

THE ROLE OF EMPLOYEES AND MANAGERS IN HOTEL INNOVATION - EVIDENCE FROM BRAȘOV COUNTY

Nistor Răzvan, Stegorean Roxana, Petre Anamaria

Management Department, Faculty of Economics and Business Administration, Babeș-Bolyai University, Cluj-Napoca, Romania

razvan.nistor@econ.ubbcluj.ro

roxana.stegorean@econ.ubbcluj.ro

anamaria.petre@econ.ubbcluj.ro

Abstract: This paper seeks to relate the effects of human resource management on innovation, from the perspectives of both employees and managers in the hotel area. The first part of the article consists from a literature review for hotel innovation. Thus, the innovation processes could be very diverse due to the different approaches to new developed products or services from the tourism area. Within the hotel industry human resource has become one crucial element for innovation, mainly because of the increasing role of the customer-contact employee. Considering the specificity of the Romanian hotel industry we appreciate that emphasizing the human resource role could generate and sustain a competitive advantage in a more dynamic environment. Within human resource approach, we point out that training program for employees and managers' expertise are important factors in sustaining innovation. Therefore, three hypotheses are stated. Two of them refer to the training programs while the last one to the managers' expertise. All of them are confirmed by the study's findings. The second part of the study consists of developing findings for the region of Brașov County based on the presented research methodology. We consider two dependent variables, innovation decision and innovation level, respectively. Our goal is to determine the correlations between those two and the explanatory variables referring to employees and managers- training, constant training, occasional training, manager's experience and manager's education. The results demonstrate the need for an articulated training process in the hotel industry with a stronger emphasis on managers from the view of making decision process. On the other side, the role of employees is obvious when these decisions should be implemented. Meanwhile, the interference between the two categories is more and more intense due to the increasing process of employee empowerment within the hotel industry area. Thus, innovation could become a more competitive weapon and a source of increasing efficiency, also.

Keywords: hotel; innovation; ongoing training; management expertise

JEL classification: L83; L25; M10

1. Introduction

In this time of globalization, technological advancement, dynamic hospitality environment and fierce competition, hotels have to identify and respond quickly to clients' changing needs, preferences and expectations in order to achieve and maintain a strong competitive position. Innovation in this context allows hotel managers both meeting the changing requirements of tourists and increasing hotel performance.

Even though hotel innovation is an understudied area (Hjalager, 2010:1) and managers often rely on gut feeling, speculation and their experience about the keys to innovation success (Ottenbacher and Gnoth, 2005:206), many studies have recognized the importance of human resources in hotel innovation (Ottenbacher and Harrington, 2007; Ottenbacher, 2007:434; Hu et al., 2009; López-Fernández et al., 2011:146).

Therefore, investigating how hotel innovation can be developed by human resource management practices is very important. We focus on one specific HRM practice (training), because it is vital in the hotel sector, which is characterized by low skill levels among employees (Chang et al., 2011:812). Moreover Hjalager (2010:10) points out towards skills deficits as major barriers to innovation in tourism.

2. Conceptual framework and research hypotheses

In 2010 Hjalager stated that innovation research in tourism is a young phenomenon and we believe that this affirmation is still standing and is also characterizing the hotel sector, one of the most important one in tourism. In consequence, there is no general consensus regarding how hotel innovation is defined. Some researchers state that innovations may be new services, products, processes or ideas, but they can also be existing ideas that are applied in different settings for tourists (Vila et al., 2012:76). We observe that innovation is defined in terms of "new" to the hotel or to the current target clients. To other researchers, acceptance and implementation is central: innovation is the generation, acceptance and implementation of new ideas, processes, products or services (Hall and Williams, 2008:5). A pragmatic approach derived from manufacturing sector argue that that innovation is generally characterized by everything that differs from business as usual or which represents a discontinuance of previous practice (Johannesson et al., 2001).

Even though there is no general consensus on hotel innovation definition, we agree that hotel managers should focus on this process because it allows them to improve the quality of services/products offered, increase hotel performance, fulfill the changing requirements of tourists, gain a greater market share and gain a competitive advantage.

Within the hotel context, Sirilli and Evangelista (1998) argue that training activities are one of the main channels to upgrading a firm's technological capabilities and lead to successful innovation. Along the same lines, Leiponen (2005) indicates that hiring skilled employees may not be enough; employees also need to learn to use their skills within the organization. Ottenbacher (2007) argue that training is one of the factors underlying hotel innovation success in the employee–customer dimension. Wong and Pang (2003) found training and development programs to be the most important factors in enhancing staff creativity, one important factor that influence innovativeness.

Although other studies didn't specifically focus on hotel innovation, their findings suggest that training might enhance hospitality innovation because of the increased level of capabilities (Tracey and Tews, 2004).

Indeed, the role of human resource skills and knowledge seems to be more important in hotel innovation process. We consider that effective training leads to a successful empowerment of the employees which is a good foundation for innovation, also.

A good employee training program provides important benefits such as:

- Enables employees to master new processes and offer a new type of services (Martínez-Rosa and Francina Orfila-Sintes, 2012). More important are customer-contact employees who are responsible for screening and testing new ideas; they determine the quality of output, given the closer provider–customer interaction. These are the reasons why they need to have multiple skills and knowledge in order to evaluate the potential effectiveness of various ideas;
- Leads to positive attitudes towards training and company. Hotel managers need employees that are attitudinally as well as technically developed. Also, Roehl and Swerdlow (1999) found that training could indirectly lead to greater organizational commitment among hospitality employees;
- Motivates employees to provide better services and achieve differentiation from competitors in a higher standardized competition (Martínez-Rosa and Francina Orfila-Sintes, 2012). In general, recent research suggests that training employees to do their jobs effectively is one of the most important tasks undertaken by managers to improve competitiveness (Saks and Belcourt, 2006).

These arguments lead to the following hypothesis:

H1: Training core customer-contact employees has a positive impact on innovation decision and innovation level among hotels.

Hotel managers are those who provide the opportunity for employee to develop specific skills through trainings. Therefore, the managers have the proper set of tools for making improvements in current operations such as innovation and they must be aware of its importance. They are seen as main “core employees” that contribute to the activity of the firm and whose skills and abilities determine organizational differences in capabilities and efficiency when performing the organization's base operations (Lopez-Cabrales et al., 2006). Managing innovation requires a great amount of practical experience and specific knowledge in order to achieve hotel performance.

These arguments lead to the formulation of the second hypothesis:

H2: Hotel managers with higher expertise will increase the probability to make decision regarding innovation process initiation and implementation.

Hotels' training program may have different characteristics and goals: enhance staff creativity, improve technical knowledge, better use of new technologies or develop ability of providing better or new services. However, hotel managers should have a continuous concern regarding this important issue.

H3: When the training is done on an ongoing basis, the effect on innovation decision and innovation level is positive and higher than when the training is occasionally planned.

Training programs should be an important part of human resource activities in hotels and developed on an ongoing basis. In the hotel industry training programs should be oriented both to managers and employees because, through their expertise, they contribute to a more intensive innovation process and thus, to higher level of performance.

3. Research methodology

This empirical analysis focuses on hotel establishments in Braşov County known as an attractive touristic area in Romania. In order to achieve our research goals, all classified hotels from Braşov County were included (122 hotels). A questionnaire was specifically designed and administered to hotel managers through a self-assisted Web method. There were validated 70 questionnaires, resulting in the response rate of 57.4%.

The questionnaire was designed to ask hotel managers for their opinions on the following

dependent variables: Innovation decision and Innovation level.

Innovation decision was defined as innovative activities carried out during the previous year in four key functional hotel areas (core departments): accommodation (7 items), food & beverage (7 items), business (5 items) and leisure services (5 items), respectively. The managers rated each area in one of the three following categories: (1) first time innovated; (2) improved, expanded or renovated area; (3) no efforts for innovation. The variable Innovation Decision equals “1” when at least one area was ranked in categories (1) or (2) and equals “0” in the other case.

The variable *Innovation Level* measures the number of areas each hotel innovated and ranges from zero to four, based on the analyzed core departments.

The *explanatory variables* used in our research are: Training, Constant training, Occasionally training, Manager’s experience and Manager’s education. All these variables are binary; variable *Training* equals “1” when there is an employee training plan in the hotel and equals “0” otherwise; the variable *Constant training* equals “1” when the training plan is on an ongoing basis and equals “0” otherwise; the variable *Occasional training* equals “1” when the training plan consists of sporadic training activities.

As we considered before, manager’s expertise may influence the decision to innovate. Therefore, their experience and education are important factors. The variable *Manager’s experience* is measured by the number of years the hotel manager has been working in the tourism sector, including the current position. The variable *Manager’s education* equals “1” when a hotel manager has a relevant bachelor or master degree and equals “0” in other cases.

The last part of the questionnaire contains factual questions that capture respondents’ demographic characteristics as well as their organizational characteristics.

4. Results and discussions

On average, the sample hotels have 81 employees and offer for sale 91 rooms, 189 restaurant seats and 172 conference seats. These characteristics are reflected by the main market segments targeted by hotel establishments (Figure 1): leisure tourists (39.3%), business tourists (18.4%) and sport tourists (17.1%).

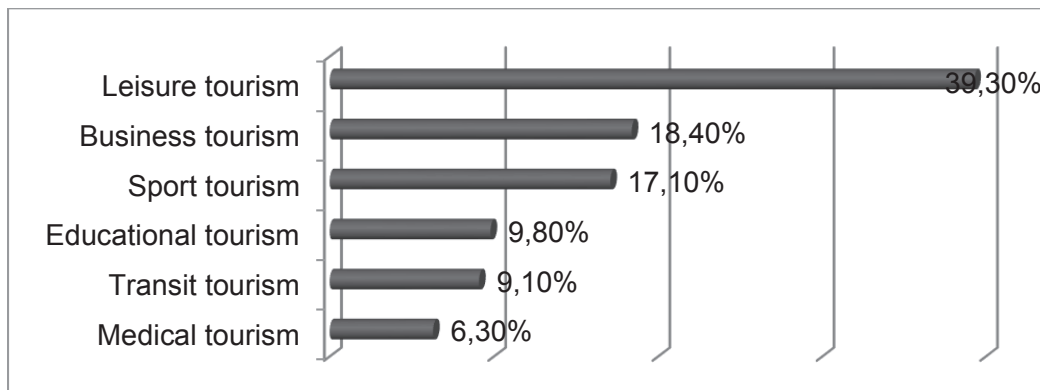


Figure 1: Market segments targeted by hotels

Source: Authors’ calculations

On average, the hotel manager has been working in the accommodation sector for almost eight years and has a relevant bachelor or master degree (97%). Not many hotels (32%) have training plans and only 28% of them are constant.

In Table 1 we observe positive correlation coefficients between studied variables, suggesting that the relationships are in the same direction for all considered variables.

The lowest correlation coefficient is between Training and Occasional training (0.02), while the highest correlation coefficient is between Innovation level and Manager's experience (0.84).

Table1: Correlation matrix

Variable	Freq. or mean	SD	1	2	3	4	5	6	7
1.Innovation Decision	0.62	-	1.00						
2.Innovation level	2.54	1.2	0.45	1.00					
3.Training	0.32	-	0.52	0.57	1.00				
4.Constant training	0.26	-	0.42	0.67	0.05	1.00			
5.Occasional Training	0.68	-	0.07	0.05	0.02	0.06	1.00		
6.Manager's experience	8.2	7.5	0.79	0.84	0.62	0.53	0.46	1.00	
7.Manager's education	0.92	-	0.48	0.67	0.38	0.27	0.26	0.42	1.00

p < .05; Freq.-frequency; SD-standard deviation is calculated only for those variable that are not binary

Table 1 leads us to expected result and demonstrate the role of an articulated training process in the hotel industry with a stronger emphasis on managers' experience. Meanwhile the distribution of the coefficients demonstrates the role of managers in developing and sustaining the innovation processes.

As we observe in Table 1 and 2, findings for training programs clearly support H1, H2 and H3.

Having a training plan in hotels determines a positive effect on innovation decision and innovation level, with more significant contribution for innovation level.

When we distinguish between different plans of training, we observe what we expected, that constant training has a greater effect on innovation decision and innovation level.

Table 2: Hypothesis testing: marginal effects of innovation decision and innovation level

Variables	Innovation decision	Innovation Level
Training	0.078	1.027
Constant training	0.096	1.258
Occasionally training	0.036	0.562
Manager's experience	1.354	0.826
Manager's education	0.954	0.357

p < 0.01

Source: Authors' calculations

Table 2 completes and sustains our previous findings. Analyzing the figures the role of managers is still the most important – 1,354 is the highest marginal effect generating by manager's experience on innovation decision while their education has a significant contribution, also (0,954). Experience is slightly more important that education but they both have the most influence on innovation decision and level if we compare with other

variables. Higher values are coming out for the first dependent variable which is explained by the coordinating role of managers rather than their direct involvement in taking the action and implementing innovation. The training programs are mainly important from the perspective of innovation level which sustains the role of employees in sustaining innovation through the implementation in the four different areas included in the study. For the employees the results are lower than for managers while the results for the two dependent variables are reversed demonstrating that employees have a more active role in the process itself rather than in planning it.

5. Conclusions

Hotel innovation is one of the important elements which enable companies in the hotel industry to achieve certain level of performance. Trying to analyze the role of human resource in developing and sustaining innovation, the study emphasizes the importance of both managers and employees for this objective.

Several findings should be considered to come out from the study:

- The innovation decision making process is very important in the tourism sector and thus, the role of managers has become more important during the years. Experience is more important than education but both of the aspects have a significant contribution to innovation, ultimately.
- Because of the large variety of instruments being used in innovation processes the hotel has a wide range of resources to support them. Among them, human resource is considered to be very important
- The role of core customer-contact employees is very important in the sector because of the direct and derived consequences on the customer satisfaction. No matter what type of innovation we consider- new services, products, processes or ideas, organizational or technological it is highly important to develop and increase the empowerment of employees to cope better with the dynamic environment of the tourism sector. Therefore, in order to achieve this goal an articulated training policy is needed.
- Due to the strategic character of innovation process there is a need of an ongoing process of training as it comes out from the study. When the continuous element does not exist the results are accidental and the positive long term effects could be distorted.

6. Limits of the study and future directions

The study is limited from different perspectives which offer the future directions, also.

One first general limit is that innovation has many other sources in the human resources area and not only. Developing other variables except training for employees and managers' expertise will more contribute to other findings for hotel industry. There are other human resource practices to be considered like motivation or career development. Even more, considering the actual variables developed in other sub-variables could determine important other correlation between human resources and innovation processes in hotels- age, gender and position in the hotel company.

The geographic limitation is given by the chosen area- Braşov County. Although the general findings are expected to be similar, we appreciate that different areas could have different results and thus various policies in sustaining innovation. Also the intensity of the results could differ from one region to other, depending on different assumptions or circumstances.

The study does not study the correlations between the explanatory variables, innovation and hotel performance. Thus, an extension is possible to be developed in this direction, also.

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