

Examining the Dimensionality of Organizational Performance in Sri Lankan Hotel Industry

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ABSTRACT

Achieving a competitive advantage threatening manages is the creation and maintenance of organizational characteristics that reward and encourage collective efforts. Despite the importance of attaining organizational performance for competitive advantage in Sri Lankan hotel industry, there has been a limited study on examining the dimensionality of organizational performance in Sri Lankan hotel industry. The organizational performance stands out as one of the components that are important to competitive advantage, and a good reason for becoming a great company. This has created a gap in the body of knowledge and examine the dimensionality of organizational performance the theoretical and practical aspect of managing hotels. The reason for ethical failure in most of the hotels is the fact that while manages to concede of culture as a powerful tool that can create competitive advantage, only a few manage give it the attention it deserves. This paper will discuss the dimensions of organizational performance as a model for Sri Lankan hotel industry in creating a competitive advantage that supports moral and ethical behavior. Examine the implications of this model in gaining competitive advantage, and will further critique the implications of the hotel industry in terms of maintaining or expanding its dimensions.

Keywords: Organizational Performance, Dimensions of Organizational Performance, Sri Lankan hotel industry, Competitive Advantage

Introduction

Achieving a competitive advantage through enhancing organizational performance relative to their competitors are the main objectives that business organizations, in particular, should effort to attain.

In strategic management, sustainable competitive advantage is an advantage that one firm has relative to competing firms. It may also include product development and also the improving the service quality. In order to compete and achieve sustain successfully in domestically and internationally continue in the long run. Achieving such a “sustainable competitive advantage” status is not an easy task without a proper road map or strategy being outlined and put into practice.

The hotel services are different from physical products with regard to the number of features that they have an offer. Firstly, the characteristics of a hotel to explain and justify the necessity of different approach using social media to managing brands in the hotel industry. Services as an intangible product, it cannot be touched and also seen in the same way.

According to the study by Hoffman and Bateson 2011, consumers do judge the qualities of the services. However, hotel services include the tangible components such as the hotel rooms building and other physical items. According to the study by Jones and Lockwood 2004, the tangible components only satisfy the basic needs while the intangible ones satisfy the more extensive benefits. By using social media and other catalogs, guests can easily check into the hotel rooms and other facilities. When doing so, however, it is more difficult to evaluate the quality of services in a hotel (DeMicco et al., 2015).

Secondly, the services are wasted. This means that the services cannot be saved, unused capacity in services cannot be preserved and services cannot be inventoried (Hoffman and Bateson 2011). It is not possible to produce hotel services in advance, service consumption and delivery would happen simultaneously. Moreover, a service is a performance which is time-related. If a hotel room has not been occupied for a certain period, the possibility of getting revenue is lost. The same case applies to all other services provided at the hotel. If they are not used, they are gone. There is only one chance to sell them ((DeMicco et al., 2015; Jones and Lockwood, 2004)

Thirdly, the services are heterogeneous in which the quality of services may differ from each other. This may occur because the hotel users are demanding room for their deference purpose. Jones and Lockwood's 2004 study explain this using an example of one customer enjoying a weekend, another is attending a conference while another customer purpose may be in the nature of a private business (DeMicco et al., 2015). In order to that, staffs would favor serving one type of customer over the other type customers. As a result, it is more difficult to set up and monitor the quality standards for service compared to physical products. Finally, the quality of service is between the customer and service provider, and this is impossible for explain to the customer without any physical interaction between the two parties with regard to hotel services.

The customer must initiate a decision as to which hotel to stay at prior to experiencing the facilities of hotels. In this era, information on hotel services can be seen through photographs, measured and even tested before purchase using the social media platforms. Thus, customers would hire the hotel services for a period of time that they are expecting to stay at that hotel. Therefore, Jones and Lockwood's 2004, study shows the relationship between the hotelier and his customer is much more different from the relationship between the manufacturer and his customers. Hence, the hotel industry has potentials to display their services to achieve competitive advantages from international tourism. Therefore, hoteliers need to rethink their marketing strategies in which they need to reduce the risk of losing customers through managing the social media (Hamid, et al, 2012).

These particular respective studies, except the one by Salleh Mohd Radzi (2004), found inter alia an overall significant relationship between organizations' strategy and performance, which signified the relative importance of having a sound strategy not only to improve but also measure organizational performance. In order to generate a good and sound business strategy, inter alia, firms need to examine and understand their internal organizational strengths initially and/or weaknesses. As such, a different approach and perspective are needed to examine and understand the competitiveness of manufacturers via analyzing the magnitude of the relationship between their internal resources and capabilities,

Organizational Performance

Cost reduction, delivery performance, customer satisfaction, net income, operating income and sales growth are included in the organizational performance (Read and Difillipi, 1990). The utilization of the information technology would build a social network to communicate with the firms and customers. As a result, the customers can confirm the status of the online transaction in which the details of the charges, regulations, etc. can be checked for the purpose of customer's verification. This will lead to a competitive advantage for the firms.

Goodness of Measures in Pilot Study

A pilot study was conducted to identify whether all items in the construct of the questionnaire are clear and understood by the management staff of the hotel before administered in the main survey. All dimensions were tested through reliability and validity (Sekaran and Bougie, 2011). According to the Sekaran and Bougie, 2010, inter item consistency method was included in reliability. The items of the construct were tested by inter-item correlation and Cronbach's Alpha values.

Reliability test for Pilot Study

Applying the reliability test, screening was done for problematic statements which are Cronbach's Alpha (α) less than 0.700 (Sekaran and Bougie, 2010). This result is not lost the statements from the organizational performance. As a result, those statements did match the Sri Lankan context, and there was an adequate degree of internal reliability with regard to the other constructs.

Therefore, pre-testing is needed before using the data collection for the main survey in order to reduce errors. In this study, 392 management officers or coworkers in star grade hotels were chosen from the population data that are included in the universal sampling in which 50 executives grade officers of the hotels were selected as a sample for the pilot survey.

Table 2
Reliability analyses from Pilot Study

Concept	Inter- items correlation		Reliability
	Min	Max	Cronbach's Alpha
II. Organization performance			
OP : Internal factors	0.484	0.782	0.889
OP : Market factors	0.309	0.794	0.802
OP : Competitive factors	0.609	0.783	0.944

Data Collection

Survey strategies are mainly based on self-administered, or interviewer administered or structured interviews questionnaire or a mixture of all these methods (Malhotra, 2012; Cooper and Schindler, 2006). All the variables of the study are arranged and placed together in the questionnaire, and it can be completed by the respondents at the attendance to the survey (Cooper and Schindler, 2006). Thus, the data collection is design based on the self-administrated questionnaire using two of data collection methods such as the visit survey, postal survey applied in steps by steps at the period of data collection. The same method was followed by the study by Ogbe and Koku, 2011.

The questionnaire is used to get details in Resource Base View in the star hotels. Therefore, the questions of the questionnaire were investigating and explore the relationships among the variables (Saunders, Lewis and Thornhill, 2007). Quantitative approaches were mainly used to analyze the organizational performance of the Sri Lankan hotel industry to explain what is investigated.

Examining the Dimensionality of Organizational Performance: Internal Factors

Based on the mean values in Table 2, there seem to be an agreement in all the 5 statements on organizational performance: internal factors. The highest correlation for each item with at least one other item in the construct is between 0.3 and 0.9. Hence, all the 5 items correlate adequately in the construct. The Kaiser-Meyer-Olkin (KMO) value is 0.827 and Cronbach's Alpha value the 0.836 which is considered to be good. A single factor was extracted that explained the 61 % of the variation in the 5 items. The smallest factor loading is 0.577 (> 0.5: Hair at all, 2010). The mean of the 5 item was computed and saved as (MeanOPI) organizational performance: internal factors to be used for further analysis.

Table 2: Descriptive Summary and inter-item Correlations for items in Organizational Performance: Internal Factors

	Descriptive statistic		Inter-Item Correlation Matrix				
	Mean	Std.	1	2	3	4	5
		Dev.					
1.Scarce resources	4.29	.462	1.000	.483	.572	.442	.494
2.Revenue and sales	4.29	.456	.483	1.000	.430	.513	.544
3.Marketing activities	4.26	.441	.572	.430	1.000	.567	.531
4.Diversifying business	4.22	.413	.442	.513	.567	1.000	.493
5.Relationship & management	4.29	.466	.494	.544	.531	.493	1.000

Examining the Dimensionality of Organizational Performance: Market Factors

Based on the mean values in Table 3, there seem to be an agreement in all the 4 statements on organizational performance: market factors. The highest correlation for each item with at least one other item in the construct is between 0.3 and 0.9. Hence, all the 4 items correlate adequately in the construct. The Kaiser-Meyer-Olkin (KMO) value is 0.687 and Cronbach's Alpha values the 0.842 which is considered to be good. A single factor was extracted that explained the 68 % of the variation in the 5 items. The smallest factor loading is 0.661 (> 0.5: Hair at al, 2010). The mean of the 4 item was computed and saved as (MeanOPM) organizational performance: market factors to be used for further analysis.

Table 3: Descriptive Summary and inter-item Correlations for items in Organizational Performance: Market Factors

	Descriptive statistic		Inter-Item Correlation Matrix			
	Mean	Std.	1	2	3	4
		Dev.				
1.Market to the global level	4.35	.478	1.000	.587	.705	.485
2.Narrowly targeted marketing	4.22	.415	.587	1.000	.463	.689
3.More buyers	4.41	.492	.705	.463	1.000	.521
4.Value add services	4.28	.450	.485	.689	.521	1.000

Examining the Dimensionality of Organizational Performance: Competitive Factors

Based on the mean values in Table 4, there seem to be an agreement in all the 6 statements on organizational performance: competitive factors. The highest correlation for each item with at least one other item in the construct is between 0.3 and 0.9. Hence, all the 6 items correlate adequately in the construct. The Kaiser-Meyer-Olkin (KMO) value is 0.768 and Cronbach's Alpha values the 0.839 which is considered to be good. A single factor was extracted that explained the 67 % of the variation in the 6 items.

The smallest factor loading is 0.639 (> 0.5: Hair at al, 2010). The mean of the 4 item was computed and saved as (MeanCAOC) organizational performance: competitive factors to be used for further analysis.

Table 4: Descriptive Summary and inter-item Correlations for items in Organizational Performance: Competitive Factors

	Descriptive statistic		Inter- item correlation metric					
	Mean	Std. Dev.	1	2	3	4	5	6
1.More equal technologies	4.21	.414	1.00	.444	.520	.413	.410	.587
2.Minimising inventory	4.24	.431	.444	1.00	.447	.441	.553	.539
3.Practicing internet marketing	4.29	.453	.520	.447	1.00	.454	.511	.352
4.Non- price competition	4.21	.405	.413	.441	.454	1.00	.441	.425
5.Customer perceived value	4.21	.421	.410	.553	.511	.441	1.00	.439
6.National & global barriers	4.21	.416	.587	.539	.352	.425	.439	1.00

Discussion

The study shows that the dependent variable (organizational performance) which was tested through the dimensions plays a major role in achieving competitive advantage is Sri Lankan hotels industry. The promotion of business excellence and productivity in the organization depends on the organizational culture and successful implementation of necessary changes (Bolboli & Reiche, 2014). The study shows that organizational performance is crucial in organizations success, through the internal factors, market factors and competitive factors in which role of five items, four items and six items hoteliers in accepting the organizational performance. The study also shows the role of the client’s perception of innovation and creativity on achieving competitive advantage. It should be seen that it aims to serve the better services between the customers and hotelier. Also, marketing information availability is very important to serve organizational performance.

Conclusions

Since the 1950s, business managers used an organizational culture as the best strategy to maintain a company identity, integrity, profitability, and productivity (Childress, 2013). From the study findings, we can conclude that internal factors, market factors and competitive factors in organizational culture are the dimensions in order to maximize the organizational performance in Sri Lankan hotel industry. The scarce

resources, revenue and sales, marketing activities, diversifying business, relationship & management are the items for representing internal factors. While the marketing factors; availability of marketing information such as market to the global level, narrowly targeted marketing, more buyers, value adds services it will keep the hotel industry more up to date with the services and new technologies. And finally, having a services recovery strategy, for correcting equal technologies, minimizing inventory, practicing internet marketing, no- price competition, customer perceived value and national & global barriers will help to the hotel industry in keeping the clients satisfied and attract new clients in competitive market.

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