

Linking Entrepreneurial Marketing and Performance Indicators in Jordanian Hotel Industry

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Abstract

The purpose of this paper is to explore the relationship between entrepreneurial marketing (EM) and performance indicators namely; service quality, competition, costs reduction and customer satisfaction in Jordanian hotels. A stratified sample of 28 hotels which are located in the most touristic cities in Jordan: Amman, Petra, Aqaba and Dead Sea are selected to answer a questionnaire by their marketing managers. The results showed that there is a strong positive relationship between the entrepreneurial marketing and the performance indicators in Jordanian hotels.

Keywords: Entrepreneurial marketing, Entrepreneurial orientation, Performance, Jordan

1. Introduction

Hotel business is one of the important sectors of an economy; this sector is highly influenced by the rapid changes in the external environment, especially demographic, economic, and technological forces. These changes are prominent and are affecting the way hotels do marketing in order to meet the increasing wants and demands of the customers (Morrison and Taylor 2000). The continuous increase of population activities has led to increase in demand by clients; this resulted in an increase of the investment in this sector. However, it is becoming very difficult now to increase individual market share by adhering to conventional marketing methods. Hotel managers are working hard to improve their performance by widening the base activities and raise its market share by utilizing the technological revolution and the innovative marketing methods. This study is dealing with entrepreneurial marketing elements as a key to develop Jordanian hotel industry.

Tourism is one of Jordan GNP pillars; it is a main contributor to the hotel industry development. Lately, Jordan has witnessed great expansion of investments in constructing luxurious world class hotels in Amman, Aqaba, Petra and the Dead Sea. There is no doubt that the drop in the numbers of tourists has a negative effect on hotel industry especially after the 2011 financial crisis accompanied by the political unrest in the neighboring countries of the middle east, some hotels are looking for adopting entrepreneurial marketing approaches to meet potential challenges and obstacles in the surrounding environment in their struggle to survive in these conditions (Wikipedia, the free encyclopedia).

2. Literature Review

2.1 *Entrepreneurial orientation*

The importance of entrepreneurial activity for economic growth has been emphasized by the economist Joseph Schumpeter (1942) through "creative destruction". He labeled creative destruction the essential fact of capitalism, moving in a dynamic way to generate new markets, new consumer goods, new production methods, or new forms of industrial organization that advance the economy. Miller (1983) appears to offer the earliest operationalization of the entrepreneurial orientation. According to Miller an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures and is first to come up with proactive innovations, beating competitors to the punch. So Entrepreneurial organizations are those in which particular behavioral patterns are recurring. These patterns pervade the organization at all levels and reflect the top managers' overall strategic philosophy on effective management practice. In other words entrepreneurial posture is a behavioral phenomenon; it can be managed and used in many management fields. EO is a firm-level construct that is closely linked to strategic management and the strategic decision making process. Lumpkin and Dess 1996 have gone a long way toward helping to define the five dimensions of an entrepreneurial orientation; autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness have been useful for characterizing and distinguishing key entrepreneurial processes.

2.2 Entrepreneurial marketing

Entrepreneurial marketing is considered a recent concept because it has evolved over more than two decades and there is no integrated analysis or comprehensive theory of entrepreneurial marketing. The term entrepreneurial marketing describes the marketing processes of firms pursuing opportunities in uncertain market circumstances, often under constrained resource conditions (Becherer et al., 2006). Many of the actions undertaken by entrepreneurs are key concepts in marketing theory, in which identifying new opportunities, using innovative techniques to link the product or service to the marketplace and successfully satisfy the needs of the target market, taking into consideration the fact of working in a changing environment. Morris et al. (2002) explored the construct of entrepreneurial marketing and suggest that it is "the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging value creation", in other words, they link between entrepreneurial orientation dimensions that are mentioned by (Lumpkin and Dess 1996) and marketing identity. Collinson and Shaw (2001) described entrepreneurial marketing as responsiveness to the marketplace and a seemingly intuitive ability to anticipate changes in customer demands. An anticipation change is the core activity of the entrepreneur because he takes advantages of collecting market information from his/her networks relationships with minimum financial resources and restrictions on the time available to engage in market research. They see the intersection between marketing and entrepreneurship lies on the change focused, opportunistic in nature and innovative in management approach. Miles and Darroch (2006) specified seven elements of entrepreneurial marketing; customer intensity, value creation, resource leveraging, risk management, innovation, and opportunity – driven and proactive. Mort, Weerawardena and Liesh (2012) presented some advances identifying four key strategies of entrepreneurial marketing as comprising opportunity creation, customer intimacy-based innovative products, resource enhancement and legitimacy. These core strategies of entrepreneurial marketing are identified by mapping to enhanced performance.

Morrish (2011) considered entrepreneurial marketing as a strategy for the twenty-first century because it plays a role in addressing the dynamic marketing environment of recent times where both the entrepreneur and the customer are the core actors, co-creating value within the marketing environment, for that reason organizations engaging in entrepreneurial marketing need to be both customer and entrepreneur centric in their strategic approaches.

2.3 Entrepreneurial marketing and performance

Miller (1983); Covin and Slevin (1991); Covin and Miles (1999) are considered the earliest researchers who identified entrepreneurship as a strategy to create competitive advantage. Entrepreneurial activity will result in positive macroeconomic outcomes and can lead to improved performance in established organizations. In entrepreneurship literature, entrepreneurial orientation has been found to have a positive impact on firm performance (e.g., Covin and Slevin, 1991; Smart and Conant, 1994; Wiklund, 1999). Improved performance could be defined in terms of a wide variety of organizational effectiveness criteria. A firm's economic performance is generally acknowledged to have two primary

dimensions; growth and profitability. Covin and Slevin (1991) proposed a positive association between the entrepreneurial posture of a firm and its financial performance. The prospect of favorable ratings on financial criteria such as sales growth rate, return on assets and the profit to sales ratio must be regarded as a key reason why firms engage in entrepreneurial behavior. Zahra (1993) mentioned several possible non-financial outcomes: increasing employee motivation and task involvement; keeping the firm's best and most talented people who might have left for lack of opportunities; and creating a positive culture that encourages the integration of employee and organizational needs. Kraus, et al., (2005) found a significant relationship between the psychological construct entrepreneurial orientation and business success. Morris et al., (2002) study can be considered the first attempt to link between EM and performance outcomes. EM practices are expected to affect both financial and non-financial outcomes. EM should generally produce higher rates of new product, service and process introduction; a more customer-centric culture; customers who are more desirable, loyal, and satisfied; greater generation of new and value-enhanced resources. However, the literature has not advanced beyond to empirical work aimed at investigating the specific EM strategies that enhance performance. Miles and Darroch (2006) suggested that, markets which have enough freedom entrepreneurial marketing processes can be strategically employed to create superior value for the firm's customers and owners. Mort, Weerawardena and Liesh (2012) study demonstrated that born global firms make extensive use of EM and that EM is implicated in their enhanced performance outcomes; speed of market entry and rapid internationalization.

3. Research Model and Hypotheses

Based on the previous literature, four hypotheses were formulated based on the relationship between entrepreneurial marketing and performance indicators

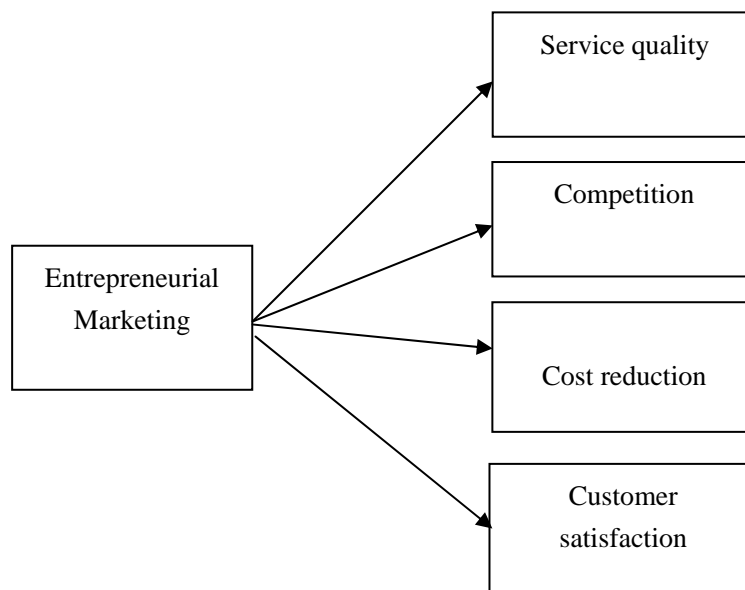


Figure 1. The research model (Authors. 2013)

H1: There is a significant relationship between EM and service quality in Jordanian hotels.

H2: There is a significant relationship between EM and competition in Jordanian hotels.

H3: There is a significant relationship between EM and cost reduction in Jordanian hotels.

H4: There is a significant relationship between EM and customer satisfaction in Jordanian hotels.

4. Research Method

4.1 Sample

The population is consisted of hotels located in the most touristic cities in Jordan; Amman, Petra, Aqaba and Dead Sea as shown in table (1).The researchers used a stratified sample which was constituted of 28 hotels. They represented 15% of the total hotels in Jordan. 40 questionnaires were distributed to marketing managers and followed personally by the researchers.

Table 1. Hotels population in Jordan

Hotel classification	Amman	Petra	Aqaba	Dead Sea	Total	15%
Five stars	13	6	5	4	28	4
Four stars	17	3	4	1	25	4
Three stars	32	7	8	-	47	7
Two stars	33	1	12	-	46	7
One star	26	7	8	-	41	6

Source: Ministry of Tourism and Antiquities

4.2 Questionnaire construction

Data was collected using a survey based method. A structured questionnaire was developed based on entrepreneurial marketing and performance literature. 5-point Likert scale ranged from strongly disagree (1) to strongly agree (5) is used to measure independent and dependent variables.

4.3 Independent variable

The entrepreneurial marketing is measured using 7 items. Participants responded to EM statements by rating degree to which they agreed with each statement using 5-likert scale. The means and standard deviations for each item were calculated to describe the responses toward the items then the researchers calculated the general mean for all the items as a whole ($\mu=3.769$ $SD= 0.61$) indicating that the hotels in the studied sample applied entrepreneurial marketing approaches.

4.4 Dependent variable

The performance is measured using four indicators; service quality, competition, costs reduction and customer satisfaction. These indicators are measured using 21 items.

Participants responded to performance indicators statements by rating degree to which they agreed with each statement using 5-likert scale.

4.5 Data analysis

Descriptive statistics (means and standard deviations) were computed. The reliability of the scales for the constructs in this study was tested. Cronbach alpha coefficient was calculated for each scale to test the reliability and the degree to which the items are tapping the same concept. All scale reliabilities exceeded the 0.6 value recommended by (Sekaran, 2010). In order to test the hypotheses first, the researchers used one sample t test then, they used Pearson correlations to analyze the correlations between EM and each performance indicator.

5. Results

5.1 Hypotheses Testing

H1: There is a significant relationship between entrepreneurial marketing and services quality in Jordanian hotels.

The results from the mean and standard deviation scores for the EM related to services quality showed that $\mu=4.02$ $SD=0.61$ indicating that there is a positive response toward the items assessed the services quality, this result is harmonious with the acceptance of the alternate hypothesis. As Table 2 shown significance level is less than 5% so, H1 is supported. The correlation results indicate that there is a significant positive correlation between entrepreneurial marketing and services quality $r=0.78$.

Table 2. Summary of correlations

Variables	r	r ²	Sig
Services quality	0.78	0.61	0.00
Competition	0.63	0.39	0.00
Cost reductions	0.65	0.42	0.00
Customer satisfaction	0.67	0.45	0.01

Note: Sig<0.05

H2: There is a significant relationship between entrepreneurial marketing and competition improvement in Jordanian hotels.

Mean and standard deviation scores for the EM related to competition showed that $\mu=4.09$ $SD=0.54$ indicating that there is a positive response toward the items assessed the competition; this result is harmonious with the acceptance of the alternate hypothesis. As Table 2 shown significance level is less than 5% so H2 is supported.

The correlation results indicate that there is a significant positive correlation between entrepreneurial marketing and competition ($r=0.63$).

H3: There is a significant relationship between entrepreneurial marketing and cost reductions in Jordanian hotels.

Mean and standard deviation scores for the EM related to cost reductions showed that $\mu=4.04$ $SD=0.66$ indicating that there is a positive response toward the items assessed the cost reductions; this result is harmonious with the acceptance of the alternate hypothesis. As Table 2 shown significance level is less than 5% so, *H3* is supported.

The correlation results indicate that there is a significant positive correlation between entrepreneurial marketing and cost reductions ($r=0.65$).

H4: There is a significant relationship between entrepreneurial marketing and customer satisfaction in Jordanian hotel.

Mean and standard deviation scores for the EM related to customer satisfaction showed that $\mu=4.05$ $SD=0.635$ indicating that there is a positive response toward the items assessed the customer satisfaction; this result is harmonious with the acceptance of the alternate hypothesis. As Table 2 shown significance level is less than 5% so *H4* is supported.

The correlation results indicate that there is a significant positive correlation between entrepreneurial marketing and customer satisfaction ($r=0.67$).

6. Conclusions

The purpose of this paper is to link between EM and performance indicators. The results indicated that EM practices was able to improve all the performance indicators that were used in the study in terms of improving quality of services by 61% and competition level by 39% and cut costs by 42% and increase customer satisfaction by 45%. These results were consistent with the literature (Morris et al., 2002; Mort et al., 2012) which found that EM contributes to the achievement of superior market performance. Although this study followed Morris et al., (2002) suggestion about testing hypotheses regarding the linkages between EM and organizational outcomes, this relationship needs more quantitative testing to reach a comprehensive model to be added to marketing literature.

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