



# The effects of quality and environmental management on competitive advantage: A mixed methods study in the hotel industry



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## HIGHLIGHTS

- Quality management is related with competitive advantage.
- Environmental management is related with competitive advantage.
- Quality management is related with environmental management.
- Mixed methods approach combining qualitative and quantitative methods.

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## ABSTRACT

This paper reports results derived from a mixed methods study where 13 hotel managers were initially interviewed, followed by a quantitative study of 355 additional managers. Data were analysed using partial least squares path modelling. The research question related to the relationship between quality and environmental management and the competitive advantage sought by hotels. The results indicate that quality management and environmental management permit the improvement of competitive advantage in terms of both costs and differentiation. Moreover, hotels implementing quality programmes find fewer obstacles in implementing environmental management.

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## 1. Introduction

The international environment for tourism has produced economic and social changes leading to greater uncertainty. Such changes suggest the need for some reflection, so that, by means of continuous improvement, quality and sustainability, a response may be given in the tourism industry to all the competitive challenges. Specifically, an interesting issue is to analyse the impact of quality and environmental management on competitive advantage of tourist companies.

There is theoretical and empirical literature on the influence of quality management on firm competitive advantage and performance (Nair, 2006). Similarly, theoretical and empirical studies

have analysed the relationship between environmental management and firm competitive advantage (Molina-Azorín, Claver-Cortés, López-Gamero, & Tarí, 2009). As will be indicated in the literature review section, this literature shows conflicting evidence regarding the relationship between these variables.

Most of this previous research has tackled the implementation of quality practices and environmental practices separately, but very few empirical works have carried out a joint analysis of the two management systems (Curkovic, Melnyk, Handfield, & Calantone, 2000). Therefore, while previous research has enhanced our understanding about the relationship between quality management and firm performance (Alonso-Almeida, Rodríguez-Antón, & Rubio-Andrada, 2012; Inoue & Lee, 2011; Ladhari, 2012; Prajogo & Sohal, 2006; Sila, 2007) and between environmental management and firm performance (González-Benito & González-Benito, 2005; Leonidou, Leonidou, Fotiadis, & Zeriti, 2013; Link & Naveh, 2006; López-Gamero, Molina-Azorín, & Claver-Cortés, 2011), there is limited research that examines the joint impact of quality management and environmental

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management on competitive advantage together with the influences of quality management on environmental management in the tourism industry.

The purpose of this paper is to analyse quality management and environmental management simultaneously, examining the influence of the two management systems on competitive advantage in the hotel industry along with the impact of quality management on environmental management. Consequently, this research sets out to examine the following three main research questions:

1. Does quality management influence hotel competitive advantage?
2. Does environmental management influence hotel competitive advantage?
3. Is there any influence between quality management and environmental management in the hotel industry?

This paper makes several contributions to the literature, extending previous research in three distinct ways. First, this study examines jointly the relationship between quality management and environmental management in the hotel industry. Second, the paper analyses the joint influence of the two management systems on hotel competitive advantage. Third, from a methodological point of view, a mixed methods study is used, combining a qualitative and a quantitative component. More specifically, a qualitative study is made first, followed by a quantitative study. The main reason for the qualitative study derives from the fact that the literature contains inconclusive results with regard to the connection between quality management and competitive advantage, and the relationship between environmental management and competitive advantage. Also, the qualitative study makes it possible to contextualize the study within the sector analysed.

## 2. Literature review

### 2.1. Quality management and competitive advantage

Quality management is a management system entailing the development of a number of practices for the management of organizations. The most common practices identified in the literature are leadership, people management, planning, information and analysis, process management, supplier management, focus on customers/stakeholders and design (Nair, 2006; Sila, 2007).

Initially, it was considered that the implementation of these practices had a certain cost and, therefore, an increase in quality implied increased costs. This view of quality has progressively changed, and today it is believed that a commitment to quality improvement may lead to reduced costs and increased productivity, which allow firms to gain market share and improve their competitiveness (Deming, 1982). Therefore, quality may be applied at all organizational levels, allowing a reduction in costs and an increase in differentiation levels (Belohlav, 1993).

This connection between quality management and competitive advantage and performance started to be analysed academically and empirically in the 1990s, with conflicting conclusions. While some studies demonstrated a positive relationship between these variables (Easton & Jarrell, 1998; Fotopoulos & Psomas, 2010; Powell, 1995; Zhang, Linderman, & Schroeder, 2012), others have pointed out that the relationship does not always exist, or is not a clear one (Boje & Winsor, 1993; Taylor & Wright, 2003). The studies examining these relationships through qualitative and quantitative studies have analysed both manufacturing and service firms, although the study of manufacturing firms has been more frequent. Also, mention must be made of the analyses focussing on the total

quality management (TQM) variable and those considering the ISO 9001 certification as a variable to measure quality management.

The studies analysing quality management using the TQM variable show that quality management practices lead to improvements in customer satisfaction (Anderson, Rungtusanatham, Schroeder, & Devaraj, 1995; Lai & Cheng, 2003; Lee, To, & Yu, 2009; Sila, 2007), quality perception, the percentage of errors in products (Flynn, Schroeder, & Sakakibara, 1995), efficiency and employee results (Lee et al., 2009; Sila, 2007). In this way, these studies show how quality management has positive effects on quality performance (Fotopoulos & Psomas, 2010). In turn, such improvement in quality performance may help the firm to improve its competitive advantage (Deming, 1982).

When these studies have analysed the effects of the implementation and certification of the ISO 9001 standard, the results are not particularly conclusive, since three types of results can be found. Firstly, some research works point out that the ISO 9001 standard improves issues such as efficiency, customer and employee satisfaction, service quality and profitability (Häversjö, 2000; Lee et al., 2009; Lo, Wiengarten, Humphreys, Yeung, & Cheng, 2013; Mak, 2011; Tzelepis, Tsekouras, Skuras, & Dimara, 2006). According to this position, the ISO 9001 standard entails operational benefits, such as those related to quality performance (customer and employee satisfaction, etc.). Secondly, other works show that certified firms have improved economic results (Chow-Chua, Goh, & Wan, 2003; Heras, Dick, & Casadesús, 2002; Mokhtar & Muda, 2012). Finally, the third, most negative position, holds that certification has no influence upon a firm's results and competitiveness (Lo, Yeung, & Cheng, 2011; Martínez-Costa, Choi, Marínez, & Martínez-Lorente, 2009; Rahman, 2001; Singels, Ruël, & van de Water, 2001; Tsekouras, Dimara, & Skuras, 2002).

Therefore, in general, the literature appears to show that the effects of quality management on performance and competitive advantage are not conclusive. On the one hand, some authors state that quality management does not generate improved performance in all firms (for instance, due to lack of motivation to implement a real quality culture, or because the firm has implemented it in an inefficient way, or because of lack of management support). On the other hand, other authors indicate that quality management may have positive effects on performance. Similarly, some studies also indicate that quality management is related to differentiation strategies, but not to leadership regarding costs (Prajogo, 2007; Prajogo & Sohal, 2006).

In the specific case of the hotel industry, analyses have also been made of the relationship between quality management and competitive advantage, but to a lesser extent. The literature examines the implementation of quality management initiatives in hotels through theoretical and empirical studies. Among the empirical studies, both qualitative and quantitative, mention must be made of those analysing the level of implementation of quality management in hotels, without establishing a relationship with performance and competitive advantage (Albacete-Sáez, Fuentes-Fuentes, & Lloréns-Montes, 2007; Arasli, 2002; Briggs, Sutherland, & Drummond, 2007; Harrington & Keating, 2006; Soriano, 1999) and those which investigate the effects of quality management on the performance and competitive advantage of hotels (Alonso-Almeida et al., 2012; Claver-Cortés, Pereira-Moliner, Tarí, & Molina-Azorín, 2008; Inoue & Lee, 2011; Wang, Chen, & Chen, 2012). Qualitative and quantitative studies show that hotels may successfully adopt quality management practices, like many manufacturing firms.

In the case of those studies showing positive results, it may be pointed out that such benefits are related to improved satisfaction among customers, employees and other interest groups, an improvement in operational results, improved efficiency, which in

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