The Influence of Entrepreneurial Innovation and Service-Based Market Orientation on the Performance of Moderated Companies in the Hotel Classification 3, 4, and 5 in the Tanjung Benoa Bali

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Abstract

An important factor that influences the performance of the hospitality industry is quality human resources. Therefore, Human Resources (HR) must have attitudes, knowledge, and skills, both general and specific, according to their fields. HR who have opportunities to perform are individuals who have entrepreneurial awareness, entrepreneurial knowledge, and the ability to coordinate resources as their own. This study aims to analyze the effect of entrepreneurial innovation and service-based market orientation on the performance of hotels, particularly in hotels with 3-, 4- and 5-star classifications in the Tanjung Benoa Bali, using a quantitative research design approach. The research population and sample consisted of hotel managers selected proportionally by simple random sampling. Data was collected using three dimensions collaborated as a questionnaire calibrated for readability, reliability, and validity and tested empirically. Data were analyzed using Two Way Analysis of Variance, Multiple Comparison Analysis, and Trend Analysis. The results show a significant main and interactional influence on entrepreneurial innovation and service-based market orientation on hotel performance in Tanjung Benoa Bali. Besides that, there are also substantial multiple differences regarding the effect of entrepreneurial innovation and service-based market orientation on hotel performance. This research implies the urgency for hotel managers to improve the quality of entrepreneurship innovation, market-based customer orientation, and performance.

***Keywords:** entrepreneurship innovation, market-based customer orientation, hotel performance*

1. INTRODUCTION

Along with the rapid development of tourism, tourism facilities, and infrastructure have also increased. According to the Bali Central Bureau of Statistics, the increase in room occupancy reached 2.03%, including starred and non-starred hotels. In total, hotel room occupancy has increased by 27%. In 2019, the increase in room occupancy reached 55% (Nuruddin, 2020), picturing that Bali remains a popular tourist destination for tourists in mid-2019. However, since the implementation of the travel ban and restrictions on public activities, the number of

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foreign tourist visits has decreased, and the occupancy rate has reduced significantly.

The result of a critical analysis of the decline in the number of tourists and room occupancy is a strategic problem that must be given a solution. The tourism and hospitality industry is a service industry that combines products and services creatively and innovatively. For example, hotel room interiors, building exteriors, restaurants, and food and beverages are examples of product innovation. In contrast, the abilities and skills of hotel leaders, management, and employees are forms of service innovation. Theoretically, the abilities and skills of the three hotel elements will be able to create sales and retain consumers (Cristian, 2021; Komarudin, 2021; Tricahyadinata, 2015)

The selection of entrepreneurial innovation variables and service-based market orientation is based on the conceptual framework of previous research. Entrepreneurial innovation has a positive effect on individual and organizational 'outcomes' that vary according to the moderator variable (Choukir, 2011). Meanwhile, market orientation, market strategy, and marketing mix strategy have a positive influence on customer value and customer trust significantly, both partially and simultaneously (Kesuma, 2020; Mukkarohman, 2019). When market orientation is combined with service, the positive effect on performance is more transparent and significant (Baderan, 2018; Dewi, 2019).

Research novelty lies in the analysis design that uses Two-Way Analysis, better known as Two-Way ANOVA, followed by multiple tests after simultaneous differences are found (post hoc analysis or multiple comparisons). The two-way analysis of variance analyzes (1) the main effect and (2) the interactional effect of the two independent variables, namely entrepreneurial innovation and service-based market orientation on firm performance. Post-finding analysis of differences simultaneously provides an understanding of the influence and trend of the influence of the two independent variables on the dependent variable across moderator variables (Ghozali, 2015; Mahadewi, 2018; Sugiyono, 2015). The relationship between the variables of entrepreneurial innovation, service-based market orientation, and hotel category is arranged or arranged factorial (factorial arrangement).

Entrepreneurial orientation is the strategic form/posture of an organization or company related to basic policies and practices to develop entrepreneurial actions to create competitive advantage. Entrepreneurial orientation leads to a more decisive competitive advantage when the macro-environmental factors of the company's activities are explicitly articulated as a system. There are several indicators of business orientation, namely: 1) accepting new ideas (adoption of new ideas), 2) generating new ideas with sources of value (generating new ideas for new sources of value), 3) developing business opportunities, 4) developing new product business opportunities (new product development) and 5) innovative use of new technology (Cristian, 2021).

The proposed existence of a more service-oriented market orientation is known as service-based market orientation (SERVMO). These are cross-functional beliefs, behaviors, and processes with a serious, continuous, and holistic focus on understanding, communicating, and meeting current and future customer needs for service excellence that serves as a market-oriented application for service quality

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management. According to (Cristian, 2021), the SERVMO concept includes the following elements: 1) Customer Orientation, 2) Competitor Orientation, 3) Interfunctional Orientation, 4) Long-term Orientation, 5) Performance Orientation, and 6) Employee Orientation.

The selection of Tanjung Benoa Bali as the research location is based on the following considerations. First, Tanjung Benoa Bali is one of the tourist destinations in Badung Regency that has the potential for very reliable tourist visits, and this research is expected to contribute ideas about the benefits of applying entrepreneurial innovation and service-based market orientation in improving company performance to maximize the potential of the area. Second, Tanjung Benoa Bali is a tourist destination that must compete with hotels located in other developed areas, and this research is expected to contribute ideas about the benefits of applying entrepreneurial innovation and service-based market orientation in improving company performance so that Tanjung Benoa Bali can compete with other areas. The third, the three variables containing entrepreneurial innovation, service-based market orientation, and performance, are suitable to be tested on hotels of various categories in the context of global competition.

2. RESEARCH METHODOLOGY

This research will focus on hotels that are scattered and located in the Tanjung Benoa area, South Kuta District, Badung Regency, Bali. The object of research is a set of factors in the form of people, organizations, or goods under study (Sugiyono, 2015). The research object includes two independent variables, business innovation and market orientation towards services; the dependent variable is company performance, and the moderating variable is the hotel category (3, 4, 5 stars). The sample in this research involved 17 hotels in Tanjung Benoa Bali, where there were 3-star hotels (3 hotels), 4-star hotels (6 hotels), and 5-star hotels (8 hotels) category.

The primary data on entrepreneurial innovation, service-based market orientation, and performance of hotel companies in Tanjung Benoa Bali are sourced from primary data or directly obtained from respondents. Meanwhile, data related to the hotel category (moderator variable) is secondary data obtained from official documents. All three are interval data with equal intervals (equal distance) (Gutterres et al., 2012; Haryono & Wardoyo, 2015; Sugiyono, 2015). The type of data for hotel categories includes nominal data based on the characteristics of each hotel, as described earlier.

The population of this study includes all managers spread across 3-, 4-, and 5-star hotels in Tanjung Benoa Bali (Sugiyono, 2015), so the selection technique is a probability sample of 49 respondents. The main steps taken in collecting data in this study are the development of research instruments, validation of research instruments, instrument testing, and data collection process. Data were collected using three instruments calibrated for readability, reliability, and validity and empirically tested. The data were analyzed using Two-Way Analysis of Variance, Multiple Comparison Analysis, and Trend Analysis of the process of the three instruments completed or filled in by respondents digitally with the help of SPSS-X Version 26 software.

In summary, the results of previous theoretical and empirical studies are crystallized and synthesized into a research conceptual framework that assumes the

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variables of entrepreneurial innovation (ability to adopt new ideas, generate new ideas, develop business opportunities, develop new products, and use new technology creatively), market orientation (orientation to customers, competitors, inter-functional, long-term, performance, and employees) affect the performance of hotel companies even though the category of the hotel concerned moderates the magnitude of the influence of the two independent variables. The conceptual framework of this study can be visually depicted as follows:
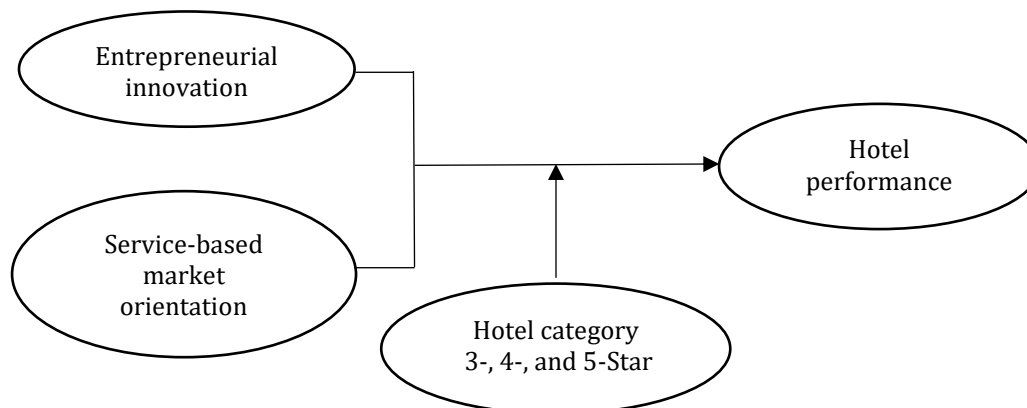

Image 1 Conceptual Framework
[Source: Research Data, 2022]

According to the problem formulation in the previous section, the directional hypothesis can be drawn as follows:

Hypothesis 1: There is a significant effect of entrepreneurial innovation and service-based market orientation on the performance of hotel companies in Tanjung Benoa Bali.
Hypothesis 2: There is a significant and differential interactional effect of entrepreneurial innovation and service-based market orientation variables on the performance of hospitality companies in Tanjung Benoa, Bali.

The impact of entrepreneurial innovation and service-based market orientation is critical to a firm's operations, as both are believed to be crucial to its performance. To win the product marketing competition, producers focus not only on product quality but also on the strategies used by business actors, namely business innovation and service-based market orientation (Boso, 2013). Innovation and entrepreneurial orientation also improve company performance (Aziz, 2019).

3. RESULTS AND DISCUSSIONS
3.1 Data Description
Data Characteristic
The population of this study includes all managers spread across 3, 4, and 5-star hotels in Tanjung Benoa Bali 126 people with a probability sample selection technique. The sampling technique was carried out proportionally based on the ratio of the number of managers per hotel category, three stars: 4 stars: 5 stars = 3: 5: 7. The smallest sample unit was selected using a simple random technique so that

the sample size was distributed as many as 49 respondents. In order to obtain the necessary data, the researcher then distributed questionnaires to 49 respondents who were managers selected as a sample of star-category hotels in Tanjung Benoa Bali. Table 1 shows the characteristics of respondents based on age, gender, position, and length of time working as a manager.

Table 1 Respondent Characteristic
[Source: Processed data, 2022]

No	Characteristic	Number (Person)	(%)
Age			
1	30 – 35	4	8
2	36 – 40	8	16
3	41 – 45	24	49
4	46 – 50	10	21
5	> 50	3	6
Total		49	100 %
Gender			
1	Male	27	55
2	Female	22	45
Total		49	100 %
Occupation			
1	General Manager	4	8
2	FO Manager	8	16
3	Executive Housekeeper	5	10
4	Sales Manager	11	22
6	HR Manager	3	7
7	FB Manager	12	25
8	Chief Engineering	6	12
Total		49	100%
Length of Work (Years)			
1	2 – 3	3	6
2	4 – 5	11	22
3	6 – 10	29	59
4	> 10	6	13
Total		49	100 %

From Table 1, it can be seen that the characteristics of respondents for the age category, the highest, are in the age range of 41-45 years. This means that most respondents are of productive age for work. In contrast, in this age range, people who complete their formal education seek and build a career, build a family, and are actively involved in community development. Then, seen from the gender, both women and men have almost the same composition (more than 20 people), which it can be seen that equality in manager positions is not always determined by gender; in this case, more men occupy managerial positions because of a need basis based on the department they lead.

Based on occupation, the respondents are divided into General Manager, FO Manager, Executive Housekeeper, Sales Manager, HR Manager, FB Manager, and Chief Engineering, and most respondent's occupations are FB Manager. Furthermore, department managers are the highest number of respondents, with 45 in the position category. Furthermore, characteristics based on length of work,

the highest is in the range of 6-10 years. The period of work is the length of time or length of time a person works in an agency, office, etc. Tenure of work is also a factor related to the length of time a person has worked in a place, and the 6-10 year service category is included in the medium service period category. This is also an indication of the loyalty of respondents to where they work,

Results

Hypothesis Testing 1 - Effect of Independent Variables on Dependent Variables (Main Effect)

The research hypothesis to be empirically tested is that there is a significant influence of entrepreneurial innovation and service-based market orientation on the performance of 3-star, 4-star, and 5-star hotels in the Tanjung Benoa Bali area. The variable relationship is arranged factorial and tested using the Two-Way ANOVA technique with a significance level of 99% (α = 0.01) (Gutterres et al., 2012; Haryono & Wardoyo, 2015; Sugiyono, 2015).

The results of hypothesis testing about the effect of entrepreneurial innovation and market orientation on the performance of hotels in Tanjung Benoa Bali (effect of independent variables on dependent variables (main effect)) are presented in Table 2.

Table 2. Summary of Variance Analysis Results
[Source: Processed data, 2022]

Variable	Source of Variation	Sum of Squares	Degrees of Freedom	Squared Mean	F-ratio	Sig.
Entrepreneurial Innovation	Between Group	527.433	2	263.716	240.092	0.01
	In Group	50.526	46	1.098		
	Total	577.959	48			
Market Orientation	Between Group	543.867	2	271.933	110.032	0,01
	In Group	113.684	46	2.471		
	Total	657.551	48			
Hotel Performance	Between Group	729.828	2	364.914	212.623	0,01
	In Group	78.947	46	1.716		0,01
	Total	808.776	48	271.933		

Based on the analysis of SPSS Version 26 in Table 2 shows the effect of entrepreneurial innovation on the performance of 3-star, 4-star, and 5-star hotels in the Tanjung Benoa Bali area is significant F = 240.092 (df = 2 & 46; α = 0.01). This means that the ability of 3, 4, and 5-star hotels to create new ideas for product development, create innovative thinking to improve services, adapt to technology to develop customers, enrich products based on their ideas, and be less able to utilize technology for work efficiency has a significant effect on their performance, specifically related to the ability to increase the level of profit (profitability) between 30%-40% in the last four years (2017-2021), obtain an occupancy rate (occupancy) between 60%-90% in the last four years (2017-2021), have guest growth rate between 25% -40% in the last four years (2017-2021), achieve a good level of guest satisfaction, and keep repeater customers coming back.

Furthermore, the service-based market orientation of 3, 4, and 5-star hotels in the Tanjung Benoa Bali is significant F = 110.032 (df = 2, & 46; α = 0.01). This means that the ability of 3, 4, and 5-star hotels to have knowledge about competitors and

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be responsive to competition, understand customer needs and provide the best service quality, coordinate between functions in the hotel to provide the best service quality, conduct employee training to improve service excellence, awarding appropriate rewards according to employee performance, and having knowledge about competitors and being responsive to competition significant effect on its performance.

The results of the F test were significant, so the analysis was continued to determine the difference in sample means by hotel category on the independent variable and the dependent variable. The results of multiple comparison analyses using the Scaffee method. The data obtained based on the analysis of SPSS Version 26 shows that there are differences in the ability of the three hotel categories to carry out entrepreneurial innovation, service-based market orientation, and hotel performance, which can be described as follows.
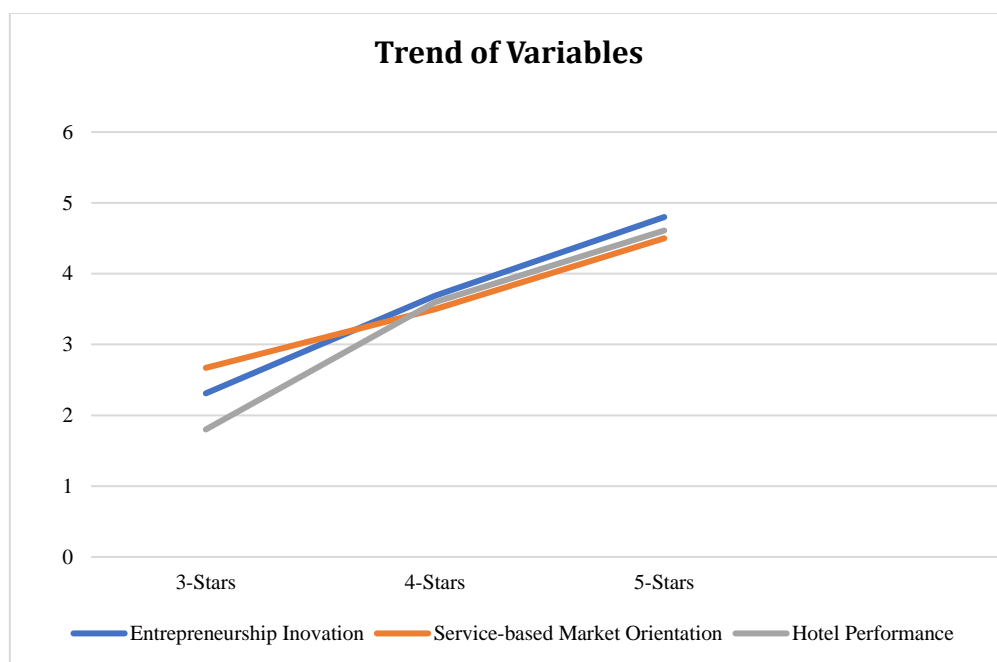

Image 2.Trend of Variables based on Hotel Category
[Source: Processed data, 2022]

Image 2 shows that there is a significant difference in the ability of entrepreneurial innovation between 3-star, 4-star, and 5-star hotels in Tanjung Benoa with a significance level (α = 0.01), where 3-star hotels are 12,0000, 4-star hotels are 20,8421, and 5-star hotels are 24,0000. There is also a significant difference in the ability of service-based market orientation between 3-star, 4-star, and 5-star hotels in Tanjung Benoa with a significance level (α = 0.01), where 3-star hotels are 16,0000, 4-star hotels are 22.2632, and 5-star hotels are 27.0000. Lastly, there is a significant difference in the ability of hotel performance between 3-star, 4-star, and 5-star hotels in Tanjung Benoa with a significance level (α = 0.01), where 3-star hotels are 16,0000, 4-star hotels are 22.2632, and 5-star hotels are 27.0000. Hypothesis Testing 2 - Interactional Effect of Independent Variables on the Dependent Variable (Interactional Effect)

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Furthermore, the second research hypothesis is empirically tested, whether there is an interactional or combinative effect of the two independent variables on company performance. The results of hypothesis testing about the effect of innovation and orientation on the performance of hotels in Tanjung Benoa Bali (interactional effect of independent variables on the dependent variable) are presented in Table 3.

Table 3 Summary of Variance Analysis
[Source: Processed data, 2022]

Variable	Source of Variation	Sum of Squares	Degrees of Freedom	Mean Square	F-ratio	Sig.
Innovation & Orientation	Between Group	543.867	4	271.933	175.032	0,01
	In Group	113.684	92	2.471		
	Total	657.551	92			

The results of data analysis using SPSS Version 26 in Table 3 show the combinative effect of entrepreneurial innovation and service-based market orientation on the performance of 3-star, 4-star, and 5-star hotels in the Tanjung Benoa Bali is significant F = 175.032 (df = 4 & 92; α = 0.01). This means that the two independent variables, together or combinative, affect the performance of hotels in Tanjung Benoa Bali.

3.2 Discussions

From the explanation of the research results above, it can be concluded that the results of data analysis are as follows: 1) significant effect of entrepreneurial innovation, service-based market orientation on the performance of 3-star, 4-star, and 5-star hotels in the Tanjung Benoa Bali area, 2) significant effect of the combination or interaction of entrepreneurial innovation and service-based market orientation on hotel performance, 3) significant differences in the effect of entrepreneurial innovation and service-based market orientation on the performance of 3-star, 4-star, and 5-star hotels in the Tanjung Benoa Bali area, and 4) the trend of the ability of the three categories of hotels in the Tanjung Benoa Bali area is linearly characterized. The higher the hotel category, the greater its ability to carry out entrepreneurial innovation, service-based market orientation, and performance.

The effect of entrepreneurial innovation and service-based market orientation is significant on company performance because both are the primary keys to performance. In order to win the competition in marketing products, producers are not only based on product quality but also depend on the strategies used by the company, namely entrepreneurial innovation and service-based market orientation (Boso, 2013). Entrepreneurial innovativeness and orientation also influence improving company performance (Aziz, 2019).

Service-based market orientation shows the skill of understanding customers, the ability to satisfy customers, and the ability to recognize competitors' steps. Companies that successfully dominate the market always place customer and competitor orientations in harmony to create better marketing effectiveness. The

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success of a market-oriented company is primarily determined by its ability to coordinate marketing and cross-functional activities in the organization, react quickly to changes in the competitive environment, and anticipate any changes in its strategy. Companies with a high level of market orientation will have high marketing performance because companies with a high level of market orientation will have a competitive advantage in terms of product quality, service quality, innovation, product innovation, and cost (Cristian, 2021; Tricahyadinata, 2015).

4. CONCLUSIONS

Based on the results of the research analysis and the results discussed in the previous chapter, the conclusions of this study are as follows: 1) There is a significant influence of entrepreneurial innovation and service-based market orientation on the performance of the three categories of hotels in the Tanjung Benoa Bali area; 2) There is a significant interactional or combinative effect of entrepreneurial innovation and service-based market orientation on the performance of the three hotel categories in the Tanjung Benoa Bali area; 3) There are significant double differences among the three hotels in entrepreneurial innovation, service-based market orientation, and hotel performance in the Tanjung Benoa Bali area. 4) There is a linear trend in the influence of entrepreneurial innovation, service-based market orientation, and hotel performance in the Tanjung Benoa Bali area.

The research results have implications for several recommendations for the dimensions of hotel management in the Tanjung Benoa Bali area. 3-star, 4-star, and 5-star hotels in the Tanjung Benoa Bali area need to carry out various entrepreneurial innovations by paying attention to critical dimensions, namely: creating new ideas for product development, creating innovative thinking in improving services, adapting to technology to develop customers, enriching products based on their ideas, and utilizing technology for work efficiency. In addition to entrepreneurial innovation, the service-based market orientation of 3-star, 4-star, and 5-star hotels in Tanjung Benoa Bali needs to be improved, particularly about the dimensions of having knowledge of competitors and being responsive to competition, understanding customer needs and providing the best service quality, coordinating between functions in the hotel to provide the best service quality, conducting employee training to improve service excellence, providing appropriate rewards according to employee performance, and having knowledge of competitors and being responsive to competition. Likewise, its performance should be improved to have a significant profit level, have a high occupancy rate, have a total guest growth rate, obtain a level of guest satisfaction, and be able to keep old customers coming back. The results of this study also contribute to the importance of building an entrepreneurial mentality for every employee. This can be done through training programs on the topic of entrepreneurship.

This study has several limitations, such as the use of variables in this study using only entrepreneurial innovation variables, market orientation, and company performance. However, several other variables can be used in analyzing, namely, employee training and services used. This research was only conducted on star-

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category hotels in Tanjung Benoa, Bali. To confirm the things studied, further research should be carried out on star hotel categories in other areas such as Sanur.

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