

Evaluation of the Innovation Influences and Effects in Hotel Industry in Slovenia

Nataša Artič*

Vocational College for Catering and Tourism Maribor, Zagrebška cesta 18, Maribor, 2000, Slovenia

Abstract

This paper's purpose is to evaluate an overview on input sources on the innovation process and effects of the innovation process as innovation outputs in the hotel industry as a supporting tool for hotel management. The paper defines current different influences and effects of innovation in hotel industry and future modern approaches in the hotel innovation management. It analyses the role of innovation knowledge among the hotel managers in Slovenia. The paper provides a better knowledge of hospitality innovation, especially of the influences and effects of innovation in hotel industry in general and it presents the evaluation report of hotel managers in Slovenia about influences on and effects of innovation process from literature and it gives particular reference to modern approaches (such as open innovation) about upcoming trends in innovation activities in hotel industry.

Keywords: Evaluation; Innovation; Open Innovation; Hotel; Hotel Industry

Introduction

The starting point for research in the field of evaluation of the innovation influences and effects in hotel industry were two studies. First, the study published in early 2013 by the authors Nicolau and Santa - Maria [1] with the title: "The effect of innovation on hotel market value". Second, the study of Artič [2] with the title: Influences on and Effects of Innovation Processes in the Hotel Industry – Literature Review 2008-2013. All three surveys encouraged us to study further and evaluate topics of the innovation influences and effects in hotel industry.

Innovation as a process according to Mention [3] focuses on the drivers (why innovate), sources (inputs for innovation) and location (where innovation takes place) of innovation, where innovation as an outcome pertains to the type of innovation (product, process, organizational, marketing), the magnitude (incremental or radical) and the referent (firm, market, industry). Most hotel managers realize that innovations, whether in service model or customer relation management, are the essence of success in modern hotel operations [4]. However, the innovation process also influences the value of the hotels, as shown by research work of Tseng, Kuo in Chou [5].

Methodology

Our main research questions were: How are the influences and effects from the theory evaluate in hotel innovation practise. Are they actually detected in the practice? Which one is the most important one for hotel managers? Which one is the less important one? For the purpose of the research study two research statements were given.

To find an answer on our main research question, data were collected by using qualitative research methods. The methods we used were, systematic literature review, structured interview and different methods of content analysis. A variety of literature covering primary, secondary and tertiary sources was reviewed. After reviewing the literature, we identified and develop a model of influences and effects of innovation in hotel industry. Based on this, we notice a research problem of missing validation of this theoretical data and the model. We decide for structured interview with 20 different statements. Invitation to participate in the study received 28 selected recipients, all working in the hotel industry in Slovenia as a director or hotel manager. Too

all of them the question was oral presented. By the agreed deadline, we received 24 fulfilled questionnaires. The sample of the survey covered 35 Slovenian hotels which operate as small, medium or large businesses. Data collection took place during the 2nd and 12th March 2015. The interview questionnaire was divided into two parts. The first part consists of demographic questions (location of the hotel business, the number of business units and the positioning of the person fulfilling the survey) followed by a chapter of 20 questions in form of statements from the theory. Respondents were using Likert scale between 1 to 5, within categories 1, "strongly disagree", 2 "disagree", 3 "neither agree nor disagree", 4 "agree" and 5 "strongly agree". Acquired data we reanalyzed by using Excel. We used percentages and arithmetical mean for calculation.

The research findings will serve the hotel managers as a base for more effective management of innovation processes in hotel industry in the future. This is demonstrating the practical value of research. The scientific importance of the work is reported in their search of influences and effects of innovation in the hotel industry. The work fulfils the existing, mostly partially oriented researches within innovation in the hotel industry.

Results

Below are presented the results obtained on the basis of a structured interview. Most hotel companies included in the study comes from Savinjskaregion (19%), followed by Osrednjeslovenska (17%) and Podravska region (14%). Hotel companies from Zasavska, Spodnje Posavska and Inner-Karst region did not participate in the study. Most of the participating companies (54%) are small businesses, 38% middle and 8% big-sized enterprises. In research we addressed 35 hotels. The study included 33% of directors, 67% of managerial staff,

*Corresponding author: Nataša Artič, Vocational College for Catering and Tourism Maribor, Zagrebška cesta 18, Maribor, 2000, Slovenia, Tel: +386 2 3202308; E-mail: natasa.artic@vsqt-mb.si

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from which it follows that the total of 100% of the respondents in the survey had a managerial position.

In the survey 75% of respondent's strongly agreed that the importance of innovation for the success of a hotel company is becoming larger and larger. While 17% considers that they agree with this statement and 8 % of the pattern neither agree nor disagree with this statement (Figure 1).

Based on the theoretical statement, that innovation process influences the value of the hotel, we found out that 67% of the pattern agrees with the statement, 16% strongly agree and 17 % of the pattern cannot decide, they neither agree nor disagree.

It was not surprising that the 58% of the pattern agree and 42% of the pattern strongly agrees that the performance of innovation is a multidimensional concept, encompassing financial and non-financial aspects.

Hotel managers also strongly agree (41%) and agree (42%) that the internationalization has a fundamental influence on the innovation process in hotel industry. Neither agree nor disagree only 17 % of the pattern.

That the hotel industry is facing with the process problem of managing ideas into good currency agree 33% of the pattern, 25% of the pattern strongly agree, next 25% neither agree nor disagree, and surprisingly 17% of the pattern disagree with this statement.

In the study we also evaluate the statement that investments in hotel information and communication technologies (ICT) can provide competitive advantages in innovation process. 67% of the pattern agrees, 25% strongly agree and 8 % neither agree nor disagree with this statement (Figure 2).

Half of the pattern strongly and other half of the pattern agree that the company and market characteristics can influence on innovation process in the hotel industry.

Human resource management and customer relationship management have significant and positive influence on innovation among hotel companies. Nobody of the pattern disagrees or strongly disagrees with this statement. 58% of the pattern agrees, 17% strongly agree and 25% neither agree nor disagree with this statement.

The majority of the pattern (75%) agrees and the remaining 25% of the pattern strongly agree that the tourists (quests) can be active participants in the co-production of the innovation in hotel industry. The same results were presented regarding the statement that interactions of various factors that influence the innovation process in the hotel industry must be recognized by hotel management.

That innovations have positive impact on hotel performance strongly agree 75% of the pattern, next 17% agree and 8% of the pattern neither agree nor disagree with this statement.

Innovations are perceived to have a positive impact on the future sales of the company. The majority (42%) neither agree nor disagree, 41% of the pattern agrees and 17% strongly agree. Service innovation has significant effect on the relationship between value and customer satisfaction, 83% strongly agree and next 17% agree with this statement. In part of the study, where we focused on the topic of open innovation, we found out that 50% from the pattern agree and next 50% strongly agree that open innovation climate will result a higher level of employee job satisfaction. The environmental innovations are key competitiveness factor for hotel industry, 50% of the pattern neither agree nor disagree, 25% strongly agree and 25% agree with this statement.

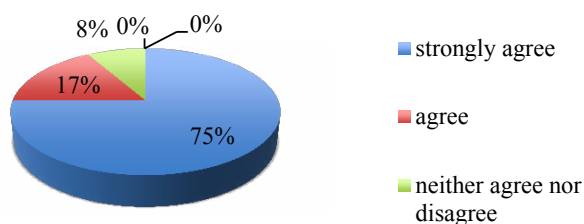
Also 50% of the pattern believes that the open innovation can bring advantages and positive effects of the innovation process in the hotel industry. 42% of the pattern neither agree nor disagree and 8% strongly agree with this statement. Changing one influence of the innovation process in the hotel industry means that the innovative outcome is different. 58% of the pattern agrees and 42% of the pattern strongly agrees with this statement. We also evaluate the statement if it would be very useful to find out which influences are particularly important for different hotel firm performance. Majority of 75% of the pattern strongly agree with this statement and next 25% agree with this statement. Innovations with financial effects are in hotel industry more important than innovations with non-financial effects. 71% of the pattern agrees and 29% of the pattern strongly agrees with this statement. At the end we evaluate the statement that innovations with non-financial effects in hotel industry are more important that the innovations with financial effects. The majority disagree (75% of the pattern) and next 17%strongly disagree, 8 % of the pattern neither agree nor disagree with this final statement in the study (Figure 3).

This result represents the first evaluation review among the hotel managers in Slovenia regarding the topic of influences and effects in innovation process in hotel industry in Slovenia.

Discussion and Conclusions

On the basis of the results obtained, we can present and summarize some of the key findings. Our research has shown how hotel managers evaluate the influences and effects of the innovation process in the hotel industry by the type of importance. This information was obtained on the basis of the higher proportion of their agreement with

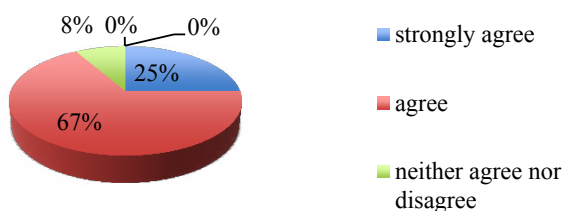
The importance of innovation for the success of a hotel company is becoming larger and larger.



Source: own, March 2015.

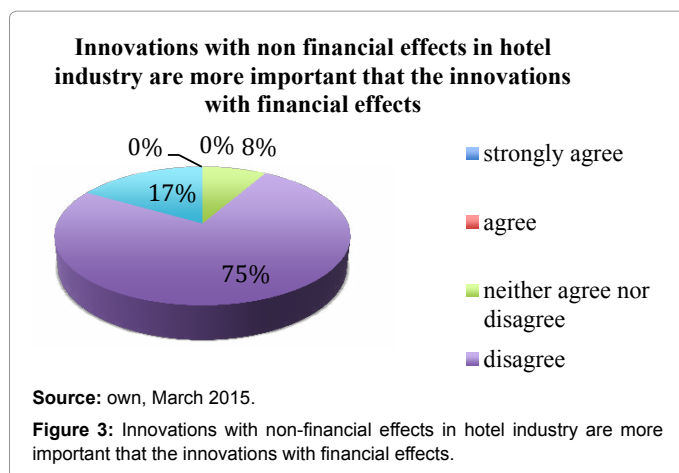
Figure 1: The importance of innovation for the success of a hotel company is becoming larger and larger.

Investments in Hotel Information and Communication technologies (ICT) can provide competitive advantages in innovation process.



Source: own, March 2015.

Figure 2: Investments in hotel information and communication technologies (ICT) can provide competitive advantages in innovation process.



each argument. Then we ranked the statements. We divided them from those with the highest percentage of agreement to those with the lowest percentage of agreement. It was assumed that the percentage of agreement represents the importance of the statement. So we got a table of statements sorted by relevance. The interviewees agreed and strongly agreed with the statements presented below (since there was no response with a different opinion, this means that they strongly agree and agree in favor of a total 100%).

The leading statement was: "Service innovation has a significant effect on the relationship between customer value and customer satisfaction". We assume that this statement has become a leading statement because the activities of hotel managers are oriented largely on guest satisfaction and their value. The statement on the second place was: "It wouldn't be very useful to find out Which Influences are Particularly Important for Different hotel firm performance." In this statement, we noticed that the hotel managers want to be particularly specific about the effects and that they are interested in and what you consider to be useful impact on innovation. This can actually lead to performance of the hotel business."Company and market Characteristics can influence on the innovation process in the hotel industry." This is by relevance the third statement, which tells us that the hotel managers believe that the characteristics of the hotel business and the characteristics of the market in which the company operates are presenting the significant impact on the process of innovation in the hotel. Based on the study of the theory, we came up with a proposal that open innovation could be a modern approach in hotel innovation process. The proposal was tested with the statement: "Open innovation climate will result a higher level of employee job satisfaction." The interviewees have included this statement to the fourth place of importance, from which it appears that the majority believes that open innovation can contribute also to greater employee satisfaction.

"Performance of innovation is a multidimensional concept, encompassing financial and non-financial aspects." The majority agreed with this statement, a statement was ranked in fifth place. Hotel managers are aware that there is a complexity in the success of innovation and the need to take into account both financial and non-financial aspects of innovation. The interviewees were also highly agreed with this statement: "Changing one influence of the innovation process in the hotel industry means that the innovative outcome is different." Hotel managers are aware that the management of innovation needs to be scheduled. "Innovations with Financial Effects and hotel industry are more important than the innovations with

non-financial Effects." The interpretation of this statement indicates the financial stance. This is crucial in management, since all activities are directly and indirectly profit-driven. This is most likely the reason why hotel managers recognize innovations that have a financial impact as more important. Respondents were also highly agreed with the statement: "The tourists (guests) can be active participants in the co-production of the innovation in hotel industry." We can conclude that the respondents are aware of the importance of the role of guest. This is an important piece of information for all those who are still planning new hotel products and services within the office without having to take into account the opinions of guests. As the last statement in the context of a 100% agreement with the statement was: "Interactions of various factors that influence the innovation process in the hotel industry must be recognized by hotel management." Hotel managers in the majority agreed with the statement. Identifying of influence factors on hotel innovation would be helpful at their future work in the field of innovation management.

Statements that are no longer evaluated by 100% agreeing are listed below. They are ranked from largest to smallest percentage of agreement with the statement (from more important to less important statement). With all the statements interviewees agree with at least 50%. These statements are (sorted by importance): "Innovations have positive impact on hotel performance," "The importance of innovation for the success of a hotel company is becoming larger and larger", "Investments in Hotel Information and Communication technologies (ICT) can provide competitive advantages in innovation process", "Internationalization has a fundamental influence on the innovation process in hotel industry", "The innovation process influences the value of the hotel", "Human resource management and customer relationship management have significant and positive influence on innovation among hotel companies", "The hotel industry is facing with the process problem of managing ideas into good currency", "Innovations are perceived to have a positive impact on the future sales of the company", "Open innovation can bring advantages and positive effects of the innovation process in the hotel industry" and "The environmental innovations are the key competitiveness factor for hotel industry."

With the statement at the last place, 91% of respondents disagreed. This statement was: »Innovations with non- financial effects are in hotel industry more important than the innovations with financial effects.» Managers cannot therefore agree that the innovations with non-financial effects are more important than the financial implications. This means that hotel managers give priority to those innovations that have financial effects.

These statements may be associated with different influences and effects. Based on the theoretical principles were then connected with the specific influence or effect from the theory. We can conclude with the list of the influences and effects in order of importance. The most important is the Influence of company and market characteristics, followed by Influence of HRM and CRM, Influence of information and technology, Internationalization and Current problems in the field of innovation process. Among effects is on first place direct impact on company performance, the reason is in more than one statement with high percentage of agreement, also the first statement belong to effect of HRM development, which is second effect by importance, on the third place is effect of sustainability.

In conclusion, there search statement 1 is confirmed: Theoretically obtained information about the influences on and effects of innovation in the hotel industry, was confirmed in practice with primal research

among the selected hotel managers in Slovenia. They were agreed (more than 50% per statement) with at least 70% of the statements from the theory. (The result is that they agree with 19 of 20 statements (95%) and with all of those 19 statements they were 50% or more agreed). The research statement 2 is also confirmed: Participants in the survey can classified statements by relevance. This allowed obtaining results about the importance of individual influence or effect.

Further research suggests a focus on effects of open innovation in hotel industry, on measurement of open innovation in hotel industry; the future challenge is also to focus on different possibilities of affecting different influences on each other; also the feedbacks of different innovation effects are suggested for further research.

The basic recommendation to the profession is to identify the basic influences and effects of innovation process in hotel company. We need to be aware that by changing one influence or input of the innovation process in the hotel industry that means that the innovative outcome is different. This in itself is no deficit as this situation just mirrors the acknowledgement of the fact that details matter. It would be very helpful to find out which influences are particularly important for different hotel firm performance. This paper contribution to the profession is in presentation of ranked influences and effects to hotel managers and in promotion of open innovation in hotel industry. With the help of this paper they are recognizing the importance of influences

on and effects of innovation process in hotel industry. The hotel managers are supporting the innovation process in the hotel industry and the majority agree that the open innovation can bring advantages and positive effects of the innovation process in the hotel industry.

Performance of innovation has been defined as a multidimensional concept, encompassing financial and non-financial aspects. This shows that each innovation needs to be treated differently and individually, not only between but within categories, on account of cost differences among innovations. All influences and effects need to be carefully studied according to each specific innovation process in order to achieve positive effects and firm performance in the hotel industry.

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