

## **The Effect of Utilization of social media for competitive Advantage in Sri Lankan Hotel industry**

S.W.G.K. Bulankulama<sup>1</sup>, Ali Khatibi<sup>2</sup>, T.S.D.M.Shokri<sup>3</sup>

1. *Doctoral Student, School of Graduate Studies, Management and Science University, Malaysia, Senior Lecturer, Dept. of Social Sciences, Rajarata University of Sri Lanka. e-mail: [swgkbulankulama@yahoo.com](mailto:swgkbulankulama@yahoo.com).*
2. *Professor, Faculty of business and professional studies, Management and Science University, Malaysia; e-mail: [alik@msu.edu.my](mailto:alik@msu.edu.my).*
3. *Professor, Faculty of business and professional studies, Management and Science University, Malaysia.*

### **Abstract**

*Competitive advantage occurs when an organization acquires an attribute or combination of attributes that allows it to outperform its competitors. These attributes can access through tangible, non-tangible assess and new technologies such as information technology as a competitive strategy in the business process can provide competitive advantage. Preble, Reichel, and Hoffman (2000) and Pine and Philips (2005) focused on the role of strategic alliances in the hospitality industry competitions. In this cross-sectional analytical study, aim was to test if there is an association between the variables of utilization of social media and competitive advantage in Sri Lankan hotel industry. Study subjects consisted of executive levels officers in thirty-four Sri Lankan hotel industries. Variables in utilization of social media and competitive advantage of the study were positively correlated ( $r = 0.6$ ) and very high means. Also, Working capabilities of social media high significantly and positively correlated with competitive advantage ( $r = 0.70, p < .05$ ), while it was ( $r = 0.50, p < .05$ ) in personal experience of social media.*

**Keywords:** Utilization of social media, competitive advantages, Sri Lankan hotel industry.

### **I. INTRODUCTION**

In today business environment with characteristics such as globalization, competition and high rate of changing technology in which must set intangible assets as a base for sustainable competitive advantage because tangible assets such as capital, land and raw martial only do not create competitive advantage for organizations (Shafiezadeh, 2007). Investment in processes is important, as it influences customer satisfaction and service quality in the end (Roth and Jackson, 1995); if processes perform badly, it will affect the efficiency, and certainly competitiveness of firms. Invest more in marketing activities to attract and retain guests and distinguish themselves from their rivals in order to stay in the industry (Keh, Chu, and Xu, 2006; Brown and Ragsdale, 2002). Further, Kim and Kim, 2005; Prasad and Dev, 2000 emphasized that the hospitality industry to obtain the competitive advantage, which in turn fosters the role of strategic alliances. On the other hand, Barros and Alves (2004) also argued that technology investments may lead to improved total productivity. Hence, Social media as a marketing strategy and as a technology investment in today's knowledge based economy it may help to increase competitive advantage. Social media include that influence how information is created and shared allows for new definitions of community and user-friendly publishing tools that increase engagement in online conversations for various purposes (Siemens and Conole, 2011).

The term competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Burden and Proctor 2000; Cousins 2005). Competitive advantage as the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Leonidou et al (2013) define competitive advantage as resources and capabilities, actuators in the hotel industry.

## **II. OBJECTIVE OF THE STUDY**

The aim of this study was to test if there is an association between the variables of utilization of social media and competitive advantage in Sri Lankan hotel industry.

## **III. RESEARCH METHODOLOGY**

A cross-sectional analytical design was used in carrying out the study. Adoption of social media for competitive advantages questionnaire format was developed after reviewing the relevant literature. It was self-administered questionnaire, each item was measured in terms of five points Likert scale from 1 (strongly disagree) to 5 (strongly agree). The study was conducted randomly selecting 34 staff members from 34 hotels in Sri Lanka. The reliability of data collected instrument was measured using Cronbach's alpha coefficient; the reliability test was conducted to check for inter-item correlation in each of the variables in the questionnaire. The closer Cronbach's alpha is to one, the higher the internal consistency reliability (Sekaran, 2003). The test results are as follows: Cronbach alpha for Independent Variable = 0.84, Cronbach alpha for dependent Variable = 0.90, Cronbach alpha for over all instruments = 0.90 which approached to the acceptable limit. The Cronbach Alpha coefficient of the instrument was above 0.70 for the study sample. Pearson correlation analysis was used for assessment of the inter-relationships among quantitative variables.

## **IV. RESULTS**

Utilization of social media descriptive statistics indicates the highest mean was scored 4.3 and 0.88 with standard deviation at the five point Likert scale. Its mean, Sri Lankan hotel industries are widely considered the best in services for customer satisfaction and customer attraction through utilization of social media in which overall mean (0.4) with (0.7) Standard deviation (Std). In order to the social media variables it's describe the level of utilization of social media for competitive advantages of hotel industry. According to the descriptive statistics, social media provide the greater opportunity to improve the competitive advantages in Sri Lankan hotel industry.

Analysis of correlation describes association among levels of utilization of social media and competitive advantage in Sri Lankan hotel industry. As evident, it was found that there is a significantly and positively correlated utilization of social media with competitive advantage. Thereby, social media activities, working capabilities of social media, Social media capacities of hotels will achieve more competitive advantage (customer satisfaction and attraction and market share) in Sri Lankan hotel industry. Also working capabilities of social media with competitive advantage was highly significant and positively correlated ( $r = 0.70, p < .05$ ). Personal experience of social media with competitive advantage was moderately significant and positively correlated ( $r = 0.5, p < .05$ ). Thereby, employee's interaction and exchange knowledge and information's will increase hotels competitive advantage.

## V. DISCUSSION

Managing the adoption of technologies in an organization has become one of the most important concerns of the organizations. Since internet base applications such as social media have considerable effects on competitive advantages in hotel industry, it needs more attention, co-resources, and more emphasis from the management boards of the organizations. Managing utilization of social media enables organizations to develop and expand organizational merits. Human skill is one of the most important facts in an organization. Measuring the social media utilization through personal experience of social media, it has recorded with 4.3 means for the statements are “I acknowledge about the hotel with customers through social media, learning about the lives and hobbies of customers from their social media postings facilitate working relationship, even if I were to spend a little too much time with social media, the contact and relationship gained or improve are worth it and social media help me enjoy work more”. These findings were inconsistent with (Collins and Smith, 2006) who emphasized that HR practices were indirectly related to firm performance through their effects on organizational social media and knowledge exchange and combination. These findings were supported by (Castells, 2000; Heckscher and Adler, 2006) who found in their study that businesses have become more global and less hierarchical, less lifetime employers, increasingly knowledge-centered and more project oriented.

Nowadays, hotel industry faces many challenges in this changeable world through the knowledge-based economy through globalization. This hyper competition creates a need for new tools that help hotel industry have competitive advantage for the services they provide in the market. The competitive advantage within new economies has shifted from material and financial assets to intangible and non-financial assets such as customer satisfaction, customer attraction and improving to market shares. In the hotel industry, customers tend to stay loyal to a brand when they are satisfied with the quality of the service that has been provided. As such, service quality has an important effect on the performance and competitiveness of the hotel (Akbaba, 2006.). Sri Lankan hotel industry achieved a competitive advantage due to its cost leadership strategy which was mean 4.1 in this study. The present study revealed that competitive advantage variables are high and very high means. “Competitors engaging in e-commerce” came the highest mean (4.24) improving market share for competitive advantage. These results were with (Wong and Kwan, 2001; Law and Jogaratnam, 2005) Information Technology (IT), such as the internet, intranets, and central reservation systems that are often made by hotels to improve performance. Furthermore, Sigauw et al. (2000) stated that IT decisions will improve performance and can create a competitive advantage. And also “social media is a strategy for advertising the hotel to attract more customers” also scored the highest mean (4.24) in (Min Lu et al. (2009) customer satisfaction and attraction for competitive advantage. There is also convincing evidence was supported by Matilla and O’Neil (2003) who discuss the role of pricing on customer satisfaction.

According to Mowat (2010) the adoption of social media form of marketing strategy has opened up a variety of avenues and opportunities to the hotels. The importance of Social Media is still growing and could well become an essential mode of communication towards interacting with the customer and hotels can take advantage (Lim, 2010). This study was also an endeavor to investigate the relationship between utilization of social media and competitive advantages in Sri Lankan hotel industry. The overall results of the present study strongly confirmed that utilization of social media highly significant and positively correlated with competitive advantage ( $r = 0.6$ ).

## VI. CONCLUDING REMARKS

According to the study findings, it is concluded that there was strong positive and high significantly ( $r = 0.70$ ), ( $r = 0.60$ ) and ( $r = 0.50$ ) correlation between working capabilities of social media, personal experiences of social media and social media capabilities in hotel industry respectively with competitive advantage. The main factor in utilization of social media is working capabilities of social media for competitive advantages; in this regard, if managers should focus on empowerment and development of employees' capabilities. Also, top managers and policy makers should decide on the mechanisms to encourage intangible-based entrepreneurial behaviors. Based on the study findings, recommendations were suggested as managers who are caring to develop core competencies of utilization of social media in their hotels should: facilitate and train teams on knowledge creation and innovations regarding utilization of social media on internet based applications, conduct team focused workshops to apply IT skills to specific work challenges providing quality of services and revenue generation, etc. and develop innovative approaches to technology networking, organizational structure, performance appraisals, rewards, etc., to encourage greater intelligence, innovation and high-integrity relationships.

## REFERENCES

- Ahangar Zadeh, A. (2010). Comparative analysis of IC management in agriculture office and telecommunication in Bonab city, M.A theses, Islamic Azad university of Bonab
- Akbaba, A. (2006). Measuring service quality in the hotel industry: A study in a business hotel in Turkey. *International Journal of Hospitality Management*, 25(2), 170-192.
- Barney, J. B. (2007). Gaining and sustaining competitive advantage. (3rd ed.). NJ: Pearson Education.
- Barros, C.P. and Alves, F.P. (2004). Productivity in the tourism industry. *International Advances in Economic Research*, 10(3), 215-225.
- Brown, J.R. and Ragsdale, C.T. (2002). The competitive market efficiency of hotel brands: An application of data envelopment analysis. *Journal of Hospitality & Tourism Research*, 26(4).
- Burden, R., and Proctor, T. (2000). Creating a sustainable competitive advantage through training. *Team Performance Management*, 6(5/6), 90-97
- Castells, M. (2000). *The Rise of the Network Society, Second Edition*. Oxford: Blackwell.
- Cizmar, S. and Weber, S. (2000). Marketing effectiveness of the hotel industry in Croatia. *International Journal of Hospitality Management*, 19(3), 227-240.
- Collins, C. J., and Smith, K. G. (2006). Knowledge exchange and combination: The role of human resource practices in the performance of high-technology firms. *Academy of Management Journal*, 49(3), 544-560.
- Cousins, P. D. (2005). The alignment of appropriate firm and supply strategies for competitive advantage. *International Journal of Operations & Production Management*, 25(5), 403-428.
- Fahy, J., Farrelly, F., and Quester, P. (2004). Competitive advantage through sponsorship: A conceptual model and research propositions. *European Journal of Marketing*, 38(8), 1013-1030.

- Gottschalg, O., and Zollo, M. (2007). Interest alignment and competitive advantage. *Academy of Management Review*, 32(2), 418–437.
- Heckscher, C., and Adler, P. S. (Eds.). (2006). *The Firm as a Collaborative Community*. Oxford: Oxford University Press.
- Keh, H.T., Chu, S. and Xu, J. (2006). Efficiency, effectiveness and productivity of marketing in services. *European Journal of Operational Research*, 170(1), 265-276.
- Kim, H. and Kim, W.G. (2005). The relationship between brand equity and firms' performance in luxury hotels and chain restaurants. *Tourism Management*, 26(4), 549-560.
- Kindstrom, D (2010) 'Towards a service-based business model – Key aspects for future competitive advantage', *European Management Journal*, 28:6, 479- 490.
- Law, R. and Jogaratnam, G. (2005). A study of hotel information technology applications. *International Journal of Contemporary Hospitality Management*, 17(2), 170-180.
- Lim, Wendy, "The Effects of social media networks in the hospitality industry" (2010). *UNLV Theses/Dissertations/Professional Papers/Capstones*. Paper 693.
- Mattila A.S and O'Neill J.W. (2003). Relationships between hotel room pricing, occupancy and guest satisfaction: A longitudinal case of mid-scale hotel in the United States. *Journal of Hospitality & Tourism Research*, 27(3) 328-341.
- Min Lu, W., Kang Wang, W., Ting Tung, W., Lin, F. (2009). Capability and efficiency of intellectual capital: The case of fables companies in Taiwan, *Expert Systems with Applications*.
- Mowat, B. (2010). Social media: Is it a friend, or foe? *Canadian Travel Press*, 42(26), 8-22. Retrieved from Hospitality & Tourism Complete database.
- Namazi, M., and Abrahimi, SH. (2007). The survey on the impact of IC on current and future financial performance in listed firms in TSE, *quarterly journal of accounting research*, No 4, pp.
- Pervaje, A, (2011), "Resource Based View of Social Media as a source of Sustained Competitive advantage", *Massachusetts Institute of Technology*.
- Pine, R. and Philips, P. (2005). Performance comparisons of hotels in China. *International Journal of Hospitality Management*, 24(1), 57-73.
- Prasad, K. and Dev. C.S. (2000). Managing hotel brand equity: A customer centric framework for assessing performance. *Cornell Hotel and Restaurant Administration Quarterly*, 41(3).
- Preble, J.F., Reichel, A. and Hoffman, R.C. (2000). Strategic alliances for competitive advantage: Evidence from Israel's hospitality industry. *International Journal of Hospitality Management*, 19(3), 327-341.
- Roth, A.V. and Jackson, W.E. (1995). Strategic determinants of service quality and performance: Evidence from the banking industry. *Management Science*, 41(11), 1720-1733.
- Siguaw, J.A., Enz, C.A., and Namasivayam, K. (2000). Adoption of information technology in U.S. hotels: Strategically driven objectives. *Journal of Travel Research*, 39(2), 192-201

Sekaran, Uma. (2003). *Research Methods for Business: A Skill-Buildings Approach*. 4th ed., New York: John Wiley & Sons Inc

Shafizadeh, H. (2007). Knowledge management; theories, technologies and approaches, specialized quarterly journal of parks and growth centers, No 13, pp. 38-44.

Siemens, G., and Conole G. (2011). Connectivism: Design and delivery of social networked learning. *International Review of Research in Open and Distance Learning*. 12(3), i – iv.

Williamson, D.A. (2010), Social Network Demographics and usage. eMarketer. Retrieved on November 30.2010.

Wong K.K.F and Kwan, C. (2001). An analysis of the competitive strategies of hotels and travel agents in Hong Kong and Singapore. *International Journal of Contemporary Hospitality Management*, 13(6), 293-303.