Examining the effects of environmental strategy and competitive advantage on business performance

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C H R O N I C L E	**A B S T R A C T**
	Rapid economic changes and globalization have triggered urgent response from firms to devise effective strategies in improving performance and ensuring long-term survival. This study examined the influence of environmental strategy and competitive advantage on business performance. Subsequently, it determined the different effects of environmental strategy and competitive advantage on business performance. This cross-sectional study involved a total of 222 hotel managers as respondents. Data in the study was obtained via self-administered questionnaires. Partial Least Squares (PLS) analysis was used to test the hypotheses of study. Findings of this study revealed the significant and positive effects of environmental strategy and competitive advantage on business performance. Competitive advantage has been found to contribute towards a higher variance on business performance than environmental strategy. Results obtained have proven the robustness of the theory applied in this study to explain the business performance of the tourism industry in the context of a developing country. The results close the gaps in previous research findings that will add to the current body of knowledge.

1. Introduction

The current intense global competition forces organizations to adapt with environmental changes to survive and prosper. However, throughout this journey, organizations may face various obstacles as they endeavor to adapt with various world challenges. Businesses in the 21st century especially are considerably volatile and the organizations have witnessed dramatic episodes of changes and transformations in business performance, e.g. growing liberation and stronger relationship between customers and marketing partners (Samad et al., 2017). Arguably, business performance has a substantial impact on society and the organization itself. From the perspective of strategic management, business performance is always the focus of attention among managers as it manifests the impact of the efforts that have been done by an organization to achieve its vision, missions, and goals. Abundant empirical studies have been conducted to identify the factors that contribute to the business performance of an organization, which include but not limited to strategic management, as well as cultural and environmental strategy (Keller,

2011). Such strategy is vital as it serves as a framework that guides the choices which determine the nature and direction of an organization (Samad et al., 2015). This implies that organizations need to consider appropriate strategies to propel the achievement of their organizational goals. Environmental strategy and competitive advantage for example have been highlighted as profoundly pertinent factors for firms to adapt with the flexible policies and a variety of challenges from the stakeholders (Aziz & Samad, 2016). Previous studies have linked these two factors separately on performance of organization (Samad et al., 2015). Scholars have unequivocally claimed that the combination of strategy such as environmental related matter and competitive advantage are vital for business performance (Samad et al., 2016). However, it is unclear and not well understood the extent of these factors are linked simultaneously on business performance in tourism industry. A plausible study on this topic is timely since inconclusive results were found in previous studies. While Kanyanat (2012) for example extolled competitive advantage as pertinent to business performance, other author such as Samad et al. (2016) emphasized environmental strategy as the critical factor for business performance. Additionally, environmental factors and competitive strategy are particularly important for firms to secure global market penetration and superior business performance (Jorge et al., 2015). This is particularly relevant in the tourism industry, in which travelers are more attracted to stay in hotels that implement environmental practices (Lo, 2012). Moreover, previous empirical evidence have indicated the importance of firms to learn and understand the link between organizational resources and capabilities, such as environmental strategy, competitive advantage, and business performance.

Thus this study attempts to examine the extent environmental strategy and competitive advantage influencing the performance of business in the setting of the tourism industry in Malaysia. This industry is one of the industries which promises immense potential, and has become the sixth largest contributor to the gross national income of RM51.5 billion (Aziz, 2015). A significant amount of literature has indicated the relationship among environmental strategy, competitive advantage, and business performance (Chan et al., 2012; Fujii et al., 2013). Unfortunately, there are insufficient research on the influence and effects of environmental strategy and competitive advantage on business performance in the Malaysian tourism industry. Furthermore, previous studies have widely examined environmental strategy and competitive advantage in different perspectives and settings (Albertini, 2013). Very little investigation has ventured into the study of environmental strategy and competitive advantage as the antecedents of business performance simultaneously. This study proposes a model of business performance by integrating these variables simultaneously which, according to Samad et al. (2015) will enrich the literature and body of knowledge in this area. This study therefore unravels the above disparities that will provide new knowledge and closes the gaps in previous research findings.

2. Literature review

This study proposes a conceptual model that relates environmental strategy and competitive advantage with business performance as shown in Fig. 1, which depicts the positive influence of environmental strategy and competitive advantage on business performance.
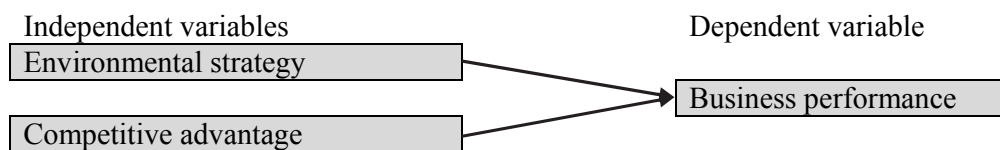

Fig. 1. Research Model

2.1. Environmental strategy

Resource-based view (RBV) theory and strategic management literature suggest that the business performance of a firm is influenced by internal resources within the organization. Many researchers are concerned with the rationales that some companies are perform better than the others. Findings on these

issues have revealed that satisfactory business performance could be achieved by proper approaches via environmental strategy and sustainable competitive advantage. Following RBV theory (Barney & Clark, 2007), environmental strategy is an integrative resource, in which a firm utilizes either or both tangible and intangible assets. Environmental strategy, innovative dynamic capability, and leadership are examples of the intangible resources that would help improve business performance (Samad, 2012). Environmental strategy focuses on the recognition of environmental aspect by integrating organizational value and orientation into strategic planning process (Banerjee, 2002). Environmental strategy, which is exercised through management processes would be an important determinant for the competitive advantage and performance of a firm (Aziz & Samad, 2016).

Literature have classified environmental strategy into two categories: (i) orientation, which includes internal and external orientations, and (ii) strategy focus, which includes corporate strategy and marketing strategy (Banerjee, 2002). This study embarked on environmental strategy that constitutes of orientation category and strategy focus. In other words, it addresses the 'what' and 'how' could firms emphasize on the environmentally friendly strategic plans. The environmental orientation is based on perceived importance of environmental issues by managers, whilst strategy focus refers to the degree of environmental issue-related matters that are integrated in the strategic plan of the firm (Banerjee et al., 2003). Accordingly, internal orientation emphasizes on the internal values of the organization, standards of ethical behavior, and commitment towards environmental protection (Albertini, 2013), all of which are highlighted in the vision and missions of the organization. The internal values are also reflected in the sustainable development, protection of the environment for future generations, responsibility to the community and to society, and the need for a positive company (Jorge et al., 2015). On the other hand, external orientation accounts to the perceptions of managers on external stakeholders and the need to respond to the interests of the stakeholders. (Chan et al., 2012) concluded the existence of positive and significant influences of both internal and external environmental orientations on the business performance of a firm.

2.3. Competitive advantage

Literature in strategic management occasionally highlight competitive advantage and organizational performance, synonymously. However, Talaja and Ercegović (2013) contended that they are two different constructs with an apparently complex relationship to the industries which the firms operate in. This notion was built upon the organizational capabilities premise which proposed that the influence of customer value on firm business performance can be determined through competitive advantage in terms of cost and differentiation. RBV postulates that competitive advantage would materialize via the ability of the firms to create economic value and via competition among firms that are engaging in similar actions (Barney & Clark, 2007). This suggests that the ability of a firm to create better economic values compared to its competitor is one of the key characteristics of firm competitive advantage.

2.4. Environmental Strategy and Business Performance

Deriving from RBV theory, environmental strategy is conceptualized as a valuable and non-substitutable intangible resource that will enhance firm performance (Barney & Clark, 2007; Wheelen et al., 2015). The ability of firms to fulfil the expectations of stakeholders, along with the alignment of environmental strategy, will ultimately improve the business performance of a firm (Samad, 2013). Scholars have contended that organizations with superior environmental strategy orientation are able to improve their business performance through strategic responses that relate to environmental issues (Albertini, 2013). Research findings on the link between environmental strategy and business performance have been reported to be inconclusive. Talaja and Ercegović (2013) contended that environmental strategy improves organizational inefficiencies, resulting in cost savings and increased business performance. Based on the above arguments and anchored by RBV theory, this study answers the hypothesis H1 of the study as follows:

H1: Environmental strategy positively influences business performance.

2.5 Competitive Advantage and Business Performance

Studies revealed that competitive advantage is significantly associated with business performance (Aziz & Samad, 2016). It is commonly assumed that superior performance could be achieved via competitive advantage (Walter et al., 2013). Additionally, competitive advantage has been identified as the condition that needs to be met for better business and firm performances (Wang & Huynh, 2013). This is in tandem with the RBV theory, which emphasizes the importance of utilizing organizational resources to gain competitive advantage and to improve organizational performance (Barney & Clark, 2007). In addition, it was argued that there are limited studies that relate the positive link between environmental strategy and competitive advantage on business performance (Chan, 2010). These arguments lead to answering hypothesis H2 as follows:

H2: Competitive advantage positively influences business performance.

2.6 Factors Affecting Business Performance

Preceding discussions provide insights on how business performance is influenced by environmental strategy and competitive advantage factors. Literature revealed that these variables have different impacts on organizational outcomes. Previous research on the effects of environmental strategy and competitive advantage on business performance have reported inconclusive findings. Most research findings suggested that competitive advantage has a substantial impact on business performance compared to other factors, e.g. environmental strategy. This is due to the belief that environmental strategy is a costly investment, which adversely affects the business performance of a firm. Investment in intangible resources (such as environmental strategy) has been viewed as a failure in achieving its objectives (Fujii et al., 2013). Samad et al. (2015) argued the importance of examining the different effects of various organizational strategies on business performance. Deriving from this premise, it is hypothesized that:

H3: Competitive advantage would have a more significant effect on business performance compared to environmental strategy.

3. Methodology

This cross-sectional study employed a quantitative approach which examined the extent business performance is affected by environmental strategy and competitive advantage, It also examined the different effects of the two factors namely competitive advantage and environmental strategy on business performance.

3.1 Sampling, Instrumentation, and Data Collection

The sample used in this study consisted of 222 hotel managers in Malaysia. Initially, a total of 250 self-administered questionnaires were distributed based on random sampling obtained from the sampling framework of the Malaysian Association of Hotels (MAH) directory, from which 222 questionnaires were obtained, which indicated a response rate of 89%. The questionnaire was designed in two sections. The profile of respondents is in Section A. It contained information of respondents' profile in terms of position, type of hotel, hotel rating, and the guests of the hotels. In the second section, questions related to the proposed model were asked. The four environmental strategy dimensions (internal orientation, external orientation, corporate strategy, and marketing strategy) that contained 16 items were measured through a seven-point Likert scale ranging from strongly disagree (1) to strongly agree (5) which was adopted from (Banerjee, 2002). Two dimensions which consists eight items were used to measure com-

petitive advantage; product quality and cost, and technology adopted from (Ramli & Ismail, 2013). Finally, 17 items of business performance were measured based on four dimensions; financial performance (4 items) and marketing performance (5 items) adopted from (Ramli & Ismail, 2013), as well as environmental physical (4 items) and environmental efficiency (4 items) adopted from (Jorge et al., 2015). All of these items were measured by the five-point Likert scale ranging from strongly disagree (1) to strongly agree (5).

4. Results

4.1 Respondents Profiles

Demographic data in this study indicated that the highest respondents were among operations manager (38.5%), followed by environment manager (23.8%), quality manager (15.6%), finance manager (11.5%), and finally general manager (10.6%). It was found that 18.9% of the hotels were resorts, 74.6% were businesses and others (6.5%). About 50.8% of the hotels were in the 3-star category, 37.7% (4 stars) and 11.5% in the 5-star category. Majority of the hotels were receiving local and foreign guests (55.7%), followed by hotel receiving local guests only (25.4%) and 18.9% hotels receiving foreign guests only.

4.2 Data Analysis

The initial stage of data analysis in this study attempted to ensure that the common method variance is observed and examined. As suggested by Podsakoff, MacKenzie, Lee, and Podsakoff (2003), a common method variance needs to be examined if the data collected is either self-reported or self-administered, as the sample obtained from the self-reported method in this research may posit a same-source or a general method variance (Podsakoff & Todor, 1985). Literature have suggested various approaches to address this issue. According to Podsakoff and Organ (1986), among the widely-used method is Harman's single factor test. In this test, researchers can enter all principal constructs into a principal factor analysis component. Podsakoff et al. (2003) postulated that the bias in this method would be observed once a single factor from the factor analysis or one common (general) factor which accounts for most of the covariance in the measures emerges. A common method bias exists if the principal constructs of inter-correlations used in the correlation matrix indicates high correlations, with r value > 0.90 (Bagozzi et al., 1991). In this study, factor analysis was run for all the constructs with all factors solution explaining 74.36% of the variance, indicating that method bias is not a serious issue. Only four items (IO1, IO3, EO1 and E03) were deleted due to the values being lower than the loading threshold of 0.50. Method bias was also not an issue in this study, since no value of ≥ 0.9 was shown in the intercorrelations (See Table 2), in which the highest intercorrelations was 0.645. The performed tests of factor analysis and intercorrelations proved that there was no method bias in this study.

In the next step, Partial Least Squares (PLS) analysis was performed to analyze the research model using SmartPLS 3.0 (Hair Jr, Hult, Ringle, & Sarstedt, 2016) software for this purpose, Anderson and Gerbing (1988) proposed analytical procedures that involve two stages, namely assessment of measurement, and assessment of structural model. The measurement model was constructed to measure reliability and validity, while the structural model was built to test the hypothesized relationship(Hair Jr et al., 2016). The path coefficients and a bootstrapping procedure (5000 re-samples) were also performed to test the significance of the path coefficients and the loadings, as suggested by (Hair Jr et al., 2016).

4.2.1 Measurement model

Two assessments were run to assess the measurement model, namely convergent validity (CV), and discriminant validity (DV), as proposed by (Hair Jr et al., 2016). CV refers to the degree to which two measures of constructs are theoretically related. In other words, it refers to the degree to which multiple items used to measure the same concept agree with each other. As suggested by(Hair Jr et al., 2016) the

measurement was determined by assessing the loadings, average variance extracted (AVE), and the composite reliability (CR).The common criterion used to assess CV is the AVE, which was calculated by the sum of the squared loadings of indicators related to the construct divided by the number of the indicators. According to Hair Jr et al. (2016), in AVE, the construct should explain more than half of the variance of its indicators. Thus, the value of more than 0.50 as the threshold value of AVE should be adhered. The loadings in this study were all higher than the suggested threshold of 50 while CR was above .70 (Gefen, Straub, & Boudreau, 2000) (see Table 1).

On the other hand, DV is the degree to which items differentiate among constructs, or the measure of distinct concepts. It was assessed based on the criterion suggested by (Fornell & Larcker, 1981). In this method, the AVE value is compared to the correlation of latent variables. The rule is that the square root of AVE for each construct should exceed the correlation with any other constructs (see Table 2). The criterion used to assess DV is by comparing the AVE with the squared correlations or with the square root of the AVE with correlations. The square roots of the AVEs, shown in the diagonals in Table 2 are greater than the values in the row and columns on individual constructs, indicating that the measures are discriminant.

Table 1

Measurement Model

Construct	Items	Loadings	AVE	CR
Internal Orientation (IE)	IO2	0.614	0.656	0.784
	IO4	0.967		
External Orientation (IO)	EO2	0.697	0.633	0.773
	EO4	0.884		
Corporate Strategy (CS)	CS1	0.742	0.542	0.780
	CS2	0.768		
	CS3	0.698		
Marketing Strategy (MS)	MS1	0.709	0.649	0.902
	MS2	0.812		
	MS3	0.861		
	MS4	0.829		
	MS5	0.808		
Competitive Advantage (CA):				
Cost and Technology (CT)	CT1	0.602	0.684	0.914
	CT2	0.753		
	CT3	0.921		
	CT4	0.915		
	CT5	0.898		
Product Quality (PQ)	PQ1	0.817	0.767	0.908
	PQ2	0.920		
	PQ3	0.887		
Business Performance (BP):				
Financial Performance (FP)	FP1	0.883	0.713	0.908
	FP2	0.889		
	FP3	0.889		
	FP4	0.701		
Marketing Performance (MP)	MP1	0.927	0.758	0.940
	MP2	0.921		
	MP3	0.844		
	MP4	0.890		
	MP5	0.761		
Environmental Physical (EP)	EP1	0.755	0.629	0.871
	EP2	0.836		
	EP3	0.799		
	EP4	0.780		
Environmental Efficiency (EE)	EE1	0.815	0.776	0.932
	EE2	0.879		
	EE3	0.925		
	EE4	0.900		

Note: IO1, IO3, EO1 and E03 were deleted due to low loading

Table 2
Discriminant Validity (DV)

	CT	CS	EO	IE	MS	EF	EE	EP	MP	PQ
CT	**0.827**									
CS	0.361	**0.737**								
EO	0.380	0.238	**0.796**							
IE	0.250	0.367	0.161	**0.810**						
MS	0.396	0.412	0.133	0.485	**0.805**					
EP	0.472	0.125	0.271	0.137	0.240	**0.793**				
EE	0.387	0.355	0.058	0.180	0.526	0.368	**0.881**			
FP	0.293	0.292	0.169	0.132	0.312	0.382	0.499	**0.844**		
MP	0.258	0.365	0.021	0.266	0.566	0.351	0.645	0.468	**0.871**	
PQ	0.629	0.482	0.244	0.295	0.492	0.432	0.462	0.466	0.475	**0.876**

Note: The bolded values indicate the square root of AVE

Table 3
Analysis of Heterotrait-Monotrait Ratio of Correlations (HTMT)

	CT	CS	EO	IE	MS	EF	EE	EP	MP	PQ
CT										
CS	0.502									
EO	0.621	0.422								
IE	0.330	0.679	0.555							
MS	0.435	0.579	0.314	0.644						
EP	0.550	0.216	0.450	0.256	0.275					
EE	0.420	0.490	0.095	0.259	0.594	0.394				
FP	0.319	0.395	0.310	0.267	0.358	0.434	0.556			
MP	0.276	0.492	0.169	0.322	0.619	0.376	0.696	0.507		
PQ	0.723	0.685	0.378	0.336	0.563	0.513	0.523	0.531	0.530	

In relation to the previous deliberations, some criticisms have been thrown on the notion that even though AVE (as proposed by (Fornell & Larcker, 1981) and cross-loadings were the common criteria used in assessing the validity, in some common research situations, these classical approaches were said to be unreliable in detecting the lack of DV (Henseler et al., 2015). Hence, the heterotrait-monotrait ratio of correlations (HTMT) was suggested as an alternative approach to assess DV based on the multitrait-multimethod matrix (Henseler et al., 2015). This approach is considered as superior compared to the classical approach since it uses multitrait-multimethod matrix to measure the correlations of indicators across different constructs. HTMT can assess DV in two ways; firstly, as a criterion and secondly, as a statistical test. The assessment of DV on a criterion means that, if the value of HTMT is greater than the threshold level of 0.90 (see Table 3), then the problem of DV exists (Gold & Arvind Malhotra, 2001). The second test was to test the null hypothesis H0: HTMT $\geq$ 1 against the alternative hypothesis of H1: HTMT < 1. The lack of DV will appear if the confidence interval (CI) contains of value 1 (i.e., H0 holds). The analysis revealed that the CI did not show a value of 1 in any of the constructs, indicating that DV has been ascertained (See Table 3).

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4.2.2. Structural model

A structural model was employed to answer the hypotheses of this study as depicted in Table 4. To assess the structural model in this study, the significance of the path coefficients, the level of the R^2 values, f^2 effect size, and Stone-Geisser's Q^2 value were examined(Hair Jr et al., 2016). This can be performed via a bootstrapping procedure with a re-sample of 5,000. In the structural model, R^2 value represents the coefficient of determination, whereas R^2 is also known as the coefficient of multiple determination for multiple regressions, which measures how close the data is to the fitted regression line. The rule of thumb is based on value R^2 of 0.26 (strong), 0.13 (moderate) and 0.02 (low) (Aiken et al., 1991). In the structural model, this study examined the components of environmental strategy and competitive advantage as the predictor of business performance. From the analysis, the results revealed that environmental strategy (beta = 0.189), was related positively to business performance, which explained 17.9% of variance in business performance. This study then examined competitive advantage as a predictor of business performance. It was found that competitive advantage (beta = 0.318) was related positively to business performance, and it was indicated that 31.5% of variance in business performance was explained by this variable. Hence, hypotheses H1 and H2 in this study were supported. As suggested by (Cohen, 1988), the R^2 values of 17.9% and 31.5% were greater than 0.13 and 0.26, indicating substantial and moderate levels of influence on business performance, respectively.

Another criterion used in this study was the f^2 effect size (substantive effect). The effect size measured the effect of the predictors (exogenous latent variable) that contribute to the value of R^2 of the endogenous latent variable. In other words, the f^2 effect will determine the importance of relationship between exogenous latent and endogenous latent variables. According to Sullivan and Feinn (2012), even though the p value exhibits a significant relationship between latent variables, the p value would not reveal the importance of the relationship or the magnitude of the effect. To check whether the independent variables have an important impact on the dependent variable, the effect size, f^2 should be measured. (Cohen, 1988) suggested that the effect size can be measured using a guideline of 0.02 (weak), 0.15 (moderate), and 0.35 (strong) effects, respectively. Any f^2 values < 0.02 show that the variable is not important even though the relationship is significant. In terms of the effect size, all the f^2 values in this study were > 0.02. The f^2 effect size for environmental strategy on business performance (0.081) and competitive advantage on business performance (0.214) provided support for hypotheses H1 and H2. Thus, the results show that all the independent variables have important relationships with or influences on the dependent variable.

Another structural model assessment criterion as suggested by (Hair Jr et al., 2016) is the predictive relevance of Q^2, which is used to assess how well the structural model could be predicted. Thus, Q^2 was computed in the PLS software using the blindfolding procedure. According to (Hair Jr et al., 2016) this procedure has to be applied on endogenous constructs which have a reflective measurement of multiple items or a single item. The exogenous variables are determined to have predictive relevance of the endogenous variable if $Q^2 > 0$. The rule of thumb for relative measure of predictive relevance of exogenous variables on endogenous variable is based on the values of 0.02 indicating small, 0.15 (medium), and 0.35 (large), respectively (Hair et al., 2014). The assessment of predictive relevance Q^2 in this study revealed that the two Q^2 values were both > 0, indicating that the model has sufficient predictive relevance with environmental strategy on business performance ($Q^2 = 0.033$), and that of competitive advantage on business performance ($Q^2 = 0.248$). Thus, the findings support hypotheses H1 and H2 in this study.

Finally, this study examined the different effects or contributions of environmental strategy and competitive advantage on business performance. Based on the R^2 values, it was found that competitive advantage has contributed to a higher variance (31.5%) on business performance compared to environmental strategy (17.9%). This outcome supports hypothesis H3 in this study that suggested the higher impact of competitive advantage on business performance. Table 4 depicts the results of the H1 and H2 hypotheses testing in this study.

Table 4
Hypotheses Testing

Hypothesis	Relationship	Std. Beta	Std. Error	t-value	Decision	R^2	F^2
H1	Environmental Strategy → Business Performance	0.189	0.099	1.890*	Supported	0.179	0.081
H2	Competitive Advantage → Business Performance	0.318	0.082	3.664*	Supported	0.315	0.214

**p < 0.001, * p < 0.005

4. Conclusion and Implication

This study examined the factors influence business performance in tourism industry particularly among hotel companies. It also analysed the extent business performance is affected by two main factors namely strategy that related to environmental and competitive advantage. The study revealed that business performance was affected significantly by environmental strategy and competitive advantage. These findings are consistent with previous research (Chan et al., 2012; Valentine, 2012) which indicated positive influence of competitive advantage and environmental strategy on business performance. Finally, it was revealed that competitive advantage posed a more significant effect on business performance compared to environmental strategy, validating previous research findings by Suksri, Chobpichien, and Aemsawas . This suggests that competitive advantage plays a critical role in enhancing the business performance of hotels, which are the key players of the tourism industry in Malaysia.

The results in this study highlighted several vital insights that enrich the body of knowledge in the mainstream literature of business performance. Specifically, the findings confirm the applicability of RBV theory in predicting and explaining business performance. The robustness of this theory in explaining business performance in an Eastern context rather than from a Western viewpoint has been proven. As hypothesized, this research revealed that competitive advantage has a higher influence on business performance when compared with environmental strategy. Competitive advantage denotes the attainment of business performance based on cost and technology as well as product quality, implying that organizational resources largely influence business performance, especially in terms of competitive strategy. This study also provides evidence that environmental strategy (from the perspective of internal orientation, external orientation, corporate strategy, and marketing strategy) positively influence the business performance of hotel industry in the Eastern context. This result offers research evidence for the business performance model, which is underpinned by RBV theory and its applicability in different settings. Further, this study has provided a new contribution in terms of methodology, in which a more powerful approach with multiple analysis was utilized in analyzing the data to test the hypotheses using PLS Version 3.0. In contrast, previous studies have been generally limited to only SPSS.

The novel outcomes in this study is the inconclusive findings obtained in previous studies in terms of the effects of factors that influence business performance. Undoubtedly, these results provide managerial implications towards considering environmental issue related-strategies and the role of competitive advantage in achieving desirable business performance. This implies that the hotel industry could not single out any of these factors as they could contribute towards greater significance in business performance. This suggests that greater emphasis should be given on the environmental aspect and competitive advantage by the tourism industry in Malaysia as they will provide an added value for better business performance. Hence, the environmental and competitive advantage factors that are valuable, imitable, rare, and non-substitutable could serve as the drivers for superior business performance. Additionally, the

findings from this research would enrich the current body of knowledge in strategic management. In conclusion, some limitations may hinder the generalizability of this study, thereby suggesting the possibility of using other measures than cross-sectional survey data only, e.g. by conducting studies in other developing countries, and applying other related factors in realizing their significant influence on business performance. Undeniably, this study enriches the literature on environmental strategy and competitive advantage, as it serves as a valuable and difficult-to-imitate resource and capability for a firm to attain superior business performance. It is based on these premises that the results of the study can be used as a guide for business decision making to determine their actions for future business strategic planning, and for researchers to endeavor further studies in this area.

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