



LOCAL HOTEL INNOVATION IN POST-COVID-19 TOURISM DESTINATIONS: TYPOLOGY, MODELS AND INFLUENCE ON PERFORMANCE

I Nyoman Sudiksa¹, I Nyoman Darma Putra², I Nyoman Sunarta³, I Gusti Putu Bagus Sasrawan Mananda⁴

^{1,2,3,4} Udayana University, Indonesia

Email: nsudiksa@ppb.ac.id, darmaputra@unud.ac.id, nyoman_sunarta@unud.ac.id, gusmananda@unud.ac.id

ABSTRACT

KEYWORDS

Local Hotel
Innovation,
Typology, Models,
Influence

This study aims to explore innovations made by local hotels in post-COVID-19 tourism destinations, focusing on innovation typologies, implementation models, and their impact on operational and financial performance. A mixed approach was taken to this study. A qualitative approach was taken to determine the typology of local hotel innovations in Ubud tourism destinations. Data collection in a qualitative approach is carried out through interview activities, with qualitative descriptive analysis in the form of thematic analysis with a deductive approach. While the quantitative approach is carried out to build an innovation model based on customer engagement, employee contribution, the use of technology in creating innovation, and analyzing the influence of innovation on the performance of local hotels in Ubud tourist destinations through survey methods, and data analysis using SEM (Structural Equation Modelling) analysis to analyze structured correlations both relationships between indicators and relationships between variables. The results of this study are expected to provide an in-depth picture of how local hotels in tourism destinations creatively respond to post-COVID-19 challenges through innovation. This finding is expected to provide valuable insights for tourism industry players, governments, and researchers to understand the dynamics of innovation in the face of paradigm shifts in the post-pandemic era. The conclusions shows that Product-Process Innovation has the greatest influence on performance, while Organizational Innovation has the lowest effect on hotel performance.

INTRODUCTION

This study discusses the typology and innovation model of local hotels in Ubud tourism destinations due to the Covid 19 pandemic, as well as its influence on performance. As stated by many researchers (Gossling et al, 2020; Sharma & Nicolau, 2020; Sarma, 2021) that the Covid 19 pandemic that began in Wuhan, China in December 2019 had a huge impact on human life in various sectors.

The Covid 19 pandemic has affected the tourism sector, especially in Ubud. This study aims to determine the typology of innovations made by local hotels in Ubud due to the Covid

19 pandemic and how these innovations affect the performance of hotels in Ubud. In this study, the author used an analysis unit in the form of paragraphs and carried out a data reduction process that refers to the scheme (Aditya, Ardika, & Pujaastawa, 2019). In addition, the author also provides recommendations to help hotels in other tourism destinations overcome the impact of the Covid 19 pandemic by developing business within the framework of sustainability through a competitive advantage (Buhalis, Leung, & Lin, 2023).

Local Hotel Innovation in Post-Covid-19 Tourism Destinations: Typology on performance In terms of government policy of the Republic of Indonesia, innovation is one of the strategies in restoring tourism due to the Covid 19 pandemic (Lau, 2020). As stated by the Minister of Tourism and Creative Economy, the key to facing disruption and *megashifts* in the tourism and creative economy sector due to the COVID-19 pandemic is to implement three aspects, namely innovation, adaptation, and collaboration (Kemenparekraf.go.id, 2020).

Innovations made by local hotels in Ubud tourism destinations are generally more in an effort to encourage the creation of *revenue* and minimize the costs that arise. This is a very logical thing in an effort to maintain the survival of the business in the short term. However, until this study was carried out, the Covid 19 pandemic showed no signs of ending. Thus, it is important to consider the development of various strategies or innovation models that are long-term regardless of whether the pandemic ends or not (Laforet, 2011).

The strategy carried out by local hotels in Ubud tourism destinations due to the Covid 19 pandemic looks not much different from the strategy carried out by large national and multinational hotels. (Ernawati et al., 2018). This research is also very important to do because local hotels in Ubud tourism destinations are generally small-scale. Small-scale hotels are unlikely to implement low-cost strategies to improve performance. Through innovation, local hotels in Ubud tourism destinations can offer new products and services that are different and of high quality that are able to meet customer expectations and increase market *share*, sales, and profits. In the conditions of a disrupted and extreme changing business environment such as the Covid 19 pandemic, innovation is a must (*imposed innovation*) and not just innovating as in normal conditions (*discretionary innovation*) (Andries & Czarnitzki, 2014).

In examining the relationship of innovation to business performance, there are various partners about innovation. The emphasis on innovation is; (1) innovation behavior and level of business innovation (innovativeness) by Griseman et al, (2013), (2) emphasis on the type and implementation of innovation on hotel performance by Mattsson and Orfila-Sintes, (2013), and (3) the influence of service innovation and process innovation at the business functional level (business functional level) to performance by Hilman and Kaliapen, (2015). Using different perspectives on innovation, all studies show that innovation has a positive relationship to hotel performance. The relevance of existing research to the research to be carried out lies in the similarity of perspectives on the typology of innovation analyzed, namely process innovation and service innovation.

METHOD RESEARCH

This study aims to determine the typology of innovation, create a local hotel innovation model based on customer engagement, employee participation, and technology utilization, and analyze the effect of innovation on the performance of local hotels in Ubud tourism destinations due to the Covid 19 pandemic. As revealed in the background, the Covid 19 pandemic is a new event that the tourism industry has never faced before. This research is a Ubud tourism destination located in Ubud District. Ubud District has an area of 42.38 km², with a population of 73,350 people so that it has a density of 1,731 per km² (BPS Gianyar, 2018).

The method used in this study is a mixed methods in the form of an exploratory sequential design approach. Through an exploratory sequential approach, qualitative studies are carried out first which are then followed by quantitative studies. A qualitative approach was taken first to find out the typology of local hotel innovations in Ubud tourism destinations. Data collection in a qualitative approach is carried out through interview activities, with qualitative descriptive analysis in the form of thematic analysis with a deductive approach. A quantitative approach is taken to build an innovation model based on customer engagement, employee contribution, and the application of technology to innovation, as well as the influence of innovation on the performance of local hotels in Ubud tourism destinations. In addition, the author also uses the theory of innovation and business sustainability as a theoretical framework to understand how hotels in Ubud innovate in the face of the Covid-19 pandemic.

RESULT AND DISCUSSION

Presenting the results of research referring to three problem formulations, namely: (1) typology of local hotel innovation in Ubud tourism destinations, (2) local hotel innovation models in Ubud tourism destinations, and (3) the influence of innovation on the performance of local hotels in Ubud tourism destinations due to the Covid 19 pandemic (Campo, M. Díaz, & J. Yagüe, 2014). To provide more in-depth information related to the existence of local hotels as research objects, an overview of local hotels in Ubud tourism destinations is first presented as follows that Table 1 shows the variables and indicators of each variable along with previous research as sources.

Table 1. Variables. Indicator, and Source

No.	Variable	Indicator	Source
1	Customer Involvement	<ol style="list-style-type: none"> 1. Search for information 2. Information sharing 3. Responsible behavior 4. Interaksi personal 5. Feedback 6. Advocacy 7. Help 8. Tolerance 	Yi & Gong, (2013), dan Ercsey, (2017), Min dkk, (2021) (Dalimunthe, 2018; Hair, Risher, Sarstedt, & Ringle, 2019; Hameed, Nisar, & Wu, 2021)
2	Employee Contributions	<ol style="list-style-type: none"> 1. Safety equipment 2. Security procedures 3. The highest level of security 4. Prevention promotion 5. Extra effort 6. Volunteer activities 7. Creative suggestions and ideas 8. Promotion of new methods 	Chen & Chen, (2014), Leischnig & Kasper-Brauer, (2015), Zhang dkk, (2020)

3	Technology Utilization	<ol style="list-style-type: none"> 1. <i>Risk-reduction strategy</i> 2. Types of technology applications 3. Revenue and cash flow 4. Partnership 5. Marketing 6. Customer experience 7. Resource availability 8. Involvement of manager 	Bilgihan dkk, (2011); Shin & Kang, 2020; Lau, 2020; Hao dkk, 2020; Jiang, 2020; Lau, 2020; Gorido-Moreno dkk, 2021; Pillai dkk, 2021).
4	Product-Process Innovation	<ol style="list-style-type: none"> 1. Technology adoption 2. Interaction mechanism 3. Procedure 	Chen & Shou, (2007); Shin & Kang, (2020); Lau, (2020); Hao dkk, (2020); Seyitoglu & Ivanov, (2020) & Yu dkk, (2021).
5	Marketing innovation	<ol style="list-style-type: none"> 1. Keeping customers 2. Changes in market segments 3. Customer preferences 4. New packages and special cups 5. Loyalty program 6. Digital marketing 7. Booking channels 8. Booking that is fleksibel 9. <i>Free cancellation</i> 	Chen & Shou, (2007); Bilgihan dkk, (2011); Shin & Kang, (2020); Lau, (2020); Hao dkk, (2020); Seyitoglu & Ivanov, (2020) & Yu dkk, (2021). (Cadwallader, Jarvis, Bitner, & Ostrom, 2010; Dvorak & Civinskas, 2022; Ida, 2017)
6	Organizational Innovation	<ol style="list-style-type: none"> 1. Number of employees 2. Employee salaries 3. Leave 4. Working hours 5. Facility closure 6. Investment delay 7. Employee training 8. Employee allocation 9. Internal communication channels 	Chen & Shou, (2007); Bilgihan dkk, (2011); Shin & Kang, (2020); Lau, (2020); Hao dkk, (2020); Seyitoglu & Ivanov, (2020) & Yu dkk, (2021).
7	Performance	<ol style="list-style-type: none"> 1. Customer satisfaction 2. Customer trust 3. Customer loyalty 	Wadongo dkk, (2010), Chen dkk, (2011), Pnevmatikoudi & Stavrinoudis

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4. Employee job satisfaction (Fraj, Matute, & Melero, 2015; Grissemann, Plank, & Brunner-Sperdin, 2013)
 5. Employee Turn over
 6. Quality of service
 7. New Standard
 8. New products and services
 9. New activities
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2. Data analysis presentation techniques

The results of data analysis at the qualitative analysis stage in this study were carried out by referring to Moleong, (2011), namely by; informal description, interpretation and explanation. Descriptions are conducted to expose data related to customer engagement, employee contributions, technology utilization, innovation and sustainable competitive advantage. The interpretation is carried out to identify the relationship between customer engagement, employee contribution, and the use of technology to innovation, as well as the relationship of innovation to the performance of local hotels in Ubud tourism destinations.

To get answers to the formulation of problems that question the typology of local hotel innovations in Ubud Tourism destinations due to the Covid 19 pandemic, this study uses a qualitative approach with interview data collection techniques, and data analysis techniques in the form of thematic analysis techniques with a deductive approach. The informants involved in collecting the data were 15 people. Through the involvement of 15 informants, this research has reached the level of theoretical saturation. Where new points of view and opinions are no longer obtained related to the phenomenon under study. In the next explanation, the word informant will be abbreviated such as Informant 1 will be written I1, Informant 2 will be written I2, and so on.

Typology is simply defined as the study or analysis or classification based on type or category. In relation to the typology of innovation, the definition commonly presented by experts (Garcia & Calantone, 2002) is that the typology of innovation is a classification or categorization of various types of innovations based on their characteristics and impacts. In general, some of the business innovation typology terms that have been identified include; radical innovation, incremental innovation, product innovation, marketing innovation, and service innovation. The following are the results of data analysis to determine the typology of local hotel innovations in Ubud tourism destinations due to the Covid 19 pandemic based on approaches or categories; (1) the degree of novelty or intensity of the changes caused, (2) the management of the environment in accordance with the objectives of the organization, (3) the possibility of market position and business model, and (4) the input of innovation resources.

The importance of innovation in dealing with the Covid 19 pandemic. The Covid 19 pandemic has changed consumer behavior and forced hotels in Ubud to adapt quickly. Travelers consider the distance of the trip and prioritize safety and health in traveling. This has led to a decrease in tourist numbers and revenues for hotels in Ubud and other tourism destinations. Therefore, innovation is key to sustaining business and meeting changing

consumer needs. In addition, it also discusses the theory of innovation and business sustainability as a theoretical framework to understand how hotels in Ubud innovate in the face of the Covid-19 pandemic.

Research findings in Ubud in the form of the influence of Organizational Innovation on hotel performance both directly and as a mediation variable were confirmed by several previous studies such as; (Butali & Njoroge, 2018) who show that organizational innovation does affect the performance of hotel organizations. The role of Organizational Innovation as a mediating variable was proposed by Mai et al, (2022) in the relationship of leadership competence and organizational learning processes to performance.

CONCLUSION

This study has analyzed the typology, model, and influence of innovation on the performance of local hotels in Ubud tourism destinations due to the Covid 19 pandemic. There are three conclusions formulated from this study as follows.

First, local hotels in Ubud tourism destinations take innovative steps or carry out various typologies of innovation in dealing with the adverse effects of the Covid-19 pandemic. The steps or typology of innovation can be categorized into four, namely; (1) innovation based on the degree of novelty of innovation or the intensity of changes caused. (2) innovation based on environmental management according to organizational goals, (3) innovation based on market position and business model, and (4) innovation based on input of innovation resources.

Based on the level of novelty of innovation or the intensity of changes caused, the innovations carried out are in the form of radical innovations and incremental innovations. Radical innovations are innovations that have never been done before, such as practices to prevent the spread of pandemics, changes in service delivery procedures, and changes in organizational structure. Incremental innovation is an innovation in the form of additions, improvements, or improvements to things that hotels were accustomed to doing before the Covid 19 pandemic, such as updating cleaning methods and procedures, promotion and marketing, and closing several hotel facilities. Both radical and incremental innovations have proven effective in preventing the spread of the Covid 19 pandemic, creating new sources of hotel revenue, and hotel operational cost efficiency. In addition, customer engagement, employee contribution, and the application of technology positively influence local hotel innovation in Ubud. The results also show that innovation has a positive effect on the performance of local hotels in Ubud tourism destinations. Therefore, hotels in Ubud need to continuously innovate to maintain business and meet changing consumer needs.

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