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Embracing Innovative Business Strategies in Small to Medium Size Hotels in Harare, Zimbabwe: Challenges and Solutions

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Abstract:

The study sought an in-depth understanding of the challenges faced by small to medium size hotels in Harare, Zimbabwe in embracing innovation. The study adopted a qualitative case study design located in the interpretive research paradigm. A purposive sample was drawn from all managers in the five small to medium size hotels within Harare Central Business District. Data were collected using semi structured interviews and were analysed for content using thematic analysis. The study found that small to medium size hotels in Harare faced quite a number of challenges in embracing innovation like lack of human capital, price sensitivity, economic crunch, high staff turnover and insufficient financial resources. The study also found that there was a relationship between the level of innovation and the competitiveness of an organization. The study recommends that small to medium size hotels should implement strategic innovation measures in order to promote their competitiveness in marketplaces and gain a sustainable competitive advantage against rivals.

Keywords: *Strategic innovation, competitive advantage, sustainable competitive advantage, small to medium size hotels, thematic analysis*

1. Introduction and Background

Organizations in almost all industries seek to increase their strategic innovation capabilities in order to possess a sustainable competitive advantage (Nuriplik, Topsakal & Dogan, 2014). In the same way, in the hospitality industry strategic innovation is an essential instrument of gaining competitive advantage in the marketplaces. In hotels in the modern days, Nuriplik et al (2014) notes that satisfying consumers with providing only accommodation and catering services is not sustainable since demand is becoming diversified and rivals are offering new services. Also the business environment is fast changing than before and therefore there is need for hotel firms to strategically innovate in order to gain and sustain a competitive advantage against rivals. Nuriplik et al (2014) further notes that in this environment successful organizations have already recognized that they should gain a sustainable competitive advantage in order to outperform their rivals. The question that remains unanswered is what obstacles to strategic innovation activities are faced by small to medium size hotels in developing countries like Zimbabwe. Therefore, this paper will explore the challenges faced by small to medium size hotels in Harare, Zimbabwe in embracing innovation in a dynamic and competitive environment.

In Zimbabwe, the hotel industry is a combination of small, medium and large enterprises. These hotels include privately owned, family run, ungraded hotels and international chain luxury hotels (Mkono, 2010). The graded hotels are classified into five categories ranging from one star to five stars (Statutory Instrument no.128 of 2005). The one star and the two stars hotels are referred to as the small to medium size hotels (Statutory Instrument no.128 of 2005). Zimbabwe has the second largest number of hotel rooms in Southern Africa after South Africa (Ruzivo Trust, 2013). While the majority of hotels are concentrated in the major tourist centres of Victoria Falls and Kariba, Harare, the capital city also houses a considerable number of hotels, especially commercial hotels. Harare City, the area of study in this research is well known for the plethora of both individual and internationally recognized hotel brands.

One of the main international hotel players in the City is Africa Sun Hotels and Resorts. The group was established in 1968 (Rusike & Chitambara, 2012), and was initially known as Zimbabwe Sun Hotels. The group now has presence, not only in Zimbabwe, but in Ghana, Nigeria and South Africa. In Zimbabwe, the group is associated with two hotels in Harare, the Crowne Plaza Monomotapa and the Holiday Inn Harare (Africa Sun Hotels, 2014). Crowne Plaza Monomotapa is a four star hotel located in the city's central business district (CBD), that attracts both business and leisure travellers (Africa Sun Hotels, 2014). The Holiday Inn, a three star hotel, is located on the outskirts of the CBD and offers ample parking space. The hotel also attracts both business and leisure travellers.

The second largest hotel group is Rainbow Tourism Group (RTG). According to Rusike and Chitambara (2012: 11)

- The group operates four distinct quality hospitality brands which are Rainbow Resort Hotels, Touch the Wild Limited (which operates four lodges), Tourism Services Zimbabwe and Rainbow Hospitality Business School. It operates 6 hotels in Zimbabwe, two hotels in Zambia and one in Mozambique through lease and management contracts. It has placed itself as the leading provider of Unique African Hospitality.

The Group was established in 1992 and became Zimbabwe's second largest chain group in 1998, a position it has maintained to date (Rainbow Tourism Group, 2013). The group boasts of two hotels in Harare, the Rainbow Towers Hotel and Conference Centre, and the New Ambassador Hotel. The Rainbow Towers is a five star hotel with 304 rooms. The hotel has three restaurants and a bar, all catering for the business traveller. The New Ambassador Hotel has 72 rooms and is also located in the CBD and caters for the business traveller (Rainbow Tourism Group, 2013). Cresta Hotels, also one of the leading hospitality groups in Africa, has units in Zambia, Botswana and Zimbabwe. The hotel group started operations in Zimbabwe in the mid 1970's, with only 2 hotels, which were owned by Tobacco Auctions (Rusike & Chitambara, 2012). Cresta now owns 4 hotels in Zimbabwe mainly in Harare where the group operates three hotels, Cresta Lodge, Cresta Jameson and Cresta Oasis. Both the Cresta Jameson and Cresta Oasis are located in the central part of Harare City. Cresta Lodge is located a few kilometres from the city centre.

According to Zimbabwe Tourism Authority (2011), Harare also has twelve independent hotel establishments which include hotels such Selous hotel, Russel hotel, Courtney hotel, Red Fox Chase hotel, Semanzini Park hotel, Holly's hotel and Night Club, hotel Elizabeth, Adelaide Acres conference centre, the Queens hotel, and Sogecoa Zimbabwe Golden Peacock Villa and Pandhari hotel. Some of these hotels closed and some are now operating as night clubs. Only a few are still operating as hotels.

Of the five independent hotels in the central business district (CBD), three have no star rating while the other two have a star rating of two. Working towards attaining a star rating of five or less appears to be quite a big challenge for most of them. This makes it difficult for them to compete with the giant chain hotels. For small to medium sizes independent hotels, survival means bracing competition even amongst themselves. Competition in tourism is driven by a number of factors including pricing, volume, innovation, technology and entrepreneurial management (Christie & Crompton, 2001). However, this study is more concerned with innovation in hotel SMEs, their growth and failure as this is an area that has received anecdotal attention in tourism literature (Thomas, Shaw & Page, 2011). Research in the operations of small to medium size independent hotels is scant. Little is known about challenges faced by small to medium size hotels or privately owned hotels in embracing innovation in fast changing and competitive business environment. Most of the research on hotel innovation tends to focus on large chain corporations though in recent years there has been an increasing awareness and recognition of the importance of small and medium enterprises (SMEs) in extant literature.

2. Literature Review

The section presents and reviews related literature on the challenges faced by small to medium size hotels in embracing innovation. It also furthers reviews literature on the strategic innovation measures that could be implemented in order to overcome the challenges.

2.1. Challenges Faced by Small to Medium Size Business in Embracing Innovation

Several studies have been conducted on obstacles to innovation in SMEs generally. However there are limited studies on small to medium size independent hotels. Freel (2000) identified some of the obstacles as the lack of financial resources, inadequacy of management and marketing, lack of skilled workers, weakness in external information and linkages, and difficulty in coping with government regulations as some of the factors that limited their competitiveness. He further argued that SMEs may be unable to exploit new products because of the limited organizational and marketing capabilities.

Ortega-Argiles et al (2009) agree with the obstacles to innovation noted above. In a study of SMEs they reported that SMEs, unlike large firms, exhibited lack of financial assets, had weaker competencies and absorptive capacity, and did not enjoy benefits of scope and scale. The issue of financial resources as a barrier to innovation was also echoed by Lesáková (2009) in a study of innovations in small and medium enterprises in Slovakia. Lesáková (2009) identified that lack of financial resources was the main barrier to developing innovation activities in small and medium enterprises in Slovakia. Lack of awareness about the impact of innovations on the economy was also identified as the other barrier. Lesáková (2009) argued that small and medium enterprises did not perceive innovations as a competitive advantage. He also noted lack of innovation infrastructure as another barrier to innovation in small to medium enterprises in Slovakia.

Other studies have pointed out cultural barriers such as reluctance to change, tendency to ignore procedure, focus on short-term requirements, lack of strategic vision and the diffusion of a blame culture (Freel, 2000) as a challenge to innovation. McAdam, McConvery and Armstrong (2004) identify organizational structure, owner-manager leadership issues, lack of empowerment, and lack of use of employees' ideas as other cultural barriers to innovation.

Lack of economies of scale was reported as another hindrance to innovation in small businesses. Peters and Weiermair (2002) posited that small businesses lacked economies of scale and were not able to raise profit margins which allowed small units to reinvest in Research and Development, market research, product development, skill or creativity enhancement. They further stated that small and medium size enterprises in tourism were still reluctant in terms of cooperation or strategic alliances with other competitors: thus, they were not able to gain economies of scope which increased product and services variation and thus customers' freedom of choice.

Dependence on a large supply of semi-skilled and cheap manpower had also been noted as another hindrance to innovation especially in the hotel industry, Peters and Weiermair (2002) argued that as long as economies in which tourism played a major role had ample supplies of relatively cheap tourism manpower there would be little need for rationalization-investment and innovation substituting capital for labour. They also argued that available and easy access to highly qualified manpower resources and technologies could boost both productivity and the innovative potential of an industry.

Another hindrance to innovation activities in small to medium size hotel industry noted by Pikkemaat and Peters (2005) in their findings is a high stable percentage of loyal conservative customers. They stated that a high and stable percentage of loyal conservative customers seemed to hinder innovation activities. According to Pikkemaat and Peters (2005) innovative and thus flexible customers forced markets and entrepreneurs to be innovative and creative.

Jørgensen and Ulhøi (2010) noted lack of expertise, lack of specialization, lack of the resources for development, and lack of internal innovation capability as the main challenges to innovation in SMEs. While much has been researched about challenges faced by small to medium size business in embracing innovation, no literature known to the researcher specifically addresses the challenges faced by small to medium size independent hotels in Harare. Most of the literature focused on developed countries. It is important to extend this research to developing countries like Zimbabwe in order to see whether the same challenges hold true. Understanding the challenges would help provide a more comprehensive view of how to manage these different factors with the ultimate aim of raising the competitiveness of the hotel industry.

2.2. Strategic Innovative Measures for Improving the Operations of Small to Medium Size Independent Hotels

There is a dearth of studies on the strategic measures for improving the operations of small to medium size independent hotels. In their study to establish the link between innovation cluster deployment and various changes in hotel performance, Tseng, Kuo and Chou (2008) reported that innovativeness was very important for increasing hotel value and that effectively managing technological, organizational, and human capital enhanced firm innovativeness. They also reported that company organizational culture, information system, operation process, and human resources influenced innovation activity. They emphasised that innovative firms that could use innovation to differentiate their products and services from those of their competitors outperformed other firms.

In a different study of “low-tech” service industry in Dutch hospitality industry, Hertog, Gallouj and Segers (2009) reported that higher innovation intensity was associated with better performance and that a majority of firms did not address innovation in a more integrated and systematic way. They argued that firms in this industry should pay more attention to what may be labelled innovation “behind the scenes” or in processes which are not directly visible from the on sight. They further reported that innovation efforts in this industry were relatively more focused on innovations in assortment and technological innovations and less so on conceptual and process type innovations. According to them, this called for management practices that more explicitly addressed and facilitated broader types of innovations and a need to address the inward looking character of entrepreneurship in this industry. They also pointed out that initiatives to more actively assess new developments and trends in other industries and in (potential) group of customers as well as initiatives to co-operate more and more systematically with external knowledge partners needed to be supported. They observed that entrepreneurs were too much focused on their own industry when innovating and should develop a wider view on innovation, looking for cues and inspiration across industries.

McAdam, McConvery and Armstrong’s (2004) study on barriers to innovation within small firms in a peripheral location within the European Union aimed to explore how innovation was successfully incorporated or hindered in SMEs within an EU peripheral region. In their study they concluded that SMEs should strategically plan for innovation and move beyond continuous improvement, and such plans should avoid quick fixes and address the underlying cultural barriers to innovation, such as Organizational structure, owner-manager leadership issues, a lack of empowerment and lack of incorporation of employees’ ideas and suggestions for innovation.

Konsti-Laakso, Pihkala and Kraus’ (2012) study on Facilitating SME Innovation Capability through Business Networking noted that participation in innovation networks enhanced SMEs abilities to transform their new ideas into practice. Hiring people who will help to take the company in the right direction was also another strategy for enhancing innovation. Blumentritt (2004) claimed that most successful innovative change efforts succeeded because of the people who were involved in making the change a reality. According to Blumentritt (2004) there were three main characteristics to look for when hiring a new person into an increasingly innovative culture: curiosity, talent and motivation. Curiosity was important because people who were curious generally asked a lot of questions and usually had a very creative mentality that helped to stimulate innovation. Likewise, talent was needed in order to understand how things worked, and motivation was necessary so that innovative efforts were not only devised, but also carried out to completion. In addition, one should also look for those newly hired who had diverse work experiences, education, demographics, knowledge, skills and abilities so as to bring new perspectives to the firm. Newly hired employees could also bring excitement, which could help build support and energy for the change initiative. If one chose to hire new employees it was critical that the newly hired fitted with the budding new innovative culture in order to maintain it (Kotter & Cohen, 2002).

Careful and correct allocation of resources based on the beliefs and understanding of the innovation orientation as determined by the firm’s philosophy, strategic direction, and transfunctional acclimation was another strategic measure for improving the operations of small to medium size hotels (Murray & Donegan, 2003). Loof and Heshmati (2002) also contend that innovation-oriented firms direct resources specifically toward innovative ideas, regardless of the employee’s job title, and reduce bureaucratic red tape needed to get approval to pursue an idea. Henard and Szymanski (2001) stated that these firms provided sufficient resources to fully develop and sustain innovation within the organization at a higher rate than competitors. The innovative process was a long-term investment requiring commitment. In the context of this study, an evaluation of the strategies used by small to medium size hotels in Harare in enhancing innovation is made.

3. Methodology

The study adopted a qualitative multiple case study design located in the interpretive research paradigm. A purposive sample was drawn from all managers in the five small to medium size hotels within Harare Central Business District. Data were collected using semi-structured interviews and were analysed for content using thematic analysis. The themes were the challenges and strategic innovation measures. Interview protocols were the main instruments used in collecting data for the study. The codes that were used for the sample are illustrated on table 1 below:

Data collection instrument	Codes
Interviews	M1, M2, M3, M4, M5 (Where M1= manager 1, M2= manager 2, M3= manager 3, M4= manager 4, M5= manager 5) H1, H2, H3, H4, H5 (H1= HOTEL1, H2= hotel2, H3= hotel, H4= hotel4, H5= hotel5).

Table 1: Sample codes

4. Findings

4.1. Theme: Challenges Faced by Small to Medium Size Independent Hotels in Harare in Embracing Innovation

The following section presents, analyses and interprets the findings on the challenges faced by small to medium size independent hotels in embracing innovation. Table 2 shows a summary of the challenges faced by small to medium size independent hotels in Harare in embracing innovation.

Sub-themes	Issues raised
Human capital	Could not afford paying high salaries that attract and retain highly skilled and knowledgeable employees.
High staff turnover	High staff turnover due to relatively low salaries paid to staff
Economic slump	Current country's economic crisis has led to poor sales.
Small size of the hotel	Some people still felt they can only get best services from the big hotels.
Insufficient resources	Challenge of raising enough financial resources to implement some of the innovations
Price sensitivity	Slight increase in price results in a serious drop in demand

Table 2: Challenges faced by small to medium size independent hotels in embracing innovation

Source: Field data

4.1.1. Sub-Theme One: Human Capital

The study suggested that one of the challenges faced by small to medium size independent hotels in Harare in embracing innovation was lack of human capital. One of the managers M1 from hotel H1 confessed:

- We are a small hotel and we cannot afford paying competitive salaries that can attract skilled and experienced employees. This is one of the constraints we have in implementing innovations that require highly skilled and experienced workforce. We therefore resort to hiring mostly unqualified and inexperienced junior staff which makes it difficult to implement the innovations that required highly trained workforce.

4.1.2. Sub-Theme Two: High Staff Turnover

From the data generated, the study revealed high staff turnover as another challenge faced by small to medium size independent hotels in embracing innovation. This was indicated by most of the managers. One of the managers M4 from hotel H3 remarked:

- We have a serious problem of high staff turnover. Because of high level of turnover in the workforce, we are reluctant to invest much in training and this affects us greatly in implementing those innovations that require a highly trained workforce or additional training.

4.1.3. Sub-Theme Three: Economic Crunch

The study revealed that another challenge faced by small to medium size independent hotels in Harare in embracing innovation was the country's economic crisis which led to poor sales turnover and this was indicated by most of the managers. One of the managers M3 from hotel H1 remarked:

- People do not have cash and business is low. We cannot think of any new developments. Things are really tough.

4.1.4. Sub-Theme Four: Small Size of the Hotel

The study revealed that the small size of the hotel was another challenge faced by small to medium size hotels in embracing innovation. One of the managers M2 from hotel H3 noted:

- "We are a small hotel and this limits us from implementing some of the good ideas that we have in mind. Though we offer personalized services, some people still feel they can only get best services from the big hotels. So at times we lose business to these big hotels because of these perceptions"

4.1.5. Sub-Theme Five: Insufficient Financial Resources

The study revealed that insufficient resources were also a hindrance in embracing innovation in small to medium size independent hotels particularly financial resources. This also came from a most of the managers. One manager M1 from H2 noted:

- Because of the current economic crisis in the country we face a serious challenge of raising enough financial resources to implement some of the innovations. It's even difficult to secure financial assistance from the financial institutions.

4.1.6. Sub-Theme Six: Price Sensitivity

Price sensitivity was also noted as another challenge faced by small to medium size independent hotels in embracing innovation. One of the managers M4 from hotel H1 noted:

- A slight increase in price results in a serious drop in demand and this also results in the business realizing very low profit margins. This is all due to the current harsh economic conditions prevailing in the country

From the findings above it can be concluded that the major challenges faced by small to medium size independent hotels in Harare in embracing innovation included human capital, high staff turnover, economic crisis, small size of the hotel, insufficient resources and price sensitivity of customers.

It can be concluded from the study that the major challenges faced by small to medium size independent hotels in embracing innovation in small to medium size independent hotels in Harare included human capital, high staff turnover, economic crisis, small size of the hotel, insufficient resources and price sensitivity of customers.

4.2. Theme Two: Strategic Innovative Strategies to Improve Operations of Small to Medium Size Hotels

The section below presents analyses and interprets the findings on the strategic measures to improve operations of small to medium size independent hotels in Harare. Table 3 shows a summary of the strategic innovative measures to improve operations of small to medium size independent hotels in Harare.

Sub-themes	Issues raised
Hotel and catering training	Hire and engage employees with basic hotel and catering skills and experience.
Reward strategy and schemes	Implement unbiased reward schemes. Reward schemes should focus on the entire organization.
Service guarantees	Implement service guarantees to motivate operational efficiencies and effectiveness.
Resource allocating strategies	Adopt resource allocating strategies that push for the implementation of continuous improvements in operations.

Table 3: Strategic innovative strategies

Source: Field data

4.2.1. Sub-Theme One: Hotel and Catering Training

The study revealed that one of the strategic measures that could be implemented to improve the operations of small to medium size independent hotels was through basic hotel and catering training. Most managers indicated that their employees lacked basic hotel and catering skills in food service skills, culinary expertise, wine service skills, housekeeping, facilities management skills and customer care. One of the managers M2 from hotel H4 noted:

- We need to embark on training programmes as a way of imparting new skills and knowledge, thereby empowering and motivating employees

4.2.2. Sub-Theme Two: Reward Strategy and Schemes

From the data collected most managers reported that there was need to adopt reward strategies and schemes that were unbiased. It was noted that the reward schemes adopted were biased because service and quality were sacrificed at the expense of profits as owners hoped for quality but rewarded financial performance. Furthermore it was reported that the reward schemes focused on managers instead of the entire organization. One of the managers M1 from hotel H4 noted:

- Most reward schemes are focusing on profit achievements and are not incorporating the non-financial achievements such as service quality. The reward schemes are also focused on managers instead of cascading down the entire organization.

From the findings, it also emerged that the reward schemes were biased and that there was need for reward schemes to cascade down the entire organization and not just focus on managers. The findings suggested that there was a need to implement proper reward schemes that not only focused on profit achievements but also incorporated non-financial achievements such as service quality.

4.2.3. Sub-Theme Three: Service Guarantees

From the data generated the study revealed that there was need for service guarantees to motivate operational efficiency and effectiveness. One manager M1 from hotel H1 noted:

- There should be service guarantees to motivate operational efficiencies and effectiveness as service quality and business performance strategies in small hotels.

4.2.4. Sub-Theme Four: Adopt Resource Allocating Strategies that Pushed For Continuous Improvements in Operations.

The study revealed that there was need to adopt resource allocation strategies that pushed for the implementation of continuous improvements in operations. One of the managers M3 from hotel H3 noted:

- There is need for resource allocating strategies that push for continuous improvements in operations.

The above findings suggested a number of strategic measures that could be implemented by small to medium size independent hotels in improving hotel operations such as hiring and engaging employees with basic hotel and catering skills and experience, implementing unbiased reward schemes, implementing service guarantees to motivate operational efficiencies and effectiveness and

adopting resource allocating strategies that push for the implementation of continuous improvements in operations.

It can be concluded from the study that the strategic measures that could be employed by small to medium size independent hotels in embracing innovation in Harare include hiring and engaging employees with basic hotel and catering skills and experience, implementing unbiased reward schemes, having reward schemes that focus on the entire organization, implementing service guarantees that motivate operational efficiencies and effectiveness and adopting resource allocating strategies that push for the implementation of continuous improvements in operations.

5. Discussions

5.1. Theme One: Challenges Faced by Small to Medium Size Independent Hotels in Embracing Innovation

The following section discusses the findings in relation to literature on the challenges faced by small to medium size independent hotels in embracing innovation.

5.1.1. Lack of Resources

The findings revealed that insufficient resources, particularly financial resources, were one of the challenges faced by small to medium size independent hotels in Harare. The findings showed that because of the current economic crisis in the country small to medium size independent hotels faced a serious challenge in raising enough financial resources to implement innovations. The harsh economic environment also caused serious cash flow problems. It also emerged that it was difficult to secure financial assistance from the financial institutions and this limited the implementation of the innovations. The findings support Ortega-Argiles et al's (2009) assertion that compared to large firms, SMEs exhibit lack of financial assets, have weaker competencies and absorptive capacity, and are not able to enjoy benefits of scope and scale.

5.1.2. Lack of Economies of Scale

With regard to economies of scale, the study revealed that small to medium size independent hotels in Harare did not enjoy the economies of scale and this limited them from implementing innovations in their organizations. From the findings, it emerged that big hotels enjoyed the economies of scale and had a tendency to lower their price to match those of small hotels. Once the price of big hotels matched those of small hotels, customers preferred going to big hotels as big hotels had better standards. This resulted in small hotels further lowering their price to attract business and by so doing affecting their profit margin. The findings are in line with Peters and Weiermair's (2002) observation that small businesses lack economies of scale and are not able to raise profit margins which allow small units to reinvest in research and development, market research, product development, skill or creativity enhancement. They further state that small and medium size enterprises in tourism are still reluctant in terms of cooperation or strategic alliances with other competitors. They are therefore, not able to gain economies of scope which increases product and services variation and thus customers' freedom of choice.

5.1.3. Lack of Innovation Infrastructure

The study revealed that the difficulty in accessing certain technologies was another hindrance in embracing innovation in small to medium size independent hotels in Harare. The findings indicated that due to insufficient resources managers could not afford acquiring certain technologies that could boost both productivity and the innovative potential of their organizations. Peters and Weiermair (2002) note that technologies can boost both productivity and the innovative potential of an industry.

5.1.4. Human Capital

Another challenge faced by small to medium size independent hotels in Harare in embracing innovation was lack of human capital. The findings revealed that small to medium size independent hotels could not afford paying those salaries that attracted and retained qualified personnel due to their small size. Qualified and experienced staff soon left for bigger and better paying organizations. This resulted in them hiring mostly unqualified and inexperienced junior staff which made it difficult to implement those innovations that required highly trained workforce. Most of the junior staff had no formal qualifications. According to Lynn (2002), human capital includes the skills and abilities owned by the employees within organizations that create and preserve an organization's wealth and is also one of the key resources of intellectual capital. Piiazza-George (2002) considers human capital as the stock of personal skills that economic agents have at their disposal. Chen and Lin (2003) defines human capital as the investments made by the company in talents and technologies that benefit competitive advantage and that are valuable and unique, and are to be kept out of reach of other companies.

Subramaniam and Youndt (2005) argue that human capital is a source for new ideas in an organization because it is in these individuals that organizations find the greatest diversity of skills, the most flexibility to acquire new knowledge, and enhanced ability to question the prevailing norms and create new ways of thinking. Literature has also shown that innovation activity can stem from exchanging and combining existing knowledge (Rodan & Galunic, 2004; Tai, 2001) suggesting that the higher the level of employees' knowledge, skills and abilities, the greater the opportunities will be for these processes to occur. Peters and Weiermair (2002) also note that dependence on a large supply of semi-skilled and cheap manpower is another hindrance to innovation especially in the hotel industry.

5.2. Theme Two: Strategic Innovative Strategies for Improving Operations of Small to Medium Size Independent Hotels

The following section discusses the findings on strategic measures that could be employed to improve the operations of small to medium size independent hotels in a dynamic and competitive environment.

5.2.1. Basic Hotel and Catering Training

The study revealed that one of the strategic measures that could be implemented to improve the operations of small to medium size independent hotels was through basic hotel and catering training. The findings showed that employees lacked basic hotel and catering skills and experience in food service skills, culinary expertise, wine service skills, housekeeping, facilities management skills, customer care and supervisory skills. These findings depict the lack of sufficiently qualified personnel to initiate and support innovation and the need for training as, according to Chen and Hung, (2010) improving the competence of workforce through training and development activities is a way of creating competitive advantage. Training is employed not only to improve an employee's current skills, but also to prepare each employee for future responsibilities. According to Jackson and Schuler (2005) competitive organizations use training and development practices to improve the ability of the workforce to implement their business strategy.

5.2.3. Unbiased Reward Strategy and Schemes

From the findings, it emerged that the reward schemes were biased and that there was need for reward schemes to cascade down the entire organization and not just focus on managers. The findings also revealed that the quality was sacrificed at the expense of profits as owners hoped for quality but rewarded financial performance. The findings suggest that there is a need to implement proper reward schemes that not only focus on profit achievements but also incorporate non-financial achievements such as service quality. There is a need for an unbiased reward strategy and schemes in order to improve the operations of small to medium size enterprises.

5.2.4. Adopting Resource Allocation Strategies that Would Enhance Innovation

The study revealed that there was a need to adopt resource allocation strategies that pushed for the implementation of continuous improvements in operations. The findings are in line with Loof and Heshmati (2002) who note that innovation-oriented firms direct resources specifically towards innovative ideas, regardless of the employee's job title, and reduce bureaucratic red tape needed to get approval to pursue an idea. Henard and Szymanski (2001) also state that these firms provide sufficient resources to fully develop and sustain innovation within the organization at a higher rate than competitors and recognize that the innovative process is a long-term investment requiring commitment.

5.2.5. Engagement of Qualified and Experienced Staff

From the findings it emerged that there was need to engage qualified and experienced staff in order to improve the operations of small to medium size independent hotels. The findings are in line with Blumentritt (2004). He notes that hiring people who will help to take the company in the right direction is a strategy for enhancing innovation. Blumentritt (2004) claims that most successful innovative change efforts succeed because of the people who are involved in making the change a reality. According to Blumentritt (2004), there are three main characteristics to look for when hiring a new person into an increasingly innovative culture: curiosity, talent and motivation. Curiosity is important because people who are curious generally ask a lot of questions and usually have a very creative mentality that helps to stimulate innovation. Likewise, talent is needed in order to understand how things work and finally motivation is necessary so that innovative efforts are not only devised, but also carried out to completion. In addition, he argues that one should also look for new hires that have diverse work experiences, education, demographics, knowledge, skills and abilities so as to bring new perspectives to the table. Newly hired employees can also bring excitement, which can help build support and energy for the change initiative. If one chooses to hire new employees it is critical that the new hires fit with the budding new innovative culture in order to maintain it (Kotter & Cohen, 2002).

6. Conclusions and Recommendations

The current study explored the challenges faced by small to medium size hotels in Harare, Zimbabwe in embracing innovation in the past five years. It can be concluded that small to medium size hotels face quite a number of challenges in trying to embrace innovation. The study also concludes that there is a relationship between innovativeness and competitiveness of an organization. The study strongly supports the need for strategic innovation measures in small to medium size hotels in promoting competitiveness in the marketplaces. Strategic innovation measures will go a long way in helping small to medium size hotels gain a sustainable competitive advantage.

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