

Analysis of Competitiveness in Hotel Industry with Special Reference to the North Central Province

N.U.D.P. Wattewewa and J.P.R.C. Ranasinghe
Uva Wellassa University, Badulla, Sri Lanka

Introduction

The service sector being the highest contributor in the Sri Lankan economy which contributed 59.3% of gross domestic production (GDP) in 2009, under the service sector hotels and restaurants services contribution was 0.4% in 2009 (Central Bank of Sri Lanka, annual report, 2009). Sri Lanka tourism board statistical report indicates that tourists' arrival to Sri Lanka during the year 2009 was 447,890. It is increased of 9415 or 2.1% when considering the previous year.

The industry is confronted more and more with growing competition on a global level, a fast advance in technology and greater expectations from the clients. Most hotel companies have improved internal operations, raising quality and reducing costs. These companies are now preoccupied with the development of their competitive advantage through various sources. At the same time, these sources become factors which influence competitiveness. (Claudia-Elena, Ţuclea and Ana-Mihaela, Pădurean)

Tourism industry is an emerging industry in Sri Lanka after the resolution of internal problems by which the industry was suffering for nearly three decades. The competition among hotels is becoming more intensive to enter into the growing market (Central Bank of Sri Lanka 2009). Present study is an attempt to analyze the competitiveness in the hotel industry. Further, it is aimed at analyzing the extent to which hoteliers have perceived the competitiveness under the prevailing circumstances.

Methodology

The population for the study was the entire hotels situated in NCP and a sample of 12 star classified hotels was drawn for this study. For this purpose an updated list as per October 2010 of the Sri Lankan classified and un-classified hotels were also been taken from the Sri Lanka tourism development authority. Based on all the classified hotels (one star to four star category) and un-classified hotels which were situated in the NCP were selected in order to get the competitiveness information from the managers who are in hotels.

The research model for this particular research was basically derived through the Michel Porter's Diamond model for measure the competitiveness of a region or industry. Based on the Michel Porter's Diamond model, for this particular research there were five competitiveness dimensions that were identified. The five competitiveness dimensions includes the dimensions of Government, The firm strategy, structure and rivalry, Factor conditions, Related and supporting industries, Demand condition.

Based on the 5 dimensions of competitiveness in this research there were 23 questions used to measure the competitiveness from the above mentioned dimensions. The Government included 5, the firm strategy, structure and rivalry included 7, Factor

conditions included 5, Related and supporting industries included 4, and Demand condition included 2.

The survey method is used to collect the primary data from the manager's through the prepared questionnaire. Through the primary data collection method the hotel's general information, response related to competitiveness and manager's views were identified. Secondary data was collected from the official web site of Sri Lanka Tourism, statistical reports of NCP tourism office and Central Bank report of Sri Lanka.

In the questionnaires were analyzed with use of a "five point Likert scale" system. Answers to the proposed questions regarding the competitiveness dimensions were ranked. Collected Primary data was then analyzed using a descriptive statistical analysis method. Using the mean (average) and Standard deviation calculations of each variable according to the five dimensions that were used was analysed. And also Correlation of competitiveness and each dimension are analysed based on the relationships.

Based on the research executed the hoteliers perceived competitiveness in the registered hotels were analysed by using five competitiveness dimensions according to the model. The average of the results for the each Government, Firm strategy; structure and rivalry, Factor conditions, Related and supporting industries and Demand conditions was 3.35, 3.69, 3.68, 3.18 and 3.62 respectively. Overall average (3.504) is tends to be in between the ranges of $3.5 \leq X \leq 5$. In accordance to the descriptive rule hoteliers in each registered hotel competitive on perceiving a high level of competitiveness. The coefficient of variance in all the classified hotels has been less than the 80%. So the test has been significant.

On the other hand when considering the overall average of the perceived competitiveness in the registered hotel sector it was 3.504. The deviation of the overall mean was 0.66 and the test was significant because the coefficient of variance was 22.1% which is in the significant level of less than 80%. Based on the information and according to the descriptive rule it is between the ranges of $3.5 \leq X \leq 5$. In fact it tends to indicate that the hoteliers competition on perceiving a high level of competitiveness in the overall registered hotel sector in the NCP.

Conclusions and recommendations

This analysis suggests that the hoteliers of each registered hotels in this region perceives a high level of competitiveness and firm strategy, structure and rivalry is the most significant set of factors which were included State of the capitals of the enterprises, Scale of the enterprises, Productivity company/ Hotel structure, Sector oriented investment, Design uniqueness and Differentiation, for raising the competitiveness in the region.

Correlation between competitiveness and demand conditions were 0.837 and which was the highest correlation value. Thus, demand conditions were significant dimension which was highly correlated with the competitiveness.

In the light of the findings recommendations were made for the competitive hotel industry. Based on it, the relevant authorities are recommended to take steps to upgrade the hotels capacity, quality and standards to face competitiveness in this sector. This will help to tourism industry in Sri Lanka to create competitive position in the region while maintaining top industry standards.

Based on the research findings some important factors relating to hotel industry in NCP of Sri Lanka can be identified. Many of tourists are foreign when considering the regional composition and among the foreign tourist's most of them are from the European countries which were the 53%.

Managers' perception to minimize the competitiveness in future was to upgrading the hotel standard, service quality, as well as development of human resources in hotel industry. Especially within next year should construct more hotel rooms because of present number of rooms not enough to fulfill increasing hotel requirements.

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