



## Corporate Entrepreneurship and Growth of Hospitality Industry in Kogi State, Nigeria

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### Abstract

*The society is fast growing and the demands in the developing world to have a comfort and relaxation environment is becoming important. The study examined corporate entrepreneurship and tourism growth in Nigeria: A Study of selected hospitality industry in Kogi State, Nigeria. Two main dimensions of corporate entrepreneurship (competitive aggressiveness and innovativeness), were used. The study employed a survey research approach, using questionnaire administration for data generation and analysis with the population of 1159 and a sample size of 289 drawn using Freund and William sample size determination formula. The data were analyzed using descriptive and inferential statistics. Regression analysis (statistical package for social science, version 26.0) was used for test of hypothesis. Findings showed that the two dimensions of corporate entrepreneurship (competitive aggressiveness and innovativeness) had significant/positive effect on growth of selected hospitality in Kogi State. Inculcating corporate entrepreneurship in hospitality industry has great advantage as well as potentials for sustaining growth. Corporate entrepreneurship has positive and significant effect on growth of hotels in Kogi State. The study then recommends, amongst others, that hotels should encourage and promote innovativeness by encouraging more novel ideas generation from employees; also, hotel owners should actively accept competitive aggressiveness from the managers of the hotels in order to have competitive edge in the business these will thus lead to new services*

*development that meets market needs hence enhancing customer retention and loyalty (growth) of these hotels.*

**Keywords:** Corporate Entrepreneurship, Competitive Aggressiveness, Hospitality, Innovativeness, Growth.

## Introduction

Hospitality growth is the core ingredient of every hotel business that needs to be globally sustained through the commitment of owners in offering qualitative services to customers. The hospitality industry have contributed immensely to the GDP of many nations which had helped in defining the economy of countries of the world particularly Africa and Nigeria at large. In Nigeria the industry has experienced a remarkable growth over the past decades driven by increase in the demand for tourism, travelling and leisure activities, this industry contributed about 3.6% to the growth of the economy. As Nigeria economy continues to diversify, the hospitality industry has played an important role in driving the economy, creating employment opportunities and promoting cultural exchange. However, the industry growth is not without challenges, which include poor corporate entrepreneurship (Abraham, 2021). Therefore, the study seeks to investigate corporate entrepreneurship and growth of hospitality industry in Kogi State looking at the dynamics such as competitive aggressiveness and entrepreneurial innovativeness. This study is anchored on Schumpeter theory of innovation (1934) since it considers the dimensions studied. Previously, studies had been conducted on corporate entrepreneurship in various sectors but none had been able to consider the hospitality industry. The present study will greatly contribute to expand the literature on corporate entrepreneurship, along with the impact of competitive aggressiveness and innovativeness on the growth of hospitality industry in Kogi State, Nigeria.

## 2. Conceptual Review

Corporate entrepreneurship is a process that allows firms and their employees to; identify and pursue new opportunities, create new products, services, or businesses leverage the company resources and capabilities and transform the companies through new ideas. Corporate Entrepreneurship is a process, in which companies formulate a culture and inculcate innovativeness, proactiveness, risk taking and competitiveness into their teams, entrepreneurial activity is used as a tool to capture inclination of a company towards entrepreneurship that is intellectualized to possess certain characteristics including; competitive aggressiveness and innovativeness (Liu & Lee, 2015; Ambad & Wahab, 2016).

Corporate entrepreneurship is considered with two specific dimensions in which the model is built.

### 2.1 Competitive Aggressiveness

Competitive aggressiveness entails a combative and forceful approach toward rivals through pre-emptive actions and aggressive responses to attacks (Oni, 2017) as cited by (Coleman, 2019). Competitively aggressive firms are those who pay close attention to their competitors' actions and initiate a series of their own. In other words, they prefer to invest in competitive actions such as product launches, marketing campaigns and price competition more frequently than others. It is characterized as the speed and number of competitive actions taken by a firm in comparison to the firm's direct rivals (Abraham, 2021). Competitive aggressiveness is linked to organizations ability to adapt to the external environment, ability of the organization with speed in the development of human resources more than the competitors (Coleman, 2019).

Coleman (2019) further made a distinction between the two dimensions; being proactive (a response to opportunities) is an appropriate mode for firms in dynamic environments or in growth stage industries, competitive aggressiveness (a response to threats) is an appropriate mode for firms in hostile environments or in mature industries. Sleepy firms that are less aggressive than their rivals, appear to have been caught off guard, as evidenced by market share erosion (Makinde, *et al.*, 2018). Indeed, the prior research has shown that competitively aggressive firms are more likely to improve their competitive positions, market share, and increase their growth.

## 2.2 Entrepreneurial Innovativeness

Innovativeness of entrepreneurs is measured by the propensity by which they innovate their business (Abraham, 2021); their willingness to try new ways which are different from the existing; the enthusiasm to adopt new ideas or new methods to their business operation; and the eagerness to implement the innovation strategy in their business (Adeyeye, 2019). Innovativeness reflects a firm's tendency to engage in and support new ideas, novelty, experimentation and creative processes (Abdulkazeem, 2023) that may result in new products, services, or technological processes and which may take the organization to a new paradigm of success (Akwu, 2024). It also implies seeking creative, extraordinary or strange solutions to problems and needs.

Schumpeter (1934) considered entrepreneurship to be essentially a creative activity and entrepreneur as an innovator who carries out new combinations in the field of men, money, material, machine and management. According to him, an entrepreneur is an economic man who tries to maximize his profits by making innovations in any one of the following fields: (1)

new products; (2) new production methods; (3) new markets; or (4) new forms of organization. The degree of an entrepreneur's innovativeness will decide how far and how deep the innovation will go in business in order to meet both the strategic goal formulated for the business and the requirements from the environment (Fadda, 2018). Innovativeness represents a basic willingness to depart from existing technologies or practices and venture beyond the current state-of-the-art (Covin *et al.*, 2006). An innovative strategic posture can be linked to firm performance as it increases the chances that a firm will realize first mover advantage, stay ahead of their competitors, gain a competitive advantage and capitalize on emerging market opportunities that lead to improved financial results (Kreiser *et al.*, 2002; Hult *et al.*, 2004; Kreiser & Davis, 2010).

## 2.3 Concepts of Growth

Firm growth is the increase in size of a firm over a period of time (Stephen, 2018). Growth in this concept is measured by the number of locations and branches of hospitality industry built over years (Angel, *et al.*, 2018). The contention amongst scholars is exactly how this increase in size is measured. For example, a year-by-year comparison of a firm's annual sales turnover, annual profit, market share, productivity, number of employees and number of customers have all been used as indicators of firm growth (Megaravalli & Sampagnaro, 2019).

Due to this study's focus on hospitality industry, mostly hotels in Kogi State, the subjective approach of measuring firm growth will be adopted, as opposed to the objective approach. This is because of the following reasons: there is poor record keeping

culture among most tourism firms, that is, hotels which make it difficult for researchers to access data on the financial and nonfinancial activities of the firms (Ezeagba, 2017),

Ajibade and Khayundi, (2017); owner/managers of hotels are reluctant to release sensitive information to outsiders for fear of it being used against them by competitors or the government for the purpose of personal or corporate tax, owners/managers of hotels are generally more willing to provide subjective evaluation of their firms' growth because it allows them to provide a more holistic measure of their firms' growth indicators and not all growth indicators can be measured using objective approach, examples include customer satisfaction, customer retention and customer loyalty, skills or knowledge gained by an employee and owners/managers' level of satisfaction in terms of their firm's success (Eveleens, *et al.*, 2017; Chappell & Jaffe 2018). Furthermore, the objective approach is characterized with some weaknesses which include the fact that there is the likelihood of misinterpreting some objective data, for example, a firm's growth may be considered as "poor" if the financial records revealed losses or low profit, but such firm may have deployed resources in long term capital investments for future growth (Robichaud *et al.*, 2018); financial records do not exactly reflect the variety of an entrepreneur's goals (Ahmad *et al.*, 2018); and lastly, records only show past activities, they do not explain future growth potential of the firm (Otache and Mahmod, 2018).

### **Empirical Review**

Larisa (2021) underwent a study on innovativeness of a firm in India. She used quantitative survey with a sample size of 1240. The findings shows that innovativeness is a function of creativity in a firm. She concludes that the ability of firms to be innovative and creativity determines the extent the products of such firm can be assessed by customers. She recommends that businesses as well as firms must make use of intellectuals who can bring something out of nothing within a firm.

Wioleta (2021) carried out a study on leadership culture, intellectual capital and knowledge processes for innovativeness across industry in Poland. He used systematic review with the help of related literature from 2019 to 2021. He found that innovativeness tends to increase the culture of the firm as well as the intellectual prowess of a firm and in turns leads to innovativeness which results in firms' performance. He concludes that every firm must concretely invest in innovativeness which brings about new ideas of doing things and this leads to customer patronage.

Zafar, *et al.*, (2021) carried out a study on corporate entrepreneurship as a source for developing entrepreneurial intentions among entrepreneurs in Pakistan using survey and critical analysis procedure. The study revealed that corporate entrepreneurship helps the entrepreneurs in developing entrepreneurial intention. They recommended that universities should create corporate environment and nexus through old students (Alumni) that might develop their businesses.

Kacperczyk (2021) carried out a study on social influence and corporate entrepreneurship; the effect of university peers on entrepreneurial entry in United States of America using survey method and logistic regression models. The study revealed that among individuals exposed to similar organizational influence, those exposed to entrepreneurial university peers are more likely to transit to entrepreneurship. Firms must

ensure that the managerial competencies are concretely put to use in order to increase productivity.

Konrad (2019) conducted a study on corporate entrepreneurship; the impact of social networking on succession in Germany, survey and regression analysis method were used. The study revealed that founders as well as managers can overcome numerous barriers through their engagement and activity in social networks, and thereby exercise to a significant degree a positive influence on establishing their enterprise. He recommended a more detailed analysis of the barriers and the beneficial potential especially for the very complex arts and culture sectors of different countries.

Anna et al., (2017) investigated a study on Sustainable Corporate Entrepreneurship, Performance and Strategies Toward Innovation in Vienna, Austria using the methodology of index ratings to assess strategies for and qualitative measurement of the sustainable development and innovation performance of eight top-ranked international companies. Findings show that the strategies of the identified companies correspond well to the typology and allow suggestions of where efforts for corporate sustainability and/or entrepreneurship could be reinforced to gain or maintain a benchmark position. The article clarifies underlying elements of, and helps to advance strategies for the implementation of, a sustainable corporate entrepreneurship process.

### 3. Methodology

#### 3.1 Research Design

Quantitative Survey research design was used with the help of structured questionnaire of selected hospitality industry in Kogi State covering three senatorial district in Kogi State. The items used in the questionnaire were 24 which was later reduced to 20 through factor analysis and confirmatory test showing the relationship between corporate entrepreneurship and growth of hospitality industry in Kogi State.

#### 3.2 Sample Size and Sampling Technique:

The sampling techniques used in this study is simple random sampling, this is because it gives all elements in the study to be equally represented and captured in the study. The sample size is determined using Freud and William formula:

$$n = \frac{Z^2 p(p-1)}{e^2 N}$$

$$1 + \frac{Z^2 p(p-1)}{e^2 N}$$

$$e^2 N$$

Where n is the sample size, Z is Zscore of the distribution, p is the probability of success,

e, is the margin error N is the population

N=1,159

Z=±1.9

P=0.5

e= 0.05

n=289

The table below shows the population sample size distribution of the selected hotels in different constituencies Kogi State.

Hotels	Locations	Population	Sample Size	Percentage (%)
Wisdom Home Hotel	Anyigba	224	74	20.2
Reverton Hotel	Lokoja	202	46	18.5
Saatof Hotel	Lokoja	216	63	20.0
HarbourBay Hotel	Anyigba	100	20	5.2
Presto Hotel	Kabba	106	24	10.0
Kinasar Suites	Kabba	109	27	10.4
Dan Sanusi Luxury Hotel	Okene	98	16	6.0
Engee Hotels and Suits	Okene	104	19	10.0
Total		<b>1,159</b>	<b>289</b>	<b>100</b>

Source: Field survey, 2024

### 3.3 Analytical Technique

The study employed the use of ordinary least square (OLS) regression as inferential statistical tools in testing the hypotheses

### 3.4 Model Specification

A Linear Regression model adopted from (Wioleta, 2021) was used and it as stated below

$$Y = B_0 + B_1X_1 + B_2X_2 + e$$

Where;  $B_0$  is the intercept,

$B_1$  and  $B_2$  are the slopes of the model while  $e$  is the error term and  $Y$  is the dependent variable (Hospitality Growth),  $X_1$  is Competitive Aggressiveness and  $X_2$  is Entrepreneurial Innovativeness.

The apriori expectation of the functional relationship between the dependent variable and each of the independent variable is stated as follow, the constant  $B_0$  is expected to be positive, and this implies that the value of the independent variable is positive if all the independent variables remain unchanged, competitive aggressiveness and entrepreneurial innovativeness are expected to be positively signed, that is,  $B_1 > 0$ ,  $B_2 > 0$ .

#### 4. Result and Discussion

##### 4.1 Inferential statistics

This analysis was based on survey data collected with four local government areas of Kogi State, Nigeria. The summary of the study showed that about 57% of the total population was studied across the four different local governments. Two hypotheses were tested using linear regression aided with the statistical package of the social science statistical package (SPSS) version 26.0. the hypotheses are stated below:

**H<sub>1</sub>:** There is no relationship between competitive aggressiveness and growth of hospitality industry in Kogi State

**H<sub>2</sub>:** There is no relationship between entrepreneurial innovativeness and growth of hospitality industry in Kogi State

**Table 1: Regression Result Output**

	Unstandardized coefficient		Standardized coefficient	Sig
	B	STD Error		
Constant	0.182	1.137		0.000
CompAgg	0.50	0.660	0.541	0.031
Innovativeness	0.34	0.44	0.412	0.042
R	0.67			
R-square				
Adjusted R-Square	0.63			
F-Value	10.322			

Source: SPSS version 26.0

Table 1 above shows the linear regression analysis result between competitive aggressiveness, innovativeness and growth of hospitality industry. There is a significant positive relationship between competitive aggressiveness and growth, it shows that a unit increase in competitive aggressiveness will lead to 0.50 improvement in growth of hospitality industry. The result is in agreement with the finding of (Wioleta, 2021) who found a significant relationship between competitive aggressiveness and growth of service industry. The  $R^2$  shows that the model explained 63% of the total variance as a whole while other variables not mentioned in the model explained 27%. The F-statistics

(10.332) shows a good model fit, the result is highly significant at  $P < 0.1$ . Therefore, the null hypothesis is rejected. Also, the result shows that innovativeness has a positive effect on the growth of hospitality industry which is significant at 0.05 level of significant. The result indicates that a unit improvement in innovativeness will lead to 0.34 increase in growth of hospitality industry in Kogi State. This is also in agreement with the work of (Larisa, 2021) who found a significant relationship between innovativeness and growth of manufacturing firms. Based on the findings, the null hypothesis was rejected.

## 5. Findings, Conclusions and Recommendations

From this study, it was found that competitive aggressiveness and innovativeness are both significantly positively related to growth of hospitality industry in Kogi State. By implementing the growth approaches, corporate entrepreneurs in hospitality industry can realize their visions for the firm and maintain their responsibility to shareholders in terms of other business and development goals.

- i. This study recommends that hotels owners must take competitive aggressiveness seriously in the processes of implementation and also take the initiative to learn and apply these growth approaches and obtain the general outcome of implementation, which is increasing corporate entrepreneurial behavior.
- ii. Lastly, hotels in Kogi state must be innovative and ensure that the services are clearly spelt out and there is high degree of value addition which allows customers to define what they want before lodging and spending nights in such environment.

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