The Relationship between Market Orientation, Innovation and Business Performance of Hotel and Restaurant Businesses in Ho Chi Minh City: The Moderating Role of Business Environment

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ABSTRACT: The study was conducted to examine the relationship between market orientation, innovation, and business performance through the role of regulation of business environment. By the quantitative research method combined with the qualitative research method, structural equation modelling (SEM) is performed with a sample size of 503 observations, the participants are the leaders of the hotel, restaurant in Ho Chi Minh City. The results show that there is a positive relationship between market orientation, innovation, and business performance of hotel - restaurant businesses. The business environment plays a role in regulating market orientation, innovation, and business outcomes. Through the regulatory role, the business environment factor plays a role in increasing the business performance of hotel - restaurant businesses. The results have brought practical significance to hotel - restaurant businesses. Managers need to focus on market orientation, and innovation to improve business results. In addition, before the fluctuations of the business environment, restaurant - hotel businesses need to take advantage and grasp to adjust the appropriate market orientation and innovation strategies to contribute to improving business results. Finally, some limitations are also mentioned in this study.

KEYWORDS: Business Environment; Business Performance; Innovation; Market Orientation.

1. INTRODUCTION
Market orientation is an intangible resource of an enterprise. It plays an important role in contributing to business performance. Market orientation has been seen as meaningful for firms to create comparative advantage (Han and Srivastava, 1998). Narver and Slater (1990) indicate that marketing researchers have focused on research and reported that market orientation affects business performance. Furthermore, it is a source of sustainable competitive advantage, which focuses on finding increased opportunities in the market of the firm (Kirca, Jayachandran, and Bearden, 2005). Several marketing studies have found an important role for market orientation leading to business performance (Slater and Narver, 1994). Day (1994) pointed out that market orientation is an important factor contributing to corporate performance, including management's perception of the success of product advantage. Innovation has made an important contribution to business performance. Innovation in enterprises is expressed in many different aspects: technological innovation, product innovation, market innovation, etc. Research by Wattanasupachoke (2009) shows that the more businesses innovate, the more business performance of the business will tend to increase. Radas and Bozic (2009) asserted that product innovation and introduction to the market are crucial for the survival and steady growth of a firm's profitability. Case studies have tested the relationship between innovation and business performance: Mahmoud et al (2016); Zayed and Alawad (2017); Haryanto et al (2017). Innovation plays an intermediary role in direct and indirect influence between market orientation on business performance of enterprises. This has been proven by many studies. Research by Slater and Narver (1994) has demonstrated that between market orientation and business performance comes from product innovation. A review of the above research lines shows that the relationship between the orientation of market orientation and business performance through the mediating role of innovation has been realized from previous studies. Specifically, the study of Pardi et al (2014) and the study of Mahmoud Abdulai Mahmoud et al (2016) mentioned the above relationships. The new point of the research is considering the business environment factor which is approached according to Porter's (1980, 1986). Industrial organization theory emphasizes the role of business environment factors in creating competitive advantages of enterprises and bringing about operational results. The business environment factor acts as a moderator in the relationships between
market orientation, innovation, and business performance. This is a new contribution of the study; the moderating role has not been tested from previous studies.

2. LITERATURE REVIEW
According to Hult et al. (2005) conducted a study on market orientation. The results show that market orientation has an impact on business performance. This result is also supported by Bhuian et al (2003), market orientation has a positive relationship with business performance.

According to Kirca et al. (2005) showed that market orientation has a positive impact on business performance. Panigyrakis and Theodoridis (2007) they examined the market orientation related to the performance of a retail company. The subjects were selected from the supermarket chain, the results found a positive effect of market orientation on the results of a company. The results conclude that market orientation is an important determinant of business profitability. This indicates that market orientation is a decisive factor to the performance of a company. H1 is proposed:

Hypothesis H1: Market orientation has a positive impact on business performance

Bodlaj (2003) states that market orientation plays an important role in product innovation to add value to customers and improve company performance. Jensen and Harmsen (2001) argue that market orientation is an important factor in successful innovation in new product development. H2 is suggested:

Hypothesis H2: Market orientation has a positive effect on innovation

Eshlaghy and Maatofi (2011) show the important role that innovation can play positively in business performance. Innovation plays an important role in responding to the environment. Holtzman (2008) found that innovation leads to the future success of the company. Lin and Kuo (2007) also show that many companies are implementing innovation in the form of technological and marketing innovation.

Innovation is an important determinant of business performance in a changing environment (Bueno et al., 2004). Business performance is related to a company's ability to achieve profitability and growth (Hult et al., 2004). Keizer et al. (2002) emphasize that innovation depends on the external environment. SMEs see innovation as a tool to achieve better business performance (Forsman and Temel, 2011). Hult et al. (2004) argue that innovations contribute to business performance. Hypothesis H3 is proposed:

Hypothesis H3: Innovation has a positive effect on business performance

Kean et al (1998) have shown a significant and positive relationship between business environment and business performance. Nandakumar et al. (2010) have shown that there is a strong relationship between the environment and competitive performance. Asrawi (2010) assessed the business environment for small and medium enterprises in Lebanon, the legal, regulatory and policy environment that promotes business growth. Dethier et al (2008) show that business environment is very important for business performance. Krammer (2009) concludes that the business environment is very important for the innovation activities of enterprises. Business environment is necessary to develop the ability to innovate. Gorodnichenko and Schnitzer (2013) show that the innovation of firms is positively affected by the business environment. Hypothesis H4 and H5 are developed:

Hypothesis H4: Business environment moderates the relationship between market orientation and business performance of firms.

Hypothesis H5: Business environment moderates the relationship between innovation and business performance among firms.

3. METHODS
The methods used in the research are qualitative research methods and quantitative research methods. Qualitative research aims to provide a research model suitable for practical conditions in Ho Chi Minh City.

- The author gives a draft scale and then proposes a research model through group discussion.

- After synthesizing the opinions of experts, the author designed a draft questionnaire for survey respondents who are leaders of hotel - restaurant businesses. Preliminary survey with a survey sample size of 150 people, who are leaders at hotel - restaurant businesses in Ho Chi Minh City. The scales are tested by Cronbach's Alpha, EFA.

- The official quantitative study was carried out with a sample size of 520 and the survey subjects were leaders of hotel - restaurant businesses in Ho Chi Minh City.
4. RESULTS

Sample characteristics

Regarding the size of employees: enterprises with from 10 to less than or equal to 30 people are 177, accounting for 35.2%, enterprises with 30 to less than or equal to 50 people are 157, accounting for 31.2%, and enterprises with more than 50 employees, 50 people are 169, accounting for 33.6%.
Regarding the type of business, 67.8% belong to limited companies, 7.8% belong to private enterprises, 24.5% belong to joint stock companies.

Regarding the educational level: 149 people with college degree, accounting for 29.6%, 285 people with university degree, accounting for 56.7%, and 69 people with graduate degree, accounting for 13.7%.

Regarding the size of the enterprise's capital: from 500 million to less than 1 billion is 74, accounting for 14.7%, from 1 billion to less than 3 billion is 144, accounting for 28.6%, from 3 billion to less than 5 billion is 117, accounting for 23.3%, from 5 billion to less than 7 billion is 108, accounting for 21.5%, and over 7 billion is 60, accounting for 11.9%.

Table 5. Scale test results

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Number of observations</th>
<th>Cronbach’s alpha</th>
<th>Average variance extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE</td>
<td>7</td>
<td>0.914</td>
<td>0.588</td>
</tr>
<tr>
<td>MO</td>
<td>8</td>
<td>0.876</td>
<td>0.520</td>
</tr>
<tr>
<td>BP</td>
<td>7</td>
<td>0.913</td>
<td>0.625</td>
</tr>
<tr>
<td>IN</td>
<td>5</td>
<td>0.863</td>
<td>0.569</td>
</tr>
</tbody>
</table>

Based on the results of SEM analysis, we can see that the results of the fit assessment of the model are satisfactory, the CMIN/df index = 2.710, the TLI index = 0.919 and the CFI = 0.927 (> 0.9), GFI index = 0.864 > 0.8, RMSEA = 0.058 (< 0.08), P-value test of relevance = 0.00 (< 0.05) should be at 95% confidence. We conclude that the data is consistent with the analytical SEM model, the interpretative results are reliable to use.

Table 6. Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/DF</td>
<td>2.710</td>
</tr>
<tr>
<td>GFI</td>
<td>0.864</td>
</tr>
<tr>
<td>TLI</td>
<td>0.919</td>
</tr>
<tr>
<td>CFI</td>
<td>0.927</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.058</td>
</tr>
<tr>
<td>Sig</td>
<td>0.05</td>
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</tbody>
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Table 7. Direct effects and moderating role of business environment

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description of path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>BP ----&gt; MO</td>
<td>0.257</td>
<td>0.061</td>
<td>4.228</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>IN ----&gt; MO</td>
<td>0.143</td>
<td>0.050</td>
<td>2.850</td>
<td>0.004</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>BP ----&gt; IN</td>
<td>0.433</td>
<td>0.067</td>
<td>6.506</td>
<td>***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Moderating role

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description of path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>BP ----&gt; BE</td>
<td>0.394</td>
<td>0.062</td>
<td>6.311</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>BP ----&gt; BE*MO</td>
<td>0.142</td>
<td>0.050</td>
<td>2.84</td>
<td>0.020</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>BP ----&gt; BE*IN</td>
<td>0.134</td>
<td>0.030</td>
<td>4.467</td>
<td>0.063</td>
<td>Supported</td>
</tr>
</tbody>
</table>
The results analyzed above show that the factors of market orientation, innovation business performance of enterprises have a positive relationship. Market orientation has a positive impact on business performance (B = 0.257, p < 0.01) so H1 is accepted. Market orientation has a positive effect on innovation (B = 0.143, p < 0.01), so H2 is accepted. Innovation has a positive impact on business performance (B = 0.433, p < 0.01) so H3 is accepted.

The business environment factor increases the relationship between the market orientation and the business performance of the business. The estimated results show that the interaction effect between the business environment variable and market orientation (B = 0.142, p = 0.02) is statistically significant. This result shows that hypothesis H4 is accepted. This means that as the business environment increases (high volatility), the impact of market orientation on business performance will increase.

Hypothesis H5 shows that the business environment variable increases the relationship between innovation and business performance of enterprises. The estimated results show that the interaction effect between the business environment variable and innovation (B = 0.134, p = 0.063) is statistically significant. This result shows that hypothesis H5 is accepted. This means that as the business environment increases (high volatility), the impact of innovation on business performance will be higher.

Fig 1. The results of research model

5. DISCUSSION
The study results are similar to previous studies. For example, Hult et al. (2005) showed that market orientation had an impact on business performance. This result is also supported by Bhuian et al (2003), market orientation has a positive relationship with business performance. In addition, the results are supported by the study of Kirca et al. (2005), market orientation has a positive effect on business performance. Or Panigyrakis and Theodoridis (2007) showed that market orientation is related to the performance of a retail company. Finally, the study of Smirnova et al. (2011) tested the extent to which the effect of market orientation resulted in significant positive results for business performance. In addition, the study results are similar to the study of Bodlaj (2003) showing that market orientation plays an important role in product innovation and improving company results. Besides, the research results are similar to Jensen and Harmsen (2001) considering market orientation factor as an important factor in innovation activities of companies. Research by Mahmoud et al. (2016) shows that three factors market orientation, innovation all affects business performance. The results of this study confirm and reinforce that it has an impact on business performance as well as a regulatory effect of the environment.

6. MANAGERIAL IMPLICATION
*Market orientation:
The results show that market orientation has an impact on business performance. The fact also shows that the hotel - restaurant businesses that perform well the market orientation will contribute to improving the business performance of the business, the
business will bring benefits and trust from customers, making customers trust the business, making the brand of the business more and more famous. Thereby, businesses can attract more and more customers.

Hotel - restaurant businesses need to respect and be responsible for customers, need to ensure product quality as well as after-sales service to satisfy customers' needs. Businesses need to listen to understand the needs of customers, to gain credibility with customers, to always put the customer's position first and to always listen to the opinions of customers. Enterprises need to create trust for customers when they decide to use products and services and this is very important if products and services are provided to customers as promised, they will satisfy their trust. high reliability, product features must not be over-advertised, or use advertising tactics to cause bad things about the service. When customers have used the service, it is necessary to have contact and care measures so that customers feel that their choice is right and optimal and have appropriate after-sales care measures to increase the customer's intention to use in the future.

Providing benefits over competitors in the future is essential because this helps customers feel that there is no longer a substitute service, or no incentive to perform a product or service replacement. service when needed. Hotel-restaurant businesses should continue to do market research, which plays an essential role in promoting their business. Capture the mindset and use market research tools to help businesses optimize costs and reduce risks for their business. Market research is not a new industry, but market research for what is always the top question of many people, especially for small and medium startup owners when starting a business. The hotel - restaurant businesses need to continue to ensure a sufficient number of standard facilities to serve tourists; strengthen sanitation, have signs, remind, and guide tourists to participate in environmental protection. On the other hand, hotel - restaurant businesses need to promote extensively about attractive local destinations, products serving tourists based on products bearing traditional values, national cultural quintessence, to prolong the customer experience while contributing to adding value to the business.

**Innovation:**

Innovation plays a very important role in the development of enterprises, we know that through the innovation process, new businesses can improve business performance. Investing in modern technology innovation to help improve and improve product quality is a regular and long-term necessity for all hotel and restaurant businesses. Technology development is a necessary and urgent requirement in today's integration context. Hotel - restaurant businesses need to be equipped with new equipment and technologies at a reasonable price for each business to achieve high results.

Currently, technology plays a very important role in the development of every hotel - restaurant business. Therefore, hotel - restaurant businesses need to actively apply technology to their business activities. Hotel - restaurant businesses need to pay attention to the content of their website to ensure full information related to the business. In addition, businesses need to improve the efficiency of using the Internet to serve their business processes by understanding the needs of the market and online customers to promptly have appropriate policies.

Innovation activities need to be long-term oriented and stable, not spontaneous, and short-term, need to be developed and planned in a more stable direction, expanding events to most audiences. Visitor. Businesses must always improve their products/services every year, always find new ways of doing business, create new products and services, and especially always try new business ideas for businesses.

In order to improve innovation capacity (new ideas, product innovation), hotel - restaurant businesses need to improve the capacity and skills of their employees. Employees at hotel - restaurant businesses can participate in short, medium, and long-term training courses at reputable tourism human resource training institutions. Training institutions need to synchronize practice rooms with management software and apply smart technology to teaching specialized subjects. To implement this solution, each industry needs to sign a contract with an enterprise to be allowed to equip similar software for businesses, helping learners quickly grasp when learning, practicing, and working after graduation. In addition, hotel-restaurant businesses need to develop regulations on the quality of lecturers applicable to tourism human resource training institutions in Vietnam. It is necessary to stipulate that lecturer participating in the training of tourism human resource training institutions must have tourism professional certificates, especially lecturers participating in teaching professional subjects and providing practical guidance. Finally, Vietnam is in the period of integration and development, hotel - restaurant businesses need to continue to improve their professional skills through methodical training programs of international standards to help human resources in the hospitality industry. Vietnam hotels have established a position. Fair competition for human resources from other developed countries to enter the labor market.
Business environment:  
According to the research results, the business environment also has a strong impact on business performance. Currently, businesses operate under a certain regulatory framework of the government and political system. However, there are also some businesses that always focus on profits, so many businesses do business in contravention of the law, there are forms of management according to two systems of books to reduce taxes and tax evasion, reduce taxes. Besides, competitors are also an important factor to business performance, so businesses always have a challenge in price competition that competitors' actions can't predict. Therefore, businesses need to adhere to and apply honest business policies, need to comply with the political and legal system of the government. Besides, businesses need to change, approach, and develop new technologies to lead to better business performance. The government should continue to focus on overcoming shortcomings and fundamentally reforming regulations on business conditions. The relevant authorities need to study and consider the linkage of inspection results to have appropriate solutions, minimizing troubles for enterprises in inspection and examination. Improve the efficiency of the hotline to receive enterprises' complaints, promptly and thoroughly answer, and promptly remove enterprises' difficulties. Create fairness in policies, especially tax policies for small and medium enterprises; need to review preferential policies for businesses. The Government should continue to promote the increase of direct revenue for the budget from increasing the contribution of small and medium enterprises, and at the same time create a fair and fair competitive environment, and nurture revenue from development of domestic enterprises such as hotels and restaurants.

REFERENCES


