

# Innovation In Hospitality Industry: A General Overview

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***Abstract -- The highly competitive environment of the hospitality industry drives the search for new ways and elements of efficient performance. The core inclination in this area is the development and application of a variety of innovations and new elements that can serve as an influential force for the development of the hospitality industry. This paper will discuss about need of innovativeness and creativity in present scenario in hospitality organization. In addition, it will disclose the various factors particularly human resource factor for innovativeness and creativity in organization.***

***Index terms: Hospitality Industry, Innovation, Creative thinking and Human Resource***

## I. INTRODUCTION

Modern organizations are facing high change in social and economic activities, and extreme increase in competition. Technological developments are also occurring very fast. Uninterrupted restitution and alteration are required to get place in business. Innovations of all kinds are essential for both the practicability and competitiveness of any industry same as hospitality. The organized and ubiquitous use of innovations is required to ensure the growth of enterprise and about its performance. Initially all forces like employees and customer were reluctant about change and organizations has to compete under the pressure of innovativeness, creativity, innovation in products, services, systems. Work processes being recognized as a key factor to long-term organizational survival and success. However, nowadays, no one needs to be convinced of the importance of innovation in a dynamic world of intense global competition, along with fast changing markets and technologies.

## II. THE NEED OF INNOVATION AND CREATIVITY

There are four types of pattern of competition among companies. They are competition under price pressure, under quality pressure, under flexibility pressure and under the pressure of innovativeness. Companies have to be successful in not only competition and challenge under price and quality pressures but they also are in a tremendous need of flexibility and innovation of the way they do things. The Dutch scholars, Bolwijn, analyze the requirement of innovation in companies and Kumpe (1990), who described above-mentioned patterns of the competition among companies in the developed economies.

The first Competition under price pressures was dominant in 1960's and characterized through the critical role of price of products for attaining competitive success of the companies.

The second type of competition under quality pressure was dominant in the 1970s. The companies tried to create and penetrate markets and market segments where price was not the only buying criterion and the quality of products became a second dimension of the competitive edge. Total Quality Management (TQM) became a main form of quality control and a main center of gravity for the general management. Nowadays, ISO or other form of certification is a common dimension of a modern organization.

Third form of competition was under flexibility pressures, developed in the 1980s. Besides the demands for efficiency and quality, companies found that they could not obtain success without an increases capacity to adapt to new products and processes in a rapid pace, to be able to change rapidly the volume of production, or to alter the existing product variety. In fact, companies had to become

more flexible in all the levels of their business process, which often meant achievement of profound transformations.

Finally, the last form of competition is under the pressure of innovativeness. Starting of 1990s bring complexity in business because of rapid change in consumer preference as well technological advancement. The hastening takes place in two ways: first firms adopt an acceleration in the frequency of change in form of new products and services, new technologies, and second acceleration of the rate of diffusion of innovation, namely the speed with which new products and services occupy markets, or new technologies.

Innovation is not a new term in management and economic literature. Peter Drucker view innovation as an opportunity that results in the creation of a new or different product or service, and it can be a thought, observation, procedure, or product that transforms a new problem-solving idea into an application and is professed as new by an individual. Schumpeter (1934) developed a theory of innovation with reference to the introduction of new goods or new qualities of a good, the introduction of new methods of production, the opening of new markets, the conquest of new sources of supply, and new ways of doing things, or better, unique combinations of the factors of production.

### III. INNOVATION TYPES IN HOSPITALITY INDUSTRY

Types of Innovation Description and Specific ways to implement in hospitality industry

#### 1. Material and technical innovations

Creating new materials, products, services and technologies, new ways to deliver services, improving the old ones, expanding the range of specialized services (for example accommodation facility types according to the needs of customers such as tourists in hotel industry)

#### 2. Economic innovations

The emergence of new markets caused by the introduction of new products or technologies, the creation of new ways to buy and sell goods, and economic processes following the innovation process, expanding the hospitality industry organizations from the center to the periphery

services, erasing "blank spots" in the geographical space of the hospitality industry

#### 3. Organization and management innovations

New solutions and approaches in managing or organizing the working process, implementable in the form of improving the hospitality models used by organizations (European, Asian, American, Eastern European models)

#### 4. Legal innovation

New laws or regulations introduced, as well as significant changes in the Simultaneously implementing the international conventions and national legislation in the field of existing ones hospitality, integrating then national legislation into the system of international law

#### 5. Social innovations

New ideas and solutions with the purpose of addressing the social and cultural challenges which the society faces Implementing new concepts based on the expanding types of tourism (business tourism, educational tourism, eco-tourism, pilgrimage, etc.)

#### 6. Marketing innovations

New or significantly improved marketing methods, encompassing the major changes in the design and packaging of products, applying new sales techniques and product (services) presentations, presenting and promoting them on the markets, developing new pricing strategies

Implementing the results of market research, experience shared by experts, research by competitors, etc., for instance, developing and introducing the concept of sensory marketing

Factors which encourage and responsible for creativity and innovation within organizations in the Hospitality Industry:

In the hospitality industry, contemporary organizations are facing increased social and economic change, changes in customer needs, increased competition among hotels, and technological innovations that are occurring very rapidly. Dealing with these challenges requires looking for ways of cutting costs, improving quality and reputation, gaining flexibility, and becoming more innovative. Innovation is the companies` proactive response to a changing business environment, and continuous renewal and adaptation is required to stay in business.

The innovations in this sector of activity are mostly intangible in nature, which makes it difficult to be monitored and evaluated. The success or failure of the hospitality industry innovations is not the result of managing one or two activities well, but the result of a large number of aspects that have to be managed competently and in a balanced manner. For example, in the hospitality industry, the core service that is offered is important; however this is not considered to be the key success factor, because the success of new services largely depends on the customer's perceptions and on the ways in which the interaction with the customer is shaped and managed with empathy and effectiveness.

It results that innovation in the hospitality industry is based significantly on people, not only in their capacity of innovators, but also in their capacity of providers of hospitality services. Hotels have the same kinds of tangible facilities (bars, restaurants, etc) that differ only in class, style, and design, depending on category and age. If the only way to innovation success is represented by tangible facilities, it would be easy to achieve, as an example, a refurbishment; but "what cannot easily be purchased is staff members who are cooperating harmoniously and who consistently and effectively express the hospitality firm's philosophy and brand" (Ottenbacher and Gnoth, 2005, p. 207). In the hospitality industry, the success of new services does not depend only on the functional aspects of service delivery but also on the investments of time and effort that create the personality of a hospitality organization. This perspective underlines the necessity of an effective human resources management that accompanies the process of the introduction of new services in the hospitality industry.

#### The Most Important Factor: Human Factor in the Innovation Process

The creative and innovative behaviors at job place seem to be governed by a combination of both personal qualities and job place atmosphere. Most important organizational requirement is promoting innovation and creativity within and amongst their employees. It is not an easy task. It requires the understanding of the vital demands for increasing efficiency, improving quality and raising productivity

with the multifaceted and disorganized nature of the creative process that involves generation of new ideas and concepts, or new associations of existing ideas and concepts. That is why a clarification of the nature of the creativity process is important.

According to Teresa Amabile (1998), creativity that exists within every individual is a function of three components: expertise, creative thinking and motivation.

– Expertise is represented by all the knowledge of an individual in the fields connected with his job activity. The sources of this knowledge can be very different, from formal education to what was learned from experience or from interactions with other professionals. It creates an intellectual space nourishing the scrutiny of problems and from where solutions to problems come.

– Creative thinking is a skill that determines how flexibly and imaginatively a person tackles problems. It allows an individual to look for new aspects of a reality, to turn problems upside down, or to combine existing ideas in different and unexpected ways and ideas from disparate fields. As a skill, creative thinking is highly influenced by the personality of an individual and by his or her patterns of thinking and working.

– Motivation is considered by Amabile as determinant factor that puts into action the first two factors - expertise and creative thinking -, and make the person to do what he or she has to do. The lack of motivation makes expertise or creative thinking quite useless, while a motivated person will be able to do the job creatively and achieve high performance.

The organization may promote creativity by addressing all the three factors in conjunction. Training (e.g. in brainstorming, problem solving, lateral thinking) may contribute to the improvement of the employees' ability to think more creatively. Also, knowledge management and learning within an organization are ways through which employees' expertise increases.

Organizations learn in different ways: they benefit from individual learning by the employees, from group learning when relevant knowledge is distributed among colleagues, or even from absorbing the practices, procedures, technology, staff and competences of other organizations.

Finally, motivation is a critical factor in a dramatically changing business environment. Money

should not be the only tool used from the toolbox of motivation; there are many other choices for motivational increase.

Creative people work for the love of a challenge and they experience a feeling of accomplishment that comes from cracking a riddle, be it technological, artistic, social, or logistical. They want to do good work.

#### IV. CONCLUSIONS

It is essential to generate innovative ideas and creative thinking to beat competition and meet customer expectations. It is noticeable that in the hospitality industry the human resources represent a source of value for the innovation process, and hence a factor of competitive advantage. The employees do not only need to be effectively trained in the new service, but also they need to recognize, maintain, support and be fully dedicated to new services.

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