KEY SUCCESS FACTORS OF CONTINUOUS IMPROVEMENT IMPLEMENTATION IN THE HOSPITALITY INDUSTRY

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PhD Programme
Management of Sustainable Development

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Date of defence 11 December 2024

SUMMARY

Purpose

The hospitality industry is under constant pressure from competitors and customers, so it is crucial for businesses to make incremental improvements over time. Existing academic research shows a growing interest in quality management, but there is a lack of academic work examining the application and impact of continuous improvement. This doctoral thesis aims to analyse theoretical and practical aspects of continuous improvement in organisations, with a focus on the hospitality industry. It explores the impact of selected key success factors on the results of continuous improvement initiatives. The research intends to expand the existing knowledge base, demonstrating how these factors impact the improvement results within this specific sector. In the scope of this study, a qualitative phase was conducted first, followed by a quantitative phase, representing a combined or "mixed" methodological approach, often referred to as a sequential exploratory design.

This thesis focuses on continuous improvement, the concept is defined as an ongoing process in an organisation that involves all employees and refers to the introduction of incremental, targeted, and continuous positive changes aimed at improving systems, processes, products, and services. It can include both incremental and radical improvements, with incremental improvements being more common as they allow teams and individuals to regularly find simple solutions to challenges in business processes and service delivery. Radical improvements, on the other hand, involve a comprehensive redesign of processes and require significant financial investment.

Based on the analysis of previous empirical studies, key success factors for implementing continuous improvement in the hospitality industry were identified: Leadership commitment, Employee involvement, Quality training, Process approach, Analysing and evaluating data and information and ISO 9001 compliance. Leadership commitment ensures organisational alignment, employee motivation and resource management to achieve long-term quality improvement goals. Employee involvement is critical as it allows employees to actively participate in decision-making and idea generation. Quality training enables employees to participate in the improvement of processes. A process-orientated approach ensures standardised and measurable processes, promoting consistency and quality. Data analysis enables informed, fact-based decision making by analysing trends and results to drive continuous improvement. Compliance with ISO 9001 improves the organisation's ability to meet the quality requirements of the market.

Based on theoretical considerations and existing research, it can be concluded that continuous improvement offers significant benefits to organisations. The improvement results analysed in this research include improving product and service quality, increasing customer satisfaction, improving the reliability and speed of services and products, increasing productivity, reducing costs, improving customer relationships, improving employee competencies and skills, improving workplace safety and conditions, increasing employee engagement, and improving collaboration and communication within the organization.

Methodology

The doctoral thesis uses qualitative and quantitative methodologies to address specific research questions within the hospitality industry. The study initiates with a qualitative phase, focusing on expert interviews and instrument testing. The interviews were conducted from November 24, 2023 to December 5, 2023. During this period, interviews with 11 industry experts were undertaken to validate the measurement instruments and deepen the understanding of continuous improvement practices in the hospitality sector. Subsequently, a pilot study was conducted from November 24, 2023 to December 6, 2023, involving 30 participants. Following the pilot study, the main quantitative research phase was implemented, employing a structured questionnaire distributed from December 11, 2023 to February 23, 2024.

Building on existing research and drawing on current relevant studies, this thesis hypothesises the following to examine the impact of key success factors on continuous improvement results in the hospitality industry:

H: Key success factors of continuous improvement have a statistically significant impact on improvement results.

H1: Leadership commitment has a statistically significant impact on improvement results.

H2: Employee involvement has a statistically significant impact on improvement results.

H3: Process approach has a statistically significant impact on improvement results.

H4: Quality training has a statistically significant impact on improvement results.

H5: Analysing and evaluating data and information has a statistically significant impact on improvement results.

H6: Compliance with ISO 9001 standards has a statistically significant impact on improvement results.

The empirical part of the thesis is primarily based on primary data collected through a survey method using a measurement tool - a questionnaire. A structured questionnaire in Croatian language was used, which was developed based on existing and tested measurement instruments and scales by Sloan and Sloan (2011), Oprime et al. (2011), Yasar (2019), Bouranta et al. (2019), Hirzel et al. (2017), Jurburg (2017), Jimoh et al. (2019), Galeazzo et al. (2017), and Pereira-Moliner (2016). The respondents' answers were measured on a 7-point Likert scale. The sample for the study includes 16 large and 66 medium-sized hotel companies in the Republic of Croatia. The target group of the survey includes top management (hotel directors and employees in the administration of hotel companies) and middle management (department heads in the facilities). This selection corresponds to previous studies and provides a basis for relevant results. Out of 467 initial respondents, 192 were excluded due to incomplete responses, and 31 further excluded based on specific criteria, including a filter question regarding their organisation's engagement in continuous improvement practices and the relevance of their current roles. The final analytical sample consisted of 244 fully completed and relevant questionnaires

Findings

The data analysis and an initial exploratory factor analysis were performed using SPSS software, identifying relationships between the measured variables based on the pilot study data. The Cronbach's alpha coefficients for all constructs were determined to be above the acceptable threshold of 0.70, with values ranging from 0,725 to 0,967, thus affirming the instrument's internal consistency and reliability. Several variables were excluded from the analysis due to their low communalities and factor loadings, which contributed to improving the reliability and validity of the results.

A second exploratory factor analysis was conducted to confirm the factors identified during the pilot phase and their corresponding items. This analysis corroborated the first factor analysis, verifying that the items consistently measured the intended constructs across independent and dependent variables. A multiple regression analysis was then applied, using the factors for evaluating the impact of various independent variables on the dependent variable. The results of the multiple regression analysis indicate that the regression model is statistically significant ($F=57,562$, $p < 0,05$). The model explains 59,3% of the variance in the dependent variable. Based on the positive value of the regression coefficient ($R2=0,583$) and the established statistical significance at the 5% level, it can be concluded that an increase in the independent variable (key success factors of continuous improvement), has a positive and statistically significant impact on the dependent variable (improvement results).

On this basis, the main hypothesis is confirmed, which states that: *The key success factors of continuous improvement have a statistically significant impact on improvement results*. The regression results indicated that five out of the six examined independent variables (Leadership commitment, Quality training, Process approach, Employee involvement, and Analysing and evaluating data and information) had a statistically significant positive impact on Improvement results (with a reliability level of 0,5%). However, the variable Compliance with ISO 9001, did not show statistical significance.

The regression model identified the strongest relationship between Leadership commitment and Improvement results. Building upon established frameworks for continuous improvement within the hospitality industry, this research aligns with and differentiates from prior studies through a detailed examination of key success factors. It corroborates findings of Pambrenia et al. (2019), Oprime et al. (2011), Jørgensen et al. (2006), Khan et al. (2020), Li et al. (2016) and Thuy and Hue (2023) highlighting the significant positive impact of continuous improvements on business results and their essential role in enhancing competitiveness across all sectors. This study also supports Jimoh et al. (2019) and Ndegwa et al. (2016), Koval et al. (2018), confirming the crucial impact of leadership commitment and process management. It aligns with Hirzel et al. (2017), Bouranta et al. (2019) and Fawzy et al. (2020), identifying leadership, employee involvement, and process management as pivotal for quality enhancement. Contrasting findings emerge around the impact of education on customer satisfaction and operational results. While previous studies have shown mixed results regarding the direct benefits of education (Koval et al. 2018), this research confirms its significant impact, aligning more closely with Khan i et al. (2020), Sanchez-Ruiz et al. (2022), Sreedharan et al. (2018), and Faraj et al. (2021), who advocate for the profound operational benefits of quality-oriented education.

The findings from this doctoral thesis reveal that ISO 9001 certification does not lead to statistically significant improvements in continuous enhancement efforts within hotels. This aligns with earlier research (Alonso-Almeida and Rodríguez-Antón, 2011; Ingram and Daskalakis, 1999; Nield and Kozak, 1999; Wickramasuriya et al. 2010), which also noted a lack of significant

impact of ISO 9001 on quality improvements. Contrarily, other studies (Alonso-Almeida et al. 2012; Claver et al. 2006; Minazzi, 2006; Nava Carballido and Rivas-Tovar, 2008; Rubio-Andrada et al. 2011; Tari et al., 2009 and 2014; Jimoh et al. 2018) report positive impacts, such as enhanced quality, increased guest satisfaction, and better operational performance. These contrasting findings contribute to the ongoing debate on the efficacy of ISO 9001 certification in driving continuous improvements in the hospitality sector.

Originality of the research

From the theoretical perspective, the scientific contribution of the doctoral theses, comes from expanding and synthesizing scientific knowledge in the field of social sciences, economics, in the branch of organization and management, with an emphasis on quality management in the hospitality industry. The thesis examines quality management and continuous improvement in the hospitality industry through a systematic literature review, analyzing empirical and conceptual models. It focuses on implementation processes, key success factors, and outcomes, enriching the theoretical foundation and offering new perspectives for a deeper understanding and effective application in the industry. The scientific methodological contribution of the study is based on validating the measurement instrument, the reliability and validity of which is ensured through qualitative and quantitative analyses. The qualitative research deepens the understanding of contextual factors influencing continuous improvement, offering new insights for practical implementation. The quantitative analysis further supports these findings through factor and multiple regression analyses, highlighting the impact of key success factors. The study provides a solid foundation for future research on continuous improvement in the hospitality industry and offers actionable guidelines for implementing continuous improvement in the hospitality industry. This comprehensive study contributes to the literature on quality management, expands practical applications in different operational contexts and promotes a deeper theoretical and practical understanding of continuous improvement.

Keywords
improvement; key success factors; quality management system; hotel companies; hospitality industry; improvement results