Syed Muhammad Hussain Raza / Jamil Anwar

Strategy-Performance Relationship Through Organizational Resilience: The Analysis of Tourism SMEs

Abstract

This paper aims to analyze the strategy-performance relationship through the mediation of organization resilience in tourism SMEs. Primary data was collected from 760 managers of tourism SMEs in the top five tourism destinations in Khyber Pakhtunkhwa (KP) province of Pakistan using multistage cluster sampling through researcher-administrated questionnaires. Miles and Snow's classification of SMEs' strategic orientations as Prospector, Analyzer, Defender and Reactors was used. AMOS-SEM was applied to analyze the strategy-performance relationship and mediation of organizational resilience.

The findings showed that strategy has a significant impact on organizational resilience and organizational performance. Organizational resilience mediates the strategy-performance relationship. Prospectors displayed the highest performance, followed by analyzers and defenders, while the performance of reactors was the lowest.

This was cross-sectional research conducted in tourism SMEs in the Pakistani context. The sector is time-specific; therefore, a longitudinal study can be undertaken in national and international contexts. The government's support in developing organizational resilience is rudimentary in the tourism sector due to its high vulnerability to environmental jolts. This empirical research contributed to the least-researched sector of tourism SMEs in Pakistan operating in distinct segments of tourism SMEs.

Keywords: strategy, organizational performance, organizational resilience, Miles & Snow, tourism SMEs, Khyber Pakhtunkhwa, Pakistan

1. Introduction

The literature on strategy is replete with expectations of superior firm performance achieved through aligning internal and external dynamics of organizations for sustainable competitive advantage (Barney, 1991; Porter, 1985). Strategy-performance relationship is a central theme in strategic management globally, particularly in developing countries where the focus is on large organizations and research on small and medium-sized enterprises (SMEs) is relatively low. Miles and Snow's (1978) typology is the most enduring strategy classification in empirical studies on SMEs. Performance is measured by financial and non-financial indicators (Avci et al., 2011; Melián-Alzola et al., 2020; Parnell, 2019). The specification of SMEs' strategy-performance relationship becomes challenging due to smaller size, lack of formal planning, and differences in operations (Parnell, 2019). Few studies have used the Miles and Snow (1978) strategy classification in SMEs with financial and non-financial measures.

Recently, this focus on strategy-performance relationship in SMEs has shifted towards their ability to absorb shocks, thrive for survival, develop organizational resilience and use entrepreneurial orientation (Hillmann et

Syed Muhammad Hussain Raza, Corresponding Author, COMSATS University Islamabad, Abbottabad Campus, Pakistan;
ORCID ID: https://orcid.org/0000-0003-4014-6154; e-mail: smhraza@gmail.com

Jamil Anwar, PhD, Assistant Professor, COMSATS University Islamabad, Abbottabad Campus, Pakistan;
ORCID ID: https://orcid.org/0000-0002-3737-2620; e-mail: jamilanwar@cuiatd.edu.pk

Original Research Article
Vol. 73/ No. 1/ 2025/ 69 - 82
UDC: 338.486.2(549.1); https://doi.org/10.37741/t.73.1.5

al., 2021; Iborra et al., 2020; Melián-Alzola et al., 2020). SMEs, being entrepreneurial ventures with scarce resources, are prone to extinction due to major external turbulences. According to Iborra et al. (2020), SMEs' organizational resilience is a significant concern of strategic management in growing economies due to a lack of agility, strategic consistency, and slack resource availability. Hillmann et al. (2021) cautioned that SMEs' resilience operates differently than large enterprises and needs to be studied exclusively. Chen et al. (2021) highlighted institutional theory, which explains the degree of disturbance any SME can bear before becoming dysfunctional and subsequently perish. Ketter (2022) identified the study of organizational resilience in the tourism sector as a growing phenomenon still in the exploratory stage. Melián-Alzola et al. (2020) highlighted that tourism SMEs are the most vulnerable entities due to their greater exposure to external events such as economic slumps and environmental jolts.

In the recent past, the world has encountered COVID-19 as an unprecedented pandemic, which necessitated lockdowns at the global level and impacted the functioning of every economy, especially restrictions on travelling, which paralyzed the tourism sector (Harchandani & Shome, 2021). As a significant chunk of organizations operating in the tourism sector are made up of SMEs, tourism was almost halted, and a lack of research on organizational resilience in the tourism sector was realized (Lončarić et al., 2022). A decline of 49.1% in global tourism was reported by World Travel and Tourism Council (WTTC, 2021) in its annual report, which affected every country, including Pakistan.

Pakistan has immense tourism potential, significantly contributing to the national exchequer. However, the country's position on the Travel and Tourism Competitiveness Index (TTCI), as measured by the World Economic Forum (WEF), indicated below-average performance. Approximately 3.8 million SMEs are operating in various sectors in Pakistan, which are considered growth engines and constitute more than 90% of the total business activities in the country. These SMEs are broadly categorized into service, startups, manufacturing and food trading (Burhan et al., 2020). Researchers believe Pakistan's tourism sector has vast untapped potential, with around 1.17 million tourism SMEs being run by local entrepreneurs (Burhan et al., 2020). The significant contribution of tourism SMEs to the country's economy (approximately 4.4% to GDP and 4.8% to employment) makes it a crucial sector where strategic planning and organizational resilience are direly needed. According to Javed et al. (2020), approximately 64% of SMEs in Pakistan would not survive over 3-months of closure without governmental support. Arshad et al. (2018) found tourism SMEs in Pakistan lack the required organizational resilience to respond to a volatile external environment, and their survival looms at the brink of extinction. For instance, during COVID-19, the contribution of tourism to Pakistan's GDP plunged from 5.7% to 4.4% (WTTC, 2021).

In the Pakistani context, KP province's five destinations topped in tourism influx in 4 days of Eid holidays from Jul 22, 2021, to Jul 25, 2021, i.e. Abbottabad, Manshera, Swat, Chitral, and Dir (KP Tourism, 2023). Scant literature was found on the relationship among strategy using Miles and Snow's (1978) topology, organizational resilience, and SMEs' performance in developing countries (Prayag et al., 2018). Additionally, no study has provided any information on the differences among SMEs operating in distinct tourism segments (hotels, restaurants, travel agencies, nature parks, and training institutes in tourism).

The main objective of this research was to analyze the impact of the strategy-performance relationship in tourism SMEs located in the top five tourism destinations in the KP province of Pakistan. The study also aimed to investigate the mediation effect of organizational resilience on strategy-performance relationships. Through multistage cluster sampling, the research used a sample of 760 managers of tourism SMEs operating in the top five tourist districts of KP province. The strategy construct was operationalized using Woodside et al. (1999) rules of weak and robust plurality through Conant et al.'s (1990) measurement scale. Return on investment (ROI), average sales growth (ASG), and average market share growth (AMSG) are financial measures of performance, and SME image & reputation and brand loyalty are non-financial measures of performance. Organizational

resilience was operationalized using Orchiston et al.'s (2016) measurement scale developed for the tourism sector. The results and structured equation modelling (SEM) were analyzed using SPSS and AMOS.

This paper has been organized as a literature review in the next section, followed by research methodology, results & discussion, theoretical and practical implications and limitations for future research directions.

2. Theoretical foundation

Organizations draw upon the core idea of contingency theory that "there is no one best way" to create a fit between their strategies and resources (Fiedler, 1964). The model used in this research is based on contingency and institutional theory (Figure 1). Barney (1991) viewed strategy as a device that firms use to exploit internal resources, capitalize on external opportunities, remove environmental threats and rectify internal weaknesses. Choice of innovative, resilient, prudent and deliberate strategy is essential for setting strategic orientation, which helps the firm attain a sustainable competitive advantage (Zapalska & McCutcheon, 2024). Luoma (2015) emphasized the role of management in deciding to pursue an adequate strategy. A well-formed strategy leads to resource slack, greater organizational resilience, better performance and improved sustainability (Iborra et al., 2020).

According to institutional theory, organizations are social structures that have attained high resilience and stability through their social normative process (Scott, 1987). He highlighted that the institution connotes stability subject to incremental and discontinuous change. Chen et al. (2021) posit that stable systems can be explained with a system resilience perspective, which is the sublimation of institutional theory, where the system returns to equilibrium after turbulence.

3. Literature review and hypotheses development

3.1. Strategy

Alfred Chandler (1962) defined strategy as a long-term goal-seeking approach. There are numerous strategic typologies for the strategic orientation of firms, including Michael Porter's (1980) and Miles and Snow's (1978) typology, which presents prospector, analyzer, defender and reactor strategic types. Prospectors are open-ended and search for new products and markets through exploration. On the other side, defenders are organizations that focus on narrow markets and try to maintain their positions through efficiency and quality control. Analyzers place themselves between prospectors and defenders and try to balance the possibilities of prospectors on the one hand and that of defenders on the other. Anwar et al. (2016) studied business as main indicator of organizational performance. Researchers opine that these three strategies are valid strategic types and, if appropriately applied, can bring better performance, while Reactors follow non-valid strategies and produce results below valid strategies.

3.2. Organizational performance

Organizational performance (OP) is achieving goals effectively and efficiently (Daft, 2000). Organizational performance is an important concept, yet its definition and measurement are complex due to its multidimensional and complex nature. Patriarca et al. (2018) recommended using financial and non-financial measures to ascertain OP. Researchers use financial or non-financial or a combination of economic and non-financial measures to evaluate OP. The performance of tourism SMEs is getting significant attention in academic circles nowadays (Melián-Alzola et al., 2020; Pathak & Joshi, 2021; Prayag, Ozanne, et al., 2020). This research used financial measures such as ROI, ASG and AMSG and non-financial measures such as SMEs' image & reputation and customer loyalty for OP.

3.3. Organizational resilience

The concept of organizational resilience is fuzzy and ambiguous owing to the plethora of definitions, confusion about process or end-state status and use in different fields of studies like positive psychology, ecology, crisis and disaster studies, engineering, and management (Chen et al., 2021; Hillmann & Guenther, 2021; Linnenluecke, 2017). "Resilience" is derived from the Latin word 'Resilere', meaning 'to spring back' or to get back to an earlier state after responding to a rapid change (Rodríguez-Sánchez et al., 2021). Researchers view resilience as not a reason to recover from a crisis but a source of sustainable competitive advantage. Chen et al. (2021) define OR as the "ability of an organization to reconfigure organizational resources, optimize organizational processes, and reshape organizational relationships".

3.4. Strategy –Organizational performance relationship

The relationship between strategy performance is well established in light of the contingency theory, which states that an adequate strategy results in superior performance. Alfred (1962) opined that selecting a proper strategy depends on internal and external contingencies. Researchers pointed out that managers tirelessly seek the 'right strategy' to get better performance. A well-defined strategy is bound to bring expected results. Avci et al. (2011) found that performance depends on a strategy contingent on the business's internal and external environment. Melián-Alzola et al. (2020) advocate for empirical studies on the strategy-performance relationship in tourism SMEs. Therefore, it is hypothesized that tourism SME strategy positively impacts its performance.

H1: Strategy is positively related to Organizational Performance.

3.5. Strategy – Organizational resilience relationship

Meyer (1982) posited organizational resilience emanates from strategy. According to institutional theory, strategy leads to organizational stability, characteristic of reliability and resilience. de Oliveira Teixeira and Werther Jr (2013) declared strategy a prime antecedent of organizational resilience. Melián-Alzola et al. (2020) posited strategy as a predictor of organizational resilience in the hotel industry. Chen et al. (2021) pleaded that strategy formulation and implementation derived from the organization's vision become part and parcel of the organization; hence, a lean strategy becomes the basis of strategic resilience. Parnell et al. (2015) noted the need for further investigation into strategy-resilience relationships. It was hypothesized that tourism SME strategy positively impacts organizational resilience.

H2: Strategy is positively related to Organizational Resilience.

3.6. Organizational resilience – Organizational performance relationship

Due to the multi-disciplinary and fuzzy nature of organizational resilience, it has rarely been studied with organizational performance. From a theoretical perspective, highly reliable and resilient organizations continuously monitor their performance for optimal utilization of internal resources, drawing on RBV theory (Barney, 1991; Roberts, 1990). Chowdhury et al. (2018) found a positive association between organizational resilience and organizational performance in tourism SMEs. Moreover, they pointed out the need for empirical studies on resilience and performance relationships. Suryaningtyas et al. (2019) found that organizational resilience is positively and directly related to organizational performance in the hotel industry. Melián-Alzola et al. (2020) asserted that the organizational resilience of SMEs leads to better performance in the hotel industry. Thus, it was hypothesized that tourism SMEs' organizational resilience positively relates to organizational performance.

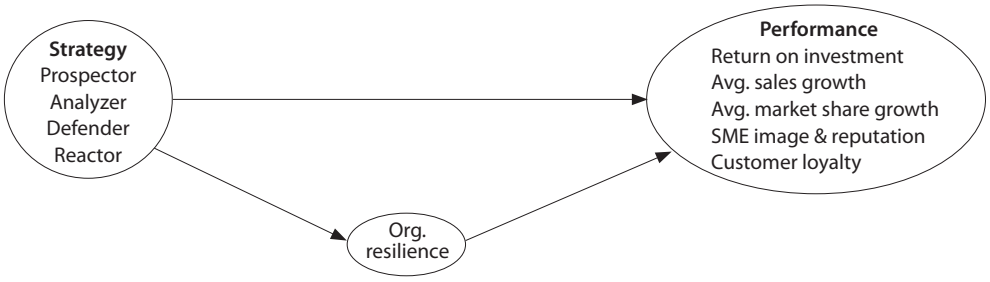
H3: Organizational Resilience is positively related to Organizational Performance.

3.7. Organizational resilience has a mediating role between strategy and performance

Meyer (1982) posited strategy directly predicts organizational resilience, resulting in better organizational performance. From a theoretical perspective, aligning internal and external contingencies is the source of high reliability and resilience, resulting in optimal organisational resource utilisation and sustainable competitive advantage (Barney, 1991; Fiedler, 1964; Roberts, 1990). Suryaningtyas et al. (2019) highlighted that the mediating role of organizational resilience to organizational performance must be studied in a larger sample in different industries. Prayag et al. (2018) demanded further studies on organizational resilience and organizational performance relationships, as very scant research is available in management. Therefore, it was hypothesized that organizational resilience mediates the strategy-performance relationship.

H4: Organizational Resilience mediates Strategy – Performance relationship

Figure 1
The research model



4. Research methodology

4.1. Sample and data collection

Cross-sectional, primary data was collected from tourism SMEs located in five tourism destinations in KP province. There are three reasons for the selection of KP province. Firstly, major national tourist destinations in this province (KP Tourism, 2023). Secondly, the Provincial government has been undertaking severe efforts to promote tourism as a source of economic development (Arshad et al., 2018). Thirdly, a tremendous influx of domestic and foreign tourists has been witnessed because of the better infrastructure and KP province's declaration as the most favourite national tourist destination (Arshad et al., 2018). This paper adopts the definition of SME by the State Bank of Pakistan (SBP) using asset and sales criteria as "any private economic establishment engaged in manufacturing, trading or service providing business with net annual turnover or sales up to Rs.300 million in a fiscal year" (SBP, 2023).

Data was collected from Abbottabad, Manshera, Swat, Chitral and Dir districts of KP province of Pakistan as per the classification of the KP Tourism Department according to Schedule I of Tourism Act 2019 (KP Tourism, 2023) by visiting tourism SMEs and administrating questionnaires. Tourism SMEs are broadly categorized into A to E types. Type A comprises hotels, restaurants, inns, etc. Type B includes tour operators, vehicle hire, travel agencies, etc. Type C comprises parks, nature trails, etc. Type D comprises photographers, vendors, and adventure tour operators. Type E comprises training institutes in tourism. The population of this research was tourism SMEs operating in five destinations, accounting for 80% (0.12 million tourism SMEs) of total tourism in KP province (Shah et al., 2018).

Multistage cluster sampling was appropriate for sample selection due to the geographical dispersion of tourism SMEs among clusters (Hair et al., 2010). Details of SMEs were obtained in the primary stage by the

KP Culture and Tourism Authority (KPCTA). A proportionate sample was collected from each cluster using random sampling based on the cluster size in the secondary stage. The rule of thumb for SEM analysis is '10 time rules' or a minimum sample size of 200 (Hoyle, 1995). Kline (2015) suggested that the total number of parameters can be multiplied by ten to draw a robust sample *(N:q)*. Questionnaire items (50) made 590 as the minimum sample size. Data was collected through researcher-administrated questionnaires from the manager of 760 tourism SMEs from April to October 2022 by visiting shortlisted SMEs when tourism activities were in full swing in the summers. These questionnaires are specifically preferred when data accuracy and a deeper understanding of the phenomenon in a study is the main objective. To overcome social desirability bias, non-disclosure statements and the anonymity of respondents were assured (Ranjit, 2022). Six questionnaires were incomplete and discarded during sifting. The data was analyzed through AMOS-SEM & SPSS 23.

4.2. Measures

The primary constructs used in this research were strategy, organizational resilience and organizational performance. Already established and validated measurement scales were used in the questionnaire to collect data. Before full-scale research, a pilot study was conducted in November 2021 with the same instrument in Abbottabad city of KP province, where a Cronbach alpha value of 0.73 established the scale's reliability. According to Schmitt (2011), CFA is required either when significant changes have been incorporated in scale implementation like a change of language, change of context and modification in scale items, while in our case, context is the same, i.e. tourism sector and no change in scale items has been performed. For the categorization of SMEs based on their strategic orientation, commonly used Conant et al. (1990) 11-item scale, each having four choices corresponding to each strategy type (prospector, analyzer, defender and reactor) was used. Respondents selected one out of four predominant strategies for each item; then, the construct was operationalized using the Woodside et al. (1999) method based on weak and robust plurality rules. Weak plurality rule is based on majority rule, while strong plurality rule is based on relative purity. The mediator variable organizational resilience assessment was obtained through a scale developed by Orchiston et al. (2016) to evaluate OR in tourism SMEs. The scale has thirteen items on the Likert scale. Finally, the dependent variable, organizational performance, was measured using the Melián-Alzola et al. (2020) scale for perceived OP through questionnaires. There were five items (ROI, ASG, AMSG, SME Image and Reputation and Customer loyalty) in scale which were responded to on a Likert scale ranging from shallow level to very high level of performance in the last five years of selected SME.

5. Results and discussion

5.1. Demographic statistics

The demographic statistics in Table 1 show a minimum presence of women (only 5.3%) having managerial positions in KP's tourism SMEs, reflecting cultural traditions in KP province. Additionally, 97% of managers were in the age bracket (between 30 years to 50 years) having educational qualifications up to graduation (around 84%), which is very encouraging. Most managers had work experience of less than 10 years, while only approximately 16% of managers had more than 10 years experience in the tourism industry. About half of the sampled SMEs had 10 to 20 staff members employed regularly. All tourism SMEs have less than 20 years of lifespan, which shows low life expectancy.

Table 1
Demographics statistics

Parameter	Description	Number	Per cent
Gender	Male	714	94.6
	Female	40	5.30

Table 1 ***(continued)***

Age group	<30	296	39.2
	31-40	220	29.1
	41-50	216	28.6
	>50	22	2.90
Work experience	0-10	637	84.4
	10-20	117	15.5
Education	Less than graduation	56	7.40
	Graduation	575	76.2
	Post-graduation	123	16.3
No of employees	0-10	188	24.9
	10-20	363	48.1
	>20	203	26.9
Age of SMEs	0-10	372	49.3
	10-20	378	50.1
	>20	4	0.50

5.2. Descriptive statistics

Descriptive statistics, composite reliability (CR) and correlations of primary constructs used in this research are presented in Table 2. The reliability measures of primary constructs were established through Cronbach's alpha, and all values were above 0.89 (strategy= one being observed variable, organizational resilience=0.92 and organizational performance=0.89). Results indicated a significant positive correlation between strategy and organizational performance ($r = 0.72$, $n = 754$ and $p < 0.00$). Strategy constructs significantly correlated with organizational resilience ($r = 0.78$, $n = 754$ and $p < 0.00$). Thirdly, organizational resilience and performance results also had a significant positive correlation ($r = 0.79$, $n = 754$, $p < 0.00$).

Table 2
Descriptive statistics

	Mean	SD	A	(1)	(2)	(3)
(1) Strategy	2.75	0.93	1	1		
(2) Organizational resilience	2.35	0.61	0.92	0.78**	1	
(3) Organizational performance	2.47	0.70	0.89	0.72**	0.79**	1

Note. SD: standard deviation. α: Cronbach's alpha.
**p < 0.01. *p < 0.05.

5.3. Mean comparisons

Means comparisons of four strategy types with organizational performance indicators are presented in Table 3. Prospectors' performance is the highest, followed by analyzers and defenders. The reactor performed poorly in terms of all performance measures. Within strategic types, Prospector SMEs were highest in ROI and brand loyalty while lowest in SME image and reputation. Analyzer SMEs were highest in ASG and brand loyalty while lowest in AMSG. Defender SMEs remained highest in brand loyalty while lowest in AMSG. Reactors had the highest brand loyalty, while AMSG had the weakest.

Table 3
Mean comparisons of strategy types

Strategy type	N (%)	Organizational performance				
		ROI	ASG	AMSG	SME image & reputation	Brand loyalty
Prospector	163 (21.61%)	3.26	3.09	3.02	2.96	3.26
Analyzer	335 (44.43%)	2.62	2.68	2.58	2.67	2.68
Defender	164 (21.75%)	2.03	1.98	1.85	1.93	2.04
Reactor	92 (12.20%)	1.75	1.63	1.33	1.40	1.79

Note. ROI=Return on investment. ASG= Average sales growth. AMSG= Average market share growth.

5.4. Mean comparisons of SME clusters

Means comparisons of organizational performance of five distinct SME clusters following different strategies are presented in Table 4. Prospectors were better in all SME types, analyzers and defenders clinched second and third place, and reactors performed the least. The highest percentage of SMEs followed the analyzer strategy in cluster A, while the lowest rate of SMEs followed the reactor strategy in cluster E. Prospectors performed highest in hotels, restaurants, inns and motels while lowest in tour operators, vehicle hire and travel agencies. Prospectors performed highest in hotels, restaurants, inns and motels while lowest in tour operators, vehicle hire and travel agencies. Analyzers performed highest in hotels, restaurants, inns and motels while lowest in nature parks, trails and resorts. Defenders performed highest in nature parks, trails, and resorts, while they performed lowest in training institutions. Reactors performed highest in tour operators, vehicle hire and travel agencies while lowest in nature parks, trails, resorts and adventure training operators.

Table 4
Mean comparisons of SME types

SME cluster	Avg. organizational performance / Strategy types N,(%)			
	Prospectors	**Analyzers**	**Defenders**	**Reactors**
A: Hotels, restaurants, inns, motels etc.	3.15** 66, (8.75%)	2.71** 143, (18.97%)	1.92 56, (7.43%)	1.58 29, (3.85%)
B: Tour operators, vehicle hire, travel agencies etc.	3.10* 33, (4.38%)	2.64 95, (12.6%)	1.97 47, (6.23%)	1.70** 25, (3.32%)
C: Nature parks, trails, resorts etc.	3.14 26, (3.45%)	2.53* 37, (4.91%)	2.10** 24, (3.18%)	1.47* 12, (1.59%)
D: Adventure tour operators	3.10 23, (3.05%)	2.60 37, (4.91%)	1.94 23, (3.05%)	1.47* 18, (2.39%)
E: Training institutions in tourism	3.08 15, (1.99%)	2.58 23, (3.05%)	1.91* 14, (1.86%)	1.62 8, (1.06%)

*** Highest organizational performance. * Lowest organizational performance.*

5.5. Convergent and discriminant validity

Convergent validity was established through average variance extracted (AVE). Results of AVE, convergent reliability (CR) and discriminant validity are presented in Table 5. AVE measures for organizational resilience and performance were 0.50 and 0.62, respectively. Similarly, the CR value for organizational resilience and performance was 0.91 and 0.89, respectively. CR values of all constructs were found above cut-off values of 0.5 and 0.7, as Hair et al. (2010) recommended. Discriminant validity was established through the Fornell and Larcker (1981) criterion. The condition of discriminant validity is satisfied as presented.

Table 5
Convergent and discriminant validity

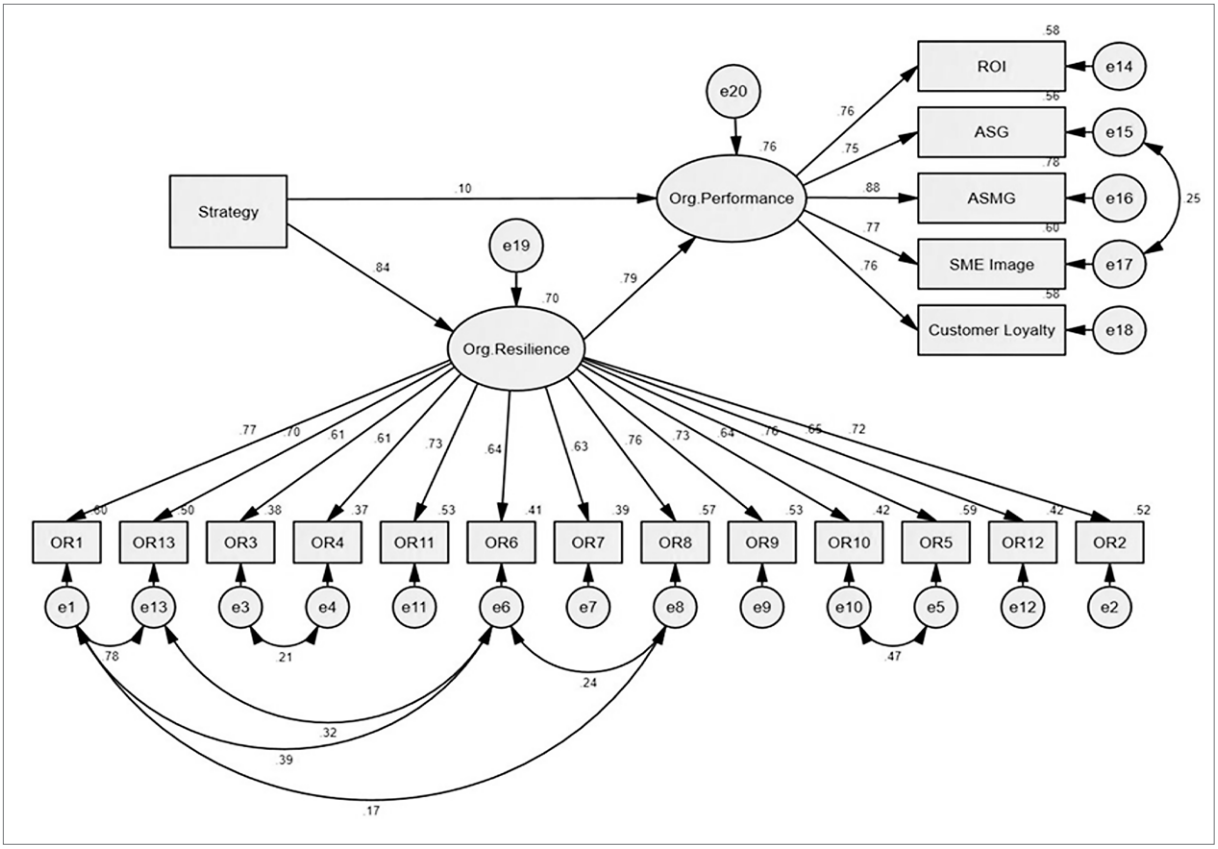
	CR	AVE	(1)	(2)
(1) Organizational resilience	0.91	0.50	0.67	
(2) Organizational performance	0.89	0.62	0.08	0.78

Note. AVE: Average variance extracted. CR: Composite reliability.

5.6. Path summary and model fit

SEM analysis using AMOS was performed to evaluate the hypothesized model fit. A graphical representation of the path diagram is presented in Figure 2.

Figure 2
AMOS-SEM mediation analysis



Path summary (Table 6) revealed that the relationship between strategy performance and organizational resilience was insignificant in the presence of organizational resilience as a mediating variable. The prospector's performance remained highly above the organizational performance of all strategies, while the analyzer's performance was also above average. In the case of defenders, performance was lower than average organizational performance, while reactors were significantly lower.

Table 6
Path summary

Path	Std. estimate	C.R.	Hypothesis testing / comments
Strategy → OP	0.09	1.95	H1 is *rejected*
Strategy → OR	0.84	22.64***	H2 is *supported*
OR → OP	0.79	12.54***	H3 is *supported*
Prospector → OP	0.50	13.10***	Highly significant positive correlation at 95% C.I.
Analyzer → OP	0.25	6.49***	Significant positive correlation at 95% C.I.
Defender → OP	-0.39	-10.13***	Significant negative correlation at 95% C.I.
Reactor → OP	-0.50	-13.24***	Highly significant negative correlation at 95% C.I.

Note. C.R.=Critical ratio. Std. estimate= Standardized estimate. C.I.= Confidence interval.

Model fit indices calculated include $\chi^2/df = 2.59$; root mean square residue (RMR) = 0.02; goodness-of-fit index (GFI) = 0.95; adjusted goodness-of-fit index (AGFI) = 0.93; normed fit index (NFI) =0.96; Tucket–Lewis index (TLI) = 0.97; comparative fit index (CFI) = 0.98; parsimony normed fit index (PNFI) = 0.80; parsimony confirmatory fit index (PCFI) = 0.81 and root mean square error of approximation (RMSEA)

= 0.05. Values concurred with the recommended values, indicating that the hypothesized model fit well (Table 7).

Table 7
Model fit indices

Index	Model value	Recommended value	Reference
χ^2 / df	2.59	<3	Hooper & Coughlan (2008)
RMR	0.02	<0.05	Diamantidis & Chatzoglou (2019)
GFI	0.95	>0.90	Hair et al. (2010)
AGFI	0.93	>0.80	Gefen et al. (2000)
NFI	0.96	>0.90	Byrne (2016)
TLI	0.97	>0.90	Byrne (2016)
CFI	0.97	>0.90	Byrne (2016)
PNFI	0.80	>0.50	Mulaik et al. (1989)
PCFI	0.81	>0.50	Mulaik et al. (1989)
RMSEA	0.05	<0.07	Steiger (2007)

5.7. Regression analysis

H1 tested the relationship between strategy and organizational performance. The positive relationship between the two variables was confirmed ($\beta = 0.98$, $t = 17.60$ and $p < 0.00$). Hence, H1 is supported in the absence of a mediator variable while rejected in the presence of a mediator variable. A positive relationship exists between strategy and organizational resilience ($\beta = 0.93$, $t = 21.28$ and $p < 0.00$). Hence, H2 is supported. H3 hypothesized a positive relationship between organizational resilience and organizational performance, and the results confirmed that H3 is supported ($\beta = 0.35$, $t = 5.68$ and $p < 0.00$). Hence, the regression analysis established these three direct relationships in the study.

5.8. Test for mediation

Preacher and Hayes (2008) recommended using the bootstrapping method for testing mediation between research variables to reach reliable inferential results. This research used bootstrapping for mediation analysis. Results are shown in Table 8. With 754 observations, 5000 bootstraps were applied with a 95% bias-corrected confidence interval, and the bootstrapped percentile was used to determine the indirect effect.

Table 8
A total, direct and indirect effect of OR on OP

Effect of OR on OP	Effect	Se	T	P	LLCI	ULCI
Total effect	0.52	0.02	37.13	0.00	0.48	0.57
Direct effect	0.07	0.03	1.95	0.05	-0.00	0.13
Indirect effect	0.46	0.04	35.17	0.00	0.39	0.53

Note. N=754. LLCI= lower-level confidence interval. ULCI=upper-level confidence interval.

From Table 8, the significant indirect effect of strategy was found on organizational performance routing through organizational resilience as zero falls outside the 95% confidence interval (0.39, 0.53). The direct impact is insignificant at a 95% confidence interval with a p-value of 0.51 and zero falling within the confidence interval (-0.00,0.13). This implies that organizational resilience fully mediates the relationship between strategy and organizational performance. Interestingly, the strategy-performance relationship remains significant at a 95% confidence interval without a mediator variable. This implied that the mediation of organizational resilience does not support H1. Therefore, it is concluded that organizational resilience fully mediates the relationship between strategy and performance.

6. Discussion

This research primarily investigated the relationship between strategy and performance through the mediating role of organizational resilience in Pakistan's tourism SMEs. The strategy was a significant predictor of organizational performance, consistent with earlier studies (Avci et al., 2011; González-Rodríguez et al., 2018; Melián-Alzola et al., 2020). The present study concluded that organizational resilience in tourism SMEs fully mediates the strategy-performance relationship. This implies that strategy is not only a significant predictor of organizational performance but also a robust antecedent of organizational resilience supported by previous research findings (Nyaupane et al., 2020; Patriarca et al., 2018; Prayag, Ozanne et al., 2020; Prayag, Spector, et al., 2020; Suryaningtyas et al., 2019). The results proved that a well-formed strategy improves the organization's internal processes. Adopting the prospector strategy yielded the highest performance results, followed by the analyzer and defender strategies.

6.1. Implications of the study

The research on the strategy-performance relationship in the context of tourism SMEs is sparse. In the present study, organizational resilience is posited as a mediating variable that underlies and explains the positive impact of strategy on organizational performance. In concordance with the contingency and institutional theory of organizations, this research extends theoretical underpinning for SMEs. Since these results established complete mediation of organizational resilience, it encouraged future researchers to identify other potential mediators in the relationship between strategy and organizational performance. This study's findings have valuable practical implications for strategic policymakers, researchers and practitioners.

6.2. Limitations and directions for future research

Despite the robustness of the study, there are certain shortcomings as well. Firstly, organizational resilience should be studied to overcome the vulnerabilities of tourism SMEs owing to their fragile nature in pre- and post-COVID-19 scenarios, where comparative studies of pre-COVID-19 and post-COVID-19 measures can be highly revealing. Secondly, this research only focused on one province of Pakistan, while much-untapped tourism potential is available in other regions. It is suggested that a more comprehensive study be undertaken at the national level, including all top tourism destinations. Thirdly, this study used perceived measures of SMEs' strategy, resilience and performance, which is subjective. Future studies may undertake a combination of subjective and objective measures. Additionally, translating the questionnaire into the local language may be considered for recording more accurate responses than in English, necessitating the researcher-administration of questionnaires.

References

Alfred, C. (1962). Strategy and structure: *Chapters in the history of the industrial enterprise*. MIT Press.

Anwar, J., Shah, S., & Hasnu, S. (2016). Business strategy and organizational performance. *Pakistan Economic and Social Review, 54*(1), 97-122.

Arshad, M.I., Iqbal, M.A., & Shahbaz, M. (2018). Pakistan tourism industry and challenges: A review. *Asia Pacific Journal of Tourism Research, 23*(2), 121-132. https://doi.org/10.1080/10941665.2017.1410192

Avci, U., Madanoglu, M., & Okumus, F. (2011). Strategic orientation and performance of tourism firms: Evidence from a developing country. *Tourism Management, 32*(1), 147-157. https://doi.org/10.1016/j.tourman.2010.01.017

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*(1), 99-120. https://doi.org/https://doi.org/10.1177/014920639101700108

Burhan, M., Swailes, S., Hameed, Z., & Ali, I. (2020). HRM formality differences in Pakistani SMEs: A three-sector comparative study. *Employee Relations: The International Journal, 42*(6), 1513-1529. https://doi.org/10.1108/er-11-2019-0440

Byrne, B.M. (2016). *Structural equation modelling with AMOS: Basic concepts, applications, and programming*. Routledge.

Chen, R., Xie, Y., & Liu, Y. (2021). Defining, conceptualizing, and measuring organizational resilience: A multiple case study. *Sustainability, 13*(5), Article 2517. https://doi.org/10.3390/su13052517

Chowdhury, M., Prayag, G., Orchiston, C., & Spector, S. (2018). Postdisaster social capital, adaptive resilience and business performance of tourism organizations in Christchurch, New Zealand. *Journal of Travel Research, 58*(7), 1209-1226. https://doi.org/10.1177/0047287518794319

Conant, J.S., Mokwa, M.P., & Varadarajan, P. R. (1990). Strategic types, distinctive marketing competencies and organizational performance: A multiple measures-based study. *Strategic Management Journal, 11*(5), 365-383. https://doi.org/10.1002/smj.4250110504

Daft, R.L. (2000). *Organization theory and design*. South-Western College Publishing; Thomson Learning.

de Oliveira Teixeira, E., & Werther Jr, W.B. (2013). Resilience: Continuous renewal of competitive advantages. *Business Horizons, 56*(3), 333-342. https://doi.org/https://doi.org/10.1016/j.bushor.2013.01.009

Diamantidis, A.D., & Chatzoglou, P. (2019). Factors affecting employee performance: An empirical approach. *International Journal of Productivity and Performance Management, 68*(1), 171-193. https://doi.org/https://doi.org/10.1108/ijppm-01-2018-0012

Fiedler, F.E. (1964). A contingency model of leadership effectiveness. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 1, pp. 149-190). Elsevier.

Gefen, D., Straub, D., & Boudreau, M.-C. (2000). Structural equation modelling and regression: Guidelines for research practice. *Communications of the Association for Information Systems, 4*, Article 7. https://doi.org/https://doi.org/10.17705/1cais.00407

González-Rodríguez, M.R., Jiménez-Caballero, J.L., Martín-Samper, R.C., Köseoglu, M.A., & Okumus, F. (2018). Revisiting the link between business strategy and performance: Evidence from hotels. *International Journal of Hospitality Management, 72*, 21-31. https://doi.org/10.1016/j.ijhm.2017.11.008

Hair, J.F., Anderson, R.E., Babin, B.J., & Black, W.C. (2010). *Multivariate data analysis: A global perspective* (Vol. 7). Pearson.

Harchandani, P., & Shome, S. (2021). Global tourism and COVID-19: An impact assessment. *Tourism: An International Interdisciplinary Journal, 69*(2), 262-280. https://doi.org/https://doi.org/10.37741/t.69.2.7

Hillmann, J., & Guenther, E. (2021). Organizational resilience: A valuable construct for management research? *International Journal of Management Reviews, 23*(1), 7-44. https://doi.org/10.1111/ijmr.12239

Hooper, D., & Coughlan, J., & Mullen, MR (2008). Structural equation modelling: Guidelines for determining model fit. *Electronic Journal of Business Research Methods, 6*(1), 53-60.

Hoyle, R.H. (1995). *Structural equation modeling: Concepts, issues, and applications*. Sage.

Iborra, M., Safón, V., & Dolz, C. (2020). What explains the resilience of SMEs? Ambidexterity capability and strategic consistency. *Long Range Planning, 53*(6), Article 101947. https://doi.org/10.1016/j.lrp.2019.101947

Javed, S.A., & Ayaz, M.U. (2020). *SDPI report on projected impact of lockdown on SMEs in Pakistan*. http://hdl.handle.net/11540/11908

Ketter, E. (2022). Bouncing back or bouncing forward? Tourism destinations' crisis resilience and crisis management tactics. *European Journal of Tourism Research, 31*, 3103-3103. https://doi.org/https://doi.org/10.54055/ejtr.v31i.2748

Kline, R.B. (2015). *Principles and practice of structural equation modelling*. Guilford Publications.

KP Tourism. (2023). https://kptourism.com/

Linnenluecke, M.K. (2017). Resilience in business and management research: A review of influential publications and a research agenda. *International Journal of Management Reviews, 19*(1), 4-30. https://doi.org/10.1111/ijmr.12076

Lončarić, D., Popović, P., & Kapeš, J. (2022). Impact of the COVID-19 pandemic on tourism: A systematic literature review. *Tourism: An International Interdisciplinary Journal, 70*(3), 512-526. https://doi.org/https://doi.org/10.37741/t.70.3.12

Luoma, M.A. (2015). Revisiting the strategy-performance linkage: Applying an empirically derived typology of strategy content areas. *Management Decision, 53*(5), 1083-1106. https://doi.org/https://doi.org/10.1108/md-10-2014-0593

Melián-Alzola, L., Fernández-Monroy, M., & Hidalgo-Peñate, M. (2020). Hotels in contexts of uncertainty: Measuring organizational resilience. *Tourism Management Perspectives, 36*, Article 100747. https://doi.org/10.1016/j.tmp.2020.100747

Meyer, A.D. (1982). Adapting to environmental jolts. *Administrative Science Quarterly, 27*(4), 515-537. https://doi.org/10.2307/2392528

Miles, R.E., Snow, C.C., Meyer, A.D., & Coleman, J. (1978). Organizational strategy, structure, and process. *Academy of Management Review, 3*(3), 546–562. https://doi.org/https://doi.org/10.5465/amr.1978.4305755

Mulaik, S.A., James, L.R., Van Alstine, J., Bennett, N., Lind, S., & Stilwell, C.D. (1989). Evaluation of goodness-of-fit indices for structural equation models. *Psychological Bulletin, 105*(3), 430-445. https://doi.org/https://doi.org/10.1037/0033-2909.105.3.430

Nyaupane, G.P., Prayag, G., Godwyll, J., & White, D. (2020). Toward a resilient organization: Analysis of employee skills and organization adaptive traits. *Journal of Sustainable Tourism, 29*(4), 658-677. https://doi.org/10.1080/09669582.2020.1822368

Orchiston, C., Prayag, G., & Brown, C. (2016). Organizational resilience in the tourism sector. *Annals of Tourism Research, 56*, 145-148. https://doi.org/10.1016/j.annals.2015.11.002

Parnell, J. (2019). Capabilities, strategies and firm performance in the United Kingdom. *Journal of Strategy and Management, 12*(1), 153-172. https://doi.org/10.1108/JSMA-10-2018-0107

Parnell, J.A., Long, Z., & Lester, D. (2015). Competitive strategy, capabilities and uncertainty in small and medium-sized enterprises (SMEs) in China and the United States. *Management Decision, 53*(2), 402-431. https://doi.org/https://doi.org/10.1108/md-04-2014-0222

Pathak, D., & Joshi, G. (2021). Impact of psychological capital and life satisfaction on organizational resilience during Covid-19: Indian tourism insights. *Current Issues in Tourism, 24*(17), 2398-2415. https://doi.org/10.1080/13683500.2020.1844643

Patriarca, R., Di Gravio, G., Costantino, F., Falegnami, A., & Bilotta, F. (2018). An analytic framework to assess organizational resilience. *Safety and Health at Work, 9*(3), 265-276. https://doi.org/10.1016/j.shaw.2017.10.005

Porter, M. (1980). *Competitive strategy*. The Free Press.

Prayag, G., Chowdhury, M., Spector, S., & Orchiston, C. (2018). Organizational resilience and financial performance. *Annals of Tourism Research, 73*(C), 193-196. https://doi.org/10.1016/j.annals.2018.06.006

Prayag, G., Ozanne, L.K., & de Vries, H. (2020). Psychological capital, coping mechanisms and organizational resilience: Insights from the 2016 Kaikoura earthquake, New Zealand. *Tourism Management Perspectives, 34*, Article 100637. https://doi.org/10.1016/j.tmp.2020.100637

Prayag, G., Spector, S., Orchiston, C., & Chowdhury, M. (2020). Psychological resilience, organizational resilience and life satisfaction in tourism firms: Insights from the Canterbury earthquakes. *Current Issues in Tourism, 23*(10), 1216-1233. https://doi.org/10.1080/13683500.2019.1607832

Preacher, K.J., & Hayes, A.F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods, 40*(3), 879-891. https://doi.org/https://doi.org/10.3758/brm.40.3.879

Ranjit, G. (2022). Explicating intrinsic motivation's impact on job performance: Employee creativity as a mediator. *Journal of Strategy and Management, 15*(4), 647-664. https://doi.org/https://doi.org/10.1108/jsma-04-2021-0091

Roberts, K.H. (1990). Some characteristics of one type of high-reliability organization. *Organization Science, 1*(2), 160-176. https://doi.org/10.1287/orsc.1.2.160

Rodríguez-Sánchez, A., Guinot, J., Chiva, R., & López-Cabrales, Á. (2021). How to emerge stronger: Antecedents and consequences of organizational resilience. *Journal of Management & Organization, 27*(3), 442-459. https://doi.org/10.1017/jmo.2019.5

Schmitt, T.A. (2011). Current methodological considerations in exploratory and confirmatory factor analysis. *Journal of Psychoeducational Assessment, 29*(4), 304-321. https://doi.org/https://doi.org/10.1177/0734282911406653

Scott, W.R. (1987). The adolescence of institutional theory. *Administrative Science Quarterly, 32*(4), 493-511. https://doi.org/10.2307/2392880

Shah, S.N.U., Jan, S., & Baloch, Q.B. (2018). Role of service quality and customer satisfaction in firm's performance: Evidence from Pakistan hotel industry. *Pakistan Journal of Commerce and Social Sciences (PJCSS), 12*(1), 167-182. https://doi.org/https://doi.org/10.34260/jbt.v3i2.78

State Bank of Pakistan. (2023). https://www.sbp.org.pk/smefd/circulars/2016/C2.htm

Steiger, J.H. (2007). Understanding the limitations of global fit assessment in structural equation modelling. *Personality and Individual Differences, 42*(5), 893-898. https://doi.org/https://doi.org/10.1016/j.paid.2006.09.017

Suryaningtyas, D., Sudiro, A., Eka, T.A., & Dodi, I.W. (2019). Organizational resilience and organizational performance: Examining the mediating roles of resilient leadership and organizational culture. *Academy of Strategic Management Journal, 18*(2), 1-7.

Woodside, A.G., Sullivan, D.P., & Trappey III, R.J. (1999). Assessing relationships among strategic types, distinctive marketing competencies, and organizational performance. *Journal of Business Research, 45*(2), 135-146. https://doi.org/10.1016/s0148-2963(97)00232-4

World Travel and Tourism Council. (2021). www.wttc.org

Zapalska, A.M., & McCutcheon, R. (2024). The impact of COVID-19 on tourism and hospitality in Poland: Female entrepreneurial firms' ecosystem strategies. *Tourism: An International Interdisciplinary Journal, 72*(1), 56-69. https://doi.org/https://doi.org/10.37741/t.72.1.5

Submitted: September 17, 2023
Revised: May 01, 2024
Accepted: August 20, 2024