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WHAT REALLY DEFINES THE PERFORMANCE IN HOTEL INDUSTRY? MANAGERS' PERSPECTIVE USING DELPHI METHOD

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ABSTRACT: *This paper brings together empirical studies in hospitality literature focusing on understanding the drivers of hotel performance and combines them with experts' opinions on the most important drivers of performance in the hospitality industry. The first step focused on studying more than 60 papers available in hospitality literature focusing on hotel performance. The second step involved the Delphi method on a pool of 10 experts from the hospitality industry in order to explore their opinion on major drivers of hotel performance. The results showed that literature is mainly focusing on examining the impact of HRM practices, organizational culture, ICT, brand equity, environmental practices and hotel facilities on performance. However, experts did not find those drivers to be the crucial factors of hotel performance. They emphasized the importance of location, product segmentation, company flexibility and cooperation between tourist service providers. Those drivers have not caught the attention of academia so far and they represent a potential new avenue for future hospitality research on understanding hotel performance. Both literature and experts found that market orientation, customer satisfaction, service quality and business processes are important drivers of hotel performance that require further research and examination.*

Keywords: *Delphi method, performance, hotels, drivers of performance*

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1. INTRODUCTION

The hospitality industry has for decades been striving to understand the major drivers of hotel performance. So far literature offered many fragmented studies examining specific resources or capabilities that drive hotel performance. Theoretical background behind this body of literature is the Resource Based Theory (RBT) proposed by Barney in 1990. This theory postulates the basis for defining sustainable competitive advantages of any firm. Resources become a competitive advantage if they are valuable, rare, inimitable and non-substitutable (Barney, 1991). Further development of RBT made a distinction

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between firms' resources. Collis (1994) classified resources as tangible and intangible. Tangible resources are physical and financial assets of the firm and represent the value of the financial capital. Intangible resources are non-physical and they are rarely part of firms financial statements. Amit and Schoemaker (1993) recognized that capabilities are also a source of a firm's competitive advantage and defined them as routines based on skills and knowledge that can drive the firm's success.

Overall, general management literature on RBT focused on defining and clarifying tangible and intangible resources and capabilities that drive firms' performance. Theoretical papers in management literature worked on clarifying the general theoretical concepts that highlighted the nature of firms' resources and capabilities. As for empirical papers, they were operationalizing and testing those concepts in practice. The major challenges in empirical studies were: 1) measurement issues (how can abstract concepts be measured?); 2) the scope of concepts that can be included in one study (the concepts are broad and a single study could not focus on all of them); and 3) weak boundaries between different concepts (how can we distinguish between intangible assets and capabilities and where is the line between them in practice?). Those challenges caused a gap between theoretical and empirical papers since the concepts defined in the theory were hard to test and measure empirically.

In hospitality industry there are no theoretical papers dealing with drivers of hotel performance. Most of the literature is based on empirical studies using general management RBT literature and empirical research in line with generally accepted management concepts of assets and capabilities. In general, intangible assets and their relation to performance attracted the most attention in experts in the field. Those papers tested the impact of HRM practices, brand equity, information communication technologies (ICT), social capital, environmental policies, employees and managers' know-how, and their impact on hotel performance (Božič and Knežević Cvelbar, 2016).

Most of the studies in hospitality literature were focusing on one single or a few drivers of hotel performance, which were chosen based on the subject of the researcher's interest or general theoretical approval of the concept's relevance. The majority of those studies showed that there is a positive correlation between the driver(s) and hotel performance. Yet they failed to determine which drivers are the most important and relevant. This is an ultimate question for practitioners and hotel managers. Knowing what is positively impacting hotel performance is good, but knowing the major drivers of hotel performance is crucial.

This paper is focusing on identifying the major drivers of hotel performance. It first presents an in-depth overview of the hospitality literature in order to indicate which drivers have been researched so far. Based on literature review, we identified the list of 30 drivers of performance that were used in academic research so far. A total of three rounds of testing were performed using the Delphi methodology. In each round experts were asked to evaluate certain drivers of hotel performance that had been recognized in hospitality literature in the basis of their perception of their impact on hotel performance. The list was

consequently reduced in line with the previous round of results. The participants were also invited to suggest additional drivers of hotel performance. The research concluded after the third round since it yielded no new information. The final results provided a list of nine major drivers of hotel performance. Furthermore, the major drivers of performance were investigated in the literature and compared with the results of the Delphi study. The results are presented and discussed in this paper.

2. OVERVIEW OF PREVIOUS STUDIES AND RECOGNITION OF EXISTING DRIVERS OF PERFORMANCE

Studies in the hospitality industry were following general trends in management literature, which means they revolved around testing the impact of tangible and intangible assets and capabilities on hotel performance. An extensive search for relevant literature for the purpose of this paper found 60 papers published in the last twenty years – testing the drivers of performance in the hospitality industry. The majority of those papers were published in the *International Journal of Hospitality Management* that was and is still supporting research on hotel performance. Those papers helped identify 30 major drives of hotel performance that managed to attract the attention of academics. The papers are listed and presented in Table 1.

In line with the selected literature, firms' sustainable competitive advantages were classified as tangible assets, intangible assets, and capabilities. As defined above tangible assets denote a firm's capital translated into its assets (land, buildings, equipment etc.) and financial funds (cash and other financial assets). Interestingly, hospitality studies were not particularly interested in studying the impact of tangible assets on firms' performance. The reason for this could be the fact that tangible assets are necessary and obvious drivers of hotel success. Studies in this area were unified in finding that tangible assets, including hotel facilities, location and financial assets, are positively related to hotel performance.

The line between intangible assets and capabilities is rather thin. There is no general consensus in literature as to which competitive advantages are intangible assets and which are, in fact, capabilities. Therefore classifying a specific sustainable competitive advantage as an intangible asset or a capability is arbitrary. This paper follows the simple logic proposed by Hall (1992), which says: "intangible assets are something that a firm has, while capabilities are something that a firm does" (pg. 136). In line with Hall (1992), the definition and the existing empirical studies in hospitality industry means that intangible assets can be grouped into four general categories as a firm's organizational, human, marketing and environmental assets.

- Organizational assets are understood as the firm's culture, organizational structure, management philosophy, available informational technology, service quality, social capital, and the corporate social responsibility policy. Overall organisational assets are the most researched drivers of success in the hospitality industry. Studies are generally

conclusive – organisational assets can be translated into firms' sustain competitive advantages leading to their success.

- Another frequently researched area relates to human assets including management and employee competences, HRM practices, employees' attitudes, and employee satisfaction, innovativeness and loyalty. As expected, human assets positively correlate with hotel performance. Research in hospitality is very focused on employees, but it neglects management-related sustainable competitive advantages as performance drivers. This is a research field worth of exploring in the future.
- Marketing capital includes brand equity, customer satisfaction, customer loyalty and direct distribution channels. As in the case of organisational and human capital, marketing capital is also positively related to firms' performance. Relevant literature has put the most effort on exploring customer satisfaction and its relation to performance. Distribution channels as part of the marketing capital are relatively underexplored, which is surprising due to the digital transformation of the industry that has been happening in the last decade. In addition, the value of contractual relations with business customers as a part of the sales policy has so far not been explored in hospitality studies.
- Environmental capital is still not considered as a very important research area in the hospitality industry. Although sustainable development is one of the research mainstreams in tourism, the relation between environmental capital and hotel performance failed to attract significant academic interest. Very few studies connected basic and advanced environmental policies with hotel performance, but they generally found a positive relation between the two. More research in this area is expected to emerge in the future.

Capabilities are prominent sources of firms' success and, according to RBT, they should represent the leading source of sustainable competitive advantages. The major obstacle in the research is operationalisation and measurement of firms' capabilities. Hospitality research in general neglected such capabilities as important sustainable competitive advantages of firms. Research in this area is still scarce. In general, capabilities can be divided into operational and dynamic. Operational capabilities are firms' routines and processes that enable them to perform activities in the long-term and ongoing basis, while dynamic capabilities relate to firms' ability to adapt to changes coming from the environment. Research in operational capabilities in the hospitality industry includes firms' relations with partners and business processes, while research in dynamic capabilities includes marketing orientation, knowledge sharing and entrepreneurship orientation.

Summary of the literature review on drivers of hotel performance is presented in table 1.

Table 1: *Drivers of performance in hospitality literature*

Drivers of performance	Short description	Authors and year	Relation with performance
Drivers based on tangible assets			
Hotel facilities	Buildings, equipment	Chu & Choi, 2000	(+)
		Lenidou, Leonidou, Fotiadis & Zeriti, 2013	(+)
		Kim, Cho & Brymer, 2013	(+)
		Lado-Sestayo, Otero-González, Vivel-Búa & Martorell-Cunill, 2016	(+)
Location	Physical location – land	Lado-Sestayo et. al., 2016	(+)
Financial assets	Cash and other financial funds	Lenidou et. al., 2013	(+)
Drivers based on intangible assets			
Brand equity	Brand loyalty, awareness, perceived quality, brand image	Prasad & Dev, 2000	(+)
		Kim & Kim, 2005	(+)
		Rudež & Mihalič, 2007	(+)
		O'Neill & Carlback, 2011	(/)
Employee loyalty	Employee's sense of belonging and commitment	Kim & Brymer, 2011	(+)
		Al-Rafaie, 2015	(+)
Employee satisfaction	Working conditions, teamwork and cooperation, relationship with supervisors, recognition and awards	Chi & Gursay, 2009	(/)
		Naseem, Sheikh & Malik, 2011 Al-Rafaie, 2015	(+) (+)
Employee competencies	Qualifications, experience, knowledge development, knowledge sharing between employees	Rudež & Mihalič, 2007	(+)
		Kim, Kim, Park, Lee & Jee, 2012	(+)
		Nieves, Quintana & Osorio, 2014	(+)
Employees' attitudes towards work	Overall satisfaction, pride, consistency and devotion	Sharpley & Forster, 2003	(+)
		Rudež & Mihalič, 2007	(+)
Employee innovativeness	Creativity, innovative ideas of employees	Rudež & Mihalič, 2007	(+)
		Nieves, Quintana & Osorio, 2014	(+)
HRM practices	Recruitment and selection, manpower planning, job design, training and development, pay system	Hoque, 1999	(+)
		Cho, Woods, Jang & Erdem, 2006	(+)
		Chand & Katou, 2007	(+)
		Chand, 2010	(+)
		Ahmad, Solnet & Scott, 2010	(/)
		Al-Rafaie, 2015 Ružić, 2015	(+) (+)
Managerial competencies	Analysis, strategic management, problem solving, leadership, creativity, crisis management, attitude, self management	Kay & Russette, 2000	(+)
		Chung-Herrera, Enz & Lankau, 2003	(+)
		Jeou-Shyan, Hsuan, Chih-Hsing, Lin & Chang-Yen, 2011	(/)
		Wu & Chen, 2015	(+)
Management philosophy	Empowered employees, customers come first, stimulated staff	Rudež & Mihalič, 2007	(+)

Team culture	Support of knowledge, information sharing, coordination, meetings, pre-designed work plans and processes	Hu, Horng & Sun, 2009 Hussain, Kronar & Ali, 2016	(+) (+)
Organisational culture	Atmosphere, support of knowledge and communication	Kemp & Dwyer, 2001 Sørensen, 2002 Rudež & Mihalič, 2007 Asree, Zain & Rizal Razalli, 2010 Zoghbi-Manrique-de-Lara & Ting-Ding, 2016	(+) (/) (+) (+) (/)
Customer loyalty	Attitude and customers loyalty behaviour	Kandampully & Suhartanto, 2000 Al-Rafaie, 2015 Kim, Voght & Knutson, 2015	(+) (+) (/)
Customer satisfaction	Degree of satisfaction with the services, price, location and amenities	Wilkins, Merrilees & Herington, 2007 Rudež & Mihalič, 2007 Chi & Gursoy, 2009 Assaf & Magnini, 2012 Sun & Kim, 2013 Kim, Cho & Brymer, 2013 Al-Rafaie, 2015 Kim, Voght & Knutson, 2015 Assaf, Josiassen, Cvelbar & Woo, 2015	(+) (+) (+) (+) (+) (+) (+) (/) (+)
Service quality	Tangibility, reliability, responsiveness, assurance, empathy	Herrington & Akehurst, 1996 Chu & Choi, 2000 Claver, Jose, Tari & Pereira, 2006 Al-Rafaie, 2015 Wang, Chen & Chen, 2012 Pereira-Moliner, Claver-Cortés, Molina-Azorin & Tari, 2012 Molina-Azorin, Tari, Pereira-Moliner, Jopez-Gamero & Pertusa-Ortega, 2015	(+) (+) (+) (+) (+) (+) (+)
Social capital	Passion to achieve common goals and vision, close relationships between work colleagues, cooperation between departments	Kim, Kim, Park, Lee & Jee, 2012 Terry, Kim, Lee, Paek & Lee, 2013 Dai, Mao, Zhao & Mattila, 2015	(+) (+) (+)
Direct distribution channels	Online marketing, direct mail, mobile marketing, call-centres	Rudež & Mihalič, 2007	(+)
Information technology (IT)	IT for front-office and bookings, databases, management information system, customer relationship management applications	Rudež & Mihalič, 2007 Sirirak, Islam & Ba Khang, 2011 Mihalič & Buhalis, 2013 Oltean, Gabor and ConJiu, 2014 Mihalič, Garbin Praničević & Arnerić, 2015 Melián-González & Bulchand-Gidumal, 2016	(+) (+) (/) (/) (+) (+)
Organisational structure	Type of structure: mechanistic, organic	Jogaratnam & Ching-Yick Tse, 2006 Øgaard, Marnburg & Larsen, 2008 Tavitiyaman, Qiu Zhang & Qu, 2012	(/) (/) (/)

Corporate governance	Ownership structure, board, CEO or general manager's characteristics	Knežević Cvelbar & Mihalič, 2007 Assaf & Cvelbar, 2011 Xiao, O'Neill & Mattila, 2012 Jarboui, Guetat & Boujelbéne, 2015	(+) (+) (+) (+)
Basic environmental practices	Ecological product usage, reduction in the use of dangerous products, energy and water saving practices, selective waste collection	Molina-Azorin, Claver-Cortés, Pereira-Moliner & Tari, 2009 Tari, Claver-Cortés, Pereira-Moliner & Molina-Azorin, 2010 Pereira-Moliner, Claver-Cortés, Molina-Azorin & Tari, 2012	(+) (+) (+)
Advanced environmental practices	Employee environmental trainings and initiatives, ecological marketing campaigns and events, long-term environmental policies and goals	Molina-Azorin, Claver-Cortés, Pereira-Moliner & Tari, 2009 Tari, Claver-Cortés, Pereira-Moliner & Molina-Azorin, 2010 Pereira-Moliner, Claver-Cortés, Molina-Azorin & Tari, 2012 Leonidou, Leonidou, Fotiadis & Zeriti, 2013	(+) (+) (+) (+)
Corporate social responsibility (CSR) practices	CRS values, hiring locals, ethnical and overseas employees, environmental savings (recycling, reducing energy costs, reusing towels, linen etc.)	Kang, Lee & Huh, 2010 De Grosbois, 2012 Garay & Font, 2012 Assaf & Josiassen & Cvelbar, 2012 Benavides-Velasco, Quintana-Garcia & Marchante-Lara, 2014 Fu, Ye & Law, 2014	(/) (/) (+) (+) (+) (+)
Drivers based on capabilities			
Relationships with commercial and other partners	Relations with customers, suppliers and other partners	Rudež & Mihalič, 2007 Kim, Kim, Park, Lee & Jee, 2012	(+) (+)
Business processes	Hotel standards and procedures, service performance, customer complaint solving procedures, innovative ideas, continuous process improvement	Rudež & Mihalič, 2007 Claver-Cortés, Pereira-Moliner, Tari & Molina-Azorin, 2008 Wang, Chen & Chen, 2012 Benavides-Velasco, Quintana-Garcia & Merchante-Lara, 2014	(+) (+) (+) (+)
Knowledge sharing	Knowledge sharing between teams, willingness to learn and help others	Sristava, Bartol & Locke, 2006 Hu, Horng & Sun, 2009 Terry, Kim, Lee, Paek & Lee, 2013 Hussain, Konar & Ali, 2016	(+) (+) (+) (+)
Market orientation	Orientation to customers, competitors, seeking profitable customers and products, responsiveness to market changes	Gray, Matear & Matheson, 2000 Matear, Osborne, Garrett & Gray, 2002 Barros & Dieke, 2008 Assaf & Cvelbar, 2011 Wang, Chen & Chen, 2012 Josiassen & Assaf & Knežević Cvelbar, 2014 Vega-Vázquez, Cossio-Silva & Revilla-Camacho, 2016	(+) (+) (+) (+) (/) (+) (+)
Entrepreneurial orientation	Innovativeness, risk-taking, pro-activeness, autonomy	Jogarathnam & Ching-Yick Tse, 2006 Vega-Vázquez, Cossio-Silva and Revilla-Camacho, 2016 Hernández-Perlines, 2016	(+) (+) (+)

(+) – positive impact on performance; (/) – positive impact on performance is not confirmed.

3. METHODOLOGY

So far, literature identified many drivers of hotel success. However, very few of them attempted to determine the relevant competitive advantages in the hospitality industry. This paper is therefore addressing this important question. Qualitative research, i.e. the Delphi survey, was used to that end. The Delphi survey is a group research technique that collects opinions of anonymous experts from a certain area and transforms them through a series of rounds into a common group consensus (McKenna, 1994). Anonymous group experts receive a questionnaire in each round, complete it and send it back to the group facilitator. The facilitator collects all questionnaires, summarizes the answers and sends them back to the members of the group. The members again reconsider their answers based on the summarized group answers from the previous round and complete the questionnaire once again. The rounds finish when there is no further progress in the opinions of experts that would change the group's common result. The main limitation of the Delphi method is the subjective evaluation of the respondents and impact of the panel on respondent opinion (respondent could evaluate a specific item higher or lower in the second or third round based on the results from the previous round of research). Delphi is also narrowly applicable to few specific setting, usually in the case when policy recommendation has to be set. This was our case, where we needed guidance on defining relevant drivers of performance in hospitality industry. This method is also very lengthy and complex to conduct.

In our case, the panel included 10 hospitality experts from Slovenia and Croatia. The group of experts was carefully selected to include three hotel managers, three hotel general managers and four representatives of academia, all with profound knowledge and great interest in hotel performance. The panel experts' general characteristics are presented in Table 2 below.

Table 2: *Respondents' characteristics*

Respondent	Position	Experience in the industry	Age	Gender	Country of origin
No. 1	Hospitality & Tourism Professor	25	55	female	Slovenia
No. 2	CEO	11	36	male	Slovenia
No. 3	Hospitality & Tourism Professor	22	46	female	Croatia
No. 4	CEO	12	39	male	Slovenia
No. 5	Hospitality & Tourism Professor	19	45	female	Slovenia
No. 6	Hotel Manager	27	53	male	Slovenia
No. 7	Hotel Manager	15	35	female	Slovenia
No. 8	CEO	20	42	male	Croatia
No. 9	Hospitality & Tourism Professor	7	35	female	Croatia
No. 10	Hotel Manager	12	39	male	Croatia

The questionnaire was devised in-line with relevant literature. It included 30 recognised and significant drivers of hotel performance thus far investigated in hospitality research. The

panel members' role was to evaluate the importance of each driver of hotel performance on the scale of 1 to 7 (1 = not at all important impact, 7 = extremely important impact on hotel performance). They were also invited to contribute by providing their recommendations and proposing additional drivers of performance that were in their opinion neglected in hospitality research. Three rounds of evaluations were performed. In the third and final round the experts confirmed the results from the second round and did not offer new insights. The research took place from September to December 2016.

3. DELPHI ANALYSIS RESULTS

The analysis of the Delphi results requires a basic statistical analysis including mean averages, frequencies and ranking. The evaluations of the experts from round 1 are summarized in Table 3. The average scores are distributed between 6.3 (the highest average score) and 4.3 (the lowest average score). The drivers that were found to have the strongest impact on hotel performance were: location, market orientation, service quality (average score of 6.3) as well as customer satisfaction and business processes (average score of 6.1). The drivers with the lowest level of importance on hotel performance appeared to be advanced and basic environmental practices, organisational structure and organisational culture (all received an average score of 4.8 or less). The experts suggested that product development, cooperation, investment management and flexibility should also be considered as important drivers of hotel performance. All four additional drivers were included in round 2 of panel evaluation. The results of round 1 of the Delphi study are presented in Table 3.

Table 3: *Delphi round 1 results*

Indicator	Mean values	% of respondents that rated the importance as high (scores 6 or 7)	% of respondents that rated the importance as moderate or neutral (scores 5, 4 or 3)	% of respondents that rated the importance as low or insignificant (scores 2, 1 or 0)
Location	6.3	80%	20%	0%
Market orientation	6.3	80%	20%	0%
Service quality	6.3	80%	20%	0%
Customer satisfaction	6.1	80%	20%	0%
Business processes	6.1	70%	30%	0%
Management philosophy	6.0	70%	30%	0%
Managerial competencies	5.9	70%	30%	0%
Employee competencies	5.9	70%	30%	0%
Hotel facilities	5.7	50%	50%	0%
Information Technology (IT)	5.7	50%	50%	0%
Human resource management practices (HRM)	5.6	60%	40%	0%
Knowledge sharing	5.6	50%	50%	0%

Social capital	5.6	50%	50%	0%
Employee attitudes towards work	5.6	50%	50%	0%
Relationship with commercial parties and other partners	5.5	50%	50%	0%
Team culture	5.5	50%	50%	0%
Corporate governance	5.3	70%	30%	0%
Employee satisfaction	5.3	40%	60%	0%
Employee innovativeness	5.2	50%	50%	0%
Entrepreneurial orientation	5.2	40%	60%	0%
Customer loyalty	5.2	40%	60%	0%
Employee loyalty	5.1	30%	70%	0%
Direct distribution channels	5.0	50%	40%	10%
Financial assets	5.0	40%	60%	0%
Brand equity	4.9	30%	70%	0%
Corporate social responsibility practices (CSR)	4.9	20%	80%	0%
Organisational culture	4.8	40%	50%	10%
Basic environmental practices	4.5	30%	70%	0%
Organisational structure	4.5	30%	70%	0%
Advanced environmental practices	4.3	10%	80%	10%

The results from round 1 presented the inputs for round 2. A total of 16 drivers of performance with the highest average score from round 1 and additional 4 drivers that were suggested from the panel of experts were included in the questionnaire. The results from the round 2 showed that the drivers with higher average scores were almost the same as in round 1. They included: location (6.4), market orientation (6.4) and customer satisfaction (6.3). Moreover, 80% of the panel experts also rated service quality (6.2), business processes (6.0) and employee competencies (6.0) as important or highly important performance drivers. Employee competencies were in round 2 evaluated higher than in round 1; they also outweighed the importance of management philosophy and competencies. Additionally proposed drivers in the phase 1 of this research: product development, cooperation and flexibility were all rated with an average score of 6.0 or higher (those are marked bold in table 4 and 5). Round 2 of Delphi yielded 20 performance drivers presented in Table 4.

Table 4: *Delphi round 2 results*

Indicator	Mean values	% of respondents that rated the importance as high (scores 6 or 7)	% of respondents that rated the importance as moderate or neutral (scores 5, 4 or 3)	% of respondents that rated the importance as low or insignificant (scores 2, 1 or 0)
Location	6.4	90%	10%	0%
Market orientation	6.4	90%	10%	0%
Product development	6.3	90%	10%	0%
Customer satisfaction	6.3	80%	20%	0%
Service quality	6.2	80%	20%	0%
Flexibility	6.1	80%	20%	0%
Business processes	6.0	80%	20%	0%
Employee competencies	6.0	70%	30%	0%
Cooperation between tourism providers on and between destinations	6.0	70%	30%	0%
Management philosophy	5.9	80%	20%	0%
Managerial competencies	5.9	70%	30%	0%
HRM practices	5.8	70%	30%	0%
Hotel facilities	5.8	60%	40%	0%
Employee attitudes toward work	5.8	60%	40%	0%
Information technology (IT)	5.7	60%	40%	0%
Investment management	5.6	70%	30%	0%
Knowledge sharing	5.6	60%	40%	0%
Relationship with commercial and other partners	5.5	60%	40%	0%
Social capital	5.5	50%	50%	0%
Team culture	5.4	50%	50%	0%

Source: own research.

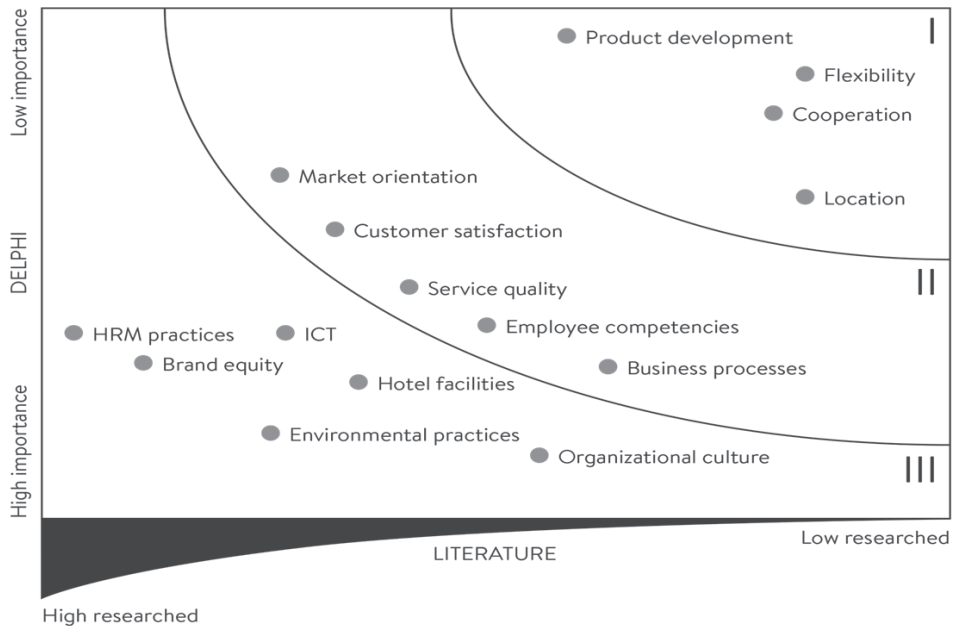
The process was repeated in round 3. The questionnaire was sent to the panel of experts for another round of evaluation. They were once again asked to evaluate the importance of each driver of hotel performance. In round 3, only location received higher scores (average score of 6.5) and became the most important driver of hotel performance according to the panel of experts. The evaluation showed that the final list was reduced to feature only nine major drivers of hotel performance. Those drivers consistently received the highest scores from the expert panel. They include: location, market orientation, customer satisfaction, product development, service quality, flexibility, business processes, employee competencies, and cooperation. The results from round 3 of expert evaluation are presented in Table 5.

Table 5: *Final Delphi results – round 3*

Indicator	Mean Values	% of respondents that rated the importance as high (scores 6 or 7)	% of respondents that rated the importance as moderate or neutral (scores 5, 4 or 3)	% of respondents that rated the importance as low or insignificant (scores 2, 1 or 0)
Location	6.5	90%	10%	0%
Market orientation	6.4	90%	10%	0%
Customer satisfaction	6.3	80%	20%	0%
Product development	6.3	90%	10%	0%
Service quality	6.2	80%	20%	0%
Flexibility	6.1	80%	20%	0%
Business processes	6.0	80%	20%	0%
Employee competencies	6.0	70%	30%	0%
Cooperation between tourism providers on and between destinations	6.0	70%	30%	0%

The results were compared with the literature analysis and the Delphi group results shown in Figure 1. The aim was to understand the following: which drivers are examined in relevant literature, but experts do not believe that they are important?; which drivers are recognised as important by experts, but are not getting sufficient attention in relevant literature?; and which drivers are recognised by experts and literature as crucial for hotel success? The results are presented in Figure 1. As visible in section III, the following drives received considerable interest in the literature: HRM practices, brand equity, hotel facilities, environmental practices, organisational culture, and ICT. However, the panel of experts did not recognise those as crucial drivers of hotel success. On the contrary – the panel of experts defined location, firm flexibility, product development and cooperation between tourism providers as crucial drivers of success – as seen in section I. Literature so far did failed to show much interest in those drivers of hotel success. Finally, market orientation, customer satisfaction, service quality and business processes were recognised by both literature and experts as important drivers of hotel success (section II).

Figure 1: Drivers of hotel performance through literature and the Delphi study



4. DISCUSSION AND CONCLUSION

Hotel performance attracted substantial research attention in the past three decades. Most of the academic work focused on empirical investigation connecting sustainable competitive advantages with financial performance of hotels. Studies so far mainly focused on researching intangible assets (mostly organisational and human capital) and their relation with performance. In general, studies somehow neglected tangible assets and capabilities and their relation with performance. Tangible assets were considered as a prerequisite and necessary input for operations and its connection with performance was treated as obvious. In turn, capabilities were neglected because they are difficult to measure and operationalise in empirical studies.

Empirical research in many cases focused on specific drivers of hotel performance and investigated their impact on performance. Most of the studies did yield unexpected results. Tested drivers – sustainable competitive advantages – were translated into financial success of a firm. Most of the studies did not ask the question: which are the most relevant drivers of hotel performance? To this end, this paper is dealing with this question.

Qualitative research based on the Delphi method was performed on a panel of 10 experts in the hospitality industry. They evaluated 30 drivers of hotel performance that had been recognised in hospitality research. Three rounds of evaluation reduced the

list to nine most important drivers of performance in the hospitality industry by the opinion of the expert panel. The main drivers are: location, customer satisfaction, service quality, employee competencies, business processes, product development, cooperation, flexibility, and market orientation. Of those nine drivers, one is considered as tangible, three are intangible assets and five are capabilities. This is a quite different structure than the structure of the inputs for this research. Among 31 driver of performance, only three were tangible assets, 23 were intangible assets and five of them were capabilities.

Theoretical implication of this paper is in indicating the importance of capabilities and tangible assets as performance drivers in hotel industry. Literature was not critically assessing those performance drivers so far. Our guidelines for future research in this area are proposed in section five of this paper.

Managerial implication of this paper is focused, structured and clear communication of relevant performance drivers in hospitality industry. Drivers indicated in this research are areas in which future investments in financial and human capital are needed for sustainable growth and prosperity of the industry.

Limitations of this paper are that we have possibly missed some of the research papers in the field. We have studied available paper in the WoS database but body of knowledge is growing and we may overlook some of the work. In terms of method used the main limitation is the subjective evaluation of the respondents and possible impacts of the panel on respondent opinion. Delphi is also narrowly applicable to few specific setting, it is very lengthy and complex to conduct and results off course cannot be generalized.

5. FUTURE RESEARCH POTENTIAL

This paper sets the goals for future empirical research in understanding hotel performance. Crossing the literature with hospitality experts' opinions enabled to define potential gaps, which represent a future field of research and operationalisation. Further quantitative research using those concepts is needed in order to generalize the results and further contribute to the field of knowledge in this area. In addition, it would lead to a better understanding of hotel performance in emerging and developed hospitality markets.

General management theory is emphasizing the importance of capabilities as prominent performance drivers. The lack of empirical studies investigating the relation between capabilities and performance is evident. However, the results of this research show that hospitality experts believe that capabilities are potential sources of sustainable competitive advantages. Specifically, the panel of experts recognised dynamic capabilities as quite important. Those include a firm's ability to adjust to ongoing changes in the external environment. Adaptability of organisations as systems, their employees and managers is highly relevant in today's ever-changing world. As a result, dynamic capabilities constitute an important research area that should encourage a plethora of research in the future.

These research results and general overview of relevant literature underline the need for a shift in research efforts. Research literature improved the understanding of intangible assets and their role in driving the performance in hospitality industry. However, there is still limited information available about capabilities and their potential role as sustainable competitive advantages of a hotel. The development of measurement instruments enabling the evaluation of capabilities and the magnitude of their impact on performance is a potential future avenue in hospitality research. This paper indicated five potential areas of future research including business processes, product development, cooperation, flexibility and market orientation.

This paper also compares research efforts delivered in empirical papers measuring drivers of hotel performance with expert opinion on the importance of those drivers. This research identified a gap between the focus in literature and expert evaluations. Experts clearly emphasised the role of tangible assets in hotel performance. The hotel industry is capital intensive and investments in tourism infrastructure are seen as extremely important. The results may be driven by the current situation in the hotel sector in Slovenia and Croatia. The hospitality industry in both countries requires a significant investment cycle to improve its competitiveness on the global market. Furthermore, the experts argued that clear product development is a very important driver of hotel performance. So far, empirical research was not focusing on the product development and its impact on hotel performance. This is also one of potential lines of research indicating the operationalisation of the product development as a driver of success. Business processes related to the revolution in information communication are also recognised as highly important. Qualitative research indicated that it is necessary to address them as a business processes in relation to the customer – all digital communication, internal business processes between hotel employees, and possibly technological solutions that can improve the available tourism products. The panel of experts strongly emphasised market orientation and flexibility as important drivers of performance. Further operationalisation of those drivers is necessary in order to test them empirically.

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