

# The Effect of Entrepreneurial Orientation and Service Innovation on Sustainable Competitive Advantage on the Performance of 3, 4 and 5 Star Hotels in Indonesia

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*Abstract:* - The purpose of this study was to determine the effect of entrepreneurial orientation and service innovation on sustainable competitive advantage on the performance of 3,4 and 5 star hotels in Indonesia. The researchers took a quantitative approach by measuring the sample variables built from the construct and representing the research population. The unit of analysis in this study is a company engaged in accommodation services (hotels) with 3, 4, and 5 stars spread throughout Indonesia, namely in Bali, West Java, DKI Jakarta, Central Java, East Java, DI Yogyakarta, Banten, Lombok., Sulawesi, Kalimantan, Sumatra, while the unit of observation is the General Manager of the Hotel. Researchers take a quantitative approach using Partial Least Square (PLS) method used in this study to analyze the response. Based on the analysis and discussion above, it shows that Entrepreneurial orientation has no effect on Sustainable Business Growth, Service Innovation has a positive effect on Sustainable Business Growth, Entrepreneurial Orientation has a positive effect on Firm Performance, Service Innovation has no positive effect on Firm Performance, Service Innovation has a positive effect on Firm Performance and Sustainable Competitive Advantage is proven to be able to mediate the relationship between Service Innovation and Firm Performance. Based on this research, it shows that service innovation is important for organizations engaged in services to maintain competitive advantage for their long-term survival in a competitive and complex business environment.

*Key-Words:* - Sustainable Business Growth, Firm Performance, Service Innovation, Entrepreneurial orientation

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## 1 Introduction

The growth in the number of hotels (supply) in 2019 was strongly influenced by very high growth in Bali and Jakarta, the two largest markets in Indonesia with an increase of 32.5% in Bali and 19% in DKI Jakarta, respectively, [1]. Meanwhile, the need for

the number of rooms (demand) grew lower, namely for Bali by 22% and for Jakarta only 4.6%. The need for five-star hotel rooms in Indonesia in the last five years has grown by 13%, the number of which varies between provinces.

Covid-19, which has hit most countries in the world, has greatly affected world tourism, due to reduced international tourist travel, [2]. The decline in international tourist travel caused the hotel room occupancy rate to also drop dramatically. Based on BPS data (2020) shows that the arrivals of foreign tourists to Indonesia are estimated to only be able to return to the level of 2019 in 2021 (pessimistic level) or 2022 (optimistic level).

In an effort to make the hotel have a sustainable competitive advantage and be able to improve performance, it is necessary to carry out an appropriate management strategy, [3]. This strategy can be done by optimizing existing resources, maximizing dynamic capabilities, continuing to innovate services, adopting information technology in the Industry 4.0 era, and being entrepreneurship-oriented, [4].

Victorino et al., [5], stated that “there are several factors that influence hotel innovation such as hotel type, information technology, and service customization.” The results of his research found that service innovation had a small effect for the type of hotel that had a large effect. While Tseng et al., [6], investigated services, various innovation configurations that can increase the average occupancy rate impact on customer satisfaction). Further research by Žitkien et al., [7], shows that “most hotel chains have departments built to encourage and reward innovation.”

Research by den Hertog et al., [8], adopts a demarcation perspective that “prioritizes increased innovation related to better company performance.” Therefore the hotel industry must innovate in various key service concepts, and supporting processes related to customers. Meanwhile Chivandi et al., [9], found indications that “service innovation is related to improving hotel business performance.” Research by Khan et al., [10], states that “a sustainable competitive advantage can be achieved with a competitive strategy, which in turn will improve business performance.” Gomes & Romão, [11], added that “for several companies it has been proven to be able to create sustainable performance with competitive advantages.” Competitive advantages in this regard are the innovation of more efficient technological processes, new products and service procedures as well as the development of dynamic capabilities. While Khan et al., [10], concludes that “sustainable competitive advantage has received a lot of attention from strategic management scientists in a turbulent era because of the importance of scientific contributions to improving company performance, both financial and non-financial performance.” Empirical studies have

also proven that sustainable competitive advantage based on aspects of differentiation and basic costs contributes significantly to company performance, [12], [13], [15]. Furthermore, research by Enz, [14], concluded that “companies that earn high profits compared to competitors because they have a competitive advantage.”

According to Cheng, [16], to have a competitive advantage a hotel must be able to create value by offering lower prices, unique service levels. Meanwhile, Santoro, [17] concluded that “hotel performance can be measured by the “RevPar” index, but in a different way.” It was found that there is a significant correlation between performance and category (star class), this shows that quality is a driver of the hotel industry's performance.

Furthermore Žitkien et al., [18], concluded that “superior financial performance occurs from the company's unique resources and management capabilities.” Meanwhile, Williamson [19] found that “the results of dynamic capabilities can help to achieve sustainable competitive advantage (SCA) by carrying out a series of innovations that are able to make companies work faster than competitors.”

## 2 Literature Review and Hypotheses

### 2.1 Entrepreneurial Orientation Towards Sustainable Competitive Advantage

Yohanes & Hidayati's research, [20], in the hotel industry in Central Java found that HR capabilities, EO, and market orientation greatly determine the competitive advantage of hotels. Furthermore, Pratono et al., [21], found strong indications that EO and market orientation has an effect on sustainable competitive advantage. Guimarães et al., [22], in a study in Brazil found that there is a positive correlation between EO, market orientation and knowledge management orientation with sustainable competitive advantage. Phapruke Ussahawanitchakit's research, [23], in Thailand found that EO has an effect on the level of competition for small and medium companies.

**H1:** There is a significant effect between Entrepreneurial Orientation for increasing Sustainable Competitive Advantage.

### 2.2 Service Innovation Towards Sustainable Competitive Advantage

Research by Salunke et al., [24], in “B2B” service companies found that service innovation has an impact on sustainable competitive advantage.

Research by Chiu & Yang, [25], found that in government organizations (public sector) in Taiwan, Service innovation impacts on competitive advantage. Meanwhile, Liu, [26], found that in manufacturing companies, service innovation has a role and also contributes positively to competitive advantage. Hong et al., [27], in research in the banking industry in Malaysia found that service innovation is used as one of the bank's future strategies and moves through a "customer centric" and "service centric" approach. This shows that service innovation consists of process innovation, business model innovation, operational innovation, market innovation, and paradigmatic innovation. Previously Tsou et al., [28], in a study of 600 information technology service companies found that service delivery innovations from companies could create a superior competitive advantage. Research by Storey & Kahn, [29], found that efforts to create new services build a sustainable (long-term) competitive advantage.

**H2:** There is a significant effect of Service Innovation on Sustainable Competitive Advantage.

### **2.3 Entrepreneurial Orientation to Firm Performance**

Research by Nalin et al., [30], found EO has an impact on company performance. Furthermore, Fitriati et al., [31], found that EO has an impact on firm performance through the mediation of dynamic capabilities. Research by Lim & Kim, [32], found that EO has an impact on company performance. Also suggested that companies should implement an entrepreneurial orientation through "corporate entrepreneurship". Research by Oktavio et al., [33], on hotels in Surabaya found that entrepreneurial orientation had a positive impact on innovation but had little impact on company performance. Research by Hmaidan, [34], on women entrepreneurs in Nigeria found that entrepreneurial orientation and market orientation are important variables for business performance. Kim, [35], finds that the interaction between entrepreneurial orientation and dynamic capability has a significant effect on company performance. Kim, [35], also concluded that EO and strategic management are interrelated disciplines. While research by Peris et al., [36], in the manufacturing sector in Pakistan found that entrepreneurial orientation has a positive effect on organizational performance. Research by Ariasih et al., [37], on the coffee industry in Bali found that entrepreneurial orientation has a significant positive impact on company performance.

**H3:** There is a significant influence between Entrepreneurial Orientation (Entrepreneurial Orientation) on Company Performance (Firm Performance).

### **2.4 Service Innovation Towards Firm Performance**

Research by Feng et al., [38], found that service innovation has an impact on company performance. Research by Stojčić et al., [39], on hospitality companies in Croatia found that service innovation emerged dominantly through the transfer of knowledge and expertise within the organization, which ultimately had a positive impact on company performance. Wu & Nguyen's research, [40], found that dynamic service innovation has an impact on service innovation to explore and respond to customer needs. Tsai & Wang, [41], find that good innovation and market-oriented capabilities can significantly improve the performance of service-oriented companies. Previously, Anning-dorson, [42], found that service innovation can increase the level of competitiveness of service companies. Research by Ryu et al., [43], found that the service innovation strategy has a positive impact on company performance through three focus strategies, namely a focus on service creation, a focus on service delivery and a focus on interaction with customers. Research by Wu & Chen, [40], examines the impact of service innovation on a firm's financial performance and finds the provision of management consulting services that gives firms an edge.

**H4:** There is a significant influence between Service Innovation on Firm performance.

### **2.5 Sustainable Competitive Advantage against Firm Performance**

Songling et al., [44], found that financial and non-financial support from the government has a significant impact or influence on sustainable competitive advantage and company performance. Furthermore, Na & Kang, [45], found that to increase sustainable competitive advantage, "sharing economy" services must actively present new product ideas, respond quickly to market demands and actively build new product ideas. Haseeb, Hussain, & Kot, [46], in a study in Malaysia found that social and technological challenges play an important role in increasing competitive advantage and sustainable business performance.

**H5:** There is a significant effect between Sustainable Competitive Advantage on Firm Performance.

### **2.6 Sustainable Competitive Advantage Mediates the relationship between Service Innovation and Firm Performance**

Based on the current development of the service sector, service innovation is a challenge for both commercial and non-profit enterprises. Due to global business changes, companies that cannot compete will lose their competitive advantage which has an impact on survival, [47]. Hong et al., [27], in research in the banking industry in Malaysia found that service innovation is used as one of the bank's future strategies and moves with a "customer centric" and "service centric" approach. In addition, service innovation consists of process innovation, business model innovation, operational innovation, market innovation, and paradigmatic innovation. Service innovation is a determinant of competitive advantage for the company's long-term survival. Meanwhile, related to company performance, Haseeb, Hussain, & Kot, [46], found social and technological challenges had an impact on competitive advantage and sustainable business performance.

**H6:** There is a significant effect of Service Innovation on Firm Performance mediated by Sustainable Competitive Advantage.

## **3 Method**

Researchers take a quantitative approach by measuring the sample variables built from the construct and representing the research population. This research was conducted on the hotel industry in Indonesia, especially for 3, 4, and 5 star hotels using a scientific approach or method. To prove and analyze the hypotheses built through the synthesis of previous studies, data from several samples are needed to be tested using statistics. The distribution of the questionnaire will be done online (via email and whatsapp), with one time data collection (cross sectional). Data from the questionnaire will be tabulated in Excel, for further analysis using SEM-PLS. The unit of analysis in this study is a company engaged in accommodation services (hotels) with 3, 4, and 5 stars spread throughout Indonesia, namely in Bali, West Java, DKI Jakarta, Central Java, East Java, DI Yogyakarta, Banten, Lombok., Sulawesi, Kalimantan, Sumatra, while the unit of observation is the General Manager of the Hotel. This study

adopts the Entrepreneurial Orientation Construct, [48], Service Innovation [8], Company Performance, [49] and Sustainable Competitive Advantage, [50]. The questionnaire questions were designed according to the operationalization of the variables in the form of a Likert scale of 4 starting from (1) Strongly Disagree (2) Disagree, (3) Agree and (4) Strongly Agree.

## **4 Results and Analysis**

Based on the results of a questionnaire from 257 respondents, 227 people (88%) general managers of hotels in Indonesia are male, while 30 people (12%) are women. that from a total of 257 respondents studied, there were eighty-four (33%) respondents who were over the age of 50 years, one hundred twenty-six (49%) aged 41-50 years, forty-three people (17%) aged 31 -40 years, and four people (1%) were under 30 years old. Most of the respondents have the latest education Diploma, either D1, D2 or D3. That is as many as one hundred and six people (41%), who have the last education S1 as many as ninety-six people (38%), respondents who have the last education S2 are thirty-nine people (15%), who have the last education of SMA/SMK as many as thirteen people (5%). Thirty-two people (12%) were respondents who worked for less than two years. Then as many as fifty-six people (22%) worked in the category of 2-5 years, then as many as eighty (31%) were in the category of 5-10 years and as many as eighty-nine respondents (35%) worked in the category of over 10 years. Of the total 257 people studied, most of the respondents were one hundred and twelve people (44%) from the room division, sixty-two people (24%) from the F&B division, sixty people (23%) from the sales & marketing division, and The remaining 8% comes from the HR division, engineering and other departments.

The outer loading results shown in Table-1 show that among the 4 variables, 19 factor loading values are above 0.7. Therefore, 4variables were classified as sufficient for further analysis. Two invalid factors were excluded from further analysis.

Table 1. Convergent Validity Analysis

Factor	Variable	Average Value	Standard Deviation	Loading Factor	Remarks
Entrepreneurship Orientation	EO1	4,53	0,745	0,798	Valid
	EO2	4,42	0,731	0,801	Valid
	EO3	4,38	0,752	0,788	Valid
	EO4	4,46	0,688	0,796	Valid
	EO5	4,42	0,736	0,836	Valid
	EO6	4,10	0,796	0,647	Valid
Service Innovation	SI1	4,12	0,817	0,807	Valid
	SI2	4,07	0,882	0,756	Valid
	SI3	4,38	0,752	0,694	Valid
	SI4	4,46	0,688	0,767	Valid
	SI5	4,42	0,736	0,794	Valid
	SI6	4,31	0,753	0,806	Valid
Sustainable Competitive Advantage	SCA1	3,90	0,969	0,786	Valid
	SCA2	4,05	0,856	0,898	Valid
	SCA3	4,06	0,822	0,887	Valid
Firm performance	FP1	4,31	0,770	0,753	Valid
	FP2	4,20	0,719	0,778	Valid
	FP3	4,13	0,728	0,883	Valid
	FP4	4,09	0,768	0,867	Valid

### 4.1 Convergent Validity Analysis through Composite Reliability (CR), and Extracted Mean Variance (AVE)

The next analysis after the validity test is the reliability test. The instrument reliability test was carried out to determine the consistency of the regularity of the measurement results of an instrument even though it was carried out at different times, locations, and populations. Construct reliability was measured by two different criteria, namely composite reliability and Cronbach's Alpha (internal consistency reliability). Table-2 illustrates that the Composite-Reliability for all factors are above 0.7, so it can be concluded that the variables and construct statements are reliable. The table also shows all Average Variance Extracted (AVE) values above 0.50 which indicates that these factors have acceptable convergent validity.

Table 2. AVE and Composite Reliability

Factors	Composite Reliability (C.R.)	A.V.E.
Entrepreneurial orientation	0,870	0,608
Firm performance	0,838	0,676
Service Innovation	0,864	0,596
Sustainable Competitive Advantage	0,820	0,737

### 4.2 Discriminant Validity: Fornell-Larcker Criteria

If the results of the Fornel-Larcker Criterion calculation show that the AVE root value of each construct is greater than the correlation value

between one construct and another, then the discriminant validity is declared to be good, the discriminant validity value based on the Fornel-Lacker Criterion in this research model can be seen in Table 3 below:

Table 3. Discriminant Validity (Fornell-Larcker Criteria)

Factors	Entrepreneurial orientation	Firm performance	Service Innovation	Sustainable Competitive Advantage
Entrepreneurial orientation	0,780			
Firm performance	0,674	0,822		
Service Innovation	0,694	0,711	0,772	
Sustainable Competitive Advantage	0,609	0,719	0,702	0,858

Based on the results of the Fornell-Larcker criterion test, the square root AVE value on Firm performance is 0.822 greater than the correlation value of Firm performance with Entrepreneurial orientation of 0.674 which indicates that the discriminant validity value requirements have been met and can be accepted. Then, the square root AVE value for Sustainable Competitive Advantage is 0.858 greater than the correlation value for Sustainable Competitive Advantage with Service Innovation 0.702, Sustainable Competitive Advantage with Firm performance 0.719, and Entrepreneurial orientation with Sustainable Competitive Advantage, amounting to 0.609. This shows that the discriminant validity value requirements have been met and can be accepted.

### 4.3 Structural Model Evaluation

The structural model was analyzed using the R-Square value. This helps in identifying the magnitude of the exogenous variables and at the same time explaining the endogenous variables. The calculated R-square values are shown in Table-4.

Table 4. R-Square

Variable	R-Square
Firm performance	0,611
Sustainable Competitive Advantage	0,495

The R-square value of 0.611 for the resulting firm performance explains that 61.1% of the variance is contributed by the constituent variables of Entrepreneurial orientation, Service Innovation and Sustainable Competitive Advantage. The

remaining 37.9% of the variance is explained by other unknown variables. Similarly, the R-square value of 0.495 for Sustainable Competitive Advantage reveals that the resulting factor variance can be explained by other variables, namely Entrepreneurial orientation, and Service Innovation up to 49.5%, while the remaining 50.5% is contributed by other unknown variables. .

The hypotheses set out in Table-5 are now analyzed using the t-test and the results are presented in Table-5. Of the 6 hypotheses tested, 4 null hypotheses were rejected and proved statistically significant to the factors studied on the Company's sustainable business growth. In 2 cases, the null hypothesis cannot be rejected.

Table 5. Hypothesis Test Results

Hypothesis and Path	Original Sample	Sample Mean	Std. Deviation	T-Statistic	P-Value	Decision on Effect
Direct Relationship Hypotheses						
H1: EO -> SCA	-0,093	-0,105	0,139	0,671	0,503	Not Proven
H2: SI -> SCA	0,785	0,795	0,133	5,898	0,000	Effect Proven
H3: EO -> FP	0,233	0,227	0,118	1,970	0,049	Effect Proven
H4: SI -> FP	0,193	0,201	0,159	1,214	0,225	Effect Proven
H5: SCA -> FP	0,442	0,445	0,074	6,006	0,000	Effect Proven
Indirect or Mediating Effect of Working-Conditions Related Hypotheses						
H6: SI -> SCA -> FP	0,347	0,354	0,089	3,909	0,000	Effect Proven

Source: Statistical analysis result

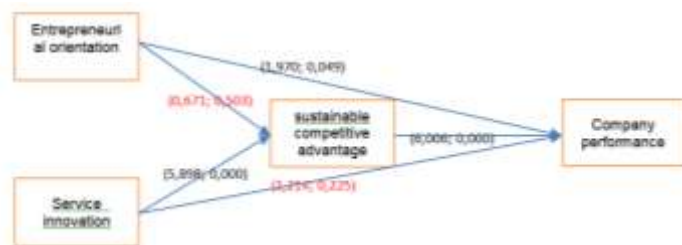


Fig. 1: Pathway result

Based on the pathway results, it shows that the influence of Entrepreneurial orientation on sustainable competitive advantage with a p value of 0.503, the effect of Service innovation on sustainable competitive advantage with a p value of 0.000, the effect of Entrepreneurial orientation on Company performance with a p value of 0.049, the effect of Service innovation on Company performance with a p value of 0.225 , and the effect of sustainable competitive advantage on company performance with a p value of 0.000.

## 4.4 Discussion

### 4.4.1 Entrepreneurial Orientation Towards Sustainable Competitive Advantage

It was found that the T-statistical value (0.671) < 1.96 and the original sample value was -0.093 (negative sign). From these results, the hypothesis which states that Entrepreneurial orientation has a positive effect on Sustainable Business Growth is rejected. This is in contrast to the research by Phaprueke Ussahawanitchakit, [51], in Thailand which found that entrepreneurial orientation has a significant impact on the competitive level of small and medium-sized companies sustainable competitive advantage. One indicator of a sustainable competitive advantage is the differentiation and uniqueness of products and services,[20,21]. In the hotel industry, it is rather difficult to differentiate in products and services, almost all hotels sell the same products and services. The results of this study need to be re-confirmed with the General Managers to get a more definitive answer why this hypothesis is rejected, [23]. Entrepreneurial orientation is a key concept as executives strategize with the hope of doing something new and taking advantage of opportunities that other organizations cannot exploit.

### 4.4.2 Service Innovation towards Sustainable Competitive Advantage

The t statistic was found to be (5.898) > 1.96, and the original sample value was 0.785 (positive sign). These results support the hypothesis that service innovation has a positive effect on the SCD. Previously Tsou et al., [28], in a study of 600 information technology service companies found that service delivery innovations from companies could create a superior competitive advantage. Research by Storey & Kahn, [29], found that “efforts to create new services build a sustainable (long-term) competitive advantage.” Analysis of the role of service innovation in influencing sustainable competitive advantage in the hospitality industry, Accepted. Service innovation is the introduction of new service-focused ideas that provide new ways of delivering benefits, new service concepts, or new service business models through continuous operational improvements, technology, investments in employee performance, or customer experience management, [27], [29]. The explanation of why service innovation affects sustainable competitive advantage is because according to Barney, one of the most difficult competitive advantage to imitate is people. The hospitality industry is an industry that

is done by humans for humans, so that service innovations carried out by humans will be a competitive advantage or advantage to compete sustainably, for an organization. Based on this, it shows that one of the success factors in maintaining good company performance is having service innovation that has been implemented for quite a long time by hotels managed in a network before the pandemic took place together with the implementation of sustainable competitive advantage.

#### **4.4.3 Entrepreneurial Orientation to Firm Performance**

The t statistic is found to be  $(1.970) > 1.96$ , and the original sample value was 0.233 (positive sign). These results support the hypothesis that EO has a positive impact on firm performance. Previously Fitriati et al., [31], who conducted research in Malaysia found that entrepreneurial orientation has a more significant effect on company performance in central government-owned companies than regional government-owned companies. Research by Ariasih et al., [37], found that the relationship between entrepreneurial orientation and firm performance could be mediated by different strategy variables and innovation performance. Research by Ariasih et al., [37], in Austria found that both market orientation and entrepreneurial orientation have a positive impact on performance in emerging markets. Meanwhile, research by Kim, [35], in Austria found a significant positive relationship between entrepreneurial orientation and “corporate” performance by emphasizing “innovative behavior” as the most important sub-dimension. While the indicators used to measure entrepreneurial orientation are, the policy in delegation is also the freedom to build ideas. When focusing its targets on revenue, GOP, occupancy and market share, para-GM concentrates more on day to day operations, so that entrepreneurial orientation becomes the next choice, if the above targets have been achieved.

#### **4.4.4 Service Innovation towards Firm Performance**

The t-statistic was found to be  $(1.214) < 1.96$ , the original sample value was 0.193 (positive sign). Based on these results, the hypothesis that service innovation has a positive impact on firm performance is rejected. Furthermore, Anning-dorson, [42], also makes a framework of two aspects of the impact of service innovation, namely cost reduction through changes in internal business processes and training improvements for customer satisfaction. Research by Chen et al., [16], found

that managers should pay particular attention to how service delivery innovation fits into the “service channel” to allow all aspects of innovation to interact to achieve superior firm performance. While the company's performance in this study looks more at revenue, GOP, occupancy and market share, so that service innovation is not the main focus of GM's daily targets. As described in the two dimensions of sustainable competitive advantage, namely product and service strategy and cost and growth (growth) strategy, it can be interpreted that sustainable competitive advantage depends on the strategy taken by stakeholders in the hospitality industry.

#### **4.4.5 Sustainable Competitive Advantage against Firm Performance**

It was found that the T-statistical value  $(6.006) > 1.96$  and the original sample value was 0.251 (positive sign). From these results, the hypothesis which states that Service Innovation has a positive effect on Firm Performance is accepted. Haseeb, Hussain, & Kot, [46], stated that “a strong reputation in the community can be a wealth for companies, especially in times of crisis.” In addition, the positive credibility of the company can influence policy makers and have other positive impacts: increasing employee satisfaction and loyalty, as well as improving the financial performance and competitiveness of the company. In addition to increasing stakeholder loyalty, GCG practices can build genuine relationships between companies and stakeholders, increase employee satisfaction and motivation, increase the company's ability to provide positive responses, thereby increasing performance and creating competitive advantage [45]. The results of hypothesis testing the effect of sustainable competitive advantage on performance companies in the hotel industry, using SEM PLS states that sustainable competitive advantage has an influence on company performance. As described in the two dimensions of sustainable competitive advantage, namely product and service strategy and cost and growth strategy, it can be interpreted that sustainable competitive advantage depends on the strategies taken by stakeholders in the hotel industry both practically and financially. it can be seen that these aspects affect the company's performance in terms of net income, gross profit and occupancy rate.

#### 4.4.6 Sustainable Competitive Advantage Mediates the Relationship between Service Innovation and Firm Performance

It was found that the T-statistical value (3.909) > 1.96 and the original sample value was 0.347 (positive sign). From these results, the hypothesis which states that Sustainable Competitive Advantage is proven to be able to mediate the relationship between Service Innovation and Firm Performance received. Service innovation is defined as the introduction of new service-focused ideas that provide new ways of delivering benefits, new service concepts, or new service business models through continuous operational improvements, technology, investments in employee performance, or customer experience management, [27]. Service innovation has a positive effect on hotel business performance. This study contributes to practice by helping hotel managers to design the right service innovation strategy and make the right decisions,[46]. Service innovation is defined as the introduction of new service-focused ideas that provide new ways of delivering benefits, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or managing the customer experience.

## 5 Conclusion

Based on the analysis and discussion above, it shows that Entrepreneurial orientation has no effect on Sustainable Business Growth, Service Innovation has a positive effect on Sustainable Business Growth, Entrepreneurial Orientation has a positive effect on Firm Performance, Service Innovation has no positive effect on Firm Performance, Service Innovation has a positive effect on Firm Performance and Sustainable Competitive Advantage is proven to be able to mediate the relationship between Service Innovation and Firm Performance.

This study also clearly shows the reasons for customers to choose hotels, namely location and service so that owners can choose the right/strategic location. The General Manager can maximize profits for hotels that have strategic locations and improve service quality, including innovating in service. This research also shows General Managers to find out the priorities expected by superiors from General Managers or Owners, namely profits, growth and market share.

Researchers hope that the results of this study can be used as material for consideration by the government as a regulator or regulator to pay

attention to the growth in the number of hotels and star categories in each region to avoid excess supply/room supply (over supply). This can be done by paying attention to the growth rate of supply (supply) of hotel rooms and demand (demand) of hotel rooms both during normal conditions and during abnormal conditions such as a pandemic.

The limitation of this study is that this study uses SEM. The weakness of PLS is its focus on prediction rather than explanation. As Earlie notes, this is a difficult concept to grasp, but it is reflected in the fact that PLS will find a solution when SEM will fail. But the important consideration here is that we must understand what the results mean and how to interpret them.

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### **Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)**

I Nyoman Sarya is the main author of this article and also plays a role in analyzing the statistical data generated in this study.

MTS. Arief is an expert in the field of research management, he is very helpful in providing input and input in this research so that it can produce quality research.

Hardijanto Saroso is an expert in the field of economics and research management, she is also an expert in the field of economics so she is very instrumental in providing input on the use of theories in this research in order to produce quality research.

Agustinus Bandur is an expert in input research methodology; he plays a role in providing input and in this research so that it can produce quality research.

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