



**ANALYZING THE CRITICAL SUCCESS FACTORS FOR ENTREPRENEURSHIP IN
HOTEL INDUSTRY- A STUDY OF STAR CATEGORY HOTELS IN UTTAR
PRADESH.**

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Abstract

The concept underlying the hotel sector has roots in human history. It started off as a small industry, or one of the biggest and most valuable in the world, when it was created as simple inns. Hotels and their tourism-related operations have played a significant role in the expansion of the hospitality industry. Therefore, having understood the importance of hotel industry in the economy of a country and in the state as well, it becomes necessary to explore the reasons of success in hotel industries. To fulfill the objective of the study, the researcher used primary data which was collected from 500 hotels operating in 10 cities ((Lucknow, Agra, Varanasi, Noida, Ghaziabad, Gorakhpur, Kanpur, Bareilly, Prayagraj & Mathura) of Uttar Pradesh. The quota sampling techniques was used for this purpose. Further, the data was collected with the tool of well-drafted questionnaire prepared on 5-point likert-based questions. The responses were collected by sending questionnaires via google docs link to the respondent 's email address and scheduling was also done where feasible. The data was analyzed by applying cross tabulation, correlation analysis & linear regression analysis with the help of IBM SPSS version 25. The results revealed that for departments like- Food & Beverages (Production), Marketing & Sales, Food & Beverages (Service). & Human Resource Management the critical success factors of star category hotels showed a difference while in case of Front Office, Leisure Operation, Back of House & Other Factors the reasons of success showed no difference. Further, valuable suggestions are also provided in the paper.

Keywords-Success, Hotel Industry, Entrepreneurship

1. Overview

Tourism and the hotel industry have long co-occurred, and in the current scenario there are a lot of hotels from which to choose, serving guests with more value and options while visiting the area. The mere presence of a hotel does not increase tourism on its own, but it does indicate health of tourism. One of the key and most important growth reasons is the expanding tourism and hospitality sectors, to which the hotel sector significantly contributes. Hotels and their tourism-related operations have played a significant role in the expansion. This rising affluence has weakened the nation's major source of foreign exchange and a producer of jobs. Due to the increase in occupancy rates, the hotel industry was significantly impacted by the expansion of the tourism industry.

The concept underlying the hotel sector has roots in human history. It started off as a small industry, or one of the biggest and most valuable in the world, when it was created as simple inns. These are some significant advantages for the hospitality sector. One of the global industries with the quickest rate of growth, the hospitality sector contributes 10% of global GDP and makes considerable money every year. Government revenue from industry increases as it operates more



effectively. Better infrastructure is crucial for the success and expansion of the hospitality sector. Governments are obligated to require the necessary actions to improve roads and transportation services in tourism-oriented areas as a result of the industry's growth, which opens the door for additional capital expenditure and development.

The next ten years will see the opening of several new hotels, which will increase employment globally. Some people think that the hospitality industry consists primarily of housekeeping and food production, but in reality, it also includes everything from restaurants to banquet halls, in-room dining, accounting, human resources, sales & marketing, front desk, tour operators, event planners, and wedding coordinators. Those looking for work in their particular field will have plenty of opportunities. Although there are countless prospects in the hotel sector, it is also a very cutthroat market. As a result, businesses are searching for a particular set of abilities and education. They strongly favour qualified candidates over those who have a degree in hotel administration. Both the visitor and the owner of the hotel may place a high value on hospitality. Every visitor deserves and expects to be treated kindly, thus we are always ready to say "hello" and greet them. In addition to having a positive outlook, hospitality providers must deliver first-rate services that make customers feel comfortable and welcome during their stay. If business travellers make up the market a hotel serves. Due to their busy schedules, business travellers frequently arrive late and depart early. A quick, clean, and healthy breakfast is always available in the hotel restaurant. The employees may need flexible schedule hours for the swimming pool, health club amenities, lounge and live entertainment, gift shops, coffee shop, and other hotel services that will be used by guests when they are in-house at the hotel. Foreign visitors do need help with their electrical appliances, currency exchange, tour guides, and other local advice. The hotelier's top responsibility is to treat every guest with kindness and hospitality; otherwise, they won't return, will opt to do business with a rival, and might even persuade others not to try your hotel, which would have a significant negative effect. As a result, each and every visitor must be treated with respect, and their stay must be enjoyable. As a result, it is crucial to investigate the causes of success in the hotel industries now that it is clear how important the hotel sector is to the economy of a nation and a state.

1.1 Objective of the study

1. To study the demographic profile of the respondents
2. To explore the difference in the reasons of success in hotel industry.

2. Review of Literature

Rockert first established the idea of "CSFs" (1982). Since then, this idea has been widely used in a variety of industries (W. Hua, et.al, 2009). CSFs were originally described by Rockert in the year 1982 as "those few important activities in which favourable results are absolutely vital for a particular management to achieve his or her goals." "CSFs" are hence manageable "critical" characteristics that have the utmost capacity to predict a company's performance (Brotherton & Shaw, 1996). The paybacks of CSFs are noted in the empirical evidences to affect satisfaction of clients (Ferreira & Fernandes, 2015), revenue growth (Freeman & Thomlinson, 2014; Nieh & Pong, 2012), long run survival (Freeman & Thomlinson, 2014), economical edge (Marais et al., 2017), progress & advancement (Lin & Fu, 2012), and managing quality effectively (Fadly Habidin & Mohd Yusof, 2013).

Since 1985, CSFs have been used in the hospitality and tourist sectors. Geller (1985) used the CSFs initially in the context of IS in the hotel business. Griffin identified CSFs in 1995 in order to



create a category model for yield management systems (Griffin, 1995). Identifying success characteristics has gained popularity within this industry and its related industries in recent years with the growth of tourism (Marais et al., 2017). But the majority of earlier CSF research examined the tourism industry generally rather than a single sector (e.g., hotel). This is in line with Avcikurt et al. (2011), who thought that CSFs weren't frequently used in the hotel sector. The pertinent literature for this business will be presented in the paragraphs that follow because the current study's focus is on the CSFs of the hotel industry. Geller (1985) investigated the CSFs of American hotels using a number of case studies. According to the results of the interviews, the fundamentally important elements of a successful hotel industry are "employee attitude," "guest satisfaction," "superior product," "superior location," "maximise revenue," "cost control," "increase market share," "increase customer price-value perception," and "achieve market segmentation." A questionnaire survey was used by Brotherton et al. (2003) and Brotherton and Shaw (1996) to detect CSFs in the hotel industry in the United Kingdom (UK). The primary CSFs were divided into the following categories: "front office," "food and beverage service and production," "conference and banqueting," "leisure operations," "back of house," "sales and marketing," "human resource management," "accounting and control," and "quest accommodation." Brotherton (2004) found 36 CSFs from low-cost hotels in Britain after conducting a thorough review. Through a questionnaire survey, the primary variables were broken down into the following categories: "core product," "consistency," "customer service," "hygiene and quality," "strategic control," and "location." In a different instance, W. Hua et al. (2009) looked at the characteristics of CSFs in Chinese cheap hotels.

In addition, Padilla-Melendez and Garrido-Moreno (2014) identified CRM CSFs in Spain's hotel industry. There were four CSFs discovered. They were "customer orientation," "information technology," "knowledge management capacity," and "organisational preparedness." The data came from one twenty eight Chief Executive Officers of small- and medium-sized hotels in Spain, and the findings indicated that organisational readiness was the most important variable. It was also discovered that it moderated the impact of the other three factors on CRM success. Mardani et al. (2015) also identified the CSFs of Iranian hotels. They examined CSFs in light of 16 additional parameters in addition to three basic ones. Organizational factors such as "continuous improvement," "strategic planning," "teamwork," "organisational culture," "organisational trust," and "process management" were the first major element. The human aspect, which included "customer attention," "employee empowerment," "employee fulfilment," "employee involvement," and "leadership," was the second major factor. Technology, specifically "Statistical Process Control (SPC)", "Quality Control and Reporting", "Benchmarking", "ISO 9001", and "Just-in-time (JIT)", was the third significant element. Leadership emerged as the most important component in their study. However, there aren't many research that have evaluated various CSFs in the hotel industry. Despite the fact that a number of studies have concentrated on both developing and developed nations, none of them have been undertaken exclusively inside Malaysia's hotel business. Basically, the most popular techniques for detecting and prioritising CSFs are simple survey and interview. Additionally, no theoretical framework has been developed to identify the most significant CSFs and the connections between these elements. More crucially, past studies have disregarded the use of soft computing methods that can quantify the relative relevance of many aspects of the growth and performance of hotels. In order to close these gaps,



the current study used the SEM-ANFIS method to identify, classify, and prioritise the important CSFs that support the growth of Malaysia's hotel business.

3. Research Methodology

The current study is exploratory in nature, qualitative in nature, and quantitative in form. It is based primarily on primary data that was gathered from owners, top managers, and executives of 500-star hotels in 10 chosen cities in Uttar Pradesh. According to rankings provided by the Regional Office of the Department of Tourism, hotels functioning in the top 10 cities of Uttar Pradesh (Lucknow, Agra, Varanasi, Noida, Ghaziabad, Gorakhpur, Kanpur, Bareilly, Prayagraj & Mathura) were picked. According to the number of domestic tourist visits in 2019, UP. According to the classification provided under the National Integrated Database of the Hospitality Industry at <https://www.nidhi.nic.in>, star category hotels were selected. Additionally, because there were only 24 registered star hotels in UP, the star category hotels were selected from the ratings provided by the make my trip website. For this, quota sampling approaches were employed. Additionally, a well-written questionnaire with “5-point Likert”-based questions was used to collect the data. The replies were gathered through distributing questionnaires to respondents' email addresses via a Google Docs link, and scheduling was also done when practical. Using IBM SPSS version 25, cross tabulation and chi-square analysis were used to evaluate the data.

4. Data Analysis & Interpretation

4.1 Respondent's Demographics

After examining the respondents' demographic profiles, it was discovered that there were 500 hotels overall, of which 44 were 5-star establishments, 240 were 4-star establishments, 109 were 3-star establishments, and 107 were 1- and 2-star establishments. In addition, it was discovered that all hotels, with the exception of those in the 5-star category, had a national base, with just about 34% of 5-star hotels having national ownership. Most of the high star category hotels were found to offer upscale services, whilst 3 star, 1 & 2 star, and other hotels offered mid-level or low-level services. Additionally, it was discovered that 5 star hotels have more employees than the other three categories of star hotels out of the four. In addition, it was discovered that the average occupancy and profitability in the five- and four-star categories were higher than those in the three-, one-, and two-star hotels included in the study.

4.2 Chi Square Analysis: Difference between the Category of hotel for Reasons of success of hotels: All hotels

- **“Null Hypothesis (H0)” 1:** There is no association between Category of hotel and- Level of Critical Success Factors for Food & Beverages (Production).

Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be lower than 0.05, therefore giving us the base to **reject null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are “associated”**.

- **“Null Hypothesis (H0)” 2:** There is no association between Category of hotel and- Level of Critical Success Factors for Front Office.

Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be greater than 0.05, therefore giving us the base to **accept null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are not “associated”**.

- **“Null Hypothesis (H0)” 3:** There is no association between Category of hotel and- Level of “Critical Success Factors” for “Leisure Operation”.



Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be greater than 0.05, therefore giving us the base to **accept null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are “associated”**.

- **Null Hypothesis (H0) 4:** There is no association between Category of hotel and- Level of “Critical Success Factors” for “Marketing & Sales”.

Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be less than 0.05, therefore giving us the base to **reject null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are “associated”**.

- **“Null Hypothesis (H0)” 5:** There is no association between Category of hotel and- Level of “Critical Success Factors” for “Food & Beverages (Service)”.

Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be lesser than 0.05, therefore giving us the base to **reject null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are “associated”**.

- **“Null Hypothesis (H0)” 6:** There is no association between Category of hotel and- Level of “Critical Success Factors” for “Human Resource Management”.

Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be greater than 0.05, therefore giving us the base to **accept null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are not “associated”**.

- **“Null Hypothesis (H0)” 7:** There is no association between Category of hotel and- Level of “Critical Success Factors” for “Back of House”.

Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be greater than 0.05, therefore giving us the base to **accept null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are not “associated”**.

- **“Null Hypothesis (H0)” 8:** There is no association between Category of hotel and- Level of “Critical Success Factors” for “Other Factors”.

Chi-Square tests- Interpretation & Findings: The “asymptotic significance” for “Pearson Chi Square” is found to be greater than 0.05, therefore giving us the base to **accept null hypothesis** at 5% level of significance. Therefore, we can state that **two variables are not “associated”**.

5. Conclusion & Suggestions

The areas in which a company must perform to survive in the marketplace are known as critical success criteria. Due to rising customer demands and global competition, the key success elements in the hotel sector have changed throughout time. Hotels are putting a lot of effort into quality control to draw in new clients and increase repeat business. The entire procedure of a hotel's day-to-day operation is referred to as "successful hotel operations." Each department must work well both independently and in concert with the others for a hotel to run smoothly. To give guests the finest experience, the hotel's numerous departments must work in harmony.

A seamless and efficient check-in process handled by the front desk team, spotless and welcoming rooms provided by the housekeeping team, well-maintained facilities maintained by the maintenance team, etc. are all examples of successful hotel operations. Hotel operations have grown even more rigorous as a result of COVID-19. Operational complexity in the hotel industry has increased due to the requirement for additional hygiene precautions, health checks, and other measures. The hotel manager, who is in charge of all departments, is responsible for overseeing this.



The findings showed that while there was no difference in the critical success factors for front office, leisure operation, back of house, and other factors, there was a difference for departments like “food and beverage (production), marketing and sales, food and beverage (service), and human resource management”. Results suggest that as we move up the star category ranking, factors within departments like “Food & Beverages (Production), Marketing & Sales, Food & Beverages (Service), and Human Resource Management” become more crucial for success. This is because “5 star, 4 star, 3 star, 2 & 1 star hotels” differ by size, capability, target customers, and services they provide. While several departments that contribute to hotel success, such as Front Office, Leisure Operation, Back of House, and Other Miscellaneous Factors, are regarded as being of equal importance within each hotel rating grade.

Suggestions-

- Staff and employees should be trained to treat consumers with care.
- The opinions and input of the customers should be used to find solutions to the issues they are having.
- Employers must feel comfortable with their managers to improve employee motivation.
- To ensure that each hotel department performs as expected, the hotels should raise the quality of the variables that make up those departments.
- To ensure that hotels continue to prosper and flourish, service quality should be kept high.
- The hotels should also think about implementing more and more green practises and acting environmentally mindful in order to secure long-term growth and existence.

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