

# RESEARCH ON THE PERCEPTION OF EMPLOYEES WITH REGARD TO THEIR CONTRIBUTION TO CREATING COMPETITIVE ADVANTAGE IN LUXURY HOTELS IN BUCHAREST

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## Abstract

*The competitive advantage of a company brings together the unique elements and attributes that it owns and exploits them in order to set apart significantly from its competitors. Advantage benefit sources are multiple, and a combination thereof leads to a series of unlimited opportunities for strengths diversification against the competitors. One of the most valuable sources is the employees, whose contribution is vital to gaining competitive strengths. This paper aims to investigate the perception of the employees of the luxury hotels in Bucharest regarding their own contribution to the creation of the competitive advantage. The research was conducted using a questionnaire applied to people with work experience in 4- or 5-star hotels in the capital city, regardless of the position held, and was based on three main objectives. The first set goal was aimed to test the hypothesis according to which employees are the most important source of competitive advantage, but this was not fully confirmed by the respondents. The second hypothesis refers to the fact that all positions held within a luxury hotel can contribute to the creation of the competitive advantage, which is unanimously confirmed by the interviewees. The third objective of the research was to discover how the employees of the luxury hotels in Bucharest assess their own contribution to the creation of the competitive advantage within the hotel where they work; The conclusion for the proposed objective was that they assess on average their own contribution with a grade of 8 out of 10. The implications of this article may be found in other researches that could, for example, address the competitive advantages of luxury hotels in other cities worldwide, compared to those in Bucharest or the differences between luxury hotels in Bucharest and those located in other large cities in Romania, in terms of competitive advantage.*

**Keywords:** Competitive advantage, employee perception, luxury hotels, Bucharest

**JEL Classification:** L83, C83.

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## Introduction

Competitive advantage lies at the core of any company's performance, and when properly known and capitalized, it ensures a top position within the target market and gaining all the benefits generated by that position. When a company implements a value creation strategy that does not occur simultaneously with any other current or potential competitor, then there is certainly a competitive advantage.

This research aims, on the one hand, to address the topic of the competitive advantage and sources of its origin in the luxury hotels in Bucharest, and, on the other hand, to discover the perception that the employees of these hotels have regarding their own contribution to the creation of competitive advantage through the position they held.

The research is structured into four sections that expose the information from a general approach to a subjective approach to the topic: Specialized literature review, research methodology, results and discussion, and finally, the section with conclusions.

## 1. Literature review

The competitive advantage can be defined as the ability of a company to use the resources at its disposal to differentiate itself significantly against other competitors, meeting the needs of consumers with efficiency and quality services, while creating powerful barriers against imitation. Furthermore, the competitive advantage brings together those unique elements and attributes that an organization holds and exploits to instill the business the ability to generate significantly greater value to the company, but also to shareholders over time (Benedictar, 2012, p. 5).

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In order to create value for its shareholders, a company must obtain the competitive advantage by permanently adapting to the uncertain conditions of the external environment, in particular by understanding the ever-changing needs of consumers and responding to the challenges generated by new entrants to industry (Kim, 2004, p. 65).

Sources that can be exploited to gain competitive advantage are multiple, giving companies a greater opportunity to diversify their strengths against the competitors. Among the most relevant sources for obtaining the competitive advantage, identified after consulting the specialized literature, are: Strategy, architectural innovations, differentiation, technologies and information, brand identity, employees etc.

Formulating a strategy was the first source identified as having a particularly important role in the competition between hotels. Enz (2011, p. 3) emphasizes that, regardless of the position an employee holds in a hotel managerial hierarchy, it is essential that he / she understands the importance of strategic management for shaping an advantageous competitive position.

Another hypothesis is that architectural innovations are another important source of competitive advantage for luxury hotels. To test this hypothesis, Dogan et al. (2013, pp. 701-710) conducted a study that assessed and evaluated the perception of tourists, managers and employees of a 5-star hotel in Alanya, Turkey. The research results, in which 297 respondents participated, confirmed that the innovations in the luxury hotel architecture are an important source of competitive advantage.

In addition to the benefits of the above-mentioned sources, the advantages of technology and information are also incontrovertible in gaining competitive advantage for any company, regardless of the field of activity. Finding their applicability in hospitality, these sources generate new products and services that are highly competitive on the hotel market, especially the luxury one, taking into account the significant financial resources that a hotel needs to invest in gaining competitive advantage in the technical field (Xu and Quaddus, 2013, pp. 27-40).

By addressing the same topic in another paper, technology as a source of competitive advantage, Cakmak and Tas (2012, pp. 274-285), however, draw attention to the way in which this resource must be exploited in order to obtain a competitive advantage. According to them, the recommendation for a competitive advantage position is to use the technology to lead the company to the set of objectives drawn up in the vision and mission of the organization; otherwise, only technical and economic benefits from the use thereof shall be obtained.

Another point of view regarding technology as a source of obtaining the competitive advantage is presented in the work of some Spanish authors. Bruque-Camara, et al. (2003) assert that many researches support technology as a source of competitive advantage only when it produces its effects together with human or managerial resources of intangible nature.

Another resource that luxury hotels can successfully turn into a competitive advantage, difficult to fight by other competitors, is the brand. The performance and reputation of a hotel brand depends on the success of its appearance physical elements, such as its logo or name, but also the recognition of intangible elements, such as organizational culture (Foroudi, 2019).

The importance of the brand is much higher for the hotel industry, with a particular influence on the ultimate purchasing decision of the consumer, as compared to other industries such as the textile or automotive industry. Most of the time, when in need to choose a hotel, guests are not only looking for comfort and safety but, most importantly, are looking for emotions, a sense of belonging, especially when the accommodation has recreational purpose.

Last but not least, one of the most important sources of obtaining the competitive advantage for an organization is the employees. Even more so for hotels, perhaps this is the most important resource given the direct contact customers have with hotel staff at every turn. I reckon that customer experience with employees during the stay has a greater influence on the perception they create about the hotel than any other experience they can have.

The hospitality of a hotel is primarily due to the staff, and it will only be strengthened by innovative services and facilities. For example, the hospitality and courtesy of the receptionist, as well as the promptness with which he / she responds to customer requests, may be the reasons why guests become loyal to a hotel, although accommodation conditions of a competing hotel may be superior.

The previous assertions are supported by authors of scientific papers in the field of competitiveness, which deem employees as a resource that cannot be substituted, compared to other resources that can easily be replaced with a view to gaining competitive advantage. Mathur (2015) asserts in his work that employees' perception, dedication and involvement are a source of sustainable competitive advantage. Attracting and retaining the right employees at the right positions is considered to be one of the most relevant ways of achieving success under the conditions of today's strong competition.

The assumptions of the research were highlighted following the consultation of the specialized literature.

According to the first hypothesis proposed for research, employees were the most important source of competitive advantage, as has been shown by other research. One of the papers mentioned pointed out that, as compared to other company resources, employees cannot be substituted.

The second hypothesis refers to the fact that all positions held within a luxury hotel can contribute to the creation of the hotel's competitive advantage.

The paper also aims to discover how the employees of the luxury hotels in Bucharest appreciate their own contribution to creating the competitive advantage within the hotel where they work.

## 2. Methodology

The paper is based on a quantitative research, and I used the questionnaire as a tool for collecting the data. The research took place in January of 2019 and was carried out through several stages.

The first stage consisted of ample documentation based on the specialized literature and, as a result, three hypotheses were formulated and proposed for research.

Besides the intention to draw up the hypotheses of the research, among the objectives I proposed in the analysis of the specialized literature were: Defining the concept of competitive advantage, identifying the sources of its origin, but the extent to which the employees can help create and maintain an advantageous competitive position within a hotel.

According to the researches, mentioned in the second part of the paper, the sources of the competitive advantage include: Employees, technologies and information, differentiation, brand identity, strategy, architectural innovations, etc.

The next stage was the design of the questionnaire. A questionnaire with 15 closed questions with a single answer was used, and the questionnaire was distributed using the platform [www.sondaje.ro](http://www.sondaje.ro). As far as the research respondents are concerned, they were currently residing in Bucharest, current or former employed in a 4- or 5-star hotel in Bucharest, regardless of the position or the experience gained on that position. Potential respondents were contacted through online communication channels, i.e. hotel emails, their social networks, or employees' professional social networks (LinkedIn) to invite them to participate in the research. 40 validated questionnaires were generated.

## 3. Results and discussions

The first results address the professional profile of respondents and are summarized in *Table no. 1*.

**Table no. 1: Professional profile of respondents**

Profile dimensions	Variables	Share
<b>Current position held</b>	Receptionist	48
	Reception manager	12.5
	Department manager	10
	Maid	10
	Sales agent	7.5
	Other positions (client support, waiter, human resources trainer)	7
	Technician	5
<b>Experience in the hospitality industry</b>	<b>Less than 1 year</b>	<b>40</b>
	<b>Between 1 to 5 years</b>	<b>40</b>
	<b>Between 5 to 10 years</b>	<b>15</b>
	<b>More than 10 years</b>	<b>5</b>
<b>Experience on the current position</b>	Less than 1 year	50
	Between 1 to 5 years	42.5
	Between 5 to 10 years	7.5
	More than 10 years	0
<b>Comfort level of the hotel</b>	<b>4-star</b>	<b>62.5</b>
	<b>5-star</b>	<b>37.5</b>

Source: author, based on research

It can be observed that most of the interviewed employees (48%) hold a receptionist position, 12.5% hold the position of reception manager, being followed by department managers and maids, with a percentage of 10% for each of them these positions.

In terms of experience in the hospitality industry, 40% of respondents have less than 1 year of experience, the same percentage is also represented by those with an experience of 1 to 5 years, 15% have an experience of 5 to 10 years, and only 5% have more than 10 years of experience in the field.

Most respondents, 50%, have been working in the current hotel for less than 1 year, 42.5% have been holding the position between 1 and 5 years, and 7.5% have been working within the hotel for a period of time between 5 and 10 years and only 2.5% of respondents had been employed in a hotel for more than 10 years.

The second section of the questionnaire aimed to prioritize the sources of the competitive advantage identified in the specialized literature, and the first hypotheses of the research would be confirmed and refuted based on the responses provided by the respondents. The responses provided by the employees are summarized in *Table 2*.

**Table no. 2: Distribution of respondents by the degree of assessment of the source of the competitive advantage**

Source	Level of assessment				
	Very important	Important	Average importance	Of little importance	Not at all important
Positioning on the market	19	15	4	1	1
Quality of services	34	3	1	1	1
Employees	33	4	1	1	1
Differentiation (services different from those of competitors)	22	15	2	1	1
Architectural innovations	11	15	12	1	1
Technology and information used in the hotel	17	16	5	1	1
Brand identity (image of the hotel chain)	21	11	6	1	1

Source: author, based on research

In order to interpret the results obtained, the algorithm for calculating scores was employed using the statistical method of the 'Semantic Differential' scale, from 5 ('Very important') to 1 ('Not important at all'). The ranking was determined by establishing the score, as shown in *Table 3*.

The higher the score, the more important the source of the competitive advantage for the respondents.

**Table no. 3: Score calculation algorithm with the semantic differential scale method**

Source	Score obtained
Positioning on the market	4.25
Quality of services	4.62
Employees	4.6
Differentiation	4.45
Architectural innovations	3.32
Technology and information used in the hotel	4.17
Brand identity	4.25

Source: author, based on research

The results obtained from the calculation of the score indicate that the interviewees deem the quality of the services as the most important source of the competitive advantage, which invalidates the first hypothesis of the research. However, the second-placed source was indeed represented by employees, followed by differentiation of services from those of competitors.

This section also included other key questions addressed to employees, aimed at identifying the source of the competitive advantage for each of the hotels participating in the research. Responses provided by respondents are summarized in *Table 4*.

**Table no. 4: Source of competitive advantage for hotels participating in the research**

The question posed	The answer given	No. of respondents	Share
Do you think that the hotel you are working at has a competitive advantage on the Bucharest hotel market?	Yes	33	82.5%
	No	7	17.5%
What do you think is the competitive advantage of the hotel you are working in?	Positioning on the market	2	5%
	Quality of services	14	35%
	Employees	8	20%
	Differentiation	3	7.5%
	Architectural innovations	1	2.5
	Technology and information used in the hotel	1	2.5
	Brand identity	4	10%

Source: author, based on research

According to the data from *Table 4*, 82.5% of employees believe that the hotel where they work in has a competitive advantage on the Bucharest luxury hotel market, while 17.5% have given a negative answer. Regarding the competitive advantage of the luxury hotels in Bucharest in exchange, the main source thereof is the quality of services, followed by the employees and the brand identity, according to interviewees.

The last section of the questionnaire included questions to meet the following two major research objectives, on the one hand, to discover whether each occupied position within a luxury hotel in Bucharest contributes to the creation of a competitive advantage and, on the other hand, find out how the interviewed employees assess their own contribution to creating competitive advantage through the position they hold.

When asked if any of the positions held at a luxury hotel in Bucharest give the employee the chance to participate in creating the competitive advantage, the respondents unanimously confirmed this.

As regards the personal contribution to the creation of the competitive advantage within the hotel they work in, the interviewed employees assessed their personal contribution with scores as shown in *Table 5*.

**Table no. 5: Appraisals of their own contribution to the creation of competitive advantage**

Score awarded	Personal contribution							
	10	9	8	7	6	5	4	3
No. of respondents	6	6	16	7	2	1	1	1
Share	15%	15%	40%	17.5%	5%	2.5%	2.5%	2.5%

Source: author, based on research

By averaging the scores, we ascertained that the interviewed employees place their own contribution to creating the competitive advantage around score 8.

In order to determine the representativeness of the scores awarded by the employees to their own contribution to the creation of the competitive advantage, we chose as the method of statistical interpretation the one-way dispersion analysis - Anova, the first factorial variable chosen being *experience in the hospitality industry*:

- *Dependent variable*: Contribution assessment score of each interviewee to the creation of the competitive advantage;
- *Factorial variation divided by groups*: Experience in the hospitality industry (Less than 1 year, Between 1 to 5 years, Between 5 to 10 years, More than 10 years).

The analysis starts from the average score of each employee's contribution to creating a competitive advantage in the hotel where he / she works, determined by each employee group according to each person's experience in the hospitality industry.

The results obtained indicate that for 95% probability, all confidence intervals of the average scores are statistically significant.

The interdependence between the assessment score of the contribution of each interviewee to the creation of the competitive advantage and the level of experience of each employee in the hospitality industry by the four groups was analyzed through the results of the comparison of the average scores based on the basic assumptions:

- The null hypothesis is  $H_0$ : Experience does not generate significant differences between groups of employees as regards their contribution to the creation of competitive advantage in hotels
- The alternative hypothesis  $H_1$  : Experience generates significant differences between employee groups in terms of their contribution to creating competitive advantage in hotels

**Table no. 6: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.567	3	2.522	.957	.423
Within Groups	94.833	36	2.634		
Total	102.400	39			

Source: author, based on research

As a result of applying the One-Way Anova test by the F-value test of 0.957 lower than its critical value of 2.84 and a Sig critical probability value of 0.423 higher than the significance threshold of 5% (0.05) leads to the decision that the experience does not generate significant differences between the groups of employees regarding their own contribution to the creation of the competitive advantage in the luxury hotels in Bucharest.

The second factorial variable chosen for exemplification is represented by the *age of employees*:

- *Dependent variable*: Contribution assessment score of each interviewee to the creation of the competitive advantage;
- *Factorial variation divided by groups*: Age categories of employees (between 18 to 29 years, between 30 to 39 years, between 40 to 49 years, between 50 to 59 years, over 59 years old).

The interdependence analysis between the assessment score of the contribution of each respondent to the creation of the competitive advantage and their age categories continued with the results of the comparison of the average scores, starting from the basic assumptions:

- The null hypothesis is  $H_0$ : There are no significant differences in age groups between the average contribution of the employees to the creation of the competitive advantage in the luxury hotels in Bucharest;
- The alternative hypothesis  $H_1$ : There are significant differences in age groups between the average contribution of employees to the creation of competitive advantage in luxury hotels in Bucharest.

**Table no. 7: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	29.993	4	7.498	3.625	.014
Within Groups	72.407	35	2.069		
Total	102.400	39			

Source: author, based on research

Applying the One-Way Anova test led to results that, by the F-value test of 3.625 higher than its critical value of 2.61 and the Sig critical probability value of 0.014 lower than the significance threshold of 5% (0.05) leads to the conclusion that there are significant differences in age groups between the average contribution of employees to the creation of a competitive advantage in hotels.

### Conclusions

The first conclusion of the research is the achievement of a representative socio-demographic profile of the interviewed employee: Female, aged 18-29 years old and university graduate. She also had a 1 to 5-year experience in the hospitality industry, at the time of research she had been holding a receptionist position for less than a year in a 4-star hotel older than 10 years on the hotel market luxury in Bucharest.

Regarding the hierarchy of sources of origin of the competitive advantage mentioned in the specialized literature, the results indicated that the employees place the quality of the services first, followed closely by the employees. There are also employees who believe that the hotel they work in does not have a competitive advantage. But talking about a luxury hotel market, it is unlikely that such a case would be taken into account. The discovery can

be attributed to the fact that respondents are poorly trained and do not attach sufficient importance to the hotel's business strategy, or the communication of such information is not efficiently achieved from top hierarchical positions to lower ones.

Employees who believe that the hotel they work in has a competitive advantage have indicated the quality of services as a predominant competitive advantage. This finding leads to the conclusion that Bucharest's luxury hotel market is differentiated by quality services, which must be taken into account both by hoteliers already present on this market and by those who intend to enter in the future.

The most important conclusion of the research is that, on a scale of 1 to 10, the Bucharest employees assess their own contribution to creating the competitive advantage of the luxury hotel where they work on average with score 8. It was pointed out that the level of appreciation differs significantly according to the age group of the employees, but not according to their professional experience.

This research can be considered as a starting point for many other researches, which could, for example, target the perception of employees in Bucharest hotels with lower comforts on the researched topic. Other works could also take into account the competitive advantages of luxury hotels in different cities worldwide, or conduct a study of the differences between hotels in Bucharest and those in other cities of Romania in terms of competitive advantage.

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