



MANAGEMENT TRANSFORMATION IN THE HOSPITALITY INDUSTRY IN YOGYAKARTA (2014-2024)

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Abstract

In today's digital era, revitalizing the hospitality industry through technological innovation is crucial for enhancing competitiveness and improving customer experience. By gaining a deeper understanding of customer needs and developing service innovations, hotels can deliver more personalized and satisfying experiences. This shift in vision toward better customer service underscores the need for continued research on the paradigm shift within the hospitality sector. This study aims to observe and explore changes in the hospitality industry, with the goal of identifying paradigm evolutions and their contributions to service efficiency and quality. The research is expected to offer new insights into the dimensions of customer experience and internal operations that require rethinking, while also identifying cohesive strategies to integrate digital and physical elements. Furthermore, it analyzes the impact of hotel development control policies, management strategies, and technological innovations, thereby contributing both theoretically and practically to the development of the hospitality industry in Yogyakarta in response to the challenges of digital transformation.

Keywords : Transformation, Digital Era, Revitalization, Innovation

1. INTRODUCTION

In today's digital era, revitalizing the hospitality industry through technological innovation is crucial for increasing competitiveness and enhancing customer experience (Anwar and Deliana, 2024; Muis et al., 2024; Mansoor et al., 2025). By deeply understanding customer needs and developing service innovations, hotels can deliver more personalized and satisfying experiences (Sharma and Singh, 2024). Hotels can enhance their competitiveness and offer more personalized and satisfying experiences by identifying customer needs, innovating services with the latest technology, investing in technology and human resources, and addressing security and privacy issues (Salam et al., 2024). Therefore, paradigm shifts often occur to survive, keeping pace with developments in the managerial and organizational



world (Kuhn, 2021). With this shift in vision towards better service to customers, research on paradigm shifts in the hospitality sector is still needed (Giannopoulos et al., 2020). This was also stated by Shin et al. (2023) identified the growing importance of research in the field of tourism and hospitality technology.

By observing and exploring changes in the hospitality industry, this study hopes to detect the evolving paradigms and their contribution to the efficiency and quality of hospitality services. The expected innovation of this research lies in the presentation of an integrated model that examines the ability of industry leaders to configure digital resources, leadership, and technology for sustainable digital transformation, derived from in-depth interviews and related literature analyzed using Nvivo software.

The objectives of this research are to examine the hotel management system in Yogyakarta over the past 10 years. To determine whether transformation has occurred in the Yogyakarta hotel industry over the past decade. To determine the direction of transformation in the Yogyakarta hotel industry over the past decade. To determine the impact of this transformation on efficiency in the hotel industry. Finally, to determine the impact of this transformation on hotel guest numbers. The benefits of this research are expected to provide new insights into dimensions of customer experience and internal operations that need to be rethought, as well as to identify cohesive strategies for integrating digital and physical elements. Furthermore, this research analyzes the impact of hotel development control policies, management strategies, and technology innovations, thus providing theoretical and practical contributions to the development of the Yogyakarta hotel industry in facing the challenges of digital transformation.

2.1 Transformation in the Hospitality Sector

Transformation is a fundamental and comprehensive change that occurs in an entity, whether an individual, organization, or society, involving a paradigm shift and significant restructuring in the way they think, act, or operate. Transformation is more than just a minor change; it encompasses radical innovation and paradigm shifts, and is often a continuous process with long-term impacts. It is triggered by various factors such as crises, technological innovations, or environmental changes, leading to comprehensive evolution in various aspects of life (Lavanya and Rajkumar, 2024).

The transformation process is not a simple journey, but rather a complex evolution involving various stages and elements. Common stages include awareness and recognition of the need for change, thorough planning, and preparation. Transformation is often triggered by crisis, dissatisfaction, a vision for improvement, or environmental changes. Factors such as cultural assimilation, social unrest, technology, influencers, and cultural values can also trigger transformation. Transformation tends to occur over a long period of time, driven by many fundamental and complex factors. (Bellantuono et al., 2021).

Hospitality transformation, in general, is a comprehensive change in the hospitality industry driven by various factors, including technological advances and changing consumer preferences. This transformation is not just a trend, but also a necessity to remain competitive in an increasingly competitive market. Hotels need to adapt to technological changes to remain relevant and competitive. (Watkins et al., 2018)

Digital transformation has significantly transformed the hospitality industry, encouraging modern hotels to adopt digital solutions to improve operational efficiency. This transformation



impacts various aspects, from reservations and room management to customer service and marketing (Anwar and Deliana, 2024). Key aspects include process automation, enhanced customer interaction through technologies such as chatbots, the use of the Internet of Things (IoT) for automated energy control and monitoring, personalized guest experiences through CRM data analysis, and enhanced data security (Polontoh and Liauw, 2023). Benefits include increased efficiency, service optimization, and improved customer satisfaction. Despite challenges such as implementation costs and data security, hotels that successfully adopt technology can significantly improve their operational performance and adapt to changing customer needs (Anwar and Deliana, 2024).

2.2 Paradigm

A paradigm is a set of basic beliefs, values, theories, concepts, and methods that form the basis of a person's understanding or a scientific discipline, functioning as a conceptual framework that influences the way of thinking, behaving, and acting, and forming the basis for understanding and research in a particular field, as defined by various experts such as Thomas Kuhn and Robert Friedrichs. (Giannopoulos et al., 2020)

2.3 Kurt Lewin's Theory (Theory of Change)

In change management, Lewin's model is widely used as a guideline for an institution to implement, manage, and evaluate the changes that occur. Kurt Lewin is known as the father of change management (Cummings et al., 2016; Bakari et al., 2017; Urhasanah et al., 2024), with the theory of three stages of change unfreeze, change (move), refreeze or better known as Changing As Three Steps (CATS) (Cummings et al., 2016). CATS proposed by Lewin is a fundamental theory or classic paradigm in change management (Schein, 1996; Al-Sarayreh et al., 2013; Hossan, 2015) suggests that the theories of change management that developed afterward made CATS from Lewin as the main reference. In this article, the basic concepts of Lewin's theory of change, consisting of unfreezing, changing, and refreezing, will be explained in facing changes in the paradigm of the hospitality industry over the last decade.

2.4 William Bennett's Adaptation Theory

John William Bennett's adaptation theory focuses on how humans adapt to the environment, encompassing biological, social, and cultural dimensions rooted in the evolutionary understanding that humans continually strive to be in harmony with the environment to survive (Bennett, 1976). In the context of transformation in the hospitality sector, this theory implies that hospitality businesses must continuously adapt to dynamic environmental changes, such as changing customer preferences, technological advancements, and global events, by implementing adaptation strategies that involve adopting new technologies (solution adaptation) or modifying service offerings to meet changing customer demands, thus enabling businesses to proactively adjust their strategies and operations to thrive in an ever-changing landscape (Shin et al., 2023).

2.5 Kuhn's Theory

Kuhn's fundamental approach to scientific evolution (2021) dates back over 50 years and is the most widely used theory of scientific change by many renowned scientists (Burmaoglu and Saritas, 2019). According to Kuhn (2021), a paradigm refers to the knowledge, rules, and methods generally accepted and regularly used by scientists within a scientific discipline. Scientific progress is not a continuous, cumulative process, but rather a series of revolutionary shifts within paradigms. In Kuhn's view, a paradigm encompasses the knowledge, rules, and methods generally accepted and used by scientists within a discipline.



In his book on the structure of scientific revolutions, Kuhn (2021) views scientific change and progress as an iterative process through four phases: pre-science, normal science, crisis, and revolution. In the pre-science phase, there are no agreed-upon theories and concepts; the rules and methods that constitute science do not yet exist, and the formation of these rules is ongoing. In the normal science phase, scientists deepen the paradigm by establishing rules of science that help them conduct research within the existing framework and expand the knowledge base. Scientists feel comfortable conducting their research during this phase. "Normal science is characterized by very clear research questions, methodologies, and expectations.

Eventually, anomalies emerge to challenge the existing paradigm, leading to the crisis phase. Unlike normal science, in the crisis phase, disagreements develop into questions about the existing paradigm (Kuhn, 2021). New concepts and theories are used to address questions related to the anomalies, and science returns to its normal phase. In the revolutionary phase, the competing paradigm becomes sufficiently developed to overpower the existing paradigm, allowing the new paradigm to become the norm.

2.6 Theory and Analytical Framework

The author uses three main theories as an analytical framework:

1. Kurt Lewin's Theory of Change: Used to explain the stages of the transformation process, from "unfreezing" (recognizing the need for change), "change" (implementing change), to "refreezing" (establishing change as a new culture).

2. William Bennett's Adaptation Theory: Explains how hotel personnel—from management to employees—are required to adapt to changes, whether in technology, service standards, or constantly evolving customer needs.

3. Thomas Kuhn's Paradigm: Used to illustrate that change in this industry is a paradigm shift, not simply an incremental adjustment, but a leap that brings new norms, values, and methods to hotel management.

2. METHOD

The data collection techniques used were: (1) in-depth interviews with informants who were also respondents; and (2) observations conducted at a specially designed meeting. Observations were also recorded to verify the results.

The questionnaire consisted of five main questions related to (1) Hotel Marketing Transformation, (2) Hotel Human Resources Transformation, (3) Guest Service Transformation, (4) Risk Management Transformation, and (5) Digital Transformation. In-depth interviews were conducted to explore data related to hotel management experiences and to provide detailed explanations of current issues. Observations were conducted to obtain a realistic picture of hotel conditions, services, and operations.

The unit of analysis for this study consisted of General Managers of 1- to 5-star hotels in Yogyakarta. Each informant was informed in advance of their willingness to participate in the study and asked for their consent when completing the questionnaire. Informants were selected through in-depth interviews conducted using purposive sampling, taking into account both questionnaire responses and the informant's willingness. However, the researchers deliberately chose informants with whom they were relatively familiar to allow for a more dynamic interview.



The results of observations, in-depth interviews, and recordings were transcribed verbatim. The data were then analyzed using NVivo 12 Pro, employing coding techniques that reflect the concept of grounded theory, which views field data as the basis for theorizing.

3. RESULTS AND DISCUSSION

1. Background and Urgency of Transformation

The transformation occurring in the Yogyakarta hotel industry between 2014 and 2024 is not merely a change in work tools or marketing media, but rather a strategic aspect that touches on the managerial foundations and service paradigms. The digitalization era is forcing all industry players to rethink their business models, customer understanding, and competitive strategies in an increasingly dynamic era. Revitalization through technological innovation not only increases efficiency but also opens up opportunities to create a more personalized and satisfying customer experience, thus becoming a strong differentiator amidst the competition among hotels in Yogyakarta.

2. Transformation Aspects

Aspects of transformation include:

- a) Hotel Marketing Transformation: The shift from conventional marketing to digital marketing and social media engagement, with an emphasis on personalized content tailored to consumer preferences.
- b) Hotel Human Resources Transformation: The implementation of work process digitization, automation, and the use of technologies such as IoT, integrated management systems, and big data analytics.
- c) Digital Transformation: Human resources are directed to be more digitally savvy; training and recruitment are now oriented toward technology adaptation competencies in addition to conventional hospitality skills.
- d) Guest Service Transformation: The use of technology to provide seamless services and support a holistic guest experience—from reservations and digital check-in, app-based room service, to online guest feedback.
- e) Risk Management Transformation: The author also highlights emerging challenges, such as high technology investment and data security issues, in the use of digital technology in hotels.

Field findings are based on data triangulation research methods (questionnaires, in-depth interviews, and observations) conducted with General Managers of 1- to 5-star hotels. Analyzed using grounded theory, the findings reveal that digital transformation brings tangible benefits in the form of efficiency, guest satisfaction, and competitive advantage. However, this transformation requires organizational cultural readiness, mindset flexibility, and continuous investment in human resources. This discussion demonstrates that the transformation of hotel management in Yogyakarta is a dynamic, multidimensional process that demands fundamental changes in mindset, organizational culture, human resource skills, and business strategy for the modern digital era. Adaptability, innovation, and a keen eye for digital trends are key to the future safety and success of hotel businesses. Transformation is not an option, but rather a necessity for all industry players in Yogyakarta to remain relevant and superior in the market.

4. CONCLUSION

1. This study examines the transformation in the hospitality industry over the past decade. This transformation has been driven by advances in digital technology and a paradigm shift in



hotel management, service, and operations.

Hotels need to revitalize through technological innovation, a deeper understanding of customer needs, and the development of more personalized and satisfying services to remain competitive.

2. The transformation encompasses various aspects, from shifting to digital marketing strategies, operational transformation through process digitization and efficiency, improving the quality of human resources that adapt to technology, to transforming guest services to create experiences more relevant to today's customer expectations. This study also emphasizes the importance of cohesively integrating digital and physical elements into hotel operations.

3. Change theories such as Lewin's, Bennett's adaptation, and Kuhn's paradigm are used to analyze the change process in the hospitality industry. It is found that this transformation process is not a superficial change, but touches fundamental aspects of the organization and requires changes in culture, mindset, and business strategy.

4. Research results based on qualitative data from hotel General Managers indicate that digital transformation has brought significant benefits, such as operational efficiency, increased guest satisfaction, and even competitive advantage. However, challenges remain, such as the need for technology investment and data security issues.

5. The key to successful hotel management transformation lies in readiness to adapt to technology, human resource capabilities, and visionary leadership. These findings provide theoretical and practical contributions to the development of the hotel industry in the digital era, while also serving as an important reference for designing effective strategies to face the challenges of future change.

Theoretical and Practical Implication

This article not only provides theoretical contributions to analyzing changes in the hospitality industry but also offers practical references: the importance of adaptive readiness, visionary leadership, physical-digital integration, and sustainable adaptation strategies.

The future of the hospitality industry will be largely determined by its rapid response to change and the ability to implement technology-based continuous improvement.

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