

CRITICAL REVIEW ON HOTEL INDUSTRY THROUGH VALUE CREATION WITH SPECIAL FOCUS TO BUSINESS PERFORMANCE MEASUREMENT

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ABSTRACT:

Value creation is the main driver and essential component of economic exchange. Value interpretations have been offered by numerous researchers. Customer value is the perception of a customer's choice for and assessment of those product characteristics, characteristics' performances, and usage-related effects that help (or hinder) the customer's pursuit of objectives and purposes in use circumstances. This assessment might be conducted before or after the user uses the product. The idea is an interacting, relativistic choice and experience. This entails that consumers perceive value on an individual basis, that it is contextual and that it is comparative and then rate related goods and services. In this article, critical review on hotel industry through value creation with special focus to business performance measurement has been discussed.

Keywords: Hotel Industry, Value, Creation, Business, Performance, Measurement

INTRODUCTION:

The production of excess (gain) via a trade, other transaction, investment, or connection as value creation. The principle behind running a company or organisation is always one of creating value. The production of excess (gain) via a trade, other transaction, investment, or connection as value creation. The principle behind running a company or organisation is always one of creating value. The phrase value theory comes from neoclassical economics, where it refers to a value in exchange or a description of the exchange value. This idea is applicable to every sale that occurs in the marketplace. According to economic theory, only when value is created for the customers can resources be used to create value. This implies that if there is no market demand for any goods or services, there will be no derived demand for the resources being used by the organisations.

REVIEW OF LITERATURE:

This study examines the moderating effects of a dynamic environment, along with business and social networking ties and technology resources, on the relationship between entrepreneurial orientation and organisational performance in hospitality firms, according to Kayhan Tajeddini et al. (2020). They used a sample of 192 hospitality firms for their analysis. This study is distinctive in that it makes use of technology resources as well as two moderating variables—business network ties and social network ties—to evaluate the relationship between entrepreneurial orientation and business performance. Additionally, this study offers proof on a topic that hasn't received much attention up until this time. The findings demonstrate that higher levels of risk and an entrepreneurial mindset, especially when combined with strong social and professional networks, contribute to company performance in a dynamic, uncertain environment. [1]

One of the foundational industries of the world economy, according to Abdelouahab El Boukhari et al. (2020), is tourism. It has lately altered as a result of shifts in consumer behaviour and technological advancement. Businesses responded to this transformation in a variety of ways, including by seeking out fresh ways to create value. The elements that affect the growth of value in the tourism business are not well documented in the literature, despite substantial research. In order to build a conceptual framework for assessing value creation in tourism, the aim of this study is to map the most commonly used indicators in the literature. [2]

The VUCA (volatile, uncertain, complex, and ambiguous) business environment, according to Fauziya Shariff and Murari Premnath Sharma (2019), is pressuring hotels to make more determined efforts towards satisfying various customer groups due to changing circumstances and many stakeholders' expectations. Performance evaluation has evolved into a key instrument for developing business plans and assisting hotels in finding their place in the competitive hospitality sector. Reviewing the literature on the advancement of hotel performance measurement methodologies is the goal of this study. It also seeks to provide a summary of current research on segment reporting and hotel accounting. The research explains the challenges with performance measurement implementation in the hotel sector. [3]

More research is needed, according to Fu et al. (2019), who also contend that entrepreneurship and innovation are essential to defining this global industry. Researchers have looked into how entrepreneurship contributes to growth, competitive advantage, and superior performance. The literature on modern hospitality states that there aren't many reliable theoretical frameworks in the sector that handle this vital entrepreneurial drive, despite the increased interest in entrepreneurship. (EO). [4]

A variety of businesses, including banking, international trade, travel agencies, and the hotel industry, have a good grasp of the connection between a firm's success and EO, according to Taheri et al. (2019). Collectively, these studies demonstrate how EO improves an organisation's overall performance. It is asserted that EO should be viewed as context-specific, though. The need for studying and analysing EO in diverse contexts has been stressed more recently due to the diversity of industrial traits such as life cycles and dynamism. [5]

Environmental dynamism, according to Tajeddini, K. and S.L. Mueller et al. (2019), can be characterised as the rate of change and the degree of unpredictability, such as changes in technology, consumer preferences, and market necessities. The effects of a firm's resource, capacities, and competences on its behaviour and operations are determined by these contextual and dynamic cues. When competition increases and customer preferences change, a faster pace emerges, increasing the turbulence of the environment. As a result, less time must pass between the product's introduction and withdrawal. With the introduction of new tangible and intangible things, information gets outdated more quickly. [6]

According to Manuel N. Fernández-Gómez et al. (2019), there is now available literature on sustainable practises that demonstrates how social missions and financial success can coexist. There hasn't been a lot of quantitative research done on this association, though. The impact of the creating shared value (CSV) principle on business success is being examined for the first time in this study. Based on a sample of Spanish hotels, the findings show that CSV-using companies had better financial results. These findings add to the body of knowledge by demonstrating the most effective ways to apply CSV techniques in order to attain both economic and social benefits. [7]

According to Rossella Canestrino et al. (2018), customer-dominant (C-D) logic was used to evaluate the value co-creation processes in the hospitality industry. This study used a qualitative methodology. The suggested study uses a thorough case-study analysis to look at the empirical data of Vascitour, an Italian hotel chain established as a cooperative in May 2016. The most intriguing finding appears to support the notion that value cocreation in the hospitality sector is connected to the interactive service context produced between the consumer ecosystem and the provider's service system. In the case of Vascitour, it depends on the cultural interactions influenced by the unique and sincere connections made with hosts, other visitors, or tourists, as well as the actual physical infrastructure associated with the service. [8]

Moghaddam et al. (2018) asked for greater study since they thought that entrepreneurship and innovation were essential to the formation of this global sector. Researchers have looked into how entrepreneurship contributes to growth, competitive advantage, and superior performance. The literature on contemporary hospitality contends that, despite the rise in interest in entrepreneurial ventures, the sector lacks sound theoretical underpinnings for this essential entrepreneurial drive. (EO). [9]

Adongo and Kim (2018) claim that collaboration across these businesses can enhance decision-making, end impasses, develop stakeholder relationships, and serve as a foundation for both formal and unofficial

inter-organizational collaboration and partnerships. As a result, they are referred to as networked system as a result. Due to the nature of the service sector, companies must communicate with clients and business partners via cooperative networks in order to deliver the best value for secure, dependable, and expert services across international borders. the notion that networks play a key role in the development and success of creative businesses and offer a significant source of long-term competitive advantage. [10]

Jiang et al. (2018) claim that purchasing resources from a firm's networks is one way that EO boosts a company's success. (Business and government). These scholars focus on the network's mediating role in resource acquisition. Given the extraordinary rate of change that hospitality businesses are experiencing, the primary question for this study is whether networks, a mediating variable in the external environment, have more influence in a dynamic context. [11]

Tajeddini et al. (2017) assert that hospitality organisations must address a range of economic, financial, and social challenges in order to give customers more value. According to studies, the hotel business is riskier and more competitive than other industries because of the crowded and homogeneous market, low entry and high departure barriers, and price-conscious customers. As a result, hospitality companies have learned how to adopt an entrepreneurial mindset, provide novel products and services, and make the shift to more organic and decentralized organisational structures. [12]

The intrinsic multi-experiential nature of hospitality businesses, according to French et al. (2017), requires an entrepreneurial attitude to seek out and seize the opportunity to offer visitors unique experiences. (e.g., new services, new package holidays). Globally speaking, hospitality covers a range of services, amenities, and attractions that create countless entrepreneurial opportunities. It is one of the key economic drivers of many nations. [13]

Priporas et. al. (2017) stated that the advent of new businesses into the home services market is putting even greater pressure on the tourism and travel industries. This sector is changing swiftly. In light of these dynamic and unpredictable conditions, businesses in the hospitality sector must increase their capacity for innovation, initiative, and risk-taking. [14]

In light of the way social networking promotes knowledge sharing and business relationships, Engel et al. (2017) claim that social networking's critical role in marketing and entrepreneurship has been hotly contested. These companies have utilized social networks as a tool to create aspirational branding and more effective marketing strategies that promote relationships, engagement, and contact with customers, as well as the sharing of their experiences. Entrepreneurs use social networks to build social capital in order to benefit from social engagement. Travellers are now active co-producers of experiences regarding peer-to-peer recommendations for lodging and tourism services thanks to the use of social media applications, which are represented in virtual platforms like Instagram, Flickr, LinkedIn, YouTube, Digg, Google Reader, Facebook, and Twitter. [15]

In accordance with Roeffen D. &Scholl-Grissemann U (2016), customer co-creation is one of the main research areas in contemporary marketing and is seen as a key source of service innovation. Customers can actively participate at every level of the service development process, according to the concept of customer co-creation of value. Tourist service companies must give distinctive and memorable consumer experiences in order to remain competitive. A unique experience must also involve the participation of the customer and a relationship that ties the customer to the experience. Therefore, co-creation methods are crucial in tourism environments. The core concepts of customer value, service-dominant logic, and customer co-creation of value are presented in this article, with an emphasis on their importance in the management of tourism and hospitality. The final section of the essay discusses the managerial implications for how consumers could create value during the three stages of preparation, consumption, and post-consumption. [16]

According to Hernández-Perlines (2016), the entrepreneurial orientation, also known as entrepreneurial strategy-making, has been characterised as a management style attribute that promotes change and supports initiatives related to utilizing various forms of innovation, developing new products and services, and creating superior customer value. When strategically considered when making decisions, EO has a

big impact on firms' abilities to create, market, and aggressively pursue new goods and services, as well as foresee and handle unforeseen events. [17]

According to Sonja Brlei Vali and Lidija Bagari (2015), the main organisational goals of the going concern concept are value generation and capture. In the context of value retention, building enduring trust among a client, a service provider, and society can result in value generation and delivery. It is essential to evaluate a hotel company's capacity to give value to customers in order to develop and accumulate future company value through customer satisfaction. This study's goal is to investigate the factors that affect customer satisfaction and how they relate to the hotel business. It is stressed how important the connection is between travellers, the hotel business, and society. Guest satisfaction is the condition in which a customer's expectations are met or exceeded during the course of a service's existence. A cost-benefit analysis must be integrated into the design of a guest satisfaction surveying programme in order to determine the relationship between visitor satisfaction and value creation and capture. In the hotel industry, the client and the business work together to produce value. Co-created relationships between guests and the hotel are necessary to generate and capture future value. According to the study presented in this article, consideration must also be given to how the environment influences the standard of living of both visitors and host communities in order to make value creation and capture sustainable. [18]

Schuckert et. al. (2015) stated that the demand for new experiences and repeat business, which push for the development of new products and services, does not protect the hospitality industry from history, and destinations are unable to stand still. Through entrepreneurial endeavours, an organisation can develop its capacity for innovation, which may have a positive impact on revenue and other business outcomes. [19]

According to Gurel Cetina (2014), the customer experience is regarded as a significant objective for organisational strategy, resulting in long-term distinction from rivals. Despite this, the literature has not been able to develop a universal continuum for experience design, use, and measurement. The value chain idea is used in this study to pinpoint the acts that have an effect on how customers perceive the value of services. It is based on a qualitative interview with 22 managers of upmarket hotels. Prior to learning that value-creating activities might be divided into the categories of human resources, technology, procurement, strategic alliances, and physical design, content analysis and comparisons with relevant literature were conducted. [20]

According to Mary Fitz Patrick et al. (2013), value-creating assets are recognised as being crucial in today's tourism management industry. There isn't yet a really helpful conceptual framework for managing and selling that has been established through empirical study. A particularly helpful conceptual framework for managing and selling such assets hasn't yet been established by empirical study. The service-dominant logic (S-D) framework is presented in this study as a paradigm for improving our understanding of intangible assets in the hotel sector. S-D Logic was used to analyse the intellectual capital (IC) filings of 20 publicly traded European and American hotels. The study revealed that hotels give their IC assets a high value, particularly the value connected to their trademarks. On the other hand, it appears from the hotel companies' disclosures on general factors like guests and workers that they are ignoring the chance to create value from such IC. The study recommends creating more complex systems for the effective management of hotels' intangible assets. This study provides a unique contribution by using S-D Logic to investigate hotel IC disclosures. Finally, the S-D logic paradigm may be applied to various aspects of tourism management. [21]

According to Cohen and Olsen (2013), in addition to corporate, business, and functional planning and strategy, thorough financial projections, and resource allocation, effective businesses require information technology resources and capabilities (e.g., technical IT skills, knowledge, and infrastructure) for operational processes. The service industry makes use of networks with representatives, web-enabled consumer engagement, computer-telephone integration (CTI), and other technological instruments. They might therefore not directly affect how well a business performs. Given the potential benefits of

technology resources and the fact that other organisations' heterogeneous resource portfolios (such as skills, knowledge, capital, and technology resources) are valuable, it is somewhat surprising that research has not extensively explored the moderating impact of technology resources on the relationship between EO and service business performance.[22]

The report, according to Ruggero Sainaghi (2010), aims to examine the responses made to these problems throughout the previous 20 years by academics and businesspeople. It is based on an examination of 152 submissions and makes use of the balanced scorecard as a method for rationalizing the primary research streams. The literature review indicates the balanced scorecard's expanding significance as a reliable performance monitoring tool. On the other hand, a tremendous amount of knowledge and understanding exists regarding the variables that affect outcomes. Within the organisation, the deciding elements are routinely investigated. The four main functional research disciplines are strategy, production, marketing, and organisation, and each has been recognised along with its principal research aims, findings, and open questions. On the horizontal axis of the balanced scorecard, the perspectives on consumers, strategies, and processes have garnered the most study. (over half of the papers). This study appears to support the structural elements of the hospitality industry, the value placed on client relationships, and the preservation of management process efficiency. shortcomings and advantages of preceding study methods' sample size, data sources, and dependent and independent variables Six countries might theoretically have a big impact on the current probe. (69 percent of the sample). Researchers who are concentrating on internal determinants should employ external control variables more frequently due to the broad variety of national contexts. In addition, a number of more recent subfields appear to be very dispersed, particularly in terms of the independent variables used. [23]

CONCLUSION:

They are values with functional, social, emotional, epistemic, and conditional aspects. The functional value that results from the inherent and attribution-based capability to carry out a substitute service's functional and physical purposes demonstrates its identified usefulness. Social value refers to the perceived usefulness of an option as a result of its image and symbolism that are connected to or disconnected from the socio-economic, demographic, and cultural economic groups mentioned earlier. The ability of an alternative service to arouse emotions such as comfort, romance, security, anxiety, excitement, guilt, or passion demonstrates the perceived utility that is attained by that service. The epistemic value, on the other hand, demonstrates perceived utility that appears to be the result of an alternative's ability to arouse interest and help satisfy the desire for information. Last but not least, conditional value illustrates the apparent utility gained through an alternative as a result of specific circumstances or physical or social events that the choice maker disregarded. Here, the higher-order constructions; however, they once again do not include the "cost/sacrifice" elements associated with the customer value.

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