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The Mediated Role of Absorptive Capacity in the Relationship between Technology, Learning, Entrepreneurial Orientation and Performance of Hotel Industry in Bali, Indonesia

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Abstract:

The purpose of this study is to determine the extent of technology orientation, learning orientation, and entrepreneurial orientation toward firm performance, with absorptive capacity as the mediating role, in hotel industry at Badung Regency, Bali, Indonesia. This study employs quantitative approach and use structural equation models. A survey was conducted to 340 respondents with manager position as the minimum requirement in various two-star hotel, three-star hotel and four-star hotel in Kabupaten Badung, Bali. The results indicate that technology orientation, learning orientation and entrepreneurial orientation has positive and significant influence on firm performance in the hotel industry in Badung. However, technology orientation and learning orientation shows its significant influence only when it is directly correlated on firm performance without being mediated by absorptive capacity. On the contrary, entrepreneurial orientation implies more significant influence on firm performance when mediated by absorptive capacity. This result shows that the hotel industry can optimally improve its performance by increasing the entrepreneurial orientation through absorptive capacity. While technology orientation and learning orientation can also improve firm performance without mediated by absorptive capacity. Furthermore, refer to absorptive capacity as the mediator role, entrepreneurial orientation found out to be the most influenced factor towards firm performance, followed by technology orientation, and learning orientation as the least factor. Research also indicate that most hotels do not fully comply policies to always adopt new technology, and hotel managers who do not always continue to learn about product research and development. This study limitations are the respondents who are gathered only from two to four- star hotel and concentrate only in one regency. Implication for this study provide recommendations that company will be able to enhance its performance through improvement of technology orientation, learning orientation, entrepreneurial orientation, and absorptive capacity by leveraging the role from all stakeholders.

Keywords: Absorptive capacity, entrepreneurial orientation, firm performance, learning orientation, technology orientation

1. Introduction

The growth of hotel development in Bali Indonesia has increased rapidly thus severe competition occurred in the hotel business (Adriansyah & Afiff, 2015). The emerge of accommodations substitutions such as on AirBnB, RedDor, Residence, Villas, Capsule Rooms, Apartments, Sharing Rooms, and boarding houses contribute to the vast competition (Susilowardhani & Wiastuti, 2016). In addition, the presence of this substitution act as a solution for tourists who are looking for affordable accommodation (Susilowardhani & Wiastuti, 2016). Therefore, good company performance is required to sustain in the competition environment (Hinson, Abdul-Hamid & Osabutey, 2017). Study conducted by Lin & Wu (2014), views the use of resources based on company aims to produce competitive advantages and oriented to customer (Jalilvand, 2017). Resource based view implementation is also a strategic choice so that company able to compete with competitors (Otolá, Ostraszewska & Tylec, 2013). Company will survive and sustain if only able to adapt in implementing the learning orientation (Hakala & Kohtamäki, 2011). Furthermore, learning orientation is crucial in recognizing the value of new information, assimilate it, and apply it to commercial purposes (Kharabsheh et al., 2017). In order to deal with competition, various businesses should prioritize competitive advantages compared to similar companies, including for hotel (Jalilvand et al., 2018).

Rezazadeh et al. (2016) states that technology orientation affects the success of companies to compete with competitors. Ability in the application and utilization of the latest technology is one advantage that is not easily imitated by competitors (Al-Ansari, Altalib & Sardo, 2013). This is also in line with Lichtenthaler (2016) study that shows how technology orientation determinethe increase of company performance of with absorptive capacity as a mediating

variable. This is due to its relevance to the company's entrepreneurship orientation attitude (Boso et al., 2016) and the company's ability to commit to conducting a learning orientation (Adomako et al., 2016). Kharabsheh et al., (2017) states that learning orientation affects the absorptive capacity of a company. Companies that are able to develop absorptive capacity will have good performance (Furlan, Angnes & Morozini, 2018) through utilizing commitment to continue learning, cooperate with each other, open and equate perceptions related to the company's vision and mission (Vieira, Araujo & Sampaio, 2017). Company should also consider maximize the role of entrepreneurial orientation in order to boost its performance in the competing environment (Rezaei & Ortt, 2018) including tourism and hospitality industry such as hotel (Fadda, 2018).

Badung Regency was chosen as this research scope based on three reason. First, the branding and the differentiation of Badung as The Soul of Bali. This means that Badung is the heart and soul of tourism in Bali. Second, Badung become the biggest contribution to Bali's economic growth compared to all other regency, equal to 65%. Third, Badung is the regency with the highest number of hotels in Bali Province that reach 48% or equal as 2,333 hotels out of the total number of hotels in Bali itself; consist of 1,890 non-star hotels and 443 star hotels. Therefore, the scope of this research focuses only on the hotel industry located in the Badung Regency, Bali- Indonesia.

The purpose of this study is to determine the extent of technology orientation, learning orientation, and entrepreneurial orientation toward firm performance, with absorptive capacity as the mediating role, in hotel industry at Badung Regency, Bali, Indonesia. Furthermore, this study objectives are; (1) to determine the technology orientation in hotel industry at Badung; (2) to determine the learning orientation in hotel industry at Badung; (3) to determine the entrepreneurial orientation in hotel industry at Badung; (4) to determine the absorptive capacity in hotel industry at Badung; (5) to determine the firm performance in hotel industry at Badung; (6) to determine the direct and indirect influence between technology, learning and entrepreneurial orientation toward firm performance, with absorptive capacity as the mediating role in hotel industry at Badung; and (7) to determine which orientation that influenced firm performance the most to the least. In addition, seven research hypothesis are proposed.

2. Theoretical Framework

2.1. Technology Orientation

Technology orientation is one of the strategic instruments, policies for product development with the application of technology as a competitive strategy, assuming that the higher the technology used will be more innovative and the more likely the products or services offered can be accepted by consumers in certain target markets (Al-Ansari, Altalib & Sardo, 2013). Lichtenthaler (2016) states that technology orientation is one of the determinants of improving company performance. According to Astini & Tafiprios (2017), changes in the business situation that are very fast require businesses to react quickly to consumer tastes and market dynamics. Rapid technological change is the momentum of company to access technology by committing to adopting new technologies earlier, technology that fits market needs so as to be able to meet or produce innovation and provide the best value for consumers to gain higher market share and profit (Aljanabi, 2017). Lichtenthaler (2016) technology orientation is seen as one of the factors affecting the absorptive capacity. The company's ability to understand technology before is very important to know the technological trends that will be implemented in the company (Zhou et al., 2005). Thus, technological orientation is likely to strengthen the company's ability to maintain and reactivate assimilated related technological knowledge (Marsh & Stock, 2006).

- H₁: Technology orientation significantly influence absorptive capacity

Voss & Voss (2000) also argue that high-level technology orientation causes companies to be more innovative and develop products that are superior in technology compared to those offered by competitors, and this is used to achieve expected company performance. Rezazadeh et al., (2016) stated that technology orientation is seen as one of the factors that influence company performance. Technology-oriented companies, creativity and discovery have been defined as dominant behaviors and organizational principles that guide their activities and strategies (Zhou et al., 2005).

- H₄: Technology orientation significantly influence firm performance

2.2. Learning Orientation

Learning orientation is the tendency and openness of the company to learn, and therefore, is an important antecedent for company performance (Calantone et al., 2002). Learning orientations tend to involve innovation activities that can increase the productivity of internal members of the process (Kungwansupaphan & Siengthai, 2012). In a study conducted by Kharabsheh et al., (2017), company performance is influenced by learning orientation by mediating from the company's ability to recognize new information, assimilating and implementing it in the company's strategy, known as the absorptive capacity. Another study related to learning orientation was conducted by Mahmoud et al., (2016) that stated learning orientation refers to the all activity of the organization to create and to use knowledge to enhance competitive advantage. Zhang (2009) said that learning orientation is an important variable on company performance. In a study conducted by Kharabsheh et al. (2017), learning orientation can affect the absorptive capacity.

- H₂: Learning orientation significantly influence absorptive capacity

Learning-oriented companies are more effective in building and maintaining long-term relationships with their customers with better corporate performance goals (Santos-Vijande et al., 2005). Zhang (2009) views that learning orientation is an important variable both directly and indirectly on company performance. Tajeddini (2016) believe that learning orientation has a positive effect on company performance.

- H₅: Learning orientation significantly influence firm performance

2.3. Entrepreneurial Orientation

Entrepreneurial orientation is a process, practice, and decision-making activities that lead to the development and delivery of new, innovative products and services that can distinguish companies from other competitors (Covin & Lumpkin, 2011). Hernandez-Perlines (2018) and Aljanbi (2017) considers entrepreneurial orientation can affect the absorptive capacity of a company. Engelen et al., (2015) stated that entrepreneurial orientation influences absorptive capacity and absorptive capacity can be a variable that mediates entrepreneurial orientation influencing company performance. Qian & Jung (2017) argue that entrepreneurial orientation indeed affect company absorptive capacity.

- H₃: Entrepreneurial orientation significantly influence absorptive capacity

Research conduct by Vij & Farooq (2015) and Tajeddini (2016) reveals that entrepreneurial orientation has a significant effect on company performance.

- H₆: Entrepreneurial orientation significantly influence firm performance

2.4. Absorptive Capacity and Firm Performance

Absorptive Capacity defined as a routine organization and process that makes it possible for companies to obtain assimilation, transformation and exploit knowledge from outside to produce more dynamic organizational capabilities (Zahra & Goerge, 2002). Tavani et al., (2013) utter that absorptive capacity is not only a company goal but as a factor that mediates the output of company goals. Wales, Parida & Patel (2013) looked at absorptive capacity factors that influence company performance. In his research, the ability to absorb the company will affect the performance of the company both directly and indirectly. While, refer to Zhang's (2009) study, company performance was influenced by learning orientation both directly and through mediation from absorptive capacity. Another similar study also conduct by Lin, Zhao & Li. (2014), where business performance was measured by financial and non-financial approaches, by asking respondents to assess profit, total sales, growth of sales, market share, employee morale, growth of assets and complete positioning. Zahra & George (2002) also view absorptive capacity as a factor that influences firm performance. In another study conducted by Kharabsheh (2017), absorptive capacity is a factor that influences firm performance.

- H₇: Absorptive capacity significantly influence firm performance

3. Research Design

3.1. Methodology

This study uses a quantitative approach in order to examine specific samples by collecting data using research instrument and statistical data analysis with the aim of testing hypotheses (Sugiyono, 2016). Figure 1 shows the design of this study that uses five variables; technology orientation, learning orientation, and entrepreneurial orientation as three independent variables: firm performance as dependent variable and absorptive capacity as mediation variable.

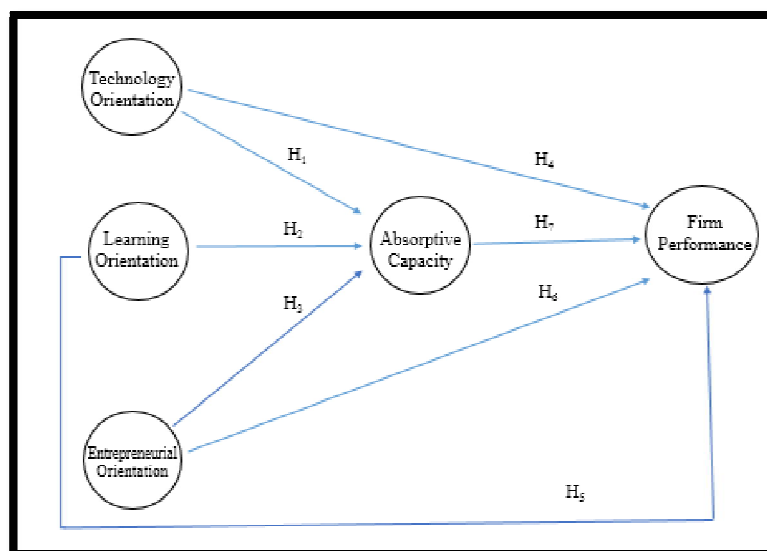


Figure 1: Research Design

3.2. Data Collection Techniques

Primary data were obtained from questionnaire. The questionnaire is a series of questions that have been formulated previously, in which respondents recorded their answers, usually in rather similar alternatives (Sekaran & Bougie, 2013). In this study, the questionnaire used was a closed-ended questionnaire, where respondents have to answer based on the given alternative. The questionnaire used a Likert scale (Noor, 2016), which are 5 as strongly agree, 4 as agree, 3 as neutral, 2 as disagree, and 1 as strongly disagree, which consisted of six parts. The first part is the demographic of respondent consisting of job position, age, and hotel star classification. The second part is five questions about technology orientation. The third part is 14 questions about learning orientation. The fourth part is 10 questions about entrepreneurial orientation. The fifth part is four questions about absorptive capacity. The sixth part is five questions about firm performance. To summarize, questionnaire consist of 40 research questions. The questionnaires was

distributed to managers or owners in several hotels in Badung Regency, Bali Province, both online and direct. The questionnaire was distributed during three months from October 2018 to December 2018. To support the primary data obtained through surveys using questionnaires, the authors also used secondary data. According to Sekaran & Bougie (2013), secondary data refers to information collected from existing sources. Secondary data was obtained from journals, books, and other online publications.

3.3. Population and Sample

Population is a group, activities, or other interesting things that investigators want to do (Sekaran & Bougie, 2013). The unit of analysis of this study is an organization that is hotel. According to the regulation from Ministry of Indonesia Tourism No. 25/ 2015 there are two types of hotels; star hotels and non-star hotels. Star hotels are divided into five classifications; five-star hotels, four-star hotels, three-star hotels, two-star hotels, and one-star hotels. Whereas non-star hotels only consist of one classification, namely non-star. The population in this study are two star hotels, three star hotels and four star hotels in Badung Regency, Bali Province, Indonesia. According to BPS Bali (2018), at the end of 2017 there were 57 two-star hotels, 190 three-star hotels, 123 four-star hotels in Badung Regency. Thus, the population of this study is 370 hotels.

Sample is a portion of the population that has been selected for investigation and survey, which is expected to be able to represent and to generalize the research results (Sekaran & Bougie, 2013). Hair et al. (2010) stated that sample size can be calculated by multiplied five to ten times the total indicator. This study comply 40 indicators as the research questions. Thus, appropriate sample size is 200 to 400, calculated from the multiplied between five to ten and indicators. Sample of this study is 340 respondent gathered from 120 hotels in Badung, Bali. Respondents were the hotel representatives, either the hotel owners or hotel employees from two to four star hotels in Badung Regency, Bali, Indonesia. The respondents was selected based on two criteria's. The first criteria, the respondent should be the hotel employee who has a minimum manager's position and has worked for a minimum five years in the hospitality industry. While, the second criteria is the respondent should be the hotel owner. The sampling technique was non-probability sampling with a purposive sampling technique. Non-probability sampling means that researchers do not provide equal opportunities for each member of the population to be sampled (Sekaran & Bougie, 2013). This is because researchers set criteria for hotels that must be at least five years old. Whereas purposive sampling means that researchers choose samples that are considered able to provide information and data that are in accordance with the objective of the research and also samples that are considered to be in accordance with the criteria set by the researcher (Sekaran & Bougie, 2013). In this case, researchers have determined that the hotel to be sampled is based on the researchers' belief that the hotel can and is willing to provide the required data.

To find out whether each questionnaire indicator is valid and reliable, reliability test and validity test are conducted (Sujarweni, 2014). Validity was tested through Confirmatory Factor Analysis (CFA) as seen in Figure 2, where each CFA loading factor value are above 0.5 meaning that all indicators are valid (Ghozali, 2016). While the reliability coefficient value (r_{11}) is greater than 0.8 for all questions so that it can be declared reliable (Siyoto & Sodik, 2015). In addition, Goodness of Fit (GOF) can be seen in Table 1 that show more than five GOF criteria are considered good fit, thus the proposed model can be further continued for the analysis using SEM.

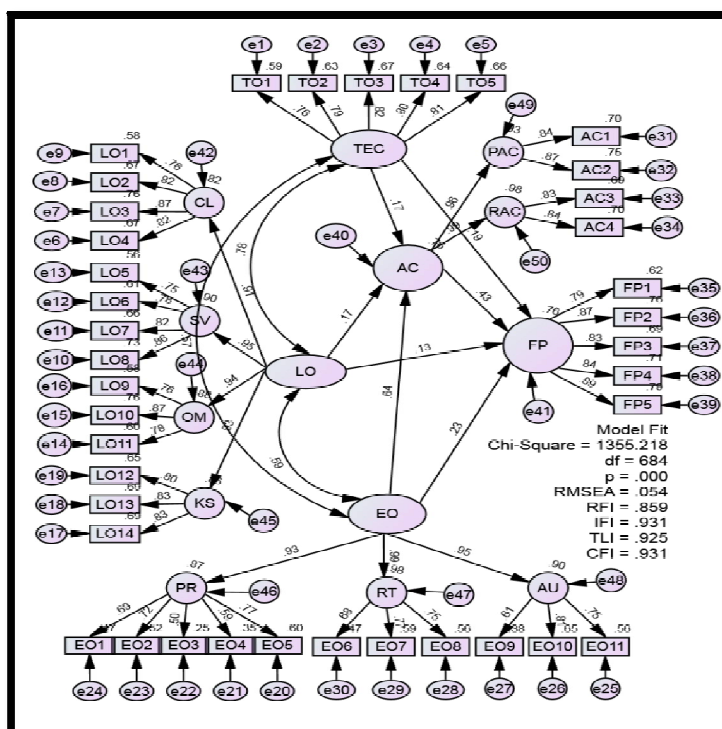


Figure 2: Confirmatory Factor Analysis Results

3.4. Data Analysis Technique

Descriptive statistical is used to answer the first until the fifth research questions by looking at the mean value of each question (Sujarweni, 2014). This statistical technique was conduct using SPSS. Mean while, Structural Equation Model (SEM) is used to answer sixth and seventh hypothesis. The data was analyzed using AMOS 26 as a statistical tool to calculate questionnaire data which will be processed into statistical data. SEM is a set of statistical techniques that allow testing of a relatively complex set of relationships simultaneously. SEM is a multivariate technique that combines multiple regression aspects and factor analysis to estimate a series of simultaneous dependency relationships (Hair et al., 2010). SEM is suitable because this study has more than two variables that are analyzed simultaneously. In addition, SEM is used in this study because researchers use a measurement model of three independent variables and two dependent variables where each variable is measured by an indicator or manifest (Ghozali, 2017).

Goodness of Fit	Cut off Value	Value Result	Defined
Chi Square		1355.218	
Degrees of freedom (dof)		684	
Probability	≥ 0.05	.000	
CMIN/DF	< 2	0.1981	Good Fit
GFI	≥ 0.90	0.828	Marginal Fit
RMSEA	≤ 0.08	0.054	Good Fit
RMR	≤ 0.05	0.025	Good Fit
AGFI	≥ 0.90	0.804	Marginal Fit
TLI	≥ 0.90	0.925	Good Fit
NFI	≥ 0.90	0.870	Marginal Fit
CFI	≥ 0.90	0.931	Good Fit
IFI	≥ 0.90	0.931	Good Fit
PGFI	≥ 0.50	0.726	Good Fit
PNFI	≥ 0.50	0.803	Good Fit
PCFI	≥ 0.50	0.859	Good Fit

Table 1: Goodness of Fit

4. Results and Discussion

4.1. Respondent Profiles

Based on Table 2, the majority of respondents are manager level (73.23%), aged between 31 to 35 years old (30.88%), and working in 3 star hotel (64.41%).

Profile	Selected Answer	n	%
Position	Owner	20	5.89%
	GM / Director	59	17.35%
	Manager	249	73.23%
	Jr. Manager (Others)	12	3.53%
Age	> 46 years old	22	6.47%
	41- 45 years old	62	18.24%
	36- 40 years old	91	26.76%
	31- 35 years old	105	30.88%
	< 30 years old	60	17.65%
Star classification	2 star hotel	76	22.35%
	3 star hotel	219	64.41%
	4 star hotel	45	13.24%

Table 2: Respondent Profile

4.2. Descriptive Statistic of Technology Orientation

Table 3 shows the descriptive statistics of the technology orientation which are divided into five indicators. The findings reveals that majority of hotel has its own regulation refer to new technology adoption, that support by allocate particular resources to handle this adoption. This technology are mostly related to room reservation system and guest room technology.

4.3. Descriptive Statistic of Learning Orientation

Table 4 shows the descriptive statistics of the learning orientation which are divided into 14 indicators. The findings reveals that evaluation on previous decisions on periodically basis become the most compliance among hotels. Therefore, hotel has sharing experience mechanism among departments to communicate the evaluation results.

Code	Indicators	Mean	SE	SD
TO1	Hotel has regulations in the latest or new technology adoption	3.97	0.038	0.695
TO2	Hotel buy and provide technology to be able to compete in the market	3.86	0.040	0.736
TO3	Hotel is always trying to be the first in new technology methods	3.95	0.040	0.739
TO4	Hotels periodically make efforts to improve the quality of internal processes	3.71	0.040	0.729
TO5	Hotel allocates resources for the latest technology investments in anticipating future technological changes	3.94	0.042	0.771

Table 3: Descriptive Statistic of Technology Orientation

4.4. Descriptive Statistic of Entrepreneurial Orientation

Table 5 shows the descriptive statistics of the entrepreneurial orientation which are divided into 11 indicators. The findings reveals that most hotel continuously conduct learning on product research and development. Hence, hotel tend to launch new product as its competitive advantage.

Code	Indicators	Mean	SE	SD
LO1	Hotel are committed to the learning process as the most important factor in the success of firm performance	3,83	0,036	0,673
LO2	Hotel deploy learning as an investment and not as a cost	3,85	0,041	0,757
LO3	Hotel consider learning as the most important factor required to ensure the company sustainability	3,86	0,039	0,717
LO4	Hotel consider learning ability as the main key of competitive advantage	3,83	0,038	0,710
LO5	All employees are committed to achieve the company's goals	3,81	0,038	0,698
LO6	There is a mutual understanding between company and employee about vision and mission	3,85	0,038	0,700
LO7	There is a shared understanding about company vision and mission at all job levels, functions and divisions	3,83	0,042	0,781
LO8	Employee and hotel share the same goal	3,89	0,038	0,706
LO9	Employee are able to suggest and provide any advice due to hotel policy	3,71	.039	.724
LO10	Employees are able to enlighten due to vast changing market situation	3,84	.040	.742
LO11	Hotel evaluate decisions that have been made on periodically basis	4,00	.039	.710
LO12	Hotel has sharing experience mechanism among departments	3,97	.038	.699
LO13	Hotel are always provide feedback from its previous failure and communicate its solution to all department	3,84	.038	.693
LO14	Hotel are always learn from the previous performance and achievement	3,85	.038	.700

Table 4: Descriptive Statistic of Learning Orientation

Code	Indicators	Mean	SE	SD
EO1	Hotel continuously conduct learning on product research and development	3.95	.036	.659
EO2	Hotel continuously learn about new leadership styles	3.62	.041	.756
EO3	Hotel continuously learn about innovation process	3.37	.040	.735
EO4	Hotel often become pioneers in products or services innovation among competitors	3.34	.041	.753
EO5	Hotel tend to launch new product as its competitive advantage	3.59	.040	.741
EO6	Hotel tend to look for high risk opportunities that lead to higher profitability	3.53	.036	.671
EO7	Hotel tend to take all necessary actions to achieve its goals	3.71	.041	.755
EO8	Hotel tend to regress in a highly risk situation and decisions	3.68	.041	.764
EO9	Employee are encouraged to be responsible for their work	3.40	.040	.744
EO10	Employee are encouraged to fulfill their work with minimum supervision	3.76	.040	.734
EO11	Employee are encouraged to prioritize their work than personal matter	3.60	.041	.756

Table 5: Descriptive Statistic of Entrepreneurial Orientation

Code	Indicators	Mean	SE	SD
AC1	Hotel receive and identify external information	3.89	.037	.675
AC2	Hotel carry out and transform all external information in appropriate way to the internal policy justification	3.88	.039	.723
AC3	Employee are willing to solve any problem occurred	3.84	.038	.707
AC4	Hotel employ working time flexibility according to occupancy and events condition	3.87	.038	.699

Table 6: Descriptive Statistic of Absorptive Capacity

4.5. Descriptive Statistic of Absorptive Capacity

Table 6 shows the descriptive statistics of the absorptive capacity which are divided into four indicators. The findings reveals that hotel receive and identify external information, such as Badung- Bali- Indonesia information, competitor occupancy rate, political information, cultural information, hotel employee information from the association, and other information that directly and indirectly related to hotel. Hotel then carry out all these information and transform it as one of the consideration to form internal policy or regulation. By this, hotel would like to assure that all internal policy in line with the external condition thus allow higher acceptance rate from all the stakeholder.

4.6. Descriptive Statistic of Firm Performance

Table 7 shows the descriptive statistics of the firm performance which are divided into five indicators. The findings reveals that hotel present its growth as the most compliance among other firm performance indicators. In addition, hotel present better internal process compare to competitors for the last 3 years between 2015 until 2018. This condition might be happen because within those duration, the tourism growth in Bali show significant increase, either from domestic or international tourist. Each hotel and majority hotel as respondent who came from 3 star hotel convey to be affected the most compare to 4 star or 5 star hotel.

Code	Indicators	Mean	SE	SD
FP1	Hotel has grown faster compare to competitors for the last 3 years	3.80	.039	.721
FP2	Hotel has better internal process compare to competitors for the last 3 years	3.71	.043	.786
FP3	Hotel has better market share in the competing environment for the last 3 years	3.73	.044	.803
FP4	Hotel has higher occupancy rate compare to competitors for the last 3 years	3.67	.044	.815
FP5	Hotel has higher profitability compare to competitors for the last 3 years	3.67	.045	.826

Table 7: Descriptive Statistic of Firm Performance

4.7. Direct and Indirect Influence

This analysis is to determine the coefficient value of direct, indirect, and total influence, and to be able to find out whether the absorptive capability mediating the technology orientation, learning orientation, entrepreneurial orientation towards firm performance variables, calculated using the Sobel formula as shown in Figure 3 in path analysis.

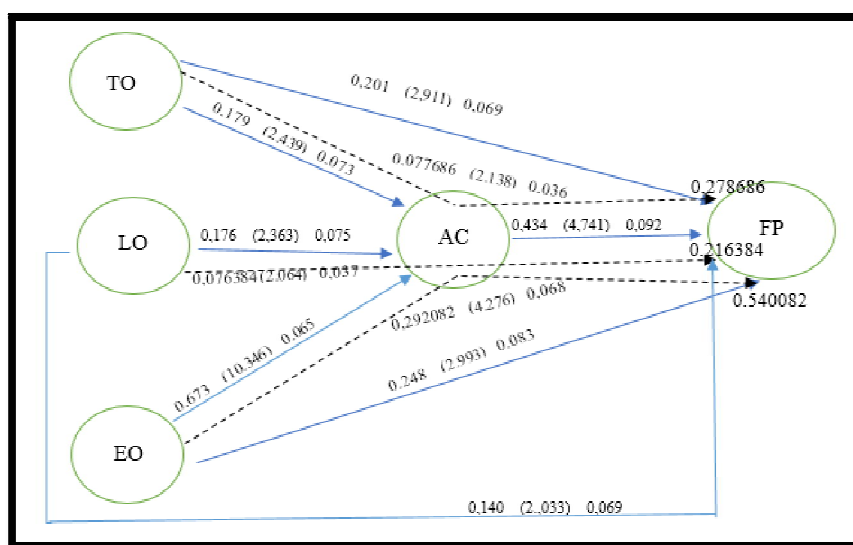


Figure 3: Path Analysis

Table 8 shows the coefficient value recapitulation that reveal the influence of technology orientation and learning orientation towards firm performance show bigger value if it is not mediated by absorptive capacity. Thus absorptive capacity do not significantly become mediation between technology orientation- learning orientation and firm performance. On the contrary, the influence of entrepreneurial orientation towards firm performance show bigger value if it is mediated by absorptive capacity. It shows that absorptive capacity significantly become mediation between entrepreneurial orientation and firm performance. In addition, from the three orientation, entrepreneurial orientation convey to contribute the biggest influence to firm performance, followed by technology orientation, and learning orientation as the least one.

		Direct	Indirect	Total	Mediating Role
Technology_Orientation	→ Firm_Performance	.201	.0776	.2786	AC partially mediated
Learning_Orientation	→ Firm_Performance	.140	.0763	.2163	AC partially mediated
Entrepreneurial_Orientation	→ Firm_Performance	.248	.2920	.5400	AC fully mediated

Table 8: Direct and Indirect Influence Recapitulation
AC: Absorptive Capacity

4.8. Hypothesis Test

Table 9 and Table 10 display the recapitulation results from seven research hypotheses. Since the CR value from H₁, H₂, H₃, H₄, H₅, H₆, H₇ are above 1.96 (Ghozali, 2017), and probability value are below 0.05 (Ghozali, 2017), thus all hypothesis are accepted.

		Estimate	S.E.	C.R.	P
Absorptive_Capacity	← Technology_Orientation	.179	.073	2.439	.015
Absorptive_Capacity	← Learning_Orientation	.176	.075	2.363	.018
Absorptive_Capacity	← Entrepreneurial_Orientation	.673	.065	10.346	***
Firm_Performance	← Absorptive_Capacity	.434	.092	4.741	***
Firm_Performance	← Technology_Orientation	.201	.069	2.911	.004
Firm_Performance	← Learning_Orientation	.140	.069	2.033	.042
Firm_Performance	← Entrepreneurial_Orientation	.248	.083	2.993	.003

Table 9: Hypothesis Test Results

	Hypothesis	P (Probability)	CR value	Decision
H ₁	Technology orientation significantly influence absorptive capacity	P _{count} < 0.05 (0.015 < 0.05)	CR _{count} > 1.96 (2.439 > 1.96)	Accepted
H ₂	Learning orientation significantly influence absorptive capacity	P _{count} < 0.05 (0.018 < 0.05)	CR _{count} > 1.96 (2.363 > 1.96)	Accepted
H ₃	Entrepreneurial orientation significantly influence absorptive capacity	P _{count} < 0.05 (*** < 0.05)	CR _{count} > 1.96 (10.346 > 1.96)	Accepted
H ₄	Technology orientation significantly influence firm performance	P _{count} < 0.05 (0.004 < 0.05)	CR _{count} > 1.96 (2.911 > 1.96)	Accepted
H ₅	Learning orientation significantly influence firm performance	P _{count} < 0.05 (0.042 < 0.05)	CR _{count} > 1.96 (2.033 > 1.96)	Accepted
H ₆	Entrepreneurial orientation significantly influence firm performance	P _{count} < 0.05 (0.003 < 0.05)	CR _{count} > 1.96 (2.993 > 1.96)	Accepted
H ₇	Absorptive capacity significantly influence firm performance	P _{count} < 0.05 (*** < 0.05)	CR _{count} > 1.96 (4.741 > 1.96)	Accepted

Table 10: Hypothesis Test Recapitulation

5. Conclusion

To summarize, there is seven conclusion refer to research objectives; (1) Due to technology orientation, hotel tend to always try adopting the latest technology that synchronize with its internal regulation. On the contrary, hotel does not always make effort to improve internal process on periodically basis. (2) Due to learning orientation, hotel conducts evaluation on previous decision on periodically basis, but with lack of employee involvement. (3) Due to entrepreneurial orientation, management are continuously conducts learning on product research and development. However, the outcomes was slightly different as hotel rarely become the pioneers about new product.(4) Due to absorptive capacity, hotel seeks for external source of information. Hotel has the employee in the stage that employee will voluntary conduct problem solving in the operational. (5) Due to firm performance, hotel has grown faster and has good market share in the competition in the past three years. (6) Technology orientation, learning orientation and entrepreneurial orientation has positive and significant influence on firm performance in the hotel industry in Badung. However, technology orientation and learning orientation shows its significant influence only when it is directly correlated on firm performance without being mediated by absorptive capacity. On the contrary, entrepreneurial orientation implies more significant influence on firm performance when mediated by absorptive capacity. This result shows that the hotel industry can optimally improve its performance by increasing the entrepreneurial orientation through absorptive capacity. While technology orientation and learning orientation can also improve firm performance without mediated by absorptive capacity.(7) Furthermore,

refer to absorptive capacity as the mediator role, entrepreneurial orientation found out to be the most influenced factor towards firm performance, followed by technology orientation, and learning orientation as the least factor.

6. Recommendations and Future Research

Refer to technology orientation, hotel should make policies related to the new technologies adoption. This will be useful for management to anticipate any possible changes and keep on track with the industry's growth and development. Refer to learning orientation, hotel should (1) increase the employee learning commitment by forming learning as one of the key performance indicators for employee, and (2) provide an opportunity for employees to express their opinions and suggestions, including the one that related to management policy about guest and operations. Refer to entrepreneurial orientation, hotel should (1) conduct product service research and development on periodically and continuously basis. This will be useful for management to be in line with the market needs, and (2) provide training that can enhance employee entrepreneurial skills, moreover for employees with supervisor above. Refer to absorptive capacity, hotel should pledge an authority and trust between management and employees, thus problem solution will become a company culture among all internal stakeholders.

Meanwhile, future research can be conducted by considering four suggestions; (1) add other independent variables such as market orientation (Hult & Ketchen, 2001), innovation capability (Merrilees et al., 2011) and information-technology capability (Hao & Song, 2016); (2) add other mediating variables such as strategic capabilities and information technology capabilities (Hao & Song, 2016) and dynamic capabilities (Lin & Wu, 2014).; (3) use qualitative research method using data collection such as in depth interview with several respondents and Focus Group Discussions (FGD) attended by representatives from several sources such as government representatives or tourism regulators in Bali, for example Bali Tourism Office, Association of General Manager Hotels IHGMA chapter Bali, HILDIKTIPARI, ICPI, Travel Agent Associations Bali Chapter, and Lembaga Sertifikasi Usaha Perhotelan and Lembaga Sertifikasi Profesi Pariwisata; (4) expand the research objects and samples size by including one-star hotels, five-star hotels, and non-star hotels.

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