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## Entrepreneurial Innovations in Small and Medium-Sized Hotels: Does Industry Context Play a Role?

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How to cite:

Ngoasong, Michael Z.; Kimbu, Albert N. and Adeola, Ogechi (2017). Entrepreneurial Innovations in Small and Medium-Sized Hotels: Does Industry Context Play a Role? In: Critical Tourism Studies VII Conference Book of Abstracts, pp. 128–129.

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**Title:** Entrepreneurial Innovations in Small and Medium-Sized Hotels: Does Industry Context Play a Role?

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**Session Type:** Presentation

**Abstract:**

We integrate approaches to the study of contexts in entrepreneurship and innovation to develop and apply a theoretical framework for analysing how industry context influences entrepreneurial innovations in small- and medium-sized hotels (SMSHs). Industry context includes the sectors, structures, and stakeholder groups that constitute an industry, all of which affect the scope for entrepreneurial entry, the nature of entrepreneurial innovations (new products, services, methods, or organization) and the strategies that owners/managers adopt to sequence their market entry choices and post-entry decisions (Garud, Gehman, & Giuliani, 2014). The framework depicts how the dimensions of industry context can be an asset (opportunities) and a liability (challenges and risks) (Welter, 2011) to the successful realization of entrepreneurial innovations by SMSHs in resource-scarce emerging destinations, such as those in Africa. Empirically, our research setting is African economies, where it has been suggested that, within the hospitality and tourism (H&T) industry, the competitive power of multinational hotel chains threatens the long-term survival of SMSHs (Mohammad, 2016; Sharma & Upneja, 2005), with implications for tourism development (Kimbu & Ngoasong, 2013). Empirical data was collected through in-depth qualitative interviews with owners and/or managers of 12 SMSHs in Kenya (3), Cameroon (3), Ghana (3), and Nigeria (3). The data were complemented by participant observation (authors stayed in each of the case hotels for five days, using restaurants and facilities, and holding informal discussion with staff and visitors) and informal interviews with senior representatives of related industry associations and government ministries. The selection of SMSHs was based on three criteria: (1) independent (i.e., not belonging to a hotel chain), (2) legal status as a limited company, and (3) having less than 120 rooms (e.g., Ahmad, 2015; Chaves et al., 2012; Sharma & Upneja, 2005). The transcribed data were content-analysed to uncover the comparative dimensions of the H&T industry context across the three countries and the associated contextual influences on SMSHs, with a focus on entrepreneurial innovation.

The findings reveal the circumstances under which the H&T context can be an asset and/or a liability for entrepreneurs seeking to create new SMSHs and for established owner-managers seeking new methods of organizing and sustaining the operations of their SMSHs. Lynch (2005, 2008) argues that, although qualitative research methods are rare in hospitality studies, they offer useful investigatory tools for opening up new avenues and shedding new theoretical insights into the production of knowledge about the practice of hospitality. The qualitative approach we adopted provides a critical voice to knowledge production, such as emancipation and empowerment. In terms of emancipation, entrepreneurial innovations can enable SMSHs to co-exist as complementary service providers alongside multinational hotel chains, rather than the latter being competitors seeking to crowd-out SMSHs, as suggested in previous research (e.g., Mohammad, 2016; Sharma & Upneja, 2005). One of the SMSHs studied upgraded its services and entered a collaborative arrangement, such that overflows of visitors at a nearby multinational hotel chain are lodged at the SMHS. This complementarity contributes to sustaining the development of the H&T industry. In terms of empowerment, the management of

one SMSH developed a staff appraisal model to motivate employees, reduce pilferage, and improve the visitor experience. Through such an entrepreneurial innovation, the human capacity and skills development of hotel workers can be enhanced (e.g., Baum, Kralj, Robinson, & Solnet, 2016). Based on the findings, we provide a revised theoretical framework than can be applicable to other resource-scare destinations to understand how the dimensions of industry context influence entrepreneurial innovations in SMSHs.

The strategies employed by SMSHs in using entrepreneurial innovations to respond to opportunities and challenges posed by the tourism industry context provide practical lessons for other SMSHs in emerging destinations. Understanding whether the dimensions of industry context serve as an asset or a liability is critical to making decisions about when to create a new SMSH and how to identify and respond to changes in the industry that can affect the survival and success of existing SMSHs. The policy implications include the provision of incentives to reward entrepreneurial innovations by SMSHs and measures to identify and address industry context challenges (e.g., destination competitiveness and supply chain challenges) (e.g., Baum, 2015). Limitations include small sample size; however, the wide variance in the managerial experiences and the age, size, and scope of operations of the hotels is significant for cross-case analysis and theory development.

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