

RESOURCES AND CAPABILITIES DRIVING PERFORMANCE IN THE HOTEL INDUSTRY

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Review

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Abstract

Purpose – The purpose of this paper is to provide an overview of the resources and capabilities framing sustainable competitive advantages in the hotel industry.

Design – What is driving performance of firms is an on-going question evoking considerable interest among academics and practitioners alike. This has driven a large body of conceptual and empirical research. Empirical testing of sustainable competitive advantages driving performance in the hospitality industry has been one of the most researched topics in the last three decades. This paper summarises and reflects on those findings.

Methodology – Paper uses content analysis to review the existing studies in order to understand resources and capabilities driving the performance in the hotel industry.

Findings: Results show that most of the studies in the hospitality industry focus on investigating the impact of intangible resources and capabilities on hotel performance. In most of the cases studies use knowledge as a main driver of performance. Interestingly tangible resources are rarely considered and included in the research.

Originality of the research – Literature has so far failed to provide a review paper summarising empirical results of many studies that explored drivers of hotels performance. This paper brings a theoretical contribution summarising and reflecting on the current body of knowledge.

Keywords resources, capabilities, competitive advantage, performance, hospitality

INTRODUCTION

In the last fifty years the performance of firms has been one of the most important research concepts in management, business and economic literature. During that period academics and practitioners were trying to understand the sources of sustained competitive advantages that are driving potential above-normal performance of firms.

The first attempt at conceptualising the theory of firms' growth was made by Penrose in 1959. She acknowledged that firms' resources as well as effective and innovative management are important drivers of their economic value and growth. Following Penrose's work, Andrews (1971) emphasised that firms' competitive advantages are driven by their ability to mitigate and adjust to dynamic changes coming from the environment. Wernerfelt in 1984 coined and formally established the resource-based view (RBV) underlining that firms must focus on developing resources rather than products. This was the foundation for the development of a resource-based view that

became the main theoretical framework for understanding the competitive advantage of firms for more than three decades.

The main milestone for the resource-based view development was in 1991 when Barney defined the main characteristics of resources, explained the link between resources and sustainable competitive advantage, and distinguished between different types of resources as important potential drivers of the performance of firms. His work was followed by Peteraf (1993), who further defined the conditions under which competitive advantages of the firm lead towards above-normal returns, and Amit and Schoemaker (1993), who clearly distinguished between the firm's resources and capabilities. Further development of the theory resulted in acknowledging three prominent areas of resources that are highly relevant for establishing competitive advantages of the firm: knowledge-based view (KBW) (Grant, 1996), nature-based view (NBW) (Hart, 1995) and dynamic capabilities-based view (DKW) (Teece, Pisano and Shuen, 1997).

Major criticism of RBV revolves around its lack of practical solutions and their testing at the empirical level. Among serious drawbacks for empirical testing was the complexity of RBV concepts. Most of them are elusive, hard to measure and highly dependent on formal and informal agreements between the firm's major stakeholders: owners, management and employees. Negotiating power and agreements between the stakeholders have a strong impact on the firm's performance, but are often ignored and not measured in empirical studies.

As a result, many empirical studies focused on specific aspects of resources or capabilities and empirically tested their separate impact on the performance. Most studies focus on examining intangible resources alone within a single industry context (Foss, 1997). Other studies focus on physical or tangible resources. However, the ability to understand the relationship between resources, capabilities and firms' performance helps to more precisely define the true sources of competitive advantages (Foss, 1997).

The purpose of this paper is to provide an overview of theoretical concepts used to define resources and capabilities that are translated into sustainable competitive advantages in the hotel industry. Those resources and capabilities that represent firms' sustainable competitive advantages are the main drivers of performance. The study is conceptual and provides a synthesis of previous studies. The paper provides a two-step content analysis – the first one on RBV development and the second one on studies connecting hotels' resources and capabilities with their performance. Unfortunately, due to the extensive body of research in these areas, we could not possibly include all the studies in our analysis. This is why we have focused on most cited studies (with the major impact) in the areas. This is a novel approach; available literature has so far failed to provide a review paper summarising empirical results of many studies that explored a single or a few resources and capabilities driving performance. As such, this paper brings a theoretical contribution summarising and reflecting on the current body of knowledge. It also offers a holistic approach to understanding resources and capabilities driving performance in the hotel industry and provides useful insights for subsequent research.

1. RESOURCE-BASED THEORY: UNDERSTANDING ITS MAIN CONCEPTS AND DEVELOPMENT

Major theoretical framework used to study the growth and performance of firms is RBV. This theory has a basis in economics and strategic management literature. Therefore, most of the concepts used to explain firms' performance have their roots in economics and management science. It is somehow acknowledged that RBV started with Barney (1991), but this is not entirely true. The roots of RBV go back to the 1960s and they are connected to the work of Penrose (1959) and Andrews (1971). They recognised that resources influence firms' growth and performance. Barney's (1991) undoubted contribution was in the clarification of the link between resources and sustainable competitive advantages. He proposed that only resources that are valuable, rare, inimitable and non-substitutable are a potential source of sustainable competitive advantages (Barney, 1991). Those competitive advantages can lead firms towards abnormal returns. Amit and Schoemaker (1993) recognised that not only resources, but also capabilities defined as "firm's capacity to deploy resources" (p. 35) are potential sources of firm's competitive advantages.

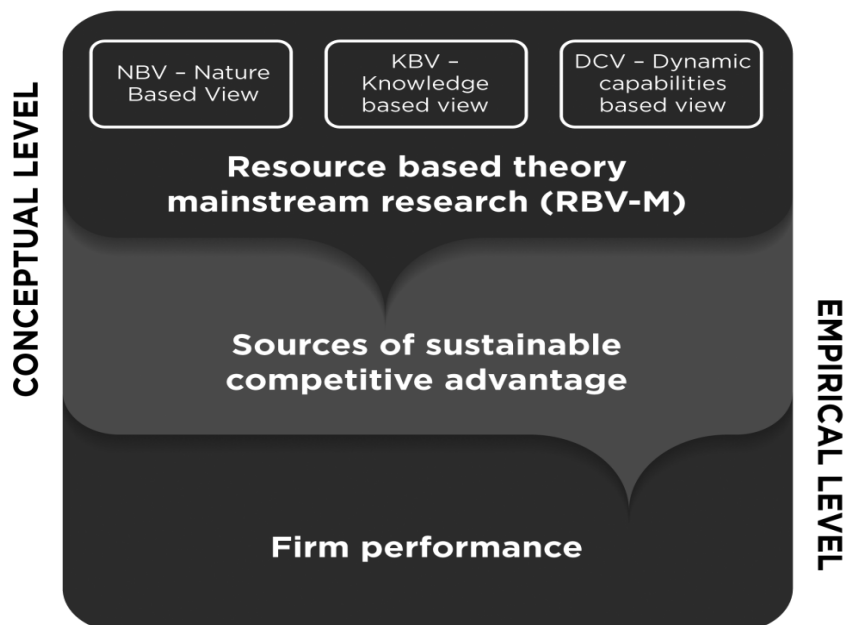
Literature at its early stage distinguished between resources and capabilities as potential sources of firms' competitive advantage. In its further division, resources are classified as tangible and intangible (Collins, 1994) and capabilities as operational and dynamic (Winter, 2003). Tangible resources denote financial or physical assets of a firm and are measured by its balance sheet (Andersen and Kheam, 1998). The definition of intangible resources is much more complex because intangible resources are non-physical by nature and are rarely included in the firm's balance sheet and therefore hard to measure. So far literature recognised HRM practices, firm's policies, employees and managers skills, firm's intellectual, social and relational capital as well as organisational culture as its intangible resources (Grant 1996; Castanias and Helfat, 1991; Barney, 1991; Teece et al., 1997). On the other hand, capabilities are bundles of skills and accumulated knowledge (Winter and Nelson, 1982; Teece et al., 1997) that can be operational or dynamic. Operational capabilities are routines that enable firms to perform activities on an on-going basis using more or less the same techniques over time to produce goods and services that have solid demand on the market (Helfat and Winter, 2011). Dynamic capabilities are directed towards firms' ability to adjust to the changes coming from the boarder environment (Zahra, Sapienza and Davidsson, 2006).

Resource-based theory evolved and developed into three streams: knowledge-based view, nature-based view and dynamic capabilities-based view. At the very beginning, Grant (1996) recognised the importance of knowledge as generator of sustainable competitive advantages of firms. Because knowledge is hard to imitate and is embodied in everyday practices of firms, it was seen as the most important source of their sustainable competitive advantage (Foss, 2011). Studies in this area gravitated towards psychology in order to better understand mechanisms that motivate and retain human capital within the firm (Coff and Kryscynski, 2011). Another stream of research dealt with the natural environment as a major driver of sustainable competitive advantage (Hart, 1995). Natural environment can be seen as a part of firms' physical resources. It can also be seen as intangible assets and capabilities embodied in firms' policies and practices reflecting their relations with the natural environment. This was the

foundation for the development of corporate social responsibility as an important theoretical framework in strategic management literature (Siegel, 2011). The third stream of research emphasised firms' ability to adapt to the changes from the dynamic environment (Teece et al., 1997). Due to the technological revolution, globalisation and rapid changes taking place in the market, firms' abilities to adjust and adapt their resources and capabilities to global changes became an important source of sustainable competitive advantage.

In the 2000s the focus redirected from conceptual work towards empirical testing. Attention was devoted to operationalisation and measurement as well as empirical testing of the relation between firms' sustainable competitive advantages and performance. This produced a body of research investigating the impact of a single or multiple resources or capabilities on firms' performance. This stream of empirical research is still developing and empirical evidence is flowing from different countries and sectors. The main criticism of such empirical studies is related to their narrow approach and focus on a single sustainable competitive advantage. This limits their ability to provide a holistic overview and contribute to the understanding of relations between resources and capabilities that are driving firms' performance. Another limitation is related to their measurement scales. Sustainable competitive advantages are simply hard to measure. An attempt to synthesise the current body of knowledge related to RBV is provided in Figure 1.

Figure 1: Levels and areas of research within RBV development



Source: Authors

A synthesis provided in Figure 1 is based on an extensive content analysis of RBV literature presented in Table 1. Since RBV research evoked considerable attention in academic literature, we conducted a content analysis based on 40 papers that have left a strong mark on RBV development and were published in top three management journals: Strategic Management Journal, Journal of Management and Academy of Management Review. These journals have been focused on RBV and its development in the last four decades. The papers were selected based on their citations level – top 40 most influential papers in the area were considered. Citations are an objective measure of paper impact on the area. However, they were very different. Some papers were cited as many as 11.000 times, while others were cited 600 times. That is why we partially also used subjective criteria, which are based on extensive knowledge in the area, to make the cut-off point and include 40 papers in our analysis. Keywords used in the search process were resources, capabilities, resource based theory and competitive advantage.

Paper contents were analysed using content analysis, as appropriate qualitative research technique for objective and systematic analysis of textual data (Berelson, 1952; Bauer, 2000). The papers used in the content analysis were carefully studied and categorized accordingly. The main categories or themes were identified (Byrman and Bell, 2011) and used for evaluation of the literature. A detailed analysis of the resource-based theory evolution and its development, which includes three prominent streams, i.e. knowledge-based, nature-based and dynamic capabilities view, is presented in Table 1. Papers were sorted chronologically based on their date of publication. The authors and the year of publishing are indicated first, followed by the main focus and paper contribution.

Results of the content analysis have shown that in the early stage of RBV development focused on the clarification of the basic concepts: tangible, intangible resources and capabilities and how can they be translated into firms' competitive advantage. With further development of the theory, the authors focused on better understanding of knowledge as source of firms' competitive advantage. Those studies researched HRM practices, firm policies, employees skills, managers' skills, firms' intellectual and social capital, relational capital and organisational culture as sources of firms' competitive advantages. Simultaneously with the knowledge-based view, studies focusing on the nature-based view were exploring firms' environmental policies, corporate social responsibility practices, managers' and employees' attitudes and knowledge about natural environment protection and their connection with firms' performance. In the early 2000s studies shifted their attention to emphasising the importance of dynamic capabilities, such as market orientation, innovation capacity, managerial ability to avoid strategic drift and managerial network capital as important drivers of firms' success. Dynamic capabilities are still at the core of researchers' interest.

Based on our findings we classified the papers analysed in Table 1 into one or more categories:

- 1) resource-based view mainstream research (RBV-M) that includes research – defining and clarifying the main concepts of RBV – resources and capabilities;
- 2) nature-based view (NBV);
- 3) knowledge-based view (KBV) and
- 4) dynamic capabilities view (DCV).

Table 1: Content analysis of RBV evolution and development

Author(s) and year	RBV - M	NBV	KBV	DCV	Main contributions
Penrose (1959)	+				Resources influence firms' growth and economic performance.
Lippman and Rumelt (1982)	+				Concepts of RBV: Inimitability and causal ambiguity.
Wernerfelt (1984)	+				Coined RBV: Firms must focus on their resources rather than products.
Barney (1986)	+				Organisational culture is a potential source of SCA.
Dietricx and Cool (1989)	+				Resources as potential SCA are non-tradable assets like skills, values, firm reputation, customer loyalty, etc.
Barney (1991)	+				Articulated the characteristics of resources to become SCA: valuable, rare, inimitable and non-substitutable.
Castanias and Helfat (1991)			+		CEO's skills are a very important resource of the firm.
Fiol (1991)	+				Organisational identity is an important source of SCA.
Conner (1991)	+				RBV is developing as a new theory of firms.
Kogut and Zander (1992)			+		Combinative capabilities and especially knowledge are very important resources.
Peteraf (1993)	+				Defined four conditions under which SCA exists.
Amit and Schoemaker (1993)	+				A clear distinction between resources and capabilities.
Grant (1996)			+		Intangible know-how is a source of firms' SCA.
Hart (1995)		+			Negative impacts of a firm's development can destroy the environmental resources on which it depends.
Miller and Shamsie (1996)			+		Divided resources to property-based and knowledge-based, and the first test of the resource-performance link.
Oliver (1997)			+		Firm's SCA depends on the internal culture; inter-firm relations and influences from the society and state.
Teece, Pisano and Shuen (1997)				+	Introduced the concept of dynamic capabilities.
Coff (1999)	+				SCA does not always lead to high-level performance (rent appropriation problem).
Eisenhardt and Martin (2000)				+	Explained when SCA can be achieved in dynamic environment.
Wright, Dunford and Snell (2001)			+		Explained the link of RBV with human resource management.
Barney (2001)	+				RBV positioning according to other theories.
Makadok (2001)				+	Explained the link between RBV and DCV.
Winter (2003)				+	Introduced the concept of high-order capabilities.

Author(s) and year	RBV - M	NBV	KBV	DCV	Main contributions
Ray, Gautam and Muhanna (2004)	+				Resources can become SCA only if they are translated into business processes, routines and activities.
Teece (2007)				+	Set the dynamic capabilities framework to sustain superior performance in an open economy with rapid innovation.
Armstrong and Shimizu (2007)	+				Researched and critiqued the methods used in RBV.
Sirmon, Hitt and Ireland (2007)				+	Explained how to manage firms' resources in a dynamic environment.
Crook, Ketchen, Combs and Todd (2008)	+				Measured the link between firms' strategic resources and performance through meta-analysis.
Zahra, Filatotchev and Wright (2009)			+		Corporate governance (ownership, board composition, executive compensation) has an important impact on CA.
Kraaijenbrink, Spender and Groen (2010)	+				Reviewed all the important critics of RBV.
Garbuio, King and Lovallo (2011)			+		The differences in managerial decisions which impact firms' performance explained with psychology.
Foss (2011)			+		Knowledge-based value creation is a key research topic.
Coff and Kryscynski, (2011)			+	+	Unique capabilities develop through attracting, retaining and motivating human capital.
McWilliams and Siegel (2011)			+		Corporate social responsibility can lead to SCA and firms' performance.
Hart and Dowell (2010)		+		+	NRBV has a strong link to dynamic capabilities.
Maritan and Peteraf (2011)	+				Firms develop their resource positions through resource acquisition on factor markets and internal resource accumulation.
Molloy, Chadwick, Ployhart and Golden (2011)	+				Presented a multidisciplinary assessment process to explain how intangibles create value and impact performance.
Wilden, Gudengan, Nielsen and Lings (2013)				+	Dynamic capabilities are not positively and directly related to performance.
Lin and Lei-Yu (2014)				+	Dynamic learning capabilities are the most effective in mediating the influence of resources on performance.
Helfat (2014)				+	Explained how to properly structure and measure the link between dynamic managerial capabilities and performance.

Source: Authors

As we can see from the analysis presented in Table 1, research in early phase of theory introduction and later in the phase of theory development was mainly focused on trying to explain the main theoretical concepts. Because most of these concepts were “fuzzy”, the process of translating them into measurable items was demanding, since most of them were hard to measure. Furthermore, the original theoretical propositions were criticized as being static and not incorporating the dynamic nature of the changes coming from the fast changing environment. Those were the two major critiques of RBV. Based on our analysis another critique would be studies’ inability to capture the whole picture, as most of the papers are focused only on one dimension of firms’ success. However, this success factor is in interaction with others and if not reported we have only partial explanation. For instance, a successful company has good corporate governance and good relation between management and owners. This good relation is part of the social capital that impacts firm’s knowledge generation. If we measure knowledge generation we will probably have positive relation with performance. However, we will not be able to identify the cause – and that is good relation between owners and managers. Here criticism goes towards the methodology used in most of the studies. In the majority of cases quantitative data using a large sample of different companies were used. Not many papers have focused on case studies. This could be a new potential area of research – focusing on a single company but going into the details and understanding the interactions between firm’s competitive advantages. This would lead to more diagnostics and finding the “causes” of firms’ success.

2. RESOURCES AND CAPABILITIES IN THE HOTEL INDUSTRY: EMPIRICAL EVIDENCE FROM PAST STUDIES

Having grasped the evolution and development of the resource-based view as an important theoretical framework in management literature, we further analysed its empirical testing in the hospitality industry. Tourism and hospitality as new disciplines often draw theoretical concepts and models from management literature (Assaf and Knežević Cvelbar, 2011). The definition of the drivers of hotel performance was one of the most researched topics in the last few decades in the field of hospitality. Empirical studies were streaming from different international contexts including the USA, Spain, Portugal, Hong Kong, Taiwan, Thailand, Italy, Australia, Slovenia, China, Korea, the UK, etc. Those empirical studies were conducted in different environments and used different conceptual approaches to shed light on potential competitive advantages leading to above-normal returns in the hotel industry. However, to date none of the studies managed to provide an overview of the existing findings. The only review paper in this area was Assaf’s paper (under review) focusing on the analysis of the methods used to estimate hotel performance. However, this paper did not deal with drivers of performance, which is the main objective of the present paper: to better understand the main drivers of performance in the hotel industry and provide a holistic overview of existing concepts that were empirically tested in the context of hotels.

In order to investigate the drivers of performance in the context of hotels, the first step was to list the papers in the field of hospitality that attempted to connect hotels’ competitive advantages with their performance. A total of 40 papers published in

international journals from 1996 to 2015 were listed. Those papers are coming from the following hospitality and tourism journals: International Journal of Hospitality Management, International Journal of Contemporary Hospitality Management, Tourism Management, The Cornell Hotel and Restaurant Administration Quarterly, Journal of Travel Research, and International Journal of Tourism Research. Again objective and subjective measures were used in order to cut off the number of papers of interest to us. An objective criterion was a number of paper citations – reflecting paper impact on the field. Papers' citations rates were from 300 citations to 40 citations. A subjective criterion was also applied based on the extensive knowledge in the area –it was used for balancing and inclusion of the most recent studies that have citation numbers at the bottom end. Our literature search was based on the following key words: resources, capabilities, performance and hospitality or hotel industry. However, a large body of papers was not included in this analysis due to the scope. This is a major limitation of our study.

Using content analyses we defined the main categories and classified the papers accordingly. As the main categories we first defined dependent and independent variables that those papers relied upon. Dependent variable(s) is (are) a performance measurement proxy used to estimate firms' performance. Independent variables are proxies of firm's resources and capabilities translated into sustainable competitive advantages. We first defined independent concepts used in the paper and classified them in three categories: tangible resources, intangible resources, capabilities. For each paper we also provided its key findings. The results of our content analysis are shown in Table 2.

Table 2: Resources and capabilities in the hospitality industry and their link to performance

Authors and year	Independent variable	TR	IR	C	Performance measure	Key findings
Harrington and Akehurst (1996)	Quality policy		x		Financial (ROE, ROA) and competitive (sales growth, market share growth)	Quality policy does not lead to above-normal performance.
Hoque (1999)	HRM		x		Financial (ROE, ROA)	HRM (human resource management) practices and focus on quality together lead to positive and high performance.
Grey, Matear and Matheson (2000)	Market orientation			x	Business and marketing performance, domestic sales growth, % of sales from new products, etc.	Market orientation positively impacts performance and domestic sales growth.
Kandampully and Suhartanto (2000)	Image, room satisfaction, housekeeping, reception, FandB, price	x	x		Customer loyalty	Image, customer satisfaction, housekeeping, room, reception, FandB are positively correlated to customer loyalty.

Authors and year	Independent variable	TR	IR	C	Performance measure	Key findings
Chu and Choi (2000)	Service quality, business facilities, price/value, room and front desk, food and recreation, security	x	x		Perceived performance scores of business travellers' experience with hotel's services and facilities	Value per price, service quality and location have the most important impact on performance.
Prasad and Dev (2000)	Brand equity		x		Occupancy rates, REVPAR	Brand equity has a positive impact on performance.
Kay and Russette (2000)	Management competencies (skills)			x	Firm's success	Leadership, interpersonal, conceptual-creative, administrative and technical competencies are rated according to their positive impact on performance.
Chung-Herrera, Enz and Lankau (2003)	Skills of hospitality leaders			x	Firm's success	Self-management, strategic positioning, implementation, critical thinking, communication, interpersonal skills and industry knowledge are the most important factors that positively impact a firm's success.
Brady and Conlin (2004)	Ownership model		x		Revenue, REVPAR, occupancy and price growth	Ownership as governance model is not outperforming other governance models and is not leading to above normal returns.
Kim and Kim (2005)	Brand equity		x		REVPAR	Strong brand equity significantly and positively impacts REVPAR.
Cho, Woods and Jang (2006)	HRM practices		x	x	Annual average turnover rates, labour productivity, ROA	HRM practices positively impact non-managerial employees. Employee skills and organisational structure are positively correlated with performance.
Claver, Jose and Pereira (2006)	Certified quality systems		x		Perceived performance: quality, sales, competitive position	Quality systems have positive effects on performance, the impact on financial performance is low.
Wilkins, Merrilees and Herington (2007)	Service quality	x	x		Perceived hotel performance	Physical product, service experience and quality of food and beverages matter the most to the perceived performance of the customer.
Rudež and Mihalič (2007)	Intellectual capital		x		Revenue, sales growth, ROA, ROA growth, profit, profit growth, etc.	Intellectual capital positively and significantly impacts hotel performance.

Authors and year	Independent variable	TR	IR	C	Performance measure	Key findings
Budhwar, Chand and Katou (2007)	HRM practices, hotel characteristics (category, type)		x		Sales growth, productivity, profitability, perceived goal achievement	HRM practices, hotel type and category positively impact hotel performance.
Claver-Cortes, Molina-Azorin and Pereira-Molier (2007)	Size, type of hotel management, category	x	x		Average room occupancy rate, GOP, GOPAR per day, etc.	Variables impact performance in various ways. Larger hotels and hotels that belong to a chain and build their competitive advantage on constant improvement are the most successful in terms of performance.
Claver-Cortes, Pereira-Moliner, Tari and Molina-Azorin (2008)	Total quality management (TQM)		x		Occupancy rate per room, GOP, GOPAR, subjective quality satisfaction	TQM practices positively impact hotel performance.
Barros and Dieke (2008)	Group membership, market share, international strategy		x	x	Hotel efficiency (multiple input and output variables)	Membership in a group, market share and international strategy increase hotel efficiency.
Molina-Azorin, Claver-Cortes, Pereira-Moliner and Tari (2009)	Environmental commitment			x	Occupancy rate per room, GOP, GOPAR per day, market share gain, average sales growth	Hotels with a stronger commitment to environmental practices reached higher performance levels.
Chi and Gursoy (2009)	Customer satisfaction, employee satisfaction		x	x	Financial performance relative to three main competitors	Customer satisfaction has a significantly positive impact on financial performance; employee satisfaction is mediated by customer satisfaction.
Hu, Horng and Sun (2009)	Knowledge sharing, team culture			x	Service innovation	The relationships among knowledge sharing, team culture and innovation performance are significant and positive.
Kang, Lee and Huh (2010)	Corporate social responsibility (CRS)			x	ROA, ROE, price-earnings ratio	CRS activities have a positive effect on a firm's value but none (neither positive nor negative) on profitability.
Tari, Claver-Cortes, Pereira-Moliner and Molina-Azorin (2010)	Quality management, environmental management			x	Room occupancy, market share gain, average sales growth, GOP, GOPAR per day	Quality management and environmentally proactive hotels reach higher performance levels.

Authors and year	Independent variable	TR	IR	C	Performance measure	Key findings
Assaf and Knežević-Cvelbar (2010)	Privatisation, market competition, management tenure, international attractiveness			x	Hotel efficiency (multiple input and output measures)	International attractiveness and privatisation are positively related, longer management tenure is negatively related to hotel efficiency and there is no significant link between market competition and hotel efficiency.
Assaf, Josiassen and Knezevic Cvelbar (2011)	Financial reporting, environmental reporting, social reporting		x	x	Hotel efficiency (multiple input and output measures)	More extensive reporting on environmental, social and financial issues leads to better hotel performance.
Sirirak, Islam and Khang (2011)	Information and communication technology (ICT)		x		Hotel efficiency (multiple input and output measures)	ICT adoption is positively correlated to hotel performance.
Assaf, Barros and Dieke (2011)	Firm size, group ownership, mergers and acquisitions	x		x	Efficiency of tour operators	Firms' size, group ownership and mergers and acquisitions all positively impact tour operator's efficiency.
Molina-Azorin, Tari, Claver-Cortes and Lopez-Gamera (2012)	Quality management + environmental management			x	Financial performance, market success, stakeholder satisfaction	Quality management together with environmental management positively affect several dimensions of firm's performance.
Garay and Font (2012)	CRS practices			x	Financial health, situation and managers satisfaction with financial performance	Sustainability measures have a positive impact on financial performance and vice versa.
Assaf and Magnini (2012)	Customer satisfaction		x	x	Hotel efficiency (multiple input and output measures)	Customer satisfaction has a significant influence on efficiency.
Assaf, Barros and Josiassen (2012)	Size, type of ownership, classification	x	x		Hotel efficiency (multiple input and output measures)	Chain hotels perform better than independent hotels, large hotels perform better than small ones. Quality standards (classification) positively impact performance.
Xiao, O'Neill and Mattila (2012)	Owners corporate strategies (location, type, brand affiliation, operator/management)	x		x	REVPAR, net income, hotel age, size, room price level, NOIPAR	Owner's strategies regarding segment, brand affiliation, operation and location are vital to a hotel's financial performance.

Authors and year	Independent variable	TR	IR	C	Performance measure	Key findings
Kim, Kim, Park and Lee (2012)	Intellectual capital		x		GOP percentage, REVPAR, sales growth, profit growth	Organisational and customer capital positively impact business performance. Human capital impacts business performance indirectly and significantly via organisational and customer capital.
Wang, Chen and Chen (2012)	TQM and market orientation		x	x	Financial and customer hotel performance	TQM and market orientation positively impact hotel performance.
Taegoo, Gyehee, Soyon and Seunggil (2013)	Social capital (structural, relational, cognitive)		x		Hotel operational performance relative to competitors	Active knowledge sharing among employees is directly linked to hotel business performance.
Lenidou, Lenidou, Fotiadis and Zeriti (2013)	Physical, financial resources and operational knowledge	x	x		Financial performance	Resources impact firms' environmental strategy, which enhances competitive advantage and financial performance.
Josiassen, Assaf and Knežević-Cvelbar (2014)	Customer relationship management (CRM) (information generation, dissemination, responsiveness)	x		x	Hotel efficiency (multiple input and output measures)	CRM capabilities positively affect firms' performance, while tangible investments in CRM do not.
Dai, Mao, Zhao and Mattila (2015)	Social capital		x		Perceived financial (GOP, ADR) and competitive market share, revenue growth	External and internal social capital have complementary and positive effects on financial performance.
Molina-Azorin, Tari, Pereira-Moliner, Gamero and Ortega (2015)	Quality management, environmental management			x	Competitive advantage	Quality management and environmental management improve competitive advantage in terms of cost and differentiation.
Kim, Vogt and Knutson (2015)	Customer satisfaction, delight		x	x	Customer loyalty	Customer satisfaction is more strongly related to loyalty than delight and has a more important impact on performance.

TR – Tangible Resources, IR – Intangible Resources, C – Capabilities
 Source: Authors

Results of the content analysis presented in Table 2 show that most of the papers, i.e. 26 out of 40, tested the relation between intangible assets (single or in combination with another category) and hotel performance. The relation between capabilities (single or in combination) and hotel performance was tested in 20 papers, while only 10 papers

(single or in combination) investigated the relation between tangible assets and hotel performance.

Interestingly, most of the papers focused on testing a single category: tangible resources, intangible resources or capabilities and its impact on hotel performance. Of the papers testing the impact of one single category on hotel performance, 14 explored the impact of intangible assets, while 12 were testing the impact of the capabilities on hotel performance. None of the papers tested the impact of tangible resources on hotel performance.

Out of 40 analysed papers, 14 were dealing with the impact of two categories on hotel performance. A total of 7 papers investigated the impact of tangible resources in combination with intangible resources or capabilities on hotel performance, while 7 papers combined intangible resources and capabilities. None of the papers tested the impact of all three categories, i.e. tangible, intangible resources and capabilities, on hotel performance.

Having reviewed the papers and their content chronologically, we can conclude that research in its early phase from 1997 to 2000 mainly investigated the impact of intangibles and capabilities on hotel performance. More specifically, this body of research looked into the impact of HRM practices including managerial skills, the quality of hotel services, brand equity and hotel image, price level, market orientation and hotel appearance and services (room, front desk, restaurants, business facilities and fitness appearance, housekeeping and reception service) on hotel performance.

From 2001 to 2010, however, research expanded, but the focus was still on intangible resources and capabilities. The main independent variables were: service quality and total quality management system, HRM practices and brand equity. Additionally, knowledge-based independent variables of interest were: skills of hospitality leaders, management tenure, knowledge sharing within the firm, team culture, intellectual property rights, ownership model and ownership structure. Research also scrutinised customer and employee satisfaction. Studies founded on the nature-based view also tested the impact of hotels' environmental commitments and environmental management on their performance. Very few papers explored the relation between performance and dynamic capabilities including hotel's international attractiveness and international strategy as well as its relative position in comparison to competitors. Many studies also added hotel's characteristics (category, type, size, independent vs. part of the chain, etc.) as control variables.

The latest empirical evidence from 2010 and up to today is limited, due to our selection criteria based on citations. Studies focusing on the relation between hotel performance and quality and environmental management including CRS practices and tourist satisfaction remain predominant. The number of studies investigating firms' internal relations, such as ownership types, classifications and owners' corporate strategies, has also been rising. Among the new concepts are: intellectual capital (human, organisational, customer), social capital (relations with hotel stakeholders), customer relationship management (information generation, dissemination and responsiveness)

and information and communication technology (ICT). They are all related to hotel performance.

Most of the studied found a positive correlation between tangible resources, intangible resources, capabilities and firms' performance. Only a few variables, including market competition and quality management in hotels, were negatively correlated with hotel performance.

In terms of methodology, most of the observed studies were using both primary and secondary data. Secondary data were used to measure the performance and were usually derived from hotel balance sheets. Early studies were using a single financial measure of performance, including return on assets, return of equity, gross operating profit, occupancy rate, revenue per available room, etc. Some of the studies also used perceived measures of performance by asking hotel managers to evaluate their performance with the Likert scale. Recent literature on hotel performance measurement has been using multiple inputs and outputs in order to measure hotel efficiency. This approach to measuring performance is more comprehensive because it measures the efficiency of a particular firm by assessing its distance using frontier or best practices (frontier are fully efficient firms). Those studies usually employ data envelopment analysis (DEA) or stochastic frontiers (SF) as methods. Primary data were used to evaluate sustainable competitive advantages in hotels. Some of the studies used qualitative methods to pre-test the concepts. In all studies quantitative data collection took place. To estimate sustainable competitive advantages in hotels, studies mostly used five or seven point Likert scale. The majority of papers performed factor analysis, regression analysis and structural equation modelling as techniques for analysing the collected data.

DISCUSSION AND CONCLUSION

Investigating drivers of hotel performance is not a fad. It is a developing research field that brings together interests of many authors around the globe trying to contribute to overall knowledge of what is driving firms' growth in fast-changing global markets.

The purpose of this paper was to synthesise and reflect on the current body of knowledge researching the drivers of performance in the hospitality industry. Most of the studies in this area in the last 20 years were using the resources-based view as a theoretical framework. According to Barney (1990), those empirical studies in the context of hotels were trying to determine which resources and capabilities can be translated into sustainable competitive advantages of firms and ultimately drive the performance of hotels.

This paper is conceptual and based on a two-step content analysis. In the first step the content analysis aimed at understanding the development and evolution of RBV. We analysed 40 of the most cited papers dedicated to the development of RBV. Results of our analysis showed that besides developing a mainstream of RBV research dedicated to improving the general understanding of resources and capabilities and their classification, research in this area went into three different directions: the knowledge-

based view that perceives knowledge as the main source of firms' sustainable competitive advantage, the nature-based view that perceives nature and natural values as the main sources of firms' competitive advantage, and the dynamic-based view pointing out firms' ability to adjust to changes from the environment as a major source of competitive advantage. Critical assessment of those studies indicates that theoretical discussion led towards the definition of concepts, although they were fuzzy and hard to measure in practice. Another important criticism of RBV is its static nature and inability to capture the changes coming from the environment. In empirical testing studies used a large sample of firms and focused on a single competitive advantage. This prevented them to understand the interactions between different sources of competitive advantages. Therefore case studies focusing on single company and providing detailed diagnostics of causes of success would be welcomed in the future.

In the second step of the content analysis we investigated 40 of the most cited papers in the area of hospitality and analysed the drivers of hotel performance. The main purpose of our analysis was to identify the concepts used within the hospitality research and provide guidelines for the future studies. We took a closer look at independent and dependent variables that were used in empirical testing. In most of the cases dependent variables were measured using the secondary financial data. Independent variables used in those studies were divided into three broader categories as suggested in management literature: tangible resources, intangible resources and capabilities. Similar as in management literature, hospitality research took a relatively narrow approach analysing a single sustainable competitive advantage. Most of the studies tested intangible assets and capabilities impact on firm performance. Tangible resources were usually ignored in the hospitality studies. As for intangible resources, studies tested the impact of: organisational, relational, reputational, ICT and social capital as well as environmental policies and commitment to performance. Among the capabilities, hospitality research investigated: know-how of employees and managers, market orientation and firms' internal relations. Generally, the studies found a positive correlation between intangibles and capabilities and hotel performance.

If we compare hospitality research with general management literature, hospitality literature fails to test the impact of managerial effectiveness and managerial productivity on hotels' performance. Entrepreneurial orientation, organizational culture, perceived organizational reputation, relations between employees and specific knowledge about markets and technology were also covered in other studies outside hospitality. Analyses of those concepts and their impact on performance represent potential for future studies in the hospitality industry.

This research enabled us to raise several important questions relevant to future research in this area. The first questions the sustainability of current approaches to determining the drivers of hotel performance. The focus on one indicator or a few indicators under the same umbrella or category raises the question of validity. As indicated in the previous conceptual studies, the relation between resources and capabilities needs to be considered in order to examine the relation between competitive advantages and performance (Foss, 2011). This calls for more holistic approaches in future research, taking into account the wide range of firms' resources and capabilities and possibly investigating inter-relations between them. Therefore future research should focus on

developing more holistic measurement instruments. We believe that in the future we should sacrifice benefits of a narrow and detailed approach on behalf of a more holistic and wider approach that will enable us to measure tangible, intangible assets and capabilities and their impact on performance simultaneously.

Secondly, results showed that authors rarely use tangible resources as proxies for hotel performance. This is surprising since investments in tangible resources in the hospitality industry are high. We highly believe that future studies should include tangible assets and their interactions with intangible assets and capabilities in order to get a better understanding of hotels performance.

Thirdly, studies in the hospitality industry continue to explore intangible resources. Dynamic capabilities were only considered in a few cases. Since management literature has grown significantly in this area, it would be useful to acquire more empirical evidence from the hospitality sector. Tourism industry is highly dynamic and the ability to adapt to changes is the key to success (Dwyer, Knezevic Cvelbar, Edwards, Mihalič, 2012). To this end, understanding how hotel companies can quickly adopt to changes from the environment is extremely important. Hospitality research so far was not focusing on dynamic capabilities. Conceptual and empirical research in this area would be welcomed in the future.

Finally, our research points to the need for more research on emerging and fast-growing destinations. Drivers of hotel performance in those destinations could be significantly different compared to developed destinations. A recent study in the destination context suggested that drivers of destination performance in developed and developing destinations are very different (Knezevic Cvelbar, Dwyer, Koman, Mihalič, 2015). Providing a comparison and elaborating on different drivers of hotel performance in different countries or destinations, would have an important theoretical and practical contribution for the future hospitality research.

The present study is limited in a number of ways. First of all, it was based only on most cited papers in management and hospitality research literature dealing with RBV. Many recent studies are possibly not included in our analysis, due to low citation rate. Also, papers with lower citation rates were omitted. The decision to focus on most cited papers was made due to the extensive and fragmented literature in this field.

To conclude, this paper contributes to a better understating of the resources and capabilities driving the performance in the hotel industry. It also provides meaningful insights for subsequent studies in this area.

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