

Organizational capability, business innovation and firms' performance among tourism enterprises: Basis for dynamic capability framework

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Abstract

The study aimed to explore the interconnections among organizational capabilities, business innovation, and firms' performance of large-scale tourism enterprises in China, to further construct a dynamic capability framework for tourism industries. This study gathered data from 420 senior executives from selected ten major tourism companies in five provinces of China. It used descriptive design and questionnaire survey to collect relevant data and information. The study found that tourism companies in China have an extremely important impact on their business innovation and corporate performance in terms of organizational capabilities. Enhancing organizational strength can promote business innovation, which is critical to enhancing overall firm performance. Respondents generally agreed that companies are performing well in a number of areas, including customer service delivery, operational efficiency improvement, and demonstration of leadership and governance capabilities. In the context of business innovation, respondents generally agreed that the tourism industries demonstrate a clear dynamic of innovation including product design, service quality, workflow planning, and marketing strategy. In addition, companies are performing well in terms of financial performance, marketing strategy and customer satisfaction. High significant relationships exists between organizational capability, business innovation and firm's performance. Further, this study proposed a dynamic capability framework for tourism industries. The results of the study showed that only through continuously improving organizational capabilities and actively promoting business innovation, tourism enterprises can gain advantages in the stiff market competition and achieve sustainable development. The research not only enriches the relevant theoretical research, but also provides useful guidance for tourism industry's practices.

Keywords: organizational capabilities, business innovation, firm performance, innovative business model framework, tourism enterprises

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1. Introduction

During China's rapid economic growth, the tourism industry, as a key component of the tertiary sector, plays an indispensable role. The tourism industry not only drives regional economic growth but also generates prosperity in related fields and has a significant impact on the creation of a large number of jobs. Faced with such changes, large tourism companies have emerged as the industry's core, responsible for spearheading innovation and progress. Confronted with increasing market competition and evolving consumer demands, large tourism enterprises should innovate continuously to maintain market competitiveness and achieve sustainable long-term development. Although the patterns and effects of innovation in tourism firms have been studied by many researchers, comprehensive research on organizational capabilities, innovation in business and its close link with firm performance is still relatively lacking. The present study aims to establish an innovative business model framework by deeply analyzing the relationships between organizational capabilities, business innovation, and performance in the context of large Chinese tour enterprises, aiming to bridge the gap in the research literature.

Organizational capability is particularly important for implementing business innovation and improving performance in China's large tour enterprises. Organizational capability involves not only the effective integration and optimization of internal resources but also a wide range of aspects, including corporate culture, management methods, and the teamwork environment. Wang (2019) research mentions continuous corporate learning and knowledge management. Corporations adapt to constantly changing market environments and promote business innovation and progress. Li (2020) clearly pointed out that when corporations have strong organizational capabilities, they can advance the efficient allocation of corporate resources, improve the effectiveness of business operations.

Large Chinese tourism companies understand business innovation as a critical factor in promoting corporate performance. Business innovation involves the research and development of innovative products and services, as well as business model innovation and further optimization of operational models. Moreover, Zhang et. al.,(2021) revealed that a high degree of market-oriented sensitivity, coupled with keen insight into the market and adaptability, underscores the dynamic nature of the market and the changing customer needs that business innovation requires. Companies must also consider advanced technology and digital tools to improve operational efficiency, service quality, and ultimately enhance competitiveness. In addition, firms performance in tourism companies is one of the important indicators of their success. Firms performance is not only reflected by the financial situation, but also closely related to customer satisfaction, market share and brand influence. Chen et. al.,(2019) also mentioned that companies need to find a balance, not only in organizational capabilities, but also in business innovation to improve business performance. Companies can walk the path of sustainable development through optimal resource allocation and constant innovation. Through the establishment of a directional corporate culture and efficacy leadership strategy, it is possible to stimulate the employees' innovation and passion. Then, the overall performance of the company will show a significant and essential improvement. Chinese tourism companies face complex relationships among organizational capabilities, business innovation, and firm performance.

To elaborate, it is crucial for a company to realize that strong organizational capabilities are the essential basis for business innovation. By enhancing organizational capabilities continuously, companies generate more effective and efficient business innovation. Furthermore, business innovation is especially crucial for enhancing company performance. Through continuous innovation, businesses can maximize the quality of their tourism services and improve competitiveness, thereby enhancing overall firm performance. Ultimately, when a

company's performance is improved, this will in turn drive growth in organizational strength and business innovation. Through continuous optimization and innovation, companies can achieve a virtuous cycle and long-term sustainable development (Wang et. al.,2021). The task of defining and quantifying business innovation within the tourism industry can be complicated. Innovation can involve multiple facets, including the invention of products and services, the formulation of marketing strategies, and the optimization of operational procedures. Further, China's tourism business is subject to strict regulations. The study considered some challenges regarding the influence of government rules and policies on enterprises' capacity to innovate their overall performance.

In real operating environments, China's tourism companies still face many challenges in enhancing their organizational capabilities, promoting business innovation, and achieving company profitability. The primary consideration is that companies may face difficulties in innovating and reacting due to the limitations of traditional management styles and organizational structures. Many firms' resources and technological inputs in this area appear to be insufficient, directly limiting the effectiveness of innovation. The tourist sector is continuously developing as a result of factors such as technical progress, changing customer preferences, and global competitiveness. This study has the potential to provide valuable insights into the ways in which companies adjust and flourish in this ever-changing environment. The research has the potential to enhance and advance current theories in the fields of organizational capability, innovation, and firm's performance. It may examine the specific application of these theories within the context of the tourism business. The results may provide guidance to policymakers in formulating policies to stimulate innovation and enhance competitiveness in the tourist sector. Gaining a comprehensive understanding of the factors that influence a firm's performance enables tourist organizations to pinpoint areas that need improvement and devise plans to achieve a competitive advantage. The research can offer helpful standards for tourism firms to assess their innovation strategies and organizational capacities in comparison to industry front runners.

Objectives of the Study - This study aimed to examine the organizational capabilities, business innovations and firm performance of Chinese large tourism enterprises to lay the foundation for the development of a dynamic capability framework. Specifically, this study aimed to determine organizational capabilities in terms of customer service capability, operational efficiency, leadership and governance; describe business innovation as to product and service innovation, process innovation and marketing innovation; assess the firms' performance in terms of financial performance, market position and customer satisfaction; test the significant relationship between organizational capabilities, business innovation and firm performance; and developed a dynamic capability framework for tourism enterprises.

2. Methods

Research Design - In order to gain a deeper understanding of the interactions and interconnections between the three variables, the researcher used the descriptive design. Descriptive research was used as a direct and explicit approach, which aims at understanding and verifying in-depth and clearly articulating existing phenomena, patterns, and related theories. Descriptive research plays a crucial role in the initial exploration of organizational capabilities, business innovation, and firm performance in large Chinese tourism firms. The descriptive design approach provided with an opportunity to explore and gain a deeper understanding of these phenomena in their specific cultural context.

Participants of the Study - A total of 420 questionnaires were sent to respondents through online platform. The target respondents of the survey were mainly corporate senior managers and business innovation, product development and marketing personnel of 10 large tourism enterprises. The reason for choosing these 10 large-scale tourism enterprises as the target is that they are located in different geographic regions in the east, west, south and north of China, which ensures the breadth and applicability of the study. These 10 enterprises have a certain degree of influence in China's tourism market, occupying a large market share, and their respective business fields are different, covering various segments of China's tourism industry, which are representative of the industry. There are 10 large tourism enterprises surveyed, and these enterprises are located

in different cities in Beijing, Shanghai, Shenzhen, Zhejiang, Anhui and Shaanxi provinces. They are representative of the tourism industry, and they are at the forefront of the industry in terms of marketing, service innovation and the application of advanced technology. These enterprises were all listed, paving way for convenience to obtain their financial data and operation reports, and studying these enterprises can provide experience and reference for the future development of other enterprises. In addition research on the construction of new business models for large tourism enterprises can improve the competitiveness of enterprises and promote the sustainable development of the industry.

Instruments of the Study - The survey questionnaire was the data gathering instrument used in the study. A self-made questionnaire was used as the researcher have the ability to formulate questions that specifically target the distinctive characteristics of the tourist sector in China. This enabled a more targeted and pertinent data gathering approach in contrast to a general questionnaire. The researcher had the opportunity to formulate questions that focused on particular elements of organizational capability, business innovation, and firm's performance of a company that are pertinent to the research objectives. The questionnaire has three parts. The first part includes assessments of organizational capabilities in terms of customer service capability, operational efficiency, and leadership governance capability. The second part is the business innovation which was assessed using product innovation, process innovation, and market innovation. The third part measures the firm's performance as to financial performance, market position and customer satisfaction. The Likert scale consisted of four levels of agreement, with higher scores representing higher agreement levels (4 = strongly agree, 3 = agree, 2 = disagree, and 1 = strongly disagree).

In this study, to ensure the reliability, stability, and consistency of our questionnaire and scale, the internal consistency reliability of the questionnaire sample was examined using Cronbach's alpha reliability analysis. In current academic research, it is common for researchers to describe reliability when using Cronbach's alpha analysis by discussing its reliability coefficient. There is a general tendency for researchers to regard Cronbach's alpha coefficients less than 0.6 as unsatisfactory in terms of internal consistency reliability, but coefficients between 0.7 and 0.8 as indicating good reliability. A coefficient between 0.8 and 0.9 indicates very high reliability. The Organizational Capability, Business Innovation and Business Performance instruments have excellent consistency with a Cronbach's alpha value of (0.982). This is validated by the excellent results of the Organizational Capability Survey (0.955); it is confirmed by the excellent results of the Leadership and Governance (0.934) as well as the good results of the Customer Service Capability (0.883) and Efficiency (0.866). This is further validated by the excellent rating of the Business Innovation Survey (0.968); and confirmed by the excellent results for Product and Service Innovation (0.937), Process Innovation (0.910) and Marketing Innovation (0.943). This was also further validated by the excellent results of the Enterprise Performance Survey (0.956); and confirmed by the excellent results of Financial Performance (0.903), Market Position (0.930) and Customer Satisfaction (0.936); which suggests that the instrument at hand passes the Reliability Indicator Test.

Data Gathering Procedures - A total of 420 questionnaires were distributed via an online platform to managers, executives, and employees responsible for business innovation and marketing in ten large Chinese tourism enterprises. The purpose of this study was to gain insights directly from those involved in the business management of large Chinese tourism firms in order to gain insights into their perceptions of firms' organizational capabilities, business innovation, firm performance, and business model innovation. The participant selection process used a randomized method to draw respondents from ten different types of large tourism firms in five Chinese provinces - Zhejiang, Anhui, Shaanxi, Guangdong, and Hebei. Forty-two individuals were randomly selected from each of the selected firms, mainly middle and senior managers, and this careful sampling strategy was designed to gather rich responses from individuals actively involved in the management of large tourism firms in different provinces, providing valuable insights into the overall study of the business model innovation framework of large tourism firms in China.

All surveys were distributed online through the Question-star platform, Question-star is a professional

online survey, test, and evaluation platform used to distribute online surveys. The distributed survey questionnaires were completed online and only by users of the permanent URL. Question-star was developed to offer powerful, easy-to-use services in the following areas: online survey design; data collection; report customization; survey results analysis. Given that the focus of this survey was on organizational capabilities, business innovation and corporate performance from the perspective of middle and senior managers of large Chinese tourism enterprises, survey participants came from ten different large tourism enterprises in five provinces (Zhejiang, Anhui, Shaanxi, Guangdong and Hebei).2023 In May, 430 surveys were launched and 420 valid responses were received, representing a high response rate of 97.67%.

Data Analysis - Weighted mean and rank were used to determine organizational capabilities in terms of customer service capability, operational efficiency, leadership and governance; to describe business innovation, including product and service innovation, process innovation and marketing innovation; and to assess the performance of Chinese tourism companies in terms of financial performance, market position and customer satisfaction. The results obtained from the Shapiro-Wilk test indicated that all variables had a p-value of less than 0.05 which indicated that the data in the data-set is not normally distributed. Therefore, Spearman and rho are non-parametric tests part of the analysis of significant relationships. The data analysis was conducted using IBM version 28.0 Statistical Program for Social Sciences.

Ethical Considerations - Ethical considerations were taken into consideration throughout the study to ensure that any data received is for the use of the study only and to ensure the quality and integrity of the investigation. The researchers sought the informed consent from the potential respondents and contacts to ensure that the intended respondents were prepared to answer the pertinent questions of the study. Additionally, privacy and confidentiality of participants were ensured by not asking for names of respondents on the survey. Furthermore, the researcher ensured that the participants filled out the survey in their own time and of their free will. In addition, the researcher also ensured that the study participants were not harmed or, in any way, involved in the survey as the safety of the study participants was deemed very important.

3. Results and discussion

Table 1 provides an overall assessment of the organizational capabilities of tourism enterprises in key performance areas, covering three main domains: customer service, operational efficiency, and leadership and governance. The composite mean, corresponding descriptions (VI), and their rankings in these areas are listed in detail. Overall, the composite mean reached 3.12, which falls under the 'agree' level, reflecting that respondents generally believe tourism enterprises perform well in these key areas. Additionally, the study indicates significant correlations among various indicators, suggesting that tourism enterprises can enhance their overall performance by optimizing these dimensions. This study significantly enhances the comprehensive understanding of the pivotal role tourism enterprises play in improving organizational capabilities.

Table 1

Summary Table on Organizational Capabilities

Key Result Areas	Composite Mean	VI	Rank
Customer Service Capability	3.17	Agree	1
Operational Efficiency	3.11	Agree	2
Leadership and Governance	3.09	Agree	3
Grand Composite Mean	3.12	Agree	

Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree

Among all the indicators, 'customer service capability' received the highest weighted average score of 3.17 and was also rated 'agree,' ranking first among all the indicators. This result highlights the respondents' particular recognition of the exceptional performance of tourism enterprises in customer service. Why did 'customer service capability' receive such a high rating?

First, quality customer service is a key factor for the success of tourism enterprises because it directly impacts customer satisfaction and loyalty. With the increasingly fierce competition in the tourism market, improving the quality of customer service has become the main strategy for enterprises to attract and retain customers. Additionally, customers now expect more personalized and efficient services. To meet this demand, tourism enterprises continuously enhance service quality through employee training, adopting advanced technologies, and optimizing service processes. According to Li (2020) research, high-level customer service can significantly increase customer satisfaction and loyalty, thereby boosting the company's market competitiveness. Wang et. al.,(2021) emphasized that through employee training and technological innovation, tourism enterprises can provide more personalized and efficient services, thereby enhancing the customer experience.

The following are the analysis results for the indicators with a weighted average score between 2.50 and 3.49, along with their textual explanations: Operational Efficiency, with a composite average score of 3.11, an evaluation index of "agree," and ranked second; and Leadership and Governance, with an overall average score of 3.09, an evaluation index of "positive," and ranked third. These metrics have received positive evaluations, indicating that the tourism company demonstrates strong organizational capabilities across various domains.

Among all the weighted average indicators, 'Leadership and Governance' ranks third (Composite Mean of 3.09; VI indicates agreement). The primary goal of this indicator system is to establish the internal governance structure of the enterprise itself. Although this value is still considered 'agree' by most respondents, it is actually the lowest score compared to other evaluation criteria. Leadership and governance are considered profound concepts. This may indicate that in actual business operations, many tourism enterprises still have significant shortcomings in management and leadership. Such issues are often caused by the individual characteristics of leaders, but they are also closely related to multiple external factors, such as the capabilities of managers, the nature of their positions, the organizational structure, and employee satisfaction. Enterprise leadership and management involve many aspects, including strategic planning, organizational culture, the decision-making process, and interdepartmental coordination. To achieve effective leadership and management, leaders need to possess comprehensive management skills and fair decision-making approaches. However, in some business environments, this capability has not yet been fully implemented.

In the relationship verification table, several dimensions demonstrate clear relationship characteristics. By analyzing and discussing these findings, we have identified a close interrelationship between corporate management performance and its service delivery capabilities. For instance, there is a clear correlation between the quality of customer service and its operational efficiency. This means that optimized operational processes can improve the quality of customer service, thereby effectively enhancing customer satisfaction. Efficient process management not only ensures the timeliness and accuracy of our services but also provides customers with a better user experience. With the continuous advancement and widespread application of digital technology in the internet domain, many companies are gradually shifting to various promotional strategies within this network ecosystem to create greater value for customers. For example, by improving booking systems and simplifying service processes, customers can obtain the services they need more quickly. Additionally, providing prompt responses and tailored services to customers during order processing can effectively reduce their wait times. Additionally, implementing efficient operational management strategies not only helps reduce the likelihood of errors and customer dissatisfaction but also enhances customer satisfaction and loyalty. According to Li (2020) in-depth research, optimizing operational processes in the tourism industry can significantly improve the quality of services provided to customers and further increase customer satisfaction.

In this table, various indicators display complex internal relationships. Therefore, we hold the view that an in-depth analysis of these indicators can help businesses identify their strengths and challenges. For example, customer service skills and operational efficiency, including Goal 1 and Goal 2, complement each other and together have a positive impact on the overall performance of the business. Although the scores for leadership and governance (Indicator 3) are not high, there still seems to be some unknown connection between them and the other two indicators.

Table 2*Summary Table on Business Innovation*

Key Result Areas	Composite Mean	VI	Rank
Product and Service Innovation	3.04	Agree	3
Process Innovation	3.05	Agree	2
Marketing Innovation	3.06	Agree	1
Grand Composite Mean	3.05	Agree	

Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree

The data presented in Table 2 illustrates the key areas of achievement in business innovation for tourism enterprises, including product and service innovation, process innovation, and marketing innovation. The composite scores and corresponding explanations for each area are based on an assessment of the effectiveness of business innovation. Overall, the average score is 3.05, which is interpreted as 'agree,' indicating that the majority of respondents recognize the innovative achievements of tourism enterprises in these areas, effectively responding to market changes and enhancing competitiveness.

When specifically analyzing the factors for high scores, we found that marketing innovation received the highest weighted average of 3.06. This score is also categorized as 'agree'. The areas of innovation and marketing have always been closely linked, as marketing innovation alters the interactions between a company and its customers. Marketing innovations are often viewed as important because they influence customer experiences, perceived as directly driving market-responsive efficiency, attracting new customers, and thus are a key driver of improved business performance. Businesses within the tourism sector have been particularly successful with marketing innovations, often incorporating data analytic, multichannel marketing, and flexible strategies. These innovations have not only increased businesses' brand influence but also expanded their market reach. Data-informed marketing strategies have an even greater functional role in the modern technology landscape, providing businesses with precise and effective market insights. The study found that data analytic and social media both significantly improved market responsiveness and marketing performance for tourism companies (Wang et al., 2020).

Furthermore, Gretzel et al. (2020) provided evidence that smart tourism technology and data analytic have enabled businesses to better understand customer needs and provide personalized services to satisfy customers, thus influencing customer satisfaction and loyalty in the tourism industry. In addition to marketing innovations, tourism businesses are also progressing with process optimization, technology application, and product and service innovations and expansions. Businesses are collectively focusing on correcting and optimizing internal processes, reducing operational costs, and attempting to produce new products and services, and this effort does not go unnoticed. Although product and service innovation had the lowest aggregated agreement among the three innovation indicators, it still sits within the 'agree' range, indicating that businesses have been recognized for how well they have performed in this area. Compared to innovation in marketing and processes, innovation in products and services faces more challenges and greater uncertainty due to fast-changing market demands and the implications of technology updates. Sigala (2019) and Chen et al. (2019) studies pointed out that companies must navigate between technology, customer needs, and the market to successfully launch competitive new products or services.

In the examination of relationships, a significant correlation is shown between marketing innovation and process innovation. Data-driven marketing strategies not only enhance a company's market positioning capabilities and the effectiveness of marketing activities but also improve operational efficiency and customer satisfaction through process optimization. Overall, while tourism enterprises have achieved success in various aspects, there is still room for improvement in product and service innovation. Future research and practice should focus more on how to effectively utilize data analysis and multi-channel marketing to further optimize internal processes, thereby comprehensively enhancing a company's competitiveness and operational efficiency.

Table 3*Summary Table on Corporate Performance of Chinese Tourism Companies*

Key Result Areas	Composite Mean	VI	Rank
Financial Performance	3.03	Agree	2
Market Position	3.05	Agree	1
Customer Satisfaction	2.99	Agree	3
Grand Composite Mean	3.02	Agree	

Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree

As shown in Table 3, this section provides a summary analysis of the corporate performance of China Travel Company. The Composite Mean (CM) is 3.02, and the Verbal Interpretation (VI) is 'Agree'. Based on the provided data, this indicates satisfactory performance of China Travel Company in the three key outcome areas: financial, market, and customer satisfaction. The significance of this study lies in objectively evaluating the corporate performance of China Travel Company in these three key outcome areas, providing the company with data to formulate strategic decisions and improve performance. Therefore, the indicators with the highest weighted average are analyzed as follows: Market position, with a composite average score of 3.05 ("VI 'Agree'"). Therefore, the composite performance indicators for 'market position' indicate that high performance scores in this area imply that Chinese tourism companies have strong competitiveness and market influence in the industry. This can be explained as the company achieving high scores in market share, brand, and customer loyalty. Li et al. (2020) pointed out that market share is closely related to a company's competitiveness and brand value. Zhang et al. (2019) found this to be crucial for enterprises, as they discovered another potential value in interpreting the importance of market position for companies, especially when competing with other companies for resources and opportunities. The average score for financial performance of Chinese tourism companies is 3.03, interpreted as 'Agree'. The composite average for customer satisfaction is 2.99, also indicating 'Agree'. When the indicators fall within this range (3.00-3.99), it implies that Chinese tourism companies perform similarly in both financial performance and customer satisfaction areas. The financial performance is based on the company's achievements in revenue growth, cost control, and profitability indicators. Meanwhile, customer satisfaction reflects the company's success in service quality and customer relationship management.

As shown in Table 3, the Composite Mean (CM) score is 3.02, and the Verbal Interpretation (VI) states 'agreement'. From the provided data, it can be inferred that the Chinese tourism company has performed well in three key performance areas (financial, market, and customer). Among the performance metrics, the weighted average indicator for market position is highest at Composite Mean (CM) of 3.05 (verbal interpretation 'agreement'). Customer satisfaction has the lowest weighted average of 2.99, although still within the agreement range, but comparatively lower than other indicators. Customer satisfaction may be considered a primary indicator of organizational success. However, in comparison to other assessment criteria, managing customer expectations, improving service quality, and handling customer feedback may present more complex challenges. Customer service satisfaction is viewed as a critical management tool, increasingly recognized and valued by the public. According to a scientific study by Xu et. al., (2021) customer satisfaction is widely acknowledged as a key variable influencing loyalty and referral success rates. Therefore, businesses should continually enhance their service standards and improve user experience to achieve higher levels of customer satisfaction. Therefore, seeking ways to enhance customer satisfaction has become one of the primary concerns and focal points for businesses.

When conducting relationship analysis, we observe a clear correlation between market position and financial performance. In various business environments, the extent to which economic conditions affect a company's financial performance varies. A larger market share is often associated with excellent economic performance; they complement each other and collectively drive the overall performance of the company. Huang et. al.,(2019) found that increasing brand awareness and expanding market share help enhance a company's profit potential and financial stability. To enhance their competitiveness and influence in the market, companies need to strengthen the management and maintenance of various aspects such as brand awareness and market share.

Additionally, Gao et. al.,(2020) pointed out that improving market position helps companies shape their unique competitive position in the fierce market competition, thereby achieving more significant financial revenue.

The performance of a company encompasses multiple areas such as financial statements, market positioning, and customer satisfaction. In this process, all elements not only influence each other but also function independently. According to research data Wu et. al.,(2021), as a company's market influence gradually increases, it has more resources to drive its financial growth. When a company improves its financial performance, its market competitiveness and customer satisfaction will correspondingly increase. Therefore, there is a clear positive correlation between financial performance and market role. Enhancing customer satisfaction not only deepens customers' trust in the company but also enhances their impact on referrals.

From a general perspective, Chinese tourism enterprises have already shown some achievements in various aspects. However, there is still ample room for improvement in enhancing customer satisfaction. Additionally, given the high risk and complexity of the tourism industry, tourism enterprises may encounter many potential risks in implementing their marketing strategies, which could threaten their sustainable development. In future research and practice, we should focus on how to more efficiently apply various marketing tools and strategies to enhance service quality and optimize customer experience, thereby further strengthening company performance and market competitiveness.

Table 4

Relationship Between Organizational Capabilities and Business Innovation

Variables	rho	p-value	Interpretation
Customer Service Capability			
Product and Service Innovation	0.590**	< .001	Highly Significant
Process Innovation	0.600**	< .001	Highly Significant
Marketing Innovation	0.557**	< .001	Highly Significant
Operational Efficiency			
Product and Service Innovation	0.621**	< .001	Highly Significant
Process Innovation	0.622**	< .001	Highly Significant
Marketing Innovation	0.595**	< .001	Highly Significant
Leadership and Governance			
Product and Service Innovation	0.635**	< .001	Highly Significant
Process Innovation	0.635**	< .001	Highly Significant
Marketing Innovation	0.577**	< .001	Highly Significant

***. Correlation is significant at the 0.01 level*

Based on data from Table 4, the relationship between corporate innovation and organizational capabilities of Chinese tourism enterprises has been analyzed. leadership and governance) and sub-variables of corporate innovation (product and service innovation, process innovation, and marketing innovation). In this sense, corporate innovation indeed shows a significant positive correlation with organizational capabilities.

The data analysis starts with the correlation coefficient (rho value) analysis. The data in Table 4 indicate that the correlation coefficients (rho values) range from 0.557 to 0.635. These rho values indicate a strong to moderate positive correlation. Customer service capability and enterprise innovation—Product and service innovation: rho = 0.590; Process innovation: rho = 0.600; Marketing Innovation: rho = 0.557; Operational efficiency and innovation in enterprises— Product and service innovation: rho = 0.621; Process innovation: rho = 0.622; Marketing innovation: rho = 0.595; Leadership and governance, and corporate innovation—product and service innovation: rho = 0.635; process innovation: rho = 0.635; Marketing innovation: rho = 0.577. Research has found that enhancing organizational capabilities significantly improves various aspects of corporate innovation. Most importantly, the rho value indicates that the relationship between leadership capabilities and governance capabilities with corporate innovation is very significant. All p-values in the statistical significance analysis are less than 0.001. This allows rejection of the null hypothesis, ensuring that these relationships are not due to random chance but have significant meaning.

The relationships between sub-variables, starting with customer service capability and corporate innovation were also analyzed. One of the reasons customer service capability has an impact on corporate innovation is because it is considered an influencing factor that triggers corporate innovation. Firms can enhance their innovative product and service solutions by improving customer satisfaction and loyalty. It is shown that customer returns and services have an important influence on product and service innovation (Chen et al., 2019). Firms can also develop and enhance process and marketing innovation by improving customer service capabilities and understanding customer needs and demands, thereby revising and improving service processes and marketing strategies. Additionally, consider operational efficiency in corporate innovation. By upgrading customer service capability, enhances corporate innovation, hence the improvement of operational efficiency, and is possibly one of the important factors to be supportive of corporate innovation. Besides, improving operational efficiency could reduce costs, or alternatively, invest more resources into innovation activities when possible. Third, consider leadership and governance in corporate innovation. Leadership and governance are considered very important in corporate innovation, and one of the key influencing factors to promote corporate innovation is improving leadership and governance capabilities. For example, the strategic vision and decision-making ability of the leadership may influence the innovation trajectory of a company, and resource allocation directly affects innovation and resource distribution (Li et al., 2020). For the leadership, governance capability may mean establishing a transparent and fair governance management system, which thus the punctuation is adjusted and innovated.)

The overall summary of the research results indicates that organizational capabilities are crucial for business innovation. Among these, leadership and governance capabilities, customer service capabilities, and operational efficiency capabilities have significant impacts on product and service innovation, process innovation, and marketing innovation. These findings are consistent with the literature and further emphasize the importance of organizational capabilities in business innovation. The leadership and governance capabilities of an enterprise play a crucial role in company innovation. They not only drive strategic direction but also effectively coordinate resources and have the potential to inspire employee creativity. Importantly, the improvement of operational efficiency is the core and fundamental basis of company innovation, ensuring effective resource utilization and optimal processes. Additionally, customer service capabilities provide valuable market and customer interaction data, which can drive company innovation. Future research is recommended to assess the integration and optimization of these three capabilities in real organizational settings to achieve their maximum impact on company innovation. This can enhance the company's competitive advantage and resource base to sustain future sustainable development.

Table 5

Relationship Between Organizational Capabilities and Corporate Performance

Variables	rho	p-value	Interpretation
Customer Service Capability			
Financial Performance	0.591**	< .001	Highly Significant
Market Position	0.642**	< .001	Highly Significant
Customer Satisfaction	0.598**	< .001	Highly Significant
Operational Efficiency			
Financial Performance	0.585**	< .001	Highly Significant
Market Position	0.579**	< .001	Highly Significant
Customer Satisfaction	0.639**	< .001	Highly Significant
Leadership and Governance			
Financial Performance	0.604**	< .001	Highly Significant
Market Position	0.622**	< .001	Highly Significant
Customer Satisfaction	0.620**	< .001	Highly Significant

** Correlation is significant at the 0.01 level

Table 5 investigates the relationship between organizational capabilities and firm performance of tourism firms through correlation coefficients (rho values) and significance levels (p-values), examining the relationship between organizational capabilities sub-variables (customer service capability, operational efficiency, leadership

and governance) and firm performance sub-variables (financial performance, market position, and customer satisfaction). As shown in the table, the correlation coefficients (rho values) range from 0.579 to 0.642, indicating moderate to strong positive correlations. All p-values are less than 0.001, indicating that these relationships are highly statistically significant. The purpose of this study is to deepen our understanding of how organizational capabilities affect firm performance. By doing so, this study provides empirical insights into improving firm performance through a set of statistically significant relationships.

Next, Rho analysis was conducted to analyze customer service competencies and their correlation with firm performance. Overall, there is a significant positive correlation between customer service capability and financial performance ($\rho=0.591$), market position ($\rho=0.642$) and customer satisfaction ($\rho=0.598$). Customer service capability has the highest correlation with market position. Second, operational efficiency and firm performance are analyzed. Overall, there is a significant positive relationship between operational efficiency and financial performance ($\rho=0.585$), market position ($\rho=0.579$) and customer satisfaction ($\rho=0.639$). Operational efficiency has the highest correlation with customer satisfaction. Third, leadership and governance were analyzed regarding firm performance. Overall, there is a strong relationship between leadership and governance and financial performance ($\rho=0.604$), market position ($\rho=0.622$) and customer satisfaction ($\rho=0.620$). Leadership and governance have the highest correlation with market position. The p-value of these estimates indicates that the significance level is less than 0.001. This suggests that the relationship between organizational capabilities and their performance is highly statistically significant at the 99% confidence level.

The following sub-variable relationship analysis between organizational capabilities and firm performance is conducted, revealing a positive relationship between customer service capabilities and firm performance. Superior customer service is one of the most important and probably the best strategies to improve a firm's reputation, brand and market recognition. Customer service competence will improve the market reputation of the firm. It can attract and retain more consumers and increase market share. In Chen et al.'s (2020) survey analysis, the relationship between customer service competence and market share and market position was examined. Improved customer service quality will increase customer satisfaction and, consequently, market position. Specifically, if improved customer satisfaction metrics lead to more referrals and repeat purchases, your company should see a gradual increase in market share. There is a correlation between operational efficiency and company performance. Productivity has a positive impact on market performance. Efficient operations are likely to result from the presence of a competitive cost structure and the ability to allocate resources to functions that matter for financial performance, market position, and customer satisfaction. For example, Li et al. (2019) emphasized the importance of operational efficiency for a company's financial performance and its influence on customer satisfaction. It is important to see that the impact of operational efficiency can be moderated by variables related to branding and marketing. For example, through operational performance, a company can maintain on-time delivery and improve the customer experience like satisfaction, and operational and supply chain functions are interwoven. Leadership and governance structures both matter to overall business performance. These structures significantly impact the successful implementation of the company's strategic plan and in doing so impact company financial performance, competitive market position, and customer satisfaction. Leadership in terms of vision-driven decision-making for firm innovation and growth is crucial, while governance structures are important to support these necessary achievements. Wang et al. (2020) also mentioned that both leadership and governance structures are important drivers of firm innovation and market competitiveness.

Ultimately, organizational capabilities are significantly related to business performance. Customer service capabilities, operational efficiency, and leadership and governance all positively impact firm performance. All of these capabilities have a unique impact on different business performance outcomes. Customer service capability has the most significant impact on market position because organizations with superior customer service have a higher reputation and brand image, which attracts more consumers and financial resources. Operational efficiency is most important in the business-to-consumer industry because customer satisfaction has a more direct impact on profits than operational efficiency. In addition, efficient operations positively impact customer

experience and satisfaction by enhancing customer attraction through timely service or supply and improving service convenience. Leadership and governance have the most significant impact on market position, meaning that vision and decision-making are crucial for the competitiveness and sustainability of the organization.

Table 6*Relationship Between Business Innovation and Corporate Performance*

Variables	Rho	p-value	Interpretation
Product and Service Innovation			
Financial Performance	0.604**	< .001	Highly Significant
Market Position	0.597**	< .001	Highly Significant
Customer Satisfaction	0.599**	< .001	Highly Significant
Process Innovation			
Financial Performance	0.615**	< .001	Highly Significant
Market Position	0.645**	< .001	Highly Significant
Customer Satisfaction	0.630**	< .001	Highly Significant
Marketing Innovation			
Financial Performance	0.635**	< .001	Highly Significant
Market Position	0.570**	< .001	Highly Significant
Customer Satisfaction	0.610**	< .001	Highly Significant

** . Correlation is significant at the 0.01 level

In the context of business management and development, business innovation is a key factor in improving firm performance. Table 6 of this study demonstrates the relationship between business innovation and firm performance. The table used rho values and p-values to measure the relationship between various sub-variables of business innovation (product and service innovation, process innovation, marketing innovation) and sub-variables of firm performance (financial performance, market position, customer satisfaction). All relationships were moderately to highly positively correlated, with correlations between the three different business innovation sub-variables and the three firm performance sub-variables ranging from 0.570 to 0.645. In addition, all variables were statistically significant with p-values less than 0.001. The practical implications of this study are to provide a deeper understanding of how business innovation affects firm performance and to provide substantial evidence for firms to develop innovation strategies.

Additionally, rho value analysis was conducted to analyze product and service innovation and firm performance. Product and service innovation is significantly and positively related to financial performance (rho=0.604), market position (rho=0.597) and customer satisfaction (rho=0.599). This indicates that the product and service innovations of the firm may improve its financial performance, market position, and customer satisfaction. Second, to analyze process innovation and firm performance. There is also a significant positive correlation between process innovation and financial performance (rho=0.615), market position (rho=0.645) and customer satisfaction (rho=0.630). Among these three, market position has the strongest relationship with process innovation, suggesting that upgrading the organization's internal processes is important for improving the firm's market position. Third, analyze marketing innovation and firm performance. Marketing innovation has the highest correlation with financial performance (rho=0.635), market position (rho=0.570) and customer satisfaction (rho=0.610). This further suggests that the implementation of marketing innovations in the firm's strategy is important to enhance the firm's financial performance in the market. All the p-values are less than 0.001, which indicates that the relationship between business innovation and firm performance is statistically significant at the 99% confidence level.

The following sub-variable relationship analysis is conducted, starting with product and service innovation and firm performance. Product and service innovation is the main way to drive a company's financial performance and market position. By understanding the needs of customers, a company can develop new products and services or improve existing services to attract more customers, retain existing customers, and increase market sales and revenues, thus improving the company's market position and financial performance.

According to Wang (2019), product and service innovation significantly improves a firm's market position

and financial performance. Specifically, innovative products and services attract more customers, increase sales and profits, and thus enhance the firm's market position and financial performance. The second is to analyze process innovation and firm performance. Firm performance can be driven by process innovation. When looking at internal processes, optimization and operational efficiency can help firms reduce costs and increase productivity, which can improve their financial performance and market position.

According to Liu et. al.,(2020), process innovation significantly improves firm efficiency and market responsiveness, thereby enhancing market position and customer satisfaction. Effective process management not only reduces operating costs but also improves the quality and speed of products and services, thereby increasing customer satisfaction. Third, analyze marketing innovation and firm performance. Marketing innovation plays a crucial role in improving enterprise market position and customer satisfaction by changing the original marketing strategy and mode, reorganizing and adjusting marketing resources, and refining them to be customer-centered. This enhances the brand image, gains a competitive advantage, and attracts customers. Therefore, market segmentation should focus on marketing quality and prioritize it over marketing quantity. Organizations that prioritize marketing innovation are likely to perform well in all areas. Research has found that marketing innovation is a predictor of an organization's market position and customer satisfaction (Chen et al., 2021). Regardless of whether an organization employs innovative marketing strategies and tactics, it has the potential to improve market position, customer satisfaction, enhance brand image, and increase market presence. This, in turn, attracts more quality customers, strengthens customer satisfaction, and creates a sustainable competitive advantage. In short, innovating in marketing and influencing business performance are multidimensional and critical. Product innovation, service innovation, process innovation, and marketing innovation all affect firm performance in various ways. While product and service innovation can improve financial performance and market position, process innovation can enhance market position and customer satisfaction, and marketing innovation can boost financial performance and customer satisfaction. Future research may need to shed light on how these innovation capabilities can be managed and balanced to enhance practices and achieve better organizational performance, sustainable competitive advantage, and sustainability. In conclusion, improving business innovation is crucial for maintaining business performance levels. The impact of different types of business innovation performance on business output parameters focuses on different aspects. Future research and practice should focus more on how to synthesize the innovation capabilities to enhance the overall growth and improved performance of the business.

Dynamic Capability Framework

It can be observed from the structural diagram above that there is a complex interaction between organizational capabilities, business innovation, and firm performance. Firm performance, organizational capabilities, and business innovation are closely linked, and together they have an impact on overall firm performance. In the organizational capability construct, customer service levels, operational efficiency, and leadership and governance capabilities form a tightly interconnected network, which directly affects the level and capability of business innovation. Business innovation primarily energizes the enterprise through product and service innovations, process innovations, and market innovations, all of which have a direct effect on firm performance. Successful business innovation not only directly improves the company's performance but also provides valuable experience and references for further improving the innovation strategy, which also brings new challenges for collaborative work. Firm performance reflects the results of business innovation, and these results, in turn, have an impact on the organization's capabilities and innovation strategy. Business performance directly determines what the organization is capable of and how it innovates. Outstanding business performance not only provides the necessary resources to further enhance the organization's capabilities but also helps drive the refinement and implementation of the firm's innovation strategy. The innovation model is influenced not only by corporate performance and business innovation but also has a feedback effect on the organization's capabilities and business innovation. A successful innovation model not only enhances the overall capability of the organization but also continually drives the development of business innovation.

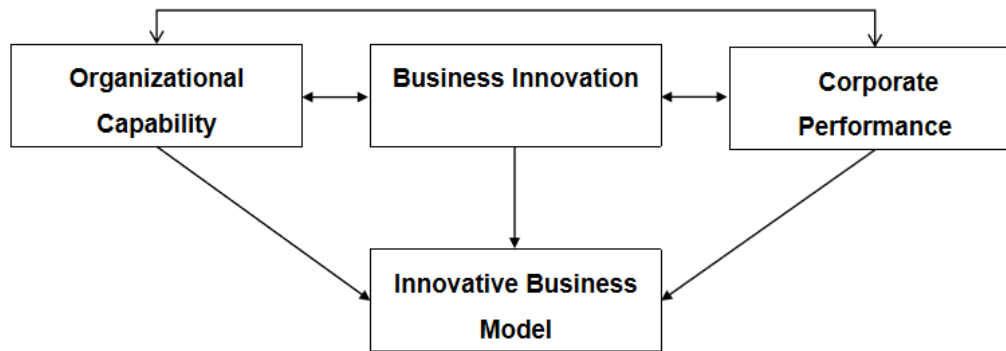


Figure 1. Innovative Business Framework

Although the broad "high and significant" association between these factors has not yet been conclusively proved, the study reveals that there is still a great potential for synergy in large-scale tourism enterprises in China. Improving the quality of customer service is an important part of enhancing organizational capabilities. Enterprises should conduct in-depth and systematic analysis and evaluation of operational processes, and determine efficient and scientific strategies based on these analyzes. Utilizing modern information science and data analytic methods can bring the entire operational process up to the standard of automation and intelligence, thereby significantly enhancing the effectiveness and economic returns of the work (Zhang et al., 2019). With respect to leadership and governance, we have always been committed to building a senior management team with strategic vision and excellent management skills, and strengthening the governance framework within the organization. According to contemporary organizational doctrine, the position of leadership can be viewed as one of the most critical resources within an organization. Excellent leadership and management not only help to ensure rational and efficient decision-making, but also enhance the flexibility and adaptability of the organization to perform its tasks (Li et al., 2022). In terms of innovative products and services, Chen et al.(2020) findings show that continuous innovation of products and services is the core element that ensures that firms maintain their competitiveness in the market. Business processes occupy one of the core areas of activity in organizational operations.

Adopting cutting-edge management strategies and tools such as Lean Management and Six Sigma can significantly enhance execution efficiency and overall work process quality (Zhang et al., 2019). Utilizing digital sales strategies and social platforms, the brand's impact on the market maybe enhanced and its reach expanded (Li et al., 2022). In order to ensure continued growth improvement, we have restructured our cost structure and increased profits. The integration of management accounting and financial strategy provides a comprehensive, systematic, and continuous support of financial information. By implementing differentiation and brand development strategies, the company is continuously committed to enhancing customer satisfaction, striving to meet their expectations through high-quality products and services and working to establish a solid relationship with its customers. More critically, the framework diagram clearly demonstrates the strong linkages between these elements. The interaction between organizational capabilities and business innovation reveals the positive impact of increased organizational capabilities on further enhancing business innovation and vice versa. At the same time, business performance influences and adjusts to various changes within the organization through feedback on resource allocation, market response and customer satisfaction. The business innovation model plays a crucial role in this process, and through the continuous optimization and execution of the innovation model, it can effectively drive the continuous progress of organizational capabilities and business innovation.

This holistic framework provides a comprehensive view that helps to gain insight into the various factors affecting business performance and provides directional recommendations for organizations in optimizing business performance. Companies can achieve overall growth in performance by enhancing organizational capabilities, fostering business innovation, and aligning business innovation strategies.

4. Conclusions and recommendations

The respondents generally agreed that large tourism enterprises perform well in terms of customer service capability, operational efficiency, leadership and governance structure. The study found that large tourism enterprises have moderate potential in using business innovation as to product and service innovation, process innovation and marketing innovation. Respondents have moderate agreement on the firms' performance as to financial performance, market position, and customer satisfaction. There is a high significant relationship between organizational capability, business innovation, and firm performance. An innovative business framework was developed for tourism enterprises.

Tourism enterprises may enhance customer service capabilities, operational efficiency, leadership and governance, emphasizing continuous training and development of employees to improve their professionalism and management capabilities. Department heads/managers of tourism enterprises may encourage and support product innovation, service innovation, process innovation, and marketing innovation, through the implementation of an incentive system based on innovative factors. Tourism managers may establish a comprehensive evaluation system that assesses performance according to the market situation, customer satisfaction, and financial performance. Through ongoing use of customer feedback and market research, we continually improve products and services to ensure customer satisfaction and loyalty. The innovative business framework may be adopted by other tourism enterprises to enhance their organizational strengths and drive business innovation, which in turn can effectively improve their overall performance and provide strong support for the industry's future development. Future researchers may explore the use of technology and digital transformation such as advanced technologies like Big Data and Artificial Intelligence in enhancing the organizational capabilities of tourism enterprises and driving business innovation.

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