ENHANCING HOTEL INDUSTRY PERFORMANCE THROUGH SERVICE BASED RESOURCES AND STRATEGIC ENTERPRENEURSHIP (CASE STUDY AT HOTEL INDUSTRIES IN INDONESIA)

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ABSTRACT

In the current decade, there has been a lot of research done regarding the relationship of service resources and strategic entrepreneurship with company performance, but few of those studies have examined the direct influence of these two variables on hotel performance. This study aims to determine how much the direct influence of variable service resources and strategic entrepreneurship help to improve hotel performance. By using the saturated sample method, the number of respondents obtained is 125. Data was collected through a structured questionnaire. Statistical analysis using path analysis with SPSS ver.21 program package. The result of the research shows that service resource variables have a positive and significant effect on hotel performance improvement of 34.7%, and strategic entrepreneurial variable has positive and significant influence equal to 22.1% to hotel performance. There are 43.2% influences of other variables outside the model (ε) that affect the improvement of hotel performance. There is an opportunity to reveal these other variables through a subsequent study with larger samples.

Keywords: Service Resources, Strategic Entrepreneurship, Hotel Industry, Performance.

INTRODUCTION

Improvement of hotel performance is considered as the main purpose of hotel business success, which is driven by internal resource management factor (Hoskisson, 1999; Porter, 1979; 1985, 2008; Wernerfelt, 1984), and manager ability factor to encourage the emergence of strategic entrepreneurial atmosphere in the company (Hitt et al., 2001; Ireland et al., 2007). This is in line with previous research that addresses the role of internal and external factors of the manufacturing industry towards improving firm performance (Schmalansee, 1985; Rumelt, 1991; Powell, 1992a; McGahan & Porter, 1997, Mauri & Michaelis, 1998; Hawawini, Subramanian & Verdin, 2002; Weerawardena, O’Cass & Julian, 2006; Lieu & Chi, 2006; Galbreath & Galvin, 2008; Birkinshaw, 2005; O’Cass, 2012; Du Toit, 2016).

The results of Lieu & Ching study (2006), taking an industrial case study in Taiwan, concluded that the internal role is more important for the company than external forces. The results of research Galbreath & Galvin (2008) on 285 companies found that corporate resource factors are more important for the progress of the company. The results of Birkinshaw, et al. (2005) studies conclude that start-up firms typically focus on the internal, and over time when it has advanced they focus on the external side.
Service resources and strategic entrepreneurship are expected to improve the competitiveness and performance of the hotel, which is in line with research results from Ray, Muhanna, & Barney (2004); Tavitiyaman, et al. (2010). The hotel as a service business puts its potential profit on service, hence the Hotel with the ability to provide higher value-added for customers who will be the winner in the competition in this industry (Yon & Oh, 2004).

Service resources are an initial strategy management concept that focuses on the company's internal side. Beginning with Wernerfelt's (1984) work on Resource-Based Theory—now known as Resources-Based View (RBV) and followed by other academics who think that the maximum utilization of existing resources and the mastery of potential new resources will become a more sustainable source of corporate strategic performance or even a superior source of income (Barney, 1991; Peteraf, 1993).

Hotels with a strategic entrepreneurial spirit will be evident in innovative employee behavior, risk-taking behavior, and employee proactive attitudes (Calisto, 2014), able to use simultaneous and applicable opportunities (Ireland et al., 2003; Hitt et al., 2001). Hotels that are capable of developing an environment that supports the process of creativity in providing services to customers will impact on hotel performance (Ireland & Webb, 2007; Miller & Friesen, 1983).

Therefore, because of the difference of the above research results, the researcher is interested to further review the role of hotel internal resources to the performance through research on the hotel industry in Indonesia, with problem formulation that has a much direct influence of service resources and strategic entrepreneur to increase hotel company.

**LITERATURE REVIEW**

**Service Resources**

Service-based resource variables, with reference to research results from Ray, Barney and Muhanna (2004), applying the RBV concept to insurance services, have characteristics that are better explain the atmosphere in the service industry than in the manufacturing industry. To measure RBV, they developed three indicators: managerial IT knowledge, service climate, and technology resources.

To measure Service Climate, Schneider et.al. (2002), had formed four dimensions as a measurement scale: (1) Customer Orientation as an organization's effort to meet customer needs and expectations, (2) Managerial Practices as manager behavior in support and reward service delivery processes, (3) Customer Feedback as a level where the service business unit seeks to collect and maximize customer feedback on service quality, (4) Global Service Climate as a summary size (not a composite measure but a collection of summaries) of the service climate. Then, Auh et al. (2011a, b) validate the scale constructed by Schneider et al. (2002), Jia, et al. (2008) in terms of offering information technology services. They proposed the development of an IT service climate as the focus of the IT department to develop its service quality. IT service climate is built on five constructs, namely (a) supervisory support; (b) coworker support; (c) structural proximity (decentralization); (d) physical proximity (office layout factor); (e) it service quality. The entire construct above is formed through a qualitative approach, and therefore a quantitative approach to confirm the construct power built by them still needs to be done.

In relation to technology dimension, Chen & Tsou (2012) study results show that the resource capability of information technology and service process innovation becomes an important factor in improving customer service capability and finally on improving service.
performance. This means that the various resources will run more leverage when directed in improving customer service and from them the spearhead of corporate performance improvement can be achieved (Mowery et al., 1998, Bharadwaj, 2000).

**Strategic Entrepreneurship**

Strategic entrepreneurship is considered to be a decisive variable of hotel performance improvement. This concept is the taking of entrepreneurial action framed by a strategic perspective, which means the company simultaneously focuses on the search for opportunities in its external environment through the exploitation of innovation within the company. The identification of opportunities that can be exploited through innovation is an 'entrepreneurial' dimension while determining how best to manage innovation is a 'corporate' strategy dimension. The success of the company in various fields lies in its ability to innovate, regardless of the age of the company or the size of the service and manufacturing company (Hitt & Hoskisson, 2009). Therefore, the long-term success of new and long-standing businesses is a function of the company’s ability to combine entrepreneurship and strategy management.

Strategic entrepreneurship not only deals with new ventures but can also be found in established companies; therefore, the concept in this study lies in the realm of corporate entrepreneurship, namely the use or application of entrepreneurial spirit in the company that has been running. Drucker (1985) says that innovation, the act of maximizing resources with the latest capacity to create wealth, is a special weapon of entrepreneurs. Innovation stems from the exploitation of various changes through systematic observation in various areas promising entrepreneurship opportunities. The results of Mintzberg & Waters (1982) research at the level of corporate entrepreneurship shows that innovation is the result of the knowledge role of a leader in business and his ability to transfer those advantages to others through a complex process of trials and errors.

Russel (1992) states that corporate strategy includes a routine pattern with clear and continuous rules related to innovation-related activities followed by the allocation of related resources and a special part of a comprehensive corporate strategy. Indicators built to measure strategic entrepreneurship are (1) awareness of knowledge of potential innovation; (2) the establishment of innovation-related behavior; (3) innovation decision-making process; and (4) implementation of innovation. The four dimensions of strategic entrepreneurship above are then pursued in three dimensions, namely awareness of opportunities, environments that support creativity, and innovative actions to create more simple measurements.

The end of the hotel business process is how the accumulation of the process leads to an increase in organizational performance. Service resources, and strategic entrepreneurship are expected to improve the competitiveness and performance of the hotel as a consequence of inter-model relationships (Ray, et al., 2004; Tavitiyaman, et al., 2010). The hotel as a service business puts its potential profit on service, hence the Hotel with the ability to provide higher value-added for the customers who will be the winners in the competition in this industry (Yon & Oh, 2004).

**Organisational Performance**

The concept of measuring company performance varies widely with various models and analysis. This performance measurement is clearly a benchmark on the success of both business and non-business entities (Kennerley & Neely, (2003); Fama et al. (1969), Kaplan & Norton
Company performance is influenced by external factors (Fama et al., 1969) and internal factors (Pun & White, 2005). The company needs to measure company performance adjusted to company strategy formulation (Pun & White, 2005). Kennerley & Neely (2003), state that appropriate performance measurement is key to achieving company competitive advantage.

The performance of the hotel organisation shows how much the hotel is able to utilise its various strategic capabilities to achieve a steadily growing organisational performance. This research stated that hotel organisation performance is formed from profit and growth. Profit demonstrates the hotel's ability to generate returns on all investment commitments, assets, and hotel resources. The growth provides an overview of the increase in hotel capacity in terms of sales, employee skills, and market share. Profit and growth provide an overview that is commonly used as a marker of the company's ability to produce positive organisational performance. The performance of the hotel organisation shows how much the hotel is able to utilize its strategic capabilities to achieve the organisation's performance that continues to grow positively. The hotel's performance is derived from strategic entrepreneurship, and service resources. This research stated that hotel organisation performance is formed from profit and growth. Profit demonstrates the hotel's ability to generate returns on all investment commitments, assets, and hotel resources. The growth provides an overview of the increase in hotel capacity in terms of sales, employee skills, and market share. Profit and growth provide an overview that is commonly used as a marker of the company's ability to produce positive organisational performance.

This study uses the perception of leaders in measuring the performance of their service companies based on the results of studies of Li, et al. (2009). Perceptions of financial profit are used to get the impression of managers related to financial measurements that are more rigid and measurable, while the dimensions of growth companies submitted to capture the performance of service companies, so the appreciation of the nature of hospitality business can be represented in this study. This study uses performance measures based on managers' perceptions to match the measurements between exogenous and endogenous variables so that the unit of measure can be created. Based on the theoretical study above, the conceptual framework of this study is presented below (Figure 1):

![Research Conceptual Framework](image-url)
RESEARCH METHODS

Population and Sample

The population of star hotels in South Sulawesi, Indonesia has many as 51 units. The number of managers and supervisors of the entire hotel is 125 people. This study used a census or saturated sample, then the sample size of 125 managers and supervisors.

The hotel manager and supervisor as analytical units, as they are parties that have a large role and engagement in observing the company's conditions, strategic and operational decision making. The method of collecting data with the survey in the form of a structured questionnaire. The questionnaire contained a research instrument measured on a Likert scale.

Data analysis using the statistical method in the form of path analysis with SPSS Program Package, ver.21. The structural equation of this research model is \( Y = \rho YX1X1 + \rho YX2X2 + \varepsilon \), where:

- \( Y \) = Hotel performance variable
- \( X1 \) = Service resources variable
- \( X2 \) = Strategic entrepreneurial variable
- \( \varepsilon \) = Error factor in the model.

\( \rho YX1, \rho YX2 \) = Path coefficient or Standardized Coef. Beta.

Variables and instruments Research can be seen in Table 1 below.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Dimension</th>
<th>Instrument</th>
<th>Scale</th>
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<tbody>
<tr>
<td>Service Resources</td>
<td>1. Climate service</td>
<td>- Trained CS</td>
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<td></td>
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<td>- Open Communication</td>
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<td></td>
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<td>- CS Coordination</td>
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<td>- Applicable System</td>
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<td>2. Investment in customer service</td>
<td>- Income Allocation</td>
<td>Likert</td>
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<td></td>
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<td>- Investment on IT</td>
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<td>3. Investment in customer service</td>
<td>- Willingness On New Technologies</td>
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<td></td>
<td>support technology</td>
<td>- Connection To Travel Agents</td>
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<td>- Web-Based Interaction</td>
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<td>- Integrated Customer Tracing</td>
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<td></td>
<td>1. Awareness of opportunities</td>
<td>- Unsupporting culture</td>
<td>Likert</td>
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<td></td>
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<td>- Innovation indifference</td>
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<td></td>
<td></td>
<td>Self-creativity</td>
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<td></td>
<td>2. An environment that supports</td>
<td>- New-idea consideration</td>
<td>Likert</td>
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<td></td>
<td>creativity</td>
<td>- Originality Likings</td>
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<td>- Time Consideration</td>
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<td>- Ideas Effect</td>
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<td>- Incentive To Ideas</td>
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<td>- Ideas Resourcefulness</td>
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<td>3. Innovative action</td>
<td>- Outsider Innovation</td>
<td>Likert</td>
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<td></td>
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<td>- Innovation Oriented</td>
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Table 1: VARIABLES, DIMENSIONS AND INDICATORS
RESULTS AND DISCUSSION

The Relationship of Service Resource with Hotel Performance

The ownership of resources that have positive leverage on hotel performance needs to be explored more deeply by proposing several factors that are considered relevant for the creation of excellent services in hotels. The variable dimensions of service resources are service climate, investment in customer service and customer service support technology.

The results of the partial significance test (t-test) variable service resources to hotel performance, Table 1 in the attachment, showing the results of t-count or p-value-count (sig 0.0001) smaller than t-table or p-value (sig. 0.05), which means that service resource variables have a positive effect on hotel performance variables. The magnitude of the direct influence of service resource variables on hotel performance variables is indicated by the standardized coefficient β squared which is 0.347 or 31.7%. This means that a 1% increase in sub-variables of service resources causes an increase of 34.7% of hotel performance.

Furthermore, there are three sub-variables or dimensions that make up the service resource variables: service climate, investment embedded in customer services, and the existence of supporting technology in customer services. A service climate that includes trained customer service indicators, open communication, customer service work coordination and the use of an applicable system contribute to the improvement of hotel performance. Similarly, investments invested in customer services in the form of information technology have a strong leverage to improve hotel performance. Furthermore, support technology for customer services, such as the desire to use new technology, connection to travel agents, web-based interaction, and integrated customer tracing can improve hotel performance. The interesting question to be discussed is the sub-variable which has a strong carrying capacity as a service resource to improve the hotel's growth and profit performance.

The results of this study are in line with the results of research related to the role of internal resources as an important input in the improvement of hotel performance that has been done by some researchers (e.g. McGahan & Porter, 1997; Rumelt, 1991). Although, the results of meta-analysis studies from Liang, You, and Liu (2010) denied the above opinion because based on their study results, resource constraints require intermediate variables to encourage the improvement of the company's financial performance. Their study results also indicate external capability as a factor that has a positive leverage capacity that encourages increased organisational financial performance.

However, Ma (2000) in his conceptual study posed a critical question by exemplifying if a company A has strategic resources, and company B has other strategic resources that are different than company A; then, how can we differentiate companies that have competitive advantages between the two. Therefore he argued that ownership of strategic resources alone is
already sufficient to deliver to the potential for direct performance improvement, without having to go through intermediate variables such as competitiveness variables, and others.

The Relationship of Strategic Entrepreneurship with Hotel Performance

The result of statistic test t, statistical data with the attached path analysis method, about the direct influence of strategic entrepreneurial variable on hotel performance shows that p-value (sig 0.0001) is smaller than p-value (sig.0,05), which means a significant and positive result. The magnitude of the direct influence of strategic entrepreneurial variables on hotel performance is shown by the standardised coefficient β which is squared ie equal to 0.221 or 22.1%. In other words, that 1% increase in the implementation of strategic entrepreneurship can affect the increase of hotel performance variable by 22.1%.

The results of this study provide a positive indication of the role of strategic entrepreneurship to organizational performance directly and implicate the acceptance of the hypothesis that has been proposed. Hotels that have a strategic entrepreneurial atmosphere or atmosphere that supports the implementation of innovation positively improve the performance of the hotel. Innovation through value enrichment efforts received by customers both in terms of services provided and various changes in the impression of positive hotel facilities can be a driving force on the returns that a hotel expects. A hotel work environment that supports the emergence of creativity.

In line with the results of this study, the concept of wealth creation organisation or wealth creation can be obtained through encouragement and efforts to maintain disruptive innovation (Ireland et al., 2003). Although companies that intend to take advantage of the benefits offered by this concept need to carefully examine the impact that may arise (Monsen & Boss, 2009). Also, we have to be conscious of the fact that the process and quality of strategic decision-making are closely related to how innovative managers are. The dynamic environment of the organization is instrumental in explaining how innovative the organization is (Miller & Friesen, 1983).

Compared to the statistical test, with the influence of the application of service resource variables, based on the result of t significance test and the standardized coefficient value of β in this study, it is higher than the contribution of strategic entrepreneur variable to the improvement of hotel performance, is likely because the application of strategic entrepreneurship at the organisational level will threaten the standard norm within an already-existing organisation. Hotels that have certain local work insights will usually have resistance with innovative innovations. Kuratko & Audretsch (2009) observed the emergence of this situation in its empirical test, and could be a rational explanation for the low influence of strategic entrepreneurship on improving hotel performance.

Furthermore, Based on R square value of 0.568, or 56.8%, (Table 1), which shows the value of ε equal to (0,657)square or 43.2%, which means there is 43.2% of the power of other variables outside the model that affect hotel performance. Perhaps one of those variables is the work environment factor. Hotels that are able to develop environmental factors that support the process of creativity in providing services for customers will impact on hotel performance. Furthermore, because strategic entrepreneurship is a picture of the company's efforts to continuously exploit competitive advantage today, and at the same time, exploring the many innovations that could be a competitive advantage in the future (Ireland & Webb, 2007), as interesting study material for discussion.
CONCLUSIONS, LIMITATIONS AND FURTHER RESEARCH

Service resources and strategic entrepreneurship have a significant and positive influence on the improvement of hotel performance. The magnitude of leverage variables of service resources is greater than the leverage of strategic entrepreneurial variables on hotel performance. Service resources formed from service climate dimensions, investment in customer services and investment in customer service support technology, where each dimension has a direct relationship and leverage to the improvement of hotel performance. Therefore, further research is needed to find out how big the contribution and the difference of each dimension to the improvement of hotel performance.

Furthermore, strategic entrepreneurship is measured through the dimensions of awareness of opportunities, environments that support the creation of creativity as well as the existence of innovative actions, in which each dimension has a different relationship and leverage to the improvement of hotel performance. To know and test how much influence and differences in each of these dimensions to the performance of the hotel on the location and number of samples of a larger study, which is also the limitations of this study, further research is needed. In addition, dynamic organisational environment factors as other variables outside the model have leverage in the enhancement of performance interesting to investigate.

REFERENCES


