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Antecedents of Sustainable Competitive Advantage: An Empirical Analysis from Travel Agency Prospective

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ABSTRACT

Examining the precursors which include —entrepreneurial orientation, marketing capability, and innovation capability— of sustainable competitive advantage (SCA) in travel agencies is the aim of this research. 262 managers of travel agencies were randomly selected to participate in a survey, and data was analyzed using structural equation modelling through SmatPls4, which tested study hypotheses. The findings of this study showed that all the antecedent factors significantly lead towards the SCA. Moreover in an increasingly technologically dynamic travel and tourism industry, this study provides valuable insights to managers, service providers, and marketers of travel services who aim to establish themselves as market leaders and bolster their marketing and innovation capacities to ensure their survival in the travel supply chain.

Keywords: Entrepreneurial orientation, marketing capability, innovation capability, sustainable competitive advantage, tourism, travel agency

INTRODUCTION

Technology advancements and intense rivalry in the travel industry have forced tourism firms to find durable competitive advantages in order to boost market performance (Abou-Shouk et al., 2021). Sustainable competitive advantage (SCA) according to Lee & Yoo (2021) is the ability of the company to exceed consumer expectations relative to its competitors. According to Jin et al. (2022) firms can create SCA by leveraging its resources and capabilities. Entrepreneurial orientation (EO) is one of the factors that contribute to a SCA (Widyanti & Mahfudz, 2020). By encouraging innovation, initiative, and risk-taking, EO communicates a company's desire to enhance performance (Peters & Kallmuenzer, 2018). In addition to defining strategic processes and activities for tactical decisions and actions, it serves as a business motivator for the discovery and development of entrepreneurial prospects (Ribeiro et al., 2021).

Business marketing capability (MC) is another factor that contributes to SCA (Kamboj & Rahman, 2017). According to Bambang et al. (2021) MC is a new procedure that addresses market needs by providing creative solutions for product, administration, and marketing. In order to attain SCA, Pascual-Fernandez et al. (2021) stressed the importance of developing corporate innovation capability (IC). A thorough analysis of EO, MC and IC, in literature research showed that combining these ideas improves SCA prediction.

The links between SCA antecedents, such as EO, MC, and IC, are integrated in this study. As a result, it is distinct from earlier study in that it creates a thorough research model that offers a profound comprehension of SCA and its causes. Comprehending these correlations aids travel agencies in reassessing their competitive positions and performance-enhancing tactics (Hussain et

al., 2020) as well as their trip planning, booking, and scheduling work processes (Ruiz-Ortega et al., 2021b).

LITERATURE REVIEW

Entrepreneurial orientation (EO) and sustainable competitive advantage (SCA)

According to literature review, EO consists of three elements: innovativeness, proactivity, and risk-taking (Chien & Tsai, 2021). Innovativeness refers to the business's propensity to support novel ideas and viewpoints in order to create or produce new goods and services (Luu, 2022). Businesses that are proactive look for ways to take the lead by launching cutting-edge goods and functional technology, as well as by exploring out new business prospects (Amarteifio & Agbeblewu, 2020).

According to Castellas & Moreno (2010) taking risks is linked to risk apprehension, judgement and choices made in an uncertain situation. Accordingly, EO is regarded as the primary motivator for fostering SCA and enhancing company growth and performance (Lee & Yoo, 2021).

Due to market competition, the tourist and hospitality sectors have a tendency towards greater entrepreneurialism (Asmelash & Kumar, 2019; Ruiz-Ortega et al., 2021b). Previous research (Bambang et al., 2021; Kiyabo and Isaga, 2020; Widyanti and Mahfudz, 2020) has demonstrated a beneficial effect of EO on SCA. Consequently, the following became the first research hypothesis:

H1: The impact of entrepreneurial orientation on sustainable competitive advantage is substantial.

Marketing capability (MC) and sustainable competitive advantage(SCA)

Business SCA is significantly influenced by MC (Kamboj & Rahman, 2017). Business resources are invested in order to meet specific goals (Day, 2011), satisfy market-related needs (Mainardes et al., 2022), maintain interactive relationships with customers, and enhance the capabilities of market sensors (Lee & Yoo, 2021).

In order to meet the demands of the market, MC assists businesses in developing marketing technologies, gaining market knowledge, and strengthening their managerial capacities (Day, 1994; Lee & Hsieh, 2010). The strategy of service organisations is based on matching client requests with available markets and capabilities in order to gain a competitive edge and spur growth. Positive relationships between MC and SCA have been found in a number of empirical investigations (Bambang et al., 2021; Kamboj and Rahman, 2017; Lee and Yoo, 2021). Thus, the following second hypothesis is developed:

H2: The impact of marketing capability on sustainable competitive advantage is substantial.

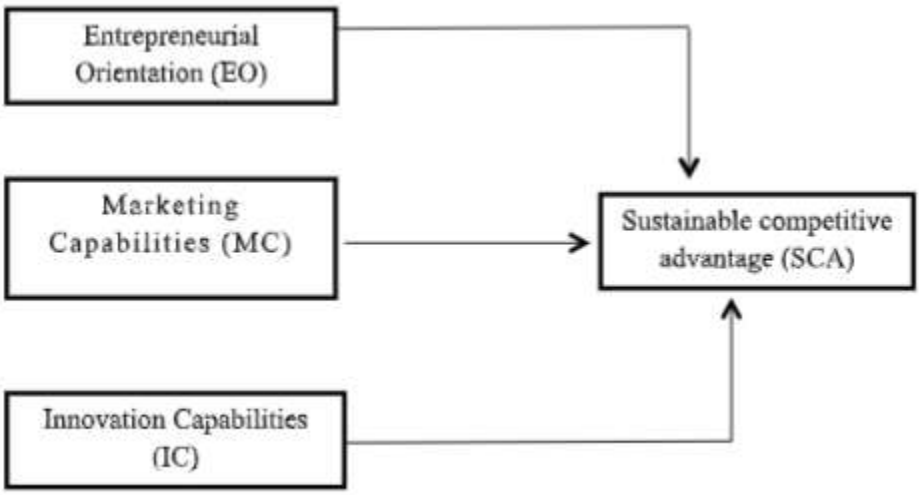
Innovation capability(IC) and sustainable competitive advantage(SCA)

The ability to transform ideas and knowledge into new processes, structures and products for the benefit of the company is known as innovation capability (IC) (Mohammad et al., 2019). In the hospitality and tourism industries, IC is a major source of SCA (Gurlek & Koseoglu, 2021; Pascual-Fernandez et al., 2021; Ruiz-Ortega et al., 2021a). Tourism businesses must create and develop creative ideas by utilising creative and cooperative trip planners to satisfy client requests and enhance their procedures in order to increase consumer value and obtain a competitive edge (Lee & Hsieh, 2010).

Furthermore, in order to thrive, especially during times of crisis, tourist businesses need to be innovative and flexible enough to adjust to shifting market conditions (Abou-Shouk et al., 2016). The substantial impact of IC on SCA has been confirmed by literature reviews (Adam et al., 2017; Ferreira et al., 2020; Lee and Yoo, 2021). In light of this, the third hypothesis of the study is:

H3: The impact of innovation capability on sustainable competitive advantage is substantial.

Research Model



Research Methods

In this study, we look into the antecedent factors of sustainable competitive advantage (SCA) in the travel agencies, specifically in Dehli and Jammu & Kashmir. This objective guided the creation of the questionnaire in order to collect responses. After being distributed, a self-administered questionnaire was picked up in person. 18 of the 289 responses that we received were removed for a variety of reasons (e.g., the respondents were not the intended informant, or the questionnaire contained missing responses). Thus, the total sample size consisted of 262 valid responses. A pre-test was also given to evaluate the constructs and other question outcomes which involved 23 travel agencies. In response to the pre-test results, a few changes were made to the original version of the questionnaire. These included modifying the opening, rephrasing a few items, and possible answers to the questions. Table 1 displays the research instrument source, while Table 2 contains the demographic information of the respondents.

Table 1 (Source of Research Instrument)

No.	Construct	Source	No. of items
1.	Entrepreneurial Orientation (EO)	(Fan et al.,2021)	05
2.	Marketing Capabilities (MC)	(Elgarhy & Abou-Shouk, 2023)	04
3.	Innovation Capabilities (IC)	(Fan et al.,2021)	05
4.	Sustainable competitive advantage (SCA)	(Elgarhy & Abou-Shouk, 2023)	05

Table2 (Demographic Details)

Gender	Male	175	66.79%
	Female	87	33.20%
Education	10+2	45	17.17%
	Graduate	84	32.06%
	P.G	133	50.76%
Age	< 30 years	130	49.61%
	30 – 50 years	103	39.31%
	>50 years	29	11.06%

DATA ANALYSIS

Assessment of the measurement model

In order to test the hypothesis and validate measurements, data is analysed using the Partial Least Square (PLS) technique utilising SmartPLS 4.0 software. The evaluation of the measurement model is based on four fundamental components: discriminant validity, convergent validity (average variance extracted, or AVE), indicator reliability (outer loadings), and internal consistency (composite reliability) (Hair et al., 2019). Significant item loadings must be maintained in the measurement model for the construct. The indicator outer loadings are predicted to be more than 0.708. Figure 1 displays the factor loadings (sometimes referred to as outer loadings) of the constructs and the study's measurement model. All of the indicators' outer loadings exceed the 0.708 threshold, as seen in Figure 1. The values of composite reliability, AVE, and Cronbach's alpha are shown in Table 3. These were employed to assess the validity and reliability of the constructs. The study's findings, which also demonstrated that all of the constructs' AVE values were more than 0.5 and the composite reliability values were >0.6, demonstrated the attainment of convergent validity and construct reliability. Next assessment criterion looks at reflective models for discriminant validity. The square root of AVE for the constructs is greater than the correlation value for the other inter-constructs, as shown by Table 4's Fornell-Larcker criterion results. Thus, discriminant validity is also achieved.

Assessment of the structural model

According to Hair et al. (2018) VIF values (shown in Table 5) were analysed prior to the structural model evaluation and were discovered to be less than 3. Multicollinearity is therefore not an issue. In addition, the structural model's evaluation depended heavily on the estimations of path coefficients and R2 (Hair et al., 2019). It is required to evaluate the estimated values for path links in the structural model in terms of sign and magnitude. The relevance of the suggested association was determined by bootstrapping. Figure 2 and figure 3 show the structural model together with path coefficients, t-values, p-values, and R2 value. The main metric used to assess the structural models is the R2 of endogenous latent values. R2 values of 0.67, 0.33, or 0.19 for endogenous latent variables in the inner route model were categorized as considerable, moderate, or weak by Chin (1998). This study found that the endogenous latent variable SCA had an R-square value of 0.507 and adjusted R2 value of 0.501 which is moderate. The path coefficient estimates are an essential criterion for assessing the structural model. At the five percent significant level, it is demonstrated that innovation capabilities, marketing capabilities and entrepreneurial Orientation all have t-values >1.96 and p values < 0.05. Therefore, all of the alternative hypotheses—H1, H2 and H3—are supported by the analysis. Table 6 provides an overview of the results of testing hypotheses.

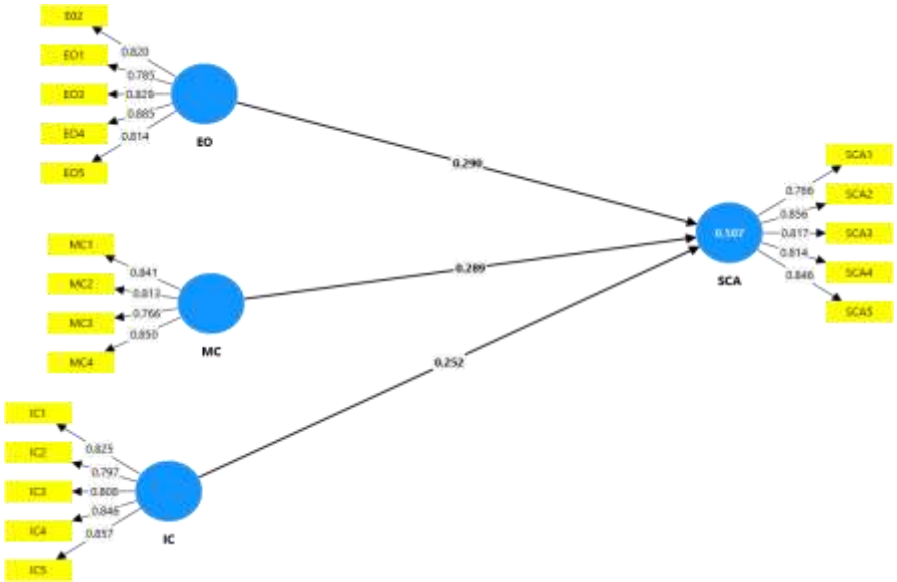


Figure 1

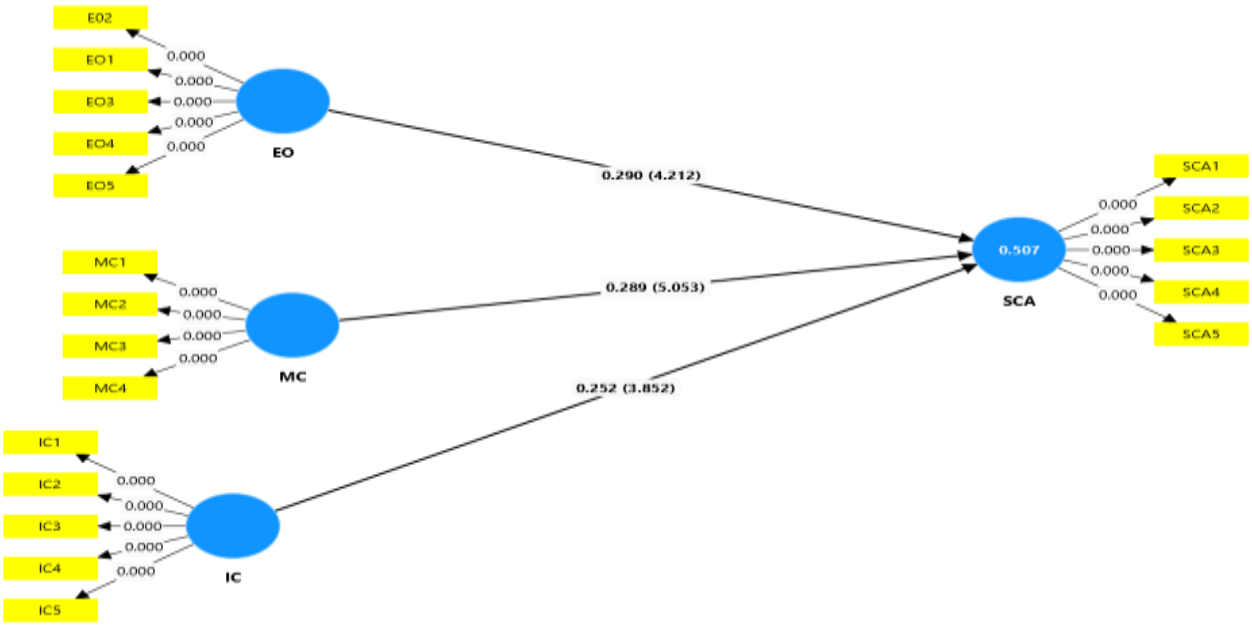


Figure 2

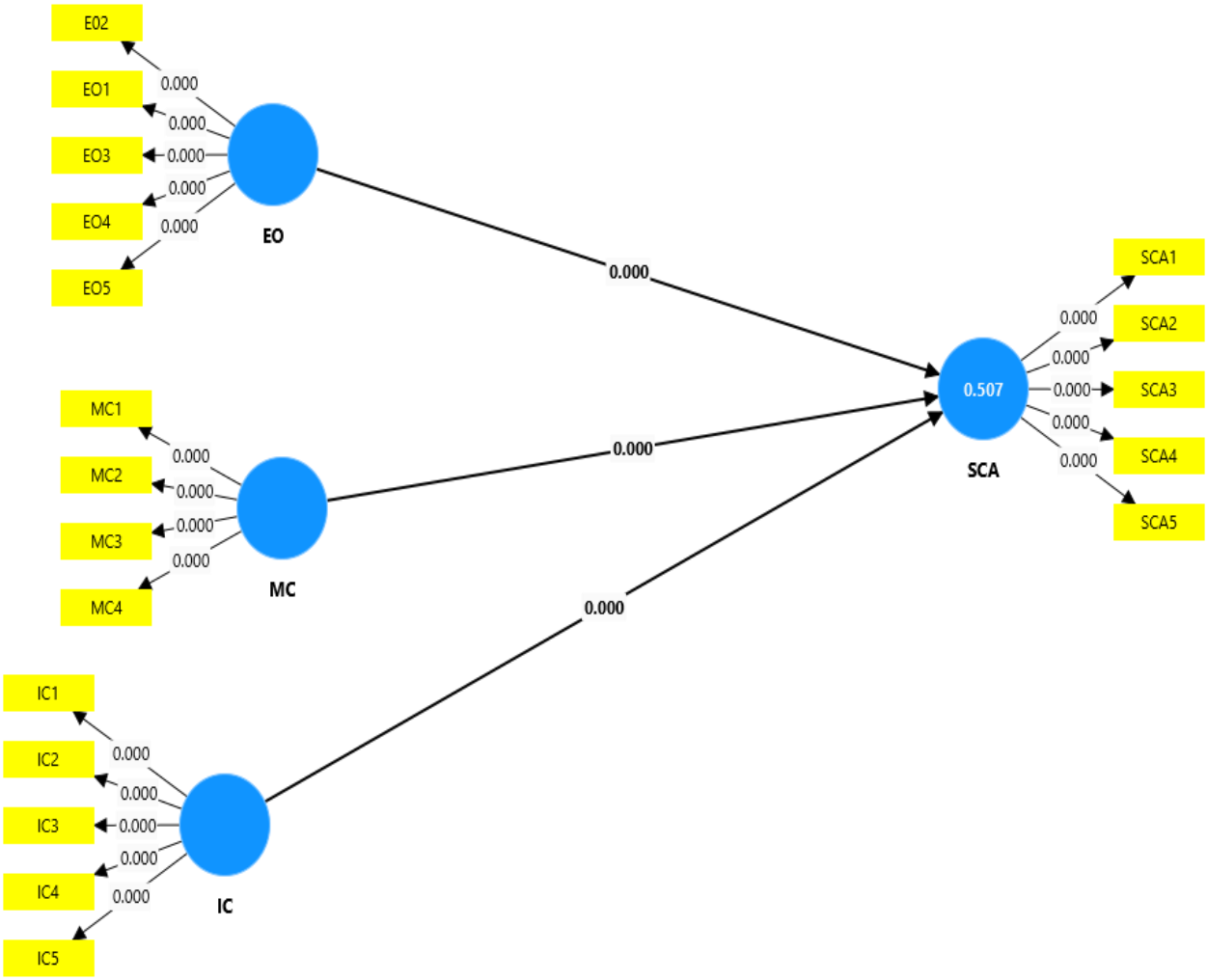


Figure 3

Table 3 (values of Cronbach's alpha, Composite reliability and Average variance extracted)			
	Cronbach's alpha	**Composite reliability**	**Average variance extracted**
EO	0.884	0.886	0.684
IC	0.884	0.885	0.684
MC	0.835	0.838	0.669
SCA	0.878	0.880	0.673

Table 4 (Fornell-Larcker Criterion Results)				
	EO	**IC**	**MC**	**SCA**
EO	**0.827**			
IC	0.616	**0.827**		
MC	0.604	0.579	**0.818**	
SCA	0.620	0.598	0.610	**0.820**

Table 5 (Construct wise VIF values)				
	EO	**IC**	**MC**	**SCA**
EO				1.893
IC				1.810
MC				1.766
SCA				

Table 6 (Hypothesis testing results)		
	T statistics	**P values**
EO -> SCA	4.212	0.000
IC -> SCA	3.852	0.000
MC -> SCA	5.053	0.000

DISCUSSIONS

The hypothesized relationship links were tested in this study using a quantitative methodology. The results of the study were thought to be intriguing, since higher EO, MC, and IC are associated with higher SCA. H1 was supported by the favourable ($p = 0.001$) EO–SCA association. The findings supported the idea's applicability and demonstrated how important EO is for improving SCA.EO is a crucial component that expedites the travel agency's SCA procedure. EO is an intangible resource that is regarded as the primary source of competitive advantage, according to resource based view theory (Wiklund & Shepherd, 2011).The results of the study are in line with Bambang et al. (2021) who discovered that the EO is a major cause of SCA.

Additionally, the results showed a strong correlation between MC and SCA ($p = 0.001$) supporting H2. This implies that in order to maintain their competitive marketing advantages for goods and services, travel agents and trip planners must stay abreast of the evolving expectations of travellers. To increase their customer market performance, innovative marketers should employ creative information analysis, novel technologies, and inventive promotional techniques in addition to broad demand-side communications. This outcome is in line with those of Lee and Yoo (2021) and Bambang et al. (2021) who confirmed the relationship between MC and SCA.

Results also show that IC positively leads towards SCA (p = 0.001), confirming H3. This illustrates how IC generates novel concepts for goods and services, procedures, and advertising campaigns that boost travel agencies business success. This implies that businesses will be more proactive in modifying trends and will consistently generate fresh, creative concepts for goods and services. The results of Lee & Yoo (2021) that discovered strong connections between IC and SCA support this conclusion.

Theoretical Contributions

The current study advances our theoretical understanding of the antecedents of SCA in the contexts of developing nations and in the domain of travel sector. Other tourism and hospitality industries (i.e hotels, resorts, eateries, tourist attractions, airports, events, etc.) can adopt the rigorous research methodology in order to extrapolate its findings.

The empirical results of the research model that is being presented enhance our knowledge of the factors that influence SCA in tourism-related businesses, with a focus on travel agencies. These travel firms must carefully enhance their competitive advantages in order to ensure their continued existence in the increasingly technologically and innovative travel supply chain.

The current study offers empirical proof that travel companies can obtain and maintain a competitive edge by implementing EO, MC and IC. Gaining insight into the causal links among the research constructs enhance the comprehension of the factors that contribute towards the SCA in tourism. Researchers could further expand on the suggested study approach to reveal global evidence of managers' perspectives on fostering SCA in the travel and hospitality industries.

Practical Contributions

There are several administrative ramifications for travel and service providers from this research. First, it gives travel companies a chance to revaluate their development goals in order to attain SCA, which is a key factor in a competitive business environment. The results encourage managers of tourism-related businesses to review their approaches to competitive development. It is discovered that EO significantly facilitates SCA.

This illustrates the necessity for business managers to keep a close eye on their market and study its data in order to take advantage of growth and competitiveness chances. To keep ahead of their competitors in the corporate world, they must create innovative procedures for their goods, services, or workflows. Travel firms should adopt the newest technologies which are quicker and less expensive means of communication and information sharing as well as innovative.

Hence travel businesses should encourage their staff to use it for daily job and marketing-related tasks. Since IC offers a number of novel business approaches, travel firms operating in developing nations should embrace it in order to build and maintain SCA. Moreover, the results suggest that MC is also important in achieving SCA, therefore travel managers need to invest in improving their MC. Managers who put a lot of effort into aligning their organisations' IC with a dynamic technological environment should understand that attaining capability alignment depends on carefully controlling MC to deal with environmental conditions and allocating enough financial and human resources to integrate EO into marketing practices.

Limitations and Future Scope

This work has certain shortcomings, because of our limited resources and time, we employed a single cross sectional random sampling technique. Future research should use a longitudinal approach. Our study focused solely on travel agencies of J&K and Dehli, which limits the generalizability of the results. Future studies can focus on other travel and tourism firms like hotels, restaurants, houseboats etc.

Future studies can be conducted in the other states of India in order to improve the generizibility of results. Moreover other antecedent factors, mediating and moderating variables, may also contribute to SCA, which could be viewed as a limitation in the present study.

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