

KEY AREAS OF KNOWLEDGE MANAGEMENT IN HOTEL INDUSTRY

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ABSTRACT

Knowledge management (KM) has emerged over the last decade to become one of the most debated management concepts, but in the hospitality industry KM has not achieved the same scale of applications and empirical research as in other fields. Hotels can improve their service quality by enhancing employees' knowledge about customer's preferences and the corresponding service procedures. Service quality depends strongly on the ability of hotels to acquire, to develop, to accumulate and to distribute knowledge assets. Despite the popularity of knowledge management in other industries, hotels specific concerns have been hugely neglected in the literature and knowledge management has just rudimentarily been implemented in hotels. Especially hotel chains, which have to deliver an overall quality standard in geographically distributed hotels, can exploit knowledge management's benefits. Nevertheless, the implementation of knowledge management requires considerations. This article describes knowledge management in hotels, presents case-studies and gives strategic advice and structure recommendations for its implementation. An examination of hotels' knowledge management requires theoretical underpinning. Therefore, this article provides reflections about knowledge and analyzes different dimensions of knowledge management in hotels. Further, it presents major influences on strategic and structural aspects of knowledge management in hotels and suggests structures for the implementation of a knowledge management.

Key Words: Key areas, knowledge management, Service quality, Hotel management, Employees.

In contemporary business environments, organizations are faced with tremendous competitive pressures. The global economy, combined with issues of rapid technological change and the increased power of consumers, places huge demands on firms to remain flexible and responsive (Drucker, 1988; 1995; Teece, Pisano and Shuen, 1997). Globally, common influences include rapid political changes, regional trade agreements, low labour costs in some countries, and frequent and significant changes in markets (Dam, 2001). In addition, there are changes in the nature of the workforce (which is older, better-educated and more independent), government deregulation and reduction of subsidies, and shifts in the ethical, legal and social responsibilities of organizations (Mazarr, 2001; Naisbitt, 1994). Furthermore, technology is playing an increasingly important role in business in this environment; increased innovation and new technologies are providing vast improvements in cost-performance and an important impetus to strategy.

Within the resource-based perspective, information and knowledge have become increasingly recognized as competitive differentiators. In the knowledge-based view, organizational knowledge -such as operational routines, skills or know-how -is acknowledged as

the most valuable organizational asset (Spender, 1996). Knowledge sharing among employees, with customers and with business partners has a tremendous potential pay-off in improved customer service, shorter delivery-cycle times and increased collaboration within the company or with business partners. Some knowledge also has an important value as a commodity: it can be sold to others or traded for other knowledge.

Moreover, in this new perspective, the capability to manage knowledge strategically is seen as the most significant source of competitive advantage (Grant, 1991b). As a consequence, the field of knowledge management (KM) has been born, and has flourished. Interestingly, KM has captured the imagination of both academics and practitioners alike across a broad range of fields; as ideas about knowledge and management have converged, contributions have been made by disciplines such as information systems (IS), strategy, organization theory and human resources (Alavi and Leidner, 2001). Although the term 'knowledge management' was first used in the mid-1980s, it was not translated into commercial reality until the 1990s. Now, KM is recognized as a long-term strategic field.

The major task of hotels is to promote customer satisfaction and loyalty while establishing a competitive advantage (Nightitigale, 1985). A major factor on customer satisfaction and loyalty is quality (Fallon & Schofield, 2000; 30). Hotel guests' quality perception is mainly influenced by the service encounter that can range between seconds and months and is determined by the type of hotels, and the type of hotel guests with different service experiences (Medlik, 1990: 10; Teare, Mazaiiec, Crawford-Welch, & Calver, 1994: 6; Powers, 1995: 19). Therefore, hotels require staffs which are able to cope with different guests and their preferences. However, many quality problems occur because the staff does not fully understand the consequences of service interactions and guest's preferences. Consequently, improving employees' knowledge about customer's preferences and the corresponding service procedures is becoming increasingly important in hotels. This requires the retrieval and utilization of other staff members' experiences that suffers from:

- A high rate of employee turnover (bearing risk of knowledge loss).
- A high rate rotating employees between hotels (forcing to build up new team knowledge).
- A high percentage of unskilled workers or a low status employees (necessity to build up standards, knowledge and foster learning), and
- Irregular and seasonal demand and changing customer preferences confronting a stable capacity (problems of volatility and flexibility)

Consequently, hotels have to save experience, which should not be lost, when employees leave the hotel or rotate between hotels. They also need to support unskilled workers and new employees with other employees' experiences. Build up easily understandable standards and foster learning.

Despite the popularity of knowledge management in other industries, hotel-specific concerns have thus been neglected in the literature and knowledge management has just rudimentarily been implemented in hotels. This is especially valid for hotel chains, which have to deliver an overall quality standard in geographically distributed hotels.

To fill the identified gap the paper concentrates on hotel chains. First, the paper analyzes the

theoretical background of knowledge, which affects a knowledge management strongly in hotels. Here, matters of discussion are diverse forms of knowledge that require specific ways of knowledge retrieval, transfer and accumulation. Second, strategy and structure based recommendations on knowledge management in hotels will be explained. This article provides a reflection on forms and criteria that determine the knowledge strategy in hotels. It also supplies the reader with insights about different instruments, which facilitate the identification, generation, accumulation, and distribution of knowledge. A major impact on hotels knowledge management has a hybrid knowledge based strategy of personalization and codification. According to the envisaged form of knowledge a personal transfer, retrieval, and conservation or a codified transfer, retrieval, and conservation is suitable.

Theoretical Background of Knowledge Management

KM has turned out to become a strategic resource of organization to the extent in which KM nowadays is viewed as the basis of a competitive advantage in the organization. KM also has surfaced as a major issue that managers must deal with if they want to maintain a competitive advantage. Additionally, KM has become an important subject since knowledge considered as a competitive element for individuals, firms and nations. Knowledge about competitive, customers, products, processes and past successes and failures are considered as an asset for the organization in the twenty-first century. Furthermore, KM evolves from a distinct responsibility to a strategic component of a business solution.

In fact, the organizations start thinking of how to improve their performance and processes. In this regard, knowledge has become a key source for organizations to enhance the competitive advantage which is a prime significance for the organization's performance. In addition, KM has become embedded in the policy, strategy, and implementation processes of worldwide corporations, governments, and institutions [23]. Many organizations today are laying much emphasis on the adoption of KM. The objective of KM is not to manage all Knowledge, but to manage the Knowledge which is most essential to the development organizations. As a result, KM can help grow such a stage to enhance and expand the innovation process.

A popular differentiation exists since Polanyi distinguished explicit and tacit knowledge (Polanyi, 1967). Explicit knowledge is open to codification in documents, books, databases, and reports (Lathi, 2008; 66). Formal processes like a methodical language offer mechanisms to transfer explicit knowledge. Instead, tacit knowledge is very complex, involves viewpoints, intuition, deeply grounded statements, meaningful behavior, and values (that people develop through experience). Tacit knowledge contains cognitive and "technical" elements. Cognitive elements like paradigms, schemes, and beliefs help individuals to understand the environment. Technical elements enclose skills and embedded know-how for specific actions.

The transfer of knowledge always requires finding redundancy and connections between the items of the individual mind and the transferred knowledge. Therefore, direct interrelations that are richer with information foster the transfer of identical or tacit knowledge.

A second major categorization of knowledge differentiates individual and collective knowledge, which contains commonly held knowledge. Individual knowledge can be perceived as sources individuals use for their actions and cognitions

CATEGORIES OF KNOWLEDGE IN HOTELS

Task-specific knowledge Task-specific knowledge allows employees to act in a coordinated way.

Without the need to communicate extensively. Explicit and tacit components of task-specific knowledge secure goal fulfillment in firms. Common task-specific knowledge in hotels fosters compatible expectations of tasks and outcomes. Often details of task-specific knowledge can be articulated and codified, but need to be internalized by training. Task-specific knowledge contains, e.g., specified front- and back-office operations, which can be codified in documents or databases, but need to be trained and made into a routine aspect for the enhancement of service quality in hotels.

Task-related knowledge Task-related knowledge contributes to the shared values of teamwork, but also compromises the ability to reach a distinct level of quality in different service operations. Shared quality standards in the different departments (lodging, food and recreation) where different tasks have to be fulfilled act as common task-related knowledge. Quality dimensions like empathy, reliability, and assurance in different service operations are examples for task-related knowledge. Although task-related can be articulated, service personnel need to internalize the task-related quality standards and behavioral rules.

A trans-active memory This includes decentralized knowledge of the other organizational members' cognitive models ([Wegner, 1985#1740; Wegner, 1987; Wegner, 1995 #16811). Trans-active memory's relevance lies in the circumstance that working partners need to understand some of the others' knowledge, preferences, weaknesses, and work values. However, a trans-active memory does not presume a high level of sharing; it consists of intertwined distributed mental models. The shared elements are concerning the common interrelations and connections between the members. A trans-active memory corresponds to know-who, to find the right person for a specific task.

Guest-Related Knowledge While staff and guest interrelate directly in the service encounter guests' expectations and actions influence many operations in hotels. Customers' requests have impacts on one or more employees, and can modify task-specific or task-related knowledge in a hotel or more hotels and can require inter-hotel learning. Therefore, customer interactions are tangled with task-specific knowledge, task-related knowledge, transactive memory, and shared attitudes, norms, values and beliefs. Customer-related knowledge includes the knowledge of:

KNOWLEDGE MANAGEMENT SYSTEM

Overview

Knowledge management facilitates a continuous progress in learning and unlearning to ensure the renewal of organizational goals, as well to promote organizational awareness to better anticipate opportunities and threats (Young & McCuiston, 20(K): 315). Therefore, hotels can enhance their service quality. The implementation of knowledge management requires a systemic knowledge orientated adaptation of hard and soft factors in hotels.

Knowledge Goals

To determine the field and the directions of knowledge acquisition, generation, distribution, retrieval and accumulation, hotels can set specific goals concerning intra-hotel and intra-hotel knowledge management (e.g. an Internet-based information system might be installed). Knowledge goals can also be formulated to enhance the acquisition and utilization of customer-related knowledge.

Knowledge Strategy

On the foundation of knowledge goals, hotels can establish different knowledge-oriented strategies influencing many elements on a knowledge management system. Often knowledge strategies concentrate on enhanced knowledge transfer between different stakeholders.

KNOWLEDGE STRATEGY IN HOTELS

Shared or Distributed Knowledge in Hotels

Hotels installing knowledge management have to consider the advantages of shared or distributed mental models in the company. These questions:

- What the benefit of shared models is.
- What shall be shared, and
- How much sharing is necessary

Different degrees of sharing are possible; the continuum ranges from exactly the same mental model to completely different mental models about a specific topic in the hotel chain. Due to a constructivist standpoint, individuals' complete sharing of all mental models is nearly impossible. Following an economic perspective, complete sharing contradicts specialization and is ineffective in firms. Nevertheless, shared (redundant) mental models enhance the transfer of knowledge and employees' understanding.

Although the literature does not provide information about an optimal level of shared mental models in general, we have to analyze more deeply the advantages and disadvantages of sharing in hotels. Shared respectively overlapping individual models allow improved coordination, communication, and result in superior performance, because they foster understanding and via redundancy the transfer of knowledge. Different empirical studies concerning sharing in teams show developed team processes, which result in superior team performance.

CONCLUSION: This paper stresses the role knowledge plays as a main source for quality improvements and competitive advantages in hotels, urging them to implement knowledge management. Especially, the direct customer interface, the high ratio of low status employees, the high rate of staff fluctuation and rotation, the dispersed single hotels of a hotel chain, which face different environmental effects, and the need for global and hotel-wide quality standards require a specific knowledge management designed for hotels. The paper contributes to knowledge management and hotel management literature. It presents reflections about knowledge and knowledge management in hotels based on theoretical considerations about individual and organizational knowledge that can incorporate shared or distributed mental organizational models. Although some elements of a knowledge management system can be more dominant than others, hotels should realize that knowledge management is a system of interacting parts. Although knowledge management represents an integrated system, this paper lays a focus on knowledge strategies and structural aspects, because they strongly differ from other industries' requirements.

A knowledge strategy concerns the type of organizational knowledge (shared or distributed) and the type of knowledge transfer (personalization or codification). Shared mental models enhance work coordination and minimize knowledge drain when single workers leave the hotel. Hotel chains benefit from shared mental models because these promote work coordination,

understanding, and the effectiveness of communication) throughout the different hotels. Diverse knowledge promotes distinction making, which in turn encourages the development of new knowledge. Thus, hotels should concentrate more on their absorptive capacity, which contains the integration of customer knowledge representing a major source for knowledge development through the service encounter.

The implementation of knowledge management benefits from knowledge executives, knowledge information system, and team structures. A system of knowledge executives provides responsibility for knowledge management. Additionally leadership helps to motivate knowledge workers and knowledge orientation in hotels. Team structures and knowledge circles that promote the personalized transfer of tacit and explicit knowledge assist the implementation of a knowledge management system. In the end, knowledge management should promote some democratization of knowledge in order to remove it from the "knowledge is power-and I am the owner"

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