

The Formulation Strategy Of Hotel Rumah Tawa, In Order To Enhancing The Competitive Advantages, Using Resource - Based View Approached

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Abstract

Objectives: This research aimed to identify the resources and capabilities owned by *Rumah Tawa Hotel* and to design the solution of formulation for business development strategy at *Rumah Tawa Hotel* to increase the competitive advantage especially on resources and capabilities owned by the hotel. This research is also useful for relevant business activity units such as SMEs, to develop their business by maximizing their resources.

Design / Methodology / Approach: This research was designed to be a qualitative-descriptive research. In terms of involvement, the researcher did not interfere data. In terms of analysis unit, the research was based on the representatives of *Rumah Tawa Hotel*. The key-informant are the competent sources and understand the condition of *Rumah Tawa Hotel* and hospitality industry.

Findings: The results of this research presented 16 resources and capabilities owned by *Rumah Tawa Hotel*, and 8 resources and capability required new strategies for further business development.

Originality / Score: This research provided the information for *Rumah Tawa Hotel* to get the internal and external environment affected the hospitality business. Hence, the internal and external aspects would clearly define the state of the hospitality business. In addition, this research would be a consideration for the *Rumah Tawa Hotel* in formulating a competitive strategy to develop its business. Furthermore, this research would be useful for *Rumah Tawa Hotel* to increase the competitive advantage to survive in the high-tensed competition of hospitality business in the present and the future.

Keywords: *Strategy Management, Resource – Based View, VRIO analysis, Rumah Tawa Hotel.*

1. Introduction

Tourism as one of the largest industries in the world has become the ultimate booster of a country in generating foreign exchange. In Indonesia, the tourism industry has come up with large employment opportunity as one of leading sectors in Indonesia and contributed in gaining profits for economic progress. Such benefits could raise the local employment and income for Indonesia. In order to attract both local and foreign tourists, local government need to provide fine facilities and infrastructure to support the tourism affairs. In this case, Bandung is one of the most favorite tourism object by both local and foreign tourist for its natural beauty, cultural uniqueness, and social life of the community.

Hospitality industry plays an important role in the tourism development of Bandung as it provides fair accommodation and services for tourists. The increased number of tourist visits has affected the development of hospitality industry as the increasing number of tourist visits will also increase the need for accommodation services, especially for hotels as a means of support.

The rapid growth of the hospitality business generates tight competition among hotels, such as the number of competitors, similar competitors, and the rates-war between competitors. *Rumah Tawa Hotel* is one of the 3-star hotels in Bandung, and joining the tight competition in the realm of the hospitality industry in Bandung. *Central Bureau of Statistics* (BPS 2016) provides the number of hotels in Bandung which is approximately 392 hotels within 16,821 total rooms. Meanwhile, the similar competitors (3-Star hotels) for *Rumah Tawa Hotel* reach 41 hotels within 3,408 total rooms.^[1] The data represent the tight competition in hospitality industry.



Rumah Tawa Hotel is a family business. According to the owner's explanation, Rumah Tawa Hotel was established in 1998, the selection of the name "Rumah Tawa Hotel" taken from the location of the hotel which is near Jalan Taman Siswa street. It is chosen to give a unique impression than other hotels. By the initial capital purchase of the occupied location for Rp. 150.000.000, and by the principle of sharia, the owner started to build a sharia-based hotel. The principle of Shariah is not merely for Muslim consumers, but also for non-Muslim consumers. Rumah Tawa Hotel has plenty of resources as the internal factor which would led the company's success among the competitors. The main products covering the lodgement, food, car rental, and meeting rooms. In this case, Rumah Tawa Hotel has started to support MICE program (Meetings, Incentives, Conventions, Events) by providing meeting-room facilities, especially in Bandung. Furthermore, Rumah Tawa Hotel hold complete business licenses, and official award from the Major of Bandung, Ridwan Kamil, for employing disabled workforces.

However, there are some problems faced by Rumah Tawa Hotel. The interview result conducted to the owner of Rumah Tawa Hotel indicated that Rumah Tawa Hotel could only hit 50% out of 100% customers-visit target. In terms of profit, Rumah Tawa Hotel gained most in 2012 and since then experienced a significant decline up until 2017.

Having conducted the RBV-based internal analysis, a company may optimize the owned resources and capabilities. Capability refers to the business activities of a company.^[5] So that to determine and create the competitive advantage, a proper strategy is required for the company in facing and seizing opportunities from the external environment and gaining benefits. Thus, Rumah Tawa Hotel need to run the strategy to create optimal competitive advantage and lead to an increased business revenues significantly. Competitive advantage is everything to be done by a company in better way than the competitors.^[4]

The rapid growth in hospitality industry in Bandung resulting tight competition among local hotels in the city. This situation may be disadvantageous for Rumah Tawa Hotel as the number of competitors is getting higher, similar competitors began to emerge and the rates war among competitors.

In addition, the business unit of Rumah Tawa Hotel is not significantly developed in the last five years. It is due to the internal problems such as the available resources are not optimally managed, lack of human resources, limited funds, and limited access of internet as potential marketing strategy. On the other hand, the external problems raised such as lack of awareness of the needs of both customers and prospective ones.

Therefore, this research was conducted to identify the resources & capabilities owned by Rumah Tawa Hotel associated with the opportunities and threats by using *VRIO* analysis to face the competition. Next, to design the appropriate strategy formulation using *Resource-Based View* analysis towards the resources and capabilities owned by Rumah Tawa Hotel to face the competition. This research aimed to determine the condition of resources and capabilities in Rumah Tawa Hotel to face the competition in the present and the future by using *VRIO* analysis, to identify and to design the solution of formulation for business development strategy at Rumah Tawa Hotel, especially in resources and capabilities owned using *Resources - Based View* analysis to face the competition. The determined strategies would lead to the virtue of business development at Rumah Tawa Hotel.

2. Literature Review

Strategic Management

Strategic management is the art and knowledge to formulate, to implement, and to evaluate the cross-functional decisions which enable the organization to achieve its objectives.^[2] Strategic management is a way of acting to generate a strategy formulation, and to implement the strategy to achieve the company's objectives.^[3]

Resource based view

Resource based view is the process of formulating a strategy to build competitive advantage by analyzing the company's internal strength. Resource based view focuses more on proper resource management and capabilities as a source of competitive advantage. In addition, the properly-managed resources and capabilities

would lead to a sustainable competitive advantage.^[5]

VRIO

VRIO is a tool used to measure internal analysis, based on; Value, Rarity, Imitability, Organization. The four questions are required to conduct an internal resource-based analysis of the company in view of the internal strengths and weaknesses.^[6]

2.1 Conceptual Model of the Research

The main objectives of this research are to identify the condition of resources and capabilities at Rumah Tawa Hotel by using VRIO analysis and to design the solutions of formulation for business development strategy required at Rumah Tawa Hotel by its owned resources and capabilities using Resource-Based View analysis to improve the competitive advantage to face the high-level competition in hospitality industry. The framework model in this research presented as follows :

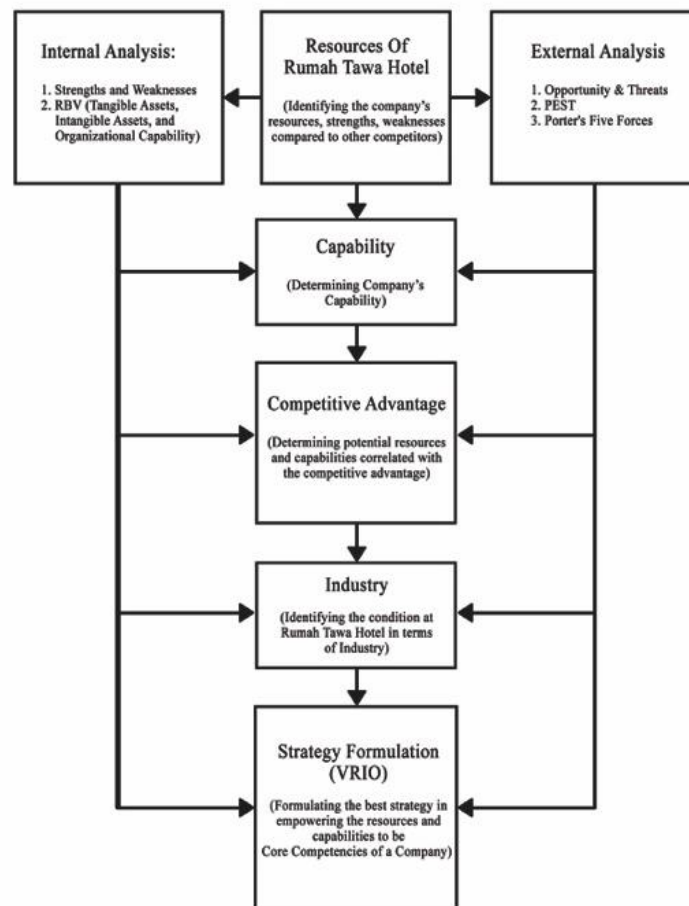


Figure 2.1 Conceptual Frameworks

Source: Modified Hitt, et al. ^[7]

3. Methodology

This research was designed to be a Qualitative-descriptive research. Definition of qualitative research methods, is a research method that involves the analysis of data in the form of description and the data is not directly quantifiable, qualifying data qualitative is done by giving the code or category.^[8] Qualitative research is selected to explore deeper information on the internal environment and the external environment of the hospitality

industry, especially at Rumah Tawa Hotel.

In terms of involvement, the researcher would not interfere the data. The representative of the Rumah Tawa Hotel was taken as the analysis unit. Qualitative researches do not use population or sample, as a they come up from certain cases exist in certain social situations and the results of the research would not be applied to the population, yet transferred elsewhere in social situations within similarities in social situations of the studied case.^[9] In terms of sample, qualitative research use key-informant or participant, friend, and teacher.^[9]

The key-informants in this research are the business owner and two business managers. They were selected to explore more internal information especially for Resource and Capabilities. In addition, the researcher took a lecturer of the Postgraduate Program of Hospitality Management as key informant to explore external information in hospitality industry especially in the contemporary phenomena. This research was conducted in September 2016 until April 2017. The data collection technique was done through interview, observation and gained the secondary data. This research focused on the internal condition of Rumah Tawa Hotel, as well as external condition to identify the contemporary phenomena in hospitality industry.

Having the data collected in form of interview results on the internal and external variables from the key-informants of Rumah Tawa Hotel, then triangulation technique was used as the research come up with the data from the interview results. Source triangulation analysis was used to test the credibility of the data by checking the data obtained through various sources. Data from all sources (observations, interviews, documents) were described and categorized based on specific differences from all those data sources. The data analyzed by the researcher then proceed to have a member check.^[9]

4. Findings and Discussion

Based on the interview results with the key-informants of Rumah Tawa Hotel, the resources and capabilities found through VRIO analysis presented as follows:

Table 1. The Analysis Result of VRIO, *Resources* and *Capabilities* of Rumah Tawa Hotel

No.	Resource / Capability	V	R	I	O	Category
1.	Internet Access/ Wi-Fi	√				Competitive Parity
2.	Capability of R&D	√				
3.	Human Resource	√				
4.	Capital	√				
5.	Strategic Location (center of the City)	√	√			Temporary Competitive Advantage
6.	Characteristics of Sharia	√	√			
7.	Company's Image	√	√	√		
8.	Knowledge of consumers' purchasing capability	√	√	√		
9.	Tendency for innovation	√	√	√	√	Sustained Competitive Advantage
10.	Relationship with suppliers	√	√	√	√	
11.	Relationship with consumers	√	√	√	√	
12.	Consumers Experience	√	√	√	√	
13.	Quality of Products and Services	√	√	√	√	
14.	Company's Vision - Mission	√	√	√	√	
15.	Branches	√	√	√	√	
16.	Company's Brand	√	√	√	√	

Source: Processed Data



VRIO analysis results provided the alternative strategies to maximize the resource and capability of Rumah Tawa Hotel, especially in the category of competitive parity and temporary competitive advantage to be sustained competitive advantage. Then the resource and capabilities in sustained competitive advantage category would not require a specific strategy or new strategy yet required to be maintained.

Benchmarking analysis towards resource and capability in Rumah Tawa Hotel provided 8 (eight) resources and capability included in the category which require the new strategy for business development, which consists of 2 (two) competitive parity; (1) WIFI internet access and (2) Human resources, 2 (two) temporary competitive advantages; (1) City location and (2) Sharia Characteristics. Then 4 (four) resource and capability from sustained competitive advantages; 1) Tendency for innovation, (2) Consumer relationship, (3) Quality of product and service, and (4) Vision and mission of a company. Here's the explanation:

Table 2. Alternative Selection of Strategy Formulation

No	Resource / Capability	Alternative Strategy Formulation	Selected Strategy	Remarks
1.	Internet Access/ Wi-Fi	a. Marketing and Branding.	√	The optimization of internet access may be beneficial for marketing promotions
		b. Hotel's research facility	-	
		c. Cooperate with Internet Provider	-	
2.	Human Resource	a. Employees with educational; hospitality background	√	Rumah Tawa Hotel have a few employees with non-hospitality background.
		b. Payroll and commission systems	-	
		c. Joining Seminar/Training for Employee	√	
3.	Strategic Location in the center of the City	a. Raise the hotel price due to strategic location	-	Rumah Tawa Hotel is located near tourism objects and shopping Centre, so its potential need to be exposed well.
		b. Cooperate with tour & travel agents	√	
4.	Characteristics of Sharia	a. Use the tagline	√	Rumah Tawa Hotel is now using the characteristic of Sharia only in terms of regulation
		b. Highlight the distinctive characteristic of Sharia.	√	
5.	Tendency to innovate	Hold the <i>sustained competitive advantage</i>	-	The Resource & capability hold the <i>sustained competitive advantage</i> , Thus, Rumah Tawa hotel need to keep it up and maintain the strategy well.
6.	Relationship with consumers	Hold the <i>sustained competitive advantage</i>	-	
7.	Quality of Products and Services	Hold the <i>sustained competitive advantage</i>	-	
8.	Vision and Mission of the Company	Hold the <i>sustained competitive advantage</i>	-	

Source: Processed Data



The above table provides an alternative formulation strategy created to increase the resource and capability at Rumah Tawa Hotel. The selected alternative strategies are the strategies considered as the most potential strategy. The first potential strategy to conduct is optimizing the internet access as the promotion and branding tool for Rumah Tawa Hotel. It is due to Rumah Tawa Hotel hold the facilities and resources required.

The second potential strategy is involving human resources in the workshop event, seminars or training regarding hospitality industry as well as increasing the number of employees who have competence in the hospitality industry. It is possible to be realized soon according to Mr. Pan Supandi, the owner of Hotel Rumah Tawa, as he has been preparing for this strategy by far.

The other potential strategies such as cooperating with the tour-travel agents and expose the characteristics of sharia, are also possible to do as Mr. Pan Supandi would be the means of promotion and branding for Rumah Tawa Hotel. The owner has set this promotion budget from past earnings.

5. Conclusions and Suggestions

The analysis result of VRIO (Valuable, Rarity, Imitability, and Organization) through interviews with key-informant provided 16 resources and capability for Rumah Tawa Hotel. Having analyzed the resources and capabilities, some are considered to require new strategy: (1) Internet Access/ Wi-Fi, (2) Human Resource, (3) Strategic Location, (4) Shariah Characteristics.

Based on the interview, discussions and objective observations conducted in this research, the researcher suggests Rumah Tawa Hotel to make an enhancement related to the results towards external and internal analysis by improving the company's management system in making the organizational structure of the business, conducting research to go after present modern lifestyle and trends to increase the competitive advantage.

It is expected that Rumah Tawa Hotel to realize the recommended strategy that has been formulated for business development by the selected alternative strategies, such as: (1) Optimizing the internet access as a means of promotion and branding, (2) Increasing number of employees with hospitality-industry background (4) Cooperate with travel agencies and tour agents in Bandung, (5) As well as increasing the characteristics of hotels especially on the concept of sharia.

In terms of research, the researcher pointed out a weakness that the researcher did not find any Competitive Disadvantage category in VRIO analysis results. It is due to the authors focused on the internal Resource and Capability. Therefore, the researcher suggest further researches to conduct the similar topic and then to find the Resource and Capability in Competitive Disadvantage category. Furthermore, the researcher suggests adding *Balance Scorecard* analysis so that the result of the strategy formulation of the selected resource and capability can be more comprehensible

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