

The Rational Options For Investors To Choose Star Hotel Investments In Surabaya Indonesia

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Abstract.

Surabaya and Pandemic conditions that have occurred before, hampering the level of hotel occupancy in Surabaya and affecting hotel revenue resulted in several hotels streamlining all activities to minimize losses due to lack of occupancy due to Pandemic Covid 19, the interest of investors to invest in the star hotel business in the city of Surabaya. Conditions of Phenomenon Contractions for What Study can make investors remain optimistic and dare to do the star hotel business in Surabaya, (Hotel and Restaurant Association in East, 2021). Decision Making Theory's action, becoming the social capital of investors contributed to the decision to invest in hospitality business, mushroomed new hotels in the city of Surabaya. The highlight of PHRI urged the Surabaya City Government to take steps to limit the construction of a new star hotel (moratorium), in order to prevent overloop supply and unfair business competition in the star hotel industry in the city of Surabaya. The theory of irrational and rational actions explains why people learn to believe, for various levels and in certain contexts. The learning process takes place through repeated interactions and by looking at the interaction of others. shows that the efficient way to explain human actions is by assuming individuals to act for a series of reasons (Ritzer and Smart, 2014: 757). The study of this research uses a transdental phenomenological approach, putting an understanding of Fonemena to build the meaning of the experience of the object of the informants of the starred hospitality industry in Surabaya, namely investors and relations near investors. What is the background and motivation of investors in choosing a hotel business, how is the process and view of the realization of hotel business by investors, what is the view of investors in managing hotel business and the impact of hotel business on other investor businesses. Previous business expertise, investors with previous business experience may find the possibility of investing in attractive hotel industries, long-term property investment, hotel industry is often a promising industry. The value of hotel assets is often high, and its value tends to increase from time to time, media actualization, for some investors, investing in the hotel industry can be a way to achieve self-actualization. They could have wanted to be involved in manufacturing typical and attractive property because they have personal interest in the hospitality sector, increase customer confidence, investors who have a strong reputation or have achieved success in other industries can utilize investment in the hospitality industry as a way to increase customer confidence.

Keywords: *Investor Dynamics, Decision Making and Actualization.*

I. INTRODUCTION

The competition for star hotels is very tight, as can be seen in the data presented above. In Surabaya and the pandemic conditions that have occurred before, hampering hotel occupancy rates in Surabaya and affecting hotel revenues have resulted in several hotels streamlining all activities to reduce operational costs to minimize losses due to lack of occupancy due to the Covid 19 pandemic, investors are interested in investing in the hotel business star in the city of Surabaya. The condition of the contract phenomenon for studying what can make investors remain optimistic and dare to do star hotel business in Surabaya, (Hotel and Restaurant Association in East, 2021). Irrational or rational actions in the context of the dynamics of investors deciding to invest in a star hotel business in the city of Surabaya are actions of giving trust that are carried out because of the social interactions that occur between investors and hotel management operators. Interaction gives rise to a set of knowledge and emotional ties of kinship between investors and hotel management operators. The collection of knowledge and emotional ties of kinship are interconnected and provide information about investors' actions, which ultimately refers to an aspect of social capital called trust (Bhandari and Yasunobu, 2009; Dowding, 2001). Both irrational and rational action theories explain why people learn to trust, to varying degrees and in particular contexts. The learning process takes place through repeated interactions and by observing other people's interactions. suggests that an efficient way to explain

human action is to assume individuals act for a series of reasons (Ritzer and Smart, 2014: 757). Decision making or what is called decision making is applied to the investor sector, especially the star hotel services sector in the city of Surabaya. The factors that encourage investors to choose the hotel business are influenced by many things, of course irrational and rational actions have resulted in the proliferation of star hotels in Surabaya.

The success of a business is determined by the decisions taken by investors, being able to see opportunities and determine the exact type of business to be undertaken (Seto, 2017). Rational actions, investors have the aim of reducing various fears from uncertainty, requiring rational explanations to gather as much information as possible. The rational type does not expect quick profits, preferring investments that can increase the value of fixed assets in the long term. The rational type will try to control risks in carrying out long-term investments with the confidence of investors investing in star hotels in Surabaya (Yuwono, 2016). Irrational actions, emotional and psychological conditions of decision making with conditions of belief taken (Bodie, 2016), forming a new business plan will help determine, secure other business units with the hope of project profits and investor value, having an influence on costs and sales expectations in the future. Decision making is influenced by emotional actions, making decisions through discussions with various people and supporting the actions and opinions held and ignoring unpleasant information. Emotional types tend to ignore transactions that have risks and do not take them into account with the aim of reducing risks, not just a form of recognition (Vernimmen, Pierre, et al. 2014). The rationale is supported by sources and information from external parties in the fields of economics, finance, regulations and governance, resulting in a decision that is worthy of being taken by investors, especially in terms of choosing a hotel business in the city of Surabaya.

II. THEORETICAL FRAMEWORK

Decision making, also called decision making, is the grand theory in this research. Decision making is also one of the most central processes in organizations and a basic task of management at all levels (Halabi and Halabi, 2019). According to Rifa'i (2019), decision making is the act of issuing tactical and operational decisions such as containing the program to be achieved, implementation strategies and problem solving strategies, through a decision based on the results of selecting several alternative problems that have been determined for achievement. objective. Decision making will be more optimal if it is facilitated with economic tools and concepts, including managerial economics, considering limited resources (Fahrurrozi et al, 2021). Decision making includes problem identification activities, problem formulation, and selecting decision alternatives based on calculations and various impacts that may arise. Decision making is always related to problems or problems in the organization, the essential nature of decision making is choosing one or two alternative problem solutions towards a desired situation, through decisions people hope that a solution to the problem that occurs will be achieved (Rifa'i, 2019). All organizations and individuals need to make rational decisions, because that is the way to success and to achieve goals (Halabi and Halabi, 2019). Various views and theories of decision making can be found in the literature. The following list of supporting views, theories and models is based on the categorization provided by Keen and Scott Morton (1978), Huber (1981), and Das and Teng (1999) cit in (Hanson and Cohan, 2004).

Rational action theory emphasizes individual actions that have goals and are determined by values (Buskens, 2015). The originator of this theory was James S. Coleman who was one of the most prominent sociologists of the second half of the twentieth century. Born in 1926, in Bedford, Indiana, graduated with a bachelor of science from Purdue University in 1949 (Sorensen, 2015). James S. Coleman had a stint as a chemical engineer, and studied sociology at Columbia University in New York from 1951 to 1955, primarily with Robert Merton, Paul Lazarsfeld, and Martin Lipset. During his lifetime, he published 28 books and more than 300 studies. Publications that have the highest impact are on the sociology of community and education (schools), policy research, and the sociology of mathematics and rational choice (Ritzer and Smart, 2001:542). After earning a PhD in sociology in 1955, Coleman studied social systems in which macro phenomena must be explained by internal factors, especially individual factors. First, social systems consist of individuals. Although individuals tend to have the same human traits, they differ according to how they

are shaped in society and for a sociologist, it is important to understand the mechanisms that shape this. Coleman developed the concept of social capital as an important tool for social analysis. Second, individual actions and interactions combine to form social systems through the development of rational choice models that enable it to trace the processes that combine interactions into systems of authority, belief systems, collective behavior and collective actors (Fumagalli, 2020).

III. METHODS

The qualitative research approach uses the transcendental phenomenology research method to study phenomena such as appearances, everything that appears in our experience (Cresswell, 2010). Transcendental phenomenology is a concept or phenomenon that will explore the structure of consciousness from some of its life experiences (Cresswell, 2010). This method is a philosophical approach in investigating the experiences of star hotel investors in the city of Surabaya. This is in line with the meaning of phenomenology as a type of method for obtaining new knowledge or developing existing knowledge using logical, critical systematic steps, not based on a priori or prejudice and not dogmatic and is a subjective and interpretative approach (Moleong, 2014: 15) .

Furthermore, this is in line with Bungin (2007:52), saying that the term phenomenology can be used as a generic term to refer to all social science views that place human consciousness. Subjectivity as the focus of understanding social action. The phenomenological method in this research will describe the meaning of the life experiences of several star hotel investors in the city of Surabaya which will be reflected into a concept or phenomenon that will be explored, the structure of consciousness from some of their life experiences or transcendentals in choosing a star hotel business, their subjectivity as a focus for understanding social action. The phenomenological method in research describes the meaning of the life experiences of several star hotel investors in the city of Surabaya which will be reflected into a concept or phenomenon that will be explored, the structure of consciousness from some of their life experiences or transcendentals in choosing a star hotel business.

IV. RESULT AND DISCUSSION

Investor motivation for choosing the hotel business, a comprehensive perspective from hotel investors, includes the decision-making process, management approach, synergy with other businesses, public perception, and future views in the hotel industry. The hotel investor's decision-making process involves careful analysis and evaluation of various factors. Financial considerations, market conditions, location, brand reputation, and potential return on investment are very important determining factors in decision making (Jones, Hillier and Comfort, 2014). Investors carefully assess the competitive landscape, demand patterns, and industry trends to make informed choices. The decision-making process often involves collaboration with industry experts, financial advisors, and feasibility consultants to reduce risk and maximize profitability as stated in Rastkhiz, Dehkordi, Farsi and Azar (2019). In terms of management approach, hotel investors play an important role in determining the strategic direction and operational framework of their investments. They actively participate in important decisions regarding branding, target market position, service standards and revenue management strategies. Hotel investors may choose to manage their properties directly or collaborate with an established hotel management company, depending on their expertise and goals (Kruesi, Hemmington and Kim, 2018). Implementing effective management practices is critical to ensuring operational efficiency, enhancing the guest experience and maximizing revenue generation. Synergies with other businesses are becoming increasingly important for hotel investors. Many investors are looking for opportunities to diversify their portfolios and take advantage of synergistic relationships, as mentioned in Kathiravan, Selvam, Venkateswar and Balakrishnan (2019). This includes partnering with or acquiring complementary businesses such as restaurants, spas, travel agencies, or event management companies.

This synergy creates cross-promotional opportunities, operational efficiencies and enhanced guest experience. In addition, the collaboration can help drive revenue growth and increase the overall competitiveness of hotel properties. Public perception plays an important role in the success of hotel investors. Positive public perception increases brand reputation, guest loyalty and market competitiveness.

Investors must prioritize sustainable practices, social responsibility, and community involvement to foster a positive image (Ferreira and Zambaldi, 2019). Additionally, meeting evolving customer expectations, such as incorporating green initiatives, promoting diversity and inclusivity, and embracing technology, is critical to staying ahead in the highly competitive hotel industry. The hotel investor's comprehensive perspective includes several key aspects, as stated in Hossain, Hussain, Kannan and Nair (2021). Their decision-making process involves careful evaluation of financial, market, and operational factors. The management approaches they adopt shape the strategic direction and operational framework of their investments. Synergies with other businesses allow them to diversify their portfolio and create better guest experiences. Public perception is critical, requiring a focus on sustainability, social responsibility and customer-centric initiatives. Going forward, embracing technology and adapting to emerging trends will be critical for hotel investors to thrive in the future.

Investasi Hotel Bintang Berdasarkan Kamus Besar Bahasa Indonesia (KBBI) hotel adalah bangunan berkamar banyak yang disewakan sebagai tempat untuk menginap dan tempat makan orang yang sedang dalam perjalanan; bentuk akomodasi yang dikelola secara komersial, disediakan bagi setiap orang untuk memperoleh pelayanan, penginapan, makan, minum. Dari sudut arsitektur, menurut pendapat Prof. Fred Lawson "*hotel is defined a public establishment offering travelers, against payment, two basic services accommodation and catering*" (Hotel adalah sebuah perusahaan yang bergerak di bidang jasa akomodasi serta pelayanan makan dan minum bagi para pelancong dengan imbalan pembayaran. Hotel management states that a hotel is a type of accommodation that uses part or all of its building to provide lodging, food and beverage services as well as other supporting services for the public which is managed on a commercial basis. The definition of hotel according to the Regulation of the Minister of Tourism and Creative Economy of the Republic of Indonesia, a hotel business is a business providing accommodation in the form of rooms in a building, which can be equipped with food and drink services, entertainment activities and/or other facilities on a daily basis with the aim of making a profit. Hotels are a form of commercially managed accommodation, which is provided for everyone to obtain services, lodging and food and drink. Based on this understanding, hotels require continuous management to serve their customers. This is also in accordance with the formulation of the tourism aspect which states that a hotel is a type of accommodation that uses part or all of a type of building to provide lodging, food and drink services, as well as other services for the public interest which are managed commercially (Decree of the Minister of Tourism, Post RI Telecommunication).

V. CONCLUSION

Empirical analysis of relevant data in the process of in-depth contemplation, several conclusions are presented as follows:

1. Business expertise of investors with prior business experience discovering the possibility of investing in the attractive hotel industry. A background in the hospitality sector or other related industry can be a good source of knowledge to build and operate hotels successfully. Can use proven skills and methods to increase the productivity and profitability of newly acquired hotels.
2. Long-term property investment, the hotel industry is often a promising industry. The value of hotel assets is often high, and their value tends to increase over time. Investors may view this investment as a wise option to generate sizable profits in the long term, either through income from hotel operations or through future property sales.
3. Self-actualization media. For some investors, investing in the hotel industry can be a way to achieve self-actualization. They may want to be involved in creating distinctive and attractive properties because they have a personal interest in the hospitality sector. Investors may have the opportunity to realize their interest and goal of providing a unique stay experience to hotel guests by investing in the hotel industry.
4. Increase customer trust, investors who have a strong reputation or have achieved success in other industries can take advantage of investing in the hotel industry as a way to increase customer trust. For consumers, a guarantee of high quality and service can be offered by the investor's name or brand associated

with the hotel. Gaining the trust of customers can increase the number of visitors who come back, thereby increasing revenue and benefiting the hotel:

➤ Building a solid corporate image, putting money into the hotel industry can help investors do just that. Having a broad and diverse investment portfolio that includes investments in the hotel industry can show how resilient and diverse the investor's company is. Business partners, suppliers and other stakeholders can view investors better and have more confidence if investors have a positive company image.

➤ Cost absorption, investing in the hotel industry can also help cut organizational costs. Investments in hotels can be used by investors to maximize the utilization of their own resources if they have connected businesses such as suppliers or construction companies. Development companies, for example, can profit from hotel construction projects to increase revenue and make better use of their resources.

Suggestions related to this research further from star hotel business industry players in the city of Surabaya are as follows:

➤ The development of star hotels in the city of Surabaya should consider principles and benefits, not just based on the rational and irrational actions of investors.

➤ Further research studies regarding decision making theory, social history, should pay attention to the experience that is had in influencing the actions taken.

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