

MANAGERIAL APPROACHES TO INNOVATION AND HOTEL PERFORMANCE- EVIDENCE FROM CLUJ COUNTY

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ABSTRACT

There is often mentioned in literature and tourism practice the principle which states that innovation within the hotels must be an ongoing concern for managers. This is a requirement in order to achieve performance, whether that performance is understood in terms of satisfactory financial indicators, valuable human resources, reputation or high satisfaction of tourists. Starting from this, it is legitimate to ask: "What are the sources that underlie the innovation of services within hotels to which must be given careful consideration so as to obtain benefits in terms of hotel performance?" This paper aims to give scientific answers to this question. Thus, we applied a questionnaire to hotel managers from Cluj County, in order to analyze their managerial approaches to innovation. The results highlight the managerial orientations which determine different levels of hotel performance.

KEYWORDS: *competitiveness, hotel, innovation, service diversification, performance*

JEL CLASSIFICATION: *L25, L83, M10*

1. INTRODUCTION

The dynamism that characterizes the tourism sector leads to the necessity of continuous improvement of existing tourism services, development of new tourism services, diversification of distribution channels, improvement of the professional profile of human resources, use of new information and communication technologies, strong promotion of tourism destinations, proper operation of tourism resources, development of new forms of tourism and, not at last, involvement of local communities, managers and tourists in the process of tourism development. All these actions contribute to the shift of the tourism services from the tertiary sector of economy in the so-called „experience economy”, in accordance with tourists’ increasing requirements; they no longer want simple tourism services, but authentic and memorable experiences having a high degree of customization (Haemoun et al, 2007:121).

We considered pertinent to detach ourselves from this general overview and to focus on the hotel innovation, the benefits brought being multiple both for hotels and tourists, and also for our country’s economy.

2. LITERATURE REVIEW

Many studies and researches in hotel management field have focused on the quality of services delivered, employees’ performance, role of new technologies and less on innovation and its effects

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on hotel performance. Therefore, interest in research on hotel innovation is recent and less thorough, although tourism practice has greatly evolved in this respect (Hjalager 2010:1), because of the many positive implications observed. Because this field is not enough researched, there is no precise definition of hotel innovation. Moreover there are many interpretations of this concept. That is why we believe it is important to define innovation in respect with research objectives and level of tourism development in analyzed country. Hence, we appreciate that innovation is the process by which new services are obtained or enhanced current services or delivery processes, with positive effects on hotel performance and tourists' satisfaction (Stegerean et al., 2013:809).

The need to innovate within hotels is required for several reasons:

- The increase of the complexity of touristic motivations, which determine tourists to want memorable tourism experiences, not just simple tourism services (Xu, 2010:607);
- The increase of competition in this sector and hence the need to continuously improve the existing types of hotel products and services (Marin-Pantelescu, 2009:161);
- The decrease of the negative effects related to seasonal demand: providing the best possible recreational conditions will determine the tourists to prolong their stay, fact that will offer the hotels the possibility to extend the operation of the provision ability (Neacșu et al., 2006:373);
- Constant development of technology, which today plays a decisive role in the performance and competitiveness of hotels (Winkler, 2009:48).

Therefore, managers should strive to achieve both incremental and radical innovations. Radical innovations involve the delivery of services that have not been on the market up to that point, or the development of new systems of provision/delivery of existing services, while incremental innovations are improvements to existing services (Militaru, 2010:61). It is suggested that both types of innovation should be taken into account by the hotels, each of these having a positive impact on performance (Jansen, et al., 2006).

So far, we have discussed the importance and definition of hotel innovation and the next research question that arises is: "Which are the available sources for managers in order to innovate?" Since we haven't identified a conceptual framework in the literature that brings together all the sources that be used by hotel managers, we tried to develop it. We do not consider this proposal to be exhaustive; moreover, we consider this framework as one that can be improved, given the dynamism of the research area.

Thus, we believe that the key element that determines not only the opportunity to diversify services of hotels, but especially the need for such actions, along with tourists' increasing demands and increasing competition, is the orientation towards customer. The main way to achieve this complex objective is innovation (Orfila-Sintes & Mattsson, 2009:384) which can manifest in the services provided, in the delivery process, in the management or logistics (Kvam & Stræte, 2010:31). At the same time, the actions of innovation, as a starting point for services diversification must take into account the characteristics of travel services (Jaw et al., 2010:265). Therefore, in our opinion, the sources of innovation available for a hotel manager are:

- ✓ Human resources employed;
- ✓ Continuous technology development;
- ✓ Orientation towards quality;
- ✓ Market dynamism and high competition in the travel sector;
- ✓ Development of international hotel chains, which require certain directions to the hotels from different countries.

All these sources are very complex and can be fragmented and then analyzed from many different perspectives. Using these sources, hotel managers must identify ways to innovate. Also, they must analyze which sources have greater contribution in increasing the performance of hotels, an objective pursued by all business units.

3. RESEARCH METHODOLOGY

For the present study, the sample population is represented by hotel managers from Cluj County. To construct the sampling frame, we started from statistics existing in the report named "List of classified tourist firms with accommodation functions" ("Listă structuri de primire turistică cu funcțiuni de cazare clasificate") presented online by the Ministry of Regional Development and Public Administration (<http://www.mdrt.ro/turism/unitati-clasificate>).

The research method used in this study was the survey through a questionnaire, applied to the hotel managers. The method of applying the questionnaire was self-assisted Web. There were validated 35 questionnaires, resulting in the response rate of 66.04%.

The questionnaire was designed to ask hotel managers for their opinions on the following variables that represent source for innovation: employee orientations (12 items), technology orientation (7 items), quality orientation (9 items), competitor orientation (5 items) and client orientation (9 items). This information was collected using a five-point Likert scale (1-strongly disagree to 5-strongly agree) in response to statements about mentioned variables. The second part of questionnaire deals with the assessment of three performance indicators: profit goal achievement, return on investment achievement and occupancy rate. Each respondent was asked to evaluate hotel performance in relation to primary competitors, using a five-point Likert scale (from 1= "worse than", to 5= "better than" the other company. The last part contains factual questions which capture a series of identification data of the respondent and of the hotel he/she leads.

4. RESULTS AND FINDINGS

The main market segments targeted by hotels are: business tourists (26%), transit tourists (22%) and leisure tourists (18%). Thus, when they look to innovate, hotel managers have to take into considerations the specific needs and expectation of the main market segments.

The first step is to analyze the adequacy of the measurement model through examining construct reliabilities. As we observe in Table 1, the reliability of the measurements is achieved as all coefficient alphas of all constructs exceed the 0.70 level recommended by Nunnally (1978). Moreover, the coefficient alphas for employee orientations, technology orientation, quality orientation, competitor orientation and tourist orientation are 0.87, 0.78, 0.89, 0.85 and 0.79, respectively.

Table 1. Cronbach's coefficient alpha

	Source of innovation	Number of items	α
1	Employee orientation	12	0,87
2	Technology orientation	7	0,78
3	Quality orientation	9	0,89
4	Competitor orientation	5	0,85
5	Client orientation	9	0,79

Source: authors' calculation

The next step in our analysis concerns on one hand, managers' opinions towards the five sources for innovation and performance indicators and, on the other hand, the main effects of using the five source for innovation on hotel performance.

Table 2. Correlation matrix (p <0 .05)

	Variables	Mean	Standard deviation	1	2	3	4	5	6	7	8
1	Employee orientation	3.76	0.67	1.00							
2	Technology orientation	2.72	1.12	0.34	1.00						
3	Quality orientation	3.78	0.86	0.56	0.67	1.00					
4	Competitor orientation	2.82	0.73	0.45	0.74	0.67	1.00				
5	Client orientation	3.98	0.71	0.75	0.79	0.72	0.54	1.00			
6	Profit goal achievement	2.28	1.15	0.21	0.77	0.81	0.46	0.75	1.00		
7	Return on investment achievement	2.87	0.68	0.57	0.86	0.76	0.66	0.65	0.69	1.00	
8	Occupancy rate	3.42	0.94	0.82	0.76	0.75	0.68	0.89	0.74	0.79	1.00

Source: authors' calculation

As we observe in Table 2, hotel managers in Cluj County have a high levels of client orientation (mean=3.98), quality orientation (mean=3.78) and employee orientation (mean=3.76); also they have medium levels of competitor orientation (mean=2.82) and technology orientation (mean=2.72). In other words, when they look to innovate, hotel managers take first into consideration customers' suggestions, quality improvement and employees' ideas. We observe that the other two sources of diversification involve the use of higher financial resources.

As regards the three performance indicators studied, we observe in Table 2, that occupancy rate has the highest value, while profit goal achievement has the lowest value.

Also, in Table 2 we observe positive correlation coefficients between variables, signifying that all relationships are in the same direction. The highest correlation coefficient was between client orientation and occupancy rate (0.89), while the lowest correlation coefficient was found in employee orientation and profit goal achievement (0.91). We observe a very significant correlation between technology orientation and return on investment achievement (0.86), suggesting that hotel managers have to take into account the implementation of new information and communication technologies (online reservation systems, global distribution systems, video brochures, business management systems) in order to increase the return (profit) generated by the company management's performance from the assets available. Another very significant correlation is observed between employee orientation and occupancy rate; in consequence, hotel managers have to invest in staff professional profile and to value their opinions.

5. CONCLUSIONS

Therefore, we can say that the sources of innovation successfully used by hotel managers from Cluj County are: client orientation, quality orientation and employee orientation. These sources do not imply high financial efforts, unlike of implementing new technologies. Also, hotel managers do not take into consideration competitors' action regarding innovation, even though studies show that imitation of competitors' actions represents a good approach (Zhou et al., 2005), but it might determine negative effects like unable to differentiate from competitors, reduced possibility of customizing the services according to the requirements of tourists etc. (Lukas & Ferrell, 2000).

Concerning identification of tourists' suggestions, hotel managers can choose to apply some questionnaires which may also contain open questions, which may establish radical or incremental innovation sources. Furthermore, a method of assessing the quality of hotel services is Servqual, which outlines tourists' expectations.

Another important source of getting innovative ideas in hotels is employees. Hence, efficient resource selection activities, investments in trainings, providing necessary support system for carrying out the activity, preserving and rewarding the best employees are activities to be carried out with maximum efficiency by managers. Ottenbacher, Gnoth and Jones (2006) stated that in many situations, hotels have the same types of information and communication technologies, and only employees have the main role in differentiation, in obtaining a competitive advantage.

Therefore, there is no universal method available that can lead to the development of innovations: it is important for the hotels to create a favorable climate for this process, to identify tourists' desires and preferences, or observe innovations brought by competitors, in order to adapt or imitate them.

Therefore, managers of hotels must identify those sources, which will lead to increased efficiency both hotels, and tourist satisfaction.

Of course, we cannot talk only about the benefits of innovation for hotels, but also about those recorded in the entire complex sector of tourism; innovation will lead to global development of tourism, which is considered to be a sector whose development has a positive influence on the economy of any country.

ACKNOWLEDGMENT

This study is part of a larger research of service diversification in hotels, but in this paper we concentrated on managerial approaches to innovation and their effect on hotel performance.

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