A Study of Small-Size Hotels in Ghana's Entrepreneurial Orientation, Firms' Resources, and Industry Forces on Business Performance

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ABSTRACT

This study sought to answer the small-size hotels in Ghana's entrepreneurial orientation, firms' resources, and industry forces on business performance. The study adopted a survey research design that involves the use of quantitative sampling techniques for the primary data. A sample size of three hundred and ninety-six (396) owner-managers was emailed with a questionnaire to solicit their responses. Analysis of the independent dimensions of entrepreneurial orientation showed significant interaction with each of the variables and firm performance. Thus, the study encourages small-size hotels to implement the activities of entrepreneurial orientation and hotel resources. The study believes the implementation of this activity will enable small-size hotels to overcome the industry forces.

Keywords: Small size hotels; Entrepreneurial orientation; Industry forces; Firms' resources; Business performance

INTRODUCTION

Business management mostly appeals to sectors in which the company is competing and by the competitive position of the company in sectors. As the field of strategic management developed, emphasis on the entrepreneurial process, methods, practices, and decision-making styles managers use to act entrepreneurially also changed. This emphasized the external firm's competitive advantage, based on capitalizing on the relative inadequacies of the sector in which the firms compete in measuring and discussing firm-level entrepreneurship (Bayiley & Hailegiyorgis Behaylu, 2022; Covin, Green, Slevin, & practice, 2006; Davis, 2007). The existence of an EO in a firm is the result of organizational processes, methods, and styles implemented by the firm in the pursuit of acting entrepreneurially (Benitez-Amado, Llorens-Montes, Fernandez-Perez, & Management, 2015). However, a recent idea of analyzing competitive advantage from an internal organization perspective has emerged (Bayiley & Hailegiyorgis Behaylu, 2022; Benitez-Amado, Llorens-Montes, Fernandez-Perez, et al., 2015).

The numerous nature of resources is an essential element in the development of business activity and plays a key role in the evolution of (Bayiley & Hailegiyorgis Behaylu, 2022; Ghantous, Alnawas, & Services, 2020). Hospitality businesses are one of the industries that are highly competitive with many competitors and experiencing dynamic industry changes. Most organizations (Al-Dhaafri, Al-Swidi, & Yusoff, 2016; Covin et al., 2006) state their positions with the forces in environments to achieve sustained performances. Due to the special characteristics of the hotel industry and the competition of the industry, hoteliers are challenged to choose competitive strategies leading to superior performance. For example, the hotel business will succeed only if hoteliers can see opportunities in the environment of the business, invest in adding competitive strategies, allocate resources to these strategies and add the greatest profitability to the firm since neither entrepreneurial orientation nor industry forces nor firm resources acting alone are sufficient to explain the differences in performance.

Generally, the hotel industry has been using competitive strategies such as brand creation, frequent guest programs, technology innovation and computer reservation systems to obtain a competitive advantage over competitors. In the meantime, service quality in terms of training guest contact employees, maintaining high-quality products and services, and setting goals to meet customer expectations is considered as being competitive in the business (Ghantous et al., 2020; Jalilvand, Pool, Jamkhaneh, & Tabaeeian, 2018). These competitive strategies have been adopted twenty years ago and are continually practised in hotel firms until the present day while some hotels develop new competitive strategies over time. The competitive strategies differentiate one hotel from another, able to increase customer loyalty and driving demand for the hotel business. Hotel products and facilities are relatively homogenous, and the hotel industry is very competitive. Hence, not only services or facilities but also the supplemented services provided by hotels can differentiate one hotel from another. Customers are not only looking for basic services and facilities provided by a hotel, but they also expect good quality in these basic services and facilities (Ghantous et al., 2020; Jalilvand et al., 2018). These hotels continue to adapt and improve these competitive strategies to be more effective for present and future success. These strategic activities emanate from almost every entrepreneur/owner manager and hoteliers in Ghana are not left out.

Ghana is endowed with major natural resources exploited for many years by both foreigners and Ghanaians for the growth of the economy and development. The discovery of crude oil also contributed to the influx of people from one place to another leading to an increase in small hotels. Commercial accommodations (hotels, lodges, budget hotels, and guesthouses) in Ghana are classified depending on the facilities available in the hotel – five-star hotels, four-star hotels, three-star hotels, two-star hotels, one-star hotels, guesthouses and budget houses, (Ghana Tourist Authority 2016) (GTA). In 1995, Ghana could boast of only three (3) five and four-star hotels, seven (7) three-star hotels, forty-nine (49) two-star hotels, four hundred and eighty (480) one-star hotels, and forty-one (41) guest houses with an unknown number of budget hotels unregistered (Mensah & Blankson, 2013) but as at December 2016 hotels have increased to 2969, GTA 2017. The primary purpose of a hotel is to provide the guest with lodging facilities aside from the secondary services that comprise entertainment services, a swimming pool, a dance room, a gymnasium, games and sports facilities, television, internet, teleconferencing and other business-related services including comfortable lobby service.

According to (Jalilvand et al., 2018) city can be a centre for several activities such as education, industry and exchange and the role of service quality in the success of hotel businesses cannot be left without when there are drilling activities. Unlike other industries, the hotel industry prospers due to customer retention, and customer satisfaction which eventually leads to growth in profit and an increase in room occupancy. Therefore, if customers are not satisfied with the services they receive in one hotel, they will look for better services elsewhere (Bayiley & Hailegiyorgis Behaylu, 2022; Ghantous et al., 2020).

LITERATURE REVIEW

Relying on the works of Lumpkin and Dess (1996), Barney (1991) and Porter (1985), the theories and extensive literature regarding entrepreneurial orientation, firms' resources, competitive advantage, and business performance were discussed. Many early studies contributed to the gradual establishment of EO as a theoretically and logically legitimate construct representing the entrepreneurial nature of a firm. Before the formal development of EO, research examining entrepreneurial organizations identified many characteristics that distinguish organizations from others. Many early studies contributed to the gradual establishment of EO as a theoretically and logically legitimate construct representing the entrepreneurial nature of a firm. Before the formal development of EO, research examining entrepreneurial organizations identified many characteristics that distinguish organizations from others. Such distinctions included characteristics such as organizational culture, environmental strategy, rates of growth, and leadership. The many characteristics listed above have received a amount of research, however, researchers such as (Covin et al., 2006; Davis, 2007; Jalilvand et al., 2018; Spio-Kwofie, Hagan, & Neequaye, 2021) cited one which seems to provide the most clarity as well as extensively used. Thus, the foundation of the entrepreneurial orientation construct was introduced, with the key elements being innovativeness, risk-taking, proactiveness and competitive aggressiveness.

Further, Porter (1985) provides a framework that models an industry as being influenced by five industry forces and it is called Porter's five forces approach, and these are the strengths of each of the competitive forces function. The purpose of Porter's five forces model is to gain a thorough understanding of a particular industry by analyzing the external environments through analysis of five identified competitive forces. The industry forces theory is on the assumption that firms within an industry possess identified or similar resources. As a result, a firm's success, as in the case of hotels, depends on how to react to market signals and accurately predict the evolution of the industry structure (Bayiley & Hailegiyorgis Behaylu, 2022).

According to Porter (1985), in any industry, e.g. hotels, the rules of competition are embodied in five competitive forces; entry of new competitors (entry of new hotel /entrants), the threat of substitutes (threat of new hotel products/service), the bargaining power of buyers, (hotel guest or customer) the bargaining power of suppliers (employees or suppliers of goods and services) and the rivalry among existing firms (competition among hotels). For being competitive in market business, (Jogaratnam, 2017) cited Barney (1991) resources as all assets, capabilities, organizational processes, firms' attributes, information, knowledge etc. controlled by the firm to enable it to conceive of and implement strategies. Resources consist of financial capital (money from entrepreneurs, equity holders, bonds, banks and retained earnings) and physical capital (plant, equipment, land, natural resources, raw materials, computer hardware and software, manufacturing robots, automated warehouses, semi-finished goods, by-products waste, unsold stock of finished goods and other tangible property). The resource-based analysis of competitive advantage comes from two basic empirical generalizations. First, there are systematic differences across firms in the extent to which they control resources that are necessary for implementing strategies. Secondly, these differences are relatively stable. The basic structure of the resource-based perspective emerges when these two generalizations are combined with fundamental assumptions largely derived from economics. These assumptions are; that differences in firms' resource endowments could cause performance differences and that firms seek to increase economic performance (Covin et al., 2006; Davis, 2007; Spio-Kwofie et al., 2021). To Barney, the firm must have competitive resource attributes to have any potential for competitive advantage First, it must be valuable, in the sense that it exploits opportunities and /or neutralizes threats in a firm's environment.

Although much of the research literature in hospitality has focused on mainstream accommodations such as large hotels, recently more attention has been given to smaller accommodations such as guesthouses and bed and breakfasts. While acknowledging its significance, however, relatively little attention has been given to exploring the business performance of small-size hotels. This may be due to the difficulties faced in researching such businesses due to their size and scale of operation. There are several significant gaps in published research regarding small-size hotels and these include entrepreneurial orientation and its influences on product/service, further exploration of the relevance of the lifestyle entrepreneur concept across the range of hotels, sustaining small hotels, information technology on hotels performance, quality service of small hotels among others (Al-Dhaafri et al., 2016; Ghantous et al., 2020; Jalilvand et al., 2018). Thus, this research addresses a gap in the current body of literature and responds to calls by researchers and interested academics for a more sector-specific focus to be adopted with research that concentrates on issues important to the hospitality sector. Further, Porter's competitive advantage limited the ability of the industry to only the external forces while Barney's resources base advantage limited the firms' resources to only internal resources. In analyzing the two, the outcome of this research will go some way into addressing many of these gaps in the literature, focusing on how small-size owners/managers can improve performance through the use of the firm's internal resources in overcoming industry forces.

Taking into consideration that small-medium enterprise is an important driver in every economic development, the external and internal factors that enhance the business performance of small-size hotels in Ghana should be explored. In the past, people seek the service of the hotel without prior bookings as long as it meets its cleanliness standard. People still travel for business, pleasure, and academics and therefore expect their money's worth through the services obtained from the hotel. The perishable nature of hotel products has led to hotels competing for new customers as well as repeat business (Al-Dhaafri et al., 2016; Jalilvand et al., 2018). The hotel industry is dominated by SMEs (Spio-Kwofie et al., 2021) as statistics show an upward increase in the number of hotel businesses that keep springing up across the globe. Studies are yet to examine a broader range of how entrepreneurs can operate successfully in a competitive environment and achieve the following: growth, increase sales, enable customer retention, capture a greater share of the market and enhance firms' performance. Consequently, there is no specific theoretical framework for small hotel business performance in Ghana that entrepreneurs can depend on as a guide when faced with business challenges that hinder growth or even a permanent shutdown. Therefore, it is critical and extremely important to identify and examine those that enhance business performance and be simulated for survival and success. The hotel industry is dominated by SMEs (Hall & Rusher, 2013; Pawlicz & Napierala, 2017) The moderating influence of both industry forces and firms' competitive resources on the relationship between EO and hotel performance is not researched extensively like EO and firm performance. The moderating variables that are highlighted in the validated models can be adopted into didactic programs. A good comprehension of the vital information necessary for business operation enables Ghana small-size hotel operators to effectively prepare for entry into markets where the rivalry among industry and the bargaining power of customers may be prevalent. The business environment can be considered to be turbulent in the context of SHs because of the challenges posed by large hotels. Therefore, the outcomes of this current research could help educators and counselors to identify the exact things to communicate to prospective and practicing entrepreneurs in Ghana particularly when entering into a new venture. Given that the business goals and personal goals of the entrepreneur are intertwined, it would be useful to formulate teaching curriculums that show the inter-connectivity between "EO", "Firm Resources" "Industry Forces" and "Business Performance" issues.

Entrepreneurial Orientation

Preceding studies have maintained the connection between EO and firm performance, but others believe the relationship between EO, and firm performance is context specific. Investigation showed that EO is directly related to profit change marketing orientation and firm performance. Entrepreneurially oriented strategy-making and its relationships with strategy, environment, and firm performance showed entrepreneurial strategy-making was strongly related to firm performance when it was combined with both proper strategy and industry forces. On the other hand, EO has a relationship among small firms in hostile environments, for that matter, industry forces and only countries with specific cultural inclinations could arouse robust EO. Entrepreneurship has always been associated with business performance and this has contributed to the engrossing literature on EO and firm performance (Al-Dhaafri et al., 2016; Mahrous & Genedy, 2018). Due to the short life cycle of both firms and product lifespan, firms need to strategize their business activities day in and day out to continuously survive in a turbulent market environment. Positive empirical research on entrepreneurial orientation has led to the entrepreneurial orientation and firm performance becoming the centre of a study recently, for this reason, it's appropriate for small SH to adopt EO because the strategies enable firm performance.

Despite it, positive implications on firm performance, are of the view that each of the EO strategies has a crucial part to play. That innovation is linked to entrepreneurship because firms cannot continue to exist without being innovative in their dealings. According to (Al-Dhaafri & Alosani, 2020) a firm that is proactive in introducing innovative products and services always stays ahead of its competitors as well as set standards of operation for those operating within similar ventures. This enables the firm to gain continuous competitive advantage and so leads to the firm's higher performance. Other notions associated with entrepreneurship are risk-taking, proactiveness, competitive aggressiveness autonomy among others. Every venture involves a certain amount of risk-taking which may either be resource commitment or substantial returns on interest. Risk-taking involves the preparedness of an entrepreneur or a firm undertaking a business venture in anticipation of a significant return on the investment though not certain. Proactiveness refers to the aggressiveness in which an entrepreneur or firm seizes an opportunity and launches its product or services in anticipation of capturing the market first. An entrepreneur or firm that can capture and launch a product or service first is acting in anticipation of future demands. Thus, a proactive entrepreneur or firm is able or foresee a viable need shortly and take advantage of it ahead of its competitors. Competitive aggressiveness is the position in which a firm strongly impedes any possible effort by its rivals in other to maintain its position in the market (Al-Dhaafri & Alosani, 2020; Mahrous & Genedy, 2018). Such a firm assumes the aggressive position to wade off any competitor preventing its existence as well as its market share. In short, competitive aggressiveness is the strategies firms use to ensure their position in the market.

In a pursuit to act entrepreneurially, many researchers have concluded that EO is basically about processes and operational strategies through the combination of innovation, autonomy, risk-taking, proactiveness and competitive aggressiveness. On the other hand, EO has a relationship among small firms in hostile environments – industry forces and only countries with specific cultural inclinations could arouse robust EO (Cuevas-Vargas, Parga-Montoya, & Fernández-Escobedo, 2019; Mahrous & Genedy, 2018). Thus, experiencing competitiveness that is more global and the ability to produce a strong EO with entrepreneurs and firms. That innovation is linked to entrepreneurship because firms cannot continue to exist without being innovative in their dealings. A firm that is proactive in introducing innovative products and services always stays ahead of its competitors as well as sets standards of operation for those operating within similar ventures and overcomes industry forces. This enables the firm to gain continuous competitive advantage and so leads to the firm's higher performance.

Industry Forces

In Porter's five forces, the industry's competitive advantage is described through the threat of new entrants, the threat of replacing products, the suppliers' power of bargaining, the customers' power of bargaining and the rivalry among the firms of the same sector (Al-Dhaafri & Alosani, 2020; Ghantous et al., 2020; Mahrous & Genedy, 2018). A competitive strategy depends on a deep analysis of factors of the industry and its evolution. Industry forces are the strength of each of the competitive forces functions and underline the economic and technical characteristics of an industry. The industry forces approach is on the assumption that firms within an industry possess identified or similar resources. As a result, a firm's success depends on how to react to market signals and accurately predict the evolution of the industry structure (Cuevas-Vargas et al., 2019; Nofiani, Indarti, Lukito-Budi, & Manik, 2021). The industry forces are often examined collectively to determine the nature or intensity of competition in a given market. From the five force factors, the threat of substitutes and the bargaining power of suppliers did not seem to have a major influence on competitive strategy in terms of hotels.

In the hotel industry, the bargaining power of suppliers appears to be low because of the large number of suppliers (Cuevas-Vargas et al., 2019; Le Van, Nguyen, Nguyen, & Simioni, 2018; Mahrous & Genedy, 2018). This indicates no single supplier is dominating the commercial accommodation market. There is also less threat of substitutes in the hospitality industry. This occurs when hotels offer similar or mass. Since the bargaining power of suppliers and the threat of substitutes tend to have little influence on implementing resource competitive strategies, the hotel business is mostly related to the customers, competitors, and new hotel entrants. Therefore, this study emphasized only three force factors – rivalry among existing hotel firms, bargaining power of customers, and threats of new hotel entrants. The impact of the bargaining power of suppliers and the threat of substitutes were not included in this study. The overall assessment of industry forces rivalry among firms, the bargaining power of buyers/customers and fear of new entrants indicate whether these forces are strong enough for implementing competitive strategies.

Rivalry among Existing Firms – the degree of rivalry determines the extent to which the value created by an industry dissipated through head-to-head competition. Intense rivalry is the result of several interacting structural factors: numerous or equally balanced competitors, slow industry growth, high fixed or storage costs, lack of differentiation or switching costs, capacity augmented in large increments, and diverse competitors. Competitive intensity in the hospitality industry has increased because of an increased number of operating units, new product introductions, and market entries of nontraditional products such as corporate housing (Al-Dhaafri et al., 2016; Mahrous & Genedy, 2018). Rivalry occurs because competitors either feel the pressure or see the opportunity to improve the position of products or services.

The bargaining power of buyers or customer power increases the appropriation of the value created by an industry. The size and the concentration of customers are the determinant factors of buyer power. Buyers compete with the industry by forcing down prices, bargaining for higher quality or more services, and playing competitors off against each other (Cuevas-Vargas et al., 2019; Nofiani et al., 2021). New technology can provide customers reserving hotels from anywhere in the world. Many hospitality firms neutralize buyers' power by creating loyalty programs that reward customers for repeat purchases and reduce buyers' power by differentiating products and service offerings.

The threat of new market entries refers to the prospect of new competitors entering an industry. Although the hotel industry has high entry barriers such as a huge amount of investment required to build a building and the need for a national service network, there still exists a threat of investing in hotels by companies or people with no experience in the industry (Jogaratnam, 2017; Nofiani et al., 2021). Firms that perceive their industry environment as highly competitive tend to pursue innovative ways of performing activities to improve the firm brand's performance and form a useful basis for the evaluation of its position in the industry.

Firms' Resource

Firm resources are strengths that firms can use to conceive and implement their strategies. These numerous possible firm resources can be conveniently classified into (Cuevas-Vargas et al., 2019; Le Van et al., 2018)

Physical capital resources include the physical technology used in a firm, a firm's plant and equipment, its geographic location, and its access to raw materials. Human capital resources include the training, experience, judgment, intelligence, relationships, and insight of individual managers and workers in a firm (Chou et al., 2020; Jogaratnam, 2017; Le Van et al., 2018). Even though the hotel industry has some similarities in products, these three resource competencies – brand image, human resources, and information technology – can differentiate the hotels from their competitors.

The concept of brand image has been discussed in marketing and consumer research since the early 1950s as it plays a major role in providing a basis to position and differentiate from its competitors. Brands can be seen as an image in the consumer's mind the idea that consumers buy brands not only for their physical attributes and functions and the meaning connected to brands (Cuevas-Vargas et al., 2019; Nofiani et al., 2021) a mirror reflecting the company's brand personality accumulated in consumers' thoughts and feelings. From a psychological aspect, brand image is a symbolic construct created within the minds of people, consisting of all the information and expectations associated with a product or service or the companies providing them (Jogaratnam, 2017; Mahrous & Genedy, 2018). These broad definitions contribute to a clear understanding of the brand image concept as the customer perception of products and services. There are several benefits associated with successful branding which include raised profit margins, customer loyalty, even after a crisis, and a favourable response from clients when prices change. This makes the firm more resilient in a crisis as the brand serves to reduce perceived customer risk and simplifies customer choice. Research has revealed that most travelers prefer to stay in a branded hotel rather than an independent one most probably because there is a lower perceived risk in choosing internationally recognized hotels.

Information Technology (IT) is gradually becoming a critical source of sustainable competitive advantage in the hospitality industry, particularly in the areas of description, promotion, distribution, amalgamation, organization, and delivery of hospitality products (Jogaratnam, 2017; Nofiani et al., 2021). Interestingly, the bigger a hotel and the wider the number of services provided (restaurants, sports facilities, spa centres, golf courses, etc.) the higher reliance on technology. This happens because technology has entered all the spheres of hotels' lives influencing both back-of-the-house and front-of-the-house operations. IT plays an important role in hotels' revenue management activities such as helping managers to get accurate reports about pricing recommendations to reach higher profitability and to leave more room for analytical work This happens because technology has entered all the spheres of hotels' life influencing both back of the house and front of the house operations. IT plays an important role in hotels' revenue management activities such as helping managers to get accurate reports about pricing recommendations to reach higher profitability and to leave more room for analytical work (Chou et al., 2020; Jogaratnam, 2017). Proper handling of reservations is an essential and critical issue for hotels' successful operations. Internet as a sales and marketing tool to advertise and promote their hotels and communicate with their customers. Customer brand perception about a hotel is not only shaped by offline marketing communication (e.g. magazines, newsletters) but also by various online sources such as hotel websites, online third-party websites, and social media (e.g. Facebook, Twitter). These online marketing tools used by hotels not only provide brand-related messages and hotel information but also help to communicate and reinforce their brand image and brand personalities (Jogaratnam, 2017; Tajeddini, Martin, & Ali, 2020). From the perspective of consumers, IT-based systems are used as information distributors and reservation facilitators, which allow them to make bookings at a fraction of time, cost and inconvenience of traditional methods From the perspective of consumers, IT-based systems are used as information distributors and reservation facilitators, which allow them to make bookings at a fraction of time, cost and inconvenience of traditional methods (Chou et al., 2020; Tajeddini et al., 2020) The Internet and web help companies to provide the right information efficiently, at the right time to the right individuals.

Today, the success of a firm depends mostly on the capabilities of its members because it is the firm's human resource (HR) that will help firms face the challenges of business to enhance their performance. More often than not, the skills and abilities of owners/managers affect the success/failure of any business. People and developed systems are difficult to copy by competitors, so they provide a source of sustainable competitive advantage that plays an important role in the performance of the firm (Cuevas-Vargas et al., 2019; Jogaratnam, 2017; Mahrous & Genedy, 2018) organization's ability to develop and maintain an entrepreneurial posture is contingent upon that organization's culture. Consistent with this point, (Chou et al., 2020; Jogaratnam, 2017; Le Van et al., 2018) have recently written that culture is a key determinant of, and the first step in fostering, entrepreneurial activity within an organization. It touches and influences everything that people do. Positive cultures are in line with an organization's vision, mission, and strategies. In entrepreneurial organizations, positive cultures support organizational entrepreneurship. In other organizations where entrepreneurship is lacking as a strategic goal, the culture does not support HR activities involving risk-taking, searching for opportunities, and innovative ways of marketing the facility.

Competitive Strategies of Hotels

The concept of competitive advantage describes where the organization currently derives its ability to contribute more value than its competitors. It refers to the degree to which the organization, under free market conditions, meets the demand of a product market while simultaneously maintaining and growing its profit levels. As Barney (1991) put it, a firm's competitive advantage develops valuable firm resources and skills to yield position advantages and obtain positive outcomes in terms of market shares and profitability. In (Chou et al., 2020; Jogaratnam, 2017) competitive advantage is the ability of one company to outperform another because its managers can create more value from the resources of their proposal. Porter (1985) referred to a competitive advantage as the strategy used for accomplishment over competitors. There could be three types of competitive advantages: cost advantage, differentiation, and focus. This study applied the differentiation of internal resources as the competitive strategy for hotel firms. Differentiation advantage is the superiority over the resources and capabilities of the company and its employees. Differentiation occurs by market (e.g. setting standards, raising value/expectations); by location (e.g. city centres or resorts) or by facilities (e.g. offering leisure facilities). These forms maintain basic price command and create barriers to entry causing non-price-based competition, and therefore raising profitability and reducing the loss of market share. Differentiation entails customers perceiving a consistent difference in important attributes between the firm's offerings and its competitors' offerings (Chou et al., 2020; Cuevas-Vargas et al., 2019; Nofiani et al., 2021). Differentiation advantage conferred brand reputation, proprietary technology, or extensive sales and service network. Hotel brand name, image, and service that the name implies build brand loyalty through tactics aimed at reinforcing differentiation factors Differentiation advantage conferred brand reputation, proprietary technology, or extensive sales and service network. Hotel brand name, image, and service that the name implies build brand loyalty through tactics aimed at reinforcing differentiation factors (Chou et al., 2020). Differentiation involves the creation of a product or service perceived by its industry as unique. It selects one or more attributes that customers from an industry perceive as significant, uniquely positions itself to meet needs and is rewarded for its uniqueness with a premium price. With a successful differentiation strategy, loyalty to the firm's product will increase the assumption that customers are not too price-sensitive (Chou et al., 2020; Jogaratnam, 2017). The firm can charge premium prices for its products and services that are of better quality than others in the market are. Some implications for differentiation strategy are: (1) the firm must provide some distinguishing characteristics such as superior quality, and (2) the firm must continually seek to innovate and to stay ahead of its rivals in quality and other differentiating attributes (Chou et al., 2020; Jogaratnam, 2017; Tajeddini et al., 2020).

Hotel managers can develop ways to differentiate themselves from competitors by entering market where their rivals are not located, or by using creative marketing plans in locations where many of their rivals are located. Porter (1980) argued that an advantage comes from either having consistently lower costs than what the rivals have or by differentiating a product or service from the competitors. However, choosing one or the other is not enough, and choosing both may lead to disaster. The best competitors are those who have more than one or two key strengths and integrate several business activities in a way that is consistent, interconnected, and mutually reinforcing. Competitors cannot just match one source of advantage; they have to match the entire system. The creation of competitive advantage is a localized process, that is in the company's home base, and the essential competitive advantages are created and sustained (Wales, Gupta et al. 2013, Lechner and Gudmundsson 2014, Saleem and Raja 2014). A competitive advantage is meaningful

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in strategy only when distinct conditions such as consistently different products/services, the ability to perform individual functions more effectively than competitors and the organization's ability to consistently innovate and adapt more effectively and quickly than competitors. Competitive advantage is mainly used to differentiate company performance in the profit-making sector. The important aspects of competitive advantage include sustained revenue, innovation and new product development/first to market, brand and reputation, advertising, media coverage, customer needs, customer service/satisfaction, employee relations, acquisitions and mergers, regulatory issues, political correctness, and information technology services that affect customer service (Ivanova & Ivanov, 2015; Richard & Cleveland, 2016).

While most organizational competitive strategies are confined to the use of resources it is important to note that competitive advantage follows from industry structure rather than from strategic resources (Cuevas-Vargas et al., 2019; Ghantous et al., 2020). While the strongest competitive force determines profitability, sales growth, and customer retention within an industry and is the most important for strategy formulation, the most salient force may not always be obvious. The entrepreneur needs to know that competition within an industry is determined by a combination of economic, historical and regulatory factors. Organizations need to understand competition since the ability to generate profits through value addition to customers is largely dependent on the intensity of competition among organizations that vie for the same value-creating opportunities. Securing an accurate understanding of rival intentions and capabilities enables the identification of competitive opportunities and gives an appreciation of competitive circumstances that pre-empt rival strategies (Beuren, Ferreira, & Miguel, 2013; Bowie, Buttle, Brookes, & Mariussen, 2016). Analyzing and understanding the actions of rival entities forestalls the strengths and weaknesses of current competitor strategies, helps predict emerging industry opportunities and threats, provides possible strategic alternatives to the organization and assists in the identification of strategic uncertainties that require further monitoring over time. The timing and competitive position of tactics involved in the implementation of strategies determine the competitive advantage and profitability of the organization about competition.

Using the works of Lumpkin and Dess 1996 theoretical framework that depict the factors that may affect the relationship between EO and performance, the study introduced other constructs such as industry forces to moderate the relationship between EO and BP as well as firm resources moderating EO and performance.

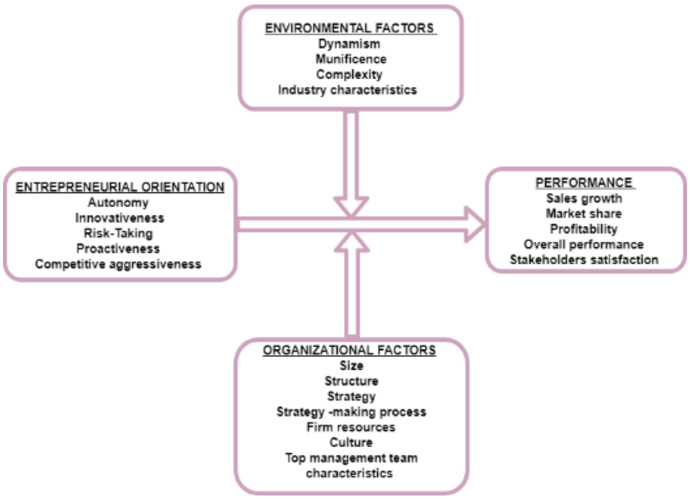

Figure 1: Entrepreneurial Orientation
Source: Lumpkin and Dess (1996)

Based on the literature reviewed above, it is thus; *Hypothesis: firms' resources and industry forces moderate the relationship between entrepreneurial orientation and business performance*

Research Design

Taking into consideration the nature of the hotels in Ghana, the researcher used stratified sampling in

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selecting the population. According to Orcher (2016), the members in each of the strata formed have similar attributes and characteristics and the sample should be taken from each stratum. The researchers employed the stratified sampling procedure in selecting the hotels. In line with this sampling procedure, the researcher relied on the 2017 Ghana Tourism Authority hotel data directory in the selection of the sample hotels for the study. With the aid of the GTA hotel data directory, the researcher grouped the hotels based on the grades. Thus, all the two-star hotels, one-star hotels, guest houses and budget accommodations in Ghana were grouped and then stratified into identifiable groups. The two-star hotels and one-star hotels are those hotels that are star-rated and meet international standards. The budget and guest houses are those that do not meet the international standard but may have farcicalities that satisfy international standards. The stratified random sampling provided better coverage of the population since the researcher has control over the subgroups to ensure all of them are represented in the sampling. To cater for the likelihood of some managers not responding, the researcher emailed the intentions of the research to 900 owner-managers of SSH. Out of this number, 700 responded to participate in the research activity and were selected for the research. That is, in all, 700 questionnaires were emailed to owner-managers of small-size hotels in Ghana, however, only 396 responses were correctly filled and completed which were used for the analysis of the study.

ANALYSIS OF RESULTS

The analysis in this research was performed in two steps, following (J. C. Anderson & D. W. Gerbing, 1988) guidelines, a reliability and validity assessment of the measurement model was conducted, followed by PROCESS Procedure for SPSS Version 3.1 (Hayes, 2014) for the moderated moderation analysis. As a structural equation modelling (SEM) technique, PLS uses both measurement and structural models to generate a simultaneous statistical test by Fornell & Larcker 1981as cited by (Fidel, Schlesinger, & Cervera, 2015). PLS is a full-fledged SEM method that can test for exact model fit and works perfectly in explanatory and predictive research ((Fidel et al., 2015). Similarly, PLS-SEM is a well-established variance-based SEM technique that recently gained acceptance across many disciplines including information systems (Benitez-Amado, Llorens-Montes, & Fernandez-Perez, 2015). Moreover, PLS-SEM avoids the challenges associated with small sample size and has less strict assumptions of normality distribution and error terms (J. C. Anderson & D. W. J. P. b. Gerbing, 1988; Hair Jr, Hult, Ringle, & Sarstedt, 2016), and enable the handling of high number of indicators, constructs, and relationships ((Fidel et al., 2015; Hayes & Preacher, 2014). PLS-SEM is also more appropriate than covariance-based-SEM for analyzing models with second-order constructs and moderating variables (Hayes & Preacher, 2014) and PLS analysis permits the conceptualization of a hierarchical model through the repeated use of the manifest variable. All these forms the basis of using the PLS technique for this research.

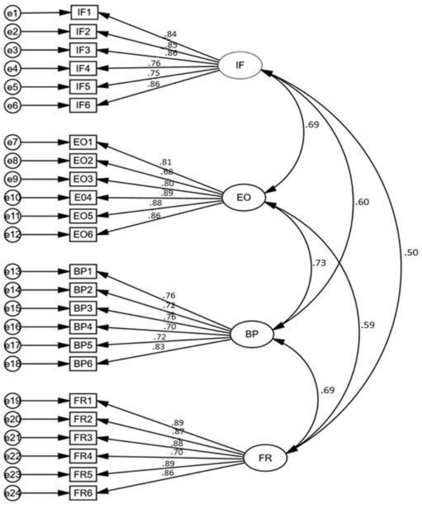

Figure 2: Items loadings and covariance

Table 1: Construct Loadings

Constructs	**Items**	**Loadings**	**AVE**	**CR**	**Cronbach's alpha**
Firm Resource (FR)	FR1	0.893	0.702	0.949	0.920
	FR2	0.867			
	FR3	0.880			
	FR4	0.704			
	FR5	0.886			
	FR6	0.858			
Business Performance (BP)	BP1	0.7 55	0.633	0.802	0.723
	BP2	0.721			
	BP3	0.756			
	BP4	0.700			
	BP5	0.722			
	BP6	0.828			
Industry Forces (IF)	IF1	0.841	0.752	0.925	0.904
	IF2	0.846			
	IF3	0.858			
	IF4	0.759			
	IF5	0.752			
	IF6	0.862			
Entrepreneurial Orientation (EO)	EO1	0.814	0.713	0.951	0.941
	EO2	0.679			
	EO3	0.803			
	EO4	0.888			
	EO5	0.880			
	EO6	0.862			

Note: AVE=Average Variance Extracted, CR=Composite Reliability

Based on the assessment of the results in Table 1.1, it can be contended that all of the constructs are reliable. This is also depicted in Figure 1.1, showing the items' loading and covariance. In citing Nunnally 1978, the values for both Cronbach's alpha coefficient and composite reliability are greater than the 0.7 expected in the initial stages of study research and then the stringent value of 0.8 for basic research. The AVE should be greater than 0.5, suggesting that at least 50% variance of the indicators should be accounted for as indicated by Fornell & Larcker 1981 (Fidel, Schlesinger, & Cervera, 2015). All the constructs of the model exceeded this condition as seen in Table 1.1. A comparison of the square root of the AVE (i.e., Table 1.2 diagonals) with the correlations among constructs (i.e., the lower triangle of the matrix in Table 1.2) determines discriminant validity. On average, each construct has a stronger relationship with its measures than with others' as argued by Fornell & Larcker, 1981 (Lee, 2013). Table 1.2 shows the construct's correlation matrix means and standard deviations.

Table 2: Fornell-Larcker Criterion for Discriminant Validity

Constructs	**Mean**	**SD**	**AVE**	**1**	**2**	**3**	**4**
1. Firm Resources	3.258	1.282	0.702	**0.838**			
2. Business Performance	3.446	1.219	0.633	0.691	**0.796**		
3. Industry Force	3.699	1.308	0.674	0.503	0.604	**0.821**	
4. Entrepreneurial Orientation	3.593	1.184	0.659	0.598	0.729	0.686	**0.812**

Note: CA= Cronbach's Alpha, CR= Composite Reliability, AVE = Average Variance Extracted

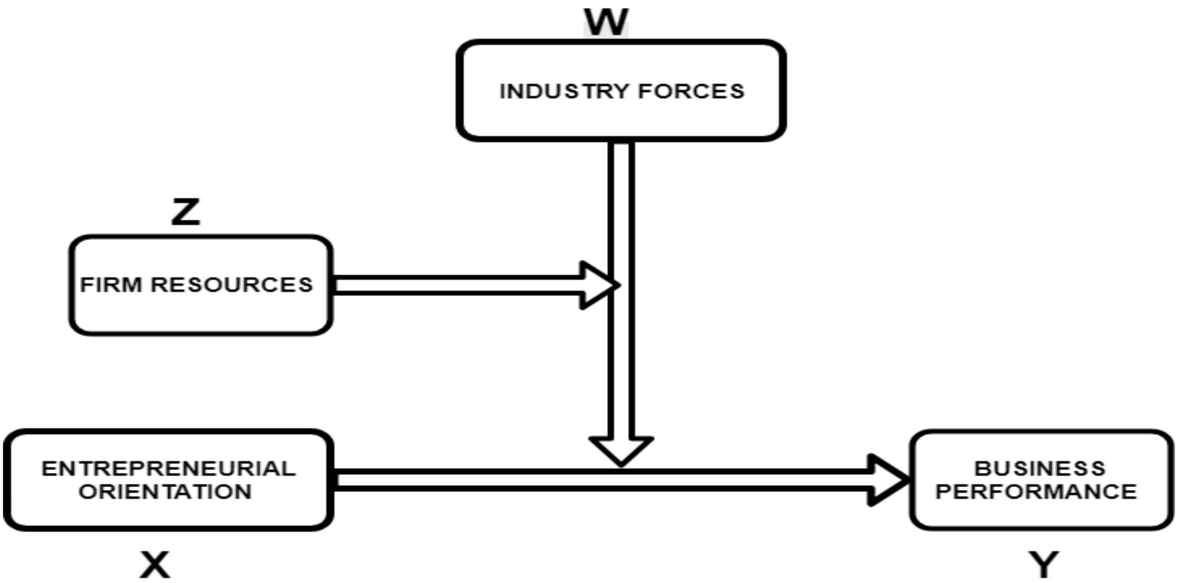

Figure 3: Conceptual Framework

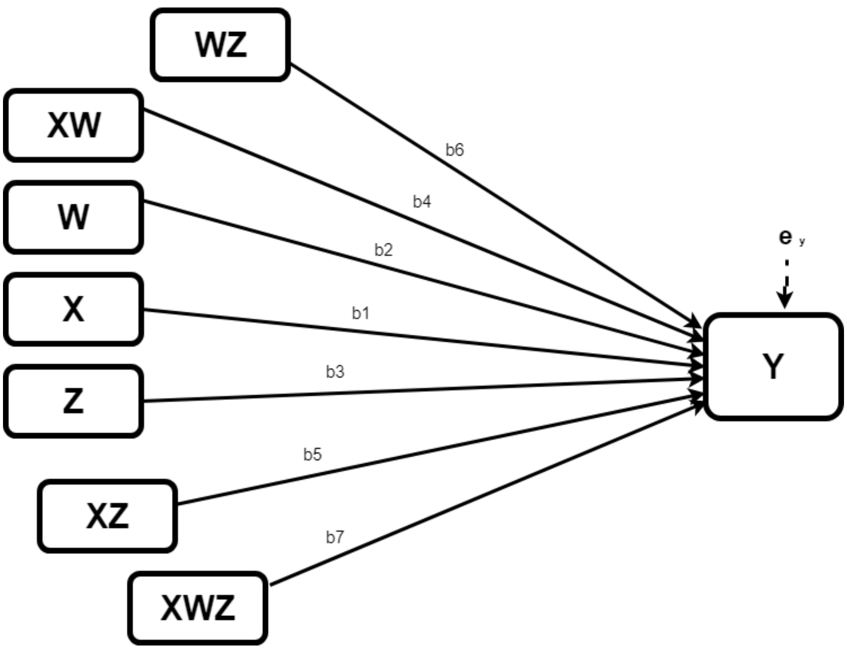

Figure 4: Statistical Model of the Moderated Moderation

Moderated Moderation Results

As shown in Figure 1.2, in this model, entrepreneurial orientation's effect is moderated by industry forces and firm resources, but the industry force's moderation of entrepreneurial orientation's effect is not dependent on firm resources. It is further depicted in Figure 1.3 showing the statistical model of the moderated moderation. That is, *b4* estimates how much entrepreneurial orientation's effect on Business Performance changes as industry force changes by one unit, but this is constrained to be the same regardless of firm resources. In other words, as industry force increases by one unit (bargaining power of buyers), the effect of entrepreneurial orientation on business performance increases by *b4* units *regardless* of firm resources. However, perhaps the industry force's differences in the link between entrepreneurial orientation and business performance are firm resources dependent. Maybe the industry force's difference is smaller for instance. The multiple regression models cannot be used to determine this, because it constrains the interaction between entrepreneurial orientations and industry forces to be independent of firm resources.

One means of overcoming this constraint is to estimate the model represented by:

$$Y = i_Y + b_1X + b_2W + b_3Z + b_4XW + b_5XZ + b_6WZ + b_7XWZ + e_Y \quad \ldots\ldots\ldots\ldots\ldots(1)$$

Where *XWZ* is the product of *X*, W, and Z. This product allows the moderation of X's effect on *Y* by *W* to depend on Z. This model can be rewritten in equivalent form as

$$\theta_{X\to Y} = b_1 + b_4W + b_5Z + b_7WZ \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(2)$$

Another means of representing this model is

$$Y = i_Y + (b_1 + b_5Z)X + [(b_4 + b_7Z)W]X + b_2W + b_3Z + b_6WZ + e_Y \quad \ldots\ldots\ldots\ldots(3)$$

Expressed in this form, it is apparent that X's effect on *Y* has two components. Z determines one component, expressed in functional form as $b_1 + b_5Z$. The second component is determined by W, expressed in functional form as $b_4 + b_7Z$. So W's influence on X's effect on *Y* is conditional on Z. Thus, the moderation of X's effect on *Y* by W is itself moderated by Z.

H_1: The moderation effect of Entrepreneurial Orientation (X) on business performance (Y) by Industry forces (W) to depend on the Firm resource (Z)

In equations 1 and 2, most of the regression coefficients represent conditional effects and should not be interpreted as main effects and interactions as they are in a factorial ANOVA. The exception is b_7, which does estimate the three-way interaction between X, W, and Z. However, b_1, b_2, and b_3 are conditional effects or, in the lingo of ANOVA, *simple* effects, and *not* main effects. (b_1= .280, t = 14.444, p = .000) estimates the effect of X on *Y* when both Wand Z are zero, (b_2= .379, t= 20.074, p = .000) estimates the effect of W on *Y* when both X and Z are equal to zero, and (b_3 = .575, t = 24.92, p = .000) estimates the effect of Z on *Y* when both X and Ware equal to zero. By the same token, (b_4 = -.028, t = -1.293, p = .197 estimates the *conditional* interaction between X and *W* when Z = 0, (b_5 = .038, t= 2.171, p = .030) quantifies the conditional interaction between X and Z when *W* = 0, and (b_6 = -.067, t = -3.582, p = .000) estimates the conditional interaction between Wand Z when *X* = 0. Mean-centering *X*, W, and Z before computation of products and model estimation will interpret these coefficients closer to their counterparts in ANOVA, but usually not the same. Whether or not mean-centering is used, all six of these terms should be included in a model that includes XWZ, regardless of their statistical significance or lack thereof. A failure to do so will produce an invalid test of the three-way interaction between X, W, and Z.

In table x2. The best-fitting model is

$$\hat{Y} = -0.001 + 0.280X + 0.379W + 0.579Z - 0.028XW + 0.038XZ - 0.167WZ + 0.345XWZ$$

Notice that the regression coefficient for *XWZ* is statistically significant, ($b_7 = 0.345$, $t = 21.282$, $p < .001$), meaning that there is evidence of a three-way interaction between entrepreneurial orientation, industry forces, and firm resource. That is, the magnitude of the moderation by industry forces of the effect of entrepreneurial orientation on business performance depends on firm resources, though this "moderation of moderation" explains only 0.6% of the variance in business performance Table 6.

Outcome Variable: Y = Business Performance (BP)

Table 3: Model Summary

R	R-sq	MSE	F	df1	df2	p
.940	.885	.117	538.253	7.000	492.000	.000

Table 4: Model coefficients

		coeff	se	t	p	LLCI	ULCI
constant		-.001	.019	-.032	.974	-.038	.037
EO	b1	.280	.019	14.444	.000	.242	.318
IF	b2	.379	.019	20.074	.000	.342	.416
Int_1	b4	.128	.022	5.818	.197	-.071	.015
FR	b3	.575	.023	24.921	.000	.530	.620
Int_2	b5	.038	.017	2.171	.030	.004	.072
Int_3	b6	-.167	.019	-8.789	.000	-.103	-.030
Int_4	b7	.345	.016	21.282	.000	.266	.455

Table 5: Product terms key

Int_1	EO x IF
Int_2	EO x FR
Int_3	IF x FR
Int_4	EO x IF x FR
Focal prediction: EO	X = Entrepreneurial Orientation
Mod var: IF	W= Industry Forces
Mod var: FR	Z = Firms Resource

Table 6: Test(s) of highest order unconditional interaction(s)

	R2-chng	F	df1	df2	p
X*W*Z	.006	5.210	1.000	492.000	.023

Observe from Table 1.4, (b_4 = -.028, t= -1.293, p < .017) and (b_5 = .038, t= 2.171, p = .030) both are statistically different from zero, meaning both industry forces and firm resources function as moderators of the effect of entrepreneurial orientation on business performance. From Table 1. 6 "Test(s) of highest order unconditional interaction(s)," the moderation of the effect of Entrepreneurial Orientation by Industry Forces (W) uniquely accounts for 2.24% of the variance [F(l, 492) = 5.210, p < .05], whereas the moderation by Firms' Resources (Z) uniquely accounts for 0.66°/o of the variance, F(l, 492) = 9.080, p = .003.

RESEARCH SIGNIFICANCE AND CONTRIBUTION

Thus, the innovations in the small hotels are key to performance. This confirms extant literature that innovations enable the hotel to gain a competitive advantage. However, an entrepreneur/owner-manager should not lose sight that the complacency of the hotels' share of the market could give way to new entrants taking advantage of gaps in product offerings. Although entrepreneurs are risk-takers, small-size hotel owners in most cases become risk-averse regarding R&D, especially when the venture seems to be making a profit. Proactiveness in terms of follow-up on a perceived opportunity and competitive aggressiveness in capturing a greater share of the market scope using a multi-hotel service/product to attract more customers has an impact on the customers' preference for the hotel's product and service. In a bid to capture a greater share of the market, owner-managers of small-size hotels could expand internally through the existing markets, products, and services and/or through external expansion into new markets, products, and services. The main idea behind the expansion is growth by capturing new customers while retaining current customers by providing improved products and services. There are strong pressures to sell capacity by price-cutting except for weekends and holiday seasons as capacity augmentation exists and disrupts the demand and supply balance leading to intense rivalry sometimes. In the case of the bargaining power of customers/buyers of goods and services from small-size hotels, the concentrative nature of hotels makes buyers powerful. This eventually forces down prices in other to reduce the industry's margin. Thus, small-size hotel buyers not only force down prices they increase the hotel's costs through demand for higher quality products and services as well. Generally, hotel buyers somehow pose a threat of a backward adjustment especially as a large group of buyers can easily shop around or surf for information regarding nearby hotels. This notwithstanding, the bargaining power of buyers varies significantly due to the hotel's target buyer group.

With regards to firm resources, hotel brand image promotes customer retention and customer satisfaction as buyers more often than not patronize the brand. This is in confirmation to (Chou et al., 2020; Cuevas-Vargas et al., 2019; Le Van et al., 2018; Nofiani et al., 2021; Tajeddini et al., 2020) all of whom asserted that brand is a name, symbol, and word, sign, design or a combination of these that differentiates an organization from competitors, attract customers and promote repeat business. One can deduce the image and positioning of the competitor from its products, advertising, packaging, and action but more importantly, customer perception of the products/services provided by the small size hotel is worth noting. Hotels must also aim to fill their rooms as profitably as possible, both through room occupancy levels with the relative tariffs applied. The two crucial factors that enable hotels to differentiate themselves are a good location for the relative target market and quality of service. Quality of product and service attracts more buyers to your hotel irrespective of the competition or rivalry among the existing hotels. The success or the failure of any business is affected by the skills and capabilities of owners/managers and these capabilities are inherent in the role that the entrepreneur plays. Hotel owners/managers systematically analyze the product market in which their hotel operates and then adopt a business strategy most appropriate to that market analysis. Although the human resources aspect centred on the owner/manager, there is the need to have more of the characteristics by combining certain values and attitudes in facing the increasing competition than simple skills and abilities. Human resources are the most important firm asset, the ones that research, design, project and differentiate the small hotel from other hotels. Porter emphasized that HR are those people and developed systems which are difficult to copy by competitors and so entrepreneurs'/managers/ employees must be highly skilled. The use of information technology- internet websites has significantly become more concentrated, and hotels are more aggressive in pursuing the interests of the end customers. In the comfort of their homes, hotel guests can book or communicate with the appropriate front office personnel and have all the information needed through the web page of a small size hotel.

In the case of business performance, service quality of beds, food & beverages increases sales and profit growth and online enhances hotel business activities. Hotels with strong brands result in higher daily room rates higher hotel occupancy room rates, and higher revenue per available room which in effect contribute to profitability growth for small-size hotels. Small size hotels with requisite skilled labor attract more businesses which leads to an increase in sales & customer satisfaction. In a bid to build customer retention and discourage customers from switching hotels based on minimal price differentials, small-size hotels must introduce a special package for their customers. These packages offer varied incentives to passengers based on the number of stays, number of people, and types of facilities used. Unfortunately, due to the similarity in the benefits offered by all hotels, very little competitive advantage is now derived from frequent customers and loyalty programs that lead to customer retention. Retention to the specific hotel is now relatively low except for businesspersons who still react to the incentives of customer-loyalty programs.

It, therefore, concludes that crucial factors that enable hotels to differentiate themselves are a good brand image, strategic use of information technology in accessing trendy information regarding the market asymmetries and quality of service. This is dependent upon good management and well-trained staff (human resources). With this, the small size hotels can provide an innovative considerable opportunity to cross-sell profitable products such as food and beverage, entertainment exhibitions and convention services.

CONCLUSIONS

Thus, the innovations in the small hotels are key to performance. This confirms extant literature that innovations enable the hotel to gain a competitive advantage. However, an entrepreneur/owner-manager should not lose sight that the complacency of the hotels' share of the market could give way to new entrants taking advantage of gaps in product offerings. Although entrepreneurs are risk-takers, small-size hotel owners in most cases become risk-averse regarding R&D, especially when the venture seems to be making a profit. Proactiveness in terms of follow-up on a perceived opportunity and competitive aggressiveness in capturing a greater share of the market scope using a multi-hotel service/product to attract more customers has an impact on the customers' preference for the hotel's product and service. In a bid to capture a greater share of the market, owner-managers of small-size hotels could expand internally through the existing markets, products, and services and/or through external expansion into new markets, products, and services. The main idea behind the expansion is growth by capturing new customers while retaining current customers by providing improved products and services. There are strong pressures to sell capacity by price-cutting except for weekends and holiday seasons as capacity augmentation exists and disrupts the demand and supply balance leading to intense rivalry sometimes. In the case of the bargaining power of customers/buyers of goods and services from small-size hotels, the concentrative nature of hotels makes buyers powerful. This eventually forces down prices in other to reduce the industry's margin. Thus, small-size hotel buyers not only force down prices they increase the hotel's costs through demand for higher quality products and services as well. Generally, hotel buyers somehow pose a threat of a backward adjustment especially as a large group of buyers can easily shop around or surf for information regarding nearby hotels. This notwithstanding, the bargaining power of buyers varies significantly due to the hotel's target buyer group.

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RESEARCH LIMITATIONS

It is noteworthy to establish that this study has its limitations and because of these limitations the researchers would like to suggest that future studies by interested researchers on the topic should consider the following. The impact of entrepreneurial orientation on the overall quality assurance of small-size hotel services. This research direction will help to unravel the actual effect exerted by the implementation and practice of entrepreneurial orientation and why firms in pursuit of quality service must embrace such a concept. Finally, the researchers are of the view that any future research direction must consider the negative effects of firm orientation on business performance. It is the view of the researchers that in as much as such research may not be popular in the extant literature, it will help to bring to the fore the debilitating effects of entrepreneurial orientation on business performance. It will, therefore, ignite a debate in the academic circles as to why despite the numerous advantages that are associated with entrepreneurial orientation, some firms choose not to implement it in their establishment.

THEORETICAL IMPLICATIONS

These analyses contribute to future research by empirically providing evidence for areas that need future research and each of these contributions serves to enhance the entrepreneurial orientation stream of literature.

The implications of EO on BP overall measure showed a significant, and positive, correlation with firm performance, given the widespread support empirically for this relationship. In further support of past research, the analysis of the independent dimensions of innovativeness, proactiveness, competitive aggressiveness and risk-taking also showed significant correlations between each of the variables and hotel performance.

The findings of this study established that FR and IF influence the effect entrepreneurial orientation has on the business performance of hotels. This is consistent with the views of (Condorelli, Galeotti, & Skreta, 2017a; Jogaratnam, 2017; Rizea, 2015) that most firms obtain advantages by implementing strategies that exploit their internal strengths, by responding to environmental opportunities, while naturalizing external threats and avoiding internal weaknesses. Nevertheless, some authors have argued about the actual measurement and the role played by industry forces and firms' resources on business performance. The finding of this study to some extent answers this question where the result indicates that fear of new entrants, rivalry among firms and bargaining power of buyers influence the hotels' business performance. In a situation where the hotel is not able to utilize its resources such as brand image, human resources and information technology, the strength of industry forces becomes high. Thus, the hotel must strategically position itself to gain a competitive edge over its rivals through the use of the firm's resources. The ability of the hotel or owner-manager to utilize the firm's resources contributes to its performance and sustainability.

The study identified that the small-sized hotels in Ghana can use the internet to position them online. However, there is a need for a website that is active and can be accessed by customers. Although human resources were on the owner-manager, knowledge about hotel management in regards to the employee was not encouraging. It was observed that most of the small-size hotels are managed by owners (father or mother) with the operational staff being siblings or children, especially the guest houses and budget. This somehow limits standards of operation thereby preventing the facility from gaining even a star. Again, for the small-size hotels to stay in business, some reduce the tariffs beyond the accepted room rate in other to maintain the cost of operations and this, however, increases sales but affects profitability growth. This revelation will greatly enrich the theoretical dialogue on the role of entrepreneurial orientation, firms' resources, and industry forces on business performance literature.

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