Chapter 2

Competitiveness of the Hotel Industry: A Knowledge Management Approach

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ABSTRACT

The principal goal of this study is to identify the role of knowledge management organizational processes as a determinant of competitiveness in the hotel industry, particularly how knowledge management strategies centered on the source (internal and external) and knowledge (tacit and explicit) have a positive impact on the competitiveness of hotels. Authors use a quantitative approach based in an email survey applied to 55 Portuguese hotels. Results show that the knowledge management strategies oriented to source and type of knowledge are critical for hotels’ competitiveness and obtaining competitive advantages. This will help hotel managers better understand how to align the knowledge management strategies in order to improve hotel competitiveness. This chapter is among the first research into the links among knowledge management strategy, based on knowledge source (internal, external) and type (tacit, explicit) and hotel competitiveness, an integrated framework.

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INTRODUCTION

Globalization, the companies’ transformation, the emergence of the digital company, and the evolution of the tourism and hospitality industry represent four powerful drivers of change, which is modifying business environments worldwide (Laudon & Laudon, 2002; Wu & Lin, 2009; Salem, 2014). Knowledge management arose in the last decade of the twentieth century to become one of the most debated management concepts (Hallin & Marnburg, 2008). A company’s value increasingly incorporates intangible assets, allowing them to create competitive advantages and differentiate themselves from competitors, to ultimately succeed through knowledge and its management.

The hotel industry is one of the main components of tourism. As such, being one of the most promising sectors in Portugal, it requires strategies that can increment the country’s economic growth. In Portugal the commercial balance of travel and tourism (% of GDP) has been growing from 3.6%, in 2013, to 5.9% in 2018 (63.9%), and the exportations (% of GDP) has been increasing by 51.9% (5.4% in 2013 and 8.2% in 2018).

Between 2013 and 2017, the number of hotels in Portugal grown 26.0% (1,039 in 2013 and 1,309 in 2017) and the number of overnight stays increased 52.6% (26,100,320 in 2013 and 39,827,049 in 2017), which contributes to a higher level of competition in this industry.

Therefore, hotels should focus on clients’ needs and desires, as well as on recognizing internal factors that can boost their competitiveness. Hence, hotels should implement adequate strategies, such as knowledge management, to face markets’ strong competitiveness and, consequently, improve their performance, increase occupation rates and make profit. The dynamism and agility required by hotels are only viable if compatible with a full and active organizational memory, in which knowledge is created, fluently circulates and naturally grows (Fraj, Matute, & Melero, 2015).

Despite not being considered as knowledge-intensive, hotels sell services whose processes require knowledge. Thus, the knowledge of both the organization and its employees is crucial to follow the markets’ evolution and the shifts in clients’ needs. The knowledge of the workforce or the knowledge of the organization that is expressed in routines and databases, among others, are elements that effectively develop the business in a competitive environment (Latilla et al., 2018). In the same way, a learning and innovation-oriented mindset is crucial for the competitiveness of the hotels (Fraj et al., 2015). Hotels’ performance can be improved by identifying and sharing useful knowledge (Davenport & Prusak, 1998). However, in the hospitality industry, knowledge management has not reached the same scale of empirical research as in other fields (Cepeda-Carrion & Cillo, 2019; Hallin & Marnburg, 2008; Ragab & Arisha, 2013; Salem, 2014). Therefore, the main goal of this study is to identify the role of knowledge management organizational processes as a determinant of competitiveness in the hotel industry. As secondary objectives, we intend to evaluate how knowledge management strategies focused on the source (internal and external) and knowledge (tacit and explicit) may have an impact on the competitiveness of hotels.

The proposed methodology is based on a survey answered by hotel directors in Portugal, which collected data on knowledge management processes and competitiveness.

This study will make two relevant contributions. Firstly, we fill a research gap by providing both theoretical and empirical supports for the links among knowledge management strategy, based on knowledge source (internal, external) and type (tacit, explicit) and firm competitiveness in one integrated framework. Secondly, this research was applied in hotel industry, a sector with intense competition and growth.
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