

Marketing capability, entrepreneurship and organizational innovation in hotel sector

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The objective of this research was to determine whether the sustainable competitiveness of micro, small and medium hotel companies in the city of Ensenada, Baja California, Mexico, it is explained by some of the endogenous variables analyzed: ability of marketing, entrepreneurship or organizational innovation, as an alternative to confront the problem of low flow of tourist in the State as a result of a perception abroad as a violent and unsafe place. Through the cited literature, surveys and structured interviews, applied to the involved agents in these companies, it was possible to determine the variables that explain further its sustainable competitiveness.

Marketing, competitiveness, hotels, tourism

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Introduction

Nowadays, the hotel sector in Baja California shows a disturbing behavior; the Mexico Secretariat of Tourism states that factors such as the perception abroad that Baja California is a violent and insecure place play a key role on it. For the city of Ensenada particularly, this problem results in the low tourist influx, as stated by the Ensenada Hotel and Motel Association, that during 2010 the fall in room occupancy was between 40% and 50%. Likewise, the Baja California State Tourism Secretariat reports a fall of -6.7% in hotel occupancy between January and February 2011 compared to 2010. This research aims to determine whether the sustainable competitiveness of micro, small and medium hotel companies in Ensenada, Baja California, Mexico, is explained by the marketing capability, entrepreneurship and organizational innovation.

Tourism is an important sector from the economic perspective, since it is an activity with a lot of hierarchy for its impact on national development, especially in the redistribution of income, the balance of payments, the employment level, the Gross Domestic Product (GDP) and the regional economies (Maroni, Mastroscello and Montefiore, 2007).

Tourism includes a wide range of different activities, these include: transportation to and at destinations, accommodation, catering, shopping, travel agencies services, inbound and outbound tourism operators; especially, international tourism is a major source of income for many destinations.

Considering this situation, it becomes evident the need to implement strategies that affect the sustainable competitiveness of the hotel sector. If we consider the concept of Conde (2004) which states that competitiveness aims to identify the type of competitive advantage that a hotel can prevail and to assess the extent to which this advantage is defensible.

On the other hand, as explained by Monfort (2002) it must be taken into account that in the context of the tourism sector, competitiveness is delimited by a wide range of capabilities ranging from the unique strategies and the companies resources, to the most indirect elements, such as infrastructure to its fullest extent or the activities of different nature: social, political, economic or work activities.

Creating a competitive advantage in the business sector requires a strategic attitude of the company in the constant search for new sources of advantage or consolidating the existing one. This implies a management approach that encourages an attitude centered on technological learning which guarantees innovation and/or technological adaptation (Diaz, 2001).

Other authors such as Weerawardena (2003) and Chaston, Badger and Sadler-Smith (2001), state that entrepreneurship plays a key role in competitiveness of small entrepreneurial companies. The success of these will depend on their pro-activity, innovation and the more they are prepared to take big risks.

Jasso (2004) on the other hand, explains that innovation affects and particularly defines the organization competitiveness, by the dynamics of their marketing and manufacturing strategies, since if the company continues with the current strategies, the same designs or products are still generated, and the company is considered to be in a stage of maturity and stagnation. On the other hand, he states that if new designs or products dominating the market are created through innovation, this can result in a dynamism of strategies that will be translated into better results.

Afuach (1999) relates innovation with the capacity of the organization, which is called organizational vision of innovation, taking into account if the organization creates new knowledge, that is, if it makes obsolete the previous one (radical innovation) or if on the contrary it increases or improves the current knowledge, that is, it does not make obsolete the existing one (incremental innovation).

It is important to emphasize that the concept of competitive success, understanding this as the capability of a company competing with others to achieve a favorable competitive position, maintain and increase its market position and achieve superior results without necessarily depend on the poor remuneration of the production factors (Aragon and Rubio, 2005), goes together with the idea of excellence, which according to Zufiria (2008) derives from quality and will be the only path that will allow being competitive and sustainable in the medium term.

From the foregoing, in this research the hotel sector was selected, since according to Monfort (2002) such sector contains the most representative sections of the tourism business structure. In this sense, Gandara (2005) states that the most important influence on the competitiveness quality of a tourist product is the capability to meet the quality demands of a tourist who has an increasingly experienced profile, with greater access to information and consequently with higher demands regarding the quality of tourist products.

For the city of Ensenada in particular, this problem results in the low tourist influx, as stated by the Ensenada Hotel and Motel Association, that during 2010 the fall in room occupancy was between 40% and 50 %. Likewise, the Baja California State Tourism Secretariat (hereinafter SECTURE) reports a decrease of -6.7% in hotel occupancy between January and February 2010 compared to 2009.

Taking the above into account, this research has as general objective to determine whether the sustainable competitiveness of micro, small and medium hotel companies in Ensenada, Baja California, Mexico, is explained by the marketing capability, entrepreneurship and organizational innovation.

Methodology

Correlational studies are intended to measure the degree of relationship between two or more concepts or variables, in a particular context in which the utility and main purpose of this kind of studies is to know how a concept or variable can behave knowing the behavior of another or other related variables (Hernandez, 2003).

Considering the previous concept, it was determined that according to its purpose and scope this research is correlational, because it sought to determine whether the marketing capability, entrepreneurship and organizational innovation (independent variables) affect the sustainable competitiveness (dependent variable). This means that, specifically for this research, it was sought to observe the degree of relationship between the values obtained in the measurements of these four variables.

The data collection was done through the application of 29 surveys addressed to owners, managers, directors and people in charge of hotel companies in Ensenada, Baja California. These surveys were applied to a sample grouped by company size, education, age and gender of the respondents.

The instrument used in this research was based on a research conducted by researchers at the National Polytechnic Institute of Oaxaca, Mexico called: The Sustainable Competitive Advantage in Small and Medium Hotel Companies of Southern Mexico (Castillo, 2006). The applied data collection instrument was a survey that consists of three sections: the first one is related to the general data of the hotel company; the second one to the general data of the study subjects, and the third one consists of 94 direct questions with subjective five-point Likert-type scales, which are related to the variables to be analyzed in the model.

The subjects for analysis of the research were micro, small and medium companies in the hotel sector of the city of Ensenada, Baja California, Mexico; the data collection began in May 2010 and ended on December that year.

Considering that population or universe is defined as the set of all cases that match certain specifications (Hernandez, 2003), for this research the data base of hotels provided by the tourist office of Ensenada (PROTURISMO) was taken as population, which determined that there are 37 hotel companies registered at this entity and that meet the condition of hotel. The study subjects to whom the surveys were applied were owners, managers, directors and people in charge of the hotel companies. They were applied to a sample characterized by company size, education, age and gender of the respondents. Table 1 shows the characterization of the sample subject to analysis according to its size.

Table 1

Classification of the sample according to its size

Company size	Frequency	Percentage	Cumulative percentage
MICRO	13	44.8	44.88
SMALL	11	37.9	82.8
MEDIUM	5	17.2	100.0
Total	29	100.0	

Source: Own elaboration

According to the established model, it was proceeded to make the operationalization of the variables. Table 2 shows the composition of the analyzed variables, the dimensions of which they were integrated according to the undertaken research, as well as the indicators with their respective items to measure the variables.

Once the information was collected, it was proceeded to perform the tabulation of results using the Statistical Package for the Social Sciences SPSS through which the analysis of reliability was performed with the Cronbach's Alpha method and the instrument's validity.

Considering that reliability of a measuring instrument refers to the degree in which its repeated application to the same subject or object produces consistent and coherent results (Hernandez, 2003) and that there are several proceedings for calculating this coefficient, for this research the Cronbach's Alpha was applied for the calculation of reliability.

In the reliability analysis of the instrument in general and of each of the component variables based on Cronbach's Alpha, it was considered that the coefficient can range between zero and one, where a zero coefficient means no reliability and one represents a maximum in reliability (Hernandez, 2003).

Regarding the reliability of the general instrument, a coefficient of 0.906 was obtained, indicating a high reliability; this means that all items integrating the instrument are measuring the same attribute, that is, sustainable competitiveness.

The reliability analysis of the variable Entrepreneurship was 0.680, and therefore there is an average reliability, which means that the 14 items integrating this variable, measure Entrepreneurship in hotel companies in a regular manner.

The reliability coefficient of the variable Marketing capability was 0.778, indicating an acceptable reliability, so the 43 items integrating this variable, measure the marketing capability in hotel companies in an acceptable manner. It can be seen that the reliability coefficient of the Organizational innovation variable was 0.816, indicating that reliability is good, and it means that the 18 items integrating this variable.

Measure Organizational innovation in hotel companies in a satisfactory manner. The Competitiveness variable obtained a reliability coefficient of 0.879, indicating that reliability is good, and it can be deduced that the 19 items integrating this variable, measure Organizational innovation in hotel companies in a satisfactory manner. These coefficients are summarized in Table 3.

Table 2

Operationalization of the variables

Variable	Dimension	Indicators	Measured with the item
Entrepreneurship	Innovation capacity	Improvements	V1, V2, V3, V5
		Planning	V4
	Risk taking	Owned Resources	V6, V7, V8
		External Resources	V9, V10
	Pro activity	Competitors	V11, V13, V14
		Exploring New Opportunities	V12
Marketing capability	Customer Service	Consumer Satisfaction	V15, V16, V17, V18
		Additional Service	V19, V20, V21
	Effectiveness of promotional activities	Advertising effectiveness	V22, V23, V24
		Packages effectiveness	V25
	Quality of employees	Customer relation	V26, V27, V28, V29, V30
		Pro activity	V31
	Strength in the distribution chain	Relation with intermediaries	V32, V33, V34, V35, V36
	Amount of resources committed for advertising	Advertising expenditures	V37, V38, V39, V40, V41, V42, V43
	Marketing research	Client	V44, V45, V46
		Competitors	V47, V48, V49
Ability to differentiate services	Prioritization	V50, V51, V52	
	Competitors	V53	

	Rate of service introduction	Implementation time	V54, V55, V56, V57
Organizational innovation	Service Innovation	Service improvements	V58, V59, V60, V61, V62, V63
	Process innovation	Computer and technological applications	V64, V65, V66, V67, V68, V69, V70
	Marketing innovation	Rates	V71, V72
Market Search		V73, V74, V75	
Competitiveness	Profitability	Personnel Increase	V76
		Growth	V77, V80, V81
		Sales increase	V78, V79
	Consumer Satisfaction	Customer Satisfaction	V82, V83, V84, V85
		Company image	V86
	Market Share	Participation and Incursion	V87
			V88
	Inimitability	Competitive Strategy	V89, V90, V91
Distinctive capabilities		V92, V93, V94	

Source: Own elaboration

Table 3

Cronbach's Alpha of analyzed variables

Variable	Cronbach's Alfa
Entrepreneurship	0.680
Marketing capability	0.778
Organizational innovation	0.816
Competitiveness	0.879

Source: Own elaboration

Results and discussion

It was performed a two variable Pearson's correlation analysis, analyzing the existing relation between variables: competitiveness, entrepreneurship, marketing capability and organizational innovation. As shown in table 4, marketing capability is significantly correlated with competitiveness with a .498**; likewise, it can be seen that with a correlation of .220, entrepreneurship is not significantly correlated with competitiveness.

On the other hand, it can be seen that organizational innovation is correlated with competitiveness in a .564*.

Table 4

Two variable Pearson's correlation between model variables

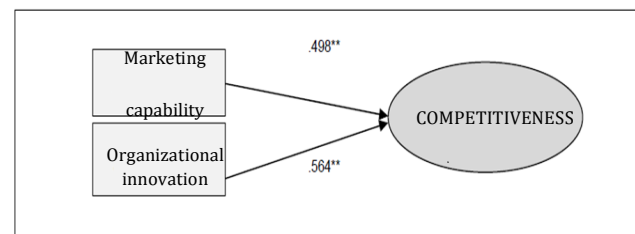
VARIABLES	COMPETITIVENESS
ENTREPRENEURSHIP	.220
MARKETING CAPABILITIES	.498(**)
ORGANIZATIONAL INNOVATION	.564(**)

** Correlation is significant at level 0.01 (bilateral)
Source: Own elaboration

Regarding the correlation of .220, where entrepreneurship is not significantly correlated with competitiveness, it means that a hotel company will not be more competitive by possessing entrepreneurial capabilities, that is, according to the obtained results, the capability the hotel has to innovate, take risks and being proactive, does not necessarily translate into a greater level of competitiveness which allows it to successfully face its competitors. That is not the case with the organizational innovation variable, which correlates with competitiveness in a .564** (see figure 1).

Graphic 1

Significant correlation between variables



** Correlation is significant at level 0.01 (bilateral)
Source: Own elaboration based on data obtained from the SPSS program

As shown in Table 5, relations that were not made in the hypothesis but were believed to be obvious, were presented as follows: Marketing capability does relate with entrepreneurship in a .471** and with organizational innovation in a .505 **; on the contrary, entrepreneurship does not show a significant relationship with organizational innovation, since it only obtained .176.

Table 5

Partial correlation between entrepreneurship, marketing capability and organizational innovation

	ENTREPRENEURSHIP	MARKETING CAPABILITY	ORGANIZATIONAL INNOVATION
ENTREPRENEURSHIP	1	.471(**)	.176
MARKETING CAPABILITY	.471(**)	1	.505(**)
ORGANIZATIONAL INNOVATION	.176	.505(**)	1

** Correlation is significant at level 0.01 (bilateral)

Source: Own elaboration

Conclusions

When speaking about competitiveness in hotel sector, it refers to the set of capabilities and characteristics a hotel company has, which allows it to grow, consolidate and remain in the market. Such capabilities are the comparative advantages, which translate into the attributes that allow the hotel to compete and achieve a better market position. Possessing these qualities, that makes it different from its competitors, will allow it to obtain higher yields and the possibility to stay in the long-term market.

As can be seen, with the literature cited above, different approaches of several authors Conde (2004), Gandara (2005) and Monfort (2002) can be appreciated, regarding hotel sector competitiveness, making reference of their intangible assets, reputation, image and quality of employees, as well as several types of capabilities and factors that will help achieve a long-term sustainability.

Considering that the objective of this research was to prove if certain capabilities that hotel companies of Ensenada, Baja California have (marketing, entrepreneurship and organizational innovation) in some way affect the acquisition of advantages that allows them to compete and at the same time to maintain themselves in a long term, according to the obtained results it can be concluded that the hotel companies possessing marketing and organizational innovation capabilities will allow the hotel company to have competitive advantages over its competitors, which will be reflected in major profitability, recognition and positive image within the sector; that way there will be the conditions to achieve a long term sustainability.

The above mentioned proves that statements of some authors such as Diaz (2001), Weerawardena (2003), Aragon and Rubio (2005) who claim that marketing capability targeted to customer service will allow companies to satisfy needs, to be effective on their promotional activities, and to obtain a greater participation in the market.

Having employees with suitable characteristics to satisfy their clients with a strength in the distribution chain that impinge in an ideal relation with intermediaries who contribute with business and who manage resources in an ideal manner. Advertising, will allow the hotel sector to have the possibility of increasing its market share; to generate a culture to develop market research with the purpose of knowing its clients' needs; to have the ability to differentiate, know the priority and prioritize its services; to have the ability of introducing new services in a fast and appropriate manner.

Agreeing with Jasso (2004), Hernandez et al. (2007) and Afauch (1999), hotel companies that possess organizational innovation to perfect the service by introducing improvements in each one of the processes, acting differently from their competitors in the way of reaching clients, will allow hotels to have a more competitive business, which consequently, will contribute with elements to maintain themselves in the market.

Likewise, it has been proved that competitiveness in such companies is also explained by organizational innovation, since those who develop it, will be able to perfect the service, because having innovation on their processes leads them to introduce improvements in each of the business processes, which results in a better customer service, that will allow hotels to have a more competitive business in that sense.

At the same time, it was found that the capability that a hotel possesses to innovate, take risks, and be proactive, does not necessarily mean a higher grade of competitiveness that allows it to face its competitors successfully.

Within the research findings it was found a positive influence between marketing capability and competitiveness; a positive relation between organizational innovation and competitiveness; an insignificant influence between entrepreneurship and competitiveness regarding hotel companies in the city of Ensenada.

From a deeper perspective, it can be stated that the developed research achieved to prove that it does exist dependence between the capabilities of the hotel company regarding marketing related with customer service and effectiveness of its promotional activities with the competitiveness that it may reach within the market.

This research pretends to serve as support to hotel companies of the city of Ensenada, and a positive impact on them, therefore, will be reflected in benefit for society involved with the financial activity that such business sector generates; there it comes its social relevance. As the purpose of this research was to closely present reality about the problem of hotel sector at the city of Ensenada, the data collection was made through the application of surveys instrument directly to the businessmen of such sector, and this is why this research has practical application. This research entails short, medium, and long term benefits, which will have an impact on the sector and the city itself.

As to the short term benefits, they will allow the city hotels to know which capabilities they have to develop in order to increase their competitiveness in the market; at a medium term, they will allow them to acquire the elements to obtain a feedback regarding the actions taken in the short term period and to apply continuous improvement measures.

At a long term, it will be reflected on the evaluation of the profits increase and on the hotel company success through its fulfillment of objectives.

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