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## RESEARCH ARTICLE

# INFORMATION TECHNOLOGY PRACTICES ADOPTION: A STUDY OF BUDGET HOTELS IN CHANDIGARH (TRI CITY)

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**ABSTRACT**

In present scenario, Budget Accommodation is one of the fastest growing sectors in Indian hospitality industry with intense competition. This study has focused on the adoption of the information and technology practices by the Budget hotels in Chandigarh (Tri City). There is a large difference in the different practices adopted by the hotels depending on the facilities and clients. The manpower in hotels has been reluctant to make best use of IT at times. The analysis has been done through personal interviews with the managers of 76 hotels of Chandigarh (Tri city). The study results to promote IT adoption among Room Division in a better way to increase their revenues and provide excellent guest satisfaction.



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## INTRODUCTION

The hospitality industry has been emphasizing on provision of quality services to the guests whether staying with them or not staying with them since ages. With the increasing demand of information by the customers and the hotels like guest history need by them has increased the scope of use of information technology by them. The hotels have started investing in Information technology now as it helps guests to have a better experience and their own manpower to work more efficiently. The hotel industry has been regarded as information intensive as the guests information like their Preferences, likes regarding rooms, facilities. The hotels have been using information technology now in reshaping the structure of the industry. The hospitality and tourism industry in India especially in Chandigarh (Tri City) in North India has seen a rapid growth in recent times with large number of foreign travelers also coming to India for different reasons and staying in hotels. There are large number of budget hotels operating and coming up in the region with big players like Park Plaza, Ginger Hotels, Lemon Tree Hotels have been emphasizing on the use of Information Technology to improve their services and make best use of their manpower. Since there has been a rapid change in the information technology practices with the use of e-business practices with the use of e-mails, internet, social networking, sms and mobile internet. The full benefit of technology. The use of information technology by the hotels requires a huge investment. Mobile Commerce (m-commerce) has been the latest innovation as the use of information technology by the hotels in which the guests can make bookings through their mobiles and check-in from their mobiles through IT. (Chathoth *et al*., 2007) focused on the importance of information technology that it can generate a lot of knowledge for business competitiveness.

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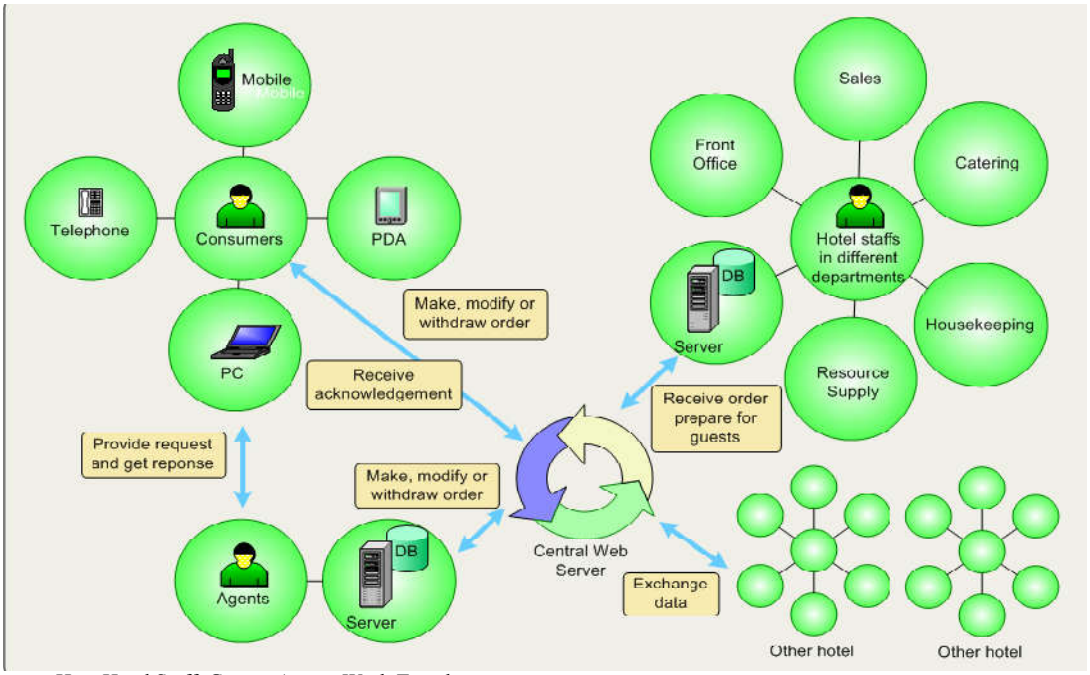
### Review of Literature

Buhalis (1998) suggested this trend to both the rapid advances in technology as well as the increasing demands of the customers who look forward to flexible, specialized, accessible and interactive products and communication with principals. The ICT based products and processes help the hotels to enhance the operating efficiency, improve the service experience as well as provide a means to access markets on a global basis. Wei *et al*. (2001) found significant impact of geographical location on the adoption and use of the Internet among hotels. The number of rooms and competition among hotels in a region can also affect the use of information technology in hotels. The use of information technology has been focused more so as to provide the guests efficient and timely services of high standards. The technology is used to send e-mails and sms to guests and prospective guests so as to get them updated about the latest offers and other information




Source: How Hotel Staff, Guests, Agents Work Together

Like reservation status and billing information. High levels of competition may prompt. The hotels to aggressively use ICT based technologies both for attracting customers as well as to increase the efficiency of its operations. Effective use of information technology in a hotel needs intensive investment in terms of financial and manpower investment. The nature of risk involved in investing in small hotels sometimes prompts them to less use the technology. Now days the scope and nature of activities that hotels engage in prompt them to use information technology more effectively. Buhalis (1998, 2003) stressed more strategically information technology is gradually reshaping the fundamental structure of industry and society. Law and Jogaratnam (2005) further Suggested that IT can transform the nature of tourism and hospitality products, processes, Businesses, and competition, and that tourism and hospitality organizations that have failed to master the right IT systems would find difficult to direct and manage their information-intensive business damaging their competitiveness. Cheyne, Downes, & Legg (2006) stated that many people prefer to book online when they have previously traveled to a destination and they feel familiar with the place, although many still treasure their established relationships with travel agents. Ho & Liu (2005) stressed that in the Internet era, search engines play an important role in information searching.Kozak (2007) found from a study on travelers from 36 countries that people from different regions require different information source and they require various information from intern*et al*so. Gertner *et al*. (2006) stressed that having a web site for operations makes more popular and the web address can increase competitive advantage among tourism websites.Stockdale (2007) focused on the use of self service technological methods to handle most important part of guest relationship management.

## Objectives of this paper

1. To Study the various Information Technology Practices adopted by budget hotels in Chandigarh (Tri city)
2. To Evaluate Importance of Information Technology Practices on the performance of the budget hotels in Chandigarh (Tri city)

## Methodology

The data was collected from the three star hotels and 4 star hotels of Chandigarh (Tri City) separating them in ten different locations from the directory of FHRAI that is a relevant database of hotels in India. To start with this sample collection, 100 Front Office Managers were contacted through phone out of which 76 responded and agreed to participate in the survey, all of which were sampled. The managers were a mix of Front Office Managers, Food & Beverage Managers and Managers of three stars, Four Star and Budget Hotels. The data was collected through well structured questionnaire with close ended questions on information technology practices in hotels.

**Table 1. Distribution of sample as Hotel characteristics (N=76)**

| Category of the Hotel | Number | Percentage |
|---|---|---|
| Budget Hotel | 14 | |
| 4 star | 24 | |
| 3 star | 38 | |
| | | |
| Year of Existence | | |
| Less than 5 | 18 | |
| 6-10 | 30 | |
| 11-15 | 20 | |
| 16-20 | 05 | |
| More than 21 | 03 | |
| | | |
| No. of employees. | | |
| Less than 50 | 40 | |
| 51-100 | 25 | |
| 101-150 | 11 | |
| More than 150 | | |
| | | |
| Type of Ownership | | |
| Chain | 24 | |
| Individual | 52 | |

Table 2 presents the results from exploratory principal components factor analyses with varimax rotation on the 27 individual information technology practices items categorised into three groups. The property management system practices items were factored into three factors explaining from 79.70 to 83.50 percent of total variation. The first factor (property management system practices) we label as *'front office practices* (FOP) that comprises Confirmation mail in advance

**Table 2. Factor analysis results for the Information Technology Practices**

| | Factor 1 | Factor 2 | Factor 3 |
|---|---|---|---|
| Explained variation (per cent) | 81.10 | 82.50 | 80.00 |
| Eigen values | 3.71 | 3.47 | 2.49 |
| Front Office Practices | | | |
| Confirmation mail in advance makes a guest more satisfied | 0.64 | | |
| Sending confirmation SMS to the Guest Via PMS | 0.79 | | |
| Multiple Check-in & Check outs | 0.78 | | |
| Guests can check their bills on the TV Screen in rooms. | 0.65 | | |
| Guests can also request or register complaint on IVR | 0.64 | | |
| Sending E-mails for Updates greetings to Guests makes them more satisfied | 0.62 | | |
| Making Occupancy Report is easier. | 0. 68 | | |
| Total Room Revenue & ARR Can be calculated easily | 0.70 | | |
| Linkage of PMS with other Properties | 0.74 | | |
| Revenue can be increased through GDS | 0.60 | | |
| Room Forecasting can be done easily. | 0.69 | | |
| Making a Reservation is better than dairy or Whitney systems | 0.66 | | |
| Guest's Preference , History can be recorded for long time | 0.71 | | |
| Corporate & FIT can be easily distinguished | 0.72 | | |
| Cancellation can be done easily and retention charges can be charged online. | 0.71 | | |
| Promotions & Offers can be shared online on social networking sites , sms or e-mail | 0.72 | | |
| Helps in Coordinating with sales & marketing Dep't. | 0.76 | | |
| Special Requests of Guest can be shared with other departments in a better way. | 0.70 | | |
| Food & Beverage practices | | | |
| Guest can view Order No & Service Time. | | 0.85 | |
| Better way to post the bill in Master Folio of the Guest | | 0.78 | |
| Guest's Preference and special request can be saved and used later on. | | 0.82 | |
| Helps in getting report of guests with complementary meals. | | 0.73 | |
| Accounting & Finance Practices | | | |
| Daily Revenue can be calculated easily | | | 0.76 |
| Helps in calculating salary of employees easily. | | | 0.70 |
| Night Auditing can be done in a better way. | | | 0.75 |
| Discrepancies can be found easily. | | | 0.72 |
| Daily Discounts & Allowance given to guest can be calculated easily. | | | 0.67 |

**Table 3. F-values from the one-way ANOVA on property management practices**

| Property management practices | | Control variables | | | | |
|---|---|---|---|---|---|---|
| Measures | Mean scores | category | age | Size in capital | Size in employees | Type of enterprise |
| • Front office | 5.23 | 4.443** | 1.131 | 1.790 | 1.582 | 5.432** |
| • Food & Beverage | 5.71 | 4.562** | 1.686 | 1.336 | 0.767 | 5.752*** |
| • Accounting & Finaance | 5.69 | 4.496** | 1.441 | 0.328 | 1.083 | 4.921** |

Significance at level * p< (0,1),** p< (0,05),*** p<(0,01), **** p<(0,001)

makes a guest more satisfied, Sending SMS also about confirmation to the Guest via PMS, Multiple Check-in & Check outs can be taken, Guests can check their bills on the TV Screen in rooms. Guests can also request or register complaint on IVR,Sending E-mails for Updates greetings to Guests makes them more Satisfied, Making Occupancy Report is easier, Total Room Revenue & ARR can be calculated easily Linkage of PMS with other Properties, Revenue can be increased through GDS, Room Forecasting can be done easily, Making a Reservation is better than dairy or Whitney systems, Guest's Preference, History can be recorded for long time Corporate & FIT can be easily distinguished, Cancellation can be done easily and retention charges can be Charged online, Promotions & Offers can be shared online on social networking, Sites, sms or e-mail Helps in Coordinating with sales & marketing Deptt. and special Requests of Guest can be shared with other departments. The second factor *'food & beverage practices'* (FBP) comprises Guest can view Order No & Service Time, Better way to post the bill in Master Folio of the Guest, Guest's Preference and special request can be saved and used later on and Helps in getting report of guests with complementary meals. The third factor *'accounting & finance practices* (AFP) consists of Daily Revenue can be calculated easily, Helps in calculating salary of employees easily, Night Auditing can be done in a better way, Discrepancies can be found easily, and Daily Discounts & Allowance given to guest can be calculated easily.

In order to assess the relationship between some of the controls (or demographic variables) and application of information technology practices, or in other words to be able to test Hypothesis 2, one-way ANOVAS were performed. The results of this analysis are summarised in Table 3, which presents the corresponding F-values. The findings in this table are informative. In column 'mean scores' the average scores of the corresponding control variables are reported. It is seen that all means are much above level 4 in the 5-level Likert scale. The dimensions of 'category' and 'type of enterprise' found to be statistically significant on all property management practices variables. Moreover, it is found that hotels were using property management practices when they were belonging in a 5 star and chain category. On the contrary, the dimensions of ' age', 'size in capital' and 'size in employees' did not produce statistically significant results with respect to the property management practices variables. In the light of these results, regarding Hypothesis 2, we found that there is a positive relationship between property management practices variables and sample hotel category and type, and there is no relationship between property management practices variables and hotel age and size (capital or employees). In other words, if hotels are to achieve higher performance levels and compete in hospitality marketplace, they should preferably increase the application of property management practices.

**Conclusion**

According to information technology practices asoption literature hotels face potential unique problem types derived from owner-manager and size related characteristics which may well contradict the propensity to adopt new technological advancements and also high cost at the end of top management. The decision making process is centralized to top management, so as the initiation and the implementation of property management practices. The statistical analysis revealed that the majority of the budget hotels in Chandigarh (Tri city) in the sample appreciate the adoption of information technology in their day to day operations to better performance but unable to apply property management practices due to high cost and firm demographic characteristics. The results confirm that information technology adoption has great significance and impact on different firm's aspects, especially on cost reduction and quality improvement. As it was expected the hotel managers' perception mainly shape the direction, the scope and the resource allocation of the organisation that will be implemented. During the initiation phase of adoption of information technology practices the owners' decisions are based mainly on the financial performance. In the case of implementing property management practices, the owners seem to consider heavily on planning, information collection and pursuing goals and objectives, along with quality and control.

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