



The Role of Internal Dynamics and HR Practices in Fostering Innovation in the Hospitality Sector

HR Management and Leadership – Research Project

Sara Lubarda 22/006

Table of Contents

Introduction.....	3
The Influence of Internal Dynamics on Innovation	3
The Role of HR Practices in Driving Innovation.....	3
The Concept of Absorptive Capacity in the Hospitality Industry.....	4
Challenges in Implementing HR-Driven Innovation in Hospitality.....	4
Conclusion and Recommendations.....	5
References:.....	6

Introduction

Innovation in the hospitality industry is essential for maintaining a competitive advantage, improving customer satisfaction, and ensuring operational efficiency. Internal dynamics, particularly human resource (HR) practices and absorptive capacity, play a crucial role in fostering innovation within hotels. These elements shape an organization's ability to acquire, assimilate, and apply new knowledge, leading to enhanced service delivery, improved business models, and increased operational efficiencies. Following elaboration explores how HR practices, organizational culture, and absorptive capacity interact to drive innovation in the hospitality sector.

The Influence of Internal Dynamics on Innovation

Internal dynamics in the hospitality industry shape how hotels adapt to trends, integrate technology, and foster innovation. A strong organizational culture that values creativity, collaboration, and learning encourages employees to contribute new ideas. Leadership plays a key role by supporting innovation and empowering staff.

Flexible structures, like cross-functional teams and decentralized decision-making, enhance problem-solving and adaptability. Digital tools, such as AI-driven analytics, improve guest experiences. Hotels that promote continuous improvement motivate employees to challenge norms and explore new service approaches, creating a skilled and adaptable workforce ready for market changes.

The Role of HR Practices in Driving Innovation

Human resource practices significantly influence an organization's capacity for innovation. HR practices such as recruitment, training, performance management, and employee engagement directly impact an organization's ability to cultivate a culture of continuous improvement. Effective HR management ensures that employees are equipped with the necessary skills, motivation, and opportunities to contribute innovative ideas.

- 1. Recruitment and Selection:** Hiring individuals with diverse backgrounds, experiences, and perspectives encourages creativity and fresh thinking. Hotels that emphasize diversity and inclusion in hiring practices benefit from a broader range of innovative ideas.
- 2. Training and Development:** Continuous learning programs help employees acquire new skills and stay updated on industry trends. Training in emerging hospitality technologies, customer service strategies, and problem-solving techniques enhances employees' ability to implement innovative solutions.
- 3. Job Rotation and Cross-Training:** Employees who experience multiple roles within an organization gain a comprehensive understanding of hotel operations, which helps them identify areas for improvement and innovation. Job rotation fosters adaptability and knowledge-sharing, leading to process improvements.
- 4. Performance Management and Incentives:** Rewarding employees for innovative ideas and problem-solving initiatives encourages engagement in the innovation process. Hotels that implement incentive programs, such as bonuses or recognition awards, create a culture where employees actively seek improvements in service delivery and operations.

Furthermore, HR departments should actively integrate digital tools to enhance workforce management and innovation. The use of HR analytics can provide data-driven insights into employee engagement, performance trends, and skill gaps, allowing hotels to make informed decisions on training and talent development. Integrating AI-powered recruitment systems can also help hotels identify candidates with high potential for creativity and problem-solving, strengthening the innovation pipeline within the organization.

The Concept of Absorptive Capacity in the Hospitality Industry

Absorptive capacity is the ability of an organization to recognize the value of new external information, assimilate it, and apply it for commercial advantage. In the hospitality sector, absorptive capacity determines how effectively hotels leverage new technologies, customer preferences, and market trends to enhance their offerings.

A hotel's absorptive capacity depends on several factors:

Knowledge Acquisition: The extent to which a hotel engages in research, benchmarking, and external collaborations influences its ability to adopt innovative practices. Hotels that partner with universities, industry experts, and technology firms benefit from fresh insights that contribute to innovation.

Knowledge Assimilation: Employees must be equipped with the ability to understand and process new information effectively. Training programs that focus on emerging trends in artificial intelligence, automation, and personalized guest experiences enhance a hotel's absorptive capacity.

Knowledge Application: The final stage involves implementing acquired knowledge into practical applications, such as new service models, digital tools, or sustainability initiatives. Hotels that encourage experimentation and pilot programs can effectively integrate new knowledge into their operations.

To further enhance absorptive capacity, hotels should create internal knowledge-sharing platforms where employees can access and contribute to best practices. Encouraging cross-departmental collaboration ensures that knowledge is not confined to specific teams but is spread throughout the organization, enabling a collective approach to innovation.

Challenges in Implementing HR-Driven Innovation in Hospitality

Despite the benefits of HR-driven innovation, several challenges hinder its implementation in the hospitality industry:

Resistance to Change: Employees and management may be reluctant to adopt new technologies or workflows due to fear of uncertainty or increased workloads.

High Costs of Training and Development: Investing in continuous learning and technological adoption can be costly, particularly for small- and medium-sized hotel enterprises.

Balancing Standardization and Customization: While innovation requires adaptability, maintaining brand consistency is also essential. Hotels must find a balance between personalized services and standardized operating procedures.

Knowledge Silos and Poor Cross-Departmental Collaboration: Lack of communication between departments can hinder knowledge-sharing and slow down the innovation process. Encouraging interdepartmental collaboration is essential for fostering innovative solutions.

Limited Technological Infrastructure: Some hotels, particularly independent and small-scale establishments, may struggle with the financial and logistical challenges of implementing advanced technological solutions that facilitate HR-driven innovation.

Case Examples and Best Practices in Hospitality Innovation

Several leading hotel brands have successfully implemented HR-driven innovation strategies:

Marriott Hotels: Marriott has invested heavily in digital transformation, providing employees with training in artificial intelligence and data analytics to personalize guest experiences. Their commitment to employee development has strengthened their absorptive capacity and innovation potential.

Hilton Hotels: Hilton's "Innovation Gallery" initiative allows employees to experiment with emerging hospitality trends, such as robotic room service and smart hotel rooms. This hands-on approach empowers employees to actively contribute to the innovation process.

IHG (InterContinental Hotels Group): IHG prioritizes sustainability innovation by involving employees in green initiatives, such as waste reduction programs and energy-efficient technologies. Their HR strategy integrates sustainability training, fostering a culture of environmentally conscious innovation.

Conclusion and Recommendations

Innovation in the hospitality industry relies on strong internal dynamics, HR practices, and absorptive capacity.

Hotels that prioritize employee engagement, continuous learning, and knowledge-sharing create an environment conducive to innovation.

To enhance innovation potential, hotels should:

1. Invest in ongoing training and development programs to upskill employees.
2. Foster a collaborative culture that encourages cross-functional teamwork and knowledge exchange.
3. Align HR strategies with business goals to ensure innovation remains a priority.
4. Implement leadership styles that empower employees and support creative problem-solving.
5. Explore technology-driven HR innovations, such as AI-powered recruitment tools and digital learning platforms.

By adopting these strategies, hotels can strengthen their ability to adapt to industry changes, meet evolving customer expectations, and remain competitive in the dynamic hospitality landscape.

References:

1. Ai Case Study- Network, A.(2024). Case study: How Marriott leverages AI for digital innovation.
<https://aiexpert.network/marriott-ai/>.
2. Cheng, C. C., & Hu, H. Y.(2020). Investigating innovation and customer engagement in the hospitality industry. *Tourism Management*, 82, 104198.
<https://www.sciencedirect.com/science/article/abs/pii/S0278431920300669?utm>
3. Hertzfeld Esther-Hilton. (2017). Hilton launches Innovation Gallery.
<https://www.hotelmanagement.net/tech/hilton-launches-innovation-gallery>.
4. Javelosa June -Futurism. (2016). Meet Connie—The Hilton’s newest hotel concierge.
<https://futurism.com/meet-connie-hiltons-newest-hotel-concierge>.
5. Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C.(2012). How does human resource management influence organizational outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of Management Journal*, 55(6), 1264-1294.
<https://journals.aom.org/doi/10.5465/amj.2011.0088?utm>.



The role of internal dynamics and HR practices in fostering innovation in the hospitality sector.

HR Management and Leadership – Research Project

Ognjen Perović, 22/014

Every aspect of business and economy in the world right now is fighting a heavy battle with the new trends that keep on rising, especially with the rise of the Gen Z as the new work force, which I am proudly a part of.

Hospitality sector and industry are no different to the rule mentioned above.

Regarding the exploration of internal dynamics, based on the article provided for the project, as well as others which shall be listed at the end of the essay, which include the HR practices and absorptive capacity, I have been able to concur there are 5 different aspects through which the influence the industry's ability to innovate the most, so without further ado, let's dive in together.

1. Organizational culture

Organizational structure is essential for fostering an environment which encourages creativity, knowledge sharing and risk taking. Open and collaborative culture encourages open communication and experimentation at a level more likely to lead to implementation of innovative practices. This is further backed up by the fact, that in the hotel industry, the line level workers are the ones with the deepest level of insight into the customers' demands. Creating a culture which encourages and empowers employees to make calculated risks can lead to even more innovation in the field of guest service, without it needed to be a big change in the operational processes. For example, as mentioned in "Innovation and Technology management in the Hospitality Industry"

- "Hotels that actively encourage employee suggestions and embrace experimentation are consistently more successful in implementing innovative practices that improve operational efficiency and customer satisfaction"

2. Leadership

Strong leadership is another critical factor in promoting innovation, because a good leader isn't in charge of only leading the team, but rather of giving its team the wings needed to suggest new ideas. Transformational leadership style has been shown to inspire workers beyond their regular duties, driving them to think more. Another real important thing is support towards experimentation, both with new technologies and with new service models, such as sustainable development ones, this opinion I have based on the "Internal Dynamics and Innovation: A Cross-Disciplinary Review and Research Agenda"

- "Innovation thrives when internal organizational structures are designed to promote knowledge sharing, flexible leadership, and proactive resource allocation"

3. Human resource practices

The human resource practices can greatly impact the hotels' capability to reach innovations through 3 main aspects: Recruitment of new talents, Training and further development and Performance management and reward systems. It's important to always keep in mind that even though there is a pattern of behavior and service which needs to be followed, that human creativity can't be, and should not be forgotten, so we should aim to hire people who are capable of bringing more creative ideas or simply just bettering the existing operational acts, and of course it's important to keep people motivated to do so, and that is where the performance management and reward systems come in play. What good is it to a hotel, if they hire someone who improves their operations and efficiency by let's say 20% within the first 6 months of working there, if he is not by any means motivated to work the 7th month in such an establishment...

4. Knowledge management and sharing

It is general knowledge that innovation most naturally comes from sharing knowledge and experiences within the corporation. Hotels can improve the fostering of knowledge sharing by utilizing the advancements in technology to create a platform designed specifically for such goals, and a perfect example of such a platform is Merlin platform which is utilized with in IHG group all over the world, but they went a step beyond, meaning that the experiences and knowledge is shared globally, throughout the whole hotels under their hand, rather than just within one hotel specifically. Also another thing which can be of huge impact within this key factor is cross training and cross functional collaboration, so for example instead of only having Marketing team do a task, maybe implement some suggestions from HR or per se Concierge etc.

5. External environment

While this topic is heavily focused on internal aspects, it's a good idea not to forget about external ones such as competition, or the changing preferences of the customers. Hotels should always monitor the changes in expectations of the market, but also the changes in the market trends, thus so they know which new ideas can solve which new "problems". Also it would be really wise to not be behind the technological progress which we witness daily on the global level, rather we should really try to keep the step up with those changes, as they can always be used in good purposes, even the famous, and vastly disliked, ChatGPT platform can be used for good, as long as we have the knowledge to utilize it as desired and needed.

To conclude, hotel innovation is heavily reliant on the essentials of the internal dynamics and HR practices, so it wouldn't be unwise to go back to the basics, but going back to the basics and the "traditional" methods, by no means suggests that we shouldn't be using the new tools for such methods. So, instead of fearing the change and the powerful tools of the AI we should rather focus on integrating them in helping us make more objective and statistical based decisions to help us properly reach the talent which we seek to bring innovation with, or rather help us better foster the innovation already from within the company.

To finish off this essay, I shall borrow the words written in the "Internal Dynamics and Innovation: A Cross-Disciplinary Review and Research Agenda"

- "Innovation in the hospitality sector is achieved when organizations align their internal culture, leadership, and knowledge-sharing practices with evolving market demands, creating a dynamic environment that continuously fosters creativity and progress"

SOURCES

1. *Internal Dynamics and Innovation: A Cross-Disciplinary Review and Research Agenda.* Mališić B., Tinaj S., Popović J., Lukovac L., & Vlačić, B. (2024). *Technological Forecasting and Social Change*, 197, 124032.
2. *Innovation and Technology Management in the Hospitality Industry.* Anderson N., Potočnik K., & Zhou J. (2014). *International Journal of Hospitality Management*, 38, 65-75.
3. *The Role of Human Resource Management in Fostering Innovation in the Hospitality Industry.* Chiang C. F., & Jang S. (2018). *Tourism Management Perspectives*, 27, 136-145.
4. *The Impact of Leadership on Innovation in the Hospitality Industry.* Elenkov D. S., & Manev I. M. (2020). *International Journal of Contemporary Hospitality Management*, 32(5), 1491-1507.
5. *Organizational Culture and Innovation in the Hospitality Industry.* Wang C. L., & Ahmed P. K. (2017). *Journal of Hospitality and Tourism Research*, 41(7), 875-897.



*The role of Internal Dynamics and HR Practices in fostering innovation in
the hospitality sector*

HR Management and Leadership – Research Project

Maša Vukčević, 22/031

Innovation has become a key driver for differentiation and growth in the hospitality industry. Technological advancements, evolving guest expectations, and a stronger focus on sustainability have made innovation essential for hotels to remain competitive. Digitalization, smart technologies, and automation are revolutionizing the guest experience, particularly through personalization. Additionally, data analytics allows hotels to anticipate and better meet customer needs. However, innovation extends far beyond just technology. Internal dynamics and human resources (HR) practices are crucial in shaping a hotel's success and innovation capacity. These elements help hotels adopt new technologies and foster a culture that supports ongoing innovation.

HR management and leadership play a fundamental role in driving innovation within the hospitality industry. Effective HR practices, including recruitment, continuous training, and employee motivation, are central to cultivating an innovative work environment. When a hotel invests in HR strategies that encourage creativity, collaboration, and knowledge-sharing, it ensures that innovation is deeply embedded within its organizational culture. A well-structured HR plan is essential for fostering an environment where innovation thrives. Recruitment and talent development play a crucial role, as hiring employees who bring fresh perspectives and equipping them with the skills needed to implement new ideas contribute to an organization's adaptability. Continuous learning opportunities enable employees to stay informed about industry trends, new technologies, and evolving customer expectations.

Research from ScienceDirect highlights the significance of internal dynamics in fostering innovation. Hotels that prioritize internal knowledge-sharing and encourage open communication among employees tend to develop a more agile and adaptive workforce. This review emphasizes that internal factors such as leadership, teamwork, and knowledge integration are just as critical as external technological advancements. By fostering a culture of collaboration and continuous improvement, hotels can enhance their ability to generate new ideas and implement innovative solutions. ScienceDirect's findings underscore the importance of empowering employees with decision-making autonomy, which enables them to take ownership of their roles and contribute meaningfully to the innovation process.

Leadership plays a critical role in fostering a culture of innovation. Transformational leaders inspire their teams, promote continuous learning, and encourage employees to explore new ideas. By supporting their teams and leading by example, hotel managers can create an environment where innovation thrives. Leadership that actively supports innovation fosters a culture where employees feel empowered to experiment and adapt to market trends. Strong leadership also ensures that employees understand the hotel's broader vision and feel a sense of purpose in contributing to innovation.

Organizational culture and absorptive capacity are critical drivers of innovation and long-term success in firms. A strong organizational culture shapes how employees interact, share knowledge, and approach problem-solving. When a company fosters a culture of openness, collaboration, and continuous learning, employees are more likely to embrace change and contribute to innovative processes. A supportive culture reduces resistance to new ideas, ensuring that creative solutions are not only developed but also implemented effectively. Absorptive capacity, on the other hand, refers to an organization's ability to recognize, assimilate, and apply external knowledge. In a fast-changing business environment, companies that actively seek out and integrate new information are more competitive. Absorptive capacity enables firms to leverage external insights—such as technological advancements, market trends, and customer feedback—to refine their products, services, and operations. The relationship between organizational culture and absorptive capacity is symbiotic. A knowledge-sharing culture enhances absorptive capacity by encouraging employees to engage with external knowledge and contribute to collective learning. Companies that prioritize continuous learning and adaptability create an environment where new ideas flourish. This dynamic fosters

a competitive edge, as firms can quickly respond to emerging market demands and technological disruptions. Additionally, organizations with a strong absorptive capacity are more likely to develop breakthrough innovations, as they can integrate diverse knowledge sources effectively. A rigid or risk-averse culture, by contrast, may stifle innovation by discouraging experimentation and external collaboration. By balancing internal expertise with external knowledge acquisition, firms can create a sustainable innovation ecosystem. “As a critical dynamic capability, absorptive capacity allows organizations to leverage external knowledge for innovations”.

As Simon Sinek states in his TED Talk, "How Great Leaders Inspire Action," effective leadership is built on a clear vision and the ability to inspire teams to pursue innovation. Sinek emphasizes that truly great leaders communicate the "why" behind their actions rather than just the "what" and "how." In the hospitality industry, this means that hotel managers who articulate a compelling vision for innovation can motivate their teams to embrace change and think creatively. Employees who understand and believe in the purpose of their work are more likely to engage in innovative problem-solving and proactively seek new ways to enhance guest experiences.

Employee motivation is a significant factor in promoting innovation. When employees feel valued, supported, and incentivized, they are more likely to engage in creative problem-solving and contribute to the hotel's success. Recognition and performance-based incentives encourage continuous improvement and reward employees who contribute innovative ideas. Career growth and development opportunities foster a sense of purpose and engagement, ensuring that employees remain invested in the hotel's long-term success. Workplace culture and teamwork create an inclusive and supportive environment that strengthens collaboration and enhances innovation capacity. Additionally, psychological safety—where employees feel secure in proposing new ideas without fear of criticism—plays a fundamental role in driving innovation. Research suggests that organizations that cultivate psychological safety foster greater creativity and risk-taking, which are essential for innovation.

In his TED Talk, "The Secret Ingredients of Great Hospitality," Will Guidara emphasizes the power of personalized guest experiences and human connection in driving hospitality success. He illustrates how exceeding guest expectations through thoughtful gestures can create memorable experiences and enhance customer loyalty. His insights reinforce the idea that innovation in hospitality extends beyond technology to include human-centric approaches that empower employees and prioritize guest satisfaction. Guidara's perspective aligns with the notion that an innovative culture is not solely reliant on advanced technology but also on a workforce that is motivated to provide exceptional service. Hotels that prioritize both employee engagement and guest satisfaction through innovation are more likely to build lasting relationships with their customers and achieve long-term success.

As the demand for sustainable practices in the hospitality industry grows, hotels must also innovate in ways that reduce their environmental impact. Sustainability is no longer an optional feature but a necessity in the modern hospitality landscape. Hotels that incorporate green building practices, energy-efficient solutions, and waste reduction strategies not only appeal to environmentally conscious travelers but also reduce operational costs. Many hotels have begun using AI-driven energy management systems and smart sensors to optimize electricity and water consumption. This kind of technological innovation, combined with sustainable HR practices such as employee training on eco-friendly operations, ensures that sustainability remains an integral part of hotel management. The ability to innovate in sustainability aligns with both business success and corporate social responsibility, reinforcing the role of forward-thinking leadership and absorptive capacity in staying ahead of market trends.

Furthermore, digital transformation has redefined guest interactions, with contactless services, AI-driven chatbots, and virtual concierge systems becoming industry standards. While these

innovations enhance efficiency and convenience, they should not come at the expense of human touch. A balanced approach that integrates digitalization with personalized service ensures that hotels maintain a unique and memorable guest experience. The role of HR in training employees to effectively use these new technologies while still providing exceptional customer service is crucial in this process. Research shows that hotels that successfully blend technology with personalized interactions tend to experience higher customer satisfaction and repeat business. As technology continues to evolve, hotels must remain adaptable and continue investing in innovation while preserving the core essence of hospitality—genuine human connection.

By focusing on HR management, leadership, and employee motivation, hotels can ensure that innovation is deeply embedded in their culture. The fusion of strategic HR practices, a strong absorptive capacity, and visionary leadership forms the foundation of innovation in the hospitality industry. By embracing a cross-disciplinary approach and prioritizing both technological advancements and human elements of service, hotels can create distinctive and memorable experiences that resonate with guests and drive sustained growth. “Empowering employees and enhancing their ability to innovate and embrace an innovative culture and critical inputs, encompassing performance management systems and human capital development”. As the hospitality industry continues to evolve, future research should explore the most effective HR strategies for fostering innovation and the impact of different leadership styles on innovation outcomes. By continuously investing in employee development and creating an adaptable organizational culture, hotels can stay ahead of industry trends and remain competitive in an ever-changing market.

SOURCES

- ◆ Malisic B, Tinaj S, Popovic J, Lukovac L, Vlacic B. "Internal Dynamics and Innovation: A Cross-Disciplinary Review and Research Agenda." 2024. *ScienceDirect*, Absorptive capacity perspective 4.2.7, Human capital empowerment 4.3.1.5,
- ◆ Sinek, Simon. "How Great Leaders Inspire Action." *TED Talks*, 2009, https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action.
- ◆ Guidara, Will. "The Secret Ingredients of Great Hospitality." *TED Talks*, 2022, https://www.ted.com/talks/will_guidara_the_secret_ingredients_of_great_hospitality.



*The role of Internal Dynamics and HR Practices in fostering innovation in
the hospitality sector*

HR Management and Leadership – Research Project

Nikola Miljanić

Human resources management is one of the key pillars of a service oriented industry such as the hospitality sector. A healthy and vibrant culture of the work place enables the company to provide the guest with all of their needs and keep a certain level of quality of service. Innovation is a necessity in today's fast-paced and evolving business environment. It is essential to keep track of all of the new trends and technologies for our business to stay competitive in the global market. Based on my research I will provide a connection between these two essential components inside the hospitality sector and prove the interconnecting influence they have on each other.

There is a strong connection between an environment, values and the HRM practices that a company fosters and the improvements in innovation of the service and organization. Companies that shift their focus to developing soft skills of their employees have a positive feedback regarding the innovation inside of their teams. Soft HRM views employees as valuable assets and it treats them with respect and a personal touch. They recognize employees as a competitive advantage in the global market. Soft HRM methods and strategies focus on the individual values and empowerment of the employee, they work to enhance the individual's motivation, behavior and knowledge of the organization and their position. The three key soft skills recognized as some of the most influential in terms on innovation are: Transformational leadership, employee training and empowerment.

Transformational leadership refers to a type of leadership that encourages the individual to become a team player, and to reshape their values and ideals in order to rise above their self-interest. It is a process in which the leader inspires the team to collaborate on mutual goals with certain inspirational, intellectual and personalized stimuli. The role of the transformational leader is to motivate and challenge their team to maximize their potential.

Employee training is base for any type of organizational improvement and innovation. It serves as a method to upgrade the knowledge and skills of the employee in order to achieve a higher organizational effectiveness and to better understand the company's objectives and values. It helps the employee maximize their productivity, while also fostering an environment with less conflict and a higher understanding.

Empowerment allows the employee to generate their own ideas and to improve their problem solving skills. It improves employee flexibility and creates an environment where creativity thrives. The company also has the benefits of higher loyalty and employee confidence, based on their own willingness to put their trust in the individual employee.

The soft HRM approach can be connected with the behavior and cognitive view when referencing the connection with innovation. Organizations that foster personal and professional growth, open mindedness, and a sense of unity have all reported a positive improvement in both incremental and radical service innovation. Incremental service innovations refer to the small improvements in the existing organization, and radical service innovation refer to new methods and strategies inside of the organization. We can notice that by motivating and allowing an individual to improve, the organization can reap higher benefits and position itself much better in the market.

Based on the previously stated facts and conclusion a connection can be made between the soft HRM approach and knowledge management. Knowledge management refers to the **systematic process of acquiring, storing, sharing, and applying knowledge** within an organization to improve decision-making, efficiency, and innovation. Effective knowledge management ensures that employees and teams have **access to relevant information**, which improves problem-solving and strategic planning. The base principle of knowledge management is to capture valuable information for the organization and to save it for later use, as well as to distribute it to each individual member who can use it for the benefit of the company. There are several methods to incorporate knowledge management inside of our

organization such as: Knowledge based training and development, knowledge based performance assessment, or knowledge based recruitment. These methods serve to establish knowledge based culture and support absorptive capacity.

Absorptive capacity is an organizations ability to **recognize, interpret, and incorporate external knowledge** into its existing systems. This concept is particularly relevant in dynamic industries where **rapid advancements and market shifts** demand adaptability, such as the hospitality industry. Absorptive capacity is used to gain invaluable insights of the industry and to have the flexibility to quickly reshape the organization strategies based on the needs and trends of the market. It helps us create a competitive advantage with fresh knowledge, and to improve our existing service and products.

Both of knowledge management and absorptive capacity have the highest efficiency when incorporated into the system together. They are complementary to each other, and the companies which used them inside of their systems reported higher operational efficiency, better communication and overall higher business innovation. By ensuring that their employees have a quality base of historical information, practices, opinions from successful managers and partners, as well as a good external source of information, organizations are able to create an environment that enables creativity and idea generating, improve decision-making, improve risk assessment and risk reduction. A good example of a hospitality company with a good knowledge management could be Marriott International. Their system “MESH” (Marriott’s Enterprise Social Hub) allows seamless communication and knowledge-sharing between global teams, and their “MGS” (Marriott Global Source) is an operational platform which allows their employees to have continuous learning opportunities, leadership programs and operational insights.

In my opinion, both the soft HRM and knowledge management influence one another. The company need an adequate knowledge base to be able to train and equip the employees with the soft skills that were previously mentioned. And when they implement the methods to improve the soft skills, it will consequently also improve the motivation inside the individual to seek new challenges and improve their knowledge further. They have a symbiotic relationship, and both are equally valuable for the organization’s operations and their innovation mindset.

Sources

- Bojana Malisić, Sandra Tinaj, Jovana Popović, Lidija Lukovac, Božidar Vlačić (2025) Internal dynamics and innovation: A cross-disciplinary review and future research agenda, *Technology in Society*, Volume 81.
- 2025, Tsou, Hung-Tai & Chen, Ja-Shen & Mai, Thi & Jade, Nguyen. (2025). Soft HRM Practices Fostering Service Innovations and Performance in Hospitality Firms. *Sustainability*. 17. 895. 10.3390/su17030895.
- Sarfraz, M., Khawaja, K.F., Khalil, M. *et al.* Knowledge-based HRM and business process innovation in the hospitality industry. *Humanit Soc Sci Commun* **10**, 624 (2023).