Effects of external collaboration and network embeddedness on service innovation performance of hospitality industry in China: mediating role of entrepreneurial orientation

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Abstract

The objective of this study was to examine the relationship of external collaboration, network embeddedness, and entrepreneurial orientation on service innovation performance and present the research findings using structural equation modeling, focusing on studying the path through which integrating external resources can improve service innovation performance via internal capabilities, in order to propose strategies for promoting service innovation performance in hospitality industry of China. The study employed a quantitative research method, specifically a questionnaire survey, to collect data from 381 staff members across eight high-star hotels in China. Data were analyzed using descriptive statistics, reliability and validity analysis, structural equation modeling, and the mediation effect of variables was analyzed using the Bootstrap method. The results of the study include: 1) external collaboration has a positive impact on service innovation performance; 2) structural embeddedness has a positive impact on service innovation performance; 3) relational embeddedness has a positive effect on service innovation performance. 4) entrepreneurial orientation has a positive impact on service innovation performance; 5) entrepreneurial orientation plays a mediating role between external collaboration and service innovation performance, between structural embeddedness and service innovation performance, and between relational embeddedness and service innovation performance. Meanwhile, the strategies for hotel enterprises to promote service innovation performance include: 1) seeking partnerships with diverse external entities actively; 2) striving to integrate deeply into business networks, and striving to gain a core position and bridge role in these relationships; 3) cultivating close, long-time and trust-based relationships with network partners; 4) nurturing the entrepreneurial culture that encouraging risk-taking, proactiveness, and innovativeness; 5) developing clear action plans, including specific goals, timelines, and performance metrics, to regularly monitor and evaluate the progress of the strategies.

Keywords: Service Innovation performance; External collaboration; Network embeddedness

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Introduction

The hospitality industry includes the restaurant, accommodation, entertainment and transportation businesses (Brotherton,1999). In recent years, with the development of China's economy and the improvement of the standard of living, consumer attitudes have been evolving, leading to rapid growth and increasingly fierce competition in the hotel industry. Individuals working in this sector must be capable of retaining and attracting new customers by meeting their progressively complex needs. Customers are now, more than ever, in search of new and unique experiences. To address this emerging challenge, the hotel industry has recently placed a greater emphasis on service innovation, continuously offering high-quality products and services. An increasing number of hotels have recognized the significant value of external collaborations and organizational networks. By utilizing and integrating external resources with the internal capabilities and culture, hotels enhance their service innovation performance, thereby strengthening their overall competitive advantage, ensuring continuous expansion of their market share, and enhancing brand influence.

Moreover, an increasing number of corporate members are collaborating with external parties such as suppliers, customers, peers, and universities, sharing resources and experiences to offer new, more creative products and services. There is a growing consensus that integrating external resources is a key factor in the success of a business. Structural embeddedness concerns a hotel's position within the broader network of relationships and interactions (Long & Chen, 2021), which is crucial as it determines how information, resources, and opportunities flow to the hotel. Relational embeddedness emphasizes the quality and depth of the relationships a hotel maintains with its network partners (Li et al., 2024). High-quality relationships characterized by trust, mutual understanding, and shared goals are indispensable for effective collaboration. Many studies have acknowledged the significance of external collaboration, structural embeddedness, and relational embeddedness in supporting organizational service innovation performance (McEvily & Marcus, 2005; Wang et al., 2015; Fu et al., 2019).

This study posits that service innovation performance (SIP) refers to the outcomes and impacts of introducing new or improved services and service processes within an organization. It encompasses the effectiveness and efficiency of these innovations in achieving intended objectives, which may include enhancing customer satisfaction, improving service quality, increasing market share, creating new revenue streams, reducing operational costs, and achieving a competitive advantage. Edvardsson and Tronvoll (2013) defined service innovation as changes in the structure of the service ecosystem, specifically including changes in the participants of service exchange, resources, and procedures, which enhance the sustainability of the participants. Service innovation is not merely an individual activity of enterprises but a process of collaborative cooperation and co-creation of value among various participants in the service ecosystem. It involves integrating existing resources in new ways or inventing new resources to change existing or develop new value propositions, creating new solutions for existing or new problems (Skålén et al., 2015; Helkkula et al., 2018). SIP can be measured through various indicators, including financial metrics, customer-related metrics, and internal organizational metrics (Storey & Kelly, 2001; Jian et al., 2014). Essentially, the evaluation of SIP represents the value created for the organization and its stakeholders.

External collaboration (EC) is characterized as an interaction between autonomous entities engaging in both formal and informal negotiations, collectively creating norms and frameworks that dictate their interactions and decision-making processes regarding pertinent issues (Thomson & Perry, 2006). There is a growing trend among businesses to promote innovation by engaging with other entities via both formal and informal collaboration modes (Scuotto et al., 2017; Spithoven, 2013; Papadonikolaki et al., 2017). Therefore, this research defines formal external collaboration as the relationship established between enterprises and external organizations through legally binding formal agreements, contracts, and official transactions. This study posits that informal external collaboration relies on personal relationships rather than legally binding

contracts, encompassing private exchanges with customers, suppliers, peers, academics, and other institutions, participation in conferences, trade shows, workshops, industry associations, and other social activities, along with informal communications with other organizations and individuals.

Nahapiet & Ghoshal (1998) suggested that network embeddedness could be divided into relational embeddedness (RE) and structural embeddedness (SE). SE is often equated with an advantageous positioning within the network, characterized by the network's architectural configuration that fosters inter-organizational learning among the firms positioned advantageously. Firms engaged in collaborative networks, aiming to secure such advantageous positions, stand to gain access to a more diverse and extensive pool of information (Swierczek, 2019; Han et al., 2020). This study defines SE as the overall structure of the network in which an entity operates, highlighting the influence of group relationships and operational mechanisms on transactional engagements.

Capaldo (2007) advocated for the use of three variables to measure RE, which means the strength of interorganizational relationships: the duration, the frequency and the intensity of collaboration. Unlike network SE, which takes a holistic approach to analyzing the network, RE concentrate on the interactions among its members. Tie strength represents the level of mutual trust and reciprocity among network members, while the longevity of the connection indicates the stability of the network relationships. A stable network fosters stronger bonds among its members, thereby aiding firms in acquiring knowledge and enhancing their innovative output.

The concept of entrepreneurial orientation (EO) originated from the field of strategic management of enterprises. Lumpkin and Dess (1996) defined EO as the processes, practices, and decision-making activities that guide a company's entry into new behaviors, such as the use of new products or services, entry into new or existing markets with existing products or services, and other related actions. Zahra and Neubaum (1998) defined EO as the strategic behavior of enterprises in supporting breakthrough innovation, risk-taking, and proactive actions in projects with uncertain outcomes. Voss et al. (2005) viewed EO as the allocation behavior of enterprises that leads to organizational or market changes. Avlonitis and Salavou (2007) believed that EO is an organizational phenomenon where enterprises acquire competitive advantages through proactive actions and active competition, among other management capabilities. Pearce et al. (2010) summarized EO as a unique and related set of behaviors characterized by innovativeness, risk-taking, proactiveness, competitiveness, and autonomy. This study adopts the three-dimension theory represented by Covin and Slevin (1991), which defines EO as an entrepreneurial posture characterized by innovativeness, proactiveness, and risk-taking.

Research on product and service innovation is increasingly abundant, encompassing service innovation performance and new service development. However, many studies have focused on manufacturing and knowledge-intensive industries (Sarbu, 2022; Bustinza et al., 2022). Few studies have delved into the impact of service innovation performance in the hotel industry to a certain extent (Chen, 2017; Rao et al., 2018; Shin & Perdue, 2022; Kumar et al., 2024). The hospitality industry possesses unique characteristics such as frequent customer interaction and personalized services, having its own characteristics. Moreover, there is no consensus in empirical research regarding the impact of external collaboration, structural embeddedness, and relational embeddedness on service innovation performance (Tian et al., 2015; Santoro et al., 2020; Lu & Yu, 2020), with varying effects of different dimensions of each variable on service innovation performance found in previous studies. Additionally, how external resources and internal strengths are integrated to boost service innovation performance remains an enigmatic process. Prior studies have primarily concentrated on a company's absorptive capacity and knowledge management as mediating factors, with only a few considering entrepreneurial orientation as an intermediary.

Therefore, building on previous research, the aim of this study is to explore the relationship between external collaboration, network embeddedness, entre-

preneurial orientation and service innovation performance. The section of literature review introduces the basic concepts and hypotheses to be tested, proposing a conceptual model. Following this, the research methodology is presented, covering research design and sample, measure, and data analysis aspects. In the section of results , the outcomes of the data analysis are reported, including a description of sample characteristics distribution, reliability and validity analysis, correlation analysis, and the construction of a structural equation model. Finally, conclusions and discussion are provided, along with suggestions for future research. The objectives of this research activities as follow:

To examine the relationship of external collaboration, network embeddedness, and entrepreneurial orientation on service innovation performance in hospitality industry of China.

To present research findings in structural equation modeling format of external collaboration, network embeddedness, and entrepreneurial orientation on service innovation performance in hospitality industry of China.

Based on an extensive literature review, these hypotheses specifically investigate the key factors influencing service innovation performance in the Chinese hotel industry.

H1: There exists a positive correlation between external collaboration (EC) and service innovation performance (SIP).

H2: There exists a positive correlation between structural embeddedness (SE) and service innovation performance (SIP).

H3: There exists a positive correlation between relational embeddedness (RE) and service innovation performance (SIP).

H4: There exists a positive correlation between entrepreneurial orientation (EO) and service innovation performance (SIP).

H5: There is a positive correlation between external collaboration (EC) and service innovation performance (SIP) through entrepreneurial orientation (EO).

H6: There is a positive correlation between structural embeddedness (SE) and service innovation performance (SIP) through entrepreneurial orientation (EO).

H7: There is a positive correlation between relational embeddedness (RE) and service innovation performance (SIP) through entrepreneurial orientation (EO).

Methodology

Research design and sample

Empirical research was carried out on a sample of Chinese hotel firms, and the data were assessed through quantitative methods. In the first step, 400 hotel industry practitioners were randomly selected from 8 high-rated hotels located in different regions of China for the survey. Simple random sampling can ensure that each member has equal probability of being selected and is representative. The questionnaire was distributed in two ways: one was issued and collected in hotels, and the other was distributed electronically through WeChat groups.

The questionnaire content included two parts. The first part collected general information about respondents, such as gender, age, education, job level and work years. The second part conducted corporate evaluation of external collaboration, structural embeddedness, relational embeddedness, entrepreneurial orientation and service innovation performance. The second part of questionnaire was developed according to the past literature which had been validated multiple times. This structure was designed to provide a comprehensive overview of the situation while also facilitating a thorough exploration of key concerns. Additionally, the placement of dependent and independent variables in distinct sections of the questionnaire aimed to mitigate potential common method variance, as suggested by Podsakoff et al. (2003).

Measurement

The research framework encompassed five variables, borrowed from prior studies and tailored to suit the specific context of this investigation. Independent variables were external collaboration, structural embeddedness, relational embeddedness. The mediating variable was entrepreneurial orientation. And the dependent variable was service innovation performance.

The measurement of service innovation performance was composed of financial, customers' and internal indicators. The questionnaire of service innovation performance was adapted from Storey & Kelly (2001), Hsueh et al. (2013) and Jian et al. (2014). The measurement of external collaboration consisted of both formal and informal collaboration. The questionnaire of external collaboration was adapted from Santoro et al.(2020), Mina et al.(2014), Ruan & Chen (2015). The measurement of structural embeddedness consisted of scale of network, network centrality and structural holes. The questionnaire of structural embeddedness was adapted from Rowley et al.(2000), Giuliani (2005), Li, Z. G. et al.(2007). The measurement of relational embeddedness consisted of duration, frequency and intensiveness of relationship. The questionnaire of relational embeddedness was adapted from Capaldo (2007), Chang, W. H. et al. (2007). The measurement of entrepreneurial orientation consisted of innotiveness, risk taking and proactiveness. The questionnaire of entrepreneurial orientation was adapted from Miller (1983), Covin & Slevin (1991), Wiklund & Shepherd (2003) and Hughes & Morgan (2007).

All scale items are measured using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree), and respondents are asked to self-assess based on the real working conditions and feelings at the hotel where they work.

Data analysis

Firstly, descriptive statistics and sample characteristics analysis were conducted on the collected valid questionnaires. Secondly, reliability and validity analysis were carried out, encompassing confirmatory factor analysis on variables and dimensions, model fit test, convergent validity and composite reliability, as well as discriminant validity. Thirdly, the structural equation model of this study was established to calculate the model fit test results and the path relationship among variables. Lastly, the mediation effect of variables was measured using the Bootstrap method.

Results

Sample characteristics distribution description

This study was conducted through a questionnaire survey, targeting 400 practitioners in the Chinese hotel industry, and received 381 valid questionnaires in return. The results of sample characteristics distribution description are shown in Table 1.

Table 1. Sample characteristics distribution description

Variable	Classification	Frequency	Percent (%)
Gender	Male	162	42.5
	Female	219	57.5
Age	18-25	114	29.9
	26-30	100	26.2
	31-40	85	22.3
	41 or more	82	21.5
Education level	High School or Below	72	18.9
	College or Undergraduate Degrees	264	69.3
	Graduate Degree or Above	45	11.8
Job level	General manager or department director	81	21.2
	Business manager	83	21.8
	Front line supervisor	103	27.1
	General staff	114	29.9

Table 1. (Continue)

Variable	Classification	Frequency	Percent (%)
Years of work experience	1-3 years	48	12.6
	4-6 years	154	40.4
	7-9 years	138	36.2
	10 years or above	41	10.8

Table 2. Reliability analysis of the scales for each variable and dimension

Variable	Dimension	Cronbach's Alpha	Total Cronbach's Alpha
SIP	Financial indicators	0.864	0.930
	Customers' indicators	0.854	
	Internal indicators	0.884	
EC	Formal external collaboration	0.863	0.903
	Informal external collaboration	0.902	
SE	Network scale	0.842	0.891
	Network centrality	0.865	
	Structural holes	0.907	
RE	Duration of relationship	0.827	0.917
	Frequency of relationship	0.891	
	Intensiveness of relationship	0.848	
EO	Innovativeness	0.879	0.903
	Risk taking	0.928	
	Proactiveness	0.862	

Reliability and validity analysis

Reliability mainly examines the stability and consistency of questionnaire survey results when conducting surveys on the same object, that is, whether the measurement tool can stably measure the measured things or variables. In this study, the main factors were measured through scales, making the examination of data quality for these measurements a critical prerequisite to ensure meaningful subsequent analysis. Initially, the internal consistency of each dimension was assessed using the reliability test method of Cronbach's alpha coefficient. The value of the Cronbach's Alpha coefficient ranges from 0 to 1, with higher results indicating greater reliability. In this analysis, the results of the reliability analysis are presented in Table 2. The reliability of each variable and each dimension falls within the range of 0.8 to 1, indicating that the scales used in this study demonstrate excellent internal consistency and high reliability.

We built confirmatory factor analysis model for service innovation performance, external collaboration, structural embeddedness, relational embeddedness and entrepreneurial orientation, separately. According to the model fit test results of all variables presented in Table 3, the test results for χ^2/df (Chi-square to Degrees of Freedom ratio) fall within the range of 1-3, and the test results for RMSEA (Root Mean Square Error of Approximation) lie within the acceptable range of

less than 0.08. Additionally, all the test results for GFI, AGFI, IFI, TLI, and CFI achieved an excellent level above 0.9. Therefore, synthesizing these analysis results, it can be observed that each model of service innovation performance, external collaboration, structural embeddedness, relational embeddedness and entrepreneurial orientation demonstrates good fit.

Under the precondition that the confirmatory factor analysis models of all variable scales have good fit, the convergent validity (AVE) and composite reliability (CR) of each dimension of these scales will be further tested. The testing procedure involves establishing confirmatory factor analysis models for each variable of this study respectively, and calculating the standardized factor loadings of each measurement item on the corresponding dimensions. Then, through the calculation formulas for AVE and CR, the AVE and CR values for each dimension are computed. To ensure good convergent validity and composite reliability, the AVE value must meet a minimum threshold of 0.5, while the CR value must attain a minimum value of 0.7, according to the established standards (Fornell & Larcker, 1981). Analysis results from Table 4 indicate that in the validity test, the AVE values for each dimension of variables have all reached above 0.5, and the CR values have all exceeded 0.7. In summary, this demonstrates that each dimension possesses good convergent validity and composite reliability.

Discriminant validity refers to the low correlation and significant differentiation between latent variables, which can be assessed by comparing the square

Table 3. Model fit test of all variables

Index	Reference Criteria	Measurement Results				
		SIP	EC	SE	RE	EO
χ^2/df	1-3	1.396	2.316	1.459	1.444	1.887
RMSEA	< 0.08	0.032	0.059	0.035	0.034	0.048
GFI	> 0.9	0.977	0.966	0.972	0.972	0.974
AGFI	> 0.9	0.961	0.942	0.955	0.955	0.952
IFI	> 0.9	0.995	0.983	0.975	0.975	0.991
TLI	> 0.9	0.993	0.977	0.989	0.990	0.987
CFI	> 0.9	0.995	0.983	0.992	0.992	0.991

Table 4. Convergent validity and composite reliability tests

Variable	Dimension	CR	AVE
SIP	Financial indicators	0.871	0.693
	Internal indicators	0.883	0.655
	Customers' indicators	0.854	0.662
EC	Formal external collaboration	0.878	0.642
	Informal external collaboration	0.903	0.650
SE	Network scale	0.844	0.575
	Network centrality	0.877	0.642
	Structural holes	0.908	0.767

Table 4. (Continue)

Variable	Dimension	CR	AVE
RE	Duration of relationship	0.827	0.615
	Frequency of relationship	0.891	0.673
	Intensiveness of relationship	0.849	0.585
EO	Innovativeness	0.879	0.708
	Proactiveness	0.863	0.678
	Risk taking	0.928	0.812

root of the average variance extracted (AVE) with the correlation coefficients among variables. As per the Fornell & Larcker (1981) criterion, if a variable's correlation with other variables falls below its own AVE's square root, it signifies favorable discriminant validity.

Based on the discriminant validity test outcomes for all variables, the standardized correlation coefficients among every variable's dimensions are consistently lower than the corresponding AVE square roots. Consequently, it can be asserted that there exists satisfactory discriminant validity among the dimensions of each variable.

Structural equation model

We built structural equation model for 3 independent variables (EC, SE and RE) , 1 dependent variable (SIP) and 1 mediating variable (EO). According to the model fit test results, the χ^2/df= 2.030, which fells within the range of 1-3, and the RMSEA=0.052, lying within the acceptable range of less than 0.08. Additionally, the test results for GFI=0.949, AGFI=0.920, IFI=0.974, TLI=0.964, and CFI=0.974, all of which achieved an excellent level above 0.9. Therefore, synthesizing these analysis results, it can be observed that the SEM demonstrates good fit.

The results for path relationships show in Table 5, external collaboration positively influences entrepreneurial orientation (β=0.440, p<0.001); structural embeddedness positively influences entrepreneurial orientation (β=0.152, p<0.01); relational embeddedness positively influences entrepreneurial orientation (β=0.448, p<0.001); external collaboration positively influences service innovation performance (β=0.306, p<0.001); structural embeddedness positively influences service innovation performance (β=0.164, p<0.001); relational embeddedness positively influences service innovation performance (β=0.235, p<0.001); entrepreneurial orientation positively influences service innovation performance (β=0.375, p<0.001). Therefore, H1, H2, H3, and H4 were verified.

The structural equation modeling of all variables is shown in Figure 1.

Table 5. Results for path relationships in the SEM

Regression path			Unstd. (b)	Std. (β)	S.E.	C.R.	P
Entrepreneurial orientation	←	External collaboration	0.477	0.440	0.080	5.991	***
Entrepreneurial orientation	←	Structural embeddedness	0.220	0.152	0.085	2.589	**
Entrepreneurial orientation	←	Relational embeddedness	0.623	0.448	0.098	6.383	***

Table 5. (Continue)

Regression path			Unstd. (b)	Std. (β)	S.E.	C.R.	P
Service innovation performance	←	External collaboration	0.347	0.306	0.090	3.860	***
Service innovation performance	←	Structural embeddedness	0.248	0.164	0.075	3.299	***
Service innovation performance	←	Relational embeddedness	0.342	0.235	0.104	3.292	***
Service innovation performance	←	Entrepreneurial orientation	0.392	0.375	0.118	3.314	***

Note: * p < 0. 05, ** p < 0. 01, *** p < 0. 001.

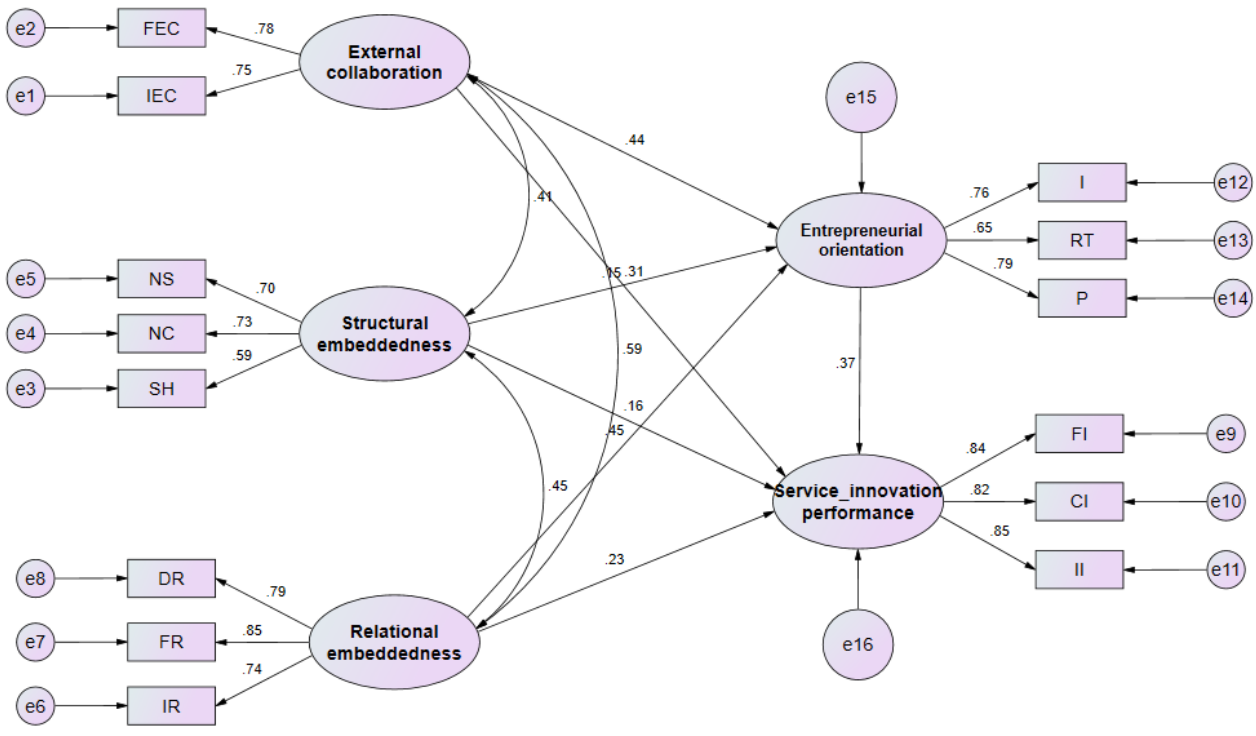

Figure1. Structural equation model

Test of mediation effect

To explore the existence of mediation effects within these significant paths, we conducted the Bootstrap method, selecting 5000 repetitions, with a confidence interval standard of 95%, and using the bias-corrected method for testing. And external collaboration, structural embeddedness, relational embeddedness, and service innovation performance was examined.

The bias-corrected confidence interval for "EC → EO → SIP" in the Bootstrap test is [0.058, 0.31], which does not include 0, indicating that the mediation effect is supported. The bias-corrected confidence interval for "SE → EO → SIP" in the Bootstrap test is [0.003, 0.143], which does not include 0, indicating that the mediation effect is supported. The bias-corrected confidence interval for "RE → EO → SIP" in the Bootstrap test is [0.039, 0.342], which does not include 0, indicating that the mediation effect is supported. Based

on the results of the path analysis, the hypothesis test is supported. Therefore, H5, H6 and H7 were verified.

Conclusion

Taking Chinese hotel enterprises as the research object, this research constructed a theoretical framework with external collaboration, structural embeddedness, and relational embeddedness as independent variables, service innovation performance as dependent variable, and entrepreneurial orientation as mediating variable. The proposed theoretical framework and its empirical test not only expand and enrich the research on the relationship between variables, but also further clarify the path through which external resources can improve enterprise service innovation performance via internal capabilities. This has played a positive role in promoting the richness of enterprise open innovation and social network research, laying a foundation for subsequent studies.

First, external collaboration, structural embeddedness, and relational embeddedness all play positive roles in promoting the service innovation performance of Chinese hotel enterprises, but the extents of their impacts vary. Relational embeddedness has the strongest impact because it involves maintaining high-quality, deep-level, and multifaceted long-term collaborative relationships with network members. This strengthens the ability of enterprises to expand resources and integrate external resources, thus significantly promoting the enhancement of service innovation performance. External collaboration also has a relatively strong impact. In this study, external collaboration is classified into formal and informal types based on whether contracts are involved, revealing the impact of external collaboration with suppliers, customers, peer enterprises, and other institutions on enterprise service innovation performance. Structural embeddedness has a weaker impact, possibly because enterprises in overly dense networks may suppress innovative vitality, and enterprises located at the center of the network often tend to develop routine development patterns and operational mechanisms, increasing obstacles to effective innovation.

Second, the impacts of external collaboration, structural embeddedness, and relational embeddedness on the service innovation performance of hotel enterprises are primarily realized through the entrepreneurial orientation at the enterprise level. In the study of the impact mechanisms of external collaboration and network embeddedness on the service innovation performance of hotel enterprises, the three dimensions of entrepreneurial orientation play a crucial intermediary role. Specifically, the dimensions of relational embeddedness, including relational durability, relational intensiveness, and relational frequency, have both a direct positive impact on enterprise service innovation performance and indirectly promote the improvement of enterprise service innovation performance by influencing their entrepreneurial orientation. The structural embeddedness dimensions of network scale, enterprise network centrality, and structural holes directly affect the service innovation performance of enterprises and indirectly influence it through the three aspects of enterprise entrepreneurial orientation. The two aspects of external collaboration - formal and informal external collaboration - show a direct positive impact on service innovation performance while also indirectly promoting the improvement of enterprise service innovation performance through the influence of entrepreneurial orientation.

Suggestions

To enhance service innovation performance in China's hotel industry, strategic initiatives should focus on fostering external collaboration, strengthening network embeddedness, and promoting entrepreneurial orientation. Based on the study's findings, several targeted strategies can be implemented.

First, encouraging external collaboration is crucial. Hotels should actively seek partnerships with diverse external entities, including suppliers, customers, academic institutions, industry consortia and so on. Collaboration is beneficial for them to acquire external resources, reduce innovation costs and risks, and improve their own innovation performance. Enterprises should maintain an open mindset, attach importance to cooperation between enterprises and industry university research cooperation, and continuously improve and innovate communication and exchange mechanisms

with these external organizations.

Second, strengthening the structural embeddedness in the network is crucial. Hotels should strive to integrate deeply into existing business networks, establish broad relationships with key stakeholders such as suppliers, distributors, and other service providers, and strive to gain a core position and bridge role in these relationships. Through structural embedding, hotels can benefit from a stable flow of information and resources, which helps with continuous innovation and service improvement.

Third, enhancing relational embeddedness should be a priority. Hotels should cultivate close, long-time and trust-based relationships with network partners. Hotels can achieve this by engaging in frequent interactions, demonstrating reliability and mutual commitment, and fostering a collaborative culture. Trust-based relationships facilitate open communication and the free exchange of ideas, which are critical for co-creating innovative services. Additionally, strong relational ties can lead to more customized and responsive service innovations, tailored to the specific needs of partners and customers.

Fourth, promoting entrepreneurial orientation within hotel management and staff is another key strategy. Hotels should nurture the entrepreneurial culture that encourages risk-taking, proactiveness, and innovation. This can be achieved through training programs, workshops, and incentives that reward innovative thinking and entrepreneurial behavior. Leadership should play a pivotal role in fostering this culture by setting a vision for innovation, providing necessary resources, and supporting experimental initiatives. Entrepreneurial orientation helps hotels to be agile and responsive to market changes, enabling them to introduce new and improved services quickly.

Fifth, hotel management should develop clear action plans, including specific goals, timelines, and performance metrics, to regularly monitor and evaluate the progress of the strategies. Implementing these strategies requires a comprehensive and coordinated effort from all hotel staff to ensure their effectiveness. Additionally, hotel managers should adjust the plans as needed to continuously enhance competitiveness and customer satisfaction in the dynamic hospitality industry.

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