

## Optimization of Knowledge Management to achieve Competitive advantage in the Hospitality Industry

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### ABSTRACT

This study discusses the importance of optimizing Knowledge Management (KM) in achieving competitive advantage in the hospitality industry. The highly dynamic and competitive hospitality industry requires a careful approach in managing and utilizing knowledge effectively. The purpose of this research is to analyze how the implementation of KM strategy can improve service quality, operational efficiency, and differentiation in the hospitality industry. This research uses a qualitative approach with descriptive methods. Research findings reveal that aspects such as deep understanding of customers, strong relationships with stakeholders, accurate knowledge of products and services, and mastery of individual potential in organizations all play an important role in shaping unique experiences for customers, designing effective marketing strategies, and create high-quality services. Through the implementation of an efficient KM system, hotels can combine this knowledge to win the competition in the dynamic hospitality industry.

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### INTRODUCTION

Over the last decades, great effort has been made to investigate the impact of non-physical assets on organizational success. In fact, many would argue that tangible physical assets such as money, buildings, and equipment cannot be considered a source of competitive advantage. Instead, human resources are recognized as the factor that most influences the success of a business unit, and knowledge is recognized as the main key for business development. Therefore, Knowledge Management (KM) has become the main focus of most organizations (Bahrami et al, 2013).

KM has an important role because its implementation provides benefits in operations and services, increases personal competence, maintains knowledge and innovation, and develops products. Basically, KM means taking the necessary actions to obtain optimal results from knowledge resources. Although it can be applied at the individual level, KM is now a major organizational concern. KM is considered a very important discipline in driving the creation, sharing and development of corporate knowledge. The focus of KM includes the processes of knowledge creation, acquisition, refinement, storage, transfer, sharing, and utilization of knowledge (King, 2009).

KM is becoming a very important component in a company's ability to compete effectively. This encourages management of techniques to improve skills and stimulate employee creativity. These efforts involve changing organizational culture, motivation and incentives, as well as employee training and education. To make this happen, it is necessary to address the factors that contribute to business success, from both an academic and a business perspective (Du Plessis, 2007).

Until now, the best answer to this question has been the implementation of KM. This is necessary to strengthen and develop employee attitudes and skills in facing challenges and finding quick solutions. According to Olivia et al. (2019), this approach facilitates the acquisition of knowledge that allows companies to cope with rapid business changes and adapt to the environment.

Large companies successfully using KM to create value in the market have been observed in the last few decades. This is due to the ability of their employees to produce, develop and innovate, which ultimately increases the value of the organization (Lestari, 2019). Knowledge is now considered the most valuable asset and needs to be found in all individuals. It describes how changes have been implemented in the organization and production processes, focusing on organizational flexibility, diverse production, and a versatile and multitalented workforce. In short, these changes result in the establishment of a business structure that is responsive to changes and demands of the global market (Kawiana et al, 2023).

The hospitality industry, without a doubt, involves various facilities which are generally similar in different hotels. However, in an increasingly competitive environment, a very important differentiating factor is the quality of service provided to guests. Being the thing that differentiates, the quality of service not only meets expectations, but also provides an unforgettable experience for each guest (Andika et al, 2022).

Service quality has become an arena of increasingly fierce competition in the development of this industry. Each hotel continues to invest in the development of training and teaching programs for its employees, with the aim of providing excellent service that creates stronger relationships with their guests. In this context, improving service quality is no longer an option, but a necessity to survive in the midst of unceasing competition (Rihardi, 2021).

However, long-term sustainability and success in this industry cannot only be achieved through improving service quality alone. In response to market complexity and increasingly diverse customer demands, knowledge has emerged as a key asset that can maintain and enhance competitiveness. In an era where information and knowledge act as livelihoods, managing a company's intellectual assets more effectively and extracting value from this knowledge is the key to creating a sustainable competitive advantage (Budihardjo, 2017).

In this context, research and strategy development focused on optimizing KM is becoming increasingly important. By properly managing, sharing, and applying knowledge, companies can achieve operational efficiency, respond quickly to market changes, and create unique experiences for guests (Hasbi et al, 2020 ). By leveraging knowledge wisely, companies can turn competition into a sustainable advantage in this dynamic industry.

Based on this background, this study aims to investigate the impact of KM optimization on achieving competitive advantage in the hospitality industry. By understanding how KM is critical to an organization or company, this research will provide valuable insights for hospitality industry practitioners, managers and decision makers in directing their efforts.

## **LITERATURE REVIEW**

### **1. Knowledge Management**

Basically, what is meant by KM is a management theory or knowledge management. Knowledge management is very important for all business people, especially those who are beginners because knowledge and insight are crucial aspects for developing a business. The knowledge that has been obtained must certainly be managed optimally in order to be able to have a positive impact on business development (Setiarso, 2005).

Davenport et al (1998) argue that knowledge management is the process of translating lessons learned, which are in one's self/mind into information that everyone can use. Knowledge management is a discipline that treats intellectual capital as managed assets (Honeycutt, 2000). Because according to him the concept of knowledge management (KM) is basically developing from the fact that in the present and in the future, the main assets of an organization to be able to compete are intellectual assets or knowledge, not capital assets.

According to Nonaka & Takeuchi (1995) there are two types of knowledge, namely explicit knowledge and tacit knowledge or intangible knowledge. *Explicit* knowledge is a form of knowledge that tends to be easier to understand, interpret, or communicate in other, more structured forms. In this type of knowledge, the explanation process can be more easily carried out using certain media and can be managed using the KM system. While tacit is included as a part that is still very difficult to understand, interpret, or communicate using other forms that are more structured. The reason is because this type of knowledge is taken from knowledge sources, namely, personal experience, intuition, and contexts that tend to be uncertain.

KM is a very important tool for any company. In addition, there are various other benefits that can be obtained from implementing the KM system, including: more efficient performance, the ability to make decisions more effectively and quickly, increase collaboration between employees, optimize the training process, and increase employee retention and happiness due to increased training, innovation, and knowledge (Subangun, 2018). In other words, the implementation of knowledge management as a whole is able to make all company processes and activities effective. Besides that, this can also make communication between superiors and employees better because there is a more fair and thorough sharing of insights.

## **2. Hospitality Industry**

Ariffin et al., (2013) stated that hospitality is a behavior preferred by customers when staying in a hotel. Second, hospitality requires the host to have an interactive nature and contact with the customer. Thirdly, it consists of intangible and tangible factors and finally, the host should provide the customer with a sense of security and comfort and it is also suggested that amiable behavior is only motivated by a sincere desire to take care of the customer and should not be motivated by selfishness to impress the customer or in the hope of being compensated with tips.

Leslie G. Jett. (2010) stated that the hotel industry is one of the industries with the fastest growth rates and is one of the industries that employs the most workers. Everyone can qualify and be a part of the hospitality industry although not everyone can take the same path. Shani & Tesone (2010) stated that the hospitality industry includes services such as lodging, food service, recreation, entertainment, fitness, and MICE. The hotel industry is included in the service industry that offers room service, food and beverage providers and other services to the general public that are managed commercially (Wiyasha, 2007). Hotels are one of the main supporting facilities that support business in the tourism sector.

A hotel is a container that provides temporary accommodation facilities for the public, namely: people who come with various purposes, intentions and needs to the area where the hotel is domiciled. Hotels choose domiciles in places or in areas that have the potential to be visited, such as panoramas, community customs, social, cultural, as centers of government, trade, religious and spiritual activity centers and others. Hotels as temporary residences must be able to reflect the cultural patterns of the people in a broad sense. Hotels are expected to reflect a dynamic, creative residential atmosphere, and can create a homogeneous atmosphere amidst a heterogeneous atmosphere in the area where the hotel is located (Ismiatin, 2018).

## **METHODS**

This study employs a descriptive qualitative research design, specifically focusing on the collection of data in the form of textual and visual representations rather than numerical data. Bogdan and Taylor, as referenced by Moleong (2014), assert that qualitative research is a methodological approach that generates descriptive data through the collection of verbal or written expressions from individuals and observations of their behavior. Descriptive study is a type of research that seeks to provide a comprehensive depiction or portrayal of existent phenomena, encompassing both natural phenomena and human-engineered systems. The primary objective of descriptive research is to generate systematic, objective, and precise forecasts regarding the factual details and attributes of a specific population or geographical

region. The purpose of this study is to investigate strategies for enhancing knowledge management in order to attain a competitive edge within the hospitality sector.

## **RESULTS AND DISCUSSION**

### **1. The important role of Knowledge Management for the Company**

In the present-day context, the commercial entity operates as a dynamic organization that continually engages in learning, adapting, and responding to the intricate cultural dynamics characterized by complexity, virtuality, and diverse expectations. The success of a corporation is contingent upon the potential, attitude, competence, and knowledge exhibited by its employees. The study conducted by Labola (2019) highlights the significance of acknowledging the unique qualities and contributions of individuals, as well as the capacity for behavior modification through a comprehensive process of education and training. In an evolving economic landscape, the significance of human capital, encompassing knowledge, intelligence, training, and education, is progressively gaining prominence. The current circumstance has exerted significant pressure on the production units and team members operating within the organizational framework, compelling them to redefine their values and responsibilities in order to effectively navigate the challenges posed by the contemporary global market. In circumstances of this nature, the education and training of employees play a crucial role in the preservation and advancement of corporate continuity. The process of personnel selection can significantly influence the productivity of a firm, either positively or negatively.

The contemporary epoch exhibits a notable transformation in societal ideals, wherein the generation of organizational wealth is increasingly attributed to information and innovation, surpassing the traditional prominence of financial capital. In the context of the emerging human capital management framework, namely knowledge management with an emphasis on competency (Sopandi & Sa'ud, 2016), organizations establish criteria for the identification and acquisition of pertinent information to effectively navigate competitive environments. Hence, organizations are actively seeking individuals who possess not just a broad understanding, but also practical expertise that can be effectively utilized within a dynamic and rapidly evolving context. The expansion of practical knowledge or skills is necessary to complement the theoretical understanding that underpins achievement, allowing individuals to effectively apply their knowledge towards the attainment of corporate objectives.

From this standpoint, the function of employees has evolved beyond mere recipients of knowledge to become the primary agents of production. This concept highlights the significance of a management framework that prioritizes the utilization of information, expertise, and aptitude to develop novel ideas, enhance practices, and foster innovation. The ultimate objective is to create additional value within the firm.

The contemporary period of globalization has expedited the progress of technology, fostering advancements in innovation and facilitating the gathering and examination of information. The aforementioned impact is evident in a significant transformation observed in the field of human resource management, wherein employees are now anticipated to actively participate in fostering innovation and facilitating the growth of knowledge. This shift serves as the foundation for the overall advancement and progress of the organization. According to Chaerudin (2018), an examination of the company's strategic initiatives reveals a focus on establishing a conducive environment that facilitates the growth and advancement of individuals through educational and training opportunities. According to our perspective, entrepreneurs encounter the task of imparting knowledge and fostering independent thinking among their workforce, thereby equipping them with the necessary intelligence and autonomy to make informed decisions. In the face of a dynamic business landscape, it is imperative for businesses to possess knowledge-based competencies and employ a focused strategy to effectively navigate their trajectory.

Now KM in a company is something very important. KM really helps companies to make decisions in the present and in the future. The following are the benefits of KM for companies:

- Improve decision making. KM has a crucial role in assisting companies in a more informed decision-making process. This approach allows organizations to rely on the experience they have accumulated from the past as a basis for making intelligent decisions.
- Improve work and process efficiency. KM assists companies in increasing the efficiency of work methods and processes, where companies can manage any knowledge from senior employees or other resources to increase company efficiency.
- Improve the ability to innovate. KM helps companies to innovate in the company's own products and services by looking at customer data or structured sales data.
- Save the need for cost and time. With adequate and structured knowledge, the organization will get savings on costs and time needed.

Without KM, a company will face serious challenges that can hinder business growth and sustainability. One of the main effects of the absence of KM is the loss of valuable knowledge that has accumulated within the company. Experience, lessons learned and best practices gained from previous projects and interactions with customers can be overlooked or even lost. This means that if a company encounters a similar situation or problem in the future, they will lose valuable guidance on how to deal with it.

As a result, companies may repeat past mistakes, wasting valuable time and resources searching for solutions that already existed. In addition, without organized and documented knowledge, opportunities to capitalize on valuable lessons and optimize strategies that have proven successful are lost. The decision-making process will be less informed and intuitive than data and facts.

In addition, if a company loses important knowledge because it does not have a KM system, it can result in dependence on key individuals. If an employee with crucial knowledge leaves the company or is no longer available, the organization can face great difficulties in filling this knowledge gap. This can also affect the smooth operation and business continuity.

In addition to losses in terms of efficiency and effectiveness, companies can also experience increased costs. Efforts to recover lost knowledge or to re-hire employees with the required knowledge can take significant time and resources. Companies may have to spend additional costs on retraining or developing new employees so that they have the necessary knowledge.

## **2. Optimization of Knowledge Management to achieve Competitive advantage in the Hospitality Industry**

Based on research conducted by the author, the research results are based on the formulation of the problem, namely how to optimize KM in the hotel industry to achieve competitive advantage, it is necessary to know the sources that most influence the competitive advantage of a hotel, namely:

### **a) Customer Knowledge**

One source that has a significant impact on a hotel's competitive advantage is customer knowledge. Understanding guests' needs, preferences and expectations is an important foundation in providing a unique and satisfying service experience. By collecting data on guest preferences, visit history, and their feedback on services provided, hotels can form a more accurate picture of what their customers want and expect. This in-depth knowledge allows hotels to customize their services, from room bookings, facilities, to additional services, so that they can provide a more personalized experience and meet guest expectations.

By utilizing customer knowledge, hotels can identify trends and patterns of guest behavior which can assist in developing more effective marketing strategies and targeting the right market segments. In addition, knowing guest preferences also allows hotels to create better loyalty programs, provide tailored incentives to customers, and increase the retention of existing guests. This not only helps in retaining loyal customers, but can also invite recommendations from them to other potential guests.



**b) Stakeholder Relations**

Stakeholder Relationships, or relationships with stakeholders, refer to the interactions and linkages that a hotel has with various groups that have an interest in the operation and development of the business. This includes customers, employees, investors, suppliers, local communities and other entities that can influence or be affected by the hotel's decisions and actions. Fostering strong and sustainable relationships with various stakeholders is an important factor in achieving competitive advantage.

In the context of customer relations, effective and responsive communication allows hotels to understand guest expectations and needs, increase loyalty and gain valuable feedback to improve guest experience. Good relationships with employees, through training, open communication and rewards, contribute to their motivation and productivity, which is reflected in customer service. Profitable relationships with suppliers ensure reliable supply and smooth operations. With external stakeholders such as local communities and government regulations, good relationships help build a positive image, gain support for social or environmental initiatives, and minimize operational bottlenecks. In totality, good management of stakeholder relations is an important basis for maintaining a hotel's competitive advantage in a dynamic market.

**c) Knowledge of products and services**

In-depth knowledge of the products and services offered not only enables hotels to construct more targeted offers, but also helps in delivering a superior customer experience. By understanding the features of products and services well, hotels can provide accurate information to customers, assist them in making decisions, and address any questions or concerns that may arise. In-depth product knowledge also allows hotel staff to provide recommendations that suit the preferences and individual needs of customers, increasing the added value of their stay experience.

In addition, product and service knowledge also plays a role in innovation. By understanding trends and changes in customer preferences, hotels can develop new products and services that match market demands. Knowledge of technology developments, lifestyle and industry trends helps hotels to stay relevant and competitive. Through this approach, hotels can differentiate themselves from competitors and win customers' hearts with innovations that provide different and attractive added value.

**d) Knowledge People**

Knowledge people, or knowledge about individuals within the organization, has an important role in building a hotel's competitive advantage. This refers to a deep understanding of the skills, experience and potential of each team member, and how that individual knowledge and expertise can be integrated to achieve a common goal. By understanding the strengths and weaknesses of each employee, the hotel can allocate roles and responsibilities appropriately, ensuring that each team member makes the maximum contribution.

Knowledge of employees also plays a role in building an effective team. By identifying each individual's skills and interests, hotels can form teams that are diverse in competence but balanced in terms of required skills. Knowledge of employees also allows hotels to design training programs to suit individual and collective needs, helping them grow and develop in their roles.

Based on the sources of competitive advantage in the hospitality sector, KM Optimization in the hospitality industry can be achieved in several ways, namely:

**a) Optimization of Knowledge about marketing strategy**

In a competitive environment, understanding market trends, customer preferences and effective marketing strategies is key to attracting and retaining customers. By collecting and analyzing relevant data, hotels can gain in-depth insights into the most promising market segments, the types of services they are in demand for, and the most effective marketing channels. Knowledge of proven successful marketing strategies also needs to be integrated into the KM

system. This includes knowledge of successful promotional campaigns, optimal pricing strategies and other marketing practices that have produced positive results. By gathering this knowledge in an easily accessible database, marketing teams can use it as a guide to design better and more efficient strategies.

Apart from that, KM can also facilitate the sharing of knowledge and ideas among the marketing team. Through platforms that enable collaboration, employees from diverse backgrounds can contribute with their insights and share the lessons they have gained from various campaigns. This can enrich the marketing team's insight and assist in developing more innovative and creative approaches in marketing hotel products and services.

**b) Knowledge in terms of building relationships with stakeholders and customers**

In this dynamic and competitive era, establishing strong and meaningful relationships with customers and various stakeholder groups is an important element in achieving competitive advantage. In terms of customers, in-depth knowledge of customer preferences, habits and feedback allows hotels to customize a more personalized and satisfying service experience. By understanding what customers want, hotels can design loyalty programs that provide added value, result in higher customer retention, and provide a better and more memorable stay experience. Through the KM platform, this data can be integrated and analyzed to form a more effective and in-depth marketing strategy.

In addition, knowledge of various stakeholders such as suppliers, business partners, local communities and regulators is also crucial. Through understanding their needs and expectations, hotels can forge mutually beneficial and sustainable partnerships. Good relationships with suppliers help in ensuring reliable and quality supplies, while involvement in local community activities creates a positive impact and builds a good image. In terms of regulations, in-depth knowledge of compliance and regulatory changes helps the hotel operate without a hitch.

**c) Knowledge of the quality of F&B products and services**

In the hospitality industry, culinary experience is a very important element for customer satisfaction. Therefore, having in-depth knowledge of the F&B products and services offered is a very crucial factor in achieving competitive advantage. Knowledge of the quality of F&B products involves a deep understanding of the ingredients used, serving techniques, and the ability to present menu variations according to customer preferences. By understanding culinary trends, analyzing customer feedback and integrating knowledge from multiple sources such as chefs, nutritionists and suppliers, hotels can create menus that are innovative, high quality and in tune with evolving customer tastes.

In addition, knowledge about the quality of F&B services is also a key factor in creating an extraordinary experience for customers. This includes an understanding of service standards, interactions with guests, and the ability to deal with diverse situations. By leveraging KM, hotels can develop consistent service guidelines and integrate customer knowledge, so as to be able to provide a consistent and satisfying culinary experience.

## **CONCLUSION**

Knowledge management has a crucial role for the company's success in the midst of complex business dynamics and global market demands. In a rapidly changing environment, employee knowledge is a key asset in creating added value. Managing knowledge enables companies to make more informed decisions, improve operational efficiency, innovate better, and save costs and time. Without knowledge management, companies run the risk of losing valuable knowledge, of dependence on key individuals, and of increasing the costs of dealing with lost knowledge. Optimizing KM in the hospitality industry is the main key in achieving competitive advantage. By leveraging customer knowledge, stakeholder relationships, products and services, and individuals within the organization, hotels can create unique customer experiences, design effective marketing strategies, forge strong partnerships and deliver quality products and

services. By collecting, managing and sharing this knowledge through KM systems, hotels are able to better compete in a dynamic and competitive market.

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