Effect of Entrepreneurial Orientation on Perceived Non-Financial Performance of Star-Rated Hotels in Uganda

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Abstract
The purpose of the study was to examine the effect of entrepreneurial orientation on perceived non-financial performance of star-rated hotels in Uganda. The study was guided by resource-based view and upper echelons theories. A positivism research philosophy and an explanatory research design with a cross-sectional approach were adopted, while a multi-stage sampling technique; stratified, simple random and purposive sampling techniques were used to collect quantitative data using survey questionnaires administered to a sample size of 53 star-rated hotels involving 265 managers out of a population of 62 star-rated hotels. Hypotheses were tested using multiple regression model. Results showed that innovativeness, pro-activeness, risk-taking, and autonomy had significant and positive effect on perceived non-financial performance of start-rated hotels in Uganda, while competitive-aggressiveness had insignificant and positive effect on perceived non-financial performance of start-rated hotels in Uganda. This study therefore provides hotel managers insight to help them evaluate the dimensions of entrepreneurial orientation in terms of perceptions of their known benefits to make informed decisions to achieve superior performance.

Keywords: Innovativeness, Pro-Activeness, Risk-Taking, Autonomy, Non-Financial Performance, Start-Rated Hotels Competitive-Aggressiveness
1. Introduction

The concept of business performance has been in existence for a long time and has been researched in various fields of academic literature including strategy research (Sainaghi, Phillips & Corti, 2013). In the field of strategic management, firm performance is believed to be at the center of the field and also the time test of any strategy (Pearce, Robbins & Robinson, 1987). The measurement of the business performance has gained significant attention in the hotel industry. As a result, various frameworks have been brought forward to capture non-financial performance measures. The key reasons for using non-financial performance metrics, according to Banker et al. (2000), are that they are stronger indicators of future financial performance than accounting measures, and they are useful in evaluating and encouraging managerial performance. Academics, practitioners, and consultants employ a variety of operational indicators to assess business performance, and while the use of non-financial metrics has grown, it is still limited in the hospitality industry. The most prevalently used non-financial performance indicators in hotel sector such as customer satisfaction (Chen, Hsu & Tzeng, 2011), continuous improvement (Wadongo et al., 2010), hotel image and service quality (Chen, Hsu & Tzeng, 2011), are believed to create internal processes that reward performance and are even better predictors of financial performance than accounting measures. Research has also shown that there are various shortfalls with use of purely financial performance measures (Abernethy, Bouwens & Lent, 2013). Empirical evidence on current practice of non-financial performance measures shows that it is crucial for the development of the hotel sector given its high contribution of the sector towards economic development.

Studies have also found that a firm that is entrepreneurial oriented is bound to perform better than its counterpart that lacks the same (Engelen et al., 2015; Hernández-Perlines, et al, 2017). According to Kraus, Rigering, Hughes, and Husman (2012), entrepreneurial orientation is a predictor of firm performance; it is also connected to value addition, economic growth, and competitiveness. As a result, it is reasonable to conclude that entrepreneurial approach is positively associated to company performance. The aspects of entrepreneurial orientation, as well as the connection between these factors, are a hot topic of discussion. (Hernández-Perlines, Moreno, and Yáez, 2017; Kile nthong, Hultman, and Hills, 2016; Hernández-Perlines, Moreno, and Yáez, 2017). Few studies have conceptualized all the five dimensions of entrepreneurial orientation (Covin & Miller, 2014) as put forward by Lupmkin & Dess, (1996) as most studies (Anderson et al., 2015) focus on only three dimensions as recommended by Miller, (1983). The current study focused on the individual impact of the five dimensions of entrepreneurial orientation; pro-activeness, risk-taking,
innovativeness, autonomy and competitive aggressiveness (Covin and Lumpkin, 2011) on hotel performance in Uganda.

Whereas several previous studies have concluded that entrepreneurial orientation fosters firm performance (Kollmann and Stockmann, 2014), other studies have however found a negative relationship between the variables, for example, Auger, Barnir and Gallaagher (2003). The varying results may be attributed to various factors according to different studies, such as the unique characteristics of the hospitality industry (Covin & Miller, 2014). In addition, previous have linked entrepreneurial orientations with financial performance but there is scanty literature on entrepreneurial orientations and non-financial performance of star-rated hotels in Uganda. To fill these gaps, the study determined effect of entrepreneurial orientations on non-financial performance of star-rated hotels in Uganda.

2. Non-Financial Performance of Star Rated Hotels in Uganda

A review of literature on the non-financial performance of the hotel industry shows that majority of studies have been conducted among economically developed continents of Europe, America, and partly Asia but the same cannot be said of the hotel industry in the developing continents, and especially Africa where very few studies have been conducted (UNWTO, 2011; Wadongo et al., 2010; Avci, Madanoglu & Okumus, 2011). Therefore, this study provided more literature on non-financial performance in hotels in Kenya. Hotel performance is critical for the economic development of national and global economies. However, in Uganda despite the interventions following the perceived importance of the hotel industry, the current performance is still poor as evidenced by the high collapse rates due to very low occupancy that star-rated hotels continue to face. For example, Equatorial Hotel which was a three-star hotel was closed and turned into a shopping mall. According to Bagadawa (2011), the rate of closure is high at 30% annually and even the few hotels that have remained afloat are struggling with low occupancy which has declined since 2010 with the occupancy rate ranging between 28% and 50% dropping from a range of 70% to 90% (Kizito, 2018). The low occupancy rates have been largely attributed to customer dissatisfaction and poor-quality services among other non-financial performance indicators (UHOA report, 2019). Thus, the current study addresses determinants of non-financial performance of star-rated hotels in Uganda.

3. Review of Literature and Hypotheses Development

Entrepreneurial orientation has received a lot of conceptual and empirical attention in recent years, resulting in a large body of literature (Basso et al., 2009; Rigtering et al., 2017; Hernández-Perlines, 2018).
As a result, academics have identified three basic qualities that constitute entrepreneurial orientation: Risk-taking, innovation, and proactiveness (Wiklund & Shepherd, 2005; Wiklund, 1999; Zahra & Covin, 1995). Lumpkin and Dess (1996), on the other hand, propose that a coherent model of Entrepreneurial Orientation should include five components, with competitive aggressiveness and autonomy as the two additional dimensions.

Innovativeness has become common in recent business literature and continues to grow in different contexts (Alshanty & Emeagwali, 2019, Hernández-Perlines, 2019) and this is further supported by studies that have concluded on innovativeness as the important dimension of entrepreneurial orientation because it is the most highly correlated to business success and performance (Peak et al., 2019), while other studies indicate a positive effect of innovativeness on hotel performance (Sarmah, Kamboj, & Rahman, 2017; Hernadez-Perlines, 2019).

Growth of innovativeness literature has also been evidenced in the service industry especially the hotel sector (Hernández-Perlines et al., 2019; Gomezelj Omerzel & Smolicc –Jurdana, 2016) which is believed to be a competitive service sector thus requiring innovativeness especially technological innovations (Gamison–Haba, Clemente-Almendros & Gonzalez-Cruz, 2019). Further, the hotel sector innovativeness is different from the industrial sector due to being labor intensive thus requiring skills’ development to gain competitive advantage (Hernerndez-Perlines et al., 2019).

A plethora of performance literature focuses on both financial performances such as revenues, profit, and non-financial performance measures such as reputation, customer satisfaction (Stattev, 2019). In relation to a hospitality context, hotel performance relates to how well hotels achieve non-financial goals such as customer retention and reputation; as well as financial goals such as average occupancy rate and lodging index (Wang, Chen and Chen, 2012).

Studies have shown that innovativeness enhances such performance outcomes since a firm’s innovativeness is determined by its ability to exploit new knowledge to its advantage and thus enhance competitiveness (Mc Dowell et al., 2018). Also, Covin &Miller, (2014) reveal that innovation involves adopting new information to improve the products and services to the satisfaction of customers. However, this argument has not been empirically proven in hotel sector and thus, this study hypothesized that;

**H1. Innovativeness has significant direct effect on perceived non-financial performance of start-rated hotels in Uganda**
Pro-activeness determines firms’ ability to pioneer ideas and as a result gain competitive advantage (Wales et al., 2013). It has been conceptualized as a firm’s responsiveness to market opportunities and a strong inclination that enables the business to foresee market change or demands and be among the first to act on them (Lumpkin & Dess, 2001). According to Kreiser and Davis (2010), organizations can use proactive activities to improve their competitive posture in respect to other firms in particular conditions. As a result, pro-activity is an attitude of anticipating changes and possibilities in the environment, resulting in a competitive edge over the firm’s competitors (Hughes & Morgan, 2007). In a similar vein, Engelen et al., (2014) defined pro-activity as a high degree of opportunity-seeking enterprises that, in theory, are ahead of their competitors and successfully predict future client requests. Meanwhile, according to Covin and Miller (2014), businesses must be strategic, reactive and sensitive to new situations that frequently arise in unpredictable entrepreneurial contexts.

Therefore, due to changes in the business environments, firms that are proactive in seeking out opportunities will outperform firms that are unwilling to exploit market opportunities for higher returns (Chen et al., 2012). In addition, Lumpkin and Dess (2001) discovered that pro-activeness is favorably and significantly associated to sales growth and profitability, owing to the fact that proactive enterprises are able to capitalize on multiple chances and gain a strategic edge over their competitors. Furthermore, research has found a link between proactive company practices and competitive advantage, because proactive firms have a better awareness of customer demands and wants, as well as a larger market environment, than their competitors (Khalili et al., 2013). Thus, this study stipulated that:

**H2. Pro activeness has significant direct effect on perceived non-financial performance of start-rated hotels in Uganda**

The willingness and ability to dedicate extra resources to projects whose success is difficult to anticipate is represented by the risk-taking dimension of a firm’s strategic stance (Wiklund & Shepherd, 2005). Without a willingness to take risks, businesses are slow and hesitant to exploit opportunities presented by the ever changing market conditions and hence low performance (Miller & Friesen, 1982). According to Khalili et al., (2013), risk is an important factor in the business decision-making process when it comes to introducing new products and services or upgrading existing ones. Theoretical support also suggests that changing business environments will lead to a stronger link between organizational risk-taking and firm performance, as firms that do not take risks lose market share and are unable to maintain a strong industry position in comparison to more aggressive competitors (Covin and Slevin, 1991; Lumpkin and Dess, 1996). Risk-taking managers frequently embrace opportunities and commit resources before fully comprehending
what action is required (Covin & Slevin, 1991). However, in an environment where customer demands are always changing, the research consensus implies that business must exhibit a willingness to take risks and question the status quo in order to maintain performance.

**H3. Risk taking has no significant direct effect on perceived non-financial performance of start-rated hotels in Uganda**

Autonomy is defined as the ability and willingness to take self-directed activities in the pursuit of market opportunities, allowing businesses to make swift and independent judgments and build new markets with products or services (Li et al., 2009). According to the Resource Based View, organizations in the same industry can perform differently due to differences in resources and capabilities (Barney, 1991). As a result, autonomy is an individual-specific capability as well as a valued resource that influences business success. Autonomy, according to Dimitratos et al., (2014), is vital for business development since it captures firm-level entrepreneurship and relevant activities. Autonomy has been demonstrated to have a good effect on performance (Badjuri, 2017), since the flexibility offered to employees motivates them to be self-directed, creative, pursue possibilities, and champion new ideas, all of which are necessary for effective entrepreneurial activity to occur (Lumpkin & Dess, 1996). Autonomy and performance results have been found to have a positive association (Jancenelle et al., 2017). Individuals take independent action in a firm that practices autonomy by expressing a vision that allows them to demonstrate their competencies and enable successful entrepreneurship (Lumpkin and Dess, 1996).

**H4. Autonomy has significant direct effect on perceived non-financial performance of start-rated hotels in Uganda**

Competitive aggressiveness refers to a company’s attempts, whether proactive or reactive, to outperform and undercut its industry competitors (Lumpkin & Dess, 2001). Competitive aggressiveness is the practice of regularly assessing competitors in order to seek out and exploit opportunities to exploit the firm’s strengths and competitors’ shortcomings. Aggressive competing behaviors have been demonstrated to be beneficial to company performance in previous studies. Firms that do a high number of longer-duration actions, for example, can establish a first-mover advantage and so be more profitable than their competitors (Ferrier, 2001). Aggressive market participants who do more activities at a faster pace are better able to form their own area and gain customer recognition, securing a larger portion of the market (Chen et al., 2010; Nadkarni et al., 2016).

Furthermore, reaction volume and speed enable corporations to acquire an edge by preventing adversaries from raising entrance barriers while also stopping them from monopolizing the market (Hambrick et al.,
1996). The competitive tendency of a corporation is found to be positively connected to its success in general (Lin & Lin, 2019). Firms that try out a variety of competitive recipes in rapidly changing environments have a better chance of achieving better performance (Nadkarni et al., 2016), because taking action in an era of temporary advantage yields a higher probability of success than taking no action (Nadkarni et al., 2016; Chen et al., 2010). The combination of great visibility and low difficulty to outperform the act has been recognized as eliciting responses from competitors and generating momentary benefits (Miller & Chen, 1994). Bold competitive pricing and marketing measures, in particular, generate transient benefits and, as a result, are less profitable. New product debuts, new service offerings, and market expansions, on the other hand, might be perceived as creating more long-term benefits and being linked to higher performance (Smith et al., 2001).

**H5. Competitive aggressiveness has no significant effect on perceived non-financial performance of start-rated hotels in Uganda**

4. Material and Methods

This study used positivism philosophy and the study adopted an explanatory research design and a cross-sectional approach. This is because, a quantitative design is strongly related to deductive testing of theories through hypotheses. The study randomly selected 265 (5 managers in each hotel namely; General Manager, Front office manager, Head chef/production manager, Rooms Division/Housekeeping manager and Food Beverage Service Manager) from a sample of 53 star rated hotels (24 two-star, 14 three -star, 10 four -star and 5 five -star) drawn from population of sixty-two (62) star-rated hotels under the Uganda Hotel Owners’ Association and recognized by the Uganda Tourism Board (UHOA, 2017). Data was obtained using email survey questionnaires to be filled by managers of star-rated hotels registered with the Uganda Hotel Owners’ association to collect primary quantitative data.

4.1. Measurement, reliability and validity instruments

All the items used for measurement of variables were adopted from previous studies and modified to fit the current study context. The measurement instrument was developed to test the hypotheses and to ensure content validity. Kraus et al., (2012), suggest that it is better to adopted items from prior studies as their validity has already been tested. Exploratory Factor analysis was utilized to compose the variables using valid items and examine the underlying patterns of relationships among the selected items. Table 1 reveals that the KMO measure of sample adequacy was all above 0.5 and all cumulative variance were above 50%.
In this study Cronbach’s Alpha for all remaining items after factor analysis were > 0.5 and was considered acceptable given the reduced number of items as supported by the works of Griethuijsen et al., (2014).

Table 1. Measurement, Reliability and Validity variables constructs

<table>
<thead>
<tr>
<th>Supporting Literature</th>
<th>Items</th>
<th>KMO</th>
<th>CV%</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness</td>
<td>2016</td>
<td>8</td>
<td>0.686</td>
<td>58.772</td>
</tr>
<tr>
<td>Pro-activeness</td>
<td>Covin and Miller, 2014; Kantur, 2016</td>
<td>7</td>
<td>0.658</td>
<td>60.599</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>Covin and Slevin, 1989; Kantur, 2016</td>
<td>3</td>
<td>0.571</td>
<td>64.386</td>
</tr>
<tr>
<td>Autonomy</td>
<td>Chen et al., 2010</td>
<td>5</td>
<td>0.719</td>
<td>60.120</td>
</tr>
<tr>
<td>Competitive-aggressiveness</td>
<td>Chen et al., 2010 and Ferrier 2001</td>
<td>5</td>
<td>0.619</td>
<td>53.245</td>
</tr>
<tr>
<td>Non-financial Performance (KMO=0.756)</td>
<td>Wadongo et al., 2010; Avci, Madanoglu &amp; Okumus, 2011</td>
<td>5</td>
<td>0.756</td>
<td>45.069</td>
</tr>
</tbody>
</table>


5. Data Analysis

Numeric data collected was quantitatively analyzed using both descriptive analyses to statistically describe, aggregate, and present the constructs of interest or associations between these constructs and inferential analysis to test the hypotheses. Inferential statistics were used to generalize from a sample to a population (Zikmund et al., 2010) and is concerned with the cause-effect relationships between variables and uses various tests of significance for testing hypotheses, thus this study used correlation, multiple regression and moderation tests.

6. Findings and Discussion

This section presents the analysis of data obtained in relation to the study variables and the model discussed in previous sections. The chapter focuses on the analysis, interpretation, and discussion of the study findings. Data collection was carried out for a period of 6 weeks from April 13th to May 25th, 2021. Whereas 265 questionnaires were distributed to the respondents, only two hundred and fifty-six (260) were retrieved. The study received a 98.1 percent response rate as a result of the interactive approach, with only five managers failing to participate. after cleaning the for missing data and Outliers the sample was reduced 256 to a final sample of 247.
6.1. Descriptive statistics

Descriptive statistics which include the mean and Standard deviation were obtained for all variables. This involved moving data from Linkert scale to real variables using arithmetic method to make it suitable for inferential statistics analysis. Data transformation was done after exploratory factor analysis using the remaining items that loaded on study constructs such that a single construct in the questionnaire was measured by multiple items. There was therefore need to get the average score of the multi-items for each construct which was used in the final analysis of correlation and regression analysis. Table 2 show descriptive for all variables with non-financial performance scoring highest. Innovation also scored the highest among the five entrepreneurial orientations with risk taking scoring the lowest.

Table 2. Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>N=247</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-financial Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(KMO=0.756)</td>
<td></td>
<td>2.55</td>
<td>4.64</td>
<td>4.01</td>
<td>0.31</td>
<td>-1.47</td>
<td>4.17</td>
</tr>
<tr>
<td>Innovativeness</td>
<td></td>
<td>2.63</td>
<td>4.88</td>
<td>4.13</td>
<td>0.32</td>
<td>-1.66</td>
<td>4.04</td>
</tr>
<tr>
<td>Pro-activeness</td>
<td></td>
<td>2.71</td>
<td>4.65</td>
<td>3.94</td>
<td>0.37</td>
<td>-1.02</td>
<td>1.12</td>
</tr>
<tr>
<td>Risk Taking</td>
<td></td>
<td>2.17</td>
<td>4.70</td>
<td>3.87</td>
<td>0.37</td>
<td>-1.21</td>
<td>2.59</td>
</tr>
<tr>
<td>Autonomy</td>
<td></td>
<td>2.50</td>
<td>4.83</td>
<td>3.98</td>
<td>0.42</td>
<td>-0.95</td>
<td>0.74</td>
</tr>
<tr>
<td>Competitive-aggressiveness</td>
<td></td>
<td>2.65</td>
<td>4.70</td>
<td>3.99</td>
<td>0.35</td>
<td>-1.08</td>
<td>1.67</td>
</tr>
</tbody>
</table>


6.2. Correlation analysis

Pearson correlation coefficient analysis was used evaluate the direction and strength of linear relationship between the study variables. Table 3, reveals that all variables were positively associated with perceived hotel performance with Innovativeness having the highest relationship with \( r = 0.682, p < 0.01 \), followed by Autonomy with \( r = 0.582, p < 0.01 \), followed by Pro-activeness with \( r = 0.481, p < 0.01 \), followed by Risk-taking with \( r = 0.428, p < 0.01 \) and finally Competitive aggressiveness had the weakest relationship with \( r = 0.389, p < 0.01 \). According to the rule of thumb, any value above .8 is a sign of multi-collinearity and since the highest correlation coefficient is .682 it is further confirmation that there is no violation of the multi-collinearity assumption in this study.
Table 3. Correlation analysis

<table>
<thead>
<tr>
<th>Predictors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Perceived Hotel Performance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Innovation</td>
<td>.682**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Pro-activeness</td>
<td>.481**</td>
<td>.466**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Risk Taking</td>
<td>.428**</td>
<td>.306**</td>
<td>.225**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Autonomy</td>
<td>.582**</td>
<td>.354**</td>
<td>.268**</td>
<td>.232**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>6. Competitive Aggressiveness</td>
<td>.389**</td>
<td>.399**</td>
<td>.213**</td>
<td>.458**</td>
<td>.153*</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level, * Significant at the 0.05 level (2 tailed)


6.3. Multiple regression (testing of hypotheses)

Hypotheses of the study were tested using multiple regression as shown in Table 4. Results showed that all the independent variables (innovativeness, pro-activeness, risk-taking, autonomy, competitive-aggressiveness) explained 64.9% of the variance in perceived non-financial performance (R² = .649). Model is statistically significant and fit with F (5,239) = 89.132 and p=.000. Results from table showed that Hypotheses H1, H2, H3 and H4 were accepted while H5 was rejected indicting that innovativeness, Pro-activeness, risk-taking, autonomy had significant and positive effect on perceived non-financial performance of start-rated hotels in Uganda. While competitive-aggressiveness had insignificant and positive effect on perceived non-financial performance of start-rated hotels in Uganda.

Table 4. Multiple regression analysis

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.12</td>
<td>0.20</td>
<td>0.60</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>0.40</td>
<td>0.05</td>
<td>0.42</td>
</tr>
<tr>
<td>Pro-activeness</td>
<td>0.12</td>
<td>0.04</td>
<td>0.14</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>0.13</td>
<td>0.04</td>
<td>0.16</td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.26</td>
<td>0.03</td>
<td>0.35</td>
</tr>
<tr>
<td>Competitive-aggressiveness</td>
<td>0.06</td>
<td>0.04</td>
<td>0.07</td>
</tr>
<tr>
<td>Model Summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.806</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.642</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.186</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7. Conclusion and Discussion

Based on the results innovativeness is the strongest predictor of perceived non-financial performance which is supported by previous studies that have shown that innovativeness is not only essential for business survival but also for its higher performance (Wang et al., 2020). Innovativeness is considered to encourage creativity and uniqueness among management and employees in coming up with new ideas, products and services hence enhanced non-financial performance of star rated hotels. The findings of this study are also consistent with the results of a study by Hernández-Perlines, (2016). The goal of the study was to see if quality certification influences how entrepreneurial orientation affects hotel performance, and the results revealed that hotels were eager to innovate in order to stay ahead of the fierce competition in the Spanish hotel industry, which resulted in improved performance. The findings of the study, on the other hand, contradict those of Camisón & Monfort-Mir (2012), who found that the services sector, to which hotels belong, is less technologically innovative than the manufacturing sector, and that as a result, they tend to base their innovation ideas on previously available knowledge within the service firm, which is easily copied by competitors. There is need therefore for star-rated hotels to allocate resources into obtaining more technological innovations than any other so as to keep most up-to-date with market needs, enhance competitiveness of their products and services and hence improved performance.

Proactivity had a considerable beneficial impact on non-financial performance perception. The findings of this study agree with those of Fadda (2018), who found that pro-activeness has a high significant coefficient when it comes to a significant relationship with hotel performance, and that a proactive firm in the accommodation sector that adopts a pro-active orientation toward the outside environment will achieve a better performance. Quite the contrary., Lumpkin & Dess (2001) asserted that during hostile environmental conditions business firms tend abandon proactive behaviors, so as to minimize expenditure of their limited resources. Thus, the proactive behaviors are more positively related to firm performance in stable business environments than in hostile environments. Therefore, is need for star rated hotels to instill the pro-

<table>
<thead>
<tr>
<th>Durbin-Watson</th>
<th>1.683</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANOVAa</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>89.132</td>
</tr>
<tr>
<td>Sig.</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a Dependent Variable: non-financial performance

activeness culture into the firm such that it is not dictated by ever changing hospitality business environment but rather it is a norm.

Risk taking has a significant direct effect on perceived non-financial performance. This finding supports previous literature which has shown that risk-taking orients the firm towards the absorption of uncertainty as opposed to a paralyzing fear of it (Morris et al., 2008). Furthermore, the data support Pratono’s (2018) findings that risk-taking behavior has a positive substantial direct effect on business performance. Risk taking was discovered to have a positive and statistically significant impact on company performance (Shafique & Saeed, 2020). However, the findings of this study contradict those of other studies that have found that taking too many risks can lead to poor performance in particular situations. More risk taking, according to Kollmann & Stockmann (2014), can impair performance when it is not matched with rising innovativeness and pro-activity, and should be avoided. As a result, rather than severe and uncontrolled risk-taking, star-rated hotels should focus on moderated and planned risk-taking.

Results of the study revealed that autonomy positively and significantly affects perceived non-financial performance. The finding of this study is in agreement with the previous literature which purports that firm autonomy affects how employees execute their duties and inherently the firm performance. The findings of the study were backed up by a study conducted by Fadda (2018), which looked at the impact of entrepreneurial orientation factors on business performance in the tourism industry. The autonomy dimension was discovered to be positively connected to company performance, suggesting that encouraging employees to adopt new ideas and act autonomously could lead to the development of procedures or activities that appear to boost firm performance.

The study findings indicate that competitive aggressiveness has insignificant direct effect on perceived non-financial performance. These findings confirm Derfus et al., (2008)’s conclusion that certain competitive aggressiveness literature appears to be at odds with the ultimate impact on internal company performance, as more aggressive methods are associated with higher costs and a larger chance of rival retribution. This could outweigh the benefits of taking a succession of aggressive competitive moves, causing costs to rise faster than benefits, resulting in a negative impact on performance. The findings of this study contradict earlier research in this sector, which found that competitive aggressiveness is a survival strategy in competitive corporate environments (Chen & Miller, 2015). This is backed by Nair and Selover (2012), who argue that businesses should execute strategy in order to reduce competitors’ capacity and desire to respond since competitive strategies confuse rivals and are difficult to detect and counter.
8. Recommendation

Results of the study reveal that entrepreneurial orientation positively affects hotel performance and therefore policy makers at both national and firm levels should develop strategies and policies, to encourage entrepreneurial behavior among hospitality establishments.

The hospitality sector governing bodies such as Uganda Hotel Owners’ Association (UHOA) and Uganda Tourism Board (UTB) should ensure close interaction with hospitality establishments to provide them with information regarding upcoming opportunities or changes in the sector. This will promote pro-activeness which this study has revealed to have a positive effect on firm performance. Information has been found to be an important resource which when utilized with the right capabilities can convert to improved hotel performance.

This study therefore provides hotel managers insight to help them evaluate the dimensions of entrepreneurial orientation in terms of perceptions of their known benefits to make informed decisions to achieve superior performance. Therefore, this study affirms that star-rated hotels should carefully invest their limited resources and engage in activities that leverage entrepreneurial Orientation in a manner that contributes to performance.

9. Limitations and Recommendations for Further Studies

Despite the continued support for the research of non-financial hotel performance, a mix of financial and non-financial performance data would have been preferred to analyze the broader implications of an entrepreneurial attitude on hotel performance. Whereas, business firms (star-rated hotels) often do not wish to willingly disclose objective financial data, and this study therefore focused on perceived non-financial performance, such a mix of measures would have been preferable.
References


