

https://dspace.org/

Knowledge management, innovativeness and organizational performance in the Lesotho hospitality sector

Matela, Lekhooa

2017

https://hdl.handle.net/10539/26876

Matela, Lekhooa (2017) Knowledge management, innovativeness and organisational performance in the Lesotho hospitality sector, University of the Witwatersrand, Johannesburg, <http://hdl.handle.net/10539/26876>

Downloaded from a DSpace repository. https://dspace.org/

Knowledge Management, Innovativeness and Organizational Performance in the Lesotho Hospitality Sector

Lekhooa Matela
Student Number: 1534774

Supervisor: Professor Urban Boris

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master in Management; Entrepreneurship and New Venture Creation.

Johannesburg, 2017

Abstract

The aim of the study is to determine the relations between knowledge management, innovativeness and organizational performance in the context of Lesotho hospitality sector. This will provide the empirical evidence on whether knowledge management informs innovativeness and whether the two factors in turn contribute to the organizational performance. The study investigated the change that proper knowledge management and innovativeness can bring in the performance of the industry in Lesotho. The survey was undertaken on senior managers and middle managers of the companies that are in the hospitality value chain in Lesotho like guesthouses, hotels, bed and breakfast, lodges, travel agents and tour operators. The total 161 questionnaires were both hand delivered and sent electronically to senior managers and middle managers of the companies in the industry across the country and 110 of them were filled, returned and used in the analysis in the study. Descriptive statistics, correlational analysis and regression analysis were applied to determine whether knowledge management does inform innovativeness and whether innovativeness in return influences the performance of the organization.

The hospitality industry has a potential to uplift the economy of Lesotho with the opportunity of development and empowerment of skills, employment and growth within the business sector at both individual as well as corporate level. The industry puts the country on the Global market and its impact can be felt across all industries. The industry is not as capital intensive as manufacturing and construction so for a small economy like Lesotho, the locals have the capacity to venture into business in the industry. The industry has more female employees in management vis a vis their male counterparts and it is one industry that can absorb unskilled labour and create economic value in the rural areas of the country. However, reports have shown that despite to geographic proximity to South Africa, Lesotho is lacking way behind its neighbour in terms of visitors and advancement in the industry. The reports cite lack of knowledge from the management down to workers and inadequate infrastructure as the main sources of the poor performance.

The findings of this research suggest that there is a relationship between Knowledge Management (KM) and Innovativeness, and KM can influence the performance of companies through innovativeness. The companies that had appropriate KM practices are likely to perform better if they use the practices to inform innovation. The findings reflect that companies that invest in KM activities like training its staff, retention of its staff and have good management of its codified knowledge tend to be more innovative and that translates in to good performance. The research further use empirical evidence to model key aspects of the relationship between knowledge management, innovativeness and organizational performance in the context of Lesotho hospitality sector. The results contribute towards providing a basis for understanding the competitive predisposition of ~~a~~ firms that utilize knowledge management to inform innovativeness.

Key Words: Knowledge Management, Tacit Knowledge, Codified Knowledge, Innovativeness, Organizational Performance, Corporate Entrepreneurship

List of Abbreviations

B&B	Bed and Breakfast
KM	Knowledge Management
LTDC	Lesotho Tourism Development Corporation
DV	Dependent Variable
HC	Human Capital
EFA	Exploratory Factor Analysis
KMO	Kaiser-Meyer-Olkin
RBT	Resource Based Theory
RBV	Resource Based View
UNCTAD	United Nation Conference on Trade and Development

Declaration

I, Lekhooa Matela, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at this or any other university.

L Matela

Lekhooa Matela

Signed at JOHANNESBURG On the 28th June 2018

Dedications

I would like to dedicate this thesis to my family who allowed me to embark on this journey and offered support at all times. My wife, my daughter, my son, my mom and the entire family have been with me throughout the whole process. You have been my source of strength in the most challenging times.

To my colleagues, MMENVC class of 2017/2018, you have been terrific, I learned a lot from you and you made me feel like one of you and I hope our relationship will last beyond the completion of this programme. I wish each and one of you all the best in ur furture endeavors, God bless you.

Acknowledgements

I would like to acknowledge my supervisor Professor Urban Boris for the support and guidance on his part that has made this journey possible. Your assistance was exceptional and valuable. I am humbled by your passion, dedication and drive to navigate through challenging times. You were there for me until the last day of the project, thank you for your support and guidance.

I would also like to thank Dr McEdwards Murimbika for the guidance through the programme with passion. The content from the other modules that you took us through came in handy in completing this exercise. Your tips and the work ethics you portrayed extend far beyond our time in the class room.

Lastly I would like to thank Lesotho Tourism Development Corporation (LTDC) for affording me its time and allowing me access to some of your documents. I would also like to thank the Lesotho Hotel and Hospitality Association (LHHA) members for opening their doors to me when I needed information. I hope this selfless gesture can be extended to everyone who needs assistance of any kind.

Table of Contents

Abstract ii

List of Abbreviations iv

Declaration v

Dedications vi

Acknowledgements vii

Table of Contents vii

List of Figures xiii

List of Tables xiv

Table of Contents **viii**

Chapter 1 **1**

Introduction 1

1.1 Background of the Study 1

1.2 Problem statement 2

1.3 Purpose of the study 2

1.4 Context of the study 3

1.5 Significance of the study 4

1.6 Delimitations of the study 5

1.7 Definition of terms 6

1.7.1 Knowledge Management 6

1.7.2 Innovativeness 6

1.7.3 Organizational Performance 6

Chapter 2 **7**

Literature Review 7

2.1 Introduction 7

2.2 Corporate Entrepreneurship Theoretical Foundation 7

2.2.1 Resource-Based Theory (RBT) 8

2.2.2 Knowledge-Based View (KBV) 10

2.3 Human Capital Theory 10

2.4 KM, Innovativeness and Performce literature in the Service Sector 12

2.4.1 Hospitality Sector 12

2.4.2 Hospitality Sector in Lesotho 13

2.5 Knowledge Management (KM) Constructs 16
2.5.1 Tacit Knowledge 17
2.5.2 Codified Knowledge 17
2.6 Innovativeness Constructs 17
2.6.1 New Products and Services 18
2.6.2 New Business Models 19
2.7 Organizational Performance Constructs 19
2.7.1 Profitablility Sales Growth 19
2.7.2 Customer Satisfaction 19
2.8 Knowledge Management, Innovativness and Organizational Performance 20
2.9 Studies that researched KM, Innovativeness and Performance 20
2.9.1 Relationship between organizational knowledge, dynamic capabilities and Innovativeness in hotel industry in Spain by Nieves et al, (2016) 20
2.9.2 The relationship between innovation and firm performance in Turkish automitive supliers industry by Atalay et al., (2013) 21
2.9.3 Knowledge management capabilities and firm performance in the hospitality service sector in South Africa by Cohen and Olsen (2015) 22
2.9.4 Knowledge management and strategic orientation: leveraging innovativeness and performance in Brazil by Ferraresi et al. (2012) 23
2.9.5 Knowledge management, innovation and firm performance in New Zealand by Darroch, J. (2005) 23
2.10 Hypothesis Development and Theoretical Model 25
2.11 Conclusion 27
Chapter 3 **29**
Research Methodology 29
3. Introduction 29
3.1 Research Methodology/Paradigm 29
3.2 Research Design 30
3.2.1 Study Research Design- Quantitative Approach 30
3.3 Population and Sample 31
3.3.1 Population 31
3.3.2 Sample 31
3.4 The Research Instrument 33
3.5 Data Collection 35
3.6 Data Analysis and Interpretation 36
3.6.1 Descriptive statistics 36
3.6.2 Exploratory factor analysis (EFA) 36

3.6.2 Correlation analysis 36
3.6.4 Multiple linear regression analysis 37
3.7 Limitations 37
3.8 Validity and Reliability of research 37
3.8.1 External validity 37
3.8.2 Internal validity 38
3.8.3 Reliability 38
Chapter 4 **39**
Presentation of Results and Data Analysis 40
4.1 Introduction 40
4.2 Descriptive Statistics 41
4.2.1 Socio-Demographic Characteristics 41
4.3 Summary of responses to hypothesis 45
4.3.2 Response Rate 45
4.4 Univariate Analysis 49
4.5 Exploratory Factor Analysis 51
4.5.1 The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) 51
4.5.2 Normality 52
4.5.3 Reliability Test 54
4.6 Hypothesis Testing 54
4.6.1 Proposed Study Model 55
4.6.2 Correlations Analysis 55
4.7 Regression Analysis 61
4.7.1 Coefficients of KM and Performance 61
4.7.2 Coefficients of Innovativeness and Performance 62
4.7.3 Coefficients[a] of KM, Innovativeness and Performance 62
4.7.4 Coefficients of KM, Innovativeness 63
Chapter 5. **65**
Discussion of Results 65
5.1 Introduction 65
5.2. Demographic Profile of Respondents 65
5.2.1 Profile of Respondents 66
5.3 Response Summary 68
5.3.1 Response Summary for KM 68
5.3.2 Response Summary for Innovativeness 68
5.3.3 Response Summary for Organizational Performance 69

5.4 Data Preparation 69
5.4.1 Univariate Analysis 70
5.4.2 Normality 70
5.4.3 KMO and Barttlet Measure of Sampling Adequacy (KMO) 70
5.4.4 Reliability Test 70
5.5 Discussion of Hypothesis$_1$ Knowledge Management and Organizational Performance 70
5.6 Discussion of Hypothesis$_2$ Innovativeness and Organizational Performance 71
5.7 Discussion of Hypothesis$_3$ Innovativeness has a mediating effect on the relationship between knowledge management and organizational performance. 73
5.8. Summary of Discussion of Results 74
Chapter 6 **76**
CONCLUSIONS AND RECOMMENDATIONS 76
6.1. Introduction 76
6.2 Conclusion of the study 76
6.3 Implications of the Study 77
6.4 Recommendations 77
6.5 Limitations of the study 78
6.6 Recommendations for Future Research 78
List of References **80**
Appendix A- Introduction Letter **i**
Appendix B- Research Instrument **ii**
Appendix C- Research Plan **vi**
Appendix D- Consistency Matrix **i**

List of Figures

Figure 2.1Theoretical Model 27

Figure 4.1 Distribution of Companies by Type of Business 41

Figure 4.2 Respondents Distribution by Number of Employees 42

Figure 4.3 Distribution of Respondents by Sex 43

Figure 4.4 Distribution of Respondents by Position in the Company 43

Figure 4.5.6 Distribution of Respondents by Level of Education 44

Figure 4.6 Proposed Study Model Figure 4.6 Porposed Study Model 55

Figure 4.7 Innovativeness by KM Simple Scatter 57

Figure 4.8 Performance by Innovativeness Simple Scatter 58

Figure 4.9 Organizational Performance by KM Simple Scatter 59

Figure 4.10 KM, Innovativenese and Organizational Performance Simple Scatter 61

Figure 4.11 The Current Study Model (Hypothesis 1,2,3) 63

List of Tables

Table 2.1 Literature Review Summary 24

Table 3.1 Summary of Different Sections of the Research Instrument 34

Table 4.1 Summary of Responses on KM 45

Table 4.2 Summary of Responses on Innovativeness 47

Table 4.3 Summary of Responses on Organizational Performance 48

Table 4.4 Group Statistics 49

Table 4.5 Levene's Test of Equality of Variance[a,b] 51

Table 4.6 KMO and Bartlett's Test 51

Table 4.7 Normality Table 52

Table 4.8 Factor Correlation Matrix 53

Table 4.9 Cronbach's Alphas Table 54

Table 4.10 KM and Innovativeness Correlations 56

Table 4.11 Innovativeness and Performance Correlations 58

Table 4.12 KM and Organizational Performance Correlations 59

Table 4.13 KM, Innovativeness and Organizational Performance Correlations 60

Table 4.14 Coefficientsa of KM and Performance 61

Table 4.15 Coefficients[a] of Innovativeness and Performance 62

Table 4.16 Coefficientsa of KM, Innovativeness and Performance 62

Table 4.17 Coefficientsa of KM and Innovativeness 63

Chapter 1

Introduction

1.1 Background to the Study

The global business environment has become more competitive due to an increase in international trade platforms and a globalized economy that make it easy for companies to expand globally. The former have resulted in more international companies bringing more competition into the local markets. On the other hand, the ailing global economy sees customers having less money to spend. This has made them become aware of the value they get on their spending. The increasing access to information and technology in the last decade has brought more foreign influence on consumers and that has changed the consumer needs and satisfaction, which are the primary drivers of entrepreneurship (Rwigema & Venter, 2004; p178). The evolving customer preferences has made competitive business environment to be more competitive and these has brought the need for firms to adapt to the dynamic changes in the market to stay relevant and competitive. According to (Kuratko, Morris & Covin, 2011), in recent years the pace and magnitude of the change in the external environment of the firms have become more significant than ever before.

There has also been a systematic shift on the competitive platform. Knowledge and intellectual assets are emerging as key production factors, replacing the traditional land, labour, and capital in explaining a firm's survival and competitive advantage (Martín-de Castro, 2015). The increasing economic, social and environmental pressures have caused innovativeness to emerge as one of the primary means by which companies can perform well in the market and achieve a sustainable competitive advantage (Ayuso, Rodríguez, García-Castro & Ángel Ariño, 2011). Innovativeness has become the focal point of strategic entrepreneurship initiatives through which the firm can capitalise on opportunities (Kuratko et al., 2011). To innovate, companies need good knowledge of the dynamics of their markets. According to Carneiro (2000), knowledge is becoming progressively more crucial in the value of creativity and innovation. The relationship between knowledge and innovativeness shows that the innovation highway depends on the knowledge evolution. Furthermore, the performance of firms depends on the extent to which managers can mobilize all of the knowledge resources at

their disposal and turn them into value-creating activities (Alegre, Sengupta & Lapiedra, 2013). The firms need proper knowledge management to gather and use information to enhance innovativeness and performance.

1.2 Problem statement

There is a view that knowledge is a resource that can be used to leverage other organizational resources and this view implies that knowledge management (KM) practices are crucial drivers of innovativeness and organizational performance. However, the effects of KM practice and innovativeness on organizational performance may not necessarily be direct, because of the potentially complex interactions among these variables (Ferraresi, Quandt, dos Santos & Frega, 2012). The three key factors that the study will focus on are the manifestation of both tacit and codified knowledge in firms that operate in the hospitality sector in Lesotho; the amount of innovativeness in products, services and business models within firms; and both the financial and non-financial performances of those firms.

Hospitality is one of the major components of tourism. The government of Lesotho has sought to promote tourism as a key element of strategies for national development (UNCTAD, 2012). However, in the study conducted by the World Bank in 2007 on the Lesotho hospitality sector, the findings were that one of the major issues is that there is a very little understanding of tourism. There was no understanding of basic things like seasonality and occupancy rate in the hospitality entities, at both a management and staff level. There is generally a lack of hospitality and management education, and customer service and care within most of the entities in the sector. This has resulted in the sector losing the market segment of returning customers (Yiu, Saner & Lee, 2015; Mckeenman, 2007). The hospitality sector in Lesotho is faced with underdeveloped infrastructure, limited entrepreneurship and capacity, as well as lack of effective marketing and integration with other sectors (Wade, 2015).

Although the industry has remained trivial due to low levels of development, the government has identified it as one of the main drivers for the nation's growing economy. The government has pledged its support and undertook to develop the industry and it views the private sector's involvement as a key proponent the industry's growth. It has put in place investment incentives to lure private investors to the hospitality industry (Wade, 2015). The study therefore seeks to examine if the level of knowledge and its utilization in the sector directly relate to the level of innovativeness and the general performance in the sector.

1.3 Purpose of the study

The research will investigate the relationship between knowledge management, innovativeness and organizational performance within Lesotho's hospitality sector. Knowledge Management has been one of the most contentious concepts in management literature but according to Hallin and Marnburg (2008), this concept does not get enough attention in the context of the hospitality industry. This is despite the industry developing into a highly knowledge-based industry with advancements in information processing that resulted in more knowledge transfer, knowledge re-use, knowledge storage and the production of knowledge (Hallin & Marnburg, 2008). Likewise, most studies on innovation have focused on technology-intensive industry. These have resulted in the service-based industry such as the hospitality industry is lagging behind in terms of empirical information. The service innovation and business model information have not received enough attention (Nieves & Segarra-Ciprés, 2015). As a result, this paper addresses deficiencies in the literature covering knowledge management and its impact on innovativeness and organizational performance in the service sector; hospitality in particular. The objectives of the study are:

- to measure knowledge management manifestation in the organization;
- to measure the amount of innovativeness in the organization; and
- to measure the performance of the organization and how it relates to knowledge management with the mediation effect of innovativeness.

1.4 Context of the study

Lesotho is a small kingdom in the southern part of Africa. It has total area of 30 355 square kilometres and is entirely landlocked by South Africa. It is predominantly a mountainous country and it is the only independent nation in the world whose entire territory lies at over 1,000 metres above sea level (Wade, 2015). Its lowest point is 1,400m above sea level. It has a population of approximately 1,953,070 people (United States CIA, 2017).

The economic growth in Lesotho was at 3.4% in 2015 and was expected to be 2.9% in 2017 (Wade, 2015). Growth is hampered by low execution of the public investment budget, this weighs heavily on the construction sector which in turn leaves other inter-related sectors highly dependent on government spending. Slow growth in manufacturing and spill-over from slower growth in the South African economy were further hindrances to growth. There is a huge

potential to grow the tourism sector to uplift the economy of the country. In 2013 the sector was contributing 5.5% of the country's GDP and directly supported over 25 000 jobs (Wade, 2015). The government of Lesotho understands the importance of tourism and its contribution to the economy such that it has introduced several tourism development policies and strategies in an effort to support broader attempts to develop the economy of the country (UNCTAD, 2012). Hospitality is a major component in the tourism service sector. This is where the customers get in contact with the service providers in the sector. It is a competitive market where businesses are competing for customers". It is therefore very important for companies to evolve with the changes in the market to meet the customers' expectations. They also need to be innovative and attentive to the customer experience to exceed those expectations and attain a competitive advantage.

Tourists, both local and foreign, travel to seek experiences that are not available in their regular environment and are in sharp contrast with daily routine life (Cetin & Dincer, 2014). Lesotho possesses a wealth of eco-tourism assets such as the breath-taking natural beauty and unique cultural identity. It is located inside the biggest tourist destination in sub-Saharan Africa which is South Africa. It therefore goes without saying that Lesotho should be benefitting from the spill-over of the biggest tourist destination in Sub-Saharan Africa given its beauty and proximity to the latter-(Wade, 2015). However, the country's tourism and hospitality sector is faced with challenges such as underdeveloped infrastructure, limited entrepreneurship and capacity and lack of effective marketing. Currently for instance, business travel constitutes 87.1 %, while leisure travel is responsible for 12.9% tourism revenue in the country (Wade, 2015). The government of Lesotho has pledged its support to developing the sector and expects the private sector to play a key role in driving the industry's growth.

1.5 Significance of the study

With the current hypercompetitive business environment, a critical issue facing companies and managers is how to manage an unpredictable and unstable future (Johannsson, 1999). The ability to accumulate information and turn it into usable knowledge could give them a competitive advantage. Innovativeness is key for sustaining and maintaining competitive advantage and sustained growth in business. The tourism and hospitality sectors are congested and are as a result highly competitive markets where customers have a broad choice. This is especially the case given the availability of tourist attractions the world-over. The protection of intellectual property in the hospitality business is difficult if not impossible, as a result it

becomes easy for competitors to imitate. It is in this context that innovativeness becomes such a key factor since firms continuously need to innovate to avoid imitation. (Nieves, Quintana & Osorio, 2014). This study will emphasize the importance of innovativeness in the hospitality sector. It will provide guidance to the management of the firms on the importance of knowledge management in informing innovativeness and ultimately, the performance of their firms. This will help in planning, innovating activities and processes to adapt to changes. The managers will know that it is important to have information to understand behaviours and trends to match the expectations of the customers and be ahead of the competition. It will also help in integrating the hospitality value chain in order to create a tourism experience for the customers and enhance the firms' performances.

Some of the literature suggests there is inadequate literature that covers what effective knowledge management really entails. Even less is the guidance as to what the quantifiable outcomes of effective knowledge management might be (Darroch, 2005). Innovation has been playing an important role in the hospitality industry, especially for the SMEs as well as travel agencies. However, innovation research on the SMEs in hospitality industry is limited (Yüzbaşıoğlu, 2014). The literature on the impacts of knowledge management on businesses has predominantly focused on sectors like manufacturing and high-tech industries (Cohen & Olsen, 2015). This implies at there is a need for empirical studies on these subject matters hence this study will collect some empirical information on the impact of knowledge management in this sector that previously received less attention. The information can inform policy development in the country or other countries in similar circumstances. It can also come in handy when the companies in the sector decide on the strategies they need to adopt to improve their businesses.

1.6 Delimitations of the study

The study will focus on the hospitality sector in the form of formally registered accommodation entities like hotels, guesthouses, lodges, bed & breakfasts and travel agencies/tour operators in Lesotho. Knowledge management is going to be measured by the firm's ability to generate, leverage and retain both tacit and codified knowledge within the company and externally. It will also be measure by the companies' ability to integrate different sources and types of knowledge and convert it into concrete plans of action and then the ability and ways to exchange knowledge with the business partners. Innovativeness will be assessed based on ~~the~~ new products or services developed, and the new methods of production and how the firm fare

in overall innovativeness compared to its competitors. Organizational performance will be measured using objective criteria like financial performance, subjective non-financial performance such as customer satisfaction and market share. The study will use 95 confidence interval (α= 0.05) in the analysis of the findings.

1.7 Definition of terms

1.7.1 Knowledge Management

Knowledge management is an undertaking involving the development of structures that allow the firm to recognize, create, transform, and distribute knowledge (Gold & Arvind, 2001). It is an integrated approach of identifying, capturing, evaluating, retrieving and sharing all of the entities' information resources. These resources may be in the form of databases, documents, policies, procedures, previously uncaptured expertise and experience among individual workers. It is a process of generating and keeping data to enhance a firm's response time to changes and generate innovativeness by collecting, storing and studying organizational information (Noruzy, Dalfard, Azhdari, Nazari-Shirkouhi & Rezazadeh, 2013). Knowledge management is even further defined as the ability of the firm to leverage on its existing knowledge and create new knowledge that will position it favourably in whatever chosen markets. To achieve these, the firms should have the capacity to absorb and use prior knowledge to recognize the value of new information, assimilate it, and apply it to create new knowledge and capabilities (Gold & Arvind, 2001).

1.7.2 Innovativeness

Innovativeness is the ability to continue doing or creating new things or improvement of current operations or products in order to keep up with changes and competition. It can be radical in instances where a new product or service is created or incremental which is when an existing product or operation is improved. In the context of organisations, it is the ability of the firm to reinvent itself in terms of the creation of new products, processes, services, administrative systems or programs. Innovativeness involves a lot of research and development (Kuratko et al, 2011).

1.7.3 Organizational Performance

It is the actual output or results of an organization's activities compared to its intended outputs, goals and objectives. It can also be measured using both subjective and objective indicators. It can be reflected by quantity of outputs, quality of outputs, efficiency, formal effectiveness,

equity and consumer satisfaction in the operations of the company (Walker, Damanpour & Devece, 2011).

Chapter 2

Literature Review

2.1 Introduction

This chapter outlines the available literature that informs the development of the hypotheses based on which the study was conducted. The first section of the chapter includes positioning the constructs of the study within the theories in the Corporate Entrepreneurship (CE). This will be followed by looking into the literature pertaining to the three constructs (KM, Innovativeness and Organizational Performance) in the service sector. Thirdly, the chapter will focus on the hospitality sector and its position in the context of Lesotho. The succeeding part will look into the interaction of the construct in depth. Then, in finality the study will look at the similar studies that were conducted by other scholars. Based on the literature, the hypothesis will be formulated.

In the past few decades, researchers in corporate entrepreneurship have been paying attention to innovation in productivity, employment, economic and social development within companies. Corporate entrepreneurship was commonly associated with innovations like product development within the firms (Corbett, Covin, O'Connor, & Tucci, 2013). According to Sakhdari (2016), corporate entrepreneurship gained the most attention as the main construct (Guth & Ginsberg, 1990; Phan et al., 2009) because of the considerable potential to renew companies through innovation-based initiatives. On the other hand, the literature in knowledge management looks at the abilities of the companies to consolidate and reconcile their knowledge assets as a means of creating value that is sustainable over time (Gold & Malhotra, 2001). It is important to understand that some companies are more innovative than others and understand what determines that innovative performance (Turro, Urbano & Peris-Ortiz, 2013). Nieves, Quintana and Osorio, (2014) argue that knowledge is a key input in the innovation process. This research contributes to corporate entrepreneurship and knowledge management literature by examining the relationship between knowledge management, innovativeness and organizational performance in the hospitality sector in Lesotho.

2.2 Corporate Entrepreneurship Theoretical Foundation

The literature on corporate entrepreneurship (CE) is growing. Corporate entrepreneurship is conceptualized as innovative, risk-taking, proactive behaviour pursued at any level and within any area of the firm. It is the entrepreneurial behaviour within a firm. This entails innovative activities, risk-taking behaviour, and creativity in the pursuit of new opportunities, creation of new business units, services, processes and strategic self-renewal (Venter & Urban, 2015; p. 12). An acknowledged way to facilitate corporate entrepreneurship is defined as the sum of a firm's innovation, venturing, and strategic renewal activities (Covin & Burger, 2015). Corporate entrepreneurship is an important means to promote and sustain a firm's competitiveness and transformation of its market (Brizek & Khan, 2008). It involves the act of embodying entrepreneurial efforts that require organizational sanctions and resource commitments for the purpose of carrying out innovative activities in the form of product, process, and organizational innovations (Brizek & Khan, 2008).

Resource Based Theory (RBT) is a central concept in understanding how entrepreneurial firms identify and acquire resources to achieve a competitive advantage (Øystein Widding, 2005). Schumpeter (1934) established that there is a link between CE and Resource Based View (RBV). Since entrepreneurship may be viewed as 'carrying out new combinations', RBV points to entrepreneurship as the activities associated with innovatively combining resources into something that the market identifies as new. Greene et al., (1999) in Teng (2007) view RBV as a potentially relevant approach towards understanding CE, since entrepreneurship is about leveraging existing resources to obtain additional resources. This paper is based on a well-developed RBV concept that views resource conditions as a prerequisite for competitive advantage and will adopt the view of KBV that knowledge is the key resource needed for a firm's competitive advantage.

2.2.1 Resource-Based Theory (RBT)

The resource-based theory is rooted mainly on the resource-based view (RBV) of the firm. The theory began with the seminal work of Penrose (1959) and then Barney (1991), Grant (1996), Peteraf (1993) and Wernerfelt (1984), (Ferraresi et al., 2012). The theory explains and predicts why some firms are able to establish positions of sustainable competitive advantage and earn superior returns. RBV emphasizes internal sources of competitive advantage and the fact that firms possess heterogeneous resources that cannot be perfectly imitated, substituted or traded

(Teng, 2007). It argues that the firm is a unique bundle of distinctive resources and capabilities therefore the primary duty of management is to maximize value through the optimal deployment of those resources and capabilities, while at the same time developing the firm's resource base for the future (Grant, 1996). The proposition is that the firm is likely to have a competitive advantage over competing firms if the resources and capabilities it possesses are unique and difficult to imitate. These differences should be long lasting to ensure that the competitive advantage is sustained. It views resources as a decisive factor influencing the firm's sustainable competitive advantage over its competitors. These resources include the assets, capabilities, organizational processes, firm attributes, information and knowledge that is possessed to implement strategies that improve a firm's efficiency and effectiveness. According to Venter and Urban (2015, p.606), these resources are in the form of human capital, social capital, physical capital, and financial capital.

The social knowledge management resources are those that comprise the structural, cultural, and human resource while the technical knowledge management comprise the physical IT infrastructure and technology components of the company (Chuang, 2004). The resource-based view is that the technical knowledge management resources create the means that make innovation feasible and enable continuous improvement of products. This is through facilitation of rapid collection, storage and exchange of knowledge, the integration of fragmented flows of knowledge and reversing knowledge and creating new knowledge. The social knowledge management resources are viewed as the existing and potential resources that are derived from the relationships possessed by a human or in a social unit. These resources enable the firms to integrate the knowledge management, invent reliable and innovative applications that support the business needs of the firm faster than competition. It enables the business planning processes to be more effective and allows the firms to be in a position to accurately predict future business needs of the firm and create new product features before its competition (Chuang, 2004). Firms are viewed as increasingly dependent on knowledge resources, which have particular characteristics and they demand a strategic focus on aspects such as the development of competencies, organizational learning and management of tacit and explicit knowledge (Ferraresi et al., 2012).

The RBV informed the Knowledge-Based View (KBV), where knowledge is considered a key resource for sustained advantage. The knowledge-based resources are usually difficult to copy and socially complex, therefore they are likely to produce long-term sustainable competitive

advantage (Alavi & Leidner, 2001). The theory views knowledge as a strategic resource and a powerful weapon for the company to have, especially if the knowledge enables the company to differentiate its products and services. It classifies firm specific knowledge management resources as social knowledge management resources, and technical knowledge management resources (Chuang, 2004). The traditional view of organizational resource-based capability emanating from knowledge management is its ability to mobilize and deploy knowledge management-based resources in combination with other resources and capabilities (Chuang, 2004).

2.2.2 Knowledge-Based View (KBV)

Knowledge-based View has its foundation in resource□based theory (RBT) (Øystein Widding, 2005) although it focuses on knowledge as a resource. It acknowledges that the services that the resources yield depend on the capacities of the individuals using them. KBV talks about the cognitive ability and/or tacit knowledge that exists within a firm. According to the knowledge-based view, the services rendered by tangible resources depend on how they are combined and applied, which is in turn a function of the firm's knowledge base (Alavi & Leidner, 2001). It resonates with RBT but focuses solely on knowledge as a resource or as a factor of production. It views knowledge as the most strategically important resource for the firms (Grand, 1996). The underlying proposition is that the firm's innovative capabilities depend very closely on the intellectual assets and knowledge that they possess as well as its ability to deploy them. It considers the innovation process as one of the most knowledge-intensive and complex business process (Martín-de Castro, 2015) and its ability to innovate sustainably gives it a competitive advantage.

It proposes that competitive advantage and superior corporate performance stem from the knowledge-based resources that are in most cases difficult to emulate, are socially complex and heterogeneous among firms. The theory stipulates that knowledge is the key component of a firm's success in that it shows their capacity to efficiently convert inputs into valuable outputs (Nickerson & Zenger, 2004). Therefore, firms enhance their capacity to produce and innovate efficiently by updating and advancing their knowledge. The belief is that this knowledge is manifested through multiple entities including organizational culture and identity, policies, routines, documents, systems and employees.

2.3 Human Capital Theory

Human Capital Theory was proposed by Schultz (1961) and further developed by Becker (1964). In the 1950s, the main factors of production consisted of physical capital, labour, land and management. However, in the early 1960s, economic growth studies had difficulty explaining the growth of the United States economy in terms of these four traditional factors of production. The gap, known as the 'residual factor', was identified as 'human capital' by Schultz (1961) (Nafukho, Hairston & Brooks 2004). The theory has been an influential economic theory of Western education since the early 1960s by helping to inform framework of government policies. It is seen increasingly as a key influence on ~~the~~ economic performance. A key strategy in determining economic performance has been to employ a conception of individuals as human capital and various economic metaphors such as "technological change," "research," "innovativeness," "productivity," "education," and "competitiveness." (Fitzsimons, 2015).

Marimuthu, Arokiasamy and Ismail (2009) define human capital as processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee. These lead to the employee's satisfaction, performance and eventually improve a firm's performance. The fundamental principle underpinning the human capital theory is the belief that peoples' learning capacities are of more significant value when compared to other resources involved in the production of goods and services and when the resource is effectively managed, the results are profitable for the individual, organization and society at large (Nafukho et al., 2004). It argues that education or training raises the productivity of workers by imparting useful knowledge and skill. Therefore, investment in people is the change that is manifested at an individual level in the form of improved performance, and at an organizational level in the form of improved productivity and profitability (Nafukho et al. 2004). This is one way of ensuring the competitive advantage of a company as Marimuthu et al. (2009), affirms that firms should invest in the enhancement of knowledge and skill on their workforce to create a competitive weapon ~~to~~ and consequently developing a competitive advantage.

Marimuthu et al. (2009) say that in response to the changing business environment, most firms have embraced the notion of human capital to enhance the best performance. Human capital development has become part of an overall effort to achieve cost-effectiveness and improved

performance. Therefore, firms invest resources in human capital development to ensure that employees have the knowledge, skills and competencies they need to work effectively in a rapidly changing and complex environment. Workers acquiring on-the-job training are examples of human capital (Schultz, 1961) and this is one of the knowledge management variables in this study. The theory affirms other underlying propositions in the study. These entail the contention that training, skills development and experience as part of knowledge management enhance employees' tacit knowledge, which cannot be duplicated by the competition. They also enable individuals to navigate themselves within documents and reports (codified knowledge) and be in a position to make use of the information in the documents. Swanson and Holton (2001; p4) in (Nafukho et al., 2004) contend that unleashing human expertise through organizational development and personnel training improves performance. Therefore, in conceptualizing knowledge management, the research puts human capital as one of the antecedents of knowledge management.

2.4 KM, Innovativeness and Performance literature in the Service Sector

The service sector is differs from other sectors in that it is marked by intangibility, simultaneous production, consumption of the product and its reliance on employee skills. Talent and skills are highly important in this sector so knowledge retention is vital for success (Gulati & Srivastava, 2014). The service sector is a customer-centric sector and is run at the interface with the customer (Maull, Geraldi & Johnston, 2012). The firms in this sector possesses mostly tacit knowledge to improve service delivery. Codified knowledge is very important as well, especially in profiling the customers. The firms in this sector predominantly sell the customer experience so it is important to understand customer needs. Although innovativeness in this sector is considered 'low-tech' (Hertog, Gallouj & Segers, 2011), innovativeness is a crucial component in making a firm competitive. According to Tseng, Kuo, and Chou (2008), service firms will be left behind as competitors devise more advanced services if they are not innovative. According to Hertog et al. (2011), innovativeness in this sector is usually characterised by the advent of new forms of products, distributions, client contacts, adopting new technological options, mostly in ICT. It sometimes comes as a totally different business models. The service innovativeness includes introducing something new into the way of life, organization, timing and placement of what can generally be described as the individual and collective processes that relate to consumers (Bilgihan & Nejad, 2015).

2.4.1 Hospitality Sector

This sector is the services offered by lodging facilities, restaurants and the travel agencies. The sector does not only offer a bed to sleep and/or food and drinks, it offers a multiple set of tangible and intangible service activities that combine to form a certain service experience in which the customer may participate to a certain degree (Hertog et al., 2011). These are combinations of diverse service activities in that they are either made up of different service elements or they can be part of the service offered by other service industries like retailing, tourism, transport or the cultural or entertainment domain. The more customized and human service competences are very crucial to this sector. The sector is one of the most important purposes of the economic growth of any country because of its ability to create jobs from unskilled to specialized workers. The customers in the hospitality sector nowadays are more demanding, more whimsical and more price-sensitive. This means the firms should be more innovative to meet their customers' demands.

Innovativeness in this sector may be clearly evident in the front line of a service delivery where customers observe the innovations or they could be in the background where its presence is not readily ascertainable by the consumers and they can only experience it. In some hospitality services, guests interact with the latest gadgets in the lobby of hotels or use their own mobile devices to make plans for dinner or other services. The firms can customize and enhance their guests' experiences using order histories and consumption patterns (Bilgihan & Nejad, 2015). These demonstrate the role technology also in offering better services. Competition in this sector is mostly related to increasing operational efficiency and customer value through technology or new processes. The firms should possess the ability to predict customer needs and wants, increase loyalty through various programs, expand customer base while reducing unused capacities and increasing efficiency and productivity (Bilgihan & Nejad, 2015).

2.4.2 Hospitality Sector in Lesotho

The Hospitality sector in Lesotho has been has been enjoying some growth in terms of the number of visitors the country receives. The statistics show that visitors increased by 10.9% between 2014 and 2016, with the numbers being; 1, 078, 510 millions in 2014 to 1,082,403 millions in 2015 and 1, 196, 214 millions in 2016. Most of the visitors are from the SADC region, with South Africa dominating the number of people visiting the country, followed by Botswana (Annual tourism arrivals and accommodation statistics report, 2016 ed.). However, there has been an inconsistency in growth in the visitors from overseas in terms of top six

overseas markets over the last three years. The USA, Netherlands and Germany are the only source markets that displayed a consistent growth over the last few years. China experienced a decline in arrivals, in 2015 it was down by 15.9 (Annual tourism arrivals and accommodation statistics report, 2016 ed.). The hospitality sector generated 34,000 jobs directly in 2016 (4.9% of total employment in the country) and this is forecast to grow by 5.3% in 2017 to 36,000. This employment figures include employment by hotels, travel agents, airlines and other passenger transportation services, excluding commuter services (World travel and tourism council, 2017).

The country boasts a wide range of accommodation categories. The most traditional and popular ones are Hotels, Lodges, Guesthouses and Bed & Breakfasts (B&Bs). The value chain also includes travel agents and tour operators. The accommodation establishments are widely spread across the country but the capital city Maseru has the largest number. Most of the travel agents and tour operators are based in Maseru. It is the main arrival destination and the only town with an airport. The sector has more female employees than male with the proportion being 61% to 39% respectively. Most of the establishments have employed skilled workers and some establishments are providing in-house training to their employees that were previously unskilled. (Annual tourism arrivals and accommodation statistics report, 2016 ed.).

The licences are issued by the Accommodation, Catering and Tourism Enterprise Board that is established under the Accommodation, Catering and Tourism Enterprise Act of 1997. The board also has the powers to revoke a license lawfully issued in the event that the facility is not run in compliance with the provisions of the Act. The Act is accompanied by regulations which define and dictate the minimum requirements and standards that have to be complied with for the allocation of a license for each category (Accommodation, Catering and Tourism Enterprise Act 1997, 1997).

The regulations state that Bed & Breakfast (B&B) uses the residential lease. It provides accommodation in a family home where the owner or manager lives within the property. The guests share the public areas with the host family, however, secure locking devices have to be fitted in all guest rooms. It should have a safe parking space within the compound. The establishment should have at least two rooms and the size of the bedrooms should be big enough to allow free movement for the guests. It should have a bathroom with running water and in the event that the guests share the bathrooms, there should be at least one bathroom and

toilet for every six guests. The facility should have at least one communal dining area (LTDC, 2016).

The guesthouse can be an existing home, a renovated home or a building that has been specifically designed to provide overnight accommodation on a commercial basis. The manager or owner might live on or off the property but it should have public areas for the exclusive use of the guests. It should have at least four rooms. The structure should be in a good state of repair and have a safe parking space. The rooms should be big enough to allow free movement for the guests within the rooms. There should be at least one bathroom and a toilet for every six guests and the proprietors should use different bathrooms and toilets. The property should have a clearly designated reception area that has a desk. There should also be a sitting area available for the guests throughout the day and evening. There should be at least one communal dining area (LTDC, 2016).

A lodge should be located in the natural setting that offers more of outdoor activities. The structure should appear in good state of repair both inside and outside. It should provide a safe parking space. There should be at least one bathroom and a toilet for every six guests and the proprietors should use different bathrooms and toilets. There should be a toilet separate from the facility and it should be clean and conveniently located in a public area and have a door with a locking device. The property should have a clearly designated reception area that has a desk. There should be at least one communal dining area (LTDC, 2016).

A hotel should be located in an urban setting and should have at least 20 rooms. It should have a restaurant that offers breakfast, lunch and dinner. The property should be in a good state of repair both inside and outside. Each guest room should have a coloured television, a telephone which at the minimum provides internal communication, and a heating system. The rooms should have en-suite bathrooms and toilet. The property should have a clearly designated reception area that has a desk. There should be at least one communal dining area (LTDC, 2016).

According to Camillo (2015), the hospitality sector has the potential to alleviate poverty and uplift the economy of Lesotho like it did in Cape Verde. This is because the sector has the potential to employ some of the weakest members of the society being unskilled rural dwellers. He identified mobility and accommodation as two major determinants and drivers of its growth. However, the country has been going through some problems of low occupancy rate with the

average occupancy rate across the country at around 19.4% in 2011. This is relatively low compared to South Africa, the neighbouring country that landlocks Lesotho which was enjoying a 53% National Occupancy Rate the same year (Camillo, 2015). The geographical proximity and amount of movement between Lesotho and South Africa puts South Africa as the yard-stick to measure the performance of Lesotho. The biggest issue is that the tourism products offered in the country do not meet the ever-changing customers' expectations as a result they lose the returning-visitors market segmentation (Camillo, 2015). This is one of the things that South Africa does well. According to the PWC Hotels Outlook 2017- 2021, South Africa has been successful in converting business visitors to tourists. It is reported that 40% of people who come to South Africa for a business convention or conference return within five years as tourists.

2.5 Knowledge Management (KM) Constructs

According to Gold and Malhotra (2001), the velocity and dynamic nature of the current market place has created a competitive incentive among companies to consolidate and reconcile their knowledge assets as a means of creating value that is sustainable over time. In order to achieve competitiveness and sustainability many firms are launching extensive knowledge management efforts. Knowledge is regarded as one of the most significant firm resources (Alavi & Leindner, 2001).

Knowledge management (KM) relates to the utilization of knowledge within the firm to create value (Grant, 1996). It relates to how the firms efficiently control, apply, and develop knowledge in order to effectively generate value and reuse that knowledge (Tseng et al., 2014). KM involves identifying and leveraging the collective knowledge in a firm to help it compete. It includes the firm's ability to apply existing knowledge effectively to create new knowledge and to take action that forms the basis for achieving continuous competitive advantage from the knowledge-based assets (Alavi & Leindner, 2001).

The rapid changes in technology and the World Wide Web accelerates the changes of the market environments. This puts pressure on firms to evolve along with market trends and environmental changes and knowledge management is key in enabling the company to utilize both its tangible and intangible resources to adapt. Knowledge management capabilities are informed by knowledge infrastructure and knowledge management processes within the firm (Tseng et al., 2014). The knowledge infrastructure is technology, structures and culture while

processes are the organizational capabilities of knowledge acquisition, conversion, application and protection (Gold & Malhotra, 2001).

The firm must have a dynamic knowledge management practices and this dynamic knowledge management practices will reflect in its ability to leverage on the knowledge to create new manufacturing processes and new products or services in response to rapidly-changing external environments. The rate at which the competitive environment changes makes it a necessity for companies to have a good knowledge management system to attain sustainable competitive advantage.

According to Cohen (2015), knowledge can be either tacit or codified. These two kinds of knowledge are regarded as mutually dependent and reinforcing qualities in that tacit knowledge is necessary to the understanding of codified knowledge (Alavi & Leindner, 2001). The 'Know-how' relates to tacit knowledge and knowing about facts and theories relates to explicit knowledge (Grand, 1996). Tacit knowledge forms the background necessary for assigning the structure to develop and interpret explicit knowledge.

2.5.1 Tacit Knowledge

Tacit knowledge is a form of knowledge that is located in the mind of an individual; it is not objective and cannot exist independently of an individual (Kimble, 2013). This kind of knowledge is mostly about application. It is based on the expertise, which are practical skills or expertise permitting efficient execution of tasks. It thus must be learnt acquired or accumulated over time through experience (van den Berg, 2013; Kogut & Zander, 1992; von Hippel, 1988). It can be acquired and transferred at different of levels: the individual, group, firm and inter-firm level (Howells, 1996). In instances where it cannot be codified, it can be transferred through observation when it is applied and acquired through practice. It is characterized by being slow, costly, and uncertain to be effectively transferred between people (Grand, 1996). Tacit knowledge forms an important element in a firm's knowledge base and is integral in organizational learning. This kind of knowledge is usually inimitability and that exclusive nature gives a firm an advantage. An organization can enhance this kind of knowledge through training and retention of staff.

2.5.2 Codified Knowledge

Codified knowledge comes into being when tacit knowledge is being converted into information through the process of codification (Kimble, 2013). It is the knowledge that is

encoded in documents or database. This kind of knowledge can be an object that is owned, stored, manipulated and exchanged. Unlike tacit knowledge, one of its properties is that it is easy to transfer. This kind of knowledge requires a firm to properly document its information and use other sources of information and data at its disposal. This kind of knowledge can be easily kept and shared within the firms and externally.

2.6 Innovativeness Constructs

Innovativeness is the ability to convert knowledge into value through the implementation of new or improved products, processes and systems (Ferraresi et al., 2012). According to Atalay, Anafarta and Sarvan (2013), innovativeness involves the creation of new products or qualitative improvements in existing products, the use of a new industrial process, the new market openings, the development of new raw-material sources or other new inputs and the new forms of industrial organizations. Corporate innovation capability is the ability of the corporate to develop new products and/or markets through alignment of strategic innovative orientation to innovative behaviour and processes (Tseng et al., 2014). Noruzy et al. (2013) define it as the conception and adoption of an idea or behaviour and their successful implementation within the firm.

According to Nieves et al. (2014), innovativeness in the service industry can be categorized into product innovation, which entails the nativity of new goods and services or major improvement on them. It can also be process innovation, which involves major improvement in production and delivery models. Marketing innovation includes product design, pricing, packaging, promotion, while organizational innovativeness includes the new methods in business methods in firm practices.

Innovativeness is an important part of a company's strategy because it contributes to business performance and the firm's pursuit of wealth creation (Murimbika, 2012). Rapid and cost-effective innovativeness is the primary source of a lasting competitive advantage in the twenty-first century, leaving organizations with no alternative but to become entrepreneurial or cease to exist (Hill, 2016). However, innovativeness also needs inimitability in order to ensure competitive edge so that rivals find it difficult to replicate the technology and process supporting the innovation (Yüzbaşıoğlu, 2014). It gives the company the ability to pursue new opportunities and novel solutions, move away from the status quo and obtain a

competitive advantage in the hypercompetitive business environment (Venter & Urban, 2015; p 15). Continuous innovativeness is a necessity in the hospitality sector since there are no effective barriers in existence to provide protection from imitation (Nieves et al., 2016). These put more emphasis on the need for companies in the hospitality sector to be innovative.

2.6.1 New Products and Services

Innovating new products and services is the creation of novel products or service or an increment in the value or nature of already existing products or services. It is usually the result of research and development (R&D) efforts. Innovativeness can be in the form of radical or incremental. Incremental product innovations is when the product or process is improved with the aim to satisfying the needs of existing customers. It involves some changes in technology and little deviation from the current product-market experiences of the firm. Radical product innovation on the other hand involves fundamental changes in the product or process of the firm to address the needs of emerging customers (Wang & Rafiq, 2014; Atuahene-Gima, 2005; p. 65). It does this by means of coming up with a completely new product.

2.6.2 New Business Models

This is non-technological innovativeness. Business model innovation is the new way of doing things within the company in order to provide a new value proposition to customers (Souto, 2015). That makes a significant adjustment to the systems required to create a new value proposition or creating the new systems altogether. These allow the firms to differ from their competitors. This in turn gives it a competitive advantage because it will be offering a different experience to its clients. This kind of innovativeness is mostly manifested internally and it can be enhanced by the firm's ability to integrate individual internal inputs into a new collective logic of interaction through integrating and coordinating capabilities (Nieves et al., 2016).

2.7 Organizational Performance Constructs

Performance is the actual output or results of an organization's activities as measured against its intended outputs, goals or objectives. It is measured by the targets achieved by an organization. It is an evaluation of the effectiveness of individuals, groups, or organizations in achieving organizational targets or goals. At an individual level, it is measured by job satisfaction, achieved goals, and personal adjustment. At a group level it is measured by morale, cohesion, efficiency, and productivity; and at an organizational level it is measured by profit, efficiency, productivity, absenteeism rate, turnover rate, and adaptability. According to

Carter and Tamayo (2017), organizational performance is the result of the institutional capacity, management skills and training and most importantly finance and capital within the company.

2.7.1 Profitability Sales Growth

This variable focuses on financial data, such as return on investment, return on sales, price variances, sales per employee, productivity and profit per unit of production. It is the most traditionally used variable as an indicator of performance (Tseng et al., 2008; Ghalayini & Noble, 1996).

2.7.2 Customer Satisfaction

Customer satisfaction is one of the non-financial indicators of organizational performance. It can be shown by the occupancy or usage performance of a firm. It can also be reflected on the feedback from the customer or the number of customers that return for the service. Innovativeness has a positive effect on customer's relational behaviour by meeting customers' perception of self-determination in the service sector (Tseng et al., 2008).

2.8 Knowledge Management, Innovativeness and Organizational Performance

Schumpeter's vision of innovation as a process of creative destruction is consistent with the present hypercompetitive business environment. Knowledge is a key asset that enables firms to discover and exploit new opportunities (Nieves et al., 2016; Wiklund & Shepherd, 2003). The companies invest intensively in knowledge management to create a competitive advantage for themselves. They have to be continuously innovative to maintain that competitive edge because the competitors' ability to imitate has improved (Johannessen, Olsen & Olaisen, 1999). In order to have a competitive advantage, a firm should rely past experiences, transform knowledge owned by individuals into organizational knowledge, and to adapt to the environment through continued learning and development (Tseng et al., 2014). The knowledge sources are crucial for firms to run the business. Organizational knowledge management informs the capability to innovate, seize business opportunities, respond to the dynamic environment, and coordinate both external and internal resources. These determine organizational performance. Knowledge management is the mechanism that creates and stores data to increase a firm's response time and creates innovation through the collection, storage and study of organizational information. Knowledge management must form part of the

strategic goals of the firm in order to fully maximize its potential to enhance a firms' performance (Rubenstein-Montano, Liebowitz, Buchwalter, McCaw, Newman, Rebeck & Team, 2001).

2.9 Studies that researched KM, Innovativeness and Performance

2.9.1 Relationship between organizational knowledge, dynamic capabilities and Innovativeness in hotel industry in Spain by Nieves et al, (2016)

Neives et al, (2016) conducted a study to develop and test a comprehensive model to analyse the multiple and simultaneous relationships among organizational knowledge, dynamic capabilities and innovativeness in the accommodation sector in Spain. The study was based on the literature that suggests that organizational knowledge is one of the key resources of innovative activity, more so if a firm has the capacity to keep renovating its knowledge resources in order to adapt to a changing environment. The study was also meant to address the gap in empirical information on these constructs. The empirical studies that have been conducted had mainly focused on the manufacturing sector.

They conducted cross-sectional survey using a self-administered questionnaire. Data was collected from companies that run hotel establishments with a minimum rating of three stars and at least 50 employees in Spain. They excluded companies with less than 50 employees to avoid including very small firms without any formal knowledge-management processes. The study was conducted on 523 firms and their information was obtained from the 2011 Annual Hostel market Report on hotels, restaurants, tourism and leisure. The data collection process ran from September 2011 to March 2012 and 112 questionnaires were completed and returned but three of those were rejected. So the analysis was made on 109 firms; 20.84% representation of the total population.

The study used the seven-point Likert-type scale. Organizational knowledge was measured using the scale adopted from Akgun et al. (2008), dynamic capabilities were measured using the scale adopted from Pavlou and El Sawy (2011). The product innovation scale was adopted from Nasution et al. (2010), whereas the process innovation measurement was adopted from the Oslo Manual (OECD/Eurostat, 2005) and research by Nasution et al. (2010). (Nieves et al, 2016)

The results from the study showed that knowledge and knowledge-based processes play an exceptional role towards fostering innovativeness in the hotel firms. The findings reflect that a

high level of organizational knowledge influences the firm's ability to identify, analyse and capitalise on environmental opportunities (Nieves et al., 2016). It also enhances the capacity to combine different individuals' knowledge and coordinate efforts, resources and activities. This high level of collective knowledge improves the firm's capacity to alter its resource base in order to build new resources and capabilities. These findings are even more relevant to the hospitality industry where renewal of organizational resources is crucial to help firms adapt to changing conditions and customer preferences.

2.9.2 The relationship between innovation and firm performance in Turkish automotive suppliers industry by Atalay et al., (2013)

Atalay et al. conducted a study to examine the relationship between firm innovativeness and firm performance with the aim of gathering empirical information. The study was conducted in 2011. The context of the study was the Turkish automotive supplier industry. The underlying theory was that innovativeness is regarded as one of the most important sources of sustainable competitive advantage in an increasingly changing environment. Innovativeness leads to products and the improvement of processes makes continuous advances that help firms to survive, allows firms to grow more quickly, be more efficient, and ultimately be more profitable than those that are non-innovators. This is because of the heightened level of competition and shortened product life cycles (Atalay et al., 2013).

The data was collected from the top level managers of 113 firms operating in the automotive supplier industry. This is regarded as one of the most innovative industries in Turkey. The study instrument used an innovation scale adapted from Lin et al. (2010) comprising 21 items and a firm performance scale adapted from Venkatraman (1989) comprising six items.

The results showed that product and process innovation significantly affect firm performance positively. However, the effect of marketing innovation on firm performance was insignificant. This may be because the automotive supplier firms in the sample do not have a corporate marketing department in their firms, therefore marketing innovation is not well recognized by these firms. (Atalay et al., 2013)

2.9.3 Knowledge management capabilities and firm performance in the hospitality service sector in South Africa by Cohen and Olsen (2015)

Cohen and Olsen conducted a study to examine knowledge management and firm performance in the hospitality service sector in South Africa. The study helped to gather empirical

information on knowledge management in the hospitality sector which is an under-researched context of knowledge management (Cohen & Olsen, 2015). The sample frame of the study was 656 firms in the hospitality sector in South Africa. The questionnaires were directed to hotel owners, general managers and their equivalents because they are considered most knowledgeable about knowledge management practices in their entities and their performances.

A total of 148 completed questionnaires were received from the respondents and 112 of those were used for analysis because 36 questionnaires were left out due to missing data. The results of the study showed that KM has a positive impact on the firm's performance. The study also found that there are complementary relationships between tacit and codified knowledge management in that they mutually reinforce and improve customer service (Cohen & Olsen, 2015).

2.9.4 Knowledge management and strategic orientation: leveraging innovativeness and performance in Brazil by Ferraresi et al. (2012)

Ferraresi et al. conducted a research to investigate whether knowledge management (KM) contributes to the development of strategic orientation and to enhance innovativeness, and whether these three constructs contribute to the enhancement of business performance. The study was conducted in Brazil, with a sample of 241 companies surveyed using web-based questionnaires that contained 54 questions. The research instrument used ten-point likert scales to measure the degree of agreement on each item of each construct.

The study was based on the theory that knowledge is a resource that can be used to leverage other organizational resources. The theory also suggests that knowledge management (KM) practices are important drivers of innovativeness and business performance. There is also a view that strategic orientation also has a key role to play in that strategies influence and direct the conduct of routine business operations. It also provides a foundation for long-term success (Ferraresi et al., 2012). This is under the hypothesis that knowledge management and strategic orientation are based on activities that enable firms to utilize knowledge effectively to create competitive advantages. The other hypothesis is that they are theoretically correlated with patterns of innovative behaviour and superior performance.

The study found that effective knowledge management has a positive impact on firm innovativeness but it is not that significant, it becomes more significant when mediated by

strategic orientation. This means that in order to be effective, knowledge management requires direction and alignment between the development of organizational intelligence and the implementation of strategic objectives (Ferraresi et al., 2012). The study also found that effective knowledge management has a positive impact on business performance but it becomes significant when mediated by strategic orientation and innovativeness.

2.9.5 Knowledge management, innovation and firm performance in New Zealand by Darroch, J. (2005)

Darroch conducted a study to provide important empirical information to substantiate the importance of knowledge management within firms. It looked at the relationship between knowledge management, innovation and performance. The research argues that knowledge is a resource, and the effective management of knowledge enables those within the firm to extract more from all resources at their disposal. Further, knowledge management plays an important supporting function by providing a coordinating mechanism to enhance the conversion of resources into capabilities (Darroch, 2005). These emphasises the importance of KM in the survival of the firm because it creates a platform for the development of other capabilities and innovations.

The study was meant to create better understanding of the contribution of integrating knowledge management into the resource-based view of the firm and how it works as a coordinating mechanism necessary for resources to be transformed into capabilities (Darroch, 2005). Data was collected using a mail survey. Questionnaires were sent to CEOs representing firms with 50 or more employees across different industries in New Zealand. A total of 1,743 questionnaires were sent out, and 443 were returned and used for the data analysis (27.8 percent response rate).

The study found that firms effectively managed knowledge were more innovative and performed better. It also found that responsiveness to knowledge positively affected performance. Knowledge management has a direct effect on innovativeness, but only responsiveness to knowledge directly contributed to financial performance. An effective knowledge management as a coordinating mechanism was found to have higher impact on firms with a propensity towards developing incremental innovations. However, there was limited support for the view that a firm developing radical innovations had a well-developed knowledge management (Darroch, 2005). These brought up another dimension that KM can be biased to the incremental type of innovativeness.

Table 2.1 Literature Review Summary

Theories/ Constructs	**Sources**
Resource-Based Theory	Penrose (1959), Barney (1991), Grant (1996), Peteraf (1993), Wernerfelt (1984), Ferraresi et al., (2012), Teng (2007), Alavi & Leidner (2001), Chuang (2004),
Knowledge-Based View	Øystein Widding (2005), Alavi & Leidner (2001), (Grand, 1996), Martín-de Castro (2015), Nickerson & Zenger (2004)
KM, Innovativeness and Performance literature in the Service Sector -Hospitality Sector	Hertog et al (2011), Bilgihan & Nejad (2015)
Knowledge Management (KM) - Tacit Knowledge - Codified Knowledge	Alavi & Leindner (2001), Tseng et al (2014), Gold & Malhotra (2001), Cohen (2015), Grand (1996), Kimble (2013), van den Berg (2013), Howells (1996), Johannessen et al. (1999)
Innovativeness - New Products and Services - New Business Model	Ferraresi et al., (2012), Atalay et al. (2013), Tseng et al., (2014), Noruzy et al. (2013), Nieves et al. (2014), Hill (2016), Yüzbaşıoğlu (2014), Venter & Urban (2015), Nieves, et al. (2016), Wang & Rafiq (2014), Atuahene-Gima (2005; p. 65), Souto (2015).
Performance - Profibility Sales Growth - Customer Satisfaction	Carter and Tamayo (2017), Tseng et al. (2008, Ghalayini & Noble (1996).

2.10 Hypothesis Development and Theoretical Model

According to Tseng et al., (2014), knowledge management is the ability to implement and integrate resources to achieve corporate goals, as well as results acquired from long-term accumulation of interaction among various resources. It is when a firm deliberately and systematically collects, systematizes and analyses its knowledge from resources, documents, and people skills and the ability to leverage existing knowledge through continuous learning to create new knowledge. Knowledge management and organizational innovativeness are

regarded as antecedents of organizational performance. This research is based on the model which suggests that knowledge management and innovativeness impact organizational performance both directly and indirectly (Noruzy et al., 2013).

Some companies have more information than others, and turning that information into knowledge gives them an advantage of more market dominance through innovativeness. Innovativeness brings the application of knowledge to produce new knowledge (Johannessen, 1999). The knowledge-based view (KBV) states that a firm's competitive advantage emanates from its ability to create knowledge, accumulate same and apply it. Knowledge is one resource that can differentiate the firms if it is comprised of unique features, services and products since it is protected from imitation by knowledge barriers. According to Nieves et al. (2014), knowledge-based resources are crucial in responding to the hyper changing business environment. It is believed that the social knowledge and collective knowledge embedded in the corporate or organizational level constitute a long-term source of competitive advantage. Entities that do a lot of R&D activities obtain good innovative performance (Chen, Jiao & Zhao, 2016). Knowledge can be in a form of tacit knowledge which is the knowledge that is embedded in human resources, it is very difficult to transfer or to imitate. There is also codified knowledge which is the kind that is documented in documents (Cohen & Olsen, 2015). Knowledge can also be embedded in the routine or firm structures. Innovativeness also relies heavily on research, and because of a lot of research activities that have to take place outside the firm, the firm's ability to obtain external knowledge from external sources and public research institutes is a key factor to its success. If the company protects and manages its knowledge properly, it will have a competitive advantage and be more innovative in that:

H_1. *There is a positive relationship between KM and innovativeness*

The increased competition level and shortened products' life cycles, meaning that firms' ability to create innovations is more important than ever in ensuring improved performance and maintaining a competitive advantage (Atalay et al., 2013). The existing products are affected by rapid changing customer needs and tastes, new technologies and increased competition from international firms. Organizational performance can be measured using internal and external variables. External (environmental) as well as internal (organizational) factors have a direct impact on organizational performance. Organizational innovativeness is a route to better organizational performance (Noruzy et al., 2013). Schumpeter (1934) argues that innovative new products face limited direct competition when first introduced to the market therefore that

allow innovating firms to enjoy relatively high profits (Atalay et al., 2013). Profitability is one of the indicators of firms' performance, hence the study hypothesises that:

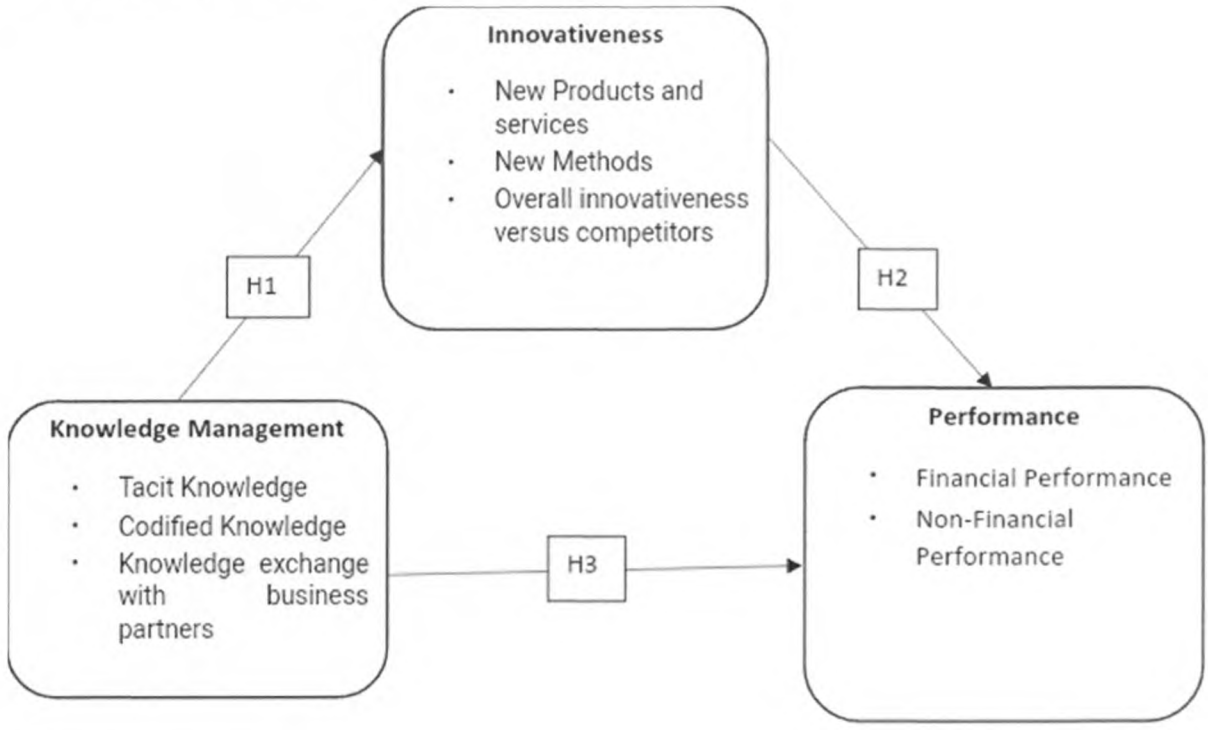
H_2. *There is a positive relationship between innovativeness and firm's Organizational Performance*

According to Howells (2002) knowledge plays a major role in creating and sustaining the long-term capabilities and performance of the firm. This could be through informing innovativeness within the firm. Organizational innovativeness hinges on the firm's ability to acquire and utilize market intelligence. Therefore, organizations with a lack of innovativeness struggle to translate knowledge into action hence their knowledge does not impact on their performance (Hult et al., 2004). Aboelmaged (2014) argues that managers have to enhance knowledge acquisition, sharing and application, and then use it to promote a better level of technical and administrative innovative performance. These will improve operations performance. These suggest that knowledge management has a positive influence on organizational performance with innovativeness as a mediating variable. According to Cresswell (2014), a mediating variable stands between the independent and dependent variables as a probable causal link; they mediate the effects of the independent variable on the dependent variable. According to Hult et al., 2004, knowledge management is manifested mainly in the culture of the firm and needs to be mediated by factors that impact directly on performance of the firm. Based on this, the study hypothesises that

H_3. *Innovativeness has a mediating effect on the relationship between knowledge management and firm*

2.10.1 Theoretical Model

Figure 2.1 Theoretical Model



2.11 Conclusion

Information is key for the firms to know trends, challenges and needs to adapt to and become innovative in the current business environment. The current hyper-competitive and ever-changing business climate dictates that corporate entities keep transforming to survive and they should endeavour such transformation quickly (Kuratko et al., 2011). The change in external environment is causing some fundamental internal transformation in companies' operations, and these can be perceived as threats to some companies and opportunities to others. Some companies try to defend themselves while others explore the opportunities brought by the changes happening around them (Kurakto et al., 2011). Companies that are more adaptable, flexible, fast, aggressive and innovative are better positioned to adjust to dynamic, threatening and complex external environment and are able to create change in the environment. The companies that possess these features are entrepreneurial. The firms need knowledge as one key resource to provide cognitive ability to coordinate resources, use them accordingly and re-arrange them to make them heterogeneous. The ability also informs the utilization of the codified knowledge within the firm. These depend on how the firm manages its knowledge.

The hospitality sector is very competitive because the competition includes all other global players; the customers are becoming more demanding and price-sensitive so the companies have to be innovative to be different and more appealing to the market. The proper knowledge management has the potential to enhance the competitive advantage of the company, its employees' relations, development and innovativeness and lower the company's costs (Zheng et al., 2010). Innovation is important for the application of new knowledge with the aim of meeting customers' needs and creating value. Both tacit knowledge and explicit knowledge, and can be used in the innovative process (Souto, 2015).

So in the context of corporate entrepreneurship and based on both RBT and KBV, the literature suggests that there is a positive relationship between the three constructs that the study is looking into. This is consistent with the findings of Nieves at al. (2016), Atalay et al., (2013), Cohen and Olsen (2015), Ferraresi et al. (2012) and Darroch (2005). Therefore, the study is of the view that there is a positive relationship between knowledge management, innovativeness and performance of the firms. The study is going to fill the information gap by researching in the context of Lesotho by providing empirical evidence in the matter.

Chapter 3

Research Methodology

3. Introduction

This chapter will cover the details of the hypotheses testing and methodology. This includes the research paradigm as well as the methodologies used to address the research objectives and get the results. As stipulated in Chapter 1, the objectives of the study are to measure the knowledge management manifestation in the firm and the amount of innovativeness in the firm. The third objective is to measure performance of the firm, and how that performance relates to knowledge management with the mediation of innovativeness. The relevant literature covering the three constructs and their interaction is detailed in Chapter 2. Chapter 2 also covers the hypothesis development and the theoretical model.

3.1 Research Methodology/Paradigm

Research methodology is the process of research from theoretical foundation to the data collection and data analysis. Research paradigm is the way our mental models or frames of references are used to organize our reasoning and how our observations shape our design and conduct of research (Bhattacherjee, 2012; p.35). It influences what will be studied, how research will be conducted, and how results will be interpreted (Bryman & Bell, 2014; p.19). The research is going to follow a positivism paradigm. Bhattacherjee (2012; p.35) says positivism relies on theories that can be directly tested and empiricism observed based on data and a rejection of any attempt to extend or reason beyond observable facts.

The research utilized both primary and secondary data. It was undertaken as a quantitative, cross-sectional design focused on the relationships between the knowledge management, innovativeness and organizational performance in the hospitality industry. The study collected quantitative data because one of the primary purpose was to generate empirical information of the researched construct in the context they are researched to address the information gap. Since this study is an academic research that has stipulated timelines, it was conducted as a cross-sectional study so that it runs within the university timelines.

3.2 Research Design

A research design is a type of inquiry; qualitative, quantitative, or mixed method of approaches that offer route for processes in a research (Cresswell, 2014). The research adopted the quantitative approach. Relevant data was collected, analyzed to examine the relationships between variables. This design is the more suitable for this type of the study and the timelines the study is expected to be completed by.

3.2.1 Study Research Design- Quantitative Approach

Quantitative approach is a distinctive approach that entails the collection of numeric data, its analysis, its interpretation and the writing the results of a study. It regards the relationship between theory and research as deductive (Bryman & Bell, 2014; p31). This is done in both survey and experimental research. It relates to identification of a population to conduct a study on, then selection of a sample from the population, and ultimately decision on the type of design, collection mode and analysis of data. Then the results are presented and interpreted, and then the research report is written, in a manner consistent with a survey or experimental study (Cresswell, 2014).

Deductive logic is valuable for creating research hypotheses and testing theories (Cresswell, 2014). The deductive strategy has been used for practical reasons since not all the subjects in the population can be researched. The research should be conducted in such a way that the results can be generalised to the entire population. The deductive logic dictates that the collection, analysis and interpretation of the data into meaningful and usable findings that add value and contribute to the business environment and the academic knowledge base.

The study adopted a quantitative approach. According to Bryman and Bell (2014; p.40), quantitative research does not only look in to *how* things are but also *why*. This means examining the causes also, in terms of independent variables being the causes and the dependent variables showing the effects caused by the independent variables. In the case of this study, the relationship that is being examined is between knowledge management, innovativeness and performance in the hospitality sector in Lesotho. To do so, the research established measurable variables to be used to assess the outcome. In the service sector, especially hospitality, customer preferences are ever changing so knowledge management is very crucial, both tacit and codified knowledge. This is to keep up with the changes and to

ensure that they cater for customer needs, as Gold et al. (2001) put it that the firms should leverage on their existing knowledge and create new knowledge that favourably positions them in their chosen markets in order to be competitive. Training of staff, retention of staff, the firm's ability to incorporate all its different types and sources of knowledge and inform its plan of action from the knowledge, the firm's ability to acquire information about its competitors and business partners and to share information internally and externally are the variables used to measure the manifestation of knowledge management of the firms. Knowledge management is an independent variable. Innovativeness is the dependent variable and it will be measured by looking at the firm's openness to innovative ideas and the new products and processes that the firm innovated. It will also look at how innovative the firm is compared to its competition. Performance as another dependent variable will be measured through both financial and non-financial indicators. Sales growth, occupancy rate, customers' feedback, the number of returning customers and profitability will be used to measure performance.

3.3 Population and Sample

3.3.1 Population

A population is all unit of analysis with the characteristics that a researcher wishes to study. The unit of analysis may include people, group, organization, country, object, or any other entity that you wish to draw scientific analysis on Bhattacherjee (2012; p66). From the population we can derive a sampling frame, which is the accessible section of the target population from where a study sample can be drawn. The population of the study is the senior managers and middle managers in the hospitality value chain in Lesotho. This includes the senior and middle managers of the hotels/ inns, guest houses, lodges, bed and breakfasts, and travel agents. The list and contacts was accessed from the Lesotho Tourism Development Corporation (LTDC) office and they serve as the sampling frame.

3.3.2 Sample

A sample is a group selected from the population from which the data is collected. It represents that population. According to Bryman and Bell (2014; p170) it is the segment or subset of the population that is selected for investigation. Bhattacherjee (2012; p65), describes sampling as the statistical process of selecting a subset of a population of interest for purposes of making observations and statistical inferences about that population. It involves inferring patterns of behaviors within a specific population of interest since it is not always practical to study entire populations. The feasibility of studying the entire population and costs constraints make it

necessary that we must select a representative sample from the population of interest for observation and analysis. The information gathered from the sample was used to generalize findings drawn back to a population, within the limits of random error (Barlett, Kotrlik & Higgins, 2001). The sample was registered with Lesotho Tourism Development Corporation (LTDC).

The research adopts convenient sampling technique to sample the population. This is a sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher. According to Etikan et al. (2016), convenient sampling technique is a non-probability or non-random sampling whereby members of the population are chosen based on a certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or their willingness to participate. Bhattacherjee (2012; p 69) refers to it also as accidental or opportunity sampling. He says it is a technique in which a sample is drawn from that part of the population that is close to hand, readily available, or convenient.

This research sampled the senior managers and middle managers in the entities that have registered with LTDC and have email addresses. The study specifically focused on people in management positions of the companies because they are in a position to know what is happening in the companies. They are in a position to have an aerial view of the inter-department activities like information and knowledge sharing. They are an integral part of activities such policy formulations. In terms of performance, they are the people who integrate the reports on performance so they are in a better position to know whether their institutions are doing well or not.

To have an email address was the convenient for the research since the survey was conducted by the use online questionnaires that were send through the email to collect data. This is because the population is small but spatially dispersed all over the country so it would not be practical for the researcher to reach all of them if a different technique and mode of data collection was to be adopted. Because of the size of the population size, the questionnaires were send to every eligible member to ensure that the needed quota for the statistical analysis is reached. The questionnaires were send to senior managers and middle managers of the 153 companies in the hospitality sector.

3.4 The Research Instrument

The research instrument is also referred to as a questionnaire, it consists of a set of questions (items) intended to capture answers from respondents in a standardized manner. Questionnaires adopt unstructured or structured questions. Unstructured questions ask respondents to provide a response in their own words, while structured questions ask respondents to select an answer from a given set of choices. Subjects' responses to each question (items) on a structured questionnaire may be aggregated into a composite scale or index for statistical analysis (Bhattacherjee, 2012; p74). Questions are supposed to be designed such that respondents are able to read, understand, and respond to them in a meaningful way, that is why the survey method may not be appropriate or practical for certain demographic groups such as children or the illiterate.

The research is going to use an online questionnaire with structured questions. The respondents are expected to tick the boxes on the options that match their perceptions on a Likert scale. All the variables are going to be measured using Five Likert scales except for the demographic section. The demographic section consists of both dichotomous responses and ordinal responses *(see Appendix B)*. The questionnaire was accompanied by the letter that explains the research and talk about the authenticity of the research and the rights of the participants. The use of self-administered questionnaire is advantageous in that they are unobtrusive, and they are cheap to administer, since they can be done at convenience of the respondents and do not need the researcher to incur traveling costs to reach respondents. This is one reason that the study used it because the respondents are all over the country and with limited time and resources; it appeared to be the more feasible method. On the downside however, response rates from online surveys tend to be quite low since most people tend to ignore survey requests. In the event that the response rate is too low, the student researcher made follow-ups by phone to request that the respondents do fill the questionnaires.

The questionnaire itself consists of four sections: section one is on demographic data. This section was be used as control variables, section two collects data on knowledge management, then section three focuses on the innovativeness while the last section focuses on organizational performance. The questionnaire has gone through pilot study to check if it gets the desired information and whether the questions are not ambiguous. The feedback from the piloting indicated that the questionnaire had few ambiguous questions, the ambiguities were addressed,

and more questions were added to the questionnaire. It has gone through the external factor analysis to test its reliability during the pilot study and the scales proved to be reliable.

Table 3.1 Summary of Different Sections of the Research Instrument

Section	**Description**	**Source of Questions**	**Type of Questions**
Section 1: Biographical Data	Section 1 consists of questions 1.1 to 1.5 to gather data on demographical information (age, gender, education level) of a middle manager or a senior manager within the hospitality value chain in Lesotho. Business related questions are also included: kind of business and number of employees in the company. These variables were used to describe the data as well as in multiple regression analysis as independent variables.		Dichotomous, open ended, single response multiple choice, checklists
Section 2. Knowledge Management	This section consists of questions 2.1 to 2.6. The questions measure knowledge management manifestation within the entities, both tacit and codified knowledge.	Tseng et al, 2014, Gold et al, 2001, Cohen, 2015, Kimble, 2013, van den Berg, 2013, Howells, 1996	5-point Likert scale
Section 3. Innovativeness	The section has questions 3.1 to 3.6. The questions test the ability of the entity to embrace innovative solutions, innovations	Ferraresi et al, 2012, Tseng et al, 2014, Noruzy et al 2013, Nieves et al, 2014, Murimbika, 2012, Hill, 2016,	5-point Likert scale

	of new products or services, innovations in business model.	Yüzbaşıoğlu, 2014, Venter, et al, 2015, Nieves, et al, 2016, Wang and Rafiq, 2014, Souto, 2015	
Section 4. Performance	Section 4 has questions from 4.1 to 4.6. The questions measure both financial and non-financial performance of the companies.	Carter & Tamayo, 2017, Tseng et al, 2008,	5-point Likert scale

3.5 Data Collection

The questionnaires was send to the respondents electronically using Qualtrics software. The questionnaire takes approximately 10 minutes to complete so the respondents were encouraged to fill it as soon as they can. The list and contact details of the respondents were found from the Lesotho Tourism Development Corporation's (LTDC) office. LTDC is the government office that is responsible for marketing tourism in Lesotho and internationally. Since the questionnaire is self-administered, it was designed in such a way that it is easy for respondents to go through it. The layout is designed for ease of use in that all the answers are picked by ticking the box. It is written in a simple English format and it is not word-loaded to ensure easy understanding. The questionnaire reflects ethical aspects of the study and it includes a description of the purpose of the research to the respondents. The respondents were asked to take part in the survey voluntarily and are ensured confidentiality of the information they offer (*See Appendix A*).

3.6 Data Analysis and Interpretation

According to (Cresswell, 2014), data analysis means that the researcher draws conclusions from the study; in particular from research questions, hypotheses, and the larger meaning of the results. According to Bhattacherjee (2012; p119) quantitative analysis using statistical tools can use either descriptive analysis or inferential analysis. Descriptive analysis refers to statistically describing, aggregating, and presenting the constructs of interest or associations between these constructs. Inferential analysis refers to the statistical testing of hypotheses

which theory is testing. The study was use 95 (α= 0.05) confidence interval in analysis of the data to test the model.

3.6.1 Descriptive statistics

The empirical analysis is based on descriptive statistics, exploratory factor analysis and multiple linear regression analysis. Descriptive statistics which measure central tendency (mean, standard deviation etc.), distribution of variables are computed on all the variables. The results from descriptive analysis of the data are presented in tables and figures. Then the regression model analysis, correlation analysis of the model variables is conducted thereafter.

3.6.2 Exploratory factor analysis (EFA)

The exploratory factor analysis is used to summarize data so that relationships and patterns can be easily interpreted and understood. It regroups variables into a limited set of clusters based on shared variance (Yong & Pearce, 2013). It reduces data to a smaller set of underlying summary variables by combining responses to several related items to create a single score for the construct. A measure that involves several related items is generally considered more reliable and valid than relying on responses to a single item. The three constructs were factored using exploratory principal component factor analysis to reduce the number of variables into few factors based on how related they are. They were rotated using oblique rotation since there was a statistical evidence that the constructs are correlated. The analysis that generated a new matrix with a linear combination explaining the same amount of variance that facilitated easy interpretation of the factor.

3.6.2 Correlation analysis

The Pearson's correlation analysis was used to test the relationships between the three constructs: the relationship between KM as an independent variable and innovativeness as a dependent variable. Then innovativeness as an independent variable and organizational performance as dependent variables. Then knowledge management as an independent variable against both innovativeness and performance as dependent variables. The relationships were be tested at 95 confidence interval (α=0.05).

3.6.4 Multiple linear regression analysis

A multiple regression analysis was conducted to measure the strength of the relationship between the three constructs. Multiple regression was also used to measure the mediating effect

of innovativeness in the relationship between KM and organizational performance. It checks the situation where the mean of a variable depends linearly on a set of co-variables (Gr´egoire, 2014). It shows how significantly the independent variable affect the dependent variable. It is used in situations in which there are several predictors (Field, 2013; p.209). The model that the study results developed was developed by use of multiple regression analysis. The significance of the relationships was tested at 95 confidence interval (α=0.05).

3.7 Limitations

Price and Murnan, (2004) describe the limitations of the study as the systematic bias that can affect the findings that the researcher has no control over. One major limitation of the study is that the respondents were expected interpret and fill the questionnaires themselves and the responses were based of each individual understanding of the questions. In the survey where the questionnaire is self-administered, the questions are prone to be interpreted differently by different respondents. The research was be conducted in Lesotho so the findings may not be applicable in the context of other countries.

3.8 Validity and Reliability of research

Reliability and validity, together are called the "psychometric properties" of measurement scales, are the yardsticks that test the adequacy and accuracy of the measurement procedures in scientific research (Cresswell, 2014). This guards the research from measuring the wrong constructs or measuring the appropriate constructs in an unreliable manner.

3.8.1 External validity

It is when the results can be generalizable to groups, environments, and contexts outside of the experimental settings (Onwuegbuzie, 2000). It is extent to which the results can be generalized and thus useful to other populations. Quantitative findings are supposed apply to the development of theories and not wider populations (Winter, 2000). In this context, the most crucial issue is how the participants in the study are chosen. The researchers are always looking to generate samples that are representative of the study population (Bryman & Bell, 2014; p.26). To ensure representation, the sampling on the research includes all the businesses in the hospitality value chain. The establishments like hotels that include restaurants in their operations represented the restaurants as well.

3.8.2 Internal validity

The internal validity is mainly focused on the causality relationships of the variables, whether the changes in the dependent variables are caused by the independent variables and no other variable. It is when the changes in the dependent variable are only due to the manipulation of the independent variable (Onwuegbuzie, 2000). It refers to whether the findings are caused by the subjects under investigation and not the other unaccounted for influences (Winter, 2000). According to Bryman and Bell (2014; p.26), the question that internal validity looks to answer is how confident can we be that manipulation of independent variables is responsible for the variations observed in the dependent variables. The statements in the questionnaire are directly related to the issues the study is researching to ensure the validity of the data they collect.

3.8.3 Reliability

Reliability is concerned with the consistency of a measure of a concept (Bryman & Bell 2014; p.24). It looks at the degree with which repeated measurements taken under similar circumstances, come up with the same results. Blumberg, Cooper and Schindler (2011) define reliability as the degree to which results are consistent over a long period. Reliability has three prominent features according to Bryman and Bell (2014; p.24), and they are: stability which looks at the level of confidence that the measures are stable over time and do not vary or fluctuate if administered over and over again. The second feature is internal reliability and it checks whether the indicators that make up the scale are consistent and if respondents' scores on any indicator relate to the score of the other indicators. The third feature relates to inter-observer consistency. It is when more than one observer is involved and whether the findings of those different observers are consistent. To ensure reliability, the study questionnaire adopts the measures and scales that have been used and have proved reliable to test similar variables. To measure knowledge management, five-point Likert-type scale adopted from Gold, Arvind and Malhotra are used. To measure innovativeness, five-point Likert-type scale from Miller and Friesen are used, and to measure organizational performance five-point Likert-type scale from Cho, Ozment and Sink was adopted.

Chapter 4

Presentation of Results and Data Analysis

4.1 Introduction

This chapter consists of the presentation of the study results. Data was collected from the senior managers and middle managers from the businesses in the hospitality sector in Lesotho. It was collected with the use of structured questionnaires that were self-administered. The questionnaires were sent to the respondents by qualtrics software. However, the response rate was very low and the researcher took it upon himself to make follow-ups by sending emails and calling. This is when he discovered that some of the respondents preferred hardcopies so some of the questionnaires were hand-delivered as hardcopies. The questionnaires has four sections, namely:

- Demographics sections, which is meant to profile the demographic characteristics of the company and the respondent;
- the knowledge management section that measured the manifestation of knowledge management at the firm;
- the innovativeness section that measured how innovative the firm is; and lastly
- the performance section that measured both financial and non-financial performance of the firm *(see Appendix B).*

In the presentation of the results, the demographic characteristics are presented by profiling the respondents. Next, the descriptive statistics and univariate analysis outputs are reported. The inferential statistics reported in the concluding segments of this study are correlation analysis, regression analysis and structural equation modelling which explicates the mediating effect of the innovativeness between knowledge management constructs and performance constructs. The data was tested at 95 confidence interval (significance at (α=0.05).

4.2 Descriptive Statistics

4.2.1 Socio-Demographic Characteristics

This section presents the summary socio-demographic characteristics of the subjects from which the data was collected. The section use the charts to present the summaries of frequency and percentages of the respondents and the companies they were representing in the study. There is also a brief explanation for each figure/chart.

A.2.1.1 Types of Business

Figure 4.1 Distribution of Respondents by Sex

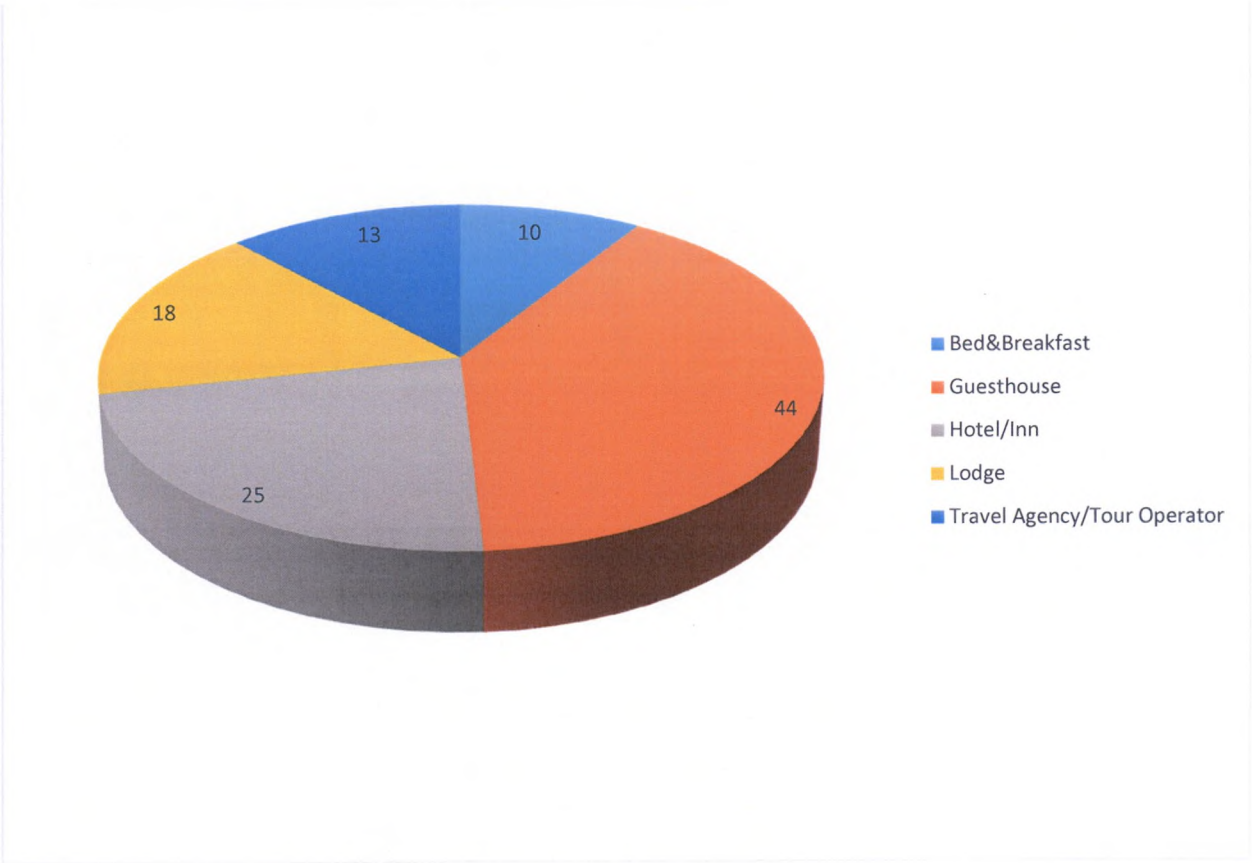


Figure 4.1: *distribution of companies by the type of business*

Figure 4.1 above is the pie chart representing the frequency distribution of the type of business from which the respondents were senior managers and middle managers. The data was collected from 44 guesthouses, which is 40% of the data distribution, followed by hotels/inns with 25, which is 22.7%, then the lodges with eighteen (16.4%). The two least contributors are travel tours/tour operator and bed and breakfast with 13 (11.8%) and 10 (9.1%) respectively.

4.2.1.2 Companies by Number of Employees

Figure 4.2 Respondents Distribution by Number of Employees

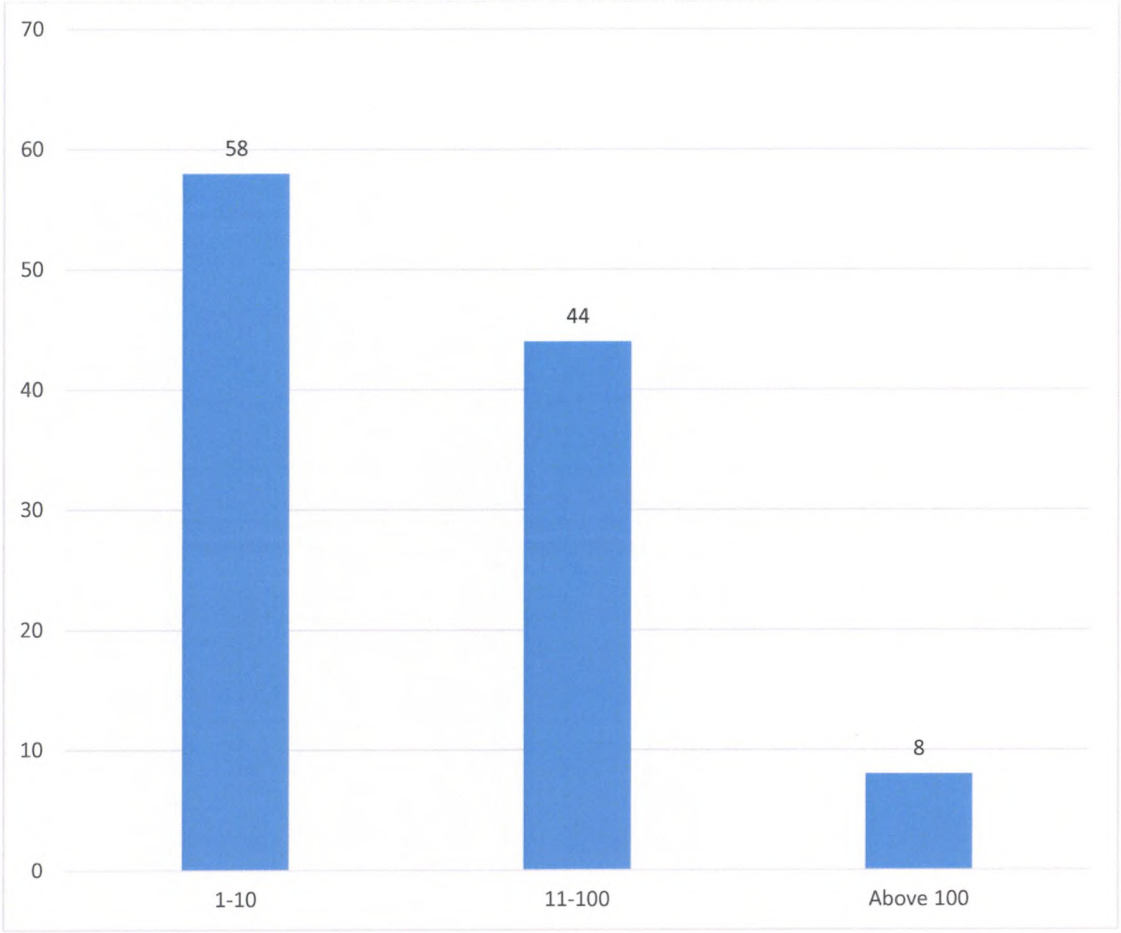


Figure 4.2: *distribution of companies by the number of employees*

Based on the results, it is evident that the majority of the companies do not employ large volumes of people. The results shows that less than 10 companies have more than 100 employees. Majority of the companies employed 1-10 full-time employees (which is 58 companies) and 44 have between 11 and 100 employees. Only 8 companies that took part in the survey employed more than 100 people. The results are shown on the bar chart in figure 4-2 above.

A.2.1.2 Respondents Distribution by Sex

Figure 4.3 Distribution of Respondents by Sex

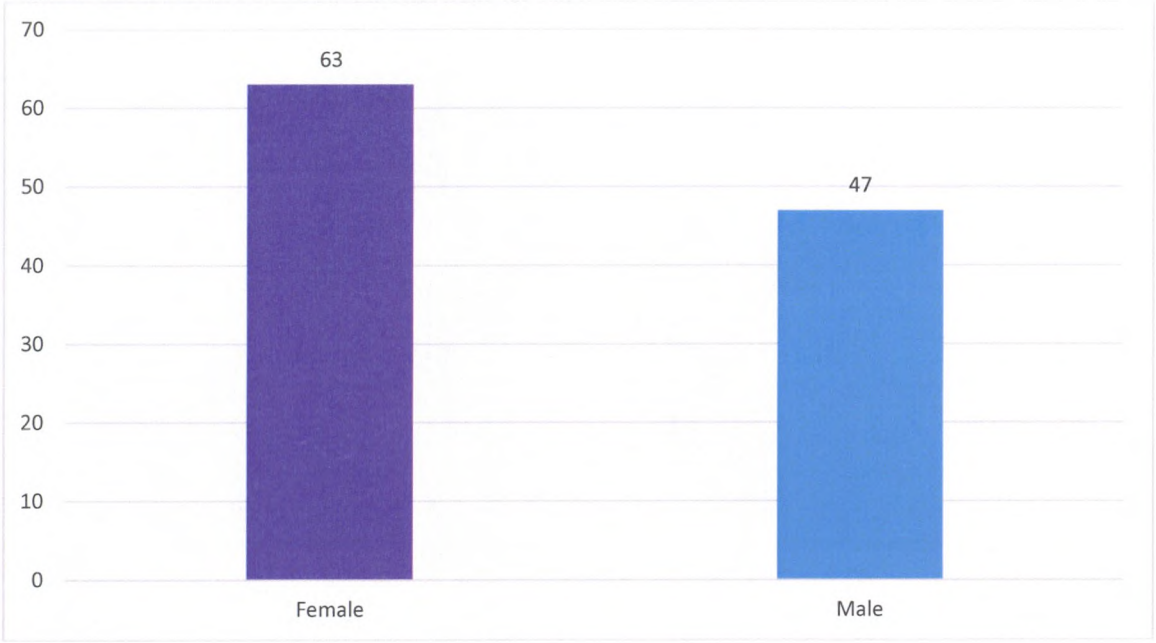
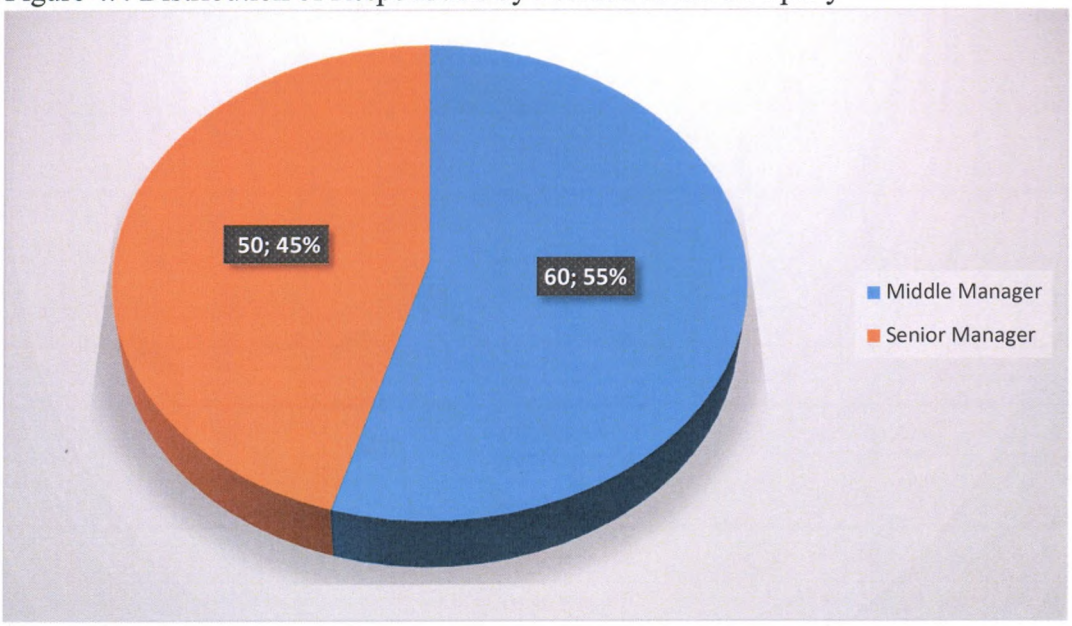


Figure 4.3: *distribution of respondents by sex.*

There were 60 middle managers and 50 senior management who undertook the survey and the sector has more females than males in the positions who undertook the survey *(see figure 4.4 below)*. In the survey the distribution in 57% to 43% with females edging their male counterparts as shown in figure 4.3 above.

Figure 4.4 Distribution of Respondents by Position in the Company



4.2.1.4 Distribution of Respondents by Level of Education

Figure 4.5 Distribution of Respondents by Level of Education

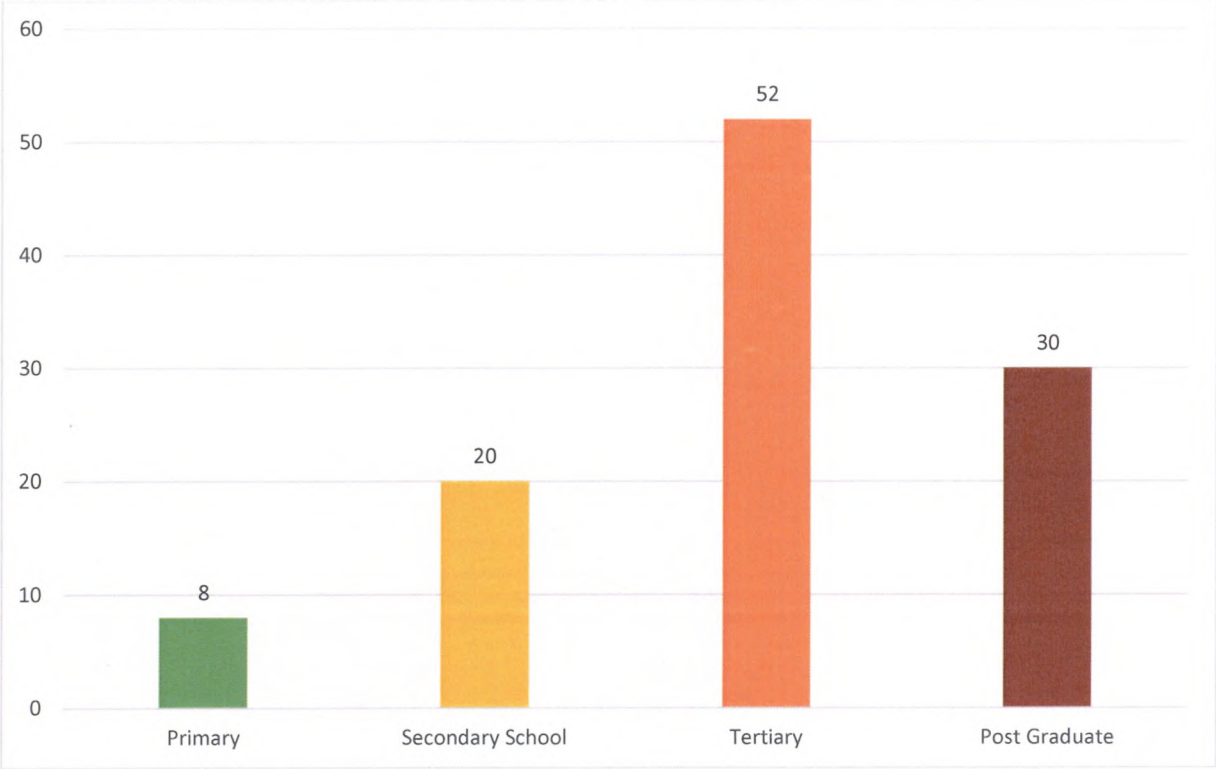


Figure 4-5 *frequency of respondents by level of education*

Figure 4.5 above is the bar chart that represents the level of education of the respondents in the survey. Out of 110 respondents, 52 respondents have completed tertiary education, 30 have postgraduate qualification, and 20 have secondary education qualification while only 8 left school after primary school education.

4.3 Summary of responses to hypothesis

4.3.2 Response Rate

The total number of questionnaires that were sent out is 161 as per the list of contacts obtained from Lesotho Tourism Development Corporation. The number of questionnaires send are more than the number of institutions on the list because the companies have more than one person in management. Out of the 161 sent out, 110 were filled. This is the response rate of approximately 68%. Out of these responses, 58 (53%) were from the questionnaires that were filled online and 53 (47%) were self-administered as hardcopies questionnaires that were delivered by the researcher and collected on the agreed dates.

4.3.2.1 Response to Knowledge Management

Table 4.1 Summary of Responses on KM

Number	Questions	Percentage of Response (%)				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Q. 2.1	Our firm trains its staff	40,0	41,8	12,7	4,5	0,9
Q. 2.2	Our firm retains its staff	37,3	47,3	11,8	2,7	0,9
Q. 2.3	Our firm has ways to incorporate different sources of knowledge	30,0	44,5	17,3	3,6	1,8
Q. 2.4	Our firm knows how to make plan of actions out of the knowledge it possesses	31,8	45,5	17,3	3,6	1,8
Q. 2.5	Our firm has processes for acquiring knowledge about our business partners	24,5	47,5	16,4	10,9	0,9

Q. 2.6	Our firm has processes for exchanging knowledge with our business partners	18,2	49,1	19,1	10,9	2,7

From the above Table 4.2, the companies' knowledge management practices seem to be good. Most respondents strongly agreed, and expressed themselves positively towards the manifestation of KM within their firms. In question 2.1 and 2.2 where the focus is on tacit knowledge, more than 80% of respondents either agreed or strongly agreed that their companies train their staff and retain them and only around 5% either disagreed or strongly disagreed.

This trend continues into questions 2.3 and 2.4 where the focus is the companies' ability to make use of the knowledge. Approximately 75% of the respondents either strongly agree or agree that their companies are able to incorporate information into knowledge and use that knowledge to inform their strategies. On the other hand, 5.4% of the respondents either strongly disagreed or disagreed that their companies are able to incorporate knowledge from different sources and make use of it to inform their strategies.

It goes onto questions 2.5 and 2.6, which look at the notion of acquiring knowledge about other players in the sector and sharing information with them. It is 67% to 72% of the respondents, either agree or strongly agree that their firms have ways to get information about the other players in the sector and share the information with other players. It is between 10% and 12% who either disagree or strongly disagree.

4.3.2.2 Responses to Innovativeness

Table 4.2 Summary of Responses on Innovativeness

Number	Questions	Frequency of Response (%)				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Q. 3.1	Our company knows the weak areas performance areas that innovative thinking and strategies can improve	30,9	47,3	20,9	0,9	0
Q. 3.2	Our company is open to new innovative ideas from the staff and management	39,1	42,7	10,9	5,5	1,8
Q. 3.3	The rate of introducing new products in the organization has grown rapidly	17,3	39,1	30,9	10,9	1,8
Q. 3.4	The rate of introducing new services in the company has grown rapidly	17,3	43,6	30,0	6,4	2,7
Q. 3.5	The rate of introducing new methods of production or delivery of services in to the organization has grown rapidly	30,9	32,7	27,3	9,1	0

Q. 3.6	In comparison to its competitors, our organization has become more innovative	29,1	30,0	29,1	11,8	0

Table 4.2 above summarises the responses on innovativeness. Just like in knowledge management construct, most respondents were affirmative to the statements that showed that their firms are innovative. Around 80% of the respondents either strongly agreed or agreed that their firms knows the value of innovativeness and are open to innovative ideas from the staff while responding to questions 3.1 and 3.2. Between 0.9% and 7.3% of the respondents either strongly disagreed or just disagreed.

Between 56.4% and 63.6% of respondents either strongly agreed or agreed that their firms have been innovative in producing new products, services and implementing new methods. Between 9.1% and 11.8% of the respondents either strongly disagreed or disagreed that their firms are innovative in products, services and methods in questions 3.3 to 3.5.

In all six questions, more than 55% of the respondents affirmed that their firms are innovative. However, a substantial percentage of the respondents were saying they were neutral in whether their companies are innovative or not across the questions while less than 20% said they either disagree or strongly disagree.

4.3.2.3 Responses to Performance

Table 4.3 Summary of Responses on Organizational Performance

Number	Questions	Frequency of Response (%)				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Q. 4.1	There is sales growth	33,6	40,0	20,0	6,4	0
Q. 4.2	Profitability has increased	32,7	45,5	15,5	5,5	0,9

Q. 4.3	Number of returning and loyal customers has increased	30,9	45,5	19,1	4,5	0
Q. 4.4	Decrease in overall number of customers *(answers have been reversed)*	20,0	57,3	15,5	7,3	0
Q. 4.5	Positive feedback and ratings from the customers increased	32,7	45,5	18,2	2,7	0,9
Q. 4.6	Occupancy rate is high	30,0	48,2	16,4	3,6	1,8

Table 4.3 above is a summary of responses on performance. Majority of the respondents were affirmative that their companies are performing well. In all the statements that asked about financial performance in question 4.1 and 4.2; between 73.6% and 78.2% of the respondents either strongly agreed or agreed that there is growth in their companies. 6.4% of the respondents either strongly disagreed or just disagreed that their companies' financial performance was good.

Between 76.5% and 78.2% of the respondents either strongly agreed or agreed that their companies are performing well in the non-financial performance indicators as well in questions 4.3 to 4.6. Between 3.6% and 7.4% said they either strongly disagree or they just disagree that their firms are doing well in non-financial performance indicators.

4.4 Univariate Analysis

Table 4.4 Group Statistics

	Variables and Performance		
Variables	**N and Percentage**	**Mean**	**Standard Deviation**
Gender[1]	**N=110(100%)**	**1.9667**	**.77282**
Male	47 (42.27%)	1.8298	.72180
Female	63 (57.27%)	2.0688	.79910
Educational Level	**N=110(100%)**	**1.9667**	**.77282**
Primary School	8 (7.3%)	1.8333	.99203
Secondary School	20 (18.1%)	1.8667	.75238
Tertiary Education	52 (47.3%)	1.8846	.71973
Post Graduate Education	30 (27.3%)	2.2111	.79982
Type of Business	**N=110(100%)**	**1.9667**	**.77282**
Bed & Breakfast	10 (9.1%)	1.8667	.63246
Guesthouse	44 (40%)	1.8485	.69123
Hotel/Inn	25 (22.7)	2.2267	.94634
Lodge	18 (16.4%)	1.7963	.57325
Travel Agency/ Tour Operators	13 (11.8%)	2.1795	.92911

** Statistically significant P-value at <0.05. at-test score,*

Table 4.4 above shows the results of homogeneity in the three variances before ANOVA and it shows that the levene's test of Equality of Error Variances based on the mean scores. The results t-test indicate that there is no significant difference between the mean scores of

performances influenced by gender. Additionally, omnibus F-test for a one-way ANOVA showed that the effect of educational level on performance was not statistically significant either across educational level categories ($p<0.05$). Furthermore, an analysis of variance showed that there is no significant ($p<0.05$) difference in the mean performance scores based on the type of business. Therefore, for all the test we fail to reject H_0 that the variables are not significantly related to performance of the institutions.

The Levene's Test result shows that it is ($\alpha = .032$) and this means that our data has significant statistical variances therefore we will reject a null hypothesis of equal variance and assume non-homogeneity of variance. In this case, we cannot take the p-value of ANOVA because it might not be accurate.

Table 4.5 Levene's Test of Equality of Variance[a,b]

		Levene Statistic	df1	df2	Sig.
Performance	Based on Mean	1.771	23	81	.032
	Based on Median	1.112	23	81	.351
	Based on Median and with adjusted df	1.112	23	63.188	.358
	Based on trimmed mean	1.685	23	81	.046

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Dependent variable: Performance

b. Design: Intercept + Q.1.3Sex + Q.1.1TypeOfBusiness + Q.1.4Levelofeducation + Q.1.3Sex * Q.1.1TypeOfBusiness + Q.1.3Sex * Q.1.4Levelofeducation + Q.1.1TypeOfBusiness * Q.1.4Levelofeducation + Q.1.3Sex * Q.1.1TypeOfBusiness * Q.1.4Levelofeducation

4.5 Exploratory Factor Analysis

The exploratory factor analysis (EFA) was conducted to identify the relationships between the measured variables and group the most related variable under one factor before analysis is done. The study compares the three factors: KM, Innovativeness and Organizational Performance. The analysis resulted in three factors and the questions under each construct loaded under them appropriate factor. There are some assumptions that had to be observed before the variables could be factored and one of them was to ensure that the data is adequate. It was tested by the KMO measure of sample adequacy and the results follows.

4.5.1 The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO)

Table 4.6 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.808
Bartlett's Test of Sphericity	Approx. Chi-Square	858.310
	Df	153
	Sig.	.000

Table 4.6 above shows that the overall KMO values (.808) is greater than the minimum required value of 0.5. This implies that the sample was adequate to conduct factor analysis. The Bartlett's Test of Sphericity had p-values less than 0.05 as required for all the constructs.

4.5.2 Normality

The data was tested for normality by looking at the Skewness and the Kurtosis score for data collected for each question. Normality of data is another assumption of EFA that should be checked before analysis. The results showed that the data is normally distributed for all the question as shown in table 4.7 below.

Table 4.7 Normality Table

Normality				
	Skewness		**Kurtosis**	
	Statistic	**Std. Error**	**Statistic**	**Std. Error**
KM 2.3	.881	.230	.619	.457
KM 2.4	.964	.230	1.162	.457
KM 2.5	.700	.230	-.038	.457
KM 2.6	.755	.230	.221	.457

Innovativeness 3.1	.641	.230	.773	.457
Innovativeness 3.3	.359	.230	-.270	.457
Innovativeness 3.4	.504	.230	.255	.457
Innovativeness 3.5	.417	.230	-.630	.457
Innovativeness 3.6	.222	.230	-1.042	.457
Performance 4.1	.568	.230	-.459	.457
Performance 4.2	.874	.230	.647	.457
Performance 4.3	.571	.230	-.324	.457
Performance4.4	.006	.230	-.053	.457
Performance 4.5	.795	.230	.727	.457
Performance 4.6	.995	.230	1.374	.457
Log_KM2.1	.146	.230	-1.200	.457
Log_KM2.2	.152	.230	-.834	.457
Log_Innovativeness 3.2	.268	.230	-.929	.457

Table 4.8 below show that the correlations between all the 3 extracted factors are bigger than the absolute value of p= 0.2 so in conducting EFA, the Oblique rotation was used because thes factors are correlated.

Table 4.8 Factor Correlation Matrix

Factor	KM	Innovativeness	Performance
KM	1.000	.400	.581
Innovativeness	.400	1.000	.280
Performance	.581	.280	1.000

4.5.3 Reliability Test

Cronbach's Alphas were computed for the items retained in each construct to assess the reliability (internal consistency) of the construct. Generally, the acceptable Cronbach's Alpha that is acceptable is .7 and above. The results showed that all scales have the Cronbach's Alphas that is above .7. The results show that Knowledge management loaded 3 items (α = 0.733). Innovativeness has four items loaded (α= 0.826) and there is no item that can improve it if deleted. This shows that the scale is reliable since it is more than .7. Performance loaded three items (α= 0.859) which show the internal consistency as well. The table 4.9 below summarises the level of reliability for each construct in comparison to Cronbach's alpha.

Table 4.9 Cronbach's Alphas

Domain	**Items Loaded**	**Cronbach's Alpha (α)**
Knowledge Management	3 items	0.733
Innovativeness	4 items	0.827
Performance	3 items	0.859

4.6 Hypothesis Testing

The section entails the use of statistical analysis to evaluate whether the hypothesis of the study are supported by the results from the sample data. The hypothesis were tested using correlation analysis to see whether the constructs correlate, the significance of the correlation and how they correlate. Regression analysis was also used to create the model from the findings of the study. The level of significance used in the analysis is 0.05 (95% level of confidence).

4.6.1 Proposed Study Model

Figure 4.6 Proposed Study Model

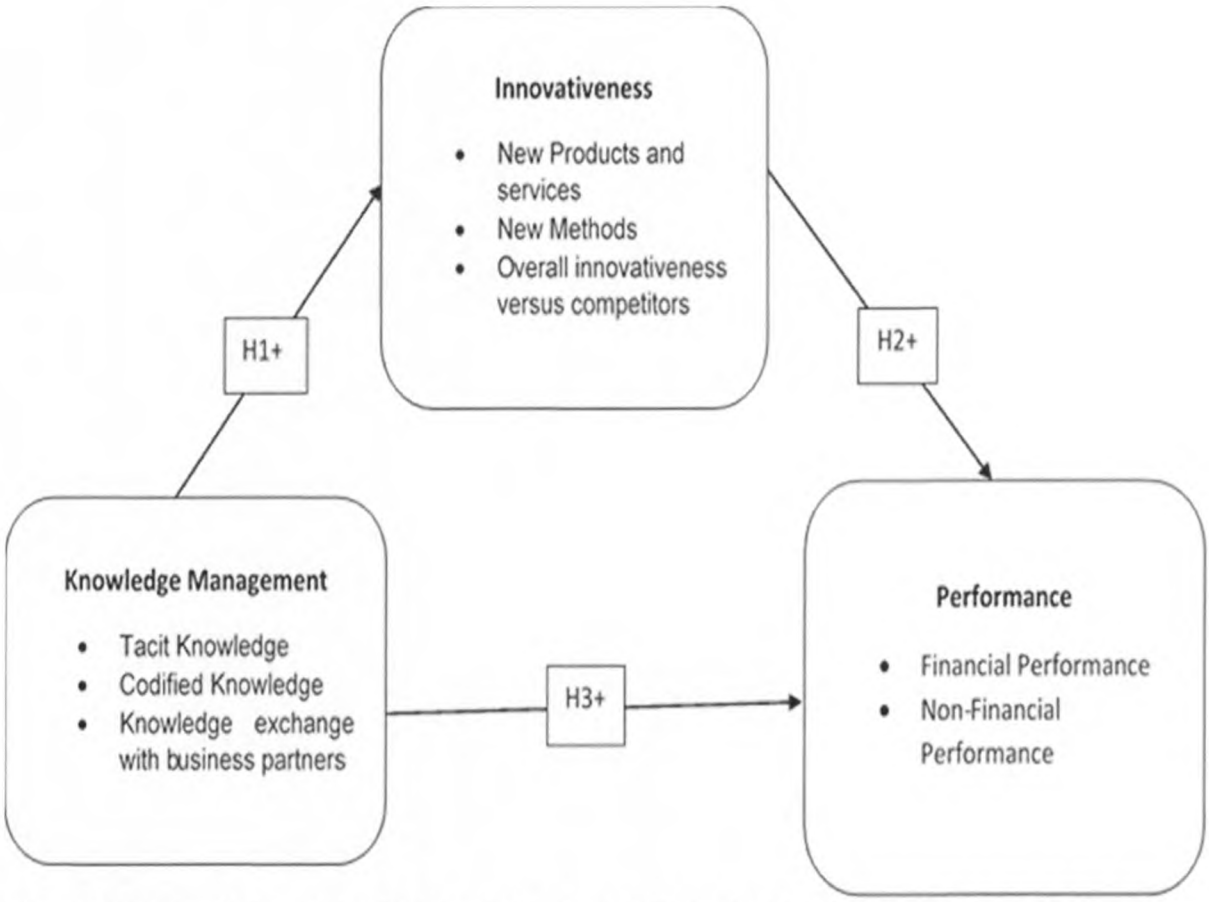


Figure 4.6 above is the model that the study proposed based on the literature. The model shows that there is a positive relationship between the three constructs researched. It also show that innovativeness mediates between KM and organizational performance. The analysis that follows will test if the similar model is applicable in the context of Lesotho hospitality sector.

4.6.2 Correlations Analysis

The correlation analysis measure of the strength and kind of relationship between two or more variables. It ranges from 0 to 1/-1 with one being a perfect correlation either positive or negative and zero indicating no correlation at all. The values in between vary relating to the strength of the correlation (Field, 2013). So the closer the value is to 1 the stronger the relationship.

4.6.2.1 KM and Innovativeness

H_1: There is a positive relationship between KM and innovativeness

The hypothesis suggests that any manipulation in KM that makes it increase will also see innovativeness increase as well. Likewise, if KM decreases, innovativeness will decrease. Hence the relationship is positive.

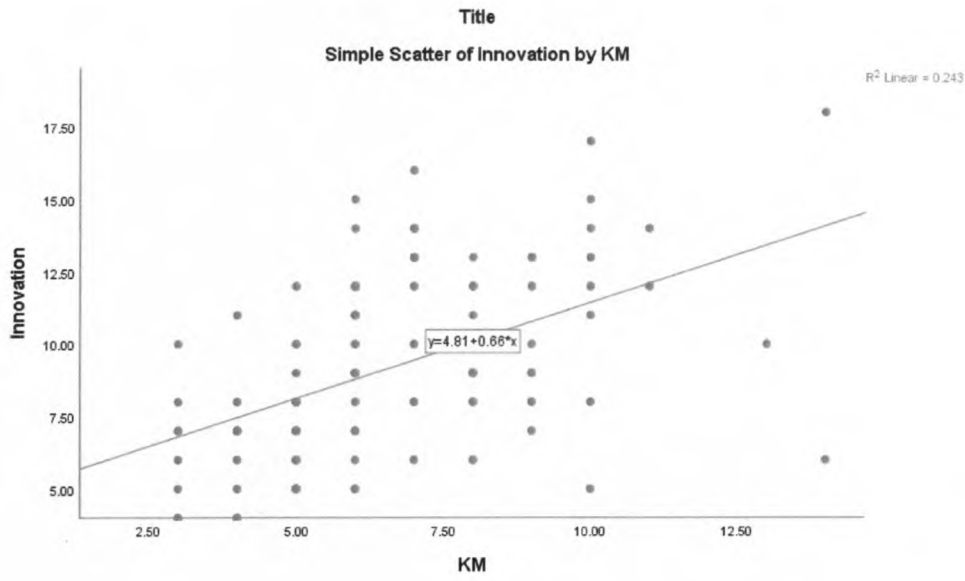
Table 4.10 KM and Innovativeness Correlations

		KM	Innovativeness
KM	Pearson Correlation	1	.493**
	Sig. (2-tailed)		.000
	N	110	110
Innovativeness	Pearson Correlation	.493**	1
	Sig. (2-tailed)	.000	
	N	110	110

**. *Correlation is significant at the 0.05 level (2-tailed).*

Table 4.10 above presents the correlations between the two constructs, KM and Innovativeness. The results show the positive correlation of 0.493 between the two constructs and at the significance level of $p< 0.05$, the results' significance is $\alpha=0.000$ which is less than p-value of 0.05 and it shows that the correlation is statistically significant, therefore the null hypothesis is rejected Null Hypothesis and take the alternative hypothesis.

Figure 4.7 Innovativeness by KM Simple Scatter



The scatter plot in figure 4.7 above is the graphical representation of the correlations between KM and Innovativeness. The regression line show that the relationship is positive like it is in the correlation table. The $R^2 = 0.243$ which is not that strong but means that KM explains 24.3% variability that takes place in Innovativeness.

4.6.2.2 Innovativeness and Performance Correlation

H_2: There is a positive relationship between innovativeness and firm performance

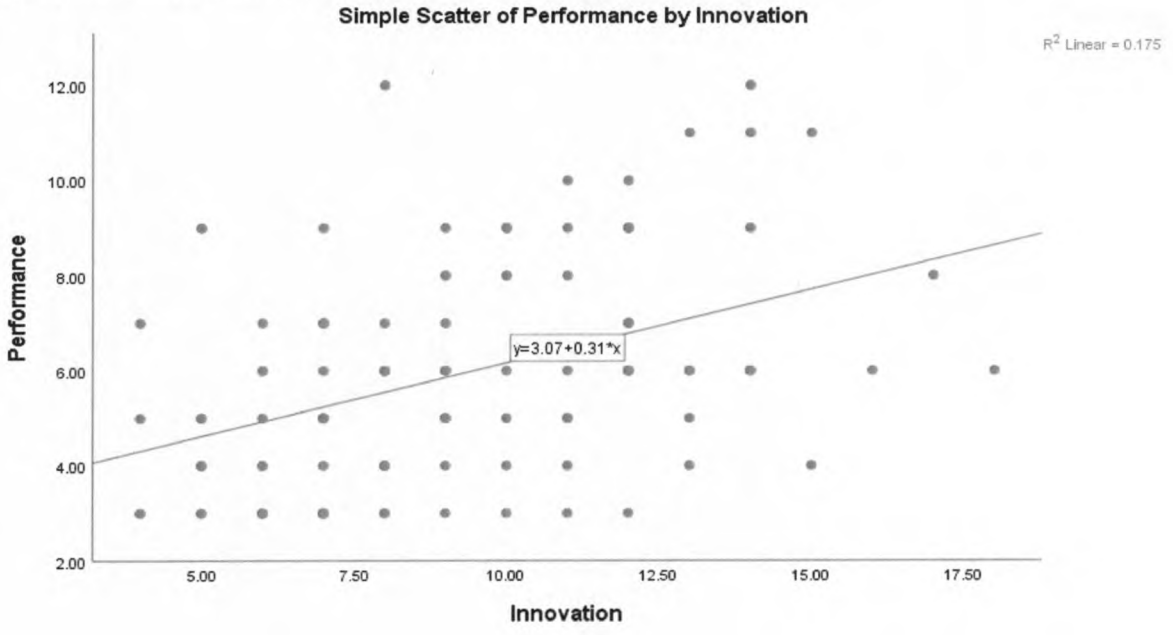
Table 4.11 below presents the correlations between the two constructs, Innovativeness and Performance. The results show the positive correlation of 0.418 between the two constructs and at the significant at $p<0.05$, the results' significance is ($\alpha= 0.00$) which is less than the p-value of 0.05 and it shows that the correlation is statistically significant therefore we will reject the Null Hypothesis and take the alternative hypothesis.

Table 4.11 Innovativeness and Performance Correlations

		Innovativeness	Performance
Innovativeness	Pearson Correlation	1	.418**
	Sig. (2-tailed)		.000
	N	110	110
Performance	Pearson Correlation	.418**	1
	Sig. (2-tailed)	.000	
	N	110	110

***. Correlation is significant at the 0.05 level (2-tailed).*

Figure 4.8 Performance by Innovativeness Simple Scatter



The scatter plot in figure 4.8 above is the graphical representation of the correlations between Innovativeness and Performance. The regression line shows that the relationship is positive like it is in the correlation table. The $R^2 = 0.175$ which is not that strong but means that KM explains 17.5% variability that takes place in Performance.

4.6.2.3 KM and Performance Correlation

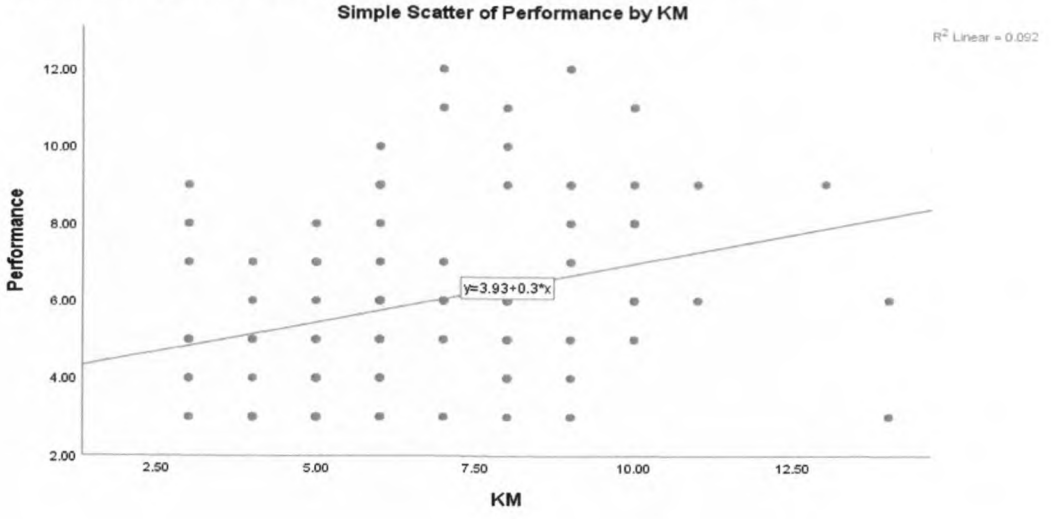
H_3: There is a positive relationship between KM and Organizational performance

The hypothesis is that when KM increases within the firm, the performance of the firm increases as well, if KM decreases, then performance declines as well. Table 4.12 below represents the correlations between the two constructs, KM and Performance. The results show the positive correlation of 0.273 between the two constructs. The relationship is statistically significant at (α= 0.001) with the confidence level $p<0.05$. Based on these results the null hypothesis is rejected the Null Hypothesis and take the alternative hypothesis.

Table 4.12 KM and Organizational Performance Correlations

		KM	Performance
KM	Pearson Correlation	1	.304**
	Sig. (2-tailed)		.001
	N	110	110
Performance	Pearson Correlation	.304**	1
	Sig. (2-tailed)	.001	
	N	110	110
**. *Correlation is significant at the 0.05 level (2-tailed).*			

Figure 4.9 Organizational Performance by KM Simple Scatter



The scatter plot in figure 4.9 above is the graphical representation of the correlations between KM and Performance. The regression line shows that the relationship is positive like it is in the correlation table. The $R^2 = 0.092$ which is even weaker than KM and Innovativeness. It means that KM explains 9.2% variability that takes place in Performance.

4.6.2.4 Three-Way Correlation; KM, Innovativeness and Performance

Table 4.13 KM, Innovativeness and Organizational Performance Correlations

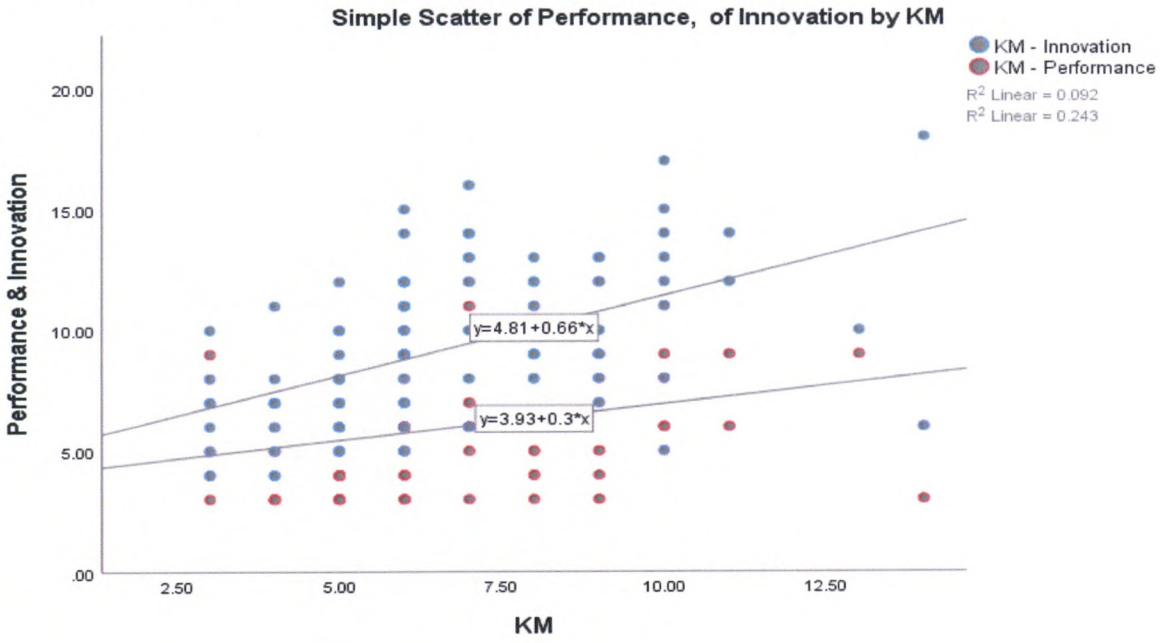
		KM	Innovativeness	Performance
KM	Pearson Correlation	1	.493**	.304**
	Sig. (2-tailed)		.000	.001
	N	110	110	110
Innovativeness	Pearson Correlation	.493**	1	.418**
	Sig. (2-tailed)	.000		.000
	N	110	110	110
Performance	Pearson Correlation	.304**	.418**	1
	Sig. (2-tailed)	.001	.000	
	N	110	110	110

**. *Correlation is significant at the 0.05 level (2-tailed).*

Table 4.13 above shows that all the three variables significantly correlate with each other. The results on the table reflects that the three constructs have positive relationships and all the relationships are statistically significant ($\alpha<0.05$).

The scatter plot in figure 4.10 below represents the correlations between KM, Innovativeness and Performance. The regression line shows that the relationships are positive for both like it is in the correlation table but the graph shows the difference is strengths for both. The slopes of the regression line that shows the relationships between KM and Innovativeness is steeper than that of KM and Performance. This is indicative of the strong correlation of KM and Innovativeness over that of KM and Performance.

Figure 4.10 KM, Innovativeness and Organizational Performance Simple Scatter



4.7 Regression Analysis

4.7.1 Coefficients of KM and Performance

Table 4.14 Coefficients[a] of KM and Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.927	.632		6.212	.000
	KM	.302	.091	.304	3.313	.001

a. Dependent Variable: Performance

Table 4.14 above is the results of linear regression that measure the relationship between KM as an independent variable and performance as a dependent variable. At the significance level at which the coefficient is measured is the 95% confidence interval ($p<0.05$). The results show that the relationship is significant at (p-value=.001). This fits into the model that informed the hypothesis of the study from the literature.

4.7.2 Coefficients of Innovativeness and Performance

Table 4.15 Coefficients[a] of Innovativeness and Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.072	.624		4.922	.000
	Innovativeness	.310	.065	.418	4.789	.000

a. Dependent Variable: Performance

Table 4.15 above is the results of linear regression analysis of the coefficient between Innovativeness as an independent variable and performance as a dependent variable. At the significance level $p<0.05$, the coefficient is statistically significant with the (p-value=.000). This fits into the model that informed the hypothesis of the study from the literature. It affirms the hypothesis 1.

4.7.3 Coefficients[a] of KM, Innovativeness and Performance

Table 4.16 below shows that KM has dropped out of the significance level and only Innovation has significant the statistically significant coefficient with performance. This is not the same as the previous analysis where KM was analysed with only performance and the coefficient was statistically significant.

Table 4.16 Coefficientsa of KM, Innovativeness and Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.664	.698		3.815	.000
	Innovativeness	.263	.074	.355	3.546	.001
	KM	.128	.100	.129	1.287	.201

a. Dependent Variable: Performance

To test if the multiple regression rejects KM from the model because of the mediating effect, we run the linear regression analysis between KM and Innovativeness. The results are presented in table 4.17 below. When running the linear regression between KM and Innovativeness at $p<0.05$ the results are statistically significant at (p-value=.000). This is indicative of the partial mediation that innovativeness has between KM and performance. This

is partial mediation because innovativeness does not account for all the change that happen between KM and performance. However, it accounts for a significant change therefore innovativeness has a mediating effect between KM and organizational performance.

4.7.4 Coefficients of KM, Innovativeness

Table 4.17 Coefficientsa of KM and Innovativeness

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.809	.781		6.161	.000
	KM	.663	.113	.493	5.884	.000

a. Dependent Variable: Innovation

Figure 4.11 The Current Study Model (Hypothesis 1,2,3)

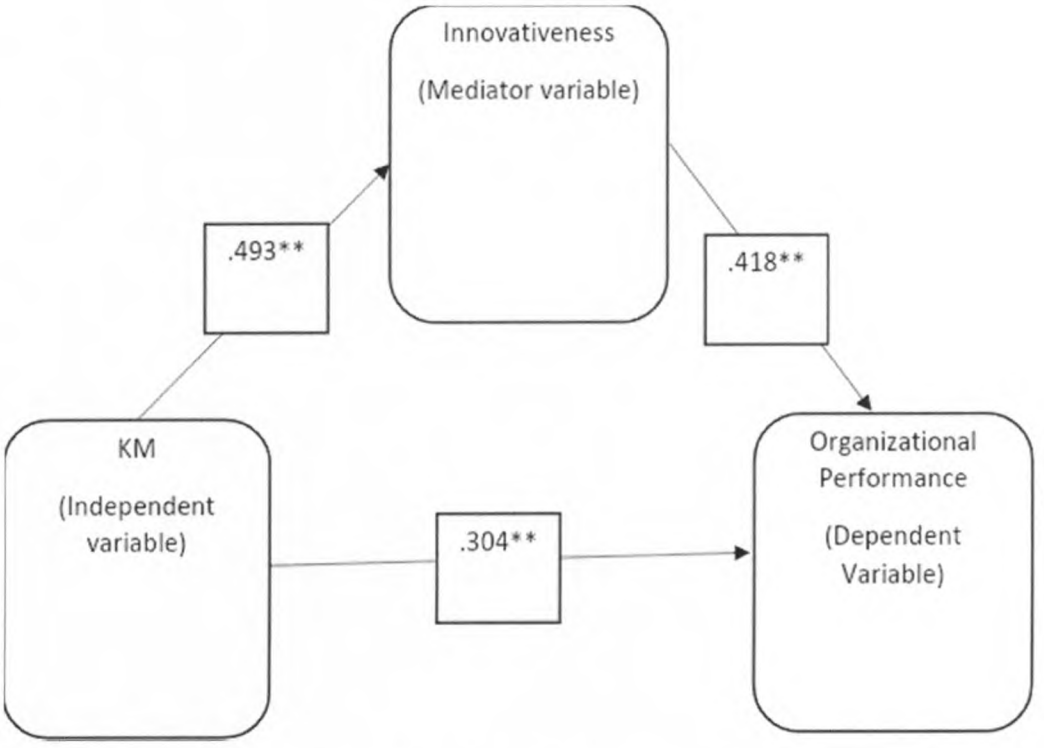


Figure 4.11 above reflects the model that the data analysis from the data collected from the sample reflects. The model shows the positive relationships between the three constructs just as the literature suggests. The model also shows the strengths of the correlations between the constructs and according to the results, the strongest correlation is between KM and

Innovativeness, followed by Innovativeness and Organizational Performance. The strength between KM and Organizational Performance is the weakest amongst the three.

Chapter 5.

Discussion of Results

5.1 Introduction

This chapter discusses and interprets the results of the study from the findings presented in chapter 4. The chapter goes on to look at how the results apply to the broader context of the hospitality sector and to the business environment. The results from the study are explained and integrated with the literature review and other relevant sources. The insights that emerged from the study are also discussed in terms of the three hypotheses emanating from the theoretical model and the literature reviewed. The number of questionnaires that were sent out is 161 and 110 questionnaires were filled and returned. This is the response rate of approximately 68%. Out of these responses, 58 (53%) were from the questionnaires that were filled online and 53 (47%) were self-administered as hard copies that were delivered by the researcher and collected on the agreed dates. Firstly, the demographic profile of respondents is discussed, describing the characteristics of the people and the companies' characteristics. The discussion is followed by the review of the results of hypotheses and finally discussion about the implications of findings. The chapter is concluded with a summary of key findings. The three hypothesis of the study are:

H_1: There is a positive relationship between KM and Innovativeness.

H_2. There is a positive relationship between innovativeness and Organizational Performance.

H_3. Innovativeness has a mediating effect on the relationship between knowledge management and firm.

The research affirmed all the three hypotheses and asserted the reliability of the theoretical model in Figure 2.1. The research also affirmed that knowledge management is essential in enabling innovativeness and in return, they inform performance in the business sector, especially in the service sector.

5.2. Demographic Profile of Respondents

According to the information on the LTDC website, the distribution of facilities within the country is 45 guesthouses, 24 lodges, 21 bed and breakfasts, 19 hotels and 22 tour

operators/tour operators. This is consistent with the distribution of the respondents that took the survey; the number of respondents from the guesthouses is the highest. The second highest in the survey is the respondents from the hotels. This could be because the hotels are much bigger operations so they have more people in management positions. The study allowed more than one person per company to undertake the survey, it makes sense that hotels contributed the second highest participation despite the number of hotels within the country being few.

The sector is critical in job creation especially in the context of Lesotho and other developing economies but majority of the companies do not employ large volumes of employees per company. According to the survey results, only 7.3% of the companies employed more than 100 people. These are most probably mostly hotels because of their big operations. The survey also showed that 52.7% of the companies employed 10 or fewer people and 40% employed between 10 and 100 people. The sector is crucial for the country's employment statistics because according to (LTDC, 2016), the local employees occupy the majority of the jobs (97%) and international employees only occupy (3%). This is very inspiring because it is apparent that the sector provides employment to local people therefore contributing positively towards the economy and reducing poverty.

5.2.1 Profile of Respondents

This discussion of demographics of the respondents takes account of their gender, position in the company and level of education. Lesotho's hospitality sector, especially the accommodation sub-sector is skewed towards employing more females than males. In 2016, the sector had employed more skilled female employees than their male counterparts. There reports showed that the proportion of females to males is 60.5 percent and 39.4 percent (LTDC, 2016). This is consistent with 61 percent to 49 percent distribution in the respondents of the survey although the sampling was not based on the proportion of personnel in the sector. The sector employ more females in the country especially the parts that absorb more people like laundry, cooking and cleaning have been historically associated with females. This kind of jobs do absorb unskilled labour. However, the survey and the LTDC report suggest that even in the management positions females dominate. This sector could be very important in addressing the inequality between males and females. According to Kabeer (2016), there is a robust evidence that suggests gender equality has a positive impact on economic growth. This reaffirms how the sector can grow the economy if it is well looked after.

The 2014-15 World Economic Forum's Global Competitive index considers higher education and training as one of the pillars for competitiveness. The index rates Lesotho at 116 out of 140 countries. That is not a good position. The knowledge-based theory's underlying proposition is that the firms' innovative capabilities depend very closely on the intellectual assets and knowledge that they possess as well as its ability to deploy them. The country will need to improve because the current global economy and the hospitality sector in particular requires countries to nurture pools of skilled workers who are able to perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the production system.

In the survey that was undertaken by the LTDC in 2015, some of the major problems that were flagged were shortage of staff, including lack of skilled operatives and need for the staff to be trained on hospitality and customer service. This survey was targeting the people in management, both senior and middle management and the findings show that 27.3% of the respondents have postgraduate qualifications, 47.3% have tertiary education, 18.2 % secondary education and only 7.3% have primary education. This skilled of people have the potential to grow their business because of their improved understanding that helps them to have control and influence over decisions on the running of the companies. They have abilities to understand multiple perspectives and that improves problem solving and decision-making skills. It is encouraging to see that despite the poor ratings of the country on the World Economic Forum's Global Competitive Index on higher education, majority of people who run the businesses in the sector have at least a tertiary education.

According to Lesotho Country Report (2016), the country is performing well on the gender equality index: 0.534 in 2012 and 0.557 in 2013. The education enrolment ratio remained moderate during the review period with a score of 0.504 in 2013. The report estimate the ratio of female to male enrolment to be 97.5%, 139.9% and 151.1% at primary, secondary and tertiary education levels respectively. In addition, the gross enrolment ratio in 2013 was estimated to be 110%, 53.3% and 10.8% for primary, secondary and tertiary education respectively. This is a slight improvement over the 2011 scores of 103%, 46.4% and 3.5% for primary, secondary and tertiary education respectively. This ratio measures the level of enrolment regardless of age. The statistics resonates the findings in both distribution in sex and level of education in the survey.

5.3 Response Summary

5.3.1 Response Summary for KM

According to the knowledge-based view (KBV), a firm's competitive advantage emanates from knowledge creation, accumulation and application. The understanding is that the social knowledge and collective knowledge embedded in the corporate or organizational level constitutes a long-term source of competitive advantage (Chen et al., 2016). According Gold and Malhotra (2001), firms must leverage their existing knowledge and create new knowledge that favourably positions them in their chosen markets. To achieve that, the firms should develop an ability to use prior knowledge to recognize the value of new information, assimilate it, and apply it to create new knowledge and capabilities.

Knowledge management construct was measured using six variables. The variables are: the on-job training of staff, the willingness and ability of the company to retain the staff, the ability of the firms to incorporate different sources and types of knowledge, the companies' abilities to make plan of action out of the knowledge that they possess, the ways to acquire information about other players in the sector and to exchange information with other players in the sector. Most of the responses showed that the firms in the sector are well in KM practice. The findings contradict the World Bank reports that highlighted general lack of knowledge about the sector and the market by the management and the workers as one area that is hindering the development of the sector in the country (Yiu et al., 2015). The proper applications of KM should enable companies to learn about their market and put in strategies to respond to the needs of their market.

5.3.2 Response Summary for Innovativeness

The respondents in the survey portrayed their companies as innovative. Between 65% and 76% of the people who undertook the survey either strongly agreed or just agreed that their companies are innovative in products, services and business model while 80% said their companies are aware of the areas that innovativeness can improve. Innovativeness in the service sector often leads to new patterns of product development and distribution, client interaction, renewal of service delivery in the firm, tapping the potential of new technological options, mostly ICT, and completely new revenue and business models (Hertog et al., 2011). Competitiveness in the sector is driven by their innovativeness and by achieving lower costs and higher quality offerings that meet the expectations of potential customers (Grissemann, Pikkemaat & Weger, 2013). Innovative companies are more successful in outperforming their

non-innovative competitors due to their ability to develop new products and services (Grissemann et al., 2013). According to Tajeddini (2010), companies in the hospitality sector need to be innovative in order to exploit marketplace opportunities and create long-term relationships with customers. This relates to building customer loyalty and establishing the base of returning customers.

Hospitality sector in Lesotho is reported to be failing to create loyal customers. The sector is poor in the market segment of returning customers. However, this survey's results show a significant level of innovativeness in the sector. The literature suggests that innovativeness result in meeting or even exceeding customer's expectations and in the process creating loyalty. This being the case, the findings suggests that maybe the problem with not having returning customers, could due to something else not the value that the sector offers.

5.3.3 Response Summary for Organizational Performance

Performance was measured in both financial and non-financial forms. Dai, Mao, Zhao and Mattila, (2015) argue that the performance of the firms in the service sector like in hospitality should be based on their ability to satisfy the increasingly sophisticated needs of their clients and that in return will have a positive impact on companies' bottom line.

In the survey, the respondents generally strongly agreed and just agreed that their firms are performing well. The results show that between 76.5% and 78.2% of the respondents said their firms have a good non-financial performance and between 73.6% and 78.2% have good financial performance. The results show some correlation between meeting customers' expectations and the bottom line. The sector is based on customers' preferences and the companies that meet them do well financially.

5.4 Data Preparation

This was done to make sure the data meets the needs or the plans and for which it was collected. Data needs to be high quality, describable, in a format that is easily used in future analysis. To get the accurate statistical analysis, the data had to be tested through the assumptions that follow.

5.4.1 Univariate Analysis

The univariate analysis was run to ensure that the demographic characteristics of the respondents and of the companies have no statistically significant impact on the findings. Some of the features like the level of education of the people in management and the number of employees could have a bearing on the results. However, the tests confirmed that the demographics in this survey have no significant impact on the performance of the company.

5.4.2 Normality

The normality of data is necessary in that many statistical tests work under the assumption that the data is normally distributed for parametric testing. The data was tested for normality and three questions came out positively skewed and were transformed to normality

5.4.3 KMO and Barttlet Measure of Sampling Adequacy (KMO)

The KMO and Barttlet Measure of Sampling Adequacy test was used to test whether the sample size is adequate for factor analysis. It tests how suited data was for factor loading by measuring sampling adequacy for each variable in the model and for the complete model. The results were KMO> 0,5 (Score: .808.) showed that the sample was adequate (*See table: 4-6*). The values between 0,8 and 1 indicating a satisfactory sample that is meritorious.

5.4.4 Reliability Test

After the variables were loaded on to the factors when performing a factor analysis, the reliability testing was performed to test the internal consistency. The test looks at how closely related the loaded items are to one another (whether the scale is reliable). The results were measured through the Cronbach's Alpha. For KM, three items loaded and the Cronbach's alpha (α= 0.733), for Innovativeness four items were loaded and (α= 0.827) and for Performance three items were loaded and (α= 0.859) (*see table 4-9*). The Cronbach's alpha value that is (α >0.7) is considered to show internal consistency.

5.5 Discussion of Hypothesis$_1$ Knowledge Management and Organizational Performance

The objective of this research study in relation to this hypothesis is to establish whether there is a positive relationship between that KM and innovativeness.

H_0: There is no relationship between KM and innovativeness

H_1: There is a positive relationship between KM and innovativeness.

The results show that KM (p-value = .000) has a statistically significant positive relationship with innovativeness. This is because the coefficient for KM was positive and the p-value was less than 0.05. This means that the null hypothesis (H_0) is rejected in favour of the alternative hypothesis.

This implies that KM has a positive impact on innovativeness. Thus, hypothesis $_1$ is confirmed. The reliability and validity tests was adequate to the research questions and the results suggested a significant positive correlation as expected based on the literature review. Literature suggests that knowledge management is one of the main sources of innovative activity. Knowledge management activities are adding value to firms by enhancing Innovation and innovativeness (Kalotra, 2014). KM is aimed at getting people to innovate, collaborate and make correct decisions efficiently (Osman & Ngah, 2016). What is even more important than the existing knowledge in a firm is its capacity to renovate its knowledge resources in order to adapt them to a changing environment, that is to say, to develop dynamic capabilities (Nieves et al., 2016).

The hospitality sector is very competitive in that the competition is global; the customers can choose products or services from around the world. The nature of the industry is in such a way that the competitors can easily know what others are doing and replicate it because new ideas can seldom be protected by patent and Nieves et al. (2014) argue that persistent innovativeness is the way to create barriers to imitation from competitors. Companies should make proactive changes that are based on customer preferences. At average 76.3% respondents agreed that their companies have KM manifestation while 65.8% respondents agreed that their companies are innovative. This is in line with the literature that KM informs innovativeness in the companies.

The results show that the companies in Lesotho use their KM practices to inform their innovativeness capabilities. They acquire skilled stuff and train their staff. They retain their staff and assembles materials and documents to help the staff to be innovative. They also allow their staff to be innovative.

5.6 Discussion of Hypothesis$_2$ Innovativeness and Organizational Performance

The objective of this study discussing the above hypothesis was to determine the relationship between innovativeness and organizational performance. This was to establish the impact of

innovativeness on the companies' performance. It can be noted from the coefficients relation that innovativeness (p-value = .000) (*see table 4.15*) has a significant and positive relationship with organizational performance.

The coefficient for innovativeness was positive and the p-value was less than 0.05. This means that the null hypothesis is rejected in favour of the alternate hypothesis, and implies that innovativeness has a positive impact on organizational performance. Thus, hypothesis 2 is supported.

H_2: Innovativeness has positive relationship with organizational Performance.

The statement above resonates with the literature from Schumpeter (1934) that says continuous innovation activity is the key source of long-term firm success. The key component of success of the firm is the extent of its innovativeness; it drives firms' performances (Hult et al., 2004). According to Atalay et al. (2013) innovativeness is one of the most important sources of sustainable competitive advantage in an increasingly changing environment. This is because it leads to product and process improvements, makes continuous advances that help firms to survive, allows firms to grow quicker, be more efficient, and ultimately be more profitable than non-innovators. It is the most effective response to the heightened level of competition and shortened product life cycles and ever-changing customer preferences. The ability of firms to generate innovations is more important than ever in that it allows firms to improve performance and maintain competitive advantage. Innovativeness enables companies to create new products or qualitative improvements in existing products. It further allows them to use new industrial processes, exploit new market openings, and develop new raw-material sources or other new inputs and new forms of industrial firms (Atalay et al, 2013; Vyas, 2009)

In the service sector and particularly hospitality sector, innovation functions represent multi-dimensional characteristics. It often coincides with new patterns of product distribution, client interaction, and renewal of service delivery firm, tapping the potential of new technological options, mostly ICT, and completely new revenue and business models (Hertog et al., 2011). The services offered in the sector are not beds for customers to sleep and/or food and drinks. The hospitality industry offers a multiple set of tangible and less tangible service activities that when combined result in a certain service experience in the creation of which the customer may participate to a certain extent. Therefore, most of the innovation is based on customers' preferences and comfort. The understanding and responding to the market is key as well as a well-planned, employee-driven development process (Hertog et al., 2011; Ottenbacher, 2007).

The literature shows that innovation in the hospitality sector could be customized depending on the profile of the customers and their preferences. An average 65.8% of the people who undertook survey say that their companies are innovative and 77% of the respondents say their companies are performing well both financially and non-financially. This contradicts the report in the World Bank that the sector is struggling in Lesotho because there is lack of understanding of the customers' preferences and behaviours. The correlation between innovativeness and performance in the hospitality sector in Lesotho based on the survey reflects greater rewards than the amount of innovation. This shows that the companies which are innovative, stands a chance to perform very well, better than their innovative endeavours.

5.7 Discussion of Hypothesis$_3$ Innovativeness has a mediating effect on the relationship between knowledge management and organizational performance.

The objective of this study discussing the above hypothesis was to determine how innovativeness effect the conversion of KM into organizational performance. This is based on the belief that for KM to be effective, companies should use it to inform innovativeness and that will make them perform better than their competitors.

In the regression analysis of KM and performance, the coefficient[s] of the relation was statistically significant positive relationship at (p-value = .001) (*see table 4.14*). This is because the coefficient for KM was positive and the p-value was less than 0.05. However, when multiple regression is run and innovativeness is added, KM becomes statistically insignificant at (p-value=.201) which is positive but bigger than 0.05. That proves the mediating effect of innovativeness between KM and organizational performance.

This being the case, the null hypothesis is rejected in favour of the alternate hypothesis. This implies that innovativeness has a mediating effect on the relationship between KM and organizational performance. Thus, hypothesis $_3$ is supported.

> **H$_3$**: Innovativeness has a mediating effect on the relationship between knowledge management and organizational performance.

The literature also affirms the relationship. According to Ferraresi et al. (2014), knowledge management (KM) practices are important drivers of innovativeness and business performance. In the survey they conducted, they found that effective KM's relationship with performance becomes statistically significant when mediated by innovativeness. They argue

that when KM is built on practices that allow firms to apply knowledge effectively to develop competitive advantage and is theoretically correlated with patterns of innovative behaviour and superior performance. Firm's knowledge is a basic resource on which to build new resources and capabilities (Nieves et al., 2016), and that could result in such firms being different from competition and perform better. One of the innovativeness sources is effective management of knowledge. Knowledge is widely recognized as a strategic asset that enables firms to sustain distinctive competencies and discover innovation opportunities (Chen, Huang & Hsiao, 2010; Chen, 2004; Grant, 1996).

The results affirm that KM will have more impact on firms' performance if the firms leverage on KM to be innovative. Having appropriate KM in place would not be effective if the firms do not use the capabilities to be innovative. Darroch (2005) affirms this by stating that a firm with a knowledge management capability will use resources more efficiently and so will be more innovative and perform better. The essence is that companies might have the skills set in terms of human resource and may have the relevant documentation to drive the company but if these resources are not used to drive innovativeness, the company is unlikely to out-perform its competitors. The companies should create the culture of innovativeness and allow their employers to use the information they get when interacting with clients to inform the companies' strategies.

5.8. Summary of Discussion of Results

This chapter discussed the main findings of this empirical study. The demographics of the respondents and relevant information were obtained and explained by means of descriptive and inferential statistics. The demographics were used as a control variable and they proved to have no bearing on the dependent variable.

Some of the interesting finding is that the sector has more females than males in the management positions. This addresses the gender skewness in the country in as far as gender equality is concerned in managerial positions. Most of the people in the management position have tertiary education, which was expected.

The regression analysis of KM and innovativeness results showed a statistically significant positive relationship. Firms with KM practices are likely to be more innovative than their counterparts with no KM practices. Capacity building and the management of information flow

within the firm and with the external partners is key in letting the firm to be aware of what the markets dictate and they are likely to come up with innovative solutions.

Likewise, the regression analysis of the relationship between innovativeness and performance showed that the relationship is positive and statistically significant. These resonate with the literature of innovation. In the competitive environment, innovativeness is key. This is more important in the hospitality sector where most of the products and services are tailor-made for customers. The companies in this business should always try to match the changing customers' preferences. It is difficult to protect innovations with patents in the sector. One way to be ahead of competition is to be forever innovating.

There is also statistical evidence that KM has an impact on the performance of the company if it is used to create innovations. Skilled employees and appropriate codified knowledge are not worth much if they are not used to make the firm innovative and different from competition. In all the three hypotheses, the null hypothesis is rejected in favour of the alternative.

The literature suggests that the current markets in the hospitality sector requires the firms to move beyond their comfort zone. They should take on board new knowledge and to develop new capabilities. They should be innovative to match their customer preferences and be ahead of the competition. The literature and the survey have shown that in the sector, KM and innovation are necessary for the company to perform well both non-financially and financially. The companies in Lesotho seem to in the right direction in that most of them have KM practices in place, they are innovative and they perform better both non-financially and financially.

Chapter 6

CONCLUSIONS AND RECOMMENDATIONS

6.1. Introduction

This chapter discusses the conclusion of the study derived from the empirical evidence. It further proposes recommendations by summarising the hypotheses and the statistical evidence that the research has found following the analysis of results in chapter 4. The discussion is followed by the implications, recommendations, and ends with suggestions for further research and the limitations of the study.

6.2 Conclusion of the study

The study measured the impact of KM on innovativeness and performance of the companies in the hospitality sector, which is a service sector. The results reveal that there is a positive correlation between the three constructs. The survey targeted middle managers and senior managers in the hospitality sector in Lesotho. They were sent questionnaires to self-administer.

The findings from the study provided insights of how crucial is it for companies to invest in KM activities to inform their innovativeness and performance. This could help them cope with the ever-changing customer preference. The majority of people usually spend their money expecting a great value in return so it is important that the companies match their expectation, however in the hospitality sector, the companies should strive to exceed this expectations. The sector is customer centric and highly competitive so meeting their expectations only might not cut it. The companies have the capacity to innovate and be different from the rest of the competition in order to stand out in the eyes of the customers.

Although the survey results showed that the companies in the sector have KM practices and are innovative and the performance is better, there are reports that the sector in the country is generally not doing well compared to the neighbouring countries. The report refers to the entities that are already operational, most probably the same companies that their managers undertook the survey. The results of the study is in direct contradiction with the findings in that report. This could be because the sector have started to improve in the last few years. LTDC have embarked on the star grading project for the establishments in the last couple of years and that was coupled with rigorous trainings to the owners and managers and employees of the firms so maybe the results are already showing.

6.3 Implications of the Study

The study has implications on three levels: the theoretical, practical and policy level. On a theoretical level, the study addresses the gap in empirical data and knowledge gap. It provides an opportunity to explore theoretical and methodological methods to identify, investigate and analyse the extent and impact of human resource development and the proper management and storage of information on the performance of the companies in the context of developing countries like Lesotho.

On the practical level, if published, the research can help the companies in the sector to align their strategies with findings of the research. The literature outlined the areas that the sector is lacking so the study can enable the management of the companies to know which areas they should intensify their efforts. They can also learn what other successful countries did from the literature and replicate.

The research can also help in policy formulating from the central government point of view. The sector has companies, which are doing well on their own, but there is no proof that there is proper value chains in place. The tourism, especially ecotourism in the context of Lesotho cuts across almost all the ministries within the government. There is no prove of coordination within the ministries to support the sector and the study can inform. The study can inform the policy formulation and infrastructure development strategies for the country. There are limited studies of this kind, especially in the context of developing countries in Southern Africa. The findings from the study can inform the relevant policy formulations if published.

6.4 Recommendations

Customers pay for experience, as Dai et al. (2015) put it. Among other things, they should provide experience-based packages for the customers. All the players in the tourism value chain together with the government should contribute towards making the experience of the customers great. The protection and leisure of the customers is of paramount importance in the sector therefore the companies should enhance hospitality activities, not just bed, transportation and food. This is where the KM practices and innovativeness should be used create this experience for the clients. This will ensure that the customers who could be travelling for business find it appealing to visit again for leisure.

The government of Lesotho have been embarked on luring the private ownership to invest into the sector. It should ensure that the policies are in place encourage investor. The regulations of

registering company and acquiring the licence should be relaxed. They should also ensure that the financial institutions should are financing the locals who want to invest into the sector.

According (Wade, 2015), there is a great potential for eco-tourism in Lesotho, but it remains largely untapped. The statistics show that most of the establishments are in the urban Maseru. The reports state that Lesotho's natural beauty, rich flora and fauna, and absorbing prehistoric and cultural heritage, mountains, valleys and rivers provide memorable scenery for tourists and it should be the country's tourism value proposition. However, one of the challenges that have been flagged as the constraint to the progress of the sector is infrastructure. It is the responsibility of the central government to ensure that there are roads and utilities like electricity and water to exotic places that can be sold as part of ecotourism.

6.5 Limitations of the study

- The first limitation is methodological. The study adopted a convenient sampling technique based on the list from the LTDC because of the convenient accessibility and proximity. Although the sample size and the response rate is good, the technique is not random so not every subject had an equal chance of being selected.
- The study is an academic exercise with strict timelines. It was a cross-sectional design hence the results might be valid for now but things might change over time. The research is quantitative so it only gives us the picture of what is happening and how it is happening but it does not capture the 'why' part.
- The questionnaires were self-administered hence there is always a risk of the respondent misunderstanding some the questions, especially some technical language in the business field.
- Another limitation is the limited empirical and theoretical information that is Lesotho-specific in this industry. There are only a few reports that address the specific topics in Lesotho, most of which are old and that affects theoretical basis of the study in the context of the country.

6.6 Recommendations for Future Research

- The study was focused on the hospitality sector; it would be interesting if someone does a similar study in other business sectors like mining sector and agriculture in the context of Lesotho. This is because those two sector have potential to develop in the country and improve the economy of the country.

- The literature showed that one of the shortcomings in the hospitality sector is a poorly developed value chain; this could be another area that can be researched to see if a proper value chain management can affect the performance in the sector.

List of References

Aboelmaged, M. G. (2014). Linking operations performance to knowledge management capability: the mediating role of innovation performance. *Production Planning & Control,* 25(1), 44-58.

Alavi, M., & Leidner, D. E. (2001). Knowledge management and knowledge management systems: Conceptual foundations and research issues. *MIS quarterly*, 25(1), 107-136.

Alegre, J., Sengupta, K., & Lapiedra, R. (2013). Knowledge management and innovation performance in a high-tech SMEs industry. *International Small Business Journal,* 31(4), 454-470.

Ayuso, S., Ángel Rodríguez, M., García-Castro, R., & Ángel Ariño, M. (2011). Does stakeholder engagement promote sustainable innovation orientation?. *Industrial Management & Data Systems*, 111(9), 1399-1417.

Atalay, M., Anafarta, N., & Sarvan, F. (2013). The relationship between innovation and firm performance: *An empirical evidence from Turkish automotive supplier industry. Procedia-Social and Behavioral Sciences*, 75(2013), 226-235.

Barlett, J. E., Kotrlik, J. W., & Higgins, C. C. (2001). Organizational research: Determining appropriate sample size in survey research. *Information technology, learning, and performance journal*, *19*(1), 43.

Bhattacherjee, A. (2012). Social science sesearch: principles, methods, and practices 2nd edition. Florida: University of South Florida

Bilgihan, A., & Nejad, M. (2015). Innovation in hospitality and tourism industries. *Journal of Hospitality and Tourism Technology*, 6(3), 203-328

Blumberg, B., Cooper, D. R., & Schindler, P. (2011). Business Research Models. London: Berkshire

Brizek, M. G. & Khan, A.M. (2008). Understanding corporate entrepreneurship theory: A literature review for culinary/food services academic practitioners. *Journal of Culinary Science And Technology*, 6(4), 221-255.

Burgers, J. H., & Covin, J. G. (2016). The contingent effects of differentiation and integration on corporate entrepreneurship. Strategic Management Journal, 37(3), 521-540.

Bryman, A., & Bell, E. (2014). *Research methodology: Business and management contexts*. Oxford University Press Southern Africa.

Camillo, A. A. (Ed.). (2015). *Handbook of Research on Global Hospitality and Tourism Management*. IGI Global.

Carneiro, A. (2000). How does knowledge management influence innovation and competitiveness?. *Journal of knowledge management*, 4(2), 87-98.

Carter, M. & Tamayo, A. (2017). Entrepreneurial and Intrapreneurial Skills of Managers as Determinant of Organizational Performance of Small and Medium Enterprises in Davao Region, Philippines.

Cetin, G., & Dincer, F. I. (2014). Influence of customer experience on loyalty and word-of-mouth in hospitality operations. Anatolia, 25(2), 181-194.

Chen, J., Jiao, H., & Zhao, X. (2016). A knowledge-based theory of the firm: managing innovation in biotechnology. *Chinese Management Studies*, 10(1), 41-58.

Chen, C. J., Huang, J. W., & Hsiao, Y. C. (2010). Knowledge management and innovativeness: The role of organizational climate and structure. International Journal of Manpower, 31(8), 848-870.

Cho JJ, Ozment J, Sink H (2008) Logistics capability, logistics outsourcing and firm performance in an e-commerce market. *Int J Phys Distrib Logist Manag,* 38(5), 336–359.

Chuang, S. H. (2004). A resource-based perspective on knowledge management capability and competitive advantage: an empirical investigation. *Expert systems with applications*, *27*(3), 459-465..

Cohen, J. F., & Olsen, K. (2015). Knowledge management capabilities and firm performance: A test of universalistic, contingency and complementarity perspectives. *Expert Systems with Applications*, *42*(3), 1178-1188.

Corbett, A., Covin, J. G., O'Connor, G. C., & Tucci, C. L. (2013). Corporate entrepreneurship: State-of-the-art research and a future research agenda. *Journal of Product Innovation Management*, *30*(5), 812-820.

Creswell, J.W. (2014) Research design- qualitative, quantitative and mixed methods. 4th edition. California: Sage

Dai, W. D., Mao, Z. E., Zhao, X. R., & Mattila, A. S. (2015). How does social capital influence the hospitality firm's financial performance? The moderating role of entrepreneurial activities. International Journal of Hospitality Management, 51, 42-55.

Darroch, J. (2005). Knowledge management, innovation and firm performance. *Journal of knowledge management*, *9*(3), 101-115.

Etikan, I., Musa, S. A., & Alkassim, R. S. (2016). Comparison of convenience sampling and purposive sampling. *American Journal of Theoretical and Applied Statistics*, 5(1), 1-4.

Ferraresi, A. A., Quandt, C. O., dos Santos, S. A., & Frega, J. R. (2012). Knowledge management and strategic orientation: leveraging innovativeness and performance. *Journal of knowledge management*, 16(5), 688-701.

Field, A. (2013). Discovering statistics using IBM SPSS Statistics (4th Edition ed.). Thousand Oaks, CA.: Sage.

Fitzsimons, P. (2015). Human capital theory and education. In Encyclopedia of educational philosophy and theory (pp. 1-4). Springer Singapore.

Gold, & Malhotra, A. H. S. (2001). Knowledge management: An organizational capabilities perspective. *Journal of management information systems*, 18(1), 185-214.

Government of Lesotho. (1997). Accommodation, catering and Tourism Enterprise Act 1997. Government Gazzette Extraordinary Number 97. Maseru, Government Printers.

Grant, R. M. (1996). Toward a knowledge□based theory of the firm. *Strategic management journal*, *17*(S2), 109-122.

Gr´egoire, G. (2014). multiple linear regression: *regression methods for astrophysics*, 66(2014), 45–72.

Grissemann, U. S., Pikkemaat, B., & Weger, C. (2013). Antecedents of innovation activities in tourism: An empirical investigation of the Alpine hospitality industry. Turizam: međunarodni znanstveno-stručni časopis, 61(1), 7-27.

Gulati, & Srivastava, S. (2014). Knowledge Management Strategy and Structure in Service Sector. *In Computational Science and Computational Intelligence (CSCI), 2014 International Conference on* (1) 334-338 IEEE.

Hallin, & Marnburg, E. (2008). Knowledge management in the hospitality industry*: A review of empirical research. Tourism Management*, 29(2), 366-381.

Hertog, P. D., Gallouj, F., & Segers, J. (2011). Measuring innovation in a 'low-tech'service industry: the case of the Dutch hospitality industry. *The Service Industries Journal*, 31(9), 1429-1449.

Hill, M.E. (2016). *The development of an instrument to measure intrapreneurship: entrepreneurship within the corporate setting*, master's thesis, Grahamstown, Rhodes University

Howells, J. (1996). Tacit knowledge. *Technology analysis & strategic management*, 8(2), 91-106.

Howells, J. R. (2002). Tacit knowledge, innovation and economic geography. *Urban studies,* 39(5-6), 871-884.

Hult, G. T. M., Hurley, R. F., & Knight, G. A. (2004). Innovativeness: Its antecedents and impact on business performance. *Industrial marketing management*, 33(5), 429-438.

Johannessen, J. A., Olsen, B., & Olaisen, J. (1999). Aspects of innovation theory based on knowledge-management. *International journal of information management*, 19(2), 121-139.

Kabeer, N. (2016). Gender equality, economic growth, and women's agency: the "endless variety" and "monotonous similarity" of patriarchal constraints. Feminist Economics, 22(1), 295-321.

Kalotra, A. (2014). Knowledge management and innovation". International Journal of Emerging Research in Management &Technology, 3(8), 79-83.

Kimble, C. (2013). Knowledge management, *codification and tacit knowledge*. 18(2) 577- 591

Kuratko, F.D., Morris, M.H. & Covin, J.G. (2011). In *Corporate innovation & entrepreneurship: Entrepreneural development within organizations* (Third Edition ed.). Canada: South-Western Gengage Learning.

Lesotho Tourism Development Corporation. (2016). Annual tourism arrivals and accommodation statistics report, 2016 edition. Maseru: LTDC.

Marimuthu, M., Arokiasamy, L., & Ismail, M. (2009). Human capital development and its impact on firm performance: Evidence from developmental economics. Journal of international social research, 2(8).

Martín-de Castro, G. (2015). Knowledge management and innovation in knowledge-based and high-tech industrial markets: The role of openness and absorptive capacity. *Industrial Marketing Management*, *47*, 143-146.

Maull, R., Geraldi, J., & Johnston, R. (2012). Service supply chains: a customer perspective. *Journal of Supply Chain Management*, 48(4), 72-86.

Mckeenman, J. & Rozga, Z. (2007). *Private sector competitiveness project: Strengthening the tourism market in Lesotho; a content collection and market readiness audit exercise* . Milnerton: Worldhotel-link.com in Africa.

Murimbika, M. (2012). Influence of strategic management practices on the entrepreneurial orientation of South African firms in the financial and business services sector. Master's thesis, Johannesburg: Wits Business School

Nafukho, F. M., Hairston, N., & Brooks, K. (2004). Human capital theory: Implications for human resource development. Human Resource Development International, 7(4), 545-551.

Nickerson, J. A., & Zenger, T. R. (2004). A knowledge-based theory of the firm—The problem-solving perspective. *Organization science*, *15*(6), 617-632.

Nieves, J., Quintana, A., & Osorio, J. (2016). Organizational knowledge, dynamic capabilities and innovation in the hotel industry. *Tourism and Hospitality Research*, 16(2), 158-171.

Nieves, J., & Segarra-Ciprés, M. (2015). Management innovation in the hotel industry. *Tourism Management*, 46 (2015), 51-58.

Nieves, J., Quintana, A., & Osorio, J. (2014). Knowledge-based resources and innovation in the hotel industry. *International Journal of Hospitality Management*, 38 (2014), 65-73.

Noruzy, A., Dalfard, V. M., Azhdari, B., Nazari-Shirkouhi, S., & Rezazadeh, A. (2013). Relations between transformational leadership, organizational learning, knowledge management, organizational innovation, and organizational performance: an empirical investigation of manufacturing firms. *The International Journal of Advanced Manufacturing Technology*, 64 (5-8), 1-13.

Onwuegbuzie, A. J. (2000). Expanding the Framework of Internal and External Validity in Quantitative Research. Florida: ERIC.

Osman, C. A., & Ngah, R. (2016). Assessing sustainable competitive advantage in relation with intellectual capital, knowledge management and innovativeness in women-owned SMEs in Malaysia. Journal of International Business, Economics and Entrepreneurship, 1(1), 1-15.

Øystein Widding, L. (2005). Building entrepreneurial knowledge reservoirs. *Journal of Small Business and Enterprise Development*, *12*(4), 595-612.

Price, J. H., & Murnan, J. (2004). Research limitations and the necessity of reporting them. 35(2), 66-67.

PWC (2017) African insights Hotels outlook: 2017–2021 South Africa – Nigeria – Mauritius – Kenya – Tanzania. 7th Edition. www.pwc.co.za/hospitality-and-leisure

Rubenstein-Montano, B., Liebowitz, J., Buchwalter, J., McCaw, D., Newman, B., Rebeck, K., & Team, T. K. M. M. (2001). A systems thinking framework for knowledge management. Decision support systems, 31(1), 5-16.

Rwigema, H. & Venter, R. (2004). *In Advanced Entrepreneurship.* Cape Town: Oxford University Press.

Sakhdari, K. (2016). Corporate Entrepreneurship: A Review and Future Research Agenda. *Technology Innovation Management Review*, *6*(8).

Schultz, T. W. (1961). Investment in human capital. The American economic review, 51(1), 1-17.

Schwab, K. (2015). The Global Competitiveness Report 2015–2016. World Economic Forum. www.banking.org.za/docs/default-source/publication/global_competitiveness_report_2015-2016.pdf

Souto, J. E. (2015). Business model innovation and business concept innovation as the context of incremental innovation and radical innovation. *Tourism Management*, 51(2015), 142-155.

Swanson, R. A., & Holton, E. F. (2001). Foundations of human resource development. Berrett-Koehler Publishers.

Tajeddini, K. (2010). Effect of customer orientation and entrepreneurial orientation on innovativeness: Evidence from the hotel industry in Switzerland. Tourism management, 31(2), 221-231.

Teng, B. S. (2007). Corporate entrepreneurship activities through strategic alliances: A Resource□Based Approach toward Competitive Advantage. *Journal of Management Studies*, *44*(1), 119-142.

Tseng, C. Y., Kuo, H. Y., & Chou, S. S. (2008). Configuration of innovation and performance in the service industry: evidence from the Taiwanese hotel industry. *The Service Industries Journal*, 28(7), 1015-1028.

Tseng, S. M., & Lee, P. S. (2014). The effect of knowledge management capability and dynamic capability on organizational performance. *Journal of Enterprise Information Management*, 27(2), 158-179.

Turro, A., Urbano, D., & Peris-Ortiz, M. (2013). Culture and innovation: the moderting effect of cultural vales on corporate entrepreneurship. *Technological forecasting and social change*, 88(2014), 360-369.

UNCTAD (2013). Lesotho services policy review. Geneva: United Nations

Unuted States. CIA. (2017). The CIA world factbook 2017, *Print book : English.* New York, NY : Skyhorse Publishing

van den Berg, H. A. (2013). Three shapes of organisational knowledge. *Journal of Knowledge Management,* 17(2), 159-174.

Venter, R. & Urban, B. (2015). Entrepreneurship theory in practice (3rd ed.). South Africa: Oxford Southern Africa

Yiu, L., Saner, R., & Lee, M. R. (2015). Lesotho, a Tourism Destination: An Analysis of Lesotho's Current Tourism. *Handbook of Research on Global Hospitality and Tourism Management,* 312, Switzerland: IGI Global disseminator of knowledge.

Yong and Pearce, (2013). A Beginner's Guide to Factor Analysis: Focusing on Exploratory Factor Analysis: *Tutorials in Quantitative Methods for Psychology*. 9(2), 79-94

Yüzbaşıoğlu, N., Çelik, P., & Topsakal, Y. (2014). A research on innovation in small and medium-sized enterprises in tourism industry: case of travel agencies operating in Antalya. *Procedia-Social and Behavioral Sciences*, 150(2014), 735-743.

Wade, A. (2015). *The Lesotho Review: an overview of kingdom of Lesotho economy, 2015 edition.* Durban: Wade Publications CC.

Walker, R. M., Damanpour, F., & Devece, C. A. (2011). Management innovation and organizational performance: The mediating effect of performance management. *Journal of Public Administration Research and Theory*, 21(2), 367-386.

Wang, C. L., & Rafiq, M. (2014). Ambidextrous organizational culture, contextual ambidexterity and new product innovation: a comparative study of UK and Chinese high□tech firms. *British Journal of Management*, 25(1), 58-76.

Winter, G. (2000). A comparative discussion of the notion of 'validity' in qualitative and quantitative research. *The qualitative report*, 4(3), 1-14.

World Travel and Tourism Council. (2017). Lesotho travel & tourism economic impact. Ice Scours The North Caspian Sea - NASA

Zheng, W., Yang, B., & McLean, G. N. (2010). Linking organizational culture, structure, strategy, and organizational effectiveness: Mediating role of knowledge management. *Journal of Business research*, 63(7), 763-7

Appendix A- Introduction Letter

University of Witwatersrand Johannesburg
Private Bag 3
WITS 2050

Dear Sir/Madam

My name is Lekhooa Matela. I am completing a Master's Degree at the University of the Witwatersrand Business School (WBS), Johannesburg. I am in the field of Management, Entrepreneurship and New Venture Creation. As part of my studies, I have to undertake a research project, and my research is investigating the relationships between Knowledge Management, Innovativeness and Performance in hospitality sector in Lesotho. The aim of this research project is to find out how the implementation of proper knowledge management practices can help business to be innovative and perform better.

As part of this project, I would like to invite you to take part in completing the online questionnaire. This activity will involve reading the question and ticking one option that matches your view and click the send icon at the end of the survey, these will take around 10 minutes.

There will be no direct benefits or penalties relating to your choice to participate or not. The survey will only gather information related to the study and the information will be completely confidential and anonymous as I will not be asking for your name or any identifying information, and the information you give to me will be held securely and for this academic exercise only.

If you have any questions afterwards about this research, feel free to contact me or my supervisor on the details listed below. This study will be written up as a research report, which will be available online through the university library website.

Your assistance will be highly appreciated

Yours Sincerely

Lekhooa Matela (Student Researcher):
+27-8741800, +26658880738, lekhooamatela@gmail.com

Prof. Urban Boris (Supervisor):
+27-117173762, boris.urban@wits.ac.za

Appendix B- Research Instrument

Questionnaire

Section 1

Thank you for taking part in this survey and your input will be very valuable in creating imperial information that contribute towards business science research in Lesotho and its neighbouring countries. The information you provide will be treated with high research ethics and confidentiality as is stipulated in the WBS Code of Ethics. The questionnaire should take approximately 10 minutes to fill.

Section 2

1. DEMOGRAPHIC INFORMATION

Background information: *Please tick the appropriate box*

1.1 Type of Business *(Hotel-1, Guesthouse-2, lodge-3, Bed & Breakfast-4, Travel agencies/Tour-Operator- 5)*

1- ☐2- ☐3- ☐4- ☐5- ☐

1.2 Designation *(Senior Manager-1, Middle Manger-2)*

1- ☐2- ☐

1.3 Sex *(Male-1, Female-2, Other-88)*

1- ☐2- ☐88- ☐

1.4 Formal Education Level *(Primary School-1, Secondary School-2, Tertiary School-3, Post-graduate-4)*

1- ☐2- ☐3- ☐4- ☐

1.5 Number of employees *(1 to 10-1, 11 to 100- 2, above 100- 3)*

1- ☐2- ☐3- ☐

Section 3

2. The following statement are meant to measure Knowledge management manifestation in your company and how you company makes use of it. Please in one box to indicate which response most clearly matches your perception. ***(1- Strongly Agree, 2- Agree, 3- Neutral, 4- Disagree, 5- Strongly Disagree)***

2.1 Our firm trains its staff

1- ☐2- ☐3- ☐4- ☐5- ☐

2.2 Our firm retains its staff

1- ☐2- ☐3- ☐4- ☐5- ☐

2.3 Our firm has ways to incorporating different sources and types of knowledge

1- ☐2- ☐3- ☐4- ☐5- ☐

2.4 Our firm knows how to make plan of action out of the knowledge that it possesses

1- ☐2- ☐3- ☐4- ☐5- ☐

2.5 Our firm has processes for acquiring knowledge about our business partners

1- ☐2- ☐3- ☐4- ☐5- ☐

2.6 Our firm has processes for exchanging knowledge with our business partners

1- ☐2- ☐3- ☐4- ☐5- ☐

3. The following statement are meant to measure Innovativeness within your company and how you company makes use of it. Please in one box to indicate which response most clearly matches your perception. ***(1- Strongly Agree, 2- Agree, 3- Neutral, 4- Disagree, 5- Strongly Disagree)***

3.1 The company knows the weak performance areas that innovative thinking and strategies can improve

1- ☐2- ☐3- ☐4- ☐5- ☐

3.2 The company is open to new innovative ideas from the staff and management

1- ☐2- ☐3- ☐4- ☐5- ☐

3.3 The rate of introduction of new products in to the organization has grown rapidly.

1- ☐2- ☐3- ☐4- ☐5- ☐

3.4 The rate of introducing new services into the organization has grown rapidly

1- ☐2- ☐3- ☐4- ☐5- ☐

3.5 The rate of introduction of new methods of production or delivery of services into the organization has grown rapidly.

1- ☐2- ☐3- ☐4- ☐5- ☐

3.6 In comparison with its competitors, our firm has become much more innovative.

1- ☐2- ☐3- ☐4- ☐5- ☐

4. The following statement are meant to measure organizational Performance of your company and how you company makes use of it. Please in one box to indicate which response most clearly matches your perception ***(1- Strongly Agree, 2- Agree, 3- Neutral, 4- Disagree, 5- Strongly Disagree)***

4.1 There is a sales growth

1- ☐2- ☐3- ☐4- ☐5- ☐

4.2 Profitability increased

1- ☐2- ☐3- ☐4- ☐5- ☐

4.3 Number of returning and loyal increased

1- ☐2- ☐3- ☐4- ☐5- ☐

4.4 Decrease in overall number of customers

1- ☐2- ☐3- ☐4- ☐5- ☐

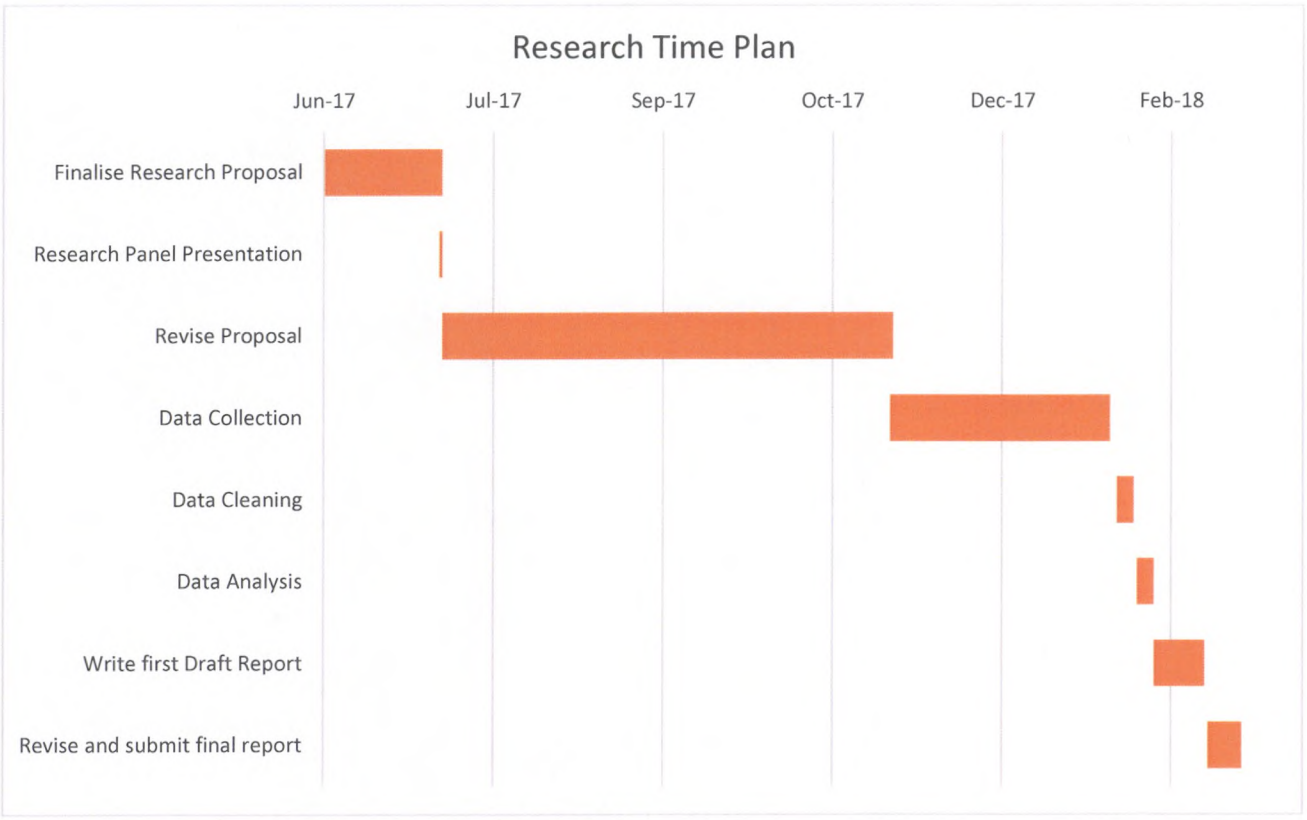
4.5 There is positive feedback and ratings from the customers

1- ☐2- ☐3- ☐4- ☐5- ☐

4.6 Occupancy rate is high

1- ☐2- ☐3- ☐4- ☐5- ☐

Appendix C- Research Plan



Appendix D- Consistency Matrix

Examine the relationship between knowledge management, organizational innovativeness and organizatio
Hospitality Sector

Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of Data**	**Type of**
The first sub-problem is to measure knowledge management manifestation in the corporation	Gold, & Arvind (2001), Noruzy et al, 2013, Tseng et al, 2014, Cohen 2015, Kimble, 2013, van den Berg, 2013, Howells, 1996, Wang, & Rafiq, 2014, Souto, 2015, Carter and	Knowledge management positively influences organizational innovativeness	Survey data gathered using research instrument: section 3	Interval

	Tamayo, 2017, Rubenstein-Montano, Liebowitz, Buchwalter, McCaw, Newman, Rebeck, & Team, 2001,			
The other sub-problem is to measure the amount of innovativeness of the corporation	Murimbika, 2012, Hill, 2016, Venter, et al, 2015, Gold, & Arvind (2001), Noruzy et al, 2013, Tseng et al, 2014, Carter and Tamayo (2017), Murimbika, 2012, Hill, 2016, Venter, et al, 2015, Gold, & Arvind (2001), Noruzy et	Organizational innovativeness positively influences organizational performance	Survey data gathered using research instrument: section 3	Interval

	al, 2013, Tseng et al, 2014, Gold, & Arvind 2001, Noruzy et al, 2013, Tseng et al, 2014, Cohen 2015, Kimble, 2013, van den Berg, 2013, Howells, 1996, Wang, & Rafiq, 2014, Souto, 2015, Carter and Tamayo, 2017, Murimbika, 2012, Hill, 2016, Venter, et al, 2015, Gold, & Arvind (2001), Noruzy et al, 2013, Tseng et al, 2014, Rubenstein-Montano,			

	Liebowitz, Buchwalter, McCaw, Newman, Rebeck, & Team, 2001,			
The third sub-problem is to measure the performance of the corporation	Carter and Tamayo (2017), Murimbika, 2012, Hill, 2016, Venter, et al, 2015, Gold, & Arvind (2001), Noruzy et al, 2013, Tseng et al, 2014, Gold, & Arvind 2001, Noruzy et al, 2013, Tseng et al, 2014, Cohen 2015, Kimble, 2013, van den Berg, 2013, Howells, 1996,	Knowledge management positively and indirectly influences organizational performance through organizational innovativeness	Survey data gathered using research instrument: section 3	Interval

	Wang, & Rafiq, 2014, Souto, 2015, Carter and Tamayo, 2017, Murimbika, 2012, Hill, 2016, Venter, et al, 2015, Gold, & Arvind (2001), Noruzy et al, 2013, Tseng et al, 2014, Rubenstein-Montano, Liebowitz, Buchwalter, McCaw, Newman, Rebeck, & Team, 2001,			