Innovative Service Delivery and Competitive Advantage of Small Scale Hotels in Nigeria: The Moderating Role of Opportunity Connectedness

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Abstract: Firms desire to create competitive advantage to create sustainable value and profitability by implementing innovative service delivery frameworks. This study therefore, tests on the one hand the direct and indirect relationship between opportunity connectedness on the positive relationship between innovative service delivery and competitive advantage of small scale hotels in Nigeria. Using a semi-structured questionnaire on a sample size of 274, the study found through hierarchical regression that there is a significant and positive effect of innovative service delivery and opportunity connectedness on the competitive advantage of small scale hotels in Nigeria. Furthermore, the result revealed a significant and positive moderating role of opportunity connectedness in the relationship between innovative service delivery and competitive advantage. The study recommended that hotels should consider developing innovative service delivery strategies that promote them in the competitive arena and also offer efficient services in order to attract and promote competitive advantage of small scale hotels in Nigeria. In addition, the government should open connection outlets for hotels in Nigeria and also ensure that customers are protected across the country as they patronize the services of hotels.

Keywords: Innovative service delivery, opportunity connectedness, competitive advantage, small and medium scale hotels, Nigeria

1. INTRODUCTION

The global hospitality sector entered 2017 with a strong appetite for growth. Building on momentum gained in the previous years, renewed investor confidence and pent-up demand for trades propelled growth within the global lodging sector, fuelling an increase in transaction activities and worldwide improvements in hotel operations. Global tourism statistics indicate that the sector had created over $2 trillion US businesses, accounting for 11.3% of world consumption in 1997. Its direct contribution to GDP in 2016 was USD2, 306 billion (3.1% of GDP). This is forecasted to rise by 3.8% to USD2, 394.2 billion in 2017. Furthermore, the number of hotel units in the graded accommodation sector grew by 26% between 2005 and 2016, mainly in the USA. While strong post-recession gains appear to be cooling off, the hotel sector is projected to sustain strong 6% growth throughout 2018, setting up the industry to hit a record-breaking $170 billion in gross bookings (Eurostat, 2017; Ting, 2017; Dakung & Maimako, 2016; World Tourism Statistics, 1997). With the 2012 Olympic Games, London remains a strong hotel market. Munich and Moscow’s hotel markets continue to be top performers, experiencing high percentage competitiveness in hotel values compared to other European markets in 2013. For instance, Moscow is achieving an average of US$344,355 per room, well above the European average of US$240,307 over the past year (Roth & Fish bin, 2014). To increase their presence in high-growth markets, the international hotel chains are increasingly venturing into Africa. These international hotel chains’ development pipeline in Africa is in Nigeria, with a total of 49 hotels and 7,470 rooms (Dakung & Maimako, 2016; Ward, 2013). This has led to the nation’s tremendous economic growth in the hospitality industry especially in the early 2000.

However, in recent times, the growth rate of small scale hotels in Nigeria is fast declining (estimated at about 7.4% per annum) due to stiff competition. Also, they are faced with a myriad of challenges
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ranging from poor energy supply and insecurity to misconstrued internal perception, cynical global perspicacity, flawed hotel classification, poor customer service, little or no standardisation in operations, inconsistent regulatory environment and skilled labour shortages resulting to premature death(Chinedum, Ebere\&Nwakaego, 2017). The increased competition has forced firms (in our case small scale hotels) to think of creating value from limited resources. For instance, in order to gain competitive advantage at 2014 World Cup in Brazil, a number of hotels (Windsor Guanabara Hotel, The Windsor Florida Hotel, Blue Tree Premium, Faria Lima Hotel, The Comfort Nova Paulista Hotel and Burj Al Arab famous Sailboat Hotel in Dubai) all researched to ensure that they offered the best services to their customers (Serravallo, 2015; Troaçã\& Bodislav, 2012). Today, owners of small scale hotels in Nigeria have realised that employing competitive strategies is key to the success of their operations. In view of that, they are becoming more efficient in resource utilisation by emphasising on new procedures to stay ahead of competitors (Victor, Dagogo \& Odunayo, 2018; Nwosu, 2008a). Again the current challenge of global competition is making the hotels to explore better ways to improve competitiveness. Consequently, those with competitive advantage create more economic value than their rivals. As a result, superior performance reached through the competitive advantage makes them market leaders(Barney \& Hesterly 2010; Porter, Delgado-Garcia, Ketels \& Stern, 2008; Porter, 1985). Giving this scenario, it is obvious that small scale hotels will achieve competitiveness when they innovate and take advantage of the opportunities around them. Based on that, Philip (2011) observed that the most important factors that influence the competitive advantage for firms are innovative service delivery and opportunity connectedness.

According to Neneh and van Zyl (2017), innovativeness entails the introduction of new ideas that allows a firm to improve its product or service offering in order to outsmart rivals. Today, service firms rely on innovation to compete favorably (Sambharya \& Lee, 2014; Lopez, Forestry \& Vazquez, 2013; Bell, 2009). The innovative service delivery is associated with inputs that firms must identify and understand how they relate. Also, innovation contributes to the organization by creating value and the potential for organizational competitive advantage (Leal-Rodriguez et al., 2014; Castro et al., 2013; Montes, Moreno \& Morales, 2005). In view of that, Huang (2016) opined that innovation must be aimed at bringing benefit to the firm.

Indeed Roth and Fishbin (2014) observed that hotels across the globe use the ideas of strategic management theory as well as best practices based on industry-specific experience with trends focusing on innovation. Regardless of the source of innovativeness, the goal is to improve operations, guest service and revenue that translate into competitive advantage. For instance, Coyuga Sustainable Hotel has developed a sustainable entrepreneurial platform, starting in Costa Rica. Chic and Basic have developed hotels in Spain that feature hip design and unusual amenities for customers. The Ritz Carlton Hotel has built an upgraded training programme using its core company values. Runtz Hotel has used a wifi-enabled touch screen application to allow guests to efficiently enjoy upscale hotel services. In an attempt to isolate the best strategic management practices common to the leading hotels in the hospitality industry, it has been observed that the main focus is on the customers in terms of creating value, which contributes towards competitive advantage (Dakung \& Maimako, 2016; Ward, 2013; Liyanage, 1999). This is possible through opportunity connectedness.

Opportunity connectedness is used to describe firms’ connections to opportunities in either the home-market network, the host-market network, or the international market network. In this study, opportunity connectedness is viewed as a network of social relations characterized by trust, reciprocity and cohesiveness among operators of small scale hotels. It is a business relationship that is based on a particular business network (i.e., consisting of customers and suppliers). Opportunity connectedness has been viewed as a prerequisite for innovation since it provides access to knowledge and resources that would otherwise be unavailable to individual firms seeking competitiveness (Powell et al., 1996). Hence, this study proceeds from the notion that opportunity connectedness is vital for Small Scale hotels that want to compete even beyond local boundaries (Nordman \& Tolstoy, 2016; Tolstoy \& Agrandal, 2010). Similarly, Lindstrand et al. (2011) opined that knowledge about business opportunities acquired from customer and supplier networks in markets can be useful in offering firm competitive advantage.

Prior studies like Neneh and van Zyl (2017), Huang (2016), Leal-Rodriguez et al. (2014), Sambharya and Lee (2014), Castro et al. (2013), Lopez, Forestry and Vazquez (2013), Montes, Moreno and
Morales (2005) and Bell (2009) revealed that employing innovative services can promote firm’s competitive advantage. Contextually, studies by Ibidunni, Iyiola and Ibidunni (2014) and Odumeru (2013) indicate that innovation has potential to enhance competitiveness, especially among firms in Nigeria. Similarly, Nordman and Tolstoy (2016) and Tolstoy and Agndal (2010) found that opportunity connectedness is vital for Small Scale hotels that want to compete even beyond local boundaries. However, these studies fail to consider the moderating effect of opportunity connectedness in the relationship between innovative service delivery and competitive advantage, especially among the Small Scale hotels in Nigeria. Thus, the purpose of this paper is to test the moderating effect of opportunity connectedness in the relationship between innovative service delivery and competitive advantage, especially among the Small Scale hotels in Nigeria.

The paper is organized into 7 sections. The next section contains the review of the necessary literature and hypotheses setting. The third section discusses the methodology used in the study, while section four indicates the results and discussions of the findings. Section five focuses on conclusion drawn from the study, and section six concentrates on possible policy recommendations. Lastly, section seven identifies the limitations to the study and areas for future studies.

2. REVIEW OF LITERATURE AND HYPOTHESES DEVELOPMENT

2.1. Concept of Competitive Advantage

Competitiveness of a firm is its capacity to achieve targets. A firm has competitive advantage when it is able to create more economic value than its rivals do. Competitive advantages are those factors that a firm needs to have in order to succeed in business (Barney & Hesterly, 2010; Analoui, & Karami, 2003). There are three types of competitive advantage; the cost of leadership, differentiation and focus (Porter, 1985). Similarly, Lynch (2006) observed that each of these three strategic options represents an area that every business and many not-for-profit organizations can usefully explore and as well choose in order to compete in the marketplace and gain sustainable competitive advantage. He also stated that the general principles can perhaps be applied to public service and not-for-profit organizations where they compete for resources, such as government funding of small scale hotels. Consequently, some strategic management researchers are advocating the importance of competitive advantage or the understanding of firms’ market positions from a dynamic theoretical perspective (Lei et al., 1996; Porter, 1991)

Unique competencies help a firm stand out in its markets when its competencies are superior to its competitors (Andrew, 1971). Unique resources are those resources that can create sustained competitive advantage for a firm. These resources are distinctive or unique capabilities specific to particular organizations and cannot be imitated. Core competencies and distinctive competence are two main factors that induce small scale hotels to have a competitive advantage. Core Competences are the skills and abilities by which resources are deployed through the organization’s activities and processes in such a way as to achieve competitive advantage in ways that cannot be imitated or obtained by others (Johnson et al., 2010). Competitive advantage therefore is important for businesses. Only the firms with superior performance skills are bestowed with core competencies while another firm needs to acquire them in order to withstand the competition. Not all businesses have a competitive advantage and so it is important for small scale hotels to find a way of obtaining, maintaining and increasing their competitiveness in order to outsmart their rivals.

2.2. Concept of Innovative Service Delivery

The capacity for a firm to innovate involves the integration of resources and skills in the business including technology, strategy, knowledge, processes and organisation (Li & Chen, 2010). This then implies that innovative service delivery essentially is a measure that service delivered meets service users’ or clients’ expectations. Since innovative service process leads to an outcome in which the customer/client can be either satisfied or dissatisfied with the service experience, it is of great importance that the provider pays attention to designing the system that the service concepts are produced and delivered to clients (Mayer et al., 2003; Brown et al., 1994). It is therefore the role of delivery to ensure that the expected service outcome is received by the client (Goldstein et al., 2002). An innovative service delivery system is made up of multiple, interdependent service processes. Such process involves a sequence of activities and steps, the flows and interactions between these activities,
and the resources required for producing and delivering the service outcome (Slack et al., 2004). It involves defining the roles of people, technology, facilities, equipment, layout and processes that generate the service outcome.

The theory of innovation in services developed by Gallouj and Weinstein (1997) has been widely discussed in service innovation literature (Drejer, 2004; Windahl et al., 2004; Tether & Howells, 2007). Their model constitutes an early attempt to bring together research on product and service innovations which contributes to the “synthesising” stream of service innovation literature. Service innovation can be found in one or several of the following elements: service outcome characteristics (e.g. new ingredient in a dish, new design of final report in consultancy), service provider competencies (new knowledge and new skills), service provider technology (new IT systems, new machines and new procedures), and client competencies (e.g. customer provides information on stock level to supplier). Meaning that for an effective innovative service delivery, the business ought to understand the expectations of clients/customers in order to develop an inclusive service design and service delivery system (Goldstein et al., 2002; Gouillart & Sturdivant, 1994; Roth & Menor, 2003). Effective design must therefore ensure that both the service outcome and the process of innovative service delivery are perceived as being of good quality by the clients so as to generate their client satisfaction. This will in turns ensure customer retention and give the businesses leverage to gain and maintain a competitive edge (Verma et al., 2002; Cronin & Taylor, 1992).

Further, a distinction can therefore be made between quality as the intrinsic value associated with an innovative service product and quality as meeting needs and requirements of the client. This is precisely so since innovative delivery of services is a process based on broadly accepted normative and ethical values and guidelines, emanating from politics, community and social values, as well as other prescribed guidelines (Cloete, 1998). Monitoring quality assurance is a popular tool used to track, evaluate and review innovative service delivery performance. In service delivery reviews, the terms of reference for quality assurance often tend to reflect the service quality and customer satisfaction model and the commodity notion of service delivery. In this way, employees’ roles and responsibilities should be clarified and monthly or quarterly workplace plans should relate to the goals and performance standards set for the individuals or teams in the department and the organisation as a whole.

2.3. Theoretical Underpinning

This study hinges on social capital theory whose central proposition in this study is opportunity connectedness of Small Scale hotels in competitive advantage equation. The theory is based on the premise that network of social relations characterized by trust, reciprocity and cohesiveness is necessary in facilitating cooperation and competitive advantage of small scale hotels (Jackman & Miller, 1998; Coleman, 1988). Most entrepreneurs connect themselves with certain networks to gain competitiveness by obtaining relevant information, skills and other resources needed for their business successes. Considering the current study, it can be said that when small scale hotels link well with their customers and suppliers, they are able to compete favourably with other competitors (Nordman & Tolstoy, 2016; Hanelletal, 2014; Tolstoy & Agndal, 2010). Adding to that, the interface between small scale entrepreneurs and the environment is important in promoting competitiveness. This is consistent with Betcher and Mihaylova (2015) and Chris and Graham (2007) who pointed out that social connection are vital for stimulating entrepreneurial activity/competitiveness. Also, opportunity connectedness will help strengthen small scale hotels’ chances of competitive leadership in the business arena. This enables them to be exposed to innovative practices while at same time ensuring all-member commitment to change processes that will see through novel actions and competitive advantage. In sum, it is obvious that a firm that is well linked with customers, government and suppliers gains important advantage and benefits of achieving its goals successfully. Arising from this understanding, it is evident that social connections unlock the chances of firms (in our case small scale hotels) in attaining business goal.

2.3.1. Innovative Service Delivery and Competitive Advantage

According to Tidd et al. (2007), innovation contributes to achieving a competitive advantage. Similarly, Leal-Rodriguez et al. (2014) found out in their study that innovation contributes to the organisation by creating value. This then means that innovation is an important source of hotels’
sustainable competitive advantage, because it leads to service improvements (Castro et al., 2013). The value created through innovation by providing new or unique products and services is significant potential for organisational performance. In a similar vein, Dakung and Maimako (2016), Laforet (2013), Jimenez-Jimenez and Sanz-Valle (2011) and Montes, Moreno and Morales (2005) established that innovation positively affects business performance in terms of competitiveness. Further, Martín-de Castro et al. (2013) validated that developing successful technological innovations is essential for creating and sustaining an organisation's competitive advantage. This links well with the findings of Zemplinerová (2010) that the introduction of innovations are the determining characteristics for gaining a dominant part of the market. Supporting this position, Autant-Bernard, Fadairo and Massard (2013) in their survey found the importance of innovation in promoting competitive advantage of a firm. This is supported by results of Noruzy et al. (2012) and Autant-Bernard (2001) who established that the innovative activity of organisations significantly influences competitiveness which is based on inimitable skills and abilities. Therefore, achieving competitiveness by means of innovations means producing less costly products of better quality compared to those manufactured by competitors. Organisation that is not capable of employing innovations will lag behind and the initiative will be taken over by other entities. Schumpeter (1934) as cited in Tidd et al. (2007) asserted that entrepreneurs that attempt to use technological innovation by firms will enable them gain a strategic competitive advantage. For example the use of customer relationship management software gives comprehensive information about customer choice and preference and provides market intelligence. Moreover, small scale hotels that utilise information on customers innovatively will serve their needs best and, consequently, gain competitive advantage (Zemplinerova, 2010; Noorani, 2014; Wilford, 2000). Therefore, we hypothesize that:

H1: Innovative service delivery is significantly and positively related to competitive advantage of Small Scale Hotels in Nigeria.

2.3.2. Opportunity Connectedness and Competitive Advantage

As earlier mentioned, opportunity connectedness has to do with a business relationship's dependence on knowledge based opportunities generated by inputs from a particular business network (i.e., consisting of customers, customers' customers, and suppliers). The importance of opportunity connectedness in local settings has been implied in recent articles discussing that international business opportunities emerge more frequently in inter-firm constellations than within the boundaries of individual firms (Freemanetal, 2006; Johanson & Vahlne, 2009; Tolstoy & Agndal, 2010). Hence, connectedness determines the opportunities that are available and when they become available irrespective of their size. In this study, opportunity connectedness is measured by estimating the extent to which a small scale hotel relationship is anchored on original ideas linked to business relationships (i.e., with other customers, customers’ customers, and suppliers).

Based on that, Abbas et al. (2011) found that entrepreneurial opportunities play a vital role in enhancing firm competitiveness. Similarly, Gunda (2014), Wood and McKinley (2010) and Ozgen and Baron (2007) contended that when firms connect with opportunities around them, it will lead to the better formation of new ventures and their attendant success. Meanwhile, visualising of things that do not so far exist (i.e., business vision), discovering of opportunity, getting them into creation (opportunity exploitation) and the attainment of market acceptance are possibly the most attractive of all successful entrepreneurial activities (Gaglio, 2004). To Kirznier (1997), entrepreneurs who have specific knowledge and utilises it to exploit opportunities will perform better than other competitors. This is strengthened in the studies of Busenitz (1996), Kaish and Gilad (1991) and Timmons and Spinelli (2004), where efficacious entrepreneurs have the ability to comprehend opportunities over others. In addition, Shamudeen, Keat and Hassan (2017) found that knowledge about business opportunities acquired from customer and supplier networks in previous market assignments will offer businesses an edge over others. Similarly, discovering opportunities foster strong ties which are important for the entrepreneur to compete favourably. Therefore, small businesses use the managerial competences to connect to opportunities by means of strong and closed relationship. This in turn enables them to develop competitive advantage. Therefore, we hypothesize that:

H2: Opportunity connectedness is significantly and positively related to competitive advantage of Small Scale Hotels in Nigeria.
2.3.3. Moderating Role of Opportunity Connectedness

Even though there is general consensus that opportunity connections matters, it means many things to many people. Individuals and firms are desirous to be connected to three interrelated domains within the society such as the markets, services and spaces. Shane (2003) noted that social connections are important predictors of entrepreneurial success. Better access to novel ways of marshaling resources and information will result to firm competitiveness, which depends on social networks. Not only does research support these connections as being a significant influence on successfully operating a business, it also reveals that firms with stronger social ties will have stronger performing ventures. This suggests that the interface between innovative service delivery of small scale hotels and competitiveness depends on a systematic development of networks of entrepreneurs. Furthermore, it is argued that novel approaches to work processes that will result to competitive advantage are created due to collaboration and cooperation among all work members who see themselves as one family. Hence, brainstorming and diversity of opinions, knowledge and backgrounds allow for a thorough airing and assessment of alternatives.

Indeed, when a firm capitalizes on mutual coexistence, it provides the leverage for innovative practices that result to competitiveness. This is consistent with the findings of Chris and Graham (2007) and Sin et al. (2002) that social interaction networks, closeness, friendship, satisfaction and ultimately appeals to member’s affection, sense of belonging and pleasurable behavior impacts innovative service delivery. Implicit is the fact that reciprocity as a social occurrence or practice lead to some expected outcomes. This suggests that the innovative-competitive advantage relationship is determined by the social networks that are formed by a firm. Also, the findings of Jobber and Fahy (2006) established that opportunity connectedness is crucial in the relationship between innovation firms’ chances and economic advantage. In summary, this provides evidence that small scale hotels that establish network of social relations characterized by trust, reciprocity and cohesiveness will gain important benefits of achieving their goals successfully and easily. Arising from this understanding, it is obvious that opportunity connectedness unlocks the potentials of firms to attain competitive advantage. Consequently, the experience obtained will further strengthen innovation-competitiveness relationship. Hence, stemming from the social capital perspective developed by Coleman et al (1988) and the empirical studies, we set down our hypothesis thus:

\[ H_3: \text{Opportunity connectedness moderates the relationship between innovative service delivery and competitive advantage of small scale hotels in Nigeria.} \]

3. Methodology

3.1. Design, Population and Sample Procedure

The study employs cross-sectional research design to investigate the hypotheses generated in this study. This study was both descriptive and analytical in nature. A total population of 980 managers/CEOs of small scale hotels was used for this study sourced from Plateau State Tourism Cooperation (2017). Thus, from the foregoing, the sample for the study was selected which resulted into a sample of 274 respondents using the formula by Yamane (1973). Thus, a total sample of 274 owners and employees was used for this study in line with Yamane (1973). The study used a semi-structured questionnaire to elicit responses from the owners and employees of small scale hotels selected for this study. Prior to the main study, the questionnaire was first subjected to a pilot study before embarking on the final study. After pre-testing the questionnaire, all the negatively worded, ambiguous and difficult questions were deleted in order to have a refined questionnaire for the final field study. The measurement items used in the questionnaires were adopted from earlier studies.

3.2. Measures of Study Variables

Innovative service delivery was measured using adapted measure based on those previously employed by Tierney, Farmer, and Graen (1999). The measurement items were adapted from the literature with minor modifications and rewording to ensure contextual consistency. Example of the items are: “our business generates novel ways of operations”, “Innovation is supported and rewarded in our business”, “our business has new ideas of marketing to customers”, “our business always serves as a good role model for doing new things.” The respondents were required to indicate their degree of
agreement or disagreement with the items generated, anchored on a 5 point likert scale of strongly agree (5), agree (4), not sure (3), disagree (2), and strongly disagree (1).

Opportunity connectedness as a moderating variable was measured using the constructs of interaction, interdependence, and ties. These constructs were adopted from previous scholarly works by Katz et al. (2005); Granovetter (2004); Heikkilä et al. (2009); Okten and Osili (2004); Ahlin and Townsend (2007); Godquin and Quisumbing (2005), who used them in previous studies and were found to be reliable and valid. The items generated under each construct in the questionnaire were anchored onto a 5-point likert scale of strongly agree (5), agree (4), not sure (3), disagree (2), and strongly disagree (1).

Competitive advantage was measured using the items adapted based on Gilley et al. (2004), Argote and Ingram (2000) and Chen et al. (2009). To determine each firm’s nonfinancial performance, respondents were asked to rate their firm’s research and development (R&D) outlays, stability/growth of employment, product/process innovations, employee morale/job satisfaction, customer relations, and supplier relations relative to their competitors. Responses are coded on a 5 point likert scale ranging from 1= at the very bottom of similar firms in the sector to 5= at the very top of similar firms in the sector.

3.3. Reliability and Validity of Measurement Items

The internal consistency of the instruments was measured using Cronbach’s alpha coefficient (Cronbach, 1951). Validity is concern with the instrument giving actual results of what it claimed to measure (Babbie & Monton, 2002; Gregory, 1992). Thus, test to determine reliability (internal consistency) of the instrument was carried out. The results revealed that all variables under study had reliability with alpha coefficients above 0.70 as recommended by Nunnally and Bernstein (1994). Innovative service delivery had alpha coefficient of 0.852 with 7 items retained, opportunity connectedness had alpha coefficient of 0.786 with 6 items retained, and finally competitive advantage had alpha coefficient of 0.872 with 8 items retained. In addition, all the variables under study had content validity figure greater than 0.90 with Innovative service delivery yielding (0.94), opportunity connectedness (0.93), and competitive advantage (0.91).

3.4. Common Method Bias

According to Podsakoff, MacKenzie, Paine, and Bachrach (2000), common method bias is the main source of errors in research, and should be considered if valid conclusionisto be drawn from any study. In view of that, common method bias is taken care of in order to avoid inflation or deflation of observed relationships between constructs so as to eliminate type I and type II errors in this study (see also Nunnally, 1978). Based on recommendations by Podsakoff, MacKenzie, Lee and Podsakoff (2003), jargons, vocabularies, ambiguous terms and vague words were re-defined before the main study. Therefore, items in the questionnaire used in this study were kept simple, specific, and concise, and double barreled questions were deleted. All items that were included in the instrument for the final study were re-worded for purposes of simplicity and interpretation. However, the 5-point likert-scale anchors used at the pre-test stage was retained to avoid alteration in the meaning of the items in the questionnaire. This was done in order to eliminate common method biases.

3.5. Data Management and Analysis

Prior to the data analysis, final data collected from the field were confirmed for careless scoring, inaccurate responses, and missing instruments before capturing them into Statistical Package for Social Sciences (SPSS) that was used to analyze the data. Data captured were checked for data entry errors, outliers, missing values, and normality as stipulated by Hair, Anderson, Tatham and Black (2010) and Field (2005). Box plots were used to check whether values with outliers existed in the data, and missing values were checked by running frequencies for all the items included in the final questionnaire. In addition, test for normality was also performed on the final data from the field. The histogram, normal p-p plots, scatter plots, multicollinearity, and homogeneity of variance were used to establish whether the data were normally distributed as recommended by Field (2005). The results indicated that there were no outliers in the final data. However, missing values existed in the data. As the values were missing completely at random (MCAR), linear interpolation method of data replacement was adopted and all the missing values were replaced. Further, the test for normality in
the data was achieved since the histogram was bell-shaped and the normal p-p plots had most observed values falling along the straight line. In addition, the scatter plots had all the values falling closer and within the vicinity of each other, thus indicating that the data were normal. Finally, the multicollinearity test using the variance inflation factor (VIF) and tolerance levels revealed that it was not a problem in the data as indicated by variance inflation factor value of 1.542 and 2.111 for innovative service delivery, opportunity connectedness respectively. Thus, this indicated that there was no violation of the rule of thumb (VIF < 4 and tolerance > 0.2) in testing for multicollinearity as stipulated by Field (2005).

3.6. Test to Establish Existence of Moderation Effect

Jose (2008) graphical method and conditions set by Baron and Kenny (1986) were adopted to test for the interaction effect and, thus, explain whether opportunity connectedness moderates the relationship between innovative service delivery and competitive advantage. According to Jose (2008), interaction effect can be confirmed by graphing the mean and the standard deviation with unstandardized coefficients of main effect, moderator, and the interaction term. He further argued that the complementary effect of the variable can be appropriately proved and interpreted based on the slopes of graphs generated by ModGraph. Thus, much as the magnitude of an effect is greater at one level of a variable than at another, it justifies that a significant interaction has occurred (see also Aiken & West, 1991). Implying that the graph should not be parallel but must have different gradients or slopes for interaction to be significant.

Furthermore, Jose (2008) argued that in testing interaction, the independent variables must be centered (i.e. subtracting the mean from the global independent variable to get marginal mean score) to get the product of the centered variable to generate the interaction term that is used to test for interaction effect through hierarchical regression of independent variable and interaction term on dependent variable. Thus, hierarchical regression was adopted in order to determine the predictive power of independent variable on the dependent variable. Additionally, Baron and Kenny (1986) also recommend that for an interaction to exist, the effect of independent variable on the dependent variable varies as a function of change in the moderator variable. Further, four conditions must also be satisfied. These include: 1) a significant relationship must exist between the independent and dependent variables; 2) a significant relationship must exist between independent and moderator variables; 3) a significant relationship must exist between dependent and moderator variables; and 4) a significant relationship must exist between the independent, moderator, and dependent variables.

4. FINDINGS AND DISCUSSION

The study targeted 274 owners and employees of small scale hotels who were randomly sampled to provide responses. Thus, from the study, the results revealed that 94 percent response rate was achieved. This was possible because data collection was carried out through research assistants. They were recruited from the particular areas where the study was carried out in order to solve the problem of non-responses. Similarly, a list of the hotels with their contacts was obtained from Plateau State Tourism Cooperation (2017). This helped the data collection team to easily follow-up on none responses at the end of the study. The demographic characteristics of the sample are indicated in Table 1 below.

The main purpose of this article is to test the moderating effect of opportunity connectedness in the relationship between innovative service delivery and competitive advantage of small scale hotels in Nigeria. Besides, Baron and Kenny (1986) assert that 4 conditions, which test for existence of relationships between the independent, moderator, and dependent variables must be achieved before test for interaction effect is carried out. Drawing from this, Pearson correlation analysis was performed to establish the relationships between the variables under this study. The results are indicated in Table 2 below.

**Table 1: Sample characteristics of respondents**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percentage %</th>
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<tbody>
<tr>
<td>18-28</td>
<td>43</td>
<td>21.2</td>
</tr>
<tr>
<td>29-38</td>
<td>77</td>
<td>37.9</td>
</tr>
<tr>
<td>39-49</td>
<td>65</td>
<td>32.0</td>
</tr>
<tr>
<td>50 &amp; Above</td>
<td>18</td>
<td>8.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>203</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The sample characteristics reveal that 43(21.2%) fell within the age bracket of 18-28 years, 77(37.9%) fell within the age bracket of 29-39 years, 65(32%) fell within the age bracket of 39-49 years of age, while 18(8.9%) fell within the age bracket of 50 years and above. This implies that majority of the respondents fall within the age bracket of 29-39 years. Also, males were more 123 (60.6%) than females 80 (39.4). Similarly, 85(41.9%) were single, 89(43.8%) were married, 19(9.4%) were widowed, while 10(4.9%) were divorced. This implies that majority of the respondents are married. With regards to the period of operation, 46(22.7%) have operated between 1-2 years, 73(36.0%) 3-5 years, while 45(22.2%) operated between 6-9 years, while 39(19.2%) from 10 years and above. This implies that majority of the respondents have been operating their businesses between 3 and 5 years. Finally, 12(5.9%) were primary school holders 25(12.3%) were O’ Level holders 40(19.7) were A’ Level holders, 57(28.1%) were Diploma holders, 44(21.7%) had Bachelor’s Degree, 17(8.4%) had Master’s Degree, while 8(3.8%) for other qualification. This implies that majority of the respondents hold Diploma certificate as their qualification.

4.1. Correlation Results

The correlation results showed that there is a significant and positive correlation (r = .125, p < 0.01) between innovative service delivery and competitive advantage. This implies that innovative service delivery has a positive relationship with competitive advantage of small scale hotels in Nigeria. This finding is in line with Dakung and Maimako (2016) who observed that values created through innovation by providing new or unique products and services are significant potential for hotels’ performance in terms of competitiveness. This confirms hypothesis (H1) set under this study. Further, the Pearson correlation analysis also indicated that opportunity connectedness and competitive advantage are significantly and positively correlated (r =.238, p < 0.01), thus, satisfying hypothesis (H2) of the study. This implies that there is a positive relationship between opportunity connectedness and competitive advantage of small scale hotels in Nigeria. Indeed, a network of social relations characterized by trust, reciprocity and cohesiveness affect competitiveness especially among operators of small scale hotels in Nigeria. Abbasi et al. (2011) argued that entrepreneurial opportunities play a

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>123</td>
<td>80</td>
<td>203</td>
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<tr>
<td></td>
<td>60.6</td>
<td>39.4</td>
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<tr>
<td>Marital Status</td>
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<tr>
<td>Single</td>
<td>85</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Married</td>
<td>89</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Widowed</td>
<td>19</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Divorced</td>
<td>10</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>203</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Period of Operation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-2 Years</td>
<td>46</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>3-5 Years</td>
<td>73</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>6-9 Years</td>
<td>45</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>10 Years &amp; Above</td>
<td>39</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>203</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Educational Qualification</td>
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<tr>
<td>Primary</td>
<td>12</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>O’ Level</td>
<td>25</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>A’ Level</td>
<td>40</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Diploma</td>
<td>57</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>44</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Masters</td>
<td>25</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>203</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**Source: Field Survey, 2018**

<table>
<thead>
<tr>
<th>Study variables</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Service Delivery (1)</td>
<td>3.54</td>
<td>.61</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity Connectedness (2)</td>
<td>3.62</td>
<td>.63</td>
<td>.314*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Competitive Advantage (3)</td>
<td>2.97</td>
<td>.71</td>
<td>.125*</td>
<td>.238*</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed)**

*. Correlation is significant at the 0.05 level (1-tailed)
Innovative Service Delivery and Competitive Advantage of Small Scale Hotels in Nigeria: The Moderating Role of Opportunity Connectedness

vital role in enhancing firm competitiveness. Similarly, Gunda (2014), Wood and McKinley (2010) and Ozgen and Baron (2007) contended that when firms connect with opportunities around them, it will lead to the better formation of new ventures and their attendant success.

Upon carrying out correlation analysis, hierarchical regression analysis was employed to test for existence of interaction effect between innovative service delivery and opportunity connectedness to cause a change in competitive advantage. The regression analysis results are shown in Table 3 below. The hierarchical regression results in Table 3 showed that there is a significant and positive effect of innovative service delivery on competitive advantage ($\beta = .184$, $p < .05$), therefore, supporting hypothesis (H1) of the study which, states that innovative service delivery is significantly and positively related to competitive advantage of small scale hotels in Nigeria. This finding is supported by scholars like Leal-Rodriguez et al. (2014) and Tidd et al. (2007) that innovation contributes to achieving a competitive advantage. This then means that innovation is one of the most important sources of hotels’ sustainable competitive advantage, because it leads to service improvements. Thus, values created through providing new or unique products and services are significant potential for organisational performance. In a similar vein, Dakung and Maimako (2016), Laforet (2013), Jimenez-Jimenez and Sanz-Valle (2011) and Montes, Moreno and Morales (2005) established that innovation positively affects business performance in terms of competitiveness. Further, Martín-de Castro et al. (2013) validated that developing successful technological innovations is essential for creating and sustaining an organisation’s competitive advantage. This is supported by results of Noruzy et al. (2012) and Autant-Bernard (2001) that the innovative activity of organisations significantly influences competitiveness which is based on inimitable skills and abilities. Therefore, achieving competitiveness by means of innovations means producing less costly products of better quality compared to those manufactured by competitors. Small scale hotel entrepreneurs that attempt to use technological innovation will gain strategic competitive advantage. For example the use of customer relationship management software gives comprehensive information about customer choice and preference and provides market intelligence.

Table 3: Testing for Interaction Effects of Innovative Service Delivery and Opportunity Connectedness on Competitive Advantage

<table>
<thead>
<tr>
<th>Dependent Variable: Competitive Advantage</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>VIF</th>
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<tbody>
<tr>
<td>Constant</td>
<td>4.570</td>
<td>2.447</td>
<td>3.242</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-0.050</td>
<td>0.064</td>
<td>-0.055</td>
<td></td>
</tr>
<tr>
<td>Period of Operation</td>
<td>0.025</td>
<td>0.039</td>
<td>0.045</td>
<td></td>
</tr>
<tr>
<td>Innovative Service Delivery (Main effect)</td>
<td>.184*</td>
<td>.135*</td>
<td>.174*</td>
<td>1.542</td>
</tr>
<tr>
<td>Opportunity Connectedness (Moderator)</td>
<td>.133*</td>
<td>.248*</td>
<td>2.111</td>
<td></td>
</tr>
<tr>
<td>Interaction Term</td>
<td></td>
<td></td>
<td>.256*</td>
<td>2.111</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.055</td>
<td>.138</td>
<td>.291</td>
<td></td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td></td>
<td>.083</td>
<td>.153</td>
<td></td>
</tr>
<tr>
<td>$\Delta F$</td>
<td>7.298</td>
<td>8.120*</td>
<td>9.332*</td>
<td></td>
</tr>
<tr>
<td>Durbin Watson</td>
<td>1.873</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**P < .001; n = 274**

In addition, the results from the hierarchical regression also indicated that opportunity connectedness significantly and positively affects competitive advantage ($\beta = .133$, $p < .05$). This lends support to hypothesis (H2) of the study. This finding is in line with Abbasi et al. (2011) that entrepreneurial opportunities play a vital role in enhancing firm competitiveness. Similarly, Gunda (2014) and Ozgen and Baron (2007) contended that when firms connect with opportunities around them, it will lead to the better formation of new ventures and their attendant success. Meanwhile, visualisation of things that do not so far exist (i.e., business vision), discovering of opportunity, getting them into creation (opportunity exploitation) and the attainment of market acceptance are possibly the most attractive of all successful entrepreneurial activities (Gaglio, 2004). To Kirzner (1997), entrepreneurs who have specific knowledge and utilises it to exploit opportunities will perform better than other competitors. This is strengthened in the study of Shamudeen, Keat and Hassan (2017) that corroborated that knowledge about business opportunities acquired from customer and supplier networks in previous market assignments will offer businesses an edge over others. This then means that the discovering...
opportunities by small scale hotel in Nigeria foster strong ties which are important for the entrepreneur to compete favourably.

More so, the hierarchical regression results revealed a significant and positive moderating role of opportunity connectedness in the relationship between innovative service delivery and competitive advantage ($\beta = .256$, $p < .05$). The results indicated that the moderating role of opportunity connectedness boost the main effect of innovative service delivery in explaining competitive advantage by 15.3 percent ($\Delta R^2 = 0.153$). Indeed, when the interaction term between innovative service delivery and opportunity connectedness is included in the model, the predictive power of innovative service delivery on competitive advantage increases by 15.3 percent from 13.8 percent to 29.1 percent. Thus, the results imply that the interaction term boost the main effect to explain variation in competitive advantage of small scale hotels in Nigeria. This provides support for hypothesis (H3) of the study, which states that opportunity connectedness moderates the relationship between innovative service delivery and competitive advantage of small scale hotels in Nigeria.

Conclusively, it can be deduced that inclusion of opportunity connectedness in the relationship between innovative service delivery and competitive advantage explains 15.3 percent variation in competitive advantage of small scale hotels in Nigeria. Based on this fact, Wood and McKinley (2010) argued that novel approaches to work processes that will result to competitive advantage are created due to collaboration and cooperation among all work members who see themselves as one family. Indeed when a firm capitalizes on mutual coexistence, it provides the leverage for innovative practices that result to competitiveness. This is consistent with the findings of Chris and Graham (2007) and Jobber and Fahy (2006) that social interaction networks, closeness and innovative work behavior results to competitive advantage. Implicit is the fact that reciprocity as a social occurrence or practice lead to some expected outcomes. This suggests that the innovative-competitive advantage relationship is determined by the social networks that are formed by a firm. Hence, small scale hotels in Nigeria that establish network of social relations characterized by trust, reciprocity and cohesiveness will gain important benefits of achieving their goals success easily. Arising from this understanding, it is obvious that opportunity connectedness unlocks these firms to attain competitive advantage. Consequently, the experience obtained will further strengthen innovation-competitiveness relationship.

Finally, Jose (2008) recommends that the interaction effect of the moderator be plotted on a ModGraph to show its impact on the dependent variable. Thus, the results in Table 3 above can be plotted to confirm the interaction effect of social networks in the relationship between innovative service delivery and competitive advantage. This is done by plotting the mean and standard deviation with unstandardized coefficients of main effects (innovative service delivery), moderator (opportunity connectedness), and the interaction term on the ModGraph.

![ModGraph Showing the Interaction Effect](image-url)
Consequently, as a rule of thumb, Jose (2008) demands that the graphs should not be parallel but must have different gradients or slopes for interaction to be significant. Thus, after plotting the mean and standard deviation with unstandardized coefficients of main effects as indicated in Figure 1, the results indicated that there is an interaction effect between innovative service delivery and opportunity connectedness on competitive advantage since the lines are not parallel. This means that a change in opportunity connectedness significantly affect variations in innovative service delivery in an attempt to influence competitive advantage of small scale hotels. The result lends support to hypothesis (H3) of the study. Further, the ModGraph results can be interpreted based on low and high levels based on the main effects and the moderator (Jose, 2008). Thus, the results showed that the rule for conditional effect is not violated since all the lines are not parallel to each other, thus, showing interactions between innovative service delivery, opportunity connectedness and competitive advantage.

5. CONCLUSION DRAWN FROM THE STUDY FINDINGS

Drawing from the hypotheses developed under this study, the following are the conclusion. The findings from the study revealed that there is a significant and positive relationship between innovative service delivery and competitive advantage. This implies that innovative service delivery has an impact on competitive advantage of small scale hotels in Nigeria suggesting that a change in innovative service delivery results into a change in competitive advantage. This is in line with hypothesis (H1) set under this study. Furthermore, the findings also indicated that opportunity connectedness has a significant and positive effect on competitive advantage. This lends support to our hypothesis (H2) of the study. This implies that existence of opportunity connectedness result into competitive advantage of small scale hotels in Nigeria.

Besides, the findings showed that opportunity connectedness significantly and positively moderates the relationship between innovative service delivery and competitive advantage. The results indicated that the interaction effect boost the main effect of innovative service delivery in explaining competitive advantage by 15.3 percent ($\Delta R^2 = 0.153$). Conclusively, it can be deduced that including opportunity connectedness in the relationship between innovative service delivery and competitive advantage explains 15.3 percent variation in competitive advantage of small scale hotels in Nigeria thus, confirming hypothesis (H3) of the study.

6. RECOMMENDATIONS BASED ON THE STUDY FINDINGS

Hotels should consider developing innovative service delivery strategies that promote them in the competitive arena. They should also ensure that they offer efficient services in order to attract and promote competitive advantage of small scale hotels in Nigeria. For instance, they should employ a wifi-enabled touch screen application to allow guests to efficiently enjoy upscale hotel services. The government should ensure that there is effective law to enhance standardized operations of hotels in Nigeria. In addition, the government through its Tourism and Hospitality Regulatory authority (Federal Ministry of Tourism) should ensure that customers are protected across the country as they patronize the services of hotels. In addition, hotels should use existing and new social connections in both rural and urban centers to attract more customers to patronize their services. Government should open connection outlets for hotels in Nigeria to enable them compete favourably with foreign based hotels.

7. LIMITATIONS AND AREAS FOR FURTHER STUDY

The study relies solely on quantitative data and the findings are based specifically on cross-sectional research design, thus, ignoring qualitative data and longitudinal survey design. Future research may adopt qualitative data and data collected through longitudinal study design. In addition, the study was conducted on small scale hotels in the Nigerian city centers. Other small scale hotels (population) such as the ones in the rural areas may be used as samples in future studies.

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