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Entrepreneurial orientation in the hospitality industry: evidence from Tanzania

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Abstract

Purpose – The purpose of this study is to identify and validate indicators of entrepreneurial orientation (EO) in the hospitality industry, as well as to examine its dimensionality in the context of emerging economies with a specific focus on tourist hotels in Tanzania.

Design/methodology/approach – The study uses a mixed-method approach for data collection and analysis. The qualitative study involved 20 in-depth interviews with hotel managers. Based on interview insights, indicators of EO were identified and applied in contextualizing the study and develop the survey questionnaires. The second phase, which was quantitative in nature involved a survey of hotels (n = 346) in the Coastal and Northern tourist circuits of Tanzania for validation and generalization. The exploratory and confirmatory factor analyses were used to analyze the quantitative data.

Findings – EO in the studied context consists of proactive-risk-taking, innovativeness and competition approach. Hotels focus on proactive and risk-taking efforts concurrently, undertake wide-ranging acts; pursue bold and risk decisions in exploiting opportunities; being proactive on opportunity exploration but less emphasis on initiation speed on actions of competitors. Innovativeness focuses on providing quality services; standardization of services; product introduction; and technological advancements. Besides, the conventional dimensions, hotels use competition approach geared at extensive marketing; customer management; and flexibility in pricing based on competition. EO also exhibits multidimensionality with its dimensions exhibiting moderate-to-high correlations and with acceptable discriminant validity.

Practical implications – The study's findings imply that EO and its respective indicators confirmed in western contexts are not necessarily a perfect reflection and applicable in the hospitality industry in emerging economies like Tanzania. Hospitality firms must be vigilant with contextual characteristics – economically, socially and culturally shaping entrepreneurial opportunities.

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Originality/value – This study identifies and validates indicators of EO in the hospitality industry in emerging economies. Moreover, the study adds to the body of knowledge that EO in this context is also multidimensional in nature.

Keywords Entrepreneurial orientation, Hospitality industry, Emerging economies, Tanzania

Paper type Research paper

Introduction

Until very recent, entrepreneurial orientation (EO) remains to be an important phenomenon in strategic management and entrepreneurship research studies (Mullens, 2018; Wales *et al.*, 2019). However, contrary to EO theory, some empirical findings confirm that EO and its dimensions tend to exhibit unexpected negative or insignificant effects on business performance (Krauss *et al.*, 2005; Kropp *et al.*, 2006; Lechner and Gudmundsson, 2014; Eijdenberg, 2016; Vega-Vázquez *et al.*, 2016; Oktavio *et al.*, 2019). Such unexpected results are possible because of the assumption that indicators of EO developed for Western business environments fit well in non-Western contexts. Accordingly, Krauss *et al.* (2005) and Eijdenberg (2016) conclude that the EO construed in studies in western countries are not necessarily useful in promoting business performance in the informal environments, particularly in emerging economies. Thus, the diverse differences in economic, social-cultural and regulatory environments between the developed and emerging economies necessitate the need to understand contextual specific indicators of EO consistent with non-Western standards. This is also relevant because of the consensus that EO tends to manifest contextually (Lumpkin and Dess, 1996; Miller, 2011; Monsen and Boss, 2009; Wales *et al.*, 2019).

As a reference point, EO is herein referred to as firms' practices and decision-making processes for opportunity identification and exploitation (Ireland *et al.*, 2009; Wennberg *et al.*, 2011). It is characterized by firms' innovativeness, pro-activeness and risk-taking propensity (Miller, 1983; Covin and Slevin, 1989; Lumpkin and Dess, 1996). Factor analyses confirm that indicators of innovativeness, pro-activeness and risk-taking tend to shift across different dimensions (Lumpkin and Dess, 2001; Monsen and Boss, 2009; Njoroge *et al.*, 2019) depending on the context. For example, Matchaba-Hove *et al.* (2015) in the context of Southern Africa construed a composite EO dimension called proactive-innovativeness. This may imply that in such a business environment, firms consider innovativeness and pro-activeness as an inseparable entrepreneurial aspect. Moreover, some studies in the Sub-Saharan African consider communication (Kropp *et al.*, 2006), as well as learning and achievement orientations and personal initiative (Krauss *et al.*, 2005) as dimensions of EO.

Different treatments on what exactly constitutes EO is limited to studies based in emerging economies. Tajeddini (2010), for instance, examined innovativeness and EO as two separate aspects that influence hotels' performance in Switzerland. Such evidence further affirms that it is relevant to understand the exact nature of EO in the hospitality contexts in the emerging economies. On the other hand, it remains uncertain how EO scales developed based on the manufacturing industries (Miller, 1983; Covin and Slevin, 1989; Naman and Slevin, 1993) are reflective and applicable to the hospitality context. Prior evidence confirms such skepticism and the potential need for a clear understanding of EO processes that best suit the hospitality industry. First, businesses in the hospitality industry are largely geared at innovative and creative ways to satisfy customers and not so much on technological breakthroughs (Li *et al.*, 2009; Carlborg *et al.*, 2014; Njoroge *et al.*, 2019). Second, because EO is a resource-intensive strategy (Hughes and Morgan, 2007), firms in the hospitality industry may not necessarily allocate resources to functional units in similar proportions as

manufacturing firms do. This explains why EO-dimensions tend to play different roles in functional performances such as R&D, production, marketing and customer-related (Hughes and Morgan, 2007; Rezaei and Ortt, 2018). The one size fits all approach has led to some studies to contradictorily conclude that EO is not an important aspect in enhancing hotels' performance (Oktavio *et al.*, 2019). In fact, such an approach retards knowledge advancements in a way that is academically cumulative and practically applicable (Miller, 2011).

Thus, this study is based on the assertion that the hotels' EO may unfold differently depending on the industry's structural characteristics and national contexts in which they operate (Miller, 2011; Wales *et al.*, 2019). It responds to recurring calls on the need to understand how contextual characteristics shape firms' EO. Tanzania has been selected as the focus of the study. In this country, tourism is recognized as a sector with a comparative advantage in terms of spreading benefits and providing alternative economic opportunities such as investments, employment generation, foreign exchange generation and sustainable developments. For the past 10 years, the tourism sector in Tanzania grew at an average annual rate of 12 per cent, and it contributes around 30 per cent of export earnings and accounting for 10.9 per cent of the total employment, and 9.5 per cent of total investments in the country (Anderson, 2018; Anderson and Sanga, 2019). Therefore, the study identifies and validates the EO indicators, and thereafter, examines the dimensionality of the EO concept in this particular emerging destination.

The study is expected to enhance knowledge on the nature and manifestation of EO not only in the studied destination but also in many other countries that share similar characteristics. Such enrichment in knowledge will enable researchers and practitioners to draw a clear demarcation and distinction on entrepreneurial practices for the hospitality industry in emerging economies as contrasted from the traditional and general entrepreneurial aspects in contexts of the developed world. This may also provide a useful reference point for future theoretical explorations and managerial actions. Moreover, because EO is a resource-intensive strategy, precise, accurate and contextual information on specific entrepreneurial processes and practices is mandatory and beneficial to the hospitality practitioners. As a point of departure, the next sections cover the literature review, methodology, the findings and discussion, and finally, the study conclusion.

Literature review

Conceptualization of entrepreneurial orientation

EO has its origin in the strategic management domain as a firm-level phenomenon consisting of innovativeness, risk-taking and pro-activeness (Mintzberg, 1973; Miller, 1983; Covin and Slevin, 1989). Later, Lumpkin and Dess (1996) redefined the EO concept and thereby adding autonomy and competitive aggressiveness to the list. The redefinition of EO into different dimensions is sometimes viewed by researchers in a very negative light, arguing that it hurts the rigor and relevance of EO research (Wales, 2016). The logic behind is that to develop knowledge that is academically and empirically cumulative, as well as practically relevant, it may vital to focus on the original conceptualization. Such diverse views imply that EO is a phenomenon that manifests differently depending on a particular context. To provide a clear picture of how EO is conceptualized by researchers, selected hospitality studies based on different industry and national contexts are reviewed and summarized in Table I. It can be drawn from such review that the universalistic applicability of EO dimensions in contexts with different social-cultural, economic, regulatory and industry characteristics is questionable. Several conclusions support this observation.

Table I.
Selected studies on EO in hospitality industry

Author	Industry and context	Dimensions and specification	How EO is measured	Results and conclusions
Hernández-Perlines (2016)	2-5 star hotels across Spain	1. Dimensions: innovativeness; proactiveness; and risk-taking 2. Specification: unidimensional	9-scale items based on Covin and Slevin (1989)	Composite EO exhibits a positive effect on performance
Jogaratnam (2017)	Restaurant operators in the USA	1. Dimensions: innovativeness; proactiveness; and risk-taking (though not explicitly stipulated) 2. Specification: unidimensional	9-scale items based on Covin and Slevin (1989)	Aggregated EO positively influences restaurants' performance
Jogaratnam and Tse (2006)	Asian hotel industry: Mainland China, Hong Kong, Malaysia and Singapore	1. Dimensions: not explicitly stipulated 2. Specification: unidimensional	9-scale items based on Naman and Slevin (1993)	Results do not support the theorized effect of EO strategy-structure on the performance of hotels in the Asian context It is concluded that western theories are not easily generalizable to non-western contexts
Peters and Kallmuenzer (2018)	Hospitality family firms in Austria	Interview findings are mapped and compared with Lumpkin and Dess (1996) dimensions of EO	17 interviews to explore the entrepreneurial behavior of the hospitality family firms	Innovativeness: constant progress and modernization and product improvement Proactiveness: able to make quick business decisions and being the first to act and succeed Risk-taking: related to business survival, committing substantial resources and postponing risky decisions Autonomy: being independent and free to make business decisions Competitive aggressiveness: regionalism, communication, cooperation and competition in non-aggressive manner
Seilov (2015)	Small hospitality enterprises in Kazakhstan	1. Dimensions: innovativeness; proactiveness; and risk-taking (though not explicitly stipulated) 2. Specification: unidimensional	A total of 12 items: 9-items based on Miller (1983) and Covin and Slevin (1989) and 3 additional items on innovativeness	Strategies geared at addressing the ever-changing consumer needs and managing the threats for the competition are positively related to firms' EO
Vega-Vázquez *et al.* (2016)	Independent hotels (3- and 4-star) in South Spain	1. Dimensions: innovativeness; proactiveness; risk-taking; autonomy and competitive aggressiveness 2. Specification: unidimensional	14 indicators, adapted from Lumpkin and Dess (1996) and Lumpkin *et al.* (2009)	Negative correlations between EO dimensions and hotels' performance Insignificant effects of composite EO on performance

Although some studies adopt the 9 scale items from seminal works (Miller, 1983; Covin and Slevin, 1989; Naman and Slevin, 1993), others include additional indicators to measure EO. For example, Seilov (2015) measured EO with 12 indicators while Vega-Vázquez *et al.* (2016) used 14 indicators. On the other hand, studies use either three dimensions, namely, innovativeness, risk-taking and pro-activeness (Hernández-Perlines, 2016); five dimensions to include autonomy and competitive aggressiveness (Vega-Vázquez *et al.*, 2016). In some studies, EO is measured using only one or two dimensions (Kropp *et al.*, 2006) and surprisingly some hospitality studies consider innovativeness as a separate aspect and not a dimension of EO (Tajeddini, 2010). In most cases, no explicit reasons are provided regarding the choice.

Moreover, most hospitality studies (Jogaratnam and Tse, 2006; Seilov, 2015; Vega-Vázquez *et al.*, 2016; Hernández-Perlines, 2016; Jogaratnam, 2017) consider EO as a unidimensional construct rather than a multidimensional phenomenon. Meta-analysis studies also confirm such bias (Rauch *et al.*, 2009; Saeed *et al.*, 2014). Undimensionality perspective considers EO as a composite measure, which is the aggregation of EO dimensions or as a second-order construct with its dimensions treated as first-order factors. On the contrary, considering EO as a multidimensional construct implies that each dimension can independently influence business performance. While Hernández-Perlines (2016) and Jogaratnam (2017) found composite EO influences business performance positively, Eijdenberg (2016) revealed that competitive aggressiveness is significantly unfavorable on performance.

On the other hand, Simmons's (2010) findings differ from those of Hughes and Morgan (2007) and Casillas *et al.* (2010). While Simmons reveals that risk-taking is an important EO dimension enhancing business performance, innovativeness, proactiveness and competitive aggressiveness are not. This suggests that the unidimensionality view tends to mask true the influence of EO.

Contextualization of entrepreneurial orientation

In Sub-Saharan Africa, Eijdenberg (2016) investigated the role of EO on the performance of entrepreneurs in Tanzania's informal sector. In line with Lumpkin and Dess (1996), EO was measured by innovativeness, risk-taking, pro-activeness, autonomy and competitive aggressiveness. Results indicate that none of the five EO attributes enhances entrepreneurs' performance. Based on such contradictory effects of EO dimensions, it was concluded that entrepreneurs in the informal economy in developing economies operate under different conditions relative to their counterparts in the industrialized nations. Matchaba-Hove *et al.* (2015) examined the role of EO on the performance of small businesses in South Africa. Exploratory factor analysis (EFA) was conducted to determine the underlying factor structure for EO. The EO concept was revealed to consist of autonomy, risk-taking, competitive aggressiveness and proactive innovativeness (a combination of pro-activeness and innovativeness attributes). Similar to Eijdenberg (2016), Matchaba-Hove *et al.* (2015) confirmed that a one-size approach to EO conception does not fit all.

Moreover, Ahmad (2015) found various entrepreneurial strategies in the hotel sector in UAE including competitive pricing, improving the marketing and promotion channels, enhancing the quality of service and providing superior customer services. Such strategies go beyond the traditional EO dimensions, which are mostly based on the manufacturing industry (Miller, 1983; Covin and Slevin, 1989). Likewise, Peters and Kallmuenzer (2018) confirm that entrepreneurial behaviors of the hospitality firms can unfold into new aspects. Competitive aggressiveness was, for example, linked to regionalism, communication, cooperation and competition in a non-aggressive manner.

These differences in findings and the need to understand the entrepreneurial behaviors for hospitality firms in a particular context has prompted some scholars to use exploratory approach (Peters and Kallmuenzer, 2018) and mixed-methods (Ahmad, 2015) on data collection. Similar to these scholars, the current study explores hotels' EO to understand how it manifests in the hospitality industry in emerging economies. Beyond identifying EO indicators based on in-depth interviews as for Peters and Kallmuenzer (2018) and Ahmad (2015), this study uses survey data to validate EO indicators ensuring that they are reflective of the hospitality industry in the emerging economies. Based on the literature reviewed, the following hypotheses are proposed:

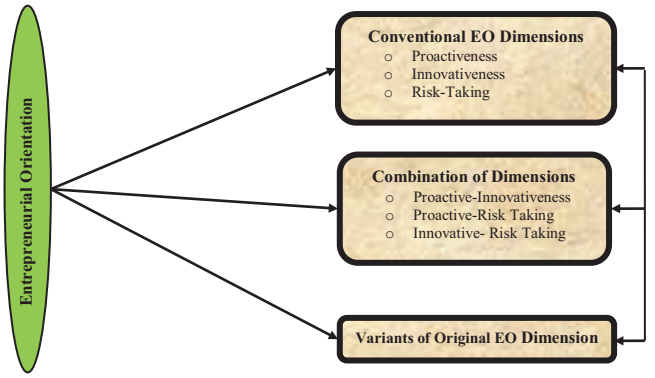
H1. In the context of emerging economies, the hotel's EO is likely to unfold into conventional dimensions, a combination of conventional dimensions such as proactive-risk taking, proactive-innovativeness and/or innovative-risk taking, as well as new variant(s) of the conventional EO dimensions.

H2. The identified EO dimensions portraying hotels' entrepreneurial behaviors in the hospitality industry are expected to covary with each other. That is, EO in this context is also likely to be multidimensional.

This study is based on the conceptual framework (Figure 1) developed from the literature review. The proposed model is reflective in the sense that entrepreneurial hotels are expected to exhibit conventional EO dimensions (pro-activeness, innovativeness and risk-taking) and/or a combination among themselves, as well as a variant(s) of the traditional dimensions of EO. The methodology is thoroughly described in the next section.

Methodology

This study explores EO in hospitality with evidence from Tanzania. Based on the research problem, a mixed-method approach is used, combining quantitative and qualitative techniques to collect data, analyze and report findings (Saunders *et al.*, 2012). The qualitative and quantitative approaches are described.



Source: Synthesis from the Literature

Figure 1.
Conceptual framework

Qualitative research design to generate indicators of entrepreneurial orientation

Given the contextual manifestation of the EO phenomenon, interviews with hotel managers in Coastal and Northern tourist circuits of Tanzania were conducted to generate indicators characterizing EO in a hospitality context. The interviews were conducted to obtain a better understanding of hotels' entrepreneurial behaviors. The interviews involved 20 hotels based on an interview guide developed to collect qualitative data. The interview guide was developed as a result of knowledge from the literature review, practical industry insights and consultations. Managers were asked to describe how hotels identify and exploit entrepreneurial opportunities. Interviews also focused on understanding how hotels' entrepreneurial actions are important for customer satisfaction.

Interview questions were posed one at a time to allow participants to tell a whole story without being interfered, except in instances where more clarification was required or a point of interest was missed-up. Interview sessions ranged between 30 min and 1 h. The interviews consisted of 10 audio records, 1 video record and 9 field notes. Interview transcripts were coded using Nvivo 10 to produce main themes, as recommended by Braun and Clarke (2006). In total, 11 themes for hotels' EO were generated as summarized in Table II, which were synthesized and mapped with EO literature (Mintzberg, 1973; Miller, 1983; Covin and Slevin, 1989; Lumpkin and Dess, 1996).

The synthesis and mapping of the EO themes with traditional EO dimensions produced 15 indicators as summarized in indicators.

Indicators generated on the proposed EO dimensions:

(1) Innovativeness:

- *INV1*: Technology usage;
- *INV2*: Standardized services;
- *INV3*: Quality goods and services;
- *INV4*: Speed to market; and
- *INV5*: Products' introduction.

The 11 themes	Sources (20 hotels)	References (total coded items = 377)	% of hotels per theme
Products and services	18	136	90
Hotel brand	6	22	30
Continuous improvement	12	42	60
Competitive advantage	12	15	60
Regular maintenance	8	10	40
Seasonality	6	12	30
Opportunity exploration	18	78	90
Differentiation	8	30	40
Pricing flexibility	10	20	50
Relationship management	10	12	50
Price undercutting	5	10	25

Note: % of hotels per theme = number of hotels that commented on particular theme/20
Source: Generated from Nvivo 10 based on interview data

Table II.
Themes for EO

(2) Proactiveness:
- *PRO1*: Market leadership;
- *PRO2*: Opportunities exploitation; and
- *PRO3*: Initiation speed.

(3) Risk-taking:
- *RSK1*: Favorability to risks;
- *RSK2*: Exploration intensity; and
- *RSK3*: Bold decisions.

(4) Competition approach:
- *CSt1*: Pricing flexibility;
- *CSt2*: Price undercutting;
- *CSt3*: Extensive marketing; and
- *CSt4*: Customer relationship management.

This approach is consistent with Peters and Kallmuenzer (2018). The generated indicators were used to develop questionnaires for quantitative data collection for generalization and validation purposes, as recommended by Lyon *et al.* (2000).

Quantitative data collection for scale validation

Before collecting the survey data, questionnaires were first pilot-tested and refined accordingly to ensure understandability, remove ambiguities and improve clarity (Saunders *et al.*, 2012). The questionnaires were administered to 400 randomly selected hotels in four touristic regions in Tanzania (Dar es Salaam, Zanzibar, Arusha and Kilimanjaro). Hotel managers in these regions were asked to react to each of the 15 statements on EO (Figure 2).

A total of 348 hotels responded to the survey, which is equivalent to a response rate of 87 per cent. Missing data analysis was performed and only two cases exhibited missing data above 10 per cent. The two cases were deleted and the mean substitution method was used to impute the remaining missing data (Hair *et al.*, 2014). The general characteristics of the respondents in a sample (n = 346) are summarized in Table III.

Quantitative data analysis

To determine the nature and stability of the factor structure for EO in the studied context, EFA was used. Principle component analysis with oblique (promax) rotation was applied based on the assumption that factors are related to each other (Hair *et al.*, 2014; Field, 2018). SPSS 23 software was used to conduct the analysis. Essentially, the primary objective was to identify the latent dimensions represented in the original data. On the other hand, reliability assessment was conducted to purify and refine (Parasuraman *et al.*, 1988; Hinkin, 1995) the EO indicators. In this regard, construct reliability was assessed using Cronbach's alpha and composite reliability (Fatma *et al.*, 2016). The recommended alpha threshold of 0.7 for Cronbach's alpha and composite reliability was adhered to (Hair *et al.*, 2014). To gauge the reliability of each measure in a particular dimension, the values of *alpha if item deleted* were also examined (Field, 2018).

Construct validity was ascertained based on convergent and discriminant validity tests. Convergent validity test was crucial to establish how well manifest variables converge or share a high proportion of variance in common (Hair *et al.*, 2014). In this respect, average variance-extracted (AVE) and composite reliability for each dimension were examined

Innovativeness	**Risk-Taking**
INV1:Technology Usage	**RSK1**:Favourability to Risks
INV2:Standardized Services	**RSK2**:Exploration Intensity
INV3:Quality Goods and Services	**RSK3**:Bold Decisions
INV4:Speed to Market	
INV5:Products' Introduction	**Competition Approach**
	CSt1:Pricing flexibility
Proactiveness	**CSt2**:Price undercutting
PRO1:Market Leadership	**CSt3**:Extensive marketing
PRO2:Opportunities Exploitation	**CSt4**:Customer relationship management
PRO3:Initiation Speed	

(a)

This hotel.....	strongly disagree	disagree	Neither agree nor disagree	agree	strongly agree
strongly emphasizes and capitalizes on technological advancements	1	2	3	4	5
provides highly standardized services based on its brand	1	2	3	4	5
maintains its market share by providing quality goods and services	1	2	3	4	5
has marketed a lot of new products and services in previous years	1	2	3	4	5
usually experiences quite dramatic changes in product and service lines	1	2	3	4	5
is often the first to introduce new services and administrative techniques	1	2	3	4	5
adopts a very proactive approach in exploiting markets opportunities	1	2	3	4	5
normally initiates changes and actions upon which competitors respond to	1	2	3	4	5
has strong tendency toward getting involved in high risk-high yield projects	1	2	3	4	5
exercises bold, wide-ranging acts necessary to achieve hotel's objectives	1	2	3	4	5
typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities	1	2	3	4	5
is flexible in pricing, given the nature of competition in the industry	1	2	3	4	5
sometimes undercut prices (rates) to cope with competition	1	2	3	4	5
engages in aggressive marketing of its services	1	2	3	4	5
maintains a very close customer relationship management	1	2	3	4	5

(b)

Note: Please circle one option that best describes the hotel on the following statements (1= strongly disagree while 5= strongly agree)

Figure 2.
Research questionnaires

(Fornell and Larcker, 1981; Hair *et al.*, 2014). Discriminant validity was assessed by comparing the square root of AVE for each dimension with inter-construct correlations associated with that dimension (Hair *et al.*, 2014). This was necessary to confirm how truly the EO dimensions are distinct from each other. Furthermore, the validity of the EO measurement model was assessed using confirmatory factor analysis (CFA) (Hair *et al.*, 2014). Several model diagnostics were undertaken based on standardized residuals; path estimates; and modifications indices to refine and improve the EO measurement model, as recommended by Hair *et al.* (2014).

Hotel attributes	Zanzibar	D'Salaam	Arusha	Kilimanjaro	Total	Total %
Hotel type						
Independent hotel	65	62	82	44	253	73
Part of a hotel chain	44	19	18	12	93	27
Ownership structure						
Locals (Tanzanian) only	27	40	62	51	184	53
Both locals and foreigners	51	30	36	6	123	36
Foreigners only	25	10	3	1	39	11
Location						
Beach	81	14	0	0	95	28
Park	0	0	2	9	11	3
Town	13	60	100	50	223	64
Beach and town	10	7	0	0	17	5
Hotel rating						
3-Star	68	48	84	52	252	73
4-Star	29	28	11	4	72	21
5-Star	12	5	5	0	22	6
Total	*109*	*81*	*100*	*56*	*346*	*100*

Table III. General characteristics of the sample

Findings

The current study identifies and validates the EO indicators, and thereafter, examines the dimensionality of the EO concept in the studied context, emerging destinations in particular. To achieve this, a mixed-method strategy was used, starting with qualitative research. The qualitative research design was meant to gain insights into contextual entrepreneurial behaviors. For example, contextual insights concur with studies that suggest that innovativeness is associated with environmental scanning and information processing (Rogers and Bamford, 2002). SCH hotel, for instance, comment that:

> The sales and marketing teamwork to look for new companies and new opportunities opening up. We are very up to date with market trends and opportunities. Internationally we use international travel agents who look for our markets overseas. Last year we joined with Preferred Hotel and Resorts, which looks for our markets internationally.

Likewise, interview extracts indicate how hotels assume some risks in exploring market opportunities. For example, a manager of SHH hotel noted that:

> We are proactive and aggressive on any market opportunity coming up. In the search of the opportunities we utilize many tools including internet search engines like hotel.com; Expedia; American express etc. and pay the associated monthly fees.

EO themes further suggest that hotels in Tanzania are proactive in tapping opportunities. For example, hotel ZSH noted that:

> We derive our uniqueness in the sense that this is a reclaimed and a renovated old building in Zanzibar. Zanzibar being a UNESCO tourism site, we are proud to be associated with that history, so how we attract tourists is that we derive our uniqueness from the history of Zanzibar and being in Stone Town we associate ourselves with the history of Zanzibar. I can tell you, the new buildings that are coming up; definitely, they cannot compete with us because we are part of the history.

On the other hand, SLH hotel commented that:

> [. . .] to exploit our market opportunities effectively and attract more visitors we capitalize a lot on our location. As you can see we have the beach/ocean just in front of us. The beach is very strategic and an attraction for visitors enjoys our services.

Then, a quantitative study based on survey data was undertaken to validate the identified indicators and examines the dimensionality of EO and generalize the findings to a wider population.

Entrepreneurial orientation dimensions

H1 aimed to determine whether the traditional dimensions proposed by Covin and Slevin (1989) are perfectly reflective and applicable in the hospitality industry in the studied context. Results on EFA as exhibited in the pattern matrix (Table IV) reveal that EO consists of three factors (with eigenvalues greater than 1). These factors were extracted in line with Kaiser's criterion (Field, 2018). Moreover, an inspection of the scree plot (Figure 3) further reveals a clear break (inflection at Factor 4) confirming that retaining three factors is appropriate. The three factors in total account for 61.5 per cent of the variance explained.

Given the factor structure that emerged from EFA, the dimensions of hotels' EO constitutes of innovativeness (INV), competition approach (CSt) and proactive-risk taking (PRT) as a combination of pro-activeness and risk-taking attributes. The values of Cronbach's alphas for innovativeness, competition approach and proactive-risk-taking are 0.74, 0.70 and 0.87, respectively. Composite reliability for each dimension is reasonably above the minimum threshold of 0.7. This confirms that each dimension exhibits an acceptable level of internal consistency and is reliably measured (Hair *et al.*, 2014).

Regarding the validity of underlying dimensions, the purification and refinement process based on CFA resulted in the EO measurement model exhibited in Figure 4.

The model fit indices confirm the validity of the model based on chi-square (χ^2) ratio, root mean residual, standardized root mean residual (RMR), comparative fit index and root mean standard error of approximation. They are all within the recommended thresholds (Hair *et al.*, 2014) as

Indicators	Component 1	2	3
RSK3-bold decisions	0.878		
RSK2-exploration intensity	0.872		
RSK1-favorability to risks	0.854		
PRO2-opportunities exploitation	0.778		
PRO1-market leadership	0.762		
PRO3-initiation speed	0.625		
INV2-standardized services		0.831	
INV4-speed to market		0.829	
INV3-quality of goods and services		0.801	
INV5-product introduction		0.748	
INV1-technology usage		0.617	
CSt1-price undercutting			0.885
CSt2-pricing flexibility			0.816
CSt3-customer relationship			0.606
CSt4-extensive marketing			0.599

Notes: Extraction method: principal component analysis. Rotation method: promax with Kaiser normalization. Rotation converged in five iterations. RSK, PRO, INV and CSt are scale items for risk-taking, proactiveness, innovativeness and competition approach, respectively. Thus, Component 1: proactive-risk taking dimension

Table IV. Pattern matrix

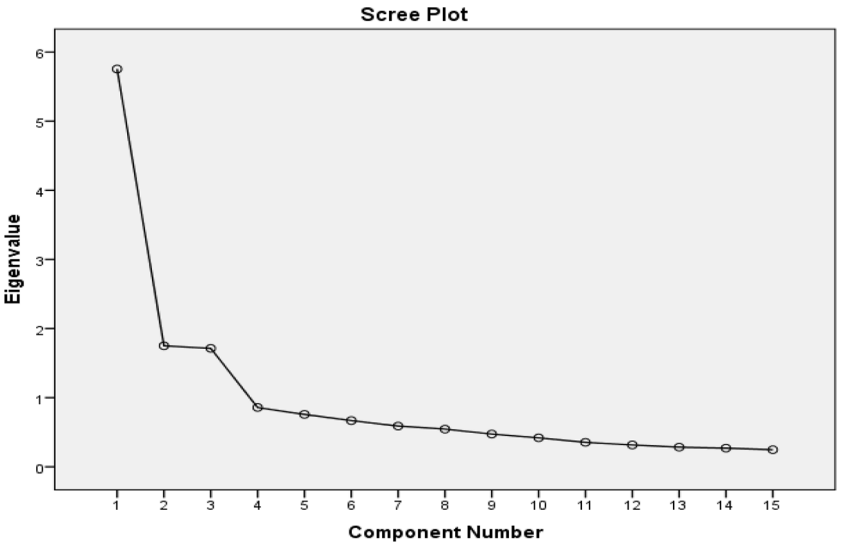


Figure 3.
Scree plot

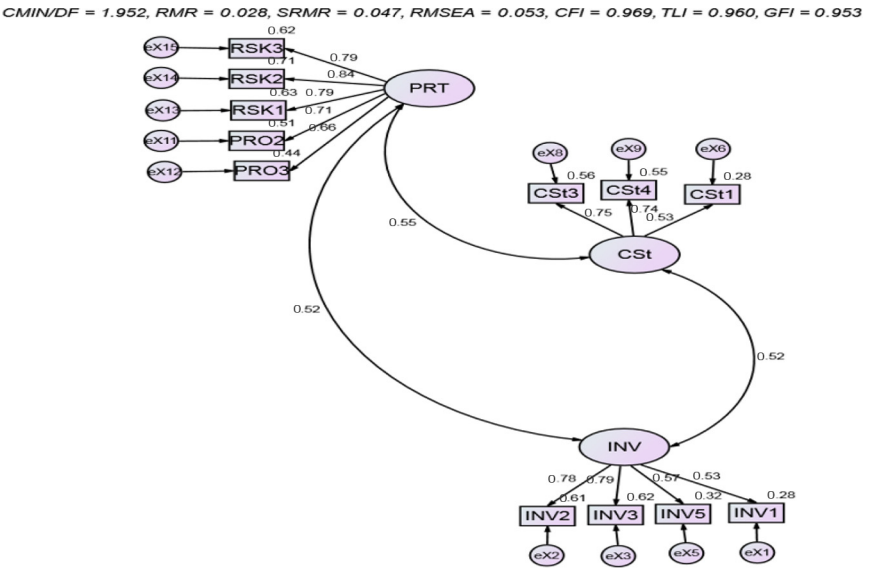


Figure 4.
EO measurement model

summarized in Table V. This was achieved after eliminating three indicators (PRO1-market leadership; INV4-speed to market; and CSt1-price undercutting). CFA model further demonstrates that the three EO dimensions exhibit moderate to strong correlations with one another.

Furthermore, construct validity assessed. All the loadings are statistically significant and all standardized loadings are at least 0.5 and preferably above 0.7 (Table VI). This provides preliminary evidence on dimensions' convergent validity (Hair *et al.*, 2014). Moreover, AVEs for all constructs are 0.5 and above while composite reliability for each

dimension is reasonably above the minimum threshold of 0.7 (Table VII). This implies an acceptable level of convergent validity in that indicators for each EO dimensions converge or share a high proportion of variance in common (Hair *et al.*, 2014).

Regarding discriminant validity, results indicate that all the AVEs are greater than corresponding inter-construct correlations squared (Table VII). This implies that each dimension of EO in the measurement model is truly distinct from other dimensions. This is also consistent with guidelines set forth by Fornell and Larcker (1981).

On the other hand, the correlation between proactive-risk taking and innovativeness is 0.52; the correlation between innovativeness and competition approach is 0.52 while the correlation between proactive-risk taking and competition approach is 0.55. Because the dimensions have correlations above 0.50, it signifies strong relationships among them, implying that the three EO dimensions may not always vary independently of one another (Kreiser *et al.*, 2002). Essentially, this finding confirms *H2* that EO in the hospitality industry is also likely to exhibit multidimensionality.

Table V. Model fit indices

Model fit indices	Recommended threshold	Estimate
Chi-square ratio (CMIN/DF)	Between 0 and 2 (very good)	1.952
Root mean residual (RMR)	Lower value is preferable	0.028
Standardized RMR	Below 0.080	0.047
Comparative fit index (CFI)	Above 0.90	0.969
Root mean standard error of approx (RMSEA)	Below 0.070	0.046

Table VI. Factor loadings

Correlations between indicator variables	Std estimate	Unstd estimate	*p*
RSK3 ← PRT	1.000	0.788	
RSK2 ← PRT	1.001	0.840	***
RSK1 ← PRT	1.115	0.793	***
PRO2 ← PRT	0.836	0.712	***
PRO3 ← PRT	0.712	0.660	***
INV2 ← INV	1.000	0.784	
INV3 ← INV	1.100	0.786	***
INV5 ← INV	1.055	0.567	***
INV1 ← INV	0.861	0.529	***
CSt1 ← CSt	0.515	0.534	***
CSt4 ← CSt	0.719	0.741	***
CSt3 ← CSt	1.000	0.751	

Note: *** imply that the correlation between two indicators is significantly different from zero at $p < 0.001$

Table VII. Convergent and discriminant validity test

EO dimensions, CR and AVE	PRT	INV	CSt
Proactive-risktaking (PRT)	*1.00*	0.27	0.30
Innovativeness (INV)	0.52	*1.00*	0.27
Competitive strategy (CSt)	0.55	0.52	*1.00*
Composite reliability (CR)	0.9	0.8	0.7
Average variance-extracted (AVE)	0.6	0.5	0.5

Note: Values above the diagonal are interconstruct correlations squared

Discussion and implications

The study explored EO in the hospitality industry based on evidence from Tanzania. Based on in-depth interviews and factor analyses, findings indicate that hotels' EO constitutes three dimensions, namely, proactive risktaking, innovativeness and competition approach. The validated dimensions and respective indicators are summarized in Figure 5. Each dimension is, in turn, elaborated while clarifying both theoretical and managerial implications of the research.

Nature of entrepreneurial orientation in the hospitality industry

Proactive-risk taking. Proactive-risk taking for hotels reflects a combination of pro-activeness and risk-taking attributes implying that hotels in contexts like Tanzania do not perceive clear differences between pro-activeness and risk-taking efforts. This implies that hotels must be willing to exploit business opportunities proactively while concurrently managing business risks. *Proactive-risk taking* consists of five measures: two are related to pro-activeness while three are connected to risk-taking behaviors. This consistent with Miller/Covin and Slevin (1989) scale, which has extensively used by prior EO studies (Kraus *et al.*, 2012; Mullens, 2018; Pratono *et al.*, 2019). In other words, hotels' willingness to assume risks is coherently associated and compatible with proactive efforts toward opportunities exploration. This is in line with Miller (2011)'s arguments that although the three traditional dimensions of EO (innovativeness, pro-activeness and risk-taking) are intended to form a collective catchall, entrepreneurial processes can manifest differently in different contexts. So the findings of the current study are in line with scholars who assert that EO tends to manifest differently based on industry and social-economic characteristics (Lumpkin and Dess, 1996; Miller, 2011; Wales *et al.*, 2019).

On a similar note, the findings of this study support other studies including Lumpkin and Dess (2001) and Monsen and Boss (2009), who asserted that pro-activeness and risk-taking are interrelated firms' entrepreneurial behaviors. The findings on *proactive-risk-taking* dimension support and concretize prior studies that found that in EFA measures of EO tend to shift from one dimension to another. Lumpkin and Dess (2001), for example, indicated that two items of innovativeness (speed to market and product introduction) shifted to the risk-taking factor, while two items on risk-taking (exploration intensity and bold decisions) loaded highly onto the innovativeness factor. Likewise, Monsen and Boss (2009) found that an item in innovativeness

Dimensions	First Order Loadings	Correlations among Dimensions	
Proactive-Risk taking			
RSK2: Exploration Intensity	0.841		
RSK3: Bold and Risk Decisions	0.795		
RSK1: Favorability to Risks	0.792	**0.52**	
PRO2: Opportunities Exploration	0.713		
PRO3: Initiation Speed	0.660		
Innovativeness			
INV3: Quality Goods and Services	0.791		
INV2: Standardized Services	0.782		
INV5: Product Introduction	0.570	**0.52**	**0.55**
INV1: Technology Usage	0.534		
Competition Approach			
CSt3: Extensive Marketing	0.753		
CSt4: Customer Relationship	0.741		
CSt1: Pricing Flexibility	0.530		

Figure 5.
Validated dimensions of EO

sub-scale loaded strongly on the risk-taking factor and a risk-taking item loaded more strongly on the pro-activeness factor. The strong linkage between pro-activeness and risk-taking relates to Miller's (2011) argument that the two entrepreneurial attributes are largely associated with scanning activity relative to innovativeness.

Similarly, prior studies in emerging economies such as Matchaba-Hove *et al.* (2015) revealed proactive-innovativeness as the EO dimension in Southern Africa context. An interesting implication worth noting is that the variations on such shift-ability of measures across dimensions, emphasizes a point on how EO manifests differently contextual-wise. Theoretically, this implies that EO dimensions in the emerging country contexts are not necessarily standalone aspects but rather they operate jointly. Managers and entrepreneurs need to be vigilant with unique business environments in the emerging economies if they are to succeed based on strategic orientations. In particular, a clear understanding of the interplay between legal and ethical issues, as well as social-cultural contexts on business opportunities can be important.

Moreover, the magnitude of first-order loadings (Figure 5) suggest that hotels' *proactive-risk-taking* is mostly geared at exploration intensity with wide-ranging acts (RSK2); taking bold and risk decisions (RSK3); favorability to risks in exploiting potential opportunities (RSK1); proactive opportunities exploration (PRO2), and finally, hotels attach less emphasis on initiation speed toward changes and actions relative to major competitors (PRO3). Similar to initiation speed, hotels in Tanzania attach much less-to-no emphasis on market leadership attributes. Although this finding is contrary to studies such as Su and Sohn (2015) and Mason *et al.* (2015), such findings can be justified by the assertion that the hospitality industry exhibits long product life cycles, associated with less frequent changes in products and services provided. Accordingly, the findings in the studied context imply that proactive hotels are likely to benefit more by being the first to introduce new services and administrative techniques relative to major competitors.

Innovativeness. Findings indicate that hotels' *innovativeness* consists of four indicators as follows: emphasis on quality services (INV3); standardization of services offered (INV2); product introduction (INV5); and technology usage (INV1), arranged in decreasing order of emphasis. While the first two indicators are derived from the in-depth interviews, the last two originate are consistent with the traditional measures of innovativeness (Covin and Slevin, 1989). The innovativeness measures uncovered from the in-depth interviews are mainly associated with improvements in the quality of services hotels provide to tourists. Standardized services emphasize the point that hotels in Tanzania provide highly standardized services based on their brand or affiliation in the hotel chain. This is in line with the assertion that the success of hospitality firms depends on service excellence (Philemon, 2017). Theoretically, this implies that entrepreneurial processes and practices in the hospitality industry must embrace a clear understanding of customer needs, preferences and expectations. Special emphasis on providing quality goods and services relative to competitors can be an important strategic tool for businesses to maintain market shares, improve performance and guarantee survival. On the other hand, hotels in Tanzania can emphasize on both quality services, as well as standardized services (particularly for brand affiliated hotels) as a way of differentiating with direct competitors.

Moreover, based on these findings, hotels in Tanzania need to innovatively capitalize on product introduction and technology usage in meeting market demands. This concurs with the assertion that innovativeness reflects proclivity, receptivity and inclination to adopt ideas that depart from the usual way of approaching business (Menguc and Auh, 2006). Likewise, innovativeness can be a complementary and transformational resource for businesses to exploit new opportunities (Su and Sohn, 2015). Contrary to Monsen and Boss (2009) and Su and Sohn (2015), in the hospitality industry, hotels' innovative efforts are less inclined at marketing

new products and services year after year. Being innovatively less dynamic in marketing new products and services may reflect the nature of market demand in the hospitality industry. This further affirms previous evidence that EO tends to manifests contextually (Miller, 2011; Wales *et al.*, 2019). Innovative efforts in the hospitality industry in contexts like Tanzania must be focused on customer satisfaction. Hotels need to engage in and support new ideas and creative processes geared at new products and services, technological processes and quality improvements. This is because the hospitality industry provides services that tourists consume when they have free time and extra income, thus providing a high level of customer service is very important, as the services provided are not necessities.

Competition approach. The findings of this study further imply that hotels not only capitalize on conventional entrepreneurial processes but also *competition approach* geared at extensive marketing (CSt3); customer relationship management (CSt4) and pricing flexibility based the competition intensity (CSt1). Based on these findings, the study recommends hotels to use such competing strategies to enhance and optimize the effectiveness of entrepreneurial processes toward opportunity exploration and exploitation. This may be particularly essential during intense competition within the hospitality industry. Moreover, these findings contribute to the EO theory that entrepreneurial efforts must be closely intertwined with a competitive strategy for firms to achieve sustainable and superior performance (Ireland *et al.*, 2009; Hernández-Perlines, 2016). In other words, the competition approach can play a complementary and differentiation role in exploiting entrepreneurial opportunities.

While the interview insights suggested that some hotels tend to engage in price undercutting practices to cope with competition, such the aggressive and hostile practices are incompatible with hotels' competition approach in the Tanzanian context. Such incompatibility is evidenced by the "price undercutting" indicator failing the confirmatory test. Essentially, this implies that the competition approach used hotels in the studied context need to embrace trust, cooperation and networking with other industry actors. Such a competition approach in a non-aggressive way seems to be beneficial and applicable in the hospitality industry even in non-western contexts (Peters and Kallmuenzer, 2018). Therefore, hospitality firms are encouraged to invest and capitalize on extensive marketing, relationship management and pricing flexibility as part of their competition approach to succeed entrepreneurially.

The dimensionality of entrepreneurial orientation in the hospitality industry

Based on both the hospitality and non-hospitality research, it is difficult to conclude whether EO is a unidimensional or multidimensional phenomenon. In the hospitality context, this study adds to the research that hotels' EO is multidimensional exhibiting moderate-to-high correlations with each other and with discriminant validity being satisfactorily acceptable. This finding enriches other hospitality studies that consider EO as a unidimensional concept (Jogaratnam, 2017; Hernández-Perlines, 2016; Seilov, 2015; Vega-Vázquez *et al.*, 2016; Jogaratnam and Tse, 2006). The multidimensionality nature of EO observed in this study is consistent with non-hospitality studies such as Kreiser *et al.* (2002) and Covin *et al.* (2006). Moreover, this finding supports the multidimensional perspective of EO in emerging economies like Tanzania (Eijdenberg, 2016; Philemon and Kessy, 2016).

Understanding the dimensionality of EO and the relationships among its dimensions in the hospitality industry is important both theoretically and practically. Covin and Slevin (1989) advocated that the three dimensions (innovativeness, pro-activeness and risk-taking) reflect an EO as a unidimensional phenomenon. Modeling EO as a single composite construct can mask the specific and independent contributions of specific EO dimensions on business performance. This is confirmed by Lechner and Gudmundsson (2014) and Vega-Vázquez *et al.* (2016) that business performance is influenced differently by separate dimensions of EO. Accordingly, based on the

unidimensional EO, it is impractical for hospitality firms to appropriately allocate resources based on the importance of each dimension. Therefore, to allocate resources in a way that benefits hospitality businesses, managers must be observant of the role of individual dimensions. Moreover, positive and significant correlations between the EO dimensions imply that hotels' entrepreneurial efforts have to be aligned in a similar direction to appropriately exploit market opportunities.

Conclusion

This study responds to recurring calls on the need to understand how contextual characteristics shape firms' EO. As such given the contextual differences across economies in terms of social-cultural, economic, regulatory and industry characteristics, applying contextual but validated EO indicators is inevitable. Based on the mixed-method approach, it can be concluded that EO in the hospitality industry in emerging economies like Tanzania unfolds into various combinations of the conventional EO dimensions. In the studied context, entrepreneurial processes for the hospitality industry revolve around three dimensions as follows: proactive-risk taking, innovativeness and competition approach. In the studied context, hotels undertake proactive and risky decisions concurrently while capitalizing on exploration intensity with wide-ranging acts; taking bold and risk decisions; favorability to risks in exploiting potential opportunities; and proactive opportunities exploration but attaching less emphasis on initiation speed toward changes and actions relative to major competitors. Innovativeness efforts are geared at offering quality services; standardization of services; product introduction; and being abreast with technological advancements. Beyond conventional entrepreneurial processes, hotels can benefit from competition approach focusing on extensive marketing; customer relationship management; and pricing flexibility based on the competition intensity.

This study also represents an essential step in understanding the dimensionality of EO in the hospitality industry, thus benefiting future research on EO. To this end, the study offers theoretical insights on the need for hospitality studies to also consider EO as a multidimensional phenomenon. EO is a dynamic and contextual concept with various combinations and variants of the traditional dimensions. Embracing this understanding is essential for knowledge that is academically relevant and practically applicable. Thus, hospitality practitioners need to embrace such combinations and variants of EO attributes to enhance business performance. Managers must also be vigilant of industry characteristics, economic and social-cultural contexts in relation to entrepreneurial opportunities that unfold.

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