

THE EFFECT OF INFORMATION TECHNOLOGY ADOPTION, ENTREPRENEURIAL ORIENTATION ON DYNAMIC CAPABILITIES AND COMPANY PERFORMANCE

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ABSTRACT

The purpose of this study was to determine the effect of information technology adoption, entrepreneurial orientation on dynamic capabilities and the performance of 3, 4, & 5 -star hotel companies in Indonesia. Researchers take a quantitative approach by measuring the sample variables built from the construct and representing the research population. The analysis unit in this study was a company engaged in 3, 4 and 5 -five -starred accommodation services that were spread throughout Indonesia, namely in Bali, West Java, DKI Jakarta, Central Java, East Java, DI Yogyakarta, Banten, Lombok, Sulawesi, Kalimantan, Sumatra, while the Observation Unit is the General Manager of the Hotel. The Partial Least Square (PLS) method is used in this study to analyze responses. The results of this study indicate that Information technology adoption has a positive effect on Dynamic Capabilities, Entrepreneurial orientation has a positive effect on Dynamic Capabilities, Information technology adoption has no effect on Company performance, Entrepreneurial orientation has no effect on Company performance, Dynamic Capabilities have a positive effect on Company performance, Dynamic Capabilities Proven to be able to mediate the relationship of information technology adoption to the Company Performance and Dynamic Capabilities proven to be able to mediate the relationship of information technology adoption to the Company Performance.

Keywords: *Company Performance, Information Technology Adoption, Dynamic Capabilities, Entrepreneurial Orientation*

1. INTRODUCTION

Covid-19 that hit most countries in the world, is very influential on world tourism, due to reduced travel of international tourists. The decline in international tourist trips causes hotel room occupancy rates to decline dramatically. Data shows that the arrival of foreign tourists to Indonesia is estimated to be able to return to the level of 2019 in 2021 (pessimistic level) or 2022 (optimistic level)[1]. In an effort to make hotels have a sustainable competitive advantage and can improve performance, it is necessary to carry out an appropriate management strategy. This strategy can be done by optimizing existing resources, maximizing dynamic capabilities, continuing to innovate service, adopt information technology in the industrial era 4.0, and entrepreneurial oriented[2].

According to the World Economic Forum that The Fourth Industrial Revolution represents a fundamental change about how we live life in working and interacting with one another[3]. Basic Concepts of Industry 4.0 First presented in Hannover Fair in 2011, where the main idea of industry 4.0 is to exploit the latest technology and several concepts such as: Availability and Use of the Internet and Internet of Thing (IoT), integration of technical processes and business processes in companies, digital mapping, and virtual world real, as well as smart factories[4]. In most industries there are conditions called "VUCA": (Volatility, Uncertainty, Complexity, and Ambiguity)[5]. This condition also occurs in the hospitality industry, where competition is getting tougher due to the growing number of hotels and hotel rooms, demands or expectations from increasingly higher and diverse customers, and the influence of technology in business processes starting from

ordering, during staying up to the moment Check out of the hotel[6].

There are several studies that have been conducted in the hotel industry related to company performance, service innovation, entrepreneurial orientation, adoption of information technology, dynamic capabilities, and sustainable competitive advantage[7,8,9]. Nam et al. [10] found that the tourism and hospitality industry had adopted information technology at large to reduce costs, improve operational efficiency, and more importantly to improve the quality of customer services and experience.

Research by Ottenbacher [11] found the effect of twenty -three characteristics of the development of new services on three dimensions of performance for new services, namely market performance, financial performance, and increasing relations of employees and customers. Furthermore M. Ottenbacher et al. [12] Investigates market selection antecedents, human resource management, training, market responses, empowerment, behavior -based evaluation, marketing synergy, employee commitment, and quality of hotel performance.

Jiang et al. [13] concluded that the orientation of green entrepreneurship has a positive impact on company performance. While Langvinienė et al. [14] found that there are several factors that influence the success of the hospitality business, namely innovation, internal marketing, value proposition, customer relations management, employee empowerment and technology. Whereas Bharwani & Mathews [15] found that to develop and maintain competitive advantage in the hotel business, it is necessary to channel efforts to provide innovative and holistic service offers.

From the background of the problems that have been described previously, it is known that there is a real problem, namely the still low level of residential (occupancy) star hotel rooms in Indonesia. To improve company performance in the hotel industry, it is necessary to pay attention to the factors that influence company performance. In addition, in the management of hotel operations, it is necessary to have an appropriate strategy to deal with the phenomenon of the problem.

2. STYLE OF LITERATURE REVIEW AND HYPOTHESIS

2.1. Adoption of information technology to dynamic capabilities

Research by Ezzaouia & Bulchand-Gidumal [16] found that external factors have the most powerful impact on the adoption of information

technology, while internal factors such as organizational characteristics do not have a significant impact. While research by Arifin et al. [17] found that technology adoption has a positive impact on dynamic capabilities. Nam et al. [10] found that the tourism and hospitality industry had adopted information technology at large to reduce costs, improve operational efficiency, and more importantly to improve the quality of customer services and experience. Previously research by Joseph Chen et al. [18] in Taiwan found that the adoption of information technology has a positive effect on the practice of service innovation which ultimately increases the competitive advantage of the company. Božič & Cvelbar [51] stated that dynamic capability is a company resource to focus on the company's ability to develop new capabilities as a sustainable competitive advantage. Božič & Cvelbar [51] summarize the main milestones for the development of resource-based theory. Research by Jogaratnam (2017) clearly distinguishes between company resources and capabilities. Further development of resource theory produces three leading resource areas that are highly relevant to building a company's competitive advantage, namely: 1) knowledge-based view, 2) nature-based view and 3) capability-based view dynamic.

H1: There is a significant influence between information technology adoption Dynamic Capability.

2.2. Entrepreneurial orientation of dynamic capabilities

Research by Monteiro et al[19] in pharmaceutical companies found that there was a positive impact of entrepreneurial orientation on dynamic capabilities. Research by Fitriati et al. [20] found a positive impact of entrepreneurial orientation on dynamic capabilities. Research in Jantunen [21] found that entrepreneurial orientation plays a very important role in building dynamic capabilities that will determine performance, especially in turbulent environments. While Rua et al. [22] found that the orientation of entrepreneurship, financial resources, information resources and relationships affecting the development of dynamic capabilities. Research by Jantunen [21] found that entrepreneurial orientation seems to be the main factor for the development of various types of dynamic capabilities for different industries and resources. While Jiao et al. [23] found that the dimensions of entrepreneurship orientation have a significant effect on dynamic capabilities. This means that companies can build

dynamic capabilities through various levels of organizational learning in the innovation and proactive atmosphere context. The concept of Miller [49] identified 3 (three) dimensions of entrepreneurial orientation, namely innovativeness, risk taking and proactiveness. Innovativeness relates to a company's openness to accept new ideas, a willingness to support creativity and experimentation to produce new products and services. Risk taking relates to the actions taken by the company in taking business risks. This includes the level of ability and willingness of top management to commit to considering risk resources in conditions of business uncertainty.

H2: There is a significant influence between entrepreneurial orientation on dynamic capability.

2.3. Adoption of information technology to company performance

Research by Eze et al. [24] in small and medium industries in the UK found that the adoption of information technology is easier if there is accurate data as a key factor in negotiations for technology adoption. Raharja et al. [25] in creative industry research in Bandung found that the adoption of communication and information technology has a positive effect on business performance. Research by Khalil & Belitski [26] found that various mechanisms IT in government is directly related to organizational performance. Arifin & Firmanzah [27] in research in electricity companies in Indonesia found that the success of technological adoption can only be achieved with good abilities abundantly preceded by the escalationality. Hurtado Gonzalez et al. [28] in the fashion industry found that technology adoption (web technology) in general has a positive impact on company performance. Research by Theodosou & Katsikea [29] found that companies that use the internet intensively in business processes will achieve good e-commerce performance and e-business performance has a significant impact on organizational performance. While research by Soto-Acosta et al. [30] in companies in China found that e-business adoption is a key factor in achieving company performance. Competitive resources such as smart technology are an important determinant of performance and performance for companies facing relatively complex market conditions and rapid technological changes, compared to competing companies. Internally, information technology can improve service development capabilities and administrative efficiency to shorten product design time, reduce the number of prototypes to build, cut costs, improve quality and

encourage better collaboration, communication, and coordination

H3: There is a significant influence between information technology adoption on firm performance.

2.4. Entrepreneurial orientation of company performance

Research by Nalin et al. [31] found a significant relationship between entrepreneurial orientation and company performance. Furthermore Fitriati et al. [20] found a positive impact of entrepreneurial orientation on company performance through dynamic capability mediation variable. Research by Lim & Kim [32] found that entrepreneurial orientation has a significant influence on company performance. Also suggests companies must implement entrepreneurial orientation through "Corporate Entrepreneurship". Research by Oktavio et al. [33] in hotels in Surabaya found that entrepreneurial orientation has a positive impact on innovation but does not have an impact on company performance. Research by Abdullahi [34] in female entrepreneurs in Nigeria found that entrepreneurial orientation and market orientation are important variables for business performance. Previous research adopted a unidimensional view. On the other hand, as shown by Kreiser et al. [50], entrepreneurial orientation as a unidimensional concept has exceptional predictive validity with respect to performance, while disaggregated entrepreneurial orientation dimensions (as in this paper) have a great deal of explanatory power in understanding what drives entrepreneurial orientation performance relationships.

H4: There is a significant influence between entrepreneurial orientation on firm performance.

2.5. Dynamic capabilities of firm performance

Research by Baia et al. [35] found that dynamic capabilities have a direct and indirect influence on company performance. Dangol & Ulusoy [36] concluded that operational capabilities fully mediate the relationship between dynamic capabilities that have been given with company performance. Furthermore Protogerou et al. [37] explains different ways where dynamic capabilities affect performance. Wilden et al. [38] concluded that in strategic dynamic capabilities found a significant effect on organizational performance.

H5: There is a significant influence between dynamic capability on firm performance.

2.6. Information Technology Adoption to the firm performance is mediated by dynamic capabilities

Arifin et al. [17] found that technology adoption has a positive impact on dynamic capabilities. Previously research by Joseph Chen et al. [18] in Taiwan found that the adoption of information technology has a positive effect on the practice of service innovation which ultimately increases the competitive advantage of the company. Some dynamic capabilities allow companies to enter new types of businesses or create new products or processes, including consistently processing information to help companies identify industrial developments that are useful for recognizing and taking [39]. Another related issue is the lack of research demonstrating a correlation between certain models of technology adoption in relation to firm performance under dynamic circumstances. Meanwhile, achieving long-term success requires companies not only to have the operational capabilities and competencies to compete in existing markets with VRIN resources, but also the ability to regroup and reconfigure assets and organizational structures to adapt to emerging markets and technologies.

H6: There is a significant influence between information technology adoption on firm performance mediated by dynamic capability

2.7. Entrepreneurial Orientation on firm performance is mediated by dynamic capabilities

In technological developments, creating new products is also mandatory. Changes in entrepreneurial resources into new products with entrepreneurial orientation are related to significant dynamic abilities [40]. While companies that are able to reconfigure their resources and abilities, in line with existing opportunities and environmental changes, can create and maintain sustainable competitive advantage [41]. Based on research conducted by Miller [42], it was found that a company can be motivated to have a better performance instantly on rivals that have competitive advantage. However, this will only be pure luck if an organization does not immediately create a sustainable competitive advantage for long-term performance. Companies need to quickly identify and understand environmental changes and have the dynamic ability to adapt to these changes to gain a competitive advantage in market competition. The formation of dynamic capabilities is a key factor for companies to overcome external environmental uncertainties and gain competitive

advantage, and an important prerequisite for companies to improve their performance.

H7: There is a significant influence between entrepreneurial orientation on firm performance mediated by dynamic capability

3. RESEARCH METHODOLOGY

Researchers take a quantitative approach by measuring the sample variables built from the construct and representing the research population. According to Aronson [43] research with quantitative methods is a scientific method whose data is in the form of numbers or numbers that can be processed and analyzed using mathematical or statistical calculations. The distribution of the questionnaire will be carried out online (via email and WhatsApp), with one sectional data. Data from the questionnaire will be tabulated in Excel, to be analyzed with SEM-PLS. The analysis unit in this study was a company engaged in 3, 4 and 5 -five -starred accommodation services that were spread throughout Indonesia, namely in Bali, West Java, DKI Jakarta, Central Java, East Java, DI Yogyakarta, Banten, Lombok, Sulawesi, Kalimantan, Sumatra, while the Observation Unit is the General Manager of the Hotel. The Partial Least Square (PLS) method is used in this study to analyze responses. The same choice was made in other similar studies, as can be seen from Table-1. In addition to taking instructions from previous research, Partial Least Square (PLS) is effective in analyzing the relationship between several variables and is believed to provide more accurate results than simple regression. This method is very helpful in testing the relationship between a set of dependent variables and two or more independent variables. By using PLS, Structural Equation Modeling (SEM) can be used with a relatively small sample size and also eliminates the need for the assumption of multivariate normality [44].

4. ANALYSIS AND DISCUSSION

Based on the results of the questionnaire from 257 respondents, 227 people (88%) General Manager of Hotel in Indonesia are men, while 30 people (12%) are women. That of the total 257 respondents studied, there were eight decades (33%) who were respondents over 50 years old, one hundred twenty six people (49%) aged 41-50 years, four three people (17%) aged 31 -40 years, and four people (1%) are under 30 years old. Most respondents have the latest education diploma, both D1, D2 and D3. Namely as many as one hundred six people (41%), who have the latest S1 education as many as ninety -six people (38%), respondents

who have the latest S2 education are thirty -nine people (15%), who have the latest education of high school/vocational high school people (5%). Thirty -two people (12 %) are respondents who work with a length of work under two years. Then as many as fifty-six people (22%) worked in the category of 2-5 years, then as many as eighty (31%) included in the 5-10-year category and as many as eighty-nine respondents (35%) worked in categories over 10 years. From a total of 257 people studied by most of the respondents, one hundred twelve people (44%) came from Room Division, as many as sixty two people (24%) from the F&B Division, sixty people (23%) from the Sales & Marketing Section, and The remaining 8% came from HR Division, Engineering and other departments.

Variable & Indicators	Outer Loading	
Entrepreneurship Orientation (Lumpkin & Dess, 1996).		
EO1 : Dare to take risks	0,766	CA =0,830 CR=0,887 AVE=0,663
EO2 : Stimulus for stimulus innovation for	0,834	
EO3 : creativity	0,855	
EO4 Stimulus for stimulus innovation for	0,799	
Dynamic capabilities (Teece et al., 1997; Rodrigo-Alarcon et al.2017))		
DC1 : Building ability	0,705	CA =0,869 CR=0,902 AVE=0,607
DC2 : alternative at work	0,837	
DC3 Flexibilitas and speed	0,831	
DC4 Use of Effective Information	0,716	
DC5 New knowledge implementation	0,750	
DC6 New idea	0,824	
Company performance (Venkatraman Ramanujam, 1986; Campo et al.,2014)		
CP1 : Sales (revenue) GROUP	0,885	CA =0,856 CR=0,904 AVE=0,703
CP2 : ADVANTAGES (GOP)	0,896	
CP3 Occupancy (residential level)	0,847	
CP4 Market share (market share)	0,713	
Adoption of Information Technology		
ITA1 : Budget for hardware	0,731	CA =0,888 CR=0,911 AVE=0,560
ITA2 : Budget for software	0,755	
ITA3 : Support for business strategies	0,733	
ITA4 : IT support to improve products and services	0,765	
ITA5 IT Organizational Structure	0,803	
ITA6 Training in IT implementation	0,704	
ITA7 New application learning skills	0,782	
ITA8 The ability to work	0,710	

efficiently

Source: Statistical analysis result

A construct is declared reliable if it has a composite reliability (CR) value above 0.70 and Cronbach's Alpha (CA) above 0.60. From the Smartpls output above, all construction has a CR value above 0.70 and Ca above 0.60. So it can be concluded that the construct has good reliability. Based on Table 4.8 above shows that the AVE (Average Variance Extracted) value for all constructs has a value of > 0.50. Therefore, there is no problem of convergent validity in the model being tested.

Table 2. Discriminant Validity: HT/MT Ratio

Variable	CP	DP	EO	ITA
CP				
DP	0,826			
EO	0,768	0,799		
ITA	0,801	0,840	0,873	

CP= Company performance
DP= Dynamic Capabilities
EO= Entrepreneurial orientation
ITA= Information technology adoption

Henseler et al. [45] suggest using HTMT as a substitute for Fornell Larcker Criterion. This is based on the failure of the Fornell Larcker Criterion testing experiment to identify discriminant validity in large cases. The Fornell Larcker Criterion test was carried out by comparing the square roots of AVE for each construct with the correlation value between constructions in the model (Hair et al., 2017). A construct is declared valid if it has the highest AVE square root correlation with the intended construct compared to the AVE square roots with other constructs. One alternative to testing fornell larcker criterion is heterotrait monotrait ratio of correllations (HTMT)

To test discriminant validity, heterotrait-monotrait ratio (HT/MT) is used because this method is known to have a more precise value [46]. Referring to Henseler et al., [45] The recommended threshold value is 0.85 to determine each conceptual construct indicator differently. Table 2 (HT/MT ratio) shows that all HT/MT values are far below the 0.85 threshold for all variables. Thus, it can be concluded that all indicators used in this research model have adequate discrimination to measure their respective constructs.

Table 3. Hypotheses Testing Results

Hypothesis		Standardized Coefficient	T-statistics	P-values	Result
DIRECT EFFECT					
H1:	Information technology adoption -> Dynamic Capabilities	0,119	5,980	0,000	Hypothesis Supported
H2:	Entrepreneurial orientation -> Dynamic Capabilities	0,112	9,962	0,000	Hypothesis Supported
H3:	Information technology adoption -> Company performance	0,116	1,882	0,068	Hypothesis Supported not
H4:	Entrepreneurial orientation -> Company performance	0,108	0,109	0,913	Hypothesis Supported not
H5:	Dynamic Capabilities -> Company performance	0,063	9,662	0,000	Hypothesis Supported
INDIRECT EFFECT					
H6:	Information technology adoption -> Dynamic Capabilities-> Company performance	0,084	5,317	0,000	Hypothesis Supported
H7:	Entrepreneurial orientation -> Dynamic Capabilities-> Company performance	0,071	2,307	0,039	Hypothesis Supported

It can be concluded that all indicators in this research model have been well discriminated against and can measure their respective constructs. Each indicator can accurately and specifically measure its construct. There are four parameters to test the reliability and validity of the outer model above, namely the reliability indicator (outer loading), construct reliability (Cronbach's Alpha and Composite Reliability), construct validity (Average Variance Extract), and discriminant validity (heterotrait-monotracity).

Because Goodness of Fit is not used in PLS-SEM as suggested by Hair et al., (2019) This study conducted R^2 to measure the accuracy of predictions and cross redundancy values Q^2 to measure the relevance of test models. As a practical rule, the values of R^2 0.75, 0.50, and 0.25 can be considered substantial, medium, and weak (45, 46). Dynamic capabilities have $R^2 = 0.555$ and $Q^2 = 0.341$, and Company Performance ($R^2 = 0.672$; $Q^2 = 0.365$). Both, Dynamic Capabilities and Company Performance have moderate predictions accuracy (45).

Hypothesis testing with the bootstrap procedure is carried out to determine the effect of variables and determine whether the hypothesis proposed by this study is supported. The bootstrap approach is used to determine the significance of data (Memon et al., 2021). The cut-off value of T-Statistics > 1,645 (one side) with alpha 0.05 is used as a criterion to determine whether the hypothesis is supported or not. The results are shown in Table 4. In addition, mediation analysis is also carried out to determine the significance of mediation, through the specific indirect effect as recommended [46].

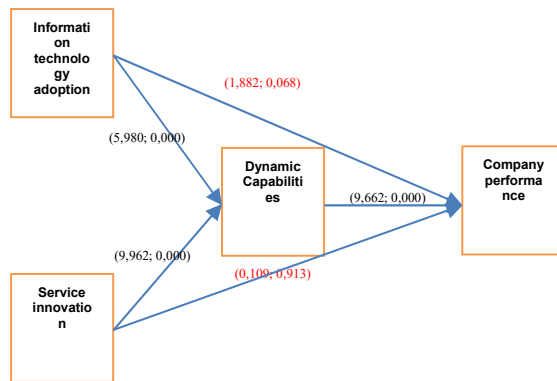


Fig.1. Testing results of all variables in this study

4.1. Discussion

4.1.1. Information Technology Adoption toward Dynamic Capabilities

It was found that the T-Statistic value (5,980) > 1.96 and the original sample value was 0.713 (positive sign). From these results, the hypothesis which states that information technology adoption has a positive effect on dynamic capabilities accepted. Information technology has been recognized as one of the biggest forces that causes changes in the hospitality industry [47]. Chen et al. [18] suggest that the adoption of information technology has a positive impact on service innovation practices, which will increase the company's competitive advantage. While dynamic capabilities can be interpreted as the ability to build alternatives at work, including the use of effective information and the implementation of new knowledge. General Manager (GM) in the hospitality industry in Indonesia seems to have dynamic capabilities because it is proven that the hotel where they work adopts information technology well.

4.1.2. Entrepreneurial Orientation toward Dynamic Capabilities

It was found that the T-Statistic value (9,962) > 1.96 and the original sample value was 0.035 (positive sign). From these results, the hypothesis which states that the entrepreneurial orientation has a positive effect on dynamic capabilities accepted. A GM is required to do a pro-active, innovative and take risks at work, a GM must have an entrepreneurial orientation [21,22]. The relationship between entrepreneurial orientation and significant dynamic capabilities, can be explained when an entrepreneurial GM is oriented, it will affect the ability to build alternatives at work, flexible and fast at work, and use information with effectiveness.

4.1.3. Information Technology Adoption toward Company Performance

It was found that the T-Statistic value (1,982) > 1.96 and the original sample value was 0.230 (positive sign). From these results, the hypothesis which states that information technology adoption has a positive effect on the company performance is rejected. Research by Theodosou & Katsikea [29] found that companies that use the internet intensively in business processes will achieve good e-commerce performance and e-business performance has a significant impact on organizational performance. While research by Soto-Acosta et al [30] in companies in China found that e-business adoption is a key factor in achieving company performance. Explanation of why it does

not affect, because the Para-GM focuses more on achieving revenue, GOP, Occupancy and Market Share.

4.1.4. Entrepreneurial Orientation toward Company Performance

It was found that the T-Statistic value (0,311) < 1.96 and the original sample value was 0.012 (positive sign). From these results, the hypothesis which states that the entrepreneurial orientation has a positive effect on the company performance is rejected. Chattopadhyay [48] concluded that all variables that affect the performance of hospitality, measured by the average revenue index per room available [34]. While the indicators used to measure the orientation of entrepreneurship are, policies in delegation are also the freedom to build ideas. When focusing its targets on revenue, GOP, Occupancy and Market Share, Para-GM concentrates more on Day to Day Operation, until entrepreneurship orientation is the next choice, if the target above has been achieved.

4.1.5. Dynamic Capabilities for Company Performance

It was found that the T-Statistic value (9,962) > 1.96 and the original sample value was 0.624 (positive sign). From these results, the hypothesis which states that dynamic capabilities has a positive effect on the company performance accepted. General manager who concentrates more on Day to Day Operation, until dynamic capabilities are considered not too much thought. The main target is to focus on the company's performance and only pay attention to revenue (revenue), gross profit (GOP), occupancy level (occupancy) and market share (market share) If the target above has achieved dynamic capabilities will be a concern as well [37,28].

4.1.6. Information Technology Adoption Against Company Performance Mediated by Dynamic Capabilities

It was found that the T-Statistic value (5,317) > 1.96 and the original sample value was 0.445 (positive sign). From these results, the hypothesis which states that dynamic capabilities are proven to be able to mediate the relationship of information technology adoption to the company performance accepted. Adoption of information technology is a decision of an organization or individual to utilize and implement information technology [18,39]. Technology adoption is seen as a process of reducing uncertainty and information collection. Information about the characteristics and features of innovation flows through the social system where the organization is a adoption [17]. Hospitality organization as a potential adoption to find

information to assess and evaluate the expected consequences/benefits from adopting innovation.

4.1.7. Entrepreneurial orientation of the company with mediated dynamic capabilities

It was found that the T-Statistic value (2,307) > 1.96 and the original sample value was 0.022 (positive sign). From these results, the hypothesis which states that dynamic capabilities are proven to be able to mediate the relationship of information technology adoption to the company performance accepted. The relationship between entrepreneurial orientation directly with competitive advantage is not significant [40]. But this relationship becomes significant if mediated by dynamic capabilities. The explanation is in the hospitality industry it is rather difficult to make differentiation in products and services, almost all hotels sell the same products and services, but if hospitality human resources have dynamic capabilities such as pro-active, innovating, and want to take risks by renewing in service and Products, it will positively affect ongoing competitive advantage[41].

5. CONCLUSION

Based on the analysis and discussion above shows that information technology adoption has a positive effect on dynamic capabilities, entrepreneurial orientation has a positive effect on dynamic capabilities, information technology adoption does not affect the company performance, entrepreneurial orientation has no effect on company performance, dynamic capabilities have a positive effect on company performance. Dynamic Capabilities are proven to be able to mediate the relationship of information technology adoption to the Company Performance and Dynamic Capabilities proven to be able to mediate the relationship of information technology adoption to the Company Performance.

This research has significance for hotel stakeholders, especially general managers and owners, where it can be seen the variables that affect firm performance both in normal periods (before the Covid 19 Pandemic) and during the Covid 19 Pandemic. This study also clearly shows the reasons customers choose a hotel, namely location and service so that the owner can choose the right/strategic location.

This research also clearly shows the reasons for customers to choose a hotel, namely location and service so that owners can choose the right/strategic location. General Managers can maximize profits for hotels that have strategic locations and improve service quality, including innovating in services.

The limitation of this research is the acquisition of samples using a survey which is full of bias and cultural pressure from the local community. For this reason, future research needs to broaden the sample range. Future research to develop cultural variables and future research and move through customer centric and service centric approaches

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