Unparalleled change is taking place in the hospitality industry not only in Malaysia but also elsewhere. The world has become more connected than ever due to significant improvements in both information and communication technologies (ICT) and transportation for the last 50 years.

Inevitably, the major world events have great impact on Malaysian hospitality and the tourism landscape, either directly or indirectly.

The rise of managerial professionalism in the hospitality industry should be heralded as an important milestone towards equipping the industry in trying to accommodate these changes. Successful adaptation needs careful research and planning.

The application of research is crucial in order to efficiently and effectively manage knowledge that is vital in decision-making that can adversely change the hospitality and tourism business.

KNOWLEDGE MANAGEMENT

As our nation embarks on a transition to the knowledge-based economy, appropriate knowledge management (KM) should be encouraged. To realise this vision, having the requisite human resources and the right infrastructure and infrastructure is a direct approach.

While there are adequate training centres offering hospitality courses, effort must also be focused on utilising and investing in ICT. This is clearly echoed in the Knowledge-Based Economy Master Plan, published by the Institute of Strategic and International Studies (ISIS) Malaysia last year.

KM is relatively new in the hospitality industry in Malaysia. Although it is currently being further explored and refined, the underlying concept is that KM is about developing and making use of organisations' explicit and tacit knowledge resources.

Explicit knowledge is anything that can be easily documented and communicated to workers and this includes written rules and regulations. Tacit knowledge, in contrast, is anything that is gained from action or experiential learning process.

As the name suggests, tacit refers to something that is unspoken or implicit, and examples are skills and techniques that hotel employees acquired through time-consuming apprenticeship. Whilst explicit knowledge is easy to capture and store, hotels may find that it is not so easy with tacit knowledge.

Very often when good managers leave a hotel, they take with them much of the invaluable tacit knowledge gained to other hotels and nothing much can be done. New managers have to be groomed and this takes time, costs, and efforts.

The first step towards creating KM in hospitality is the effort in

The application of research is crucial in order to efficiently and effectively manage knowledge.

**TABLE 1: DATA FOUND AT HOTELS**

- Data regarding guest demographic variables such as age, sex, company affiliation, contact number, guest preferences.
- Data regarding guest behaviour such as check-in and checkout time, room services rendered, first timer or regular guest.
- Data regarding guest preferences such as types of room preferred, food consumed.
- Marketing and sales data.
- Budgeting and costing figures.
- Occupancy rates.

**TABLE 2: TRADITIONAL & NEW REPORTING OF ANALYSES**

<table>
<thead>
<tr>
<th>Traditional Reporting of Analysis</th>
<th>New Reporting of Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Descriptive in Nature</td>
<td>Predictive in Nature</td>
</tr>
<tr>
<td>The use of simple analytical skills to present summary of data.</td>
<td>The use of sophisticated analytical skills to uncover hidden trends and patterns.</td>
</tr>
</tbody>
</table>
to theories. Even in the most constrained experiment, the researchers may observe patterns in the data that lead them to develop new theories.

**DATA WAREHOUSE**

Advances in technology are making it easier for hospitality managers to easily amass vast amounts of data in a central virtual data warehouse. From these virtual stores, they can then mine data for more effective business decision in the volatile hospitality industry.

Nevertheless, when we talk about research, what comes into our minds immediately is that research has something to do with a questionnaire or doing a survey.

This primitive assumption has become a stumbling block and can be considered as the root cause why many managers are reluctant to undertake research in their organisations before making any decision.

Fragmented and independent learning approaches in colleges where students learn statistics, marketing and other subjects associated with research further aggravate this situation.

Competency with statistical reasoning is vital today for serious research works. Unlike in the past, for the first time ever the capability of a researcher to make complex computations quickly and accurately has been downgraded.

Computers are fast replacing human beings in solving logical problems. It is the capability to make statistical reasoning that matters nowadays.

Hospitality companies face massive amount of data arising from administrative and operational activities, which is captured in real time.

Major advancements in ICT especially in the areas of data input and storage are instrumental in allowing hospitality organisations to create data warehouse without incurring costs. Hotels generally have at least these types of data (see Table 1).

These raw data contains key hidden knowledge. There is no reason why we should bypass this data. The rule of the thumb in any research is that only when the data is exhausted or showing diminishing returns, do we proceed to other forms of research.

This does not mean that we try to downgrade survey or other forms of research but, as mentioned earlier, technology has enabled us to solve logical problems in almost real-time.

It is irony to note that there are still many hospitality organisations that try to understand customer behaviour by distributing questionnaires. Not many people can remember what they did in the past.

Thus, survey may not be a good option although it is still important to gauge feeling or perception that cannot be analysed from existing records. Small sample size and reluctance of respondents to answer contribute to inaccuracy of findings.

Consumer behaviour can also be understood by analysing existing data. Not only the reliability and validity of this data is high, it reflects the actual situation.

Irrefutably many hotels have good reporting documents to assist managers to make day-to-day operational decisions. These documents normally disseminate descriptive statistics information such as the daily occupancy rates, food and beverage sales, ratio analysis, daily income report etc.

However these documents lack in-depth analysis and there are still many more relevant questions unanswered, like the sales by the types of customer and the contribution margin based on different market segments.
Locating and capturing knowledge such as customer profile, consumption patterns and to anticipate preferences.

Next is sharing of knowledge, where hospitality organisations can share the knowledge with their sister companies or strategic alliances, thus reducing costs and creating synergy.

Finally, new knowledge can also be created to provide companies with the much-needed sustainable competitive edge to survive and excel in the long run.

Unfortunately, this sounds too impressive, promising and simplistic. As mentioned earlier, the precursor to this is to have the right people and infra-structure. The very first step itself is a major challenge to most organisations. Research capabilities will certainly enhance the process from capturing and locating knowledge to creating new knowledge with logical reasoning.

**DEDUCTIVE & INDUCTIVE APPROACHES**

Before the modern idea of research emerged in the hospitality sector, we had a term for what philosophers used to call research - logical reasoning.

So, it should come as no surprise that some of the basic distinctions in logic have carried over into contemporary research. In logic, we often refer to the two broad methods of reasoning as the deductive and inductive approaches.

Deductive reasoning works from the more general to the more specific (see Chart 1). Sometimes this is informally called a "top-down" approach.

We might begin with thinking up a theory about our topic of interest. We then narrow that down into more specific hypotheses that we can test. We narrow down even further when we collect observations to address the hypotheses. This ultimately leads us to be able to test the hypotheses with specific data - a confirmation (or not) of our original theories.

Inductive reasoning works the other way, moving from specific observations to broader generalisations and theories (see Chart 2). Informally, we sometimes call this a "bottom up" approach.

In inductive reasoning, we begin with specific observations and measures, begin to detect patterns and regularities, formulate some tentative hypotheses that we can explore, and finally end up developing some general conclusions or theories.

These two methods of reasoning have a very different "feel" to them when you're conducting research especially in the hospitality industry.

Inductive reasoning, by its very nature, is more open-ended and exploratory, especially at the beginning. Deductive reasoning is narrower in nature and is concerned with testing or confirming hypotheses.

Even though a particular study may look like it is purely deductive (e.g., an experiment designed to test the hypothesised effects of some treatment on some outcome), most social research involves both inductive and deductive reasoning processes at some time in the project.

In fact, it does not take a rocket scientist to see that we could assemble the two graphs above into a single circular one that continually cycles from theories down to observations and back up again.

Even in the most constrained experiment, the researchers may observe patterns in the data that lead them to develop new theories.
Big and established hotels may have better analysis reports that employ statistical methods to make sense of patterns among variables, but still have much to improve. These reports provide a good understanding on the relationships among these variables.

Typically reports include sales by region, sales by type of customers, cross tabulations of two or three variables, profile of regular customers and profile of first timers.

To further enhance knowledge management generally, and research specifically, hospitality organisations should adopt better methods beyond the normal reporting. This is to ensure not just to better understand the complexities of data but also to find meaningful relationships among different variables and groups of customers.

Hotels can then be able to predict and deliver personalized bundles of offerings to different groups of customers. This is more popularly known as data mining and deployment.

Essentially all data collected could be presented in more meaningful formats and the information becomes easier to comprehend. Decision-makers can use the accurate and timely information to enhance the decision-making process.

The popular maxim, garbage-in-garbage out (GIGO) holds that if you use wrong or lousy inputs, do not expect to get good outputs and outcomes. Thus, this will inevitably have bearing on the overall organisational performance. (See Table 2).

Table 3 outlines the typical items included in the daily or monthly report in most hotel operations.

The items included are able to address basic marketing or business issues. These issues can be easily solved by performing simple statistical analyses without paying an extra cent on additional data collection.

LONG-TERM BENEFITS

Hospitality organisations can certainly benefit from inculcating research activities by first focusing on the wealth of data, which they have before attempting to explore further.

The business environment is changing too fast and drastic. Organisational goals are becoming moving targets. Unless we build research readiness and capabilities, we may no longer be able to even describe our customers.

Although we cannot guarantee that by undertaking research we can avoid uncertainties, at least we can cushion the negative impacts. By taking advantage of ICT, hospitality organisations are capable to make better and timely decisions and can change research findings into strategic assets.

In the long run, this will augur well for the industry and the country. It is time that we seriously embark on this plan to make research an integral part of the decision-making process, especially by starting with enormous wealth of data available.

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GOOD CORPORATE GOVERNANCE

highest paid directors with statutory disclosures, compensations and gratuities, pension contributions and stock/shares option schemes. The executive directors’ pay should be the subject of recommendations from a remuneration committee, if any made up wholly or mainly of non-executive directors; Separate figures must be disclosed for salary and performance-related elements and the basis on which performance is measured to be explained;

• The board should establish an audit committee of at least three non-executive directors with written terms of reference which deal clearly with the authority and duties;

• The board has a duty to present a balanced and understandable assessment of the company’s position of internal control, operational and financial review. The directors should report on the adequacy and integrity of the company’s system of internal controls, with the key roles to be played by internal audit functions; and

• The board should ensure that an objective and professional relationship is maintained with the auditors. The directors should explain their responsibility for preparing the accounts next to a statement by the auditors about their reporting responsibilities;

• The directors should report on the business as a going concern, with supporting assumptions or qualifications as necessary.

Emile Woll, an authority in auditing in the 1980s reflects the logic of what Sir Adrian Cadbury said by commenting: “Business has to take account of its responsibility to society in coming to its decisions while the society has to accept its responsibilities for setting the standards against which those decisions can be measured”.

Whatever the means, methods and mechanisms, corporate governance is a process and structure mainly concerned with four principles – the direction, execution, supervision and accountability.
Intecture: New Era for Building Industry

Economy: Brighter Days Ahead?
Sanford Stationery: War Against Piracy
Aquarium Fish: Sustainable Harvest

Intecture CEO Puvan J. Selvanathan