

Network Relations and Hotel Performance: Does Entrepreneurial Orientation Matter?

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Abstrak

Small hotels rely on relationships that extend beyond the physical boundaries of their premises, but the value of those relationships may depend on the degree to which managers can exploit the opportunities they offer. This study investigates the relationship between network relations and business performance in small and medium-sized enterprise (SME) hotels in Jakarta and whether entrepreneurial orientation (EO) moderates such a relationship. It draws on 200 complete questionnaire records and a three-construct SmartPLS 4 model containing network relations, EO, their interaction, and perceived business performance. Reflective measurement results show satisfactory indicator loadings, internal consistency, and average variance extracted. The direct path from network relations to performance is positive and statistically significant ($\beta = 0.757$, $t = 8.267$, $p < 0.001$). In contrast, the $EO \times$ network-relations interaction is negative but does not reach conventional two-sided significance ($\beta = -0.053$, $t = 1.706$, $p = 0.088$); EO's own path is also nonsignificant ($\beta = 0.102$, $p = 0.239$). Although the model explains substantial variance in performance ($R^2 = 0.898$), the Fornell–Larcker assessment fails to establish clear separation between EO and network relations, and between network relations and performance. These measurement concerns limit the strength of the structural interpretation. The evidence supports an association between relational resources and reported hotel performance, but does not establish that entrepreneurial posture changes the value of networks in this sample. The article highlights the practical value of purposeful external relationships while identifying discriminant validity, independent performance measures, and better documentation of respondent selection as priorities for future tests.

Kata Kunci: *Network Relations; Entrepreneurial Orientation; Business Performance; SME Hotels; Jakarta; Moderation.*

Introduction

Smaller, independent hotels face a demanding coordination problem. Accommodation services are delivered on site, but guest demand often reaches the property through travel intermediaries, business contacts, local attractions, and online channels. Even attentive service may not be enough if potential guests cannot find the hotel, partners share little information, or supplies and repairs are unreliable. These dependencies become particularly visible during crises. Small hospitality businesses showed uneven resilience during the pandemic, and hotels adapted their services and operations to support recovery (Garrido-Moreno et al., 2021; Promnil & Polnyotee, 2023; Sobaih et al., 2021). External relationships also remain important in everyday competition.

Jakarta provides a useful setting for examining this issue. Smaller hotels compete with numerous accommodation providers and may depend on local referrals, booking channels, suppliers, nearby businesses, and institutional contacts to remain visible and responsive. With fewer specialized employees than large chains, they can obtain market intelligence and operational support through external contacts. Pham et al. (2021)) explain how social networks help small tourism businesses

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cope with shocks, while Sulhaini et al. (2023) examine network behavior in tourism resilience. Elvekrok et al. (2022) link network relations to destination development and business outcomes. These findings do not imply that every connection is useful: its value depends on the information exchanged, the reliability of the partner, and the hotel's ability to act on what it learns.

This distinction matters because performance is often presented as a natural outcome of entrepreneurial orientation (EO). EO reflects a tendency to pursue new ideas, act proactively, make independent decisions, and accept calculated risks. These behaviors can help hotels redesign services and recognize emerging demand. Tajeddini et al. (2020) examine EO and networking ties in hospitality firms, and Kusa et al. (2022) find that entrepreneurial behaviors can matter during crises in small hotels. However, an entrepreneurial hotel may still lack distribution access, dependable partners, or the capacity to implement new ideas. Research on hotel dynamic capabilities emphasizes the organizational actions needed to turn resources into outcomes (Chasapi et al., 2024; Pereira-Moliner et al., 2021). The question is how external relationships and internal entrepreneurial behavior interact in hotels with limited resources.

Networks are seen as a support condition, while EO is the main driver of most discussions. That is one good question, but another not so easily answered is: are network relations themselves related to performance when EO is included, and does EO change the network–performance relationship? These formulations yield the same statistical interaction term but differ in their theoretical emphasis. The starting point here is the relationship that a hotel has already built beyond its borders. Networks can give referrals, reputation, help with problem solving and information about changes in guest demand. EO allows a manager to use that access to develop new packages or to make service decisions faster. Equally, effective networks could support routine operations, whatever the level of entrepreneurialism of the hotel. Moderation thus demands testing.

Existing evidence gives different weight to these factors. Studies of social capital in hotels describe relational support for sensing and coping with disruption (Visentin et al., 2021), while hospitality research considers the joint relevance of entrepreneurial behavior and networking ties (Tajeddini et al., 2020). Neupane et al.(2025) also examine networking strategy, leadership, and flexibility as related ingredients of SME success. Anwar et al. (2022), however, find that opportunity recognition carries part of EO's association with performance in emerging-market ventures. Entrepreneurial behavior therefore need not translate into results through a simple, universal direct path.

Although previous hospitality studies have examined networking relationships, entrepreneurial orientation, and organizational performance, an important question remains regarding the conditions under which external relationships are associated with hotel performance. Existing research has often emphasized entrepreneurial orientation as a driver of organizational outcomes or considered networking as one of several supporting capabilities. Less attention has been given to whether the association between network relations and performance differs according to a hotel's overall entrepreneurial orientation. Examining this conditional relationship helps distinguish the potential benefits of established business connections from the managerial tendency to pursue innovation, act proactively, and take risks. SME hotels in Jakarta provide a relevant context because their relatively limited organizational resources may increase their reliance on booking intermediaries, suppliers, corporate contacts, and local tourism partners. At the same time, differences in managerial approaches may influence how these relationships are maintained and utilized. By examining network relations as the focal explanatory construct and entrepreneurial orientation as a proposed moderator, this study contributes to a more specific understanding of relational resources and their association with perceived performance in smaller hospitality businesses.

This article examines a purposely concise model with two hypotheses: network relations are positively related to perceived business performance and EO moderates that relation. When analysing the interaction of EO with network relations, EO is kept as a main effect. This prevents the interaction from taking the place of a missing constituent effect. The dependent variable is the respondents' perceptions of customer and internal-process performance, not independently audited financial returns.

This emphasis is useful in two respects. First, it asks whether relational access is related to smaller hotels' performance controlling for entrepreneurial posture. Second, it tests the attractive proposition that entrepreneurial managers necessarily extract more value from their networks. The answer should be taken together with the quality of measurements. Very high correlations between the three constructs can obscure their distinct meanings and make impressive explained variance seem more decisive than it is. This study therefore reports the measurement concern and the paths, and separates supported relationships from plausible mechanisms that the survey cannot establish.

Conceptual Review and Hypothesis Development

The relational view sees interorganizational relationships as potential sources of value, since organizations can exchange information, coordinate complementary resources and solve problems jointly. In a small hotel these processes may involve suppliers, other hospitality businesses, destination actors and intermediaries. A network relation is not just the number of names in a manager's phone. It is about repeated access to relevant knowledge, help, reputation and cooperation. Networks are important for small tourism business resilience (Pham et al., 2021) and relationships between destination actors affect business performance (Elvekrok et al., 2022). Networking capability has also been associated with market orientation and process agility in Indonesian SMEs (Kurniawan et al., 2020). These results support a mechanism of ties reducing search and coordination costs as well as helping hotels to respond to demand and operating problems.

Business performance refers here to the hotel's reported customer-related and internal operational outcomes. Customer outcomes include occupancy and evaluations of service, while internal outcomes concern responsiveness, reliability, and service processes. These measures are useful for smaller accommodation providers when comparable financial statements are unavailable. They represent perceived, nonfinancial performance, however, rather than independently verified operating results. Research on crisis management and stakeholder coordination emphasizes the importance of customer-facing adjustments and service routines (Canhoto & Wei, 2021; Garrido-Moreno et al., 2021; Waller & Abbasian, 2022). Dynamic capabilities research also links the organization of resources to hotel performance (Pereira-Moliner et al., 2021).

Network relations can support such performance in a number of ways. Referrals and distribution contacts can increase awareness; suppliers can provide on-time materials and technical advice; fellow operators can provide local market intelligence; and institutional links can aid coordination when rules or demand change. Visentin et al. (2021) explained that social capital is a resource to hoteliers to solve problems in disruption. Rienda et al. (2024) also consider network ties when addressing the competitiveness and resilience of hotels. The indicators in this study are asking about helpful ties rather than objective contracts or sales. Hence, the hypothesized relation is between perceived network quality and perceived performance. The argument is positive conceptually but the design is cross-sectional and does not lend support to a causal claim.

H1. Network relations are positively associated with business performance among SME hotels.

EO represents a hotel's tendency to initiate independent action, innovate, anticipate demand, and take calculated risks. The 12 EO indicators in this study cover autonomy, innovativeness, proactiveness, and risk-taking within a reflective measurement specification. In this study, entrepreneurial orientation is conceptualized as an overall strategic posture rather than as four separate explanatory variables. Autonomy, innovativeness, proactiveness, and risk-taking represent related aspects of how hotel managers approach entrepreneurial decisions. Although these dimensions describe different behaviors, they are considered together to capture the broader entrepreneurial orientation reflected in managerial practices. The reflective specification adopted in this study assumes that the observed indicators represent manifestations of this underlying orientation. This approach allows the analysis to examine whether a hotel's general entrepreneurial posture is associated with differences in the relationship between network relations and business performance. Nevertheless, combining these dimensions into one construct does not imply that all entrepreneurial behaviors operate identically.

Their individual contributions may differ, and the present model cannot identify dimension-specific effects. Accordingly, the moderation hypothesis concerns entrepreneurial orientation at the aggregate construct level rather than the separate influence of autonomy, innovativeness, proactiveness, or risk-taking. Wales et al. (2023) discuss EO as a theory of new value creation, while Kusa et al. (2022) examine entrepreneurial behaviors in small hotels during crises. A network can offer information or an introduction, but acting on it may require changing a service, testing a promotion, or reallocating scarce staff time. EO could therefore increase the returns from relational access. The proposed moderating role of entrepreneurial orientation is based on the distinction between accessing external resources and utilizing them through managerial decisions. Network relationships may provide information, referrals, and operational assistance, but these resources do not necessarily produce the same outcomes across hotels.

Managers with a stronger entrepreneurial orientation may be more inclined to recognize opportunities arising from external contacts and translate them into service adjustments or new business initiatives. However, established relationships may also contribute to routine operational performance without requiring substantial entrepreneurial action. These competing possibilities make it important to test whether the overall association between network relations and performance varies with entrepreneurial orientation. The hypothesis therefore examines the presence of a moderating relationship without assuming that entrepreneurial orientation must necessarily strengthen it. Tajeddini et al. (2020) provide hospitality evidence on the relevance of entrepreneurial posture and networking ties in dynamic environments. In an SME context, Susanto et al. (2021) show that marketing capabilities and social media use also shape the EO–performance relationship.

Another possibility is that stable contacts may provide referrals or reliable supplies through ordinary coordination, with little extra to be gained from risk taking or experimentation. Scarce attention from highly entrepreneurial managers might be directed toward new ventures at the expense of greater returns from existing relationships. Studies on opportunity recognition have shown that EO's contribution can travel through intervening actions (Anwar et al., 2022); it does not require every EO interaction to be positive. H2 tests moderation without predicting increase or decrease since the existing theoretical arguments do not unambiguously determine the direction of this interaction. The model includes lower-order terms and their interaction, where the interaction coefficient indicates whether the slope between network relations and performance varies across levels of EO. For this sample, EO would only need to be described as a moderator if a statistically detectable product was found.

H2. Entrepreneurial orientation moderates the association between network relations and business performance among SME hotels.

Methods

This study used a quantitative, cross-sectional survey of small and medium-sized hotels in Jakarta. Participants were hotel owners and managers, including hotel managers, operational managers, and general managers, from one-star, two-star, and non-rated accommodation establishments. Purposive, nonprobability sampling was used to recruit eligible hotel decision-makers. The sampling procedure focused on hotel owners and managers who were considered capable of providing information about their establishments' external business relationships, entrepreneurial practices, and operational performance. Eligible respondents occupied managerial or ownership positions and were associated with one-star, two-star, or non-rated accommodation establishments in Jakarta. These positions were selected because they generally involve responsibility for, or familiarity with, hotel operations and business decisions. As the study employed purposive rather than probability sampling, the resulting sample should not be considered statistically representative of all SME hotels in Jakarta. Furthermore, the data represent individual managerial assessments of hotel-level practices and outcomes. The findings should therefore be interpreted as relationships among respondents' reported perceptions rather than independently verified organizational characteristics. The final analytic sample comprised 200 respondents with complete answers to all 24 measurement items. This sample permits estimation of the three-predictor structural model, comprising network relations, EO, and their interaction. Nevertheless, a ten-times heuristic alone cannot establish adequate statistical power, particularly for a small interaction effect. The moderation result is therefore interpreted with appropriate caution.

The constructs were assessed using 24 items on a five-point response scale: 12 for EO (ENOR1–ENOR12), six for network relations (NR1–NR6), and six for business performance (BP1–BP6). Table 1 summarizes the indicator codes and the conceptual domains covered by each construct. The measurement indicators were organized according to the conceptual domains of each construct. Entrepreneurial orientation was represented by items addressing autonomy, innovativeness, proactiveness, and risk-taking, while network relations covered knowledge sharing, reputation through business contacts, access to external information and assistance, and relationships within and beyond the hospitality sector. Business performance was assessed through respondents' perceptions of customer-related outcomes and internal service processes. Given the possibility that closely related questionnaire statements may contribute to unusually high reliability estimates, the interpretation of these measures requires particular attention to item content and potential redundancy. The measurement results are therefore evaluated not only in terms of internal consistency and convergent validity but also in terms of the empirical distinction between the constructs. Figure 1 illustrates the path of this research framework. SmartPLS 4 was used to estimate the reflective measurement model and the structural relationships. The structural model included both main effects and the EO $\times$ NR interaction. The moderating relationship was examined by estimating the interaction between entrepreneurial orientation and network relations using SmartPLS 4. Both constituent main effects were retained in the structural model to ensure that the interaction coefficient represented the conditional relationship between network relations and business performance after accounting for the direct associations of the two constructs. The statistical significance of the interaction was evaluated using bootstrapping and a two-sided significance threshold of 0.05. The moderation hypothesis was considered supported only when the interaction effect met this criterion. The direction of an interaction coefficient was not treated as evidence of moderation in the absence of statistical significance.

Indicator loadings, Cronbach's alpha, composite reliability, and average variance extracted (AVE) were used to assess reliability and convergence, while the Fornell–Larcker criterion was examined for discriminant validity. Bootstrapping results were interpreted using the reported two-sided p values and a significance threshold of 0.05. R^2 was used to describe the variance in business performance explained within the sample.

Table 1. Measurement specification.

Construct	Indicator codes	Number	Conceptual content
Entrepreneurial orientation	ENOR1–ENOR12	12	Autonomy, innovativeness, proactiveness, and risk-taking
Network relations	NR1–NR6	6	Knowledge sharing, reputation through contacts, external information and technical assistance, and relationships inside and outside hospitality
Business performance	BP1–BP6	6	Perceived customer measures and internal service processes

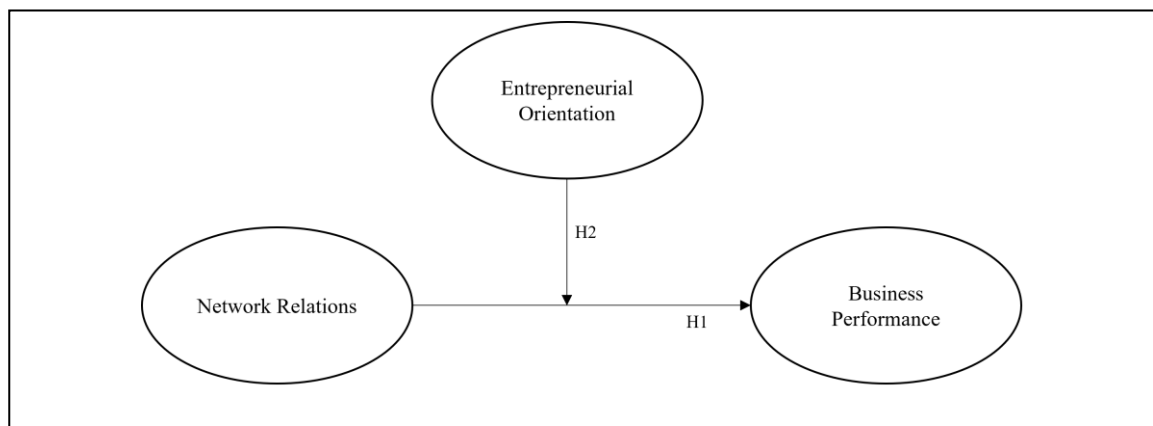


Figure 1. Research Framework.

Results and Discussion

The respondent profile (Table 2) covers 200 hotel owners and managers across Jakarta. Hotels established for 0–5 years accounted for 37% of the sample, followed by those operating for 6–10 years (33%) and more than 10 years (30%). This distribution provides representation from both newer and established hotels. General managers formed the largest respondent group (31%), followed by owners (24%), hotel managers (23%), and operational managers (22%). These positions represent different managerial perspectives on hotel operations and performance. Geographically, South Jakarta contributed the largest proportion of respondents (34%). West and Central Jakarta each accounted for 20%, followed by East Jakarta (11%), North Jakarta (9%), and Kepulauan Seribu (6%). Overall, the sample includes hotels with varied operating histories, managerial roles, and locations, although participation was concentrated in South Jakarta.

Table 2. Respondent profile.

Profile		Freq	%
How Long the hotel has been established (years)	0-5	74	37.00%
	6-10	66	33.00%
	>10	60	30.00%
Position	Hotel manager	46	23.00%
	Operational manager	44	22.00%
	General manager	62	31.00%
	Owner	48	24.00%
Location	North Jakarta	18	9.00%
	West Jakarta	40	20.00%
	East Jakarta	22	11.00%
	Central Jakarta	40	20.00%
	South Jakarta	68	34.00%
	Kepulauan Seribu	12	6.00%

Table 3 shows the results of the PLS algorithm. All reported outer loadings are above 0.70: BP ranges from 0.853 to 0.980, EO from 0.747 to 0.905, and NR from 0.867 to 0.963. Cronbach's alpha, rho_C, and AVE exceed conventional screening levels. For BP, alpha is 0.979, rho_C 0.983, and AVE 0.906; EO yields 0.966, 0.970, and 0.729; NR yields 0.964, 0.971, and 0.849, respectively. These values suggest strong internal consistency and convergence. At the same time, alpha values above 0.96 and several loadings near 0.98 raise the possibility of redundant items or closely shared wording; high reliability by itself does not show that the constructs are different from one another. The structural model for BP had an R^2 of 0.898 (adjusted $R^2 = 0.897$). This is a within-sample measure of explained variance, not a validation of predictive accuracy. Despite the satisfactory reliability and convergent validity results, the measurement model presents an important concern regarding discriminant validity. The reported correlation between entrepreneurial orientation and network relations is 0.949, while the correlation between network relations and business performance is 0.946. These values indicate a substantial degree of overlap between the constructs. Under the Fornell–Larcker criterion, discriminant validity requires the square root of each construct's AVE to exceed its correlations with other constructs.

Based on the reported AVE values, the square roots are approximately 0.854 for entrepreneurial orientation, 0.921 for network relations, and 0.952 for business performance. The criterion is not satisfied for the entrepreneurial orientation–network relations and network relations–business performance relationships. Consequently, although the individual indicators demonstrate strong reliability and convergence, the empirical separation of these constructs remains insufficient. This limitation is particularly relevant when interpreting the structural coefficients because shared variance between conceptually related measures may contribute to the strength of the estimated relationships. Although the measurement model demonstrates satisfactory internal consistency and convergent validity, the discriminant validity assessment indicates an important limitation. The correlations between entrepreneurial orientation and network relations (0.949), and between network relations and business performance (0.946), are particularly high, suggesting substantial overlap between these constructs. The Fornell–Larcker results do not establish adequate discriminant validity for these construct pairs. Consequently, the study does not claim that the three constructs are fully distinguishable at the empirical level.

This limitation is particularly important when interpreting the structural relationships, as the strong association between network relations and business performance may partly reflect shared measurement characteristics rather than entirely distinct organizational phenomena. Accordingly, the reported path coefficients and explained variance should be interpreted with caution. The findings are retained as evidence of associations within the specified measurement model rather than definitive confirmation of independent construct effects.

Table 3. PLS-algorithm.

Variable-Item	OL	CA	rho_A	rho_C	AVE	R ²	R ² adjusted
Business Performance	-	0.979	0.979	0.983	0.906	0.898	0.897
BP1	0.971	-	-	-	-	-	-
BP2	0.976	-	-	-	-	-	-
BP3	0.980	-	-	-	-	-	-
BP4	0.944	-	-	-	-	-	-
BP5	0.979	-	-	-	-	-	-
BP6	0.853	-	-	-	-	-	-
Entrepreneurial Orientation	-	0.966	0.968	0.970	0.729	-	-
ENOR1	0.858	-	-	-	-	-	-
ENOR10	0.885	-	-	-	-	-	-
ENOR11	0.905	-	-	-	-	-	-
ENOR12	0.887	-	-	-	-	-	-
ENOR2	0.812	-	-	-	-	-	-
ENOR3	0.773	-	-	-	-	-	-
ENOR4	0.747	-	-	-	-	-	-
ENOR5	0.888	-	-	-	-	-	-
ENOR6	0.878	-	-	-	-	-	-
ENOR7	0.894	-	-	-	-	-	-
ENOR8	0.797	-	-	-	-	-	-
ENOR9	0.905	-	-	-	-	-	-
Network Relations	-	0.964	0.967	0.971	0.849	-	-
NR1	0.867	-	-	-	-	-	-
NR2	0.955	-	-	-	-	-	-
NR3	0.952	-	-	-	-	-	-
NR4	0.893	-	-	-	-	-	-
NR5	0.963	-	-	-	-	-	-
NR6	0.894	-	-	-	-	-	-

Table 4 presents the bootstrapping results for all three structural paths. NR is positively associated with BP ($\beta = 0.757$, $t = 8.267$, $p < 0.001$), supporting H1 within the specified model. EO's main effect is positive but nonsignificant ($\beta = 0.102$, $t = 1.178$, $p = 0.239$). The EO $\times$ NR interaction is negative ($\beta = -0.053$), but its two-sided p value of 0.088 ($t = 1.706$) does not meet the 0.05 significance threshold; H2 is therefore not supported. Figure 2 shows positive fitted relationships between NR and BP at low, mean, and high EO levels. The visual differences between these lines do not establish statistically significant differences in their slopes. Consequently, the negative interaction estimate cannot be interpreted as a confirmed substitution effect. The moderation result indicates that the estimated interaction between entrepreneurial orientation and network relations is negative but does not meet the conventional two-sided significance threshold of 0.05 ($\beta = -0.053$, $t = 1.706$, $p = 0.088$). Accordingly, the analysis does not provide sufficient statistical evidence that entrepreneurial

orientation changes the association between network relations and perceived business performance. The negative coefficient represents the estimated direction of the interaction within the fitted model, but its direction alone is insufficient to establish a meaningful moderating relationship. The nonsignificant result should also not be interpreted as proof that the interaction is absent in the wider population. Rather, the evidence obtained from this sample is insufficient to support the proposed moderation hypothesis at the specified significance level.

Table 4. Structural path results.

Path	β	Bootstrap mean	SD	t	Two-sided p	Decision
NR $\rightarrow$ BP (H1)	0.757	0.762	0.092	8.267	< 0.001	Supported
EO $\rightarrow$ BP (model main effect)	0.102	0.098	0.086	1.178	0.239	Not significant
EO $\times$ NR $\rightarrow$ BP (H2)	-0.053	-0.051	0.031	1.706	.088	Not supported

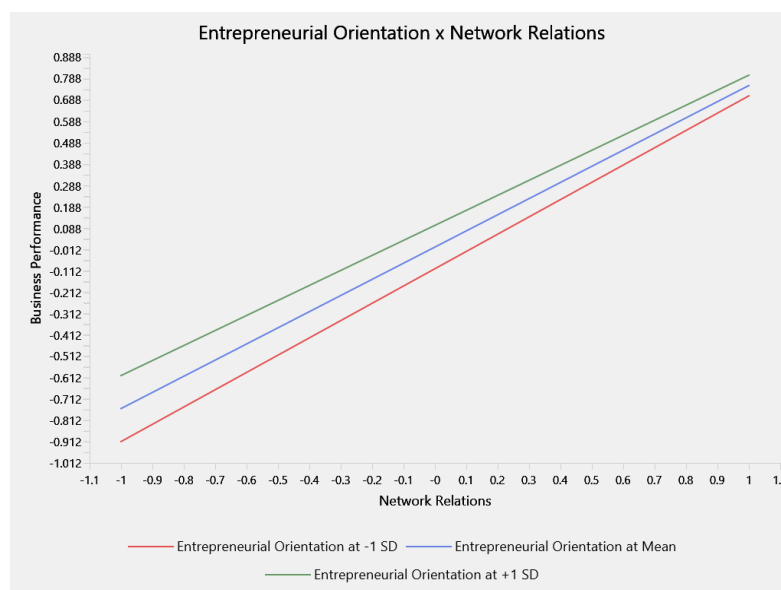


Figure 2. Simple Slope Analysis.

The most direct result is the strong positive relationship between network relations and reported performance. In the fitted model, managers who responded more favourably about their external relations also tended to respond more favourably about customer and internal-process performance. Contacts can provide market intelligence, leads, and operational assistance. Hospitality service includes intermediaries, suppliers and destination partners. According to Pham et al. (2021), networks can help small tourism businesses to cope with shocks. Elvekrok et al. (2022) found effects of network relations on destination development and business results, and Visentin et al. (2021) described the role of social capital in hotels' capacity to sense and cope with disruption. This interpretation is supported by similar results for entrepreneurial networking in small firms (Sendawula et al., 2023), but cross-sectional associations do not establish a causal mechanism. The strength of the direct coefficient deserves attention and restraint. When EO and the interaction are included, a standardized β of 0.757 suggests that NR carries much of the fitted association. The estimated R^2 of .898 is unusually high for self-reported organizational outcomes. Some of the substantive explanation may be that managers view their network as part of acquiring guests, solving operating problems and maintaining service quality. Another part may be shared perceptions or wording.

The same respondent rated external relationships and performance simultaneously, with closely correlated indicators. This alternative cannot be discarded because the Fornell–Larcker criterion fails, particularly the 0.949 EO–NR correlation and the 0.946 NR–BP correlation. Good alpha and AVE do not solve the separation problem. Therefore, the size of β and R^2 should be considered descriptive features of this measurement model and not evidence that there would be a comparably large real-world performance gain from building networks. The exceptionally high explained variance also requires consideration of potential common method bias. Network relations, entrepreneurial orientation, and business performance were measured through the same questionnaire and assessed by the same respondents. This measurement arrangement may introduce shared response tendencies, including consistency in respondents' evaluations of their managerial practices and organizational outcomes. Such tendencies could contribute to the observed correlations, although their magnitude cannot be established from the reported results alone. In addition, the very high correlations between network relations and the other constructs suggest that part of the model's explanatory strength may arise from similarities in the underlying measures. Accordingly, the R^2 value of 0.898 should not be interpreted as evidence that the model has established an equally strong predictive ability outside the sample. The findings provide evidence of substantial associations within the observed data, but their interpretation remains conditional on the quality and distinctiveness of the measurements.

Clearly defined networks might matter in several ways. Having a relationship with a supplier can reduce delays in repair or replenishment that guests notice in the quality of their stay. Links to local companies or travel intermediaries could generate bookings with less marketing outlay. The relationships between neighbouring hospitality operators can inform changing demand and operating practices. Kurniawan et al. (2020) associate networking capability with market orientation and process agility of firms. Rienda et al. (2024) study hotel competitiveness through resilience and network ties. The mechanisms were not estimated separately. The pooled NR score does not discriminate the tie quality, diversity or frequency. EO did not reliably change the NR–performance slope. The negative interaction estimate might suggest that networks contribute less to perceived performance at higher EO levels, but the bootstrap result does not support this interpretation at the two-sided 0.05 threshold ($p = 0.088$). H2 is therefore unsupported; the result does not establish negative moderation. A small interaction may be difficult to detect in 200 observations, and the overlap between EO and NR further complicates interpretation. Future studies with distinct measures and sufficient power could identify an interaction in either direction.

The absence of statistically significant moderation may be understood in relation to the operational characteristics of smaller hotels. Many benefits associated with external business relationships are connected to routine operational requirements rather than entrepreneurial initiatives. For example, booking intermediaries may provide a relatively consistent source of customer referrals, suppliers may support the timely availability of operational materials, and local business contacts may provide information needed to respond to everyday service demands. These relationships can be valuable even when hotel managers demonstrate relatively limited innovativeness, proactiveness, or risk-taking. In this context, maintaining reliable and established business relationships may be more immediately relevant to perceived operational performance than pursuing new entrepreneurial opportunities. Therefore, a higher level of entrepreneurial orientation may not necessarily correspond to a stronger association between network relations and performance. This interpretation offers a possible explanation for the nonsignificant interaction, rather than evidence that entrepreneurial orientation has no managerial value or that it weakens the contribution of business networks.

One plausible explanation for the nonsignificant moderation is that useful relationships support routine operations. A reliable supplier, referral partner, or source of local information may help a hotel regardless of whether its manager frequently experiments or generally maintains established processes. This could explain a strong NR main effect alongside an unsupported interaction. Another possibility is that EO is too broadly measured for this particular conditional relationship. Autonomy, innovativeness, proactiveness, and risk-taking may influence the use of different ties in different ways; combining them into one reflective score may conceal such differences. Kusa et al. (2022) examine specific entrepreneurial behaviors in small hotels, while Anwar et al. (2022) identify opportunity recognition as a pathway linking EO and venture performance. These findings suggest examining how managers recognize and act on opportunities obtained through particular relationships.

The different results for network relations and entrepreneurial orientation may also reflect the distinction between resources that support existing business operations and managerial behaviors directed toward identifying new opportunities. For smaller hotels, relationships with online booking intermediaries, travel agents, corporate clients, and suppliers may be closely connected to everyday business activities. These relationships can provide access to potential guests, support service continuity, and facilitate responses to operational problems. By comparison, entrepreneurial behaviors such as introducing new services, experimenting with business practices, or taking calculated risks may produce outcomes that are less immediate or less consistently reflected in respondents' assessments of current performance. This distinction may help explain why network relations show a strong positive association with perceived performance while entrepreneurial orientation has neither a statistically significant direct effect nor a significant moderating effect. However, the questionnaire did not independently measure the performance contribution of each relationship type or the time required for entrepreneurial initiatives to generate results. Therefore, these explanations remain theoretically plausible interpretations rather than mechanisms directly confirmed by the analysis.

The present pattern should also be read in conjunction with studies emphasizing entrepreneurial action. Tajeddini et al. (2020) identify the role of EO and networking ties in hospitality performance under dynamic conditions. Neupane et al. (2025) discuss EO with networking strategy, leadership and flexibility in hospitality and tourism SMEs. In the EO–growth relationship, Suder et al. (2025) investigate flexibility as a precondition. The present result does not contradict these studies. It concerns another conditional claim, namely whether EO alters the association between NR and perceived BP. Likewise, the nonsignificant main effect for EO (0.102, $p = 0.239$) does not prove that entrepreneurial behaviors have no value. Their impact may require an operational intermediary, take time to emerge, or be measured better with specific service changes rather than a broad performance review.

The conceptual contribution is a more rigorous test of a network-first account for small hotels. It identifies three propositions that are sometimes confused: that having useful relationships is related to performance; that entrepreneurial behavior might in itself be related to performance; and that entrepreneurial behavior might change the performance significance of relationships. Only the first is supported by statistics in this sample. The study also suggests a methodological condition for claiming theoretical novelty: if the constructs are not sufficiently distinct, an apparent demonstration of relational advantage may be partially a reflection of the way managers answered similar questions. This is a limit on interpretation, not a newly established theory of substitution or complementarity. Reporting that boundary is useful because it directs future work to network practices and outcomes that can be observed independently.

The findings suggest that SME hotel managers should pay attention not only to expanding their external business networks but also to evaluating how existing relationships support day-to-day operations. A larger number of business contacts does not necessarily indicate greater value unless those relationships provide useful information, reliable assistance, or access to potential customers. Managers may therefore consider maintaining simple records of referrals generated through travel agents, online booking channels, and corporate partners to identify which relationships are most useful for attracting guests. Supplier relationships can also be reviewed in terms of delivery reliability, response times, service quality, and the ability to resolve operational problems. Cooperation with nearby tourism businesses and other hospitality operators may be evaluated through the usefulness of shared information, coordinated promotions, or customer referrals. Regular communication and periodic evaluation of these relationships may help managers identify which partnerships deserve greater managerial attention. At the same time, the nonsignificant moderating effect of entrepreneurial orientation suggests that managers should not assume that more aggressive entrepreneurial behavior will automatically increase the performance value of their existing networks. Entrepreneurial initiatives may instead be assessed according to their specific operational objectives and observable outcomes. These recommendations represent practical considerations consistent with the observed associations, rather than interventions whose causal effectiveness has been established by this study.

Conclusion

This study examined the association between network relations and perceived business performance in SME hotels in Jakarta, with entrepreneurial orientation (EO) as a proposed moderator. The analysis covered 200 respondents. Network relations were positively and significantly associated with business performance ($\beta = 0.757$, $p < 0.001$), supporting H1 within the specified model. The EO $\times$ NR interaction was negative but nonsignificant on the two-sided test ($\beta = -0.053$, $p = 0.088$), so H2 was not supported. EO's main effect was also nonsignificant ($\beta = 0.102$, $p = 0.239$). These findings suggest that managers' assessments of their external relationships are closely associated with their assessments of customer and operational outcomes. However, the evidence does not establish that a more entrepreneurial posture changes this relationship. Useful partnerships may provide referrals, information, and operational support through routine coordination. Entrepreneurial action could also contribute through specific service innovations or opportunity recognition rather than through the broad interaction examined here. These explanations require further testing. Several limitations qualify the findings. EO and NR do not satisfy the Fornell–Larcker criterion, and NR is insufficiently separated from BP.

The high R^2 may consequently reflect construct overlap or common respondent perceptions. The cross-sectional design and self-reported measures also limit causal inference. An additional limitation concerns the measurement of business performance. The study relies on the perceptions of hotel owners and managers rather than independently verified financial or operational records. Although perceptual measures can provide useful information when comparable organizational data are difficult to obtain, they may also reflect respondents' personal evaluations and expectations. Consequently, the reported performance scores should not be interpreted as direct evidence of actual occupancy levels, revenue growth, or financial profitability. Future studies could strengthen the assessment of hotel performance by incorporating objective indicators such as occupancy rate, revenue per available room (RevPAR), average daily rate (ADR), and other documented operational measures. Combining managerial perceptions with independently recorded performance data would also help researchers evaluate whether the observed relationships remain consistent across different measurement approaches. The analysis does not establish the specific contribution of different relationship types or EO dimensions.

Further assessment of discriminant validity, collinearity, bootstrap confidence intervals, and out-of-sample prediction is needed before drawing stronger structural conclusions. Future research should refine the measurement of network relations, EO, and performance to ensure that the constructs are empirically distinct. Supplier, intermediary, and destination relationships should be examined separately and linked to independently recorded occupancy, repeat bookings, complaints, and operational measures. Multi-wave studies across several cities could clarify temporal ordering and test whether specific entrepreneurial actions help convert network access into performance gains. For hotel managers, the findings encourage attention to relationships that support guest demand and service reliability. They do not justify assuming that entrepreneurial behavior necessarily increases the performance value of those relationships. The central conclusion is therefore a positive network–performance association, qualified by measurement concerns, alongside no statistically reliable evidence of EO moderation in this sample.

Daftar Pustaka

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