

Nota de investigación

Istanbul hotels from a 360° perspective: A comprehensive view of the Istanbul accommodation industry

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Abstract: As destinations are striving to become more competitive and attract visitors and tourists, the performance of its enterprises, including hotels is essential. Despite the significance of research in this area, to date, there are no studies that analyze the accommodation industry of a given destination from a broad perspective, since most of the investigations focus on a specific area of the organization and its relationship with the hotel's performance. Therefore, the research aims to provide a comprehensive view of the accommodation industry in Istanbul. Moreover, the study will also attempt to establish a standard data collection instrument that can be used in the future as a benchmarking tool. The research will be carried out on a number of complementary perspectives that include management practices, financial performance measures, operational indicators, employee profile and attitudes, customer profile and satisfaction, environmental practices and use and investment in technology. Furthermore, the study attempts to determine the most important factors that affect the performance of the hotels and to explore the relationship between the different variables included.

Keywords: Accommodation industry; Performance of hotels; Competitiveness of hotels

Título: Una visión global de la industria hotelera en Estambul

Resumen: El rendimiento de las empresas en los destinos turísticos gana importancia con el esfuerzo que realizan estos lugares por volverse más competitivos y atraer visitantes y turistas. A pesar de la necesidad de investigaciones en esta área, hasta la fecha no se ha llevado a cabo ningún trabajo que analice la industria hotelera en un destino desde una perspectiva amplia, ya que la mayoría de los estudios se centran en un área específica de la organización y su relación con el rendimiento del hotel. Por lo tanto, este estudio tiene como objetivo ofrecer una visión completa de la industria hotelera en Estambul. Por otra parte, la investigación también tratará de establecer un instrumento de recogida de datos estándar que se pueda utilizar en el futuro como herramienta de evaluación comparativa. La investigación se llevará a cabo desde diferentes perspectivas que incluyen prácticas de gestión, medidas de rendimiento financiero, indicadores operacionales, perfil y actitudes de los empleados, perfil y satisfacción de los clientes, prácticas medio-ambientales y uso e inversión en tecnología. Además el estudio trata de determinar los factores más importantes que afectan al rendimiento de los hoteles y explorar la relación entre las diferentes variables incluidas.

Palabras clave: Industria hotelera; Rendimiento de los hoteles; Competitividad de los hoteles.

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Introduction

As destinations are striving to compete with each other and attract visitors and tourists, the performance of its enterprises, including the hotel industry is of paramount importance (Tsai, Song and Wong, 2009). Researchers have noted that there is a relationship between the competitiveness of a destination and that of its hospitality industries, which seems to go both ways (Tsai et al., 2009; Kozak and Rimmington, 1998). Quality accommodation facilities and services are essential for an attractive destination (Kozak and Rimmington 1998), while the demand conditions at the destination and the increase in the number of visitors to the place also benefit the hotel industry (Go, Pine and Yu, 1994). Istanbul as a city destination has increased its attraction tremendously in recent years, going from 3,473,185 visitors in 2004 to 7,984,827 in 2011 (Ministry of Culture and Tourism Istanbul Office, 2012). In parallel to this increase in visitors, a considerable number of hotels, both chain and individual, have opened recently in the city. Istanbul currently holds a bed capacity of 112,385, with another 31,489 beds under construction (Ministry of Culture and Tourism Istanbul Office, 2012). Despite this development, there are no studies that examine the accommodation industry in Istanbul and its contribution to the city as a tourism destination. Furthermore, in the hospitality literature, the performance and competitiveness of hotels have been examined rather recently, as compared to other sectors (Tsai et al., 2009). Several studies have attempted to analyze the competitiveness of the hotel industry in relation to various factors, such as human resources, technology, productivity, brand image, customer satisfaction, etc. (Barros and Alves, 2004; Brown and Dev, 2000; Brown and Ragsdale, 2002; Matilla and O'Neill, 2003; Campos-Soria, Gonzalez Garcia and Roper Garcia, 2005). However, there is a lack of studies that attempt to combine the various factors and provide a comprehensive picture of the hotel industry in any specific given destination.

Therefore, the study aims to provide a comprehensive view of the hotels in Istanbul. The research will be carried out from different aspects and perspectives that include management practices, financial performance measures, operational indicators, employee profile and attitudes, customer profile and satisfaction, environmental practices and use of technology. Furthermore, the study attempts to determine the most important factors that affect the

performance of the hotels and to explore the relationship between the different variables included. As a result of the research, a standard measuring instrument of the accommodation industry to be used for benchmarking purposes will also be proposed.

Literature review

As a first area of concern, the research covers the accommodation industry of Istanbul from a human resources management (HRM) perspective. Studies have investigated determinants like price, brand image, service quality, productivity, technology and physical characteristics for understanding hotel competitiveness. However, investments in people management strategies and systems are found to be more and more important for developing tourism destinations.

The area of HRM covers the managing of people in achieving organisation's goals as well as managing the employee-employer relationship. The human resource management activities can be listed as recruitment, selection, development, reward and motivation, performance management, maintenance and departure. As much as HRM needs to consider the interests of employees and ensure that there are the right numbers, types and skill mixes of employees at the right time and cost, HRM is also part of the organisation's strategic decision making. In the literature, there are numerous studies that have linked human resource management activities to improved business results. To name a few, Schuster links it with financial returns (Schuster, 1986), Manor and Huselid with firm value (Manor and Huselid, 1995), and Subramony with operating performance (Subramony, 2009).

Despite the given importance to good human resource practices by manufacturing and service industries, the hospitality sector has been rather slow in adopting these practices (Hoque, 1999). However in recent years the examples of managers that are aiming to improve performance results through good human resource practices have increased. In parallel, the number of empirical studies examining the link between HRM and organizational performance has risen. For example, Hoque examines the high involvement human resource practices of the UK hotel industry and concludes that the relationship between these practices and performance is dependent on the strategy the hotel is pursuing. In parallel, Cho and colleagues examine 78 hotels in

the US (Cho, Woods, Jang, and Erdem, 2006). Their study indicates that out of the 12 HRM practices examined, labor-management participation programs, incentive plans, and pre-employment tests are more likely to result in lower turnover rates for non-managerial employees.

Other than the HRM practices of an organization the attitudes and behaviors of its employees are also essential influences on its performance. Especially, the labor intensive nature of the hospitality industry forces managers at all levels to focus on the attitudes and behaviors of employees in these enterprises. Fittingly, recent discussions on sustainable competitiveness have placed sizable importance on human capital being a major source of advantage for the industry's organizations (e.g., Lee et al., 2010; Tsai et al., 2009). While the sector enjoys a rapid growth worldwide, it is at the same time marked by high levels of employee turnover, which is argued to be a result of "turnover culture" (Iverson and Deery, 1997). In fact, there is a rapidly growing demand for skilled employees at all position in the Istanbul hotels, yet at the same time the industry suffers from an unacceptably high level of staff mobility (Kuruüzüm, Anafarta and Irmak, 2008). Thus the study also aims to analyze in detail the attitudes and behaviors of the employees working in the sector.

The research also attempts to analyze the accommodation industry in Istanbul from the point of view of the customers, as consumer satisfaction is believed to result in loyalty and positive word of mouth (Tsai et al., 2009). In this sense, customer satisfaction and perceptions of service quality have been seen as essential in increasing the performance and competitiveness of hotels (Akbaba, 2006; Matilla and O'Neill, 2003).

Studies of service quality and customer satisfaction are abundant in the tourism and hospitality literature, and researchers have developed or adapted scales to measure service quality and customer satisfaction (Akan, 1995; Akbaba, 2006; Stevens, Knutson and Patton, 1995). Many destination management organizations in developed countries systematically apply customer satisfaction measures on a continuous basis in order to determine the competitiveness of their hotels. For example, the Austrian Guest Satisfaction Barometer is periodically applied to participating hotels in Austria and provides benchmarking information relating the competitiveness of hotels in this country (Matzler and Pechlaner, 2001). Kozak and Rimmington (1998)

also identified critical performance areas that are commonly used in hospitality and grading classification schemes, such as: welcome, friendliness and attitude; quality of the facilities; Customer care and attention; level of service; decoration, etc.

Innovation and use of new technologies has also been considered as a source of competitiveness of hospitality enterprises (Ham et al., 2005). Due to the information intensive nature of tourism, information technologies play an essential role, since they are able to provide a better understanding of the intangible product offer (Orfila-Sintes et al., 2005). Furthermore, technology and information can be used by the hospitality companies to obtain and analyze information in order to achieve a better business performance (Orfila-Sintes et al., 2005). As hospitality organizations are comprised of a vast array of services and operations, there is a broad selection of varied technologies that can be applied (Connolly and Haley, 2008). These include customer-interaction related technologies, productivity improvement technologies, knowledge management technologies, decision-support technologies, etc.

Another research concern for this study is environmental and sustainability management including technical aspects that pose a growing concern for hotels. In parallel with the global business community, sustainability has been a major theme pervading in the hospitality industry. Sustainability in tourism is defined by Butler (1993:23) as "tourism which is developed and maintained in a community environment in such a manner and at such a scale that it remains viable over an indefinite period and does not grade or alter the human and physical environment in which it exists to such a degree that it prohibits the successful development and wellbeing of other activities and processes." Sustainability embraces three dimensions such as economics, environment and equity (CSD, 1999). Economic sustainability is a major concern and challenge of all hospitality businesses. Environmental sustainability addresses the impacts on the natural environment and deals with the issues of global change especially CO2 emissions and CFCs, energy (power, water, fuel) conservation and management, air-water-noise-visual pollution, habitat and ecosystems degradation, material and resource consumption, and all kinds of waste management (Holden 2008). Equity sustainability includes issues such as the distribution of the income and profits from hospitality operations, the impacts of these operations on local communities and cultures, the potential

for the operations to not only minimize damage but also make positive contributions to the environment (Cook 1999).

There are different sustainability programs and operations undertaken by city and resort hotels in accordance with their physical environments. In the case of city hotels, it is more likely that they have programs and operations designed to minimize impacts on the environment than impacts on local communities and cultures. In the investigation of the environmental concerns, empowerment and involvement of the staff has an important role as staff can be a positive contributor to the program itself and take the ideas and concepts developed outside the property into their homes and communities (Martin 2006; Stipanuk 2006).

Butler (1998:27) suggests that the hospitality industry has adopted sustainability for economic, public relations and marketing reasons. According to the research findings, lack of sustainability concerns in hospitality facilities may result in negative consequences such as negative customer reaction and negative impact on employee morale (Stipanuk 2006). There are also legal and social challenges that may result in a negative image for the hotel facility. Considering the impacts of environmental and sustainability management on the competitiveness of the hotel industry, this study also aims to provide an analysis of the hotels in Istanbul regarding their energy conservation and management, waste minimization, material and resource consumption, site development and design processes, and indoor environmental quality empowerment and involvement of staff, guest education.

The above background information illustrates examples of studies and research that has been carried on specific areas of hospitality organizations. As explained before, comprehensive studies are lacking. Therefore this research aims to be the first to provide an integrative view of the accommodation industry in Istanbul. Such a broad perspective may also be useful in order to explore the relationships between the different areas in the organization and determine the most important factors that impact on the performance of hotels.

Methodology

The study will be carried out under different modules that will include employees' attitudes and behavior, customers' perceptions, management practices, innovation and use of technology, opera-

tional and performance measures, and technical and environmental issues.

The research will be conducted on a sample of hotels in Istanbul. A tentative sample size of 50 hotels is determined. The hotels will be chosen using a quota sampling technique, in order to obtain information on hotels with different star category (5 stars, 4 stars, 3 stars and special category boutique hotels), but also taking into consideration the bed capacity of the different categories. The hotels will be selected from a list of Istanbul hotels who are members of TUROB (Touristic Hotels and Investors Association), since the association has agreed to address its members and request their participation. TUROB has a wide membership (<http://www.turob.com/uyelerimiz.aspx?statu=1andregion=0>) among Istanbul hotels that includes 46 five star, 80 four star, 53 three star, and 54 boutique and special category hotels, representing over 70% of the bed capacity in Istanbul.

Given the multidisciplinary and comprehensive nature of the study, the sampling and data collection methodologies will be different for each of the various modules included, although all the modules will be applied in each of the hotels in the sample. A key person will be identified in each of the participating hotels, and trained as to the data collection methods to be used in each of the different modules. Questionnaires will be distributed to customers, employees and managers, while structured interviews will be carried out with the persons responsible from the human resources, financial performance and technical operations in each of the selected hotels.

Expected contribution of the research

From a theoretical perspective, the study will provide an important contribution as it will be the first study to analyze the hospitality industry in a given destination from such a comprehensive perspective. The data obtained will enable to establish not only relationships between different aspects of the hotels' competitiveness, but it will also allow for the determination of the most important factors in predicting performance of the hotels. Moreover, as currently there is no research that is carried out on the accommodation industry in Istanbul, the study can result in the identification and adoption of a standard research instrument to be used in the future by the industry and the destination managers for benchmarking purposes. Established methodologies used in destinations in developed coun-

tries may not be applicable to other destinations in developing countries. Therefore, deriving a usable and standard research instrument to measure and benchmark the competitiveness and performance of the accommodation industry of a destination in a developing country would be a major contribution of the proposed research

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