



DOI: <https://doi.org/10.38035/dijemss.v7i4>  
<https://creativecommons.org/licenses/by/4.0/>

## What Tourism SMEs Should Fix First to Recover Using Principal Component Analysis

Adya Hermawati<sup>1</sup>, Abimanyu Tuwuh Sembhodo<sup>2</sup>, Aviv Yuniar<sup>3</sup>, Syamsul Bahri<sup>4</sup>, Teguh Setiawan Wibowo<sup>5</sup>

<sup>1</sup>Widya Gama University, [wati\\_wati38@yahoo.co.id](mailto:wati_wati38@yahoo.co.id)

<sup>2</sup>The University of Edinburgh

<sup>3</sup>Widya Gama University

<sup>4</sup>Widya Gama University

<sup>5</sup>STIE Mahardhika

Corresponding Author: [wati\\_wati38@yahoo.co.id](mailto:wati_wati38@yahoo.co.id)<sup>1</sup>

**Abstract:** Tourism SMEs in East Java have not recovered despite the sector's high potential. Many struggle to identify which internal factors most influence performance, especially after the pandemic. This research aims to determine the most critical human resource and marketing variables that drive business performance and offer a practical recovery model. This quantitative exploratory research used principal component analysis to reduce and rank ten performance-related variables. The study targeted tourism SMEs in East Java, covering 11 regions with high tourism activity. Researchers selected 200 SMEs using purposive sampling, with three employees and one owner per business, resulting in 800 respondents. Data collection used a structured questionnaire and Likert scale to assess both importance and current performance of each variable. Fieldwork lasted four months. The analysis revealed that risk-taking culture, work security, compensation, employee participation, brand maintenance, risk tolerance, competitor orientation, strategic place, profitability, economic sustainability and customer satisfaction strongly influence business recovery. It also shows that SME performance improves when businesses focus on the highest-impact drivers rather than treating issues in isolation. This research offers a practical model for SME owners to prioritize internal improvements and guides policymakers to deliver more targeted support. The findings can also inform future research in other regions facing similar recovery challenges

**Keywords:** Tourism, Small Medium Enterprise, East Java, Principal Component Analysis, Human Resource Management, Marketing Strategy, Business Performance

### INTRODUCTION

The tourism industry in East Java has not fully recovered after the COVID-19 pandemic. Despite the easing of travel restrictions and the gradual return of visitors, many tourism small medium enterprises (SMEs) remain stagnant in terms of business performance. This delay in recovery is alarming, given that tourism contributes directly to regional economic growth, job creation, and poverty reduction. Without a strategic push to accelerate business performance,

East Java risks falling behind other regions in revitalizing one of its most vital economic sectors. The urgency of this research lies in identifying actionable internal drivers that SMEs can use to regain momentum, improve service quality, and achieve sustainable growth in a post-pandemic economy. Improving SME performance is not only an economic imperative but also a social one, as these businesses sustain livelihoods in tourism destinations..

This study focuses on tourism SMEs in East Java due to the region's strategic advantages and untapped potential. East Java boasts a wide range of tourism assets—natural, cultural, and historical—that attract both domestic and international visitors. It also benefits from better infrastructure, market accessibility, and business ecosystem support compared to many other regions in Indonesia. These advantages position East Java as an ideal setting to study tourism SME performance. If effective performance improvement models can be developed and validated here, they can be scaled and replicated in other provinces with similar tourism profiles. Furthermore, SMEs dominate the tourism landscape and form the backbone of local economies. Their improvement has a direct multiplier effect on employment, regional GDP, and service innovation.

We focused on human resource management (HRM) and marketing variables because they significantly enhance SME performance (Mamun, 2023; Dongsen, 2023). These factors are faster to implement, especially in East Java's tourism sector, where digitalization and data use grow rapidly (Suliswanto & Rofik, 2019; Tjahjadi et al., 2020). We selected ten variables—work culture, quality of work life, entrepreneurial orientation, market orientation, competitive advantage, marketing capability, marketing performance, strategic management, tourism performance, and sustainability—based on their combined ability to boost operations and strategy. Each shapes how SMEs react to markets, drive innovation, and deliver services. Work culture drives employee motivation (Iskamto, 2023), and quality of work life supports satisfaction and retention (Chaudhuri et al., 2021). Entrepreneurial orientation sparks innovation (Iskamto, 2023), and market orientation helps meet customer needs (Escalona-Orcao et al., 2021). Competitive advantage improves differentiation (Gebauer et al., 2010), while marketing capability lifts performance (Wahyuningsih et al., 2019). Strategic management aligns all efforts (Shaukat & Jia, 2022), tourism performance tracks success (Nurfalaq & Christian, 2024), and sustainability keeps growth responsible (Luković & Tepavčević, 2022). These variables reinforce one another. Strong work culture improves quality of work life, which lifts tourism performance. Entrepreneurial orientation sharpens market orientation, strengthening marketing capability and building competitive advantage. This synergy forms a practical framework for tourism SMEs to grow, adapt, and lead in East Java's competitive and sustainability-driven market

The post-pandemic recovery for tourism SMEs in East Java remains weak, despite the tourism sector being pivotal for local economic growth, highlighting several research gaps that warrant exploration. Firstly, there is a pressing need to understand why the recovery is stagnant; this aspect has not been adequately addressed in existing literature, particularly in the context of local SMEs which are vital for the region's economic resurgence (Dewi & Sari, 2024). The identified gap highlights the pressing need for localized research that discusses distinct recovery pathways tailored for SMEs in specific regions, as generalized strategies may not suffice (Yanuarni et al., 2024). Previous studies indicate that while various external factors have been analyzed regarding tourism recovery, the unique challenges faced by East Java SMEs have not received sufficient examination. Secondly, identifying core business performance drivers that tourism SMEs can practically activate is critical; existing studies often overlook actionable insights pertinent to this sector. For instance, research by Sepúlveda & Bustamante-Caballero (2023) underscores the necessity for adaptable business strategies tailored to the local context in response to shifting market dynamics.

Moreover, there is a noted lack of integrated studies combining human resource management and marketing variables to enhance tourism SME performance. Such an integrated approach has been advocated as essential for developing a comprehensive understanding of the interrelated factors that affect performance outcomes but remains scarce (Eva & Esposito, 2024). Lastly, studies utilizing data reduction techniques—like Principal Component Analysis (PCA)—to identify the most actionable factors contributing to effective management and marketing strategies have been limited. Most prior research tends to address variables in isolation, failing to capture their interrelationships, which can illuminate how various elements collectively foster sustainable business success. Localized research focusing specifically on East Java SMEs, despite the region's high tourism potential, is particularly lacking. By addressing these gaps, the proposed study has an objective to identify and analyze the most influential factors driving the business performance of tourism SMEs in East Java by exploring the interrelationship of HRM and marketing variables using Principal Component Analysis.

This study fills the gap by combining HRM and marketing factors into one framework to improve East Java tourism SMEs performance, a region with high potential but weak recovery. Most studies separate these variables and overlook this region. This research uses PCA to reduce and rank ten strategic drivers—something rare in East Java studies. It targets four goals: examine how HRM variables like work culture and quality of work life influence performance; examine how marketing variables like market orientation and marketing capability influence performance; identify the most critical performance drivers using PCA; and build a practical model others can apply. The study contributes evidence on how HRM and marketing shape tourism SME performance. PCA simplifies the framework and reveals the core drivers. The model helps local policymakers focus support and guides SME owners on where to act first. Regions facing similar conditions can adopt the same steps for recovery.

## Literature Review & Hypothesis Development

### Work Culture

Work culture shapes business performance in tourism SMEs. A strong culture builds engagement, sparks innovation, and boosts productivity—key factors in customer-driven industries. Culture shapes how employees and managers interact, which directly affects service and customer satisfaction. Rasdayanti et al. (2023) show culture drives performance and retention. In tourism SMEs, positive culture improves service, attracts tourists, and increases business success (Wang et al., 2024). In Indonesia's diverse market, shared values between firms and employees strengthen engagement and loyalty, leading to better outcomes (Ariga et al., 2020).

Several constructs shape work culture. Leadership drives motivation and climate, inspiring employees to perform (Bintari et al., 2023). Empowerment builds ownership and initiative (Ariga et al., 2020). Clear communication cuts confusion and supports teamwork. Balanced work-life keeps staff healthy and satisfied (Yayla et al., 2021). Training builds skills to meet market needs (Wang et al., 2024). Recognition boosts morale and retention (Singh, 2023). Innovation brings new ideas and helps firms adapt (Bintari et al., 2023). Team dynamics support collaboration (Fernández et al., 2015). Diversity brings fresh perspectives, vital in multicultural Indonesia. Shared values guide daily actions (Ariga et al., 2020).

Among these, creativity, risk-taking, and teamwork stand out. Creativity attracts tourists with unique offers (Yayla et al., 2021). Risk-taking fuels experimentation and adaptation to shifting trends (Bintari et al., 2023). Teamwork unites diverse talent to deliver seamless service (Singh, 2023). Strengthening these traits builds a work culture that lifts both employee morale and business performance.

- H1a: Creativity positively influences Work Culture
- H1b: Risk-Taking Opportunity positively influences Work Culture
- H1c: Team Work positively influences Work Culture

### **Quality of Work Life**

Quality of work life strengthens business performance in tourism SMEs by shaping satisfaction, productivity, and retention—three factors that drive service quality. A healthy work environment supports well-being and engagement, improving service and customer satisfaction. Better quality of work life boosts morale, lowers turnover, and strengthens commitment to shared goals—crucial in tourism, where loyalty and repeat business fuel growth (Li, 2023). In Indonesia’s dynamic tourism sector, shaped by cultural variety and shifting demand, SMEs need strong quality of work life to build a motivated workforce that delivers standout service and adapts to evolving tourist needs (Kukanja et al., 2020).

Ten constructs shape the quality of work life in tourism SMEs. Participation in decision-making builds ownership and commitment (Kukanja & Marko, 2018). Conflict resolution reduces tension and improves collaboration (Basri et al., 2023). Clear communication defines roles and expectations, raising efficiency (Lin et al., 2022). Health programs support physical and mental well-being, essential for service jobs (Hoang et al., 2020). Clean, safe workplaces show respect for employee welfare (Bianchi, 2022). Safety policies protect staff and build trust (Baniya & Thapa, 2021). Fair pay attracts and keeps talent (Wahjoedi & Rahayu, 2022). Pride in the organization fuels loyalty and performance (Domi et al., 2019). Career development motivates growth and contribution (Sánchez-García et al., 2019). Together, these constructs create a work environment that supports excellence—what tourism demands.

- H2a: Employee Participation positively influences Quality Of Work Life
- H2b: Conflict Resolution positively influences Quality Of Work Life
- H2c: Communication positively influences Quality Of Work Life
- H2d: Work Health positively influences Quality Of Work Life
- H2e: Work Security positively influences Quality Of Work Life
- H2f: Work Safety positively influences Quality Of Work Life
- H2g: Compensation positively influences Quality Of Work Life
- H2h: Pride positively influences Quality Of Work Life
- H2i: Career Development positively influences Quality Of Work Life

### **Entrepreneurial Orientation**

Entrepreneurial orientation drives business performance in tourism SMEs by encouraging innovation and market responsiveness. In tourism, where adaptability and creativity shape customer experience, entrepreneurial orientation helps SMEs stand out through unique offers and strong service (Idrus, 2020). Fierce competition and shifting consumer preferences demand quick, bold action. SMEs with strong entrepreneurial orientation spot and seize opportunities, fueling growth and long-term success (Octasylya et al., 2023). Entrepreneurial orientation also builds a proactive mindset, helping entrepreneurs read market changes and respond fast—key for staying competitive in Indonesia’s tourism scene (Kamarolzaman et al., 2023).

Several constructs shape entrepreneurial orientation. Innovativeness sparks new products and services (Anggadwita & Indarti, 2024). Proactiveness pushes firms to track trends and customer needs (Utami et al., 2023). Risk tolerance fuels bold moves despite uncertainty (Dionysus, 2020). Competitive drive helps SMEs outperform rivals (Lopes et al., 2022). Autonomy lets entrepreneurs decide quickly and independently (Utomo & Susanta, 2021). Market responsiveness keeps firms in sync with customer shifts (Hapsari et al., 2022). Learning orientation builds continuous growth (Guo et al., 2022). Tech orientation turns digital tools into

growth assets (Hernández-Linares et al., 2023). Strategic vision aligns goals with market direction (Hooi et al., 2016). Network orientation builds strong ties that support collaboration and innovation (Makhdoom et al., 2019). Together, these constructs shape EO and help SMEs build agility, creativity, and strategy.

Among these, innovativeness, proactiveness, and risk tolerance lead. Innovativeness attracts tourists with creative experiences (Kiyabo & Isaga, 2019). Proactiveness keeps firms ahead of trends and tuned to tourist needs (Panda, 2014). Risk tolerance lets entrepreneurs explore new markets and try new ideas without fear (Baporikar, 2016). These traits build an entrepreneurial culture that helps tourism SMEs in Indonesia grow, compete, and lead.

H3a: Innovativeness positively influences Entrepreneurial Orientation

H3b: Proactiveness positively influences Entrepreneurial Orientation

H3c: Risk Tolerance positively influences Entrepreneurial Orientation

### Market Orientation

Market orientation strengthens business performance by helping tourism SMEs in Indonesia respond effectively to market demands and customer needs. A market-oriented approach aligns services with customer expectations, which is vital in tourism. It helps SMEs seize opportunities, increase satisfaction, and build loyalty (Brian et al., 2024). As customer preferences shift, market-oriented SMEs adapt faster and maintain relevance. This adaptability supports Indonesia's fast-growing tourism sector, where quick responses to market signals can determine long-term success.

Market orientation includes ten key practices. Customer orientation means understanding and meeting customer needs to improve satisfaction (Dewantoro et al., 2023). Competitor orientation tracks rival strategies to stay ahead (Wahyuni & Sara, 2020). Inter-function coordination connects teams to act on market shifts (Kim & Shim, 2018). Market intelligence gathers data to guide decisions (Wijaya et al., 2023). Innovation orientation sparks new services that attract and retain tourists (Akhmad et al., 2018). Flexibility allows quick adjustment to market changes (Herlinawati & Machmud, 2020). Networking builds stakeholder trust and strengthens information flow (Qifari & Hartono, 2024). Product development improves offerings to enhance the customer experience (Battistella et al., 2018). Distribution strategy manages how services reach customers (Lutfi et al., 2020). Pricing strategy reflects perceived value and boosts competitiveness (Hermawati et al., 2024). Together, these actions shape a market orientation that supports SME growth.

Customer orientation, competitor orientation, and inter-function coordination drive performance most. Customer orientation helps meet tourist needs, builds loyalty, and encourages repeat visits (Syah & Rajoendah, 2022). Competitor orientation enables timely adjustments based on market trends (Oktriono, 2021). Inter-function coordination aligns operations to deliver consistent service and improve customer experience (Armoni et al., 2018). These three practices help tourism SMEs stay responsive, maintain service quality, and compete in Indonesia's dynamic tourism market.

H4a: Customer Orientation positively influences Market Orientation

H4b: Competitor Orientation positively influences Market Orientation

H4c: Inter-Function Coordination positively influences Market Orientation

### Competitive Advantage

Competitive advantage boosts business performance by helping tourism SMEs in Indonesia thrive in a crowded, fast-changing market. As tourist expectations shift, SMEs that offer unique services attract more visitors and build loyalty. By using their strengths effectively, they improve operations, grow profits, and secure stronger market positions (Julyanthry et al., 2021). Indonesia's expanding tourism industry demands this edge. SMEs

with it stay competitive and meet evolving traveler needs by using their resources strategically (Fauziah, 2022).

Competitive advantage grows through several actions. Competitive pricing attracts cost-conscious travelers and increases market share (Gs et al., 2019). Strong management guides decisions that improve outcomes (Haseeb et al., 2019). Profitability reflects how well strategies work (Widjajanti & Sugiyanto, 2023). Strategic positioning highlights a business's unique place in the market (Phangestu et al., 2020). Innovation delivers new services that improve tourist experiences (Rokhanawati et al., 2024). Capturing market share shows how well a business keeps its audience (Utomo & Santosa, 2022). Brand reputation builds trust and drives choices (Rahmayuni et al., 2024). Access to resources ensures quality service (Adisaksana, 2022). Strong customer relationships create loyalty through personal touch (Chandra et al., 2022). Operational efficiency cuts costs and improves delivery (Hasniaty et al., 2019). Together, these actions shape the competitive advantage needed to grow and survive in tourism.

Among these, competitive pricing, management ability, and strategic positioning influence success most. Pricing strategies attract value-seeking travelers and help businesses stand out (Gs et al., 2019). Good managers guide teams, make timely decisions, and capture opportunities in tourism's fast pace (Haseeb et al., 2019). Strategic positioning highlights what makes a business different and helps reach the right audience (Phangestu et al., 2020). These three practices form the foundation of a strong competitive strategy, helping SMEs stay relevant and perform well in Indonesia's dynamic tourism sector.

- H5a: Competitive Price positively influences Competitive Advantage
- H5b: Management Ability positively influences Competitive Advantage
- H5c: Profit positively influences Competitive Advantage
- H5d: Positioning positively influences Competitive Advantage
- H5e: Strategic Place positively influences Competitive Advantage

## **Market Performance**

Market performance drives business growth by showing how well tourism SMEs in Indonesia meet financial targets and market goals. In a competitive industry shaped by changing traveler preferences, SMEs must sharpen market strategies to grow and stay relevant. Strong market performance helps businesses spot gaps, adjust quickly, and expand market share (Budinska & Taboracka-Petrovicov, 2018). In Indonesia's tourism economy, this performance supports not just firm success but also the sector's overall strength, helping businesses adapt to visitor fluctuations and economic shifts (Shiratina et al., 2023).

Several factors shape market performance. Sales volume shows how much revenue services generate, signaling financial health (Yohanes & Soelaiman, 2023). Customer growth reflects how well a business attracts new buyers, which supports long-term success (Ali & Matsuno, 2018). Profitability measures the financial return after expenses, funding business improvements (Genhua, 2023). Market share shows a firm's place in the industry (Zhang & Berhe, 2022). Brand loyalty creates repeat purchases and customer advocacy (Widana et al., 2015). Customer satisfaction influences retention by showing how well services match expectations (Akkarathanakul, 2021). Pricing strategy shapes customer perception and affects profits (Riyoko, 2023). Product quality builds trust and meets standards (Bronkhorst et al., 2019). Promotion effectiveness shows how marketing drives results (Jerman & Završnik, 2012). Distribution efficiency ensures products and services reach customers reliably. Together, these factors shape how well tourism SMEs compete and grow in the market.

Among these, sales volume, customer growth, and profitability matter most. Sales volume links directly to revenue needed to cover costs, especially in labor-heavy tourism (Yohanes & Soelaiman, 2023). Customer growth builds a wider revenue base and strengthens market presence (Ali & Matsuno, 2018). Profitability shows the business's ability to grow,

adapt, and reinvest (Genhua, 2023). These three elements drive sustainable success and help tourism SMEs in Indonesia stay resilient in a changing market.

- H6a: Sales Volume positively influences Market Performance
- H6b: Customer Growth positively influences Market Performance
- H6c: Profitability positively influences Market Performance

### **Market Capability**

Market capability improves business performance by helping tourism SMEs in Indonesia compete and grow. In a fast-moving industry shaped by shifting preferences, market capability gives SMEs the tools to read trends, meet expectations, and respond to competition. This adaptability strengthens operations and builds customer loyalty, which supports consistent profits in a market full of options (Brian et al., 2024). Strong market capability helps SMEs use resources wisely, run effective marketing, and pursue innovation—key moves for gaining long-term advantage (Bianchi, 2022).

Several actions shape market capability. Market understanding lets SMEs read trends and plan strategically (Arifuddin et al., 2019). Customer relationship management builds loyalty through strong connections (Nuryakin, 2020). Quality management ensures services meet expectations (Seow et al., 2024). Competitive intelligence helps SMEs learn from rivals and spot openings (Sepúlveda & Bustamante-Caballero, 2023). Price competitiveness attracts buyers while keeping profits (Efendi et al., 2020). Marketing communication delivers clear value to target audiences (Abrokwah-Larbi & Awuku-Larbi, 2023). Distribution capability ensures services reach customers across channels (Joensuu-Salo, 2021). Digital marketing adoption extends market reach through technology (Fitriati et al., 2020). Service quality builds trust through consistent delivery (Dewantoro et al., 2023). Brand recognition shapes decisions by making businesses memorable (Games & Roliza, 2019). Together, these efforts form a strong market capability foundation that helps SMEs grow.

Targeting, brand maintenance, and brand communication matter most. Targeting directs marketing to the right audience, helping SMEs attract customers efficiently (Games & Rendi, 2019). Brand maintenance protects consistency and trust, keeping customers loyal (Mainardes et al., 2021). Brand communication highlights unique values and sets businesses apart in a crowded market (Alnawas & Farha, 2020). These actions help tourism SMEs in Indonesia stand out, earn trust, and build lasting success in a dynamic sector.

- H7a: Targeting positively influences Market Capability
- H7b: Brand Maintenance positively influences Market Capability
- H7c: Brand Communication positively influences Market Capability

### **Strategic Management Organization**

Strategic management improves business performance by helping tourism SMEs in Indonesia adapt and compete in a fast-changing industry. In a market shaped by shifting preferences and external pressures, strategic management aligns resources with market needs. This alignment sharpens operations and improves decisions, helping businesses seize opportunities and manage risks (Kohtamäki et al., 2010). With tourism playing a key role in Indonesia's economy, a strong strategic approach supports long-term growth and resilience (Sinulingga et al., 2023).

Strategic management works through several actions. Vision and mission set long-term direction and define purpose (G. & U., 2018). Goal setting creates targets that guide performance (Scheers & Makhitha, 2016). Strategic planning outlines steps to reach those targets (Jaramillo-Moreno et al., 2020). Resource allocation directs money, people, and tools to priority areas (Nowacki et al., 2018). Environmental scanning tracks internal and external forces that affect plans (Suradin, 2018). Strategy implementation turns plans into action

(Sinulingga et al., 2023). Performance measurement checks progress and supports improvement (Bangun et al., 2022). Stakeholder engagement brings in key voices to support strategy (Varelas & Tsoupros, 2024). Change management prepares teams to handle transitions (Nasruddin et al., 2020). Organizational culture shapes how people respond to and execute strategies (Reinoso et al., 2018). These efforts work together to build a strategic foundation for tourism SMEs.

Among them, formal strategic planning, strategy implementation, and inter-function coordination drive results most. Strategic planning defines clear goals and roadmaps for action (G. & U., 2018). Effective implementation puts those plans into practice and keeps businesses competitive (Sinulingga et al., 2023). Coordination across teams ensures that marketing, operations, and management work together, delivering services that match strategic goals and build customer loyalty (Reinoso et al., 2018). These steps create a focused and adaptive strategy that helps tourism SMEs in Indonesia grow and stay strong

H8a: Formal Strategic Plan positively influences Strategic Management Organization

H8b: Strategy Implementation positively influences Strategic Management Organization

H8c: Strategy Evaluation & Control positively influences Strategic Management Organization

H8d: Inter-Function Coordination positively influences Strategic Management Organization

### **Tourism Performance**

Tourism performance strengthens business growth by showing how well tourism SMEs in Indonesia meet goals in a competitive market. As tourism fuels Indonesia's economy, tracking performance helps both businesses and the broader sector grow (Basri et al., 2023). Strong performance improves customer experience, boosts sales, builds loyalty, and supports long-term success (Bianchi, 2022). In a customer-driven industry, performance metrics guide improvement and investment to meet rising expectations and protect reputation (Kim & Shim, 2018).

Tourism performance reflects how well businesses attract visitors, earn revenue, and deliver value. Visits show how many customers use tourism services, measuring reach and relevance (Kesan et al., 2023). Revenue tracks income and highlights financial health (Hoang et al., 2020). Customer satisfaction shows how well services meet expectations, shaping loyalty and repeat visits (Tiwasang & Sawang, 2021). Market share shows competitive position (Herlinawati & Machmud, 2020). Employee performance shapes customer experience through service delivery (Magd & Jonathan, 2020). Operational efficiency measures how well businesses cut costs while keeping quality (Sariwulan et al., 2020). Innovation rate tracks how often businesses launch new offers (Park et al., 2019). Marketing effectiveness shows how well promotion attracts and keeps customers (Carvalho et al., 2020). Service quality shapes trust and loyalty (Battistella et al., 2018). Brand reputation reflects how customers view the business and drives return visits (Chatterjee et al., 2021). These elements together define how well tourism SMEs perform and grow.

Visits, revenue, and customer satisfaction lead as key performance indicators. Visitor numbers signal potential income and reflect service appeal (Kesan et al., 2023). Revenue shows how well a business competes and earns in a crowded market (Hoang et al., 2020). Customer satisfaction drives return business and referrals, fueling long-term growth (Tiwasang & Sawang, 2021). These factors help tourism SMEs measure success, improve strategy, and stay resilient in Indonesia's fast-moving tourism sector.

H9a: Visits positively influences Tourism Performance

H9b: Revenue positively influences Tourism Performance

H9c: Customer Satisfaction positively influences Tourism Performance

### **Tourism Sustainability**

Tourism sustainability strengthens the performance of tourism SMEs in Indonesia by supporting business growth while protecting the natural and cultural assets that drive the industry. As travelers become more environmentally aware, SMEs that adopt sustainable practices gain a competitive edge and attract eco-conscious tourists. These practices improve brand reputation, boost revenue, and secure long-term viability (Brian et al., 2024; Ismatillaevna et al., 2023). In a country rich in biodiversity and heritage, sustainability also ensures that tourism continues without depleting the resources that make destinations attractive, keeping income flowing and communities engaged (Ismatillaevna et al., 2023).

Several practices shape tourism sustainability. Environmental sustainability focuses on conserving nature and using resources responsibly (Wang et al., 2016). Socio-cultural sustainability protects local traditions and strengthens relationships between businesses and communities (Bozdoglar, 2023). Economic sustainability ensures that tourism remains profitable and contributes to local economies (Huynh et al., 2024). Stakeholder engagement includes communities in decisions, creating shared value (Kukanja et al., 2020). Sustainable resource management secures essential inputs for tourism without overuse (Núñez-Ríos et al., 2022). Regulatory compliance keeps operations aligned with sustainability standards (Basri et al., 2023). Capacity building improves the skills of local operators (Eikelenboom & Jong, 2019). Monitoring and evaluation track progress and guide adjustments (Pertheban et al., 2023). Service quality shapes tourist experience through consistent and responsible delivery (Kamarolzaman et al., 2023). Marketing for sustainability communicates efforts to attract conscious travelers and build trust (Martínez-Román et al., 2015). These actions form a foundation that supports both business performance and long-term resource protection.

Ecological, socio-cultural, and economic sustainability lead as the strongest contributors to successful tourism. Ecological sustainability protects ecosystems and keeps destinations appealing (Wang et al., 2016). Socio-cultural sustainability maintains local identity and earns community support by offering authentic experiences (Bozdoglar, 2023). Economic sustainability secures income for businesses and surrounding communities, keeping operations viable (Huynh et al., 2024). Together, these three actions help tourism SMEs grow while preserving what makes Indonesia unique. This balance creates a sustainable path where economic success supports culture and nature—ensuring tourism thrives for generations.

H10a: Environment Conservation positively influences Tourism Sustainability

H10b: Social & Culture Sustainability positively influences Tourism Sustainability

H10c: Economic Sustainability positively influences Tourism Sustainability

### **METHOD**

This quantitative exploratory study used Principal Component Analysis (PCA) to reduce variables and identify key drivers of performance in tourism SMEs. PCA compressed complex data while preserving variance, helping clarify relationships between constructs. In East Java tourism SMEs, many constructs influence outcomes. We filtered the possible variables by literature review and furthermore used PCA to filter the strongest variables and removed the weaker ones, guiding the analysis toward what matters. Zhang et al. (2022) show PCA uncovers hidden patterns in multivariate datasets relevant to business performance.

PCA also solved multicollinearity by transforming correlated variables into uncorrelated components, improving model precision and simplifying analysis (Sevim et al., 2017). Xie et al. (2022) confirmed PCA works well in early-stage studies that seek key performance indicators. Oseni et al. (2021) found PCA helps SMEs draw quick, clear insights from complex

data. In this study, PCA enhanced data clarity, focused analysis, and exposed core performance drivers.

We collected data through a structured questionnaire using a 5-point Likert scale that had been tested for its reliability and validity. Respondents rated the importance of each construct and then assessed their SME’s current performance on the same items. We calculated the gap between importance and performance, then visualized the results in an Importance-Performance matrix to show priority areas for improvement.

We targeted employees and owners from 200 tourism SMEs, selecting three employees and one owner per SME, totaling 800 respondents. We applied criteria to ensure the sample represented the tourism sector in East Java. SMEs had to operate in tourism-related activities—such as accommodation, travel services, or tour operations—and run for at least one year to show market stability. Each SME needed a minimum employee size to reflect operational complexity. We included diverse business types and sizes, from guesthouses to tour operators, to capture a broad view of the sector.

We conducted the research across 11 regions: Pacitan, Lumajang, Malang Regency, Batu, Surabaya, Banyuwangi, Blitar, Kediri, Jombang, Ponorogo, and Pasuruan.

### RESULTS AND DISCUSSION

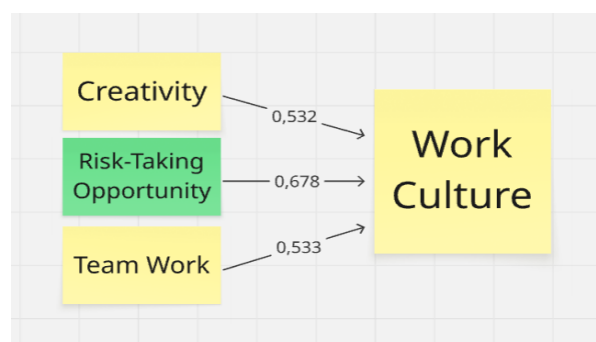
This study uses Principal Component Analysis (PCA) to test construct validity through outer model analysis. The goal is to check how well each indicator represents its latent variable. Each indicator must contribute to its variable, shown by coefficient values (**Coef**), standard errors (**SE**), critical ratios (**CR**), and significant p-values (**P-Val**).

The results in Table X show that the outer model significantly influences the variable Work Culture. Among the tested constructs, the one highlighted in green in Figure X—Creativity—has the strongest effect. Hypotheses H1a, H1b, and H1c are accepted, indicating that Creativity, Risk-Taking Opportunity, and Team Work each positively influence Work Culture.

**Table 1.** The result of the Outer Model with PCA method: Work Culture Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Work Culture	Creativity	0,532	0,24	2,16	0,031	Sig
	<b>Risk-taking Opportunity</b>	<b>0,678</b>	0,20	3,25	0,001	Sig
	Team Work	0,533	0,23	2,27	0,023	Sig

Source: Processed Data (2023)



**Figure 1.** The result of the Outer Model with PCA method: Work Culture Variable. The most influencing construct is highlighted green.

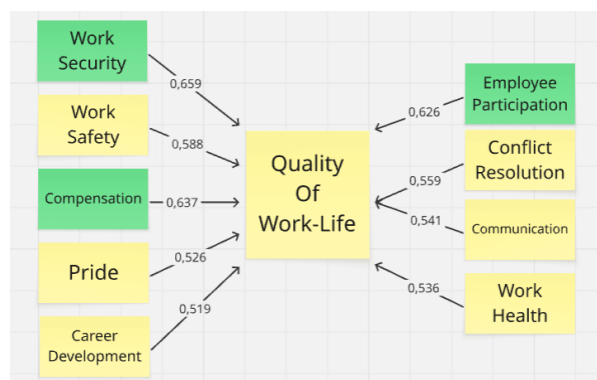
Source: Processed Data (2023)

The results in Table 2 show that the outer model significantly influences the variable Quality of Work Life. As shown in Figure 2, the construct highlighted in green has the most substantial impact. Hypotheses H2a through H2i are accepted, indicating that Employee Participation, Conflict Resolution, Communication, Work Health, Work Hygiene, Work Safety, Compensation, Pride, and Career Development each positively influence Quality of Work Life.

**Table 2.** The result of the Outer Model with PCA method: Quality of Work Life Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Quality of Work Life	<b>Employee participation</b>	<b>0,626</b>	0,23	2,67	0,007	Sig
	Conflict Resolution	0,559	0,23	2,40	0,016	Sig
	Communication	0,541	0,23	2,34	0,019	Sig
	Work health	0,536	0,21	2,47	0,013	Sig
	<b>Work Security</b>	<b>0,659</b>	0,23	2,80	0,005	Sig
	Work Safety	0,588	0,22	2,59	0,010	Sig
	<b>Compensation</b>	<b>0,637</b>	0,22	2,79	0,005	Sig
	Pride	0,526	0,20	2,52	0,012	Sig
	Career Development	0,519	0,20	2,53	0,011	Sig

Source: Processed Data (2023)



**Figure 2.** The result of the Outer Model with PCA method: Quality of Work Life Variable. The most influencing constructs are highlighted green.

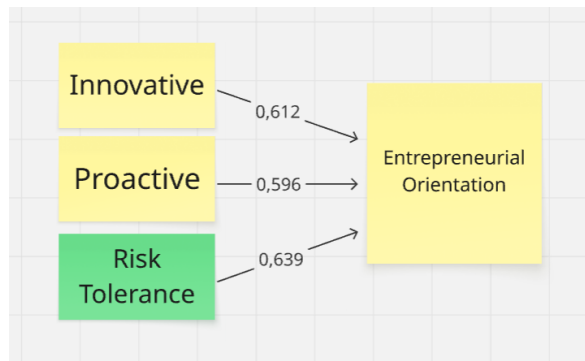
Source: Processed Data (2023)

The results in Table 3 indicate that the outer model significantly affects Entrepreneurial Orientation. Figure 3 highlights Risk Tolerance as the most influential construct. Hypotheses H3a, H3b, and H3c are accepted, showing that Innovation, Proactiveness, and Risk Tolerance each positively influence Entrepreneurial Orientation.

**Table 3.** The result of the Outer Model with PCA method: Entrepreneurship Orientation Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Entrepreneurship Orientation	Innovative	0,612	0,24	2,54	0,011	Sig
	Proactive	0,596	0,21	2,75	0,006	Sig
	<b>Risk Tolerance</b>	<b>0,639</b>	0,23	2,77	0,006	Sig

Source: Processed Data (2023)



**Figure 3.** The result of the Outer Model with PCA method: Entrepreneurship Orientation Variable. The most influencing construct is highlighted green.

Source: Processed Data (2023)

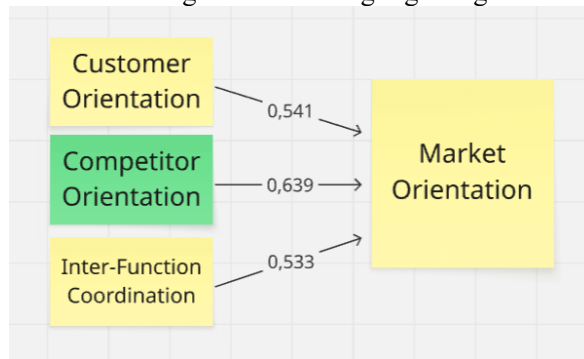
The results in Table 4 demonstrate that the outer model significantly influences Market Orientation. As shown in Figure 4, Competitor Orientation is the most influential construct. Hypotheses H4a, H4b, and H4c are accepted, confirming that Customer Orientation, Competitor Orientation, and Inter-Function Coordination each positively influence Market Orientation.

**Table 4.** The result of the Outer Model with PCA method: Market Orientation Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Market Orientation	Customer Orientation	0,541	0,22	2,42	0,015	Sig
	<b>Competitor Orientation</b>	<b>0,639</b>	0,21	3,04	0,002	Sig
	Inter-function Coordination	0,533	0,20	2,60	0,009	Sig

Source: Processed Data (2023)

**Figure 4.** The result of the Outer Model with PCA method: Market Orientation Variable. The most influencing construct is highlighted green.



Source: Processed Data (2023)

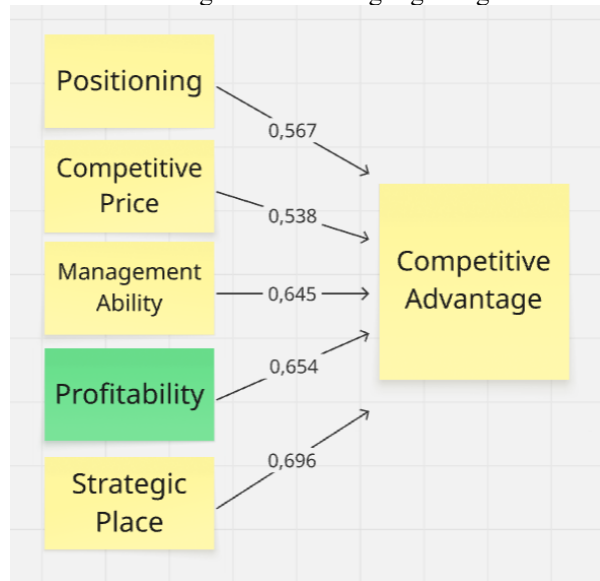
The results in Table 5 confirm that the outer model significantly affects Competitive Advantage. Figure 5 highlights Profitability and Strategic Place as the most influential construct. Hypotheses H5a through H5e are accepted, indicating that Competitive Price, Management Ability, Profit, Positioning, and Strategic Place each positively influence Competitive Advantage.

**Table 5.** The result of the Outer Model with PCA method: Competitive Advantage Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Competitive Advantage	Competitive Price	0,538	0,22	2,37	0,018	Sig
	Management Ability	0,645	0,23	2,73	0,006	Sig
	<b>Profitability</b>	<b>0,654</b>	0,22	2,97	0,003	Sig
	Positioning	0,567	0,24	2,35	0,018	Sig
	<b>Strategic Place</b>	<b>0,696</b>	0,20	3,47	0,001	Sig

Source: Processed Data (2023)

**Figure 5.** The result of the Outer Model with PCA method: Competitive Advantage Variable. The most influencing construct is highlighted green.



Source: Processed Data (2023)

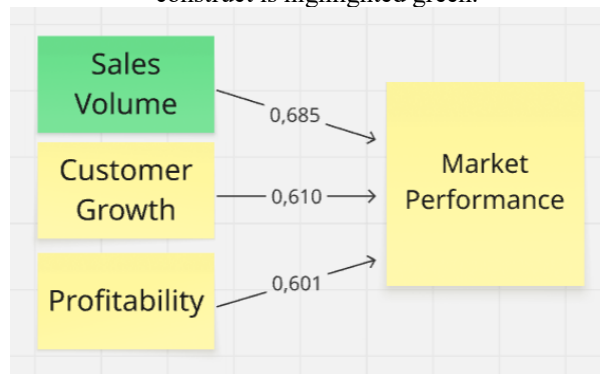
The results in Table 6 show that the outer model significantly influences Market Performance. As illustrated in Figure 6, Sales Volume emerges as the most influential construct. Hypotheses H6a, H6b, and H6c are accepted, indicating that Sales Volume, Customer Growth, and Profitability each positively influence Market Performance.

**Table 6.** The result of the Outer Model with PCA method: Market Performance Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Market Performance	<b>Sales Volume</b>	<b>0,685</b>	0,24	2,77	0,006	Sig
	Customer Growth	0,610	0,22	2,70	0,007	Sig
	Profitability	0,601	0,24	2,41	0,016	Sig

Source: Processed Data (2023)

**Figure 6.** The result of the Outer Model with PCA method: Market Performance Variable. The most influencing construct is highlighted green.



Source: Processed Data (2023)

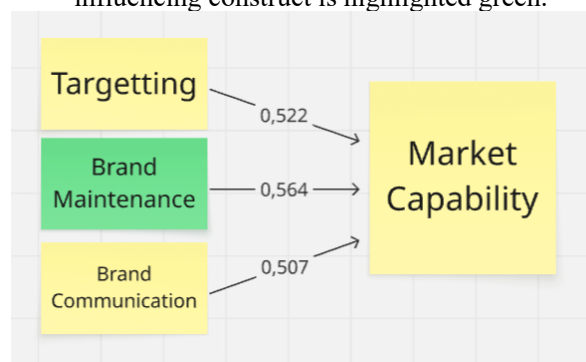
The results in Table 7 indicate that the outer model significantly affects Market Capability. Figure 7 highlights Brand Maintenance as the most influential construct. Hypotheses H7a, H7b, and H7c are accepted, showing that Targeting, Brand Maintenance, and Brand Communication each positively influence Market Capability.

**Table 7.** The result of the Outer Model with PCA method: Market Capability Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Market Capability	Targetting	0,522	0,20	2,53	0,011	Sig
	<b>Brand Maintenance</b>	<b>0,564</b>	0,22	2,48	0,013	Sig
	Brand Communication	0,507	0,24	2,08	0,037	Sig

Source: Processed Data (2023)

**Figure 7.** The result of the Outer Model with PCA method: Market Capability Variable. The most influencing construct is highlighted green.



Source: Processed Data (2023)

The results in Table 8 reveal that the outer model significantly influences Strategic Management Organization. As shown in Figure 8, the Strategy Implementation is the most influential construct. Hypotheses H8a through H8d are accepted, indicating that Formal Strategic Plan, Strategy Implementation, Strategy Evaluation & Control, and Inter-Function Coordination each positively influence Strategic Management Organization

**Table 8.** The result of the Outer Model with PCA method: Strategic Management Organization Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Strategic Management Organization	Formal Strategic Plan	0,626	0,21	2,94	0,003	Sig
	<b>Strategy Implementation</b>	<b>0,634</b>	0,23	2,72	0,006	Sig
	Strategy Evaluation & Control	0,559	0,21	2,58	0,010	Sig

	Inter-function Coordination	0,533	0,22	2,38	0,017	Sig
--	-----------------------------	-------	------	------	-------	-----

Source: Processed Data (2023)

**Figure 8.** The result of the Outer Model with PCA method: Strategic Management Organization Variable. The most influencing construct is highlighted green.



Source: Processed Data (2023)

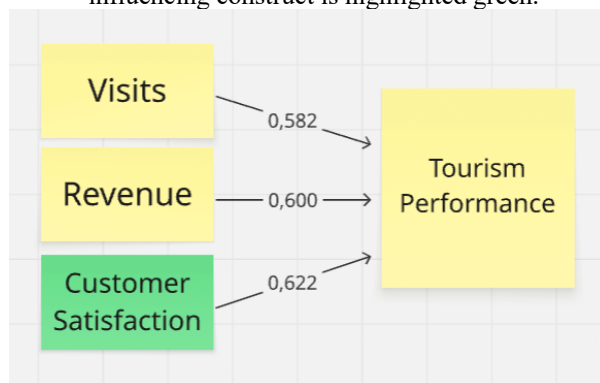
The results in Table 9 show that the outer model significantly affects Tourism Performance. As illustrated in Figure 9, Number of Visit is the most influential construct. Hypotheses H9a, H9b, and H9c are accepted, indicating that Visits, Revenue, and Customer Satisfaction each positively influence Tourism Performance.

**Table 9.** The result of the Outer Model with PCA method: Tourism Performance Variable

<i>Variables</i>	<i>Indicators</i>	<i>Coef</i>	<i>SE</i>	<i>CR</i>	<i>P-val</i>	<i>Result</i>
Tourism Performance	Visits	0,582	0,20	2,79	0,005	Sig
	Revenue	0,600	0,23	2,51	0,012	Sig
	<b>Customer Satisfaction</b>	<b>0,622</b>	0,22	2,79	0,005	Sig

Source: Processed Data (2023)

**Figure 9.** The result of the Outer Model with PCA method: Tourism Performance Variable. The most influencing construct is highlighted green.



Source: Processed Data (2023)

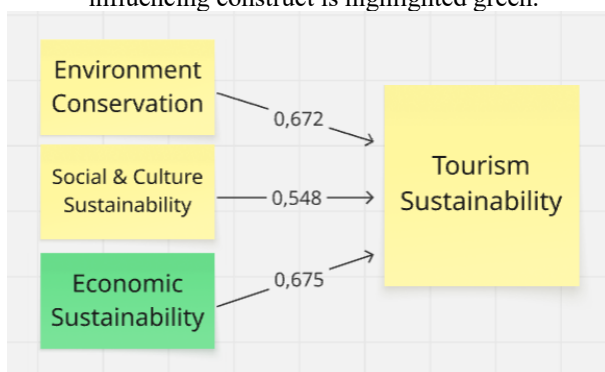
The results in Table 10 confirm that the outer model significantly influences Tourism Sustainability. As shown in Figure 10, Economic Sustainability is the most influential construct. Hypotheses H10a, H10b, and H10c are accepted, indicating that Environment Conservation, Social & Culture Sustainability, and Economic Sustainability each positively influence Tourism Sustainability.

**Table 10.** The result of the Outer Model with PCA method: Tourism Sustainability Variable

<i>Variables</i>	<i>Indicators</i>	<b>Coef</b>	<b>SE</b>	<b>CR</b>	<b>P-val</b>	<b>Result</b>
Tourism Sustainability	Environment conservation	0,672	0,25	2,69	0,007	Sig
	Social & Culture Sustainability	0,548	0,2	2,3	0,020	Sig
	<b>Economic Sustainability</b>	<b>0,675</b>	0,21	3,153	0,002	Sig

Source: Processed Data (2023)

**Figure 10.** The result of the Outer Model with PCA method: Tourism Sustainability Variable. The most influencing construct is highlighted green.



Source: Processed Data (2023)

## Discussion

### Prioritize Risk-Taking Opportunity to Strengthen Work Culture

Risk-taking opportunity refers to an organizational environment that encourages employees to explore innovative solutions and pursue new business ideas without fear of failure. For tourism SMEs, this mindset is essential, as they often operate in fast-changing markets influenced by consumer trends and shifting economic conditions. Risk-taking drives performance by enabling firms to act on opportunities overlooked by more cautious competitors (Anwar & Shah, 2020; Hamdan & Alheet, 2020).

By fostering a culture of risk-taking, SMEs can proactively manage challenges like fluctuating demand or regulatory changes. Empowering employees to take initiative often results in more creative services and operational efficiency. For example, launching an eco-tourism package may attract sustainability-minded travelers and give the business a competitive edge. Without a risk-taking culture, innovation stalls, and businesses miss critical opportunities, leading to stagnation (Games & Rendi, 2019).

Evidence shows that risk-taking boosts performance. In Malaysia, successful SMEs embrace risk as part of their entrepreneurial approach, leading to stronger financial results (Anwar & Shah, 2020; Jeje, 2020). SMEs that adopt structured risk assessment for new services

or market entry tend to achieve more sustainable growth than those that avoid change. Building risk-taking into the work culture gives SMEs the agility and confidence to succeed in a competitive industry.

### **Fix Work Security, Compensation, and Participation First in Quality of Work Life**

Improving quality of work life starts with strengthening work security, fair compensation, and employee participation. Work security gives staff confidence in job continuity. Compensation reflects the value of their contributions. Participation allows staff to help shape decisions, increasing engagement and accountability. These elements directly affect job satisfaction and morale, which in turn drive customer service—critical in tourism, where service quality determines loyalty (Izzatunissa & Hidayah, 2024; Ali, 2023).

By focusing on these factors, SMEs build a resilient and motivated workforce. For example, a small hospitality business that offers fair pay and includes staff in designing new guest experiences may enjoy better employee retention and customer satisfaction. Ignoring these dimensions leads to low morale, high turnover, and poor service delivery, weakening overall performance (Ferry et al., 2021; Kim et al., 2017). Strengthening these core areas of quality of work life supports a vibrant workplace and stronger business outcomes.

### **Start with Risk Tolerance to Build Entrepreneurial Orientation**

Risk tolerance is the ability to pursue uncertain ventures despite the possibility of failure. It is the foundation of entrepreneurial orientation. Without it, innovation stalls, and even promising ideas remain untested. In the tourism sector, this willingness to take bold steps helps SMEs thrive in dynamic markets (Roach & Skrentny, 2019).

Increasing risk tolerance enables SMEs to innovate, respond to change, and stay ahead. For instance, a tour operator that encourages bold proposals—such as using immersive digital tools—may attract a wider audience and generate buzz. In contrast, businesses that avoid risk can fall behind. A hotel that delays renovations out of caution may lose market share to more proactive competitors (Yi et al., 2022). Strengthening risk tolerance builds confidence and flexibility, giving SMEs a strategic edge.

### **Focus on Competitor Orientation First to Improve Market Orientation**

Competitor orientation—monitoring and responding to rivals—is essential for strategic marketing. In tourism, where businesses compete on experience, price, and innovation, understanding competitors helps SMEs refine their offerings and find market gaps (Blesa & Meliá, 2003; Stocker & Várkonyi, 2022).

A travel agency that tracks competitors might see an eco-tourism trend and quickly launch a similar package. Without competitor orientation, the same agency might miss shifts in demand, lose relevance, and fall behind. Strengthening this focus equips SMEs to adapt, innovate, and position themselves more effectively in crowded markets.

### **Strengthen Strategic Place and Profitability First in Gaining Competitive Advantage**

Strategic placement—choosing optimal business locations—and profitability are key to gaining an edge in tourism. Together, they determine access to customers and the ability to sustain operations long-term (Haseeb et al., 2019; Le, 2022).

Investing in location and profitability helps SMEs build customer loyalty, reinvest in growth, and weather market shifts (Arroyo et al., 2024). Poor placement or weak margins can lead to irrelevance and decline (Chaudhary et al., 2020). Digital marketing, physical location planning, and pricing optimization are practical steps to address this. Doing so lays a strong financial foundation for growth (Giantari et al., 2022; Isaskar, 2025).

### **Increase Sales Volume First to Boost Market Performance**

Sales volume—total sales over a period—is the most immediate indicator of market performance. It reflects customer interest, business reach, and revenue potential. In tourism SMEs, increasing sales volume is a more urgent goal than growing the customer base or focusing on profitability alone (Noviaristanti, 2022; Suherna & Nasiatin, 2024).

SMEs can grow sales by using digital campaigns, special offers, or seasonal promotions. Partnering with tourism boards or local events can boost visibility. For example, targeted social media efforts often lead to more sales and brand awareness (Ghufrony et al., 2024). Without increasing sales, businesses may stagnate and lose market momentum (Sulastini & Darmawi, 2022). Sales growth builds a foundation for sustainable success.

### **Reinforce Brand Maintenance First to Enhance Marketing Capability**

Brand maintenance—sustaining brand identity and trust—should come before communication or targeting. A strong brand earns loyalty, repeat visits, and word-of-mouth, especially in tourism where trust shapes traveler decisions (Aprilani et al., 2023; Tunjungsari et al., 2023).

SMEs can maintain their brand by ensuring service consistency and gathering customer feedback. For instance, a local food producer that maintained quality and messaging attracted more tourists and improved brand reputation (Risdiyanto et al., 2023). Weak brand maintenance can erode trust and market share. A well-maintained brand, on the other hand, anchors growth and customer loyalty.

### **Prioritize Strategy Implementation to Activate Strategic Management**

In the context of enhancing tourism SMEs performance, prioritizing strategy implementation is critical before engaging in formal strategic planning, evaluation, or inter-function coordination. Strategy implementation refers to the process of translating strategic plans into actionable steps within daily operations, which is essential for achieving intended long-term results Albeshchenko et al. (2024). By prioritizing implementation, tourism SMEs can develop a clear operational focus and strengthen accountability, fostering adaptability in response to market dynamics. This proactive approach facilitates better alignment of resources and personnel towards achieving strategic goals, often resulting in enhanced operational efficiency and customer satisfaction.

Conversely, if implementation is weak or delayed, tourism SMEs risk performance gaps that may inhibit growth and create competitive disadvantages (Lubis et al., 2020). For instance, a well-documented case demonstrates that a small tour operator in Bali significantly improved its performance by swiftly implementing a customer feedback strategy that focused on enhancing service delivery and tailoring experiences to meet evolving customer preferences. This direct shift resulted in increased bookings and customer loyalty, as positive experiences translated into repeat business and referrals. In contrast, failure to emphasize implementation may lead to stagnation and failure to capitalize on emerging opportunities, causing long-term repercussions on market viability.

### **Improve Customer Satisfaction First to Elevate Tourism Performance**

Prioritizing customer satisfaction is fundamental for improving tourism performance in SMEs, as it embodies visitors' experiences, perceptions of service quality, and alignment with expectations. Customer satisfaction, defined as the degree to which services meet or exceed customer expectations, influences repeat visits and recommendations, and ultimately contributes to sustainable growth Ardani et al. (2019). Before focusing on increasing visitor numbers or revenue, it is crucial to enhance customer satisfaction since satisfied customers are more likely to return and share positive experiences through word-of-mouth, thereby

differentiating the business in a competitive market (Burhanudin et al., 2023; , Permana et al., 2019). Moreover, a focus on satisfaction leads to enhanced loyalty, better online reviews, and an overall strengthened brand reputation, positively impacting income and market sustainability (Ahmad et al., 2021; , Madiawati, 2023). Neglecting customer satisfaction—even while boosting visitor counts or revenues in the short term—can lead to adverse outcomes. For instance, negative word-of-mouth can quickly diminish brand image and competitiveness (Zhou, 2023). A notable example is a small ecotourism lodge in Costa Rica that improved its performance by implementing a customer feedback system that ensured all guest experiences were proactively addressed. This emphasis on customer-centric service not only increased guest satisfaction scores significantly but also elevated the lodge's ranking on international travel platforms, consequently enhancing its visibility and attracting more visitors (Karnawijaya et al., 2022).

### **Ensure Economic Sustainability First for Lasting Tourism Growth**

Focusing on economic sustainability is vital for improving the performance of tourism SMEs , as it ensures consistent income, long-term viability, and the capacity for reinvestment. Economic sustainability encompasses strategies that enable businesses to generate stable revenue streams, invest in growth opportunities, and maintain operational resilience over time Dwyanti (2024). This aspect should take precedence over environmental conservation or social and cultural sustainability, especially during early-stage recovery or in resource-constrained settings, because without a strong economic foundation, efforts in other areas can falter (Primadona et al., 2024). By prioritizing economic sustainability, tourism SMEs can strengthen financial resilience, enable sustainable business practices, and create stable livelihoods for local communities (Prasetya et al., 2021).

Conversely, neglecting economic sustainability poses significant risks, such as business failure, underinvestment in other dimensions of sustainability, and a decline in overall tourism appeal (Hermawati, 2020). A pertinent example is the case of a small hotel in Bali, which successfully navigated the post-pandemic recovery phase by emphasizing economic sustainability through careful financial management and reinvestment in infrastructure. By maintaining competitive pricing while enhancing the quality of customer service and experience, the hotel attracted repeat visitors and positive reviews, securing a stable income base essential for further sustainability initiatives (Budihard et al., 2024). This case illustrates that prioritizing economic sustainability fosters a cycle of growth, enabling tourism SMEs to thrive and contribute to broader economic goals (Villanueva et al., 2023).

## **CONCLUSION**

The analysis identified several key drivers influencing the business performance of tourism SMEs in East Java. Principal Component Analysis revealed that both HRM and marketing variables play critical roles. Within HRM, strengthening work culture through risk-taking and enhancing quality of work life by improving job security, compensation, and employee participation are essential. Entrepreneurial orientation is best developed by fostering risk tolerance. In marketing, improving market orientation begins with competitor awareness, while building competitive advantage depends on strategic location and profitability. Enhancing marketing capability requires reinforcing brand maintenance. Strategic management efforts should focus on effective implementation. On the performance side, boosting sales volume improves market outcomes, increasing customer satisfaction elevates tourism performance, and ensuring economic sustainability supports long-term growth. Together, these factors form a practical model that SMEs and policymakers can apply to improve tourism performance.

## Implications

This study combines HRM and marketing variables into one model to improve tourism SME performance—an approach lacking in previous research. It identifies how interrelated factors like risk-taking, employee participation, and competitor orientation shape business outcomes. By applying PCA, the study filters and ranks the most actionable variables, avoiding isolated analysis common in prior work. This method reveals how HRM drivers strengthen marketing efforts and vice versa, forming a streamlined, practical framework. The study also fills the gap in East Java research by offering a region-specific model that reflects local business needs and tourism dynamics.

For practitioners, the model shows where to act first: build risk-taking culture, secure fair compensation, and sharpen competitor awareness. Business owners can use the findings to adjust strategy, boost sales, and strengthen branding. Policymakers can focus support on training, financial access, and targeted campaigns aligned with the top-ranked variables. The model helps East Java recover faster and offers steps other regions can adopt. By ranking key drivers, the study offers clear direction and avoids vague prescriptions, helping SMEs grow and adapt in fast-changing tourism markets.

## Limitations

This study focused only on internal factors—HRM and marketing variables—without examining external influences like policy, infrastructure, or macroeconomic conditions that may also affect SME performance. The analysis used data from 11 regions in East Java, which may limit generalizability to other provinces with different tourism dynamics. PCA helped simplify complex variables, but it excluded lower-loading items that may still hold contextual relevance. The cross-sectional design captured data at one point in time, preventing observation of long-term effects or performance changes. Self-reported data may also reflect bias or perception gaps between owners and employees.

## Recommendations

Future researchers should expand the model by including external factors such as policy support, digital infrastructure, and tourist behavior to capture broader performance drivers. Longitudinal studies can track how HRM and marketing variables influence growth over time. Applying mixed methods may also enrich insights by combining quantitative patterns with qualitative depth from interviews or case studies. Researchers can test this model in other provinces or tourism sectors to compare patterns and refine strategies. Using different analysis tools like SEM or cluster analysis may also uncover new relationships or subgroup differences among SMEs.

## REFERENCES

- Abrokwah-Larbi, K. and Awuku-Larbi, Y. (2023). The impact of marketing modification on the performance of food processing SMES in Ghana. *Journal of Research in Marketing and Entrepreneurship*, 26(1), 163-190. <https://doi.org/10.1108/jrme-01-2022-0010>
- Adisaksana, H. (2022). The effect of digital transformation, business innovation models, and creativity on msme performance with competitive advantage as intervening variable. *Indonesian Interdisciplinary Journal of Sharia Economics (Iijse)*, 5(2), 609-630. <https://doi.org/10.31538/ijse.v5i2.2159>
- Ahmad, M., Hashmi, A., Shehzadi, K., & Nawaz, M. (2021). The role of language style, perceived services and medical qualities on the tourism development in malaysia: mediating role of customer satisfaction. *Review of Economics and Development Studies*, 7(1), 25-36. <https://doi.org/10.47067/reads.v7i1.316>

- Akhmad, K., Karsidi, R., Rahayu, E., & Wijaya, M. (2018). The role of bds-p in gap reducing smes and large enterprises in indonesia. *E3s Web of Conferences*, 73, 10017. <https://doi.org/10.1051/e3sconf/20187310017>
- Alamsyahbana, M., Riauan, M., Putri, V., & Alamsyah, M. (2023). Impact analysis of tourism events for msmes in tanjungpinang city.. <https://doi.org/10.4108/eai.17-12-2022.2333266>
- Albeshchenko, O., Pryhara, O., Krupenna, I., & Shevchenko, O. (2024). Managing tourism development: deploying successful strategies and techniques. *Salud Ciencia Y Tecnología - Serie De Conferencias*, 3. <https://doi.org/10.56294/sctconf2024.1135>
- Ali, D. (2023). Quality of work-life and its influence on employee satisfaction: a descriptive study.. <https://doi.org/10.52783/jier.v3i1.34>
- Alnawas, I. and Farha, A. (2020). Strategic orientations and capabilities' effect on smes' performance. *Marketing Intelligence & Planning*, 38(7), 829-845. <https://doi.org/10.1108/mip-11-2019-0548>
- Anggadwita, G. and Indarti, N. (2024). Thematic analysis of women entrepreneurship in the internationalization of small and medium-sized enterprises (smes). *Journal of Entrepreneurship in Emerging Economies*, 17(1), 45-72. <https://doi.org/10.1108/jeee-03-2024-0125>
- Anwar, M. and Shah, S. (2020). Entrepreneurial orientation and generic competitive strategies for emerging smes: financial and nonfinancial performance perspective. *Journal of Public Affairs*, 21(1). <https://doi.org/10.1002/pa.2125>
- Aprilani, T., Sayuti, M., Liestiadre, H., Pranasari, M., Fitri, S., & Saksono, H. (2023). Strengthening rembitan village msmes through local wisdom-based city branding: a holistic approach to tourism development "weaving village". *Migration Letters*, 20(5), 1057-1067. <https://doi.org/10.59670/ml.v20i5.4693>
- Ardani, W., Rahyuda, K., Giantari, I., & Sukaatmadja, I. (2019). Customer satisfaction and behavioral intentions in tourism: a literature review. *International Journal of Applied Business and International Management*, 4(3), 84-93. <https://doi.org/10.32535/ijabim.v4i3.686>
- Arifuddin, A., Tangngareng, T., Harun, A., & Masri, M. (2019). Halal product: new market opportunity in challenging the industrial revolution 4.0.. <https://doi.org/10.4108/eai.2-5-2019.2284751>
- Ariga, F., Purba, J., & Nasution, M. (2020). The relationship of emotional intelligence, workplace culture, and nurse performance in a private hospital in medan indonesia. *Belitung Nursing Journal*, 6(3), 73-76. <https://doi.org/10.33546/bnj.1063>
- Armoni, N., Nadra, N., Suarta, I., & Widia, I. (2018). Preferred pricing technique used in tourism small and medium enterprises in Badung, Bali, Indonesia. *Journal of Physics Conference Series*, 953, 012110. <https://doi.org/10.1088/1742-6596/953/1/012110>
- Arroyo, F., Pantaleón, A., Román, C., Huamanchumo, R., & Álvarez-García, J. (2024). A structural analysis of the economic impact of tourism and the perspective of tourism providers in kuélap, peru. *Land*, 13(1), 120. <https://doi.org/10.3390/land13010120>
- Azizah, S., Sulistyowati, E., Masnun, M., & Faisol, S. (2023). Legal empowerment for smes regarding collective marks: a legal analysis. *Technium Social Sciences Journal*, 50, 87-91. <https://doi.org/10.47577/tssj.v50i1.9873>
- Badoc-Gonzales, B., Mandigma, M., & Tan, J. (2022). SME resilience as a catalyst for tourism destinations: a literature review. *Journal of Global Entrepreneurship Research*, 12(1), 23-44. <https://doi.org/10.1007/s40497-022-00309-1>
- Bangun, C., Pratiwi, D., & Dewi, H. (2022). The potential of jakarta-surabaya high-speed rail in developing tourism: learning from japan. *Jurnal Studi Komunikasi (Indonesian*

- Journal of Communications Studies), 6(2), 403-423.  
<https://doi.org/10.25139/jsk.v6i2.4861>
- Baniya, R. and Thapa, B. (2021). CSR communication among tourism SMES through their websites. *Tourism and Hospitality*, 2(3), 319-326.  
<https://doi.org/10.3390/tourhosp2030020>
- Baporikar, N. (2016). Entrepreneurship culture of smes in India's tourism sector. *International Journal of Strategic Information Technology and Applications*, 7(2), 14-27.  
<https://doi.org/10.4018/ijtsita.2016040102>
- Basri, M., Islam, F., Paramma, M., & Anas, I. (2023). The impact of english educational tourism on the growth of the local economy: a systematic literature review. *International Journal of Language Education*, 7(2).  
<https://doi.org/10.26858/ijole.v7i2.45783>
- Battistella, C., Cagnina, M., Cicero, L., & Preghenella, N. (2018). Sustainable business models of smes: challenges in the yacht tourism sector. *Sustainability*, 10(10), 3437.  
<https://doi.org/10.3390/su10103437>
- Bianchi, C. (2022). Covid-19 and service innovation strategies of tourism and hospitality SMES in an emerging country. *International Journal of Emerging Markets*, 19(7), 1839-1859. <https://doi.org/10.1108/ijoem-07-2021-1102>
- Bintari, E., Kadir, A., & Rahmiati, F. (2023). The influence of leadership, competence, and work discipline on employee performance effectiveness. *International Journal of Economics Business and Management Research*, 07(07), 121-132.  
<https://doi.org/10.51505/ijebmr.2023.7709>
- Blesa, A. and Meliá, M. (2003). The role of market orientation in the relationship between entrepreneurial proactiveness and performance. *The Journal of Entrepreneurship*, 12(1), 1-19. <https://doi.org/10.1177/097135570301200101>
- Bozdoglar, H. (2023). The use of sustainable tourism certification programs and their impact on the sustainability of tourism development: evidence from north cyprus. *International Journal of Science and Management Studies (Ijsms)*, 296-300.  
<https://doi.org/10.51386/25815946/ijms-v6i1p126>
- Brian, R., Arafah, W., Lemy, D., & Riyadi, A. (2024). The role of tourist satisfaction and price sensitivity in driving competitive sustainability for smes in the indonesia tourism sector. *International Journal of Social Science and Human Research*, 07(12).  
<https://doi.org/10.47191/ijsshr/v7-i12-85>
- Budihard, A., Asraf, A., Nurhayati, A., & Hamida, L. (2024). The effect of transformational leadership on the implementation of the triple bottom line in msmes. *Jurnal Ilmiah Manajemen Kesatuan*, 12(4), 1285-1294. <https://doi.org/10.37641/jimkes.v12i4.2738>
- Burhanudin, B., Windy, R., & Bokhari, S. (2023). How customer engagement leads to word-of-mouth and continuance intention? the mediating role of satisfaction. *JMK (Jurnal Manajemen Dan Kewirausahaan)*, 8(3), 166. <https://doi.org/10.32503/jmk.v8i3.4071>
- Carvalho, G., Cruz, J., Carvalho, H., Duclós, L., & Corrêa, R. (2020). Innovativeness and coepetition in tourism smes: comparing two coepetitive networks in brazil. *Journal of Hospitality and Tourism Insights*, 3(4), 469-488. <https://doi.org/10.1108/jhti-12-2019-0134>
- Chandra, E., Rahmayanti, P., Kusuma, R., & Sudirman, A. (2022). Analyzing business performance from human capital and social capital with competitive advantage as a mediating variable. *International Journal of Economics Business and Management Research*, 06(11), 137-151. <https://doi.org/10.51505/ijebmr.2022.61110>
- Chatterjee, S., Chaudhuri, R., Sakka, G., Grandhi, B., Galati, A., Siachou, E., ... & Vrontis, D. (2021). Adoption of social media marketing for sustainable business growth of smes in

- emerging economies: the moderating role of leadership support. *Sustainability*, 13(21), 12134. <https://doi.org/10.3390/su132112134>
- Chaudhary, M., Sodani, P., & Das, S. (2020). Effect of covid-19 on economy in India: some reflections for policy and programme. *Journal of Health Management*, 22(2), 169-180. <https://doi.org/10.1177/0972063420935541>
- Chaudhuri, R., Chatterjee, S., Vrontis, D., & Thrassou, A. (2021). Adoption of robust business analytics for product innovation and organizational performance: the mediating role of organizational data-driven culture. *Annals of Operations Research*, 339(3), 1757-1791. <https://doi.org/10.1007/s10479-021-04407-3>
- Darmawi, A. (2022). Msme's marketing performance measures: examining the role of innovativeness & competitive strategy. *Manajemen Bisnis*, 12(02), 122-128. <https://doi.org/10.22219/mb.v12i02.22231>
- Dewantoro, I., Doktoralina, C., & Lestari, L. (2023). The importance of adaptability in knowledge technology and accounting in traditional restaurants. *Kne Social Sciences*. <https://doi.org/10.18502/kss.v8i12.13676>
- Dewi, D. and Sari, S. (2024). Risk management towards the recovery and sustainability of the same business in the post covid-19 era. *International Journal of Professional Business Review*, 9(1), e03593. <https://doi.org/10.26668/businessreview/2024.v9i1.3593>
- Dionysus, A. (2020). Strategic orientation on performance: the resource based view theory approach. *Jurnal Akuntansi*, 24(1), 131. <https://doi.org/10.24912/ja.v24i1.661>
- Domi, S., Capelleras, J., & Musabelliu, B. (2019). Customer orientation and SME performance in Albania: a case study of the mediating role of innovativeness and innovation behavior. *Journal of Vacation Marketing*, 26(1), 130-146. <https://doi.org/10.1177/1356766719867374>
- Dwyanti, D. (2024). The importance of financial literacy in financial management in micro, small and medium enterprises (msmes). *Journal of Applied Management and Business (Jamb)*, 5(1), 1-6. <https://doi.org/10.37802/jamb.v5i1.661>
- Efendi, S., Sugiono, E., Guritno, E., HS, S., & Hendryadi, H. (2020). Building innovation and competitiveness for low technology manufacturing SMES through imitating capability and learning: the case of Indonesia. *Cogent Social Sciences*, 6(1). <https://doi.org/10.1080/23311886.2020.1803515>
- Eikelenboom, M. and Jong, G. (2019). The impact of dynamic capabilities on the sustainability performance of smes. *Journal of Cleaner Production*, 235, 1360-1370. <https://doi.org/10.1016/j.jclepro.2019.07.013>
- Escalona-Orcao, A., García, B., Navarro-Pérez, M., Pinillos, M., & Conejos-Sevillano, A. (2021). Cultural dynamism and business vitality in medium-sized cities—evidence and proposals for sustainable development. *Sustainability*, 13(13), 7325. <https://doi.org/10.3390/su13137325>
- Eva, M., & Esposito, M. (2024). COVID-19 disruptions driving sustainable tourism: a case of the Hawaiian tourism industry. *International Journal of Teaching and Case Studies*, 14(4), 325–347. <https://doi.org/10.1504/ijtcs.2024.139174>
- Fairlie, R. and Holleran, W. (2012). Entrepreneurship training, risk aversion and other personality traits: evidence from a random experiment. *Journal of Economic Psychology*, 33(2), 366-378. <https://doi.org/10.1016/j.joep.2011.02.001>
- Fauziah, S. (2022). Strengthening enterprise performance on youth entrepreneurs through sustainable entrepreneurial orientation and competitive advantage. *Jurnal Ekbis*, 23(1), 250. <https://doi.org/10.30736/je.v23i1.1144>
- Fernández, J., García, P., & Carrillo-Hidalgo, I. (2015). Trip cultural activities and tourism expenditure in emerging urban-cultural destinations. *International Journal of Tourism Research*, 18(4), 286-296. <https://doi.org/10.1002/jtr.2047>

- Ferry, L., He, G., & Yang, C. (2021). How do executive pay and its gap with employee pay influence corporate performance? evidence from Thai tourism listed companies. *Journal of Hospitality and Tourism Insights*, 6(1), 362-381. <https://doi.org/10.1108/jhti-03-2021-0061>
- Fitriati, T., Purwana, D., & Buchdadi, A. (2020). Dynamic capabilities and smes performance: the mediating effect of innovation (study of smes in indonesia).. <https://doi.org/10.2991/ahsr.k.200723.115>
- Fridayani, H., Atmojo, M., Hakim, M., & Mahendro, A. (2024). The social savvy entrepreneur: lean start-up branding and social media for msme. *Abdimas Jurnal Pengabdian Masyarakat Universitas Merdeka Malang*, 9(2), 445-458. <https://doi.org/10.26905/abdimas.v9i2.12715>
- G., M. and U., A. (2018). Strategic planning and performance of nigerian smes: the moderating role of entrepreneurial characteristics. *Journal of Economics and Behavioral Studies*, 9(6), 98-108. <https://doi.org/10.22610/jebv.v9i6.2008>
- Games, D. and Roliza, R. (2019). Sme internal capability and competitive advantage in an emerging market: moderating effects of firm age. *Amar (Andalas Management Review)*, 3(1), 103-114. <https://doi.org/10.25077/amar.3.1.103-114.2019>
- Gebauer, H., Edvardsson, B., & Bjurko, M. (2010). The impact of service orientation in corporate culture on business performance in manufacturing companies. *Journal of Service Management*, 21(2), 237-259. <https://doi.org/10.1108/09564231011039303>
- Ghufrony, A., Ardini, L., & Mahaputra, A. (2024). Maximizing sales with social media and email marketing: lessons from msme in sumenep regency, indonesia. *IJIE TOM*, 2(1), 26-33. <https://doi.org/10.62157/ijietom.v2i1.57>
- Giantari, I., Yasa, N., Suprasto, H., & Rahmayanti, P. (2022). The role of digital marketing in mediating the effect of the covid-19 pandemic and the intensity of competition on business performance. *International Journal of Data and Network Science*, 6(1), 217-232. <https://doi.org/10.5267/j.ijdns.2021.9.006>
- Glory S., Edim W., Justina W., Dere O. (2023). Information and communication technologies (ict) and performance of micro, small and medium enterprises (msme) in nigeria. *African Journal of Economics and Sustainable Development*, 6(3), 89-112. <https://doi.org/10.52589/ajesd-wye3ieri>
- GS, A., Kurniasih, N., Reni, A., Istanti, E., Zuhroh, D., & Qomariah, N. (2019). The effect of business sphere on competitive advantage and business performance of smes. *Management Science Letters*, 1153-1160. <https://doi.org/10.5267/j.msl.2019.4.025>
- Guo, Y., Zhu, L., & Zhao, Y. (2022). Tourism entrepreneurship in rural destinations: measuring the effects of capital configurations using the fsqca approach. *Tourism Review*, 78(3), 834-848. <https://doi.org/10.1108/tr-07-2022-0333>
- Hamdan, Y. and Alheet, A. (2020). Influence of organisational culture on pro-activeness, innovativeness and risk taking behaviour of smes. *Journal of Entrepreneurship and Sustainability Issues*, 8(1), 203-217. [https://doi.org/10.9770/jesi.2020.8.1\(13\)](https://doi.org/10.9770/jesi.2020.8.1(13))
- Hapsari, I., Novandari, W., Sunarko, B., Oetomo, H., & Inayati, N. (2022). The effect of international entrepreneurship orientation and network capability on smes international performance; the important role of government support.. <https://doi.org/10.4108/eai.10-8-2022.2320808>
- Haseeb, M., Hussain, H., Kot, S., Androniceanu, A., & Jermisittiparsert, K. (2019). Role of social and technological challenges in achieving a sustainable competitive advantage and sustainable business performance. *Sustainability*, 11(14), 3811. <https://doi.org/10.3390/su11143811>

- Hasniaty, A. and Basmar, E. (2019). Marketing performance in improving competitive advantages of macro business south sulawesi province.. <https://doi.org/10.2991/icmemm-18.2019.33>
- Herlinawati, E. and Machmud, A. (2020). The effect of innovation on increasing business performance of smes in indonesia. *Wseas Transactions on Business and Economics*, 17, 51-57. <https://doi.org/10.37394/23207.2020.17.7>
- Hermawati, A. (2020). Analytical hierarchy process of human resources performance: perceptions perspective. *Jurnal Inovasi Ekonomi*, 6(02), 39-46. <https://doi.org/10.22219/jiko.v0i0.12663>
- Hermawati, A., Sembhodo, A., & Panunjul, N. (2024). Application of agglomerative hierarchical clustering in grouping tourism industry smes in east java. *ICOBUSS*, 70-86. <https://doi.org/10.24034/icobuss.v4i1.481>
- Hernández-Linares, R., Fernández, M., Eddleston, K., & Kellermanns, F. (2023). Learning to be entrepreneurial: do family firms gain more from female leadership than nonfamily firms?. *Strategic Entrepreneurship Journal*, 17(4), 971-1001. <https://doi.org/10.1002/sej.1482>
- Hidayah, N. (2024). Empowering msme employees: quality of work life and organizational support. *JBMP (Jurnal Bisnis Manajemen Dan Perbankan)*, 10(1), 75-90. <https://doi.org/10.21070/jbmp.v10i1.1955>
- Hoang, G., Wilson-Evered, E., & Lockstone-Binney, L. (2020). Leaders influencing innovation. *Employee Relations*, 43(2), 416-437. <https://doi.org/10.1108/er-07-2019-0279>
- Hooi, H., Ahmad, N., Amran, A., & Rahman, S. (2016). The functional role of entrepreneurial orientation and entrepreneurial bricolage in ensuring sustainable entrepreneurship. *Management Research Review*, 39(12), 1616-1638. <https://doi.org/10.1108/mrr-06-2015-0144>
- Huynh, V., Duong, L., Truong, T., Nhân, N., & Downes, N. (2024). Empowering employees' environmental citizenship behaviour: insights from small and medium-sized enterprises in climate-threatened tourism destinations. *The Journal of Environment & Development*, 33(4), 730-754. <https://doi.org/10.1177/10704965241262953>
- Idrus, S. (2020). Moderation effect of education to the effect of market orientation and technology orientation on entrepreneurship orientation at small-and-medium enterprises (smes) in east java, indonesia. *Pertanika Journal of Social Sciences and Humanities*, 28(4). <https://doi.org/10.47836/pjssh.28.4.12>
- Isaskar, R. (2025). Enhancing sme performance through collaborative networks, digitalization technology, competence, and business resilience: a study of the chip industry in malang raya. *Jurnal Dinamika Manajemen*, 16(1), 160-178. <https://doi.org/10.15294/jdm.v16i1.14074>
- Iskamto, D. (2023). Organizational culture and its impact on employee performance. *IJMDB*, 2(1), 47-55. <https://doi.org/10.54099/ijmdb.v2i1.584>
- Ismatillaevna, F., Pratama, B., & Rohimi, U. (2023). Increasing the potential of tourism destinations through combining the principles of sustainability and innovation. *Journal of World Science*, 2(2), 197-203. <https://doi.org/10.58344/jws.v2i2.232>
- Jaramillo-Moreno, B., Sánchez-Cueva, I., Tinizaray-Tituana, D., Narváez, J., Cabanilla, E., Torrecillas, M., ... & Rambaud, S. (2020). Diagnosis of administrative and financial processes in community-based tourism enterprises in ecuador. *Sustainability*, 12(17), 7123. <https://doi.org/10.3390/su12177123>
- Jeje, K. (2020). Risk-taking and performance of small and medium-sized enterprises: lessons from tanzanian bakeries. *Journal of Economics and Behavioral Studies*, 12(3(J)), 1-22. [https://doi.org/10.22610/jebs.v12i3\(j\).2941](https://doi.org/10.22610/jebs.v12i3(j).2941)

- Joensuu-Salo, S. (2021). The role of digital orientation and market orientation in generating marketing capability in smes.. <https://doi.org/10.34190/eie.21.012>
- Julyanthry, J., Putri, D., Lie, D., & Sudirman, A. (2021). Msme competitive advantages reviewed from entrepreneurship insight and market orientation aspects with innovation as a medium. *Jurnal Manajemen Dan Bisnis*, 10(2), 30-40. <https://doi.org/10.34006/jmbi.v10i2.306>
- Kamarolzaman, N., Rashid, I., Noor, N., Husain, N., & Ismail, M. (2023). A review from the malaysian perspective on factors influencing sustainable entrepreneurship in small and medium-sized enterprises ((smes). *Information Management and Business Review*, 15(4(SI)I), 275-283. [https://doi.org/10.22610/imbr.v15i4\(si\)i.3601](https://doi.org/10.22610/imbr.v15i4(si)i.3601)
- Karnawijaya, N., Rokhaniyah, S., Hadiningrum, L., & Pujiastuti, I. (2022). Mentoring msme through e-promotion as a rebranding strategy based on local wisdom. *Community Development Journal*, 6(1), 22-28. <https://doi.org/10.33086/cdj.v6i1.2916>
- Kee, D., Sirajudeen, S., Hizer, N., Nasir, N., & Rau, S. (2024). Optimizing marketing strategies for enhanced sales performance in the travel and tourism sector. *International Journal of Tourism and Hospitality in Asia Pasific*, 7(1), 58-70. <https://doi.org/10.32535/ijthap.v7i1.2902>
- Kesan, T., Inovasi, S., Perniagaan, D., Pasaran, T., Savitri, E., Herda, N., & Diyanto, A. (2023). The effect of financial technology, innovation, business strategy, and market orientation on business performance among indonesian smes: a study in riau province. *Jurnal Pengurusan*, 68. <https://doi.org/10.17576/pengurusan-2023-68-11>
- Kim, N. and Shim, C. (2018). Social capital, knowledge sharing and innovation of small- and medium-sized enterprises in a tourism cluster. *International Journal of Contemporary Hospitality Management*, 30(6), 2417-2437. <https://doi.org/10.1108/ijchm-07-2016-0392>
- Kim, T., Karatepe, O., Lee, G., Lee, S., Hur, K., & Cui, X. (2017). Does hotel employees' quality of work life mediate the effect of psychological capital on job outcomes?. *International Journal of Contemporary Hospitality Management*, 29(6), 1638-1657. <https://doi.org/10.1108/ijchm-04-2016-0224>
- Kiyabo, K. and Isaga, N. (2019). Strategic entrepreneurship, competitive advantage, and smes' performance in the welding industry in tanzania. *Journal of Global Entrepreneurship Research*, 9(1). <https://doi.org/10.1186/s40497-019-0188-9>
- Kohtamäki, M., Kautonen, T., & Kraus, S. (2010). Strategic planning and small business performance. *The International Journal of Entrepreneurship and Innovation*, 11(3), 221-229. <https://doi.org/10.5367/000000010792217263>
- Kukanja, M., Planinc, T., & Sikošek, M. (2020). Crisis management practices in tourism smes during the covid-19 pandemic. *Organizacija*, 53(4), 346-361. <https://doi.org/10.2478/orga-2020-0023>
- Le, T. (2022). Corporate social responsibility and smes' performance: mediating role of corporate image, corporate reputation and customer loyalty. *International Journal of Emerging Markets*, 18(10), 4565-4590. <https://doi.org/10.1108/ijoem-07-2021-1164>
- Li, X. (2023). Sme corporate social responsibility practices, business strategies and stakeholders' responsiveness: inputs to social tourism framework. *International Journal of Research Studies in Management*, 11(4). <https://doi.org/10.5861/ijrsm.2023.1036>
- Lin, M., Jung, I., & Sharma, A. (2022). The impact of culture on small tourism businesses' access to finance: the moderating role of gender inequality. *Journal of Sustainable Tourism*, 32(3), 480-499. <https://doi.org/10.1080/09669582.2022.2130337>
- Lopes, S., Dias, A., Pereira, L., & Santos, V. (2022). The outcomes of entrepreneurship, relational capital and innovativeness on tourist satisfaction. *Sustainability*, 14(20), 12952. <https://doi.org/10.3390/su142012952>

- Lubis, H., Rohmatillah, N., & Rahmatina, D. (2020). Strategy of tourism village development based on local wisdom. *Jurnal Ilmu Sosial Dan Humaniora*, 9(2), 320. <https://doi.org/10.23887/jish-undiksha.v9i2.22385>
- Luković, S. and Tepavčević, J. (2022). Hr practices and firm performance: the mediating effect of business strategy. *Bizinfo Blace*, 13(2), 1-11. <https://doi.org/10.5937/bizinfo22020011>
- Lutfi, M., Buntuang, P., Kornelius, Y., & Hasanuddin, B. (2020). The impact of social distancing policy on small and medium-sized enterprises (smes) in indonesia. *Problems and Perspectives in Management*, 18(3), 492-503. [https://doi.org/10.21511/ppm.18\(3\).2020.40](https://doi.org/10.21511/ppm.18(3).2020.40)
- Madiawati, P. (2023). The effects of experiential marketing and store atmosphere on customer loyalty of msme in west java. *Binus Business Review*, 14(3), 297-305. <https://doi.org/10.21512/bbr.v14i3.9760>
- Magd, H. and Jonathan, H. (2020). Integrated management system implementation in smes: a proposed model for organisational performance and sustainability. *International Journal of Business and Management Review*, 8(4), 58-77. <https://doi.org/10.37745/ijbmr.vol8.no4.58-77.2020>
- Mainardes, E., Cisneiros, G., Macedo, C., & Durans, A. (2021). Marketing capabilities for small and medium enterprises that supply large companies. *Journal of Business and Industrial Marketing*, 37(1), 47-64. <https://doi.org/10.1108/jbim-07-2020-0360>
- Makhdoom, H., Li, C., & Asim, S. (2019). Diffusion of innovation through individual and collective entrepreneurship. *Asia Pacific Journal of Innovation and Entrepreneurship*, 13(1), 89-107. <https://doi.org/10.1108/apjie-06-2018-0040>
- Martínez-Román, J., Gallego, J., Gamero, J., & Romero, J. (2015). Innovativeness and business performances in tourism smes. *Annals of Tourism Research*, 54, 118-135. <https://doi.org/10.1016/j.annals.2015.07.004>
- Nasruddin, N., Ginting, N., & Fachrudin, H. (2020). Study of recreational waterfront area development a case study: ujong blang beach, lhokseumawe city.. <https://doi.org/10.4108/eai.14-3-2019.2292021>
- Noviaristanti, S. (2022). Contemporary research on management and business.. <https://doi.org/10.1201/9781003295952>
- Nowacki, M., Kowalczyk-Anioł, J., Królikowska, K., Pstrocka-Rak, M., & Awedyk, M. (2018). Strategic planning for sustainable tourism development in poland. *International Journal of Sustainable Development & World Ecology*, 25(6), 562-567. <https://doi.org/10.1080/13504509.2018.1432513>
- Núñez-Ríos, J., Sánchez-García, J., & Ramírez-Nafarrate, A. (2022). Sustainable performance in tourism smes: a soft modeling approach. *Journal of Modelling in Management*, 18(6), 1717-1739. <https://doi.org/10.1108/jm2-06-2021-0136>
- Nurfalaq, D. and Christian, M. (2024). Determinants of corporate performance in one of indonesia's foreign banks. *Dinasti International Journal of Education Management and Social Science*, 5(4), 412-419. <https://doi.org/10.31933/dijemss.v5i4.2451>
- Nuryakin, N. (2020). Exploring smes marketing performance through networking capacity and relational capability. *Asia Pacific Management and Business Application*, 009(02), 137-150. <https://doi.org/10.21776/ub.apmba.2020.009.02.5>
- Octasyilva, A., Yuliati, L., Hartoyo, H., & Soehadi, A. (2023). Entrepreneur orientation and social capital as a key to developing dynamic capability: a conceptual framework. *Indonesian Journal of Business and Entrepreneurship*. <https://doi.org/10.17358/ijbe.9.2.186>
- Oktriono, K. (2021). Transformative tourism breakthrough in post pandemic: an enigma or eclipse. *The Winners*, 22(1). <https://doi.org/10.21512/tw.v22i1.7001>

- Oseni, S., Adebayo, O., Adeyinka, A., Kwakye, A., Pavlović, M., Asghar, W., ... & Kumi-Diaka, J. (2021). Integrative genomic and epigenomic analyses identified *irak1* as a novel target for chronic inflammation-driven prostate tumorigenesis.. <https://doi.org/10.1101/2021.06.16.447920>
- Panda, D. (2014). Managerial networks and strategic orientation in smes. *Journal of Strategy and Management*, 7(4), 376-397. <https://doi.org/10.1108/jsma-12-2013-0071>
- Park, W., Sung, C., & Byun, C. (2019). Impact of unlisted small and medium-sized enterprises' business strategies on future performance and growth sustainability. *Journal of Open Innovation Technology Market and Complexity*, 5(3), 60. <https://doi.org/10.3390/joitmc5030060>
- Permana, F., Masyhuri, M., & Suryantini, A. (2019). Tourism decision making and the effect of satisfaction in agro tambu tourism. *Journal of Tourism Hospitality and Environment Management*, 4(16), 56-69. <https://doi.org/10.35631/jthem.416005>
- Pertheban, T., Ramayah, T., Marimuthu, A., Venkatachalam, K., Annamalah, S., Paraman, P., ... & Hoo, W. (2023). The impact of proactive resilience strategies on organizational performance: role of ambidextrous and dynamic capabilities of smes in manufacturing sector. *Sustainability*, 15(16), 12665. <https://doi.org/10.3390/su151612665>
- Phangestu, J., Kountur, R., & Prameswari, D. (2020). The moderating effect of entrepreneurial leadership and competitive advantage on the relationship between business model innovation and startup performance. *Journal of Business & Retail Management Research*, 14(03). <https://doi.org/10.24052/jbrmr/v14is03/art-06>
- Prasetya, A., Rahardjo, K., Mawardi, M., Hidayat, R., & Prakasa, Y. (2021). The mediation role of financial literacy in ensuring msme sustainability: an organizational characteristics perspective. *Jema Jurnal Ilmiah Bidang Akuntansi Dan Manajemen*, 18(1), 61. <https://doi.org/10.31106/jema.v18i1.10356>
- Primadona, I., Rustiarini, N., & Rismawati, R. (2024). Challenges and benefits of implementing corporate social responsibility in msme. *JIA*, 2(1), 47-53. <https://doi.org/10.36733/jia.v2i1.9013>
- Qifari, M. and Hartono, A. (2024). Investigating the role of innovation capabilities and the impact of knowledge transfer and open innovation implementation on sme performance in yogyakarta. *Asian Journal of Economics Business and Accounting*, 24(2), 70-91. <https://doi.org/10.9734/ajeba/2024/v24i21221>
- Rahmayuni, R., Yeni, Y., & Syafrizal, S. (2024). The influence of entrepreneurial orientation and competitive advantage on performance. *Journal Publicuho*, 7(1), 245-253. <https://doi.org/10.35817/publicuho.v7i1.358>
- Rasdayanti, F., Hersona, S., & Hartelina, H. (2023). The effect of work discipline, organizational culture, and work environment on the performance of state civil apparatus at the tourism and culture office in karawang regency. *Dinasti International Journal of Economics Finance & Accounting*, 4(2), 278-289. <https://doi.org/10.38035/dijefa.v4i2.1814>
- Rasdayanti, F., Hersona, S., & Hartelina, H. (2023). The effect of work discipline, organizational culture, and work environment on the performance of state civil apparatus at the tourism and culture office in karawang regency. *Dinasti International Journal of Economics Finance & Accounting*, 4(2), 278-289. <https://doi.org/10.38035/dijefa.v4i2.1814>
- Reinoso, N., Yamil, D., & Lorena, C. (2018). Post-earthquake strategic tourism plan for the municipality of bolívar, manabí, ecuador. *Geojournal of Tourism and Geosites*, 23(3), 881. <https://doi.org/10.30892/gtg.23322-336>

- Risdwiyanto, A., Sulaeman, M., & Rachman, A. (2023). Sustainable digital marketing strategy for long-term growth of msme. *Journal of Contemporary Administration and Management (Adman)*, 1(3), 180-186. <https://doi.org/10.61100/adman.v1i3.70>
- Roach, M. and Skrentny, J. (2019). Why foreign stem phds are unlikely to work for us technology startups. *Proceedings of the National Academy of Sciences*, 116(34), 16805-16810. <https://doi.org/10.1073/pnas.1820079116>
- Rochimah, T., Rasyid, E., & Faidati, N. (2023). Strengthening the capacity of micro waqf bank (bwm) partners of usaha mandiri sakinah through digital branding training. *iccs*, 1(2). <https://doi.org/10.18196/iccs.v1i2.169>
- Rokhanawati, D., Sabihaini, S., & Kristanto, R. (2024). Effect of entrepreneurship leadership on business performance mediated by competitive advantage and dynamic capability in batik giriloyo msme. *West Science Journal Economic and Entrepreneurship*, 2(01), 86-101. <https://doi.org/10.58812/wsjee.v2i01.655>
- Sánchez-García, J., Núñez-Ríos, J., Soto-Pérez, M., Castro, P., & Rodríguez-Magaña, A. (2019). A systems science approach to inter-organisational complementarity in tourism smes. *Systemic Practice and Action Research*, 33(1), 1-25. <https://doi.org/10.1007/s11213-019-09512-w>
- Sariwulan, T., Suparno, S., Disman, D., Ahman, E., & Suwatno, S. (2020). Entrepreneurial performance: the role of literacy and skills. *Journal of Asian Finance Economics and Business*, 7(11), 269-280. <https://doi.org/10.13106/jafeb.2020.vol7.no11.269>
- Scheers, L. and Makhitha, K. (2016). Are small and medium enterprises (smes) planning for strategic marketing in south africa?. *Foundations of Management*, 8(1), 243-250. <https://doi.org/10.1515/fman-2016-0019>
- Seow, A., Choong, Y., Low, M., Ismail, N., & Choong, C. (2024). Building tourism smes' business resilience through adaptive capability, supply chain collaboration and strategic human resource. *Journal of Contingencies and Crisis Management*, 32(2). <https://doi.org/10.1111/1468-5973.12564>
- Sepúlveda, W. and Bustamante-Caballero, S. (2023). Segmentation and factors associated with the resilience of touristic smes: results from colombia. *Tourism and Hospitality Research*, 24(4), 548-559. <https://doi.org/10.1177/14673584231165945>
- Sepúlveda, W. S., & Bustamante-Caballero, S. P. (2023). Segmentation and factors associated with the resilience of touristic SMEs: Results from Colombia. *Tourism and Hospitality Research*, 24(4), 548-559. <https://doi.org/10.1177/14673584231165945> (Original work published 2024)
- Sevim, D., Köseoğlu, O., & Özdemir, D. (2017). Depolama sırasında ayvalık ve memecik zeytinyağlarının triaçilgliserol kompozisyonundaki değişiklikler. *Sakarya University Journal of Science*, 1-1. <https://doi.org/10.16984/saufenbilder.284473>
- Shaukat, F. and Jia, M. (2022). Green marketing orientation impact on business performance: case of pharmaceutical industry of pakistan. *Frontiers in Psychology*, 13. <https://doi.org/10.3389/fpsyg.2022.940278>
- Singh, L. (2023). Moderating role of intrinsic motivation in managing the consequences of workplace ostracism. *Tourism Review*, 79(1), 167-183. <https://doi.org/10.1108/tr-12-2022-0657>
- Sinulingga, E., Rahmad, T., Indradewa, R., & Iskandar, M. (2023). Financial planning strategy of "container villa rental company in the mountains" in indonesia. *Jurnal Syntax Admiration*, 4(9), 1441-1458. <https://doi.org/10.46799/jsa.v4i9.701>
- Stocker, M. and Várkonyi, L. (2022). Impact of market orientation on competitiveness: analysis of internationalized medium-sized and large enterprises. *Entrepreneurial Business and Economics Review*, 10(1), 81-95. <https://doi.org/10.15678/eber.2022.100106>

- Suherna, S. and Nasiatin, T. (2024). Relationship between customer management micro, small and medium enterprises (msmes) and marketing performance in banten. *Journal of Sustainable Tourism and Entrepreneurship*, 4(3), 345-355. <https://doi.org/10.35912/joste.v4i3.2005>
- Suradin, M. (2018). Halal tourism promotion in indonesia: an analysis on official destination websites. *Journal of Indonesian Tourism and Development Studies*, 6(3), 143-158. <https://doi.org/10.21776/ub.jitode.2018.006.03.01>
- Syah, F. and Rajoendah, M. (2022). The role model of mice activities after the covid-19 pandemic in indonesia. *JoTE*, 2(1), 23-37. <https://doi.org/10.17509/jote.v2i1.48875>
- Tiwasing, P. and Sawang, S. (2021). Does membership of local chambers of commerce networks enhance rural sme performance?: an empirical analysis. *International Journal of Entrepreneurial Behaviour & Research*, 28(2), 368-385. <https://doi.org/10.1108/ijeb-07-2021-0614>
- Tunjungsari, H., Ie, M., Utama, D., Mawardi, V., Solikhah, N., Yukianti, C., ... & Buana, S. (2023). International brand image development for msme: case of legit crackers. *ijaeb*, 1(4), 2754-2761. <https://doi.org/10.24912/ijaeb.v1i4.2754-2761>
- Utami, N., Sapta, I., Dicriyani, N., & Astakoni, I. (2023). The value of catur purusa artha and entrepreneurship orientation as a base for maximizing smes performance. *Jurnal Aplikasi Manajemen*, 21(3). <https://doi.org/10.21776/ub.jam.2023.021.03.10>
- Utomo, B. and Santosa, T. (2022). The influence of technopreneurship and business network competency towards the competitive advantage of sme in the middle of the covid-19 pandemic. *Econbank Journal of Economics and Banking*, 4(2), 181-186. <https://doi.org/10.35829/econbank.v4i2.247>
- Utomo, H. and Susanta, S. (2021). Environmental uncertainty as a moderator of entrepreneurship orientation and innovation capability during the pandemic: a case of written batik smes in yogyakarta. *F1000research*, 10, 844. <https://doi.org/10.12688/f1000research.53433.1>
- Varelas, S. and Tsoupros, G. (2024). Key performance indicators and data envelopment analysis in greek tourism: a strategic planning tool for destinations and dmms. *Sustainability*, 16(8), 3453. <https://doi.org/10.3390/su16083453>
- Villanueva, M., Castorena, O., & SÁNCHEZ-NAVA, J. (2023). Sustainable tourism: opportunity for the msme of chilapa de álvarez, guerrero., 34-42. <https://doi.org/10.35429/p.2023.3.34.42>
- Wahjoedi, W. and Rahayu, H. (2022). Small and medium enterprises development design based on economic education: learning from smes life in penajam paser utara, indonesia.. <https://doi.org/10.57030/23364890.cemj.30.4.170>
- Wahyuni, N. and Sara, I. (2020). The effect of entrepreneurial orientation variables on business performance in the sme industry context. *Journal of Workplace Learning*, 32(1), 35-62. <https://doi.org/10.1108/jwl-03-2019-0033>
- Wahyuningsih, S., Sudiro, A., Troena, E., & Irawanto, D. (2019). Analysis of organizational culture with denison's model approach for international business competitiveness. *Problems and Perspectives in Management*, 17(1), 142-151. [https://doi.org/10.21511/ppm.17\(1\).2019.13](https://doi.org/10.21511/ppm.17(1).2019.13)
- Wang, S., Lee, M., Château, P., & Chang, Y. (2016). Performance indicator framework for evaluation of sustainable tourism in the taiwan coastal zone. *Sustainability*, 8(7), 652. <https://doi.org/10.3390/su8070652>
- Wang, X., Yang, Z., & Guo, Y. (2024). Research on the influencing factors of cultural and tourism service quality in huizhou area. *Sustainability*, 16(13), 5535. <https://doi.org/10.3390/su16135535>

- Widjajanti, K. and Sugiyanto, E. (2023). How do market orientation and innovation effect in increasing business performance? empire study of msme in the city of semarang., 186-196. [https://doi.org/10.2991/978-94-6463-154-8\\_18](https://doi.org/10.2991/978-94-6463-154-8_18)
- Wijaya, A., Jiuhardi, J., Za, S., Nurjanana, N., & A., E. (2023). Determinants on small scale business: an empirical evidence from indonesia. *International Journal of Sustainable Development and Planning*, 18(1), 305-314. <https://doi.org/10.18280/ijstdp.180132>
- Wijaya, N. and Rahmayanti, P. (2023). The role of innovation capability in mediation of covid-19 risk perception and entrepreneurship orientation to business performance. *Uncertain Supply Chain Management*, 11(1), 227-236. <https://doi.org/10.5267/j.uscm.2022.10.004>
- Xie, J., Jin, C., Liu, M., Sun, K., Jin, Z., Ding, Z., ... & Gong, X. (2022). Mri/transrectal ultrasound fusion-guided targeted biopsy and transrectal ultrasound-guided systematic biopsy for diagnosis of prostate cancer: a systematic review and meta-analysis. *Frontiers in Oncology*, 12. <https://doi.org/10.3389/fonc.2022.880336>
- Yanuarni, E., Iqbal, M., Astuti, E. S., Mawardi, M. K., & Alfisyahr, R. (2024). Determinants of business recovery: the role of government support as moderator (a study on tourism smes affected by lombok earthquake, indonesia). *Human Systems Management*, 43(1), 79-97. <https://doi.org/10.3233/hsm-220171>
- Yaskun, M., Sudarmiatin, S., Hermawan, A., & Rahayu, W. (2023). The effect of market orientation, entrepreneurial orientation, innovation and competitive advantage on business performance of indonesian msme. *International Journal of Professional Business Review*, 8(4), E01563. <https://doi.org/10.26668/businessreview/2023.v8i4.1563>
- Yayla, Ö., Çinbilgel, İ., & Dağdelen, Ö. (2021). Local people's perception of ecotourism: the case of salda lake. *Anais Brasileiros De Estudos Turísticos - Abet*. <https://doi.org/10.34019/2238-2925.2021.v11.32179>
- Yi, J., Chu, J., & Png, I. (2022). Early-life exposure to hardship increased risk tolerance and entrepreneurship in adulthood with gender differences. *Proceedings of the National Academy of Sciences*, 119(15). <https://doi.org/10.1073/pnas.2104033119>
- Zhang, J., Xue, Y., Liu, X., Kuang, W., Tan, X., Li, C., ... & Li, C. (2022). Identification of 4 subgroups in juvenile dermatomyositis by principal component analysis-based cluster analysis. *Clinical and Experimental Rheumatology*, 40(2), 443-449. <https://doi.org/10.55563/clinexprheumatol/t2hxjd>
- Zhou, S. (2023). Service quality, tourist purchase behavior and tourists' satisfaction: inputs for strategic tourism marketing framework. *International Journal of Research Studies in Management*, 11(7). <https://doi.org/10.5861/ijrsm.2023.1085>
- Zopiatis, A., Constanti, P., & Theocharous, A. (2014). Job involvement, commitment, satisfaction and turnover: evidence from hotel employees in cyprus. *Tourism Management*, 41, 129-140. <https://doi.org/10.1016/j.tourman.2013.09.013>