

**THE RELATIONSHIP BETWEEN
ORGANISATIONAL CULTURE, INNOVATION,
COMPETITIVE INTELLIGENCE PRACTICES
AND HOTEL PERFORMANCE IN MALAYSIA**

DIAN ASZYANTI ATIRAH BINTI MOHD. ASRI

UNIVERSITI SAINS MALAYSIA

2023

**THE RELATIONSHIP BETWEEN
ORGANISATIONAL CULTURE, INNOVATION,
COMPETITIVE INTELLIGENCE PRACTICES
AND HOTEL PERFORMANCE IN MALAYSIA**

by

DIAN ASZYANTI ATIRAH BINTI MOHD. ASRI

**Thesis submitted in fulfilment of the requirements
for the degree of
Doctor of Philosophy**

September 2023

ACKNOWLEDGEMENT

I want to thank Allah SWT for giving me courage, excitement, and His blessings during my research. I would like to thank my supervisor, Dr. Ainul Mohsein, for her consistent support and guidance since I enrolled in my PhD programme in September 2019. She has been very positive and made me feel confident in my abilities. I also would like to extend my thanks to Associate Professor, Dr Norzuwana Sumarjan, from Universiti Teknologi MARA, for giving me support and contributing her ideas to my research work. I would also like to thank Prof. Ramayah from Universiti Sains Malaysia, who taught me how to analyse my data using PLS-SEM and never failed to answer my questions.

I am also very thankful to my husband and kids for all the love, patience, prayers, and support they have given me throughout this research project. A special thanks to my parents and entire family for their prayers and support. I would also like to thank all the examiners, Dr Rosmelisa Yusof, Profesor Madya Dr. Anees Janee Ali and Profesor Madya Dr. Basri Rashid for the constructive feedbacks during my Viva session in July 2023. I would also acknowledge the School of Management for offering many research workshops and seminars during the COVID-19 pandemic project. I am also indebted and grateful to Universiti Teknologi MARA and the Ministry of Higher Education, who financially support my studies. This research is also dedicated to the late Tengku Sheila for her considerable help in validating my research instruments, which made this work possible. May Allah reward you in Jannah. Finally, many thanks to all the people who have supported me to complete the research work, directly or indirectly.

Dian Aszyanti Atirah Mohd. Asri

TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	x
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiv
LIST OF APPENDICES	xv
ABSTRAK	xvi
ABSTRACT	xix
CHAPTER 1 INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background of the Study	1
1.2.1 Hospitality and tourism industry in Malaysia	4
1.2.2 Importance of hotel performance in the global tourism industry	5
1.2.3 Performance of the hospitality industry in Malaysia	5
1.2.4 Innovation as a factor influencing performance	10
1.2.5 Organisational culture as a factor influencing innovation	13
1.2.6 Organisational culture as a factor influencing performance	13
1.2.7 Competitive Intelligence (CI) as a moderating mechanism.....	14
1.3 Problem Statement	16
1.4 Research Objectives	22
1.5 Research Questions	23
1.6 Significance of the study.....	23
1.6.1 Theoretical significance	24
1.6.2 Practical significance	27
1.7 Scope of the Study	28

1.8	Definition of Key Terms	29
1.9	Organisations of the Remaining Chapters	31
CHAPTER 2 LITERATURE REVIEW		32
2.1	Introduction.....	32
2.2	Overview of the Theoretical Underpinning	32
2.2.1	Resource-Based View (RBV) Theory	33
2.2.2	Knowledge-Based Theory.....	36
2.3	Hotel performance.....	38
2.3.1	Performance measurement.....	40
2.3.2	Current hotel performance in Malaysia	41
2.4	Innovation	45
2.4.1	Definitions.....	45
2.4.2	Previous study on innovation.....	46
2.4.3	Importance of Innovation.....	47
2.4.4	Innovation in the service industry	47
2.5	Organisational Culture	49
2.5.1	Definitions.....	49
2.5.2	Organisational Culture Dimensions from the previous study	50
2.5.3	Organisational Culture dimensions selected for this research	52
2.5.4	Competing Values Framework (CVF)	55
2.5.5	Types of Culture.....	56
2.5.5(a)	Clan Culture	56
2.5.5(b)	Adhocracy Culture	58
2.5.5(c)	Market Culture	59
2.5.5(d)	Hierarchy Culture.....	59
2.5.6	Organisational culture in hospitality industry	60
2.5.7	The importance of Organisational Culture.....	61

2.6	Competitive Intelligence	62
2.6.1	The various discipline of Intelligence	63
2.6.2	Competitive Intelligence Function and Process	65
2.6.3	Competitive Intelligence Cycle.....	66
2.6.4	Competitive Intelligence Elements	66
2.6.5	The importance of Competitive Intelligence	67
2.6.6	Empirical research on CI by industry from 2011 to 2016.....	68
2.7	Research Framework	70
2.8	Hypotheses development	72
2.8.1	The relationship between every component of organisational culture (clan, adhocracy, market and hierarchy culture) and innovation	72
2.8.1(a)	Clan Culture and Innovation	74
2.8.1(b)	Adhocracy culture and innovation.	74
2.8.1(c)	Market culture and innovation.	75
2.8.1(d)	Hierarchy culture and innovation.....	76
2.8.2	The relationship between innovation and hotel performance	77
2.8.3	The relationship between every component of organisational culture (clan, adhocracy, market and hierarchy culture) and hotel performance	77
2.8.4	The mediating role of innovation in the relationship between every organisational culture (clan, adhocracy, market and hierarchy culture) and hotel performance	84
2.8.5	The moderating role of competitive intelligence practices in the relationship between innovation and hotel performance	87
2.9	List of hypotheses	88
2.10	Literature Review Summary	89
	CHAPTER 3 METHODOLOGY	91
3.1	Introduction.....	91
3.2	Research Paradigm.....	91

3.3	Research Design.....	93
3.4	Research Process.....	94
3.5	Unit of Analysis	96
3.6	Population and Sample Size.....	98
3.7	Questionnaire Development.....	100
3.7.1	Background Information.....	101
3.7.2	Organisational Culture using Organisational Culture Assessment Instrument (OCAI).....	102
3.7.3	Innovation	106
3.7.4	Competitive Intelligence Practices.....	107
3.7.5	Hotel performance.....	108
3.8	Sampling Method.....	109
3.9	Instrumentation Data Collection	111
3.9.1	Pretesting.....	111
3.9.1(a)	Expert Opinion	112
3.9.1(b)	Pilot Test.....	113
3.10	Marker Variable.....	114
3.11	Data collection procedures.....	114
3.12	Data analysis	115
3.13	Justifications for Using PLS-SEM in the Current Study	116
3.14	Summary	117
CHAPTER 4 DATA ANALYSIS AND FINDINGS.....		118
4.1	Introduction.....	118
4.2	Preliminary Analysis	118
4.3	Data Cleaning.....	118
4.3.1	Blank Responses	119
4.3.2	Straight-Lining.....	119
4.3.3	Data Entry Error.....	119

4.4	Missing Values	119
4.5	Detection of Outliers	120
4.5.1	Mahalanobis Distance	120
4.5.2	Casewise diagnostic	122
4.5.3	Cooks' distance	122
4.6	Assumption Testing.....	124
4.6.1	Normality	124
4.6.2	Normality Analysis	124
4.6.3	Normality of the error terms	125
4.6.4	Linearity	127
4.6.5	Multicollinearity	129
4.6.6	Constant Variance-Homoscedasticity	130
4.6.7	Auto-Correlation	131
4.6.8	Common Method Variance	131
4.7	Common Method Bias	133
4.8	Response Rate and Respondents' Profile.....	134
4.8.1	Response Rate	135
4.8.2	Organisations' Profile.....	135
4.9	Measurement Model	139
4.9.1	Internal Consistency Reliability.....	139
4.9.2	Convergent Validity	145
4.9.3	Indicator Reliability (Outer Loadings).....	145
4.9.4	Discriminant Validity	147
4.9.5	Fornell-Larcker criterion.....	149
4.10	Structural Model	149
4.10.1	Assessing the significance of the structural model relationships	149
4.10.2	Path Coefficients and Hypotheses Testing.....	150

4.10.2(a)	Hypotheses Testing for Direct Relationships	150
4.10.2(b)	Hypotheses Testing for Indirect relationships	154
4.10.2(c)	Hypotheses Testing for Mediating Effects	156
4.10.2(d)	Hypotheses Testing for Moderating Effect	160
4.11	Predictive Relevance of the Model	161
4.12	PLS Predict	161
4.13	Summary of the Chapter	162
CHAPTER 5 CONCLUSION AND FUTURE RECOMMENDATIONS		163
5.1	Introduction.....	163
5.2	Recapitulation and Summary of the Findings.....	164
5.3	Summary of the results	165
5.4	Discussion of Findings.....	167
5.4.1	Discussion on research question 1: What is the relationships between every component of organisational culture (clan, adhocracy, market, and hierarchy culture) and innovation?	167
5.4.2	Discussion on research question 2: What is the relationship between innovation and hotel performance?	178
5.4.3	Discussion on research question 3: What is the relationships between every component of organisational culture (clan, adhocracy, market, and hierarchy culture) and hotel performance?.....	181
5.4.4	Discussion on research question 4: Does innovation mediate the relationship between every component of organisational culture (clan, adhocracy, market, and hierarchy culture) and hotel performance?.....	191
5.4.5	Discussion on research question 5: Does competitive intelligence practice moderate the relationship between innovation and hotel performance?.....	199
5.5	Implications of the Study	203
5.5.1	Theoretical implications.....	204
5.5.2	Management Implications.....	206
5.6	Limitations	206

5.7	Recommendations for Future Research	208
5.8	Conclusion	209
	REFERENCES.....	212

APPENDICES

LIST OF PUBLICATIONS

LIST OF PARTICIPATION

LIST OF TABLES

	Page
Table 1.1	Definitions of key terms..... 29
Table 2.1	Malaysia Average Occupancy from January to September 2019 and 2020 41
Table 2.2	Malaysia Average Occupancy from 2015 to 2021 41
Table 2.3	Tourist receipts and arrival from 2004 to 2021 42
Table 2.4	The Number of Hotel Guests between 2019 and 2020..... 44
Table 2.5	Organisational Culture dimensions from previous studies 51
Table 2.6	The classification characteristics of four types of Organisational Culture by Cameron and Quinn (2011) 54
Table 2.7	Empirical research on CI compiled by Salguero et al. (2017)..... 68
Table 3.1	Number of Questionnaires Distributed in Malaysia 99
Table 3.2	Questionnaire development..... 100
Table 3.3	Respondent and Hotel Property Characteristics 101
Table 3.4	Measurement Items for Organisational Culture Assessment Instrument (OCAI)–Competing Values Framework 103
Table 3.5	Measurement Items for Innovation..... 106
Table 3.6	Measurement Items for Competitive Intelligence Practices 107
Table 3.7	Measurement Items for Hotel Performance 109
Table 3.8	Amendments in the questionnaire after pre-test with experts..... 112
Table 3.9	Construct reliability of the pilot study 113
Table 4.1	Mahalanobis Distance 121
Table 4.2	Residuals Statistics..... 123
Table 4.3	Multicollinearity Analysis..... 130
Table 4.4	Auto-Correlation 131
Table 4.5	Response rate 135

Table 4.6	Organisations' profile.....	135
Table 4.7	Respondents' profiles.....	136
Table 4.8	Mean score for types of OC.....	138
Table 4.9	Frequencies of the source of information.....	138
Table 4.10	Measurement Model.....	141
Table 4.11	Discriminant Validity (HTMT).....	148
Table 4.12	Summary of path coefficients and hypotheses testing of direct relationships.....	153
Table 4.13	Summary of hypothesis testing indirect effects.....	155
Table 4.14	Summary of hypothesis mediating effects.....	159
Table 4.15	Summary of moderating testing.....	160
Table 4.16	Q ² predict.....	161
Table 4.17	PLS Predict.....	162
Table 5.1	Summary of the hypothesis testing.....	166

LIST OF FIGURES

	Page
Figure 1.1	Travel and Tourism Regional Performance 2019 2
Figure 1.2	Travel and Tourism Economic Impact 2022 3
Figure 1.3	Tourist arrival between 2016 to 2023 6
Figure 1.4	Tourist arrival and receipts from 2004 to 2021..... 6
Figure 1.5	Hotel and rooms supply between 2017 to 2021 8
Figure 1.6	Impact of COVID-19 on Tourism and expected time of recovery (UNWTO, 2021) 9
Figure 2.1	The average occupancy room for hotels 43
Figure 2.2	Number of hotel guests (international and domestic) from 2017 to 2020 44
Figure 2.3	Competing Values Framework (Cameron & Quinn, 2011) 55
Figure 2.4	Cycle of Competitive Intelligence 66
Figure 2.5	Research Framework 71
Figure 3.1	Functionalistic research process 94
Figure 4.1	Critical Value score 121
Figure 4.2	Scatterplot 123
Figure 4.3	Histogram..... 126
Figure 4.4	Normality of the Error Terms..... 126
Figure 4.5	Partial regression plot for Clan Culture 127
Figure 4.6	Partial regression plot for Adhocracy Culture..... 127
Figure 4.7	Partial regression plot for Market Culture 128
Figure 4.8	Partial regression plot for Hierarchy Culture..... 128
Figure 4.9	Constant Variance-Homoscedasticity 130
Figure 4.10	Common method variance 132

Figure 4.11	Measurement model after CC1 and HC1 were deleted due to lower loadings	146
-------------	--	-----

LIST OF ABBREVIATIONS

ADR	Average Daily Rate
CI	Competitive Intelligence
CVF	Competing Values Framework
KBT	Knowledge Based Theory
KBV	Knowledge Based View
MAH	Malaysia Association Hotels
MOTAC	Ministry of Tourism and Culture
OC	Organisational Culture
RBV	Resource Based View
RevPAR	Revenue Per Available Room
UNWTO	World Tourism Organization
WTTC	World Travel and Tourism Council

LIST OF APPENDICES

Appendix A	A Survey Questionnaire Via Survey Monkey
Appendix B	Email Invitation
Appendix C	Example of Correspondence
Appendix D	G*Power Software
Appendix E	Sample Size (Green, 1991)
Appendix F	Mahalanobis Distance Output
Appendix G	Output of Skewness and Kurtosis
Appendix H	Total Variance
Appendix I	Common Method Bias
Appendix J	Fornell-Larcker criterion
Appendix K	KMO and Bartlett's Test
Appendix L	Communalities

**HUBUNGAN ANTARA BUDAYA ORGANISASI, INOVASI, AMALAN
KEPINTARAN PERSAINGAN DAN PRESTASI HOTEL DI
MALAYSIA**

ABSTRAK

Industri pelancongan diiktiraf secara meluas sebagai pemacu yang berkuasa untuk pertumbuhan ekonomi moden. Industri perhotelan kini menghadapi cabaran kritikal untuk mengekalkan dan menarik pelancong kerana beberapa faktor yang melibatkan corak perbelanjaan pengguna; mata wang ringgit lemah; serta tekanan ekonomi lain dalam kalangan pelancong domestik. Pengembara domestik juga telah beralih kepada penjimatan perbelanjaan dan memilih sumber penyedia penginapan lain untuk bermalam seperti penginapan jangka pendek. Sebagai tindak balas terhadap persaingan dinamik akibat daripada globalisasi, hotel hendaklah sentiasa menyediakan perkhidmatan yang memenuhi keperluan pelancong yang berubah-ubah. Walau bagaimanapun, untuk kekal berdaya saing dalam pasaran yang sentiasa berubah dengan pantas pada hari ini, pemain industri perhotelan perlu fleksibel serta inovatif dalam memenuhi permintaan yang semakin tidak menentu dan kompleks, terutamanya selepas pascapandemik COVID-19. Oleh itu, keupayaan pemain industri perhotelan untuk menyediakan tawaran perkhidmatan baharu dan unik adalah penting bagi meningkatkan prestasi jangka pendek seterusnya mencapai kelebihan daya saing yang mampan dalam jangka panjang. Dalam keadaan yang mencabar ini, keutamaan industri perhotelan untuk kekal berdaya saing dan mencapai prestasi lebih tinggi juga adalah sangat penting. Walaupun faktor-faktor yang mempengaruhi prestasi hotel telah dikaji pada masa lalu, masih terdapat isu kritikal yang belum diselidiki secara menyeluruh dan perlu ditangani. Berdasarkan teori pandangan berasaskan sumber

(RBV) dan teori pandangan berasaskan pengetahuan (KBV), kajian ini menguji model konseptual yang mengkaji (1) hubungan setiap komponen budaya organisasi melibatkan budaya keluarga (*clan*), budaya inovatif (*adhocracy*), budaya pasaran (*market*) dan budaya hierarki (*hierarchy*) terhadap inovasi. Seterusnya, (2) hubungan inovasi dengan prestasi hotel, (3) hubungan setiap komponen budaya organisasi terhadap prestasi hotel, (4) peranan inovasi sebagai pengantara budaya organisasi dengan prestasi hotel dengan menggunakan rangka kerja nilai bersaing juga dinilai, serta (5) peranan kepintaran persaingan (*Competitive Intelligence*) sebagai penyerdehana diantara hubungan inovasi dan prestasi hotel. Dalam kajian ini, tinjauan keratan rentas melalui pensampelan telah dihantar kepada pengurus besar melibatkan 203 hotel empat dan lima bintang di Malaysia dan 163 sampel telah dikembalikan. Namun, hanya 101 sampel yang lengkap sahaja dapat dinilai. Pemodelan persamaan struktur terkecil separa (PLS-SEM) digunakan untuk menganalisis data. Penemuan kajian mendapati bahawa dua jenis budaya organisasi menjadi peramal penting untuk inovasi dan prestasi hotel, iaitu budaya inovatif (*adhocracy*) dan budaya pasaran (*market*). Keputusan juga menunjukkan bahawa terdapat kesan pengantara inovasi yang ketara antara budaya inovatif, budaya pasaran dengan prestasi hotel. Selain itu, hubungan antara inovasi dengan prestasi hotel adalah positif. Walau bagaimanapun, kajian ini mendedahkan penemuan menarik, iaitu CI atau kepintaran persaingan tidak memberikan kesan terhadap hubungan antara inovasi dengan prestasi hotel di Malaysia. Dapatan juga menunjukkan organisasi yang juga responden kajian bersetuju bahawa CI tidak mempunyai kesan dalam menyederhanakan inovasi dan prestasi hotel kerana beberapa faktor yang dibincangkan dalam kajian ini. Walau bagaimanapun, hasil kajian ini sangat memberangsangkan kerana ia telah berjaya memberikan sedikit perspektif baharu berkaitan dengan perkara berkenaan. Akhir sekali, kajian ini turut

menyiasat kepentingan jenis budaya tertentu terhadap inovasi dan prestasi hotel. Kajian ini diharapkan dapat membantu ahli akademik dan pengamal industri untuk membuat keputusan yang lebih baik bagi meningkatkan prestasi hotel.

**THE RELATIONSHIP BETWEEN ORGANISATIONAL CULTURE,
INNOVATION, COMPETITIVE INTELLIGENCE PRACTICES AND
HOTEL PERFORMANCE IN MALAYSIA**

ABSTRACT

The hospitality industry is commonly acknowledged as a significant growth driver in modern economies. The hotel industry is one of the important sectors in the hospitality industry that contributes to the country's revenue. This industry faces a critical challenge in retaining and attracting tourists due to several reasons involving spending patterns, the weak ringgit, and other economic pressures among domestic travellers. Apart from that, domestic travellers have shifted to cautious spending and prefer other accommodation providers, such as short-term accommodation, for their stay. Hotels are constantly changing their services and processes to accommodate changing tourist demands because of the dynamic competition imposed by globalisation. However, hotels must be versatile and innovative to meet a rising, volatile, and complex demand to remain competitive in today's rapidly changing markets, particularly because of the impacts of COVID-19. It is very crucial for the hotel industry to remain competitive and achieve higher performance in these turbulent times. Although the factors that influence hotel performance have been studied in the past, there are still critical issues that have not been thoroughly studied and need to be addressed. Drawing from Resource Based View (RBV) theory and Knowledge Based View (KBV) theory, the present study has objectives to examine (1) the relationship between clan, adhocracy, market and hierarchy culture towards innovation, (2) the relationship between innovation and hotel performance, (3) the relationship between clan, adhocracy, market and hierarchy culture and hotel performance, (4) the

mediating role of innovation in the relationship between clan, adhocracy, market and hierarchy culture and hotel performance and lastly (5) the moderating role of competitive intelligence practices in the relationship between innovation and hotel. This study has distributed survey questionnaires to 203 four- and five-star hotels in Malaysia which were chosen for data collection. A total of 164 questionnaires were returned and 101 questionnaires were usable. The data were analysed using partial least squares structural equation modeling (PLS-SEM). The findings reported that two types of organisational culture were significant predictors for innovation and hotel performance such as adhocracy and market culture. Furthermore, the relationship between innovation and hotel performance was positive. Results also reported significant mediating effect of innovation between adhocracy, market culture and hotel performance. However, the study revealed interesting findings where CI had no effect between innovation and hotel performance. Based on the findings, several theoretical, practical, and methodological implications of the study were discussed. The findings have been beneficial since they have shed some light on a fresh viewpoint and aid both academicians and industry players in making smarter decisions to optimize hotel performance. Finally, industry players should pay more attention to strategic management to enhance innovation and hotel performance so that hotel industry stays relevant in the market and generate the country's revenue.

CHAPTER 1

INTRODUCTION

1.1 Introduction

An overview of the tourism and hospitality industries is presented in the first chapter, while emphasising Malaysia's current hotel performance. The following section discusses the issues to be addressed, followed by the objectives and significance of this study. This section also includes the definitions of key terminology used during this research. The thesis presentation is divided into five chapters. The first chapter starts with the introduction. Second, the literature review is discussed in the second chapter. The third chapter explains the research method, followed by the fourth chapter, which presents the data analysis. Finally, the last chapter thoroughly discussed the findings of this study.

1.2 Background of the Study

The tourism industry is one of the world's fastest developing industries. (Balli et al., 2021). It is recognised as a significant economic growth driver (Henderson, Avis, & Tsui, 2018; Nepal, Irsyad, & Nepal, 2019), accounting for 10.2% of the world's total gross domestic product (Langford & Weissenberg, 2018). Tourism is also classified as the fifth-biggest industry in the world (Roper, 2018). According to the World Travel and Tourism Council (2019), this industry is one of the largest sectors worldwide, contributed to the rising socioeconomic and generates job opportunities. Also, it is essential for promoting prosperity and empowering women, youth, and other social groups. The benefits of the travel and tourism sector go beyond the direct impacts of gross domestic product and employment. In addition, it also brings indirect benefits

through supply chain linkages with other sectors, triggering effects such as on small retailers.

Prior to the pandemic, Travel & Tourism (including its direct, indirect, and induced impacts) accounted for 1 in 5 new jobs created across the world during 2014-2019, and 10.3% of all jobs (334 million) and 10.4% of global GDP (US\$ 10 trillion) in 2019. Meanwhile, international visitor spending amounted to US\$ 1.9 trillion in 2019.

WTTC's latest annual research shows: In 2022, the Travel & Tourism sector contributed 7.6% to global GDP; an increase of 22% from 2021 and only 23% below 2019 levels. In 2022, there were 22 million new jobs, representing a 7.9% increase on 2021, and only 11.4% below 2019. Domestic visitor spending increased by 20.4% in 2022, only 14.1% below 2019. International visitor spending rose by 81.9% in 2022, but still 40.4% behind 2019 numbers.



Figure 1.1 Travel and Tourism Regional Performance 2019

In many countries, the travel and tourism industry serve as a significant driver of economic growth. Nonetheless, each country has unique characteristics that influence how the industry performs at various points in its economic growth. Based on Travel and Tourism Regional Performance (2019) refer to Figure 1.1, South East Asia contributed 380 billion dollar in Tourism Growth, showing an impressive figure compared to South Asia. Southeast Asia comprises eleven countries of remarkable diversity in religion, culture and history: Brunei, Myanmar, Cambodia, Timor-Leste, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Malaysia is among the popular countries benefiting from the tourism industry development. According to the World Travel and Tourism Council or WTTC (2022), refer to Figure 1.2, the total contribution of Travel and Tourism to GDP was decrease negatively to 49.7% as compared to the year of 2019. The total contribution of Travel and Tourism jobs also reduced to 15.4% as compared to year 2019.

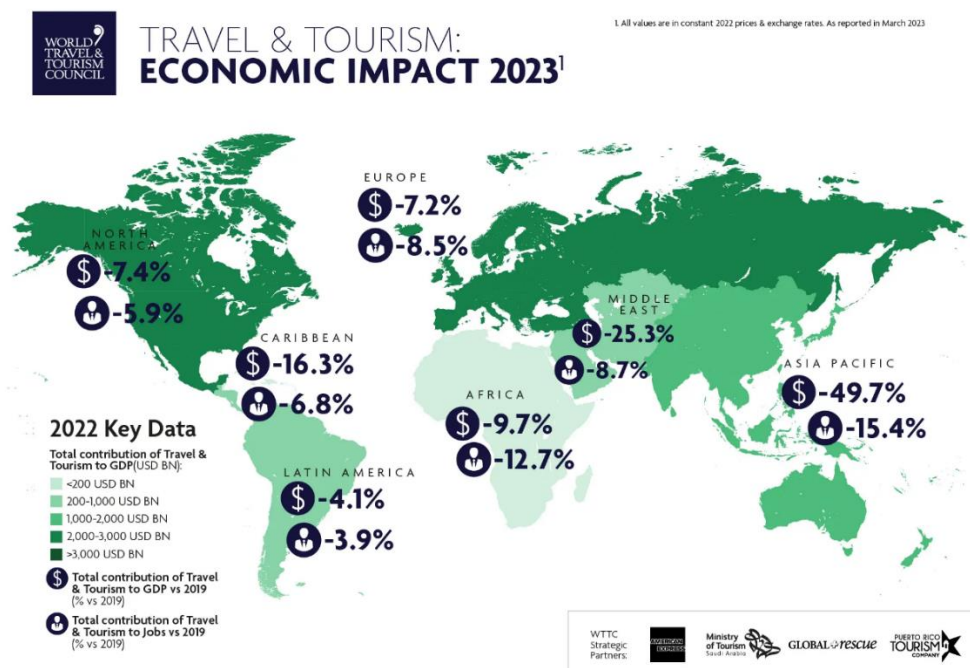


Figure 1.2 Travel and Tourism Economic Impact 2022

1.2.1 Hospitality and tourism industry in Malaysia

The tourism industry is the third most important contributor to Malaysia's Gross Domestic Profits (GDP) after manufacturing and commodities. In 2018, this sector contributed about 5.9% to Malaysia's total GDP. The tourism industry comprises other sectors such as accommodation, food and beverages, recreation and entertainment, transportation, and travel services. The tourism industry has reached several significant milestones on both local and international fronts. It was evidence that Malaysia is among the world's top ten tourist destinations. Furthermore, Malaysia was widely recognised as Expedia UK's 5th Best Shopping Destination in 2016 and Medical Travel Destination of the Year for three consecutive years at the Medical Travel Awards in 2017. These accomplishments further proved the importance of Malaysia's tourism industry and its status as a well-known travel destination.

Therefore, the hotel industry is urged to sustain itself and plan strategically by focusing on improving organisational performance because this industry is essential to the economy, employment, and investors of Malaysia (Chrisman, Hofer, & Boulton, 1988; Salavou, 2015). The linkage between tourism and the hotel industry is a symbiotic relationship where one significantly influences the other. Tourism involves the movement of people from their place of residence to other destinations for various purposes, such as leisure, business, or cultural experiences. The hotel industry, on the other hand, plays a crucial role in providing accommodation and related services to tourists during their stay. Consequently, tourism generates demand for hotel accommodations, leading to economic growth and job creation in the hotel sector. On the other hand, the hotel industry contributes to the overall tourism experience by providing comfortable and convenient lodging options and promoting destinations to tourists. This interdependence highlights the critical role hotels play in supporting and

facilitating tourism activities. In conclusion, the relationship between tourism and the hotel industry is mutually beneficial. Therefore, it is important for the hotel industry to sustain and improve its performance as a source of revenue and contribute to the country's economic growth.

1.2.2 Importance of hotel performance in the global tourism industry

Being one of the most popular tourist destinations, tourism is becoming a crucial sector for Malaysia. When travellers spend money in hotels, restaurants, and entertainment facilities, the hospitality business makes a significant contribution to the local economy. Tourist expenditures of retail goods, pharmaceuticals, and locally produced crafts and souvenirs indirectly support national economies. In addition, the hospitality industry is responsible for 313 million jobs worldwide, representing 9.9% of total global employment (WTTC, 2018). This remarkably high percentage, in turn, means that the hospitality industry is vital to many people's lives. Likewise, hospitality jobs are also crucial to the economy, as working people are likely to spend their money, further boosting the economy. If the performance of the hospitality industry is not maintained, it will affect employment and the visibility of tourism and will greatly impact the economy and the country's prosperity.

1.2.3 Performance of the hospitality industry in Malaysia

According to the Malaysian Investment Development Authority (MIDA), the tourism industry in Malaysia is one of the top contributors to the country's economy, as noted in the National Key Economic Areas (NKEAs). Additionally, being one of the top 10 tourist destinations, this country has undeniably verified its tourism industry capacity. Tourism Malaysia, an agency under the Ministry of Tourism recorded an

increase in both domestic and international travel to Malaysia (refer to Figure 1.3 and Figure 1.4). However, the numbers have dropped due to the COVID-19 pandemic, which forces the government to impose travel restrictions on international and domestic tourists. Below figure (figure 1.3) shows the number of tourists from 2016 to 2023. The figure shows an extremely drop in terms of tourist arrival in 2021 and slowly increasing in 2022.

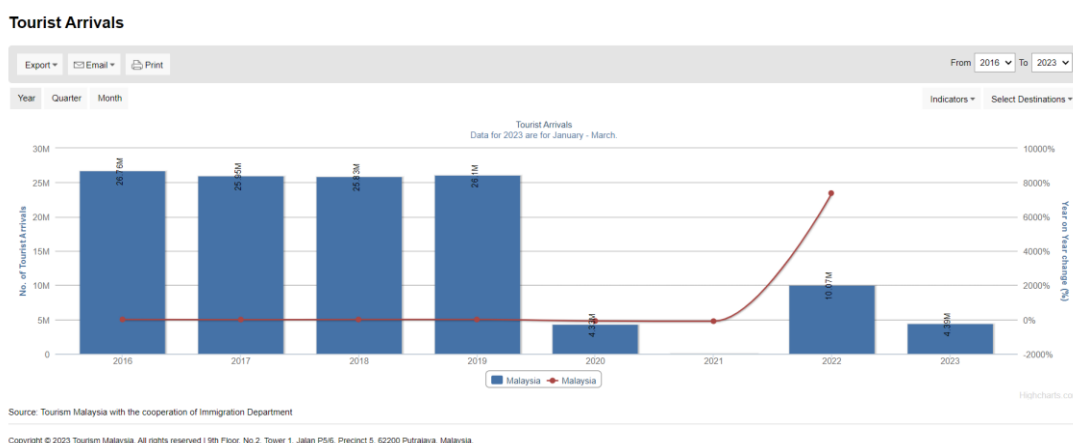


Figure 1.3 Tourist arrival between 2016 to 2023

TOURIST ARRIVALS & RECEIPTS TO MALAYSIA 2004-2021

Malaysia recorded 134,728 tourist arrivals in 2021, a decline of (-96.9%). In terms of tourists expenditure, Malaysia received RM238.7 million in tourism receipts, a decline of (-98.1%) compared to the same period in 2020.

YEAR	ARRIVALS	RECEIPTS (RM) MILLION
2004	15,703,406	29,651.4
2005	16,431,055	31,954.1
2006	17,546,863	36,271.7
2007	20,972,822	46,070.0
2008	22,052,488	49,561.2
2009	23,646,191	53,367.7
2010	24,577,196	56,492.5
2011	24,714,324	58,315.9
2012	25,032,708	60,556.7
2013	25,715,460	65,443.3
2014	27,437,315	71,998.8
2015	25,721,251	69,119.6
2016	26,757,392	82,098.2
2017	25,948,459	82,165.0
2018	25,832,354	84,135.2
2019	26,100,784	86,143.5
2020	4,332,722	12,688.2
2021	134,728	238.7

Source: Strategic Planning Division, Tourism Malaysia with the cooperation of Immigration Department, Malaysia

TOURIST ARRIVALS (MILLION) | RECEIPTS (RM) MILLION

Figure 1.4 Tourist arrival and receipts from 2004 to 2021.

The global spread of the novel coronavirus disease (COVID-19) posed an unprecedented challenge to the tourism industry in 2020. Initially, Malaysia imposed a partial restriction in the same year and subsequently a full travel ban on visitors from China, its second-largest tourism market, to contain the spread of the virus. Since then, travel and tourism worldwide have plummeted as countries throughout the world were forced to impose travel restrictions to curb the virus from spreading.

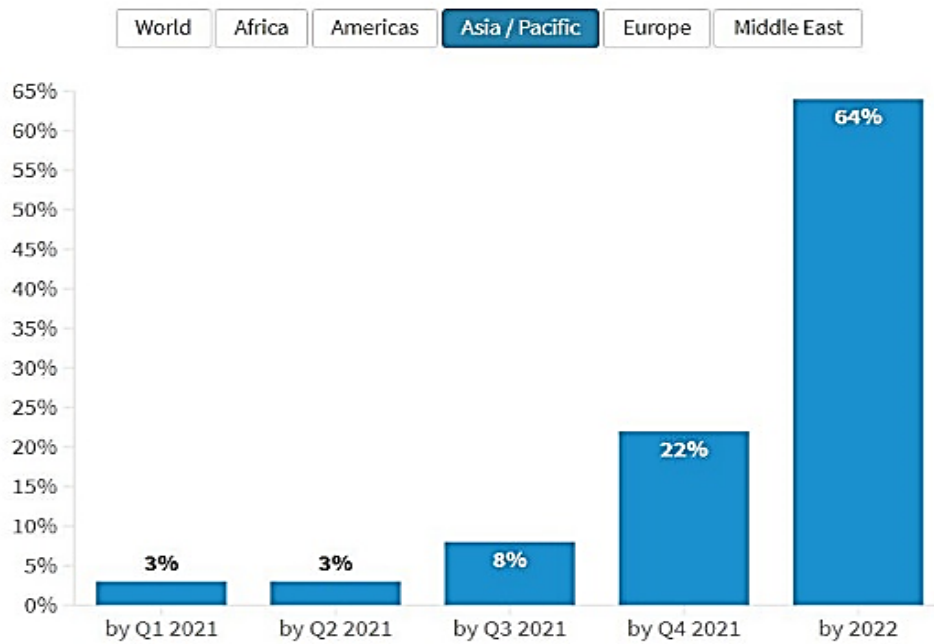
Malaysia planned to launch a Visit Malaysia 2020 tourism initiative with an ambitious target of attracting 30 million visitors and RM100 billion in tourist receipts. Sadly, the COVID-19 outbreak at the end of December 2019 forced worldwide travel restrictions, thus, defeating the target. COVID-19 is an infectious disease caused by a newly discovered coronavirus that badly affected numerous countries, including Malaysia. Nevertheless, the problem was not entirely due to COVID-19, according to the Malaysian Association of Hotels (MAH). The MAH president, Mr. Yap Lip Seng, clarified in a media release in April 2020 that some hotel owners and operators had already been looking to sell before the pandemic, and some had even advertised their assets for sale. The oversupply of rooms caused by Online Travel Agents, such as Airbnb and Agoda, has led to the number of rooms available for rent being dramatically underestimated, as these properties are not considered part of the number of hotel rooms available in a state or country. In addition, some tourists prefer Airbnb because of cheaper rates, home facilities, and economical stays (Ozkan, 2019). Poon and Huang (2017) also found that tourists are more concerned about price than the services provided. Figure 1.5 shows that the number of hotels and rooms has increased, resulting in an oversupply of rooms giving tourists more accommodation choices in the market.



Figure 1.5 Hotel and rooms supply between 2017 to 2021

Consequently, about 30% of industry players in the Malaysian hotel industry have decided to permanently or temporarily close their operations when the global pandemic continues to grow (Ganesan, 2020). The Malaysian tourism sector is expected to recover gradually once the pandemic is over, which is expected to be in 2022. In the first quarter of 2020, Malaysia received 4,233,425 tourist arrivals. This figure reflects a 36.8% decrease over a comparable period in 2019. Tourist spending for the first quarter was RM12.5 billion, a decrease of 41.5% compared to RM21.4 billion in 2019. As a result, per capita spending decreased by 7.4% from RM3,201.8 in 2019 to RM2,964.5 in 2020. The average income earned by a person in a given area in a given year is described as "per capita income." It is computed by dividing the area's total income by its total population.

During the COVID-19 pandemic, Malaysia recorded 1,688,452 arrivals between January and March 2020, a decrease of 27.1% compared to 2,315,440 tourists who visited Malaysia in 2019. According to the Pacific Asia Travel Association (PATA), other ASEAN nations, including Thailand, Singapore, Vietnam, and Indonesia, have experienced a significant decrease in visitors.



UNWTO conducted a global survey among its UNWTO Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected time of recovery. Data as collected by UNWTO, January 2021. Published: 26/01/2021

Figure 1.6 Impact of COVID-19 on Tourism and expected time of recovery (UNWTO, 2021)

A majority of experts anticipate an increase in international travel in 2021, specifically in the third quarter of 2021, but approximately 20% do not foresee an improvement until 2022. However, for Asian countries, experts expect it to increase by 64% by 2022 (Refer Figure 1.6). The Malaysian Tourism Board had also planned to revitalise the tourism industry after the pandemic. According to the media release by Tourism Malaysia in November 2020, the former Minister of Tourism, Arts and Culture, YB Dato' Sri Hajah Nancy Shukri, had developed the Stimulus Recovery Plan (PRE) with the support and active participation of various agencies and industry players to boost the tourism sector.

Besides the government's strategic planning to help the tourism industry recover, the hospitality industry must act fast and efficiently to identify factors influencing hotel performance. Organisations must adapt swiftly and consistently to

changing customer demands, global competition, and technology changes (Im et al., 2012). Innovation is crucial for securing a sustainable competitive edge (Damanpour & Gopalakrishnan, 2001), and therefore, it is recognised as a factor affecting hotel performance in this study.

1.2.4 Innovation as a factor influencing performance.

According to empirical research, there is a significant connection between innovation and performance (Anning-Dorson, 2017; Naranjo-Valencia et al., 2016; Oltra et al., 2018). There have also been a number of studies on innovation and improving the performance of organisations (Kalmuk & Acar, 2015). These studies led to the discovery of the elements that assist organisations in becoming innovative. Innovation is considered a “competitive mechanism for organisational performance and success and is an important tool for adapting to an ever-changing business environment” (Blackwell, 2006). Innovation refers to new products, services, processes, or technologies that must be accepted and eventually adopted and implemented (Damanpour, 1991; Thompson, 1965; Zaltman et al., 1973)

Innovation is the driving force behind innovative processes that result in new products and services, new technologies, and unique ideas (Sutanto, 2017). There are four categories of innovation. First, product innovation, which refers to the radical changes or improvements in products and services. Second, process innovation, which refers to the significant changes in the production system or delivery method. Third, organisational innovation, or the introduction of new business processes that affect business operations within the company or external relations. Finally, marketing innovation, which is defined as any modification to any of the four marketing Ps (product, pricing, placement, and position) (OECD and EUROSTAT, 2005).

There are two types of innovation: the first is known as radical innovation, which refers to completely new products or services on the market. The second type of innovation is called "incremental" (Slater et al., 2014; Snyder et al., 2016). It means making small changes and improvements to products or services that are already on the market. Innovation could help hotels reduce costs and improve their services with the growing competition in this industry (Vij, 2016). Accordingly, scholars have suggested that hotels encourage their employees to develop, promote, and implement new ideas to meet customer expectations and contribute to innovation in the hotel industry (Baradarani & Kilic, 2018; Chang, Way, & Cheng, 2017). Organisations' members will likely pursue actions that will make customers' life easier in terms of better and improved products and services, foster innovativeness, and prepare the hotels to compete with new emerging hotels due to the chances of high investment potential in this sector. Therefore, it is undeniable that fostering innovation would help hotels respond to changing customers' expectations amid the new developments in the hotel industry of Malaysia.

Several research have looked into the antecedents of innovation because it is essential to a success of an organisation (Crossan & Apaydin, 2010). Previous research looked for the components necessary to improve an organisation's innovation performance and capability (Koc & Ceylan, 2007). Organisational culture is one of the critical aspects for innovation (Büschgens et al., 2013). Service providers should highlight the significance of service innovation to improve the quality of services and give customers a better experience (Arshad et al., 2018; Cheema et al., 2019). Consequently, promoting innovative capability, which could serve as a crucial catalyst for service innovation for the hotel firms amidst the rising competition and growth in the hotel industry, is fundamental and needs time globally, particularly in Malaysia's

context. Due to stiff competition in the hotel industry, some hotels have started to foster innovative ideas to suit the current situation. For example, self-sanitise doors during the pandemic help contain the spread of the virus and also self-check in kiosk to avoid contact between guests and employees.

Organisational culture is one of the key drivers of innovation, according to earlier research (Büschgens et al., 2013). Considering the significance of culture as a tool for innovation, little study has been conducted in this area (Zeb et al., 2021). Previous research has shown a strong relationship between organisational culture (OC), which refers to collective expectations, values, and practices that guide team members, and innovation (Chang & Lee, 2007; Obenchain & Johnson, 2004; Tellis et al., 2009). Furthermore, it is crucial to acknowledge and assess organisational culture as a factor that could affect innovation and understand their relationships (Abdel Razek and Alsanad, 2014; Tellis et al., 2009). Therefore, organisational culture is able to promote innovation among employees because they are likely to accept innovation as the philosophy of the organisation (Hartmann, 2006). Different values of culture have been considered as a means to promote innovation.

Given how important innovation is in various organisational contexts, several research have attempted to discover the factors that influence innovation. (Koc & Ceylan, 2007). Organisational culture is one factor that has been demonstrated to influence innovation (Büschgens et al., 2013; Lin et al., 2013; Martins & Terblanche, 2003; Tushman & O'Reilly, 1996). Therefore, this study investigates whether innovation influenced by different types of culture could function as a mechanism that enhances the relationship between organisational culture and hotel performance.

1.2.5 Organisational culture as a factor influencing innovation.

Organisational culture or OC can promote innovative behaviour among members of an organisation because it leads and guides them to accept and commit to innovation as a fundamental value of an organisation (Hartmann, 2006). Empirical research supports a significant correlation between culture and innovation (Büschgens et al., 2013; Chang & Lee, 2007; Lau & Ngo, 2004; Lin et al., 2013; Miron et al., 2004). Yet, it was not clearly stated in the study examining how culture impacted innovation in Malaysia's hotel industry. For this study, the Competing Values Framework (Cameron & Quinn, 1999) was utilised, which is among the most prevalent and widely used frameworks in organisational culture research (Yu, 2009). The following chapter provides further detail on each type of model.

1.2.6 Organisational culture as a factor influencing performance

Based on previous studies, developing an OC has a number of significant benefits. First, OC provides a sense of identity to organisational members. Next, it also facilitates the generation of commitment (Nelson, 2011). Third, OC improves organisational stability (Liu et al., 2014). Fourth, culture also serves as a sense-making tool that guides and shapes behaviour (Wang & Rafiq, 2014).

On the other hand, Benn et al. (2014) suggested that achieving organisational success requires creating a dynamic culture that is in line with the fundamental principles of sustainable development. Numerous OC definitions are available in the literature, and some commonalities have been identified. Schein (1990) asserted that organisational culture consisted of practices, values, symbols, and assumptions that members of an organisation share about appropriate behaviour. Smircich (1983) stated that company culture is the patterns of meaning or understanding shared by members

of an organisation. It is a significant factor that makes it difficult for change initiatives to be implemented successfully within an organisation. Cameron and Quinn (2011) concluded that new strategies were challenging to incorporate when the organisational culture persisted, even though the organisation implemented new equipment, procedures, and changes.

OC has a huge impact on strategy and performance (Dwyer et al., 1998). However, managers frequently overlook or disregard OC as a tool in acquiring organisation's goals (Dwyer et al., 1999). Although empirical research has shown which types of culture are related to performance the mediating mechanism of innovation between each component of OC in the existing literature is mostly underexplored (Aboramadan et al., 2020; Naranjo-Valencia et al., 2016; Zeb et al., 2021). Therefore, in addressing the research gap, this study delineates the role of innovation as a mediating mechanism between the relationship of every component of OC and hotel performance. Finally, this research examines how competitive intelligence practices influence the relationship between hotel performance and innovation as a moderating variable.

1.2.7 Competitive Intelligence (CI) as a moderating mechanism

The adoption of competitive intelligence (CI) could lead to a sustainable competitive advantage and improve business performance (Shahbandi & Farrokhshad, 2019). However, many companies have yet to establish a formal CI department, even though CI is becoming increasingly important to an organisation's survival in today's dynamic economy (McGonagle & Vella, 2004). Typically, this could be due to a lack of formal training in CI (Fleisher, 2004). According to Bose (2008), one of the advantages of CI implementation is its ability to help determine the strengths,

weaknesses, strategies, objectives, market positioning, and most likely response patterns of competitors. In today's business world, companies have to withstand pressure from suppliers, services, products, and new technologies. There have been minimal systematic attempts to provide empirical evidence on the relationship between CI practices and organisational performance (Yap & Rashid, 2011) although CI has been important in organisations recently. In the context of business and market research, the terms "competitive intelligence practices" and "competitive intelligence activities" are often used interchangeably. However, competitive intelligence practices provide the framework and strategic direction for conducting competitive intelligence, while competitive intelligence activities are the actual tasks and actions carried out within that framework to collect and analyse information about competitors and market conditions.

Samat et al. (2018) also identified several competitive intelligence benefits, including filling gaps by covering areas an organisation has overlooked in its assumptions. CI helped facilitate the development of company strategies, identify areas to improve and determine risks. In addition, CI could include information that allows a company to recognise opportunities.

This study seeks to examine the relationship between each component of organisational culture based on the Competing Values Framework (CVF), which comprises of Clan, Adhocracy, Market, and Hierarchy. In light of the pressing imperative to enhance hotel performance, it is crucial to determine the influence of innovation on hotel performance. Furthermore, it is imperative to examine the mediating effect of innovation on the relationship between each component of organisational culture and hotel performance. In this study, the utilisation of CI

practices was incorporated as a moderating variable to assess the relationship between innovation and hotel performance.

1.3 Problem Statement

The issue of hotel performance in Malaysia has caught the attention for this research. The Malaysian economy depends heavily on the tourism industry. This industry contributed significantly to the global economy (Hanafiah & Harun, 2010; Nair et al., 2014). A recent report shows an increasing number of international tourists arriving in Malaysia, especially in Kuala Lumpur, between 2018 and 2019 (Tourism Malaysia, 2020). During these two years, the number of domestic tourists increased as well. However, the hotel industry demonstrated lower occupancy during this period. The hotel occupancy percentage decreased from 65.51% to 60.8% for the first nine months of 2019 compared to the same period in 2018 (MAH, 2019), indicating the probability of unsatisfactory performance in the hotel industry. The number of return visitors has also decreased, suggesting that hotels' performance has been adversely affected by the rise of short-term accommodations, such as Airbnb and local homestays (Bansal & Taylor, 2005; Jung et al., 2017).

Other than the factors discussed above, the industry has become worse with the outbreak of COVID-19. This infectious disease has massively affected many countries worldwide, including Malaysia. Previous research has highlighted concerns about hotel performance during these critical times (Koseoglu et al., 2021; Pascual-Fernández et al., 2021). However, this situation was anticipated to be temporary when it was finally announced as endemic. Hence, the tourism industry needs to keep improving hotel performance because the high numbers of tourists before the pandemic led to increased tourism revenue. Based on the concern mentioned earlier,

enhancing or improving the business performance of the hotel industry has caught the researchers' attention because of the volatility, uncertainty, complexity, and ambiguity of the business world. As a basis for this study, the researcher identifies a few problems to be addressed.

The first problem identified is the concerns with innovation and hotel performance. In extremely volatile and tough environments, such as most modern marketplaces, innovation is critical to a company's survival and success (Saunila, 2014, 2016). For this reason, companies need to develop the ability to innovate continuously. Prior research has demonstrated the positive impact of hotel innovation on performance (Tajeddini, 2011; Chen et al., 2016). Innovation is viewed as a competitive mechanism for business performance and success; thus, it is a critical element for adjusting to a continuously evolving business environment (Blackwell, 2006). A recent study concluded that innovation is one of the fundamental factors for improving organisational performance and positively related to performance (Baker & Sinkula, 2002; Damanpour & Gopalakrishnan, 2001; Luk et al., 2008; Naranjo-Valencia et al., 2016; Uz Kurt et al., 2013). Previous studies on service innovation in the hospitality industry has been conducted (Islam et al., 2015; Shang et al., 2009; Storey and Kahn, 2010) and found that service innovation has a significant positive relationship with organisational performance (Crook et al., 2011; T.-S. Liao and Rice, 2010). Recent research by Harif et al. (2022) investigated open innovation toward hotel performance in Malaysia found that service innovation improves the organisational performance of the hospitality industry of Malaysia. However, little is known about innovation in relation to hotel performance in Malaysia involving both financial and non-financial performance. Rosli et al. (2022) also investigated innovation towards service performance in hotel industry in Malaysia. Therefore, the aim of this research

is to determine how innovation and involving financial and non-financial performance in Malaysia are connected.

The second problem is the concern about organisational culture (OC) and innovation in the hotel industry in Malaysia. Previous literature concurred that OC is one of the factors that influence innovation (Abdel Razek & Alsanad, 2014; Büschgens et al., 2013; Lin et al., 2013; Tellis et al., 2009). OC influences employee behaviour, which leads to individuals accepting innovation as a fundamental value of the organisation and feeling more involved (Hartmann, 2006). In the present economic environment, organisations must cope with increasing complexity and rapid change to survive. In such a context, organisations with innovative capabilities will respond faster to challenges, produce better products and services, and be better able to capitalise on market opportunities than companies that are not innovative (Jiménez-Jiménez, Sanz-Valle, & Rodriguez-Espallardo, 2008). Several other studies have also shown a strong relationship between OC and innovation (Chang & Lee, 2007; Obenchain & Johnson, 2004; Tellis et al., 2009).

The third problem of this study is addressing the gap in organisational culture and innovation in Malaysia's hotel industry. Although culture and innovation have been the topic of numerous academic studies, few have been conducted in the context of Malaysia's hotel industry. Hogan and Coote (2014) explore OC using Schein's dimension among law firms, while Nguyen et al. (2019) conducted a similar study focusing on the IT industry, and Aboramadan et al. (2020) examined the banking industry. Naranjo-Valencia et al. (2016) have asserted that innovation positively mediates the link between each type of organisational culture and performance in Spanish organisations and in the Pakistan Electric Power Company (Zeb et al., 2021). A number of studies agreed that for a hotel industry to improve its performance,

innovation plays an important role (De las Heras-Rosas & Herrera, 2021; Pascual-Fernández et al., 2021). Balli et al. (2021) investigated types of OC in firm innovation in the hotel industry among hotel employees. However, few studies emphasised organisational culture and innovation in the hotel industry among the top management.

Furthermore, innovative employees may show more desire to improve and work towards improving hotel performance. Therefore, this study investigates whether innovation is influenced by different types of OC using the CVF model as a mechanism to improve hotel performance. This research aims to identify the relationship between the CVF model and innovation. To date, there is limited research on innovation as a mediator in the relationship between OC and hotel performance in Malaysia.

The fourth problem is related to OC as a factor influencing performance. Previous studies have investigated OC as one of the factors influencing business performance (Mandal et al., 2020, Taha et al., 2020), and each type of culture had a different effect on performance in different organisations, customer satisfaction and employee development (Dikmen, 2017, Ekpenyong et al., 2016). Therefore, OC is vital because studies show it has a significant relationship with organisational performance (Chan et al., 2004; Glisson, 2007; Lau and Ngo, 1996; Ngo and Loi, 2008; Wilderom et al., 2000). Furthermore, culture directly influences performance because it affects people's behaviour (Galves & Garcia, 2011; Hofstede, 1988; Martins & Terblanche, 2003).

The relationship between OC and performance was studied in numerous empirical and theoretical studies, which seems to produce different performance outcomes in different research settings (Yesil & Kaya, 2013; Chang & Lin, 2007). There are many studies on OC dimensions that are linked to career management

(Wallach, 1983), organisational performance (Cameron & Quinn, 2006), and organisational effectiveness (Quinn & Rohrbaugh, 1983). Meanwhile, Martin (1992) investigated OC from three different perspectives: integration, differentiation, and fragmentation. Therefore, this study assesses OC using the Competing Values Framework (CVF) by Cameron and Quinn (2011) because it has been emphasised in several studies that it influences performance (Abu Tayeh & Mustafa, 2021; Asif & Sajjad, 2018; Khedhaouria et al., 2020; Lee & Kim, 2017; Mohammed & Ababneh, 2020). The application of CVF by Cameron and Quinn's (2011) in the hotel business environment has yet to be explored specifically in Malaysia. Hence, the current research is taking the challenge to employ CVF to support this study.

The last problem identified concerns how CI as a strategy tool influences hotel performance. Despite the numerous studies on strategy tools to improve hotel performance, there is little evidence on how CI influences hotel performance. CI is considered process and product widely known as a strategy tool to improve organisational performance (Calof & Sewdass, 2020; Jamal Ali & Anwar, 2021; Koseoglu et al., 2018; Markovich et al., 2019) and understands competitors' strategies (Markovich et al., 2019; Nzewi et al., 2016). It was noted that some industry players have little awareness of CI in hotels (Koseoglu et al., 2016). Moreover, researchers have yet to find conclusive evidence of CI's role in the hotel industry (Koseoglu et al., 2019; Salguero et al., 2019). However, CI utilisation has been successfully implemented in other industries, such as education (Garcia-Alsina et al., 2016), construction in Morocco (Sewdass & Toit, 2014), strategic CI professionals in Canada (Calof, 2017), and Small and Medium Enterprise Industry (Magasa & Mphahlele, 2014)

Thus, this research suggests that the relationship between innovation and hotel performance would produce better results by exploring a moderating variable, namely competitive intelligence. There are limited studies on Competitive Intelligence (CI) practices as a moderator in the relationship between innovation and hotel performance; hence, it broadens the research opportunities.

Previous studies have examined the relationship between CI and innovation (Amaeshi, 2021; Bao, 2020; Calof & Sewdass, 2020). However, not many studies have looked at the role of CI as a moderator in the relationship between innovation and hotel performance particularly in Malaysia. Nevertheless, there are numerous studies conducted on CI in the hotel industry, but they were based on practices in other countries (Bao, 2020; Köseoglu et al., 2016, 2019; Salguero et al., 2019). Therefore, this study hopes to be among the pioneers in studying CI practices in the hotel industry in Malaysia to help industry players improve their business performance.

Based on the problem mentioned above, despite some initial research on the connection between organisational components using the Competing Values Framework done in the context of organisational behaviour, the specific culture that relates positively towards hotel innovation and hotel performance remains poorly understood and under-examined. In particular, it is not clear whether there is a relationship existing between clan, adhocracy, market, and hierarchy towards innovation in hotels and also hotel performance. Previous contradictory findings were found to support the relationship between organisational culture and innovation (Khedhaouria et al., 2020; Mehmet, 2021; Prajogo & McDermott, 2011; Zeb et al., 2021). This study explored the relationship between those variables in the context of the hotel industry in Malaysia because limited evidence on the types of culture practices in hotel industry (Razali et al., 2018). One of the most important elements in

strategic management is competitive intelligence, which is examined as a moderator between the relationship between innovation and hotel performance. The prompt resolution of issues pertaining to hotel performance is imperative, as it has the potential to impact job opportunities within the community, thereby influencing the employment index. The raising of revenue by the hospitality industry, particularly the hotel sector, holds significant importance for countries due to its multiplier effects. Furthermore, in the event of underperformance within the hotel industry, there is a possibility of potential investors getting discouraged from investing and subsequently generating profits. In brief, this research addresses these problems by (1) developing and (2) validating a conceptual model of the relationships between existing components of organisational culture, including clan, adhocracy, market, and hierarchy culture, and innovation and hotel performance.

1.4 Research Objectives

1. To examine the relationship between every component of organisational culture (clan, adhocracy, market and hierarchy culture) and innovation
2. To examine the relationship between innovation and hotel performance
3. To examine the relationship between every component of organisational culture (clan, adhocracy, market and hierarchy culture) and hotel performance
4. To examine the mediating role of innovation in the relationship between every organisational culture (clan, adhocracy, market and hierarchy culture) and hotel performance

5. To examine the moderating role of competitive intelligence practices in the relationship between innovation and hotel performance

1.5 Research Questions

1. What is the relationship between every component of organisational culture (clan, adhocracy, market, and hierarchy culture) and innovation?
2. What is the relationship between innovation and hotel performance?
3. What is the relationship between every component of organisational culture (clan, adhocracy, market, and hierarchy culture) and hotel performance?
4. Does innovation mediate the relationship between every component of organisational culture (clan, adhocracy, market, and hierarchy culture) and hotel performance?
5. Does competitive intelligence practice moderate the relationship between innovation and hotel performance?

1.6 Significance of the study

The study, theoretically and practically, contributes to the field by integrating various perspectives of the organisational culture, innovation and competitive intelligence practices towards improving hotel performance. First, by examining the connections between the CVF model and innovation as a significant aspect in hotel performance, this study adds to the existing body of knowledge. Second, this study seeks to improve knowledge on innovation as a mediator variable between the CVF model and hotel performance. Finally, it is hoped to be one of the first to investigate

CI's role in the hotel industry in Malaysia. More research needs to be done in developing countries to figure out the relationship between the CVF model, innovation, and performance, especially in the hotel industry. Given the above discussion, two perspectives may be used to briefly illustrate the significance of this study.

1.6.1 Theoretical significance

This study has posed several implications. Firstly, it aims to provide empirical evidence on the relationship between each component of OC and innovation. This study will be among the first to address the connections between each culture practices by hotel organisation in Malaysia using Competing Values Framework by Cameron and Quinn (2011). Few studies have examined the different types of culture using the Competing Values Framework (CVF) in the hotel industry context (Aboramadan et al., 2020; Vasudevan et al., 2021; Zeb et al., 2021). In addition, it is important to identify which culture positively impacts innovation and influences hotel performance. The contributions of this study are manifold. First, the researcher integrates relevant and essential theory of Resource Based-View (RBV) to develop the proposed model for examining the relationship of each culture towards innovation and hotel performance. The integration of these theories will provide a more holistic analysis of organisational behaviour. The RBV theory integrates conventional strategy research and examines the rate, course, and effects of a diversification strategy on performance. It recognises the role of culture as a unique resource that can drive innovation, enhance knowledge creation and sharing, encourage risk-taking and experimentation, attract innovative talent, and contribute to organisational performance. In conclusion, the Resource-Based View theory contributes to organisational culture and innovation by highlighting