


Entrepreneurial attributes for success in the small hotel sector: a fuzzy-set QCA approach

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Abstract By examining small hotels in Spain, this research contributes to understanding how human capital, social capital, and contingency factors interact to build a success model based on high hotel occupancy rates, profit, and profit per employee. Human capital theory, social capital theory, and multilevel theory provide the theoretical basis for this research. The study used fuzzy-set qualitative comparative analysis applied to a sample of 51 small Spanish hotels. The results reveal the existence of different configurations that lead to the desired performance outcomes. Each configuration combines two or three causal conditions. The results also reflect the difficulties that small hotels may face in reconciling different performance objectives. This paper thus provides solutions for managers, who must make strategic decisions based on existing conditions both inside and outside their organisations. The findings discussed herein can thus help small hotels better define their performance objectives by considering their individual characteristics. The findings can also help new small hotel entrepreneurs better understand the conditions required for success in this highly competitive market.

Keywords Entrepreneurship · Human capital · Social capital · Contingency factors · Small hotels

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1 Introduction

Tourism affects numerous sectors of the economy. Tourists spend money on culture, gastronomy, shopping, and many other leisure activities. Most importantly, however, tourists spend heavily on accommodation. In recent years, the number of international tourist arrivals to Spain has increased, yet tourists' spending has decreased because of the global economic downturn. This decrease in spending has nonetheless barely affected the hotel industry because whereas tourists can save money in areas such as gastronomy, sightseeing, and shopping, accommodation is indispensable. The hotel industry has thus become one of the most important revenue and currency generators in Spain (Hosteltur 2015), and the success of a tourism destination depends largely on a properly developed hotel industry (Sharpley 2000). Empirical data shows that despite the economic downturn, the number of establishments and rooms available to tourists has continued to rise, thereby intensifying competition within the hotel industry (Hosteltur 2015). During the economic boom in Spain (1995–2007), the Spanish hotel industry grew to reflect Spain's status as one of the world's favourite tourist destinations, ahead of France and the USA (Ribeiro 1999, 2002).

The abundance of small hotels is a defining characteristic of Spain's hotel industry (Nolan 2002). Quinn et al. (1992) argue that for an enterprise in the hotel industry to be considered small, it must be managed by its owner. A small hotel has around 50 rooms and 10 employees and has a small market share (WTO 2000). According to Lado-Sestayo et al. (2015), Spain's tourist status is relevant for other economies because it is a tourism leader in Europe and has the second biggest tourism revenue worldwide.

Despite the importance of tourism to the global economy, however, the literature on small hotels is scarce (Nolan 2002). Existing research offers little insight into the effect of social and human capital on hotel performance (Davidsson and Honig 2003; Neergaard and Madsen 2004; Myint et al. 2005; Liao and Welsch 2005). The theoretical framework in this study builds on human capital theory (Becker 1964; Mincer and Polacheck 1974), social capital theory (Portes 1998; Lin 1999), and multilevel theory (House et al. 1995; Klein and Kozlowski 2000). For the empirical analysis, fuzzy-set qualitative comparative analysis (fsQCA) was applied to a sample of 51 Spanish hotels.

This study explored the factors that help new entrepreneurs succeed in the small hotel sector and survive in a competitive market where they must compete with well-established hotels and hotel chains. This paper, which focuses on Spain's small hotel sector, examines the entrepreneurial attributes of human capital and social capital and the contingency factors of the small hotel sector that influence the factors required to build a successful hotel business. The aim was to assess the effect of human capital, social capital, and contingency factors on hotel performance.

The results show that small hotels aiming to achieve high performance should opt to combine two or three conditions based on human capital, social capital, and contingency factors. Reconciling different performance objectives is challenging and may require decisions that sacrifice one outcome in favour of another that is considered more important. Assessing and choosing between different configurations is crucial for small hotels and entrepreneurs aiming to establish a new small hotel. This study contributes by presenting the configurations that hoteliers should adopt to achieve success and, conversely, the configurations hoteliers should eschew to avoid poor performance.

The paper has the following structure. Section 2 presents the literature review on human capital, social capital, and contingency factors of small hotels. Section 3 describes the

method used for the empirical analysis, the key factors and variables, the data collection process, and the sample. Section 4 presents the results of the analysis. Section 5 discusses these results. Section 6 sets forth the conclusions and contributions of the research. Finally, Sect. 7 highlights the limitations and opportunities for future research.

2 Literature review

Spain is one of the most popular tourist destinations in the world, with millions of visitors each year (World Tourism Organization 2015). Unsurprisingly, therefore, tourism is one of the main drivers of Spain's economy. Despite the economic crisis that has affected Spain in recent years, tourism sector income has remained steady, unlike income in other sectors of the economy. In 2015, more than 68 million international tourists visited Spain, generating more than 63 billion Euros for the economy (INE 2015; WTO 2015). Many variables affect success in the hospitality industry. In a competitive business environment such as the hotel industry, long-term survival depends on the hotel's ability to satisfy the customer's demands efficiently and effectively (Ma et al. 2003). For small hotels, which according to Ingram and Roberts (2000) have up to 50 rooms (medium-sized hotels have 51–100 rooms and large hotels have over 100 rooms), key factors include the location of the hotel, the ownership structure, and the age of the owners (Hewitt-Dundas and Roper 2011).

The target customers for small hotels vary by tourist destination and region. For instance, in urban areas in Turkey, most tourists are business executives and leisure travellers (Yolal et al. 2009), whereas in Hong Kong, tourists are predominantly couples, families, and business customer groups (Law and Ng 2011). Ritchie and Crouch (2003) report that tourist destination policy often falls under the jurisdiction of public entities, which strive to achieve the maximum benefit for all stakeholders in the region while minimising negative impacts. Despite their best efforts, however, public entities are unable to achieve their aim without the involvement of private agents.

In general, only large, mature organisations address human capital and social capital issues (Walker et al. 1997; Felício et al. 2014). Organisations are multilevel systems of social capital that integrate processes occurring at individual, group, and organisational levels, thereby influencing development (Leana and Van Buren 1999; Klein and Kozlowski 2000; Kilduff and Tsai 2003). Entrepreneurial success depends on several factors, notably those related to the owner, human capital and social capital, management capabilities, and contingency factors. The characteristics of entrepreneurs and managers and their social interaction capabilities influence the performance of organisations (Hatch and Zweig 2000). In addition to human capital and social capital, contingency factors must also be analysed to understand the conditions leading to the success of small hotels.

2.1 Human capital

Human capital is vital to the success of hotels (Tesone 2005; DiPietro 2008). Human capital refers to people's knowledge, competencies, aptitudes, and skills to innovate and develop an organisation (Baron and Armstrong 2007). It encompasses the characteristics that endow individuals with better aptitudes and greater productive potential, particularly in terms of cognition, experience, and knowledge (Mincer and Polachek 1974). For organisations, people are important assets, bringing with them skills acquired from

childhood (e.g., formal education), formal aptitudes, and other skills acquired over a lifetime (Blundell et al. 1999).

Other important attributes in hotel management are the hotel owner's training and knowledge of the industry. If the hotel owner has a high level of education, he or she can nurture employees by acting as a mentor or encouraging them to strengthen their industry-related education (Hendry et al. 1995; Bednarska 2016). For hotels, training and worker learning are important factors in organisational performance (Namasivayam and Denizci 2006; Somerville 2007), yet smaller hotels adopt a more informal and less structured approach towards learning (Lashley 2009). Robbins and Judge (2009) report that the experience derived from relatively permanent change in behaviour translates into important learning.

Training and learning can yield organisational benefits such as better financial performance, customer satisfaction, business growth, and retention rates (Warech and Tracey 2004; Colombo and Stanca 2008; Nadeem 2010; Cova and Rodríguez-Monroy 2016). The level of training and education, which furnish hotel workers with skills and expertise, influences the performance of the hotel (Baum 2006; Karatepe and Sokmen 2006; McCabe and Savery 2007). Hotels with good human capital enjoy better relationships with customers and better organisational performance (Orfila-Sintesa et al. 2005; Tseng et al. 2008). Hence, the hotel industry seeks human capital composed of talents, skills, and values that ensure high performance (Davidson and Wang 2011; Noe et al. 2012). In this study, human capital comprises the following items: academic knowledge and specific training, business and technical work experience, professional proficiency, and cognitive ability. The corresponding proposition is as follows:

Proposition 1 *The human capital of small hotel entrepreneurs has a positive association with performance.*

2.2 Social capital

Social capital refers to the social structures, networks, and procedures derived from relationships inside and outside the organisation that facilitate knowledge (Baron and Armstrong 2007). Social capital is related to the way individuals establish relationships and interact within a social structure with certain conditions (i.e., social obligations and convertible connections in economic capital) to facilitate or benefit the parts (Putnam 1995; Portes 2000; Florin et al. 2003; Lester et al. 2008).

Applying hotel owners' influence and experience to hotel management is fundamental for small hotels to develop properly (Hill and Stewart 2000; Nolan 2002). The standard belief is that small hotels are family businesses (Ram and Holliday 1993; Getz and Carlsen 2000), and in most cases, such hotels are indeed family business. Small enterprises dominate emerging sectors like nature tourism, and most hotels in these sectors are managed by owners and their families (McKercher and Robbins 1998). Loan-Clarke et al. (1999) argue that small family hotels managed by non-family members invest more in hotel management than other hotels do. This investment contributes to better management, infrastructure, and employability, improving the service offered by the hotel. Social capital is made up of the economic and cultural status of the entrepreneur, interlinking and family support, interpersonal complicity, personal relations with financial entities, personal relations with business associations, and social relations with local politicians, business managers, and others. The corresponding proposition is as follows:

Proposition 2 *The social capital of small hotel entrepreneurs is positively associated with performance.*

2.3 Contingency factors

In the hotel industry, service quality is associated with employees' ability to be flexible enough to provide a variety of customer services and thereby contribute to the hotel's success. Efforts in providing a high level of service quality therefore influence qualifications, training, and experience (Eaglen et al. 2000; Yang 2007). Customers have knowledge and experience in several memorable events, and this knowledge and experience greatly enhances requirement levels (Pine and Gilmore 1999). The hotel's response time to clients, establishments, and subcontracting services influences organisational performance (Marchante and Ortega 2012).

Technological innovations in information and communications technology (ICT) have allowed small tourism enterprises to become more flexible and grow (Poon 1993). However, this type of organisation is more resistant to renewal than organisations in other sectors are (Mattson et al. 2005). In the hotel industry, innovation makes businesses more competitive and improves long-term success by boosting the hotel's reputation and customer loyalty (Ottenbacher 2008; Medrano and Olarte-Pascual 2016). Innovation in ICT is essential in the hotel industry and is deeply influenced by the relationship between the client and the type of service on offer (Tseng et al. 2008). In hotel chains, the use of ICT is important for operating purposes (Law and Jogaratnam 2005). Likewise, small hotels also gain a considerable advantage by making a similar use of ICT, particularly the Internet, to improve relationships with customers (Mutch 1998; Gilbert and Powell-Perry 2000).

In the hotel industry, the quality of service is associated with customer satisfaction (Heskett et al. 1994; Warech and Tracey 2004; Bhatti et al. 2014). Investment in employees influences customer satisfaction, customer loyalty, and efficiency and leads to better quality and productivity. Investment in employees thus yields higher levels of quality of service at lower costs and increases the revenues and profitability of the organisation (Heskett et al. 1994; Tews and Tracey 2009; Bhatti et al. 2014; Lee et al. 2014; Lee and Raschke 2016). Several contingency factors play important roles in the small hotel sector, especially quality of service, innovation, and operating time. The corresponding proposition is as follows:

Proposition 3 *Contingency factors in small hotels are positively associated with performance.*

2.4 Performance

Performance can be interpreted from different viewpoints (McDougall et al. 1992). For example, financial performance is measured using indicators such as revenue, profit, and share price (Gupta and Zeitham 2006; Grisseman et al. 2013). For small businesses, performance relates to market share, number of employees, and income per employee (Haber and Reichel 2005). Likewise, financial performance relates to objective measures such as the average occupancy rate, lodging index, and market share (Alvarez et al. 2001; Orfila-Sintes and Mattsson 2009).

Adopting a multidimensional approach, Phillips (1996) used three dimensions to measure hotel performance: (1) effectiveness, including occupancy rate, average room rate, and sales growth per room; (2) efficiency, including return on investment (ROI) and profit

margin; and (3) adaptability, including the number of new services or products introduced successfully and the percentage of sales derived from new services or products.

The occupancy rate is important because it depends on the hotel's services, qualification, and prices, all of which influence demand. Hence, occupancy rate measures whether the hotel is attracting clients. A high occupancy rate is linked to the quality of the hotel, the price of its rooms, and the preferences of its guests, which suggests a link between occupancy rate and hotel success. Customer loyalty can lead to a high market share and high profitability, guaranteeing the company's future revenue streams and long-term reputation (Haber and Reichel 2005). In this study, performance was measured by occupancy rate, profit, and profit per employee.

3 Method

3.1 Research model

This study identified which configurations of entrepreneurial attributes are conducive to the success of small hotels. The entrepreneurial attributes consisted of small hotel owners' human and social capital and the management contingency factors of small hotels (illustrated in Fig. 1).

3.2 Factors and variables

Based on the literature review and the research model, the factors and variables are presented in Table 1.

3.3 Data collection, sample, and method

We identified the small hotels from the following online tourist platforms: Trivago, Tripadvisor, Logitravel, Toprural, Booking, Atrapalo, and Hoteles.com. We sent a questionnaire via email to 1500 small hotels in Spain and obtained 78 responses. The final sample comprised 51 small hotels. Fuzzy-set qualitative comparative analysis (fsQCA) was used. According to Fiss (2007), fsQCA is suitable for samples of 10–50 cases.

FsQCA does not require the assumption that causal conditions (the set-theoretic equivalents of independent variables) are only linear-additive. Although multiple regression analysis (MRA) is effective at identifying symmetric relationships, such relationships are not always present in the observed data (Greckhamer et al. 2008; Ragin 2008; Fiss

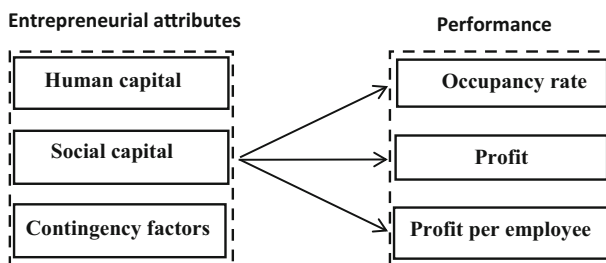


Fig. 1 Research model

Table 1 Factors and variables

Factors	Variables	Authors	
Human Capital			
Knowledge	Education level of the entrepreneur/manager	Baron and Armstrong (2007)	
	Specific hospitality training of the entrepreneur/manager	Baum (2006)	
	Business training of the entrepreneur/manager		Bednarska (2016)
			Blundell et al. (1999)
		Colombo and Stanca (2008)	
		Cova and Rodríguez-Monroy (2016)	
		Davidson and Wang (2011)	
		Hendry et al. (1995)	
		Karatepe and Sokmen (2006)	
		Lashley (2009)	
		McCabe and Savery (2007)	
		Mincer and Polacheck (1974)	
		Nadeem (2010)	
Experience	Previous experience as business owner	Namasivayam and Denizci (2006)	
	Management/leadership experience	Noe et al. (2012)	
	Commercial work experience	Orfila-Sintesa et al. (2005)	
	Diversified experience	Robbins and Judge (2009)	
	Proficiency	Professional proficiency in hospitality	Somerville (2007)
		Widespread knowledge	Tseng et al. (2008)
	Cognitive ability	Communication skills	Warech and Tracey (2004)
Strategic decision-making regarding risk-taking propensity			
Ability to innovate			
Perception of risks and threats			
Proactivity	Discovery and exploitation of opportunities		
	Exploration of opportunities		
	General knowledge of the hotel		
	Aptitude for communication within the hotel		

Table 1 continued

Factors	Variables	Authors
Social capital		
Status	Economic status	Baron and Armstrong (2007)
	Cultural status	Florin et al. (2003)
	Popularity status	Getz and Carlsen (1999)
	Political status	Hill and Stewart (2000)
		Lester et al. (2008)
Interlinking	Family relations	Loan-Clarke et al. (1999)
	Sporting social relations	McKercher and Robbins (1998)
	Associative social relations	Nolan (2002)
	Political social relations	Portes (2000)
Complicity/family support	Level of family support when facing challenges	Putnam (1995) Ram and Holliday (1993)
Personal relations	Interpersonal solidarity	
Contingency factors		
Services	Quality of guest accommodation	Bhatti et al. (2014)
	Quality of guest rooms	Eaglen et al. (2000)
	Ease of hotel access	Heskett et al. (1994)
		Lee et al. (2014)
	Employee flexibility to perform a range of functions	Lee and Raschke (2016)
		Marchante and Ortega (2012)
Innovation	Offer of local products in the hotel	Mattson et al. (2005)
	Technological innovation	Medrano and Olarte-Pascual (2016)
	Level of decoration and family environment	Ottenbacher (2008)
Operating time	Client response time	Pine and Gilmore (1999)
	Matching services to clients' needs	Poon (1993)
		Tews and Tracey (2009)
		Tseng et al. (2008)
		Warech and Tracey (2004)
		Yang (2007)
Performance	Occupancy rate	McDougall et al. (1992)
	Profit	Gupta and Zeitham (2006)
	Profit per employee	Grissemann et al. (2013)
		Haber and Reichel (2005)
		Alvarez et al. (2001)
		Orfila-Sintes and Mattsson (2009)
		Phillips (1996)
		Haber and Reichel (2005)

2011). FsQCA addresses complex causality (Woodside 2013), focusing on asymmetric relationships to identify conditions that are sufficient to cause an outcome (the set-theoretic equivalent of a dependent variable). Regression coefficients show the effect of variables but do not indicate the extent to which individual variables are sufficient for all cases when high or low values of any one variable are neither sufficient nor necessary for a high or low value of the outcome (Woodside et al. 2012). Necessary conditions imply that the outcome can only occur if the causal factor is present, whereas sufficient conditions imply that a causal factor always leads to the outcome (Fiss 2007).

4 Results and analysis

The research model links the causal conditions (human capital, social capital, and contingency factors) to the outcome (high performance), measured by occupancy rate (commercial effectiveness), profit, and profit per employee (efficiency). Table 1 describes the variables that yielded the conditions based on summated scales. The summated scales were calculated using the average of the original variables. Doing so, as opposed to using only one measure, has the advantage of reducing the measurement error (Hair 2010). This procedure was complemented by the calculation of Cronbach’s alpha, which provides the reliability coefficient of the summated scales (George and Mallery 2003). Human capital (HC) had excellent reliability (.915), social capital (SC) had good reliability (.896), and the contingency factors (CF) had acceptable reliability (.748). In light of criticism of Cronbach’s alpha (Hair 2010), it is worth noting that human capital consists of 15 variables, social capital consists of 13 variables, and the contingency factors consist of 8 variables.

The sample of 51 small Spanish hotels was analysed using fsQCA 2.5 software (Ragin and Davey 2014). As per Ragin’s (2008) procedure, the conditions and outcomes were calibrated using the 10th percentile, the median, and the 90th percentile. These thresholds represent non-membership, maximum ambiguity, and full membership, respectively. The calibration points for each condition and outcome appear in Table 2.

The analysis focused on the necessary conditions to yield the outcome and the negation of the outcome. Results appear in Table 3.

The analysis of necessary conditions identifies the conditions that must be present for the outcome to occur. A condition or combination of conditions is deemed necessary only if its consistency is greater than .9 (Schneider et al. 2010). The results imply that none of the conditions is necessary (Table 3).

According to the research model (Fig. 1) and the research propositions, the following models were used to seek causal configurations that lead to success for small hotels in Spain.

$$OR = f(CF, SC, HC)$$

$$P = f(CF, SC, HC)$$

$$PPE = f(CF, SC, HC)$$

We also sought causal configurations that lead to a lack of success for small hotels in Spain.

Table 2 Calibration points

	Calibration		
	.10	.50	.90
Occupancy rate (OR)	1	3	5
Profit (P)	44,000	120,000	1,500,000
Profit per employee (PPE)	12,267	56,250	98,500
Human capital (HC)	3.94	5.20	6.45
Social capital (SC)	3.24	4.79	5.74
Contingency factors (CF)	3.62	4.25	4.72

Table 3 Necessary conditions

Conditions	Outcomes											
	OR		~OR		P		~P		PPE		~PPE	
	Cn	Cv	Cn	Cv	Cn	Cv	Cn	Cv	Cn	Cv	Cn	Cv
HC	.64	.69	.62	.58	.62	.67	.64	.60	.58	.62	.64	.62
~HC	.61	.65	.67	.61	.63	.67	.65	.60	.63	.65	.60	.58
SC	.69	.74	.53	.49	.64	.68	.63	.58	.60	.62	.63	.60
~SC	.52	.56	.72	.66	.61	.65	.66	.61	.62	.64	.60	.58
CF	.54	.60	.64	.61	.60	.67	.61	.59	.56	.61	.61	.61
~CF	.65	.68	.58	.52	.63	.65	.65	.58	.64	.64	.61	.56

Cn Consistency, Cv Coverage

$$\sim \text{OR} = f(\text{CF}, \text{SC}, \text{HC})$$

$$\sim \text{P} = f(\text{CF}, \text{SC}, \text{HC})$$

$$\sim \text{PPE} = f(\text{CF}, \text{SC}, \text{HC})$$

The study examined three outcomes: high occupancy rate (and low occupancy rate), profit (and lack of profit), and profit per employee (and lack of profit per employee). The causal conditions under study were human capital, social capital, and contingency factors (Table 4). The following results from the analysis of sufficiency appear in the same format as that used by Fuerer et al. (2015).

The results reveal that alternative configurations of the causal conditions lead to the outcomes under study (Table 4). The consistency cut-offs for all outcomes under analysis were within the recommended range. The lowest cut-offs were .79 for profit per employee (both PPE and ~PPE) outcomes. The cut-off for low occupancy rate (~OR) was .81. For high occupancy rate (OR) and high profit (P), the cut-off was .82. For low profit (~P), no configuration was within the recommended threshold.

Table 4 Causal configurations leading to each outcome

	CC	Configurations	RC	UC	Cn	SCv	SCn	
OR	.82	1	SC * ~HC	.39	.16	.86	.58	.82
		2	~CF * HC	.42	.19	.83		
~OR	.81	3	CF * ~SC	.44	.44	.81	.44	.81
P	.82	4	CF * ~SC	.37	.16	.79	.56	.81
		5	SC * ~HC	.40	.19	.88		
PPE	.79	6	CF * SC * ~HC	.26	.06	.79	.49	.76
		7	CF * SC * ~HC	.26	.08	.81		
		8	~CF * SC * HC	.32	.14	.79		
~PPE	.79	9	~CF * ~SC * HC	.30	.15	.79	.42	.76
		10	CF * SC * ~HC	.27	.13	.79		

CC Consistency cut-off, RC Raw coverage, UC Unique coverage, Cn Consistency, SCv Solution coverage, SCn Solution consistency

Occupancy rate (OR) had high consistency and the highest solution coverage ($SC_n = .82$, $SC_v = .58$). Two configurations were found to lead to high occupancy rates. The first configuration combines the presence of social capital with the absence of human capital. The second configuration combines the absence of contingency factors with the presence of human capital. For low occupancy rates, only one configuration had high consistency, albeit with low coverage ($SC_n = .81$, $SC_v = .44$). This configuration combines the presence of contingency factors with the absence of social capital. Profit (P) had a consistency greater than .80 and the second highest coverage ($SC_n = .81$, $SC_v = .56$). Two configurations were found to lead to high profit. The first configuration combines the presence of contingency factors with the absence of social capital. (As discussed earlier, this combination was found to lead to a low occupancy rate.) The second configuration combines the presence of social capital with the absence of human capital. High profit per employee (PPE) had a low consistency, albeit above the threshold, and low coverage ($SC_n = .76$, $SC_v = .49$). The first configuration leading to high profit per employee combines the presence of contingency factors and social capital with the absence of human capital. The third configuration combines the absence of contingency factors with the presence of social capital and human capital. Finally, the configurations leading to low profit per employee had similar levels of consistency to those for high profit per employee, albeit with lower coverage ($SC_n = .76$, $SC_v = .42$). The first configuration combines the absence of contingency factors and social capital with the presence of human capital. The second configuration combines the presence of contingency factors and social capital with the absence of human capital.

5 Discussion

This paper evaluates three propositions regarding the way human capital, social capital, and contingency factors contribute to the performance of small hotels in Spain. Focusing on the presence and absence of conditions, the results reveal three key findings: the importance of the conditions under study, the existence of different configurations leading to the same outcome, and the importance of small hotel managers' choices regarding preferred performance indicators and strategies.

Human capital was found to be important in the configurations associated with high performance in terms of occupancy rate and profit per employee. This finding confirms Proposition 1 and is consistent with the views of Tesone (2005) and DiPietro (2008), who report the importance of human capital in the success of hospitality operations, and Orfila-Sintes et al. (2005) and Tseng et al. (2008), who report human capital's positive impact on organisational performance. High performance can nonetheless be achieved even in the absence of human capital if small hotels have access to high enough levels of social capital and contingency factors. Conversely, the results show that some configurations built on the presence of human capital lead to low performance. Hence, having human capital is not a necessary condition to achieve high performance, as also shown in the specific analysis.

For all outcomes under study, high performance can be achieved by hotels with configurations where social capital is present. This finding thus confirms Proposition 2. Small hotels are often family run, so the owner or family is in charge of managing the hotel (McKercher and Robbins 1998). The presence of the family facilitates knowledge (Baron and Armstrong 2007), and these relationship networks are translated into benefits for hotel performance (Putnam 1995; Portes 2000; Florin et al. 2003; Lester et al. 2008). In terms of

occupancy rate, social capital is present in a configuration associated with high performance and is absent in another configuration associated with low performance. Notably, however, in the case of profit, social capital may be present or absent depending on the remaining causal conditions required to achieve high profit. Similarly, in the case of low profit per employee, social capital may be present or absent. Hence, although social capital may be present in configurations leading to high performance, its absence (or presence) does not prevent hotels from achieving high (or low) performance.

Finally, regarding contingency factors, a high occupancy rate is not associated with the presence of contingency factors, whereas a low occupancy rate is associated with the presence of contingency factors. In the case of profit and profit per employee, the presence of contingency factors leads to high performance. Proposition 3 is thus partially confirmed, thereby highlighting the strategic implications for hotels when deciding whether to focus on commercial effectiveness (occupancy rate) or efficiency (profit and especially profit per employee). This finding reveals just how difficult it is for hotels to strike a balance between achieving a high occupancy rate and offering a differentiated service that requires considerable resources to ensure client satisfaction, for example (Heskett et al. 1994; Warech and Tracey 2004; Bhatti et al. 2014). The nature of configurations 3 and 4 (Table 4) is also noteworthy. This finding accentuates the difficulties in reconciling occupancy rate with profit because the same configuration leads to both low occupancy rate and high profit. In other words, a high profit may be achieved through differentiation based on a low occupancy rate or by a configuration that builds on the presence of social capital and the absence of human capital. Regarding profit per employee, certain configurations are also associated with high (or low) performance based on the absence (or presence) of contingency factors.

6 Conclusions and contributions

This study explored how human capital, social capital, and contingency factors in small hotels in Spain affect hotel performance in terms of the hotel's occupancy rate, profit, and profit per employee. The analysis identified multiple configurations leading to high performance. These configurations differ depending on the outcome under study. Hence, no single condition is alone sufficient to guarantee high performance. Furthermore, hotels may encounter difficulties in reconciling different outcomes, so managers must choose which performance goals to pursue based on their organisations' specific objectives.

The existence of alternative configurations indicates that small hotels can follow alternative paths to fulfil their performance objectives according to the availability of human capital, social capital, and contingency factors. Small hotels must nevertheless consider the existence of configurations associated with poor performance (in terms of occupancy rate and profit per employee), which may result from the presence or absence of a certain condition whose impact has been underestimated.

Focusing on just one condition (i.e., either human capital, social capital, or contingency factors) is insufficient to achieve high performance. Each condition must be analysed in conjunction with at least one additional condition to allow the hotel to achieve its objectives. This balancing act presents a challenge for small hotels because human and social capital are generally only considered in large, mature organisations.

Managers must decide which performance indicators they prefer to focus on and which strategy they choose to follow because each outcome presents alternative configurations

that in certain conditions are difficult to reconcile. Long-term survival, however, calls for hotels to tend to both effectiveness and efficiency, while satisfying clients. In summary, the analysis highlights the difficulty in reconciling occupancy rate with profit.

7 Limitations and future research

This study has limitations, which present opportunities for further research. A major limitation that was outside our control when designing the study was the state of the Spanish economy, which might have influenced the results. We analysed only small hotels in Spain. In the future, it would be of interest to examine larger hotels or perform a similar study of small hotels in Portugal and compare the results to those for Spain. In the future, the sample size should be increased by performing a larger study to obtain a bigger data set and by being more persistent when emailing the questionnaire to hotels.

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