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# Dynamics of Learning Orientation, Innovativeness, and Financial Performance of the Hotel Industry

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## ABSTRACT

This paper investigates the moderating influence of firm innovativeness between learning orientation and financial performance in the context of the hotel industry in Qatar. Quantitative research was the approach using Structural Equation Modeling with Partial Least Square Technique. A questionnaire-based survey was undertaken with 165 financial managers of different hotels in Qatar. The findings show that commitment to learning has significant influence on product innovation; shared vision has significant influence on process innovation; intra-organization knowledge sharing has influence on product, process, and business system innovation; and open-mindedness to learning has influence on business system innovation. Furthermore, firm innovativeness was also found to have an independent positive effect on financial performance. These findings have led to the development of the implications to the strategic and financial managers of the hotel industry to improve their financial performance.

**Key words:** firm innovation; learning orientation; financial performance; hotel industry

## 1 Introduction

Qatar is the richest country in the world and has a strong base in energy sector, industries, financial sector, Islamic finance, capital market, tourism, and transport (Gregson, 2015). Qatar is expected to receive about 3.5 million international tourists for the FIFA World Cup in 2022, and to meet the requirements, the government is developing the country's leisure offerings with mega tourism projects which are expected to increase leisure visitation. Doha's hotel market is the highest in the Middle East predominantly due to the large supply of 5-star hotels in the city (First Qatar, 2014). The hotel industry is one of the beneficiaries of these future developments and to attract higher numbers of customers, they are planning for the best of the possible service offerings and are refining their products and processes through incremental innovation. So, one of the thrust areas of research in Qatar in the hotel industry today is to study the mediating effect of these innovative approaches between the learning

orientation of the employees of the hotels and the financial performance of these hotels.

Under this backdrop, the following objectives have been set in this research:

1. Identify the dimensions of learning orientation and firm innovativeness, which would contribute to the financial performance in hotel industries.
2. Develop a model to relate this research constructs.
3. Establish causation between the dimensions of the above referred constructs.
4. Identify the significance of influence of the dimensions and draw implications to the managers/management of hotel industry to enhance their financial performance.

## 2 Literature Review

Learning orientation is the inclination of an organization toward newer ideas and knowledge that

would improve the effectiveness of the systems, processes, and practices of an organization so that they may gain competitive advantage in business (Rouseau, Mathias, Madden, & Crook, 2016). Learning orientation comprises four dimensions: commitment to learning, shared vision, open-mindedness, and intra-organization knowledge sharing (Camisión & Villar-Lopéz, 2014; Gergely, 2016; Yeni, 2015; Blome, Schoenherr, & Eckstein, 2014; Rouseau et al., 2016; Tajeddini, 2016).

Firm innovativeness is gaining popularity post globalization due to the ever-increasing competition from across the world. The studies related to innovation have largely been restricted to manufacturing industries (Hjalager, 2010). This is because the traditional innovation theory is built upon the manufacturing industry. The rising share of service industries in the economic development of the country, have forced innovation to creep into service industries. In the context of hotels, both products and services will be utilized by the customers and thus innovation will be required in both. Thus, in the context of hotels, three dimensions have been identified: process innovation, product innovation, and business system innovation (Camisión & Villar-Lopéz, 2014; Dibrell, Craig, & Neubaum, 2014; Tajeddini, 2016).

Financial performance of the hotels is important as far as their future growth and prosperity is concerned and eventually it adds to the economy of the country through employment creation. Financial performance reflects the perspective of strategic management and is a subset of the overall concept of organizational effectiveness and can be defined as the achievement of organizational goals related to profitability and growth in sales and market share, as well as the accomplishment of general firm strategic objectives (Hult, Hurley, & Knight, 2004). Financial performance refers to the ability to meet the corporate goals in terms of monetary gains (Chiliya, Herbst, & Roberts-Lombard, 2008). Financial performance measures the organization's basic economic targets, and financial indicators usually include profit, efficiency trend, sales trend, return on investment, and market share (You, Coulthard, Petrovic-Lazarevic, 2010)

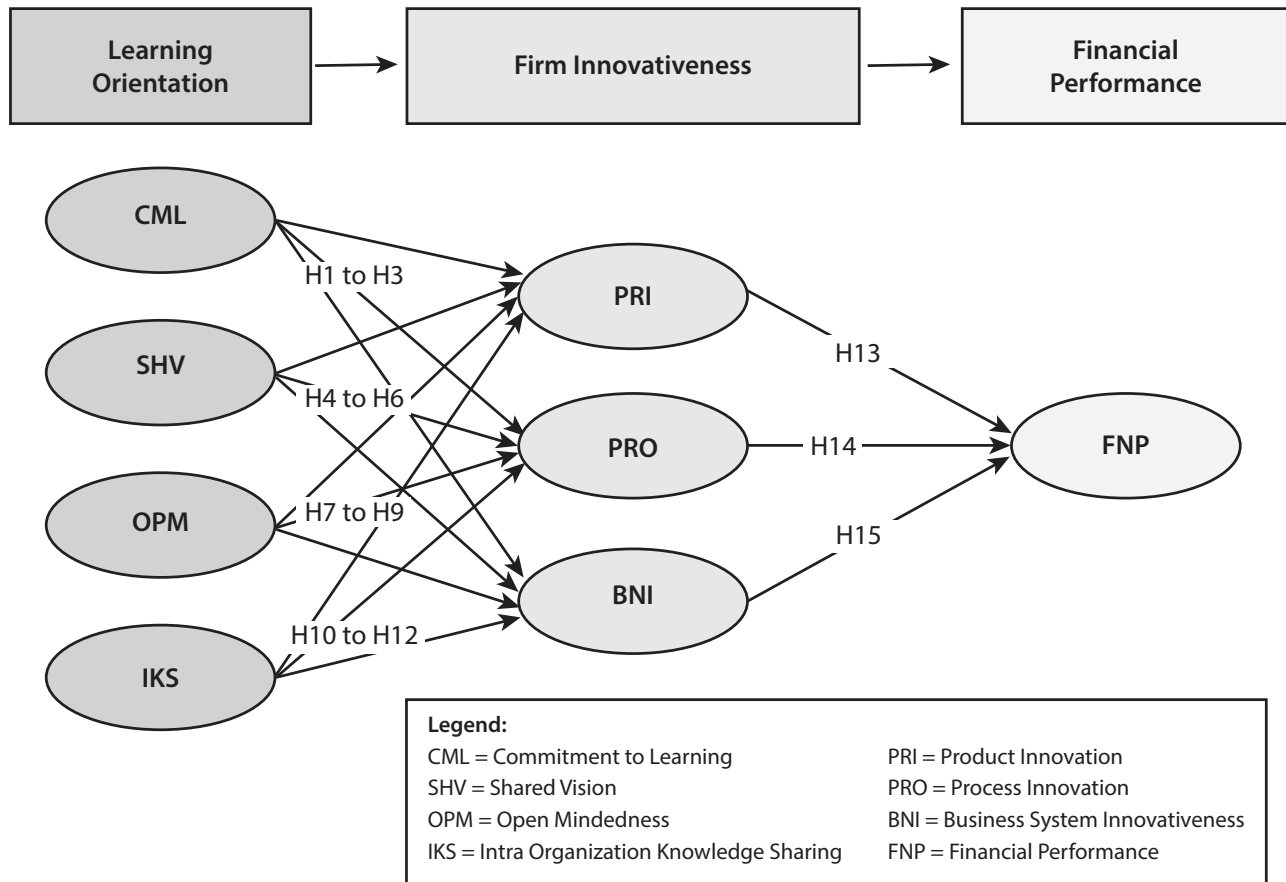
Research in firm innovativeness and financial performance of product and service-based industries is not new but has been active since the late 1980s (e.g., Damanpour, 1987; Sinkula, Baker, & Noordewier,

1997; Nybakk, 2012; Rouseau et al., 2016) but was mainly restricted to the manufacturing sector as stated before. Of late, this stream of research has made its entry into the service sector. Learning is the key requirement of firm innovativeness (Calantone, Cavusgil, & Zhao, 2002; Wang, 2008). There are studies in which the learning orientation has been linked to the gaining of the competitive advantage (Sinkula et al., 1997) as well as financial performance (Wang, 2008). There are also many studies focused on the influence of firm innovativeness on financial performance (García-Morales, Lloréns-Montes, & Verdú-Jover, 2007; Rhee, Park, & Lee, 2009). But not many researchers have studied the mediating effect of firm innovativeness between learning orientation and financial performance of service industries in general, and hotels in particular.

## 2.1 The Hypotheses Development

Researchers have linked the *learning orientation* to *firm innovativeness* (Cooper, 2000; Calantone et al., 2002; Akgün, Keskin, Byrne, & Aren, 2007; Eshlaghy & Maatofi, 2011; Chenuos & Maru, 2015) and also the *firm innovativeness* to *financial performance* (Rubera & Kirca, 2012; Wu, Ching-Jong, Ming-Lang, & Pei-Jay, 2015; Rouseau et al., 2016). In this study, learning orientation is a higher-order construct (latent variable) comprising the following variables: commitment to learning, shared vision, open-mindedness, and intra-organizational knowledge sharing. Firm innovativeness is a higher-order construct consisting of the following variables: product innovation, process innovation, and business system innovation. Financial performance is a first-order construct. The hypothetical model is shown in Figure 1, and the conceptualized hypotheses are as follows:

- H<sub>1a</sub>: There is a significant influence of commitment to learning on product innovation.
- H<sub>2a</sub>: There is a significant influence of commitment to learning on process innovation.
- H<sub>3a</sub>: There is a significant influence of commitment to learning on business system innovation.
- H<sub>4a</sub>: There is a significant influence of shared vision to learning on product innovation.



**Figure 1.** The Hypothetical Model.

- H<sub>5a</sub>: There is a significant influence of shared vision to learning on process innovation.
- H<sub>6a</sub>: There is a significant influence of shared vision to learning on business system innovation.
- H<sub>7a</sub>: There is a significant influence of open-mindedness to learning on product innovation.
- H<sub>8a</sub>: There is a significant influence of open-mindedness to learning on process innovation.
- H<sub>9a</sub>: There is a significant influence of open-mindedness to learning on business system innovation.
- H<sub>10a</sub>: There is a significant influence of intra-organization knowledge sharing to learning on product innovation.
- H<sub>11a</sub>: There is a significant influence of intra-organization knowledge sharing on process innovation.

- H<sub>12a</sub>: There is a significant influence of intra-organization knowledge sharing on business system innovation.
- H<sub>13a</sub>: There is a significant influence of product innovation on financial performance.
- H<sub>14a</sub>: There is a significant influence of process innovation on financial performance.
- H<sub>15a</sub>: There is a significant influence of business system innovation on financial performance.

### 3 Research Methodology

The concept of meta-analysis was used to screen the dimensions of the study. The approach of this study was mainly quantitative, and it was exploratory and ex post facto kind of research (Creswell, 2008); the concepts and models evolved as the research made progress both in terms of literature review and field work with the hotels in Qatar. The secondary sources such as journals and conference

proceedings were used to collect the qualitative data; and a questionnaire with 5-point Likert scale was used for collecting the quantitative data. A score of five indicated strong agreement, and one indicated strong disagreement with the intermediate scores varying evenly in between these two extremes. Structural Equation Modeling (SEM) was used for confirmatory factor analysis, regression, and hypothesis testing using the path modelling approach. The quantitative analysis involved mainly statistical analysis, which had the distinct components of descriptive statistics and inferential statistics. Descriptive statistics provided the general idea about the sample demographics, sample normality study using Skewness and Kurtosis measures, and the overall perceptions. The inferential statistics were used for drawing the inferences of the study, mainly with reference to hypothesis testing.

### 3.1 Questionnaire and Method of Data Collection

The development of the metric in the form of a questionnaire entailed a four-stage approach, including

meta-analysis of literature, informal interviews with financial managers in Qatar, questionnaire development, and pilot testing of the questionnaire. The hotels chosen were spread across Qatar. The inclusion criteria were five-star, four-star, and three-star ratings of the hotel. The reason for this selection was to study the influences of external factors across the cross section of the society. Data collection was through electronic means as well as personal distribution of the questionnaire. Table 1 summarizes the research constructs, authors, description, and sample items.

## 4 Results and Discussion

### 4.1 Demographic Details of Respondents

Demographic distribution gives the general idea about the respondents who have participated in this research. This becomes important, as an idea about the participants gives the strength to the inferences that are drawn from the data. It can be observed that majority of the respondents happened to be male

**Table 1.** Research Construct, Author, Meaning, and the Sample Item in Questionnaire

Research Construct	Author	Meaning	Sample Item
Commitment to Learning	Bard (2007), Nybakk (2012), Deegahawature, (2014), Rousseau et al. (2016).	The general feeling that learning is the essential ingredient to the gaining of competitive advantage, is an asset and a survival tool	We believe that ability to learn is the key to the gaining of the competitive advantage.
Shared Vision	Martin et al., (2014), Hsu (2014), Bakar et al. (2015), Gergely (2016).	It is the commonality of purpose, agreement towards common goals, and partnering of the direction of the organization.	There is a commonality of purpose in the organization.
Open Mindedness to Learning	Nybakk (2012), Lenihan & McGuirk (2014), Deegahawature, (2014), Yeni (2015).	It is an environment in the organization to freely discuss ideas, issues and perspectives and openness to criticism.	Ideas are freely discussed with our superiors.
Intra Organization Knowledge Sharing	Cabrera & Cabrera (2005), Bryant & Terborg (2008), Nybakk (2012), Kaplan et al., (2014), Blome et al., (2014).	It is the scope for sharing knowledge between the departments in the organizations.	There is a healthy exchange of ideas and knowledge across the departments.
Product Innovation	Zhou & Wu (2010), Atalay et al. (2013), Cheng et al. (2013), Racela (2014), Tajeddini (2016).	It is the importance given to the development of newer products.	The hotel has a strong R & D working towards new product development.
Process Innovation	Artz (2010), Bowen et al. (2010), Damanpour, F. & D. Aravind (2012), Camisón & Villar-Lopéz (2014)	It is the ability to constantly improve the processes in the organization.	We have the most refined processes which are effective and appreciated by the customers.
Business System Innovativeness	Cho & Pucik (2005), Woodside (2005), Zhou & Wu (2010), Song et al. (2011), Terziovski (2011), Dibrell et al., (2014)	It is the ability to adapt to the most advanced systems of business.	The hotel considers the creation of new business systems to be critical to its success.
Financial Performance	Wang (2009), Peters & Bagshaw (2014), Kalkan et al. (2014), Topal & Dogan (2014)	It refers to the ability of the company to make profit continuously.	Our after-tax return on assets is on the rise continuously.

(87%) and were in the age group of 35–45 years (35.2%) and were undergraduates (40.0%) (Table 2). The income per month has been exchanged (Qatar Riyals), and it can be observed that the majority come in the range of 13,000–25,000 QR (35.2%), and also the majority of the respondents have five to ten years of experience (33.3%) in financial management. So, by and large, it is evident that the respondents asked to express their views on the topic of interest were well qualified, experienced, and were from the middle class of the salaried employees.

#### 4.2 Normality of Data

Normality assumption was not violated with an acceptable range of Skewness and Kurtosis statistics (threshold values  $-1.00$  to  $+1$  and  $-3$  to  $+3$ , respectively) (Table 3). Therefore, the data could be subjected to further level of statistical analysis. The negative Skewness shows that the response is toward the higher side of agreement in the Likert scale (Mean = 3.4).

**Table 2.** Demographic Distribution of the Respondents (N = 165)

Attributes	Frequency	Percentage
<b>Gender</b>		
Male	143	87%
Female	22	13%
<b>Age</b>		
Less than 25 years	12	7.3%
25–35 years	39	23.6%
35–45 years	58	35.2%
45–55 years	46	27.9%
Greater than 55 years	10	6.1%
<b>Educational Qualification</b>		
Certificate	21	12.7%
Diploma	41	24.8%
Undergraduate	66	40.0%
Postgraduate	36	21.8%
PhD	1	0.6%
<b>Income per Month (QR)</b>		
Less than 13,000	36	21.8%
13,000 to 25,000	58	35.2%
25,000 to 35,000	37	22.4%
35,000 to 45,000	34	20.6%
More than 45,000	0	0.0%
<b>Experience in Financial Management</b>		
Less than two years	27	16.4%
2–5 years	42	25.5%
5–10 years	55	33.3%
More than 10 years	41	24.8%

#### 4.3 Measurement Model

A pilot study was undertaken to validate and test the reliability of the questionnaire with a sample size of 60. The questionnaire, with a total 40 indicators of the latent variables, was reduced to a total of 24 items through confirmatory factor analysis, which was subsequently used for collecting data through a total sample size of 165. To verify the reliability of the latent variables in the model, internal consistency reliability measure, item reliability measure, and composite reliability measures were calculated. Table 4 shows the Cronbach's alpha coefficient and the composite reliability result for the model. The alpha coefficient has an acceptable value ranging from 0.8 to 0.9, indicating a moderately high level of internal consistency. The result of item reliability (IR) measured as standardized confirmatory factor loading (FL) ranged from 0.7 to 0.9 (Table 5). The composite reliability is 0.9 again indicating high reliability score. The convergent validity assessment based on factor loading and composite reliability indicate moderate to high acceptable range of factor loading for all items and good composite reliabilities in general. To test for discriminant validity, the square root of average variance extracted (AVE) for each construct was compared with the correlation between the construct and the other constructs (Table 6) and was found to be higher, and hence, the discriminant validity is proved. The data could be subjected to the further analysis, as very high measures were indicated in all the methods of reliability and validity.

#### 4.4 Structural Model

The hypothesized model was designed to test 15 hypotheses built based on the research literature to study the dynamics of learning orientation, firm innovativeness, and financial performance in the hotel industry. The model with path coefficients and the explanatory power ( $R^2$ ) for each dependent construct is displayed in Figure 2. While path coefficients show the strength of relationship between the two latent variables, the t-values (Figure 3 and Table 7) are indicative of the significance of relationships, which enable hypotheses testing. The  $R^2$  values range from 0.7 to 0.9 (cut-off 0.1), which indicate a very high explanatory power of the model, in other words, the exogenous variables influence up to 90%

**Table 3.** Skewness and Kurtosis (N = 165)

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
VAR00001	165	2.8824	1.00799	-0.506	0.403	-0.771	0.788
VAR00002	165	3.5294	1.58086	-0.620	0.403	-1.177	0.788
VAR00003	165	3.7059	1.40409	-0.765	0.403	-0.669	0.788
VAR00004	165	3.1471	1.50015	-0.151	0.403	-1.379	0.788
VAR00005	165	2.9412	1.41295	-0.369	0.403	-1.351	0.788
VAR00006	165	3.0882	1.48462	0.076	0.403	-1.356	0.788
VAR00007	165	3.1471	1.20937	-0.517	0.403	-0.652	0.788
VAR00008	165	3.2059	1.17498	-0.783	0.403	-0.398	0.788
VAR00009	165	3.2647	1.16278	-0.677	0.403	-0.369	0.788
VAR00010	165	3.0882	1.50489	-0.159	0.403	-1.214	0.788
VAR00011	165	3.2647	1.21378	-0.761	0.403	-0.427	0.788
VAR00012	165	3.2647	1.28650	-0.529	0.403	-0.760	0.788
VAR00013	165	3.2059	0.94643	0.245	0.403	-0.842	0.788
VAR00014	165	3.4412	0.99060	-0.821	0.403	0.619	0.788
VAR00015	165	3.6176	0.73915	-0.671	0.403	0.309	0.788
VAR00016	165	3.4412	1.21084	0.037	0.403	-1.575	0.788
VAR00017	165	3.5294	1.07971	-0.004	0.403	-1.235	0.788
VAR00018	165	3.5000	1.16585	0.066	0.403	-1.384	0.788
VAR00019	165	3.3235	1.14765	0.365	0.403	-1.300	0.788
VAR00020	165	3.5588	1.18555	-0.554	0.403	-0.516	0.788
VAR00021	165	3.5882	1.07640	-0.165	0.403	-1.192	0.788
VAR00022	165	3.4118	1.20900	-0.546	0.403	-0.549	0.788
VAR00023	165	3.5000	1.16124	0.000	0.403	-1.452	0.788
VAR00024	165	3.4118	1.04787	0.248	0.403	-1.076	0.788
Valid N (list wise)	165	3.3625	1.1680	-0.1899	0.4031	-0.8992	0.7879

**Table 4.** The Reliability Measures

	AVE	Composite Reliability	R Square	Cronbach's Alpha	Communality	Redundancy
BNI	0.8758	0.9548	0.734	0.9287	0.8758	-0.0299
CML	0.7177	0.8835	0	0.8071	0.7177	0
FNP	0.8274	0.9349	0.8547	0.8952	0.8274	0.2994
IKS	0.8634	0.9499	0	0.9207	0.8634	0
OPM	0.788	0.9172	0	0.8609	0.788	0
PRI	0.8628	0.9497	0.8695	0.9204	0.8628	0.3226
PRO	0.8787	0.956	0.7599	0.9309	0.8787	-0.0176
SHV	0.7426	0.8956	0	0.8302	0.7426	0

on the endogenous variables of the study. The path coefficients are up to a value of 0.9 for the variables associated through hypotheses testing and indicate a moderate influence of exogenous variables on the endogenous variables.

Following hypotheses stand supported:

H<sub>1a</sub>: There is a significant influence of commitment to learning on product innovation.

H<sub>5a</sub>: There is a significant influence of shared vision to learning on process innovation.

H<sub>9a</sub>: There is a significant influence of open-mindedness to learning on business system innovation.

H<sub>10a</sub>: There is a significant influence of intra-organization knowledge sharing on product innovation.

H<sub>11a</sub>: There is a significant influence of intra-organization knowledge sharing on process innovation.

H<sub>12a</sub>: There is a significant influence of intra-organization knowledge sharing on business system innovation.

H<sub>13a</sub>: There is a significant influence of product innovation on financial performance.

H<sub>14a</sub>: There is a significant influence of process innovation on financial performance.

H<sub>15a</sub>: There is a significant influence of business system innovation on financial performance.

**Table 5.** Factor Loadings (After Reduction)

	BNI	CML	FNP	IKS	OPM	PRI	PRO	SHV
BNI2	0.9686	0	0	0	0	0	0	0
BNI3	0.9439	0	0	0	0	0	0	0
BNI1	0.8935	0	0	0	0	0	0	0
CML3	0	0.9325	0	0	0	0	0	0
CML5	0	0.8214	0	0	0	0	0	0
CML1	0	0.7804	0	0	0	0	0	0
FNP3	0	0	0.9434	0	0	0	0	0
FNP4	0	0	0.9204	0	0	0	0	0
FNP2	0	0	0.8632	0	0	0	0	0
IKS1	0	0	0	0.9496	0	0	0	0
IKS2	0	0	0	0.9229	0	0	0	0
IKS4	0	0	0	0.9147	0	0	0	0
OPM2	0	0	0	0	0.9443	0	0	0
OPM1	0	0	0	0	0.9307	0	0	0
OPM5	0	0	0	0	0.7785	0	0	0
PRI4	0	0	0	0	0	0.9394	0	0
PRI3	0	0	0	0	0	0.9382	0	0
PRI5	0	0	0	0	0	0.9087	0	0
PRO3	0	0	0	0	0	0	0.9622	0
PRO4	0	0	0	0	0	0	0.9321	0
PRO1	0	0	0	0	0	0	0.9172	0
SHV5	0	0	0	0	0	0	0	0.9297
SHV1	0	0	0	0	0	0	0	0.901
SHV3	0	0	0	0	0	0	0	0.7427

**Table 6.** The Correlation Matrix

	BNI	CML	FNP	IKS	OPM	PRI	PRO	SHV
BNI	0.9358	0	0	0	0	0	0	0
CML	0.6098	0.8472	0	0	0	0	0	0
FNP	0.8789	0.7012	0.9096	0	0	0	0	0
IKS	0.7999	0.638	0.8734	0.9292	0	0	0	0
OPM	0.7478	0.6526	0.6952	0.6542	0.8877	0	0	0
PRI	0.8404	0.7693	0.8824	0.8954	0.6894	0.9289	0	0
PRO	0.9336	0.6102	0.9027	0.85	0.6874	0.9133	0.9374	0
SHV	0.7721	0.7393	0.7889	0.7382	0.8565	0.7724	0.7519	0.8617

**Table 7.** The t-values of the Hypothetical Model

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )	Hypothesis
BNI -> FNP	0.2385	0.2352	0.12	0.12	1.9872	Supported
CML -> BNI	-0.0274	-0.0321	0.086	0.086	0.3184	Not supported
CML -> PRI	0.3035	0.2963	0.0567	0.0567	5.3566	Supported
CML -> PRO	-0.0164	-0.0233	0.0863	0.0863	0.1896	Not supported
IKS -> BNI	0.4971	0.4955	0.0464	0.0464	10.704	Supported
IKS -> PRI	0.6518	0.649	0.0476	0.0476	13.6807	Supported
IKS -> PRO	0.6463	0.6404	0.0623	0.0623	10.3818	Supported
OPM -> BNI	0.286	0.277	0.1157	0.1157	2.4719	Supported
OPM -> PRI	0.0291	0.0368	0.082	0.082	0.3551	Not supported
OPM -> PRO	0.1111	0.1106	0.0941	0.0941	1.1811	Not supported
PRI -> FNP	0.3118	0.3337	0.1106	0.1106	2.8195	Supported
PRO -> FNP	0.4053	0.3868	0.1363	0.1363	2.9735	Supported
SHV -> BNI	0.1803	0.1975	0.1359	0.1359	1.3268	Not supported
SHV -> PRI	0.0419	0.0449	0.0925	0.0925	0.453	Not supported
SHV -> PRO	0.1917	0.2059	0.1253	0.1253	1.6296	Supported



The following hypotheses are not supported:

- H<sub>2a</sub>: There is a significant influence of commitment to learning on process innovation.
- H<sub>3a</sub>: There is a significant influence of commitment to learning on business system innovation.
- H<sub>4a</sub>: There is a significant influence of shared vision to learning on product innovation.
- H<sub>6a</sub>: There is a significant influence of shared vision to learning on business system innovation.
- H<sub>7a</sub>: There is a significant influence of open-mindedness to learning on product innovation.
- H<sub>8a</sub>: There is a significant influence of open-mindedness to learning on process innovation.

### 5 Findings and Implications to the Strategic and Financial Managers of the Hotel

The premise of this research was that there is causation between learning orientation, firm innovativeness, and financial performance of hotel industry. The following discussions have emerged through the findings of the study in connection to this premise.

First of all, the demographics of the sample chosen indicated that the majority of the respondents were from a very well-experienced and qualified group who were in the middle class of salaried employees and had all the expertise in financial management issues of the hotel.

Hypothesis testing has revealed commitment to learning has a significant influence on product innovation. This outcome is in agreement with many researchers who had undertaken similar research

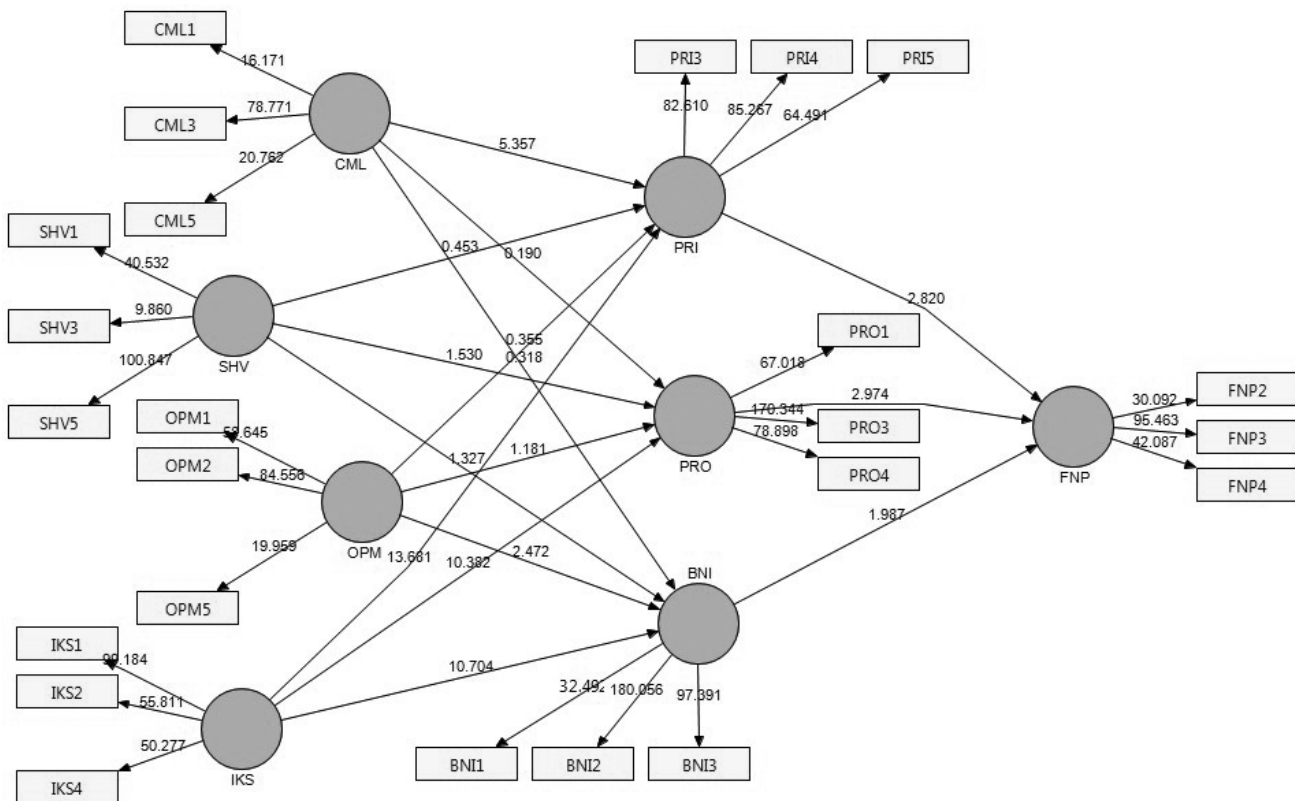
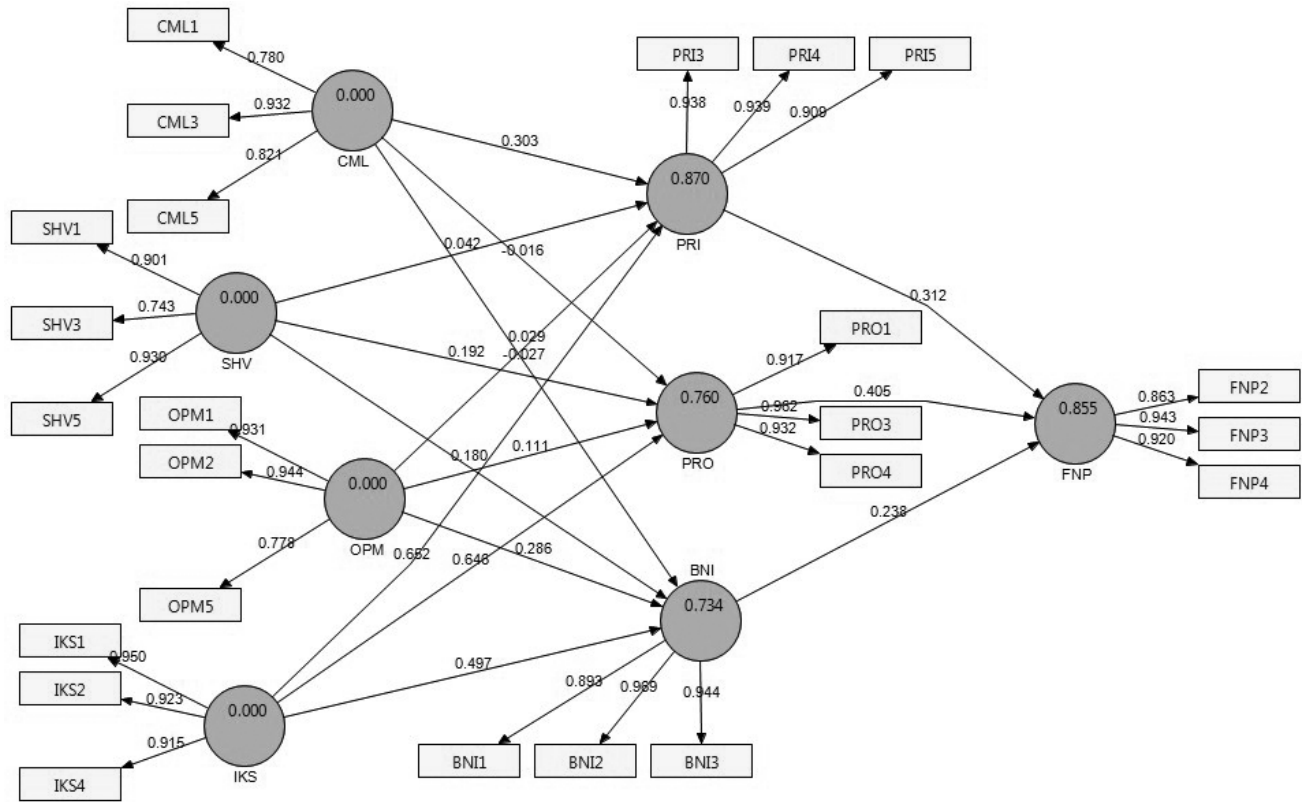


Figure 2. Path Coefficients and Factor Loading.



**Figure 3.** t-values of the Hypothetical Model.

in various other service industries, including banks, insurance, education, tourism, and hospitals (e.g., Bard, 2007; Nybakk, 2012; Deegahawature, 2014; Rousseau et al., 2016). Product innovation in hotels requires a thorough knowledge regarding the customer requirements, tastes, aspirations, and fantasies. So, systematic research is required to assimilate all the relevant knowledge and use it to develop new products appealing to the needs and the tastes of the present-day customers of the hotels who are very well informed about the facilities and services that are available around the globe in the hotel industry. This is where commitment to learning on the part of the employees is required. The direct implications to the management of the hotels is that they need to build a learning culture in the hotel and depute the employees to regular training programs to upgrade their knowledge and skills so that they may develop the required competencies to innovate and bring out newer products, which would not

only satisfy but also delight the guests they receive in their hotels.

Shared vision has a significant influence on process innovation as revealed through the hypothesis testing. The result is in accordance to the outcome of earlier research studies in several service and product-based organizations (e.g., Martin, McCormack, Fitzsimons, & Spirig, 2014; Hsu, 2014; Bakar, Mahmood, Nor, & Nik, 2015; Gergely, 2016). Shared vision gives an organization-wide focus on learning (Calantone et al., 2002), influences the direction of learning (Kaplan, Ogut, Mehmet, & Kaplan, 2014), and leads to the increase in the quality of learning (Eshlaghy & Maatofi, 2011). All these research findings highlight the importance of the shared vision in promoting innovation, particularly the process innovation; this research has proven that, in the context of hotels, the direct implication to the management of the hotels is that they need to promote the top management vision at all the levels of the

organization, and the employees need to internalize the vision of the organization and align their knowledge, skills, and competencies in the manifestation of the vision into reality.

Revelation of hypothesis testing was that there is a significant influence of open-mindedness to learning on business system innovation. There is research evidence for the linkage between these two dimensions with reference to several service industries (e.g., Nybakk, 2012; Lenihan & McGuirk, 2014; Deegahawature, 2014; and Yeni, 2015). Open-mindedness to learning involves critical evaluation of the organization's daily operations and the acceptance of new ideas, which is an essential ingredient to business system innovation, and hence, the implication to the managers is that they need to promote open-mindedness to learning among the employees.

Hypothesis testing revealed that there is a significant influence of intra-organization knowledge sharing on product innovation, which is in agreement with earlier research in several service industries (e.g., Cabrera & Cabrera, 2005; Bryant & Terborg, 2008; Nybakk, 2012; Kaplan et al., 2014; Blome et al., 2014). There are earlier research studies that have proven that knowledge is a strategic asset (Kaplan et al., 2014), and collective beliefs or behavioral routines related to the spread of learning among different units within an organization can lead to both product and process innovation (Calantone et al., 2002). Also intra-organizational learning can not only enhance competitiveness but also contribute to the innovativeness in the organization. The implication to the management of the hotels is that they need to promote activities that would bring the various departments of the hotels together through different activities, which may even include socialization so that people may know each other and feel free to exchange ideas and knowledge across the departments.

The most important revelation through hypothesis testing was that all three forms of innovation (i.e., product innovation, process innovation, and business system innovation) had a significant influence on financial performance of the hotel industry. This result is in agreement with the outcome of several other research studies in service industries (e.g., Zhou & Wu, 2010; Song, Bij, & Song, 2011; Terziowski, 2011; Atalay, Anafarta, & Sarvan, 2013; Cheng, Chang, & Li, 2013; Dibrell et al., 2014; Camisón &

Villar-Lopéz, 2014; Racela, 2014; Tajeddini, 2016). In the present day, the hotel industry customers are very well informed about the facilities and the services they can receive for the price that they pay, and hence innovation of all forms holds the key to financial performance. Thus the obvious implication to the management of hotel industry in general is that they need to give special emphasis to learning orientation because most of the dimensions of learning orientation contribute to the firm innovativeness, which in turn contributes to the financial performance of the hotels.

## 6 Conclusion

This research has investigated the mediating effect of firm innovativeness between learning orientation and financial performance with specific focus on the hotel industry in Qatar. The results of hypotheses testing have revealed that most of the dimensions of learning orientation are having significant influence on various dimensions of firm innovativeness and all the dimensions of firm innovativeness influence financial performance. Thus it can be concluded that the hotels in Qatar need to focus their attention on learning orientation and promote commitment to learning, shared vision, open-mindedness, and intra-organization knowledge sharing, which influence the dimensions of firm innovativeness and in turn contribute to the financial performance of the hotels. Further, it can also be concluded that the mediating effect of firm innovativeness is quite effective, and innovation promoting activities need to be initiated in the hotels that may include brainstorming, lateral thinking, and out-of-the-box thinking, which have been successfully exploited in the manufacturing industries.

While this research has supported many of the earlier studies, it has also contradicted some. The study has revealed that commitment to learning and open-mindedness does not promote process innovation, and also, shared vision does not contribute to the product innovation and business system innovation.

Structural equation modelling as a tool to address multi-collinearity has been used effectively in this research. The major limitation of the study is that it is mainly dependent on the quantitative analysis and has not undertaken qualitative assessment

of the quantitative results. The study would have been more meaningful if coupled with interviews with financial managers of the hotel in addition to the informal meetings that were undertaken just to have their overall perceptions. The sample size of the study is also another limitation. However, through the fundamental principles of SEM, the results can be generalized to a great extent, as the sample has been spread across the cross section of the country and is randomized to the extent possible. The hotel industry as a constituent of the tourism industry contributes immensely to the GDP of Qatar, and this study is timely because Qatar is planning to host the FIFA World Cup 2022, during which the hotel industry will be a major benefactor.

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