Improving Entrepreneurial Innovations for Sustaining Small Medium Hospitality Industry Growth in Ghana

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Abstract

This study talks about improving entrepreneurial innovations of small medium hospitality industry (SMHI) in order to sustain it growth in Ghana. Successful stories about SMEs exist but are rare and this causes pauses for concern. Many researchers have established that innovations bring several benefits in countries that are industrialized. Responses from SMHI managers/owners indicate they totally agree a small medium hospitality industry is better in relation to one’s determination to introduces new service styles and product, good customer service, innovative in selling/marketing and confidence in trying new service styles. We therefore, recommend management step up their innovative abilities by taking pride in customer needs/customer satisfaction as this will earn small medium hotels new and repeat customers in a highly perishable and competitive business environment.

Keywords: Entrepreneurial, Innovations, Small Medium Hospitality Industry (SMHI)

Introduction

The hotel and catering industry is springing up very fast following the influx of tourist into the country as well as the discovery of the jubilee oil in Ghana. Since the hospitality industry deals with all kinds of guests, care should be exercised in the management of hotels and catering outlets. The term hospitality industry has become accepted word denoting the provision of accommodation, food and beverage and other related services to the public. The small medium enterprise (SME) in Ghana provide about 85% of employment, contribute about 70% to Ghana’s Gross Domestic Product (Oppong, Owiredu, & Churchill, 2014), and therefore has a significant impact on the growth of the economy as well as income and employment. To this, it can be deduced that SMEs play an important role to national development, whether the situation is geared towards an economy that is developed or a developing economy. Ghana Tourism Authority (GTA, 2016), a body mandated to oversee the hospitality industry in Ghana categorized the accommodation sector currently operating in the country into seven (7) groups, namely, 5-Star, 4-Star, 3-Star, 2-Star, 1-Star, Guest House, and Budget. Hotel ratings are often used to classify commercial accommodations according to their quality or facilities from the initial purposes of informing travellers on basic facilities that can be expected. Ghana’s SME aim to maintain it brand as ‘Ghana - the gate way to Africa’, and the hospitality industry is promoting the unique hospitality experience along this slogan. However, the small medium hospitality industry (SMHI) faces many challenges with businesses struggling to succeed in the midst of high competition, low barriers to entry, price conscious consumers, rising food prices, government regulation and high labour cost (Oppong et al., 2014; Osterwalder & Pigneur, 2010). This notwithstanding, the hospitality sector is dominated by SME’s (Hall & Rusher, 2013; Thomas, Shaw, & Page, 2011) as statistics show an upward increase in the number of hospitality businesses that keep springing up. In spite of the indebted SME literature, studies are yet to examine a broader range of innovations in the context of improving entrepreneurial innovations for sustaining small medium hospitality industry growth in Ghana. This has necessitated the researchers to investigate the innovative ideas small accommodation entrepreneurs use in managing the facility. The study outcome will expand existing knowledge in the hospitality innovation and contribute to the tourism and hospitality literature in two ways. First, it will contribute to a more complete understanding of the need to improve through innovation as a small medium hotel by including product, service, process, management, and marketing innovations. Secondly by reminding hoteliers of the basic activities needed to implement in the hotel for it sustenance in a turbulence and highly perishable business.

Literature Review

According to the GTA (2016), there are 2,969 licensed formal accommodation establishment which have been categorized into star-rated, guest houses and budget hotels. Although Tema which is not a region but populated with SMHI activities is added to the list of Ghana’s10 regions owing to the number of hospitality enterprises established in the municipality. In summary there are 680 star-rated hotels, 170 guest houses, 2119 budget hotels, 47,944 hotel rooms, 52,425 hotel beds, 857 hotel conference rooms and 3236 hotel swimming pools facilities in Ghana and it could be deduced from the table that the small medium hotels have a faster rate of springing up than the five and four-star hotels.
Table 1: List of Licensed Hotels in Ghana 2016

| REGION       | 5-Star | 4- Star | 3- Star | 2- Star | 1- Star | Guest House | Budget | TOTAL |
|--------------|--------|---------|---------|---------|---------|-------------|--------|-------|
| Ashanti      | 1      | 8       | 49      | 73      | 15      | 380         |        | 526   |
| Brong Ahafo  | 1      | 9       | 14      | 3       | 171     |             |        | 198   |
| Central      | 4      | 17      | 29      | 7       | 216     |             |        | 273   |
| Eastern      | 2      | 6       | 24      | 47      | 22      | 228         |        | 329   |
| Greater Accra| 3      | 7       | 9       | 69      | 101     | 58          | 517    | 764   |
| Northern     |        |         | 9       | 11      | 9       | 76          |        | 105   |
| Tema         | 1      | 13      | 30      | 21      | 164     |             |        | 229   |
| Upper East   | 3      | 3       | 7       | 79      |         |             |        | 98    |
| Upper West   | 2      | 6       |         |         |         |             | 40     | 40    |
| Volta        | 2      | 7       | 20      | 5       | 116     |             |        | 150   |
| Western      | 2      | 8       | 21      | 69      | 23      | 140         |        | 263   |
| Total        | 3      | 12      | 39      | 223     | 403     | 170         | 2119   | 2969  |

The rise in international tourism and travel has largely contributed to the upsurge of the hospitality industry from 5-star hotel down to the budget hotel, and it is the number one international trade which contribute to socio-economic development of Ghana. In this wise, foreigners expect the hospitality industry to portray certain qualities such as the quality of services. Unfortunately, these qualities are often not exhibited by small- and budget size hotels and restaurants (Lee-Ross & Lashley, 2010) as many clients feel they do not obtain the best services or money worth and so tend to rely on bigger hospitality industries for the desired satisfaction. As a result, small size hotels and restaurants spring up and collapse within few years of operation. The underlying factor accounting for collapse of many a small size hotel is that many proprietors lack innovative skills and do not have any formal managerial training to run the business as well as to employ the right caliber of staff (Lee-Ross & Lashley, 2010). To Burns (2010) small hotel business financed by an individual or small group, directly managed by its owner(s) in a personalized manner and not through the medium of a formalized management structure. This statement also supported by from her studies on small and medium-sized enterprises (SMEs) hotels, which findings have shown that while most of the time the owners and managers would like to remains active on managing their property, they tend to neglect the branding issue (Aaker, 2012; Burns, 2010). On a broader aspect, there are many traits possess by these small businesses, which are not akin to their bigger counterparts.

Traditionally entrepreneurship has been defined as the practice of designing, initiating and running a new business, which normally begin as a small business such as a setup company offering a product, process or service for sale or hire. The people who generate/create these businesses are called entrepreneurs because they have the ‘capacity and willingness to develop, arrange and control a business venture along with any of its risks in order to make a profit’. While definitions of entrepreneurship normally center on the launching/running of new businesses and bringing up new business ideas in other to stay in business, a considerable percentage of businesses have to close up due to “lack of innovative ideas, bad business decision, lack of market demand, an economic crisis – or an amalgamation of all of these”. In recent years, the definition of ‘entrepreneurship’ increased to elucidate how and why some individuals (or teams) identify opportunities, evaluate them as feasible and then choose to exploit them whereas others do not. Researchers go further to explain how entrepreneurs use these opportunities to develop new products or services, launch new firms or even new industries and create wealth.

Research show that hotels can improve quality and reputation, cut cost, increase sales and profit through innovation (Osterwalder & Pigneur, 2010; Porter & Kramer, 2002). Generally small independent hotels may not have access to resources such as high-quality produce and high quality trained staffs (Porter & Kramer, 2002) or have formal well-structured innovation processes (Chang, Gong, & Shum, 2011). They may therefore innovate in different forms through the adoption of ‘copying’ instead of creating new. A continues innovation process helps hotels heighten barriers to imitation, keeping their portfolio ahead of the competition which establishes a long-term competitive advantage.

Innovation is a key component of entrepreneurship, and is also relevant when studying SMEs.

The entrepreneurship theory of innovation recognizes entrepreneurs as a significant driver of economic growth through the introduction of innovation (George, McGahan, & Prabhu, 2012; Rimmington, Williams, & Morrison, 2009). Innovation is introduction of goods and services that is novel or notably enhanced with respect to its characteristics or proposed uses.
These among others include significant improvement in methodological specifications, incorporated software, user friendliness, components and materials or other functional characteristics. Generally, product innovations include both new products and new uses for already existing products, thus entrepreneurs develop new innovations by introducing novelty. New products according to (Katila & Ahuja, 2002; Peres, Muller, & Mahajan, 2010) are goods and services that vary notably in their uniqueness or intended uses formally created by the firm. New uses for products: improvement or development of a new use for a product with slight changes to its technical specifications is a product innovation. A typical example is the introduction of an all-purpose food processor which hitherto was one food item per processor.

Research Approach

Ghana is densely populated with a lot of hospitality industries such as hotels, restaurant, eateries, bars and other commercial eating places especially along the sea belt zone. A sample size of two hundred (200) respondents from the entrepreneurs operating small medium hotels across the country were selected, thus, the researcher contacted Ghana Tourist Authority for the various hospitality data. Population in this study is the owners and managers of SMHI in Ghana and used primary data through a survey questionnaire consisting of hospitality industry demographic and attitudinal variables from the small medium hospitality industries in Ghana. The purpose of using questionnaires survey was because of the direct response and feedback from the respondents that can be collected in short period of time and in an easier manner. The questionnaire was closed-ended or structured in order to ease the process of analyzing the data from respondents.

|                                | N  | Mean | Mode | Std. Deviation |
|--------------------------------|----|------|------|----------------|
| Do not give up easily in solving problem | 198 | 3.09 | 3    | 0.801          |
| Risk in trying new ideas       | 200 | 3.08 | 3    | 0.850          |
| Introduce novelty              | 200 | 3.20 | 3    | 0.814          |
| Introduce new product          | 200 | 3.28 | 4    | 0.868          |
| Introduce new service          | 200 | 3.15 | 3    | 0.794          |
| Good customer service          | 200 | 3.25 | 4    | 0.890          |
| Innovative                     | 200 | 3.40 | 4    | 0.702          |
| Selling/ marketing             | 200 | 3.25 | 3    | 0.768          |
| No fear of failure attitude    | 200 | 2.98 | 4    | 1.015          |
| Confidence in trying new service styles | 200 | 3.30 | 4    | 0.845          |
| Try new technology             | 200 | 3.40 | 4    | 0.702          |
| Shifts in customer needs and preference | 200 | 3.24 | 3    | 0.601          |
| Comfortable with new situations | 200 | 3.03 | 3    | 0.990          |
| Changes in product or services | 200 | 3.05 | 4    | 0.976          |
| Shift in economic conditions   | 200 | 3.23 | 4    | 0.937          |
| Shift in customer needs and preferences | 200 | 3.45 | 4    | 0.807          |

Table 2: Results and DiscussionInnovations of SMHI in Ghana (Statistics)

The table indicates that the respondents totally agree that SMHI is better in relation to one’s determination not to give up easily, introduces new service styles and product, good customer service, innovative, selling/ marketing, confidence in trying new service styles, changes in product or services, shift in customer needs/ preferences and shift in economic conditions. On the surface, SMHIs seems to be doing well but business folds up is very high due to the static and conversional way of managing the hotel. From the respondents the SMHI are into innovative activities but the researchers recommend an improve entrepreneurial innovations in the style of activities that will boost and sustain customers in competitive and highly perishable market and these activities are as follows.

**Service innovation** comprise an enhancement in how they are provided regarding their efficiency or speed as well as the addition of new functions or characteristics to existing services or better still the introduction of entirely new services (Berry, Shankar, Parish, Cadwallader, & Dotzel, 2006; Katila & Ahuja, 2002). Examples of such are notable improvement of door step delivery of goods and services, a practice large hotel are already engaged in but a deficient in SMH sector.
Qualified on site manager rather than distant management contact point for outsourced services is an example of an enhancement in services quality. Most SMH, especially the small hospitalities are often managed by owners (owner manager), family members or friends and all these categories of people usually lack the required qualification and lack managerial skills.

A process innovation is the execution of new notably enhanced production or delivery method (Berry et al., 2006; Tidd, Bessant, & Pavitt, 2005). This consists of significant changes in techniques, equipment and software. Process innovation can intentionally be introduced to decrease unit cost of production or delivery, to increase quality or to produce or deliver new or notably improved products. Process innovation can be distinguished by production methods or delivery methods or often times both.

Production methods which is involved in the techniques, equipment and software can also be used to produce goods or services by the SMH sectors. An instance of a new production methods is the implementation of new automation equipment on a production line or the implementation of computer -- assisted design for customer information and identification (Cárcel, García-Pérez, Benedito, & Mulet, 2012; Tidd et al., 2005).

Delivery method refer to the logistics of the firm including equipment, software and techniques to source inputs, allocate supplies within the firm or deliver final products. An introduction of the conveyor belt from food production unit to the service area is a good example of the new delivery method. Innovation in support services also take into consideration new or notable improved techniques, equipment and software in auxiliary support activities such as purchasing, accounting, computing and maintenance. The implementation of new or notable improved information and communication technology (ICT) is a process innovation if it purpose is to improve the efficiency or quality of an auxiliary support activity.

Marketing innovation is the ability to re-envision the existing industry model in ways that create new value for customers, weaken competitors and produce new wealth for all stakeholders according to the organizational knowledge. To Mohnen and Hall (2013) marketing innovation is the implementation of a new marketing method involving notable changes in product design, product promotion or pricing and it behooves on the small medium accommodations operators to take advantage of this. Encourage yield management activities by curving your own market niche through promotional sales, room reductions among others.

Great customer websites improve customer experience. The hotel industry can thrive even during a global downturn and often continue to grow by improving their customer satisfaction and customer service because people are still traveling for business or pleasure and looking for the best values for their money (Johnston & Kong, 2011; Kandampully, 2006). Competition for new customers among hospitality firms is high and a repeat business is always desired due to it perishable nature. Every staff must ensure the satisfaction of customers while on duty or as they begin their daily routine. Most often, customers start their hotel searches online and spend time comparing hotel tariffs and reading reviews so impressions about the hospitality begin long before the customer walks through the door. The website should be one that is easy to navigate, quality photos showing the facilities available, clear directions including maps, nearby points of interest, customers special needs such as handicapped accessible rooms, baby cot etc. as this extends beyond the human interaction. This will enable the customer to look and book quickly with minimum hassle.

Every customer and his/her needs so customer satisfaction is more than just a smile when you greet. Facilities in a small medium hotel along the sea belt is different form one in the center of the town so a customer booking a stay at a beachside resort has different expectations than a customer staying in a convention hotel (Kandampully, 2006). It behooves on the staff to master the needs of the customer and to deliver constantly and efficiently on those needs and when this is done you begin to create overwhelming customer loyalty. Good hotel management and staff recognize this and provide appropriate the expected services and even throw in some extra options that customer may not be thinking about (Chang et al., 2011). A SMH friendly seaside hotel might offer poolside games and activities while the large hotel caters primarily to businessmen by making sure they provide top-notch amenities (internet Wi-Fi, Visio conference equipment, and excellent audio system) that goes well with business activities.

Addressing customer complaints quickly because hotel industry is one of the business that is tough with requests and grievances coming in by phone, online, email or in-house guest leaning over the welcome desk. By addressing guest requests such as extra pillow, blanket or batteries for a dead remote quickly, the hotel will have fewer complaints. A quick turnaround to a question online could make the difference between gaining or losing a potential customer as well.

Staff training is paramount as it enables hotel to run more smoothly, leading to greater customer satisfaction. The constant goal in the mind of all staff members should be centered on customer satisfaction. With the notion that the “customer is always right” a certain percentage of customers in the hotel industry are notorious for high hopes and complaints so staff should always bear in mind to do what is expected of them and not to allow complaints from customers. The good side is that, it is an opportunity to learn from what disappointed customers (Chang et al., 2011) and structure your system on how to achieve customer satisfaction around the positive and negative reviews.

First and last impression in hotel business is very key so management should take extra step to implement hotel management procedures and processes. However, a staff well experienced in positive customer satisfaction creating policy coupled with a strong sense of knowing customer requirements and pride in job performance, will create an atmosphere that attract people in and leaves them with a lasting good impression.

Follow up on customer through the use of feedback gathered online in review section of websites, review cards in room and front desk logs can be extremely helpful in staff meetings and training sessions (Papathanassis & Knolle, 2011), and at the management level for implementing policy. Gathering this type of information with hotel reservation service tools and using it properly can be a huge plus in gaining new customers and keeping existing ones.
Housekeeping department Cleanliness must be a priority and to the highest level such as replenish guest rooms amenities according to the operational standards and maintenance of the working area. The era of changing and replenishing guest room amenities twice a week in the SMH are activity of the past that do not attract or repeat customer’s business to a hotel (Andrews, 2013).

Hotel customers want exactly what they expect whether it’s a simple clean room and good night’s rest or an artfully decorated clean room with numerous amenities. If management are innovative, have a well-trained staff taking pride in customer recognition and customer satisfaction, the small medium hotels will earn new and repeat customers irrespective of the competitive nature of the business.

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