

The Influence of Digital Transformation on Strategic Innovation Performance in Chinese Hotels: A Systematic Examination of Organisational Agility in the Digital Era

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ABSTRACT

The main goal of this study was to discover the role of organisational mobility as the mediator between digital transformation and strategic innovation performance among Chinese hotels. Due to the big impact the hotel industry had on the economic development of China, the study investigated how the technological changes, market changes, and external disruptions had pushed the industry to design an incessant transformation. As digital tools amplified their influence through big data, artificial intelligence (AI) and online channels, hotels were pushed to reconsider their strategy to increase competitiveness, efficiency, and customer satisfaction.. Digital transformation improved strategic innovation performance by enabling Chinese hotels to quickly respond to market needs, tailor services, and maximise interior operations. Mobility was discovered to enable the fast-changing companies and innovation. The change not only enhanced strategic innovation successes but also empowered hotels to exploit digital technology to construct new value propositions and sustained competitive advantages. Again, the survey found concerns such as organisational resistance, talent gaps, and data security issues. Lastly, the digital transformation enhanced the flexibility, innovation, and resilience level of the hotel industry in China. The study generated insightful information for hotel managers and policy administrators seeking to take advantage of digital technologies to develop. Additional studies needed to encapsulate the lasting implications and the sustainability strategies of hospitality innovation through digital transformation.

Keywords: Digital Transformation; Strategic Innovation Performance; Organisational Agility; Chinese Hotels; Artificial Intelligence (AI).

INTRODUCTION

An important part of China's economic growth has come from the hotel business. The adoption of digital technology, business transformation, organisational structure, and culture are just a few of the aspects that affect strategic innovation-oriented performance in China's hotel sector. Older enterprises in China's hotel sector often have more engaged employees. The hotel industry, on the other hand, has seen a significant digital transformation since the pandemic. This is due to the proliferation of the digital economy as well as the difficulties that the economy has been experiencing. Hotels were obliged to review their business strategies and reduce their operations to withstand economic recessions such as the COVID-19 epidemic and the global financial crisis that occurred in 2008. Concurrently, the shift towards a digital economy has brought about changes in the behaviour of consumers as well as the techniques used by businesses. The rise of OTAs, P2P housing platforms like Airbnb, and evaluation sites like TripAdvisor has given customers and digital middlemen more influence in the industry (Yang et al., 2024). In response to shifts in consumer demand, hotels have turned to digital tools. Dynamic pricing, online hotel booking, customer relationship management, and personalised marketing are all examples of such technology. As a way of improving internal processes and providing superior service

to clients, artificial intelligence (AI) and enormous volumes of data are becoming more popular. Furthermore, hotels are now required to follow strict quality and transparency standards due to the public's speedier access to information brought about by the digital economy. Consequently, the hotel industry has undergone a more thorough transition towards creative thinking, adaptability, and customer service as a consequence of the confluence of economic limitations and digital disruption. This is on top of the fact that technology has changed the way businesses make money and advertise (Cheng et al., 2023).

BACKGROUND OF THE STUDY

The rapid evolution of both business and customer behaviour necessitates that hotels use cutting-edge IT to traverse digital transformation. Some examples of the additional information technologies that are reshaping company paradigms as a result of digital transformation include automated decision-making systems, machine learning, additive production, artificial intelligence, the internet of things, robots, and big data. Therefore, new information technologies constitute the backbone of digital transformation, and any company that wants to join the digital transformation bandwagon must revamp its business strategy and incorporate information technology into every facet of operations. The hotels in China are now planning to employ digital transformation to improve their performance in strategic innovation. The broad sharing of thoughts on personal experiences via the internet has been a result of this digital transformation in the Chinese hotel business. As a result of digital transformation, Chinese hotel services have been transformed. This is because these services are now more efficient, guests have better experiences, new services can be delivered, and marketing can reach a wider audience (Li & Li, 2024). On one side, the Chinese government values the intelligent revolution in the hotel sector and has implemented many financial measures to assist digital transformation. Smart tourism destinations in Liaoning Province get half a million yuan in subsidies. Direct financial subsidies revitalise tourist enterprises' green innovation by meeting pressing financial needs. The capital market is more inclined to support enterprises that follow the country's lead. The Chinese government's funding implies it values these firms' efforts. Tourism firms implementing digital transformation gain credibility and development potential from this recognition. Positive signals encourage external stakeholders to invest in Chinese tourist enterprises, expanding funding channels and supporting green innovation. This helps tourist firms acquire intellectual capital to import and develop clean technology. Adoption of modern technology will transform China's hotel business completely.

PURPOSE OF THE RESEARCH

The research set out to answer that very question. Researchers hoped to know how far digital technology had improved the capacity of hotels to adapt quickly to the constantly changing needs of customers and the movement of the market. The study attempted to explain the function of organisational agility as an intermediary variable or force while highlighting crucial factors that had the potential to boost innovation performance through digital channels, all by systematically reviewing the literature. By means of this report, everybody hoped to review the development so far of the digital transformation of the Chinese hospitality industry, highlighting effective strategies and potential issues that have the potential to be faced by hotels as they attempted to exploit digital technologies for strategic development. The hotel sector was most important to the national economy, and this study could help to improve the management of hotels and the industry's ability to continue playing its important role. Finally, the study sought to shed light on how digital transformational practices influenced operational success and competitive edge, contributing to academic literature, as well as offering practical advice for hotel managers trying to innovate strategically during the digital age.

LITERATURE REVIEW

Consumers in today's fast-paced world are increasingly looking for products that are both effective and efficient, especially when it comes to matters of personal comfort. In most cases, consumer demand is what pushes businesses to undergo digital transformation. Social isolation presents a multitude of chances for the digital transformation of the hotel business. The rapid progress that has been seen in recent years might therefore be attributed to this. In the case of hotels, it may also be applied. Those in the midst of digital transformation have a double-edged sword: meeting the changing dynamics of the corporate world and satisfying the needs of their end customers. In the hotel industry, digital technologies need ongoing innovation across all price points. Hotels with a star rating of 0–3 are included. Compared to other types of hotels, economy hotels have superior business models. When it comes to the process of value creation, companies in this age of digital transformation adapt to the changes that are taking place in their environment by using digital technology to make any necessary adjustments. Hotels aiming to achieve digital transformation must use digital technology to modify the whole company, including its mode of operations, strategies, structures, and revenue models. This is essential for hotels to achieve success and thrive in the evolving competitive landscape, as well as to maintain relevance and competitiveness in the market. Hotels are progressively recognising the importance of digital technology to enhance productivity and gain a competitive advantage (Abdel-Hamid et al., 2022). It has been said that digital transformation will bring about a revolution in the hotel sector; nevertheless, the hotel business has challenges when it comes to fast-driving digital transformation. The digital transformation has both good and negative values that impact many hotel themes. These values may be found in the hotel industry. The process of digital transformation needs to be classified as innovation because the process of change results in the generation of innovative ideas, processes, products, practices, services, or innovations with a certain degree of uncertainty. In the meantime, the idea of innovation dissemination has been an important theory that has been driving the pursuit of innovation diffusion research. The present innovation diffusion channels and sensory experiences that are used to evaluate the value of the advantages of digital transformation are more restricted. Additionally, the process of reconciling digital transformation with the requirements and desires of consumers inside the hotel has not been extensively explored (Sánchez-González & González-Fernández, 2021).

➤ Inclusion Criteria

Geographic and Industry Focus: Research was limited to literary works centred on Chinese hotels, especially those within the hospitality sector, to guarantee relevance to the regional and industry-specific context.

Key Concepts Covered: The selected studies focused on the need for organisational adaptability in the digital era and how digital transformation relates to the success of strategic innovation.

➤ Exclusion Criteria

Non-Hospitality Industries: Research not relating to the hotel and hospitality industries: research not pertaining to the hotel and hospitality industries was omitted.

Geographic Irrelevance: Research conducted outside of China or not centred on Chinese hotels was excluded to ensure contextual authenticity.

Lack of Core Focus: To maintain coherence with the investigation's goal, publications were removed if they failed to specifically address digital development, strategic innovation success, or corporate agility; this was true independent of the publications' relevance to Chinese hotels.

RESEARCH QUESTION

- How does digital information impact strategic innovation performance in Chinese hotels?

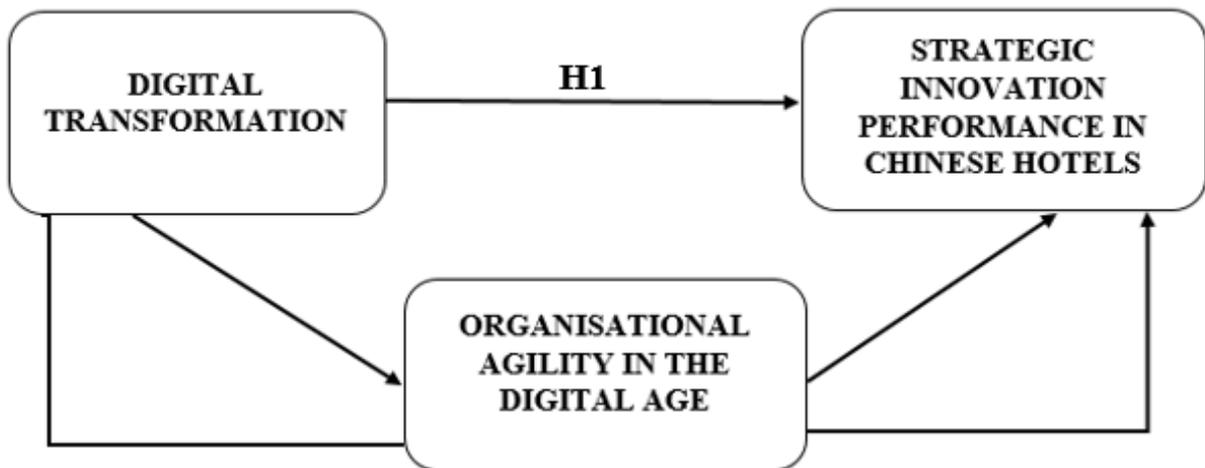
RESEARCH METHODOLOGY

The systematic review was implemented for the study.

6.1 Research design: Applying a systematic analytic technique, this study examined the effect of digital transformation on strategic innovation performance in Chinese hotels, with a focus on the mediating function of digital-age organisational agility. By methodically filtering, coding, and analysing the findings, gaps, trends, and theoretical frameworks might be identified, allowing for a comprehensive knowledge of the impact of digital agility on the digital evolution of China's hotel business.

6.2 Data and Measurement: Crucial factors included digital transformation traits, the ability of Chinese hotels to successfully implement strategic innovations, and the degree to which the organisation could adapt quickly. The studies would be chosen according to the PRISMA recommendations, and then they would be evaluated using tools including frequency mapping, content analysis, and theme coding. This would guarantee that the chosen literature is credible, applicable, and uniform.

CONCEPTUAL FRAMEWORK



RESULT

❖ **INDEPENDENT VARIABLE**

• **Digital Transformation:**

The process of optimising production, economic development, and social welfare via the use of disruptive technology is represented by the word "digital transformation", which is an abbreviation for the term. To providing a foundation for their long-term policies, several national governments, international organisations, and industry groups have jointly launched strategic foresight initiatives. An onslaught of software technologies is the engine that propels digital transformation. Electronics that are embedded, such as microdevices that include sensors and actuators and are linked via the Internet of Things, make ubiquity possible. The convergence of information technology and embedded systems is being made possible by technologies such as data analytics, cloud storage and services, convergent interaction and cognition, augmented reality with visualisation and simulation, pattern recognition,

machine learning, and AI. As a foundation for these, enabling approaches, techniques, and tools have been identified. These include agile development for flexible systems, blockchains and Hyperledger to provide security and trust in distributed transactions, microservices and open APIs to enable software designs, and so on (Vial, 2021).

❖ DEPENDENT VARIABLE

● **Strategic Innovation Performance in Chinese Hotels:**

The systematic strategy, development, and implementation of innovative ideas, processes, services, and techniques that can provide a corporation with a competitive benefit are guided to as strategic innovation. One must respond quickly to market changes, evaluate customer preferences, and seize chances. Strategic innovators analyse risks and manage uncertainty during creativity. Hotels throughout China must be daring enough to explore new methods and recover from losses to survive and adapt to a dynamic market. Strategy is essential for successful communication of innovative ideas. To attain these objectives, all people involved must understand them and be prepared to put out the required work. The hotel sector in China is facing new difficulties and unprecedented competition because of this development. Companies must consciously innovate to survive in this changing climate. Strategic innovation in China's hospitality industry concentrates on innovation development, culture, and competency and their impact on performance. Innovation development involves the methodical creation of innovative ideas, processes, and products. It emphasises recognising possibilities and creating innovative goal-achieving techniques. A corporation supports innovation by promoting inquiry, experimentation, and moderate risk-taking via shared principles. That culture promotes cooperation, challenges the status quo, and adjusts easily. Hotel owners and managers who learn about their areas are more likely to succeed (Gu, 2023).

● **Relationship between digital transformation and strategic innovation performance in Chinese hotels:**

Because of digital transformation, Chinese hotels are now able to take use of technology, which enables them to operate more effectively and with more flexibility in the market. In contrast, strategic innovation is characterised by the acceptance of continuous data collecting and the facilitation of strategic adaptation. It is inevitable that performance will be characterised by efficiency, effectiveness, competition, and originality. As hotel owners try to maintain their competitive edge in a market that is undergoing rapid transformation, they are encountering an increasing number of challenges. businesses need to create capabilities that can quickly be utilised to soak up, profit on, and shift resources in response to adjustments in the market and global conditions as they attempt to adapt to this uncertain environment. This is necessary in order for businesses to be able to react to them. The capacity to successfully execute digital transformation and strategic innovations has an impact on the adaptability of the company's plans, which in turn has an impact on the inventiveness and competitiveness of the hotel business in China (Zhuofan & Nowalid, 2024).

The researcher formulated the hypothesis that follows to assess the relationship between digital transformation and strategic innovation performance in Chinese hotels, considering the first argument:

“H₀₁: There is no significant relationship between digital transformation and strategic innovation performance in Chinese hotels.”

“H₁: There is a significant relationship between digital transformation and strategic innovation performance in Chinese hotels.”

The research found that digital transformation is related to Chinese hotel success with innovation positively. The organizations were better at conjuring up new ideas by leveraging digital technologies like AI, big data analytics, and the Internet of Things. The survey found that Chinese hotels were able to come up with innovative ideas by learning what customers desired and needed, by upgrading service,

and by finding new ways to provide value. The evaluation also found that an organization's capability to accelerate is important since this would enable hotels to quickly take advantage of changes as well as capitalize on emerging opportunities. The result found that digital transformation helped performance improvement as well as competitive advantage by stimulating novel strategic ideas. The research cautiously explored the way digital activities shape Chinese hotel industry innovation. The research made it very clear that Chinese hotels are required to transform their digital environment by embracing changes if they are to develop strategically through digital transformation.

Henceforth, researchers denied the null hypothesis and approved the alternative, "***H₁: There is a significant relationship between digital transformation and strategic innovation performance in Chinese hotels.***" as true.

DISCUSSION

The Literature review showed how digital changes affected strategies in hotels. In China, digital transformation changed the way hotels conducted innovations, showing the importance of adapting. Hotels employing digital tech could adapt to changes in the market, customers' demands, and rivals. Flexibility helped them come up with fast innovations implementing new ideas like customised experiences and smart hotel management. The review also reported bettering strategic innovations through digital transformation by allowing continued learning to adapt. Hotels invested in employee training and setting up digital infrastructure. The companies had the capability to predict users' demands by way of big data analysis, smart devices from the internet of things, as well as AI. Improved strategic innovations led to satisfied customers, good management, as well as competitiveness. There were, however, some issues around digital transformation. For instance, great changes had to come with the way things are run, employees had to learn how to exploit the new tech, as well as the risk from the data security had to be managed. Hotels whose management practices were stiff as well as slow-moving innovations found the process challenging. Lastly, the systematic review uncovered the importance of digital transformation in the improvement of strategic innovations, mainly through the way organisational flexibility is ingrained. More studies needed to attempt establishing how Chinese hotels need to maintain the competitiveness within the changing digital market.

CONCLUSION

The study concluded how digital transformations had affected the strategic behaviour among hotels. In China, digital transformation affected the approach hotels took towards innovation, with much emphasis on adaptability. Hotels that took advantage of digital technology managed to respond quickly to changes in the market, customers' demands, and competitors. This helped them come up with new strategies quickly such as personalized guests' experience and smart hotel management. The review also made it clear that digital transformation helped hotel innovations to better by embracing learning all the time and adaptability. Hotels invested in digital infrastructure together with employee training. These hotels managed to listen better to customers' demands and set strategic targets using big data, AI, and internet of things devices. This gave them an advantage over the competitors, made work effective, boosted customers' satisfaction, and helped them innovate. However, the study identified that digital transformation placed high demands on changes organization-wise, digital skills development, and information security management properly. The slow process of innovation suffered under the brutal organizational strategy. Finally, the systematic review showed that digital transformation boosted strategic innovation performance by boosting organisational flexibility. Further research would determine how Chinese hotels can stay ahead in the ever-changing digital economy.

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