Information and Communication Technologies Investments in Hotel Industry

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ABSTRACT

Many economic organizations are pressured by the need to invest in information systems (IS). In the particular case of the hospitality industry, these investments generally seek to innovate services, increase organizational efficiency, and increase of business profit, among other aspects. Although hotel managers tend to evaluate these investments from these objectives, the complexity associated with the introduction of ICT amplifies the complexity and difficulty of their evaluation. The apparent lack of objectivity often found in the analysis and evaluation of investments in IS/ICT justifies the opportunity of this study. In this sense, a more thorough and in-depth analysis could be done to clarify the way in which hotel managers evaluate these investments. This study began by identifying the most relevant new technologies and, understand the objectives associated with the investments. Through the methodology of the Focus Group, the authors tried to carry out a current reading of reality, by identifying the relevance of technological innovations in the activities developed.

KEYWORDS

Hotel Industry, Information and Communication Technologies, Information Systems, Information Systems Investment, Innovation

INTRODUCTION

The continuous adaptation to the international context, and the fell competition that today’s hotels face are leading some of them to consider improving their competitiveness by identifying new strategies to help them improve performance. One way of doing so is to give strategic value to the management of IS resources (Gil-Padilla

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& Espino-Rodríguez, 2008). A comprehensive model is developed that establishes the relationship between asset specificity, operation performance and hotel or business performance, moderated by the form of governance (Espino-Rodríguez; Pei-Chun, & Baum, 2008). It is therefore, in this sense, that the investment in IS is usually associated with technological assets, namely at the level of ICT. The management of ICT investments, from a strategic point of view has become more complex and more difficult. Although there are quite a few models and methods for evaluating of this type of investments, it is still difficult to achieve impact in the business. One of the most common reasons is that the larger the project the more complicated becomes the management of ICT and especially the evaluation of business value (Pessi, Magoulas & Hugoson, 2011).

Business executives struggle to identify the payoffs from ICT investments (Khallaf, Omran & Zakaria, 2017). There is an extensive belief that investment in ICT improves firm performance. However, empirical evidence has not been conclusive (Tambe & Hitt, 2012) (Stoel & Muhanna, 2009). These investments usually have two main objectives: to increase the capacity associated with the treatment and storage of data/information, and/or the generation of competitive advantages (Anunciação, Esteves & Lagartinho, 2015). In the latter case, the achievement of competitive advantages is sought in three areas: in generating efficiencies (e.g., through cost reduction), and/or in generating efficiency gains (e.g., in improving of knowledge about customers), or in the differentiation of products or services (e.g., through technological innovations). Those investments in IS/ICT are often viewed by management as a need for competitiveness or sustainability (Anunciação, 2014) and therefore as an unavoidable cost in the face of economic progress and development.

This permanent need for technological updating results mainly from market pressures, either directly through customer demands or indirectly through competitive positioning. One of the demands of the market, in general, and of users, in particular, is a real-time operation, offering convenience in meeting everyday needs (Annunciation, 2014). Hotel rating systems allow customers to infer about facilities and service quality (Viada-Stenger et al., 2010).

However, this economic pressure causes significant organizational turbulence and increases the dependence of IS and ICT, both at the level of business and the organization’s functioning. The balance of these three dimensions (organizational efficiency, strategy effectiveness and business innovation) that pressure organizations is a challenge for the management of economic organizations in general, in particular as regards value generation.

It is precisely for this creation of economic value, according to Zorrinho (2006), that investment should be oriented and evaluated, taking into account the diversity of the factors involved. And like other investments, the development and implementation of IS should be framed as an investment project that, like any other, requires analysis and valuation. This valuation is often done through cost-benefit analysis and not through more conventional techniques such as the Net Present Value or the Internal Rate of Return. Herdero et al. (2013) indicate the existence of three dimensions of
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