



Article

Unravelling Factors Influencing Firm Performance: Evidence from the SMEs in Tourism Industry

Sarminah Samad

Department of Business Administration, College of Business and Administration, Princess Nourah bint Abdulrahman University, Riyadh 11671, Saudi Arabia; sarminahsamad@hotmail.com

Abstract: The global business scenario seems to be gloomy due to the economic uncertainty caused by the COVID-19 pandemic. The COVID-19 pandemic has impacted many economic sectors and a country's national GNP, including the tourism industry. The question is whether the influencing factors for firms involved in the tourism industry, especially in developing countries, ensure their future survival. The main aim of this paper is to examine the role of internal resources and external environmental factors on the firm performance of small-medium enterprises (SMEs) in the tourism industry, with a specific focus on SME hotels. Based on a survey carried out among hotel owners or key managerial staff in Saudi Arabia and using partial least squares (PLS), the study aimed to attain the objective of this study. Results from the statistical analysis indicate that both internal and external environmental factors have a positive impact on the performance of SME hotels. The results also revealed a more significant impact from the external environmental factors in influencing firm performance than internal resources. Implications, limitations, and recommendations for future scientific investigation are put forward.

Keywords: SMEs performance; human capital; innovation; environmental system; relationship building; technology; tourism industry



Citation: Samad, Sarminah. 2022. Unravelling Factors Influencing Firm Performance: Evidence from the SMEs in Tourism Industry.

International Journal of Financial Studies 10: 77. <https://doi.org/10.3390/ijfs10030077>

Academic Editors:
Panagiotis Dimitropoulos and
Ourania Vrontou

Received: 28 July 2022

Accepted: 5 September 2022

Published: 7 September 2022

Publisher's Note: MDPI stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.



Copyright: © 2022 by the author. Licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

1. Introduction

The performance of small- and medium-sized enterprises (SMEs) has been a concern by firms as it indicates the ability to attain their business objectives and goals (Kaplan and Norton 2001). Small and large firms collectively contribute to national economic growth. Small firms rely heavily on labor and possess financial constraints to invest, for example, in high technology (Musso and Francioni 2014). Thus, becoming a key player in the global market is limited (Thornhill and Amit 2003). Furthermore, the rapid technological changes and new global business trends provide more options to customers, requiring firms to increase innovation and competitiveness. The global economic changes also transformed customer and firm relationships, including SMEs in the tourism industry which contributes to developing economic growth and stability worldwide (Henrekson and Hohansson 2010). Business sectors under tourism include SME hotels, travel agencies, hospitality services, airlines, and others. SMEs are crucial in the economy and development nationally and regionally (Asgary et al. 2020). O'Cass and Sok (2014) stated that positioning SMEs in the stiff global business competition is critical for advancing and reviving national economies. Moreover, with the current business environment and the uncertainty due to crucial economic conditions from the coronavirus disease (COVID-19) pandemic, there is an urgent call for SMEs to strategically establish current systems and processes to guarantee firm performance for stakeholders' interests. The growing economic concerns impacted people, daily life, and SMEs globally (Nicola et al. 2020). Besides daily lives, the global industry was affected by COVID-19 (Gössling et al. 2020). The devastating impact has also been experienced by the hospitality and tourism industry (Ozili and Arun 2020), resulting in the travel industry and hotel performance. According to Dunford et al. (2020), the

number of travelers in major cities globally decreased between 60 and 90 percent during the COVID-19 pandemic. For instance, the hotel sector experienced a drastic decline in business and productivity following the economic crisis caused by the pandemic (Nicola et al. 2020).

SME hotels and sectors in the tourism industry were also directly impacted by the global economic crisis following the declining number of tourists (Chua et al. 2021).

This scenario applies to Saudi Arabia's tourism industry, which is a vital national economic source, contributing approximately half of the gross domestic product (GDP) (Alferaih et al. 2018). Saudi Arabia aims to diversify economic activities following Vision 2030 to impart from solely depending on oil and gas by emphasizing different business sectors, such as the tourism industry. Nonetheless, the hotel sectors in Saudi Arabia were adversely affected by the recent COVID-19 pandemic (McKenzie 2020). Specifically, the SME hotel performance suffered immensely from the crisis. Most hotels closed business operations, affecting the entire hotel floors, rooms, restaurants, and cafes (McKenzie 2020). The SME hotels follow a one- to five-star concept that promises the best services to attract guests' visits, trust to retain customer loyalty, and guarantee good performance for business sustainability. Our knowledge and understanding of how SME hotels in Saudi Arabia can compete and thrive in a vulnerable and volatile economic situation are limited, which needs an urgent call to investigate factors that could drive the SME hotel's performance.

Past studies presented several factors for firms and SMEs to revitalize performance. From a strategic management perspective, firm business performance depends on multiple factors, including managers' decision-making ability and ensuring the firm operates successfully in the business environment (Singh et al. 2016). Mansion and Bausch (2020) connected the major success factors of firms with internal resources (IR). Firm internal resources at the root of the resource-based view (RBV) are the main factors in accomplishing a sustained competitive advantage (Barney 1995). Wheen et al. (2018) mentioned that internal intangible resources in firms are crucial factors in gaining superior performance. Fabrizio et al. (2021) highlighted that innovation is a profound factor in maintaining a competitive edge. Studies emphasized critical drivers of a firm's success, including human capital and innovation (Chen et al. 2021; Samad 2020; Yusoff et al. 2019). Shortages in internal resources were linked to SMEs' failure to obtain a competitive advantage and compete in global markets (Paul et al. 2017). Despite the significant role of human capital and innovation for firm success, the impact of these factors in driving SME hotels in Saudi Arabia is unclear and requires further investigation.

On another note, scholars have given attention to the significant impact of external factors on firm performance (Silva et al. 2021; Teece and Pisano 1994). The issue is particularly relevant to SMEs that depend more on internal resources due to resource limitations (Moreno and Casillas 2007). External factors, such as environmental factors, shape the pattern of business operation in domestic and global markets to ensure business competitiveness (Reitsamer and Brunner-Sperdin 2017). The influence of external environmental factors is also crucial to firm performance (Silva et al. 2021). Zahra (1993) explained the success of entrepreneurship implementation in a firm is in the specifics of the business environmental factors. Green et al. (2012) confirmed that environmental systems, such as eco-friendly and green practices produce better hotel performance. Accordingly, the firms' capability to build relationships with customers creates an advantageous position over competitors and retains customer loyalty, resulting in higher hotel performance (Silva et al. 2021). Further, studies also highlighted technology as an essential factor in generating firm profit, productivity, and hotel superior performance (Acosta-Prado et al. 2021). Nonetheless, the extent to which environmental systems, relationship building, and technology affect SME hotels' performance in Saudi Arabia is unknown and needs to be scientifically studied. Moreover, previous empirical studies indicated inconsistent results revealed that the external factors contributed less percentage in variance in firm profitability compared to internal resources (McGahan 1999). However, a study by Ferreira et al. (2021) indicated that external factors did not influence the relationship between internal factors of

entrepreneurial orientation and SMEs' performance. Meanwhile, external factors have contributed significantly to Spanish hotel performance (Marco-Lajara et al. 2016). Similarly, Easmon et al. (2019) found that external factors (marketing strategy) have more impact on SMEs' performance compared to internal resources of innovation capabilities. However, RBV asserts that internal resources lead to competitive advantage and increase a firm's performance (Amit and Han 2017). On another note, the theory of dynamic capability (TDC) postulates that external environmental factors provide synergy resulting in a significant contribution to performance. Scholars concluded that the influence of internal and external factors on the performance of SMEs is inconclusive.

The above discussion portrays the urgent need for solutions for SME hotels' recovery resulting from the COVID-19 pandemic impact. Achieving the performance of SME hotels is very challenging (Župerkienė et al. 2021). SME hotels are struggling to find solutions and identify factors that can improve their performance. The fundamental question that remains unsolved in a business circle is the difference between SME and firm performance despite coming from the same industry or market (Ključnikov et al. 2020). The scenario is without exception to SME hotels' performance in Saudi Arabia. This study is imperative for several reasons: Firstly, despite numerous studies addressing the main factors of firm performance, few have investigated the effect of internal resources and external environmental factors on SME hotels' performance in developing countries, such as Saudi Arabia. Most studies were in developed countries, which may produce different results in developing countries (Pradhan 2002). In addition, hotels in the tourism industry possess a vital role in the service sector (Holjevac 2003), and this industry is now becoming a key source of Saudi Arabia's economy (Abuhjeeleh 2019). Secondly, extensive studies focused on external environmental factors and performance in large firms and manufacturing industries. Nonetheless, studies rarely emphasize SME hotels and other services industries (Carmona-Moreno et al. 2004), not highlighted in past SME studies (Aykol and Leonidou 2019). Finally, few studies critically devote to understanding the impact and outcomes of both internal resources and external environmental factors on SME hotel performance in Saudi Arabia. The study referred to Festing and Eidems (2011) call on firms to reconfigure internal and external factors to exploit business opportunities. Thus, the study addressed the gap in past literature, aiming to develop and test a conceptual model on the role of internal resources and external environmental factors on SME hotel performance in Saudi Arabia. The study is to answer the following questions:

- RQ1: Do internal resources contribute significantly to SME hotel performance?
- RQ2: Do external environmental factors contribute significantly to SME hotel performance?
- RQ3: Do external environmental factors contribute more significantly to SME hotel performance than internal resources?

The study is structured as follows: the next section discusses the literature review and methodology comprising participant information, the analysis, and techniques used. Finally, the last section elaborates on the discussion, implications, and suggestions for future research.

2. Literature Review

2.1. Theoretical Background

The study is based on the RBV theory by Barney (2001) and the theory of dynamic capability (Teece and Pisano 1994). The RBV connotes that the internal firm resources possess a strategic role in achieving a competitive advantage. The strong point of RBV includes the valuable resources that are scarce, difficult to imitate, and less substitutable, which could add to the firm's synergy in gaining superior performance (Samad 2020). Nonetheless, Kaufman (2015) and Oliver (1997) argued whether RBV could predict the differences in firm performance and have a sufficient account of external environmental factors consideration. Rooted in the theory of dynamic capability (TDC), the study attempts to integrate the external factors or resources in terms of environmental factors. In this

study, TDC complements the RBV, an enhancement to the current body of knowledge. TDC postulates that the resources of SMEs are very dynamic, resulting in the need for aligning and reconfiguring to the external environmental changes. TDC emphasizes the need for SMEs to reconfigure and align the internal tangible and intangible resources, processes, and strategies with the current trends influenced by the external environment factors (Teece and Pisano 1994). Barney (1991); Mir and Feitelson (2007) contended that internal resources (human capital and innovation) and external factors (external environmental factors in terms of the environmental system, relationships building, and technology) help attain better SMEs performance. Thus, the external environmental factors perspective complements the RBV, denoting that firms should consider the external environmental factors to gain a competitive advantage. The research model is in Figure 1.

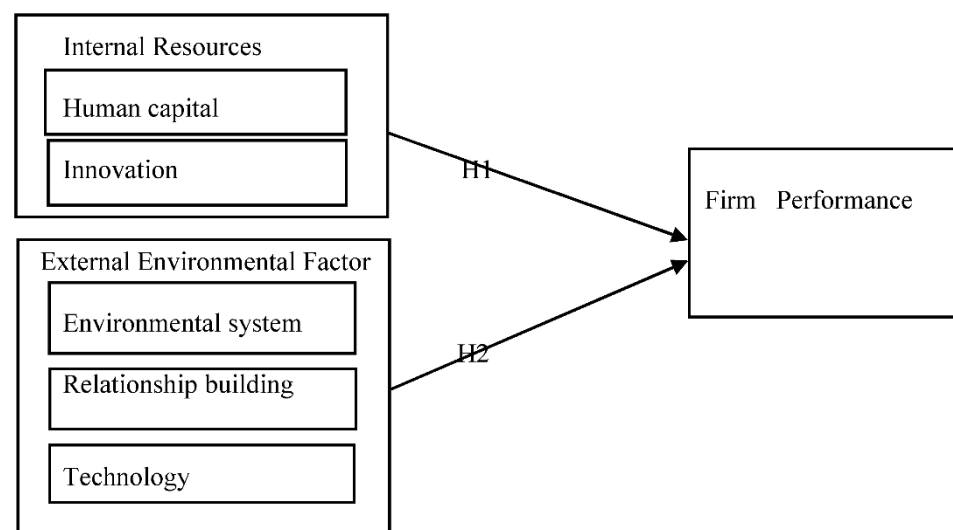


Figure 1. Research framework.

2.2. Firm Performance

Most firms aim to gain sustainable competitive advantage and high performance. Firm performance is manifested based on the business objective, goal, and strategy the firm tends to achieve (Singh et al. 2016). The term firm performance denotes the achievement of the market and financial goals (Li et al. 2006). Quesado et al. (2018) propose that firms possess a system for measuring performance to manage the performance objectives. Most firms apply performance indicators comprising financial and non-financial ones, such as market or customer, human resources, internal business process, external environmental indicators, operation efficiency, and quality (Duric and Topler 2021; Samad and Ahmed 2021). Past studies suggested that firms usually rely on financial performance. Nonetheless, the financial performance garnered criticisms due to drawbacks in financial measures in terms of the no-looking forward nature, limited operational performance measurement, and the possibility of short-term focus (Kaplan and Norton 2001). The drawbacks might affect SMEs that currently face turbulent external environment pressures. Thus, firms should own a performance measure that can measure subjective and objective measures (Panayides 2007). Objective measures describe quantitative performance. Subjective measures or approach is about performance feedback from the firm competitors (Panayides 2007). Powell (1992) explained that financial and objective and non-financial and subjective measures are connected. Furthermore, subjective measures or non-financial indicators can predict future firm performance reliably and consistently (Boakye et al. 2021; Patiar and Mia 2015). Based on the above, the study applied financial and non-financial measures.

2.3. Development of Hypothesis

2.3.1. Internal Resources and Firm Performance

Internal resources are the controlled competitive assets in a firm. Competitive assets signify the resources and capabilities of a firm, determine firm competitiveness, ability to lead in the marketplace, and a strategy to develop a sustainable competitive advantage (Wheen et al. 2018). Barney (2001) categorized internal resources into two: (1) intangible resources, including human assets and intellectual capital, brands, company image, reputational assets, and capabilities; and (2) tangible resources, including physical, financial, and organizational resources. Internal resources are the main profit-generating factors of the firm (Short et al. 2007). Samad (2020) and Chege et al. (2019) mentioned that human capital (knowledge, skills, and capabilities of individuals) and innovation are significant internal resources for high firm performance. The human capital theory states that individuals are more productive upon gaining more knowledge, skills, and abilities (Davidsson and Honig 2003). Barney (1995) elaborated on the firm strategy that optimizes distinctive competencies with rarity, imitability, valuable and the ability to organize the resources effectively, exploit resources, and consistently innovate to achieve the firm's competitive advantage. Previous studies reported that firms related to the tourism industry in the specific hotel industry should view internal resources such as innovation and human capital as an essential strategy to compete in a knowledge-based business environment and gain a competitive advantage (Camisón et al. 2016). Hjalager (2010) added that innovation firms craft and execute strategic decisions. Innovation depicts new idea generation in the form of new products, services, and processes (Tabeau et al. 2017). Chang et al. (2011) described innovation in tourism in terms of exploitation and exploration. Studies revealed that exploratory and exploitative innovation are vital in obtaining service quality in tourism sectors, such as restaurants and hotel services (Sok and O'Cass 2015). The situation is achievable through innovation, considered a first magnitude of competitive advantage (Hjalager 2010). Studies further highlighted that innovation is an essential management function in the tourism sector that requires new services and products through exploitation and exploration (Cooper 2000). Therefore, the study presents the following hypothesis:

HA1: *Internal resources in terms of human capital and innovation contribute significantly to SME hotel performance.*

2.3.2. External Environmental Factors and Firm Performance

The literature revealed that most scholars emphasized external factors (external environmental factors) to measure firm performance (Trkman 2010). Menon and Menon (1997) describe environmental factors regarding the firm's external environmental orientation, emphasizing the expectation of external stakeholders' interest and responding to their needs. Mirvis (1994) defines external environmental factors from the environmental movement perspective, such as environmentalism and consumerism, environmental systems, customer relationship and technology implying the negative impacts of firms failing to comply with environmentally friendly measures that cause customers' undesired behavior. External environmental factors, such as environmental systems, building the customers' relationships, and technology, positively affect firm performance (Zamanbekov et al. 2020).

Past studies suggested that the firm environmental system in improving and protecting environmental factors increased firms' commitment toward strategic competitiveness (Jorge et al. 2015). Han et al. (2011) stated that these commitments yielded positive impacts in reducing cost and differentiation, providing unique services, green management practices over rivals, and retaining customers, resulting in superior performance. Additionally, more hotels tend to establish strategies integrating environmental eco-system and green management systems (El Dief and Font 2012). Hsiao et al. (2014) added that the integration caused the growing number of eco-friendly hotels. The environmental management systems, initiatives, and policies influence hotel performance (El Dief and Font 2012). Studies proposed adopting an environmentalism system, an eco-friendly system, and green practices will lead the business to better firm performance (Green et al. 2012).

From the market dynamism and environmental perspective, technology and customer relationship are key contributors toward sustained competitive advantage (Mir and Feitelson 2007). Hence, satisfying customer need is crucial for business survival. Rodriguez-Diaz and Espino-Rodriguez (2006) stated that firms form relationships with customers and stakeholders to understand and effectively implement green management practices and multiple environmental strategies. Relationship building with customers help the management communicate the policies and environmental activities of firms (Rahimi et al. 2017). For instance, customers' environmental awareness significantly impacts hotel selection and customer retention (Nimri et al. 2019). Tourists demonstrated a high tendency to visit and stay in the hotel of the relationship built through clear environmental policies and effective environmental management systems (Ngo et al. 2020). Consequently, firms should form a relationship with customers to establish trust toward the eco-based system, an advantage created for them. Gaining high business performance requires firms to include external environmental factors involving building customer relationship management (Botha and Van Rensburg 2010) resulting in customer loyalty. Creating and maintaining customer loyalty requires a reciprocally beneficial relationship with customers, with benefits that are financial and non-financial (Siu et al. 2013), as well as the ability of firms to gain value from customers and ultimately improve hotel performance (Kandampully and Suhartanto 2000).

Technology is another essential ingredient for the business survival of firms since technology is crucial for pushing SMEs into better performance (Neirotti and Raguseo 2017). The influence of technology that focuses on many businesses should not be taken lightly by SMEs (Ruiz-Real et al. 2021). The impact of technology on SMEs and start-up businesses also involves changing the markets, business model, business environment, and marketing communication shifts (Cortez and Johnston 2017). For instance, new media technology facilitates SME hotels to communicate with customers, particularly regarding firms' environmental systems and management processes (Hennig-Thurau et al. 2010). Mangold and Faulds (2009) stated that media-shared information positively affected customers' knowledge, attitude, and behavior, leading to better engagement between customer and business interactions. The situation creates the potential for firms' survival, good image, and performance (Kietzmann et al. 2011). In addition, the literature suggested that knowledge management is vital in the tourism industry, whereby current firms and hotels attribute employees as knowledge workers with distinctive core competencies. With knowledge management, firms can capitalize on valuable knowledge to improve performance. Okumus (2013) asserted that knowledge management fostered through information technology will enhance hotel performance. Hence, the study proposed the following:

HA2: *External environmental factors in terms of the environmental system, relationship building, and technology contribute significantly to SME hotels' performance.*

2.3.3. Internal Resources, External Environmental Factors and Firm Performance

Amit and Han (2017) argued that internal resources possess a strategic value for the firm, leading to better performance. The RBV highlights that the internal intangible resources are more likely to affect competitive advantage than the external environmental factors or resources, leading to inimitable resources and becoming strategic variables (Amit and Schoemaker 1993). Contrarily, the research found that external factors (such as external environmental factors) indicate more influence on firm performance, whereby a specific firm intends to compete. Nevertheless, the literature revealed that the external factors contributed to about 20 percent variance in profitability, while internal resources contributed about 36 percent of the variance in profitability (McGahan 1999). The conflicting findings provide a gap that demands further scientific investigation within the context of SME hotels in Saudi Arabia. Thus, the study attempts to answer the question of whether external environmental factors contribute more significantly to hotel performance than internal resources.

3. Methodology

3.1. Sampling Procedure

Hotel SMEs are the target of the study sample. The study employed a self-administered survey questionnaire distributed to the owners and key managerial staff of SMEs in Saudi Arabia. The selection of a self-administered survey questionnaire considered the owner–top management’s (the respondents) convenient time to respond. Flexible time is needed for the respondents to present responses due to the respondents’ preoccupation with management responsibilities. The approach secures more survey response rates despite preventing errors and pressure from the respondents (Hair et al. 2014). A total of 350 survey questionnaires were distributed to SME owners or managers based on a random sample. The sample number is based on the 50 to 341 minimum samples established by Krejcie and Morgan (1970); Roscoe (1975). The sampling frame was obtained from the Saudi Commission for Tourism and National Heritage (Link: <https://www.scega.gov.sa/en/pages/aboutscta.aspx>, accessed on 20 May 2022). The respondents were given three weeks to answer the questionnaires distributed via email, online, and drop-offs and pickups. The three options for answering the survey were to use the normal questionnaire attached in the email, pickup, and web survey by clicking on the provided link. A total of 200 (57.14%) SMEs responded to the questionnaire, with 197 (56.29%) acceptable questionnaires for analysis.

3.2. Profile of Respondent

Most respondents were male (70%), with some females (30%). The firm owners represented the highest number (80%), while top managers were 20%. The age category between 36 to 45 years old was 50%, below 35 years was 15%, and above 45 years was 35%. The respondents’ qualifications indicated that 80% possessed a bachelor’s degree, 10% a master’s degree, and 10% were professional degree holders. In terms of respondents’ experience, 20% of them experienced less than 7 years, between 7 to 10 years was approximately 48%, and more than 10 years was 32%. Meanwhile, 65% of the hotels were a medium size, while 35% were a small size. Table 1 displays the profile of respondents.

Table 1. Profile of respondent.

Characteristics		Frequency	Percentage
Gender	Male	138	70
	Female	59	30
Age	35 years and below	30	15
	36–45 years	99	50
	45 years and above	68	35
Qualification	Bachelor’s degree	157	80
	Master’s degree	20	10
	Professional degree	20	10
Working experience	7 years and below	39	20
	7–10 years	95	48
	10 years above	63	32
Size of hotel	Small size	69	35
	Medium size	128	65

3.3. Measurements

The dependent variable is a firm performance involving two dimensions of financial performance (5 items) and market performance (5 items) based on Ramli and Ismail (2013). Internal resources and external environmental factors are the independent variables. Internal resources were measured by two dimensions: human capital (7 items) adapted

from Youndt and Snell (2004); De Castro and Lopez-Saez (2008) and innovation (5 items) measured according to the instrument in Nasution et al. (2010). Meanwhile, external environmental factors include three dimensions based on past studies: environmental system (5 items) was adapted from Park et al. (2014), relationship building (4 items) from Morgan et al. (2004), and technology (6 items) from Srinivasan et al. (2002). The measurement items are in Appendix A. Finally, a seven-point Likert scale was used to measure all the variables.

3.4. Data Analysis and Results

3.4.1. Data Analysis

The collected data were analyzed using the Smart partial least squares (SmartPLS) Version 3.3.3 proposed by Ringle et al. (2015). The approach was applied to examine the research model instead of applying covariance-based structural equation modeling (CB-SEM), as the approach is suitable for a total sample of 197. Hair et al. (2014) stated that partial least squares structural equation modeling (PLS-SEM) is more appropriate for a small-sized sample.

3.4.2. Common Method Bias and Findings of Measurement Models

Since this study was based on self-reported data that may cause biases, thus, as suggested by Harman, the data need to be checked to ensure the existence of common method variance that would result in invalid findings. Thus, the study employed Harman's single factor test to ensure no common method bias (CMB) was in the questionnaire survey. The results demonstrated approximately 27.87% of the variance in the first factor was within the threshold, not exceeding 50% of the total variance explained (Podsakoff et al. 2003). Doty and Glick (1998) proposed that CMB of less than 40% is appropriate, suggesting the research findings are valid.

The study also analyzed the convergent validity, which included factor loading, average variance extracted (AVE), composite reliability (CR), and discriminant validity to ensure the quality of the measurement model, as proposed by Hair et al. (2014). The external environmental factors (EEF), internal resources (IR), and firm performance (FP) construct comprised the first and second order. The study tested the validity and reliability of the first order followed by the second order. Tables 2 and 3 depict the results of the factor loading, average variance extracted (AVE), and composite reliability (CR) for first order and second order. All of the factors loading and AVE for the first- and second-order surpassed the minimum threshold value of 0.5 for AVE and factor loading, and 0.70 for CR (Hair et al. 2014). As the three criteria of the factor loading, CR and AVE were fulfilled, and the convergent validity for the first- and second-order was accepted.

The discriminant validity was performed to demonstrate between measurement tools of each construct dissimilarity and to establish the discriminant validity based on Fornell and Larcker (1981). Tables 4 and 5 illustrate the discriminant validity for the first-order and second-order constructs. The square root value of all of the AVEs signified that the elements in the matrix diagonals were more than elements in rows and columns. Hence, the discriminant validity was established.

Table 2. Measurement model results.

Constructs (First Order)	Items	Factor	AVE	CR
Loadings				
External Environmental Factor (EEF)				
Environmental Systems (ES)	ES1	0.795	0.857	0.874
	ES2	0.820		
	ES3	0.830		
	ES4	0.818		
	ES5	0.739		
Relationship building (RB)	RB1	0.813	0.702	0.866
	RB2	0.811		
	RB3	0.898		
	RB4	0.812		
Technology (TC)	TC1	0.832	0.846	0.894
	TC2	0.830		
	TC3	0.854		
	TC4	0.857		
	TC5	0.804		
	TC6	0.864		
Internal Resources (IR)				
Human Capital (HC)	HC1	0.815	0.912	0.901
	HC2	0.830		
	HC3	0.879		
	HC4	0.865		
	HC5	0.943		
	HC6	0.832		
	HC7	0.823		
Innovation (IN)	IN1	0.892	0.861	0.946
	IN2	0.861		
	IN3	0.847		
	IN4	0.878		
	IN5	0.848		
Firm Performance (FP)				
Financial performance (FN)	FN1	0.819	0.806	0.918
	FN2	0.823		
	FN3	0.845		
	FN4	0.804		
	FN5	0.872		
Marketing Performance (MP)	MP1	0.855	0.783	0.846
	MP2	0.884		
	MP3	0.703		
	MP4	0.789		
	MP5	0.891		

Note: CR = Composite Reliability; AVE = Average Variance Extracted.

Table 3. Measurement Model Results.

Constructs (Second Order)	Items	Factor	AVE	CR
Loadings				
External environmental Factors (EEF)	ES	0.981	0.719	0.912
	RB	0.843		
	TC	0.864		
Internal Resources (IR)	HC	0.875	0.904	0.943
	IN	0.919		
Firm Performance (FP)	FN	0.898	0.787	0.991
	MP	0.831		

Note: CR = composite reliability; AVE = average variance extracted.

Table 4. Construct discriminant validity based on Fornell–Lacker criterion (first order).

Constructs	ES	RB	TC	HC	IN	FN	MP
ES	0.000						
RB	0.926	0.000					
TC	0.379	0.838	0.000				
HC	0.318	0.404	0.920	0.000			
IN	0.547	0.438	0.251	0.955	0.000		
FN	0.363	0.336	0.231	0.414	0.928	0.000	
MP	0.251	0.366	0.261	0.288	0.230	0.989	0.000

Note: ES = environmental system; RB = relationship building; TC = technology; HC = human capital; IN = innovation; FN = financial performance; MP = market performance.

Table 5. Second-order discriminant validity based on Fornell–Lacker criterion.

Construct	EEF	IR	FP
External Environmental Factor (EEF)	0.000		
Internal Resources (IR)	0.848	0.000	
Firm Performance (FP)	0.654	0.951	0.000

3.4.3. Results of Hypotheses Testing

The final analysis involved evaluating the structural model. The model illustrates the relationship between the constructs in hypotheses H1 and H2. The path coefficient value (standardized structural model) ranges from -1 to $+1$. A value close to 1 suggests a strong and positive relationship while a value close to 0 demonstrates poorer relationships (Hair et al. (2021)). The coefficient values of external environmental factors ($\beta = 454$, $p < 0.05$) and internal resources ($\beta = 424$, $p < 0.05$) imply that the variables were positively linked with firm performance. Hence, H1 and H2 were supported (see Table 6). The results found that the higher coefficient value of external environmental factors indicates a higher contribution to firm performance than internal resources, answering the third question of the study. This is based on the amount of variance contributed by external environmental factors ($\beta = 454$, $p < 0.05$) being higher than the variance contributed by internal resources ($\beta = 424$, $p < 0.05$). The R^2 values and the level and significance of the path coefficient were the main criteria to be achieved. The study followed Hair et al. (2021) and used R^2 , beta, and t -value to assess the structural model with 5000 resamples through the bootstrapping procedure. Hair et al. (2021) stated that the R^2 value (range 0 to 1) describes the amount of variance of exogenous constructs on the endogenous construct. The study discovered that the R^2 value of firm performance was 0.580, indicating that 58% of the variance in firm performance was explained by external environmental factors and internal resources (see Figure 2). According to the cut-off value $R^2 = 0.26$ by Cohen (1988), the R^2 of 0.580 was considered substantial.

Table 6. Hypotheses testing from direct effects.

Hypotheses	Beta	Std Error	t Value	Decision
H1 IR \rightarrow FP	0.424	0.113	1.891 *	Supported
H2 EEF \rightarrow FP	0.454	0.161	1.986 *	Supported

* t -value > 1.645 ($p < 0.05$).

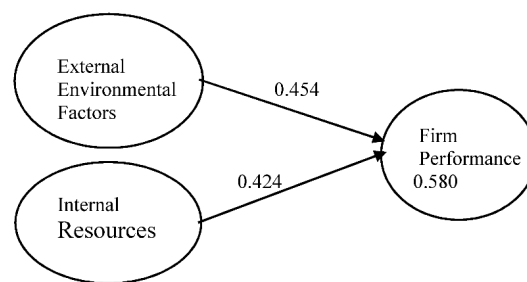


Figure 2. Results of the path analysis.

4. Discussion and Conclusions

The study mainly aimed to examine the contribution of internal resources (human capital and innovation) and external environmental factors (environmental system, relationships building, and technology) to drive SME hotel performance in Saudi Arabia. The study constructed three conclusions from the findings. First, internal resources constituting human capital and innovation supported the first hypothesis, suggesting a significant and positive contribution to SME hotel performance, consistent with [Taticchi et al. \(2010\)](#). Similarly, [Bontis et al. \(2015\)](#) revealed intangible resources of human capital and innovation capabilities contribution to firm performance. The findings suggest that the higher the level of human capital and innovation will be better in ensuring SME hotel performance. The significant and positive results demonstrated the crucial role of internal resources on SME hotel performance in Saudi Arabia. Innovation and quality of human capital are highly required to drive and revitalize SME hotel performance in the current unpredictable economy and from the impact of the COVID-19 pandemic, which has affected the hotel and tourism industry in Saudi Arabia ([McKenzie 2020](#)). [Samad \(2020\)](#); [Chen et al. \(2021\)](#); [Domenech et al. \(2016\)](#) highlighted that innovation and competent human capital are crucial for firms' superior performance. The results imply that SME hotel performance in Saudi Arabia relies on the role of human capital and innovation. The results align with the RBV theory that internal resources significantly lead to competitive advantage ([Barney 1995](#)). The finding implies that a higher level of human capital quality and innovation would induce profitability, resulting in a competitive advantage. The study recommends that priority should be given by the hotel management in Saudi Arabia to human capital quality and innovation to ensure its performance and sustainability.

Second, the results indicate that external environmental factors (environmental system, relationships building, and technology) positively and significantly contributed to SME hotel performance. Thus, the second hypothesis is supported. The findings aligned with past studies which found the contribution of environmental factors and external integration on firm and business performance ([Jum'a et al. 2021](#); [Kanyoma et al. 2018](#)). [Kim and Park \(2017\)](#) stated that more environmental-related efforts encourage the increased level of tourists' willingness and intention to stay in a hotel. Additionally, the findings were consistent with [Neirotti and Raguseo \(2017\)](#), [Rahimi et al. \(2017\)](#), and [Green et al. \(2012\)](#), whereby technology and building customer relationships are vital for a firm competitive advantage and high performance. Technology plays a key role in tourism, whereby [Mount and Martinez \(2014\)](#) suggested that the technologies in media that relate to the exchange of ideas, knowledge sharing, internet interaction, and partnerships will help the better performance of SMEs in tourism. Additionally, to understand and accommodate the requirements of the environmentally sensitive group, relationship building with customers, suppliers, and partners is critical in the tourism industry. The hotel's ability in Saudi Arabia to develop relationships with stakeholders will help them monitor and respond effectively to the demand from consumers through global network collaborators. [Morgan et al. \(2004\)](#) stressed that relationship building plays a critical role in gaining a more beneficial position over rivals. The findings align with the theory of dynamic capability (TDC), which offers firms to have new ideas to adapt to volatile market conditions. Moreover, TDC denotes firms' capacities to make constructive changes in responding to the changing environments

through reconfiguration, adaptation, and integration of external and internal environmental factors (Teece et al. 1997).

Third, the study found that external environmental factors ($\beta = 0.454$) demonstrated more influence on SME hotel performance than internal resources ($\beta = 0.424$). These findings confirmed the assertion by McGahan (1999), whereby external environmental factors (environmental system, relationships building, and technology) contributed more significantly to firm performance than internal resources (human capital and innovation), answering the third research question of the study. These findings imply for hotel management to focus on external environmental factors, such as environmental systems, relationships building, and technology. The literature revealed that external environmental factors are the critical ingredients for firms to compete and face the current trend of challenges, especially during turbulent times and the COVID-19 pandemic (Yadegaridehkordi et al. 2021). This situation is without exception in the hotel industry in Saudi Arabia. Previous studies have found that tourists are more aware of the environmental-related negative impacts caused by hotels and try to look for greener and more eco-friendly standards of accommodation (Han et al. 2010). The study suggests that external environmental factors need to be given great attention by hotel management to ensure its survival. Therefore, most scholars usually perform the initial examination of external environmental factors before evaluating firm performance (Trkman 2010) indicating the role of these factors in driving superior hotel performance.

5. Theoretical Implications

The study bridged the gap from the perspective of SMEs in developing countries, in particular, of the Saudi Arabia context since prior studies focused on developed countries, large firms, and manufacturing industries. The study also supports and confirms the role of RBV and TDC in explaining the framework of the study. The study highlights the main issues from the internal resources and external environmental factors anchored by RBV and TDC. The literature revealed that the failure of business could be due to causes that originated from internal resources (human capital and innovation) and external environmental factors (environmental systems, relationships building and technology). Thus, the study contributed to the current body of knowledge by investigating and analyzing SME performance and emphasizing external environmental factors and internal resources.

The study also contributed toward a theoretical perspective on the internal resource view (IRV) derived from RBV and external environmental factors view (EEFV), an enhancement of TDC, indicating the novelty of the study that was unknown in the previous empirical research on SME performance in Saudi Arabia. The EEFV proposes that competitive advantage and strategy in the future derive from the firm capability to be externally environmentally sound by giving priority to environmental systems, building relationship, and technology (Jorge et al. 2015). Meanwhile, IRV emphasizes internal resources focusing on human capital and innovation capability that emerged as a source of competitive advantage and firm superior performance (Paul et al. 2017).

6. Managerial Implications

From the managerial perspective, the study established a guide and new framework for SMEs in the tourism industry on the effect of internal resources (human capital and innovation) and external environmental factors (environmental system, relationships building, and technology) on SME hotel performance. The model is appropriate to improve firm performance, particularly in the current business turbulence. As the internal and external environmental factors yield a significant and positive contribution to hotels' performance, the hotel management in Saudi Arabia should focus on the role of human capital, innovation, environmental systems, relationships building, and technology to revitalize the firm performance which ultimately boosts the tourism industry.

The empirical findings in our study indicate that there is a potential opportunity for managers and practitioners to enhance the stakeholder's interests in the hotel sector

by focusing on internal and external factors in terms of innovation, human capital, environmental system, relationship building, and technology. Management at the top level can make investments in hotel performance by enhancing the quality of human capital, improving and giving priority to innovation, strengthening the environmental systems, developing a more friendly and close relationship with customers and stakeholders, and always being up to date and very advanced to changes in technologies.

The hotel management should focus on internal resources (human capital and innovation) and external environmental factors (environmental system, relationship building, and technology) to ensure superior performance. Hotel management can take several activities and initiatives. For example, to ensure the quality of human capital, management should concentrate on the appropriate strategy of human resource management: effective selection, recruitment, training, and compensation. Thus, hotel management should also encourage innovative human capital by emphasizing the culture of professionalism and innovation. The study recommends hotel innovation initiatives and activities that are well crafted to meet the required new services and products.

To ensure desired environmental systems, hotel management in Saudi Arabia should focus on the customers and general public concerns about environmentally friendly services and their awareness and sensitivity to the roles of environmental handling management issues. The hotel management should not ignore the demands of external and internal stakeholders on environmental systems-related matters. Generally, less attention has been given to environmental-related systems in the hotel industry, compared to manufacturing industries (Carmona-Moreno et al. 2004). Management can build relationships with stakeholders through a strategic partnership, knowledge sharing, and sharing the handling of environmental issues and different problems faced by stakeholders. Hotel and tourism industry leaders should also be able to attract customers through strategies that can satisfy their sophisticated and volatile demands. Thus, the management needs to align the technology and innovation to ensure better performance.

The above insights help hotel management to initiate further steps to achieve superior performance. The results also provide some ideas for hotel managers to formulate appropriate strategic management and implementation in order to revitalize their performance. The study helps practitioners and businessmen in the hotel and tourism industry understand the important role of internal resources (human capital and innovation) and external environmental factors (environmental system, relationship building and technology) in maintaining business sustainability.

7. Limitations and Future Research

The study is limited to developing countries, specifically SME hotels in Saudi Arabia, which could cause generalization and validation. The study involved the owners and top management of SME hotels in Saudi Arabia. Thus, the results are applicable and generalizable to SME hotels in Saudi Arabia. The study recommends further research from a variety of perspectives in small–medium firms. Furthermore, the study applied a cross-sectional approach which could produce more meaningful insights through the mix method, interviews, and longitudinal studies. Thus, future studies should consider issues, such as analyzing other industries, settings, and other variables, such as tourists' preferences and behavior, to provide more insights and perspectives on the most impactful factor on the predicted variables.

Funding: This research was funded by the Deanship of Scientific Research at Princess Nourah bint Abdulrahman University, Grant Number: 39/S/274.

Informed Consent Statement: Not applicable.

Data Availability Statement: Data are available upon request.

Conflicts of Interest: The author has no conflicts of interest to declare.

Appendix A

Table A1. Measurement items.

Construct	Items
Environmental system	
ES1	The hotel has integrated environmental aspects into the strategic planning process
ES2	The hotel has linked environmental objectives with its other corporate goals
ES3	The hotel has engaged in developing products that minimize environmental impact
ES4	Environmental aspects are always considered when the hotel develops new services
ES5	The marketing strategies for the hotel services have been influenced by environmental concerns
Relationship building	
RB1	We fully understand foreign customer requirements regarding environmental issues
RB2	We fully understand the requirements of other stakeholders (e.g., travel agents) regarding green issues
RB3	We fully establish and maintain close relationships with customers regarding green issues
RB4	We establish and maintain close collaboration with internal and external strategic partners
Technology	
TC1	We are often one of the first in the industry to detect technological developments that may affect our efforts
TC2	We actively seek intelligence on technological changes that are likely to affect our environmental efforts
TC3	We generally respond very quickly to technological changes that have to do with environmental issues
TC4	Our firm leads the industry in responding to new technologies that have to do with environmental issues
TC5	Our firm uses advanced technology related to environmental matters
TC6	We accept changes in new technologies to gain value in the current investment
Human Capital	
HC1	Key employees for the firm are kept
HC2	Employees are satisfied with the firm
HC3	Our employees are experts in their particular jobs and functions
HC4	Our employees develop new ideas and knowledge
HC5	Our employees are among the most experienced in the industry
HC6	Our employees are creative and bright
HC7	Employees with the specific required knowledge and abilities are attracted
Innovation	
IN1	We have introduced many new services onto the market
IN2	We have introduced many modifications to existing services
IN3	Our firm constantly seeks out new services
IN4	We have introduced more new services than our competitors.
IN5	The new services we introduced have significant changes in the industry
Financial Performance	
FN1	The hotel has increased the overall sales revenue
FN2	The hotel has increased the overall return on investment
FN3	The hotel has increased the overall return on assets
FN4	The hotel has increased the overall market share
FN5	The hotel has increased the overall cash flow.
Market Performance	
MP1	The hotel has increased the rate of sales from existing customers
MP2	The hotel has increased the rate of acquiring new customers
MP3	The hotel has increased customer loyalty
MP4	The hotel has increased its reputation among customers
MP5	The hotel has increased the service quality to customers

References

- Abuhjeeleh, Mohammad. 2019. Rethinking tourism in Saudi Arabia: Royal vision 2030 perspective. *African Journal of Hospitality, Tourism and Leisure* 8: 1–16.
- Acosta-Prado, Julio C., Juan G. Lazo, and Arnold A. Tafur-Mendoza. 2021. Application of fuzzy logic in the relationship between information and communication technologies and economic performance. *Journal of Intelligent & Fuzzy Systems* 40: 1727–37.
- Alferaih, Adel, Shagufta Sarwar, and Ayman Eid. 2018. Talent turnover and retention research: The case of tourism sector organisations in Saudi Arabia. *Evidence-Based HRM* 6: 166–86. [\[CrossRef\]](#)
- Amit, Raphael, and Paul Schoemaker. 1993. Strategic assets and organizational rent. *Strategic Management Journal* 14: 33–46. [\[CrossRef\]](#)
- Amit, Raphael, and Xu Han. 2017. Value creation through novel resource configurations in a digitally enabled world. *Strategic Entrepreneurship Journal* 11: 228–42. [\[CrossRef\]](#)

- Asgary, Ali, Ali Ihsan Ozdemir, and Hale Ozyurek. 2020. Small and medium enterprises and global risks: Evidence from manufacturing SMEs in Turkey. *International Journal of Disaster Risk Science* 11: 59–73. [\[CrossRef\]](#)
- Aykol, Bilge, and C. Leonidas Leonidou. 2019. Researching the Green Business Practices of Small Service Firms: A Theoretical, Methodological, and Empirical Assessment. *Journal of Small Business Management* 53: 1264–88. [\[CrossRef\]](#)
- Barney, Jay. 1991. Firm resources and sustained competitive advantage. *Journal of Management* 17: 99–120. [\[CrossRef\]](#)
- Barney, Jay. 1995. Looking inside for competitive advantage. *Academy of Management* 9: 49–61. [\[CrossRef\]](#)
- Barney, Jay. 2001. Is the Resource-Based view useful perspective for strategic management research? Yes. *Academy of Management* 26: 41–56.
- Boakye, Danquah Jeff, Ishmael Tingbani, Gabriel Sam Ahinful, and Randolph Nsor-Abala. 2021. The relationship between environmental management performance and financial performance listed in the Alternative Investment Market (AIM) in the UK. *Journal of Cleaner Production* 278: 124–34. [\[CrossRef\]](#)
- Bontis, Nick, Stevo Janosevic, and Vladimir Dzenopoljac. 2015. Intellectual capital in Serbia's hotel industry. *International Journal of Contemporary Hospitality Management* 27: 1365–84. [\[CrossRef\]](#)
- Botha, Gesina Jozina, and Antonie C. Van Rensburg. 2010. Proposed business process improvement model with integrated customer experience management. *South African Journal of Industrial Engineering* 21: 45–47. [\[CrossRef\]](#)
- Camisón, César, Alba Puig-Denia, Beatriz Forés, María Eugenia Fabra, Azahara Muñoz, and César Muñoz Martínez. 2016. The importance of internal resources and capabilities and destination resources to explain firm competitive position in the Spanish tourism industry. *International Journal of Tourism Research* 18: 341–56.
- Carmona-Moreno, Eva, Jose Cespedes-Lorente, and Jeronimo de Burgos-Jimenez. 2004. Environmental strategies in Spanish hotels: Contextual factors and performance. *Service Industries Journal* 24: 101–30. [\[CrossRef\]](#)
- Chang, Song, Yaping Gong, and Cass Shum. 2011. Promoting innovation in hospitality companies through human resource management practices. *International Journal of Hospitality Management* 30: 812–18. [\[CrossRef\]](#)
- Chege, Samwel Macharia, Daoping Wang, and Shaldon Leparan Suntu. 2019. Impact of information technology innovation on firm performance in Kenya. *Information Technology for Development* 26: 316–45. [\[CrossRef\]](#)
- Chen, Jiawen, Linlin Liu, and Yong Wang. 2021. Business model innovation and growth of manufacturing SMEs: A social exchange perspective. *Journal of Manufacturing Technology Management* 32: 290–312. [\[CrossRef\]](#)
- Chua, Bee-Lia, Amr Al-Ansi, Jae Myong Le, and Heesup Han. 2021. Impact of health risk perception on avoidance of international travel in the wake of a pandemic. *Current Issues in Tourism* 24: 985–1002. [\[CrossRef\]](#)
- Cohen, Jacob. 1988. *Statistical Power Analysis for the Behavioral Sciences*. Hillsdale: Lawrence Erlbaum.
- Cooper, Robert G. 2000. Product Innovation and Technology Strategy. *Research-Technology Management* 43: 28–44. [\[CrossRef\]](#)
- Cortez, Roberto Mora, and Wesley J. Johnston. 2017. The future of B2B marketing theory: A historical and prospective analysis. *Industrial Marketing Management* 66: 90–102. [\[CrossRef\]](#)
- Davidsson, Per, and Benson Honig. 2003. The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing* 18: 301–31. [\[CrossRef\]](#)
- De Castro, Gregorio-Martin, and Pedro Lopez-Saez. 2008. Intellectual capital in high-tech firms: The case of Spain. *Journal of Intellectual Capital* 9: 25–36. [\[CrossRef\]](#)
- Domenech, Josep, Rafael Escamilla, and Norat Roig-Tierno. 2016. Explaining knowledge-intensive activities from a regional perspective. *Journal of Business Research* 69: 1301–6. [\[CrossRef\]](#)
- Doty, D. Harold, and William H. Glick. 1998. Common method bias: Does common methods variance really bias results? *Organizational Research Methods* 1: 374–406. [\[CrossRef\]](#)
- Dunford, Daniel, Becky Dale, Nassos Stylianou, Ed Lowther, Maryam Ahmed, and Irene de la Torre Arenas. 2020. Coronavirus: The World in Lock down in Maps and Charts. Available online: <https://www.bbc.com/news/world-52103747> (accessed on 22 April 2022).
- Duric, Zorica, and Jasna Potocnik Topler. 2021. The role of performance and environmental sustainability indicators in hotel competitiveness. *Sustainability* 13: 6574. [\[CrossRef\]](#)
- Easmon, Roseline Barbara, Adelaide Naa Amerley Kastner, Charles Blankson, and Mahmoud Abdulai Mahmoud. 2019. Social capital and export performance of SMEs in Ghana: The role of firm capabilities. *African Journal of Economic and Management Studies* 10: 262–85. [\[CrossRef\]](#)
- El Dief, Mohammed, and Xavier Font. 2012. Determinants of environmental management in the Red Sea Hotels: Personal and organizational Values and Contextual Variables. *Journal of Hospitality & Tourism Research* 36: 115–37.
- Fabrizio, Cleomar Marcos, Fabiola Kaczam, Gilnei Luiz de Moura, Luciana Santos Costa Vieira da Silva, Wesley Vieira da Silva, and Claudimar Pereira da Veiga. 2021. Competitive advantage and dynamic capability in small and medium-sized enterprises: A systematic literature review and future research directions. *Review of Managerial Science* 16: 617–48. [\[CrossRef\]](#)
- Ferreira, João J., Cristina I. Fernandes, Sascha Kraus, and William C. McDowell. 2021. Moderating influences on the entrepreneurial orientation-business performance relationship in SMEs. *International Journal of Entrepreneurship and Innovation* 22: 240–50. [\[CrossRef\]](#)
- Festing, Marion, and Judith Eidems. 2011. A process perspective on transnational HRM systems—A dynamic capability-based analysis. *Human Resource Management Review* 21: 162–73. [\[CrossRef\]](#)
- Fornell, Claes, and David F. Larcker. 1981. Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research* 18: 39–50. [\[CrossRef\]](#)

- Gössling, Stefan, Daniel Scott, and C. Michael Hall. 2020. Pandemics, tourism and global change: A rapid assessment of COVID-19. *Journal of Sustainable Tourism* 29: 1–20. [CrossRef]
- Green, Kenneth W., Jr., Pamela J. Zelbst, Vikram S. Bhadauria, and Jeramy Meacham. 2012. Do environmental collaboration and monitoring enhance organizational performance? *Industrial Management & Data Systems* 112: 186–205.
- Hair, Josep F., G. Thomas M. Hult, Christian Ringle, and Marko Sarstedt. 2021. *A Primer on Partial Least Squares Structural Equation Modelling*. Thousand Oaks: Sage Publications.
- Hair, Josep F., Marko Sarstedt, Lucas Hopkins, and Volker G. Kuppelwieser. 2014. Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review* 26: 106–21. [CrossRef]
- Han, Hee Sup, Li Jane Hsu, and Chwen Sheu. 2010. Application of the Theory of Planned Behavior to green hotel choice: Testing the effect of environmental friendly activities. *Tourism Management* 31: 325–34. [CrossRef]
- Han, Hee Sup, Li Jane Hsu, Jin Soo Lee, and Chwen Sheu. 2011. Are lodging customers ready to go green? An examination of attitudes, demographics and eco-friendly intentions. *International Journal of Hospitality Management* 30: 345–55. [CrossRef]
- Hennig-Thurau, Thorsten, Edward C. Malthouse, Christian Friege, Sonja Gensler, Lara Lobschat, Arvind Rangaswamy, and Bernd Skiera. 2010. The impact of new media on customer relationships. *Journal of Service Research* 13: 311–30. [CrossRef]
- Henrekson, Magnus, and Dan Hohansson. 2010. Gazelles as job creators: A survey and interpretation of the evidence. *Small Business Economics* 35: 227–44. [CrossRef]
- Hjalager, Anne-Mette. 2010. Progress in Tourism Management: A Review of Innovation Research in Tourism. *Tourism Management* 31: 1–12. [CrossRef]
- Holjevac, Ivanka Avelini. 2003. A vision of tourism and the hotel industry in the 21st century. *International Journal of Hospitality Management* 22: 129–34. [CrossRef]
- Hsiao, Teng-Yuan, Chung-Ming Chuang, Nae-Wen Kuo, and Sally Ming-Fong Yu. 2014. Establishing attributes of an environmental management system for green hotel evaluation. *International Journal of Hospitality Management* 36: 197–208. [CrossRef]
- Jorge, Manuel Larran, Jesus Herrera Madueño, Domingo Martínez-Martínez, and Maria P. L. Sancho. 2015. Competitiveness and environmental performance in Spanish small and medium enterprises: Is there a direct link? *Journal of Cleaner Production* 101: 26–37. [CrossRef]
- Jum'a, Luay, Muhammad Ikram, Ziad Alkalha, and Maher Alaraj. 2021. Factors affecting managers' intention to adopt green supply chain management practices: Evidence from manufacturing firms in Jordan. *Environmental Science and Pollution Research* 29: 5605–21. [CrossRef]
- Kandampully, Jay, and Dwi Suhartanto. 2000. Customer loyalty in the hotel industry: The role of customer satisfaction and image. *International Journal of Contemporary Hospitality Management* 12: 346–51. [CrossRef]
- Kanyoma, Kizito Elijah, Frank Wogbe Agbola, and Richard Oloruntoba. 2018. An evaluation of supply chain integration across multi-tier supply chains of manufacturing-based SMES in Malawi. *International Journal of Logistics Management* 29: 1001–24. [CrossRef]
- Kaplan, Robert S., and David P. Norton. 2001. *The Strategy Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*. Boston: Harvard Business School Press.
- Kaufman, Bruce. 2015. The RBV theory foundation of strategic HRM: Critical flaws, problems for research and practice and an alternative economics paradigm. *Human Resource Management Journal* 25: 516–40. [CrossRef]
- Kietzmann, Jan H., Kristopher Hermkens, Ian P. McCarthy, and Bruno Silvestre. 2011. Social media? Get serious! Understanding the functional building blocks of social media. *Business Horizons* 54: 241–51. [CrossRef]
- Kim, Kyung-Hee, and Duk-Byeong Park. 2017. Relationships among perceived value, satisfaction, and loyalty: Community-based ecotourism in Korea. *Journal of Travel and Tourism Marketing* 34: 171–91. [CrossRef]
- Ključnikov, Aleksandr, Mehmet Civelek, Gentian Cera, Mezulanik Jiri, and Manak Radim. 2020. Differences in Entrepreneurial Orientation (EO) of SMEs in the International Context: Evidence from the Czech Republic and Turkey. *Engineering Economics* 31: 345–57.
- Krejcie, Robert V., and Daryle W. Morgan. 1970. Determining sample size for research activities. *Education Psychological Measurement* 30: 607–10. [CrossRef]
- Li, Suhong, Bhanu Ragu-Nathan, T. S. Ragu-Nathan, and S. Subba Rao. 2006. The impact of supply chain management practices on competitive advantage and organizational performance. *Omega-International Journal of Management Science* 34: 107–24. [CrossRef]
- Mangold, W. Glynn, and David J. Faulds. 2009. Social media: The new hybrid element of the promotion mix. *Business Horizons* 52: 357–65. [CrossRef]
- Mansion, Stephanie E., and Andreas Bausch. 2020. Intangible assets and SMEs' export behavior: A meta-analytical perspective. *Small Business Economics* 55: 727–60. [CrossRef]
- Marco-Lajara, Bartolomé, Patrocinio del Carmen Zaragoza-Sáez, Enrique Claver-Cortés, and Mercedes Úbeda-García. 2016. Knowledge sources, agglomeration, and hotel performance. *Journal of Business Research* 69: 4856–61. [CrossRef]
- McGahan, Anita M. 1999. Competition, strategy and business performance. *California Management Review* 41: 74–101. [CrossRef]
- McKenzie, Baker. 2020. COVID-19 and its Impact on the Hotel Industry in Saudi Arabia. Available online: <https://www.lexology.com/library/detail.aspx?g=68a6e9d3-3489-41cc-a2c5-adcf53afe666> (accessed on 20 April 2022).
- Menon, Ajay, and Anil Menon. 1997. Enviropreneurial marketing strategy: The emergence of corporate environmentalism as market strategy. *Journal of Marketing* 61: 51–67. [CrossRef]

- Mir, Debby, and Eran Feitelson. 2007. Factors Affecting Environmental Behavior in Micro-enterprises: Laundry and Motor Repair Firms in Jerusalem. *International Small Business Journal* 25: 383–415. [\[CrossRef\]](#)
- Mirvis, Philip H. 1994. Environmentalism in Progressive Businesses. *Journal of Organizational Change Management* 7: 82–100. [\[CrossRef\]](#)
- Moreno, Ana M., and Jose C. Casillas. 2007. High-growth SMEs versus non-high-growth SMEs: A discriminant analysis. *Entrepreneurship and Regional Development* 19: 69–88. [\[CrossRef\]](#)
- Morgan, Neil A., Anna Kaleka, and Constantine S. Katsikeas. 2004. Antecedents of export venture performance: A theoretical model and empirical assessment. *Journal of Marketing* 68: 90–108. [\[CrossRef\]](#)
- Mount, Matthew, and Marian Garcia Martinez. 2014. Social media: A tool for open innovation. *California Management Review* 56: 124–43. [\[CrossRef\]](#)
- Musso, Fabio, and Barbara Francioni. 2014. International strategy for SMEs: Criteria for foreign markets and entry modes selection. *Journal of Small Business and Enterprise Development* 21: 301–12. [\[CrossRef\]](#)
- Nasution, Hanny N., Felix T. Mavondo, Margaret Jekanyika Matanda, and Nelson Oly Ndubisi. 2010. Entrepreneurship: Its relationship with market orientation and learning orientation and as antecedents to innovation and customer value. *Industrial Marketing Management* 40: 336–45. [\[CrossRef\]](#)
- Neirotti, Paolo, and Elisabetta Raguseo. 2017. On the Contingent Value of IT-Based Capabilities for the Competitive Advantage of SMEs: Mechanisms and Empirical Evidence. *Information & Management* 54: 139–53.
- Ngo, Vu Minh, Hieu Minh Vu, and Mai Hong Nguyen. 2020. Customer relationship management strategies in small and medium enterprises: A study in tourism industry in Vietnam. *Management and Accounting Review* 19: 19–36.
- Nicola, Maria, Zaid Alsafi, Catrin Sohrabi, Ahmed Kerwan, Ahmed Al-Jabir, Christos Iosifidis, Maliha Agha, and Riaz Agha. 2020. The socio-economic implications of the coronavirus pandemic (COVID-19): A review. *International Journal of Surgery* 78: 185–93. [\[CrossRef\]](#) [\[PubMed\]](#)
- Nimri, Rawan, Anoop Patiar, Sandra Kensbock, and Xin Jin. 2019. Consumers' Intention to Stay in Green Hotels in Australia: Theorization and Implications. *Journal of Hospitality and Tourism Research* 44: 149–68. [\[CrossRef\]](#)
- O'Cass, Aron, and Phyras Sok. 2014. The role of intellectual resources, product innovation capability, reputational resources and marketing capability combinations in firm growth. *International Small Business Journal* 32: 996–1018. [\[CrossRef\]](#)
- Okumus, Fevzi. 2013. Facilitating knowledge management through information technology in hospitality organizations. *Journal of Hospitality and Tourism Technology* 4: 64–80. [\[CrossRef\]](#)
- Oliver, Christine. 1997. Sustainable competitive advantage: Combining institutional and resources-based views. *Strategic Management Journal* 18: 697–713. [\[CrossRef\]](#)
- Ozili, Peterson K., and Thankom Arun. 2020. Spillover of COVID-19: Impact on the Global Economy. *SSRN Electronic Journal* 10: 11–15. [\[CrossRef\]](#)
- Panayides, Photis M. 2007. The impact of organizational learning on relationship orientation, logistics service effectiveness and performance. *Industrial Marketing Management* 36: 68–80. [\[CrossRef\]](#)
- Park, Jeongdoo, Hyun Jeong Kim, and Ken W. McCleary. 2014. The impact of top management's environmental attitudes on hotel companies' environmental management. *Journal of Hospitality & Tourism Research* 38: 95–115.
- Patiar, Anoop, and Lokman Mia. 2015. Drivers of Hotel Departments' Performance: Evidence From Australia. *Journal of Human Resources in Hospitality and Tourism* 14: 316–37. [\[CrossRef\]](#)
- Paul, Justin, Sundar Parthasarathy, and Parul Gupta. 2017. Exporting challenges of SMEs: A review and future research agenda. *Journal of World Business* 52: 327–42. [\[CrossRef\]](#)
- Podsakoff, Philip M., B. MacKenzie Scoot, Jeong-Yeon Lee, and Nathan P. P. Podsakoff. 2003. Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology* 88: 879–903. [\[CrossRef\]](#)
- Powell, Thomas C. 1992. Strategic planning as competitive advantage. *Strategic Management Journal* 13: 551–58. [\[CrossRef\]](#)
- Pradhan, Junelee. 2002. Information Technology in Nepal: What Role for the Government? *The Electronic Journal of Information Systems in Developing Countries* 8: 1–11. [\[CrossRef\]](#)
- Quesado, Patricia Rodrigues, Beatriz Ajar Guzmán, and Lima Lucia Rodrigues. 2018. Advantages and contributions in the balanced scorecard implementation. *Intangible Capital* 14: 186–201. [\[CrossRef\]](#)
- Rahimi, Roya, Mehmet Ali Köseoglu, Ayse Begum Ersoy, and Fevzi Okumus. 2017. Customer relationship management research in tourism and hospitality: A state-of-the-art. *Tourism Review* 72: 209–20. [\[CrossRef\]](#)
- Ramli, Aliza, and Mohd Sobre Ismail. 2013. Environmental Management Accounting Practices: A Survey of ISO 14001 Certified Malaysian Organizations. *Journal of Energy Technologies and Policy* 3: 415–32.
- Reitsamer, Bernd F., and Alexandra Brunner-Sperdin. 2017. Tourist destination perception and wellbeing. *Journal of Vacation Market* 23: 55–72. [\[CrossRef\]](#)
- Ringle, Christian M., Dirceu da Silva, and Diogenes de Souza Bido. 2015. Structural Equation Modelling with the Smartpls. *Brazilian Journal of Marketing* 13: 1–18.
- Rodriguez-Diaz, Manuel, and Tomas F. Espino-Rodriguez. 2006. Developing relational capabilities in hotels. *International Journal of Contemporary Hospitality Management* 18: 25–40. [\[CrossRef\]](#)
- Roscoe, John T. 1975. *Fundamental Research Statistics for the Behavioral Sciences*. New York: Holt Rinehart.
- Ruiz-Real, Jose Luis, Juan Uribe-Toril, Jose Antonio Torres, and Jaime De Pablo. 2021. Artificial intelligence in business and economics research: Trends and future. *Journal of Business Economics and Management* 22: 98–117. [\[CrossRef\]](#)

- Samad, Sarminah, and Waleed Ahmed. 2021. Do strategic planning dimensions and transformational leadership contribute to performance? Evidence from the banking sector. *Management Science Letters* 11: 719–28. [\[CrossRef\]](#)
- Samad, Sarminah. 2020. Achieving innovative firm performance through human capital and the effect of social capital. *Management and Marketing* 15: 326–44. [\[CrossRef\]](#)
- Short, Jeremy C., David J. Ketchen, Timothy B. Palmer, and Tomas M. Hult. 2007. Firm, strategic group, and industry influences on performance. *Strategic Management Journal* 28: 147–67. [\[CrossRef\]](#)
- Silva, Graca Miranda, Paulo J. Gomes, Helena Carvalho, and Vera Geraldes. 2021. Sustainable development in small and medium enterprises: The role of entrepreneurial orientation in supply chain management. *Business Strategy and the Environment* 30: 3804–20. [\[CrossRef\]](#)
- Singh, Satwinder, Tamer K. Darwish, and Kristina Potocnik. 2016. Measuring organisational performance: A case for subjective measures. *British Journal of Management* 27: 214–24. [\[CrossRef\]](#)
- Siu, Noel Yee-Man, Tracy Jun-Feng Zhang, Ping Dong, and Ho-Yan Kwan. 2013. New service bonds and customer value in customer relationship management: The case of museum visitors. *Tourism Management* 36: 293–303. [\[CrossRef\]](#)
- Sok, Phyr, and Aron O'Cass. 2015. Achieving service quality through service innovation exploration—Exploitation: The critical role of employee empowerment and slack resources. *Journal of Services Marketing* 29: 137–49. [\[CrossRef\]](#)
- Srinivasan, Srini S., Rolph Anderson, and Kishore Ponnnavolu. 2002. Customer loyalty in e-commerce: An exploration of its antecedents and consequences. *Journal of Retailing* 78: 41–50. [\[CrossRef\]](#)
- Tabeau, Kasia, Gerda Gemser, Erik Jan Hultink, and Nachoem M. Wijnberg. 2017. Exploration and exploitation activities for design innovation. *Design, Consumption, and Marketing* 33: 203–25. [\[CrossRef\]](#)
- Taticchi, Paolo, Flavio Tonelli, and Luca Cagnazzo. 2010. Performance measurement and management: A literature review and a research agenda. *Measuring Business Excellence* 14: 4–18. [\[CrossRef\]](#)
- Teece, David, and Gary Pisano. 1994. The dynamic capabilities of firms: An introduction. *Industrial and Corporate Change* 3: 537–56. [\[CrossRef\]](#)
- Teece, David, Gary Pisano, and Amy Shuen. 1997. Dynamic capabilities and strategic management. *Strategic Management Journal* 18: 509–33. [\[CrossRef\]](#)
- Thornhill, Stewart, and Raphael Amit. 2003. Learning about failure: Bankruptcy, firm age, and the resource-based view. *Organization Science* 14: 497–509. [\[CrossRef\]](#)
- Trkman, Peter. 2010. The critical success factors of business process management. *International Journal of Information Management* 30: 125–34. [\[CrossRef\]](#)
- Wheen, Thomas L., J. Hunger David, Alan N. Hoffman, and Charles E. Bamford. 2018. *Strategic Management and Business Policy: Globalization, Innovation and Sustainability*. Harlow: Pearson Education Limited.
- Yadegaridehkordi, Elaheh, Mehrbakhsh Nilashi, Mohd Hairul Nizam Md Nasir, Saeedeh Momtazi, Sarminah Samad, Eko Supriyanto, and Fahad Ghabban. 2021. Customers segmentation in eco-friendly hotels using multi-criteria and machine learning techniques. *Technology in City* 65: 101528. [\[CrossRef\]](#)
- Youndt, Mark A., and Scott A. Snell. 2004. Human resource configurations, intellectual capital and organizational performance. *Journal of Managerial Issues* 16: 337–60.
- Yusoff, Yusmazida M., Muhamad Khalil Omar, Maliza Delima Kamarul Zaman, and Sarminah Samad. 2019. Do all elements of green intellectual capital contribute toward business sustainability? Evidence from the Malaysian context using the Partial Least Squares method. *Journal of Cleaner Production* 234: 626–37. [\[CrossRef\]](#)
- Zahra, Shaker A. 1993. Environment, corporate entrepreneurship, and financial performance: A taxonomic approach. *Journal of Business Venturing* 8: 319–40. [\[CrossRef\]](#)
- Zamanbekov, Shuakhbay, Amangeldy Dogalov, Darkhan Zamanbekov, Aigul Bildebayeva, Almagul Cheirkhanova, and Bakytkul Sikhimbayeva. 2020. Regional development of small and medium businesses in the conditions of forming innovative economy of Kazakhstan: A case study. *Entrepreneurship and Sustainability Issues* 8: 618–39. [\[CrossRef\]](#)
- Župerkienė, Erika, Ligita Šimanskienė, Daiva Labanauskaitė, Julija Melnikova, and Vida Davidavičienė. 2021. The COVID-19 Pandemic and resilience of SMEs in Lithuania. *Entrepreneurship and Sustainability Issues* 8: 53–65. [\[CrossRef\]](#)