Characteristics of Strategic Management in Innovation in the Field of Hotel Services in Romania

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Abstract

Tourism is an economic and social phenomenon specific to modern civilisation, strongly anchored in the social life and influenced by its evolution. Addressing to large segments, and fully answering their needs, tourism is characterised by high dynamism, both on national and international level. Tourism development, its vast national and international expansion made it become one of the top components of modern economic life, an extremely important phenomenon of the contemporary world, with deep economic, social, political, and cultural implications.

Variety and richness of tourist attractions, natural, cultural, but also historical, bring Romania on one of the top places in Europe. It is a country which amazes and delights at the same time, a unique country. It is a mixture of flavours, tastes, people, and culture.

The hotel industry, considered in most of the countries an autonomous activity, distinct from the tourist field, reunites in a coherent system all the processes developed in the accommodation units generated by the traveller’s reception, stay, and departure. The content of this field evolved along with the development of accommodation structures, and with their involvement in tourist activity, amplifying itself with new functions and forms of services. By the hotel industry, the main services are developed: accommodation and restoration. These services satisfy the tourists’ vital needs, because the hotel industry should also answer other needs or demands, as the recognition of social status, the desire to learn about other cultures or traditions, the pleasantly spending of the leisure time. The hotels sector registered development and modernisation along the time, and by reuniting the tradition of several centuries of hospitality and the restrictions of a performing administration, the hotel activity succeeded to maintain a good position on the market and in front of the competition by: providing services of higher quality, obtaining a good ratio quality/price, a bigger offer for the satisfaction of the most refined demands, improvement of the equipment, and comfort. The necessity to face the multiple challenges characterising nowadays the business environment determines the organisation to practice strategic management. This offers a series of
advantages consisting in offering a coherent perspective over the future of the organisation, and a strong decision and action process for all the levels of leadership.

The subject “Characteristics of strategic management in innovation in the field of hotel services in Romania” intends to emphasise the importance of strategic management and of innovative services in hotel industry.

Due to the higher competition from the hotel industry, the providers of tourist products and services are more and more compelled to take into account customers’ needs, demands and expectations. From this reason, specialists in tourist industry should understand and acknowledge the new tendencies in tourism development, and realise that the customers’ greater demands oblige them to use new instruments of strategic management. Furthermore, it is not enough for them to understand and to acknowledge this fact, it is important that all the persons involved in this field apply these ideas, and constantly find innovative solutions in order to efficiently serve their customers.

**Keywords:** strategic management, innovation, hotel services, Romania

**Literature Rewiew**

**Strategic Management**

Strategic management is one of the modern leading forms (Istocescu, 2005), based on the changes and the alterations which need to be operated within an organisation and within its interactions with the environment where it functions. The concept of “strategic management” appeared officially in the management vocabulary in 1973, at the “First International Conference on Strategic Management”, introduced by the American theoretician Igor Ansoff (cited by Popa, 2004), at the University Vanderbilt (USA).

After more than three decades from the first use of the term of strategic management by Igor Ansoff, the specialists’ opinions on this concept continue to be divided, because they could not reach a unitary approach (Băcanu, 1997). Igor Ansoff (1996) defines strategic management as a modality of leading the company with the assurance of a strong connection between strategy and production. Fred David (2007) considers strategic management an art and the science of formulation, implementation and evaluation of correlated functional decisions, allowing an organisation to reach its objectives.

Thompson and Stricklaned (1986) also define strategic management as a process where managers establish the long-term orientation of the enterprise, propose specific performance objectives, develop strategies for accomplishing these objectives, in agreement with all the internal and external factors, and try to execute the action plans chosen. Strategic management contains a set of decisions and actions, materialised in the formulation and implementation of plans designed to realise the objectives of the company (Nicolescu and Verboncu, 1999).
By strategic management we have in view the whole management of a company based on strategy, therefore it refers to the scientific management of the company, which always is founded on strategy (Nicolescu, 1996).

Strategic management has a richer and larger content than strategic planning, which includes it in the quality of the realisation instrument. It consists in an ensemble of decisions and actions which had the result of formation, implementation and control of strategies adopted in order to realise the objectives and its profitable adaptation to the environment changes (Manes, 2000).

Russu (1999) defines strategic management as a process by which the top management of the organisation determines the long-term evolution and its performances, assuring the rigorous formulation, the corresponding application, and the continuous evaluation of the strategy established.

Other definitions are more analytical, for example, according to Daft (1990), strategic management is the set of decisions and actions used for the formulation and implementation of strategies and plans. This set can become a good correlation from the point of view of the competitiveness between the organisation and its environment, which could allow the accomplishment of organisational objectives.

The diversity of the definitions offered by strategic management and conceptual constructions used means not only differences of language, but also of background, according to each person’s different perception regarding the phenomena and the development area, according to the mutations which took place in the plan of strategic thinking and concepts concerning the organisation.

Consequently, we can state that strategic management represents a complex concept, with multiple connotations, being a new form of management, based on strategy, where the emphasis is on its formulation, implementation, and continuous evaluation, while managers try to assure the lasting performances of the organisation.

**Innovation And Its Characteristics**

In the literature, there are different formulations concerning the concept of innovation, and therefore we chose to present the concept both at large, and restrictively. From a restrictive point of view, the concept of innovation is present especially in the German speaking areas (Brockhoff, Forschung and Entwicklung, 1997), and it refers to the development and realisation of a new product or technical procedure.

From a larger point of view, the concept of innovation represents the novelty, or what is newly brought in an enterprise, these innovations being represented by the new products, processes, technological procedures, but also by the structures and innovations related to the new distribution channels.
The concept of innovation refers both to products and to services, with the purpose to successfully impose the idea on the market, and to increase significantly and on long-term the utility for the customers, in order to satisfy their needs. Innovations are not a reason or a purpose as such, they appeared only when needed by customers, and this is why many current managers started by analysing the market, discovering that something had been missing from what customers needed. They started to imagine what they would have wanted if they had been buyers themselves, and to test products which did not exist on the market.

After creating in their minds the image of “that something” (Corodeanu, 2008) which was missing from the market, they made great efforts to realise it. This is the so-called creative imagination from which so many products and services came to life, assuring the quick success of several businesses, and also of their managers. “Imagination does not need special knowledge and culture, each one is endowed with it in a certain degree, which can be developed” (Karayiannis, 1995). Imagination is not enough, however, for designing new and improved products and services, but it is the beginning of this activity. First, the creator should have enthusiasm for this idea, and then, the desire to make it real.

Innovation is the soul of every exceptional and successful business. The innovating creator always asks himself: what is obstructing the customers to get what they want from this business? In order that the innovation has value, it always must rely on the customers’ points of view. This should make the work of the creators-owners and of their employees easier in the process of business operation, or else there would be no innovation, only complication. Consequently, innovation is the mechanism by which the creator’s business is identified in the customers’ mind and establishes its individuality. From this point of view, innovation is the capacity to find “the best way”, and this good feeling is sent to all those who contact the organisation as employees, customers, providers, or bankers.

The first definition of innovation (from a historical point of view) was given in 1941 by the English economist Schumpeter, who stated that innovation represented the action to produce something else, or differently. According to Schumpeter, there are six types of innovation (Călin and Botez, 2002):

- creation of a new product;
- introducing a new production method;
- use of new raw material;
- entering a new market or creation of a new market;
- new organisation of the company;
- creation of a new image of the company.

The first three activities aim the technological innovation, and the following three the economic innovation. Innovation does not always mean a revolutionary process, it can be realised in small steps. In order to materialise the innovation, there are several stages (Plumb, et.al., 2007):
getting to the source of the ideas: imagination, observations, analyses;
creativity for generating new ideas;
refining the idea in order to establish if it is compatible with the problems and policy of the company;
feasibility to justify the technical and economic utility of putting the idea into practice;
implementation in practice of the new idea;
obtaining the result: new product, new process, lower costs;
in order to materialise the innovation, there are different activities, as follows: activities of horizontal transfer, elements of novelty, new uses, activities of vertical transfer: knowledge – research – new product\ new technology; new organisation of the company: a new image.

With no relation to the interpretation chosen in what concerns the definition of the concept of innovation, this generally has four characteristics (Ghibuțiu, 2004):
- novelty;
- complexity;
- lack of certitude;
- conflict potential.

No matter the individual motivation of the innovators, they try to improve and to modify what already exists by creating new values and new and special satisfactions, more productive than the current ones.

The successful innovator should observe five successful rules (Ciobanu and Ciulu, 2005): systematic innovation starts with the analysis of the opportunities and of the sources of these opportunities, the changes, respectively; the search should be organised and systematic, because only “the attention” is not enough; innovation is conceptual and perceptive; the second imperative is “see, question, listen” in order not to risk the presentation of an excellent innovation in an unattractive or a non-corresponding form; innovation should remain simple and concentrated, any complicated thing produces confusion, which amplifies the problems often associated to novelty. Furthermore, any innovation should focus on the satisfaction of a clear and specific necessity, and should produce a specific result; innovation is realised at a low scale; consequently, little money are necessary, few people, and, in the beginning, a small market; also, it can be easily improved before the great launch; innovation aims the supremacy in order to succeed to impose to a certain environment; otherwise, it only creates opportunities for the competition.

Innovation And Strategic Management Within A Hotel

Research Of The Customers’ Perception Concerning Innovation

In a discontinuous world, only radical innovation can lead to prosperity. Innovation is everywhere around us, however in the hotel industry it is more present than anywhere, especially in direct relation with the customer.
In general, in services, the difference between a common employee and a very good one is given by the capacity to innovate and to find innovative solutions, which then become a part of daily work procedures. To be innovative does not mean to be undisciplined, and to be disciplined does not mean to be a robot applying only what others say. This can be a short description of the permanent "fight" within Hotel X (from confidentiality reasons, we chose to code the mark name of the hotel) to find and to support the employees’ innovation and to use it in order to realise the objectives.

This research has the main purpose to identify the customers’ expectations and perceptions concerning the innovative services and the innovative technologies used by Hotel X.

The objectives of this research, subordinated to the purpose mentioned above are as follows:
O1. To obtain the necessary data by the realisation of a market research using the questionnaire as a data collecting instrument, applied on the customers of Hotel X.
O2. Analysis of the customers’ attitude concerning the innovative services and the innovative technologies used within Hotel X.
O3. Identification of the types of managerial strategies concerning the innovative services and the innovative technology within Hotel X.

Research Methodology

In order to reach the purpose intended with this paper, in this research we combined theoretical and practical aspects. The methods used in the research were diverse and in agreement with the objectives established. These methods are as follows: the documented study with two aspects – bibliographical documentation from internal sources, and bibliographical documentation from external sources; theoretical analysis; observation; practical documentation and collecting the informative material realised by the research within Hotel X; exploratory study involving obtaining data with the help of the enquiry, using the questionnaire as a data collecting instrument, applied on the customers of Hotel X; information synthesis, the information has been processed with the programme SPSS Statistics 17.0; analysis of the information and establishing the conclusions.

Analysis Of The Questionnaire

With the help of the questionnaire, we can create an image about the customers’ expectations and perceptions, concerning the innovative services and technologies used in Hotel X.

We will start with the analysis of the questions from the questionnaire, in order to offer a perspective over the concept of innovation in Hotel X.

First question: How often do you use the services of Hotel X? - we analysed the frequency of the customers’ request of services of Hotel X.

Question no. two: Which is the purpose of your voyage? – we intended to obtain information concerning the main purpose of the stay at Hotel X.
Question no. three: How satisfied are you with the services offered by Hotel X? – it emphasises the degree of satisfaction with the hotel services that the customers benefitted from.

Question no. four: Which is the main reason for which you choose Hotel X as accommodation unit? – it helps us to establish the strengths of Hotel X.

The elements influencing both the environment where the service is provided, and the customer’s perception of the consumed services are the most important ones for an accommodation structure, and, for this reason, we tried to identify the degree of importance in the customers’ opinion in what concerns: exterior aspect, location, ambience, quality of services offered and of the equipment of Hotel X.

In order to identify the degree of importance, we asked the following question: How important are for you the following aspects in choosing Hotel X?

Question no. six: What does the concept of innovation in a hotel mean to you? – has the purpose to identify if the customers know the concept of innovation.

The purpose of the seventh question: Which of the innovation elements (from question no. six) do you consider present in Hotel X? - is to identify the customers’ opinion on the innovative elements within Hotel X.

By question no. eight: Are you satisfied with the degree of innovation within Hotel X? – we wished to identify the customers’ agreement or disagreement towards the degree of innovation within Hotel X. At the same time, we also identified the degree of satisfaction in what concerns innovative services of the hotel, as well as the expectations of the customers regarding the services offered.

Question no. nine: Which innovative elements do you consider more necessary in the equipment of Hotel X? – has the purpose to identify the innovative services which the hotel should adopt.

By question no. ten: Which of the following strategies do you consider that would be successful in Hotel X? – we tried to identify the managerial strategy used by the management of Hotel X.

A Few Conclusions Of The Research

In table no. 1 we present the answers received at question no. six, addressed to the customers of Hotel X. Consequently, we notice that the most important aspect from the point of view of innovation is represented by the technical equipment of the room and of the peripheral areas of the hotel (45%), followed by the creation of new and modern products, and interior decoration of the hotel (21%). Software programmes used for the realisation of the basic services of the hotel are on the third place, with 12%.
Table 1 Customers’ perception concerning the definition of the concept of innovation

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of new and modern products</td>
<td>21</td>
<td>21.2</td>
<td>21.2</td>
<td>21.2</td>
</tr>
<tr>
<td>Interior decoration of the hotel</td>
<td>21</td>
<td>21.2</td>
<td>21.2</td>
<td>42.4</td>
</tr>
<tr>
<td>Technical equipment of the room and of the peripheral areas of the hotel</td>
<td>45</td>
<td>45.5</td>
<td>45.5</td>
<td>87.9</td>
</tr>
<tr>
<td>Software programmes used for the realisation of certain services</td>
<td>12</td>
<td>12.1</td>
<td>12.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>54</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

In table no. 2, we present the answers obtained at question no. ten, addressed to the customers of Hotel X.

Table 2 Customers’ opinion concerning the success strategy adopted by Hotel X

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovative strategies</strong> – based on the quick promotion of the technical progress, new technologies and products</td>
<td>22</td>
<td>26.2</td>
<td>26.2</td>
<td>26.2</td>
</tr>
<tr>
<td><strong>Diversification strategies</strong> – involve the enlargement of the range of products used</td>
<td>34</td>
<td>40.5</td>
<td>40.5</td>
<td>66.7</td>
</tr>
<tr>
<td><strong>Specialisation strategies</strong> – based on restraining the range of products produced</td>
<td>13</td>
<td>15.5</td>
<td>15.5</td>
<td>82.1</td>
</tr>
<tr>
<td><strong>Quality-price strategies</strong> for tourist products and services offered</td>
<td>15</td>
<td>17.9</td>
<td>17.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>54</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the answers obtained, we will identify the stages of strategic management in Hotel X.

**Current Approaches Of The Strategy And Strategic Management In Hotel X**

We will analyse the strategies adopted in Hotel X, according to the stages of strategic management, the information being obtained in a semi-structured interview of the executive director of Hotel X, who presented us extensively the strategies adopted in the hotel, and which of them were successful.
Stages Of Strategic Management And Strategies Used In Hotel X

Strategic management is essential for the realisation and founding of the activities within Hotel X, being organically correlated with the function of foreseeing, which involves finding and anticipating the changes and the models that need to be realised inside the hotel and in its relationship with the environment, receptivity to novelty, dynamism and flexibility in managerial functions, therefore assuring a high competitiveness.

Strategic management is based on strategies, which should be performing and should reunite the activities related to the prefiguring of the future by previous detection of the problems which Hotel X is going to confront with in the future.

The stages of the strategic management process in Hotel X are presented in figure no. 1:

Figure 1 Stages of the strategic management process in Hotel X

Strategies Adopted According To The Analysis Of External Factors

This analysis is realised on two levels: micro-environment and operational environment, due to the fact that Hotel X can have a successful activity in the future, if it is involved accordingly in the environment where it develops its activity.

In the realisation of the environment analysis, we consider that this is formed of:
- general environment;
- operational environment.

The general environment is formed of: elements of economic environment (employees’ salaries, taxes paid by employees and companies, inflation, cost of raw material used, prices of products and services offered by the producing companies).

Consequently, the following were adopted: a global economic strategy, aiming all the activities of the hotel, offering salaries which would keep the personnel, stimulate and motivate them accordingly, so as the activity of the hotel could develop in optimal conditions and could reach
the desired performance; economic strategies established on the basis of economic criteria, their objective being the realisation of a reasonable profit; strategies of establishment of tariffs and prices, according to the provisions of the Law of competition no. 21/1996 and The Order of the Ministry of Tourism no. 512/2002 regarding the approval of tariffs policy in tourist accommodation structures, according to which the tariffs are determined “freely, based on the demand and on the offer, and on the quality of the services offered”; strategies of diversification of services by satisfying all customers’ demands; a privatisation strategy, the patrimony going to be owned by a private company; informational strategies in order to redesign the informational system, by appealing massively to modern calculus technique. Operational environment is made of: customers – a strategy of specialisation was adopted, taking into account the specific category of customers where it fitted; providers – strategies of choice of providers were adopted, concerning the conditions of payment, the quality of the merchandise and of the raw material provided, and of the prices; competition – a strategy of knowing the competition was adopted, by differentiation from the competition.

Strategies Adopted According To The Analysis Of Internal Factors

The internal factors influencing strategic management and strategies are: the hotel and its management. Consequently, Hotel X adopted global strategies concerning the organisational structure within the complex, and partial strategies concerning the system of planning the objectives, the system of activity control.

The technical department, necessary for the good development of the activity in Hotel X by the qualitative level of machines and equipment, adopted and used strategies based on technological advantage, oriented on the purchase and use of modern technical means, which assure lower costs and higher quality of services and, implicitly, a competitive advantage of the hotel.

Strategies Adopted According To The Analysis Of The Mission And Of The Objectives Of Hotel X

The mission should be permanently updated, because the world we live in is in a continuous development.

- The mission of the hotel represents its directions as follows:
  - permanent preoccupation for enlargement, even in the periods of economic regression;
  - permanent innovation in the methods of work and of management, in room equipment, in the use of informatics means, in conceiving marketing policies;
  - preoccupation for the employees (professional development, career opportunities, personal wealth);
  - cultivation and maintenance of personal values, their transformation in traditions (a stable and well implemented organisational culture, personal behaviour norms for the staff, lasting development norms, ethics in business);
vast network of partnerships for the development and capitalisation of local communities, for solving global humanity problems (discrimination, poorness, exploitation, resource exhaustion);
- help given to the victims of natural calamities;
- permanent vision of lasting development.

The mission of the hotel helps formulating strategic objectives and modalities to accomplish them, with a favourable impact in formulating the strategies.

*Formulation Of Strategies In Hotel X*

The formulation of strategies was realised differently, according to the level:
- on the general level of the hotel, by analysing the influence of the external and internal environmental factors, strengths and weaknesses, opportunities and dangers;
- on the departments level, taking into account the general problems of the hotel

According to the general environment of action of Hotel X, its management adopted a long-term global strategy, aiming all the departments of the hotel, from which the following partial strategies result:

Table no. 3 Strategies adopted on departments in Hotel X

<table>
<thead>
<tr>
<th>Department</th>
<th>Adopted strategy</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic-financial</td>
<td>Economic, established according to the economic criteria, with the objective of realising a reasonable profit</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Establishing tariffs and prices</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td>Oriented on lower costs and on the technological advantage</td>
<td>Short</td>
</tr>
<tr>
<td>Human resources</td>
<td>Organisational</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td>Recruitment and selection of well trained personnel corresponding to the job</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Improvement of some employees</td>
<td>Medium</td>
</tr>
<tr>
<td>Marketing</td>
<td>Diversification of services</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Development</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Choosing the best providers</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td>Offensive, promotional</td>
<td>Long</td>
</tr>
<tr>
<td></td>
<td>Diversification of purchases</td>
<td>Short</td>
</tr>
<tr>
<td>Administrative</td>
<td>Based on observation of laws</td>
<td>Short, medium and long</td>
</tr>
<tr>
<td>Technical</td>
<td>Development</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Informational</td>
<td>Short</td>
</tr>
<tr>
<td></td>
<td>Based on the technological advantage</td>
<td>Medium</td>
</tr>
</tbody>
</table>
Implementation Of Strategies In The Plan

This is the final stage of the strategic management process, which takes into account the main exogenous variables influencing the activity of Hotel X, the intensity of their manifestation and the capacity of adaptation of the hotel by change.

Conclusion

In this paper we presented a few aspects concerning strategic management and the importance of the concept of innovation in hotel industry. After a thorough analysis of the concept of innovation in the hotels, we reached the conclusion that innovative elements are essential in a hotel in order to appear on the market and be successful. The purpose of this study was to explore the customers’ desires and preferences concerning hotel services. In an environment with growing competitiveness in the hospitality industry, the elements of added value offered to the customers often make the difference, the new technologies, which the customers prefer, being in the category of extra value services.

Hotel industry changes rapidly due to the accelerations in the field of technology of information. Consequently, there is a stronger necessity for the hotel managers to massively invest in technology, by proactive modifications, which concentrate on the customer’s preferences, on quality, on innovating technological elements. Therefore, the benefits of innovative services are more and more obvious in the hospitality industry.

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