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EVALUATING THE EFFECTIVE ROLE OF INNOVATION MANAGEMENT IN THE HOSPITALITY INDUSTRY: A STUDY OF SELECTED HOTELS IN SOUTH-EAST, NIGERIA

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ABSTRACT: *This study focused on evaluating the effective role of innovation management in the hospitality industry. The inability of the change managers of these hotels to meet their expected organizational goals even as they strive to inject something new to meet the ever-rising demand of their clients made this study so essential. To achieve this objective, both primary and secondary data were employed. From a given population of 966, a sample size of 283 was derived using the Taro Yamane's formula. A survey research design was also employed, and the study proved to be valid and reliable given a content validity and a Cronbach alpha of 0.863. The techniques adopted in analyzing the data were both the descriptive and inferential statistics. Spearman Rank Correlation Coefficient was used in testing the hypotheses. The result of the findings reveals that innovation management has no significant association with the firms' ability in gaining a competitive advantage; and the adoption of innovation management has significant association with increase in customer patronage. Based on these findings, the researcher concluded that innovation management in the hospitality industry is effective. The researcher therefore recommends among others that there should be corporate-wide dogged efforts towards continuous improvements and innovation in order to stand and overcome the heat of competition.*

KEYWORDS: Effectiveness, Innovation management, Hospitality Industry

INTRODUCTION

Change, innovation, quality, expertise and creativity are familiar concepts when it comes to innovation management. During the past decades, numerous theories and concepts have been developed to face the challenges of complex societies and to fundamentally improve organizational structures. Around the 1930s Schumpeter started studying how the capitalist system was affected by market innovations. After analyzing the capitalist model, Schumpeter tried to understand what companies would be in a better position to innovate. He developed a theory where a company's ability to innovate was mainly connected to its size. Initially he defended that small companies should be in a better position due to their flexibility while large companies might get trapped in bureaucratic structures. Some years later, however, he changed his view, stating that larger corporations with some degree of monopolistic power could have an advantage to develop innovations. Compared to smaller firms such large corporations have better resources and more market power. Unfortunately the innovation theory was only a marginal part of Schumpeter's work; it was derived from his analysis of the different economic and social systems. The theory therefore has no empirical foundation at all; there is no strong evidence to support a relationship between the size of a company and its ability to innovate.

(http://innovationzen.com/blog/2006/07/29/innovation-management-theory-part-1/)

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In consonance with this is a likewise innovation model as developed by Schumpeter (1934). He is of the view that continuous innovation activity is the key source of long-term firm success (Rosenbusch, Brinckmann, and Bausch, 2011). This simply implies that a strong crusade and application of innovation management will definitely help firms to achieve effectiveness. It has therefore become the continuous claim of contemporary scholars that firms which fail to engage in innovation are putting themselves at great risk (Kotler, 2003). In another view, it has been noted that due to the heightened level of competition and shortened product life cycle, firm's ability to generate innovations may be more important than ever in allowing firms to improve performance and maintain competitive advantage (Artz, Norman, Hatfield, and Cardinal, 2010). Based on this argument, in today's intense and sophisticated competitive environment it is not surprising to see that innovation has become a requisite objective for all firms (Lippit, 2006). Therefore it is generally expected that all firms should innovate regardless of their size or sector in order to compete and survive in the market (Elci and Karatyh, 2009).

Innovation management is based on some of the ideas put forth by Schumpeter during the 1930s, who identified innovation as a significant factor in economic growth (Scocco, 2006). His book *"Capitalism, Socialism and Democracy"* first fully developed the concept of creative destruction. Creativity is the basis of innovation management; the end goal is a change in services or business process.

The goal of innovation management within a company is to cultivate a suitable environment to encourage innovation (Rickne, Laestadius,and Etzkowitz,2012).

Environmental trends such as globalization of markets, technological revolution, government policy somersault and deregulation are rapidly changing the competitive structure of markets in such a way that the competitive advantage of organizations is often attenuated (Andreu, Baiget and Canals, 2003; Oghojafor, Olamitunji, and Sulaiman, 2011). Consequently, organizations are under great pressure so much so that the turbulent environmental condition is constantly impinging on their capacity to be innovative in the eyes of their demanding customers (Andreu, Baiget and Canals, 2003; Karami, 2008; Duygulu and Ozeren, 2009).

Statement of the Problem

During the course of the last decades, all industries, from manufacturing to service, have felt the need to gradually introduce new organizational concepts, exposing themselves to a plethora of changes in order to meet the growing challenges posed by markets and new competitors. Innovation management has come to be seen as one of the key antidotes to the plenitude of problems confronting today's organizations as a result of environmental dynamism.

At present, how to introduce change for effectiveness through innovation management is one of the major challenges confronting not only organizations but also individuals who, on the one hand, have to stay in stride with organizations as they undergo their process of change or, on the other hand, are in charge of enabling change by implementing and coordinating processes of change and innovation within the organizational structures. There is the tendency to agree that the approaches of some of these managers are unsystematic, therefore are not likely to offer the expected result. The central problem that necessitates this research is the fact that even as the change managers/agents of these hotels are tirelessly working to inject something 'new' into their organizations in order to meet the ever-rising demand of

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their clients, they still have not met their expected organizational goals. This owes largely to the ever rising challenges emanating from competitors who are desperate to control a large chunk of these hotels' markets; and increase in consumers' tastes and preferences which bring about poor customer patronage whenever these tastes and preferences are not swiftly met. Given this whole gamut of problems confronting these hotels which hinder them from achieving their goals, managing innovation becomes increasingly difficult and expensive especially as it affects the hospitality industry which may not quantify their reward over their commitment. In reaction to these, the researcher has therefore resolved to make a concrete attempt to solve the problems as stated in this study.

Objectives of the Study

The broad objective of this study is to evaluate the effective role of innovation management in the hospitality industry. The specific objectives are:

1 To find out if innovation management has any significant association with the firms' ability in gaining a competitive advantage.

2 To examine if the adoption of innovation management has significant association with the firms' increase in customer patronage.

Statement of the Hypotheses

$H0_1$: Innovation management has no significant association with the firms' ability in gaining a competitive advantage.

$H0_2$: The adoption of innovation management has no significant association with increase in customers' patronage.

LITERATURE REVIEW

Conceptual Framework

The spirit of innovation is essential for keeping an organization vital and in maintaining a competitive advantage. Innovation is the activity of creating new ideas and converting them into useful applications- specifically new goods and services. Better still, it is the process of taking a creative idea and turning it into a useful product, service or method of operation. In his opinion, Nelson (1968 as cited in Okpara, 2013) defines innovation as the process by which new products and techniques are introduced into the economic system. Innovation is the adoption of new approaches by an organization (Lee and Yu, 2010). Given all these, innovation management is the management of innovation process. It refers to both product and organizational innovation.

Innovation management describes the decisions, activities and practices that move an idea to realization for the purpose of generating business value. It is managing the investment in creating new opportunities for generating customer value that are needed to sustain and grow the business or company (*http//:www.innovation-management.org*).

According to Schilling (2013), innovation management is about how organizations and their employees manage their innovation activities.

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In the opinion of Rouse (2016), innovation management involves the process of managing an organisation's innovation procedure, starting at the initial stage of ideation, to its final stage of successful implementation. It encompasses the decisions, activities and practices of devising and implementing an innovation strategy.

Types of Innovation in Service Firms

Several articles suggest and use typologies of what is included in the concept of "innovation" in the service firms. Some of these typologies specify in what part of the service firm innovation takes place. Hipp, Thether and Miles (2000), make a distinction between three types of innovations:

1. *Service innovations,* which include innovation in the service offer *per se* in the form of introductions of new or significantly improved services;

2. *Process innovations,* which include new and improved work methods in the process by which a specific service is produced; and

3. *Organisational innovations,* which is not limited to the individual service production process but includes significant improvements in wider organizational structures or processes.

Theoretical Framework

This paper adopts the Diffusion of Innovation Theory as given by Everett Rogers in 1962. **Diffusion of innovation** is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behavior, or product (LaMorte, 2016). Everett Rogers, a professor of communication studies, popularized the theory in his book *Diffusion of Innovation*; the book was first published in 1962, and is now in its fifth edition (Rogers, 2003).Rogers argues that diffusion is the process by which an innovation is communicated through certain channels over time among the participants in a social system. His methodologies are closely followed in recent diffusion research, even as the field has expanded into, and been influenced by other methodological disciplines such as social network analysis and communication (Easley and Klemberg, 2010).

Rogers proposes that four main elements influence the spread of a new idea: the innovation itself, communication channels, time, and a social system. According to LaMorte (2016), researchers have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later. When promoting an innovation to a target population, it is important to understand the characteristics of the target population that will help or hinder adoption of the innovation. There are **five established adopter categories**, and while the majority of the general population tends to fall in the middle categories, it is still necessary to understand the characteristics of the target population. When promoting an innovation, there are different strategies used to appeal to the different adopter categories.

1. **Innovators** - These are people who want to be the first to try the innovation. They are venturesome and interested in new ideas. These people are very willing to take risks,

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and are often the first to develop new ideas. Very little, if anything, needs to be done to appeal to this population.

2. **Early Adopters** - These are people who represent opinion leaders. They enjoy leadership roles, and embrace change opportunities. They are already aware of the need to change and so are very comfortable adopting new ideas. Strategies to appeal to this population include how-to manuals and information sheets on implementation. They do not need information to convince them to change.

3. **Early Majority** - These people are rarely leaders, but they do adopt new ideas before the average person. That said, they typically need to see evidence that the innovation works before they are willing to adopt it. Strategies to appeal to this population include success stories and evidence of the innovation's effectiveness.

4. **Late Majority** - These people are skeptical of change, and will only adopt an innovation after it has been tried by the majority. Strategies to appeal to this population include information on how many other people have tried the innovation and have adopted it successfully.

5. **Laggards** - These people are bound by tradition and very conservative. They are very skeptical of change and are the hardest group to bring on board. Strategies to appeal to this population include statistics, fear appeals, and pressure from people in the other adopter groups.

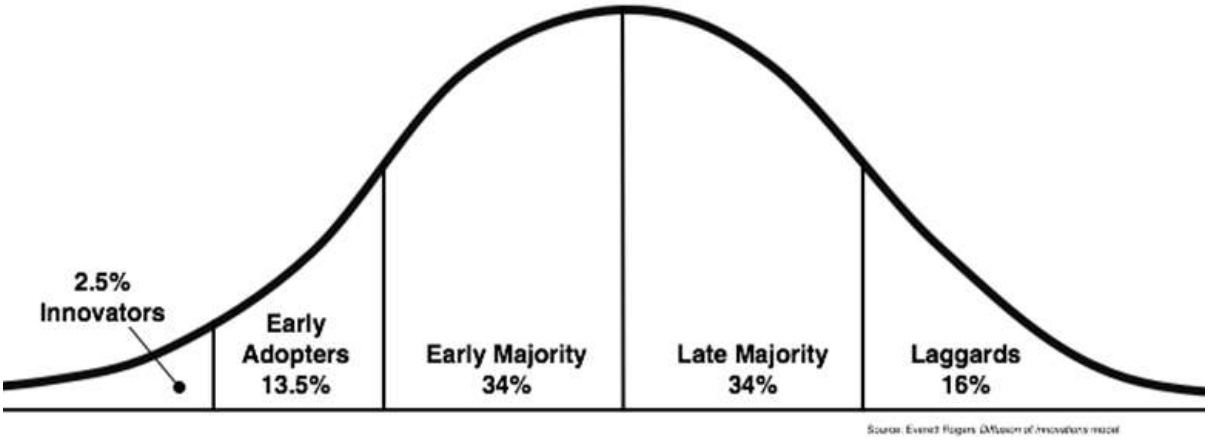

Fig. 1: Everett Rogers' Diffusion of Innovation Theory

Source: *http://blog.leanmonitor.com/early-adopters-allies-launching-product/*

Empirical Framework

A few empirical studies have been reviewed relating to the effective role of innovation management in the hospitality industry.

Victorino, Verma, Plaschka, & Dev (2005) carried out a study on service innovation and customer choices in the hospitality industry. Their paper also discussed the influence of the creation of new services on both service development and operational strategy. Their study analysis was based on a national survey of approximately 1,000 travelers in the United States,

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using a web-based data acquisition approach. The travelers were segmented by reason of travel (business or leisure), and discrete choice analysis was applied to model customer preferences for various hotel service innovations. From their finding, it was revealed that service innovation does matter when guests are selecting a hotel, with type of lodging having the largest impact on a customer's hotel choice.

Breen, Bergin-Seers, Roberts, Frew, and Carlsen, (2006) researched on innovation and change management for small and medium tourism enterprises (SMTEs) in the tourist park sector. The project gathered evidence to identify the key drivers and motivations for innovative behaviour in SMTEs in the tourist park sector. Their study included firms from Australia, New Zealand and the United Kingdom. Their methodology involved a research approach involving both qualitative and quantitative techniques. Primary and secondary data were collected utilizing methods ranging from a literature search and secondary data collection to in-depth interviews with domain experts, international case studies and an online survey of tourist parks across Australia. Their method of analysis was the regression method. Their finding reveals that identification of innovative practices may be used to produce tangible, evidence-based good practice guides that will directly benefit managers desiring to be more innovative and thereby increase their competitiveness and business performance.

Abou-Moghli, Al Abdallah, and Al Muala (2012), researched on 'impact of innovation on realizing competitive advantage in banking sector in Jordan. The study was conducted on the traditional four dimensions of competitive advantage which include: Cost, Time, Quality, and Flexibility.

The questionnaire formed the main instrument for the data collection, and the random sampling method was adopted. Both the descriptive and inferential statistics were employed for the study. The impact of innovation on each of the competitive advantage's dimensions was tested and analyzed using regression method through the statistical package for social science (SPSS)**.** Their finding illustrated that innovation has a direct positive impact on competitive advantage through its dimensions (time, quality, cost, and flexibility).

Abd Aziza and Samadb (2016), carried out a research on 'Innovation and Competitive Advantage: Moderating Effects of Firm Age in Foods Manufacturing SMEs in Malaysia'. Given the correlational nature of the research, the researchers adopted a random sampling technique in Malaysian foods manufacturing SMEs. Mailed structured questionnaires were employed for the collected 220 foods manufacturing SMEs. Both descriptive and inferential statistics were used to answer the objectives and hypotheses of the study. The finding of the study revealed that innovation has a strong positive impact on the competitive advantage, in which innovation contributes 73.5 percent variance in competitive advantage.

Nhepera (2017), conducted a study on 'the influence of hotel product innovation on customer loyalty in Cape Town'. This examination was done using a survey method to collect data from 242 travellers who visited Cape Town, and stayed in a graded hotel. This quantitative survey was supported by data triangulation approach with respondents chosen using systematic random sampling. Chi square and regression analysis were used .The study found that hotel product innovation has greater influence on customer loyalty and hotel choice.

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METHODOLOGY

The research deign for this study was the descriptive/survey method. Data were collected using both the primary and secondary sources. The population of the study was 966 members of staff of the selected firms, and the sample size determined using Taro Yamane's (1964) formula as cited in Alugbuo, Umeaka, and Eriama (2012:48) was 283 and which were also used for analysis. In selecting the respondents, the simple random sampling technique was adopted. The research instrument was said to be reliable given a Cronbach alpha result of 0.863 (see appendix). The statistical technique employed in collecting the data was Semantic Differential technique. It consists of pairs of bipolar adjectives or phrases with cues spaced in between (Okpara, 1998:4). The rating has a degree ranging from positive to negative. The rating model containing seven points can be shown as follows: +3 (Strongly agree); +2 (Agree); +1 (Slightly agree); 0 (Neutral); -1 (Slightly disagree); -2 (Disagree); -3 (Strongly disagree). In analyzing the data, the descriptive statistics were employed, while the Spearman Rank Correlation Coefficient was used in testing the hypotheses. The analysis was done with the help of the Statistical Package for Social Sciences (SPSS) version 19.

Data Presentation and Analysis

This section provides results of analyzed data. This is to add value and meaning to the raw data generated, make it easy for users to summarize the information presented, aid the researchers to draw conclusion from the generated data and to provide meaningful base to critical research decisions (Agu, 2016).

Table 1 Demographic Distribution of the Respondents

S/N	Demographic Characteristics	Frequency	Percentage
1	Gender: Male	184	65
	Female	99	35
2	Age Bracket: Less than 30yrs	11	3.9
	31-40yrs	55	19.4
	41-50yrs	185	65.4
	51 and above	32	11.3
3	Marital Status: Single	11	3.9
	Married	241	85.1
	Separated	9	3.9
	Divorced	6	2.1
	Widowed	16	5.7
4	Educational Qualification: SSCE	0	0
	OND/NCE	11	3.9
	HND/BSc.	219	77.4
	MSc and others	53	18.7
5	Length of Service: Below 5yrs	22	8
	5-10	82	29
	11-15	106	37
	16-20	53	19
	20yrs and above	20	7

Source: Field survey, 2016.

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Distribution based on gender characteristics: As shown in table 1 above regarding the gender distribution of the study, 184 which represents about 65% of the respondents were males while 99 which represents 35% of the respondents were females. This implies that though there were more of male respondents than females, both genders were duly represented.

Distribution based on Age of respondents: The data from table 1 has also shown the age distribution of the respondents from less than 30 years, to 51 years and above. The result reports that there were more respondents from the age bracket of 41-50 years of age. The result has shown that about 65.4% were of the age bracket of 41-50 years while the next majority of respondents were from the age bracket of 31-40 years of age accounting about 19.4% of the respondents. There were about 11.3% of respondents from the age bracket of ≥51 years while respondents with the age bracket of less than 30 years were the least participants in the study. This implies that there were more matured respondents for the study giving more credibility in the responses.

Distribution based on marital status of respondents: The data in table 1 reports that a greater number of the respondents fall within the 'married' category(85.1%), followed by those who were widowed(5.7%), then those who were single(3.9%), and separated(3.2%) and divorced(2.1%) .The result has indicated a high sense of maturity and responsibility on the part of the respondents for the study.

Distribution based on educational qualification of respondents: The data in table 1 above reports the level of respondents' education attainment. The result has shown that there were more respondents with HND/BSc. degree that participated in the survey as the result accounted about 77.4% of the respondents, followed by respondents with MSc./others accounting about 18.7% and very few of SSCE holders accounting about 3.9% of the respondents. This is a clear indication that majority of the respondents were academically qualified to understand and tackle the questions posed in the questionnaire.

Distribution based on years of service of the respondents: The data in table 1 above report the respondents' years of service. The result has shown that there were more respondents with about 8-10 years of experience as it accounted about 37% of the respondents followed by respondents with 4-7years experience accounting about 29%. Those with 11-14years of experience ranked third with 19%. While respondents with below 3years and 15years and above were the least with 8% and 7% respectively. This implies that most of the chosen hotels were newly established but with great sense of innovation.

Test of Hypotheses

Hypothesis One

Ho_1 : There is no significant association between innovation management and the firms' ability in gaining a competitive advantage

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Table 2: Correlation analysis between innovation management and the firms' ability in gaining a competitive advantage

			CAOF	IMF
Spearman's rho	CAOF	Correlation Coefficient	1.000	.085
		Sig. (2-tailed)	.	.156
		N	283	283
	IMF	Correlation Coefficient	.085	1.000
		Sig. (2-tailed)	.156	.
		N	283	283

**. Correlation is not significant at the 0.156 level (2-tailed).

Source: Fieldwork, 2016

The result in table 2 shows that the Spearman Rank correlation is 0.085 while the probability is 0.156 indicating that there is no significant association between innovation management and the firms' ability in gaining a competitive advantage. The researcher therefore accepts the null hypothesis that innovation management has no significant association with the firms' ability in gaining a competitive advantage while rejecting the alternative hypothesis.

Hypothesis Two

The adoption of innovation management has no significant association with increase in customers' patronage.

Table 3: Correlation analysis between innovation management and increas customers' patronage

			IM	ICP
Spearman's rho	IM	Correlation Coefficient	1.000	.201**
		Sig. (2-tailed)	.	.001
		N	283	283
	ICP	Correlation Coefficient	.201**	1.000
		Sig. (2-tailed)	.001	.
		N	283	283

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Field Survey, 2016

Table 3 shows that the correlation coefficient between the innovation management of the firms and the extent of their customers' patronage is 0.201 while the probability is 0.001. This result shows that the adoption of innovation management has a significant association with increase in customers' patronage of the firms. In the light of this, the researcher accepts the alternative hypothesis while rejecting the null hypothesis.

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DISCUSSION OF FINDINGS

Based on the analysis of the data above, it was discovered that:

1. Innovation management has no significant association with the firms' ability in gaining a competitive advantage. This result implies that innovation management does have an effect though not a significant influence in gaining a competitive advantage for the firms. Majority of the respondents notwithstanding affirmed to the opinion that innovation management helps the firms in gaining a competitive advantage but its significance from the analysis has not been felt. This finding contradicts the earlier works from Abou-Moghli, Al Abdallah, and Al Muala (2012); and Abd Aziza and Samadb (2016),that innovation has a strong positive impact on firm's competitive advantage.

2. The adoption of innovation management has significant association with increase in customer patronage. The report shows that innovation management has been associated with the firms' increase in customer patronage which has significantly been proven from the analysis. This finding is in convergence with an earlier work of Victorino, Verma, Plaschka and Dev (2005); and Nhepera (2017), that innovation has greater influence on customer hotel choice, loyalty or patronage.

Summary of Findings

1. Innovation management has no significant association with the firms' ability in gaining a competitive advantage. In today's world of sophisticated competition, innovation management becomes the panacea to remaining afloat in business but not an only panacea to becoming advantageously competitive. The result from the correlation analysis indicates that innovation management has no significant association with the firms' ability in gaining a competitive advantage (R^2 =0.085 and p-value =0.156).

2. The adoption of innovation management has significant association with increase in customer patronage. This confirms the orientation that the higher the innovation being adopted by a firm, the higher the patronage customers accord to the firm. The result from the correlation analysis reveals that significant relationship exists between the adoption of innovation management and increase in customer patronage (R^2 =0.201 and p-value = 0.001).

CONCLUSION FROM THE FINDINGS

Innovation management has been a veritable tool towards bringing effectiveness to firms especially in the service industry. Based on the findings of the study, the following conclusions were made:

Innovation management has no significant association with the firms' ability in gaining a competitive advantage. In today's world of sophisticated competition, innovation management becomes the panacea to remaining afloat in business but not an only panacea to becoming advantageously competitive. Notwithstanding the fact that our contemporary world dances the music of "newness" to be able to remain afloat, following the tide through innovation management is not an only sure means for a firm to be competitively unbeatable.

The adoption of innovation management has significant association with increase in customer patronage. Given the fact that every 'potential customer' would want value from his/her

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money and would always go for the best, innovation management has proven to be a veritable tool as well as an ample solution towards acclaiming customers' patronage. This is in conformity to the fact that a 'cause and effect' relationship exists between innovation management and customer patronage, hence, the desired loyalty and patronage remains 'certain' given innovation management.

RECOMMENDATIONS

The essence of every research study of this nature is that at the end of the study, the researcher makes the necessary recommendations based on the concluded findings. Therefore, the following now form our recommendations:

1. There should be corporate-wide dogged efforts towards continuous improvements and innovation in order to stand and accommodate the heat of competition. Unless embarking on a serious and continuous improvement efforts, remaining afloat in today's fierce and sophisticated competition becomes an ivory tower hallucination.

2. There should be a strong desire by organizational members to create 'value' to customers through innovation management and other value-edifying tools in order to meet their tastes and preferences and gain its concomitant patronage. What appeals and attracts customers so much is 'values,' and this cannot only be achieved through innovation management but in addition to other value-appealing concepts.

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APPENDIX

Reliability Test Using SPSS version 19

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	32	100.0
	Excluded[a]	0	.0
	Total	32	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.863	24

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Item Statistics

	Mean	Std. Deviation	N
Question 1	1.34	.483	32
Question 2	2.28	.683	32
Question 3	1.63	.707	32
Question 4	3.16	.515	32
Question 5	2.19	.859	32
Question 6	4.19	.644	32
Question 7	4.28	.581	32
Question 8	2.59	1.160	32
Question 9	4.25	.622	32
Question 10	4.03	.933	32
Question 11	4.25	.622	32
Question 12	4.31	.535	32
Question 13	4.56	.504	32
Question 14	4.75	.508	32
Question 15	4.47	.671	32
Question 16	4.25	.622	32
Question 17	4.56	.669	32
Question 18	4.06	.914	32
Question 19	4.31	.535	32
Question 20	4.50	.762	32
Question 21	3.84	.723	32
Question 22	4.56	.564	32
Question 23	4.47	.567	32
Question 24	4.28	.813	32

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
91.13	66.758	8.171	24

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