Effect of Sustainable Competitive Advantage on Business Excellence in Hospitality Industry

Deepali Anand, Alka Munjal

Abstract: The purpose of this paper is to examine the impact of sustainable competitive advantage (Cost leadership and differentiation) on business excellence in star rated hotels. Survey using questionnaire was conducted and data was collated from top and middle level management employees of different star rated hotels of Delhi and NCR. Questionnaire was based on the scale of sustainable management and business excellence. The sample size was 220 respondents and judgmental sampling method has been used to select the respondents. The study revealed the factors that leads to cost leadership and differentiation. It also validated the factors of business excellence identified through Baldrige model of business excellence. A relationship has been established between competitive advantage and business excellence, that can be used as a strategic tool by hoteliers while formulating their annual planning strategies.

Keywords: Business Excellence, Cost leadership, Differentiation, Hotel Industry.

I. INTRODUCTION

In this competitive era where customers are knowledgeable, aware and exposed to numerous benefits and offers from marketers around the world; challenge today is to give a unique product that is difficult to imitate and leads to customer delight. This task becomes all the more challenging in service-based industry where tangibility is difficult to achieve. Indian tourism industry however has become a significant driver of economic growth. There is tremendous potential in the industry due to rich culture, historical legacy, different terrains, natural beauty, variations in ecology etc. due to which it only creates large employment opportunities but also is an important source of foreign exchange earner (FEE). In the year 2018, FEE was recorded at US$ 28.59 billion and is expected to grow in subsequent years (Union Budget, 2018-19). It is estimated that by the year ending 2028 this industry will employ 52.3 million people, as of now it accounts for 8% of the total employment opportunities created in India (Ministry of Tourism, 2018). Tourism industry is growing at faster pace when compared to other sectors. In view of this international hotel chains are investing in India and opening new hotels across different segment of consumers for a diversified portfolio. Opportunity for hoteliers lies in their ability to strategize in such a way that they are able to sustainably increase their competitiveness while remaining profitable. Hotel chains have peculiar characteristics and distinguishing features (Ivanova et.al., 2015), in a number of countries they have multiple outlets portraying it as multinational corporations, alternatively being in the service industry and particularly hospitality, they have characteristics of hotel product that is not similar to any other product in the field of services (Harrington & Ottenbacher, 2011). Hotels in India are clustered into different star rating on the basis of quality and extent of services offered by them. They are Heritage hotels, five-star deluxe, five-star, four-star, three-star, two-star, one star and Budget Hotels catering to different categories of travellers with diverse needs. Due to fierce competition, hoteliers are making strategic choices carefully so as to remain competitive. Hotels now a days are trying to offer differentiated products and at the same time remaining competitive in terms of pricing. Luxury hotels are creating experiences for its customers that helps in developing an association and sense of belongingness. Porter (1980) introduced concept of competitive advantage and said that there are three generic strategies through which same can be attained namely: cost leadership, differentiation and focus. Theory emphasizes that when a firm practice cost leadership it tries to bring down the cost (both production and distribution) while maintaining quality. Sources of cost leadership is different for different industries and may include economies of scale, patent in technology, preferential access to raw materials, location advantage, better relationship with channel partners etc. Differentiation on the other hand tries to deliver unique value in the given industry which is wanted and appreciated by the buyer. Being unique and to be able to give personalized product or service is the key to success, marketer should be able to create unique position in consumer’s mind for differentiation strategy. Learning new process, enhancing product technology or design will help in offering the service at a lower price but this will be possible only when employees (Human resource- Business excellence) are involved at every stage of service creation and delivery. Practising business excellence in hospitality industry is all the more imperative as the product is produced and consumed in real time i.e. service delivery has to be accurate first time itself. Partnership advantages and service innovation will help in formulation of strategic plans that will create a unique position of the brand in customer’s mind. Aim of this paper is to study the effect of competitive advantage on business excellence and how it leads to making better strategies for happy and satisfied customers.
II. REVIEW OF LITERATURE

A. Cost Leadership

Low cost position can be attained by organisational efficiency. It is possible when an organization produces and delivers a product at a lower cost than the competitor without compromising on quality. It’s a strategy of aggressive pricing (Porter, 1985) for standard product (Porter, 1980). Evans (2006) in his study emphasized that if firms are able to manage and align their value chain activity correctly it can lead to attainment of cost leadership. Cost leadership can be implemented by practising optimum utilization of capacity, economies of scale, synergizing value chain, relationship with channel partners etc. (Bordean et. al., 2010; Porter, 1985). Essence of cost leadership as a strategy lies in the ability of the firm to achieve lowest cost within the given industry. (Hilman, 2009; Allen & Helms, 2006; Porter, 1980, 1985). If hoteliers can gain competency in management of materials and production process, they can achieve competitive advantage (Lo, 2012; Lewis & Chambers, 2000). Cost leadership is a resultant of efficient operational activities, cost savings and design of the hotel (Lo, 2012). Many researchers in their study identified that cost leadership can be practised when consumers are price sensitive and have higher bargaining power. They are also not so conscious about the brand (Hilman et. al., 2009; Allen & Helms, 2006; Venu, 2001; Porter, 1985). Advantage through cost leadership can be attained if the organisation’s focus is towards cost minimization by involving in process innovation activities (Frohwein & Hansjurgens, 2005). Abdullah et.al. (2014) in their study revealed that with process innovation hotels can pursue cost leadership strategy and increase organisational performance. They further emphasized that cost leadership as a strategy helps the firm to be low cost producer by increasing internal efficiencies. Key to success in today’s scenario is not only by becoming low cost producer and setting simple and unique products but in building intricate distinctive features that is difficult to imitate by competitors; creating customer delight (both internal and external) at the same time remaining lean in terms of expenses and improving quality; reducing lead time and strategizing to combat shorter product life cycle (Cunill, 2006). Thinking strategically managers need to take decisions pertaining to following issues: to manufacture, outsource or buy the product; identification of non-core activities so that they can be outsourced; criteria for supplier selection; technologies that can be acquired for maximum efficiency and filling the gap between today’s and tomorrow’s performance requirement. All these have to be addressed keeping long term cumulative cost saving in mind (Herbert, 2005). However, Borza & Bordean (2012) concluded that although many hoteliers think that they are practising low cost leadership as a strategy but at the same time they also visualize that their organization is trying to build a balance in between low cost and differentiation.

B. Differentiation

Differentiation as the name suggests is distinction, distinction in a product or service when compared with other brands. Ways of differentiation vary from industry to industry however, some researchers have identified common elements. Allen & Helms (2006) highlighted that company image and reputation are important elements since the perceived difference in the consumer’s mind makes him more sensitive towards the brand in buying process. Differentiation can also be created through product personalization, linkages between departments etc. Differentiation generates higher profits as the marketer charges a premium for uniqueness and it also results in brand loyalty. Emphasis of differentiation strategy is in crafting uniqueness as against low cost (Hill, 1998). Harrison (2005) identified some of the ways through which differentiation can be achieved namely service innovation, exceptional services, better relationship in value chain, creative advertising etc. Not all consumers can appreciate differentiation, sophisticated and educated consumer interested in quality product will be willing to pay higher price for the unique experience (Pretornis, 2008). Differentiation comes at a higher cost and price; a firm has to spend more in order to be unique because it has to perform value activities superiorly as compared to other players. An organisation that is able to build and then sustain differentiation will certainly have better competitive position in the industry provided the price premium exceeds the extra cost incurred in being unique (Porter, 2002). Differentiation can be classified as tangible and intangible. Physical product characteristics such as size, colour etc are part of tangible differentiation whereas identity, image, uniqueness, status being some of intangible variables. Andrews (1994) in his study concluded that strong distributor network features, brand image, technology, superior service can be effective tools for achieving differentiation. Organisations practising differentiation strategy should possess strong marketing capabilities, strong reputation, effective product engineering, best human resource etc. Differentiation or uniqueness should be able to translate into profits that are higher than the industry average. Levitt (2004) suggests in his study that differentiation can be achieved through product, service offered, partnerships, quality, delivery method, special services etc. He also argues that without differentiation a firm’s product becomes a commodity. Differentiation as a strategy has been widely practised and given its due importance across industries (Beal & Yasai – Ardekani, 2000; Homburg, Krohner & Workman, 1999). There are various dimensions through which a firm can attain differentiation namely service, product, personnel, channel, price and image (Mintzberg, 1998; Kotha & Vadlamani, 1995). Miller (1986) highlighted innovation and marketing as a tool for differentiation that was validated by Lee and Miller in the year 1999. Product differentiation as a tool for competitive advantage leads to superior performance has been accepted by many researchers (Bain, 1956; Dickson & Ginter, 1987; Porter, 1980). Researchers have further bifurcated into two categories namely vertical and horizontal differentiation (Ethiraj & Zhu, 2008; Makadok, 2010, 2011). Competition in the early phase of industry development is based on horizontal differentiation (Unique set of attributes offered to a set of consumers) giving the organisation competitive advantage. However, as the industry matures companies who...
can differentiate vertically (different quality and features offered at a given price) will possess competitive advantage in the long run and pose threat to existing players. Chu & Choi (2000) in their study indicated location, room rate, security, service quality and cleanliness as important attributes influence customer’s choice while selecting a hotel. Price of the hotel is also dependent upon location, star rating, distance form main city, amenities in room, sports & recreation facilities, availability of parking and pool, brand name, restaurant availability (Bull, 1999; Carvell & Herrin, 1990; Espinet et al., 2003; Thrane, 2005; Wu, 1999). Dube & Renaghan (2000) concluded that any unique characteristic or feature that is of value of at least one given set of customers becomes a possible source of competitive advantage through differentiation. All submitted paper should be cutting edge, result oriented, original paper and under the scope of the journal that should belong to the engineering and technology area.

C. Business Excellence

Exceptional performance needs to be recognized and rewarded suitably. Porter and Tanner (1998) highlighted the significance of Deming’s award that specially recognized firms practising quality control in the entire organisation and achieving excellence. It was developed by Japanese scientists as a tribute to Dr. Deming. Few years later it was realised that quality control alone doesn’t contribute towards excellence, leadership also plays an important role. Hence in the year 1987 US government established MBQNA to enhance competitiveness through leadership (Vokurka et al., NIST, 2006). European companies realised that excellence was not only dependent upon quality control and leadership but survival was also dependent upon providing quality products. This gave birth to EQA in the year 1991 (Bohoris, 1995). EQA has divided its model into two categories namely enablers and result criteria. Enablers enumerates “doing” of an organisation whereas result focuses on “achievement” of the same (EFQM, 2006). These models discussed above evaluates the performance of an organisation against set criteria. They are primarily developed to evaluate the performance of manufacturing industry; no specific model has been developed for service industry as such. Camison (1996) and Soriano (1999) have developed specific business excellence model for hospitality sector. Excellence in implemented and practised in the prescribed manner can lead to competitive advantage, it helps firstly to identify and then to benchmark its performance against best practise, develop a holistic framework for organizational improvement and enhancement of leadership skills (Sampario et al., 2012). No longer quality is associated with product performance, now with intense competition it needs to be followed by each and every department of the organisation (Vokurka et al., 2000). One major pre requisite to succeed in service-based industry is to offer a product exceeding customer expectation and to create customer delight which in turn lead to customer loyalty and increasing long term profitability (Gouthier et al., 2012; Heracleous & Wirtz, 2010; Johnston, 2004). Malcom Baldrige model to be discussed in light of current study.

III. RESEARCH METHODOLOGY

The objective of the paper is to examine the impact of sustainable competitive advantage (cost leadership and differentiation) on business excellence in star rated hotels. The following hypothesis is tested in the research work:

Hypothesis 1: “The cost leadership of the star rated hotels have a significant positive impact on their business excellence”

Hypothesis 2: “The differentiation achieved by the star rated hotels have a significant positive impact on their business excellence”

The primary data is collected from the employees from the middle and senior level management of star rated hotels located in NCR region of India. Data is collected with the help of interview schedule method. The questionnaire is based on the scale of sustainable management and business excellence. The sample size is 220 and collected using the judgemental sampling method. The star rated hotels are selected randomly.

IV. DATA ANALYSIS

This section starts with the sample description and discusses the results of the statistical analysis applied on the collected primary data in order the examine the framed hypothesis.

A. Sample characteristics

Table 1 reports sample characteristics, out of 220 selected employees involved in the study 122 are males and remaining 78 employees are females.

| Demographic profiles | Sub Categories | Frequency (percentage) |
|----------------------|----------------|------------------------|
| Gender               | Male Employee  | 122                    |
|                      | Female Employee| 78                     |
| Age Group            | 37 – 42 yrs    | 58                     |
|                      | 42 – 47 yrs    | 105                    |
|                      | 47 & above     | 57                     |
| Experience           | 10 – 15 years  | 65                     |
|                      | 15 – 20 years  | 98                     |
|                      | 20 years & more| 57                     |
| Level of management  | Top Management | 57                     |
|                      | Middle Management | 163                |
B. Validity Analysis

Business Excellence is measured with the help of seven constructs and each construct is second order construct and consists of different first order constructs. In order to check the validity of business excellence as a scale all the second order constructs are modified to first order construct by calculating the total score of all the first order constructs. In this study each factor mentioned above has been measured with the help of few selected statements, these statements are identified from detailed literature review and discussion with the experts belonging to the hotel industry. To analyse the construct validity of different factors taken together and to represent business excellence CFA method is used. The CFA method evaluates the convergent as well as discriminant validity of scale considered in the study. All the seven factors measuring business excellence are assumed to be reflective in nature. The presence of convergent validity in this scale indicates that all the statements used to measure different factors of business excellence are able to significantly represent the construct. Convergent validity of the construct is measured with the help of construct loading estimate in between the statements and its construct. The construct loading is also known as standardized regression weight which measures the correlation in between the statement and the construct. Further convergent validity is also examined with the help of composite reliability estimate and average variance extracted measure. Composite liability indicates the average correlation among the statements indicating one single construct, for a valid construct the convergent validity should be greater than 0.7. The AVE estimate indicates the proportion of variance of the construct explained by the statements representing the constructs. The AVE estimate is expected to be greater than 0.5 for a valid construct. The discriminant validity of the construct indicates that all the factors measuring business excellence should be perceived differently by the respondents in other words all the different factors measuring business excellence should be unique and different from each other and measures the different attributes of business excellence. The discriminant validity of the construct is measured with the help Maximum Shared Variance (MSV) which should be less than its AVE estimate for each construct. The discriminant validity is also estimated with the condition that square root of AVE should be greater than the square root of AVE for a construct should be greater than its co variance with all other constructs in the scale. In this study the measurement model is developed to represent the scale of business excellence. The measurement model represents all constructs taken together along with their statements. The measurement model is tested with respect to analyse its convergent and discriminant validity. This is due to the fact that any scale if not found valid may lead to misleading results.

The results indicate that probability value of critical ratio for all the statements representing the different factors of business excellence are found to be less than 0.05 hence with 95% confidence level it can be stated that all the statements represent their construct significantly. In addition to this the construct loading of all the statements is found to be greater than 0.7. This higher value of construct loading indicates the correlation between the factors with their statements. The construct loading greater than 0.7 represent the presence of convergent validity in the scale, further composite reliability of each factor is found to be greater than 0.8. The composite reliability indicates the average correlation in between the statements with its factor. The CR estimate greater than 0.8 also ensures the presence of convergent validity. The AVE estimate which indicates the proportion of variance of the construct explained with the help of different statements representing it for a valid construct the AVE estimate is required to be greater than 0.5, the results indicate that all the factors affecting business excellence is found to be greater than 0.5. Hence it can be concluded in the study that the measurement model indicating the factors affecting business excellence have convergent validity. Also, the result indicate that the AVE estimate of each construct is found to be greater than its MSV estimate. Here MSV estimate indicates the maximum of the variance of the construct explained with the statement of any other construct.

| Item | Item Code | Construct Loading | Critical Ratio (p value) | Composite Reliability (CR) | Average Variance Explained (AVE) | Maximum Shared Variance (MSV) | p Value |
|------|-----------|-------------------|-------------------------|---------------------------|---------------------------------|-------------------------------|---------|
| Processes | PM_Total | 0.890 | 13.20 | (0.00) | 0.740 | 0.464 | (0.00) |
| Leadership | SI_Total | 0.829 | 11.49 | (0.00) | 0.759 | 0.586 | 0.464 |
| | PI_Total | 0.781 | 11.51 | (0.00) | 0.772 | 0.663 | 0.499 |
| | CI_Total | 0.705 | 10.28 | (0.00) | 0.781 | 0.653 | 0.499 |
| Human resource Management | WC_Total | 0.695 | 9.93 | (0.00) | 0.810 | 0.740 | 0.464 |
| | EIE_Total | 0.838 | 11.67 | (0.00) | 0.824 | 0.611 | 0.388 |
| | OC_Total | 0.695 | 0.00 | (0.00) | 0.793 | 0.663 | 0.499 |
| Strategic Planning | SD_Total | 0.934 | 8.648 | (0.00) | 0.739 | 0.586 | 0.464 |
| Information & Knowledge | PP_Total | 0.673 | 0.00 | (0.00) | 0.848 | 0.653 | 0.174 |
| Customer & Market Focus | DA_Total | 0.772 | 0.00 | (0.00) | 0.890 | 13.20 | (0.00) |
| | KA_Total | 0.759 | 8.840 | (0.00) | 0.829 | 0.780 | 0.464 |
| | CK_Total | 0.721 | 10.98 | (0.00) | 0.838 | 0.781 | 0.499 |
| | CR_Total | 0.786 | 11.96 | (0.00) | 0.852 | 0.781 | 0.499 |
| Success & Sustainability | MOP_Total | 0.890 | 13.20 | (0.00) | 0.793 | 0.663 | 0.499 |
| | AS_Total | 0.829 | 0.00 | (0.00) | 0.850 | 0.740 | 0.464 |
The condition that AVE estimate of each construct is found to be greater than ASV of the construct ensures the presence of discriminant validity of the cost leadership scale. The discriminant validity is also measured with the help of comparing the square root of AVE with the covariances estimates.

The results of covariance estimate have been shown in the table below:

**Table 3: Result of Covariance for different dimensions of business excellence**

| Construct                  | Processes | Reliability | Cost | Information | Customer | Strategic | Sustainability |
|----------------------------|-----------|-------------|------|-------------|----------|-----------|----------------|
| Processes                  | 0.766     |             |      |             |          |           |                |
| Leadership                 | 0.528     | 0.768       |      |             |          |           |                |
| HRM                        | 0.623     | 0.440       | 0.781|             |          |           |                |
| Strategic Planning         | 0.574     | 0.463       | 0.572| 0.814       |          |           |                |
| Information & Knowledge   | 0.638     | 0.561       | 0.345| 0.487       | 0.766    |           |                |
| Customer & Market focus    | 0.437     | 0.199       | 0.335| 0.298       | 0.346    | 0.808     |                |
| Success & sustainability   | 0.610     | 0.588       | 0.550| 0.670       | 0.681    | 0.349     | 0.860          |

The results indicate that the square root of the AVE estimate lying on the diagonal of the table is found to be greater than all other covariances between factors and remaining factors. Thus, it can be concluded in this study that the scale measuring differentiation of star rated hotels is a valid construct and satisfies the different conditions of convergent and discriminant validity. The results indicate that the CMIN/df of the measurement model is found to be 1.278 which is lower than the required value of 5, GFI value of 0.068 which is close to the required value of 0.08, CFI is measured to be 0.981 which is again close to the required value of 0.9, NFI is recorded at 0.918 that is higher than required value of 0.8, TLI value is measured to be 0.975 which is higher than the recorded value of 0.8 and finally RMSEA has been recorded at 0.037 which is lower than the required value of 0.08. Hence it can be concluded that the measurement model indicating differentiation is also found statistically fit and can be used for further analysis. The statistical fitness of the measurement model is shown in the table below:

**Table 4: Statistical fitness measurement model**

| Statistical Fitness Index | CMIN/DF | GFI  | CFI  | NFI  | TLI  | RMSEA |
|---------------------------|---------|------|------|------|------|-------|
| Estimated Value           | 1.278   | 0.068| 0.981| 0.918| 0.975| 0.037 |
| Required value of the estimate | 5.00   | 0.08 | 0.9  | 0.8  | 0.8  | 0.08  |

C. Structural equation modelling

This research objective focuses on evaluating the impact of sustainable competitive advantage of the star rated hotels on their business excellence. The sustainable competitive advantage is treated as a third order construct which is measured with the help of two different second order construct namely cost leadership and differentiation. Cost leadership is measured with the help of six first order constructs and the differentiation is measured with the help of seven first order constructs. The different first order construct of cost leadership and differentiation are measured with the help of statements included in the questionnaire designed for the study. Responses of managers working with these hotels are collected using questionnaire. Business excellence of star rated hotels are also a third order construct and measured with the help of seven second order construct namely leadership, HRM, strategy, information, customer focus and sustainability. These second order constructs are measured with the help of first order construct computed scores. Different dimensions of business excellence are measured with the help of different statements selected for study. Structural model is developed in order to examine the cause and effect relationship in the direction of sustainable competitive advantage on business excellence. Structural model consists of three second order constructs along with their first order constructs. The structural model is shown below in figure. Following hypothesis is tested with the help of SEM analysis applied on the collected primary data in the study.

Hypothesis 1: “The cost leadership strategy of the star rated hotels have a significant positive impact on their business excellence”

Hypothesis 2: “The differentiation achieved by the star rated hotels have a significant positive impact on their business excellence”

The results of the SEM analysis is shown in the diagram:
The results of the SEM analysis indicate that the probability value of critical ratio for the cause and effect relationship in the direction of sustainable competitive advantage of the star rated hotels on their business excellence is found to be less than 5 percent level of significance. Hence with 95 percent confidence level the null hypothesis that sustainable competitive advantage of the star rated hotels on their business excellence can be accepted. The sustainable competitive advantage of the star rated hotels are measured with the help of cost leadership and differentiation. The standardized beta of the cause and effect relationship for cost leadership and differentiation are 0.621 and 0.693 respectively. This indicates that there exists high positive impact of cost leadership and differentiation as a measure of sustainable competitive advantage on their performance. The R square of the relationship is found to be 86.6 percent which indicates that 86.6 percent of the variance in the business excellence of the star hotels can be explained with the help of SEM model. The hotel industry is growing at a very fast pace. Further the marketing efforts made by the hotels has changed the way the hospitality industry works. The SEM diagram also indicates the relationship between sustainable competitive advantage (as measured by cost leadership and competitive advantage) strategies adopted by the hotels and their performance. CFA of cost leadership indicates in order to create service at competitive price understanding of competitor’s product is imperative, this helps in developing unique product offering at a lower cost. Product technology i.e. data analytics and artificial intelligence helps in better understanding of customer needs and enhanced relationships that in turn gives clarity as to what data should be collected and disseminated amongst employees in order to create a valid pool of data. The goodness of fit indices of the structural model is shown below:

The results indicate that the goodness of fit of the structural model is found to be statistically fit. The CMIN/DF is found to be 1.369 (less than the required value of 5), GFI is 0.854 (more than the required value of 0.8), CFI is 0.944 (more than the required value of 0.9), NFI is 0.821 (more than the required value of 0.8), TLI is 0.939 (more than the required value of 0.8) and RMSEA is 0.042 (less than the required value of 0.08).

V. RESULT

A hotel can achieve competitive advantage if it practices cost leadership or differentiation strategy. Factors contributing towards cost leadership and differentiation has been established through independent CFA’s. The paper concludes that both the hypothesis “The cost leadership of the star rated hotels have a significant positive impact on their business excellence” and “The differentiation achieved by the star rated hotels have a significant positive impact on their business excellence” can be accepted and hoteliers can consider the same while formulating their business excellence strategies. It is found that sustainable competitive advantage achieved by star rated hotels improves their business excellence significantly. This is due to the fact that when the hotel has a clear strategy to gain competitive advantage, formulation of internal strategies (business excellence strategies) becomes easier and can be aligned in such a fashion that it complements the overall strategy. Hence with 95% of confidence it can be concluded that if companies focus on increasing their competitive advantage it will help in formulation and achievement of business excellence strategies.

VI. CONCLUSION & DISCUSSION

Competitive advantage (CA) is the ability of the firm to deliver a product or service differently as compared to others in the industry. CA is of value if it cannot be easily imitated by the competitors and can be sustained in the long run as well. Business excellence on the other hand is the ability of a company to run its business keeping standards and procedures in place so that there is no significant gap in between intended and realized strategy. A confirmatory factor analysis resulted in identification of factors of cost leadership. The most important parameter that helps in achieving cost leadership is economies of scale (Hilman, 2009; Allen & Helms 2006; Porter, 1980, 1985). Innovative practices (Frohwein & Hansjurgens, 2005) adopted at the time of reservation and checkout helps in enhancing operational efficiency that facilitates cost leadership. Customer now-a-days is not only looking for an affordable product but is also expecting a better product than competitors (Borza & Bordean, 2012). Strategic alliances and partnerships with channel partners facilitate better pricing leading to cost leadership (Cunill, 2006; Herbert, 2005). In the hotel
industry selection of location also can be a source of competitive advantage both in terms of cost leadership and differentiation. If the proximity of the property is near to airport then it creates cost leadership for the hotelier. CFA of differentiation indicates that brand image and perception amongst target audience helps to create a unique identity (Allen & Helms, 2006). Exceptional services and innovation in services is always remembered and valued by the customers (Harrison, 2005) in the hotel industry ambiene, food & beverages and the facilities & amenities extended to customers helps in creating differentiation. Mintzberg (1998) in his studies also highlighted that differentiation can be created through service, product, channel, image and people in the organization. This study indicates that both factors of competitive advantage (cost leadership and differentiation) have a positive significant impact on business excellence (R² = 86.6%), suggesting that whether a hotel follows cost leadership or differentiation as a competitive strategy it will affect formulation of business excellence. A group hotel that has presence in different hotel segments, can adopt a combination of cost leadership and differentiation strategy in order to create business excellence. Internal strategies and policies are formulated keeping in mind the factors leading to competitive advantage. Hence it can be concluded that if the group hotel is clear of the strategy it intends to follow for its various sister concerns then formulation of business excellence strategies becomes easier and it is able to create distinction for itself in the given industry.

REFERENCES
1. Abdullah, Haim Hilman & Kaliappan, Narethen. (2014). Do Cost Leadership Strategy and Process Innovation Influence the Performance of Malaysia Hotel Industry? Asian Social Science. 10. 10.5539/ass.v10n10p134.
2. Allen, R. S., & Helms, M. M. (2006). Linking strategic practices and organizational performance to Porter's generic strategies. Business Process Management Journal, 12(4), 433-454.
3. Andrews, K. (1980). The Concept of Corporate Strategy, 2nd ed. Homewood, Illinois: Richard D. Irwin.
4. Bain, J. S. (1956). Barriers to new competition. Cambridge, M.A: Harvard University Press.
5. Beal, R. M., & Yasaki-Ardekani, M. (2000). Performance implications of aligning CEO functional experiences with competitive strategies. Journal of Management, 26(4), 733-762.
6. Bohoris, G. A. (1995). A comparative assessment of some major quality awards. International journal of quality & reliability management, 12(9), 30-43.
7. Brotherton. (1999). Towards a definitive view of the nature of hospitality and hospitality management, International Journal of Contemporary Hospitality Management, Vol. 11, No. 4, 1999, pp. 165-173.
8. Bull, A. O. (1994). Pricing a motel's location. International Journal of Contemporary Hospitality Management, 6(6), 10-15.
9. Camison, C. (1996), “Total quality management in hospitality. An application of the EFQM model”, Tourism Management, Vol. 17 No. 3, pp. 191-201.
10. Carvell, S. A., & Herrin, W. E. (1990). Pricing in the hospitality industry: an implicit markets approach. FIU Hospitality Review, 8(2), 27-37.
11. Chu, R. K. S., & Choi, T. (2000). An importance-performance analysis of hotel selection factors in the Hong Kong hotel industry: a comparison of business and leisure travellers. Tourism Management, 21(4), 363-377.
12. Cunill, O. M. (2006). The growth strategies of hotel chains: Best business practices by leading companies. New York: Hawthornt Hospitality Press.
Effect of Sustainable Competitive Advantage on Business Excellence in Hospitality Industry

34. Makadok, R. (2011). The four theories of profit and their joint effects. Journal of Management, 37(5), 1316-1334M.
35. Miller, D. (1986). Configurations of strategy and structure: towards a synthesis. Strategic Management Journal, 7(3), 233-249
36. Mintzberg, H. (1988). Generic strategies: toward a comprehensive framework. Advances in Strategic Management, 5, 1-67
37. N. Evans, D. Campbell, G. Stonehouse. (2006). Strategic Management for Travel and Tourism, Elsevier. Butterworth-Heinemann. Oxford. pp. 287-298
38. Nzisa, J., & Njeje, D. (2017) Influence of Cost Leadership Strategy on Growth of Hotel Chains: A Perspective from the Kenyan Context.
39. Porter, M. E. (1985). Technology and competitive advantage. Journal of business strategy, 5(3), pp. 60-78
40. Porter, M.E. (1980). Competitive Strategy, Techniques for Analysing Industries and Competitors. New York: The Free Press, pp. 396.
41. Pretorius. (2008). When Porter’s generic strategies are not enough: complementary strategies for turnaround situations. Journal of Business Strategy Vol. 29, No. 6, pp. 19-28.
42. Shi, S., Ren, W., Pan and S. Luo, "Cost Leadership or Differentiation? Empirical Study on Dominant Competitive Strategy of Xinhua Chemical," 2008 4th International Conference on Wireless Communications, Networking and Mobile Computing, Dalian, 2008, pp. 1-5.
43. Sampaio, P., Saraiva, P. and Monteiro, A. (2012), "A comparison and usage overview of business excellence models", The TQM Journal, Vol. 24 No. 2, pp. 181-200
44. Soriano, R. (1999), "Applying the European model to Spain’s urban hotels", Total Quality Management, Vol. 40, pp. 54-9.
45. Thrane, C. (2005). Hedonic price models and sun-and-beach package tours: the Norwegian case. Journal of Travel Research, 43(3), 302-308
46. Venu, S. (2001). India: Competitive advantage: Alternative scenarios. Business line, 12(1).
47. Vokurka, R. J., Stading, G. L., & Brazeal, J. (2000). A comparative analysis of national and regional quality awards. Quality progress, 33(8), 41.
48. Wu, L. (1999). The pricing of a brand name product: franchising in the motel services industry. Journal of Business Venturing, 14(1), 87-102

AUTHORS PROFILE

Ms. Deepali Anand is a faculty at Amity School of Business and pursuing PhD from Amity University. She has done her master’s in business administration in the field of marketing and international business. She has been into teaching for last 16 years and published eight research papers in various national and international conferences in the area of marketing and strategy.

Prof Dr. Alka Munjal is Dean – Students’ academic affairs & support services (SA&SS) of Amity University Uttar Pradesh. She is also a professor of finance and strategy at Amity Business School, Amity University. Conducted more than 80 MDP’s / Training programs in PSU’s, Private and Multinational companies in the area of Finance & Strategy. Also organized several conferences & seminars. Designated as the National Expert for Corporate Social Responsibility in MSME sector in India by UNIDO in 2008. 32 Cases and Papers published in National & International Journals. Book published “Sustainable competitive strategies” by Lambert publishers, Germany