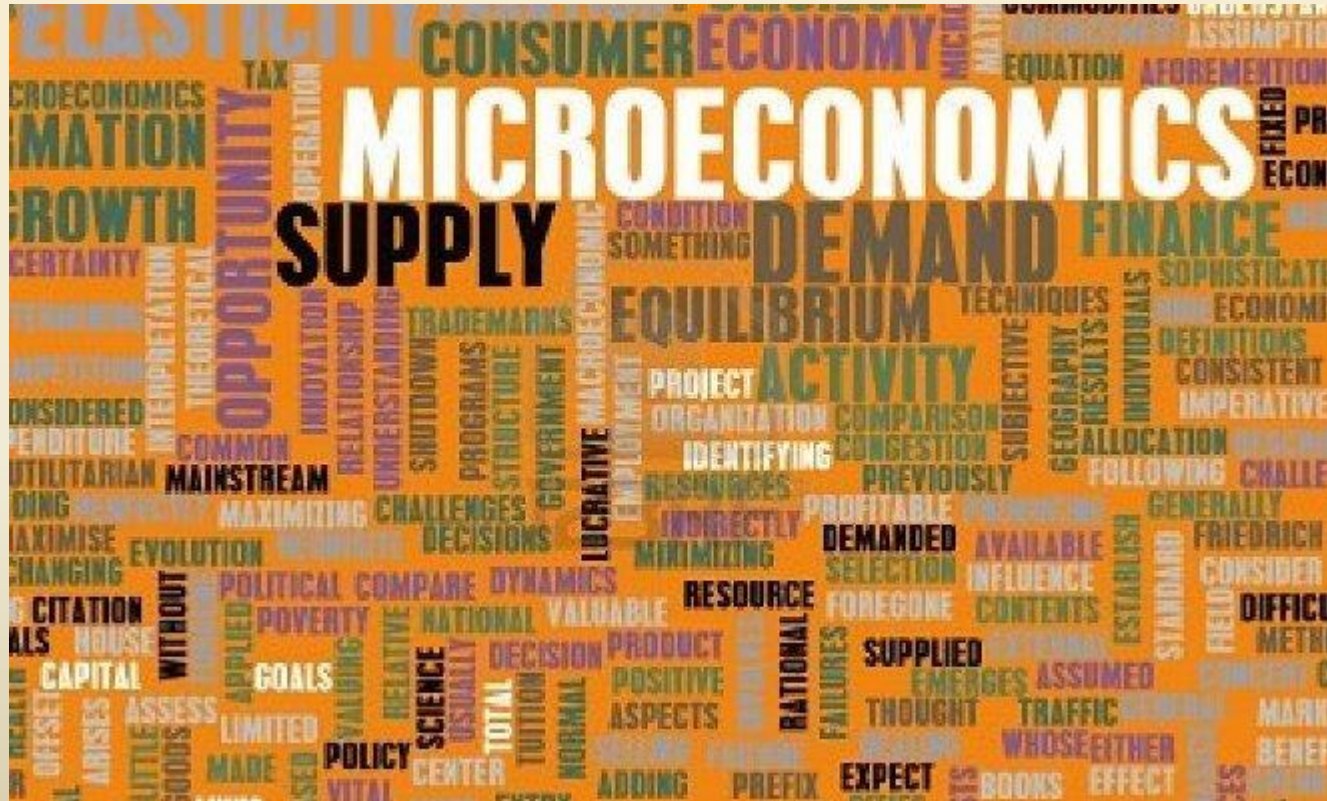


presentation 20: Markets & behaviors



Behavior

Behavior can be seen to be an enacted thought or desire.

It is not just a way of doing that is publically observable; it is a relation and moreover it is in relation with ways of thinking. A behavior is therefore an act.

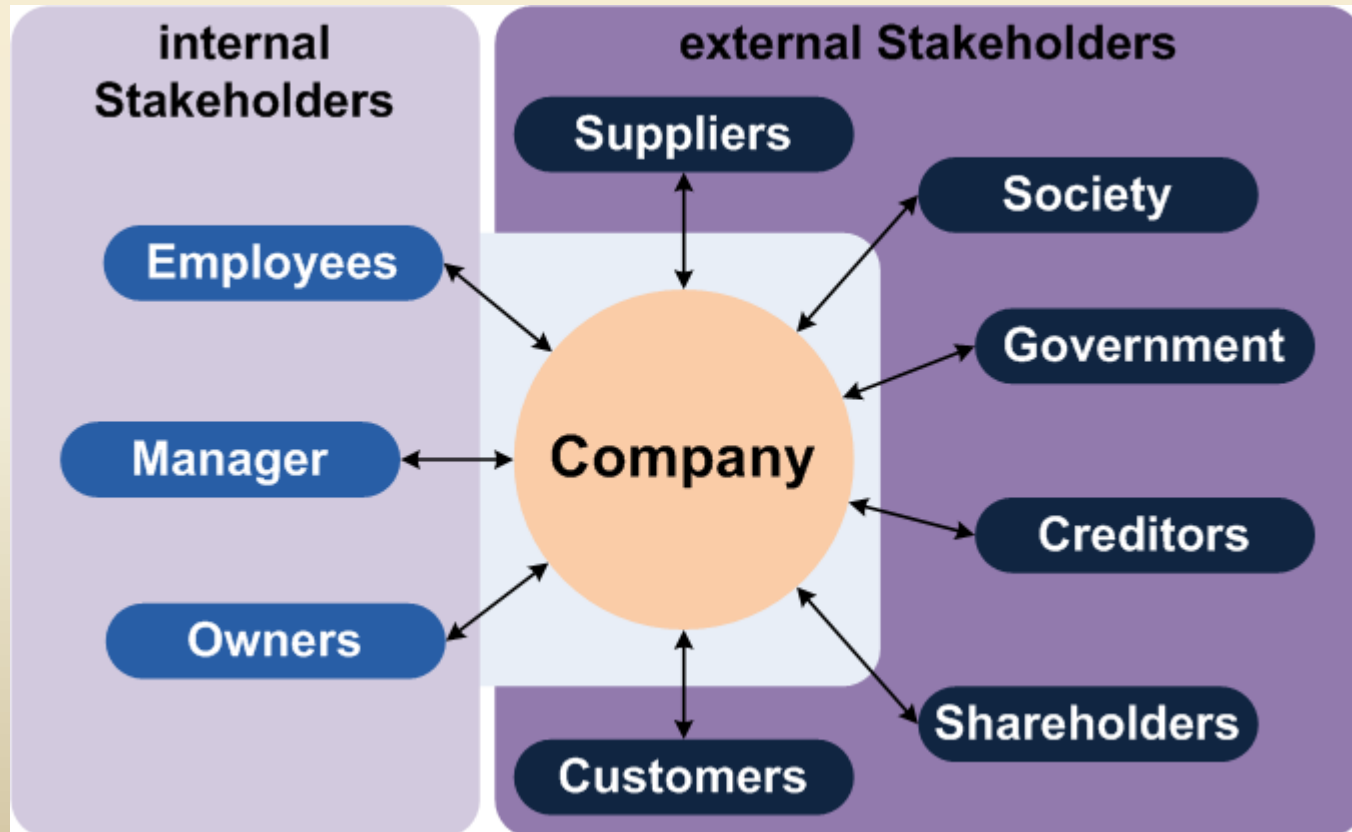
But “act” (*actum*), a what, presupposes “action” (*actio*), a how: the processes carried out within an organization which determine specific acts. Seen obversely, knowledge of acts gives clues as to the processes, the acting that yields them i.e. thinking. Yet thinking is forever a mystery!

Who behaves?

- Individuals - stakeholders
- Organizations

Stakeholders

Stakeholders are internal and external.



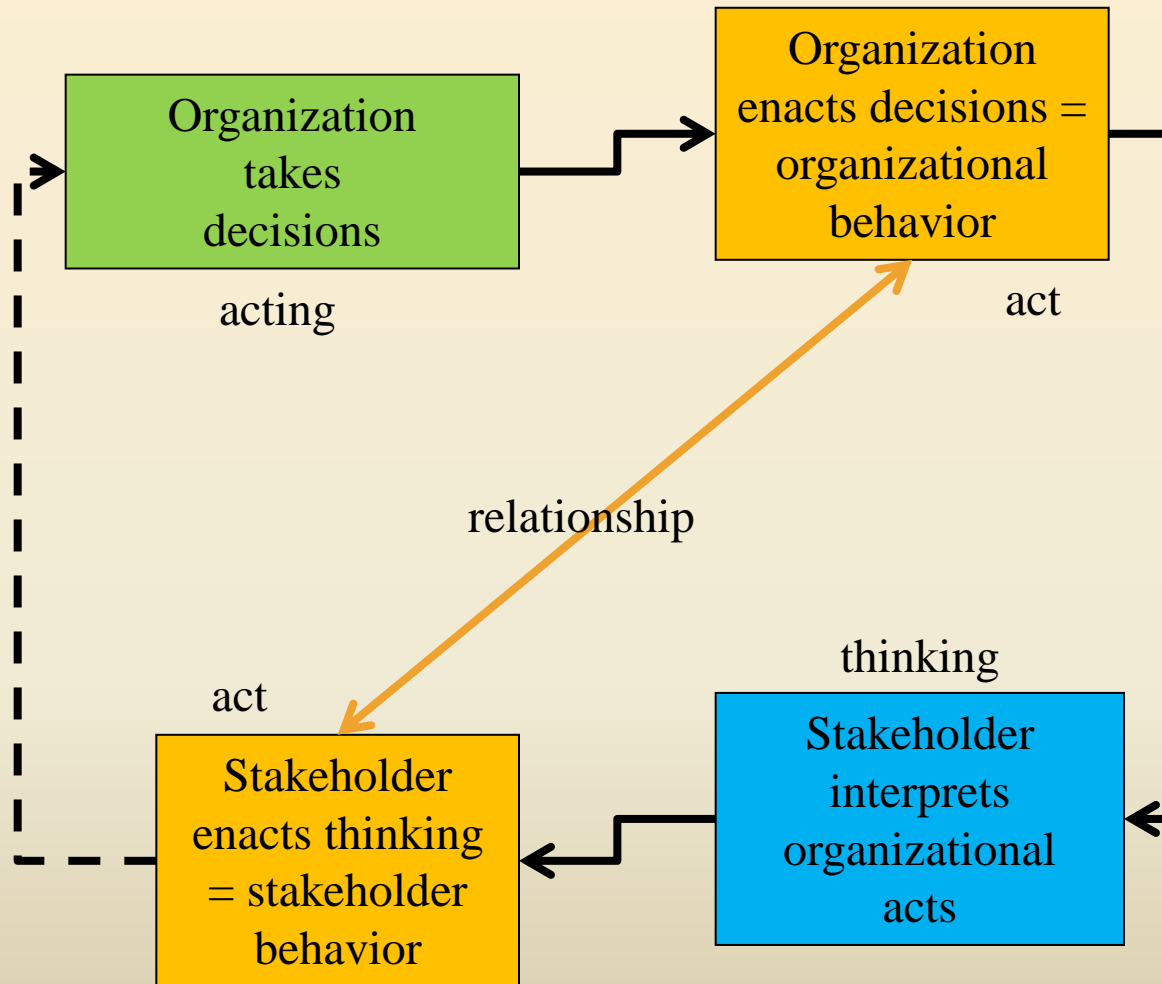
Organizations

The behavior of organizations (i.e. organizational behavior proper) stems from the effort that organizations make to present themselves to their stakeholders as coherent units.

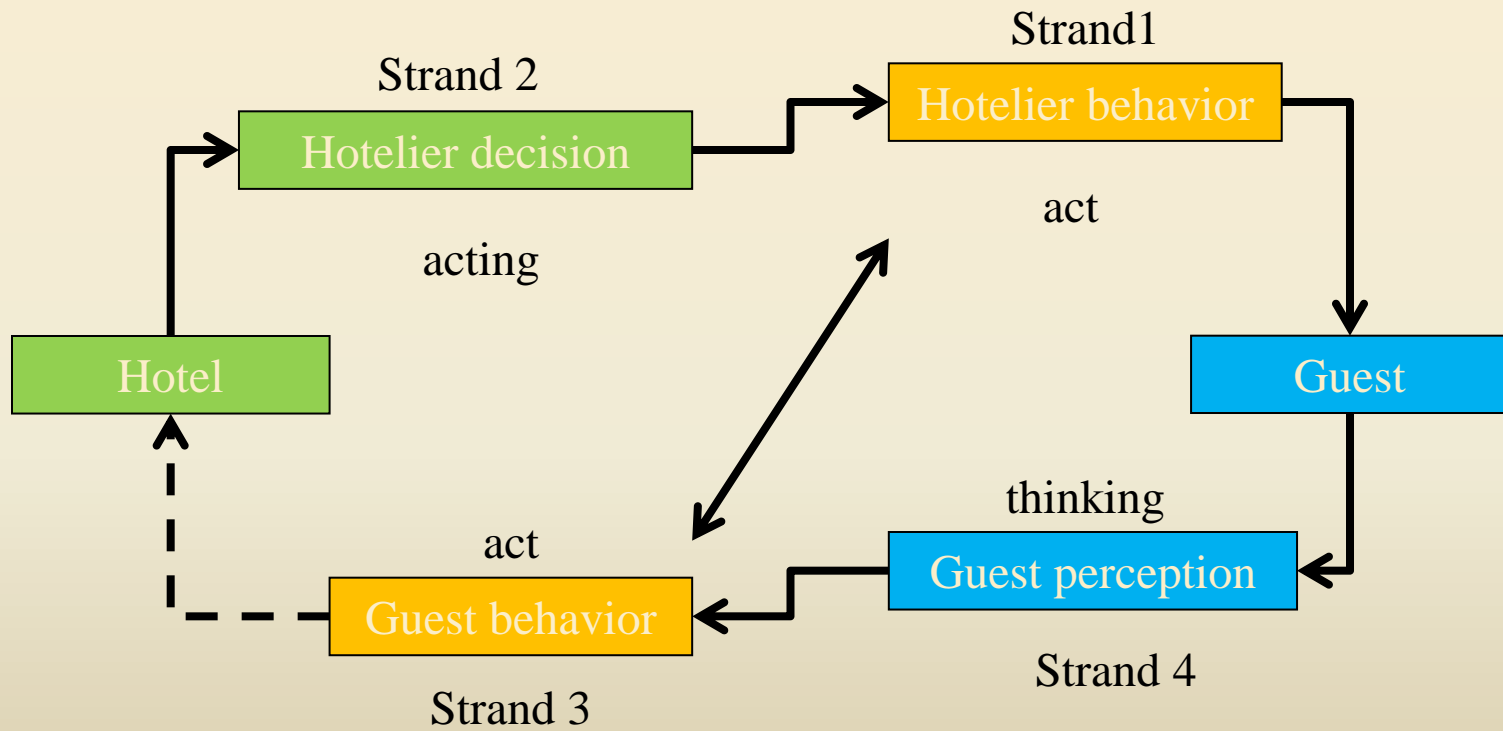
1. Organizations as units display behavior = what the organization does
2. Organizational behavior expresses an organizational identity = what an organization is
3. Organizational identities are constructed and expressed = use of description

4. Organizational identities are build on value assumptions = building trust and other values
5. Organizational identities are a function of organization processes who an organization is and what an organization does is the result of cohesion forces (structure, knowledge, culture, power, and language), individuals (leaders, managers) and qualified relationships (teams, norms, antagonisms).

Relational viewpoint



Application:



Strands – hospitality organization

Strand 1 – external

Ways the hospitality organization uses to inform guests about its products, services activities and how it presents itself to them.

Indicators (observable & measurable) : advertizing, official communiqués, websites, social media, brochures

Strand 2 – internal

What the hotelier does internally so as to maintain a level of trust with the guests

Indicators (observable & measurable): value descriptions, quality systems, division of labor, ecological concerns, social responsibility, leadership and management styles, team management

Strand 3 – external

*How guests behave relative to having interpreted organizational acts
(i.e. interacted with external indicators)*

Indicators (observable & measurable): guest opinion polls, press reports, statistical measures

Strand 4 – internal

What guests think of the hospitality organization in terms of its behavior, activities and products.

Indicators: none as they are neither observable nor measurable – belong to the domain of perception

Example: McDonalds

Strand 1: website, advertisements, surveys

Strand 2: corporate info; getting into the company

Strand 3: -

Strand 4: research, articles, critiques, statistics, surveys

On the necessity of the RA

The Relational Approach (RA) to understanding the relationship between the hotelier and its stakeholders considers that both organizations and stakeholders are important in the relationship.

There is interdependence rather than unilateral dependence: if organizations depend on their stakeholders for maintaining the business, stakeholders depend on hoteliers to satisfy their own needs.

However, from a power viewpoint, stakeholders seem to exercise political, economic, market, cultural and even legal power on organizations to satisfy their own needs.

In a way, stakeholder power is what enhances or what upsets business activities (e.g. consumer dictatorship).

Knowing the effect of power (enhancing or upsetting) enables organizations make use of their power to balance out stakeholder power.

On the other hand, organizations make use of their power to overpower stakeholders especially consumers (deceive guests), employees (underpays and layoffs), governments (evade taxes, pollute at will) and competitors (buy offs, misleading advertising).

However, if an organization seeks to maintain a long-lasting relationship with the stakeholders s/he is dependent on, such tricks not to say malpractices are only short-term.

To sum, the relational approach forecasts a balanced power relationship.

It is an a-moral approach as it is not based on premises of good/bad, but on an antagonism of interests and power sources that are zero-summed at one point or another.

(...it is the conceptual/philosophical premise of market economics that is missing in traditional economics textbooks 😊)

Relationships

Types of relationship between individuals & organizations:

a/Individuals make up organizations (summative viewpoint) =
internal stakeholders:

- Employment relationships: Managers and employees trust business organization will pay the wages; the language used is that of labor/industrial relations
- Investment relationships: Shareholders trust they will get return on their investment; the language in use is financial

b/Individuals external to organizations (open systems viewpoint) = external stakeholders:

- B2C relationships: Consumers trust the organization will provide the goods/services they desire; the language used is that of brands and advertising
- Financial relationships: Creditors trust the organization will pay its debts; the language in use is that of finance and law

- Social relationships: Society expects that the organization will contribute positively to societal welfare; the language used is that of CSR
- Fiscal relationships: States rely on company taxes to carry out their own policies and role; the language in use is political and fiscal

c/Relationship between organizations (open systems viewpoint):

- B2B relationships: Suppliers trust the organization will provide them with purchase orders; the language used is that of negotiation
- Market relationships: Competitors trust they are superior than other organizations; the language used makes divisions between “us” and “them”