




INFLUENCE OF ENTREPRENEURIAL MARKETING ON HOTEL INDUSTRY PERFORMANCE: A MEDIATION ANALYSIS

Abstract

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Purpose – Through marketing competence as a mediating factor, this research seeks to examine the effects of entrepreneurial marketing perspective on the financial performance of the hotel industry.

Methodology – A sample of 255 hotel managers, human resource directors, and other staff members from Rajasthan, India, and the small-sized hotel industry gave data using a standardized questionnaire. The developed research hypotheses were tested using the structural equation modeling (SEM) method.

Findings – As per the empirical results, entrepreneurial orientation (EO) factors significantly impact business success. The ability of the service sector to market its products partially mediates the effects of entrepreneurial orientation characteristics on hotel industry success.

Originality of the research – This research was conducted with entrepreneurs of a single industry in a specific country using cross-sectional data. The existing research model may be extended with longitudinal data of other service sectors established in different nations. Moreover, new research constructs may be added to it for further investigation. The study contributes to developing nations' entrepreneurial marketing by evaluating the significance of entrepreneurial attitude in predicting business performance in emerging economies. This study also shows how research findings of developed economies can be applied to emerging economies.

Keywords Entrepreneurial Orientation, Marketing Capability, Business Performance, Innovation, Proactiveness, Risk Taking

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INTRODUCTION

The hospitality industry is widely acknowledged in both developed and developing nations as playing an essential role in the socioeconomic development of societies (Hernández-Perlines, 2016). Over time, the Indian tourism and hospitality industry has developed as a significant contributor to the expansion of India's services sector. The hotel sector in India contributes significantly to the country's economy (Pathak et al., 2024). In the past few years, foreign tourist arrivals and domestic tourism have increased, providing continuous revenue for the hotel industry. Furthermore, the Indian hotel industry's direct contribution to the country's GDP is expected to exceed \$1 trillion by 2047, owing to rising domestic and international tourism (The Economics Times, 2024). India has effectively established itself as a top global attraction for leisure and business tourists, benefiting the hotel industry. According to the World Travel and Tourism Council (WTTC), India's travel and tourism sector will be the 1st largest in South Asia by 2024. However, the Indian hospitality industry is experiencing significant growth. The hospitality market in India is estimated to be USD 247.31 billion in 2024 (World Economic Forum's Travel & Tourism Development Index (TTDI) 2024).

In developing nations such as India, the small-scale hotel sector is crucial in creating innovative, cost-effective solutions to meet the local market's needs. The expansion of these countries is closely tied to the performance of the tourism and hospitality industry, which is widely recognized as a critical driver of economic growth and development (Gössling et al., 2021; Villacé-Molinero et al., 2022).

Entrepreneurial marketing has been critical to the survival of SMEs (Morris et al., 2002). It involves identifying opportunities and innovative strategies in dynamic environments, mainly when resources are scarce (Sun & Lee, 2022). In the tourism and hospitality industry, entrepreneurial marketing is vital for growth, as it enables businesses to swiftly adapt to evolving market demands and capitalize on distinctive local assets. Studies indicate that innovative marketing strategies in tourism significantly enhance customer experiences and help SMEs maintain competitiveness in the global market (Deku et al., 2023; Cong & Thu., 2021). This flexible approach not only strengthens individual enterprises but also contributes to the overall economic expansion of the tourism and hospitality sector, especially in developing nations. Entrepreneurial marketing helps in the entrepreneurial field and benefits the social entrepreneur through innovative marketing strategies (Hills et al., 2008). Over the last few decades, the service industry has been increasingly conscious of entrepreneurial marketing activity. It encompasses customer service,

employee, and quality information management (Gliga & Evers, 2023). If businesses in the intensely competitive tourist and hospitality industries want to continue expanding, they must successfully embrace and implement innovative marketing methods. In this context, social media is a cost-effective digital tool for attracting new customers and promoting tourism-related goods and services by building direct customer relationships (Lin et al., 2020). Entrepreneurial orientation is commonly regarded as a cornerstone of research on firm-level entrepreneurship. EO is a strategic organizational stance that captures the precise processes, methods, and activities that enable organizations to create value through entrepreneurial endeavors (Lumpkin & Dess, 1996). In general, the existing research on EO indicates that it produces numerous favorable business results. For example, it improves business viability and expansion (Ferrerias-Méndez et al., 2022) and encourages creativity, proactive behavior, and risk-taking capability (Hizarci et al., 2023; Lumpkin & Dess, 1996; 2001).

Even though numerous research has been undertaken to better understand the role of EO and its impact on various outcomes, few, to the authors' knowledge, have explored how EO influences organizational performance nationally (George et al., 2001; Covin et al., 1994). This understanding is critical since the actual benefits of EO will be seen only if the local small-scale business believes that their quality improvement initiatives increase brand value, use resources better, and improve supply chain management. Previous hospitality and tourism industry research has focused on small business growth and performance (Bosworth & Farrell, 2011; Hung et al., 2015; Obeng et al., 2014; Thomas et al., 2011). However, according to Rivera and Pizam's (2015) critical evaluation of the hospitality literature, relatively few empirical studies in the hotel and tourism industries have addressed this topic, using case studies, in-depth interviews, and survey methods. As a result, the nature of the critical determinants impacting small-scale hotel performance was not apparent enough to enable the development and implementation of competitive strategies (Tajeddini, 2010). Despite the recognized importance of entrepreneurial orientation (EO) in influencing business performance, the relationship between EO and performance within the hospitality industry yields mixed results. Some studies indicate a positive correlation, where proactive and risk-taking behaviors drive competitiveness and financial success (Moyle et al., 2020). However, other research offers more complex or even adverse outcomes. For example, Ahmad et al. (2019) found that the effectiveness of EO may depend on the specific context, with smaller hotels in resource-limited environments facing challenges in translating entrepreneurial efforts into performance improvements due to constraints such as limited market access and managerial capabilities. These conflicting findings point to a research gap, suggesting that the EO-business performance relationship in the hospitality sector remains unclear and requires further exploration into the factors that influence this dynamic. Thus, the current study attempts to close this gap by exploring how multiple characteristics of EO, such as the entrepreneur's innovation (INV), proactiveness (PRV), and risk-taking (RT) aptitude, contribute to the development of the hotel business.

1. LITERATURE REVIEW

1.1. Overview of the Construct

Entrepreneurial orientation

Entrepreneurial orientation (EO) is widely recognized as a cornerstone of the literature on firm-level entrepreneurs (Karami et al., 2023). Lumpkin and Dess (1996) define EO as a strategic organizational stance that captures the precise processes, procedures, and activities that allow enterprises to create value through entrepreneurial endeavors. Several recent studies have investigated the historical foundations of the EO notion, including Anderson et al. (2015), Wiklund and Shepherd (2003), and Miller (1983). Under these assessments, Covin and Wales (2012) state that with the theoretical adoption of the EO construct, entrepreneurship is viewed as more than just a single act or activity, such as introducing innovation, but as an overarching strategic posture. Anderson (2010) provide a brief but comprehensive and representative description of EO as an organization's entrepreneurial decision-making procedures, managerial ideologies, and strategic behaviors. Prior studies have related EO to a variety of characteristics to understand its role in organizations better (Anderson et al., 2009; Hills et al., 2010; Hughes et al., 2018). Miller (1983) suggested that 'an entrepreneurial firm invests in product-market innovation, undertakes somewhat hazardous projects and is first to come up with "proactive" inventions, beating competitors to the punch.' Miller (1983) identified three characteristics of EO: creativity, proactiveness, and risk-taking, which are frequently combined to form a higher-order indication of firm-level entrepreneurship. Recent studies underscore the importance of innovativeness, proactiveness, and risk-taking in securing a competitive edge in the hospitality industry.

Innovativeness: The readiness to support experimentation, novelty, and technological leadership in building new methods when introducing a new product or service. Anderson (2004) highlights that innovative approaches, such as implementing new technologies and sustainable practices, significantly improve customer satisfaction and loyalty.

Proactiveness: Being proactive means having an outlook on the future, looking for opportunities, and taking action to change and impact the environment. This includes introducing new goods and services before the competitors. Furthermore, De Andrés-Sánchez et al. (2022) research indicates that proactive strategies allow hospitality businesses to foresee market trends and launch services before their competitors.

Risk-Taking: The predisposition to take risks, such as entering unexplored new markets, investing a significant sum of money in dubious endeavors, or incurring a sizable debt. Risk-taking behaviors promote entry into new and emerging markets, supporting long-term growth and performance (De Andrés-Sánchez et al., 2022).

Marketing Capability

Marketing capability has become a crucial idea in the company. The capacity for comprehending, processing, and using information is known as the “marketing capability” (Kok et al., 2003). Small and medium-sized businesses (SMEs) can perceive the market, which means they can continuously monitor it, identify market opportunities, and comprehend some market risks (Fang et al., 2014). According to Gliga and Evers (2023), organizations must develop competencies in critical functional areas to obtain and maintain a competitive edge. These qualities should be challenging to replicate and should contribute to the organization’s business plan (Day & Wensley, 1988; Barney, 1991; Day, 1994). Developing essential marketing talents is one of the most effective approaches for businesses to create innovation and competitive advantage (Day & Wensley, 1988; Vorhies, 1998; Weerawardena, 2003). According to Vorhies (1998), an MC is formed when a company’s marketing workers regularly use their expertise and abilities to translate marketing inputs into outputs. These intangible resources (knowledge and skills) are typically combined with tangible resources or assets to achieve this transformation. Every organization develops numerous capabilities to carry out the actions required to move its goods or services through the value chain (Day, 1994). Some skills will be competent, while others will be inadequate, but a few must be excellent if the company is to exceed its competitors. MC recognizes that it is a fundamental component of market-oriented behavior, which involves organizational learning about customers’ explicit and latent requirements (Kowalik et al., 2023). It is a unique activity that involves gathering and acting on knowledge about consumer demands and the impact of technology, competition, and other environmental factors (Maltz & Kohli, 1996; Menon & Varadarajan, 1992; Moorman et al., 1992).

Business Performance

Performance is a multilayered term, and the link between EM aspects and performance may vary depending on the measures used for evaluating performance (Lumpkin & Dess, 1996). Firm performance is a broad concept used to determine a strategy’s effectiveness. Marketing or financial performance excellence is the constant goal of company strategy (Andersén, 2010). A notion used to gauge a product’s success on the market is called “market performance.” Every firm is interested in seeing how their items perform on the market because it reflects their overall business success (Sampaio et al., 2019). “Growth” is critical for every organization trying to survive in a highly competitive environment, which includes rivals, consumers, and regulators (De Correia et al., 2019; Pathak et al., 2024; Yazic et al., 2016). Growth, particularly in the service sector, is defined as an increase in revenue, outcomes, and quality improvement (Yazic et al., 2016). The empirical literature describes various performance indicators (Hills et al., 2010), with a general difference between financial and non-financial metrics. Non-financial measures include the owner or business management satisfaction and global success ratings (Abdulrab et al., 2022), whereas financial indicators include sales growth and ROI assessments (Kurtulmuş & Warner, 2015). Performance is an assessment of a company’s effectiveness in achieving its goals. Financial performance, marketing, operational performance, and human resource performance contribute to a company’s success.

Financial Performance: Financial performance denotes a company’s capacity to produce income, control costs, and attain profitability within a defined timeframe. Strong financial performance is crucial for maintaining operations, drawing investments, and securing long-term growth. Moreover, it indicates the organization’s capability to control expenses, refine pricing strategies, and adapt to market demands, ultimately influencing its competitive standing in the hospitality industry (Yuliansyah et al., 2021).

Organization Performance: pertains to how effectively and efficiently a hotel, restaurant, or similar service provider meets its strategic goals and provides value to its stakeholders. This concept includes multiple dimensions, such as employee satisfaction, the quality of customer service, operational efficiency, and innovation (Issau et al., 2023). Important performance indicators may consist of guest satisfaction ratings, employee retention rates, and metrics related to service delivery. Robust organizational performance is essential for establishing a favorable reputation, enhancing customer loyalty, and achieving sustainable growth in a competitive landscape (Jalilvand, 2017).

Customer-focused performance pertains to a service provider’s capacity to prioritize and fulfill the needs and expectations of its patrons. This concept highlights the importance of understanding customer preferences, improving service quality, and encouraging positive interactions to guarantee satisfaction and loyalty. Essential metrics for evaluating customer-focused performance include guest feedback, satisfaction scores, repeat patronage, and the effectiveness of personalized services. By consistently providing outstanding experiences, hospitality businesses can enhance their brand reputation and gain a competitive edge in the industry (Issau et al., 2023).

1.2. Hypotheses development

Entrepreneurial Orientation and Business Performance

The investigator first uses the word “EM” in earlier works as a comprehensive and complex framework for reifying marketing in a time of resource exchange, chaos, and contradiction (Sun & Lee, 2022). In contrast to the traditional marketing paradigm, where managers carry out all marketing activities, EM focuses on marketing activities carried out by entrepreneurs (Hills et al., 2010). In today’s era, the firm will succeed only when it implements marketing practices, identify new opportunities, and apply innovative technology to bring a product to the marketplace. EO is a business-level strategic approach encompassing an organization’s decision-making methods, managerial philosophies, and entrepreneurial firm behaviors (Anderson et al., 2009). A review and integration of the strategy and entrepreneurship literature can provide insights into the critical elements of EO (Covin et al., 2006; Miller, 1983). According to the concept of entrepreneurial orientation, an entrepreneur should be imaginative, proactive, and risk-taking (Anderson & Narus, 2007; Hills et al., 2010; Hughes et al., 2021). EO uses performance by enabling the company to create a novel good, service, or method, gain a competitive edge, and pioneer the change that others will eventually follow. The core dimensions of the entrepreneurial marketing model developed by Nwankwo and Kanyangale (2020) include RT, an opportunity-focused mindset, innovativeness, and Proactiveness. Innovativeness is the firm’s inclination to focus intensely on R&D, new products, up-to-date product lines, international technical enhancement, etc. Innovation is considered one of the firm’s most essential components for an indelible favorable outcome (Quaye & Mensah, 2019). Risk-taking, another dimension, refers to the willingness to be aggressive and obstinate in chasing possibilities and the inclination to choose riskier initiatives that give more significant returns than that project. Proactiveness means taking the first-mover benefit and behaving opportunistically to shape the environment and create demand (Jalali et al., 2013).

With a focus on tourist hotels in Tanzania, Njoroge et al. (2020) construct and evaluate indices of EO in the service industry and consider its dimensionality in emerging economies. A survey of hotels (n = 346) along Tanzania’s tourist routes in the nation’s northern and coastal areas was carried out to validate and generalize the findings. In the context of research, EO necessitates ingenuity, a competitive spirit, and deliberate risk-taking. Hotels place greater emphasis on proactive and risk-taking measures taken simultaneously, take extensive actions, make bold and hazardous decisions when exploiting opportunities, and be proactive when researching prospects while paying less attention to competitors’ activities’ start speed. However, Correia et al. (2019) evaluate the driving forces behind Portuguese hotel companies’ internationalization. Theoretical hypotheses were examined in a thorough multi-case research before being further developed. The findings of this study show that attitudes and global vision, which in and of themselves incorporated a mix of specific resources and competencies, were the catalysts for the internationalization of Portuguese hotel firms.

Furthermore, internal marketing is an essential element of EO in family enterprises (Strobl & Kronenberg, 2016). The study found that interior marketing benefits and significantly impacts family businesses. It can be viewed as a unique corporate resource that encourages the development of fresh concepts and gives the company a competitive edge (Jalilvand et al., 2019).

On the reverse side, Njoroge et al. (2019) examine how an innovation strategy affects the economic sustainability of the hospitality business. The results show that standard services, service quality, preparation for future launches, and technology use are highly valued components of the sector’s innovation strategy. Performance in terms of economic sustainability and innovation strategy are closely tied. In particular, the plan encourages resource management, customer happiness, chain of custody management, and the long-term financial viability of hotels. According to Boonchoo et al. (2013) findings, several entrepreneurial marketing variables are significantly explained by demographic factors like age, size, region, experience, and gender. For instance, it was discovered that entrepreneurial marketing is favorably associated with both young and large hotels but has no real relationship with EO.

The spectrum of possible performance outcomes expands with higher EO and more inventive, dangerous, and uncertain enterprises. A company with an EO can find and exploit new markets (Jogarathnam & Ching-Yick, 2006; Wiklund & Shepherd, 2003), and it responds to the challenge of developing in a competitive environment (Lumpkin & Dess, 1996). EO significantly impacts the company’s marketing success as a component of EM (Jogarathnam & Ching-Yick, 2006; Raats & Krakauer, 2020; Rauch et al., 2009; Santra, 2018; Wiklund & Shepherd, 2005). As a result, the following hypothesis was established within the context of the preceding literature review:

H₁: EO as a dimension of EM significantly influences business performance.

Entrepreneurial orientation and Marketing Capability

EO explains an organization’s mindset in encouraging new business, providing a valuable framework for understanding entrepreneurial activity (Lumpkin & Dess, 2001). An Entrepreneurial Orientation (EO) encompasses the procedures, practices, and strategic decisions that lead to new market entries. EO is an internally developed capability within an organization, which, when effectively leveraged, contributes to sustainable competitive advantage. To comprehend market needs, aspirations, and expectations, a company must have marketing competence and an entrepreneurial orientation method. EO is thought to have a direct link with MC. Matsuno et al. (2002) stated that EO generates market sense, with more EO resulting in more excellent marketing capability. According to Narver and Slater (1990), MC is defined as the optimal organizational culture for fostering

behaviors necessary to provide exceptional customer value and achieve high corporate performance. A company that adopts market competence as its cultural foundation should advance by focusing on fundamental external needs, prioritizing customer desires and demands in alignment with market expectations as the key indicators of success (Gliga & Evers, 2023; Khan et al., 2025; Kowalik et al., 2023). From the above discussion, the following hypotheses were derived:

H_{2a}: the higher the degree of EO, the more marketing capability.

Marketing Capability and Business Performance

Capabilities are often sophisticated combinations of skills and collective learning exerted through organizational procedures to provide superior integration of functional tasks (Day, 1994). The capacity that enables SMEs to communicate, evaluate, analyze, and foresee potential market threats (Neill et al., 2007). Grewal and Slotegraaf (2007) empirically described capability as something that influences performance, with one example being MC. According to Anderson and Narus (2007), Day (1994), and Olavarrieta and Friedmann (2008), SMEs with MC will have access to some crucial information that can be employed in managerial decision-making. Figure 1 depicts the elements of MC, their interrelatedness, and their relationship to firm performance. Following Day (2002), it may be inferred that businesses that have grasped MC activities get a competitive edge and improve their company performance. In other words, a company's capability to learn about the marketplace and apply that knowledge to guide its activities is the primary driver of its profitability (Vorhies & Morgan, 2005). Market sensing is essential for corporate success. Entrepreneurs who are attuned to the market environment can identify consumer needs, emerging trends, and shifts within the marketplace. Numerous studies have explored the effect of Market Competence (MC) on business performance. For instance, Morgan et al. (2009) showed that having the ability to sense the market accelerates revenue growth. Other researchers (Osakwe et al., 2016) discovered a comparable conclusion when examining the impact of MC on SMEs' profitability. These results are supported by the fact that businesses equipped with this competence can quickly identify market changes and exploit their rivals (Tseng & Lee, 2014). Bayighomog et al. (2020) argued that any company's success depends on its capacity to recognize and understand market trends. The gathering of such data will make business decision-making procedures more effective. From the above discussion, the following hypothesis was derived:

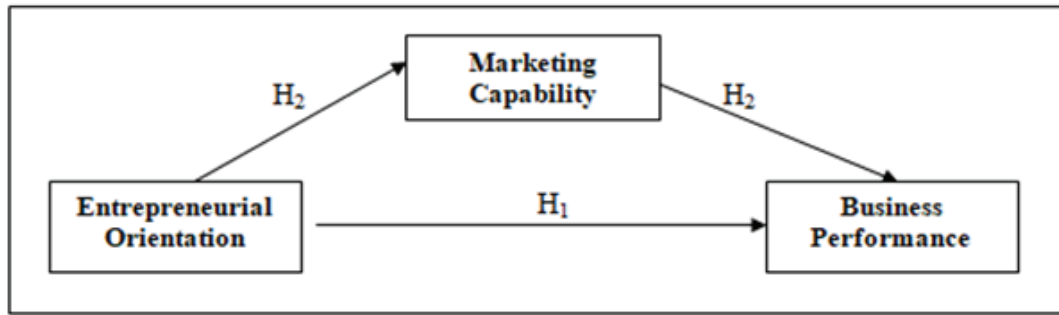
H_{2b}: the higher the degree of marketing capability, the more business performance.

1.3. Mediating impact of marketing capability

The ability to combine firm assets to obtain the desired advantage and contribute to value generation for the company is known as entrepreneurial marketing capabilities (Kowalik et al., 2023). It was a crucial component of business. It consists of price, branding, and consumer knowledge competencies (Lindblom et al., 2008; Ireland & Webb, 2007). In order to take advantage of a market opportunity, it is necessary to ascertain the needs and demands of the client and establish a strong connection between what the company provides to the customer and what its competitors cannot match (Khan et al., 2025). In internationalization, marketing competencies help businesses improve quality, enhance brand value, efficiently use resources, and effective supply chain management (Fang et al., 2014). The tool that combines the company assets to get the desired advantage and contributes to creating value for the company is marketing capability (Day, 1994). To effectively connect with what the company delivers to the consumer, which is superior to its rivals, and to take advantage of the market opportunity involves determining the customer's requirements and demands (Rufaidah, 2017). An organization's entrepreneurial attitude is crucial to compete with other businesses and locate entrepreneurial opportunities (Li et al., 2009). According to the resource excellence idea, an entrepreneurial mindset helps an industry outperform its rivals and achieve a competitive advantage in the market (Hunt & Morgan, 1997). Recent research defines MC as a company's ability to exploit market intelligence that can be acquired through formal and informal mechanisms from many sources (Moorman et al., 1992). The organization should possess the MC necessary to continuously examine, seek for, and research all available technologies and markets (Teece, 2007). The company will be able to develop a product based on consumer needs since it is aware of new opportunity movements and customer needs. Customers frequently want specific innovations from the products they buy (Hossain et al., 2021). The business must recognize this requirement and carry out customer-driven inventions. To recommend new product development, the corporation will use its search activity to try and merge existing expertise with fresh information (Laursen & Salter, 2006; Narver et al., 2004). We have to comprehend how our customers think and contemplate innovation. Innovation will render new companies successful (Ireland & Webb, 2007) and improve the performance of smaller businesses (Otero-Neira et al., 2009). However, SMEs face significant challenges when it comes to innovation. SMEs must grasp the product and consumer perceptions (Fang et al., 2014), as well as environmental business change (Setia et al., 2008). The management teams of five-star and top-of-the-line hotels in Malaysia were surveyed using questionnaires as a quantitative research instrument to acquire data for the current study. Competitive intelligence awareness significantly influences strategic flexibility and long-term competitive advantage. Day (1994) states that sensing the market is crucial for building a market focus and improving corporate performance. According to certain studies (Fang et al., 2014; Hossain et al., 2021; Ireland & Webb, 2007; Nieves & Diaz-Meneses, 2016; Pratono & Mahmood, 2015; Rahman et al., 2021; Tseng & Lee, 2014; Yodchai et al., 2022), the MC will improve firm performance. Thus, the following hypothesis was proposed:

H₂: Marketing capability significantly mediated the relationship between EO and Business performance

Figure 1: Conceptual Model



2. RESEARCH METHODOLOGY

2.1. Sampling and Procedure of Data Collection

A structured questionnaire from past studies on entrepreneurial marketing orientation was used to survey this study. Using a standardized questionnaire, responses were acquired by visiting 15 hotels in four important cities of Rajasthan, such as Jaipur, Udaipur, Jodhpur, and Jaisalmer, representing the country's north-western region. The responses were collected from small-scale hotel managers, human resource directors, and other employees. To provide standardized world-class services to tourists, the Government of India's Ministry of Tourism has a voluntary program to classify fully operating timeshare resorts into Five-star, four-star, and three-star hotels (Ministry of Tourism, tourism.gov.in). The target hotels were in the 3-star category (Ministry of Tourism, <https://tourism.gov.in/schemes-and-guidelines/guidelines/time-share-resorts-tsr>). Three hundred fifty respondents were approached to respond to the questionnaires, and data were gathered using a purposive sample technique. There were 290 replies received, of which 255 were considered usable (completed fully). Of the 290 requested replies, 255 responses—representing a response rate of 72.8%—were kept after invalid responses were eliminated. The period of data collection was from July 2023 to November 2023. Respondent's age ranged from 21 to 56 years. In terms of number of employees, 69% had less than 50 employees, while the remaining 31% had less than 250 employees. The firm annual turnover ranged from 76 lakh (4.35%) to more than 20 crore (38.4%).

2.2. Measure

The substance of the questionnaire was modified to fit the requirements of the investigation from past research. The questionnaire for this study was created using multi-factor instruments linked to several aspects of entrepreneurial marketing. An extensive 39-item survey questionnaire was used to investigate the study variables. These factors include BP, MC, and EO. Three aspects of the EO include INV, PRV, and RT. There are five items in each of the dimensions. The innovation and Proactiveness scale is adopted from (Eggers et al., 2013), and Risk-taking is taken from (Kwak et al., 2013). A nine-item measure developed by (Morgan et al., 2018) for marketing capability was considered to be taken initially. FP, OP, and CF are the three dimensions that makeup business performance. Five components make up each of these three sub-dimensions. The financial performance scale was adopted by (but differ in their paths to improve entrepreneurial performance. Nonetheless, to the best of our knowledge, the differentiation strategy that mediates the relationship between entrepreneurial orientation and firm performance has not been thoroughly investigated in the literature. In addition, the mediating effect of learning orientation on the entrepreneurial orientation-performance relationship remains unclear. Therefore, this study constructs a multiple mediating model to comprehensively examine how entrepreneurial performance influences multiple firm performance measures (growth performance and profitability performanceDeng & Dart, 1994 Eggers et al., 2013; Zahra, 1993), the OP scale was adopted by 1993), and CF was adopted by (Chen et al., 2012).

3. ANALYSIS AND RESULTS

A confirmatory factor analysis (CFA) using AMOS 23 was conducted to test the construct's validity, reliability, and dimensionality. Three latent variables, including EO, MC, and BP, are considered in this CFA model. Two latent constructs are higher-order, and one is a first-order construct. The CFA findings confirmed a satisfactory model fit, which means the data were well-suited to the model. The CFA findings are described as follows:

EO: The higher-order constructs comprised three sub-dimensions: INV, PRV, and RT. Each item made a substantial contribution to its relevant aspect. The value for CMIN/DF = 1.16, CFI = 0.98, GFI = 0.948, AGFI = 0.928, NFI = 0.934, TLI = 0.988, RMSEA = 0.025 all suggest very good model fit.

MC: The value for CMIN/DF = 1.118, CFI = 0.997, GFI = 0.975, AGFI = 0.959, NFI = 0.971, TLI = 0.996, RMSEA = 0.022,

reflecting excellent fit of the model.

BP was a second-order construct comprising three factors such as FP, OP, and CF. The value for CMIN/DF = 1.262, CFI = 0.986, GFI = 0.945, AGFI = 0.925, NFI = 0.938, TLI = 0.983, RMSEA = 0.032, reflecting an excellent fit of the model (Table 1).

Table 1. **Model Fit Indices**

	CMIN/DF	CFI	GFI	AGFI	NFI	TLI	RMSEA
EO	1.16	0.98	0.948	0.928	0.934	0.988	0.025
MC	1.118	0.997	0.975	0.959	0.971	0.996	0.022
BP	1.262	0.986	0.945	0.925	0.938	0.983	0.032

3.1. Validity and Reliability of the Measurement Model

After establishing the model's satisfactory fit, the study looked at the measurement model's standardized factor loading, reliability, and validity. The CFA outcomes are shown in Table 2. The results of the study's examination of the standardized factor loading point to a loading higher than the suggested cutoff point 0.50 (Hair et al., 2014). Cronbach's alpha (α) was used to evaluate the overall research variables for reliability, and the CR and AVE values were computed to determine convergent validity. All of the constructs' alpha values above 0.8 are considered reliable. The study also looked at the measurement model's convergent validity. The AVE values for each construct were above or close to 0.5, while the CR values were over 0.7. These parameters show that the items used to measure the construct have convergent validity.

Table 2: **Measurement model summary**

Variables and Items	FL	Alpha	AVE	CR
Innovation		0.839	0.517	0.842
A strong focus on promoting well-established products and services	0.724			
Adjustments to product or service lines have generally been minor.	0.694			
I prioritize innovative strategies in my management approach, fully aware that some may not succeed.	0.747			
Over the past three years, changes to my products/services have been mostly minor.	0.761			
Our business frequently leads the market by introducing new products and services first.	0.653			
Proactiveness		0.801	0.446	0.8
I view market changes as a beneficial opportunity for my company.	0.753			
In interactions with competitors, our hotel typically takes the lead in actions that prompt responses from them.	0.612			
The senior managers in our firm are highly inclined to be pioneers in presenting innovative ideas or products.	0.653			
Generally reacts to the actions initiated by competitors.	0.667			
My firm does not put in any extra effort to acquire business from competitors.	0.649			
Risk-Taking		0.805	0.46	0.809
Employees in our organization are motivated to take calculated risks with innovative ideas.	0.618			
We seem to adopt a rather conservative view when making major decisions	0.721			
We tend to support projects where the expected returns are certain	0.636			
Our company can accept the uncertainties existing in the projects.	0.711			
My firm improves its competitive risk stance by investigating and evaluating risk factors to reduce uncertainty.	0.700			

Variables and Items	FL	Alpha	AVE	CR
Marketing Capability		0.898	0.498	0.899
We adjust our marketing strategies based on customer feedback and changes in market conditions to remain competitive.	0.644			
Our hotel effectively promotes its services across multiple channels to reach our target audience.	0.688			
We set clear sales goals and implement strategies to achieve them consistently.	0.760			
Our hotel effectively sets and manages profit goals to optimize profitability.	0.705			
Our hotel has a well-defined and unique position in the market that differentiates us from competitors.	0.769			
We conduct regular market analysis to stay informed of industry trends and competitor strategies.	0.751			
We have a clear understanding of our target market and tailor our marketing efforts to meet their specific needs.	0.617			
We actively maintain customer relationships and implement strategies to improve customer loyalty and retention.	0.711			
Our hotel has metrics to measure our marketing activities' effectiveness and adapt accordingly.	0.688			
Financial Performance		0.825	0.51	0.833
Our hotel has experienced consistent growth in revenue over the past year	0.667			
We have successfully increased our profit margins by implementing entrepreneurial marketing strategies.	0.726			
Our hotel achieves a satisfactory return on investment for marketing expenditures.	0.888			
The hotel's cash flow has improved due to effective market positioning and customer acquisition efforts.	0.772			
Our pricing strategies are competitive and contribute to sustained financial performance.	0.443			
Organization Performance		0.879	0.613	0.887
Our hotel's team is highly motivated and aligned with the entrepreneurial marketing vision.	0.836			
We effectively implement new ideas and innovations that improve our operations.	0.818			
Our hotel has a strong culture of adaptability and responsiveness to market changes.	0.792			
The organizational structure supports efficient decision-making and implementation of marketing strategies.	0.715			
Our hotel continuously improves operational efficiency to support growth objectives.	0.747			
Customer Focused		0.823	0.486	0.825
We have a high level of customer satisfaction with our hotel's services.	0.671			
Our hotel is successful in retaining loyal customers through personalized marketing efforts.	0.679			
We consistently receive positive feedback and reviews from our guests.	0.722			
Our hotel regularly exceeds customer expectations through innovative service offerings.	0.677			
We effectively address customer complaints and enhance service quality based on their feedback.	0.733			

Variables and Items	FL	Alpha	AVE	CR
EO		0.901	0.727	0.888
Innovation	0.886			
Proactiveness	0.844			
Risk-Taking	0.826			
Business Performance		0.764	0.495	0.537
Financial Performance	0.350			
Organization Performance	-0.869			
Customer Focused	-0.768			

The discriminant validity of the construct was examined following the advice given by (Fornell & Larcker, 1981). The results of Table 3's square root of AVE in the upper diagonal show that all values are higher than the correlation coefficient. This demonstrated the constructs' discriminant validity. In conclusion, the psychometric evaluation found that the scale's applicability was valid and reliable from a psychometric standpoint.

Table 3: **Discriminant validity of latent constructs**

Constructs	EO	MC	Performance
EO	0.852		
MC	0.349***	0.705	
Performance	0.686***	0.642***	0.699

Notes: EO- Entrepreneurial orientation; MC- Marketing capability

3.2. Structural Model

Before running the final structural model, the response variance concerning sample variety was analyzed through one-way ANOVA. Sample variety was considered based on age group, number of employees, and annual turnover.

The analysis showed that the age profile did not create a variance in the study construct (EO, MC, and BP). Again, the number of employees and annual turnover did not significantly affect these study constructs except financial performance (For no. of employees, $F = 3.197$, $P < 0.05$; for annual turnover, $F = 2.918$, $P < 0.05$).

The hypotheses were evaluated using AMOS 23, SEM. Both direct and indirect impacts were tested. BP is the outcome variable in this SEM model, with higher-order EO as the independent variable and MC as the mediator. Table 4's results are shown here, and the model estimation indicated that the evidence fit the framework well. The current research looked at path estimates and their statistical significance in evaluating hypothesized assumptions. In the first stage, the direct effect (H_1) was tested. The path estimate reported that EO had a significant influence on business performance ($EO \rightarrow BP$, $\beta = .526$, $p = 0.000$), EO also significantly influenced MC ($EO \rightarrow MC$, $\beta = .349$, $p = 0.000$), the result supported that MC also positively impact BP ($MC \rightarrow BP$, $\beta = .459$, $p = 0.000$). Thus, the study found support for H_1 .

Table 4. **Shows the result of the structural model**

Path	Coefficient	Std. Error	P Value	Hypothesis
EO \rightarrow Business Performance	0.526	0.047	0	Supported
EO \rightarrow MC	0.349	0.081	0	H_{2a}
MC \rightarrow Business Performance	0.459	0.041	0	H_{2b}

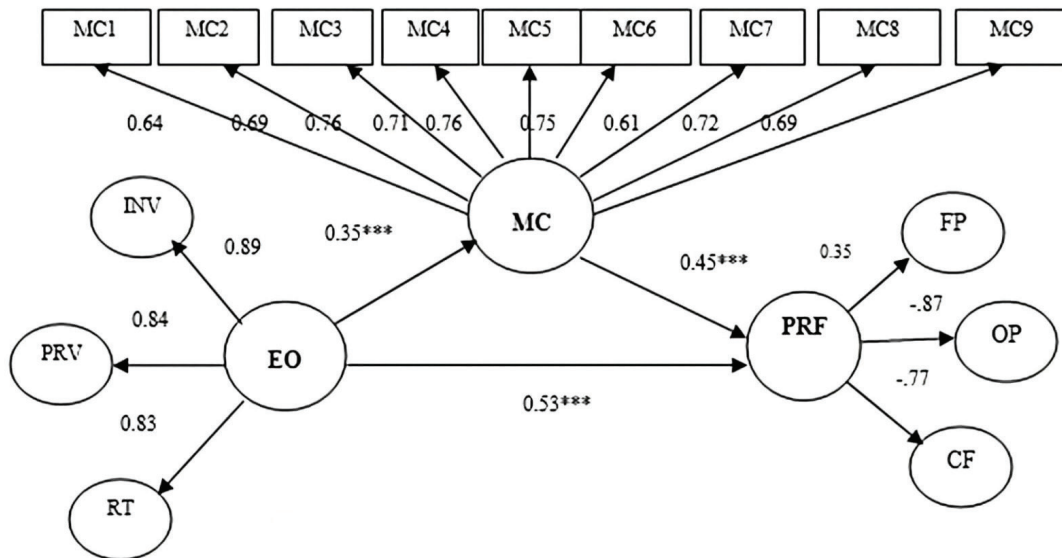
3.3. Mediation Analysis

The mediation effect was then investigated (Table 5). Furthermore, in addition to the previously described hypothesis, the study analyzed the mediation hypothesis using user-defined estimand in AMOS 23 using 5000 bootstrap samples. The findings show a statistically significant indirect effect of MC between EO and BP ($EO \rightarrow MC \rightarrow BP$: (H_2) = 95% Boot- LLCI = 0.028; Boot- ULCI = 0.102). Thus, the study accepts H_2 . However, MC's partial mediation affects the relationship between EO and BP. (direct effect = 0.526***, indirect effect = 0.056***).

Table 5. Mediation Effect

Hypothesis		Estimate	Bootstrap 95% CIs		Result
			Lower	Upper	
EO ----> MC -->Performance	Indirect	0.056	0.028	0.102	Partial Mediation

Figure 2: The result represents the standardized path coefficient of the structural model



Note: EO, Entrepreneurial Orientation; INV, Innovation; PRV, Proactiveness; RT, Risk-taking; MC, Marketing Capability; PRF, Performance; FP, Financial Performance; OP, Organization Performance; CF, Customer Focused. ***= $p < 0.001$; **= $p < 0.005$; *= $p < 0.010$; $N = 250$.

4. DISCUSSION AND IMPLICATION

4.1. Direct Impact of Entrepreneurial Orientation on Business Performance

With this study, we have proposed a comprehensive mediation framework to analyze the impact of EO on BP in the context of the hotel industry. The results indicated that EO significantly affects BP ($EO \rightarrow BP$, $\beta = 0.526$, $p = 0.000$). The results are consistent with the findings of earlier literature (Jogarathnam & Ching-Yick, 2006; Raats & Krakauer, 2020; Wiklund & Shepherd, 2005). Entrepreneurial enterprises deliberately shape their destiny rather than respond to environmental occurrences. They proactively examine their surroundings for recent developments, devise ideas, and implement techniques to meet new difficulties. These companies are more likely to upset what is expected and be forward-thinking, even if such a strategy carries some risk. Entrepreneur organizations are also more likely to lead the marketplace in terms of innovation, which includes more than just inventing new products and services; additionally, doing things better to delight customers and give the company an edge over others.

4.2. Indirect Impact through Marketing Capability

Table 4 shows that EO is positively related to MC ($EO \rightarrow MC$, $\beta = .349$, $p = 0.000$), and MC is also positively associated with BP ($MC \rightarrow BP$, $\beta = .459$, $p = 0.000$). The results are congruent with the findings of earlier literature (Gliga & Evers, 2023; Khan et al., 2025; Kowalik et al., 2023). Our study adds to existing information by arguing that to achieve better performance, small service-based businesses must implement EO through MC, a significant behavioral expression of the small service firm's EO and the key to obtaining superior results.

The results also indicated that MC partially mediates the impact of EO on BP ($EO \rightarrow MC \rightarrow BP$: (H_2) = 95% Boot- LLCI = 0.028; Boot- ULCI = 0.102). The findings are the findings of previous studies (Fang et al., 2014; Hossain et al., 2021; Ireland & Webb, 2007). The results imply that EO is a crucial tool for promoting MC and that MC is a prerequisite to higher performance. EO enables small enterprises to edge over their competitors by leveraging existing marketing capabilities to explore market possibilities effectively. EO alone is not enough to attain outstanding performance. Small service organizations should prioritize marketing efforts to implement the EO principle effectively. Our investigation emphasizes the need for managers in small enterprises to leverage MC to maximize the business benefits of EO.

4.3. Theoretical Implication

The current research deepens the understanding of how entrepreneurial marketing—characterized by innovation, proactiveness, customer-centric approaches, and risk-taking—impacts performance metrics in a dynamic and competitive sector like hospitality. It offers insights into how mediating factors, such as brand image, customer loyalty, and market adaptability, shape the effectiveness of these marketing efforts. This approach expands on traditional marketing theories and integrates elements from entrepreneurship theories, demonstrating how innovative, flexible marketing can drive better customer engagement and market positioning. The study supports the theory that entrepreneurial marketing can serve as a critical differentiator in service-oriented industries, emphasizing its role in enhancing customer experiences, fostering loyalty, and sustaining competitive advantage. Additionally, it provides a framework for exploring how mediators amplify or dampen the impact of entrepreneurial marketing strategies on overall business performance in the hotel industry.

By identifying marketing competency as a mediating variable, this study enriches entrepreneurial marketing theory by showing how proactive and anticipatory business strategies can influence market positioning and client relationship management. The study provides evidence that entrepreneurial marketing drives service innovation and responsiveness to consumer demands and reinforces the theoretical framework around integrated business anticipation as a core component of service quality enhancement. Additionally, by examining alternative, internal, interactive, and external marketing channels, this research highlights the need for hospitality businesses to adapt to shifting marketing trends, thereby expanding theoretical knowledge on how evolving marketing practices can align with customer satisfaction objectives in service industries. These insights deepen theoretical discourse on the adaptability of entrepreneurial marketing to industry-specific demands, emphasizing service industry dynamics in the Indian context.

4.4. Managerial Implication

In terms of practical applications, the study shows that hotel companies can improve their performance by investing in establishing and promoting a higher degree of marketing strategy relevant to the business landscape as a whole. Both EO and MC encourage learning, which enhances the firm's ability to generate creative ideas for marketing and boost performance. However, in light of the empirical proof, hospitality executives should consider inventive, proactive, and risk-taking approaches to managerial decisions, which appear more effective than direct decisions. The findings are valuable in analyzing EO and anticipating customer trends, particularly for small-scale hotels in Rajasthan, India. These significantly contribute to tourism's outstanding success and persistence in this region, one of India's most popular destinations. It implies that the hotel's marketing capabilities may demonstrate its involvement in increasing hotel performance when the EO strategy is implemented. According to the current research, businesses that mix EO and MC will have a greater probability of long-term survival and an advantage over competitors in the hospitality industry. The research's conclusions imply that distinct past entrepreneurial experiences can enhance the impact of EO on the firm's growth, and better-qualified owners and managers are better equipped with marketing and strategic abilities and positively impact the success of small-scale hotels. To strengthen operations in foreign, emerging markets, businesses should use a market-driven innovative strategy. Businesses must focus on all three parts of EO to become more innovative, customer-focused, and proactive. To beat the competition and capitalize on market opportunities, the organization must effectively align what it gives to the consumer with the customer's requirements and demands. In India, 3-star hotels that can increase quality, strengthen brand value, and efficiently use resources will be more successful with marketing capability.

4.5. Study Limitations and the Potential for Future Research

There are some shortcomings in this study that potential future research may address. First, this research was limited to Rajasthan, India's service industry. To compare small and more significant hotels' marketing strategies, the model might be extended to a sample of hotels throughout India or other countries. Therefore, this study has to be repeated with hotel sector entrepreneurs in different nations and other states of India to generalize our findings better. Second, cross-sectional data were used in this investigation. However, given the environment's high dynamism, changes in client demand, technical advancements, and the entrepreneur's marketing strategies will likely occur regularly over time. It implies that replicating this study using longitudinal data would result in more persuasive conclusions. More research into the variables influencing promotional efforts at tiny lodging establishments, such as dimensions, "expansion" stage, and leadership style, is impractical given the study's relatively small sample size. Adopting an advertising endeavor model and undertaking additional research on the many kinds of marketing planning is possible.

Given the significance of small enterprises to economies worldwide, there is still a great need for study on marketing in SMEs and marketing by entrepreneurs, even though it is becoming more and more common. Aside from that, it is crucial to develop and enhance models that may be used to profile the variety of marketing strategies used by SMEs and to suggest and assess definitions of entrepreneurial marketing in various business sectors, especially those in the service and manufacturing industries. The study results indicate that organizations that assist SMEs in this industry, including tourist boards, should consider promoting more advanced relationship management techniques, using vertical promotional networks, and increasing client awareness.

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