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Entrepreneurial Innovations and Financial Performance of Hospitality Consultancy Firms in Nairobi County

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Abstract

Hospitality consultancy firms have been facing turbulent times because of the ever changing business environment resulting to reduction in the profitability of the hospitality consultancy firms. The purpose of this study was to establish the relationship between entrepreneurial innovations and financial performance of hospitality consultancy firms. The specific objectives are to; determine the effect of service innovation, market innovation, product innovation and process innovation on financial performance of hospitality consultancy firms. The study adopted descriptive research design. The study population was 51 hospitality consultancy firms comprising 19 large sized and 32 small sized in Nairobi City County Kenya. Structured questionnaire was employed to collect data and analyzed using SPSS software version 23.0. Service innovation, market innovation, product innovation and process innovation explain 68.1% of performance of hospitality consultancy firms. The coefficient of service innovation ($\beta=.370$, $p=0.005<0.05$), the coefficient of market innovation ($\beta=.199$, $p=0.037<0.05$), coefficient of product innovation ($\beta=.261$, $p=0.016<0.05$) and coefficient of process innovation ($\beta=.226$, $p=0.000<0.05$) have positive and significant effect on the performance of hospitality consultancy firms. The study concludes that service innovations among the entrepreneurial innovations play the most significant role in enhancing performance hospitality consultancy firms. The study further concludes that product innovation was found to be the second most important entrepreneurial innovation for the hospitality consultancy firms. Conclusion can be made further that marketing innovations is essential in maintain market visibility of the hospitality consultancy firms and that process innovation enhances the operation efficiency of the hospitality consultancy firms. The study recommends for the need of the hospitality consultancy firms to continuously participate in research and development with hospitality training institutions to continuously introduce other innovative services that suit the changing business environment. The study recommends for the need of the hospitality consultancy firms to develop innovative products based on customer desire and preferences. The study recommends that marketing approaches of the hospitality firms have to be directed at meeting customers' needs.

Keywords: *Entrepreneurial Innovations, Financial Performance, Hospitality Consultancy Firms, Nairobi County*

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1.0 Introduction

Hospitality consultancy firms is an important niche in the hospitality industry aimed at enhancing hotel service delivery in the rapidly changing business environment, especially demographic, economic, and technological forces. These changes are prominent and are affecting the way hospitality consultancy firms, offer hospitality services, align their products according to market demands and market their services in order to meet the increasingly changing wants and demands of the customers (Ngoasong, Kimbu & Adeola, 2017). However, it is becoming very difficult now to increase firm performance by adhering to conventional ways of doing business. Hospitality consultancy firms have to be innovative in order to widen market share by utilizing the technological revolution and the innovative marketing methods.

The hospitality consultancy firms have been facing turbulent times because of the ever changing business environment. This has resulted to reduction in the profitability of the hospitality consultancy firms (Gomezelj, 2016). Technology disruption, dynamic business environment and changing customer demands have resulted for the need for the hospitality consultancy firms in trying entrepreneurial innovations aimed at improving their competitive advantage against peers in the same array, and thus financial performance. Hospitality consultancy firms offering hospitality consultancy services may consider adopting entrepreneurial innovations in order to enhance firm performance (Tugores & García, 2015). Entrepreneurial innovations among the hospitality consultancy firms are manifested through the ability to introduce innovative products and services and innovative marketing approaches, which will ensure the successful and performance of hospitality firm. If a hospitality consultancy firm is not involved in any innovative activity, its growth will sooner or later diminish and its competitiveness will be lost (Dzhandzhugazova, Blinova, Orlova & Romanova, 2016).

According to Manimala (1992), entrepreneurial innovation is tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services or technological processes. Researchers and scholars have attempted to capture the essence of the concept of entrepreneurial innovation (Xuhua, Spio-Kwofie, Udimal & Addai (2018; Zapalska, Vaidayanathan & Brozik, 2012; Rosli & Sidek, 2013). According to Manimala (1992) entrepreneurs acquire competitive advantage for their ventures through innovations in other areas also such as finance, personnel, organization structure, culture, R&D management, and government relations. A factor analysis of these different types of innovation brought out four major categories of innovation, namely operations innovation, market/marketing innovation, organizational innovation and boundary management innovation (Manimala, 1992).

Entrepreneurial innovation is a key driver for the performance and survival of hospitality consultancy firms and other hospitality related firms (Gomezelj, 2016). Many hospitality consultancy firms struggle to innovate and lead as they are engrossed in the day to day operations (Maritz & Brown, 2013). As a result, many of hospitality consultancy firms have to change the way in which they do business and serve customers, through market innovation, service innovation, product innovation, process innovation and management innovation (Baggio, 2011). Hospitality consultancy firms are faced with myriad of challenges that include technology interruption and changing customer preference and thus may have to engage in entrepreneurial innovation processes to remain competitive (Gomezelj, 2016). As a consequence, hospitality consultancy firms have to constantly adjust according to the business environment in order to meet the ever-changing needs of customers.

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Entrepreneurial innovation is seen as a means that aids in promoting opportunities for new businesses to grow in the market. Entrepreneurial innovation is an important tool that provides opportunities to new inventions and building of new markets (Kuhn & Marisck, 2010). Furthermore, due to mounting competition, the capability to innovate and manage the innovation processes is very important to the survival and growth of the hospitality consultancy firms. Hospitality consultancy firms focusing on entrepreneurial innovation achieve not only competitiveness but also are able to sustain their operations in the turbulent business environment (Tugores & García, 2015). The highly competitive environment among the hospitality consultancy firms drives the search for new ways of achieving efficient performance (Xuhua, Spio-Kwofie, Udimal & Addai, 2018).

According to Thomas and Wood (2014) hospitality firms highly depend on their ability to innovate in order to achieve business growth. Entrepreneurial innovations are the most important component of a firm's strategy because it provides direction for the evolution of a firm (Al-Manasra, Al-Zyadat, Al-Awamreh & Alnsour, 2013). Entrepreneurial innovation is widely regarded as an important basis for competitive advantage in a rapidly changing international business environment, enhancing capabilities for sustainable business growth and firm performance (Autio, Kenney, Mustar, Siegel & Wright, 2014). Entrepreneurship innovations relate to the discovery, evaluation and exploitation of business process, creation and growth of products; service improvement and is critical to firm performance (Maritz & Donovan, 2015). Due to the dynamic business environment and technology interruptions, hospitality firms must rely on the entrepreneurial innovations service guidance from hospitality consultancy firms.

Hospitality consulting firms are composed of associates with extensive operational and marketing experience in the hospitality industry. The main task of a hotel consulting agency involves providing professional advice to investors or individuals interested in entering the hospitality industry, as well as helping hotels or resorts, generally independent, which are already operating (Tyler, 2011). Hospitality consulting firms provide consultancy expertise hospitality business development, market research, economic feasibility reports, market feasibility studies, strategic business planning, project development, technical assistance, marketing and sales, pre-opening and on-going operations in hospitality related firms that include hotels, resorts, convention centers and mixed-use facilities (Tyler, 2011). The hospitality consulting firms also provides consultancy services that include management and service improvement services to sports clubs, golf clubs, country clubs, fitness and health clubs (in both stand-alone and premium hotels), business clubs, health spas, premium residential clubs, resorts and leisure complexes, retreats, conference and exhibition centers, serviced offices and tourism assignments (Tugores & García, 2015). The entrepreneurial innovation state of hospitality consulting firms is paramount in advising hospitality firms on business growth, product and service development hence widening its profitability margin.

Hospitality consultancy firms are providing many innovative products and services through innovative processes. In addition, innovative marketing techniques are being employed to reach more customers. Some of innovative products provided by the hospitality consultancy firms include designing of sports clubs, golf clubs, country clubs, fitness and health clubs (in both stand-alone and premium hotels), business clubs, health spas, premium residential clubs, resorts and leisure complexes, retreats, conference and exhibition centers, serviced offices and tourism assignments (Tugores & García, 2015). ICT related products include IP telephony, digital

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signage solutions, online bookings systems and Otrum Enterprise to enable seamless guest experience across TVs, tablets, and smart-phones (HSC Limited report, 2021).

In Kenya, hospitality sector in the country is recognized for driving exports, providing foreign exchange, and creating employment to thousands of Kenyans; supporting 1.1 million jobs (9% of total employment) in 2017. By the culmination of 2018, the employment percentage is anticipated to increase by 3.1%. The sector contribution to GDP in 2017 stood at 9.7% (Mwangi & Kagiri, 2016). For the growth and innovativeness of ho hospitality consultancy firms are required to offer hospitality investment decisions. An external hospitality consulting firm, with experience in the world of hotels, markets, usually with contacts, is able to identify the strengths of the hotel, take advantage of the opportunities that may arise, and make sure resources are used optimally.

Hospitality consultancy firm is a service hospitality consulting firm, composed of associates with extensive operational and marketing experience in the hospitality industry (Tugores & García, 2015). Their combined expertise includes concept development, market research, economic feasibility reports, market feasibility studies, strategic business planning, project development, technical assistance, marketing and sales, pre-opening and on-going operations in hotels, resorts, convention centers and mixed-use facilities (Tyler, 2011). A hospitality consulting business with a focus on sales and marketing advising and pricing module that help determine the most profitable and desired business clients whether they are consultants and/or companies.

1.1 Statement of the Problem

Hospitality consultancy firms have been facing turbulent times because of the ever changing business environment. This has resulted to reduction in the profitability of the hospitality consultancy firms (Mwangi & Kagiri, 2016). Technology disruption, dynamic business environment and changing customer demands have resulted for the need for the hospitality consultancy firms in trying entrepreneurial innovations aimed at improving their competitive advantage against peers in the same array, and thus financial performance (Wandiga, Kilika & James, 2019). Hospitality consultancy firms offering hospitality consultancy services may consider adopting entrepreneurial innovations in order to enhance firm performance. Entrepreneurial innovations are meant to reduce operation cost, improve service delivery and to satisfy customers' needs; however, its impact on performance of hospitality consulting firms in Kenya is yet to be studied. A survey carried out in 2017 by the Kenya Tourism Board indicated that 40% of hospitality consultancy firms die annually. Most of these hospitality consultancy firms are normally closed because of increased operating costs, declining income and losses incurred from the business (Wanjiku, 2018).

A hospitality consulting firm provides a service to an outside client and the number of clients and pricing determines the success of the business. In the current economic environment when companies are not purchasing additional services, hospitality consultancy may need a plan to increase revenue and stay competitive (Mwangi & Kagiri, 2016). Also, businesses must be open to operate differently and seek ways to provide revenue streams that are not outlined in the traditional business model (Ateljevic & Page, 2017). The hospitality consulting firms need to be entrepreneurially innovative in order to offer excellent advisory services related to market

feasibility studies, process planning, service management, and management assistance to hotels, resorts, convention centers and mixed-use facilities. However, this is not always the case.

So far, past studies on entrepreneurial innovation focused on hospitality firms neglecting hospitality consultancy firms and financial performance (Gomezelj, 2016; for notable exceptions focusing on customers as drivers of innovation see Grisseemann et al., 2013), but rather focused on the role of entrepreneurship and innovation for firm growth of hospitality firms (Fadda and Sørensen, 2017), or on the influence of firm and market characteristics on innovation. A study by Owino (2018) only focused on the effect of product and process innovation on financial performance of hotels and restaurants in Nairobi County. The study focused on hotels and restaurants. Little attention was paid to product and process innovation among the hospitality consultancy firms. Kipchirchir (2016) conducted a study on firm, entrepreneurial intensity and performance of hotel Enterprises in Uasin Gishu County, Kenya. However, the study did not illustrate the effect of entrepreneurial innovation on firm performance of hotel enterprises. Moreover, the study focused on hotels contrasting this study that focus on hospitality consultancy firms presenting contextual gap.

The empirical studies presented above have highlighted research gaps which include objective, scope and geographical location gaps. It is against these research gaps that this study filled by studying entrepreneurial innovations and financial performance of hospitality consultancy firms.

1.2 Objective of the study

1. To determine the relationship between service innovation and financial performance of hospitality consultancy firms.
2. To establish the influence of market innovation on financial performance of hospitality consultancy firms.
3. To investigate the influence of product innovation on financial performance of hospitality consultancy firms.
4. To analyze the influence process innovation on financial performance of hospitality consultancy firms.

2.0 Literature Review

The main theory that anchored this study is Diffusion Innovation Theory. In addition, the study was also supported by Resource Based View and Marketing Based Theory.

2.1 Theoretical Review

2.1.1 Diffusion Innovation Theory

Diffusion Innovation Theory was advanced by Everett Rogers in 1961. It seeks to explain the process and manner in which new ideas gain adoption within a marketplace, (Rogers, 2010). The theory grouped customers with regards to the speed at which they came to adopt new products/ technologies. The following consumer groups were proposed in order of uptake and acceptance; innovators, early adopters, early majority, late majority and finally laggards (Li & Sui, 2011). The Diffusion of Innovation (DOI) theory was popularized by Everret Rodgers in 1995 while exploring on the impact of innovation when harnessed effectively on the context of relative

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advantage, compatibility, complexity, trialability, and observability. The theory is concerned with the manner in which a new technological idea, artifact or technique, or a new use of an old one, migrates from creation to use. According to Rodgers (1995), technological innovation is communicated through particular channels, over time, among the members of a social system.

This theory has been criticized due to its assumption of a smooth and almost linear demonstration of human behaviour (Yap & Chen, 2017). The reality is that human behaviour is a lot more complex and fluid and could even imply a reversal of adoption of technology which is not a scenario that is addressed by the theory (Nejad, 2016). For instance, phone users have been known to prefer less complex phones after experiencing more sophisticated devices. This theory is central to this study in the sense that it attempts to explain human behaviour in relation to acceptance of new technology. This study essentially proposes to explore how new marketing practices that are arising from technological advancements have been embraced by businesses.

Hospitality consultancy firms are service oriented business and require growth in service innovation. Improvement in hospitality services may require growth in service innovation that may be lacking in most hospitality consultancy firms. Entrepreneurial Innovations is thus critical in enhancing growth of consultancy services particularly in marketing and service delivery.

2.1.2 The Resource-Based View

The Resource-Based View was postulated by Wernerfelt in 1984. According to this theory, organizations obtain competitive advantage from their unique bundles of tangible and intangible assets such as human labour, technical know-how, physical and financial assets. The way an entity manages its resources determines performance. Adequate resources can be a source of competitive advantage (Bakar, & Ahmad, 2010). Resources are important in setting pace and improving ways of doing business (Kraaijenbrin *et al.*, 2010). It involves the prudent and efficient use of the available resources to achieve organizational goals and objectives. Firm resources include financial and human resources (Kraaijenbrink, Spender & Groen, 2010). A firm that is able to allocate and use their resources efficiently is able to perform well and create value when they implement strategies by exploiting their internal resources and capabilities.

However, the Resource Based View has been criticized for weaknesses Kraaijenbrink, Spender and Groen (2010) assesses several critiques on the resource-based view. According to Ferreira, Azevedo and Ortiz, (2011), the recourse-based view has no managerial implications, the resource-based view implies infinite regress, the resource-based view's applicability is too limited, sustained competitive advantage is not achievable, the value of a resource is too indeterminate to provide a useful theory, the resource-based view is not a theory that is about the firm and the definition of a resource is not clear to work with. In the context of this study, the weakness that sustained competitive advantage is not achievable has been given more weight (Terziovski, 2010). Currently, firms are in a dynamic environment where innovation and changing is needed to stay ahead of the competition (Lisboa, Skarmeas & Lages, 2011). According to the resource-based view, a sustained competitive advantage can be reached if resources are meeting the valuable, rareness, non-imitable and non-substitutional. For a firm to achieve sustainable growth, growth in service innovation is critical.

This theory helps understand the relationship between resources held by hospitality consultancy firms, and also, how both process and technical innovations relate to the financial performance of the firms. In particular, the resource-based theory aided the study in unpacking how different types of innovation based on the firm's resource base, attract the market and hence, profit generation. Investing in hospitality consultancy firms business requires sufficient funds. The theory is applicable to this research as it advocates for prudent use of scarce resources in enhancing the performance of hospitality consultancy firms. Hospitality consultancy firms with sufficient financial and human resources are able to undertake more product lines, service and product innovation improving their financial performance. Consultancy firms require competent personnel in their area of specialization to offer services.

2.1.3 Marketing Based Theory

This theory was suggested by Kotler (1967) while conducting marketing related studies. It argues that marketing is both a social and management process through which organizations create and offer commodities to others and also individuals or groups get what they require. According to the theory, marketing is a critical part of economics and demand is affected not only by price, but also by sales promotion, advertising, and distribution of the commodity. The task of an organization is to determine the needs, wants and preferences of the target market and ensure that the desirable results are achieved more effectively and efficiently than competing firms in a manner that improves the well-being of consumers (Kotler & Keller, 2015).

Marketing theory states that, to be effective in marketing, the value of the goods/services given to the consumers has to be at the centre of the enterprise strategy. Businesses compete with each other strategically to differentiate themselves in the market. Successful firms according to this theory, strongly focus on capital development, technological advancement and human resource policy. This is very critical because, the behaviour and characteristics of staff can influence the quality of goods and service being offered.

The marketing mix known as the 4 P's of marketing (Price, Promotion, Product and Place) proposed by McCarthy (1960) provides a framework upon which firms can come up with the best marketing plan (Wilson, Zeithaml, Bitner & Gremler, 2012). This was an extension to the Philip Kotler theory of marketing. Boon and Bitner (1982) incorporated in the theory other two important components which are: product and marketing innovations. According to Boon and Bitner (1982), there are several factors which influence the decisions with regard to product and marketing innovation. These are: the degree of substitutability, how many competitors are there in the market, and the size of the market. Promotion of marketing innovations declines with the degree of product substitutability and the number of competitors, but, it increases with the increase in the market size (Kozlenkova, Samaha & Palmatier, 2014).

This study used the market-based theory to understand how hospitality consultancy firms make themselves visible to the prospective customers. Marketing innovation is thus critical in marketing services and products offered by a firm. The hospitality consultancy firms need therefore to identify themselves with clients which are possible through innovative marketing approaches. Marketing Based Theory anchored the objective on the relationship between market innovation and financial performance of hospitality consultancy firms.

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2.2 Empirical Review

Ottenbacher (2017) conducted a study on innovation management in the hospitality industry focusing on different strategies for achieving success. This study obtained data on 185 hospitality innovations and identified three performance dimensions: market performance, financial performance, employee and customer relationship enhancement. Of the 23 potential success determinants, 12 were found to be drivers of performance. Enhanced market performance appears to result from developing new services that are the response to market demands and changes in consumer needs and wants. However, the study did not illustrate how innovation in the hospitality industry has resulted to financial performance of hospitality firms. Moreover, the study failed to identify market innovation as critical aspect in the growth of hospitality industry.

Hussain, Konar and Ali (2016) conducted a study; measuring service innovation performance through team culture and knowledge sharing behaviour in hotel services using PLS approach. Self-administered questionnaires were distributed amongst 327 employees working in luxury hotels within Klang Valley, Malaysia. It was found that team culture and knowledge sharing behaviour have a significant effect on the service innovation performance. The hotels need to develop a strong team culture and knowledge sharing behaviour to accelerate the process of service innovation performance while providing the consumers better experiences. However, the study only operationalized service innovation without illustrating how service innovation enhances financial performance of hospitality firms.

Lin (2013) conducted a study on the impact of service innovation on firm performance in China. The study constructed a more integrative model linking service innovation, service quality and performance and collected 277 samples in the Chinese tourism sector. The study established that service innovation affects firm performance through direct and indirect paths where service quality plays a positive mediating role, and the direct impact is larger than the indirect one. Further, innovation mode is cost-reductive, which focuses on eliminating internal cost rather than improving service quality. However, the study did not include market innovation as an important innovation affecting firm performance. Moreover, the study focused on firms in the tourism sector, unlike this study that focuses on hospitality consultancy firms.

Mattsson and Orfila-Sintes (2014) conducted a study on hotel innovation and its effect on business performance in the Balearic Islands, Spain. The managers of sampled hotels (N= 331) answered questions about innovations over a 6-year period. The study found that Service and back-office innovation impact hotel performance in a positive way. However, the role of marketing innovation in enhancing firm performance was not elaborated hence the need to undertake this study.

Kanagal (2015) undertook a study on innovation and product innovation in marketing strategy. The paper concluded that competitive marketing strategists are dependent on marketing innovations adopted by a firm. However, the study did not illustrate how innovation and product innovation influence firm performance.

Martin-Rios and Ciobanu (2019) conducted a study on hospitality innovation strategies, analyzing success factors and challenges using data from 2010 to 2012 from CIS. Comparative analysis suggests that hospitality is the least innovative service activity. The findings also show that in hotels sales turnover is positively related only to complex innovation strategies that

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emphasize both technological and non-technological innovation. However, the study did not show the extent in which hospitality innovation strategies had influenced performance of hospitality firms

Xuhua, Spio-Kwofie, Udimal and Addai (2018) conducted a study on entrepreneurial innovation strategies; an option for small hotels' growth in Ghana. A population size of 2915 entrepreneurs operating small medium hotels across the country was zoned into three, and schematic random sampling method was used in selecting the hotels. Responses from small hotel managers/owners indicate that there is a strong correlation between innovative activities and growth of small hotels. However, the study focused on hotels growth unlike this study that focuses on financial performance of hospitality consultancy firms. The conceptualization of firms growth and financial performance are different hence the need to conduct the study.

Tugores and García (2015) undertook a study on the impact of innovation on firms' performance: an analysis of the hotel sector in Majorca. A sample of 200 hotels was drawn from a population of 743 hotels. Data were collected by means of personal interviews with hotel managers. The study revealed that the impact of innovation on performance evidence significantly better results for innovative hotels; in particular, for those that have implemented waste reduction, energy-saving schemes and non-environmental innovations. However, the study left out critical innovations that play critical functions in enhancing firm performance. The left out innovations include market innovation and process innovation.

Owino (2018) conducted a study on the effect of product and process innovation on financial performance of hotels and restaurants in Nairobi County. A descriptive survey and correlation designs were employed. Descriptive design, explained the situation as it was. The study targeted all hotels and restaurants in Nairobi, where there are 53 hotels, and 118 restaurants in Nairobi. Findings indicate that product and process innovation affect the financial performance of hotels and restaurants positively. However, important aspect of innovation; service innovation was not discussed in the study. Service innovation is critical in the hotel industry and hence the need to undertake this study.

3.0 Research Methodology

The study adopted the descriptive research design. Descriptive research design aims to accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions. The unit analysis was the 51 hospitality consultancy firms operating in Nairobi City County Kenya (Hospitality and tourism report, 2020). However, it is worthwhile noting that some of the targeted hospitality consultancy firms have branches internationally. Thus, the target population was 51 hospitality consultancy firms comprising 19 large sized and 32 small sized. The units of observation were the managers of each of the hospitality consultancy firms who provided the information sought by the study. The study employed questionnaire to collect data.

The quantitative data collected using questionnaire and analyzed using SPSS software version 23.0. The statistics generated include both descriptive statistics and inferential statistics. The specific descriptive statistics included frequencies, mean scores and standard deviation. The particular inferential statistic were the correlation and regression analyses. The analysis of variance (ANOVA) was checked to reveal the overall model significance. The coefficients of the variables in the regression model enabled the determination of how much variation in the

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financial performance of hospitality consultancy firms are caused by changes in service innovation, market innovation, product innovation and process innovation. A critical p value of 0.05 was used to determine whether the individual variables are significant or not.

4.0 Results and Discussion

The number of questionnaires that were administered was 51 and a total of 49 questionnaires were duly filled and returned. Out of the 51 questionnaires administered, 49 were properly filled and returned representing 96.1 percent response rate. This response rate is considered satisfactory to make conclusions for the study. Bailey (2000) stated that a response rate of 50% is adequate while a response rate greater than 70% is very good. This implies that based on this assertion, the response rate in this case of 90.1% is therefore very good. The data collection procedures used could have attributed to this high response rate. These included pre-notification of respondents and voluntary participation by respondents; drop and pick of questionnaires to allow for ample time to fill; assurance of confidentiality and anonymity and follow up calls to clarify queries from the respondents.

4.1 Descriptive Statistics

This section presents the descriptive results for the variables of the study that include service innovation, market innovation, product innovation and financial performance of hospitality consultancy firms. The responses from the respondents were rated on five scale of 1=Strongly Disagree, 2= Disagree, 3= neutral, 4= Agree and 5=Strongly Agree. Results output are in form of percentages, means and standard deviations.

4.1.1 Descriptive on service innovations

The first objective of the study was to determine the relationship between service innovation and financial performance of hospitality consultancy firms. The results are shown in Table 1. Majority of the respondents of the study agreed that Wi-Fi connectivity in this hospitality firm is meets customer needs with mean response of 3.8 and standard deviation of 0.8. As indicated by mean response of 4.2 and standard deviation of 1.0, majority of respondents who participated in the study agreed that their hospitality consultancy firm is able to install high speed internet access for customers. Further, am majority as indicated by mean response of 4.0 and standard deviation of 0.9 of the respondents agreed that hospitality consultancy firm provides robust network infrastructure to support IP telephony in hotels. In addition, majority of the respondents who participated in the study agreed that the installation of complimentary wireless digital subscriber line access in hotels has fasten the transmission of digital data over telephone line as indicated by mean response of 4.1 and standard deviation of 0.9. It was also found that majority of the respondents who participated in the study agreed that the use of chat bots installed in guest rooms give guests instant access to information without having to wait for the front desk as indicated by mean response of 4.1 and standard deviation of 0.8.

Table 1: Responses regarding service innovations

Service innovation	Strongly disagree	disagree	don't know	Agree	Strongly agree	Mean	SD
Communication and internet services							
Wifi connectivity in this hospitality firm are meets customer needs	2.0%	8.2%	10.2%	71.4%	8.2%	3.8	0.8
This hospitality consultancy firm is able to install high speed internet access for customers	2.0%	6.1%	6.1%	38.8%	46.9%	4.2	1.0
Hospitality consultancy firm provides robust network infrastructure to support IP telephony in hotels	4.1%	4.1%	8.2%	57.1%	26.5%	4.0	0.9
The installation of complimentary wireless digital subscriber line access in hotels has fasten the transmission of digital data over telephone line	2.0%	4.1%	12.2%	49.0%	32.7%	4.1	0.9
The use of chatbots installed in guest rooms give guests instant access to information without having to wait for the front desk	0.0%	4.1%	14.3%	53.1%	28.6%	4.1	0.8
Safety and security							
We are continually seeking to improve the safety of quests through installation of security systems in hotels	2.0%	6.1%	8.2%	46.9%	36.7%	4.1	0.9
This hospitality consultancy firm provides a wide range of integrated surveillance solutions for enhanced security monitoring in hotels	6.1%	6.1%	6.1%	53.1%	28.6%	3.9	1.1
Our video surveillance systems are reliable and dependable to ensure that hotels meet all of their existing and future security challenges with complete confidence	2.0%	2.0%	12.2%	53.1%	30.6%	4.1	0.8
Our emergency voice evacuation systems installed in hotels are adequate	0.0%	6.1%	18.4%	65.3%	10.2%	3.8	0.7
The fire detection and voice evacuation solutions offered by hospitality consultancy firm are versatile, easy-to-use, and designed to provide greater control over building safety.	2.0%	2.0%	12.2%	51.0%	32.7%	4.1	0.8
The access control and intercom systems installed in hotels are effective in managing high turnover of people entering or exiting the facility	6.1%	2.0%	14.3%	53.1%	24.5%	3.9	1.0
Designs							
This hospitality consultancy firm provides elegant interior designs to her clients	2.0%	4.1%	16.3%	51.0%	26.5%	4.0	0.9
The menu designs provided to the clients are very elegant	0.0%	2.0%	10.2%	59.2%	28.6%	4.1	0.7

Regarding service innovations on safety and security, majority of respondents agreed that the hospitality consultancy services are continually seeking to improve the safety of quests through installation of security systems in hotels, with mean response of 4.1 and standard deviation of 0.9. The results also showed that majority of the respondents agreed that the hospitality

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consultancy firm provides a wide range of integrated surveillance solutions for enhanced security monitoring in hotels with mean response of 3.9 and standard deviation is 1.1. The results also showed that majority of the respondents agreed that video surveillance systems are reliable and dependable to ensure that hotels meet all of their existing and future security challenges with complete confidence with mean response of 4.1 and standard deviation is 0.8. Further, majority of respondents agreed that the emergency voice evacuation systems installed in hotels are adequate with mean response of 3.8 and standard deviation is 0.7.

Moreover, majority of the respondents who participated in the study agreed that the fire detection and voice evacuation solutions offered by hospitality consultancy firm are versatile, easy-to-use, and designed to provide greater control over building safety as indicated by mean response of 4.1 and standard deviation of 0.8. It was also found that majority of the respondents who participated in the study also agreed that the access control and intercom systems installed in hotels are effective in managing high turnover of people entering or exiting the facility as indicated by mean response of 3.9 and standard deviation of 1.0. Regarding designs, majority of the respondents agreed that hospitality consultancy firm provides elegant interior designs to her clients as shown by mean response of 4.0 and standard deviation of 0.9. Likewise, majority as indicated by mean response of 4.1 and standard deviation of 0.7 agreed that the hospitality consultancy firm provides elegant interior designs to her clients.

4.1.2 Descriptive on market innovations

The second objective of the study was to establish the influence of market innovation on financial performance of hospitality consultancy firms. The results are shown in Table 2.

Table 2: Responses on market innovations

Market innovation	Strongly disagree	disagree	don't know	Agree	Strongly agree.	Mean	SD
This hospitality consultancy firm offers excellent after sales support services	4.10%	8.20%	8.20%	59.20%	20.40%	3.8	1.0
Internet Protocol television systems installed in hotels offers excellent advertising capability through distribution of content.	4.10%	12.20%	12.20%	28.60%	42.90%	3.9	1.2
Digital Signage solutions offered by this hospitality consultancy firm keeps hotel clients' marketing messages targeted, up to date with campaigns and product promotions, managing all their screens and content through a simple web browser.	0.00%	12.20%	20.40%	40.80%	26.50%	3.8	1.0
This hospitality consultancy firm offers customized cloud-based Digital Signage solution to enables the display of digital images, videos, web pages, RSS feeds, real-time weather news and flight information.	8.20%	12.20%	14.30%	34.70%	30.60%	3.7	1.3

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This hospitality consultancy firm enables the use of web design in expanding marketing coverage among clients	4.10%	10.20%	16.30%	22.40%	46.90%	4.0	1.2
The hospitality consultancy firm has enabled the use of customized blogs in targeting specific customers in hotels	2.00%	18.40%	8.20%	49.00%	22.40%	3.7	1.1
The installation of marketing analytics amongst our clientele has enabled the management and analyzing of marketing performance indicators	2.00%	16.30%	12.20%	28.60%	40.80%	3.9	1.2

Majority of the respondents of the study agreed that the hospitality consultancy firm offers excellent after sales support services with mean response of 3.8 and standard deviation of 1.0. As indicated by mean response of 3.9 and standard deviation of 1.2, majority of respondents who participated in the study agreed that Internet Protocol television systems installed in hotels offers excellent advertising capability through distribution of content. Further, a majority of respondents as indicated by mean response of 3.8 and standard deviation of 1.0 agreed that digital signage solutions offered by this hospitality consultancy firm keeps hotel clients' marketing messages targeted, up to date with campaigns and product promotions, managing all their screens and content through a simple web browser. In addition, majority of the respondents agreed that the hospitality consultancy firm offers customized cloud-based digital signage solution to enables the display of digital images, videos, web pages, RSS feeds, real-time weather news and flight information as indicated by mean response of 3.7 and standard deviation of 1.3.

It was also found that majority of the respondents also agreed that the hospitality consultancy firms enable the use of web design in expanding marketing coverage among clients as indicated by mean response of 4.0 and standard deviation of 1.2. Further, majority of respondents agreed that the hospitality consultancy firms have enabled the use of customized blogs in targeting specific customers in hotels, with mean response of 3.7 and standard deviation of 1.1. The results also showed that majority of the respondents agreed that the installation of marketing analytics amongst our clientele has enabled the management and analyzing of marketing performance indicators with mean response of 3.9 and standard deviation is 1.2.

4.1.3 Descriptive on product innovation

The third objective of the study was to investigate the influence of product innovation on financial performance of hospitality consultancy firms. The results are shown in Table 3.

Table 3: Responses on product innovation

Product innovation	Strongly disagree	disagree	don't know	Agree	Strongly agree.	Mean	SD
Internet Protocol television systems has enabled the use of television services in hotels to be delivered using the Internet protocol suite over a packet-switched network enhancing its content delivery reliability	4.1%	8.2%	4.1%	73.5%	10.2%	3.8	0.9
The use of Otrum Enterprise has enabled the delivery of seamless guest experience across TVs, tablets, and smart-phones.	4.1%	6.1%	10.2%	38.8%	40.8%	4.1	1.1
OtrumCast seamlessly supports Android and iOS mobile clients, allowing guests to access their own content from Netflix, HBO, YouTube, and over 1000 more content-rich applications.	4.1%	2.0%	20.4%	51.0%	22.4%	3.9	0.9
The installation of plasma television screen, in every room of the quest has enhanced guest experiences	2.0%	10.2%	10.2%	38.8%	38.8%	4.0	1.1
The installation of Fiber Overlay Infrastructure for TV Entertainment in hotels enhances guest experiences	4.1%	4.1%	12.2%	61.2%	18.4%	3.9	0.9
The hotel rooms are self-controlled fitted with automated devices like locks and room control temperatures	2.0%	12.2%	10.2%	46.9%	28.6%	3.9	1.0

Results revealed that majority of respondents agreed that the Internet Protocol television systems has enabled the use of television services in hotels to be delivered using the Internet protocol suite over a packet-switched network enhancing its content delivery reliability, with mean response of 3.8 and standard deviation of 0.9. The results also showed that majority of the respondents agreed that the use of Otrum Enterprise has enabled the delivery of seamless guest experience across TVs, tablets, and smart-phones with mean response of 4.1 and standard deviation is 1.1. Majority of the respondents agreed that OtrumCast seamlessly supports Android and iOS mobile clients, allowing guests to access their own content from Netflix, HBO, YouTube, and over 1000 more content-rich applications with mean response of 3.9 and standard deviation is 0.9.

Further, majority of respondents agreed that the installation of plasma television screen, in every room of the quest has enhanced guest experiences with mean response of 4.0 and standard deviation is 1.1. A majority of the respondents agreed that the installation of Fiber Overlay

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Infrastructure for TV Entertainment in hotels enhances guest experiences with mean response of 3.9 and standard deviation is 0.9. Results also showed that majority of the respondents agreed that the hotel rooms are self-controlled fitted with automated devices like locks and room control temperatures with mean response of 3.9 and standard deviation of 1.0.

4.1.4 Descriptive on process innovation

The fourth objective of the study was to analyze the influence process innovation on financial performance of hospitality consultancy firms. The results are shown in Table 4.

Table 4: Responses on process innovation

	Strongly disagree	disagree	don't know	Agree	Strongly agree.	Mean	SD
The use INNCOM technology in hotels has allowed seamless integration with divergent systems from other hospitality technology providers	6.1%	6.1%	8.2%	59.2%	20.4%	3.8	1.0
The installation of lighting control in hotels has enabled the turning on and off of at the comfort of the guest	6.1%	2.0%	6.1%	49.0%	36.7%	4.1	1.0
The automation of processes in hotel facilitates ultimate in-room control and integration, connecting all the electronic devices to control room temperature, lighting, and drapes	10.2%	2.0%	10.2%	55.1%	22.4%	3.8	1.1
Entry into the hotel have been automated by use of electronic doors	4.1%	10.2%	6.1%	55.1%	24.5%	3.9	1.0
The easy check in to the hotel by use of Radio-frequency identification keys has made experience more great	14.3%	2.0%	10.2%	51.0%	22.4%	3.7	1.3
The use of online bookings systems without physically visiting the hotel	6.1%	10.2%	14.3%	38.8%	30.6%	3.8	1.2
Automation of hotel internal administration and operations made easy	6.1%	8.2%	10.2%	59.2%	16.3%	3.7	1.0
The use of data analytics to process customer data	4.1%	14.3%	4.1%	40.8%	36.7%	3.9	1.2
Use of e-wallet to make payment for services are secure and reliable	10.2%	6.1%	10.2%	51.0%	22.4%	3.7	1.2

Majority of the respondents of the study agreed that the use INNCOM technology in hotels has allowed seamless integration with divergent systems from other hospitality technology providers with mean response of 3.8 and standard deviation of 1.0. As indicated by mean response of 4.1 and standard deviation of 1.0, majority of respondents agreed that the installation of lighting control in hotels has enabled the turning on and off of at the comfort and convenience of the guest. Further, a majority of respondents as indicated by mean response of 3.8 and standard deviation of 1.1 agreed that the automation of processes in hotel facilitates ultimate in-room control and integration, connecting all the electronic devices to control room temperature, lighting, and drapes. In addition, majority of the respondents agreed that entry into the hotel have been automated by use of electronic doors as indicated by mean response of 3.9 and standard deviation of 1.0.

Descriptive results also showed that majority of the respondents also agreed that easy check in to the hotel by use of Radio-frequency identification keys has made experience more great as indicated by mean response of 3.7 and standard deviation of 1.3. Moreover, majority of respondents agreed that the use of online bookings systems without physically visiting the hotel, with mean response of 3.7 and standard deviation of 1.1. The results also showed that majority of the respondents agreed that the use of data analytics to process customer data with mean response of 3.9 and standard deviation is 1.2. Finally, results showed that majority of the respondents agreed that the use of e-wallet to make payment for services are secure and reliable with mean response of 3.7 and standard deviation is 1.2.

4.2 Regression analysis

The results presented in Table 5 indicate the fitness of model used of the regression model in explaining the study phenomena.

Table 5: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.825 ^a	.681	.652	.45485

a. Predictors: (Constant), process innovation, market innovation, product innovation, service innovation

From the results on Table 5, shows that service innovation, market innovation, product innovation and process innovation are satisfactory variables in explaining performance of hospitality consultancy firms. This fact is supported by coefficient of determination also known as the R square of .681. This implies that service innovation, market innovation, product innovation and process innovation explain 68.1% of performance of hospitality consultancy firms. Table 6 gives the results of the analysis of variance.

Table 6: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.403	4	4.851	23.447	.000 ^b
	Residual	9.103	44	.207		
	Total	28.506	48			

a. Dependent Variable: Performance of hospitality consultancy firms

b. Predictors: (Constant), process innovation, market innovation, product innovation, service innovation

The outcomes of the analysis of variance show that the general model was statistically significant. Further, the outcomes suggest that service innovation, market innovation, product innovation and process innovation are satisfactory indicators of performance of hospitality consultancy firms. This was supported by an F statistic of 23.447 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. The regression of coefficient table is presented in Table 7.

Table 7: Regression coefficient analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.005	.418		.013	.990
1 Service innovation	.370	.125	.340	2.948	.005
Market innovation	.199	.093	.218	2.149	.037
Product innovation	.261	.105	.247	2.498	.016
Process innovation	.226	.097	.256	2.340	.024

a. Dependent Variable: Performance of hospitality consultancy firms

Basing on the predictive model, service innovation ($\beta=.370$) had the highest positive effect on performance of hospitality consultancy firms. Product innovation had the second highest positive effect ($\beta=.261$) on performance of hospitality consultancy firms, followed by process innovation ($\beta=.226$) and environmental responsibilities ($\beta=.199$).

Model results revealed that coefficient of service innovation has a positive and significant effect on performance of hospitality consultancy firms ($\beta=.370$, $p=0.005<0.05$). The regression of coefficient implies that if service innovation increases by one unit, performance of hospitality consultancy firms increases by 37.0 percent. Some of innovation services offered by the hospitality consultancy firms include mobile bookings, guest device connectivity tool, fast wifi connectivity services, telephony, room customization and design services, security surveillance services and IPTV systems installation, signage solutions.

Service innovation goes beyond the conventional boundaries of product innovativeness and is interplay of service concepts and service delivery systems, client interfaces, and technologies and often entails new ways in which customers view and use the service. Service innovation can provide an effective way in enhancing firms' financial performance. Firms can benefit from a service-based innovation by enhancing firm performance. The results concur with Hussain, Konar and Ali (2016) who conducted on service innovation performance through team culture and knowledge sharing behaviour in hotel services in Klang Valley, Malaysia and found that service innovation is essential in order to provide better experiences to consumers. Also, Lin (2013) while studying the impact of service innovation on firm performance in China established that service innovation affects firm performance through direct and indirect paths where service quality plays a positive mediating role, and the direct impact is larger than the indirect one. Moreover, Xuhua, Spio-Kwofie, Udimal and Addai (2018) while studying entrepreneurial innovation strategies among small hotels' growth in Ghana noted that service innovations impact growth of small hotels.

The coefficient of market innovation has a positive and significant relationship ($\beta=.199$, $p=0.037<0.05$) with performance of hospitality consultancy firms. The results implies that a unit increase in market innovations by hospitality consultancy firms results to 19.9 percent increase in the performance of hospitality consultancy firms. Varied marketing innovations techniques were identified in the study. Some of the market innovations employed by the hospitality consultancy firms include market segmentation, marketing research, internet marketing, hotel optimization

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systems, online bookings, marketing analysis systems and use of blogs, promotional services, customer follow up services via emails, multimedia advertisement, targeted marketing services, cloud based digital signage, personalized and customer services, marketing analytics and support services.

Market innovation deals with the market mix and market selection in order to meet a customer's consumption choice. Accordingly, market innovation plays a crucial role in fulfilling market needs and responding to market opportunities. In this respect, any market innovation has to be directed at meeting customers' demand and satisfaction. Market innovation would augment sales through the increasing demand for products and services, which in turn yields additional profit to innovative firms. Hospitality consultancy firms may need to improve their performance by widening the base activities and raise its market share by utilizing the technological revolution and the innovative marketing methods. The results agree with Rosli and Sidek (2013) that marketing innovation has the ability to foresee the current industry model in ways that create new value for customers, weaken competitors and produce new wealth for all stakeholders according to the organizational knowledge. Also Martin-Rios and Ciobanu (2019) in a study on hospitality innovation strategies, analyzing success factors and challenges found that marketing innovations has potential to increase hotels sales turnover.

In addition, coefficient of product innovation has a positive and significant relationship ($\beta=.261$, $p=0.016<0.05$) with performance of hospitality consultancy firms. The results imply that a unit increase in product innovations among the hospitality consultancy firms results to 26.1 percent increase in the performance of hospitality consultancy firms. Product innovations identified in the study include boarding buses, internet protocols, plasma televisions, outrumcast, and interior decoration products, overlay fiber infrastructure, decorative tables and chairs, IPTV products, designers equipment, lifts and escalators and hotel designer items.

Product innovation is the creation of a new product in order to create new markets or customers, or satisfy current markets or customers and one of the important sources of competitive advantage to the firm. Product innovations are reflected in new products to the end user. With new product in the marker, the performance of hospitality consultancy firms tends to improve. The products should be tailored towards customers' need. The results concur with that of Kanagal (2015) who undertook a study on innovation and product innovation in marketing strategy product innovation is a source competitive advantage. Likewise, Owino (2018) while studying the effect of product and process innovation on financial performance of hotels and restaurants in Nairobi County found that product innovation affect the financial performance of hotels and restaurants positively.

Coefficient of results further showed that process innovation and performance of hospitality consultancy firms have a positive and significant relationship ($\beta=.226$, $p=0.000<0.05$). The results implies that a unit increase in process innovation among the hospitality consultancy firms results to 22.6 percent increase in the performance of hospitality consultancy firms. Many hospitality consultancy firms struggle to innovate and lead as they are engrossed in the day to day operations. As a result many of hospitality consultancy firms have to change the way in which they do business and serve customers, through process innovation.

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Process innovation allows running of the firms' operations so as to increase its effectiveness and efficiency. Process innovation can purposefully be introduced to decrease the unit cost of production or delivery, to increase quality or to produce or deliver new or notably improved products. Among the hospitality consultancy firms, process innovation entails new techniques of improving hotel business operations. The results concur with Ottenbacher (2017) who conducted a study on innovation management among hospitality firms and found that process innovation is key driver of that enhance market performance. Likewise, Mattsson and Orfila-Sintes (2014) while studying hotel innovation and its effect on business performance in the Balearic Islands, Spain found that process innovations offered by hospitality consultancy firms enhanced the hotel performance.

5.0 Conclusions

The study concludes that service innovations among the entrepreneurial innovations play the most significant role in enhancing performance hospitality consultancy firms. Service innovation can provide an effective way in enhancing firms' financial performance. Some of innovation services offered by the hospitality consultancy firms include mobile bookings, guest device connectivity tool, fast wifi connectivity services, telephony, room customization and design services, security surveillance services and IPTV systems installation, signage solutions.

The study further concludes that product innovation was found to be the second most important entrepreneurial innovation for the hospitality consultancy firms. With new product in the marker, the performance of hospitality consultancy firms tends to improve. Some of innovative products offered by hospitality consultancy firms include plasma televisions, outrumcast, and interior decoration products, overlay fiber infrastructure, decorative tables and chairs, IPTV products, designer equipment, lifts and escalators and hotel designer items.

Conclusion can be made further that marketing innovations is essential in maintain market visibility of the hospitality consultancy firms. Market innovation plays a crucial role in fulfilling market needs and responding to market opportunities. Some of the market innovations employed by the hospitality consultancy firms include market segmentation, marketing research, internet marketing, hotel optimization systems, use of blogs, promotional services, customer follow up services via emails, multimedia advertisement, targeted marketing services, cloud based digital signage, personalized and customer services, marketing analytics and support services.

It was also concluded that process innovations among the hospitality consultancy firms is critically important. Process innovations enhance firm operations via effectiveness and efficiency of firm tasks. In the hospitality consultancy niche, process innovations involve new techniques of improving hotel business operations. The use of INNCOM technology in hotels, installation of lighting control in hotels, online bookings systems and use of e-wallet to make payment for services influences the performance hospitality consultancy firms.

6.0 Recommendations

It was established that service innovations play a critical in enhancing the financial performance hospitality consultancy firms. The study recommends for the need of the hospitality consultancy firms to continuously participate in research and development alongside hospitality training institutions to continuously introduce other innovative services that suit the changing business environment and needs of the customers.

The study established that product innovation influences the performance of hospitality consultancy firms. The study recommends for the need of the hospitality consultancy firms to develop innovative products based on customer desire and preferences. This will ensure that innovative products that serve the varied needs of customers in the market niche. The products should be capable to penetrate new markets, or satisfy current markets or customers and also as one of the important sources of competitive advantage to the firm. The products need also to be tailored as per the needs of the customers at the market place.

The study established that marketing innovations is essential in maintain market visibility of the hospitality consultancy firms. Market innovation plays a crucial role in fulfilling market needs and responding to market opportunities. The study recommends that marketing approaches of the hospitality firms have to be directed at meeting customers' demand and satisfaction. Hospitality consultancy firms may need to improve their performance by widening the base activities and raise its market share by utilizing the technological revolution and the innovative marketing methods. The hospitality firms need to embark on digital marketing in addition to traditional system of marketing with aim of reaching many customers. Digital marketing may be in the form of social marketing platforms like Google, Facebook, twitter, search engine optimization among others alongside traditional methods like physical show casing of products and services.

It was found that process innovations in the hospitality consultancy enhance firm operations. Among the hospitality consultancy firms, process innovation involves new techniques of improving hotel business operations. The use of INNCOM technology in hotels, installation of lighting control in hotels, online bookings systems and use of e-wallet to make payment for services proofed to be crucial among the hospitality consultancy firms in maintaining competitive advantage and meeting customer demands. There is need for the hospitality consultancy firms to adopt a step by step technique when designing product and services based on customer desires.

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