



Dynamic Capabilities of Enterprises in the Vietnam Tourism Industry

NGUYEN, Thi Thanh Hang

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DYNAMIC CAPABILITIES OF ENTERPRISES IN THE VIETNAM TOURISM INDUSTRY

Nguyen Thi Thanh Hang

A thesis submitted in partial fulfilment of
the requirements of
Sheffield Hallam University
for the degree of Doctor of Philosophy

August 2019

CANDIDATE'S DECLARATION

I hereby declare that:

1. I have not been enrolled for another award of the University, or other academic or professional organisation, whilst undertaking my research degree.
2. None of the material contained in the thesis has been used in any other submission for an academic award.
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4. The work undertaken towards the thesis has been conducted in accordance with the SHU Principles of Integrity in Research and the SHU Research Ethics Policy.
5. The word count of the thesis is 65,970.

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ABSTRACT

This thesis examined the dynamic capabilities of Vietnamese tourism enterprises and the factors that influence their development. It employed a mixed methods approach to explore the dynamic capabilities and their determinants and to investigate how dynamic capabilities relate to the competitive advantages of these enterprises. This work contributes to the strategic management literature by proposing an innovative conceptual framework (from the qualitative study) and a measurement model of dynamic capabilities (from the quantitative study) in tourism enterprises. Specifically, this thesis is the first to validate a higher-order construct model for dynamic capabilities. It proposes a new conceptual framework of dynamic capabilities that encompasses the different factors involved and the strength of influence each has on dynamic capabilities. The proposed model in the qualitative study also demonstrates the dynamism and movement among all the related dimensions. This thesis elucidates several managerial implications and highlights specific and contextual factors relating to Vietnam – an emerging and developing destination for international tourists.

TABLE OF CONTENTS

CANDIDATE'S DECLARATION	II
WORKS DURING MY PHD	III
ABSTRACT	V
TABLE OF CONTENTS	VI
LIST OF FIGURES	IX
LIST OF TABLES.....	X
LIST OF BOXES.....	XI
ACKNOWLEDGEMENTS.....	XII
CHAPTER 1. INTRODUCTION.....	1
1.1. MOTIVATION FOR THE STUDY.....	1
1.2. THE GAP IN DYNAMIC CAPABILITIES RESEARCH IN SERVICE INDUSTRY	2
1.3. RESEARCH PURPOSE, QUESTIONS, AND METHODOLOGY	5
1.4. CONTRIBUTIONS OF THIS THESIS	6
1.5. THESIS STRUCTURE.....	7
CHAPTER 2. THEORETICAL BACKGROUND.....	10
2.1. THEORIES INFLUENTIAL IN THE DEVELOPMENT OF DYNAMIC CAPABILITIES	10
2.1.1. <i>Evolutionary Economics Theory and Dynamic Capabilities</i>	10
2.1.2. <i>Transaction Cost Theory</i>	12
2.1.3. <i>Organisational Learning Theory</i>	13
2.1.4. <i>Behavioural Theory of the Firm</i>	15
2.1.5. <i>Resource-based View</i>	17
2.1.6. <i>A Network Theory of Social Capital</i>	18
2.1.7. <i>Institutional Theory</i>	19
2.2. TOWARDS A DYNAMIC CAPABILITIES RESEARCH FRAMEWORK	22
2.2.1. <i>Dynamic capabilities in literature</i>	22
2.2.2. <i>The conceptualisation of dynamic capabilities used in this research</i>	30
CHAPTER 3. DETERMINANTS AND OUTCOMES OF DYNAMIC CAPABILITIES.....	33
3.1. DETERMINANTS OF DYNAMIC CAPABILITIES	33
3.1.1. <i>Human capital</i>	33
3.1.2. <i>Organisational learning culture</i>	35
3.1.3. <i>Digital Marketing</i>	37
3.1.4. <i>Environmental dynamism</i>	38
3.2. OUTCOMES OF DYNAMIC CAPABILITIES.....	39
3.3. EFFECTS OF ORGANISATION SIZE AND AGE ON THE HYPOTHESED RELATIONSHIPS.....	42
3.4. SUMMARY OF HYPOTHESES.....	43
CHAPTER 4. OVERALL RESEARCH METHODOLOGY	45
4.1. PHILOSOPHICAL ASSUMPTIONS	45
4.2. MIXED METHODS APPROACH	47
4.3. ADOPTING A PRAGMATISM APPROACH.....	49
4.4. RATIONALE FOR THE RESEARCH DESIGN	51
4.4.1. <i>The mixed methods research process</i>	52
4.4.2. <i>Mixed methods research content</i>	57
4.4.3. <i>Mixed methods research contexts</i>	65
CHAPTER 5. QUANTITATIVE RESEARCH METHODOLOGY.....	67
5.1. QUANTITATIVE RESEARCH DESIGN	67
5.2. DEVELOPMENT OF MEASUREMENT MODELS	68
5.2.1. <i>Measuring Items</i>	68

5.2.2.	<i>Control Variables</i>	76
5.3.	MEASUREMENT SCALE	76
5.4.	THE QUESTIONNAIRE FORMAT	77
5.5.	TRANSLATION AND PRE-TEST OF THE QUESTIONNAIRE	77
5.6.	THE SAMPLING FOR THE QUANTITATIVE STUDY.....	79
5.6.1.	<i>Acceptable Response Rate for This Study</i>	79
5.6.2.	<i>Data Collection Process</i>	80
5.7.	UNIT OF ANALYSIS.....	82
5.8.	RESPONDENT SELECTION	82
5.9.	DATA ANALYSIS TECHNIQUES.....	83
5.10.	DATA PROCESSING	85
5.10.1.	<i>Missing data treatment and imputation method</i>	85
5.10.2.	<i>Outliers and multivariate normality</i>	86
5.11.	ESTIMATION TECHNIQUE	86
5.12.	FULL STATISTICAL RESEARCH MODEL BEFORE MODIFICATION	87
5.13.	THE HIGHER-ORDER CONFIRMATORY FACTOR ANALYSIS OF DYNAMIC CAPABILITIES	88
5.14.	CONFIRMATORY FACTOR ANALYSIS OF COMPETITIVE ADVANTAGE	92
5.15.	FIT INDICES.....	94
CHAPTER 6.	QUANTITATIVE RESEARCH RESULTS AND DISCUSSION.....	97
6.1.	SAMPLE CHARACTERISTICS AND RESPONDENT INFORMATION	97
6.1.1.	<i>Sample characteristics</i>	97
6.1.2.	<i>Respondents' information</i>	98
6.2.	COMMON METHODS BIAS AND FACTOR ANALYSIS	99
6.2.1.	<i>Assessing multicollinearity, collinearity, and validity</i>	99
6.2.2.	<i>Confirmatory factor analysis test</i>	105
6.3.	HYPOTHESIS TESTING RESULTS	110
6.3.1.	<i>Results for the Baseline Model</i>	110
6.3.2.	<i>The Effect of Control Variables</i>	113
6.4.	TESTING ALTERNATIVE MODELS FOR ROBUSTNESS CHECK	120
6.5.	DISCUSSION OF QUANTITATIVE RESULTS	122
6.6.	CONTRIBUTIONS OF THE QUANTITATIVE STUDY	125
6.6.1.	<i>Theoretical contributions</i>	125
6.6.2.	<i>Practical implications</i>	126
6.7.	LIMITATIONS OF THE QUANTITATIVE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH	127
CHAPTER 7.	QUALITATIVE STUDY DESIGN AND DATA COLLECTION METHODS	128
7.1.	PROCEDURE FOR QUALITATIVE DATA COLLECTION.....	128
7.1.1.	<i>Interview Technique</i>	129
7.1.2.	<i>Participants' socio-demographic information</i>	131
7.1.3.	<i>Research instruments</i>	133
7.1.4.	<i>Establishing ethical guidelines</i>	133
7.1.5.	<i>Conducting the interviews and the treatment of recording</i>	134
7.2.	QUALITATIVE DATA ANALYSIS TECHNIQUES	135
7.2.1.	<i>Thematic template analysis</i>	135
7.2.2.	<i>Quality checks in Template Analysis</i>	138
CHAPTER 8.	QUALITATIVE RESEARCH FINDINGS AND ANALYSIS.....	140
8.1.	DESCRIPTION OF CASES	140
8.2.	THE DATA ANALYSIS PROCESS	145
8.3.	THE DEVELOPMENT OF THE THEMATIC TEMPLATE	146
8.3.1.	<i>Formulating the initial template</i>	146
8.3.2.	<i>Developing and applying the initial template</i>	148
8.4.	KEY FINDINGS	150
8.4.1.	<i>Theme 1 – Dynamic Capabilities</i>	150
8.4.2.	<i>Theme 2 – Human Capital</i>	168
8.4.3.	<i>Theme 3 – Managerial capabilities of the leaders in organisations</i>	178

8.4.4.	<i>Theme 4 – External environment factors that facilitate or hinder dynamic capabilities.</i>	191
8.4.5.	<i>Theme 5 – The competitive advantage of Vietnamese tourism organisations.....</i>	205
CHAPTER 9.	DISCUSSION OF QUALITATIVE FINDINGS	210
9.1.	DYNAMIC CAPABILITIES IN VIETNAMESE TOURISM ORGANISATIONS	210
9.2.	THE INFLUENCE OF HUMAN CAPITAL ON DYNAMIC CAPABILITIES	213
9.3.	THE ROLE OF MANAGERIAL CAPABILITIES IN DYNAMIC CAPABILITIES AND WITH HUMAN CAPITAL	215
9.4.	GOVERNMENT MANAGEMENT OF TOURISM AND OTHER EXTERNAL FACTORS INFLUENCING DYNAMIC CAPABILITIES	218
9.5.	DYNAMIC CAPABILITIES AS A SOURCE OF COMPETITIVE ADVANTAGE	222
9.6.	A PROPOSAL FOR A NEW MODEL OF DYNAMIC CAPABILITIES.....	225
CHAPTER 10.	CONCLUSIONS AND RECOMMENDATIONS	228
10.1.	HOW WERE DYNAMIC CAPABILITIES VIEWED IN VIETNAMESE TOURISM ORGANISATIONS?	228
10.2.	FACTORS INFLUENCING DYNAMIC CAPABILITIES IN VIETNAMESE TOURISM ORGANISATIONS	229
10.2.1.	<i>The determinants of dynamic capabilities in quantitative and qualitative studies.....</i>	229
10.2.2.	<i>Other factors explored in the qualitative study.....</i>	232
10.3.	OUTCOMES OF DYNAMIC CAPABILITIES	232
10.4.	MANAGERIAL AND POLICY IMPLICATIONS.....	233
10.5.	CONTRIBUTIONS OF THIS THESIS	235
10.5.1.	<i>Theoretical contributions</i>	235
10.5.2.	<i>Methodological contributions.....</i>	236
10.5.3.	<i>Practical contributions</i>	236
10.6.	LIMITATIONS OF THE THESIS	237
10.7.	SUGGESTIONS FOR FUTURE RESEARCH.....	238
APPENDIX	XIV	
APPENDIX A: THEORIES INFLUENCING DYNAMIC CAPABILITIES RESEARCH	XIV	
APPENDIX B: ARTICLES USED IN LITERATURE REVIEW	XV	
APPENDIX C: QUANTITATIVE QUESTIONNAIRE	XVIII	
APPENDIX D: STRATIFIED SAMPLING OF PROVINCES AND BUSINESSES	XIII	
APPENDIX E: QUANTITATIVE RESULTS	XIII	
Appendix E.1: Overall summary of missing values in the original dataset.....	xiii	
Appendix E.2: Overall summary of missing values in the usable dataset after treating missing cases	xv	
Appendix E.3: Little's MCAR Overall Test of Randomness.....	xviii	
Appendix E.2: Descriptive statistics before EM (transformation).....	xxii	
Appendix E.3: Descriptive statistics after EM (transformation)	xxvi	
Appendix E.4: Multigroup Analysis	xxxiii	
APPENDIX F: QUALITATIVE RESULTS	xxxix	
Appendix F.1: Description of Case Data	xxxix	
Appendix F.2: Interview Protocol	xlvi	
Appendix F.3: The Coding Process.....	xliv	
APPENDIX G: EXAMPLES OF QUALITATIVE INTERVIEWS	li	
Appendix G.1: Interview C12	li	
Appendix G.2: Interview C17	lix	
Appendix G.3: Interview C29	lxxvi	
Appendix G.4: Interview C37	lxxxii	
REFERENCES	XCIV	

LIST OF FIGURES

Figure 1.1: Thesis Structure.....	9
Figure 3.1: Conceptual Quantitative Research Model	44
Figure 4.2: Epistemology and Ontology of Critical Research	49
Figure 4.3: The Socio-Ecological Framework for Mixed Methods Research	52
Figure 4.4: The Mixed Methods Research Process.....	53
Figure 4.5: Mixed Methods Design for This Study	60
Figure 4.6: The Procedural Diagram of Research Activities	61
Figure 5.1: Full Statistical Research Model	87
Figure 5.2: Estimating the Factor Loading for the Dynamic Capabilities Construct.....	89
Figure 5.3: Estimating the Factor Loading for the Dynamic Capabilities Construct (final selection)	90
Figure 5.4: The Initial CFA Model of Competitive Advantage	93
Figure 5.5: The Final CFA Model of Competitive Advantage	94
Figure 6.1: Final Measurement Model	105
Figure 6.2: Structural Equation Modelling without Multigroup Analysis	110
Figure 8.1: The Qualitative Analysis Process	145
Figure 9.1: Dynamic Capabilities in Organisations	211
Figure 9.2: The Influence of Human Capital on Dynamic Capabilities	214
Figure 9.3: The Influence of Managerial Capabilities on Dynamic Capabilities	217
Figure 9.4: The Influence of the External Environment on Dynamic Capabilities	221
Figure 9.5: The Relationship between Dynamic Capabilities, Performance, and Competitive Advantage.....	224
Figure 9.6: A Proposed Model for Dynamic Capabilities	225

LIST OF TABLES

Table 2.1: Major Discussions in the Literature and the View Adopted in this Thesis	23
Table 2.2: Different Views on Dynamic Capabilities	25
Table 2.3: Definitions of Context-Specific Dynamic Capabilities	28
Table 2.4: Organisational Agility and Ambidexterity	30
Table 3.1: Summary of Proposed Hypotheses	43
Table 5.1: Summary of Measurement Items	74
Table 5.6: The Regression Path Coefficient and Its Significance	91
Table 5.7: CFA Results for Sensing, Seizing, and Reconfiguring	91
Table 5.8: Summary of the Chosen Fit Indices and Their Cut-off Values.....	95
Table 6.1: Organisation Demographics	98
Table 6.2: Respondents' Information of Position and Qualifications	99
Table 6.3: Respondents' Experience and Age	99
Table 6.4: Factor Loading Results	101
Table 6.5: Chosen Items for Statistical Model	103
Table 6.6: Validity Check	106
Table 6.7: CFA Results for All Constructs	107
Table 6.8: Correlation Matrix and Means for All Constructs	109
Table 6.9: The Regression Path Coefficient and Its Significance	112
Table 6.10: Multigroup Analysis Model Comparison	113
Table 6.11: Chi-square Test Results on the Constrained Models with the Unconstrained Model	115
Table 6.12: Multigroup (company age) Analysis Model Comparison	117
Table 6.13: Chi-square Test Results on the Constrained Models with the Unconstrained Model	119
Table 6.14: Results of Testing Alternative Models	121
Table 7.1: Interviewees' Socio-demographic Information	132
Table 8.1: Organisation Information.....	141
Table 8.2: Key Informant Information.....	143
Table 9.1: The Level of Influence Different Determinants have on Each Sub-Capability of Dynamic Capabilities.....	227

LIST OF BOXES

Box 3.1: The Concept of Human Capital	34
Box 3.2: The Concept of Organisational Learning Culture	36
Box 3.3: The Concept of Digital Marketing	37
Box 3.4: The Concept of Environmental Dynamism	39
Box 3.5: The Concept of Competitive Advantage	41
Box 8.1: Initial Template	147
Box 8.2: The Final Template.....	149
Box 8.3: Final Template of Sensing Capabilities	151
Box 8.4: Final Template of Seizing Capabilities	157
Box 8.5: Final Template of Reconfiguring Capabilities	163
Box 8.6: Final Template of Human Capital	168
Box 8.7: Final Template of Managerial Capabilities	178
Box 8.8: Final Template of External Environment Factors	192
Box 8.9: Final Template of Competitive Advantage.....	205

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CHAPTER 1. INTRODUCTION

1.1. MOTIVATION FOR THE STUDY

Dynamic capability is a topic in strategic management that was developed in the 1990s through the seminal work of Teece and Pisano (1994). Since then, there have been different views on how to identify dynamic capabilities in organisations; which abilities or capacities are perceived 'dynamic capabilities'; whether dynamic capabilities can be considered as organisational resources (Eisenhardt & Martin, 2000) or as activities (Zollo & Winter, 2002); and whether to classify them as operational capabilities (inherent in the operational level of the organisations) or more advanced capabilities (inherent in the top strategic level of organisations) (Schilke, 2014b; Zollo & Winter, 2002; Winter, 2003; Prange & Verdier, 2011; Makkonen, Pohjola, Olkkonen, & Koponen, 2014; Danneels, 2010; Dixon, Meyer, & Day, 2014). The dynamic capabilities framework developed by Teece, Pisano and Shuen (1997) proposed different elements relevant to an analysis of dynamic capabilities in organisations. For the past twenty years, research on dynamic capabilities has mostly been conducted within manufacturing industries where there has been extensive application of advanced technology or innovation industries with rapid changes are widely accepted as key features of such sectors (Easterby-Smith, Lyles, & Peteraf, 2009). However, there is a gap in the understanding of dynamic capabilities in service industries in general and in tourism in particular. Tourism has been considered as an important area of promise (Dwyer, 2015), given in the context of economic development, environmental and socio-cultural changes, employment opportunities, new consumer values, the spread of technical knowledge, the development of new markets and products (Ivanov & Webster, 2013; Dogru & Bulut, 2018; Webster & Ivanov, 2014; Schubert, Brida, & Risso, 2011).

In terms of an empirical context, Vietnam is one of Southeast Asia's most beautiful countries, attracting travellers to its lush mountains, dynamic cities, and sandy beaches. Tourism in Vietnam has vast potential for development. The

Travel and Tourism Competitiveness Report by the World Economic Forum (2017) placed Vietnam at the 67th among 136 economies for tourism competitiveness. It is one of the top 10 most improved economies and the fastest improving nation in the Association of South East Asian Nations (ASEAN). Vietnam is also ranked as one of the top 10 growing destinations for travel from 2016 to 2026. These figures demonstrate the rapid and dynamic growth of the tourism industry in Vietnam and the opportunities the tourism industry provides. However, Vietnam is far behind neighbouring countries such as Thailand, Singapore, and Malaysia. For example, in 2016 Vietnam welcomed 10 million visitors which equated to only 31% of the total visitors to Thailand, 37% of visitors to Malaysia, and 61% of visitors to Singapore (World Economic Forum, 2017). This context formed the practical background for the research which aimed to explore factors that would contribute to an improved tourism service in Vietnam. For this research, I have focused on the organisational level to establish whether dynamic capabilities exist in Vietnamese tourism enterprises. Dynamic capabilities include the ability to sense changes and seize opportunities, risk awareness, and the ability to take appropriate actions, make changes, and reconfigure and re-adjust to the current business structure, operations, and routines.

Therefore, by exploring the dynamic capabilities framework in the tourism industry of an emerging travelling destination and economy this study sought to identify how and in what ways the tourism businesses in Vietnam copes with changes in the industry, and how firms compete and cooperate with each other when utilising dynamic capabilities. Furthermore, by focusing on a different industry (tourism industry) in a different empirical context (Vietnam), this study provided significant contributions (which will be discussed in the next section) to the literature on dynamic capabilities.

1.2. THE GAP IN DYNAMIC CAPABILITIES RESEARCH IN SERVICE INDUSTRY

This section first presents the definitions of service and manufacturing, then the similarities and differences between the two, and lastly it identifies the research gap related to dynamic capabilities in the service sector. According to the

definition by Silvestro & Johnston (1990: 206), services refer to an industrial sector that 'do[es] things for you. They don't make things'. Gershuny and Miles (1983: 3) provide a more substantial definition of the service which 'covers all those firms and employers whose major final output is some intangible or ephemeral commodity or that residual set of productive institutions is the formal economy whose final output is not a material good.' The service industry encompasses such categories as distribution, hotels and catering; transport, storage and communications; business services and finance; and government and other services (Office for National Statistics, 2019). Therefore, tourism businesses can also be included in this classification of the service industry.

The manufacturing industry, on the other hand, is defined as 'establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products' and 'those engaged in assembling of component parts of manufactured products' (U.S Census Bureau, 2012). Manufacturing, from the working definition by Sustainable Development Indicators (1996), is 'the branch of manufacture and trade based on the fabrication, processing, or preparation of products from raw materials and commodities.' This includes all foods, chemicals, textiles, machines, equipment, all refined metals and minerals derived from extracted ores, lumber, wood, and pulp products.

The service industry is differentiated from manufacturing by being focused on 'intangibles', and the service outputs are viewed as an activity and rather than product (Johns, 1999). Another way in which the service different from manufacturing is that, the service industry involves more interactions with the customers. Meanwhile, manufacturing is more focused on inputs, products, and process, and the customer needs are met through a physical output represented by the product (Vargo & Lusch, 2004). This means that changes and innovations are usually more visible in manufacturing enterprises with tangible outputs and products, but are less visible in service industries (Grenmyr, Löfberg, & Witell, 2010). As service businesses focus more on customer experiences and interactions with customers to deliver 'intangible' output, the changes and innovation are mostly in providing new service continuously, and in

understanding the 'underlying business logic of service provision' (Kindström, Kowalkowski, & Sandberg, 2013: 1063). To have such innovation with service provision, firms must develop dynamic capabilities (Kindström et al., 2013; Teece et al., 1997).

It is necessary to look at the environment that facilitates dynamic capabilities in manufacturing and service industry when considering the different formations of dynamic capabilities in the two industries. The environments for dynamic capabilities of manufacturing and services industries are different. In the manufacturing industry, especially in technology-related industry, the speed of innovation is faster and more visible than the service industry (Teece et al., 1997). Therefore, dynamic capabilities are arguably perceived to be more relevant and worth being researched in the manufacturing industry (den Hertog, van der Aa, & de Jong, 2010). The service industry, supposed to provide only intangible outputs, and thus, even with innovation in the process of offering services to customers, is under-researched. From the literature review presented above, it is evident that research on dynamic capabilities is mostly conducted with the manufacturing enterprises where the process, output, and operations are more identifiable.

Although there is a stark difference in outputs (Jiang, 2009), the two industries have many similarities regarding the process of operating and creating products, whether intangible or tangible products. The relationship between manufacturing and service is interdependent (Santamaría, Nieto, & Miles, 2012). They are independent in the outputs and dependent on the process. The manufacturing industry needs the service industry to bring its products to customers and create more customer values (Marshall, 1982). Service industry also needs manufacturing industry to have more service activities.

With such reasons, the research on innovation needs to be conducted in both industries, and in the entire operation process, not only in products or in visible values. To have and maintain innovation, enterprises should address dynamic capabilities (Teece et al., 1997; Kindström et al., 2013). The research on dynamic capabilities in the service industry, therefore, needs to focus on the subtle,

unclear, small but significant indicators (den Hertog et al., 2010) which can fundamentally change the whole business operations and even in a broader scope, influencing the whole service sector.

This research has partly focused on those indicators to explore and prove whether enterprises in the tourism sector possess dynamic capabilities. If these businesses do possess such capabilities, what the specific description of dynamic capabilities is, and how different internal and external factors influence the dynamic capabilities. Hence, this research fills in the gap of dynamic capabilities research in the service industry and more specifically, in the tourism sector.

1.3. RESEARCH PURPOSE, QUESTIONS, AND METHODOLOGY

This research aims to explore the determinants and consequences of dynamic capabilities in Vietnamese tourism enterprises. The overarching research question for this study was:

What are the determinants and consequences of dynamic capabilities in tourism businesses in Vietnam?

To investigate this key question, a concurrent mixed methods research approach incorporating both quantitative and qualitative elements was adopted. Structural equation modelling (SEM) was used to analyse the quantitative data and thematic analysis was employed to analyse the qualitative data. The specific research questions addressed in each part of this thesis were therefore as follows.

Research questions for the quantitative study:

RQ1: How are dynamic capabilities measured in tourism businesses?

RQ2: What are the relationships between the determinants (human capital, environmental dynamism, organisational learning culture, and digital marketing) and dynamic capabilities?

RQ3: How strong are the relationships in RQ2?

RQ4: Which factor (human capital, environmental dynamism, organisational learning culture, and digital marketing) is most important in determining dynamic capabilities?

RQ5: How is competitive advantage measured in tourism businesses?

RQ6: How strong is the relationship between dynamic capabilities and competitive advantage?

RQ7: How does the size and age of organisations influence the different relationships between determinants and outcomes of dynamic capabilities?

Research questions for the qualitative study:

RQ8: How are dynamic capabilities demonstrated in tourism businesses?

RQ9: What are the drivers and inhibitors of dynamic capabilities in tourism businesses?

RQ10: How do organisations evaluate the strategic and financial performance that leads to competitive advantage?

RQ11: Is it possible to identify a relationship between dynamic capabilities and the strategic and financial performance of Vietnam's tourism organisations?

1.4. CONTRIBUTIONS OF THIS THESIS

The contributions of this thesis are in theoretical, methodological, and practical in nature. These contributions are as follows.

Theoretical contributions:

- Contribution in the research area: The first study on dynamic capabilities of firms in the tourism sector. Although a previous study was conducted by Nieves and Haller (2014) on dynamic capabilities in the hotel industry in Italy, no study has been conducted in the tourism sector in general. This study is also the first to research dynamic capabilities in a Vietnamese context.
- The first mixed methods study to combine both quantitative and qualitative elements to explore and gain a comprehensive knowledge of dynamic capabilities in tourism firms.
- The first study to confirm the operational measure for Dynamic Capabilities construct, using structural equation modelling (in the quantitative study). Other studies in literature have measured the different sub-capabilities that

belong to dynamic capabilities as first-order constructs. This thesis is the first to successfully develop and confirm a new higher-order (second-order) construct for dynamic capabilities based on the previous studies. The quantitative model also presents a set of different constructs that express the relationships between the constructs.

- The first study to develop a unique framework (Figure 9.6) (from the qualitative study of this thesis) for understanding dynamic capabilities in organisations regarding the influence of different elements at an organisation level (human capital, managerial capabilities, financial resources) and external environment level (technology, customers, policies and regulations, and other supporting services). The framework has shown the integration of those elements and suggested further avenues of research on different manifestations of dynamic capabilities in organisations.

Methodological contributions:

- The study has partly solved a trending issue in dynamic capabilities, specifically, the measurements of dynamic capabilities which are not easy to quantify (Laaksonen & Peltoniemi, 2016). This thesis has succeeded in identifying and providing a comprehensive view of dynamic capabilities in tourism firms, using mixed methods.

Practical contributions:

- The findings show the significant role leaders and managers play in creating, influencing, and developing different levels of dynamic capabilities.

1.5. THESIS STRUCTURE

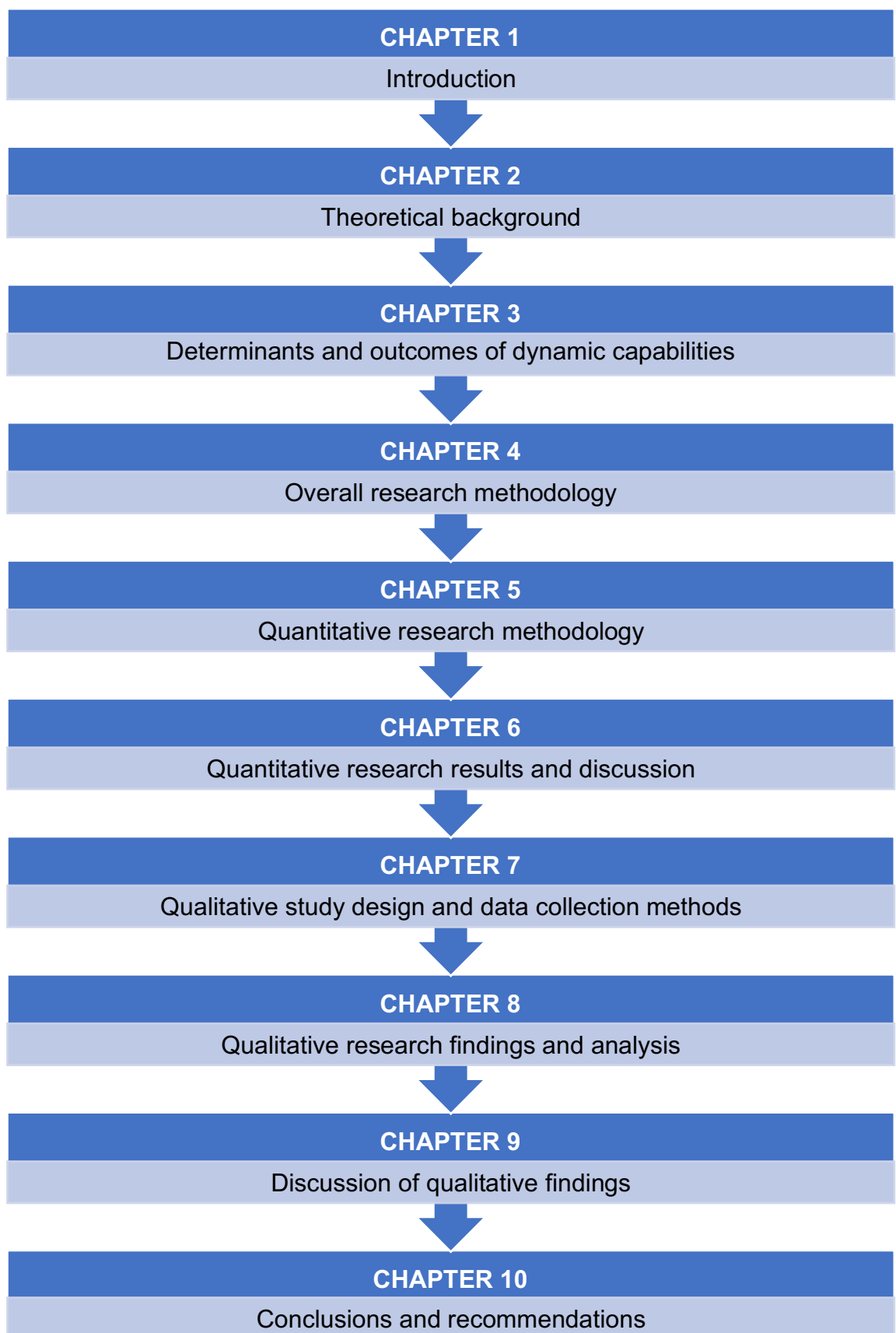
This thesis consists of 10 chapters and is organised as follows:

Following Chapter One (Introduction), Chapter Two presents the theoretical background with a focus on seven core theories (Evolutionary Economic Theory, Transaction Cost Theory, Organisational Learning Theory, Behavioural Theory of the Firm, Resource-Based View, Social Network Theory, and Institutional Theory) that have influenced the studies of dynamic capabilities and how these have been researched. Chapter Three then describes the different determinants and outcomes of dynamic capabilities. Chapter Four presents a review of mixed

methods research and how this approach was followed in the current study. Chapter Five displays the quantitative research methodology, and Chapter Six provides the quantitative results and discussion. Chapters Seven, Eight, and Nine then explain the design of the qualitative study and present the qualitative data collection, analysis, findings, and discussion. Finally, an overall discussion and conclusion regarding the results and findings of the research are presented in Chapter Ten.

The structure of the thesis is summarised in Figure 1.1.

Figure 1.1: Thesis Structure



CHAPTER 2. THEORETICAL BACKGROUND

This chapter presents the key theories that have been used to explain the concept and nature of dynamic capabilities. For each theory, the discussion focuses on two aspects: what the theory is about and how it contributes to shaping the dynamic capabilities framework. Throughout the development of organisational theory, numerous related theories have emerged that can explain the nature of the term 'dynamic capabilities', the internal and external factors that may affect the dynamism and capabilities of a firm, and the benefits that dynamic capabilities bring to organisations.

In this chapter, I will first compare the seven key theories by presenting the core content and influences they bring to the development of the dynamic capabilities framework. These theories are evolutionary economics theory, transaction cost theory, organisational learning theory, the behavioural theory of the firm, resource-based view, social network theory, and institutional theory. I will then compare the similarities and overlapping features between these theories regarding explanations of dynamic capabilities, their antecedents, and outcomes. I will finally synthesise these views and propose a definition that will be applied throughout this research.

2.1. THEORIES INFLUENTIAL IN THE DEVELOPMENT OF DYNAMIC CAPABILITIES

2.1.1. EVOLUTIONARY ECONOMICS THEORY AND DYNAMIC CAPABILITIES

Awareness of the dynamism that exists in an organisation is not recent; this section therefore traces the development of evolutionary economics theory in organisational management and how it has strongly influenced the definition of modern dynamic capabilities.

According to Hodgson (1998), evolutionary economics was first developed by Thorstein Veblen, an American economist and sociologist, and derives from anthropological, sociological, psychological, and Darwinian principles. It postulates that economic organisation is a dynamic process involving ongoing transformation and that economic behaviour is simultaneously determined by

individuals and societies (Eggertsson, 1990). As cited by Augier and Teece (2009), the term can be traced at least as far back as Marshall's (1920) formulation of the industry equilibrium. In this theory, a representative firm was hypothesised to bridge the dynamic analysis of firms and the static industry; thus, although firms may emerge and disappear, representative ones remain the same in terms of size. This was then developed further in Schumpeter's (2012)¹ work on 'bounded rationality' as a concept necessary for a theory of innovation and dynamics. 'Bounded rationality' is further discussed in the work of several authors (Hayek, 1945; Alchian, 1950; Cyert & March, 1992²; Cyert & March, 1963; Simon, 1979), all of whom indicated that, because managers make decisions under uncertain conditions and are bounded by rationality, they would choose to 'satisfice' rather than optimise when pursuing the optimum solution to a problem. The lesson managers learn from this is that they should not only create one solution or routine that can be used for all situations; they must also continuously reconfigure or fine-tune the capabilities their organisations have already developed. This is especially important for firms when the environment is dynamic, inconsistent, or changing, and they thus face the challenge of amending their routines (Zahra, Sapienza, & Davidsson, 2006; Augier & Teece, 2009). Another contribution made to evolutionary economics theory comes from the profit maximisation debate in economics. Part of this debate focuses on the role of intentionality in economic selection and the exploitation of a heterogeneous population within a firm as a basis for profit maximisation selection (Machlup, 1946; Friedman, 1966; Alchian, 1950; Penrose, 1952). An evolutionary view of the firm was then developed in integrated work by Nelson and Winter (1982). They viewed the firm as an entity that seeks profits and whose main activities are to produce and capitalise on valuable knowledge property through organisational learning processes (Augier & Teece, 2009; Barreto, 2010; Ingelgård, Roth, Styhre, & Shani, 2002).

Evolutionary economics theory thus explains the concepts which provide the micro-foundations for the dynamic capabilities framework, such as 'routines',

¹ This is the 16th reprinting. The first edition was published in 1934.

² This is the second edition. The first edition was published in 1963.

'competencies', and 'path dependency'. This is because, from the standpoint of evolutionary economics, firms with repeating patterns of action, or 'routines' and 'competencies' change through exploration and learning. Augier and Teece (2009: 415) further explained this further:

'Routines will seldom be 'optimal' and will differ among agents, and behaviors cannot have been deduced from simply observing the environmental signals (such as prices) that agents are exposed to. The resultant variety drives the evolutionary process because firms develop rent-seeking strategies on the basis of their routines and competencies, and competition in the product market constitutes an important part of the selection environment confronting the firm.'

Evolutionary economics also helps to explain organisations as centres of knowledge creation and learning. Penrose (1959) was the first to argue that firms are depositories of knowledge and capabilities. She also proposed that learning is vital to the growth of the firm and that organisational (material) assets relate to productive knowledge. The firm is therefore not just an administrative entity but also a group of productive resources in both human and material terms. Learning enables firms to use their resources more efficiently. Thus, even firms that retain a steady amount of capital may not be able to grow as the capital should be freed up for new uses by organisational learning (Zollo & Winter, 2002). This is a critical insight that laid the foundation for an understanding of dynamic capabilities.

Details of studies drawing upon evolutionary economics can be found in Appendix A.

2.1.2. TRANSACTION COST THEORY

Transaction cost is defined as the 'costs of running the economic system' (Arrow, 1969: 48) and transaction cost theory is generally acknowledged as a scaffold in the comprehension of economic organisation. This approach views markets and hierarchies as substitute apparatuses for arranging transactions (Augier & Teece, 2009). To economise the transaction cost, production in firms must be frequently organised. It is therefore similar to evolutionary theory in that it is established on the assumptions of bounded rationality and opportunism (Williamson, 1985). According to transaction cost theory, firms are cautious when committing their own specific resources in an extremely undefined environment (Luo, 2000;

Augier & Teece, 2009) because ambiguity may lead to a 'high transaction cost' (Teece, 2006: 1145) during the bargaining interval. This is a fundamental consideration for the organisation when making decisions about the allocation of resources (Teece, 2014).

How does this theory therefore contribute to the development of the dynamic capabilities framework? It contributes in that it is beneficial for management in making decisions, weighing different options, sensing changes in the market and thus crafting and executing a suitable strategy for firms. Transaction cost theory helps organisations to define boundaries around competencies or resources visible in the short, medium, and long terms (Teece & Pisano, 1994), and explains that most organisational behaviours are basically the consequences of opportunistic behaviour driven by incentives (Augier & Teece, 2009). The need to reduce the transaction cost thus helps an organisation to efficiently combine complementary resources and use its unique resources to cope with a volatile environment (Lee, Lin, Chen, & Shyr, 2011). This theory is also useful in predicting when the forms of governance over hierarchies, markets, or hybrids may be applied. However, it is less useful when it primarily focuses on asset or value protection, rather than the more dynamic dimension of value creation (Teece, 2014). At the same time, an organisation aiming to achieve superior performance needs not only a selection of valuable assets but also 'continuous reconfiguration and improvement' (Augier & Teece, 2009: 414). Therefore, a theory of transaction cost is not sufficiently comprehensive on its own to explain the impetus behind the dynamic capabilities of the firm. References also need to be made to learning (Teece, 2006) and to the theory of knowledge (Zollo & Winter, 2002) to show how these capabilities are developed in firms. The next section will present and discuss organisational learning theory.

2.1.3. ORGANISATIONAL LEARNING THEORY

Organisational learning refers to the ability of an organisation to continuously seek and create new knowledge and apply this new knowledge to its organisation-wide operation and growth (Argote, 2013; Tsang, 1997). It is a skill grounded in the repeated implementation of similar tasks often described in the literature as the learning curve (Argote & Miron-Spektor, 2011). Organisational

learning is the key to continuous change and reconfiguration of organisational capability (Flores, Zheng, Rau, & Thomas, 2012). Organisational learning occurs when members of an organisation interact with the environment, notice the results of such interactions, and amend their understanding of cause-effect relationships' (Fraj, Matute, & Melero, 2015). Learning is necessary in enabling an organisation to adeptly readjust to new conditions (Eisenhardt & Brown, 1997). The term 'organisational learning' is sometimes used interchangeably with the term 'learning organisation' (Tsang, 1997). Whichever term is used, both refer to the ability of an organisation to quickly and consistently learn, adapt, and reconfigure in order to gain and sustain a competitive advantage (Crossan, Lane, White, & Djurfeldt, 1995).

This view of organisational learning relates to dynamic capabilities that bear the closest relation to routines. This is because organisational capacities evolve out of learning from repeated trials (Cohen & Levinthal, 1990; Zahra & George, 2002). Repeated routines are considered part of a dynamic process (Crossan et al., 1995). Zollo and Winter (2002: 340) provided a definition of dynamic capabilities that is strongly influenced by the theory of learning in an organisation:

'A dynamic capability is a learned and stable pattern of collective activities through which the organisation systematically generates and modifies its operating routines in pursuit of improved effectiveness.'

It has been widely established that dynamic capabilities are determined by organisational learning (Hung, Yang, Lien, McLean, & Kuo, 2010; Zahra et al., 2006). For instance, Hung et al. (2010: 288) contend that organisational learning process is 'intertwined with the core capabilities of the firms'. Zollo and Winter (2002) also showed that the learning mechanism, which includes knowledge accumulation, articulation, codification, and learning culture, influences an organisation's dynamic capability. This learning mechanism model has been used by several authors to explain the origin of dynamic capabilities (Barrales-Molina, Bustinza, & Gutiérrez-Gutiérrez, 2013). For example, Macher and Mowery (2009) used knowledge codification and articulation to explain the main dynamic capability of new processes of development in the semiconductor industry. Swift and Hwang (2008) applied the three learning mechanisms

developed by Zollo and Winter (2002) to clarify the adaptation value from marketing services. Zollo and Singh (2004) analysed this mechanism in relation to strategic alliance management. Organisational learning is considered to be a 'cornerstone for improving and updating dynamic capabilities of firms' (Schneckenberg, Truong, & Mazloomi, 2015), or the 'building block' for new capability construction (Luo, 2000: 358). Organisational learning is regarded as part of the intervention process (alongside knowledge management systems) used to convert strategic orientations into practical innovation capability (Yu, Dong, Shen, Khalifa, & Hao, 2013). Innovation capability is closely related to dynamic capability, especially in the subset of reconfiguring capability (Schneckenberg et al., 2015). Numerous authors have explained the origin of dynamic capabilities using the model developed by Zollo and Winter (2002) (e.g. Barrales-Molina et al., 2013; Verona & Ravasi, 2003; Salunke, Weerawardena, & McColl-Kennedy, 2011; Wu, Chen, & Jiao, 2016).

However, neither evolutionary economic theory, transaction cost theory, nor organisational learning theory are sufficient to explain the development of capabilities. Winter (2003) therefore contends that behavioural theory can provide useful insights that enhance our understanding of dynamic capabilities. The next section will present and discuss the relationship between the behavioural theory of the firm and dynamic capabilities.

2.1.4. BEHAVIOURAL THEORY OF THE FIRM

The 'behavioural theory of the firm' is a research tradition that shadows the assumptions and foci suggested by Cyert and March (1992)¹ in their book 'A Behavioural Theory of the Firm' in 1963. However, the foundations of this theory can be traced back to the Carnegie School in the 1950s and 1960s (Augier & Teece, 2009). Behavioural theory posits that opportunistic behaviour driven by incentives is the driver of organisational behaviour (Augier & Teece, 2009). It therefore addresses the behaviour of firms in the marketplace. Such behaviour is driven by numerous motives which, from Todeva's (2007) perspective, are based on the composition of a number of theories; each of which contributes to different

¹ This is the second edition. The first edition was published in 1963.

aspects of the firm's behaviour. Examples of influential theories of firm behaviour in Todeva's (2007) classification are contracted theory, transaction cost economics, institutional theory, evolutionary theory, contingency theory, knowledge-based view theory, resource-based view, managerial theory of the firm, and agency theory.

A behavioural theory of the firm explores behaviour underpinning the evolution of capabilities that encourage organisational learning, adaptation, and performance (Hodgkinson & Healey, 2011). Augier and Teece (2009) argue that the dynamic capabilities framework borrows extensively from the behavioural theory of the firm. Helfat and Peteraf (2009) also note that the dynamic capabilities framework has its roots in behavioural theory. These roots are 'organisational growth, routines and processes, organisational learning and managerial decision-making' (Helfat & Peteraf, 2009: 92).

Regarding organisational routines and processes, the theory clarifies these as interdependent task sequences performed by numerous different members. Early work on routines emphasised that people in organisations retain lessons previously learnt and, as a result of this learning curve, become more efficient in their future activities (Eisenhardt & Martin, 2000; Arend, 2013). Routines were considered the basis of an organisation's stability and underlying agreement regarding how tasks should be conducted in organisations. The steady progress of an organisation's routines is considered to be a locomotive of advancement in organisations (Nelson & Winter, 1982). Recent studies on organisational routines have emphasised that these are the origins of not only changes but also of stability (Greve & Argote, 2015).

Vis-à-vis the explanation for organisational learning, a significant observation in the behavioural theory of organisations is that organisations learn from their experience. This is closely related to organisational learning theory (Greve & Argote, 2015). Acquired knowledge is embedded in daily operational procedures and routines which then influence future performance. Research on dynamic capabilities is extensively influenced by the behavioural theory of the firm

because this partly explains the mechanism of organisational learning which is fundamental to the renewal capability in dynamic capabilities.

All the behaviours of firms in relation to routines and processes, in the form of continuous organisational learning activities, lead to an improvement in efficiency and thus explain the growth of organisations. This is identical to evolutionary economics in explaining organisational routines and processes. It is also similar to, and connected with, the organisational learning as a fundamental reason for changes in organisations.

2.1.5. RESOURCE-BASED VIEW

This section presents the definitions and development of the concept and approach known as the 'resource-based view' (Wernerfelt, 1984; Peteraf, 1993). It then offers a discussion of the advantages and disadvantages of the view and explains the reason why the view is unable to explain fully why some organisations fail and others succeed, especially during turbulent times. This is the reason why a knowledge-based view emerged and in what way both a resource-based view and knowledge-based view contribute to the development of the dynamic capabilities framework (Cavusgil, Seggie, & Talay, 2007).

The resource-based view is possibly one of the most widely discussed and accepted theories in the field of strategic management. It provides an explanation of competitive heterogeneity based on the assumption that organisations in the same or closely related competitive market differ in their own resources and capabilities (Wright, 2001; Lin & Wu, 2014; Makadok, 2001). It is through such variations that organisations gain their competitive advantage or disadvantage.

A resource is defined as 'those assets that are tied semi-permanently to the firm' (Wernerfelt, 1984: 173). Some authors differentiate between resources and capabilities, viewing resources as other physical assets and capabilities as the skills based on human competencies (Markides & Williamson, 1996) while others consider both as resources (Barney, 1991; Peteraf, 1993; Combs & Ketchen, 1999). Organisational resources can affect organisational action, strategies, and the rate of growth. To sustain an above average performance and a source of

competitive advantage, physical, human, and other organisational assets must meet the criteria of being valuable, rare, imperfectly imitable, and non-substitutable (or VRIN) (Barney, 1991). The assets must also implement value-creating strategies, which may be configured and reconfigured in a way that competitors cannot easily match (Piening, 2013; Peteraf, 1993). The resource-based view has long been useful for strategic management research by explicating what organisations should possess to compete effectively in the market (López, 2005; Lillis & Sweeney, 2013; Barreto, 2010). However, the resource-based view cannot adequately explain how and why organisations attain a competitive advantage in the context of fast, unpredictable, and turbulent changes (Kyläheiko, Sandström, & Virkkunen, 2002; Barreto, 2010; Ambrosini, Bowman, & Collier, 2009).

There is a consensus in the literature that the resource-based view is the most important foundation for dynamic capabilities (Ambrosini et al., 2009; Barreto, 2010; Eisenhardt & Martin, 2000). It has also been widely argued that dynamic capabilities theory is basically an extension of the resource-based view (Barney, 2001).

2.1.6. A NETWORK THEORY OF SOCIAL CAPITAL

Social network refers to all the 'textiles, webs and grids' of a social reality where individuals are connected to one another by imperceptible bonds (Scott, 1988: 109). The earlier concept of a social network in sociological research relates to family and kinship, and an informal social network among friends, neighbours and relatives (Bott, 1957). Gradually, the social network has been applied in different areas such as security, immigration, international trade exchanges or business studies (Scott, 1988; Lin, Cook, & Burt, 2008). The network in which a person is embedded can show who they are connected to in the population and by what relationship (Krause, Croft, & James, 2007). Such a network is considered as the 'social capital' a person possesses. Social capital at an individual level is 'the ability of actors to secure benefits by virtue of membership in social networks' (Portes, 1998: 6). It is, therefore, denotes the resources embedded in an individual's social networks (Lin, 2005).

Carmeli and Tishler (2006) consider social skills to be one of the nine managerial skills the firm's top management. Social skills are considered important for the performance of organisations (Carmeli & Tishler, 2006; Carmeli, 2006). Researchers have argued that the social skills of top leaders may matter in shaping the dynamic capabilities of organisations (Kor & Mesko, 2013; Helfat & Peteraf, 2015; Fainshmidt & Frazier, 2016). Shane and Cable (2002) suggested that businesspeople need both sound ideas and social links to be successful. The social network theory highlights the significance of networks for the performance of organisations. This refers to the ability of certain persons to extract advantages from social structures and membership through their privileged connections (Pinho & Prange, 2016).

Therefore, social network theory helps explain the formation of dynamic capabilities in terms of how the experiences, knowledge, skills, and abilities of individuals (Fernandez, Castilla, & Moore, 2000) contribute considerably to the development of an organisation's asset base and its novel operational capabilities. Social capital is important for the 'acquisition, integration, and release of resources at the core of dynamic capabilities' (Blyler & Coff, 2003: 677). Furthermore, the social network of an organisation has will facilitate knowledge integration and resource acquisition. This is because each individual in organisations will bring in different interfirm networks (Dyer & Singh, 1998). Social capital is viewed as a critical component of dynamic capability in enabling resource management, for example in acquiring resources (Sacks, 2002; Shane & Cable, 2002) and in integrating resources (Grant, 1996; Nahapiet & Ghosal, 1998; Tsai & Ghoshal, 1998). Without social capital, enterprises are impotent to sustain the flow of resources and information required in volatile situations (Blyler & Coff, 2003). The application of social networks in understanding dynamic capabilities highlights the importance of understanding the capabilities of leaders and managers such as entrepreneurial capabilities, social skills, or networking skills.

2.1.7. INSTITUTIONAL THEORY

To explain the environmental factors influencing the formation of dynamic capabilities, which is important in the tourism sector of an emerging economy like

Vietnam, the institutional theory offers the requisite theoretical scope. Socio-economic situations, changes in governmental policies, and variations in customers' tastes influenced by collectivist psychology are three of the numerous factors that strongly affect the strategic changes and operational adjustments of businesses in general and tourism businesses in particular. Therefore, although each of the aforesaid theories contributes to the development of the dynamic capabilities framework, they do not provide a sufficient theoretical explanation of the dynamic capabilities framework in firms. In the following section, the origins of institutional theory, its content, and its contribution to the dynamic capability framework will be presented.

Institutional theory provides a comprehensive perspective on organisations regarding the influence of normative pressures that arise from external sources such as the government and sometimes from within organisations themselves (Zucker, 1987). It has become increasingly evident that issues such as 'culture, legal environment, tradition and history in an industry and economic incentives' (Bruton, Ahlstrom, & Li, 2010: 422) can all affect an industry.

Institutional theory refers to how different groups and organisations protect their legitimacy and position by complying with the norms and rules of the institutional environment (Meyer & Rowan, 1977; Scott, 2008). However, there are different ways of construing the term 'institution'. For North (1990), an 'institution' indicates the formal set of rules while for Meyer and Rowan (1977), it is the taken-for-granted assumptions that individuals and organisations are supposed to follow. An institution can also mean ex-ante agreements, as suggested by Bonchek and Shepsle (1996) (as cited by Bruton et al., 2010). These so-called 'institutions' derive from rules embedded in regulatory structures, government agencies, legal requirements, industrial and professional requirements, and the societal and cultural norms and standards organisations are compelled to follow (Powell & DiMaggio, 1991). Organisations are then influenced by the expectations, regulations, norms, and taken-for-granted behaviours of those institutions (Meyer & Rowan, 1977; Zucker, 1987). Thus, institutional theory encompasses the influences from regulations, society, and culture that can affect the survival and legitimization of an organisation. It does not focus on efficient behaviour.

According to Scott (2008: 47), there are three categories of institutional forces: the regulative pillar, the normative pillar, and the cognitive pillar:

'Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life.'

The first pillar derives from studies in economics and therefore presents a rational actor model of behaviour. For this pillar, firms' behaviours are influenced by the rules of the game and the supervision and implementation of such rules (North, 1990). The regulative pillar originates from government legislation, industry agreements, and industry standards (North, 1990). These rules guide organisations and compel them to obey laws that govern all types of activities in their operation. The next institutional force is the normative pillar. This represents the fact that organisational and individual behaviours are based on compulsory aspects of interaction between society, professions, and organisations. Institutions thus instruct the behaviours of organisations and individuals in organisations regarding what suitable or required in different social and business settings. Normative systems, according to Scott (2008), comprise values and norms that lay the ground rules for people to follow and adjust their behaviour accordingly. Values refer to what is considered preferred, proper, or acceptable in a certain setting, while norms refer to how things are conducted in accordance with the set values. Some societies have norms that facilitate dynamism, while others prefer a more static and stable position. The final pillar is cognitive pillar that represents the models of individual behaviour based on the subjectively and gradually constructed rules and meanings that bound suitable beliefs and actions. The cognitive pillar may be prominent at the individual level regarding language and culture. It also includes other taken-for-granted and preconscious conduct that people do not think about (Meyer & Rowan, 1991). This is essential for the construction of a dynamic capabilities framework in terms of how societies accept and encourage the speed of change in organisations.

It is necessary to include an institutional perspective on dynamic capabilities because the current organisational theories do not explain the speed of

dynamism in organisations within an emerging economy where instability in governmental policies, regulations, and decisions is the norm. These, along with policy inconsistencies, are the societal and cultural factors that strongly influence the way individuals and organisations behave and conduct their business. Throughout the extant literature, institutional factors such as the rules, norms, and beliefs that affect organisations and their members are largely downplayed. When the external environment is studied, this is mostly in terms of market dynamism (Zahra et al., 2006; Wang, Senaratne, & Rafiq, 2015) or is concerned more with the first and second pillars of institutional theory, rather than the cognitive pillar (Wang & Ahmed, 2007; Piening, 2013; Li & Liu, 2014).

Therefore, the dynamic capabilities framework, research, and practice can be more fully understood by identifying which activities, beliefs and attitudes shape the taken-for-granted behaviours that could positively or negatively influence the numerous relationships within this framework. Appendix A is the summary of the theories and their influence on the explanation of dynamic capabilities in organisations.

2.2. TOWARDS A DYNAMIC CAPABILITIES RESEARCH FRAMEWORK

2.2.1. DYNAMIC CAPABILITIES IN LITERATURE

From the review and discussion of different theories that lay the foundation for dynamic capabilities, it is clear that there was an awareness of such capabilities in early evolutionary economics. However, dynamic capabilities framework has taken a long time to be systematically and thoroughly well presented; like any strong theory, it needs time to develop.

The focus of research in the literature on dynamic capabilities has shifted from an initial awareness that something dynamic should exist in firms in order to gain a competitive advantage, to a consideration of how to maintain a competitive advantage and understand the underlying behaviour, mechanism, routines, activities, procedures, and processes that create such dynamism within organisations (Felin, Foss, Heimeriks, & Madsen, 2012). Following a shift from a consideration of internal resources (Luo, 2000; Oliver & Holzinger, 2008; Eisenhardt & Martin, 2000; Zahra et al., 2006; Woldesenbet, Ram, & Jones,

2011) that matter to dynamic capabilities, the literature (e.g., Ellonen, Wikström, & Jantunen, 2009; Kor & Mesko, 2013) now also focuses on the other external factors that drive dynamic capabilities. This approach can be explained by using the network theory of social capital and institutional theory.

Different researchers perceive the term 'dynamic capabilities' differently. Some consider them to be underlying processes and routines (Zahra et al., 2006; Woldesenbet et al., 2011) that facilitate the development of firms, some consider them to be activities (Ali, Peters, & Lettice, 2012; Eisenhardt & Martin, 2000; Winter, 2003; Zott, 2003; Augier & Teece, 2009), and some consider them to be resources or assets possessed by organisations (Eisenhardt & Martin, 2000). This thesis concurs with the view of Teece (2014) regarding the nature of dynamic capabilities: they are distinct from resources even though dynamic capabilities are perceived as an extension of the resource-based view. This view is to avoid confusion with the organisational assets or resources that form the core of dynamic capabilities.

Table 2.1: Major Discussions in the Literature and the View Adopted in this Thesis

	For	Against	This study's view
Dynamic capabilities as resources	Eisenhardt and Martin (2000)	Augier and Teece (2009); Teece (2007, 2012); Teece (2014); Helfat et al. (2007); Winter (2003); Zahra et al. (2006)	Dynamic capabilities are not resources
Dynamic capabilities as second-order capabilities (differentiated from substantive or first- and zero-order capabilities)	Schilke (2014b); Zollo and Winter (2002); Winter (2003); Prange and Verdier (2011); Makkonen et al. (2014); Danneels (2010); Dixon et al. (2014)	Regner (2008)	Dynamic capabilities are not merely second-order capabilities; they are integrated in all activities routines and processes of organisations. Towards the view of 'strategy-as-practice approach'.

The major debate or discussion in the field of dynamic capabilities concerns whether dynamic capabilities reside in high-level routines or in daily operational routines and activities (Augier & Teece, 2009; Teece, 2007, 2012). Some even clarify the two sets of capabilities: dynamic capabilities – the ability to reconfigure and change; and operational capabilities – the ability to ‘make a daily living’ (Winter, 2003: 991; Pavlou & Sawy, 2011; Nelson & Winter, 1982). A summary of the different views on this debate is presented in Table 2.1.

An extensive systematic review of the literature was conducted to explore this debate further. A total of 92 conceptual, literature-based, quantitative, qualitative, and mixed methods studies¹ of dynamic capabilities were selected as core articles after a careful review of the abstracts. Those articles were then thoroughly scrutinised to compare the different views of scholars in the field of dynamic capabilities and to identify novel directions in recent research, as shown in Table 2.2 below.

¹ See Appendix B for the full list of articles chosen for the core literature review on dynamic capabilities.

Table 2.2: Different Views on Dynamic Capabilities

Dynamic capabilities as	References
Capabilities/ Abilities	<p><i>The firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments</i> (Teece et al., 1997: 516; Ellonen et al., 2009)</p> <p><i>[A]bility to create, deploy, and upgrade organisationally embedded and return-generating resources in pursuit of sustained competitive advantages in the global market- place</i> (Luo, 2000: 355)</p> <p><i>The abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision-maker(s)</i> (Zahra et al., 2006: 918; Woldesenbet et al., 2011)</p> <p><i>[T]he ability of firms to maintain or create firm value by developing and deploying internal competencies that maximise congruence with the requirements of a changing environment [...]</i></p> <p><i>Value refers to the economic rents that a firm accrues in political or market environments</i> (Oliver & Holzinger, 2008: 496-497)</p> <p><i>[O]rganisation's ability to rapidly and with minimum disruption to extend, integrate, build, modify and reconfigure its resource base that includes tangible, intangible and human resources [...]</i> (Bititci et al., 2011: 162)</p> <p><i>[T]he capacity of an organisation to purposefully extend, create, or modify its resource base, enabling the firm to achieve evolutionary fitness through adaptation to and/or shaping of the external environment</i> (Kor & Mesko, 2013, adapted definition from Helfat et al., 2007)</p>

(Table continued on the next page)

Table 2.2 (continued)

Process Routines, Patterns, and Activities	<p>The firm's processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match and even create market change. Dynamic capabilities thus are the organisational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die (Eisenhardt & Martin, 2000: 1107).</p>
	<p>A dynamic capability is a learned and stable pattern of collective activity through which the organisation systematically generates and modifies its operating routines in pursuit of improved effectiveness (Zollo & Winter, 2002: 340).</p>
	<p>[A] set of routines guiding the evolution of a firm's resource configuration (Zott, 2003: 97)</p>
	<p>A high-level routine (or collection of routines) that together with its implementation input flows, confers upon an organisation's management a set of decision options for producing significant outputs of a particular type (Winter, 2003: 991).</p>
	<p>[H]igher-level activities that can enable an enterprise to direct its ordinary activities toward high-payoff endeavours. This requires managing, or orchestrating, 'the firm's resources to address and shape rapidly changing business environments' (Teece, 2014: 328)</p>
	<p>Dynamic capabilities involve a combination of organisational routines and entrepreneurial leadership/management (Teece, 2014: 338; Augier & Teece, 2009; Teece, 2007)</p>
Others	<p>Potential</p> <p>Dynamic capability: the firms' potential to systematically solve problems, formed by its propensity (1) to sense opportunities and threats, (2) to make timely decisions, (3) to implement strategic decisions and changes efficiently to ensure the right direction (Li & Liu, 2014: 2794).</p>
	<p>Four dynamic capabilities</p> <p>(1) sensing, defined as the ability to spot, interpret and pursue opportunities in the environment; (2) learning, which presents the ability to revamp existing operational capabilities with new knowledge; (3) integrating: the ability to introduce individual knowledge into the unit's new operational capabilities; (4) coordinating: the ability to orchestrate and deploy tasks, resources and activities in the new operational capabilities (Nieves, Quintana, & Osorio, 2016: 159).</p>
	<p>Dynamic capabilities: conceptualised as flexibility in both resources and routines (Prieto & Easterby-Smith, 2006).</p>

Dynamic capabilities are also viewed as context-specific capabilities, as shown in Table 2.3 in the next page, in contrast with the view of considering dynamic capabilities as overall capabilities integrated into the organisations' activities in general situations (as shown in Table 2.1 and Table 2.2).

Table 2.3: Definitions of Context-Specific Dynamic Capabilities

Specific dynamic capabilities	References
Strategic capabilities Internal and external capabilities	(Sawers, Pretorius, & Oerlemans, 2008)
Continuous improvement as dynamic capabilities	(Bessant, 1998)
Dynamic capabilities are made up of knowledge creation and absorption, knowledge integration, and knowledge reconfiguration	(Verona & Ravasi, 2003)
Ambidexterity as a dynamic capability	(O'Reilly & Tushman, 2008)
Marketing dynamic capabilities	(Fang & Zou, 2009)
Adaptive capability as a key element of dynamic capability	(Zhou & Li, 2010)
Three capabilities considered as dynamic capabilities: knowledge management, market orientation, customer relationship management	(Martelo, Barroso, & Cepeda, 2013)
Supply chain agility as a dynamic capability	(Blome, Schoenherr, & Rexhausen, 2013)
Ethics-focused dynamic capabilities	(Arend, 2013)
Proactive learning culture as a higher order dynamic capability	(Gnizy, Baker, & Grinstein, 2014)
Proactive environmental strategy as a dynamic capability	(Fraj et al., 2015)
Strategic flexibility	(Gelhard & von Delft, 2016)

(Table continued on the next page)

Table 2.3 (continued)

Opportunity-recognising capability and opportunity-capitalising capability as dynamic capabilities	(Wu et al., 2016)
Organisational agility: a key dynamic capability to sense environmental changes and respond efficiently and effectively to them.	(Felipe, Roldán, & Leal-Rodríguez, 2016)
Threshold capabilities and consolidation capabilities Disruption capabilities and value-adding capabilities	(Pinho & Prange, 2016)
Sensing capability, relational capability, absorptive capacity, integrative capability	(Lin, Su, & Higgins, 2016)
Technology management as a dynamic capability	(Cetindamar, Phaal, & Probert, 2009)
Leveraging existing resources, creating new resources, accessing external resources, and releasing resources	(Danneels, 2010)
Episodic learning capability, relational learning capability, client-focused learning capability, combinative capability	(Salunke et al., 2011)
Corporate social responsibility (CSR) giving as a dynamic capability	(Cantrell, Kyriazis, & Noble, 2014)
Business model sensing, strategic learning, and strategic reconfiguring	(Gelhard, von Delft, & Gudergan, 2016)

Table 2.4 compares the concept of dynamic capabilities with organisational agility and organisational ambidexterity. Both 'agility' and 'ambidexterity' imply the dynamic nature of the organisation in changing and adapting in line with the new environment and its demands. However, although they are not as comprehensive as the term for dynamic capabilities presented in the previous section, they denote an aspect of the whole set of dynamic capabilities. 'Agility' signifies the capability of being able to rapidly change or adapt, whereas 'dynamic capabilities' may include the whole process of change or adaptation before such changes actually occur. Dynamic capabilities are not 'live' capabilities but capabilities that are more inherent. Regarding ambidexterity, Teece (2014) and O'Reilly and Tushman (2008) suggested that it is a 'subset' of dynamic capabilities.

Table 2.4: Organisational Agility and Ambidexterity

Organisational agility	Organisational ambidexterity
The ability of a company to rapidly change or adapt in response to changes in the market	Organisational ambidexterity is the ability of an organisation to efficiently manage its present business whilst being sufficiently adaptable to cope with future's changing demands in the future. It also refers the ability to concurrently seek and exploit existing assets (O'Reilly & Tushman, 2008).
A high degree of organisational agility can help a company react successfully to the emergence of new competitors, the development of new industry – changing technologies, or sudden shifts in overall market conditions.	
Organisational agility: an immutable quality, implying that firms need to be in a constant state of transformation (Teece, Peteraf, & Leih, 2016).	Ambidexterity is considered a 'subset' of dynamic capabilities (Teece, 2014; O'Reilly & Tushman, 2008)

2.2.2. THE CONCEPTUALISATION OF DYNAMIC CAPABILITIES USED IN THIS RESEARCH

There are numerous views on the nature of dynamic capabilities, whether these are seen as resources, capabilities, approaches, or processes as presented in Section 2.2.1. However, no consensus has been reached regarding a single definition of dynamic capabilities. This thesis adopts the definition originally suggested by Teece et al. (1997: 516) which views it as 'the firm's ability to integrate, build, and reconfigure internal and external competences to address

rapidly changing environments.' The reason for utilising this definition is because it is comprehensive and is sufficiently detailed to encompass the fundamental activities that help identify dynamic capabilities.

Teece (2014) stated that it is important to separate dynamic capabilities from resources because organisational assets or resources lie at the heart of dynamic capabilities. This study adopts the view of Teece (2014) in rejecting the claim that dynamic capabilities reside only in high-level routines because the capabilities are deep-rooted in multiple levels and various activities in organisations. Thus, dynamic capabilities should be involved in a number of organisational routines and entrepreneurial leadership/management (Augier & Teece, 2009; Teece, 2007, 2012). Furthermore, dynamic capabilities are varied and specific to different industries and organisations because their nature differs depending on market dynamics (Eisenhardt & Martin, 2000). Thus, dynamic capabilities can be considered a multi-disciplinary concept derived from different disciplines. Teece and Pisano (1994: 554), who initiated the concept of the dynamic capabilities framework, also stated: 'We offer dynamic capabilities as an emerging paradigm of the modern business firm. It is an eclectic paradigm drawing from multiple disciplines.' From this original perspective, the dynamic capability framework was developed to encompass and justify strategic changes in all types of organisations across a variety of disciplines (Teece & Pisano, 1994). Thus, 20 years later Teece (2014: 344) stated that:

'... it is my hope that dynamic capabilities can serve as a meta-theory or framework that facilitates multidisciplinary collaboration in which each discipline will find a useful place.'

The previous section has considered different definitions of dynamic capabilities. As explained, my view on dynamic capabilities is consistent with that of Teece et al. (1997). Dynamic capabilities in this thesis refer to the abilities of the firm to (1) sense changes in the internal and external environment, (2) seize or identify these changes as opportunities to be utilised, and (3) reconfigure the organisational process, routines, and activities to align smoothly and competitively with the new conditions. Additionally, Eisenhardt and Martin (2000) claim that dynamic capabilities include the ability to reconfigure or create changes in the industry, and thus redefine it. This is a vital and novel view on the nature

and essence of dynamism in organisations. The perception of dynamic capabilities therefore has evolved over time and now focuses both on the hard side of routines, processes, pattern, activities, or sensing, seizing, and reconfiguring and the 'soft' side of an 'emotional ability' to cope with uncertainty along with the entrepreneurial consciousness and imagination (Teece, 2014).

In accordance with the applied nature of this thesis, and based on the original definition of Teece et al. (1997) and Teece (2014), dynamic capabilities can be divided into three main groups. The operational definition of dynamic capabilities applied in this thesis is therefore as follows.

Dynamic capabilities are organisational abilities in sensing the changes (market changes, policy changes, technology changes, competitor changes, customer changes) in the internal and external environments. The dynamic capabilities also encompass the ability to efficiently and effectively seize the opportunities that the aforementioned changes bring about by taking advantage of the current tangible and intangible resources, routines, processes, and assets. The last nested ability in dynamic capabilities is the ability to continuously renew or reconfigure the current state of the firms.

This operational definition will be used to understand the concept of dynamic capabilities in this thesis.

Chapter 2 has presented seven theories that helped elucidate dynamic capabilities, their origins, and evolution. This chapter has also reviewed the different views and definitions on dynamic capabilities and has presented the final operational definition applied in this thesis.

CHAPTER 3. DETERMINANTS AND OUTCOMES OF DYNAMIC CAPABILITIES

This chapter examines the determinants and outcomes of dynamic capabilities in Vietnamese tourism firms. It first discusses human capital, organisational learning, online marketing, and environmental dynamism, all of which are deemed the determinants of dynamic capabilities. It then continues with arguments relating to the two components of competitive advantage that are strategic performance and financial performance. Competitive advantage is regarded as the outcome of dynamic capabilities. Finally, this chapter summarises all the hypotheses posited as part of the quantitative research model.

3.1. DETERMINANTS OF DYNAMIC CAPABILITIES

3.1.1. HUMAN CAPITAL

According to the resource-based view, physical, human and organisational assets can be used to implement value-creating strategies (Barney, 1991; Peteraf, 1993; Piening, 2013). These resources can be configured and reconfigured in ways that cannot be matched or imitated by competitors (Barney, 1991, 2001). The relationship between the human capital of an organisation and its dynamic capabilities in sensing and seizing changes in the environment and reconfiguring the organisational structure enable it to maximise benefit from those changes and achieve a competitive advantage (Verona & Ravasi, 2003; Hsu & Wang, 2012; Hsu & Sabherwal, 2012).

Human capital has been recognised as a resource in academia following Becker's (1992) work on human capital and other related topics. Human capital has been defined as the knowledge, skills and attributes embodied in individuals that create benefits leading to the creation of personal, social and economic well-being (OECD, 2001; Coppin, 2017). The human capital of a firm is regarded as the knowledge and skills possessed by its workforce that can be used to provide professional services (Pennings & Lee, 1998).

In this thesis, the term 'human capital' is defined as in Box 3.1.

Box 3.1: The Concept of Human Capital

Human capital is regarded as the knowledge, skills, and attributes embodied in individuals that can be used to yield professional services.

Sources: OECD (2001); Coppin, (2017); Pennings and Lee (1998)

Human capital thus refers to the high level of knowledge, skills and experience that gives individuals the ability to forecast results effectively, manage resources and supervise outcomes more efficiently (Smith, Collins, & Clark, 2005); better understand and absorb the knowledge to which they are exposed (Cohen & Levinthal, 1990); handle the complexities of changes (Kimberly & Evanisko, 1981); and distinguish similarities and differences in past and present routines. Therefore, human capital is regarded as a key resource needed to ensure the achievement of a series of essential capabilities that permit an advantage to be maintained over rivals (Garavan, Morley, Gunnigle, & Collins, 2001; Nafukho, Hairston, & Brooks, 2004).

Extant literature has highlighted that firms whose employees have high levels of knowledge and experience will be more capable of identifying their resource base and understanding the need to implement the adjustments needed to thrive in a dynamic environment (Sullivan, Carden, & Martin, 1998; Garavan et al., 2001). It is employees' implicit and explicit knowledge that determines the organisation's ability to handle problems or generate new knowledge (Cross & Baird, 2000). Augier and Teece (2009) argued that a firm's success relies on having highly skilled personnel with the capacity to coordinate, combine, and integrate the firm's resources. Therefore, the role of people in the organisation as the determinant of dynamic capabilities should be considered (Rothaermel & Hess, 2007). Rothaermel and Hess (2007) found that intellectual human capital (the highly talented and skilled employees) facilitates the recognition of a technological shift and adaptation to change through innovation. These form the construction of dynamic capabilities within firms that enable them to adapt to radical technological changes (Hill & Rothaermel, 2003).

The above arguments propose that a higher level of knowledge, skills, and experiences affords individuals greater ability to obtain and apply novel and valuable knowledge. This encourages the renewal of a firm's resource base. For this reason, human capital was expected to have a positive impact on dynamic capabilities.

H1: Human capital has a significant and positively impact on dynamic capabilities.

3.1.2. ORGANISATIONAL LEARNING CULTURE

An organisational learning culture originates from and combines the concepts of organisational learning and organisational culture (Pemberton & Stonehouse, 2000). It refers to when an organisation is aware of the importance of learning for its success in business (Wang, Yang, & McLean, 2007). From that awareness, the culture in an organisation, consisting of its values, attitudes, and beliefs (Stonehouse & Pemberton, 1999), will place great emphasis on learning and knowledge. Learning is crucial for an organisation's sustainable competitive advantage (Chien & Tsai, 2012).

An organisational learning culture refers to 'one in which learning is recognised as absolutely critical for business success; in such an organisation, learning has become a habitual and integrated part of all organisational function' (Marquardt, 2002: 27). For an organisational learning culture to develop, it should start with every member of the organisation and then spread throughout the organisation to become embedded in the organisational structure, processes, and routines (Ellinger, Ellinger, Yang, & Howton, 2002; Egan, Yang, & Bartlett, 2004). Learning within an organisation depends on the organisation's goals, the culture which nurtures sharing and cooperating, and the links among organisational sub-systems, structure, and learning culture (Hung et al., 2010: 288).

This study followed the definition of 'organisational learning culture' presented in Box 3.2:

Box 3.2: The Concept of Organisational Learning Culture

Organisational learning culture is when learning is recognised as absolutely critical for business success. Learning in an organisation with a learning culture is a habitual and integrated part of all organisational functions.

Source: Marquardt (2002: 27)

There seems to be a consensus in the recognition that organisational learning determines dynamic capability (Zollo & Winter, 2002; Teece et al., 1997; Eisenhardt & Martin, 2000; Zollo & Winter, 2002). An organisation's core capabilities are interwoven with the organisational learning process (Ciborra & Andreu, 2001). It has been argued that dynamic capability is affected by an organisational learning mechanism that includes knowledge accumulation, articulation, and a codification and learning culture (Zollo & Winter, 2002). For instance, Hung et al. (2010) found that dynamic capabilities mediate the relationship between organisational learning culture and organisational performance.

The literature on the relationship between organisational learning and dynamic capabilities shows the influence of organisational learning on dynamic capabilities of firms. Learning is referred as a particular type of process which is fundamental for the growth and evolution of dynamic capabilities (Teece et al., 1997; Eisenhardt & Martin, 2000; Bowman & Ambrosini, 2003; Zolo & Winter, 2002). Other scholars like Winter (2003) and Easterby-Smith and Prieto (2007) stated that learning process enables the creation and modification of dynamic capabilities. Therefore, it is possible to propose that organisational learning affects the development of dynamic capabilities in firms. Moreover, organisations with better learning organisation culture have better learning mechanisms and organisational members are more able to embrace, learn, and practice new knowledge (Huber, 1991; Day, 1994; Sinkula, 1994).

This research, however, considered the organisational learning culture as one of the determinants that influence the level of dynamic capabilities in the organisation. Therefore, this thesis proposed that:

H2: Organisational learning culture has a significant and positive impact on dynamic capabilities.

3.1.3. DIGITAL MARKETING

Digital marketing refers to integrating interactive media with different elements of the marketing mix (Parsons, Zeisser, & Waitman, 1998: 32). Digital marketing leverages the unique capabilities of new interactive media, such as World Wide Web, online services, and proprietary dial-up services to create new forms of interactions and transactions between consumers and marketers (Brosnan, 2012; Lamberton & Stephen, 2016; Kannan (2017).

This thesis adopted the definition of 'digital marketing' proposed by Parsons et al. (1998), as shown in Box 3.3.

Box 3.3: The Concept of Digital Marketing

Digital marketing is the leveraging of unique capabilities of new interactive media, such as the World Wide Web, online services, and proprietary dial up services. This leveraging is to create new forms of interactions and transactions between business and consumers. Digital marketing also refers to the integration of interactive media with the different elements of the marketing mix.

Source: Parsons et al. (1998)

Liao, Kickul and Ma (2009: 264) argue that:

'Internet technology has pressed many entrepreneurs to engage in careful and thoughtful assessment of how their firms gather, synthesize, utilise, and disseminate information to customers, employees, and supplier networks, while also being innovative in their ability to create business models and deliver value effectively and efficiently to all parties.'

All these activities are part of the dynamic capabilities owned by organisations. Furthermore, the recent development in digital technology has helped firms to put dynamic capabilities into practice easier than ever before by allowing more efficient collaborations and interactions between organisations and their stakeholders (Shuen & Sieber, 2009). Such efficient collaborations also helped organisations facilitate the new types of innovation, shape more strategies, reach

to more customers, and extend organisations' networks (Sambamurthy, Bharadwaj, & Grover, 2003). Evidence from extensive literature has shown that digital technology being beneficial for all sensing, seizing, and reconfiguring activities.

Digital technology application, such as using Web services, data warehousing, digital market intelligence, or customer relationship management, has leveraged dynamic capabilities (Overby, Bharadwaj, & Sambamurthy, 2006; Sambamurthy et al., 2003; El Sawy et al., 2010; Zhang, Sarker, & Sarker, 2013). With the support of digital technology, organisations can perform transactions, exchange information, and facilitate real-time integration with customers and suppliers in a more timely and continuous manner. Consequently, more innovative digital products and services can be generated (Wheeler, 2002). For sensing capabilities, for example, digital technology provides tools for organisations to obtain market intelligence by analysing customer perceptions and communicating with prospective customers (Frasquet, Dawson and Mollá, 2013). For seizing capabilities, digital platforms support the information flows between different stakeholders and enables firms to share and stream their complex processes (Rai, Parnayakuni, & Seth, 2006). With reconfiguring capabilities, digital tools help firms produce more abundant tacit knowledge, coordinate diverse knowledge management activities between geographically dispersed individuals, allow the precise replication of specific tasks with workflow arrangements with a reduced number of mistakes, and advance the prototyping process (Vaccaro, Veloso, & Brusoni, 2009; Mahr & Lievens, 2012).

Hence, this thesis proposed that the application of digital marketing has a direct and positive impact on dynamic capabilities.

H3: The application of digital marketing has a significant and positive impact on dynamic capabilities.

3.1.4. ENVIRONMENTAL DYNAMISM

To define environmental dynamism, this research refers back to the concept developed by Miller and Friesen (1983) to consider three facets. The first is the rate of change and innovation in the industry and the unpredictability and uncertainty of competitors and customers' actions (Schilke, 2014a). The second

dimension is the 'hostility' or level of threat posed by the industry (Miller & Friesen, 1973). The final dimension is the heterogeneity or level of complexity of the organisation's target markets (Azadegan, Patel, Zangouinezhad, & Linderman, 2013).

This study applied the definition of 'environmental dynamism' presented in Box 3.4:

Box 3.4: The Concept of Environmental Dynamism

Environmental dynamism refers to (1) the rate of change and innovation in the sector and the unpredictability and uncertainty of the competitors and customers' actions; (2) the level of threat posed by the industry; and (3) the level of complexity of the target markets.

Source: Azadegan et al. (2013)

Environmental dynamism is considered a condition for dynamic capabilities (Gelhard et al., 2016). The influence of dynamic capabilities depends on external settings (Eisenhardt & Martin, 2000) and equates with the dynamism of the environmental conditions (Wilden, Gudergan, Nielsen, & Lings, 2013; Schilke, 2014a; Li & Liu, 2014; Gelhard, von Delft, & Gudergan, 2016).

The level of environmental dynamism directly influences the strategies of firms. It is influential in reconfiguring the directions, the business models, and routines to adapt to changes in the industry, targeted markets, competitors, policies, or technology (Wilden et al., 2013; Miller & Friesen, 1983; Miles, Covin, & Heeley, 2000; McArthur & Nystrom, 1991).

This research therefore proposed that:

H4: Environmental dynamism factors have a significant and positive influence on dynamic capabilities.

3.2. OUTCOMES OF DYNAMIC CAPABILITIES

Discussions on the outcomes of dynamic capabilities focus on the improvement of organisational performance (Winter, 2003; Augier & Teece, 2009; Wu, 2006; Wilden et al., 2013; Jantunen, Puumalainen, Saarenketo, & Kyläheiko, 2005; Wang & Ahmed, 2007). When evaluating this performance, there are numerous

criteria and indexes that can be used, of which the two most common are the financial performance and strategic performance of organisations in gaining a desirable position on the markets to achieve the set goals.

This research explored competitive advantage as a higher-order construct that comprises two sub-constructs: financial performance and strategic performance. The following section will discuss the links between strategic performance and financial performance as two dimensions of competitive advantage and how these are influenced by dynamic capabilities.

Competitive advantage

Competitive advantage is regarded as a 'superior market position' (Weerawardena, 2003: 21) that organisations possess to provide the market with superior products or services while at the same time gaining market dominance (Hunt & Morgan, 1995; Weerawardena, 2003).

A firm's primary objective is to achieve superior financial performance (Hunt & Morgan, 1995; Barney, 1991). Financial indicators are considered the sole important indicator of an organisation's performance (Barney, 1991). Indicators such as profits and return on investment (Hunt & Morgan, 1995) often specify financial performance. However, the success of a firm cannot be determined using exceptional financial performance as the sole indicator of competitive advantage (Barney, 1991; Day & Wensley, 1988). From a resource-based view, organisations achieve superior financial performance when they have superior skills or resources. These lead to positional advantages and superior performance outcomes in terms of relative profits and market share (Day & Wensley, 1988).

Therefore, competition between firms, involves constant attempts to achieve a comparative advantage in the resources they possess. A firm achieves comparative advantage over other firms by using its heterogeneous resources more efficiently (Hunt & Morgan, 1995). Such comparative advantage will then create a competitive advantage in terms of marketplace position (Grant, 1991) and, consequently yield a superior financial performance for organisations (Hunt & Morgan, 1995). Porter (1991: 96) argues that a firm succeeds when it gains a

‘superior and sustainable performance... relative to the world’s best rivals’. Therefore, when evaluating the competitive position of an organisation, it is necessary to consider both financial performance and marketplace position. This study defines ‘competitive advantage’ as shown in Box 3.5

Box 3.5: The Concept of Competitive Advantage

Competitive advantage is the ‘superior market position’ which an organisation possesses to provide the market with superior products and/or services. These superior products and/or services then lead to positional advantage and superior performance outcomes in terms of profits and market dominance.

Sources: Weerawardena (2003); Day and Wensley (1988); Hunt and Morgan (1995); Porter (1991)

It is argued that the relationship between dynamic capabilities and competitive advantage is positive. This is because it is assumed that by reconfiguring current resources, organisations will experience a more positive impact in terms of the competitive advantage they enjoy (Teece & Pisano, 1994; Eisenhardt & Martin, 2000; Helfat, 1997). For instance, Schilke (2014a) found that the influence of dynamic capabilities on competitive advantage is contingent on the level of dynamism in the external environment.

The relationship between dynamic capabilities and competitive advantage has been widely discussed in the literature on strategic management. Dynamic capabilities are considered key for organisations searching for a competitive advantage in strategic management (Li & Liu, 2014; Agwunobi & Osborne, 2016). Dynamic capabilities are also the main antecedent driving the innovation-based competitive advantage process (Salunke et al., 2011), are determinants of achieving competitive advantage (Nieves & Haller, 2014) and are a highly effective tool for organisations to use to achieve a competitive advantage even in a highly volatile environment (Wu, 2010). These studies have all identified a positive relationship between dynamic capabilities and competitive advantage. Therefore, the following hypothesis was proposed;

H5: Dynamic capabilities have a significant and positive impact on competitive advantage.

3.3. EFFECTS OF ORGANISATION SIZE AND AGE ON THE HYPOTHESED RELATIONSHIPS

The size of organisations might exert a different level of influence on the relationships between determinants and outcomes of dynamic capabilities. It is suggested that the larger the size of the organisation, the more dynamic they are because they can access more resources and are capable of seizing and reconfiguring more opportunities than small and medium-sized businesses that are subject to more stringent financial and other resource constraints (Sawers et al., 2008, Arend, 2013). Compared with larger firms, a smaller size company may lack the large scale organisational and technological resources needed to evaluate possible opportunities (Teece, 2012; Macher & Mowery, 2009). Larger firms are also more responsive to changes because they have more established relationships with different stakeholders that help them to anticipate and act upon changes more quickly (Pretorius & Oerlemans, 2008). Specifically, regarding the relationship between dynamic capabilities and firm performance, smaller companies will benefit less from having dynamic capabilities (Arend, 2013).

Similarly, the age of organisations can have an influence on the relationships between dynamic capabilities and their determinants and outcomes. A younger firm will not be influenced by the inertia existing in older firms. The inertia that might delay the learning process needed for dynamic capabilities (Arend, 2013; Zahra et al., 2002). Therefore, younger firms can increase their pace of learning quicker than older firms, which has an influence on firm performance (Zollo & Winter, 2002). Moreover, the motivation of employees in younger firms is greater in smaller firms than in larger firms because they feel a greater sense of responsibility (Carayannopoulos, 2009). Given such differences between younger and older firms, it is suggested that firm age should be added as a control construct to identify whether there is a significant relationship between dynamic capabilities and their determinants and outcome.

Therefore, multigroup analyses for three groups of firm sizes (small, medium, and large) and for three groups of firm ages (≤ 5 years, $> 5 \geq 10$ years, and > 10 years) need to be conducted to check the invariance across groups in both measurement and structural models. These analyses were also conducted to check and compare the significance of firm size and firm age as control variables on each pair of relationships.

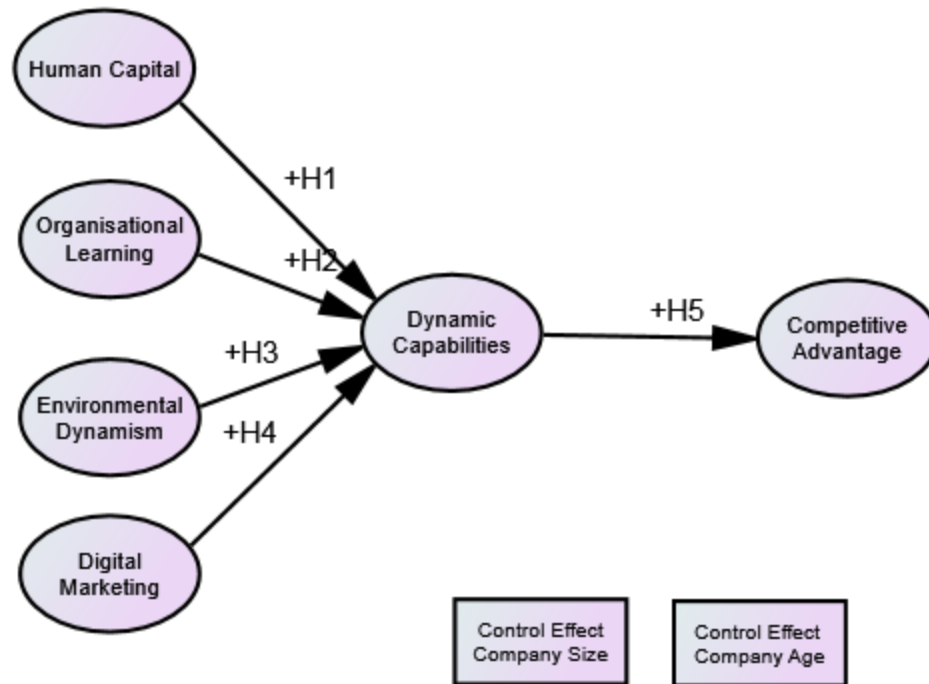
3.4. SUMMARY OF HYPOTHESES

Table 3.1: Summary of Proposed Hypotheses

H1	<i>Human capital has a significant and positive impact on dynamic capabilities.</i>
H2	<i>Organisational learning culture has a significant and positive impact on dynamic capabilities.</i>
H3	<i>The application of digital marketing has a significant and positive impact on dynamic capabilities.</i>
H4	<i>External dynamism factors have a significant and positive influence on dynamic capabilities.</i>
H5	<i>Dynamic capabilities have a significant and positive impact on competitive advantage.</i>

These hypotheses are displayed in the quantitative research model in Figure 3.1.

Figure 3.1: Conceptual Quantitative Research Model



This chapter has described and discussed the determinants and outcomes of dynamic capabilities. The determinants are human capital, organisational learning culture, digital marketing, and environmental dynamics. The outcome is a competitive advantage that is indicated by financial performance and strategic performance – the strategic position of organisations in the marketplace. This chapter has also presented organisation size (in terms of number of employees) and firm age as the control variables for the study. The following chapter will present the quantitative research conducted to test these hypotheses.

CHAPTER 4. OVERALL RESEARCH METHODOLOGY

This chapter presents the selection of methodology and the process of research design, based on the research objectives and research questions. Importantly, it explains why a concurrent mixed methods approach was deemed most suitable for the research and discusses the benefits, difficulties, advantages, and disadvantages such a strategy might entail.

4.1. PHILOSOPHICAL ASSUMPTIONS

This section briefly presents the philosophical assumption in research as the prelude to the pragmatism approach for this thesis that will be explained in Section 4.3. Philosophy seeks to illuminate concepts and transform the uniqueness of the barriers in a certain discipline, and it questions things we often take for granted, for instance, what is 'truth'? (Williams & May, 1996; Saunders, Lewis, & Thornhill, 2009). Philosophy relates to a set of beliefs and assumptions regarding how knowledge is created and developed. Philosophical assumptions thus determine the methodology a researcher chooses to utilise in his or her research. For this reason, research methodology is referred to as the systematic process used to conduct research. This encompasses a literature review through data collection and analysis (Williams & May, 1996; Neuman, 2000). A researcher's methodological approach is underpinned by his or her philosophical background and suppositions about the nature of reality (ontological assumptions), about what can be known or human knowledge (epistemological assumptions), about the extent to which, and in what ways, values influence the research process (axiological assumptions), and which methods and procedures are allowable within the paradigm (methodological assumptions) (Wahyuni, 2012). Crotty (1998) articulates that these assumptions construct how research questions are to be understood, what methods should be used, and how the findings are to be interpreted. In addition, Johnson and Clark (2006) state that business and management researchers should realise their commitment to a research philosophy through the selection of their research strategy, as this will critically influence what the researchers do and how they understand what they are investigating.

Ontology

Ontology refers to the researcher's assumptions about the nature of reality (Saunders et al., 2009) which formulate the way he or she views and studies the objects of the research, which can be organisations, management, individuals, and among others (Saunders et al., 2009). Researchers therefore need to decide what they believe the essence of reality to be or what is true (Leech, Dellinger, Brannagan, & Tanaka, 2010; Tashakkori & Creswell, 2007). The key debate concerns whether reality is objective and people are the products of an external reality (positivist ontology), or whether reality is subjective and people actively construct the world from their own experience (interpretivist ontology) (Cunliffe, 2011; Carson, Gilmore, Perry, & Gronhaug, 2001). Ontology thus refers to the assumptions people have about reality – whether it is external or a construct of the human mind. Knowledge created in a certain field can thus simultaneously be in the possession of people and also a result of interaction (Jonker & Pennink, 2010).

Epistemology

Epistemology relates to assumptions about knowledge and what constitutes valid, acceptable, and legitimate knowledge (Saunders et al., 2009). It can also be described as the philosophy of knowledge in terms of its 'methods, validity, nature, sources, limits and scope' (Jonker & Pennink, 2010: 61). Epistemology therefore relates to the process of investigating what differentiates justified belief from opinion (Audi, 2011; Williams & May, 1996). Therefore, the research object either has inherent qualities which are that exist independent (positivism epistemology) of the researcher or are influenced by the researcher's lived experiences (interpretivism epistemology). Regarding multidisciplinary management research, different types of knowledge, for example, numerical data, textual and visual data, facts, interpretations, narratives, stories or fictional accounts, are all considered legitimate (Saunders et al., 2009). In this thesis, the research involves knowledge and understanding in strategic management, in general organisational management, and in the tourism industry. Consequently, researchers with different backgrounds from disciplines in business and management research may adopt a variety of epistemologies in their research (Saunders et al., 2009). Such diversity will provide researchers with greater methodological choices, but it is also essential for researchers to comprehend

the implications of these various epistemologies in relation to a certain choice of method and the subsequent strengths and limitations of their research findings.

Axiology

Axiology is the branch of philosophy that studies judgements about values. It is concerned with assessing the role of values and ethics throughout all stages of the research process (Saunders et al., 2009). Axiology includes questions about the way in which researchers address their values and those of the research participants. Choosing one topic over another reflects the researcher's values as to what is important. A researcher's choice of philosophy therefore reflects his or her values and drives data collection techniques.

4.2. MIXED METHODS APPROACH

Mixed methods research (MMR) is considered the third methodological movement alongside quantitative and qualitative research methods (Teddlie & Tashakkori, 2009; Cameron, 2011). This approach has been adopted in studies across business and management disciplines (Cameron & Molina-Azorín, 2011). It has enabled researchers to combine methods in order to gain the knowledge necessary for a comprehensive and meaningful study of complex phenomena (Teddlie & Tashakkori, 2009).

MMR offers advantages that solely quantitative or qualitative research alone may lack (Creswell & Plano Clark, 2011). For instance, some criticisms of quantitative research are that it offers an inadequate understanding of the context or setting in which the participants are situated, disregards the insiders (participants), and avoids discussion of any bias and inferences researchers may have because their role is to be 'behind the scenes'. Qualitative research can address these weaknesses. However, qualitative research can also be considered inadequate due to the subjective interpretation of the researcher, subsequently leading to possible bias. Qualitative research is also unable to generate conclusions that can be generalised to a larger group due to the small number of participants involved in the study (Creswell & Plano Clark, 2011; Johnson & Onwuegbuzie, 2004). There are three major challenges involved in applying mixed methods. The first is that the researchers need to have requisite skills and experience in

both quantitative and qualitative research. Another challenge concerns the amount of time and resources needed to conduct a mixed methods study in terms of collecting and analysing different types of data whilst maintaining the rigour of each strand and of the integrated study as a whole. The final challenge is that of convincing others as MMR is still a relatively new methodological approach and thus several scholars may not be immediately convinced by or understand the value of mixed methods (Jick, 1979).

The choice of a mixed methods approach in this study derives from a range of factors relating to the personal, interpersonal, and social contexts. These factors will be presented in detail by adopting the socio-ecological framework for a mixed methods study (Plano Clark & Ivankova, 2016). This framework for MMR was applied in conceptualising, designing, conducting, and disseminating this study. According to Creswell and Plano Clark (2011), researchers can pose either separate quantitative and qualitative questions for the quantitative and qualitative strands of the study or a single question requiring the integration of both types of data. They describe this as a 'mixed methods research question' (p. 164). This research utilised the second approach by posing a single research question that combined both quantitative and qualitative components. Therefore, the research question was therefore:

What are the determinants and consequences of dynamic capabilities in tourism businesses in Vietnam?

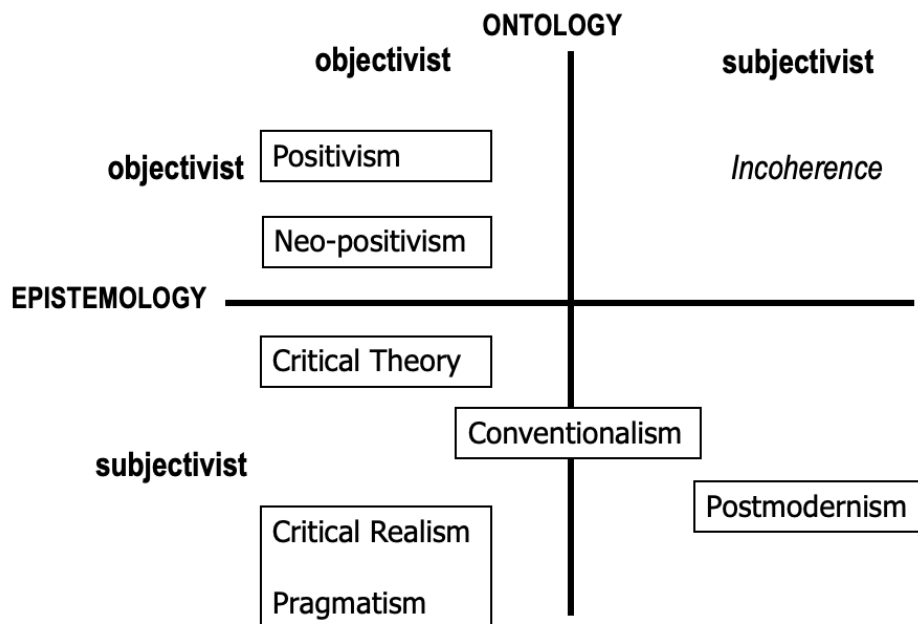
From this research question and in the light of the advantages and disadvantages of qualitative and quantitative research, a mixed methods study was designed in which both quantitative and qualitative data were collected and analysed concurrently to gain as comprehensive dataset as possible to answer the research question. This concurrent design allows me to integrate the data throughout the research process. From the central research question and relevant theories, quantitative and qualitative questionnaires were designed, and they were answered by respondents holding managerial positions in tourism organisations in Vietnam.

The remainder of this chapter is organised as follows. Section 3.2 presents the philosophical assumptions underpinning the concurrent¹ nature of the chosen methodology. Section 3.3 describes the features pragmatism approach as the philosophical stance adopted for this study. Section 3.4 presents the different rationales and considerations underlying the choice of a mixed methods design.

4.3. ADOPTING A PRAGMATISM APPROACH

Pragmatism adopts an objective ontology and a subjective epistemology (Morgan, 2007). The position of a pragmatism approach in comparison with other approaches is denoted in Figure 4.1, which is adopted from Johnson & Duberley (2000: 180). In pragmatism, a researcher's values are particularly important in influencing the research questions and drawing conclusions. Therefore, pragmatists 'emphasise the role of the research questions for directing methodological decisions and the importance of the inferences drawn in response to those questions' (Plano Clark & Ivankova, 2016: 200).

Figure 4.1: Epistemology and Ontology of Critical Research



(Source: Johnson and Duberley, 2000: 180)

Pragmatism provided an appropriate philosophical stance for this research for two reasons. First, the measurement items in the quantitative questionnaire were

¹ This term can also be used by others as 'convergent'.

constructed and tested in other countries and not in the context in which I wished to conduct the study (Vietnam). Vietnam differs from other Western and developed countries as it has different cultural values, levels of development, political regime, and individual mindset. These factors influence the research subject (dynamic capabilities), its influencing actors (human resources, resources, institutional perceptions, and network use), and its affected actors (strategic and financial organisational performance). Therefore, it was essential to modify existing measurement items from the past research and adapt them to the context of Vietnam. Second, to adapt the measurement items in the previous research to my quantitative questionnaire, I had to consult with experts in the field to obtain an insight into the industry and modify the items as necessary. Once the survey results were collated, further findings derived from interviews with the participants helped to elaborate or clarify the meanings underlying the modification of these items. Thus, from the pragmatist stance, a clearer picture of the investigated phenomenon was established. As a result, subsequent arguments and explanations will be more valid and convincing. This is consistent with the views of Biesta (2010) and Shannon-Baker (2016) who contend that pragmatism breaks down the hierarchies between positivists and constructivists regarding ways of knowing by considering what is meaningful from both perspectives (Shannon-Baker, 2016).

In terms of an ontological stance, I adopted the middle-range position between objectivist and subjectivist. For the phenomenon investigated in my research, namely dynamic capabilities, I concentrated mainly on exploring the association between people and this phenomenon, exploring how companies' leaders and managers perceive, interpret, and execute dynamic capabilities within their organisations. Additionally, there were also certain causal relationships between the key phenomenon (dynamic capabilities) and other social phenomena (e.g. organisation's strategic and financial performance). These social phenomena are important in influencing the adoption and application of dynamic capabilities in organisations. As a result, these phenomena were also identified and analysed in this study.

Regarding my epistemological viewpoint, I followed a stance between objectivism and subjectivism as indicated in the pragmatism approach. Johnson,

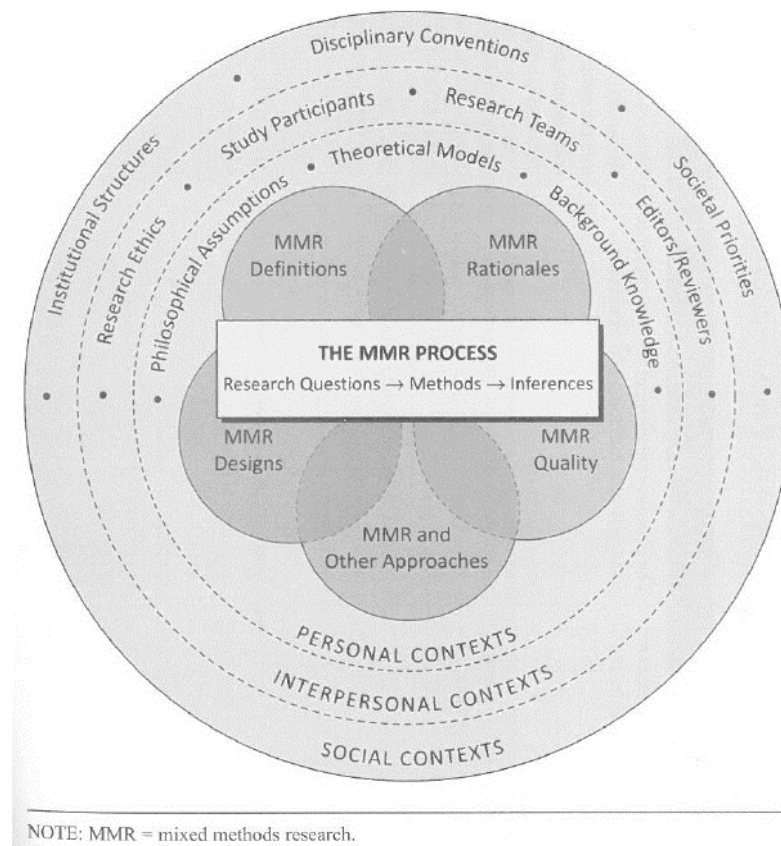
Onwuegbuzie and Turner (2007), and Onwuegbuzie, Johnson and Collins (2011) argue that knowledge is a construction formulated from the reality of the world in which people live and experience. Applying this view, I agree that knowledge can be acquired by comprehending the part people play in social reality (Morgan & Smircich, 1980), and I thus do not separate the knower and the known. I also acknowledge that it is essential to study the nature of relationships between social phenomena. In this study, the relationships are between different components of dynamic capabilities and their determinants and organisational performance indicators.

4.4. RATIONALE FOR THE RESEARCH DESIGN

The socio-ecological framework introduced by Plano Clark and Ivankova (2016) describes the system of dynamic and complex relationships in MMR that distinctively shapes scholarly research practices. The framework was developed on the basis of an ecological system approach that was informed primarily by the ecological framework for human development advanced by Bronfenbrenner (1979) and the socio-ecological perspectives of McLeroy, Bibeau, Steckler and Glanz (1988). The use of the term 'socio-ecological' therefore conveys the fact that the model identifies the interwoven dynamic relationships between different individual and environmental elements, for example personal, interpersonal, organisational, community, and social contexts. These elements establish various levels within the system of relationships that explain the person's complicated interactions with his or her setting and the contextual nature of such interactions. From a socio-ecological standpoint, these associations form an individual's views, knowledge, and experiences in numerous and exceptional ways and determine how an individual cooperates with his or her environment. Similarly, MMR is a dynamic and interactive procedure that involves several spheres and contexts (McLeroy et al., 1988). This framework therefore describes and elucidates the numerous relationships that occur in this process. It helps capture and illuminate the complexity and distinctiveness of MMR (Plano Clark & Ivankova, 2016).

Using the original framework presented in Figure 4.3, I will now provide a detailed clarification of my research approach, starting from the centre of the diagram and then moving outwards.

Figure 4.2: The Socio-Ecological Framework for Mixed Methods Research



(Used with permission from Plano Clark and Ivankova, 2016:15)

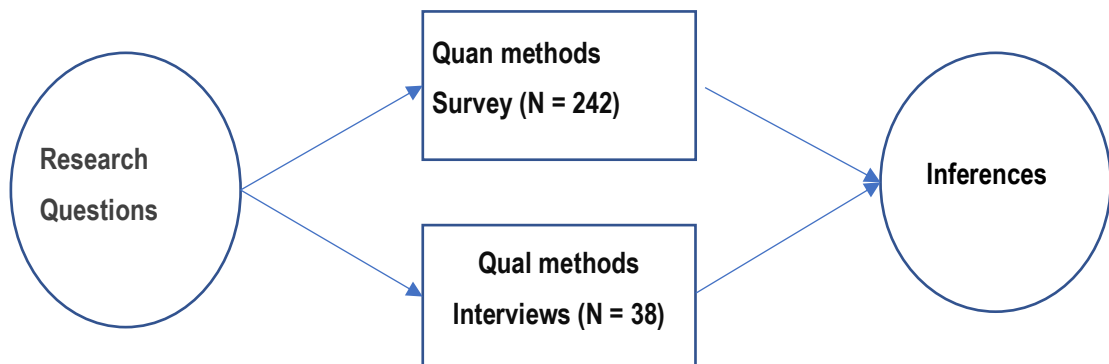
4.4.1. THE MIXED METHODS RESEARCH PROCESS

The process of generating information in response to a research question encapsulates the fundamental nature of research (Plano Clark & Ivankova, 2016). MMR is a process in which researchers aim to acquire the deepest understanding of the research phenomenon by integrating quantitative and qualitative methods of data collection and analyses (Creswell & Plano Clark, 2011; Plano Clark & Ivankova, 2016). It is the 'how-to mixed methods research practice' because it describes 'any process of advocating for, planning, conducting, disseminating, and evaluating a mixed methods research approach' with the aim of answering the research questions (Plano Clark & Ivankova, 2016: 35). The main stages involved in conducting MMR, according to Teddlie and Tashakkori (2009) are: the conceptualisation stage, when the research purpose and questions guiding the study are developed; the methods or experiential stage, when the study is executed and the data are collected and examined; and

the inferential stage, when inferences and integrated conclusions from both the quantitative and qualitative studies are generated.

The MMR process is portrayed in the centre of Figure 4.1. This research was thus designed to quantitatively measure the determinants and outcomes of dynamic capabilities and test the causal relationships between the antecedents and outcomes of dynamic capabilities. This research is concurrent because qualitative and quantitative data were collected and analysed at approximately the same time. The quantitative data were analysed using statistical procedures while the qualitative data were analysed using thematic analysis procedures. Both quantitative results and qualitative findings were jointly merged to create an integrated conclusion about the different factors that ultimately influence dynamic capabilities in organisations.

Figure 4.3: The Mixed Methods Research Process



In following this process, it is clear that the relationships between the components of the research process are more dynamic and interactive than suggested in Figure 4.4 because during the process, I considered the research questions in response to the methods and generated inferences of the research (Maxwell & Loomis, 2003).

4.4.1.1. Research purposes and research questions in mixed methods research

Research purposes (or research objectives) are the statements of intent that embody the aims the researchers are striving to achieve by undertaking the study. These play a significant role in a mixed methods study as they provide the groundwork for combining the quantitative and qualitative methods to tackle a single aim in terms of content (Creswell, 2013). For this study, the purposes were to test the factors (human capital, organisational learning culture, digital marketing application, and environmental dynamism) that may influence dynamic capabilities in tourism businesses. Another purpose was to test the well-established relationship between dynamic capabilities and competitive advantage, which is measured in terms of strategic performance and financial performance, to identify whether and how these differ in Vietnam. The qualitative strand then yielded empirical evidence and underlying reasons for those capabilities and their complex relationships with other factors inside and outside organisations. Greene, Caracelli, and Graham (1989: 266-269) stated that the five reasons for evaluating mixed methods are (i) triangulation (such as seeking convergence and justification from diverse methods examining the same phenomenon); (ii) complementarity (seeking elaboration, clarification, demonstration or improvement from one method with results from the other); (iii) development (i.e. applying the results from one method to support the other method; (iv) initiation (such as discovering paradoxes and inconsistencies that lead to a reframing of the research question); and (v) expansion (for example, seeking to expand the extent and range of investigation by using different methods for different components of the investigation. In this research, the aim was complementarity in that the qualitative findings were used to support, elaborate, clarify, and improve upon the results of the quantitative study.

To transform these purposes into comprehensible and actionable activities, research questions are then formulated to focus the content of interest which can then be answered through data collection and analysis. Therefore, the overall research question was: 'What are the determinants and consequences of dynamic capabilities in tourism businesses in Vietnam?'

The research question is a significant starting point in the MMR process because it sets the boundaries for the study, refines its directions, and shapes the choice of research methods (Teddlie & Tashakkori, 2009). Plano Clark and Ivankova (2016) stated that there are two possible approaches to posing research questions for a mixed methods study. One way is to formulate two sets of research questions, a quantitative question that focuses on the numerical aspects of the study and a qualitative question that tackles the narrative evidence. The other way is to formulate an integrated question (Teddlie & Tashakkori, 2009) – also described as a MMR question (Onwuegbuzie & Leech, 2006). The research question for this study followed an integrated approach in addressing the overall intent of the study and incorporating both the quantitative and qualitative methods during the execution of the study.

4.4.1.2. Methods

The research purpose and questions direct all decisions pertaining to methods during the experiential stage of a mixed methods study. There are three practical considerations that need to be addressed: timing, integration, and priority.

This mixed methods study followed the concurrent parallel design suggested by Creswell and Plano Clark (2011); therefore, in terms of timing, the data collection and analysis were conducted at approximately the same time for the participants who were managers in tourism businesses in Vietnam. The choice of using concurrent timing was influenced by the fact that a more complete understanding would be achieved by analysing both sets of findings together.

In terms of integration, an unambiguous interrelation between the quantitative and qualitative methods will lead to an integrated study conclusion. Two important approaches emerging from the studies discussed so far are to either combine or connect quantitative and qualitative findings. In the combining approach, both sets of results are jointly interpreted at the completion of data collection and analysis. In a connecting approach, the data from the first study are used to inform the design and data collection of the second study. In this thesis, a combining approach was applied which means that both quantitative and qualitative data were analysed and interpreted independently. The findings were then combined for an overall interpretation.

The third consideration concerns the priority or weight a study may give to different methods when answering the research question (Creswell & Plano Clark, 2011). This thesis is an equal priority study as both qualitative findings and quantitative results were used to provide an explanation for and elaboration of central research issues.

4.4.1.3. Inferences

Teddlie and Tashakkori (2009) stated that inferences are integrated study conclusions acquired from the interpretation of quantitative results and qualitative findings in response to a research question. The procedure of producing inferences encompasses critically revising the outcomes of the quantitative and qualitative data analyses in terms of how they answer the research questions. Inferences also involve researchers examining the significance and value of the collected data, which influences the overall quality of the inferences formed from findings. This research drew inferences about the determinants and consequences of dynamic capabilities in organisations. The integrated inferences were thus created by combining the survey results and semi-structured interview findings. The survey results were examined and tested using confirmatory factor analyses and structural equation modelling, while the 38 in-depth interviews were analysed using thematic analysis. One purpose of the interviews was to obtain more in-depth information regarding what and how dynamic capabilities are demonstrated in organisations. Another was to compare factors influencing dynamic capabilities and assess the strength of this impact.

Through thematic analysis, major themes were extracted from the interviews and grouped to determine the frequency of the themes appeared and the depth of each theme (King, 2012). Template analysis was a more specific approach that helped to achieve this. Therefore, the purpose of this mixed methods study was to bridge the 'gulf between macro and micro levels' (Niglas, 2000: 6; Bryman, 1988) and generate an overall picture (Bryman, 2004).

4.4.2. MIXED METHODS RESEARCH CONTENT

The deliberations on MMR content that informed the research processes are denoted by the five inner circles in Figure 4.2. The five forms of contents are: research definitions, research rationale, research designs, research quality, and mixed methods in conjunction with other approaches (if available).

4.4.2.1. The different definitions of mixed methods research

Before defining MMR, it is necessary to clarify the terms used. There are different names for a study that is not purely qualitative or quantitative, such as 'mixed methods research', 'mixed research' (a research process where at least one quantitative approach and at least one qualitative approach are integrated), or 'multimethod research' (to signpost the mixture of two or more methods). In this study, the term 'mixed methods research' was adopted and used throughout the thesis.

In terms of an exact definition, different scholars have expressed different views regarding how and in what way a study is considered 'mixed' methods research. Such definitions certainly derive from 'method' (Greene et al., 1989; Tashakkori & Creswell, 2007; Tashakkori & Creswell, 2007; Morse & Niehause, 2009; Morgan, 2014) and 'methodology' (Johnson et al., 2007; Tashakkori & Creswell, 2007; Johnson et al., 2007; Creswell & Plano Clark, 2007) perspectives, from a philosophy perspective (Greene, 2007; Johnson et al., 2007), or from a community of research practice perspectives (Teddle & Tashakkori, 2009). This research adopted the definition from a philosophy perspective proposed by Greene (2007) because it was the most appropriate, given the purpose and approach of the study. This definition is as follows:

'The core meaning of mixing methods in social inquiry is to invite multiple mental models into the same inquiry space for purposes of respectful conversation, dialogue, and learning one from the other, toward a collective generation of better understanding of the phenomena being studied. By definition, then, mixed methods social inquiry involves a plurality of philosophical paradigms, theoretical assumptions, methodological traditions, data gathering and analysis techniques, and personalized understandings and value commitments – because these are stuff of mental models.' (Greene, 2007: 13)

The reason for adopting this definition was because the fundamental reason for choosing a research method is based on a 'mental model' of a researcher, regardless the methodology a researcher may select for his or her study, or the research community of practice in which a researcher is situated. The mental model upon which a researcher views his or her world and how this view influences the way he or she demonstrates a certain phenomenon is true (Greene, 2008).

4.4.2.2. Mixed methods research rationale

The process of conducting MMR is complex and requires numerous decisions. To navigate successfully this complexity, sound arguments are essential in justifying why researchers are choosing to integrate different methods (Plano Clark & Ivankova, 2016).

This thesis used MMR because although each method has its own distinctive advantages and disadvantages, in combination each method can effectively utilise the other's strengths and compensate for their weaknesses (Bryman, 2006; Johnson et al., 2007). For this research, quantitative methods employing a larger representative sample yielded results that can be generalised (a 'strength'). However, these results lacked detail about the contents ('weaknesses'). For this reason, it was beneficial to use qualitative methods employing a small, purposeful sample to offer a rich description of settings (a 'strength'), even though those descriptive findings were restricted to a few specific cases (a 'weakness'). It is also possible to collect both qualitative and quantitative data in the same study (Patton, 2002). Therefore, by combining the two types of methods, the study acquired and incorporated two distinctive sets of outcomes that compensate for each other's weaknesses and conjointly provide an enhanced perception of the research problem.

The second rationale for mixed methods in this study was to ensure complementarity. *Complementarity*, as stated previously, involves using mixed methods to gain a more comprehensive inference through complementary results that address different aspects of a phenomenon (Greene et al., 1989; Greene, 2007). Complementarity is different from triangulation, which aims to develop valid conclusions by comparing and contrasting the outcomes of quantitative and

qualitative research. By contrast, complementarity aims to produce more significant and thorough conclusions by obtaining comprehensive results that can handle the complexity of the topic. Thus, a more detailed analysis of the dynamic and interactive phenomena inherent in tourism organisations in Vietnam can be presented.

The third rationale for using both methods is that diverse perspectives highlight paradoxes and contradictions among the results and findings of the two methods, yielding conclusions that are useful and credible (Greene et al., 1989; Bryman, 2006; Teddlie & Tashakkori, 2009). The final rationale referred to in the literature is that of social justice. This is an argument for uncovering and challenging oppression in society by using quantitative and qualitative methods to conduct research from a social justice standpoint. This rationale highlights the ideology and values of the researcher (Caracelli & Greene, 1997) but was not applicable in this study.

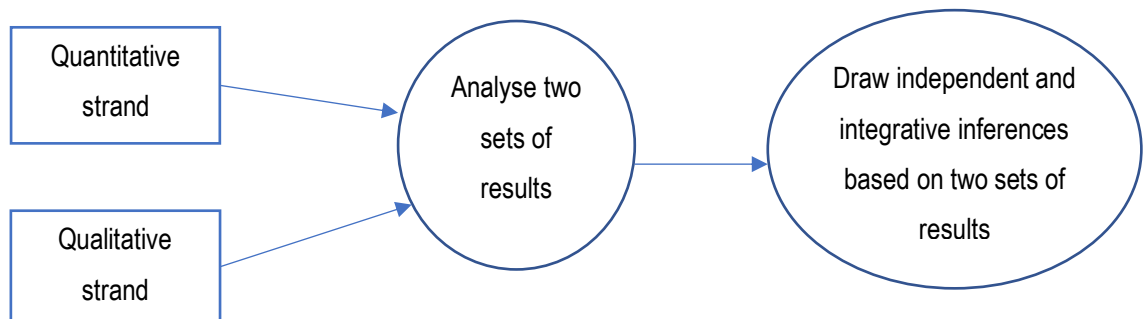
Flyvbjerg (2006: 245) claims that good social science is problem-driven and not methodology-driven, in the sense that it employs those methods for a given problem that best help answer the research questions at hand. Therefore, in seeking answers to the research question for this thesis, a MMR approach enabled answers to be found using all possible means.

4.4.2.3. Mixed methods research designs

Mixed methods design has a significant impact on how the research process is conducted. This type of design is one in which researchers integrate quantitative and qualitative methods in certain ways to answer a research question. It functions as a framework for researchers to arrange their thoughts regarding the sequence and means by which quantitative and qualitative elements are implemented (Johnson & Onwuegbuzie, 2004). The choice of an appropriate design is therefore a vital methodological deliberation as it guides researchers' decisions about collecting, analysing, and integrating quantitative and qualitative data to provide answers to the research questions. Moreover, an appropriate design helps researchers establish a clear logic in interpreting the quantitative and qualitative findings and develop inferences from the conclusions (Creswell &

Plano Clark, 2011). This study adopted the following logic suggested by Plano Clark and Ivankova (2016) as presented in Figure 4.5.

Figure 4.4: Mixed Methods Design for This Study

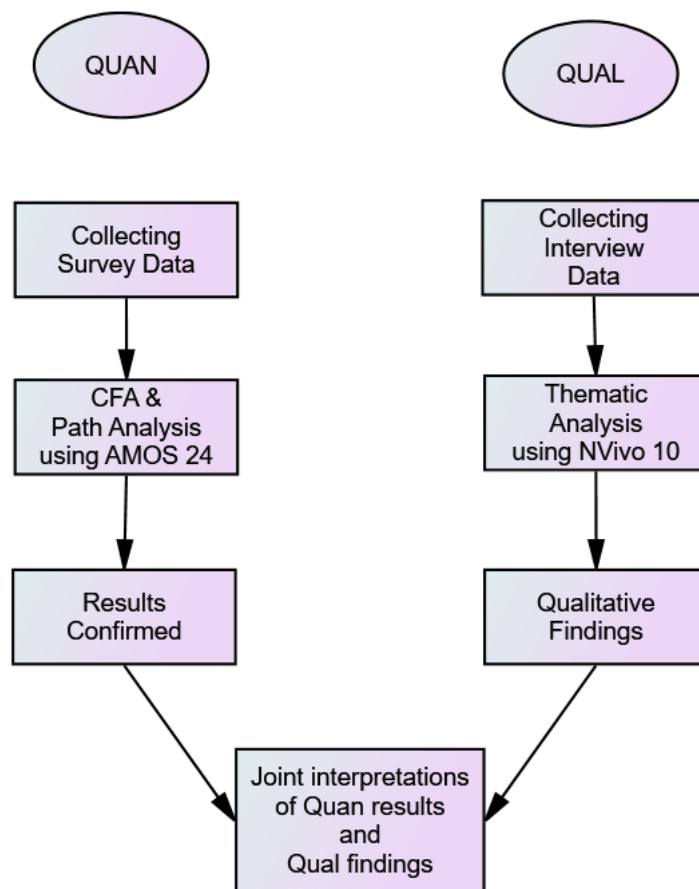


(Adopted from Plano Clark and Ivankova, 2016: 118)

According to Teddlie and Tashakkori (2009: 119), the 'strand is a component of a mixed methods study that encompasses the basic process of conducting quantitative or qualitative research: posing a question, collecting and analysing the data, and interpreting results.' In this study, the quantitative strand was directed by the quantitative research question and involved gathering numerical data that were analysed using confirmatory factor analysis and structural equation modelling. The qualitative strand was instructed by the qualitative research question and encompassed gathering qualitative data that were analysed using and thematic analysis. Both quantitative and qualitative research questions formed part of the overall research question, reiterated below.

What are the dynamic capabilities and their determinants and consequences of dynamic capabilities in tourism businesses in Vietnam?

Figure 4.5: The Procedural Diagram of Research Activities



From the overall research question (RQ), the distinct questions posed for the quantitative and qualitative studies were as follows.

Research questions for the quantitative study:

RQ1: How are dynamic capabilities measured in tourism businesses?

RQ2: What are the relationships between the determinants (human capital, environmental dynamism, organisational learning culture, and digital marketing) and dynamic capabilities?

RQ3: How strong are the relationships in RQ2?

RQ4: Which factors (human capital, environmental dynamism, organisational learning culture, and digital marketing) influence dynamic capabilities the most?

RQ5: How is competitive advantage measured in tourism businesses?

RQ6: How strong is the relationship between dynamic capabilities and competitive advantage?

RQ7: How does the size of organisations influence the different relationships between determinants and outcomes of dynamic capabilities?

Research questions for the qualitative study:

RQ8: How are dynamic capabilities demonstrated in tourism businesses?

RQ9: What are the drivers and inhibitors of dynamic capabilities in tourism businesses?

RQ10: How do organisations evaluate their strategic and financial performance?

RQ11: Is it possible to determine a relationship between dynamic capabilities and the strategic and financial performance of Vietnam's tourism organisations?

Therefore, the quantitative study was designed to answer research questions 1 to 7 and the qualitative study was designed to answer research questions 8 to 11.

4.4.2.4. Mixed methods research quality

Assessing quality is an important element of any research as it ensures the knowledge statements made are more powerful and representative of the problem under investigation and not just simply a combination of the two separate studies (Bryman, Becker, & Sempik, 2008). This process is typically discussed as validation and involves assessing the rigour of the methodological practice employed. The process of designing and conducting a mixed methods study is performed concurrently with an evaluation of its quality in order to ensure that the inferences produced are strong. The procedure of assessing quality in a mixed methods study is intricate, as researchers need to collect, analyse and integrate two different sets of data (Kelle, 2006; Bryman, 2016). It is essential to ensure that the inferences generated are based on the utilisation of solid quantitative and qualitative methods and are built from the trustworthy findings produced by each method (Bryman, 2006). Nevertheless, the notion of what constitutes quality in a mixed methods study may vary for different target audiences. Therefore, the researchers' approach to mixed methods needs to reflect the criteria for quality when reading about, reviewing, conducting, and assessing a mixed methods study. According to Plano Clark and Ivankova (2016), although there are relatively major controversies in the mixed methods field in terms of what and when to assess quality, as well as different views and practices, the three

predominant and popular approaches to judging quality are (1) assessing the quality of separate quantitative and qualitative strands; (2) appraising the quality of inferences generated from the whole study; and (3) considering matters of quality related to specific mixed methods designs.

Assessing the quality of separate quantitative and qualitative strands

In the first stage of evaluating quality, the recommendation of different scholars is to evaluate the quality of the data and the results/findings in both strands using the common quality standards adopted in quantitative and qualitative research (Creswell & Plano Clark, 2011; Teddlie & Tashakkori, 2009; Greene, 2007). There are several established criteria for assessing the quality of data and results/findings in quantitative and qualitative research.

Traditional ways to assess the methodological quality of quantitative data are to assess validity and reliability using statistical procedures (Roberts, 2006). Validity refers to the degree to which inferences can be precisely made based on test scores or other measures, while reliability signifies the accuracy with which measurement procedures constantly produce the same scores (Onwuegbuzie & Johnson, 2006). Validity is vital in assessing the relevance of the collected data for answering the research questions while reliability provides an assurance that the same data will be collected when the same instruments are used to address similar research questions. A valid measure should always generate reliable data (Carmines & Zeller, 1987). Moreover, it is common to handle the quality of quantitative inferences by weighing the internal and external validity of the results. While internal validity is determined by the ability of the researchers to draw inferences from the data, external validity concerns the extent to which generalisations can be made to a wider population (Bryman et al., 2008).

For qualitative research, quality is assessed according to the trustworthiness and credibility of the findings and their interpretations. Trustworthiness is an umbrella term for quality in qualitative research and is regarded as the criterion upon which researchers produce findings that can be accepted as convincing and worthy by others (Bryman, 2016). Credibility is one of the criteria of trustworthiness and denotes internal validity, which is based on the participants' own experiences (Morrow, 2005).

Appraising the quality of inferences generated from the whole study

The second major form of quality assessment is to evaluate the quality of the inferences generated. Developing good inferences generated from combined quantitative and qualitative datasets is an important aim in MMR and should apply from the design of the study to the interpretation of the results/findings (Tashakkori & Creswell, 2007). In terms of the complexity of quality assessment in MMR, inference quality is a criterion for considering the quality of the generated inferences (or meta-inferences) as inductively and deductively derived conclusions. Therefore, inferences which are of poor quality have no relevance and may be ambiguous in terms of understanding the study outcomes (Onwuegbuzie & Johnson, 2006).

The quality of MMR can be viewed in terms of the legitimization of the methods applied and the inferences produced during the research procedure (Onwuegbuzie & Johnson, 2006). To ensure legitimization, Onwuegbuzie and Johnson argue that researchers should continuously evaluate the procedures of each study to ensure consistency between the purposes of the research and the resulting inferences. As mentioned in the rationale section, the application of mixed methods in this study was intended to supplement the strengths of each strand and compensate for the weaknesses of the other strand.

Considering matters of quality related to specific mixed methods designs

The third aspect of assessing a mixed methods study relates to the specific mixed methods design. This pertains to the timing (concurrent or sequential) of the study components and the incorporation of quantitative and qualitative methods consistent with the purposes of the design (Creswell, 2013). This study followed Teddlie and Tashakkori's (2009) indicators for assessing the quality of a mixed methods design. These four indicators are appropriateness in answering the research question; adequacy of all study procedures, within-design consistency of all components and study strands; and adequacy of data analysis procedures for answering the research questions.

4.4.3. MIXED METHODS RESEARCH CONTEXTS

These are the contexts that directly affect the practicality of a mixed methods study. The research contexts influence the researchers' perceptions regarding deliberations and choices in relation to the research process. The three contexts in the socio-ecological framework suggested by Plano Clark and Ivankova (2016) are personal, interpersonal, and social contexts. These are explained in the following sections.

Personal contexts

Personal contexts include the philosophical assumptions, theoretical models, and background knowledge that form the conventions of MMR. My philosophical assumption for this study is pragmatism, as suggested by Dewey's concept of experience (cited in Morgan, 2014). According to Dewey, this experience is established by answering two questions: what are the sources of beliefs and what are the meanings of our actions? The answers to these questions are connected in a cycle in which our beliefs originate from our previous actions and the results of our actions originate from our beliefs. Experience, therefore, generates meanings by connecting beliefs and actions with each other. Theoretical models, however, are 'assumptions about the nature of a substantive topic, including how it works in the world, that provide the theoretical foundation for mixed methods research practice' (Plano Clark & Ivankova, 2016: 195). Like other forms of research, theoretical models are essential and common when researchers use a mixed methods design for their study (Creswell, 2014).

The background knowledge influencing scholars' approach to MMR pertains to personal and professional experiences and expertise that comprise the training and skills undertaken to provide an empirical background for the mixed methods study. Therefore, the researcher's personal background and experiences occupy a significant position in his or her research that includes the use of a mixed methods design (Plano Clark & Ivankova, 2016).

Interpersonal contexts

According to the socio-ecological framework suggested by Plano Clark and Ivankova (2016), the interpersonal contexts for this study included the research

ethics and the researcher's relationships with the study participants and editorial and review boards that shape research practice. This study, however, only considered the research ethics and my relationships with study participants and the research team.

This thesis adhered strictly to the ethical requirements involved in conducting a mixed methods study. Before the study began, approval was sought from the Sheffield University Ethical Review board. Additionally, during the data collection period, informed consent was obtained from each participant. All participants were informed about the study procedure and confidentiality and data protection were ensured. The survey and interview sessions were conducted in a professional manner and all participation was voluntary.

Social contexts

Plano Clark and Ivankova (2016: 248) state that social contexts are 'the institutional structural, disciplinary conventions, and social priorities that shape mixed methods research practice.' The institutional contexts are structures within professional settings that dictate how mixed methods are taught and encouraged in an academic programme. The disciplinary context is an agreement held by a research practice community that comprises the preferences for certain research questions and methods. Finally, the societal context includes such factors as national values and funding policies that shape the practice of MMR. However, these social contexts did not have much considerable influence on this research. The strongest influence was that of personal and interpersonal contexts.

This chapter has presented the philosophical assumptions of MMR and the socio-ecological framework used to justify the reasons for choosing mixed methods research. The next chapter will present the research design, data analysis, and empirical results for the quantitative study.

CHAPTER 5. QUANTITATIVE RESEARCH METHODOLOGY

This chapter explains the methods and procedures used to conduct the quantitative research in order to test the hypotheses presented in the previous chapter. The chapter is divided into sections as research design, development of measurement models, measurement scale, questionnaire format, the translation of the quantitative questionnaire, quantitative sampling, unit of analysis, respondent selection, data analysis technique, and data processing, estimation technique, statistical model before modification, confirmatory factor analysis of dynamic capabilities, confirmatory factor analysis of competitive advantage, and fit indices. Each of these sections details the logic underlying the research decisions made in this study.

5.1. QUANTITATIVE RESEARCH DESIGN

The approach of the entire research was both quantitative and qualitative. Details of MMR were presented in previous chapters. This section therefore presents in detail the approach to quantitative research. This involves formulating and testing an integrated model containing relationships between the construct of dynamic capabilities and its determinants and outcomes. All constructs were objectively measured in line with previous empirical research.

The quantitative methodology employed in this research was a cross-sectional survey. Because of the large target population, a sample was recruited and selected to test the theoretical model, the results of which were then generalised to the wider population. The number of observed measurements used in the model means it was necessary for the sample to be of an acceptable size to make the study feasible. A survey design was therefore considered to be the best option (Creswell, 2013; Babbie, 2016). Survey design comprises four methods: self-administered questionnaire, interview, structured record review, and structured observation (Fink, 2003). In this study a self-administered questionnaire instrument was employed because it provides an efficient and effective means of accessing information and is cheaper and quicker to administer (Bryman, 2016; Zikmund, Babin, Carr, & Griffin, 2013). Furthermore, a self-administered questionnaire diminishes the influences of the interviewer (Bryman, 2016). This

instrument also avoids the problem of variability, unlike an interview where questions may be asked in a different order. Self-administered questionnaires are also convenient for the respondents because they can complete the questionnaire at a time that suits them. This reduces the hassle or time constraints that may affect the quality of their responses. The quantitative study therefore involved collecting data on the views of managers regarding their organisation's dynamic capabilities and the determinants and outcomes of these.

5.2. DEVELOPMENT OF MEASUREMENT MODELS

5.2.1. MEASURING ITEMS

5.2.1.1. Dynamic capabilities

Dynamic capabilities, as defined in Chapter 2, include three sub-capabilities: sensing, seizing, and reconfiguring capabilities.

Sensing

Sensing measures the extent to which organisations sense changes (market changes, policy changes, technology changes, competitor changes, customer changes, employees' requirements) in the internal and external environments. More specifically, it measures the extent to which tourism businesses are aware of macro and micro changes that influence the operation of the business as well as internal scanning to identify whether any changes need to be addressed within their businesses.

In research by Nieves and Haller (2014: 230), sensing capabilities was an endogenous variable comprising 4 items. This study introduced two changes in comparison with the original items. The first item was separated into items where the term 'environment', following discussion with supervisors, experts in the tourism sector of Vietnam, and people who conducted the initial reading, was specified as 'macroenvironment' and 'microenvironment'. The final item also included two pieces of information: 'implementing ideas for new services' and 'improving our existing services'. To avoid confusion and to improve the convergent validity of the variable, this item was split into two items after discussion with supervisors. This meant that 'sensing' was measured by the following six items:

- SS1 We frequently scan the macroenvironment (the national economy, information, and technology, population, demography) to identify new business opportunities.
- SS2 We frequently scan the microenvironment (laws in tourism, infrastructure for tourism, skills of labour in the tourism sector, investment scale and business capacity of tourism businesses) to identify new business opportunities.
- SS3 We periodically review the likely effect of changes in our business environment on customers.
- SS4 We often review our service development efforts to ensure they are in line with what customers want.
- SS5 We spent a lot of time implementing ideas for new tourism services.
- SS6 We spent a lot of time improving our existing tourism services.

Seizing

Seizing refers to the abilities of organisations to capture efficiently and effectively the opportunities identified through sensing by utilising current tangible and intangible resources, routines, processes, and assets.

The measure for seizing was adopted from Fainshmidt and Frazier (2016) and from Wilden et al. (2013). In this study, more specific words for the tourism industry were added to make them more relevant and easier to understand for respondents. The items were as follows:

- SZ1 We invest in finding solutions for our customers.
- SZ2 We adopt the best practices in our tourism sector.
- SZ3 We respond to weaknesses pointed out by employees.
- SZ4 We change our practices when customer feedback gives us a reason to change.

Reconfiguring

Reconfiguring refers to the ability to continually renew or reconfigure the current state of the firms. The measure for reconfiguring capabilities was adopted from Fainshmidt and Frazier (2016) as reconfiguring is an endogenous variable. In this study, the wording was also adjusted to make it more specific to the tourism sector in Vietnam. The items were as follows:

- RCFG1 We annually implement new management methods.

- RCFG2 We annually change our marketing strategy.
- RCFG3 We annually renew business processes.
- RCFG4 We constantly renew the ways of achieving our goals.

5.2.1.2. Human capital

Human capital refers to the evaluation of human quality in organisations where key informants are questioned. The measures were adapted from Nieves and Haller (2014) with some modification to the wording and the removal of one item that was not recommended by experts. This item was 'Our employees are widely considered the best in our industry', and it was removed because experts said it was difficult for management to evaluate the phrase 'in our industry'. Even though all businesses are in the industry, each organisation operates within a small and different segment of the large tourism industry; for example, in budget tours, luxury tours, hospitality, accommodation, among others. Therefore, it would be impossible for the management to evaluate their employees without being both incorrect and biased. Another item, 'Our employees are creative and bright', was shortened to 'Our employees are creative' because there were two pieces of information in one statement which could confuse respondents. Moreover, the terms 'creative' and 'bright' can be used interchangeably, so 'creative' was retained because it encompasses the term 'bright'.

Therefore, the items used to measure human capital constructs were as follows.

- HC1 Our employees have high working skills.
- HC2 Our employees are creative.
- HC3 Our employees are experts in their jobs.
- HC4 Our employees develop new ideas.

In research by Nieves and Haller (2014), human capital was founded to positively affect the development of dynamic capabilities such as sensing, learning, integration and coordinating capabilities. The skills, knowledge, abilities, and experience of people in an organisation are extremely important in ensuring effective and efficient operation of the business. These are embedded in human cognition and actions and are thus the intangible 'capital' from which organisations may benefit.

5.2.1.3. Organisational learning culture

Questions on the organisational learning culture were adopted partly from the Dimensions of Learning Organisation Questionnaire (DLOQ) designed by Marsick and Watkins (2003). They proposed measuring organisational learning at three levels: individual level, team or group level, and organisational level. Although the items were comprehensive, it was impossible to adopt all 43 statements for this study. Therefore, based on research by Hung et al. (2010: 292), I selected six statements to describe the learning culture at an organisational level only. The reliability of the learning at an organisational level construct was .88 in Hung et al.'s study.

The items used to measure organisational learning culture at the organisational level were as follows.

- OL1 My organisation makes its lessons learned available to all employees.
- OL2 My organisation gives people choices in their work assignments.
- OL3 My organisation gives people control over the resources they need to accomplish their work.
- OL4 My organisation encourages people to get their answers from across the organisation when solving problems.
- OL5 In my organisation, leaders generally support requests for learning opportunities and training.
- OL6 In my organisation, leaders mentor and coach those they lead.

5.2.1.4. Digital marketing

Digital marketing refers to the application of the internet, intranet, and extranet in the marketing activities of organisations. These items were adopted from the 'internet – marketing integration' scale developed by Prasad, Ramamurthy and Naidu (2001: 106). In their study, three constructs were used: customer-related marketing activities, field sales-and channel member-related marketing activities, and marketing research-related and management communication activities. This study adopted the items for customer-related marketing activities and field sales-and channel member-related marketing activities only. This was because the third set of marketing activities was not well applied in the context of Vietnam and was not recommended by industry experts following in-depth discussion of the questionnaire.

The final items therefore comprised four customer-related marketing items (the first four items), four field-sales, and channel member-related marketing activities (the last four items). The items selected to measure network use were therefore as follows.

- DM1 Promote and advertise company's products, services, and capabilities.
- DM2 Provide online product catalogue to customers and prospective customers.
- DM3 Answer customer queries about product and service availability, booking status, among other aspects.
- DM4 Allow customers to book our services online.
- DM5 Enable salespeople to have online access to product, price, and performance information.
- DM6 Enable salespeople to transmit sales call information online.
- DM7 Enable online purchase of products and services from suppliers.
- DM8 Provide online support to travel agencies.

5.2.1.5. Environmental dynamism

The items for environmental dynamism were developed by Jansen, Van den Bosch, and Volberda (2006) to measure the extent to which an organisation's external environment is characterised by harsh competition. The number of rivals and the number of areas in which there is competition demonstrate this. This variable was empirically tested by Gelhard, von Delft and Gudergan (2016) as a mediator between dynamic capabilities and strategic performance.

Environmental dynamism was measured in this study by the following five items.

- ED1 Environmental changes in our local market are intense.
- ED2 Our clients regularly ask for new products and services.
- ED3 In our local market, changes are taking place continuously.
- ED4 In our market, the volumes of products and services to be delivered change fast and often.

5.2.1.6. Competitive advantage

Competitive advantage is a construct with two dimensions: strategic performance (qualitative dimension) which comprises the first three items, and financial performance (quantitative dimension) which comprises the last three items (Fainshmidt & Frazier, 2016; Schilke, 2014a). Both strategic performance and

financial performance were measured in comparison with the competition. As cited in Schilke (2014a: 188), these two performance dimensions were adopted from Jap (1999) and Weerawardena (2003).

Competitive advantage (CA) was therefore measured as follows:

- CA1 We have gained strategic advantages over our competitors.
- CA2 We have a large market share.
- CA3 Overall, we are more successful than our major competitors are.
- CA4 Our EBIT (earnings before interest and taxes) is continuously above the industry average.
- CA5 Our ROI (return on investment) is continuously above the industry average.
- CA6 Our ROS (return on sales) is continuously above the industry average.

In summary, all measurements of this thesis are presented in Table 5.1 below:

Table 5.1: Summary of Measurement Items

Constructs	Items	Code
Sensing Adopted from Nieves and Haller (2014: 230)	We frequently scan the microenvironment (the national economy, information and technology, population, demography) to identify new business opportunities.	SS1
	We frequently scan the microenvironment (laws in tourism, infrastructure for tourism, skills of labour in the tourism sector, investment scale and business capacity of tourism businesses) to identify new business opportunities.	SS2
	We periodically review the likely effect of the business environment's changes on customer demand.	SS3
	We often review our service development efforts to ensure they are in line with what customers want.	SS4
	We spent a lot of time implementing ideas for new tourism services.	SS5
	We spent a lot of time improving our existing tourism services.	SS6
Seizing Adopted from Fainshmidt and Frazier (2016); Wilden et al. (2013)	We invest in finding solutions for our customers.	SZ1
	We adopt the best practices in our tourism sector.	SZ2
	We respond to weaknesses pointed out by employees.	SZ3
	We change our practices when customer feedback gives us a reason to change.	SZ4
Reconfiguring Adopted from Fainshmidt and Frazier (2016); Wilden et al. (2013)	We annually implement new management methods.	RCFG1
	We annually change our marketing strategy.	RCFG2
	We annually renew business processes.	RCFG3
	We constantly renew the ways of achieving our goals.	RCFG4
Human Capital Adopted from Nieves and Haller (2014: 230)	Our employees have high working skills.	HC1
	Our employees are creative.	HC2
	Our employees are experts in their jobs.	HC3
	Our employees develop new ideas.	HC4
Organisational Learning Adopted from Hung et al. (2010: 292)	Our organisation makes its lessons learned available to all employees.	OL1
	Our organisation gives people choices in their work assignments.	OL2
	Our organisation gives people control over the resources they need to accomplish their work.	OL3

(Table continued on the next page)

Table 5.1 (continued)

Organisational Learning Adopted from Hung et al. (2010: 292)	Our organisation encourages people to consult across the organisation when solving problems.	OL4
	In our organisation, leaders generally support requests for learning and training opportunities.	OL5
	In our organisation, leaders mentor and coach those they lead.	OL6
Environmental Dynamism Adopted from Gelhard et al. (2016: 5278); Jansen et al. (2006)	Environmental changes in our target are intense.	ED1
	Our clients regularly ask for new products and services.	ED2
	In our target market, changes in tastes and demands are taking continuously.	ED3
	In our target market, the volumes of products and services to be delivered change fast and often.	ED4
Digital Marketing Adopted from Prasad et al. (2001: 106)	Promote and advertise company's products, services, and capabilities.	DM1
	Provide online product catalogue to customers and prospective customers.	DM2
	Answer customer queries about product and service availability, booking status, among other aspects.	DM3
	Allow customers to book our services online.	DM4
	Enable sales people to have online access to product, price, and performance information.	DM5
	Enable salespeople to transmit sales call information online.	DM6
	Enable online purchase of products and services from suppliers.	DM7
	Provide online support to travel agencies.	DM8
Competitive Advantage Adopted from Fainshmidt and Frazier (2016); Schilke (2014a)	We have gained strategic advantages over our competitors.	CA1
	We have a large market share.	CA2
	Overall, we are more successful than our major competitors are.	CA3
	Our EBIT (earnings before interest and taxes) is continuously above industry average.	CA4
	Our ROI (return on investment) is continuously above industry average.	CA5
	Our ROS (return on sales) is continuously above industry average.	CA6

5.2.2. CONTROL VARIABLES

Company Size

Because this study was conducted in Vietnam, the size of enterprises was defined according to the standards of this country. Company size was defined in terms of total capital and employee numbers. In this study, the employee number was divided into three categories: fewer than 50 employees were classified as small businesses, 50–100 employees as medium businesses, and more than 100 employees as large businesses (Government Portal, 2009). It was thought that the company's size may influence the relationships between determinants and the dynamic capabilities and competitive advantages. According to Sawers et al. (2008) size influences the level of dynamism, in that the larger the organisation, the better their access to resources, which enables them to be more 'dynamic' than small and medium businesses.

Company Age

The age of the participating companies was calculated as from the time the companies started their operation up to the point of the data collection in February–May 2017. Firm age in this study was divided into three groups according to the time they started on the market: equal and or less than five years (≤ 5), more than five years but equal to or less than ten years ($< 5 \leq 10$), and more than ten years (> 10). According to Arend (2013), the newer the firm, the greater the effect of dynamic capabilities have on the firm's performance.

5.3. MEASUREMENT SCALE

Before drafting the questionnaire, a preliminary investigation was conducted to identify the suitability of the model's constructs and the sample. As a result of this exercise, measurement scales were chosen for the constructs that will be presented in subsequent sections. The format for all scales was a 7-point Likert scale ranging from 0 (strongly disagree) to 6 (strongly agree). The reason for choosing a starting point of 0 was because if the scale started from '1', it could mean the first or the lowest for the respondents (Hartley & Betts, 2010). Furthermore, it is easier for the respondent to see the neutral position of the scale (in this case the number 3) as the mid-point of the whole scale (Garland, 1991).

The format from 0 in the negative end to 6 in the positive end helps respondents quickly see the weight between two sides and locate their level of agreement. This was to avoid the respondents subjectively choosing the positive side due to the number of points being even, namely 6-point or 8-point scales (Worcester & Burns, 1975; Matell & Jacoby, 1972; Tourangeau, Couper, & Conrad, 2007) because the respondents want to be more helpful or appear socially acceptable (Garland, 1991). All these items were thus measured using a 7-point scale. According to Matell and Jacoby (1971), both reliability and validity are independent of the number of scale points used for Likert-type items. Therefore, it is safe to say that there is no discrepancy between the reliability and validity of this research and previous research using different point Likert scales.

5.4. THE QUESTIONNAIRE FORMAT

The self-administered questionnaire included 51 questions and was divided into five sections (see Appendix C). Section A contained questions for the constructs of dynamic capabilities (sensing, seizing, and reconfiguring), human capital, organisational learning culture, and environmental dynamism. Section B covered questions about digital marketing applications. Section C asked about the strategic and financial performance of organisations. Section D included a question about the size of the organisation in terms of employee numbers. The final section, Section E, elicited demographic information from the managers who answered the questionnaire.

5.5. TRANSLATION AND PRE-TEST OF THE QUESTIONNAIRE

The questionnaire was first prepared in English. To ensure the measures in both the source (English) and target (Vietnamese) versions were similar, a standard translation and back-translation procedure was applied (Brislin, 1970). The final English version was first translated into Vietnamese by me (a qualified interpreter and translator). The Vietnamese version was then back-translated into English to see whether there were any major misunderstandings. The two people who assisted with back translation were PhD researchers in Management at the University of Manchester (UK) and Tourism Management at the University of Surrey (UK). Most of the corrections made were to explanation and introduction to the questionnaire. After correcting and clarifying the changes with these assistants, another Vietnamese version was then corrected and its wording

modified to make it less technical and more understandable to Vietnamese respondents. This questionnaire was then sent to a supervisor who is also a Vietnamese and eight other Vietnamese doctoral researchers and university lecturers in the UK and Vietnam to check whether any further changes were required.

Discussion and correction of the structured questionnaire mostly took place in relation to the wording of the translation; some argued that the word 'dynamic', when translated into Vietnamese, should be a more common word that will be translated back into English as 'adaptive'. However, I refused to change this wording because, although it is more understandable and common for Vietnamese people; it will change the nature of the term 'dynamic capabilities', given that, in some research studies, 'adaptive' capabilities are part of dynamic capabilities. Therefore, if the word 'adaptive' was used, it would narrow the nature of dynamic capabilities and any equivalence between the English and Vietnamese version would be lost. Another area of confusion arose between 'learning' and 'training' because, in Vietnam, people automatically think of 'learning' as the 'training' provided by organisations or organisation members to go to school and study. However, in English and in this study, 'learning' encompasses any self-learning and self-development the organisation member actively engages in with or without the organisation's intervention. Therefore, a clarification and translation change needed to be made to this term.

Some other terms that caused misunderstanding and needed modification were 'organisational members' and 'employees', 'mentor' and 'consultant', 'requirement' and 'demand', 'stakeholders' and 'partners', and 'natural environment' as 'environmental changes' (in this study it means 'macro and microenvironment'). The original words, mentioned first, were sometimes understood and suggested as the latter. However, when translated back into English those words had different meanings. This meant that careful consideration and explanation were needed to ensure participants understood the correct meaning of the terms, given the anticipated possible confusion respondents might face. When translated into Vietnamese, several other English words required more specific and longer words to avoid misunderstanding. For example, 'skills' needed to be translated into Vietnamese as 'working skills',

'changes' were specified as 'micro changes' or 'macro changes', and 'society' was defined as 'Vietnam society'.

Before commencing the collection of data, the questionnaire was sent to three experts working in the tourism sector to assess whether there was any possible misunderstanding and lack of coherence in the terminologies used in the industry. They suggested more clarification was required to make the questionnaire more specific to the tourism industry. For example, 'service' could be clarified as a 'tourism service' so that respondents could grasp the meaning of the question more quickly.

5.6. THE SAMPLING FOR THE QUANTITATIVE STUDY

5.6.1. ACCEPTABLE RESPONSE RATE FOR THIS STUDY

According to official figures from the Vietnam National Administration of Tourism, by 2017, there were 824 hospitality businesses from 3* and above and 1430 tourism companies nationwide (VNAT, 2018). Different sampling methods were utilised to optimise the response rate. In total, there were 42 items in the first-order model. In terms of minimum sample size two different recommendations are made in factor analysis: consider the absolute number of cases (N) or consider the subject-to-variable ration (p). There are some rules of thumb, such as a minimum sample size of 100 or 200 (Gorsuch, 1983; Guildford, 1954) or 5, 10 to 20 observations per estimated parameter (Bentler & Chou, 1987; Bollen, 1989; Nunnally, 1967; Kline, 2011). However, such rules are criticised for not being model-specific and can lead to over or underestimated sample size constraints (Wolf, Harrington, Clark, & Miller, 2015). Jackson (2001, 2003) also found that model fit was influenced slightly by sample size. This suggested that the key determinants of model fit are the reliability of the observed measures and the number of indicators per factor. Several scholars have argued that the minimum level of N is dependent on other aspects of the design, such as the level of communality across the variables (all should be larger than .6), degree of overdetermination of the factor (at least three variables per factor), and the size of loading (.5 or larger) (Costello & Osborne, 2005; Maccallum, Widaman, Preacher, & Hong, 2001). However, to ensure possible identification of the proposed statistical model, this study adopted the following rule of thumb for choosing the expected sample size: a subjects-to-items ratio from 5 to 20 (Hair,

Black, Babin, & Anderson, 2014). This means a sample N ranging from 215 to 860 was acceptable for running CFA and SEM in this study. According to Baruch and Holtom (2008: 1149), who analysed 1,607 studies with 4,000,000 respondents from 2000 to 2005, the average response rate (r) at an organisational level is 35 percent with a standard deviation of 21.2. This means the response rate ranges from 13.8 percent to 56.2 percent in studies of organisational research. Accordingly, the following formula was applied to identify the number of questionnaires (Q) distributed to achieve an acceptable response rate as well as the sample size needed for analysis.

$$Q = \frac{100 * N}{r}$$

Where

Q: the number of questionnaires that needed to be distributed

N: the estimated sample needed (in this case N = {210; 840})

r: the response rate (in this case r = {13.8; 56.2})

Replacing N and r accordingly, the round-up result showed that Q was within 383 to 6,087. Given the time constraints and financial resources for data collection, 1,000 (383 < 1,000 < 6,087) questionnaires were distributed and with a usable target response rate from 21 % (to yield at least N = 210).

5.6.2. DATA COLLECTION PROCESS

The sampling technique used to collect data consisted of a combination of convenient sampling, stratified sampling, and snowball sampling. The data collection period was divided into three stages. The first stage utilised convenient sampling whereby I went to two national and international tourism fairs in the two largest cities in Vietnam: Ho Chi Minh City (23rd – 26th March 2017) and Hanoi City (6th – 9th April 2017). The first event hosted tourism companies from 39 cities and provinces nationwide while the second event involved the participation of more than 600 tourism businesses. The list of relevant businesses joining the fairs was obtained from the official list of the organising board. Overall, 500 questionnaires were distributed to the managers of the booths; if there was no manager their contact details were taken and they were contacted after the fair. The response rate for the participants at these two fairs was low because the participants were busy with the activities of the fairs and refused to participate. However, some respondents agreed to be contacted later. The number of

responses received using this convenient sampling technique was 112. The second stage involved stratified sampling whereby the number and contact details of travel and hospitality businesses were taken from the statistics section of the Vietnam National Agency for Tourism (VNAT). From a total of 1,578 travel companies and 1,577 hospitality addresses across 63 provinces, the percentage of each province's businesses over the total national number was calculated and the corresponding numbers of tourism businesses needed in those provinces were withdrawn. Resource constraints meant that half this number would be needed. The calculation showed that 500 questionnaires should be distributed to 53 representative provinces (as there are ten provinces with less than 0 %) (See Column 12 of Appendix D). Therefore, 500 pre-paid postal questionnaires were sent and administered from March to May 2017. Follow-up phone calls were also conducted where possible. However, in Vietnam, the companies' addresses and details of directors are sometimes published incorrectly. The real 'owners' of the businesses normally have another official position in government organisations and are not allowed to be a legal business owner. Also, in numerous cases, the address where the company is registered and the official address where they operate are different because businesses seek to enjoy tax incentives at a certain location or for other reasons related to business convenience. This resulted in a very low response rate as the postmen/women kept calling me to tell me that the addresses did not exist, and/or they could not contact the receiver because the name/number was incorrect. There were cases where the person on the postal address called me and said that the name was correct, the address was correct, but he was not the owner of the business; he was the legal representative of the company and therefore could not answer the questionnaire. Overall, out of 500 questionnaires distributed, only 10 were returned. Details of the stratified sampling techniques are presented in Appendix D.

During the first and second stage of sampling, it became apparent that the response was very slow and limited, therefore, I decided to initiate the third stage in combination with these two stages. Thus, snowball sampling was employed based on the professional contacts I had obtained from colleagues, friends, and relatives who recommended managers/directors in tourism businesses whom they knew personally. The 500 questionnaires that were intended for the convenience sample were therefore used for the snowball sample. From these

initial contacts, after each questionnaire and phone call, I asked for more contacts from the current respondent. This worked well, and 125 responses were generated using this sampling technique. In total, 247 responses were received using all three sampling techniques. A paper questionnaire was primarily used unless participants requested an online version for their convenience, in which case they were sent the same version created on a Google form. This ensured the questionnaire was sent to the right respondents and not to online groups and forums where I could not control the number of questionnaires distributed and thus calculate the response rate. Overall, 247 responses to 1,000 disseminated questionnaires meant the response rate was 24.7 percent. However, the final usable response rate was not determined until data screening. The results for the usable response rate are presented in Section 5.10.

5.7. UNIT OF ANALYSIS

The unit of analysis is the subject (the who or the what) of the study (Lewis-Beck, Bryman, & Liao, 2004). It reflects the extent to which the investigation (Zikmund, 2000) of collected data focuses specifically on objects or an object, whether these are individuals, groups, organisations, census tracts, metropolitan areas, or nations. In this study the unit of analysis was the organisation, specifically enterprises in the tourism sector of Vietnam and the respondents were managers of those organisations. It was therefore more difficult to achieve a high response rate at an individual level. In this study, the unit of analysis is therefore the specific relationships between human capital, organisational learning culture, digital marketing, environmental dynamism and dynamic capabilities (sensing capability, seizing capability, and reconfiguring capability); and the relationships between dynamic capabilities and competitive advantage (measured in terms of strategic performance and financial performance).

5.8. RESPONDENT SELECTION

It is necessary to choose a relevant well-informed informant who can participate in the policy-making process, inform the researchers about the subjects and be willing and able to communicate with the researchers (Campbell, 1955; John & Reve, 1982) to authenticate relevant details. Therefore, the key ideal informants in this study should hold a position from deputy head of a department and above in the management team of the business. These key informants have experience

and access to important information regarding the operation of the business as well as possessing specialised knowledge of the tourism sector. Given these considerations, the key informants selected for this study were senior but accessible informants across the organisations. They were also considered to be more reliable and able to provide standardised information (Marshall, 1996). Although multiple respondents may reduce the common method variance (Malhotra, Schaller, & Patil, 2017), it was not strictly conducted in this study as numerous businesses are small entities and there could be fewer than five members of an organisation. In such cases, one key informant was sufficient. Furthermore, because the key informants were asked to assess relationships between phenomena in the organisation rather than the organisation per se, they were qualified to assess these relationships with a high degree of accuracy and reliability.

5.9. DATA ANALYSIS TECHNIQUES

The analysis of quantitative data was conducted using SPSS version 24 and AMOS version 10. Details of the analysis are presented in the next chapter—Quantitative Data Results and Discussion, which details the results of measurement and hypotheses testing, the reliability and validity of the measurements. The content that will be reported in Chapter 6 is the descriptive statistics, confirmatory factor analysis using AMOS version 10, and the specification and estimation of models.

To test H1, H2, H3, H4, and H5, Structural Equation Modelling (SEM) was used while to check for the influence of control constructs (firm size and firm age), multigroup analysis was applied.

SEM is a group of statistical models that seek to explain the relationships among multiple variables. It allows researchers to conduct and combine different statistical procedures such as multiple regression, factor analysis, and (M) ANOVA (Nachtigall, Kroehne, Funke, & Steyer, 2003). It is a quantitative data analytical technique used to simultaneously analyse a complex model as well as decompose correlations (Jeon, 2015; Hair et al., 2014) and test theoretical relationships between latent and observed variables while combining regression and factor analysis (Tabachnick & Fidell, 2007). SEM estimates a series of

dependence relationships simultaneously and examines the structure of interrelationships.

There may be several disadvantages arising from the use of SEM. Such disadvantages are: inappropriate interpretation if researchers lack knowledge of SEM-related methods; adjustment to modified models can lead to the creation of different models by different researchers; there may be confirmation bias if researchers accept a certain fit model and do not consider alternatives; and issues around sample size (a simple model requires a small sample size while a complex model requires a large sample size). Nevertheless, SEM is still an important tool to use to test the proposed research model because of its outstanding strengths.

To check the influence of firm size and firm age, a multigroup analysis technique was applied. The reason for testing groups independently was to check if the test results obtained from multi-group analysis are the same as the baseline. Specifically, a multigroup analysis for firm size was conducted for the three types of organisations (small, medium, and large). Similarly, a multigroup analysis for firm age was conducted for the three age groups of organisations (≤ 5 , $< 5 \leq 10$, and < 10 years). It was also necessary to check the measurement invariance across groups (Deng & Yuan, 2015). Details of the multigroup analysis and results are presented in Chapter 6.

There are six stages involved in conducting an SEM study (Hair et al., 2014): (1) defining individual constructs, (2) developing the overall measurement model, (3) designing a study to produce empirical results, (4) assessing the validity of the measurement model, (5) specifying the structural model, and (6) assessing the validity of the structural model.

The first and second stages were discussed in previous sections. Stage three is discussed in Section 5.10. In designing the research, the following issues needed to be addressed: missing data (types of missing data, missing data remedies, and selecting an approach to missing data), sample size, and estimation technique.

5.10. DATA PROCESSING

This section presents checks on the accuracy of data entry, missing data, and outliers for the dataset.

The four-step process suggested by Hair et al. (2014) was applied to identify missing data and apply remedies. Details on the results of checking patterns of the missing data, diagnosing the randomness of the missing data in the usable dataset are presented in Appendix E.1, E.2, and E.3.

Therefore, from 247 responses, after deleting 3 cases with a missing data rate of more than 30% and two unengaged responses, 242 responses were usable, making a response rate of 24.2%. This is within the acceptable range of response rates (13.8 % – 56.2 %) for academic research on organisations (Baruch & Holtom, 2008).

5.10.1. MISSING DATA TREATMENT AND IMPUTATION METHOD

The imputation method is applied to metric variables only (Hair et al., 2014). The non-metric variables in this study are the variables 'employee' and 'company age'. These were not amenable to imputation because estimates of the missing data for metric variables can result in a mean value which is impossible to do with a non-metric variable. Therefore, the 'employee' and 'company age' variables required an estimate of a specific value, and not an estimate on a continuous scale as was the case with other variables in this study. Cases with missing data on 'employees' and 'company age' were traced back from the questionnaire codes to find the information on the number of employees in those company cases. A Google search was then conducted on those companies to elicit information about the actual number of employees in the companies and companies' year of establishment to fill in the missing values. When such information could not be found for the variable 'employee', an estimate of '1' (less than ten employees) was imputed. This estimation is based on my actual experience obtained from the fieldwork where small business managers were reluctant to answer questions about the scale of their business when the business was relatively small or refused to complete the survey because their companies were too small and they did not have many things to discuss. For the variable

'company age', an estimate of '1' (≤ 5 years) was imputed because this was the most common age of the companies joined in this research.

After adding an estimation of on missing values for the 'EMPLOYEE' and 'COMPANY AGE' variables, maximum likelihood estimation (MLE) techniques were then conducted to attempt to model the processes underlying the missing data and to make the most accurate and reasonable estimates possible (Graham, Hofer, & MacKinnon, 1996).

5.10.2. OUTLIERS AND MULTIVARIATE NORMALITY

'An outlier is a case with such an extreme value on one variable (a univariate outlier) or such a strange combination of scores on two or more variables (multivariate outlier) that it distorts statistics' (Tabachnick & Fidell, 2007: 72). It can also be an observation (or subset of observation) which appears to be inconsistent with the remainder of that set of data (Barnett & Lewis, 1994: 4). Outliers can be identified from a univariate, bivariate, or multivariate perspective. This study considered univariate outliers only. There were no univariate outliers of concern because the items were measured on a predefined scale. Errors, if any, mostly occurred in data entry and can be traced back and corrected.

Furthermore, all the questions used Likert scales and therefore outliers did not really occur. Univariate detection was fairly simple and involved identifying any values which did not belong within the range of 0 – 6. Because the data of the study were MCAR, it was possible to assume multivariate normality and thus multivariate normality assumptions did not need to be checked.

5.11. ESTIMATION TECHNIQUE

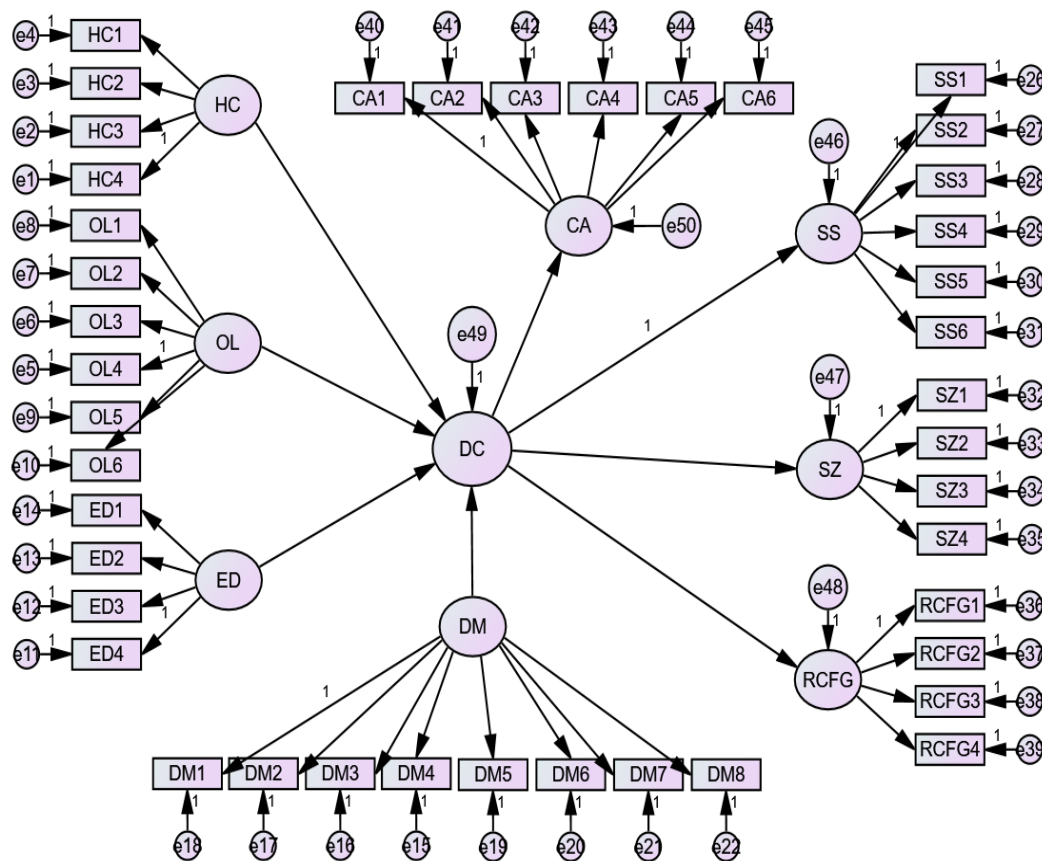
This study applied the maximum likelihood estimation (MLE) integrated in AMOS. To create analysis results with modification indices, AMOS 24 requires full data with no missing values. Therefore, an imputed dataset was created by running expectation-maximisation (EM) imputation on SPSS 24 (IBM, n.d.). Because the missing data in this study were random and not too severe, this MLE technique worked relatively effectively (Hair et al., 2014; Weston & Gore, 2006). EM is an iterative two-stage method (the E and M stages) in which the E stage makes the best possible estimates of the missing data, and the M stage then makes

estimates of the parameters (means, standard deviation or correlations) assuming the missing data were replaced. The process continues through the two stages until the change in the estimated values is negligible and they replace the missing data. Although the rule of thumb for applying EM is to have less than 5% missing data this rule of thumb may not hold for data with a high skewness outcome (as will be shown in the next section). The imputed dataset created from EM in SPSS was an official dataset used for the analysis in this research.

5.12. FULL STATISTICAL RESEARCH MODEL BEFORE MODIFICATION

Figure 5.5 in the next page presents the full statistical research model prior to any modification.

Figure 5.1: Full Statistical Research Model



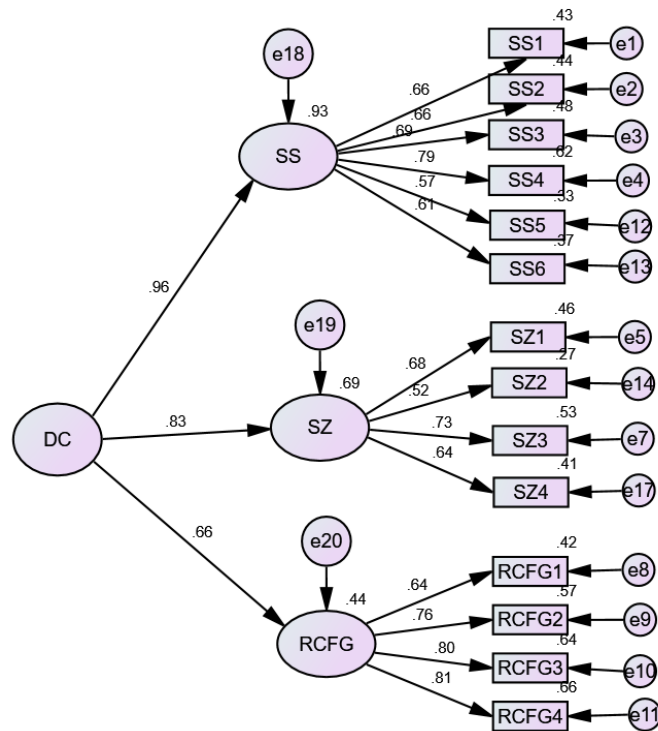
As shown, the total number of variables in the model is 98. The number of observed variables is 42. The total number of unobserved variables is 56. The number of exogenous variables is 51 and the number of endogenous variables is 47.

5.13. THE HIGHER-ORDER CONFIRMATORY FACTOR ANALYSIS OF DYNAMIC CAPABILITIES

The higher-order CFA was a statistical method employed to confirm that the theorised construct in a study loaded onto a certain number of underlying sub-constructs or components (Awang, 2012).

Based on the definition suggested by Teece (1997) and Teece et al. (2014), dynamic capabilities (DC) comprise three sub-capabilities: sensing, seizing, and reconfiguring capabilities. Therefore, using a higher-order (second order) factor model is a more appropriate approach than a first-order model. This is because the higher-order model represents a hypothesis that is seemingly distinct and related constructs can be accounted for by one or more common underlying higher-order constructs (Byrne, 2010). In addition, the higher-order three-factor model of DC provides insights into how the three first-order factors contribute to the overall DC. The initial CFA of DC construct is presented in Figure 5.6.

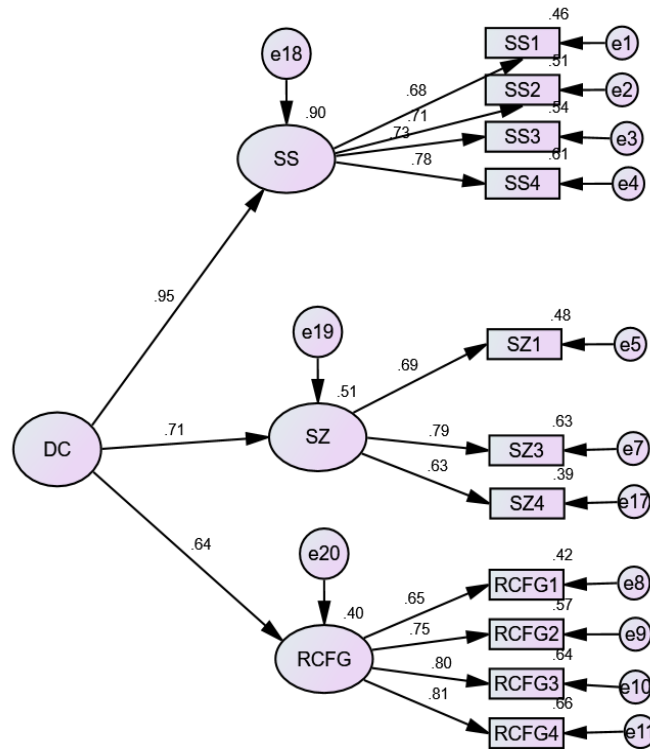
Figure 5.2: Estimating the Factor Loading for the Dynamic Capabilities Construct



($\chi^2 = 204.166$; $df = 74$; $p = .000$; $\chi^2/df = 2.759$; CFI = .90; TLI = .88; RMSEA = .085)

The measurement model for DC was refined by taking out any indicator with factor loadings lower than .6. The indicators were taken out one by one, starting with the indicators that had the lowest loading, Seizing2 (.517) and Sensing5 (.571). After removing Sensing5, the factor loading of Sensing6 was reduced to .564 and was subsequently removed. The final DC construct with the factor loadings and CFA indices are presented in Figure 5.7.

Figure 5.3: Estimating the Factor Loading for the Dynamic Capabilities Construct (final selection)



($\chi^2 = 81.755$; $df = 41$; $p = .000$; $\chi^2/df = 1.994$; CFI = .961; TLI = .948; RMSEA = .064)

The fit indexes had now achieved the required level. Therefore, no items were removed and no modification was needed. The results showed that DC loaded well onto its three sub-constructs. The factor loading of DC on Sensing, Seizing, and Reconfiguring were .95, .71, and .64 respectively. Moreover, the R^2 of the three sub-constructs were quite substantial (.90) and moderate (.51 and .40). The significance of the higher-order construct on its three first-order constructs is shown in Table 5.6.

Table 5.2: The Regression Path Coefficient and Its Significance

			Estimate	S.E.	C.R.	P	Results
SS	<---	DC	1.000				Reference point
SZ	<---	DC	.573	.105	5.449	.001	Significant
RCFG	<---	DC	.600	.113	5.315	.001	Significant

The three sub-constructs with final items were then re-run with CFA on first-order to check their convergent and discriminant validity. The results for these three sub-constructs are shown in Table 5.7.

Table 5.3: CFA Results for Sensing, Seizing, and Reconfiguring

Constructs	Items	Factor loading	Average variance extracted	Composite reliability	Maximum shared variance
Sensing	SS1	.681	.499	.747	.456
	SS2	.713			
	SS3	.733			
	SS4	.782			
Seizing	SZ1	.690	.530	.818	.456
	SZ3	.792			
	SZ4	.627			
Reconfiguring	RCFG1	.646	.570	.840	.362
	RCFG2	.754			
	RCFG3	.797			
	RCFG4	.812			

Each item significantly loaded onto its corresponding construct ($p < 0.001$) and ranged from .627 to .812. The composite reliability of each construct ranged from

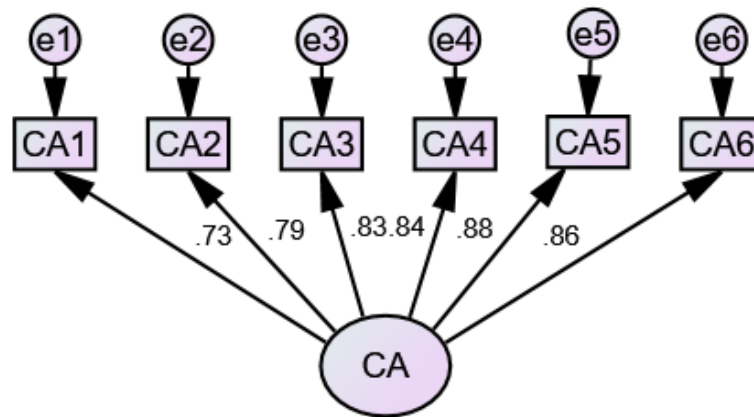
.747 to .840 and was higher than the benchmark of .70 suggested by Hair et al. (2014) and Urbach and Ahlemann (2010). Convergent validity was less than perfect when AVE for Sensing was slightly below .5 (.499). This is because when an item was .71 (SS2), then its communality was .50 because of community. VIF was run to examine whether multicollinearity was an issue in the dataset. All VIFs for the three sub-constructs Sensing, Seizing, and Reconfiguring were lower than 3. Therefore, no multicollinearity issue was found. The small difference between .499 (this study's result) and .5 (the required level) and the VIF tests show that convergent validity was satisfactory. Discriminant validity was also evident as the squared root of AVE was greater than inter-construct correlations (Fornell & Larcker, 1981) and the maximum shared variance (MSV) was less than AVE.

Thus, the final construct of DC with four Sensing variables, three Seizing variables, and four Reconfiguring variables was used in the pooled CFA and SEM higher-order to analyse the determinants and outcomes of dynamic capabilities. Further modification of the construct, if any, would therefore be based on the actual fitness of the pooled CFA models.

5.14. CONFIRMATORY FACTOR ANALYSIS OF COMPETITIVE ADVANTAGE

In previous research by Schilke (2014a), strategic performance and financial performance were measured separately as two independent constructs. In this study, both strategic performance and financial performance were integrated together to form competitive advantage. Therefore, it was necessary to check the integrated construct before loading it onto the overall model. The initial CFA model of Competitive Advantage (CA) construct is shown in the Figure 5.8.

Figure 5.4: The Initial CFA Model of Competitive Advantage



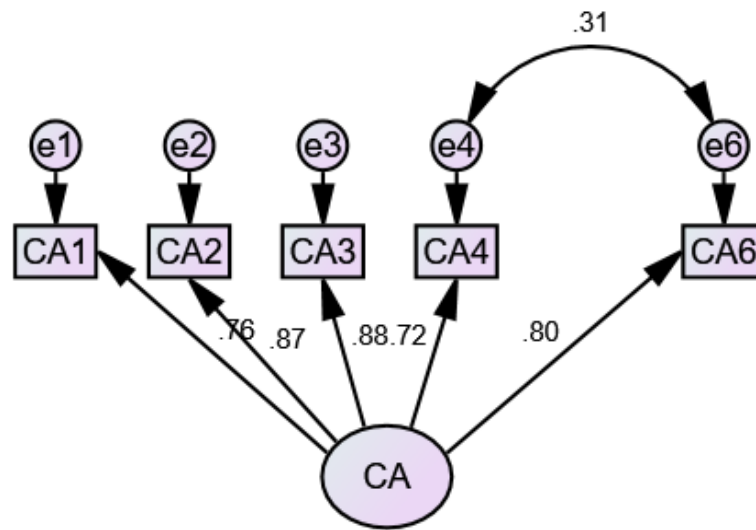
($\chi^2 = 111.946$; $df = 9$; $p = .000$; $\chi^2/df = 12.438$; CFI = .91; TLI = .85; RMSEA = .218)

All variables have good factor loadings above .6. However, the modification indices show that CA4 and CA5 residuals are strong covariates (M.I. = 58.637). CA5 residual also covaries strongly with the CA2 residual. Therefore, to ensure the discriminant validity of the construct, CA5 was removed.

CA6 and CA4 residuals also covary highly with each other (M.I. = 35.444). This is understandable as both variables relate to financial information and respondents might not fully pay attention to the differences between the two. An additional path between CA6 and CA4 error terms was therefore added.

The final selection for the CA construct is as in Figure 5.9.

Figure 5.5: The Final CFA Model of Competitive Advantage



($\chi^2 = 3.776$; $df = 4$; $p = .000$; $\chi^2/df = .944$; CFI = 1.000; TLI = 1.001; RMSEA = .000)

5.15. FIT INDICES

'Model fit assesses the similarity of the estimated covariance matrix (theory) to reality (the observed covariance matrix). The values of any goodness of fit (GOF) measure result from a mathematical comparison of these two matrices. The closer the values of these two matrices are to each other, the better the model is said to fit' (Hair et al., 2014: 576). Given the many fit indices available for researchers, there have been numerous discussions and disagreements regarding the most appropriate indices to use, as well as determine, the cut-off values for each index. Table 5.8 was therefore adapted from Hooper, Coughlan, and Mullen (2008: 58) and Hair et al. (2014) to present the key indices used in this study and their cut-off values.

Table 5.4: Summary of the Chosen Fit Indices and Their Cut-off Values

Type of fit	Fit index	Acceptable threshold levels	Description
Absolute fit indices	Chi-squared χ^2	Low χ^2 relative to degrees of freedom with insignificant p value ($p > 0.05$)	
	Relative χ^2 (χ^2/df)	2:1 (Tabachnick & Fidell, 2007) 3:1 (Kline, 2011)	Adjusts for sample size
	Root Mean Square Error of Approximation (RMSEA)	Values less than 0.07 or 0.08 depending on the number of observed variables and number of observations (Hair et al., 2014)	Values less than 0.03 represent excellent fit
Incremental fit	CFI	Values greater than 0.95 (Hooper et al., 2008) Values from 0.90 depending on the number of observed variables and number of observations (Hair et al., 2014)	Normed, range 0-1

According to Hair et al. (2014), three to four fit indices are sufficient to prove a model fit and this includes at least one incremental index and one absolute index, χ^2 value, and the associated degree of freedom (df). Therefore, indices of χ^2 value and df, CFI or TLI, and RMSEA provide unique information sufficient to evaluate a model. Also, when comparing models of varying complexity, the PNFI should also be considered (Hooper et al., 2008).

The cut-off values are based on model characteristics regarding sample size, model complexity, and degrees of error in the model specification to inspect how accurately different fit indices perform (Marshe, Hau, & Wen, 2004). Simpler models and smaller samples require stricter evaluation than more complex

models and larger samples. Similarly, more complex models with smaller samples will require more relaxed criteria for evaluation with multiple fit indices.

Therefore, reporting the χ^2 value and degrees of freedom, the CFI, and the RMSEA is satisfactory when evaluating a model. These were also the indices used in this research to evaluate the measurement and structural models.

CHAPTER 6. QUANTITATIVE RESEARCH RESULTS AND DISCUSSION

This chapter presents the results of the quantitative study and the discussion generated from those results. The chapter starts with the presentation of sample characteristics and respondent information (Section 6.1), followed by common method bias and factor analysis (Section 6.2), the confirmatory factor analysis test (Section 6.3), hypothesis testing results (Section 6.4), and testing alternative models for robustness check (Section 6.5). The chapter continues with a discussion of the quantitative results (Section 6.6) and the contribution of the quantitative study (Section 6.7). The chapter finishes by considering some limitations of the quantitative study (Section 6.8).

6.1. SAMPLE CHARACTERISTICS AND RESPONDENT INFORMATION

6.1.1. SAMPLE CHARACTERISTICS

General information on the organisations studied is presented in Table 6.1. Most companies were aged less than 5 years (48.8 %), followed by companies more than 10 years of age (26.4 %), and companies aged more than 5 years to 10 years (22.3 %). Regarding the size of business in terms of total capital, more than half the organisations (52.1 %) had a total capital of less than 10 billion VND, 28.1 % had between 10 billion to 50 billion VND, and 19% had more than 50 billion VND. Regarding the size of organisations in terms of the number of employees, 65.3% of organisations had fewer than 50 employees, 13.2% had 50 to 100 employees, and 16.5% had more than 100 employees. Regarding the locations of the organisations, most were based in the North of Vietnam (68.6 %), with a few in the South (16.9%) and the smallest number in the Central region (12.4 %). Details of the frequency and total amount of missing data for each category are shown in Table 6.1.

Table 6.1: Organisation Demographics

	Category	Frequency (over 242)	Percent (100 %)
Company Age	≤ 5 years	118	48.8
	< 5 ≤ 10 years	54	22.3
	> 10 years	64	26.4
	Missing	6	2.5
Total Capital (billion VND)	≤ 10 billion	126	52.1
	< 10 ≤ 50 billion	68	28.1
	> 50 billion	46	19
	Missing	2	.8
Employee Number	≤ 50	158	65.3
	< 50 ≤ 100	32	13.2
	> 100	40	16.5
	Missing	12	5
Location	North	166	68
	Central	30	12.4
	South	41	16.9
	Missing	5	2.1

6.1.2. RESPONDENTS' INFORMATION

Respondents' characteristics regarding managerial positions, qualification, experience, and age are presented in Table 6.2. Overall, the sample was heterogeneous. Among the respondents, 24.4% were directors, 12% were vice-directors, 36.8% were functional managers, and 20.2% were deputy managers. Most had university qualifications (74 %). Thirty-six respondents (14.9 %) had a postgraduate degree, 9 respondents (7.9 %) had a college degree, and 3 people had a vocational training certificate and high school diploma (1.2 %). Most respondents had from 5 to 10 years of experience (34.7 %), 65 respondents (26.9 %) had less than 5 years of experience, 22.3% of people had 10 to 15 years of experience, and 24 respondents (9.9%) had 16 to 20 years of experience. Only 10 individuals (4.1 %) had more than 20 years of experience. In terms of age, 119 people were aged 26-35 (49.2 %), followed by those aged 36-45 (28.5 %), those aged under 25 (12.8 %), those aged 46-55 (5.8 %), and those aged 56 or older (1.2 %).

A summary of respondents' information is presented in Tables 6.2 and 6.3.

Table 6.2: Respondents' Information of Position and Qualifications

	Category	Frequency (Over 242)	Percentage (100 %)
Position	Director	59	24.4
	Vice-Director	29	12.0
	Manager	89	36.8
	Deputy Manager	49	20.2
	Missing	16	6.6
Qualification	Postgraduate Degree	36	14.9
	University Degree	179	74.0
	College Degree	19	7.9
	Vocational Training	1	.4
	Highschool	2	.8
	Missing	5	2.1

Table 6.3: Respondents' Experience and Age

	Category	Frequency (Over 242)	Percentage (100 %)
Experience	≤ 5 years	65	26.9
	< 5 ≤ 10 years	84	34.7
	< 10 ≤ 15 years	54	22.3
	< 15 ≤ 20 years	24	9.9
	> 20 years	10	4.1
	Missing	5	2.1
Age	≤ 25	31	12.8
	26-35	119	49.2
	36-45	69	28.5
	46-55	14	5.8
	≥ 56	3	1.2
	Missing	6	2.5

6.2. COMMON METHODS BIAS AND FACTOR ANALYSIS

6.2.1. ASSESSING MULTICOLLINEARITY, COLLINEARITY, AND VALIDITY

Tolerance and VIF check

The tolerance values ranged from 0.16 to 0.33 and were larger than the threshold of .10; therefore they did not create any problem. VIF values ranged from 6.45 to

3.02 and were all below the threshold of 10. This suggests that multicollinearity was not an issue with the independent variables in this study (Hair et al., 2014).

To assess the validity and reliability of the measurement model, a confirmatory factor analysis (CFA) was conducted in which each item was restricted to load only onto its priori specified factor and all items were allowed to correlate with one another. The model was defined by taking out indicators with factor loadings lower than 0.6. Full details of factor loadings and which items were dropped and which were retained are presented in Table 6.4.

Table 6.4: Factor Loading Results

Constructs	Items	Code	Factor loadings
Sensing	We frequently scan the macro environment (the national economy, information and technology, population, demography) to identify new business opportunities.	SS1	.65
	We frequently scan the microenvironment (laws in tourism, infrastructure for tourism, skills of labour in tourism sector, investment scale and business capacity of tourism businesses) to identify new business opportunities.	SS2	.69
	We periodically review the likely effect of business environment's changes on customer demand.	SS3	.74
	We often review our service development efforts to ensure they are in line with what customers want.	SS4	.79
	We spent a lot of time implementing ideas for new tourism services.	SS5	.57
	We spent a lot of time improving our existing tourism services.	SS6	.56
Seizing	We invest in finding solutions for our customers.	SZ1	.70
	We adopt the best practices in our tourism sector.	SZ2	
	We respond to weaknesses pointed out by employees.	SZ3	.78
	We change our practices when customer feedback gives us a reason to change.	SZ4	.64
Reconfiguring	We annually implement new management methods.	RCFG1 ^a	.65
	We annually change our marketing strategy.	RCFG2	.75
	We annually renew business processes.	RCFG3	.77
	We constantly renew the ways of achieving our goals.	RCFG4	.84
Human Capital	Our employees have high working skills.	HC1	.69
	Our employees are creative.	HC2	.76
	Our employees are experts in their jobs.	HC3	.85
	Our employees develop new ideas.	HC4	.71
Organisation al Learning	Our organisation makes its lessons learned available to all employees.	OL1	.75

(Table continued on the next page)

Table 6.4 (continued)

Organisational Learning (continued)	Our organisation gives people choices in their work assignments.	OL2	.70
	Our organisation gives people control over the resources they need to accomplish their work.	OL3	.52
	Our organisation encourages people to consult across the organisation when solving problems.	OL4	.70
	In our organisation, leaders generally support requests for learning and training opportunities.	OL5^a	.65
	In our organisation, leaders mentor and coach those they lead.	OL6	.59
Environmental Dynamism	Environmental changes in our target are intense.	ED1^a	.62
	Our clients regularly ask for new products and services.	ED2	.74
	In our target market, changes in tastes and demands are taking continuously.	ED3	.76
	In our target market, the volumes of products and services to be delivered change fast and often.	ED4	.72
Digital Marketing	Promote and advertise company's products, services, and capabilities.	DM1	.56
	Provide online product catalogue to customers and prospective customers.	DM2	.58
	Answer customer queries about product and service availability, booking status, among other aspects.	DM3	.67
	Allow customers to book our services online.	DM4	.67
	Enable sales people to have online access to product, price, and performance information.	DM5	.81
	Enable salespeople to transmit sales call information online.	DM6	.83
	Enable online purchase of products and services from suppliers.	DM7^a	.84
	Provide online support to travel agencies.	DM8	.71
Competitive Advantage	We have gained strategic advantages over our competitors.	CA1	.77
	We have a large market share.	CA2	.86
	Overall, we are more successful than our major competitors are.	CA3	.89
	Our EBIT (earnings before interest and taxes) is continuously above industry average.	CA4	.72
	Our ROI (return on investment) is continuously above industry average.	CA5^b	.85
	Our ROS (return on sales) is continuously above industry average.	CA6	.80

The items in **bold code** are the final measurement items for the statistical model.

^a: Removed because of large standardised residual covariance¹ (larger than |2.58| (Byrne, 2010: 77)

^b: highly correlated with CA4 and CA6 at the same time.

Therefore, the chosen items for the statistical model are in Table 6.5 below.

Table 6.5: Chosen Items for Statistical Model

Constructs	Items	Code	Factor loadings
Sensing	We frequently scan the macroenvironment (the national economy, information and technology, population, demography) to identify new business opportunities.	SS1	.65
	We frequently scan the microenvironment (laws in tourism, infrastructure for tourism, skills of labour in tourism sector, investment scale and business capacity of tourism businesses) to identify new business opportunities.	SS2	.69
	We periodically review the likely effect of business environment's changes on customer demand.	SS3	.74
	We often review our service development efforts to ensure they are in line with what customers want.	SS4	.79
Seizing	We invest in finding solutions for our customers.	SZ1	.70
	We respond to weaknesses pointed out by employees.	SZ3	.78
	We change our practices when customer feedback gives us a reason to change.	SZ4	.64
Reconfiguring	We annually change our marketing strategy.	RCFG2	.75
	We annually renew business processes.	RCFG3	.77
	We constantly renew the ways of achieving our goals.	RCFG4	.84

(Table continued on the next page)

Table 6.5. (continued)

¹ Residual covariances: The difference between the sample covariance and the covariance expected under the fitted model provide a natural estimate of the fit of covariance structure models; the larger (in absolute value) the residual covariance, the worse the fit (Maydeu-Olivares & Shi, 2017: 23).

Human Capital	Our employees have high working skills.	HC1	.69
	Our employees are creative.	HC2	.76
	Our employees are experts in their jobs.	HC3	.85
	Our employees develop new ideas.	HC4	.71
Organisational Learning	Our organisation makes its lessons learned available to all employees.	OL1	.75
	Our organisation gives people choices in their work assignments.	OL2	.70
	Our organisation encourages people to consult across the organisation when solving problems.	OL4	.70
Environmental Dynamism	Our clients regularly ask for new products and services.	ED2	.74
	In our target market, changes in tastes and demands are taking continuously.	ED3	.76
	In our target market, the volumes of products and services to be delivered change fast and often.	ED4	.72
Digital Marketing	Answer customer queries about product and service availability, booking status, among other aspects.	DM3	.67
	Allow customers to book our services online.	DM4	.67
	Enable sales people to have online access to product, price, and performance information.	DM5	.81
	Enable salespeople online transmission of sales call information.	DM6	.83
	Provide online support to travel agencies.	DM8	.71
Competitive	We have gained strategic advantages over our competitors.	CA1	.77
	We have a large market share.	CA2	.86
	Overall, we are more successful than our major competitors.	CA3	.89
	Our EBIT (earnings before interest and taxes) is continuously above industry average.	CA4	.72
	Our ROS (return on sales) is continuously above industry average.	CA6	.80

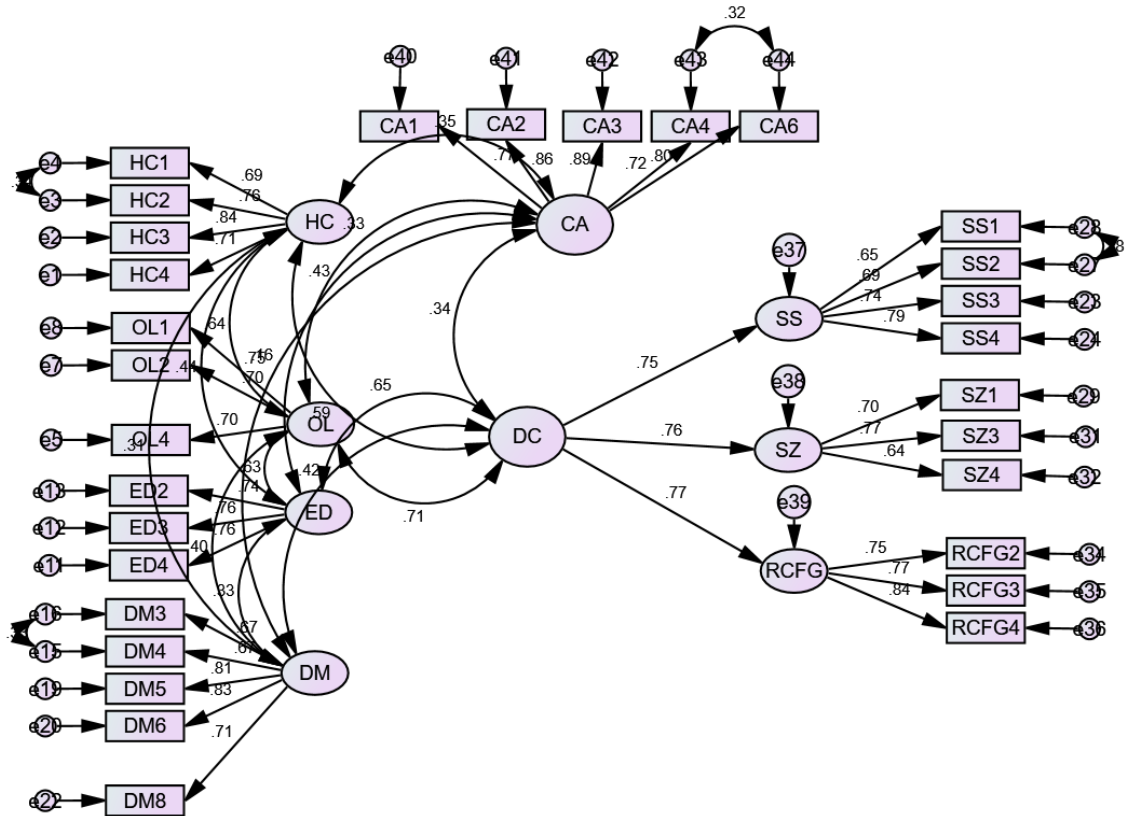
As shown in Table 6.5, there were 30 factors in the statistical model for this research.

6.2.2. CONFIRMATORY FACTOR ANALYSIS TEST

6.2.2.1. Final Measurement Model

The overall fit indices suggest a good fit for the measurement model.

Figure 6.1: Final Measurement Model



Model fit was reached for the model with the number of observed variables (m) higher than 30 ($m = 30$) and the number of observations (N) lower than 250 ($N = 242$) ($\chi^2 = 569.869$; $df = 383$; $p = .000$; $\chi^2/df = 1.558$; $CFI = .94$; $TLI = .93$; $RMSEA = .048$).

6.2.2.2. Validity and Reliability Check

Table 6.6: Validity Check

	CR	AVE	MSV	MaxR(H)	DC	HC	OL	ED	DM	CA
DC	0.805	0.579	0.503	0.805	0.761					
HC	0.839	0.567	0.406	0.908	0.593	0.753				
OL	0.760	0.513	0.503	0.929	0.709	0.637	0.716			
ED	0.799	0.571	0.426	0.945	0.653	0.438	0.630	0.755		
DM	0.858	0.550	0.179	0.960	0.423	0.307	0.399	0.328	0.741	
CA	0.904	0.655	0.186	0.972	0.335	0.350	0.327	0.431	0.160	0.809

Table 6.7: CFA Results for All Constructs

Constructs	Items	Factor loading	AVE	CR	MSR
Dynamic Capabilities (DC)	SS1	.651	.58	.81	.50
	SS2	.693			
	SS3	.739			
	SS4	.789			
	SZ1	.698			
	SZ3	.775			
	SZ4	.639			
	RCFG2	.752			
	RCFG3	.771			
	RCFG4	.838			
Human Capital (HC)	HC1	.687	.57	.84	.41
	HC2	.761			
	HC3	.845			
	HC4	.709			
Organisational Learning (OL)	OL1	.750	.51	.76	.50
	OL2	.700			
	OL4	.698			
Environmental Dynamics (ED)	ED2	.741	.57	.80	.43
	ED3	.761			
	ED4	.764			
Digital Marketing (DM)	DM3	.669	.55	.86	.18
	DM4	.672			
	DM5	.811			
	DM6	.826			
	DM8	.714			
Competitive Advantage (CA)	CA1	.765	.066	.90	.19
	CA2	.861			
	CA3	.886			
	CA4	.720			
	CA6	.802			

AVE: Average Variance Extract (all above .5)

CR: Composite Reliability (all above .7)

MSV: Maximum Shared Variance

The results showed no validity concerns as the composite reliability of all variables was above 0.7, in line with the benchmark suggested by Hair et al. (2014). Convergent validity was regarded as satisfactory because the standardised loadings for each of the items and the coverage average variance extract (AVE) were all larger than the 0.5 threshold (Hair et al., 2014). Discriminant validity is also evident when the squared root of AVE is greater than the inter-construct correlations (Fornell & Larcker, 1981) and the maximum shared variance (MSV) is less than AVE.

Table 6.8 shows the correlation matrix and means for all constructs of the model.

Table 6.8: Correlation Matrix and Means for All Constructs

Variables	Mean	CA	DC	DM	ED	OL	HC	RCFG	SZ	SS
Competitive Advantage	3.598	1								
Dynamic Capabilities	4.703	0.335	1							
Digital Marketing	4.615	0.16	0.423	1						
Environmental Dynamism	4.740	0.431	0.653	0.328	1					
Organisational Learning	4.873	0.327	0.709	0.399	0.63	1				
Human Capital	4.373	0.35	0.593	0.307	0.438	0.637	1			
Reconfiguring	4.440	0.258	0.769	0.325	0.502	0.545	0.456	1		
Seizing	4.464	0.255	0.762	0.322	0.497	0.54	0.452	0.586	1	
Sensing	5.155	0.252	0.752	0.318	0.491	0.533	0.446	0.578	0.573	1

Hypotheses testing

As shown in Figure 6.2 and in Table 6.9, within the model the positive impacts of Human Capital ($\beta = .354$; $p = .000$), Organisational Learning ($\beta = .404$; $p = .000$), Environmental Dynamism ($\beta = .447$; $p = .000$), and Digital Marketing ($\beta = .188$; $p = .017 < .05$) were statistically supported. Therefore, H1, H2, H3, and H4 were confirmed. Regarding the antecedents that influence Dynamic Capabilities, Environmental Dynamism has the most substantial influence ($\beta = .447$), followed by Organisational Learning ($\beta = .404$), Human Capital ($\beta = .354$), and Digital Marketing ($\beta = .188$).

The empirical results also provided statistical support for the positive impact of Dynamic Capabilities on Competitive Advantage ($\beta = .366$; $p < .001$). Thus, H5 is confirmed.

Table 6.9: The Regression Path Coefficient and Its Significance

Hypothesis				Standardised coefficients	p	Conclusion
H1 (+)	Human Capital	--->	Dynamic Capabilities	.354	0.000	Supported at .001
H2 (+)	Organisational Learning	--->	Dynamic Capabilities	.404	0.000	Supported at .001
H3 (+)	Environmental Dynamism	--->	Dynamic Capabilities	.447	0.000	Supported at .001
H4 (+)	Digital Marketing	--->	Dynamic Capabilities	.188	0.017	Supported at .05
H5 (+)	Dynamic Capabilities	--->	Competitive Advantage	.366	0.000	Supported at .001

6.3.2. THE EFFECT OF CONTROL VARIABLES

6.3.2.1. *Company Size*

As discussed in section 5.9, the groups were tested independently because the test results are for a baseline model. The baseline model yielded results that were identically specified for all three organisational groups. Nevertheless, it is important to stress that just because the revised model was similarly specified for each size of organisation, it was impossible to ascertain whether the causal relationships were invariant across groups. Hence, these hypotheses had to be tested separately for groups.

To compare the effects of company size (number of employees) on the relationships in the research model, a multi-group analysis method was conducted. The analyses comprised two models: Measurement weights (assuming that factor loadings are constant across groups) and Structural weights (assuming that factor loadings, intercepts in the equations, and the regression weights for predicting variables are constant across groups).

The measurement weight model was accepted ($p = .049 < .05$), which suggests that the measurement model is correct across groups. The structural weight model was accepted ($p = .003 < .05$). This indicates that the structural weight model was correct across groups.

Table 6.10: Multigroup Analysis Model Comparison

Model (Size)	DF	p
Measurement weights	44	.049
Structural weights	58	.003

To further investigate the moderating effect of company size on each relationship, the constrained model for each path was run to compare the Chi-square difference with the critical statistical value. The moderation was significant when the difference in Chi-square value between the constrained and unconstrained model was higher than the value of Chi-square with 2 degrees of freedom, which

was 5.99 at a significance level of 0.05 (Byrne, 2010; Janssens, Brett, & Smith, 1995).

Table 6.11 presents the chi-square difference test results for the Constrained models with the Unconstrained model. The Unconstrained Model is the model with no parameter constraints. The Fully Structural Invariance is the Structural Weights Model with all parameters constrained.

The other five models are those with constrained parameters. Constraining models were developed by constraining each path at a time to test the influence of organisation size for different groups in each pair of relationships. For the Only Path 1 Constrained Model, the parameter constraints were $b3_1=b3_2=b3_3$, where $b3$ denotes the path from Human Capital to Dynamic Capabilities, and 1, 2, and 3 were the number of Group 1 (Small organisations), Group 2 (Medium organisations), and Group 3 (Large organisations), respectively.

Similarly, for the Only Path 2 Constrained Model, the parameter constraints were $b4_1=b4_2=b4_3$, where $b4$ denotes the path from Organisational Learning to Dynamic Capabilities. The Only Path 3 Constrained Model has one path constrained which was $b5_1=b5_2=b5_3$, and $b5$ was the path from Environmental Dynamism to Dynamic Capabilities. The Only Path 4 Constrained Model had the path from Digital Marketing to Dynamic Capabilities constrained ($b6_1=b6_2=b6_3$). Finally, the Only Path 5 Constrained Model had the path from Dynamic Capabilities to Competitive Advantage constrained ($b7_1=b7_2=b7_3$).

Table 6.11: Chi-square Test Results on the Constrained Models with the Unconstrained Model

Models (Size)	χ^2	df	$\Delta\chi^2$	Δdf	p	Significance
Unconstrained model	2409.047	1179	-	-	-	
Full Structural Invariance	2500.714	1237	91.667	58	.003	p < .01
Only Path 1 Constrained (HC→DC)	2410.184	1181	1.137	2	.566	ns
Only Path 2 Constrained (OL→DC)	2411.652	1181	2.605	2	.272	ns
Only Path 3 Constrained (ED→DC)	2409.354	1181	.307	2	.858	ns
Only Path 4 Constrained (DM→DC)	2412.263	1181	3.216	2	.200	ns
Only Path 5 Constrained (DC→CA)	2415.174	1181	6.127	2	.047	p < .05

Note: HC = Human Capital; DC = Dynamic Capabilities; OL = Organisational Learning; ED = Environmental Dynamism; DM = Digital Marketing; CA = Competitive Advantage.

ns: not significant

As shown in Table 6.11, the control effect of organisation size on the relationship between Dynamic Capabilities and Competitive Advantage was statistically significant ($\Delta\chi^2 = 6.127 > 5.99$, $\Delta df = 2$, $p < .05$) (Byrne, 2010; Janssens et al., 1995). Size was a significant control variable of Path 5. The control effect of organisation size on the other relationships was not confirmed ($\Delta\chi^2 < 5.99$, $\Delta df = 2$, $p > .05$). Thus, company size did not make any difference to the relationships between HC→DC, OL→DC, ED→DC, and DM→DC.

The effect of size on path DC→CA was different for different groups. The regression coefficient for Group 1 (Small Companies) was $\beta_1 = .35$, for Group 2 (Medium Companies) it was $\beta_1 = .52$, and for Group 3 (Large Companies) it was $\beta_1 = .41$. This means the DC→CA relationship was stronger for medium-sized companies, weaker for large-sized companies, and weakest for small companies. The models with constraining results of DC→CA path for three size groups are presented in Appendix E.4.1 through to Appendix E.4.3 for Small, Medium, and Large organisations, respectively.

6.3.2.2. **Company Age**

The same multigroup analyses were conducted for the effect of company age on the causal relationships in the structural models. The three age groups of the companies were ≤ 5 years, $< 5 \leq 10$ years, and > 10 years. The analyses comprised two models: Measurement weights (assuming that factor loadings are constant across groups) and Structural weights (assuming that factor loadings, intercepts in the equations, and the regression weights for predicting variables were constant across groups).

The measurement weight model was accepted ($p = .022 < .05$), which suggests that the measurement model was corrected across product groups. The structural weight model was accepted ($p = .00 < .005$). This indicates that the structural weight model was corrected across groups.

Table 6.12: Multigroup (company age) Analysis Model Comparison

Model (Age)	DF	p
Measurement weights	44	.022
Structural weights	108	.000

To further investigate the moderating effect of company age on each relationship, the constrained model for each path was run to compare the Chi-square difference with the critical statistical value. The control was significant when the difference in Chi-square value between the constrained and unconstrained model was higher than the value of Chi-square with 2 degrees of freedom, which was 5.99 at a significance level of 0.05 (Byrne, 2010; Janssens et al., 1995).

Table 6.13 presents the chi-square difference test results for the Constrained models with the Unconstrained model. The Unconstrained Model is the model with no parameter constraints. The Fully Structural Invariance is the Structural Weights Model with all parameters constrained.

The other five models are those with constrained parameters. Constraining models were developed by constraining each path at a time to test the influence of organisation size for different groups in each pair of relationships. For the Only Path 1 Constrained Model, the parameter constraints were $b3_1=b3_2=b3_3$, where $b3$ denotes the path from Human Capital to Dynamic Capabilities, and 1, 2, and 3 were the numbers for Group 1 ($0 \leq 5$ years), Group 2 ($< 5 \leq 10$ years), and Group 3 (> 10 years), respectively.

Similarly, for the Only Path 2 Constrained Model, the parameter constraints were $b4_1=b4_2=b4_3$, where $b4$ denotes the path from Organisational Learning to Dynamic Capabilities. The Only Path 3 Constrained Model has one path constrained which was $b5_1=b5_2=b5_3$, and $b5$ was the path from Environmental Dynamism to Dynamic Capabilities. The Only Path 4 Constrained Model had the path from Digital Marketing to Dynamic Capabilities constrained ($b6_1=b6_2=b6_3$). Finally, the Only Path 5 Constrained Model had the path

from Dynamic Capabilities to Competitive Advantage constrained
(b7_1=b7_2=b7_3).

Table 6.13: Chi-square Test Results on the Constrained Models with the Unconstrained Model

Models (Age)	χ^2	df	Δ^2	Δ df	p	Significance
Unconstrained model	2081.247	1179				
Full Structural Invariance	2268.119	1297	186.872	118	0.022	p < .05
Only Path 1 Constrained (HC→DC)	2081.52	1181	0.273	2	0.873	ns
Only Path 2 Constrained (OL→DC)	2085.228	1181	3.981	2	0.137	ns
Only Path 3 Constrained (ED→DC)	2083.129	1181	1.882	2	0.39	ns
Only Path 4 Constrained (DM→DC)	2084.569	1181	3.322	2	0.19	ns
Only Path 5 Constrained (DC→CA)	2088.111	1181	6.864	2	0.032	p < .05

Note: HC = Human Capital; DC = Dynamic Capabilities; OL = Organisational Learning; ED = Environmental Dynamism; DM = Digital Marketing; CA = Competitive Advantage.

ns: not significant

As shown in Table 6.13, the control effect of organisation size on the relationship between Dynamic Capabilities and Competitive Advantage was statistically significant ($\Delta\chi^2 = 6.864 > 5.99$, $\Delta df = 2$, $p < .05$) (Byrne, 2010; Janssens et al., 1995). The hypothesized relationship between DC and CA is differed according to company age. The influence of company age on the other relationships was not confirmed ($\Delta\chi^2 < 5.99$, $\Delta df = 2$, $p > .05$). This means company age did not have any control effect on the relationships between $HC \rightarrow DC$, $OL \rightarrow DC$, $ED \rightarrow DC$, and $DM \rightarrow DC$.

The effect of size on path $DC \rightarrow CA$ was different for different groups. The regression coefficient for Group 1 ($0 \leq 5$ years) was $\beta_1 = .45$, for Group 2 ($< 5 \leq 10$ years) it was $\beta_1 = .35$, and for Group 3 (> 10 years) it was $\beta_1 = .41$. This means the $DC \rightarrow CA$ relationship was stronger for young companies with maximum of 5 years in operation, weaker for companies with more than 10 years old, and weakest for those between 5 to 10 years of age. The models with constraining results of $DC \rightarrow CA$ path for the three age groups are presented in Appendix E.4.4 through to Appendix E.4.6.

6.4. TESTING ALTERNATIVE MODELS FOR ROBUSTNESS CHECK

Alternative models were built by adding further direct paths between variables to check whether the alternative model was better than the hypothesised model and the hypothesis test results held. Five additional paths were added and the new models were run. The results are presented in Table 6.14.

Table 6.14: Results of Testing Alternative Models

Additional Path	Model Fit Indices	Accept the additional path or not
Alternative model 1: direct path from HC → CA	($\chi^2 = 823.470$; df = 421; p = .000; $\chi^2/\text{df} = 1.956$; CFI = .888; TLI = .876; RMSEA = .063)	No
Alternative model 2: direct path from OL → CA	($\chi^2 = 824.898$; df = 421; p = .000; $\chi^2/\text{df} = 1.959$; CFI = .887; TLI = .875; RMSEA = .063)	No
Alternative model 3: direct path from ED → CA	($\chi^2 = 819.560$; df = 421; p = .000; $\chi^2/\text{df} = 1.947$; CFI = .889; TLI = .877; RMSEA = .063)	No
Alternative model 4: direct path from DM → CA	($\chi^2 = 825.289$; df = 421; p = .000; $\chi^2/\text{df} = 1.960$; CFI = .887; TLI = .875; RMSEA = .063)	No
Alternative model 5: direct path from OL → HC	($\chi^2 = 825.289$; df = 421; p = .000; $\chi^2/\text{df} = 1.960$; CFI = .887; TLI = .875; RMSEA = .063)	No

Comparing the fitness of the alternative models with the baseline model ($\chi^2 = 784.167$; df = 393; p = .000; $\chi^2/\text{df} = 1.995$; CFI = .89; TLI = .88; RMSEA = .064), all the fitness indexes are somewhat equal to or below those of the baseline model and do not generate much difference. Hence, these additional paths and alternative models were not selected. From this result, it can be concluded that the current research model was the most appropriate and the hypothesis test results were robust.

6.5. DISCUSSION OF QUANTITATIVE RESULTS

The quantitative study aimed to highlight the relationships between the determining factors that influence dynamic capabilities and the influence of dynamic capabilities on the competitive advantage of organisations. Overall, the results confirm that dynamic capabilities comprise three sub-capabilities: sensing, seizing and reconfiguring. The empirical results obtained when testing and validating the higher-order construct of Dynamic Capabilities are the most significant contribution made by this study. The hypotheses tested in this quantitative study received full empirical support.

The results of the quantitative study demonstrate that dynamic capabilities in tourism enterprises are influenced mostly by environmental dynamism outside organisations, followed by the learning culture in the organisation, human capital in the organisation, and the application of digital marketing. This level of significance suggests that organisations are aware of the importance of external environment fluctuations that can affect their ability to sense and seize the changes and reconfigure the organisation's processes, routines and activities to keep pace with external dynamism. This reflects factual reality in Vietnam – a dynamic market – which was evaluated as one of the most dynamic tourism destinations in the world (World Economic Forum, 2017). Previous research by Li and Liu (2014: 2797) showed that environmental dynamism is an important determinant of dynamic capabilities. Other studies, however, do not explicitly claim that environmental dynamism is an antecedent of dynamic capabilities. Instead, such studies affirm that the dynamism of the environment is an important factor that influences the relationship between dynamic capabilities and organisational performance (Drnevich & Kriauciunas, 2011; Castiaux, 2012; Piening & Salge, 2015), provided the right dynamic capability (either sensing, seizing, or reconfiguring) is applied appropriately in line with different levels of dynamism in the environment (Piening & Salge, 2015; Teece, 2007). In a recent study by Maldonado-Guzmán, Garza-Reyes, Pinzón-Castro, & Kumar (2017), the external environment was found to be the strongest barrier limiting the innovation capabilities of SMEs in the service sector in Mexico.

An organisational learning culture has also been recognised as one of the key antecedents of dynamic capabilities for Vietnamese tourism organisations. Hung

et al. (2010) indicated that the influence of an organisational learning culture on organisational performance was mediated by dynamic capabilities and that organisational learning culture impacted dynamic capability (Hung et al., 2010: 291). Knowledge resources and learning mechanisms in organisations were shown to have a positive influence on dynamic capabilities and the learning mechanism mediated the relationship between knowledge resources and dynamic capabilities (Chien & Tsai, 2012). The influence of organisational learning culture on dynamic capabilities found in this study again confirms the important role of a learning process in organisations. This is in accordance with scholarly discussions in previous studies (Bendig, Strese, Flatten, da Costa, & Brettel, 2017; Gnizy et al., 2014; Easterby-Smith & Prieto, 2008; Nieves & Haller, 2014).

The level of employees' knowledge, skills, and abilities impacts significantly on the development of dynamic capabilities in Vietnam's tourism organisations. This result is in line with Nieves and Haller's (2014) research on companies in the Spanish hotel industry. Furthermore, this result supports the strategic management literature by arguing that people are the drivers for dynamism, advancement, progress, or improvement in organisations (Wright, 2001; Marzo & Scarpino, 2016; Han & Li, 2015). Thus, this study reinforces the claim by Rothaermel & Hess (2007) that investigating the adaptation of firms without considering the intellectual human capital is inappropriate.

The effect of human capital is stronger for dynamic capabilities than the application of digital marketing. This indicates that regardless of the technology used in the organisation, the human factor is more significant in contributing to the progression of firms' dynamic capabilities. These results contradict the findings on the extensive adaptation of technology in the routines or process management practices (Vogel & Güttel, 2013) of organisations from 1994 to 2011. However, the influence of human capital on dynamic capabilities found in this study is consistent with research by Singh and Rao (2016) who found that intellectual capital, has a strong effect on dynamic capabilities and contributes significantly to the integration and reconfiguration of such capabilities. The influence of human capital on dynamic capabilities found in this study is also consistent with previous scholarly submissions and theorisation regarding the

important role of human capital in organisations (Augier & Teece, 2009; Nieves & Haller, 2014; Macher & Mowery, 2009). The results from this thesis provide an empirical evidence to support the call for more research made by Rothaermel and Hess (2007) on the role of individuals in organisations as determinants for dynamic capabilities.

The study also confirms the significant relationship between dynamic capabilities and the competitive advantage of an organisation. This result is consistent with the literature which hypothesising dynamic capabilities and competitive advantage as a major reason for the outstanding performance of organisations (Li & Liu, 2014; Agwunobi & Osborne, 2016; Salunke et al., 2011; Nieves & Haller, 2014; Wu, 2010; Ringov, 2017). The results are in accordance with the ideas of Teece (2014: 334) in the sense that dynamic capabilities do not operate alone and must be combined with effective strategising to gain a competitive advantage. Dynamic capabilities are considered a source of competitive advantage (Salvato & Vassolo, 2018) and affect the performance of organisations through the influence of different levels of environmental dynamism (Drnevich & Kriauciunas, 2011; Protogerou, Caloghirou, & Lioukas, 2012; Schilke, 2014a). The mixed methods study conducted by Schilke (2014a) showed that dynamic capabilities are associated with competitive advantage in moderately dynamic rather than stable or highly dynamic environments. Schilke study also showed that the level of external dynamism influences this relationship. The positive influence that dynamic capabilities exert on organisational performance forms part of the literature on organisational capabilities as a critical source of an organisation's performance (Wernerfelt, 1984; Peteraf, 1993). With competitive advantage as the source of superior performance (Porter, 1985), the results of this study indirectly suggest that the relationship between dynamic capabilities and organisational performance also contributes to the literature on organisational capabilities and performance. Strong dynamic capabilities must be integrated with a good strategy to achieve substantial performance (Teece, 2014).

The multigroup analyses indicated that there were no significant differences across small, medium, and large organisations in both measurement and structural models. In each specific path, the results of the constrained multigroup

path analysis showed that with the control of firm size, only the path between dynamic capabilities and organisational competitive advantage was influenced. This result is partly consistent with those of previous studies which have indicated that the relationships between antecedents such as human capital (Prajogo & Oke, 2016), digital marketing (Liao et al., 2009; Zang & Li, 2017), organisational learning (Marsh & Stock, 2006) and dynamic capabilities are not affected by the size of the organisation. Specifically, the relationship between human capital and dynamic capabilities is not influenced by the size (in terms of number of employees) of organisations (Prajogo & Oke, 2016). Regarding of the outcomes of dynamic capabilities, such as work by Jeng and Pak (2016) showed the relationship between dynamic capabilities and competitive advantage is influenced by the size of organisations.

The multigroup analyses for different age groups of firm indicated that there were no significant differences across three groups in both the measurement and structural model. In each specific path, the results of the constrained multigroup path analysis showed that with the control of firm age, only the path between dynamic capabilities and organisational competitive advantage was influenced. This result is the consistent with the research by Arend (2013) and suggestions by Teece (2012) that younger firms benefit relatively more from the Dynamic Capabilities – Firm Performance relationship.

6.6. CONTRIBUTIONS OF THE QUANTITATIVE STUDY

This quantitative study contributes to the existing knowledge on dynamic capabilities and in strategic management. The specific theoretical and practical contributions are presented below.

6.6.1. THEORETICAL CONTRIBUTIONS

First, the theoretical contribution of the study lies in the development of empirical evidence for the higher-order construct of dynamic capabilities for tourism businesses. Previous studies often considered each capability separately by measuring them individually, or by measuring all sub-capabilities (sensing, seizing, reconfiguring, or other specific capabilities in each field as presented in the literature chapter) within dynamic capabilities as the first order construct.

Therefore, this study is one of the first to examine dynamic capabilities as a higher-order construct.

This study has enhanced scholarly understanding of the determinants of dynamic capabilities. The results confirm the critical role external dynamism plays in organisational success in developing and influencing the level of dynamism, which is a fundamental factor in the continuous improvement and competitive advantage of organisations. The quantitative results also highlight the significant role played by an organisational learning culture, the quality of human capital, and digital marketing in boosting the level of dynamic capabilities in organisations and of dynamic capabilities in achieving competitive advantage within organisations. The current findings also add to a growing body of literature on dynamic capabilities, elucidating the different activities of dynamic capabilities. Furthermore, the present study provides empirical evidence for the role external environment dynamism plays in shaping the dynamic capabilities in organisations. This research partially substantiates the importance of having a strong learning culture that will facilitate knowledge sharing, knowledge dissemination, and knowledge creation in organisations. Such activities in the learning process are crucial in enabling organisations to sustain their sensing, seizing, and reconfiguring capabilities, making people more alert to and receptive of changes and to utilise these for organisations. Finally, this research responds to the call for further research into 'organisational learning' and 'the role of managers and leaders in enterprise performance' within the dynamic capabilities framework, as suggested by Augier and Teece (2009: 418).

6.6.2. PRACTICAL IMPLICATIONS

The managerial implications of this quantitative research are threefold. First, it highlights the importance of the external environment for the operations of Vietnamese tourism organisations. Therefore, managers in organisations should pay attention to evaluating the environment to ensure they adopt the most suitable strategy for their company's operations. Organisations should also build a learning culture in which people are willing to share their ideas and facilitate the learning process. In conjunction with improving the quality of new recruits, a positive learning culture within organisations can help ensure Vietnamese tourism companies have better quality human capital. The quality of the people,

their skills, expertise, and experiences are important for the success of their businesses. The reason for the low influence of digital marketing on dynamic capabilities is partly because investment for this is still high and it is thus costly for tourism companies in Vietnam, even for large organisations. Therefore, even though digital marketing was ranked fourth in the order of influence on dynamic capabilities, managers in Vietnamese tourism companies still need to put more effort into improving their cyberspace presence to attract more customers.

6.7. LIMITATIONS OF THE QUANTITATIVE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH

This research explored environmental dynamism as an antecedent for dynamic capabilities but not as a factor that influences the relationships between dynamic capabilities and competitive advantage. The level of external environmental dynamism should also be considered to fully evaluate how different levels can influence the effect of dynamic capabilities on performance. More internal and external variables influencing the deployment and performance of dynamic capabilities (Ambrosini & Bowman, 2009) could therefore be included. Similarly, it is clear how different sub-capabilities of dynamic capabilities exert different effects depending on the distinctive competitive environment. The strength of each capability and the way in which dynamic capabilities were influenced by the antecedents were not fully explained by the quantitative study. Because the quantitative data were collected in a short period of time, the influence of dynamic capabilities on short-term performance and sustained competitive advantage over time remains unclear. The data collected for this study were cross-sectional data. Therefore, as with other cross-sectional studies, the quantitative study may have been prone to non-response bias, resulting in a sample which was not sufficiently representative of the whole population. The responses obtained could have been subjective to individuals at the point of collecting data. These shortcomings may therefore be clarified by the qualitative study presented in the following chapters.

CHAPTER 7. QUALITATIVE STUDY DESIGN AND DATA COLLECTION METHODS

The preceding chapter presented the quantitative part of the study for this thesis. It was not possible to conclude from the findings that dynamic capabilities were influenced by their assumed determinants. Furthermore, the quantitative empirical results showed a moderate fit for the model and that there are differences in the level of impact between determinants of dynamic capabilities. Qualitative research was needed to further explore the way in which different factors might influence dynamic capabilities in the Vietnamese tourism industry and how these are present in organisations through the words, experiences, and descriptions of significant insiders (Homburg, Klarmann, Reimann & Schilke, 2012).

The primary purpose of Chapter 7 is to therefore describe and explain the qualitative component of the research. This will be achieved by first presenting the procedure for qualitative data collection and then outlining the procedure for data analysis.

7.1. PROCEDURE FOR QUALITATIVE DATA COLLECTION

The techniques used to collect qualitative data allow the researcher to gain deeper insights into a specific topic area (Jarratt, 1996; Dyer & Wilkins, 1991; Silverman, 2013). There are three types of interviews to collect data: structured, unstructured, and semi-structured interviews (Myers, 2013). Structured interview is designed to collect data in quantitative research. To maximise the reliability and validity of the measurement of key concepts, the interview is structured, allowing the researcher to investigate all clearly specified research questions (Bryman, 2016). Structured interview is quite similar to questionnaire (Rowley, 2012). The difference is instead of letting the respondents to complete and return the questionnaire by themselves; the interviewee actively asks the questions in the questionnaire (Silverman, 2013; Rowley, 2012). By this way, the researcher can increase the response rate when the self-administered questionnaire does not yield the desire response rate (Slocum, Empey, & Swanson, 1956).

For qualitative study, the interviews are more open-ended and there is an emphasis on interviewee's own perspective. Therefore, the interviews are more flexible. There are two types of interview for collecting data in a qualitative study: semi-structured and unstructured. For unstructured interview, the interview is established on a defined number of topics or issues (Corbin & Morse, 2003) with the weight on encouraging the interviewee to express their views around the subject matter (Rowley, 2012). Moreover, the interviewer may adjust the questions and order in the interview protocol to be suitable with the flow of the interviews (Bryman, 2016; Rowley, 2012). An unstructured interview will engender a relaxed and sympathetic relationship between the interviewer and interviewees where probing is less likely to cause a biased response (Sampson, 1972; Ryan, Coughlan, & Cronin, 2009; Corbin & Morse, 2003).

The last type of interview is semi-structured interview. Semi-structured interview is in various forms, with different numbers of questions and different degrees of adjustment to fit with the respondents. Semi-structured interviews allow the interviewer to discover specific yet unforeseen matters of interest in the research (Qu & Dumay, 2011). The qualitative study in this thesis followed semi-structured interview technique to collect the data. With semi-structured interviews, I can gain the respondents' perspectives on different topics relating to dynamic capabilities studied in this thesis. Qualitative interviewing is a powerful and flexible instrument with which to elicit the voices and experiences of research participants (Knapik, 2006).

7.1.1. INTERVIEW TECHNIQUE

A semi-structured interview was chosen because it helped me narrow down specific areas relevant to the research questions (Bryman, 2016). At the same time, they left room for interviewees to share their stories, feedback, comments, thoughts, and ideas on the research topic (Patton, 2002). Therefore, to serve both purposes, an initial introduction to the interview was provided to explicitly state the research topic, followed by additional pre-designed questions. 'An Interview Protocol' (see Appendix F.4) was used to ensure the conversation stayed on track.

Qualitative Sampling Technique

This study employed purposive sampling, a non-probability sampling technique in which members of a population are selected according to whether they are representative of the population of interest (Jarratt, 1996; Teddlie & Yu, 2007). The purposive sampling strategy used in this case was snowball sampling (Bryman, 2016), where a small group of people with knowledge and experience relevant to the research questions were chosen. These participants then proposed other participants with similar characteristics who then suggested others and so on.

The strength of a purposive sampling technique lies in its power to provide information-rich cases that address issues of central importance to the purpose of the research (Patton, 1990) and to give a detailed picture of a particular phenomenon (Ritchie, Lewis, Nicholls & Ormston, 2014).

Qualitative Study Participants

The participants in this study were key informants (Marshall, 1996) who were in a position to provide comments and insights into the business. They were organisational members who participated in strategic decision-making within the organisation. Therefore, all needed to meet the following criteria to be considered key informants. They had to be in managerial positions such as the deputy manager, manager, vice-director, or director. As such, they were involved in the decision-making process and were knowledgeable about the issues being researched, able to make well-informed decisions, and were willing to communicate these (Kumar, Stern & Anderson, 1993; Houston & Sudman, 1975).

Because the qualitative sample was a sub-set of the quantitative sample, most qualitative interviewees also completed the quantitative survey. Therefore, because both quantitative and qualitative data were collected concurrently, it was possible that one form of data might present a bias that would confuse the results obtained from the other form of data from the same participants (Creswell & Plano Clark, 2006). To minimise this, Creswell and Plano Clark (2006) advise researchers to be alert and take careful steps to obtain the least biased data possible. Therefore, for this research, the qualitative questions were sent to all participants before the interviews and the questionnaires were distributed once

the interview was completed. This avoided qualitative data being influenced by information in the quantitative questionnaire.

7.1.2. PARTICIPANTS' SOCIO-DEMOGRAPHIC INFORMATION

Initially, two pilot interviews were conducted with experts in managerial positions in the industry who both had more than ten years of experience. A pilot study is a 'mini version' of the full-scale qualitative study and is a useful way to 'pre-test' a research instrument (Van Teijlingen & Hundley, 2002: 33). It helps highlight ambiguities and/or difficult or unnecessary questions. This enables the researcher to adapt the protocol. It also helps to identify how long an interview will take on average and enables the researcher to determine whether adequate responses can be elicited and interpreted, given the research aims (Berg, 2009). The purpose of the pilot study was to check with the experts whether the intended interview questions were appropriate and if there were any recent changes in the industry that I needed to address. Their comments and other relevant information were used to revise and improve the initial interview protocol. One interview was deleted because the interviewee revealed he had just moved jobs. This meant he was no longer in a position to represent the company or had the right to share information. An additional 36 interviews were then conducted with 23 Directors, seven Vice-Directors, and six functional Managers of 10 large, 13 medium, and 13 small organisations operating in the tourism sector. Details about the participants and their organisations are presented in Table 7.1. The final number of interviews chosen for the analysis was 38. Full information on all organisations and interviewees can be found in Appendix. F.1.

Table 7.1: Interviewees' Socio-demographic Information

Organisation Information		Number
Organisation Size	Small (≤ 10 employees)	13
	Medium ($< 10 \leq 50$ employees)	15
	Large (> 50 employees)	10
Region	North	20
	Central	4
	South	14
Interviewee's position	Director	23
	Vice-Director	7
	Manager	8
Years of experience	$< 5 \leq 10$	5
	$< 10 \leq 20$	25
	> 20	8
Interviewee's age	$< 25 \leq 35$	11
	$< 35 \leq 45$	21
	$< 45 \leq 55$	6
Gender	Male	23
	Female	15

Table 7.1 shows that small and medium organisations accounted for the majority of participating organisations (73.68 %). The North and South of Vietnam were home to the majority of tourism businesses (52.63 % and 36.84 %, respectively), while Central Vietnam accounted for 10.53 %. This reflected the actual density of business locations. Regarding the managerial positions of interviewees, all were in the position of Manager (of a functional department) and above. Most interviewees had experience working in the industry ranging from 10 to 20 years (65.79 %) and their ages ranged from 36 to 45 years (55.26 %). In terms of

gender, there were fewer female managers than male managers (39.47 % and 60.53 %, respectively).

7.1.3 RESEARCH INSTRUMENTS

The interview protocol was designed to guide the interviewer and interviewees regarding the critical questions used during the interview as well as provide probes and a script for the interviewer to follow. The interview protocol included 13 questions that were divided into two clear parts to separate the demographic questions and main interview questions. Part 1 contained five questions about personal information (i.e. their qualifications, experience, position, and their business). Part 2 included eight questions about the actual operation of the organisations and focused mainly on organisational resources, strengths, weaknesses, capabilities, changes, and future strategy. These questions were then translated into Vietnamese. Although most of the participants could speak English, the translation helped avoid ambiguity and promoted a correct understanding of the questions as well as ensured interviews were conducted more quickly.

The two pilot interviews with experts in the tourism industry provided considerably insightful information on how to access the interviewees and conduct the interviews to gain most information. The suggestions related to wording so that the interviewer could speak the same 'language' as people in the industry. There were also suggested tips and tricks to increase the acceptance and willingness of interviewees to participate. For example, it was deemed best to contact people at short notice and within a week because they were busy managers and unexpected issues may have arisen which meant they might have forgotten and/or cancelled the appointment. Interviewing them on Monday or Tuesday was also recommended because these were the least busy days while weekends were avoided because these were the busiest days for managers. All the feedback and suggestions were noted down carefully and applied where possible.

7.1.4 ESTABLISHING ETHICAL GUIDELINES

Before collecting the data, I obtained ethical approval from Sheffield Hallam University's Research Ethics Committee. This was to ensure that data collection

would be conducted in an ethical manner and that the participants remained anonymous whilst obtaining optimum information (Easterby-Smith, Thorpe & Jackson, 2015; Saunders & Lewis, 2012). Accordingly, participation in the interviews was voluntary. The interviewees also had the right to withdraw at any point until the start of data analysis and could refuse to answer any questions that made them feel uncomfortable or they thought may harm their business's image or reputation. Interviewees were also informed as to how their identity would be coded and anonymity ensured. They were assured that no one would have access to their personal information other than me - the researcher.

7.1.5 CONDUCTING THE INTERVIEWS AND THE TREATMENT OF RECORDING

Each interviewee was provided with a copy of the research information, consent form, interview protocol, and questions before they were interviewed. Before the interview began, participants were given the opportunity to ask any questions in case they were not clear about the purpose of the study or the interview questions. Once everything was clear, and they were ready to answer the questions, the interviewees were asked to sign the consent form. All interviews were digitally recorded, and the interviewer also noted down the main points of each answer in a notebook. The total length of the interviews ranged from 20 minutes to around 75 minutes. The reason for this variation in length was because the interviewees who gave short answers were reluctant to provide detailed information about their business operations, which were often commercially sensitive. They were only willing to answer questions very briefly and without providing too many details. For example, when asked about the type of resources their organisations have, they would say, 'people and finance', while those giving a longer answer would respond by saying, 'In our organisation, there are many resources, but the most important ones are people and finance. I think people are the most important resource', and so on. Participants giving longer answers often added some unrelated comments or other facts. The way people answered and the details they provided therefore created the variation in the length of the recordings. However, the key messages contained in their answers were nevertheless captured. The recordings were then transcribed verbatim in the original language: Vietnamese. The transcriptions were then imported into NVivo 11. The following section presents the process of analysing data using thematic template analysis and considers the trustworthiness of the qualitative study.

Trustworthiness includes four criteria: credibility (in preference to internal validity), transferability (in preference to external validity/generalisability), dependability (in preference to reliability), and confirmability (in preference to objectivity) (Guba, 1981; Lincoln & Guba, 1985). These are the criteria used to assess the quality of a qualitative study (Shenton, 2004; Golafshani, 2003).

7.2 QUALITATIVE DATA ANALYSIS TECHNIQUES

7.2.1 THEMATIC TEMPLATE ANALYSIS

Template analysis (TA) was used to analyse the qualitative interview data. It is a type of thematic analysis (King, 2012). This approach involves developing a coding template from a subset of the data which is then applied to the rest of the data through a series of iterations and revisions.

As a technique for analysing qualitative data, TA was suitable for this study because the mixed methods approach requires the use of a flexible analytical method (Feilzer, 2010). In addition, in TA, the use of *a priori* codes that comprised broad themes that were recognised as a priority by the researcher (Brooks, McCluskey, Turley & King, 2015) was useful because it offered the potential to integrate the quantitative findings with those of the qualitative analysis. The process of template analysis also starts with a more deductive approach; however, this does not prevent the researcher from being cognisant of the possible themes that might emerge from the data as well as being receptive to searching for novel themes (Blair, 2015).

When coding the data, hierarchical coding was applied. The coding process began with broad *a priori* themes relating to dynamic capabilities, their determinants, and the outcomes regarding financial performance and strategic performance, before moving on to narrower and more defined themes.

NVivo qualitative data analysis software was used to store, manipulate, and code the data and generate the final thematic template. NVivo is a tool for organising, storing, and sorting the data and providing a structured arrangement as a hierarchy. It did not replace the iterative process of creating codes; however, it helped me

adjust coding, and delete, change or move data in a more convenient way than more traditional manual paper-based approaches.

Following the steps suggested by King and Brooks (2017) in applying TA, the data analysis comprised the following six stages: familiarisation with data, preliminary coding, clustering, producing an initial template, applying and developing the template, and final interpretation. The first five steps are presented in this chapter and the final one – interpretation – is presented in the next chapter as part of the findings.

Step 1 - Data familiarisation

Familiarisation with the data is the first step in qualitative analysis in general and TA in particular (King & Brooks, 2017). Data familiarisation initially took place during the transcription process when I highlighted any information that could help me answer the research questions. Furthermore, before coding, I also read through all the transcripts to select the most representative interviews for the initial template. As I had become familiar with the qualitative data during the interviews and the transcription process, I could identify which interviews were informative, comprehensive, and representative and was thus able to avoid leaving out any potentially relevant themes. Of the 38 interviews conducted, I selected six (C1, C2, C9, C17, C29, and C37) that were informative and comprehensive enough to represent the rest of the dataset. According to Brooks et al. (2015), there is no exact point or guide to use when choosing the number of interviews for preliminary coding as this will differ from one study to another. They suggest that as long as the chosen subset covers a good cross-section of the issues and knowledge present in the whole dataset, then it is satisfactory. This is typically achieved by choosing initial accounts that are as diverse as possible. I also used the field notes I had made during interviews to support my analysis and understanding of the interviews. This step was executed manually with the selected transcripts printed out so that any notes or highlights could be added.

Step 2 - Preliminary coding

During the preliminary coding process, I initially read through the data and identified emerging research themes. *A priori* themes are ‘themes identified in

advance of coding' (King & Brooks, 2017: 29). These included dynamic capabilities (with three main activities focused on sensing, seizing, reconfiguring, as defined in Chapter 3), determinants – the underpinning factors that shape dynamic capabilities, and the competitive advantage business performance of the organisations. I also began to explore whether there were any links between the factors. This step was also conducted manually with codes written down on sticky notes and then transferred to Scapple software. Scapple is an electronic tool which helped brainstorm and arrange ideas. In this study, Scapple helped me move the codes around in a more convenient way, which aided the iterative process. Scapple does not have any link with NVivo and was simply a visual aid used during the coding process.

Step 3 - Clustering

Once the initial themes had been identified in Step 2, I moved the codes on Scapple around, rearranged them into clusters derived from *a priori* themes, and made various changes as well as tried to identify the connections among themes. Some overlapping codes were replaced or recorded so that they could adequately cover the meaning. Different ways of structuring and clustering were tested. For example, I initially applied open coding to all themes in the selected transcripts and listed codes as they appeared (Blair, 2015) (see Appendix F.3.1 for examples of such open coding). I placed them under the three main themes as in Step 2. Nevertheless, when themes were mentioned repeatedly within an interview and among different interviewees such as 'the quality of human capital inside and outside of the organisations', and comments on 'the state management of the industry' or 'the role of the organisational management team', I had to classify these significant themes separately rather than include them as separate sub-themes as planned. From the interviewees' perspective, there were both positive and negative changes in the industry that had significantly influenced how organisations actively executed the required changes. Therefore, I had to consider whether to use the code of 'state management' as a separate theme or whether to put it under a new theme of 'contextual characteristics of Vietnam's tourism' or 'Vietnam's tourism positive changes' and 'Vietnam's tourism negative changes'. This procedure of putting themes together ensured that I did not leave out any important themes. It was possible that some themes mentioned in these six interviews were not mentioned by other interviewees or

that new themes could emerge from the remaining transcripts that were as yet unknown. Therefore, I had to retain an open-mind and be flexible during the coding process that followed. Once the clusters seemed to be appropriate, in that the sub-themes were placed under suitable themes and overlapping themes were minimised, I inputted these codes (or nodes) into NVivo to form an initial template that could be applied to the rest of the qualitative data. Appendix F.3.2 provides examples of the initial clusters I developed during this stage.

Step 4 - An initial template generation

The initial template was relatively simple and had two hierarchical levels. As King and Brooks (2017: 34) intimate, an inherent risk while generating an initial template is that the researcher may become 'over-sensitised to material that easily 'fits' the template' and neglects 'material that cannot be as readily encompassed'. Therefore, to avoid this, I had to keep an open mind when approaching the data to advance the template and had to be ready to modify it where possible.

Step 5 - Identifying themes

Themes are key characteristics of interviewees' narration that feature certain perceptions and/or experiences relevant to the research question (Saldaña, 2013; King, 2012). The Level 1 themes identified from the literature and data analysis were dynamic capabilities, factors influencing dynamic capabilities, and business performance. New themes were coded as they emerged from the analysis. I removed the broad theme of 'factors influencing dynamic capabilities' and instead included its sub-themes (which includes human capital, managerial capabilities, and external factors that facilitate or hinder dynamic capabilities in tourism organisations) as Level 1 themes and re-characterised 'business performance' as 'competitive advantage of organisations' which consisted of two performance indicators: strategic performance and financial performance. 'Managerial capabilities' was a theme that was not identified *a priori* yet emerged as a salient theme during the data coding and analysis process.

7.2.2 QUALITY CHECKS IN TEMPLATE ANALYSIS

There are several ways to check the quality of a qualitative study. These include independent scrutiny of the analysis where cross-checking takes place with other

members of the research team or with outside 'experts', chosen according to their knowledge of the methodology and/or substantive topic; respondent feedback; creating an audit trail; and reflexivity. For this research, I adopted respondent feedback and checked and discussed the template with the supervisory team to identify any shortcomings or overlaps. The feedback from respondents on the final template helped me to identify whether the sub-themes were in the correct themes, in that they corresponded with factual reality in the empirical context. The supervisors' feedback suggested that I should allow the themes to emerge and should not try to attach them too firmly to the relationships I had previously identified from the quantitative analysis or the literature. Therefore, I had to keep an open mind when approaching and analysing the data, and in producing the final template.

CHAPTER 8. QUALITATIVE RESEARCH FINDINGS AND ANALYSIS

This chapter presents the findings from the 38 interviews with leaders and managers in Vietnamese tourism businesses. It comprises four main parts. The first part 8.1 provides a description of the cases. The second part 8.2 presents the data analysis process. The third part 8.3 describes the development of the thematic template. The final section 8.4 presents the key themes that emerged from the analysis

8.1. DESCRIPTION OF CASES

In total, 38 interviews were conducted with participants from a variety of backgrounds and holding various managerial positions including Director, Vice-Director, and Manager of the company. Eight interviewees were also founders of their own companies.

The primary business activity of organisations in this study was that of travel agencies. The common feature of tourism businesses is that they do not operate solely in one sub-sector of tourism but engage in numerous other integrated and combined activities related to other sub-sectors such as transport for travel, recreational activities, food and beverage, and accommodation (Tribe & Airey, 2007: 125).

The size of the organisations was measured according to the definition provided by the Vietnam Government (Government Portal, 2009): fewer than 50 employees classified as small businesses, 51–100 as medium-sized businesses, and more than 100 employees as large organisations. The details of each organisation and its key informants are presented in Table 8.1 and Table 8.2.

Table 8.1: Organisation Information

Company	Size	Main business activities	Region
C01	Medium	transport	North
C02	Medium	travel agency, transport	North
C03	Medium	transport	North
C04	Medium	travel agency, transport	North
C05	Large	cultural and recreational activities	South
C06	Large	travel agency, transport	South
C07	Large	travel agency, transport, food and beverage services	South
C08	Medium	accommodation, food and beverage services	Central
C09	Medium	accommodation, travel agency	South
C10	Small	travel agency	South
C11	Large	accommodation	North
C12	Medium	travel agency, transport	North
C13	Small	travel agency	South
C14	Small	travel agency	North
C15	Large	accommodation	South
C16	Medium	travel agency	North
C17	Large	travel agency, transport, food and beverage services	North
C18	Medium	travel agency	South
C19	Large	travel agency, accommodation, transport, food and beverage services, cultural and recreational activities	South
C20	Small	travel agency	North
C21	Medium	accommodation, food and beverage services	North
C22	Large	accommodations	North
C23	Medium	accommodation, transport, cultural and recreational activities	North
C24	Large	accommodation	South
C25	Large	accommodation	South
C26	Small	travel agency, cultural and recreational activities	South
C27	Small	cultural and recreational activities	South

(Table continued on the next page)

Table 8.1 (continued)

C28	Small	travel agency	Central
C29	Medium	travel agency, cultural and recreational activities	South
C30	Small	travel agency	North
C31	Small	travel agency	Central
C32	Small	accommodation	Central
C33	Medium	travel agency, cultural and recreational activities	North
C34	Small	travel agency	North
C35	Small	accommodation, transport equipment rental	North
C36	Small	travel agency	North
C37	Medium	travel agency	North
C38	Medium	travel agency	North

Table 8.2: Key Informant Information

Company	Position of the interviewee	Experience (years)	Age	Gender
C01	Manager	< 10 ≤ 20	< 25 ≤ 35	Male
C02	Manager	< 10 ≤ 20	< 25 ≤ 35	Female
C03	Manager	< 10 ≤ 20	< 25 ≤ 35	Female
C04	Manager	< 10 ≤ 20	< 25 ≤ 35	Female
C05	Director	> 20	< 45 ≤ 55	Female
C06	Vice-Director	< 10 ≤ 20	< 25 ≤ 35	Female
C07	Director	> 20	< 35 ≤ 45	Female
C08	Director	< 10 ≤ 20	< 35 ≤ 45	Female
C09	Director & Founder	< 5 ≤ 10	< 35 ≤ 45	Female
C10	Manager	< 5 ≤ 10	< 25 ≤ 35	Female
C11	Manager	< 10 ≤ 20	< 45 ≤ 55	Female
C12	Director & Founder	< 10 ≤ 20	< 25 ≤ 35	Female
C13	Manager	< 5 ≤ 10	< 25 ≤ 35	Female
C14	Vice-Director	< 10 ≤ 20	< 25 ≤ 35	Female
C15	Vice-Director	< 10 ≤ 20	< 35 ≤ 45	Female
C16	Director & Founder	< 10 ≤ 20	< 35 ≤ 45	Female
C17	Vice-Director	< 10 ≤ 20	< 35 ≤ 45	Male
C18	Director	< 10 ≤ 20	< 35 ≤ 45	Male
C19	Manager	< 10 ≤ 20	< 35 ≤ 45	Male
C20	Director	< 10 ≤ 20	< 35 ≤ 45	Male
C21	Director	< 10 ≤ 20	< 35 ≤ 45	Male

(Table continued on the next page)

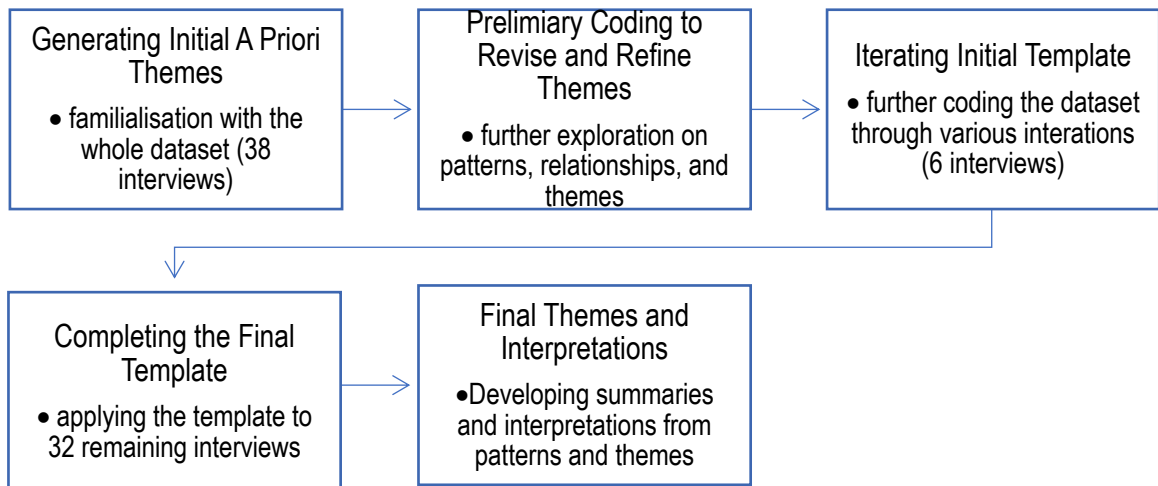
Table 8.2 (continued)

C22	Director	> 20	$< 45 \leq 55$	Male
C23	Vice-Director	$< 10 \square 20$	$< 45 \leq 55$	Male
C24	Director	> 20	$< 45 \leq 55$	Male
C25	Director	> 20	$< 45 \leq 55$	Male
C26	Vice-Director	$< 10 \leq 20$	$< 25 \leq 35$	Male
C27	Vice-Director	$< 10 \leq 20$	$< 35 \leq 45$	Male
C28	Director	$< 10 \leq 20$	$< 35 \leq 45$	Male
C29	Director & Founder	$< 10 \leq 20$	$< 35 \leq 45$	Male
C30	Director & Founder	$< 10 \leq 20$	$< 35 \leq 45$	Male
C31	Director & Founder	$< 10 \leq 20$	$< 35 \leq 45$	Male
C32	Director	$< 5 \leq 10$	$< 35 \leq 45$	Male
C33	Director	> 20	$< 35 \leq 45$	Male
C34	Director	$< 5 \leq 10$	$< 25 \leq 35$	Male
C35	Director	$< 10 \leq 20$	$< 35 \leq 45$	Male
C36	Director & Founder	$< 10 \leq 20$	$< 35 \leq 45$	Male
C37	Director & Founder	> 20	$< 35 \leq 45$	Male
C38	Director & Founder	> 20	$< 35 \leq 45$	Male

8.2. THE DATA ANALYSIS PROCESS

The data analysis process was an iterative one, reflecting my role in the identification, interpretation and reporting of the themes. Figure 8.1 depicts how the process of qualitative analysis was conducted in this study.

Figure 8.1: The Qualitative Analysis Process



The coding definitions and descriptions for the Level 1 *a priori* themes are now presented. These definitions and classifications are derived from the literature and are similar to those in the quantitative study.

Theme 1: Dynamic Capabilities

Coding definition: The firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments (Teece et al., 1997).

Coding description: Dynamic capabilities include three sub-capabilities: sensing (sense the opportunities and threats), seizing (seize those opportunities), and reconfiguring (reconfigure resources to maintain competitiveness) (Kindström et al., 2013)

Theme 2: Human Capital

Coding definition: The knowledge, skills, and attributes embodied in individuals that can be used to provide professional services (Coppin, 2017; Pennings & Lee, 1998).

Coding description: Human capital includes the professional and personal knowledge, skills, expertise, and attributes

Theme 3: Other External Factors

Coding definition: The rate of change and innovation in the sector, the unpredictability and uncertainty of competitors and customers' actions, the level of threat posed by the industry, and the level of complexity of the target markets (Schilke, 2014a; Azadegan, Patel, Zangouinezhad, & Linderman, 2013).

Coding description: The rate, unpredictability, and uncertainty in the target markets, the changes in customers' tastes or preferences, and the threats from competitors (Miller & Friesen, 1983; Wilden et al., 2013; Camisón & Forés, 2015).

Theme 4: Organisational Competitive Advantage

Coding definition: The commercial advantage a business has over its competitors, which leads to superior performance.

Coding description: The competitive advantage of an organisation in terms of financial and strategic performance.

8.3. THE DEVELOPMENT OF THE THEMATIC TEMPLATE

8.3.1. FORMULATING THE INITIAL TEMPLATE

Formulation of the initial template began with six interview transcripts where initial coding was based on the *a priori* themes developed in the previous section. My familiarity with the data developed through the iterative process of writing down memos – a technique used to assist researchers in making conceptual leaps from the raw data to something more abstract when explaining research phenomena (Birks, Chapman & Francis, 2008). Memoing took place during and after each interview, when transcribing the interviews, and when reading whole transcripts, all of which helped me to gain an in-depth understanding of the data. I did not use memoing as evidence or data to analyse but as a tool to support my data analysis. I was then able to ensure that the selected interview samples were not atypical or unusual in comparison with the rest of the dataset, yet were representative enough to cover the themes in the dataset as far as possible. This ensured that no important themes were left out and no insignificant themes were overestimated (Brooks et al., 2015).

Before coding, I had to decide which approach I should take to code these interviews effectively. Because template analysis is flexible in its approach, and in addition to looking for indications of *a priori themes* in the interviews, it enabled me to remain open to any new emerging themes. Thus, although my analysis started with four Level 1 themes, during the coding I quickly identified emerging codes and sub-themes that needed to be added to the template. For example, one of the topics mentioned most often was managerial capabilities which interviewees considered to be the most crucial factor in the implementation of organisational changes or reconfigurations as a result of possessing dynamic capabilities. The coding process helped me gradually identify dynamic capabilities (such as how sensing, seizing, or reconfiguring capabilities were evidenced in the firms) specifically evident in these organisations, in addition to *a priori themes* generated initially from the literature review. Below is the initial template.

Box 8.1: Initial Template

1. Dynamic Capabilities
 - 1.1. Sensing capabilities
 - 1.2. Seizing capabilities
 - 1.3. Reconfiguring capabilities
2. Human capital
 - 2.1. Positive features of human capital
 - 2.2. Weaknesses of human capital
3. Other external factors
 - 3.1. Sectoral management
 - 3.2. Other stakeholders in the industry
 - 3.3. Technological development and its application in organisations
4. Organisational competitive advantage
 - 4.1. Strategic performance
 - 4.2. Financial performance

8.3.2. DEVELOPING AND APPLYING THE INITIAL TEMPLATE

Once the initial template was developed, I applied it to the full data set of 32 interviews. In this stage, I entered the interview transcripts into NVivo and began reading through the interviews and exploring the data, coding the themes as they emerged through an iterative process. As new themes emerged, they were coded alongside the themes developed from the initial template. During this process, I swapped, moved, and modified coded themes numerous times to classify and re-classify newly emerged themes. The process of multiple iterations was conducted until the final template was completed and there was no code left that had not been classified into its respective themes. NVivo software was helpful during this process because it allowed rapid searching, effective data sorting, and comprehensive data presentation. Although the coding was conducted in NVivo, my initial template was contained in a Word file with the Track Changes function enabled: this allowed me to identify how many changes and iterations I had made during the coding and analysis. A report on node proportion in the dataset is in Appendix F3.3.

It is usual during this process to delete initially defined codes. Similarly, a code which had appeared to embody a different theme may later be found to overlap with other codes and was also removed from the final template, in consistence with the view of King (2004). Through multiple insertions, deletions, scope changes, and by changing the higher-order classification, the final template was finalised. This step was the most challenging because I had to put a 'stop' to the process of template development.

The final template in Table 8.4 focuses on the five central themes of Dynamic Capabilities (DC), Human Capital, Managerial Capabilities of Organisational Leaders, Influencing External Factors, and Competitive Advantage of the Organisation.

Box 8.2: The Final Template

THEME 1: DYNAMIC CAPABILITIES
<ul style="list-style-type: none">• Sensing capabilities<ul style="list-style-type: none">○ Reviewing business operations periodically○ External examination of sectoral developments○ Evaluating customers' needs• Seizing capabilities<ul style="list-style-type: none">○ Identifying where and what to change in the current product, services, process, and operations.○ Actions towards primary and support activities in the organisations• Reconfiguring capabilities<ul style="list-style-type: none">○ Changing the structure of the company (in part or wholly)○ Adopting incremental or radical innovation○ Leaders communicating and effectively empowering staff regarding the changes○ Mastering and integrating the new skills, knowledge, and know-how○ Protecting the new product/services to gain an absolute competitive advantage
THEME 2: HUMAN CAPITAL
<ul style="list-style-type: none">• Strengths of human capital in organisations<ul style="list-style-type: none">○ Appreciation of human capital as the most important resource in organisations○ More competent people in the labour market• The weakness of human capital in organisations<ul style="list-style-type: none">○ Lack of competent workforce○ Lack of practical training○ Lack of career orientation
THEME 3: MANAGERIAL CAPABILITIES OF THE ORGANISATIONAL LEADERS
<ul style="list-style-type: none">• Leaders' vision and mindset• Leaders' passion and drive• Credibility and social capital of leaders• Leaders' experience and knowledge of the industry• Innovative thinking of leaders

Box 8.2 (continued)

THEME 4: EXTERNAL ENVIRONMENT FACTORS
<ul style="list-style-type: none">• Government management of the tourism sector<ul style="list-style-type: none">○ The mindset of the people in charge of the sector○ Management capacity○ Policy• Other stakeholders in the industry<ul style="list-style-type: none">○ Local people working in the tourism industry○ Travellers• Digital technology application<ul style="list-style-type: none">○ The widespread development of booking apps and websites○ The level of application of digital marketing
THEME 5: COMPETITIVE ADVANTAGE OF ORGANISATIONS
<ul style="list-style-type: none">• Market share and market position• Financial performance

8.4. KEY FINDINGS

This section presents the key findings of the thematic template analysis. The findings elucidate links between the identified themes and sub-themes and how they interact with each other. The final part of this section presents the framework developed from an analysis of the qualitative findings. This framework provides a basis for the discussion in Chapter 9.

8.4.1. THEME 1 – DYNAMIC CAPABILITIES

This theme explores indicators for the development of dynamic capabilities in the organisations based on the data collected. The analysis follows the themes and sub-themes in the final template (See Box 8.2). In exploring the potential ‘dynamic capabilities’ in organisations, the qualitative data suggest that all sampled organisations possessed some or all of the sub-capabilities of dynamic capabilities, although organisations were not always aware of these.

In the next section, I will present the findings of the three sub-themes: sensing, seizing, and reconfiguring, and describe how organisations with dynamic capabilities are different from those without these capabilities.

8.4.1.1. Sensing Capabilities

Sensing capabilities in firms are identified by the activities of reviewing business operations periodically, external examination of sectoral developments, and evaluating customers' needs. Each activity is detailed below.

Box 8.3: Final Template of Sensing Capabilities

THEME 1: DYNAMIC CAPABILITIES	
Subtheme: Sensing Capabilities	
	<ul style="list-style-type: none">○ Reviewing business operations periodically○ External examination of sectoral developments○ Evaluating customers' needs

Reviewing business operations periodically

This 'sensing' capability is shown through careful evaluation by organisations of their internal organisational development and operations, evidenced by periodic reports, meetings, and financial results. Organisations assessed both the advantages and disadvantages of their internal operations, which include human resources, experiences, financial resources, fields of operations, current products and services, possible weaknesses and strengths, and their current positions in the market. Reviewing business operations periodically provides firms with an overall picture of the current operational situation and enables the leaders of the firms to predict changes

The internal developments were influenced by changes of leadership, as C15 elaborated in Extract 8.1 below.

Extract 8.1

'The General Director is chosen every three years as a term, and one cannot be in the position for more than three terms. Therefore, the strategy can only be from three to five years and the maximum term of a General Director is nine years and it also depends on the flow of international tourists. Consequently, we do not make too many predictions which surpass three or ten years.' (Vice-Director, C15).

Therefore, this example indicated that internal changes in leadership influence strategies and consequently affect how the organisation evaluates its external environments: in this case changes in the 'flow of the international tourist'. The 'flow of international tourists' that this manager refers to concerns the different tourism destinations of international tourists travelling from one country to another or even various locations within a country. For example, Russian tourists coming to Vietnam prefer beach tours while French tourists prefer to visit locations in the North of Vietnam (from the interviews with managers of C14 and C20).

According to a manager in C01, internal developments within his organisation were evaluated from the reports that organisations have to 'base on the figures, business figures, market figures, key performance indicators of the people and so on in a year, so that we can have an overall evaluation', (Manager, C01). This interviewee also stated that managers in the company clearly understand that, before making changes to a product or service or developing a new one, they need to 'rely on the practical situations' and their 'capacity'. As shown in the following extract, Interviewee C38 shared the same view as Interviewee C01.

Extract 8.2

'So our company was established in 2013 and now it's been four years. Next May will be five years. And in 2019, we have to evaluate and prepare a new plan for the next stage. We cannot develop in a massive way but need to rely on the practical situation and our own capacity. As you know, maybe up to that point, we may encounter several potential clients and we cannot anticipate this in advance. During that time, if possible, we can only think of, alright, how much more money we need, how many more people we need to recruit. This situation could be that some potential clients could certainly bring us a number of guests to some extent. And we would be ready to invest more to meet their demands. However, on the contrary, if the market becomes difficult, and we may not meet such potential partners, we then have to find another solution.' (Founder and Director, C38).

The managers' evaluations come not only from an objective assessment of their company reports or the company's quarterly, bi-annual or annual reviews but also from the subjective 'sensing' of the leaders in the organisation. Their sense of the potential changes in the market and the possible strategies the company should follow is based on how they interpret the world. This interpretation was enshrined in their logical thinking, experiences, and understanding of the business and industry. When asked which strengths or capabilities they have, one interviewee mentioned activities with which he achieves sense, as demonstrated in Extract 8.3 below.

Extract 8.3

'No matter how busy I am, I always spend the time to read newspapers, reports, etc. and I study the trends, including the trends now in the world... I don't know, but it could be my sense of the customers' movement, customers' changes for the next year and so on [...]. And it turned out to be true [...]. I think it's about the logical thinking and my senses. And I can be very sure about the movements of the travellers for the next year, about eighty per cent so. For example, with the sea disaster that happened last year in Ha Tinh province, I knew that the travellers would not go there, and they would choose another destination. [...] And I also saw where the travellers visiting Hanoi were coming from during last summer. And I was successful with that sense and conjecturing. Maybe when I'm talking with you like this, I can't tell it all verbally and explicitly because the 'sense' or the 'feeling' are implicit and cannot be expressed verbally.' (General Director, C22).

Extract 8.3 shows that sensing is something managers in this organisation 'feel' based on 'logical thinking' (as interviewee C22 mentioned). It is an implicit capability that he could not explicitly express. For other managers, this capability is shown through scanning the internal and external environment and giving an assessment regarding the current and future needs of different customers in different target markets. Extract 8.4 and Extract 8.5 provide examples of such assessments.

Extract 8.4

'We follow the cycles on the market, analyse the market first, then we will take steps before [it's popular on] the market to avoid competition. For example, a few years ago, we saw the trends of combining foreign business trips and leisure activities in state organisations and businesses; we mainly focused on organising such MICE¹ tours. However, now, when we evaluate how such public spending for business trips is tightened by the government, we have changed our focus to serving high-income customers.' (C37).

Extract 8.5

'We want to develop a strategy to serve solo travellers. As I've researched, no company in Nghe An² has done that. In the near future, I will open a service to collect all these individual travellers with daily tours. In Nghe An, no company has ever done that. They only do group tours and individual travellers need to book the tickets and accommodation by themselves because there are not enough people to form a group tour. I'm planning on such targeted customers but have not executed it yet.' (Founder and Director, C32).

The managers in companies 37 and 32 saw the changes in the market, such as changes in customers' tourism activities in the case of C37, and the gap in service for solo travellers in the case of C32. Based on such observations and assessments, the firms would plan and execute their activities to address the service shortages on the market.

External examination of sectoral developments

Sensing capabilities were also evident through monitoring and evaluation of the external environment. Activities that demonstrate this were visible in managers' anticipation of changes in the market and the current market situation. The leaders in these organisations understand that, even though it is something they 'sense', this must be based on an 'actual evaluation and analysis, through figures, numbers, and reports' (C01).

Vice-Director of travel company C14 stated:

¹ MICE stands for Meeting, Incentives, Conferencing, Exhibitions a type of well-planned tourism in which large groups are brought together for a particular purpose.

² A province in Central of Vietnam

Extract 8.6

'The typical feature of Russian tourists is that they normally stay here for 10 to 14 days but they only spend two to three days as a maximum to visit, and the rest of the ten days are for enjoying the beach. Groups were even spending three weeks to one month just for the beach. However, now, these beach holidays seem to be normal for Russian tourists. So, we need to evaluate and develop new products. There are two new travel products that we are developing now.' (Vice-Director, C14).

Extract 8.6 shows how the director of C14 saw the changes in the market for Russian tourists to Vietnam. The company then analysed the trends of this market segment. After that, Company C14 modified existing products and services or even created novel tourism products to meet the new demands of their current customers.

Evaluating customers' needs

For other organisation leaders, such as C18, C13, or C11, sensing capabilities were evident through periodic evaluations of the market and of customer demand in the short and long-term. These organisations know that customers' demands are increasingly diversified and ever-changing. Customers also required more professionalism from the service providers. Therefore, the service quality must be improved according to customers' demands. Extracts 8.7 and 8.8 are examples of how organisations evaluate customers' needs.

Extract 8.7

'That's the ability to keep up with the changes in customers' demands. We need to continuously evaluate the customers periodically, in the short term, monthly so we can have more new products on time. This means our abilities are not just in providing the conventional full package tours but also providing separate services within that package and more diversified service since the customers' demands nowadays are more and more diversified.' (Director, C18).

Extract 8.8

'From my own experience since I started in this industry, I can see the demand for travelling is ever increasing and changing.' (Vice-Director, C13).

These opinions demonstrate managers' knowledge and experience in the industry. Such knowledge and experiences provide the foundation for managers' sensing capabilities.

The focus of this study was on exploring whether sensing capabilities are present in organisations and in what way organisations see beyond the current boundaries and operations to discover new products, new territories for operations, and potential customer needs. For example, the founding director of a technological-based company that provides booking services for budget accommodation, Company 09, stated that, in Vietnam, domestic customers still think low price means poor quality. The Vietnamese customers may not understand the low-cost strategy that many companies are following. With low-cost strategies, companies are trying to provide acceptable quality products at an affordable price by reducing the cost of production. This perception of low price means poor quality is even perceived by accommodation (one- to two-star hotels, B&B, or guesthouses) owners. Consequently, these accommodation owners do not put much effort into improving their quality of service and operate on seasonal and opportunistic bases. Therefore, her company, company C09, was trying to change people's mindset about providing a quality service business. This manager's online booking company had to work with the owners of accommodation and persuade them to follow the company's standardised requirements and be listed on the company's website. In so doing, the company commits to bringing a stable flow of customers to the accommodation venues.

Extract 8.9

'They [the accommodation owners] really do not care about the service, and they don't know about such services for their accommodation. We need to persuade them. Actually, at first it's quite tiring because we needed to call them every time when there is a customer booking their accommodation. We call them to change the bed sheets, to follow the procedures we had already instructed them to follow. Then, gradually, that's also the way for them to remember our company, step by step.' (Director and Founder, C9).

Using this approach, Company 09 demonstrated a sensing capability in anticipating future customers' needs. The company even took innovative action to be a game-changer in the market segment within which the company it is located.

The responses presented in this section indicate that the activities to prove firms have sensing capabilities exist in tourism firms. Sensing capabilities are shown explicitly through the stories the interviewees shared about their current activities and about how they overcame difficulties or had changed their business operations. Sensing capabilities were also revealed in the ways managers anticipated the changes, opportunities, challenges, and risks inside and outside of organisations and the wider tourism sector. In organisations C22, C37, and C38, for example, sensing capabilities were clearly shown through the verbal expressions of the managers regarding their companies' abilities to 'sense' the change. For other companies, like C09, C01 or C11, sensing capabilities were shown through activities such as assessing the customers' tastes and evaluating the different changes internally and externally by formal measures such as periodic reports.

8.4.1.2. Seizing Capabilities

Seizing capabilities relate to activities designed to identify opportunities or address difficulties through the development of new or improved products, services, or processes. The findings indicate that there are three main activities organisations engage in addressing change. These activities are the changes in (1) the current products and services possessed by companies (2) the primary activities (such as tour operation activities, marketing and sales, customer services) in the organisation, and (3) support activities (such as human resource, logistics, or infrastructure).

Box 8.4: Final Template of Seizing Capabilities

THEME 1: DYNAMIC CAPABILITIES	
Subtheme: Seizing Capabilities	
	<ul style="list-style-type: none"> ○ Identifying where and what to change in the current product, services, process, and operations. ○ Actions towards primary and support activities in the organisations

Identifying where and what to change in the current products, services, processes, and operations

Depending on the area of operation, tourism firms faced the direct or indirect consequences of such difficulties, such as the coastal area environmental crisis of Vietnam or Russian economic crisis in 2014–2017. However, for current products and services, tourism firms were able to identify these difficulties as opportunities to redefine their market position and make small or significant changes in existing products and services. For example, following the decline of sea travel tourists in central coastal areas of Vietnam due to the negative influence of the Vietnam marine life disaster in 2016¹, companies with operations in the central regions of Vietnam such as Company 02, Company 22, or Company 14 had to immediately add more products and services in other locations. This is demonstrated through the words of the General Director and Founder of Company C22, Company C02, and Company C14:

Extract 8.10

'I made the right decision when finding the directions in which the travellers who avoided sea travel last summer would go². And I was successful. [...] I would tell my staff in this year, which market we should focus on. For example, in the first three months, it would be this market, and in the next five summer months from May to September, we should focus on these target customers because these customers would be the most prominent. So maybe destination A³ is now at the initial stage of gaining popularity among travellers, but who knows if destination A would be a trendy spot for this summer⁴. But possibly, the trend for it may stop by the end of summer and by October, for example, there could be other targeted customers that may become interested in that destination. That is the reason why our organisation never has such things as an off-season.' (General Director, C22).

Company 22 therefore identified that the environmental crisis in the coastal areas could be an opportunity for them to target a different market segment. The leader of the company quickly saw the crisis as an opportunity to direct the tourists to

¹ See more in <https://thedi diplomat.com/2016/07/its-official-formosa-subsi dary-caused-mass-fish-deaths-in-vietnam/>

² Means summer 2016 because the coastal environment crisis happened in 2016 and the data collection period was from March to May 2017.

³ A hypothetical location in the words of C22's General Director

⁴ 'This summer' means the summer of 2017. This is because the interview took place sometime during March-April 2017 and summertime is from May to September.

another 'destination A' (in his own words). The company also quickly changed the current product (a coastal destination) when the external condition (in this case the coastal crisis) was no longer supported. As a result, his company could ensure sustainable performance throughout a quiet and difficult time.

For Company C01, the crisis in the coastal areas was an opportunity to develop a newer and better product for travellers, an activity of seizing capability:

Extract 8.11

'Because travellers avoid visiting the central areas of Vietnam, we have expanded our [name omitted] products in the North of Vietnam and Mekong Delta areas. And we will develop the [name omitted] tour along Vietnam coastal areas once this environmental crisis is settled.' (Marketing Manager, C01).

Another example comes from a company that specialises in Russian tourists. The economic crisis in Russia in 2014–2017 was a major hit for this company's revenue as there was a sharp fall in the number of Russian travellers to Vietnam. As such, Company C14 had no alternative but to maintain their current loyal Russian business partners by developing more products and services while at the same time modifying their existing products, designed specifically for Russian tourists so that they were more suitable for a broader population of international travellers.

Extract 8.12

'So for small companies like our company, the traditional product for Russian tourists is beach tours. [...]. But now the beach products have been saturated, (thus) we are developing more products and there are now two travel products we are developing. These products are incentive and adventurous travel. For example, now Son Doong Cave is very famous and Russian travellers want to visit the cave as well. So now there are groups of Russian tourists who just come for Son Doong and do not go for the beach tours. Therefore, we are trying to expand the services in Son Doong as well. For incentive tourism, Russian companies here can bring their Russian business partners to Vietnam and invite their business partners to stay in Vietnam, working and entertaining through beach tours. [...] We are making changes to enter that market.' (Vice-Director, C14).

This shows that company C14 made changes to its current products and services, which is an activity that shows the capability to seize opportunity. The

activities discussed in Extracts 8.11 and 8.12 show that participating firms possessed seizing capabilities. Seizing capabilities were shown through the organisations' search for new opportunities, removal of unsuitable products or services, and development of more unique and modified products and services. Such capabilities exist in both in proactive and passive modes. The proactive mode is when organisations try to anticipate changes on the market as early as possible, creating change in their organisations to utilise the benefits from either the crises or opportunities on the market. The proactive mode is most commonly employed when organisations are well-informed and have the resources to anticipate the changes. By contrast, the passive mode occurs when there are sudden changes on the market for which they have not been prepared. In such 'passive' situations, organisations may not have sufficiently available resources and experience to handle the situation in a fully prepared manner. Nevertheless, they have been shown to be responsive in a timely manner and employed appropriate activities to 'seize' the fruits and mitigate the damage caused by such changes.

Actions towards primary and support activities in organisations

Once organisations seize opportunities, they make changes to the products and services or develop new ones. Besides adjustments in the core products and services, other activities in organisations have to be evaluated and modified accordingly. Such modifications could be in the primary activities and/or supporting activities in organisations. In the case of Company 09, when the company developed a new tour service, it would send staff to experience the service from start to end, as if the staff were actual customers. The staff then reported the advantages and disadvantages of the whole service process and identified any areas of improvement for the owners of the accommodation in Company 9's system.

Extract 8.13

'So we have hotels registered into our system and our staff would go to guide these hotels in how to serve any walk-in guests. (Show them) what the steps are to serve these guests. Our staff would walk in and score how our member hotels respond to customers, whether the hotels are welcoming guests or not. It means we are in the positions of the guests and can see how the hotels treat us.' (Director and Founder, C09).

For Company C27, the act of seizing was demonstrated when the company saw changes in governmental policies regarding educational content in high school and immediately created a product to catch up with these changes.

Extract 8.14

'It is called an 'integrating cross subjects'¹ policy, and we made a tour product for schools with such integrated questions for students joining in the trip [...]. We proposed our ideas to the City's Department of Education, and they agreed to allow us to approach schools in the city to conduct such educational trips.' (Vice-Director, C27).

Extract 8.14 highlights how they effectively analysed the changes, quickly selected the target market, determined the changes in the product, and effectively communicated with the relevant stakeholders to realise profits. This activity demonstrates the seizing capability of Company C27.

Apart from changes to the core products or services of the firms and their primary activities, an indication of changes in marketing and sales activities and outbound logistics (their support activities) was also shown in several responses. For instance, a Director in C16 said:

Extract 8.15

'For example, with the South Africa tour that we are developing, we need to work and cooperate with dozens of other companies (inside and outside of Vietnam) to sell the tours and to promote this product to the market.' (Founder and Director, C16).

Organisations also have a defined route in which to invest in infrastructure to meet further demands from customers, which is an activity showing the seizing capability. For example, they need to look at the organisation's working process, as shown in the case of C30.

Extract 8.16

'But now the working process is gradually adequate because we rearrange it every year, with the changes made accordingly.' (Founder and Director, C30).

¹ Integrating different subjects, for example, History, Geography and Literature, with relevant knowledge in a Literature lesson.

For company C30, it is the changes in the working process they need to implement. Alternatively, organisations can look into their financial resources as was the case in C13 (Extract 8.17) and C23 (Extract 8.18).

Extract 8.17

'We are now looking at how to have more financial investment. [...] We want to invest into this individual tour product and need more money. Furthermore, there are other costs such as marketing costs, or payment for the tour guides of new tours.' (Vice-Director, C13).

Extract 8.18

'So we want to invest more into the infrastructure because we can develop new products in that field, all the resort products, health care tour service, etc. and have a separate area for each activity.' (Director, C23).

Companies also evaluate the needs for changes in human resource policies and in training people when generating new products or services, as in the case of C25.

Extract 8.19

'Our human resource policies and benefits for our people are changing to become better. [...] We make it right from the beginning. For me, I think, people in the organisation are our customers, internal customers. They are the customers, so we need to respect them. If they are happy then they can serve the customers right. Our advantage is the service. Therefore, people must be treated right so that they provide the best service to the external customers.' (General Director, C25).

The examples provide some demonstrations of the changes in infrastructure, in the operation process, in financial resource management, and in human resource policies. These activities showed changes made by firms to prepare the next subset of dynamic capabilities: reconfiguring capabilities.

8.4.1.3. Reconfiguring Capabilities

Reconfiguring capabilities refer to the process of applying changes that organisations have made in the previous 'seizing' act. Reconfiguring capabilities could be evident in taking appropriate actions to introduce a partial or a full organisational restructure, in adopting new innovations in the industry, in how

leaders communicate and effectively empower staff about the changes, in how organisations successfully master and integrate the new set of skills, knowledge and know-how, and in how to protect the new product/services, know-how and expertise to achieve an absolute competitive advantage.

Box 8.5: Final Template of Reconfiguring Capabilities

THEME 1: DYNAMIC CAPABILITIES	
Subtheme: Reconfiguring Capabilities	
	<ul style="list-style-type: none"> ○ Changing the structure of the company (in part or wholly) ○ Adopting incremental or radical innovation ○ Leaders communicating and effectively empowering staff regarding the changes ○ Mastering and integrating the new skills, knowledge, and know-how ○ Protecting the new product/services to gain an absolute competitive advantage

Changing the structure of the company (in part or wholly)

One way in which companies employed reconfiguring capabilities was by restructuring part of or an entire organisational structure to fit with new external changes and new product/services. For example, an organisation might start with a 'considerable investment' (Vice-Director, C17) in innovation and technology. A similar view was expressed by the General Director of C25.

Extract 8.20

'We have upgraded our hotel ranking and to go with that is the massive investment in the infrastructure and the whole structure. We are very proud of that.' (General Director, C25)

These two organisations were aware they have to learn new knowledge and expertise. The leaders knew that their organisations needed to 'keep learning'. In company C21, the manager understood that their organisation could not operate in a conventional way anymore.

Extract 8.21

'So now [...] we need to use Facebook and other internet tools, websites, or even online business. We can't do business in a traditional way

anymore. These changes in our organisation are due to the changes in the external environment and other things as well.' (Vice-Director, C21).

However, not all organisations were aware of the need to change. A director in organisation C34, for example, was satisfied with the current position and performance of his organisation. His organisation did not seek changes in the company's structure because he considered the organisation's current resources and capabilities to be sufficient. For this company, the director considered 'luck' to be important for business success.

Extract 8.22

'There is not much to say. This business mainly relies on relationships and reputation. [...] I think it's just luck. So luck comes to any organisation and that organisation enjoys it.' (Director C34).

This idea is not appropriate when evaluating the activities and performance of the organisation. To some extent, the extract shows a lack of awareness by the director of company C34.

Mastering and integrating new skills, knowledge, and know-how

Reconfiguring capabilities in tourism organisations also includes mastering and integrating new skills, knowledge, expertise, and know-how to make the re-structure work. Interviewees described how they transferred what they knew to all people in the organisation, how they tried to make learning an organisational culture, and how new knowledge was integrated into their organisations.

Extract 8.23

'We train and retrain the staff in the new way of serving guests. Everything must be updated to make the customers satisfied and in line with the new tastes of the customers.' (General Director, C25).

For Company C37, it was not only about training or integrating actual activities but encouraging and infusing motivation to create new and innovative tourism products.

Extract 8.24

'We train the staff, giving them innovative ideas which follow the latest developments on the global market in tourism products and other

supporting products for tourism. Of course, these ideas must follow the overall strategy of our organisation.' (Founder and Director, C37).

As can be seen from Extract 8.24, activities for integrating and infusing new skills or know-how still had to follow the developmental direction of the organisation. This means, for Company C37, those changes must be consistent with the organisational strategy. Even in situations where the company did not expect sudden changes on the market, company C37 was able to follow its business commitment and directed such changes towards the set goals and strategies.

Protecting the new product/service to gain an absolute competitive advantage

When organisations develop a new product or service, it takes time to 'build up the system and structure' and 'pilot test' before applying the new system or structure for the newly developed product or services (Founder and Director of C09). In the context of fiercer competition, organisations, once they have developed a new product and service, have to protect their products or services before other companies imitate such products and services and sell at a lower price in order to compete. However, the findings suggest that one of the critical difficulties for tourism organisations is the 'copycat' issue¹. This issue happens when one pioneering company – a company that first initiates or launch a product or service on the market – has put a considerable effort into creating and developing a new tourism product and places it online, and other companies quickly copy the same route, the same trip, and even the same name, and put out the copied product at a slightly lower price to attract customers. Interviewees complained and expressed their disappointment about the emergence of this unhealthy competition issue. A typical response was:

¹ When right after a company introduces new products or service or improvements to the current products and services, other companies quickly copy the same products or services or changes and offer cheaper prices to attract customers.

Extract 8.25

'The copycat issue is prevalent in the tourism industry because a company can spend thousands of dollars to send people to investigate the new market. For example, they can send people to South America to check every single route, every single restaurant to make it more suitable for the Vietnamese tourists. However, once that company is successful with this product, other companies immediately copy the same thing and sell it.' (Vice-Director, C17).

Therefore, reconfiguring capabilities, according to Teece (2007), also include the ability to protect the product. The Director of C12, for example, was aware of how to protect her company's products and services to create unique selling points for their customers. One director of a travel company shared her views on this:

Extract 8.26

We cannot outsource the e-marketing activities because our product is unique [...]. If we outsource, any confidential information about our products, suppliers, and customers can be leaked [...]. We have a good cost structure, good business partners [...]. If we hire foreign services which are more secure, then it would be too expensive for us. However, if it is a domestic service, which is less secure, then it is quite risky. So, we must have our own people to do this, even though they might be not as experienced as people from outsourcing companies. (Director and Founder, C12).

Company C12 was aware of this and thus did not outsource their digital and technological activities. The reason for this is because confidential information about the products, services, and quotes, among other elements, could be quickly leaked. This might lead them to losing the competitive position of a first mover or the uniqueness of their products and services.

Leaders communicating and effectively empowering staff about the changes

Leaders also paid attention to infusing the new thinking and mindset in their staff so that they can keep up to date with changes to the organisations' products and/or services. For example, the Director and Founder of C30¹ said:

¹ This company works with inbound travellers (international travellers to Vietnam)

Extract 8.27

'I always train people to have a Western mindset, so even though they are physically here, their mindset must be like one of the international travellers [...] and I've tried my best to infuse this thinking and understanding to them by video and photos, and by sharing after each business trips, by demonstrating the daily lives of the Western people, their habits, etc. In short, all of these activities are to make our staff understand the Western way of approaching services and, therefore, best consult customers.' (Director and Founder, C30).

This example shows how the director communicated changes to the staff regarding mindset and trained them so that they understood more about the changes.

Extract 8.28

'We have recruited quality human resources, and we have a training programme and formal templates and processes for the staff to follow. We must find the bond and infuse in them the love and devotion for the career so they can follow it in the long term. So together, we can develop better.' (Founder and Director, C12).

In the case of company C12, apart from the formal regulations and processes followed by its employees to meet the new changes, the organisation's director also motivated and tried to transfer her passion for a career in tourism to her staff. This shows her long-term view of the sustainable development of the company and the tourism industry in general. She not only paid attention to the 'hard' side of skills or qualifications but also the 'soft' side of career commitment by empowering and communicating effectively.

General findings on dynamic capabilities in Vietnamese tourism organisations

What differentiates an organisation with more dynamic capabilities from an organisation with fewer dynamic capabilities are the activities they engage in to change, to innovate, and to create something new and better. Furthermore, the three capabilities of sensing, seizing, and reconfiguring are integrative and should not be considered in isolation or as separate activities. While implementing seizing capabilities, sensing capabilities are also evident as organisations still need to continue to look for new development from internal organisations and sectoral developments as well as identify customers' latest needs. Similarly, with

reconfiguring capabilities, organisations must be alert to the latest developments and ‘trial and error’ when seizing opportunities or addressing challenges. Although sensing is the starting point for dynamic capabilities (Teece, 2012; Wang & Ahmed, 2007), sensing capabilities also occur in the seizing and reconfiguring process.

8.4.2. THEME 2 – HUMAN CAPITAL

Regarding the Human Capital theme, two major sub-themes reflecting its advantages and disadvantages in organisations were discussed by the interviewees. Box 8.6 shows the key points that emerged from the qualitative data coding and analysis.

Box 8.6: Final Template of Human Capital

THEME 2: HUMAN CAPITAL
<ul style="list-style-type: none"> • Strengths of human capital in organisations <ul style="list-style-type: none"> ○ Appreciation of human capital as the most important resource in organisations ○ More competent people in the labour market • The weakness of human capital in organisations <ul style="list-style-type: none"> ○ Lack of competent workforce ○ Lack of practical training ○ Lack of career orientation

8.4.2.1. Strengths of human capital in Vietnamese tourism organisations

Appreciation of human capital as the most important resource in organisations

Human capital is recognised as an essential element of an organisation’s total resources. Therefore, in responding to the question of resources in general, interviewees mentioned 'human capital' as one of the essential resources. For instance, interviewee C04 answered:

Extract 8.29

'I think it is all about people, so even if the company has substantial financial capital, but does not have quality people with experiences and capacities, it would be challenging for the company to operate.' (Manager, C04).

This statement was endorsed by 18 out of the 38 respondents in participating organisations. These managers considered the sustainability of an organisation's development to be dependent on the human factor.

Extract 8.30

'So I think the human factor is currently the main one. It's not about the financial capital, because actually a tourism organisation does not need much. So it basically relies on people and the relation networks we have.' (Founder and Director, C16).

The quality of people in an organisation is the most critical factor, especially for organisations in the tourism sector where intangible services, rather than tangible products, are delivered. One interviewee even stated that 'the key value of a tourism product is people. The crucial value of the organisation is its human resource.' (C37)

In terms of appraising the significant role of human capital for the organisation, one Director highlighted this point in the following extract.

Extract 8.31

'In the travel industry, I think the core value of a product is in the people. The principal value of the organisation is its human resource. The product or service is intangible [...] what they trust is the people, that they have the correct values. From the leaders to the staff, we must show the love for our job [...]. And therefore, no matter what changes may happen, we can still adapt [...] Thanks to the human factor as I have just mentioned.' (Founder and Director, C37).

In a similar vein, when asked what strengths the organisation had, some leaders mentioned 'competent people'. Organisations also provide continuous training to make their staff strive for 'excellent' rather than just 'good' performance (Founder and Director, C30) or 'to do the best regarding service quality and training quality' (General Director, C22). Almost all the organisations understand that the quality of their people strongly influences the quality of the service and thus they implement suitable policies to attract, retain, and develop their people.

When elaborating what 'competent' people possess, the interviewees mentioned foreign language skills, enthusiasm and devotion, excellent skills in customer

care, professionalism, proper qualification, good understanding of the industry, and being creative, as shown in the extracts below.

Extract 8.32

'We have had employees who graduated from museum study, history, foreign languages, not only bachelor's degrees but master's degrees in such disciplines. And they are very committed to the organisation. One person can not only do one job but also different tasks in different departments. Therefore, we can handle a large workload within a limited number of staffs.' (General Director, C05).

Extract 8.33

'Our organisation's capabilities originate from the quality of human resources who have good education, majoring in tourism management. Their foreign language skills are very good. Each knows one to two foreign languages. They are very fluent in English, Japanese or Chinese. Furthermore, their working experience is diverse, from hotels to travel agencies in Ho Chi Minh City.' (Director, C18).

Extract 8.34

'Firstly, regarding the strength of our hotel, I think our strengths lie in the well-trained human resources. Not only receiving good training, they also receive an excellent working attitude from my own training. I told them that a working attitude is the decisive factor in service quality, deciding whether or not the customer would be loyal to us.' (General Director, C22).

Organisations wanted to have a source of competent human capital and were making efforts to recruit competent people. They showed real appreciation of the need to improve the quality of their workforce.

Extract 8.35

'In recent years, we have made some significant changes in human resources policies. First, we recruit younger people. Second, we improve staff quality and hire people graduating from universities with excellent foreign language skills.' (General Director, C24).

Organisations also paid more attention to training and coaching to address any skills shortage their staff may have. For interviewee C7, 'training' was something her organisation needed to focus on.

Extract 8.36

'I mean internal training, training for the management team. Previously, we did not have such structured training for the people. We need to concentrate a lot on human resource.' (Vice-Director, C07).

Other organisations established adequate process and training package to train people, as shown in the cases of C18, C21, and C32 below.

Extract 8.37

'I train people not just for a single task of selling the ticket for example but to work as travel consultants who can do many things for the customers. [...] They can also do this more efficiently than people in other companies which follow the traditional way of booking single services, as far as I know.' (Director, C18).

Extract 8.38

'As for training, we do invite university lecturers to train our people, one or two times a year to see if there are any new updates to theoretical knowledge. But from what we learn to what we do is not always the same. We can learn many things but in reality, we have to change, to remove some steps depending on the different styles. Though it is difficult for our people to apply what they have learnt we still need to update such knowledge.' (Vice-Director, C21).

Extract 8.39

'My goal is to train good people, pay them good compensation so they can stay with the organisation longer. So even though they work for me, I give them the job, but they are the ones who bring income for the company, so I need to keep them. My motto is to put people first. I do whatever it takes to keep them with me.' (General Director, C32).

From Extracts 8.37-39, it is evident that tourism companies appreciate their people. The leaders in these examples showed genuine care towards the training and development of their staff. The official training and working procedures were introduced to the employees in organisations C18, C21, C25, and C32 above. Alternatively, in the case of C30, the director put an effort into sharing and coaching in an informal way through day-to-day conversations.

Extract 8.40

'I instil a Western mindset into my people and I try all my best to support this (kind of) training by sharing videos and photo after my business trips, by showing them the daily life of the Western people, their habits. In short,

I do all the things to help my people best understand the customers and, therefore, best consult the customers.' (Founder and Director, C30).

These are some examples of how organisations value and promote their staff. Organisations understand how important it is to have qualified and good quality human resources. They have tried different means to improve the quality of their employees as much as possible by infusing new knowledge. Alongside improving job-specific knowledge, organisations also showed genuine care towards their employees.

More competent labour force on the market

Some organisations were positive about the changes in the quality of human capital; younger people are now becoming better, as compared with before. The reason for such feedback is, according to interviewees C23, C12, and C24, partly due to the implementation of a policy on improving the quality of the labour force for sustainable tourism development that has been implemented by the Vietnam National Administration of Tourism (VNAT) for the last 10 years. These interviewees (from C23, C12, and C24) are members of the project (EU-ESRT)¹ on the sustainable development of tourism in Vietnam, conducted in collaboration with the European Union.

8.4.2.2. The weakness of human capital in organisations

Lack of competent workforce

Although there have been many improvements in the quality of the labour force within Vietnamese tourism organisations, some organisations still did not feel confident about the level of quality because, in the leaders' opinions, the workforce was not up to the required standard needed to compete in a context of increasing economic integration in Vietnam. Organisations appreciated the importance of human capital, especially competent and experienced people; nevertheless, they find it difficult to find the 'right ones' and believe that people are 'the main problem' (C12). The majority of organisations identify the weaknesses of the people in their organisations as residing in their competencies and work attitude as shown in the examples below.

¹ Environmentally and Socially Responsible Tourism capacity development programme for Vietnam by the European Union.

Extract 8.41

'So the main problem is finding good quality people. It takes time to recruit a person, then the matter of supervision as well. There are lots of things to be done.' (Vice-Director, C17).

Extract 8.42

'We want to find people for the managerial positions but couldn't find one yet. The young and inexperienced cannot do the job but the experienced do not want to travel here to work because it's quite far from the centre.' (Vice-Director, C21).

While some organisations appreciated that there had been more competent labour in the market, as stated in 8.4.2.1, other companies such as those in the aforesaid extracts considered the quality of the labour force to be a source of concern.

Lack of practical training

Regarding the lack of competencies, young staff and new university graduates both lack occupational skills (as in Extract 8.43) and life skills (as in Extract 8.44) for service work. This is attributable to the gap between training in universities and practical work.

Extract 8.43

'We need to train new graduates from beginning, train them how to set the table, how to use knives and forks, virtually everything, because there is no such practical learning in universities.' (Vice-Director, C21).

Extract 8.44

'The Vietnamese graduates critically lack the 'soft skills'. [...] For example, they don't know how to have a good manner when giving and receiving cards, how to arrange people in car, how to have a good table manner.' (General Director, C22).

Organisations criticised universities and colleges for not being proactive and practical in training, for 'too many theories and too little practice'. The interviewees stated that their organisations needed to train the new recruits everything.

According to the interviewees, universities need to provide more practical training and apprentices to furnish the tourism industry with a quality workforce. The

instructors and lecturers at universities need to have practical knowledge in addition to academic knowledge. 'So the lecturers can have a master's or a doctoral degree but it's only for research without practicality. The lecturers themselves do not have realistic knowledge' (Vice-Director, C21).

Furthermore, the career orientation for students needs to be addressed by universities so that new graduates are mentally prepared to work once they graduate from universities. The next section presents an analysis on the lack of career orientation in the workforce.

Lack of career orientation

Another thorny problem for Vietnamese tourism organisations concerns the working ethics of the people in organisations. Those who have just graduated from universities and started working with companies have too many vague expectations. These young graduates lack a career orientation and want to ascend straight to a managerial level. New graduates are reluctant to start with essential and foundational work. For instance, interviewee C11 commented that:

Extract 8.45

'The training people have from colleges and universities are like 'tourism management' or 'hospitality management' and the new graduates think they have to be in managerial positions once they start working. They are not open to learning practical things, doing the most fundamental work before they can be promoted. [...] With such thinking, they think their qualifications are not suitable for our company's requirements. I think career-orientation from universities is not very good.' (Manager, C11).

Organisations in this study were confident in their abilities to identify opportunities and take actions. However, a more complicated task for Vietnamese tourism organisations is to find the right people and ensure they do the actual job. The following quotations illustrate this.

Extract 8.46

'Honestly, I have no concern about our capabilities (in seeing opportunities). But the labour input is not up to the standard. The ones we want to recruit are not easy to find. And if they are new graduates, they have not had enough experiences and foreign language skills.' (Director and Founder, C12).

Extract 8.47

'So the main problem is people, as I told you. The new graduates have not gained much experience, but they have an unrealistic desire, are a bit too imaginary, not hard-working enough and not really into the job. So the main point is that they are not devoted to the task yet and already want to earn much money.' (Director and Founder, C12).

This is not only a problem with new graduates but also with people who have worked for the company for some time. These people, after receiving all the training the organisations provide, leave companies and take with them the organisations' customers, processes, products, and services.

Extract 8.48

'I still develop our people, training them. However, in Vietnam, (as a common practice) as soon as they have finished the training, they leave the company. This is really a challenge, but I accept it. So I'm still training people alongside finding new competent ones.' (Director and Founder, C16).

Recruiting the right people is a challenging issue for organisations. Interviewee C21 shared his view as follows.

Extract 8.49

'The general problem for the tourism sector is all about people [...] The human resource is still the toughest problem [...] because the training is not practical [...] and we need to re-train from the beginning once we recruit people [...] For example, now there is a recruit graduating from a hospitality management major asking questions such as 'Why do I need to work as a waiter/waitress?'" (Vice-Director, C21).

Interviewee C15 expressed the same view: 'We are always short of competent people with experience and professional knowledge [...] the younger staff, they are enthusiastic, they love the job, but they do not want to stay in one place.' Interviewee C04 elaborated further: '[...] is short of people. It is not difficult to recruit a new graduate, but it is really challenging to find one who can be versatile. We are looking for someone like that but has not been successful. So I think the main difficulty is finding the right people.'

Existing staff will, after some time, leave organisations with all their know-how and expertise. Recruiting new professional people may not be straightforward

because experienced people may not want to work for these organisations. Professional people also want to open their own businesses instead of working for others.

Extract 8.50

'As I said, all Vietnamese students, except for those who have worked in a foreign company or worked with foreigners, lack soft skills. They are critically short of those soft skills [...] I do invite expert instructors, and I myself provide training for them. But the thing is, once they gain something new from the training, they think they can immediately become a manager. That's a really dangerous mindset for the Vietnamese people.' (General Director, C22).

This example shows the short-term mindset and lack of career orientation in the human capital of organisation C22. The training was designed to enable them to do the job better and be promoted but not, certainly, immediately.

Extract 8.51

'We face difficulties with the Vietnamese staff, their skills and attitude. [...] The attitude is fundamental, and even with much training, we may not be successful in changing their attitude [...] Attitude here means their moral attitude, their commitment, their conscientiousness [...] And apart from the attitude towards the work, it's also the attitude towards morality. Some people think that they would work for the company for one or two years to copy the product, resources, and the processes to set up their own.' (Director and Founder, C30).

For company C30, the working attitude, morality, and unethical behaviour of some people working for their organisation was what concerned the director. The problems with the Vietnamese employees mentioned in Extract 8.51 are also the weaknesses of the labour force in all industries, not just in the tourism industry. A lack of commitment and professionalism towards the work is what concerned the firms' leaders. Furthermore, certain attributes of Vietnamese workers, such as indirectness in their communication with others and a lack of work orientation, have been discussed in the literature as the result from the influence of collectivism in Vietnamese culture (Truong & Nguyen, 2002; Tran, Admiraal & Saab, 2017). Because the Vietnamese people have high respect for hierarchy and power, they often wait for senior people or managers to tell them what to do. This leads to a passive working attitude and lack of commitment because the employees wait for an external motivation to make them work.

Extract 8.52

'So we want to expand the market. But the never-ending problem is people [...]. When they started working with our company, we coach them, train them carefully. Then after one to two years, once they know everything, they would leave and open their own business.' (Director and Founder, C31).

The common concern for all the aforesaid companies is that their people, after receiving training, would then leave with all the experience they had gained. Even worse, these people may have even copied or took advantage, in an unethical way, of the organisation's resources to serve their own purposes. In Vietnam, the legal regulations and bindings are not very strict in dealing with a company's private and confidential information. Therefore, people can leave companies with little or no legal obligations regarding the treatment of information pertaining to the company they worked with, which could cause damage to the companies.

Such view, however, differed between the participant organisations. Some organisations were positive and said that the labour force was now 'quite abundant' and that 'it is not difficult to recruit people' (Vice-Director, C14). However, Company C14 is a relatively small company and cannot afford to recruit experienced people with excellent expertise. For other more prominent companies, the recruitment process was more challenging because the positions require higher standards and criteria.

For another organisation, C37, the Director had taken the further step of expanding his business to open a vocation school. This school, in his view, was designed to address the weaknesses of human resources in the industry by offering training in practical skills as well as sharing hands-on experience by the managers.

Extract 8.53

'So now I have set up a tourism vocation school for human resource training to address the weaknesses in the industry regarding the quality of labour input. That's something new I'm going to do.' (Director and Founder, C37).

This shows how Company C37 saw the problem and took action to fix it in the long term. It also demonstrates the quality of top management in the organisation in identifying the opportunities in ostensible difficulties.

8.4.3. THEME 3 – MANAGERIAL CAPABILITIES OF THE LEADERS IN ORGANISATIONS

Managerial Capabilities is a theme that emerged from data analysis because it was mentioned frequently by the interviewees.

Box 8.7: Final Template of Managerial Capabilities

THEME 3: MANAGERIAL CAPABILITIES OF THE ORGANISATIONAL LEADERS
<ul style="list-style-type: none"> • Leaders' vision and mindset • Leaders' passion and drive • Credibility and social capital of leaders • Leaders' experience and knowledge of the industry • Innovative thinking of leaders

The managerial capabilities of leaders are described in the literature as the 'soft' side of dynamic organisational capabilities because managers' cognition, mindset, and capabilities all influence the strategic choices that organisations make (Adner & Helfat, 2003; Andersson & Evers, 2015; Helfat & Martin, 2015). Managerial capabilities direct the attention to their roles as individuals and in teams (Kor & Mesko, 2013; Teece, 2012; Harris & Helfat, 2013). This theme therefore relates closely to these 'soft' capabilities. Although the interviewees did not use the term 'soft capabilities', such managerial capabilities were repeatedly mentioned by interviewees and were considered a prerequisite for organisational success. One interviewee in Company C21 said: 'I think the foremost thing that creates strength for the company is the capabilities of the managers.' In the template, the initial a priori theme related only to human capital, meaning the quality of the people working in organisations. However, during the multiple iterations involved in developing the final template, managerial capabilities gradually emerged as a prominent theme that was highly appreciated by respondents. These capabilities were identified by the interviewees, who held managerial positions. Their managerial capabilities were shown and demonstrated through the stories they shared about the ups and downs of their

businesses, the stressful situations they have been through, the proven business results, the passion and dedication that were evident when they talked about their business, the vision they had for the future, and the way they spoke about and praised the managerial capabilities of their predecessors or other managerial counterparts. Managerial capabilities were classified into five sub-themes, as shown in the final template. The following sections present an analysis of each characteristic.

8.4.3.1. Leaders' vision and mindset

The leaders' vision and mindset relate to the views, beliefs, and set criteria leaders have for their future of their businesses. From the interviews, 'vision' was understood by the interviewees as the future picture, the goal, and the destination that organisational leaders have for themselves and for their companies. Conversely, 'mindset' was the set of beliefs and frame of thought that organisational leaders had which determined the activities and directions of organisations.

An interviewee in Company C30 explained that the leaders' 'mindset' was a key attribute that drove the company's success in restructuring the business model, 'I think the main reason for our company's success up until now is still the leader's mindset.'

Another informant shared the story of a leader in her company:

Extract 8.54

'Our leadership team is up to the standard. Our previous Vice-Director, Mr. X, started working here from 2003 and, during that time, the SARS¹ epidemic dramatically struck the whole tourism sector [...]. And Mr. X, he is really strategic and visionary and led us through that tough time. [...] he has a very good vision [...]. For example, he developed a product like ECO. And at that time, we had no idea about that ECO product, but he was the one who initiated and directed the whole company to implement that, and now the product is the main product on the market.' (Vice-Director, C07).

¹ Severe Acute Respiratory Syndrome (SARS) epidemic during 2002 – 2004 in Vietnam and 34 other countries.

The leaders had the mindset to ensure the future and sustainable development of their businesses. The organisational leaders also instilled such thinking into people in the company. The participating leaders and managers understood that, without the right mindset, their activities would not be effective. These leaders clearly realised that people are the critical factor for change and that 'If you want to change the tourism industry, you must change the people's (working in the industry) mindset first.' (Director and Founder, C09)

The leaders' vision was demonstrated through their aspirations and desire to provide more and better products and services and to expand the market in an innovative way. A Director and Founder of a company that runs an accommodation booking app said:

Extract 8.55

'My target is to reach 18,000 small hotels in Vietnam, and at the moment we are trying for at least 2,000 [...]. So we are calling for more investment. [...] It's not up to my target yet, so we need to develop more, and now I'm working with some investors to build up the system to call for more hotels to join.' (Director and Founder, C09).

Interviewee in C29 shared his view on improving his company's services:

Extract 8.56

'Our company also really likes creativity in the service. Creativity in finding better food, better sceneries, or better shopping opportunities, or giving gifts to the customers; we always have a signature feature on each of our tours.' (General Director and Founder, C29).

The mindset and vision the leaders had were also demonstrated through their focus on the most valuable asset of the organisation: people. Leaders of both C09 and C27, for example, directed their focus on training and collaborating with universities, colleges and vocational schools to provide practical training and give something back to the society and community. The leaders of these two companies perceived investment in training for the industry as a sustainable development to improve service quality, not just for their businesses but for the whole industry.

The director in C09 had a very clear mindset as to what she wanted for the company and how to develop it, not for her own sake but for improving the tourism

sector in general: 'For me, I am not at the position of a seller but a developer; I want to improve this service for Vietnam's future.' She established her own company and did not sell it, even though the company was a successful start-up in Vietnam. She wanted to use her company as a tool to create changes in the tourism industry.

Extract 8.57

'In the coming time, if the company is still in a state of good development as it is now, I will help the next generation of leadership to be aware of such rapid changes (in the industry). After 10 years, I will give up my current position to my successors. [...] I will wholeheartedly focus on training. I've added a new business line for my activities. I've bought a vocational training school and I will be the Principal and will focus all my effort into human resource development. The weak and pressing issues in labour quality for the tourism industry have forced me to do something new, to change it. So that's something new here.' (Founder and Director, C37).

The vision that the director of C37 had for his company and his future activities was focused on the development of future human capital for the company and for the industry in general. With such a strategic vision and candid mindset, it was not easy for him to see beyond the current status of his company and personal gains and reach out to the wider community.

The same concern for a competent labour force and the urge to do something to improve labour quality within the industry was shared by the Vice-Director of C15, 'We need to cooperate with other vocational schools which provide good training to enhance the service quality for this form of employment to develop.'

The leaders' vision is also the next step for organisations and for anticipating the development of the market, as stated by the Director of C16:

Extract 8.58

'We are looking at tougher and more different markets such as South Africa, Israel, or Russia, for example. These markets are difficult now but in the future they will become more popular. We have researched and conducted some tours last year and continued to improve them, so we hope in the near future we can catch up with the trend.' (Founder and Director, C16).

The Vice-Director of C17 shared the history of his company's founders to demonstrate the visions that previous leaders had.

Extract 8.59

'So the vision that the very first founders of our company had (20 years ago) was to make [name omitted] become a leading company in air travel, a one-stop shop for all travel services. A whole building would be for travel services, a travel shop. So when travellers have a demand for travelling, they just come there, for flight tickets, for accommodations, for tours. It's an all-in-one service. [...] So we are now doing pretty well, and we are in the top ten travel companies in Vietnam. [...] 'The organisational capabilities depend on the leaders. So first of all, they (the leaders) should have a vision.' (Vice-Director, C17).

The leaders' vision was also demonstrated by their view on service quality and on the long-term development of the companies rather than just short-term gains: 'I teach our people to have a good working attitude, because that will determine the service quality and whether or not the customers will return.' (General Director, C22).

By contrast, in companies which had lower levels of dynamic capabilities and more of imitative action, the leaders were passively responsive to current trends instead of thinking about what might happen and how to move before the market becomes saturated. The following examples demonstrate such views, as expressed by the managers in C20 and C35.

Extract 8.60

'I've made friends with many other tourism companies on Facebook. My Facebook has about 5,000 friends and more than 2,000 are in the tourism sector. From their advertisements, I have learnt a lot of things. So when there are new products from these companies, I just copy. They've copied from someone else and so do I. So if I see this company has an interesting product today, with some new features that my company's product does not have I will ask my staff to check and get more information about that product so we can offer the same product.' (Director, C20).

Company C20 at least 'learnt' from other companies whereas company C35, in the following extract simply copied and lowered the price to sell a new product to customers.

Extract 8.61

'So we attract customers to our tours mainly based on price but the tour programmes are pretty much the same. Other companies quote prices online and I only reduce prices a bit to lure the customers to my company.' (Director, C35).

Company C35 in this case simply operates by imitating the products of other companies and competing on a price basis. The director of the company did not have any intention to innovate the company's products or services. The company simply looked at the products of other companies and attracted customers by lowering the price instead of adding values to its own products and services.

8.4.3.2. Leaders' passion and drive

During the interviews, leaders who were enthusiastic and had passion and drive talked about their organisations with pride: those organisations have established names, whether they are small or large. Other business partners also praised them for the quality of their products and services. This is because one of the qualitative sampling techniques used in this thesis was snowballing, as mentioned in the qualitative data collection section, and the leaders interviewed were willing to refer me to someone else to continue my research. Several interviewees, however, were reluctant to refer me to other potential interviewees. These interviewees were also those who did not talk about their business with enthusiasm or passion and were simply 'following' the trend on the market. They did not want to talk too much about their business. The passion and drive partly contributed to managerial capabilities because these characteristics intrinsically pushed and motivated the leaders to follow their cause over a long time.

Although most of the interviewees had qualifications or training in tourism disciplines, some did not. Such a qualification means they made their decision to work in the tourism industry early in their life. Those who did not have official qualifications and training in tourism had worked in the industry and, after gaining considerable experience, established their own tourism companies. All shared a passion for travelling and tourism services and wanted to see more positive changes and improvements in Vietnamese tourism. Some, in fact, moved from a different industry to work in tourism.

Extract 8.62

'I just love travelling. I've travelled here and there abroad, and I observe and do my research, to be correct. So because I love travelling [...] I observe how people do it and I give myself a try to see how our country does tourism business. [...] Ever since I was an undergraduate student, I already travelled, almost every year. [...] And I can see Vietnam is wasting such a vast resource and potential in tourism. [...] So my actions are much more towards the community. It's my choice, it's difficult, but who knows, people will see the innovative side of my product and support us.' (Director and Founder, C09).

The Director and Founder of C29 also shared the same passion for his work, 'I have travelled abroad a lot, and I can see Vietnam has great potential for developing a quality tourism product.'

The leader in C09 acknowledged that without the passion for the work and the industry, it would be difficult for her to continue their work when things became tough, 'It was difficult to continue in this tourism industry because I had to do lots of persuasion, because our service platform is really new. And so, actually, it's not easy.' Company C09 provided a booking platform for guesthouses, hotels from 1*-2*, and B&B with standardised service and the customers can book directly from that platform.

Most of the interviewees displayed the same passion for travelling and a career in the tourism industry. They considered tourism to be something that was part of them. Even though there was a time when they might have considered changing their jobs, their passion and their observation of the market to find new products or services remained. This passion for the industry helped them to identify the shortcomings and weaknesses of the industry from an outsider's viewpoint (for those who moved from a different industry to the tourism industry):

Extract 8.63

'As an outsider, (I can see) more diversity. [...] So an insider just keeps himself/herself within that circle. But for me, when I was an outsider, I could see a potential spot at some point. An insider may tell me that I was too dreamy. And they said that from their own experience within the (tourism) industry only.' (Director and Founder, C09).

The drive for excellence, providing the best services and products for customers, is also something that impels many managers and leaders to move forward, either now when they are working in their own company or previously when they worked for someone else. For instance, one Director (C30) recalled his work in a government agency:

Extract 8.64

'The more I work the better promotion I got, so my credibility was really high, and I was assigned to many important groups. That's something that motivated me as I was doing an excellent job.' (Founder and Director, C30).

The Director in C37 also shared that, 'The first thing I think is because of my love for tourism [...], another thing is devotion.' Thus, the dynamism between intrinsic and extrinsic motivation had driven the directors in these examples to strive and achieve more. It is their passion and drive that also give them the strength to overcome difficulties and motivate the people in their organisations, as shown in the following extracts.

Extract 8.65

'They (the staff) are worried that jobs in tourism may not be good in the future. I told them no matter how everything has changed and developed; [...] travel consultant is still highly regarded.' (Founder and Director, C30).

Their passion and drive also enable them to keep growing, learning, and work with passion, as interviewee C37 revealed: I was always devoted to work, to work wholeheartedly, to learn as much as possible during those years.' (Founder and Director, C37).

From all the above examples, it can be seen that personal drive and passion, which have developed over the years, are a source of intrinsic motivation for leaders. Personal drive and passion enable them to overcome difficulties and ensure they keep themselves in a 'dynamic' mode so that they are ready for any changes to come in the industry and in their businesses. The drive and passion of the managers relate to their managerial cognition (Kor & Mesko, 2013), which refers to the personal and professional experiences and interactions of managers with internal and external networks (Adner & Helfat, 2003). Their drive and

passion towards the development of the tourism industry and towards developing themselves in the industry empower them to gain considerable experience and the tolerance to overcome obstacles.

8.4.3.3. Credibility and social capital of the leaders

Social capital is 'the goodwill that is engendered by the fabric of social relations, and that can be mobilised to facilitate action' (Adler & Kwon, 2002: 17). It was one of the most frequently mentioned topics during the interviews, evident when the interviewees stated that the relationships and networks they have with different stakeholders in the industry enable organisations to acquire more favourable treatments and deals. Their social capital is also beneficial in attracting new customers from existing contacts. This is because, once the managers have a good relationship with a current contact, it is highly likely that the current contact will refer the manager's businesses to another person that he or she knows. Such 'word-of-mouth' referral is the capital for managers. The role of personal social capital is especially salient in an Asian country like Vietnam where 'relationship' plays a vital role in business deals. People want to know about a person as an individual before discussing or doing business (Smith Jr. & Pham, 2006).

The more experience the leaders have, the better the quality of their social capital, as they have had time to build more substantial networks. For instance, the Director of C08 said 'Because my business has been on the market for quite a long time now, my relationships with other partners are quite good. Now wherever I go, the customers will follow.'

The managers were also mindful of not only having relationships but also keeping these relationships viable: 'I often tell my staff and the people we know that a personal reputation really takes a long time to build. [...] And to destroy that reputation, it is rapid.' (Vice-Director, C13).

All interviewees acknowledged the role of their own networks or the leaders' network in bringing strengths to their organisations.

Extract 8.66

'The networks we have are quite good, in this province and other provinces, from different business associations of different areas [...]. We have close relationships with other provinces, so it's also an excellent way to bring more customers.' (Vice-Director, C21).

The Director in C22 also said that:

Extract 8.67

'So it's actually my reputation, the real reputation. Because other business partners are very far from here but once they stay here, they know me, and they do not change us to another partner. [...] That's my reputation, that's the first thing.' (General Director, C22).

The personal social capital of the organisational leaders and the quality of such 'capital', especially their reliable reputation, seemed to be a 'brand name' for their businesses. Therefore, even though the organisation's strength lay in having a good reputation, as in the cases of companies C08, C21 or C22, that organisations' reputation was in fact the leaders' reputation. This is especially true for small and medium enterprises if the managers are also the founders of those companies.

Furthermore, the internal organisational strength and know-how gained were also derived from the social capital built from these relationships.

The leaders in organisations that possessed more dynamic capabilities (for example, organisations C05, C09, C15, C22, C33, C36, and C37) and exhibited good performance were those who possessed the attributes of a clear mindset, honesty, and fairness. They did not simply care about profits; they also cared about other aspects of the business, especially people. The leaders' integrity enhanced their credibility within organisations (Kouzes & Posner, 1990), with their staff and outside the organisations with their business partners. This is because, when the managers behave in a transparent and authentic manner, this improves the trust and belief the employees and business partners have in those managers. Trust and belief are the components of credibility associated with such managers. Thus, the integrity of the managers enhances their reputation and enriches their social capital. The leaders considered credibility and social capital to be the major factors contributing to the success of organisations.

Extract 8.68

'So my credibility, I always say that once the customers come here, with my credibility, it must be the quality. And after that, they feel that the quality is with my words, [...] not only with close friends or close relationships that they have already known me but with foreign partners in other countries. [...] There are businessmen who travel from elsewhere but always direct [name of the company, his company] as the place to stay in Hanoi.' (General Director, C22).

Other managers attributed the ability to keep their word, to create trust and credibility with customers, as vital to their organisations. The director of C26 also spoke of 'devotion':

Extract 8.69

'I think for tourism services, everything we do, it needs to be done with devotion so that we can keep our customers. We need to put ourselves in the positions of customers. We need to keep our words.' (Director, C26).

The credibility of managers leads to more extensive social capital which is beneficial for organisations. For instance, a leader in C30 stated that:

Extract 8.70

'Our strength is that we have a Western mindset, how to say this? It means I am serious about the work and not do it shallowly [...] I give to take. And our partners trust me, trust our organisation, and consider us as their family member and give us many pleasant deals.' (Founder and Director, C30).

Leaders' credibility extends not only towards their external partners but also towards those who work with them. These leaders keep their word with their subordinates even though they may face pressure from higher management. A founder and director of a participating company recalled his experience when he was a director for a private company owned by another person:

Extract 8.71

'Previously when I worked as a Director for another company, the owner of [...] just wanted to push us to reduce the incentive for staff but I told him to keep it [...] because I understood the value and profit the organisation had achieved, so why not share some with the people, something to appreciate the people who were working for us. And I forced him to keep

that incentive because I persuaded him that, with that small incentive to people; we could gain much bigger profits.' (General Director, C22).

This example shows the consistency in his actions over a number of years, demonstrating his genuine care for the people no matter which position or company he was in.

8.4.3.4. Innovative thinking of the leaders

Leaders who did not want to simply follow the market, or 'copy' the products or services of other organisations, enthusiastically learnt from numerous other successful international organisations and saw how they could adjust or develop the same products or services from other foreign companies to apply these in Vietnam. These leaders were also innovative in thinking about creating unique products and experience for customers. Organisations with such leaders, from my observations and self-research on organisational performance, were ones with dynamic capabilities and an excellent reputation on the market; they were highly appreciated by other business partners and by customers. Leaders with innovative thinking always wanted to learn more, know more about the business, and find new ways to solve problems within their businesses as well as the wider industry. Therefore, they could identify opportunities arising through difficulties.

Extract 8.72

'So the difficulty of the decline in Russian travellers in some ways creates an opportunity for us to learn more about other types of customers in other markets and helps diversify our markets and reduce the dependence on one primary market.' (Manager, C01).

A leader in Company 10 (C10) expressed the same opinion as C01, 'For me, I think there would be big opportunities in adversity.' (Director and Founder, C09).

From my observation during the interviews, innovative thinking came not only from the stories and the way the interviewees shared, but also from effective sharing with the company's previous leaders. Thus, such innovative thought was passed from the predecessor to the current generation of leadership in the company. For example, the Manager of C10 stated: 'Thanks to the senior leaders (who) are very creative. They think about how our organisations can be different from other companies.'

Most firms' leaders in this study were not only passionate about their business development but also about improving the awareness of responsible tourism and the viable development of the tourism sector in Vietnam. As the Vice-Director of C23 said:

Extract 8.73

'We also have to enhance the awareness of people. And our reason is that we need to do well with this first [name of the product omitted] and be extremely good in 5 to 7 years.' (Vice-Director, C23).

The leaders put effort into changing and modifying every little detail of their products or services to make them better.

Extract 8.74

'And because we like creativity in this service industry, being creative in making better food, finding a more beautiful destination, or any other extra service for the customers. Most of our services must have some unique highlights.' (C29).

This is shown through an effort to create a new product and extend their business operation to compensate for the gap in the market (C37).

8.4.3.5. Leaders' experience and industry knowledge

Leaders' experience and knowledge in the industry are another important factor that helps explain why some organisations have dynamic capabilities and others do not, or why some are more 'dynamic' than others. All interviewees have had at least five years of experience in the industry and are involved in a wide range of activities in tourism. This is because the longer they work in the industry, the more experience, expertise, knowledge, relationships, and exposure to different situations they gain. This provides them with inputs for their decision-making abilities and sharpens their analysis of any new problem or situation they face.

Managers in C06 and C10 considered leaders' experience to be the strength of their organisations as they understand the industry inside out:

Extract 8.75

'Our strength is that other senior leaders are experienced and proactive. They keep up with the latest technological developments and catch the trends on the market.' (Branch Vice-Director, C06).

Extract 8.76

'The strength of the organisations is that the management team has had at least eight years of experience in the tourism industry.' (Marketing Manager, C10).

The experience and knowledge in the industry helped organisations to 'quickly catch up with' (Director, C18) changes on the market and to see the differences, gaps, weaknesses, and strengths of Vietnamese tourism in comparison with neighbouring countries or other countries in the world. Consequently, they have more innovative ideas, understand the customers better, and design new products or services that can accommodate the dynamism in the market and transform organisational processes to achieve a competitive advantage. For example, a Director in C37 stated:

Extract 8.77

'Each year, the company must create at least 5 – 7 new products which haven't been on the market. [...]. I myself also have the responsibility to create about five new products so the organisation can implement and approach the market.' (Director, C37).

Experience and industry knowledge have helped this director to be more proactive in his approach to new products and services. He also infused such proactiveness into his people and organisation.

8.4.4. THEME 4 – EXTERNAL ENVIRONMENT FACTORS THAT FACILITATE OR HINDER DYNAMIC CAPABILITIES

Different external factors were mentioned in terms of their influence on organisations' ability to execute dynamic capabilities. These factors were classified into sub-themes of sectoral management, other stakeholders in the industry, the travellers, and technological development.

Box 8.8: Final Template of External Environment Factors

THEME 4: EXTERNAL ENVIRONMENT FACTORS
<ul style="list-style-type: none">• Government management in the tourism industry<ul style="list-style-type: none">○ The mindset of the people in charge of the sector○ Management capacity○ Policy• Other stakeholders in the industry<ul style="list-style-type: none">○ Local people working in the tourism industry○ Travellers• Digital technology application<ul style="list-style-type: none">○ The widespread development of booking apps and websites○ The level of application of digital marketing

8.4.4.1. Government management in the tourism industry

Government management of the sector refers to (1) the management mindset and capacity of the people who are managing the tourism sector at the national level, in this case the Vietnam National Administration for Tourism (VNAT), (2) arbitrary policies and regulations, and (3) collaboration with other ministries and departments. All these are detailed and analysed below.

Although there have been some policy improvements in the management of the sector, the interview participants were not confident about all the changes. The interviewees highlighted the out-of-date mindset and lack of managerial capacity of those in charge of managing the sector. The industry lacks a master programme for its overall development. This shortage is demonstrated through the lack of a national promotion plan to attract more tourists, inadequate investment in the industry, and insufficient investment in the infrastructure for the industry. Government management of the tourism industry was perceived to lack a modern mindset and managerial capabilities.

For example, an interviewee from C32 elaborated:

Extract 8.78

'In comparison with other countries in South East Asia, we are very weak in promoting national tourism. [...] We have many beautiful natural scenes, but everything is only at the 'potential' level, and we have not adequately taken advantage of these.' (General Director, C32).

Interviewees from C17 and C01 also shared this view:

Extract 8.79

'The national promotion for tourism is too weak. [...] It's not only the poor money investment but also the way we do promotion is feeble and without any highlights.' (Vice-Director, C17).

Extract 8.80

'We (Vietnam) need more promotion programmes at the national level. We have not done well with that.' (Sales Manager, C01).

Interviewees commented on the inadequate management skills of people in charge of managing the industry. Various activities to address the shortcomings in the sector have been implemented, such as launching programmes to improve and raise awareness of responsible and sustainable tourism, improve the quality of the labour force for the industry, and of listening more to the voices of people in the industry. Examples were provided by the interviewees from C23 and C15 as follows.

Extract 8.81

'The new Prime Minister has given out a clear message on the government of action and of renovation. Though the message has not yet been clear in terms of actionable plans because it's a long way from policies to reality. However, I can see that the external environment has moved towards a more favourable direction for the businesses in general and for our business in particular.' (Director, C23).

Extract 8.82

'Another change is in 2017, VNAT organised some conferences to meet tour guides. It can be said that tour guides are the 'face' of Vietnam's tourism when they exchange culture and other related issues. It is the first kind of conference when VNAT really listens to the travellers' feedback from the sharing and experiences of the tour guides.' (Vice-Director, C15).

As these extracts show, there have been some positive changes in the administration of the tourism sector such as new programmes for responsible

tourism, changes in the government's policies towards business, a more favourable business environment for tourism companies, and improved infrastructure. The activities mentioned in the above extracts address the current shortages in Vietnam's tourism. Such improvements also reflect the willingness and determination of the government to create positive changes for the tourism industry. However, the interviewees further commented on the slow progress of the desired changes. This slowness means organisations may be unable to respond adequately to changes in the market and, more broadly, the country may lose its competitiveness to other neighbouring countries. Interviewee from C30 expanded on this point:

Extract 8.83

'It belongs to the state management of the sector. I mean the regulations must be alluring enough but then their (the people in charge of national tourism management) mindset is very much backwards. [...] There are people I know in the sectoral management who have such thinking like 'We have beautiful attractions so tourists will have to come to us, we don't need to care (about attracting more tourists).' It's ridiculous to have such thinking in the state management of the sector.' (Director and Founder, C30).

According to the interviewees, despite efforts to change the service environment for the tourism industry, such efforts are still far from desirable because of the limited management capacities of the government.

Extract 8.84

'Regarding the state management, though there are some positive changes, because of the inadequate capacity their support is still insufficient. For example, tourism marketing is destination promotion, the whole country, not the promotion of each company. Because if we want more tourists to come to Vietnam, the government must be the one who market, not each individual company. So in general, their support (of the government, of VNAT) is only very fractional and not very useful.' (Director and Founder, C16).

Weak sectoral management is also demonstrated through arbitrary policies and regulations. Such indiscriminate policies and regulations exist in the national management of the industry and at the local level of municipal authorities. Inappropriate regulations hinder the implementation of new ideas and services that numerous businesses initiate and wish to execute. The type of sectoral management is now 'quite scattered' (Sales Manager, C01) and 'not systematic yet' (Vice-Director, C33).

Interviewee from C01 continued with this point:

Extract 8.85

'They (the sectoral management team) do not have a vision, a blueprint or plan. They do everything all of a sudden, right away, even though that approach is not appropriate. I think the problem about the apparatus, the synchronisation is what they lack and the vision is not clear enough.' (Sales Manager, C01).

Participants also criticised the government for not creating 'favourable conditions for the tourism businesses' (Operating Manager, C2). This is shown through the sudden notice regarding sharp price increases in famous visitor attractions in Vietnam just one or two months before the date of execution. Tourism organisations had already quoted the price for the customers six months to a year in advance. An interviewee explained the problem such hasty regulations create for her organisation.

Extract 8.86

'If they (the local authority) make the change during the seasons, there is no way we can change the price for the customers. And we earn less profit and can't adjust the quoted price to the customers for the next season as well.' (Operating Manager, C02).

This not only influences the organisations but also the customers because 'the customers do not feel comfortable since the price is already high and then it keeps rising' (Sales Manager, C03). Interviewees from C27 and C33 expressed the same view, as demonstrated in the following extracts.

Extract 8.87

'So what most influences inbound tourism is the sudden rise of entry tickets in some sightseeing destinations in very short notice, just an abrupt increase.' (Vice-Director, C27).

The Vice-Director of C33 praised some improvements in the sectoral management but was still not very happy with the abrupt changes and policies in both national and provincial tourism policies.

Extract 8.88

'In general, regarding tourism development, the national management of the tourism sector is quite open and has created favourable conditions for enterprises to develop. However, the question here is whether it is sustainable. That's the management at the sectoral level. They may allow businesses to exploit the natural setting in an environmentally unfriendly way. [...] And their understanding about the market. I don't think they

comprehend the market mechanism, especially of the inbound tourism market. For example, in Ha Long, they can just increase the entry fee several times a year. Or they may unexpectedly ban this, ban that. All of these have created tremendous difficulties for us, the businesses and for the travellers.' (Vice-Director, C33).

Another sectoral management problem that prevents effective implementation of new ideas in tourism businesses is the lack of synchronised collaboration with other government departments. With all the weaknesses in the industry mentioned in 8.4.2.2, the tourism sector itself cannot implement all the changes needed; it requires cooperation with other sectors such as transport (in terms of improving transport infrastructure and airline services), the Ministry of Foreign Affairs (in terms of a favourable visa policy for foreign citizens), the Ministry of Public Security (in terms of providing statistics on the reasons foreigners travel to Vietnam so organisations can prepare their business strategies and plans, according to the Vice-Director of C15), and the Ministry of Education and Training (in terms of raising people's awareness about responsible and sustainable tourism development, about doing business in the service industry, about training people who can do the job after leaving schools and universities, about career orientation, and so on). This is an enormous task the Vietnam National Administration for Tourism needs to work on through collaboration with other ministries and departments and overall support from the government.

Interviewees compared the management of national tourism in Vietnam with that of a neighbouring country, Thailand:

Extract 8.89

'The Ministry of Tourism in Thailand, [...] they can influence the airlines to have better deals in conjunction with the tourism policy. But how about us [Vietnam]? If VNAT can influence the Department of Air Travel? Sorry, no. [...] What can they [VNAT] do for us? [...] Really lacks systematic collaboration from the top to the bottom.' (Vice-Director, C27).

There is not only a lack of cooperation between different sectors to support tourism development, there are also overlapping responsibilities among them.

Extract 8.90

'There are some obstacles. There are some things they (VNAT) can do better but not yet. Take, for example, the overlapping management between different state agencies. For example, in a hotel, they want more customers, the tourism sector; they want to promote tourism more and more. But then the Municipal Order Agency, a Transport Agency, a State

Management agency just ban this, ban that. Foreign travellers are astonished because a car just stops for three seconds and then a traffic policeman comes and imposes a fine. There are many things which belong to macro affairs that I can't mention here but they really undermine businesses, and they originate from a single party regime. For us, for example, we had a business plan to open a homestay model in Hanoi seven years ago but we couldn't because at that time the local authority did not allow a family accommodation to host foreigner(s).' (Director and Founder, C30).

As shown in this extract, some tourism organisations are frustrated with the inadequate state management of the sector as well as the policies and collaborations with other related sectors to improve the development of the whole tourism industry. Positive improvement in the tourism sector, facilitated by better sectoral management and cooperation, will in turn create opportunities for individual Vietnamese tourism businesses to utilise their dynamic capabilities and provide more and better services and products to customers worldwide.

8.4.4.2. Other stakeholders in the industry

Local people working in the tourism

This theme emerged as one of the hindrances to the execution of new products or services that tourism companies have experienced. The feature of tourism businesses is that they are not operated in-house with controlled procedures and steps. The actual 'working place' of businesses is outside the office and involves interaction with different contexts and people. These are sometimes beyond the control of businesses. In some cases, any improvements in the industry need support at a national level. Among the different external factors that influence dynamic capabilities in the tourism companies are two particularly salient factors: local people working in the tourism related activities and other tourism-supporting services.

Local people working in the tourism service at sightseeing destinations are freelancers or self-employed people who are unqualified and have limited skills in relation to tourism services. These people are not well-managed by the local authority. Consequently, they may provide poor services, steal, or say nasty things to the tourists if they do not buy their products. Such a situation has created a bad image for Vietnamese tourism and affected other good companies bringing tourists to the country.

The tourism services must therefore be synchronised to create a good impression and offer assistance 'from the time a traveller arrives Vietnam until he/she departs' (General Director, C25). However, this is not usually the case for organisations when they bring customers to such destinations. Poor services, price gouging, opportunistic services, differences in service quality between regions and provinces, are all issues raised in the following extracts. These demonstrate the difficulties external factors cause for tourism businesses in delivering their services in the most desirable manner.

Below are some examples of the poor service in tourism in Vietnam.

Extract 8.91

'Actually, Vietnamese tourism companies are quite weak. I don't mean the inbound service, but the outbound service. The providers for the outbound service are quite weak, even big companies like [name of the companies omitted], they are very weak in translation into English. They may have professional English-speaking tour guides, but these guides are not salesmen, or tour operators to choose tours or to design tour programmes. They mostly buy tours from foreign companies to bring to Vietnam and sell. All they can do are just promote and reduce prices, with little customisation. All they can do are reducing the costs of promotion.' (Founder and Director, C36).

Extract 8.92

The tourism settings are not very good. The scenes are beautiful but then rubbish is everywhere. (The tourists have) poor impression of insistent invitations to buy street stuff (from the vendors) and pickpockets. (Vice-Director, C17)

Extract 8.93

'That's the public responsibility because every hotel like us can try to perform well; there are some hotels even better than us. But the problems (lie) in the (external) environment we are operating in, and the abysmal infrastructure. These (problems) make customers unhappy. To be honest, [...] according to the statistics there are very few foreign travellers coming to Vietnam for the second time.' (General Director, C25).

In relation to this, interviewees also cited examples of opportunistic services (a snatching basis) where a one-off service is provided to gain as much money as possible without paying attention to improving the service because the service provider thinks the customers will only visit the place once.

Extract 8.94

'Also, our culture is a regional culture, our region is one thing, the southern region is another thing, from Hue to the south of our country is different, the way we serve customers is different. The South normally has a different way of serving customers. The North is the second best and the Central area of Vietnam is the best, in Da Nang, Nghe An, Thanh Hoa, for example. But these provinces can only do tourism in three months in the summertime. Therefore, they (the people in those provinces) often say, sharpening the knives in nine months for chopping in three months. So their service is quite opportunistic, short-term, and on a 'snatching' basis, not a sustainable business.' (Vice-Director, C21).

The following is an example of an interviewee's view on price gouging.

Extract 8.95

'Price gouging for tourists happens every summer holiday. Except in Hanoi, it happens all the time. [...] In other provinces, you know they say there is only one chance (the summertime) in a whole year, so they must snatch as much money as possible within the shortest time.' (General Director, C22).

It is not just the quality of service provided by the local people makes the interviewees concerned. The quality of other support services offered by airports, the public transport system or service standards at tourist attractions are factors that deteriorate the image of tourism in Vietnam. Interviewees listed several problems organisations need to overcome to successfully serve their customers with current and/or new services. Commenting on the airport service and the public transport service, a Manager in C11 and the General Director of C25 expressed their ideas thus.

Extract 8.96

'The bad impression is first from the airport. Just enter it and we can feel annoyed. [...] So no matter how well your organisation does, the airport, as the first location when customers arrive in Vietnam, already creates a horrible impression. The staff there treat people very badly.' (General Director, C25).

Extract 8.97

'Because I work in the tourism sector, I often observe this. For example, on the plane, if the air hostess can show more professionalism. They walk as if there is no passion. [...] There is no sign of caring. The caring must

be shown with the smile, with the eye contact but here I can't see it. [...] At the check-in counters as well. Foreigners, when they come to Vietnam, they must have a feeling of how hospitable the Vietnamese people are, not like a robot at the check-in counter. [...] Very disappointed. The arrangement at the airport is not convenient for people, a lack of signs. [...] Then on public transport, there is no one to support the travellers with their heavy luggage. [...] Needs lots of change.' (Housekeeping Manager, C11).

Regarding the standards of service at the tourist attractions, interviewees mentioned problems with beggars, thefts, robbing, and poor sanitation. Some examples are as follows:

Extract 8.98

'We haven't got such things as tourism police to ensure the safety for tourists. In Ho Chi Minh City, robbing is widespread, so how can we improve the profits from tourism (with such poor social order)?' (General Director, C22).

Extract 8.99

'The environmental hygiene is not ok yet. The natural scenes are beautiful but then the trash, begging, and pickpocketing problems make tourists disappointed.' (Vice-Director, C17).

Another discouraging policy from the government is the high visa fee and unfavourable visa policy for foreigners. In comparison with neighbouring countries, the visa fee in Vietnam is more expensive and the visa application process is more cumbersome. 'Such a high visa fee (in Vietnam) cannot facilitate tourism development.' This was stated by both Interviewees from C01 and C26.

As the interviewees clearly showed, tourism businesses are aware of the problems and difficulties that prevent the full development of the industry. They are ready to play an active part in the industry, to bring positive changes to the industry, but need better cooperation from other stakeholders and proper support and policies at the national level.

Extract 8.100

'If the government joins, the local people join; we the businesses are ready to participate. So participation from all stakeholders can create the overall improvement for Vietnam tourism.' (General Director, C25).

Thus, the inefficient governmental management of the tourism sector and a lack of favourable regulations and cooperation with other ministries have inhibited the dynamic capabilities in Vietnamese tourism businesses. The government policies towards the tourism industry, synchronisation in policies and actions with other governmental departments, and other local people working in the tourism destinations are some of the factors that hinder the effective operations of tourism businesses in this study.

Travellers

Changes in customers' tastes and demands are important factors for organisations to consider because these are the source of innovative products or services. Numerous factors influence customers' decision to travel as well as trends in tourism. Significant changes in the two main groups of foreign and Vietnamese travellers are as follows.

The recent emergence of Vietnam as a must-visit destination for travellers, somewhat looser visa policies for citizens of other countries, and the widespread use of social networks have recently attracted more foreign travellers to Vietnam. This increase in the number of tourists has created favourable conditions for tourism businesses to design and develop more services and products, cooperate with foreign partners to bring more travellers into the country, and boost the industry. However, given the poor infrastructure, inadequate services, and low-quality labour force mentioned previously, the rate at which foreign travellers return is poor (C25). Addressing this requires effort from tourism organisations, the industry, and sectoral management. Another problem Vietnam has in attracting and keeping foreign tourists is fiercer competition with neighbouring countries such as Thailand, Malaysia, Cambodia, or Myanmar (C12). Furthermore, these countries also have more favourable visa policies for foreigners and therefore tourists may choose these destinations instead of Vietnam.

For Vietnamese travellers, there are several factors that have led to the increased popularity of Vietnam. These can be grouped into two main factors: changes in people's views on travelling and an improved economic situation. The Vietnamese people view travelling as a new lifestyle (C17). Previously, travelling only took place in summertime in nearby domestic locations, often in groups organised by employers. People who joined the trips were in a passive position, following the direction of guides or tour leaders with little choice or customisation. Such formalities are now less standard. Many Vietnamese people now travel during the traditional Tet holiday, rather than stay at home. They are more daring, adventurous, and wish to travel to farther and more unique places in Africa or in South America. With the improved economy, many people have also become more affluent. This means travelling abroad for a large number of people and families has now become more achievable. For the numerous people who do not know any foreign languages, using part or all of the service provided by travel agents is still very popular. Therefore, there are now an increasing number of opportunities for tourism organisations to serve Vietnamese customers.

The following extracts are examples of the changes in Vietnamese people's attitudes towards travelling.

Extract 8.101

'People's lifestyle now has changed. Previously, for example, the Tet holiday is for 'eating Tet'. But now people are reluctant to 'eat Tet', people don't want to get fat, don't want to wash the dishes. So the lifestyle has changed, they want more experience all around the world. [...] Previously, people travel around South East Asia countries like Thailand, Malaysia, (and) Singapore and so on, but now the number of Vietnamese tourists travelling to Korea is greater than those travelling to Thailand. Japan has been a trend for the last three years, and now it is Taiwan. And now there are tours to South Africa and Dubai. [...] Now people in other provinces are getting richer, and they also travel a lot.' (Vice-Director, C17).

Extract 8.102

'Part of the reason is that the customers now (are) the younger travellers (who) can travel more, and they have good English skills [...]. They like to book on the foreign websites. They can travel in a more proactive way. Also, the tools to search and compare prices and services are now more popular so they can choose the best hotels, resorts, or flight tickets for their plan. So the English skills of the younger travellers influence the changes in the way we deliver new services.' (Director, C18).

In terms of domestic travel, which is travel by the Vietnamese within Vietnam only, there have been numerous changes implemented by organisations to make this type of travel more interesting. Gone are the days when tourists had to follow a fixed tour with little choice for themselves. Nowadays, they want to travel in open tours and, if they travel as individuals, have customised services. In groups, they want more diverse activities such as teambuilding and other events to make the trip more engaging. Therefore, tourism organisations need to devise more interactive activities and services to meet the increasingly diverse requirements from customers.

All these changes in travellers' trends, tastes, and demands have compelled organisations to continuously develop new products and services to accommodate the ever-increasing demand. Improved socio-economic conditions and the enhanced interest of the Vietnamese people in travelling have driven Vietnamese tourism businesses to become more dynamic, more responsive to the needs and wants of customers, and ready to make innovative changes to their products, services, and processes. This environmental dynamism creates the background upon which the tourism companies in this study can achieve dynamic capabilities.

8.4.4.3. Application of digital technology in Vietnamese tourism organisations

As the interview data show, there is clearly only a partial application of digital technology and online marketing in the operations of participating tourism organisations in Vietnam. This is because customers still want something visible, a paper invoice or confirmation letter instead of an email or online confirmation. The shopping habits of the Vietnamese are still not up to the level of relying on everything online. Another reason is that cybersecurity in Vietnam is still weak. Therefore, customers have reasons to doubt the 'online' transactions and have become used to legal documents consisting of paper invoices with stamps and signatures.

Extract 8.103

'Here, we still do it half-way. So for the customers, and with these types of tours, expensive tours, they cannot rely on just the websites. It means if they have to transfer money to a website without any physical legal

documents, they don't feel secure. So here, digital application is only at the level of advertisements, Facebook advertisements, the product and service information, so the website can support and promote bookings. They can pay online, but most customers want to pay cash directly. It means they can book online; then they go to our office to pay because they need a legal document with a signature as the invoice, not just online booking then go. Vietnam has not yet developed up to that level. And even for us, we still need a paper document for the transaction so that later on when customers cancel, for example, we can see how much we have lost, or any changes. It means there are many legal ties, unlike a pair of shoes or a food product.' (Vice-Director, C17).

This shows that the e-invoice has not been widely and legally accepted in Vietnam and, for that reason, organisations are reluctant to fully apply technology to their business. However, to keep up with the changes, they understand that full application is unavoidable: 'Technology is changing and e-commerce (as well), we also have to renovate to keep up with the changes continuously.' (Vice-Director, C17).

Another reason for the limited application of professional digital marketing in organisations is the cost. Digital marketing application is an expensive undertaking and a concern for both large and small organisations. The extracts below demonstrate views on the application of digital marketing in organisations.

Extract 8.104

'And e-commerce, we also have to renovate to continuously keep up with the changes. This makes the cost increase. The cost is becoming more and more expensive. It seems all the profits we make are for Google and Facebook.' (Vice-Director, C17).

Extract 8.105

'As for the investment in technology, we think we are following the trends. We keep updating and using the advanced software and technology. [...] We need to continuously update. Previously, it took ten years to be out of date but now it is only three months.' (Director and Founder, C30).

As these extracts show, managers in participant organisations understand the important role played by technology in general and digital marketing in particular. They understand that technology is a useful and necessary tool to improve organisational performance. However, their main concerns, irrespective of the

size of the organisation, relate to the costs of buying and maintaining these digital marketing tools.

The next section explores how the competitive advantage of organisations is evidenced through organisational strategies and financial performance.

8.4.5. THEME 5 – THE COMPETITIVE ADVANTAGE OF VIETNAMESE TOURISM ORGANISATIONS

This section explores at the current market share, market position and financial performance of the tourism organisations. The data gained from the interviews helped evaluate the competitive advantage of the tourism organisations participating in this study. This section provides the anecdotal evidence of the performance of tourism firms in this study, rather than factual evidence of the competitive advantage that these firms have.

Box 8.9: Final Template of Competitive Advantage

THEME 5: COMPETITIVE ADVANTAGE OF ORGANISATIONS
<ul style="list-style-type: none">• Market share and market position• Financial performance

8.4.5.1. Market share and market position

Thirty-one organisations in this study were content with their current position on the market. The leaders of these firms gave a self-evaluation during the interviews regarding whether their firms were equal, better, or worse than their competitors in the same market segment. The responses show that organisations were positive and assessed their operational results as good in comparison with other companies in the same market, as shown in the following extracts:

Extract 8.106

'Our strength lies in the fact that we have a separate market segment. So instead of competing head to head with other competitors, the segment we are in virtually has no competition. It has competition, but relatively minor, very little.' (Vice-Director, C27).

The interviewee from C23 assessed his company's performance and position after evaluating other competitors as follows:

Extract 8.107

'[Name of another company] has the same kind of service but it is not very professional and unorganised. Other local businesses are also providing many services, they have local experiences and networks, but when I observe their services, their designs, etc., those activities are all very fragmented and low quality. So in comparison with other competitors in the same market, we are currently the largest and the best.' (Director, C23).

However, each company could only evaluate one aspect of their service or product; they could not provide a full and confident evaluation of the entire organisation's market position.

Extract 8.108

'So at the moment medical travel in Japan is the most highlighted feature of our company's services. That service is special as well, not many people know about it but it's quite unique. The market (other companies) now starts that service but we have done it for a long time now.' (Founder and Director, C16).

For company C07, the Vice-Director was confident about the quality of service and felt that it did better than other companies, 'So for other competitors of the same area, I think our service is still number 1' (Vice-Director, C07).

These anecdotes, however, were not sufficiently reliable for three reasons. First, each organisation was operating in a small market segment in a certain market; there were hundreds or thousands of companies serving different types of customers with various preferences. Interviewees found it difficult to evaluate their own position in the market and claimed that, in terms of what they were doing, they had a sustainable flow of customers, their revenue was good, and customers knew about them and recommended them to new customers. Those were all the things they knew about their market position. Second, the interviewees would not admit that their organisations were not operating well or did not have a good position on the market. To 'save face', they would say they were confident about the organisations' strategic performance as well as the good market position they were enjoying. Third, their market position or the

success of their organisational strategy cannot be evaluated in a single interview because it takes time for a strategy to become a success. Therefore, the market position of a firm should be evaluated by external and objective professional agencies.

8.4.5.2. Financial performance

Not all organisations talked about their financial performance in the interview. When asked about the resources they had and the difficulties they were facing, some interviewees were happy with their financial resources and said they did not have to 'borrow from the banks like many other companies' (C07). Organisations were also confident when they were able to make substantial profits and could take cautious steps to expand their businesses with few concerns about finance.

Extract 8.109

'Our financial situation is very sustainable because we don't need to borrow money. We have our own fund from our business and we have saved for a while now.' (Director, C22).

Organisations who were confident about their financial resources were generally large and had been in the industry for at least 10 years. For instance, the manager of C19 expressed the following view:

Extract 8.110

'Our resources are pretty good. For example, regarding the financial capital [...] we have to deposit billions (of Vietnam Dong) for such products. Other smaller companies cannot afford such large orders. Also, for big groups, sometimes they pay a few months after the trip and it's quite a normal thing.' (Vice-Director, C17).

However, this does not mean other smaller or medium organisations cannot secure an advantage with their financial resources because they can mobilise funds from other stakeholders within the company. C07 and C38 provide good examples of this.

Extract 8.111

'So as I mentioned, the difficulty is regarding the financial resources. But if the moment is right, we still can mobilise from current partners in the company and from different sources. Many people have idle money and

have not known what to do with that money yet.' (Director and Founder, C38).

More than half of the participating organisations (21), however, were not sufficiently confident about their financial resources to implement amendments to or create of new products and services. Although current profits were good, what they wanted to do was more than they can afford. Numerous organisations mentioned a lack of financial resources as well as difficulties in accessing loans.

Extract 8.112

'Another difficulty for us concerns the capital [...] the capital is not much. For example, we have to deposit billions (of Vietnam Dong) for big tours. To have such spare money, we need to utilise a lot. This is not to mention companies that want to do entertainment parks. So if we want to create a new trend, there are difficulties in accessing the loans and in creating a new habit for customers.' (Founder and Director, C12).

The interviewee from C23 expressed a similar view, 'We only mobilise the money from our own sources. We've tried to approach bank loans but it's quite complicated.'

Financial shortage leads to difficulties in developing new products and services, as was the case for C16 and other smaller organisations.

Extract 8.113

'As for the resources, we always have to be more financially sustainable to develop more advanced services and products. For example, the products [...] we need more promotion programmes as well as more financial resources.' (Director and Founder, C16).

Apart from descriptions of competitive advantage in terms of strategic and financial performance, the participants also mentioned 'an organisation's reputation' or 'good brand name'. This 'reputation' asset was considered to be something the organisations does better or was unique or superior to equivalent competitors.

Chapter 8 has presented the key themes emerging from the analysis of the interview data. The most frequently mentioned and emphasised themes discussed by the respondents were dynamic capabilities, human capital, the capabilities of managers, and external factors such as national policies and

government management in the tourism industry. The next chapter will integrate these themes and discuss the multiple relationships between them that were presented in this chapter.

CHAPTER 9. DISCUSSION OF QUALITATIVE FINDINGS

This chapter presents a discussion of the findings in relation to the four qualitative research questions presented at the beginning of this thesis. These questions are:

RQ8: How are dynamic capabilities demonstrated in tourism businesses?

RQ9: What are the drivers and inhibitors of dynamic capabilities in tourism businesses?

RQ10: How do organisations evaluate their strategic and financial performance?

RQ11: Is it possible to determine a relationship between dynamic capabilities and the strategic and financial performance of Vietnam's tourism organisations?

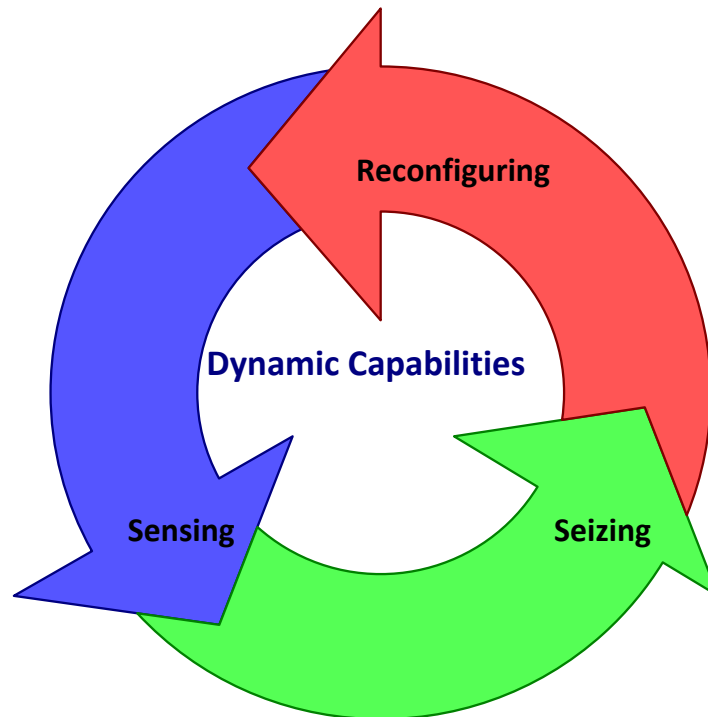
Discussion of the different relationships will, to some extent, help answer these research questions and can be compared with similar discussions in previous studies.

9.1. DYNAMIC CAPABILITIES IN VIETNAMESE TOURISM ORGANISATIONS

There is some evidence to support the existence of dynamic capabilities in the tourism organisations sampled. However, it cannot be stated with any certainty that all organisations possess a full set of dynamic capabilities from sensing to seizing and reconfiguring, or whether the businesses activities they have conducted exhibit ambidexterity – the ability to simultaneously explore and exploit these capabilities (O'Reilly & Tushman, 2008). Organisations responded in a passive approach rather than in a proactive manner, simply following the markets for short-term gains instead of thinking how to fundamentally achieve a sustainable and long-term competitive advantage. Dynamic capabilities must allow organisations to create new and better products superior to those of their competitors (Okumus, 2013).

Figure 9.1 depicts the integrated nature of sensing, seizing, and reconfiguring capabilities.

Figure 9.1: Dynamic Capabilities in Organisations



One of the key findings of the qualitative study was that organisations can sense changes. They can identify where and what to change in their products or services. Their problem lies in finding competent people as well as being able to access financial resources to realise these changes and implement innovations. National and local policies and regulations strongly influence the final capability – reconfiguring. This underlines the importance of studying the influence of external environments (Miller & Friesen, 1983) as well as the various manifestations of dynamic capabilities within different organisations in the same industry.

Another antecedent that strongly influences dynamic capabilities is the managerial capabilities of leaders and managers, their vision, their knowledge of the industry, and their experience. This antecedent primarily influences the sub-capability of sensing. At the same time, the social capital managers possess, along with their drive and passion, influences sensing, seizing, and reconfiguring capabilities. This finding reinforces Bendig et al.'s (2017) view that personality, intellectual capital, and the social capital of CEOs form the basis for the company's dynamic capabilities.

Another factor to address is the speed at which opportunities are seized and reconfigured. Interviewees acknowledged they were confident with their sensing capabilities in seeing changes on the markets and in customers' demands. They also have a sense of the possible changes that may take place in the future. However, 'sensing' is not enough for organisations to say they have dynamic capabilities. The more important issue relates to what they do with what they know and how efficiently and effectively these changes can be made and new or modified services provided for customers.

The findings from the qualitative study compensate for the weaknesses of the quantitative study, which was unable to fully explain the factors that influence this underlying and invisible process. As the qualitative model clearly showed, this is not a linear process or connection. The different sub-capabilities within dynamic capabilities are directly influenced by several factors, such as the quality of the people in the organisation and the national policies and regulations of the industry.

Regarding the reconfiguring capabilities, leaders and managers understand that reconfiguring refers to changes in the structure, process, and routines. The details of reconfiguring capabilities, already shown in the final template, are not as detailed as those of Teece (2007) in describing the specific activities needed for reconfiguring capabilities.

The qualitative findings also show that the three capabilities of sensing, seizing, and reconfiguring are not distinct but instead intertwine and support each other (Teece, 2007; Eisenhardt & Martin, 2000). They are therefore three integrative rather than sequential stages (Helfat & Winter, 2011). The sensing and seizing capabilities continue to be evident during the final step of changing the current products and services or creating new ones. During the reconfiguration stage, organisations must therefore continue their process of 'trial and error' to keep pace with latest developments in the markets and with all influencing factors. This will enable them to modify their new and/or amended products and services to create maximum value and benefits for consumers. Rather than being separate, the three sets of sub-capabilities are therefore an integrated and continuous complete process, as depicted in Figure 9.1.

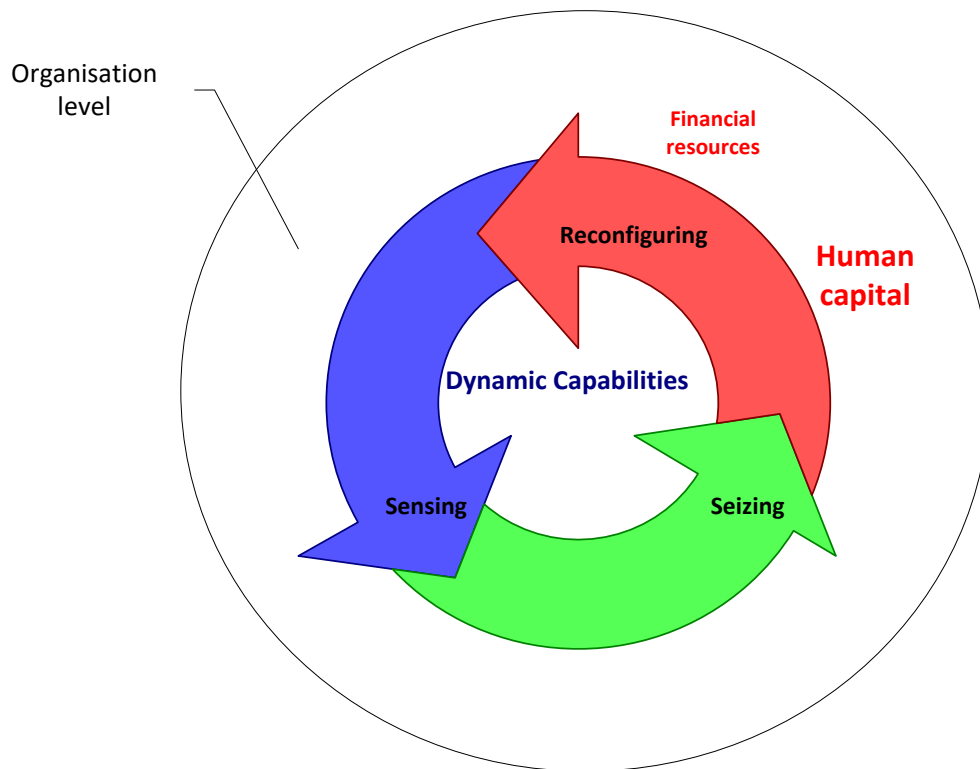
Regarding the trustworthiness of the evaluation of dynamic capabilities in organisations, these were clearly observed, conducted, and shared at the actual time of the interview and data analysis. Past events or successes recalled by the interviewees were also important criteria in evaluating whether dynamic capabilities were repeated over a long period of time. These were also helpful in evaluating the influence these capabilities have on overall performance which, in turn, leads to a competitive advantage for organisations.

The next section discusses the findings on the influence human capital has on the dynamic capabilities of organisations.

9.2. THE INFLUENCE OF HUMAN CAPITAL ON DYNAMIC CAPABILITIES

The findings show that human capital influences reconfiguring capabilities more than sensing and seizing capabilities. The majority of interviewees (29/38) mentioned they could sense changes, opportunities, threats, and the urge to change. However, the most challenging task they face is to recruit a sufficient number of competent people who can execute the changes. The labour force for the tourism industry may be abundant but the quality of this force is something that concerns the interviewees. Figure 9.2 in the next page depicted the influence of human capital on dynamic capabilities.

Figure 9.2: The Influence of Human Capital on Dynamic Capabilities



Another finding relating to the theme of human capital is the diverse level of influence it has on different organisations. Human capital has a stronger influence on small and medium organisations because if these organisations cannot recruit competent people, they cannot execute the changes enshrined in the visions of their leaders. Larger organisations, however, already have complete systems, processes, and routines in place (Arend, 2013; Wang, Jaw & Tsai, 2012). Thus, it is easier for their staff to adopt them. Furthermore, because of their company's reputation as a large business, it is easier for them to attract, recruit, and retain competent people. However, this does not mean they do not face any difficulties recruiting new experts when they want to expand their business or develop a novel product or services. This is due to the cost of recruiting professional and experienced people. Furthermore, due to the nature of the market, they may be unsure about the efficiency and effectiveness of the new product or service. Consequently, they cannot risk spending large sums of money on recruiting experts in a new field where the company has not had much experience.

As for the quality of human capital, the interviewees understand that the weakness of the industry lies in not training competent people who can do the jobs after graduation. Therefore, they have taken the initiative to develop appropriate training programmes and invited industry experts to train their people. Some leaders even took the bolder step of expanding their business to tourism-related occupational training by opening vocational schools, cooperating with schools to design specialised training modules to support their future labour input, attending international conferences and training programmes, and actively learning from more advanced international partners. In the context of less proactive action and initiatives by the Vietnam National Administration of Tourism, as well as the limited cooperation from some local authorities, such activities are considered innovative. The process of finding solutions to enhance the quality of the labour force can also be regarded as a dynamic capability.

Among the antecedents that lead to the formation of dynamic capabilities in organisations, human capital is the greatest influential, followed by managerial capabilities (which will be discussed in the next section). More specifically, the quality of human capital influences the whole process from Seizing to Reconfiguring and the implementation of the Reconfiguring activities. As shown in Figure 9.2, Human Capital and the organisation circle have been added to denote Human Capital as a factor that influences dynamic capabilities in organisations. It is placed between Seizing and Reconfiguring capabilities to demonstrate where it has highest influence.

The next section discusses the role of managerial capabilities in organisations' dynamic capabilities. Although managers are also people in the organisation and can be classified under Human Capital, it is better to treat this as a single theme due to its weight and importance.

9.3. THE ROLE OF MANAGERIAL CAPABILITIES IN DYNAMIC CAPABILITIES AND WITH HUMAN CAPITAL

This section discusses the relationships between managerial capabilities with dynamic capabilities and human capital. The importance of managerial capabilities in organisations was emphasised in the qualitative data analysis

chapter. It was clear from the data that managerial capabilities play an important role in an organisation's dynamic capabilities, especially with small and medium organisations or those where the top leaders are the founders. In such cases, their personal and professional characteristics have a strong impact on organisational strategies and operations. This is consistent with Teece's (2007, 2012) claim that entrepreneurial management is a requirement for dynamic capabilities, especially in relation to sensing and seizing. O'Reilly and Tushman (2008: 190) also emphasised the role of a senior management team in fostering a long-term mindset and promoting exploration from a dynamic capability viewpoint. Managerial capabilities encompass the managerial skills, vision, mindset, social capital, and entrepreneurial spirit of leaders in organisations. These strongly influence the pace and quality with which opportunities and challenges are sensed, possibilities seized, and the organisational process, routines, or business model reconfigured to create a gradual or radical change for organisations.

The reason why managerial capabilities play such an important role in the dynamic capabilities of organisations is because they reflect the capacity of organisations to renew competences and tackle changing business environments. The role of management in organisations is to find solutions to facilitate adaptation to a new and changing environment. Managers must also integrate and reconfigure the various organisational resources and capabilities to accomplish this transformation. Therefore, top managers have a predominant position in the dynamic capabilities framework (Teece, 2007; Easterby-Smith et al., 2009) and such capabilities reside, in large measure, within a firm's top management team (Teece, 2007: 1346). The more experience and expertise they have, the more influence they have on dynamic capabilities which could then lead to a competitive advantage (King & Tucci, 2002).

Adner and Helfat (2003) and Helfat and Martin (2015) also argued that dynamic capabilities are underpinned by three core sub-capabilities: managerial cognition, managerial social capital, and managerial human capital. Through empirical research they confirmed that dynamic managerial capital influences the strategic changes made by organisations and that differences between managers in the

extent to which they possess and exert these capabilities lead to different outcomes in terms of corporate performance.

Figure 9.3: The Influence of Managerial Capabilities on Dynamic Capabilities

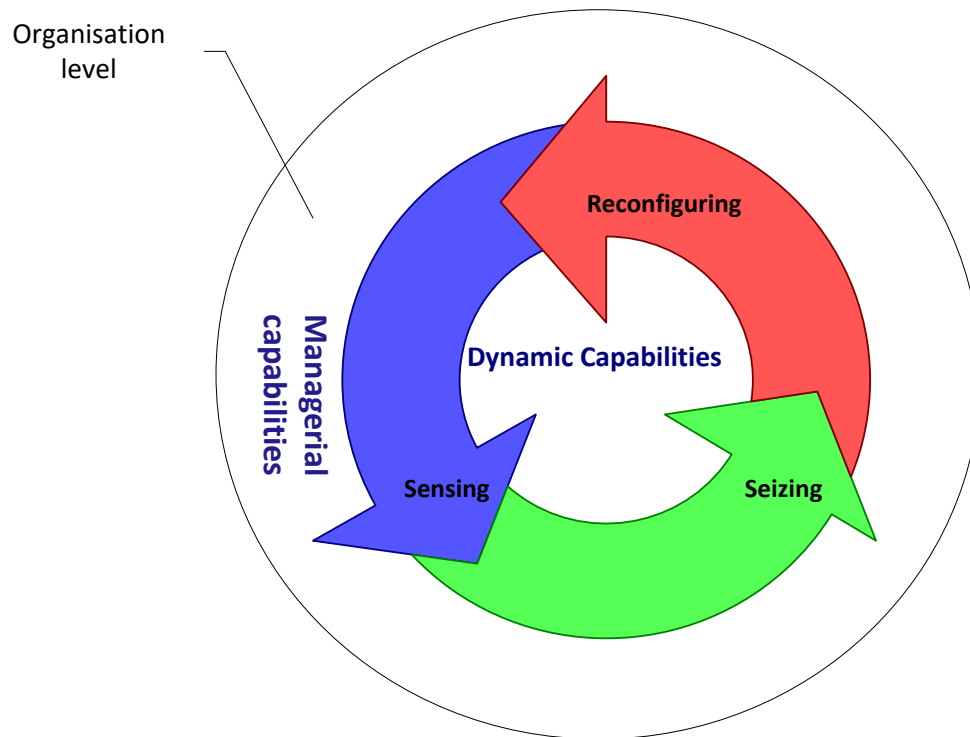


Figure 9.3 is developed from Figure 9.1. Like Figure 9.2, Managerial Capabilities most influence Sensing Capabilities and the Sensing to Seizing process because it is the top managers who make decisions regarding the necessary changes to products and services.

This finding further supports the idea that dynamic capabilities in organisations are strongly influenced by top management teams. This is also supported by the contents of the interviews, the observations of interviewees, and my own research on these organisations. It has therefore been widely suggested that organisations with managers who possess excellent managerial capabilities achieve better performance than organisations without such managers. This is in accord with recent studies indicating that firms with managers who possess superior dynamic managerial capabilities adapt and transform more effectively than firms with managers who possess fewer of these capabilities (Helfat &

Martin, 2015; Barrales-Molina, Bustinza & Gutiérrez-Gutiérrez, 2013). This finding regarding the role of top management also supports the framework suggested by Dobni and Sand (2018) regarding the roles top management play in continuously renewing the position of firms. The managers' 'mindset', which was mentioned by interviewees, is closely linked to the term 'managerial dominant logic' suggested by Lampel and Shamsie (2000). This dominant logic refers to the fundamental strategic beliefs, assumptions, and intentions of the CEO and senior management (Kor & Mesko, 2013; Lampel & Shamsie, 2000).

As the data analysis shows, it is also clear that managers' social capital is highly regarded by both top management, their counterparts, and by other managers when referring to senior or previous managers of organisations. This supports previous research which concluded that social capital is an essential component of dynamic capability. Social capital facilitates resource management – a defining aspect of such a capability (Blyler & Coff, 2003). Previous research also highlighted the role of managers' social capabilities in creating a climate of trust (Fainshmidt & Frazier, 2016). This finding is slightly different from that of Blyer and Coff (2003) in that, whereas they view managerial capabilities as dynamic capabilities, I consider managerial capabilities to belong to the human side and it is these that then facilitate dynamic capabilities in organisations. It is also worth noting that the 'social capital' of managers includes not only their external social capital with other stakeholders, individuals, and organisations but also their internal social capital and the way they treat their own staff.

The findings from the qualitative study are also consistent with Zahra et al.'s (2006) findings that, even though human capital and managerial capabilities are important for the successful application of dynamic capabilities, managers are aware their success is still very dependent on 'environmental conditions'. These conditions are discussed in the following section.

9.4. GOVERNMENT MANAGEMENT OF TOURISM AND OTHER EXTERNAL FACTORS INFLUENCING DYNAMIC CAPABILITIES

The findings also suggest that the empirical context influences the entire process from seizing to reconfiguring and reconfiguring capabilities. The influence of environmental dynamism on the other capabilities is not as strong as it is on the

reconfiguring capabilities. This finding, therefore, answers Prieto, Revilla and Rodríguez-Prado's (2009) call for future research to explore the possible outcomes of dynamic capabilities moderated by environmental dynamics.

Another finding from the qualitative data is that the external environment relates not only to technological developments and changes in customers' tastes but also in government management at national and local levels. It can thus be confirmed that dynamic capabilities are the results of environmental dynamism. This is similar to Li and Liu's (2014) findings. However, most research on dynamic capabilities discusses dynamism in technology, primarily in the appearance of new products and services, or product cycles (Sher & Lee, 2004; Zang & Li, 2017; Eisenhardt & Martin, 2000). In this thesis, the respondents implied that their organisations possess the capabilities to sense, identify, and respond to changes in technology and customers' demands. As stated in the analysis chapter, organisations' ability to realise the changes, reconfiguration, or amendments are strongly influenced by state management of the sector in terms of policies and regulations. The sectoral management of the responsible agency, although it has made some definite improvements in recent years, generally remains poor, slow, and hinders the efficiency and effectiveness of tourism enterprises.

Factors such as the quality of human capital, external environmental changes, the application of digital marketing, and the culture of organisational learning not only influence dynamic capabilities as a whole, they also affect each separate sub-set of dynamic capabilities. If the activities of sensing and seizing are very much dependent on the leaders in organisations, then the actual reconfiguring operations are dependent on external factors. The organisations in this study could see opportunities, sense changes, and address which part of the product or service needs to be modified. The problems arise with the actions needed to change the products and services and get them onto the market. This is because they are sometimes constrained by the quality of people, the resources, or the arbitrary regulations and policies adopted by the government. The organisations in this study understood that unexpected incidents in the external environment sometimes happen, such as natural disasters, fire, accidents, terrorism, war, among others.

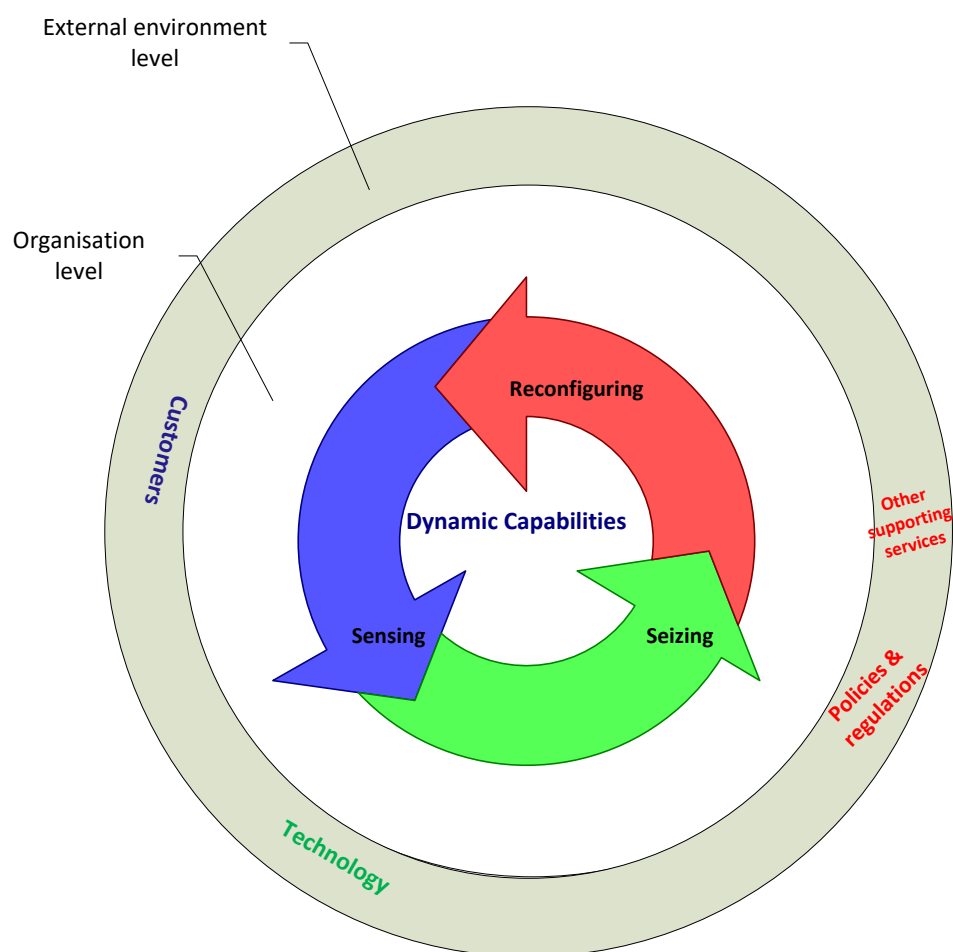
However, other factors, such as the quality of the labour force or government policies, are expected to be stable and predictable, enabling them to focus on their business and improve the effectiveness and efficiency of their operation. In Vietnam this does not often happen because the quality of human capital, according to the organisations, is not up to standard. Organisations cannot find people competent enough to do the job. Moreover, other stakeholders in the industry, such as local people at travel destinations, are neither polite, cooperative, nor aware of how to conduct business services professionally. This also influences the implementation of the service or product the organisations provide. Another factor is the arbitrary nature of the policy and regulations adopted by the government. Tourism businesses must plan and sell their products or services months or even a year beforehand and the quoted price must be available on the internet. However, the state and local government may suddenly impose a change in support or ban a key product in a province. This is a nuisance for organisations as it means they cannot make a profit and their service may be different from that proposed to their clients. Therefore, when analysing environmental dynamism, it is a good practice to determine whether such dynamism is predictable or uncertain. Ambrosini and Bowman (2009: 45) express the same view: 'dynamism in the environment can mean rapid but predictable change or it could mean uncertainty.'

Another point to make is that dynamic capabilities alone are not sufficient for organisations to gain competitive advantage. Dynamism and favourable conditions outside of the organisations – or an appropriate ecosystem – are required to make new products and services a reality. Organisations can have very good or innovative ideas but, when they put these into practice, the policies or regulations may change or, depending on personal relationships, there may be unhealthy competition and also bribery. All of these factors hinder the healthy development of organisations, of nurturing and growing dynamic capabilities in business organisations. This was the case in Extract 8.90 when the interviewee stated that his organisation created a new product (homestay) a few years ago but could not put it into practice nor gain an advantage in the market because the local authority did not allow that kind of product. In recent years, alongside global development, homestay has become more popular and the government now enables businesses to implement that service. However, the direction of the

business for this interviewee changed and he could not launch the product as planned. Such an obstacle meant his company lost the opportunity to become a prime mover in that new market segment. This finding, like that of Schilke (2014)'s research, indicates that the relationship between environmental dynamism and dynamic capabilities is more complex than that of a linear relationship. The level of influence is specific to different stages of the dynamic capabilities process and to each separate activity within a certain sub-capability.

Figure 9.4 shows the different factors in the external environment that most influence the participating organisations. Such factors are positioned according to the capabilities and processes they influence most strongly. For example, customer influence is critical for sensing capabilities. At the same time, other supporting services, policies, and regulations influence reconfiguring capabilities and the process from seizing to reconfiguring activities. Similarly, technological development influences the sensing to seizing process.

Figure 9.4: The Influence of the External Environment on Dynamic Capabilities



9.5. DYNAMIC CAPABILITIES AS A SOURCE OF COMPETITIVE ADVANTAGE

Although dynamic capabilities help organisations to be more responsive and adapt to changes in the external environment, there was insufficient evidence in the qualitative study to conclude that dynamic capabilities will lead to an improvement in performance that provides organisations with a competitive advantage. The findings of this research therefore vary from those of previous studies. Some studies, however, came to the same conclusion, stating that dynamic capabilities lead to an indirect rather than direct improvement in performance (Ambrosini et al., 2009). Dynamic capabilities thus influence the reconfiguration of organisational resources and capabilities which in turn leads to an improvement in performance (Tseng & Lee, 2014). It is the indirect relationship between dynamic capabilities and performance that therefore leads to a competitive advantage (Hung et al., 2010). Other studies show that dynamic capabilities positively contribute to relative firm performance at the process-level only (not at the firm-level) (Drnevich & Kriauciunas, 2011) or the effectiveness of operating routines (Wilhelm, Schlömer & Maurer, 2015) in both low and high dynamic environments. Alternatively, dynamic capabilities can influence specific types of organisational performance instead of overall performance (Wilden et al., 2013). Conversely, other studies have found dynamic capabilities to have a direct influence on organisational performance (Chien & Tsai, 2012) and have concluded that dynamic capabilities provide the foundation for achieving continuous improvement in performance in the public sector (Pablo, Reay, Dewald, & Casebeer, 2007).

Although some interviewees mentioned several modifications to, or the creation of, new products and services in their organisations, as well as growth and improvements in their businesses over time, this does not provide enough evidence to conclude that dynamic capabilities are the main reason for such growth. Moreover, information about profitability, which was not elicited during the interviews, has not been published in the public domain. Therefore, there are insufficient grounds to conclude that dynamic capabilities can enhance

performance and provide organisations with a competitive advantage. Moreover, the achievement of a competitive advantage depends on the dynamism of the environment and resource reconfiguration within organisations. This supports Eisenhardt and Martin's (2000) suggestion that dynamic capabilities should be viewed as tools to manipulate resource configurations and that any long-term competitive advantage lies in resource reconfiguration, not in dynamic capabilities. Dynamic capabilities, therefore, may serve to realise and sustain a competitive advantage only when they are repeated and embedded in organisations long enough for their influence to become apparent.

Another finding is that the extent to which organisations possess dynamic capabilities depends on their leaders, the characteristics of the products and services, and the strategy explicitly or implicitly mentioned by interviewees. Organisations with high levels of dynamic capabilities respond to changes in the environment in a more proactive manner and their leaders are visionary, enthusiastic, passionate, and open to learning. These leaders exhibit a growth mindset and a devotion to their entire career, not just the current business. They are always thinking about how to create more value for their customers, add more benefits to products and services, ensure the best service quality, devise new ways of delivering the services or changes to current products and services, build trust and credibility, and engage in a critical analysis of the status of the industry. The targets for their products and services are to provide quality at a reasonable price, offer unique services (where they strive to be the first on the market with a particular product), or create a new product upon which to build their market.

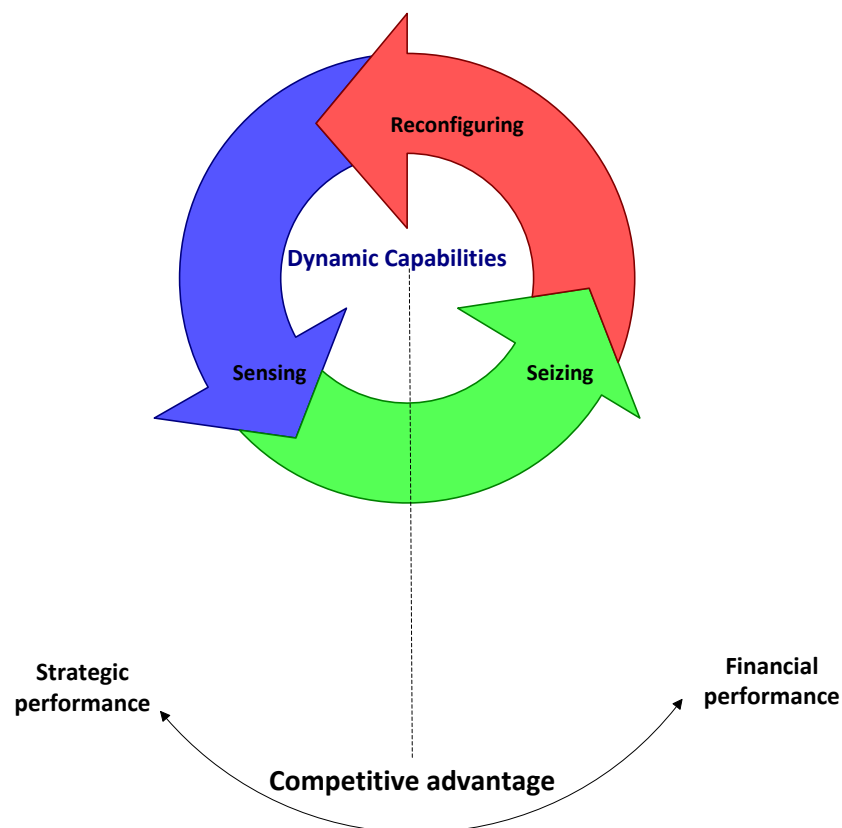
By contrast, managers in organisations with fewer dynamic capabilities pay less attention to creating unique values for their products or services and merely copy the products and services of other companies. They are mainly responsive to current changes. They are also less serious about innovating products or services and instead act as a 'copy-cat'. They believe that what they have and know are 'enough'. These organisations are only serve as followers on the market.

Some managers of small enterprises (such as C03, C34, C35) were satisfied with their current operations and did not strive to be better by being innovative. They

were simply 'followers' on the market. In general, the bigger the company, the greater the 'leading role' they wish to have and thus their ambition. However, some small companies did not want to be a follower and instead wanted to be innovative, even in the small market in which they were operating. Organisations with superior performance have better leaders and seem to have dynamic capabilities but it cannot be inferred that having dynamic capabilities necessarily leads to better performance.

Figure 9.5 illustrates the indirect link between dynamic capabilities and competitive advantage as well as the two key performance indicators (strategic performance and financial performance) that provide organisations. With competitive advantage, the dotted line shows it is unclear whether dynamic capabilities can actually lead to a competitive advantage. They may do so, but they are not the only factor.

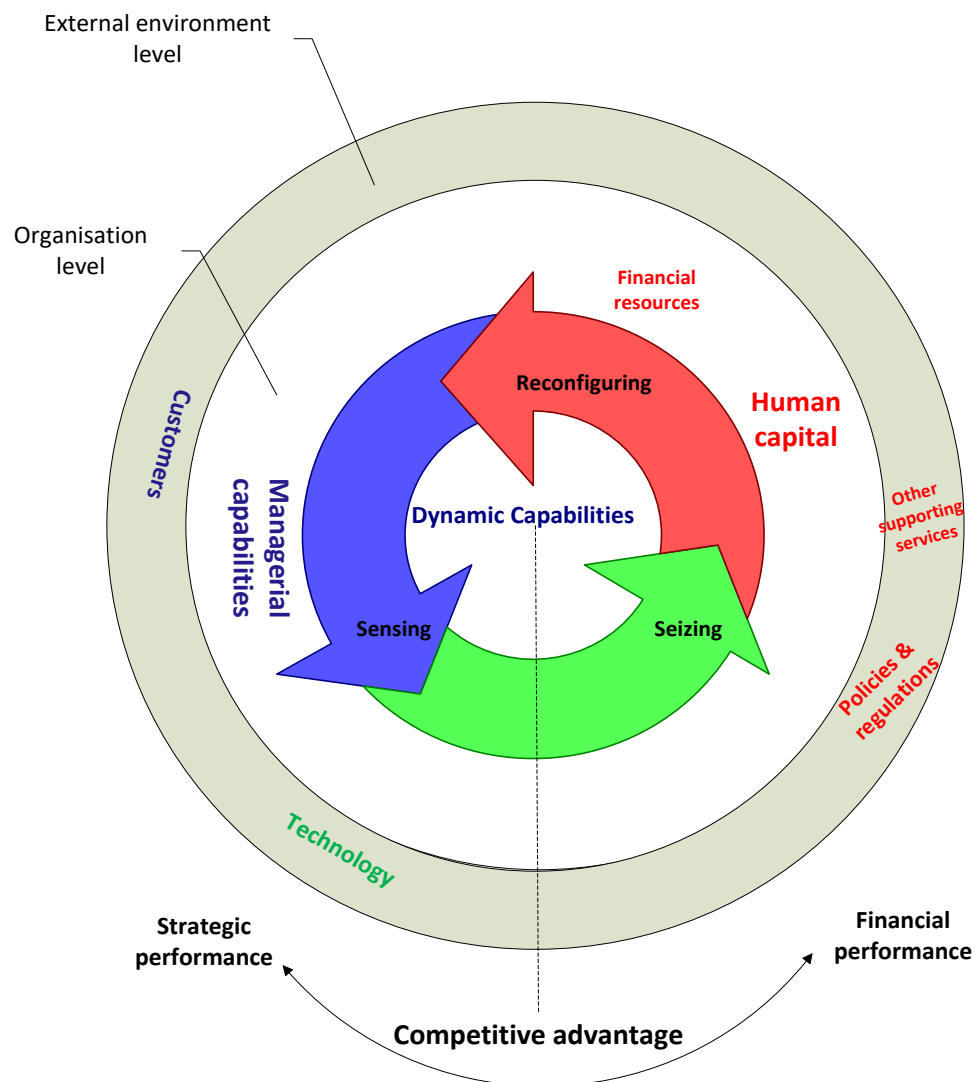
Figure 9.5: The Relationship between Dynamic Capabilities, Performance, and Competitive Advantage



9.6. A PROPOSAL FOR A NEW MODEL OF DYNAMIC CAPABILITIES

Drawing on the discussion in sections 9.1 to 9.5, this section presents a suggested framework for future research. This integrative framework was developed from the combination of Figures 9.1 through to 9.5.

Figure 9.6: A Proposed Model for Dynamic Capabilities



The colours of letters at both organisational and environmental levels correspond with the capability (Sensing, Seizing, and Reconfiguring) it most influences, while the location of organisational and environmental factors reflects the sub-capability/capabilities these factors most influence. At an organisational level, managerial capabilities remarkably influence sensing capabilities. Managerial capabilities are positioned close to the intersection between Sensing and Seizing, indicating that they also slightly influence seizing capabilities. Human capital and

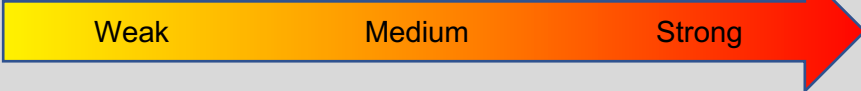
financial resources have the strongest influence on reconfiguring capabilities. At an external environmental level, customers affect sensing capabilities the most. For sensing capabilities, technology is the most influential factor. Governmental and provincial policies and regulations influence both sensing and reconfiguring capabilities. Other supporting services for the industry strongly influence reconfiguring capabilities.

In terms of dynamic capabilities as a whole, the size of the word within the ring reflects the degree of influence this construct has. Therefore, human capital exerts the strongest influence on dynamic capabilities, specifically reconfiguring capabilities. The second most influential factor is managerial capabilities. Finally, financial resources have the smallest influence on dynamic capabilities.

Organisations exhibiting better performance that originates from a competitive advantage seem to have more dynamic capabilities. However, there is not enough evidence to conclude that organisations with dynamic capabilities will definitely achieve better performance and gain a competitive advantage. The connection between dynamic capabilities and competitive performance, therefore, is denoted by the dotted line.

The above framework is designed to show the continuous circle and interactions between the different elements of the framework. For a clearer and more comprehensive presentation, Table 9.1 summarises the main discussion regarding the influence (from weak to strong) different determinants have on each sub-capability of dynamic capabilities.

Table 9.1: The Level of Influence Different Determinants have on Each Sub-Capability of Dynamic Capabilities

Influencing factors (in the ascending order of strength)			
	Weak	Medium	Strong
Human capital	Sensing	Seizing	Reconfiguring
Managerial capabilities		Reconfiguring	Sensing Seizing
Customers		Seizing Reconfiguring	Sensing
Technology		Sensing Seizing Reconfiguring	
Government management of the sector		Reconfiguring Sensing	Seizing
Other supporting services	Sensing Seizing	Reconfiguring	

Chapter 9 has discussed the relationships between, and the influences of, different factors on the dynamic capabilities of tourism businesses. The next chapter, the last of this thesis, presents integrative conclusions and recommendations for future research on dynamic capabilities in the service sector.

CHAPTER 10. CONCLUSIONS AND RECOMMENDATIONS

This chapter draws together the findings from the quantitative and qualitative studies to provide comprehensive answers to the research questions. It first summarises how both studies answered the research questions posed in Chapter 1. It also explains how the qualitative findings help further explain and elaborate the quantitative results. The chapter will then discuss how both studies answer the integrated research questions posed at the beginning of the research. The implications, contributions, and limitations of the study are then considered along with suggestions for future research.

10.1. HOW WERE DYNAMIC CAPABILITIES VIEWED IN VIETNAMESE TOURISM ORGANISATIONS?

This addresses Research Questions 1 and 8. The quantitative results confirm that the construct of dynamic capabilities consists of three sub-capabilities: sensing, seizing, and reconfiguring capabilities, while evidence of dynamic capabilities in the qualitative study was unclear. The activities that form dynamic capabilities in the qualitative study were integrated into the determinants themselves. For example, human capital or managerial capabilities are the factors that facilitate dynamic capabilities in an organisation, but it could be argued that these factors themselves are demonstrations of dynamic capabilities. Seizing, sensing, or reconfiguring capabilities are thus reflected in the skillset, attitudes, knowledge, or expertise of the people in the organisation. Their learning capabilities and their abilities to see opportunities, changes, or risks are dependent on the quality of the people and resources within organisations. For example, if organisations can anticipate changes in customers' demand for travel, this is considered to be a sensing capability. However, it could also demonstrate the expertise of leaders and thus be viewed as one capability in a wider set of managerial capabilities. This example is one of many examples found in the qualitative study whereby the determinants of dynamic capabilities could also be proof of dynamic capabilities. The research model or framework that was developed does not fully demonstrate the mix of such capabilities, as they are both hidden and intangible.

10.2. FACTORS INFLUENCING DYNAMIC CAPABILITIES IN VIETNAMESE TOURISM ORGANISATIONS

This section considers how human capital, organisational learning culture, the application of digital marketing, and environmental dynamism influence dynamic capabilities. This addresses Research Questions 2, 3, 4, and 9.

10.2.1. THE DETERMINANTS OF DYNAMIC CAPABILITIES IN QUANTITATIVE AND QUALITATIVE STUDIES

Human capital

The qualitative study shows that organisations consider human capital to be significant and an essential and valuable quality for organisations. However, About 12 organisations were not so confident in the skills, attitude, and capacity of their staff. Therefore, in the quantitative study, when asked about the quality of staff in their organisations, the participants, although they considered this significant in terms of dynamic capabilities, only ranked it third behind environmental dynamism and an organisational learning culture. It can therefore be concluded that the results of both qualitative and quantitative studies are consistent in their view of human capital in organisations.

Organisational learning culture

Although the knowledge management process in organisations is highlighted in the literature as an important factor for dynamic capabilities, it was rarely mentioned or highlighted by the interviewees. This may be because organisations engage in informal knowledge sharing through social networks and new methods of communication such as Skype, WhatsApp, and Facebook Messenger, all of which have replaced a more formal, systemic, organised approach. Nevertheless, some utilised a more traditional approach such as meetings.

Regarding the role of an organisational learning culture, in the quantitative study this factor was the second most important after environmental dynamism in influencing dynamic capabilities. However, in the qualitative study, an organisational learning culture was rarely mentioned by managers. The reason for this might be that managers did not know what activities would take place in organisations with a learning culture. They may engage in these informally

without realising that their organisations have a learning culture and therefore did not mention it. Only four organisations had a clear goal for learning or considered organisational learning to be something they need to focus on continuously. Where 'learning' activities existed in organisations, these were mostly engaged in by top leaders who wanted to develop their job further rather than a company-wide policy or incentives designed to encourage people in the organisation to learn. Hence, when asked about specific activities in order to establish whether a learning culture existed, the respondents in the quantitative study confirmed that their organisations engaged in such activities and this indicates the positive and significant role organisational learning may play in the development of dynamic capabilities.

Thus, although organisational learning was highlighted as an important determinant of dynamic capabilities in the literature, this was not explicitly demonstrated in the qualitative study.

The application of digital marketing and technology in operations

The application of digital marketing and technology in the operations of Vietnamese tourism organisations is not widespread due to worries about cybersecurity and the fact that Vietnamese customers are accustomed to receiving a paper invoice – a physical symbol of trust – rather than an online confirmation or invoice.

Vietnamese customers often use online marketing to search or check for a product, but not to book or buy products as they prefer to use more traditional means of shopping such as making a phone call and then coming to the office in person to sign a contract. Consequently, participating organisations consider word-of-mouth marketing to be a more important channel for retaining current customers and attracting new ones than spending huge amounts of money on the latest digital marketing channels.

Furthermore, the extent to which digital marketing is applied depends on the market segment in which organisations are situated. Although there is a consensus that digital marketing, technology, and social networks are playing an increasingly critical role, few are enthusiastic about applying it immediately. For

organisations that serve inbound travellers (international travellers to Vietnam), digital marketing is essential: they even consider it the critical activity and key channel through which to communicate and maintain contact with travellers. For organisations whose target customers are outbound travellers (Vietnamese travellers to other countries) and domestic travellers (Vietnamese customers travelling within Vietnam), the social capital of leaders is more important than digital marketing applications which are therefore applied at a moderate level.

Therefore, regarding the application of digital marketing in tourism organisations, both the quantitative results and qualitative findings show that organisations understand the role of advanced technology and the field of digital marketing yet exhibit limited use of digital marketing, or even a hybrid use of both traditional and digital marketing. In cases where digital marketing is applied, this is mostly on social media platforms such as Facebook, Twitter, travel forums, or Google AdWords. The reason for such limited application is the high cost, which is a struggle even for large organisations. Therefore, the influence of this determinant on dynamic capabilities is not highly regarded by organisations. Organisations prefer word-of-mouth marketing and consider this an essential approach to gaining and then retaining their reputation on the market.

Environmental dynamism

The findings of both the quantitative and qualitative studies were similar regarding the role of environmental dynamism. In the quantitative study, environmental dynamism was confirmed as the most critical determinant of dynamic capabilities in organisations. In the qualitative study, it was both mentioned and appreciated by managers. However, a question may arise regarding the tautological nature of this relationship. For instance, in Chapter 2, dynamic capabilities, by definition, were described as being developed in a dynamic environment. Therefore, the fact that environmental dynamism has an impact on the dynamic capabilities of organisations is obvious and there is no need to investigate this factor. However, what this current research explored was the level of influence and impact the environment has on dynamic capabilities and whether this is positive or negative. As presented in Chapter 3, research on environmental dynamism and dynamic capabilities has been plentiful and several researchers have looked at the impact of the environment on each of the sub-capabilities to provide a clearer

understanding of this relationship. In this mixed methods research, the qualitative study contributed to the literature on the relationship between environmental dynamism and dynamic capabilities by showing how each type of change in the business environment influences the different stages and sub-capabilities of the overall dynamic capabilities framework.

10.2.2. OTHER FACTORS EXPLORED IN THE QUALITATIVE STUDY

One theme explored in the qualitative study was the role played by managerial capabilities in the generation and implementation of dynamic capabilities. Managers evaluated this determinant as the most important for small, medium, and large organisations. In the qualitative semi-structured interviews, there were no questions about managerial capabilities. The theme of 'managerial capabilities' emerged from the data and was mentioned frequently by the interviewees. This suggests that future research could focus on managerial capabilities through a case study of organisations, a longitudinal study of managers in organisations, or by surveying a wider range of people in organisations to obtain a balanced view on the relationships between managerial capabilities and dynamic capabilities. The formation and development of dynamic capabilities is associated with high costs and managerial commitment. Accordingly, only organisations with managers who recognise a high level of environmental dynamism were able to promote and develop dynamic capabilities effectively. This finding on the role of managerial capabilities and their entrepreneurial orientation emphasises the role played by managers in the developing dynamic capabilities in organisations.

10.3. OUTCOMES OF DYNAMIC CAPABILITIES

This section addresses Research Questions 5, 6, 10, and 11. Regarding the influence of dynamic capabilities on the competitive advantage enjoyed by organisations, the results of the quantitative study confirm this relationship whilst the findings from the qualitative study are less clear. Participants also found it hard to evaluate their performance in comparison with other organisations because each company has its own strengths and weaknesses in their small segment of the market. Although some big names were involved in the study, interviewees in large organisations with an established position in the market identified different factors that contributed to their outstanding financial and

strategic performance rather than explicitly saying that dynamic capacities had a direct influence on the performance of their organisation.

10.4. MANAGERIAL AND POLICY IMPLICATIONS

The practical recommendations relate to managerial and policy implications for organisations, the industry, and governmental agencies in charge of tourism activities and development in Vietnam.

Implications for Vietnamese managers and organisations

There are three implications for managers in Vietnamese tourism organisations. First, organisations should look at the different factors that influence dynamic capabilities and the role such capabilities play in creating a sustainable competitive advantage for organisations. Depending on each organisation's specific situation, more or less attention should be paid to each factor, namely human capital, learning culture, digital marketing, or factors in the external environment. The most important factor identified in this study is that it is the staff and the leaders who are the heart and soul of these organisations. Through an understanding of the important role of human capital, organisations should put into place suitable policies to recruit, train, and develop people. The second implication for organisations is the need to create a learning culture to facilitate the process of adopting new ideas, new process, and new knowledge. The quicker the rate of knowledge absorption, the better equipped organisations are to adapt to new changes on the market and to be more responsive and proactive in their market operations. Finally, although changes and adaptation to the market are necessary, organisations should continuously evaluate the efficiency and effectiveness of such adjustments.

This thesis also demonstrates the important role played by the capabilities of top executives in driving dynamic capabilities in firms. Therefore, leaders may identify areas of improvement for themselves to further accelerate their firm's dynamic capabilities. These areas relate to the different attributes explored in this thesis, such as leaders' vision and mindset, passion, credibility, social capital, innovative thinking, and so on.

It is important to create conditions that enable organisations to collaborate better as this will be mutually beneficial for the industry as a whole. Furthermore, the policies of associations and sectoral management should be more responsive to developments in the market and the sector to better accommodate the needs of member organisations.

Implications for governmental agencies

In addition to the above recommendations, there should be synchronised collaboration and activities between different government agencies (i.e. the Vietnam National Tourism Authority with the Ministry of Foreign Affairs, the Ministry of Transport, and the Ministry of Public Security) to ensure supportive and consistent policies towards tourism. Furthermore, the current department in charge of tourism activities is only a small department in the Ministry of Culture, Sports, and Tourism, while Vietnam's target is to make tourism a pioneering and important service in national terms. To better support tourism organisations and manage the industry more effectively, the department should be equipped with more and better resources and be organised at ministry level rather than at departmental level.

The roles of universities and colleges in providing a quality workforce for the industry

As was evident from the interviews, the thorniest issue for existing tourism firms is the difficulty they have in recruiting graduates who can do the jobs. The most commonly mentioned reasons were (1) new graduates did not have practical training, only theoretical knowledge, and (2) new graduates did not have the right attitude and commitment towards the jobs and a career in the tourism industry. The poor-quality workforce within the industry was mostly attributed to the training provided by universities and colleges. Therefore, universities and colleges with tourism-related disciplines might have to do more to accelerate the collaborations between universities/colleges and tourism companies and provide more apprentices and internship opportunities for students. Furthermore, career advice and orientation activities should be more effective in providing students with sensible advice and preparation for the labour market. This is to avoid students graduating with unrealistic work and career expectations. These activities will

therefore equip students with necessary skills and the appropriate attitude for their future career.

10.5. CONTRIBUTIONS OF THIS THESIS

This study has several contributions which can be classified into three main groups: theoretical contributions, methodological contributions, and practical contributions.

10.5.1. THEORETICAL CONTRIBUTIONS

The primary aim of this research is to consider the concept of dynamic capabilities from a new perspective. Thus far, most studies on dynamic capabilities have focused on firms located in the manufacturing sector or which exhibit greater application of advanced technology. In this study, the focus shifted to the tourism sector, one of the fastest growing economic sectors in the world and a key driver for socio-economic progress (World Tourism Organization, 2018). This thesis thus constitutes the first study on the dynamic capabilities of firms in the Vietnamese tourism industry.

In theoretical terms, the thesis provided an in-depth investigation into the existence of dynamic capabilities in tourism organisations, and a thorough examination of the different factors influencing the sub-capabilities of dynamic capabilities as well as the influence of different factors on these capabilities. Dynamic capabilities in service organisations, such as the tourism firms in this study, are not always demonstrated through tangible products (as they are in the manufacturing or hi-tech industry), they are sometimes demonstrated through intangible service products. For this reason, dynamic changes in tourism businesses have not been paid much attention in organisation studies. The combined findings from both quantitative and qualitative studies showed that environment and people (which includes both staff and the management team) are the two most important factors determining dynamic capabilities. In organisations, it is the people who play a crucial role in providing a foundation for dynamic capabilities. It is leaders with passion, vision, drive, innovative thinking, and credibility; and people with the right mindset, attitude, and a competent set of skills, who execute the changes. Therefore, this study has extended the extant

literature on dynamic capabilities by specifically concentrating on their application in the service industry.

From the qualitative study, a novel framework (Figure 9.6) for understanding dynamic capabilities in organisations was proposed. The framework shows the strength of influence at an organisational level (human capital, managerial capabilities, and financial resources) and at an external environment level (technology, customer, policies and regulations, and other supporting services). The framework shows the integration of those elements and suggests further avenues of research on different manifestations of dynamic capabilities in organisations.

10.5.2. METHODOLOGICAL CONTRIBUTIONS

This study is also the first to employ a mixed methods approach, combining both quantitative and qualitative methods to acquire and develop a comprehensive body of knowledge regarding dynamic capabilities in tourism firms. This led to the development of a research model for the quantitative study whose hypotheses were confirmed. An operational measure for dynamic capabilities, using SEM, was therefore established. Previous studies have measured the different sub-capabilities that belong to dynamic capabilities as first-order constructs (Zhou & Li, 2010; Lin & Wu, 2014; Fainshmidt & Frazier, 2016; Makkonen et al., 2014). Based on the results of these studies, the construct of dynamic capabilities was, for the first time, validated as a higher-order construct. This is therefore the first study to validate a second order three-factor model of Dynamic Capabilities.

Moreover, the study partly solves an ongoing issue in dynamic capabilities: specifically, they are not easy to measure and identify. Using a mixed methods approach, this study was able to provide an operational measure that yielded an in-depth understanding of dynamic capabilities.

10.5.3. PRACTICAL CONTRIBUTIONS

Another contribution made by this study is that it provides empirical evidence for the role of managerial capabilities in the implementation of dynamic capabilities in organisations. This raises the question as to why I did not measure this variable in the quantitative study. The reason for this was that I did not consider dynamic

capabilities to be an organisational level variable. This is similar to the view expressed by Laaksonen and Peltoniemi (2016). Furthermore, those who responded to the survey were the leaders and managers of participating firms: it would not have been objective for managers to self-evaluate themselves. A study on managers' capabilities is best conducted through qualitative research (Teece, 2012). Dynamic capabilities are entrepreneurial actions and thus relate to entrepreneurial spirit. Teece (2007) also cited entrepreneurial management as a requirement for the development of dynamic capabilities in organisations.

In practical terms, this study offers a solution to a current issue in this research context (Vietnam): namely, there needs to be an ecosystem that supports innovative changes and enables organisations to effectively execute their new ideas, new products and services. Such an ecosystem requires the collaboration of various authorities and organisations within the tourism sector along with other relevant sectors.

10.6. LIMITATIONS OF THE THESIS

Burnard (2004: 180) has suggested that 'the researcher should offer an evaluation of the work. The researcher must decide whether or not to be critical of what she has done... and be aware of the limitations of research itself.'

Like other research, a mixed methods study has disadvantages and limitations. For instance, it is difficult to resolve the discrepancies that arise during the interpretation of each set of research findings. Furthermore, the data were collected over a period of four months (February to May 2017), which is short in comparison with the entire development period needed for businesses. Therefore, the results and findings can only reflect certain aspects of the participating enterprises at the time the data were collected. The responses may therefore not provide a full picture of the operation of companies. To overcome this drawback, future research should collect data on independent and dependent variables at different points in time.

Another limitation concerns the measurement of constructs in the quantitative study. These comprised a subjective evaluation by a single firm representative. This created the potential for respondent bias. This shortcoming can be

eliminated by utilising multiple sources of data, e.g., collecting and studying official company documents and recruiting multiple respondents, to acquire more objective results.

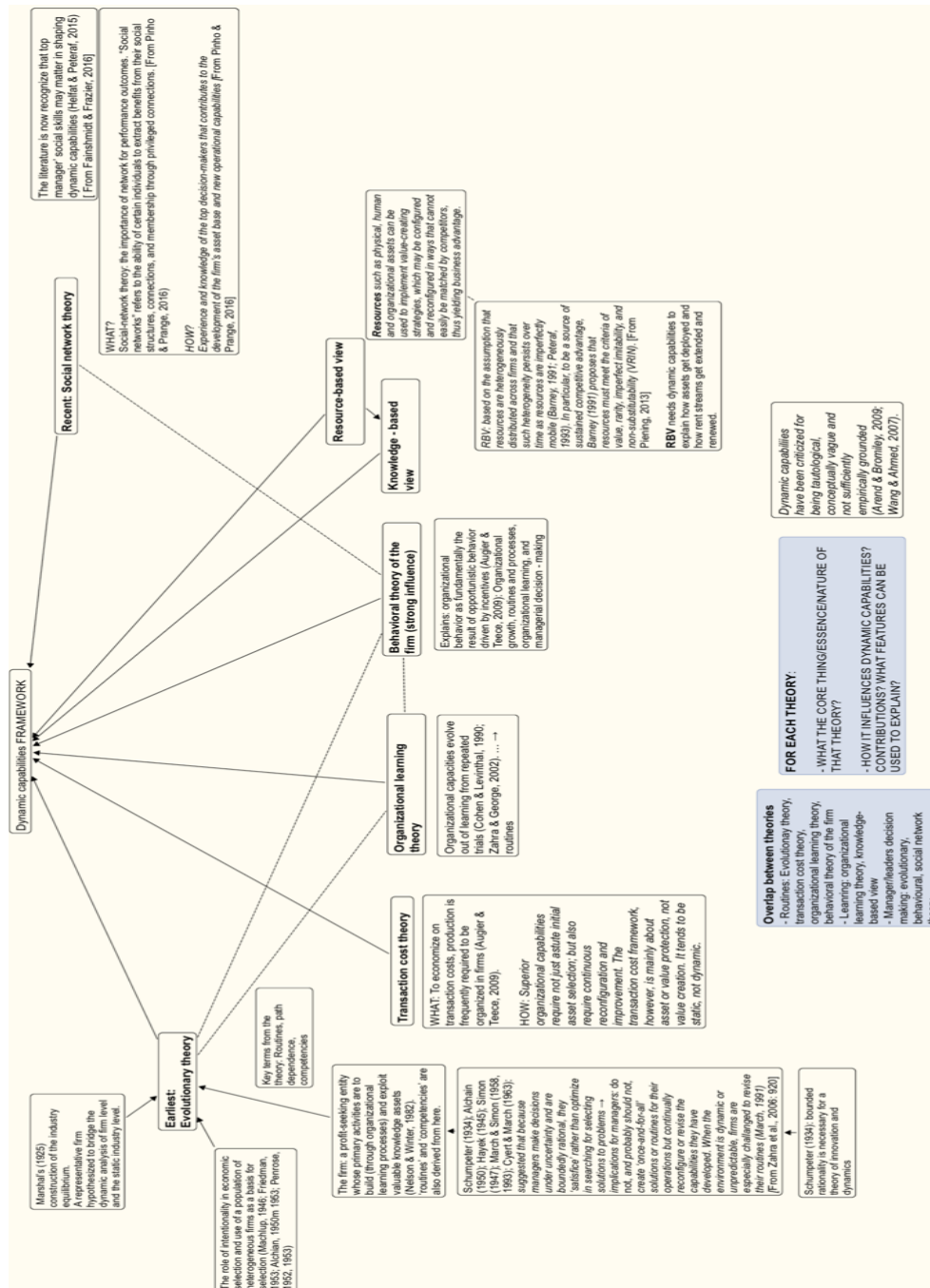
10.7. SUGGESTIONS FOR FUTURE RESEARCH

Due to the constraints on resources, other factors that influence dynamic capabilities such as resources, intellectual capital, national culture, or people's attitudes towards tourism were not researched and discussed in depth. This is because the deployment and performance of dynamic capabilities is moderated by a variety of internal and external variables (Ambrosini & Bowman, 2009). Thus, it is recommended that further research should be undertaken in the following areas.

First of all, the evaluation of organisational performance through competitive advantage was conducted mainly by the participants. Formal information on the performance of these organisations in terms of financial and strategic performance indices is not available in the context of Vietnam. Furthermore, the measurement of performance was mainly based on strategic and financial outcomes. Although this is the most common way to measure performance, it is important that multiple performance measures should be utilised when evaluating the outcomes of dynamic capabilities (Wilden et al., 2013). Therefore, future research on dynamic capabilities should comprise an in-depth analysis of factors only available in a transitional economy. Any differences can then be identified and the findings compared with studies conducted globally. The link between dynamic capabilities and organisational performance, which has been confirmed in this and numerous previous studies, still requires further elaboration regarding the objective and precise position of each organisation on the market. Upcoming research could consist of an extensive company case study that could provide a detailed observation and evaluation of an organisation possessing dynamic capabilities.

APPENDIX

APPENDIX A: THEORIES INFLUENCING DYNAMIC CAPABILITIES RESEARCH



APPENDIX B: ARTICLES USED IN LITERATURE REVIEW

Agwunobi & Osborne (2016)
Ali, Peters, & Lettice (2012)
Alonso-Almeida, Bremser, & Llach (2015)
Ambrosini, Bowman, & Collier (2009)
Arend & Bromiley (2009)
Arend (2013)
Augier & Teece (2009)
Barrales-Molina, Bustinza, & Gutiérrez-Gutiérrez (2013)
Barreto (2010)
Bessant (1998)
Bititc, Ackermann, Ates, Davies, Gibb, MacBryde, & Shafti (2011)
Blome, Schoenherr, & Rexhausen (2013)
Cantrell, Kyriazis, & Noble (2014)
Cepeda & Vera (2007)
Cetindamar, Phaal, & Probert (2009)
Helfat & Peteraf (2015)
Danneels (2010)
Dixon, Meyer, & Day (2014)
Drnevich & Kriauciunas (2011)
Easterby-Smith & Prieto (2008)
Easterby-Smith, Lyles, & Peteraf (2009)
Eisenhardt & Martin (2000)
Ellonen, Wikström, & Jantunen et al. (2009)
Eriksson, Nummelas, & Saarenketo (2014)
Fainshmidt & Frazier (2016)
Fang & Zou (2009)
Felin & Powell (2015)
Felipe, Roldán, & Leal-Rodríguez (2016)
Fraj, Matute, & Melero (2015)
Gelhard & von Delft (2016)
Gelhard, von Delft, & Gudergan (2016)
Girod & Whittington (2017)
Gnizy, Baker, & Grinstein (2014)

Wu, Chen, & Jiao (2016)
 Helfat & Peteraf (2003)
 Helfat & Peteraf (2009)
 Hermano & Martín-Cruz (2016)
 Hodgkinson & Healey (2011)
 Hung, Yang, Lien, McLean, & Kuo (2010)
 Kindström, Kowalkowski, & Sandberg (2013)
 King & Tucci (2002)
 Kodama (2007)
 Laaksonen & Peltoniemi (2016)
 Lee, Lin, Chen, & Shyr (2011)
 Li & Liu (2014)
 Lin & Wu (2014)
 Luo (2000)
 Macher & Mowery (2009)
 Makkonen, Pohjola, Olkkonen, & Koponen (2014)
 Marsh & Stock (2006)
 Martelo, Barroso, & Cepeda (2013)
 Nieves & Haller (2014)
 Nieves, Quintana, & Osorio (2016)
 O Schilke (2014)
 O'Reilly & Tushman (2008)
 Oliver & Holzinger (2008)
 Schilke (2014)
 Pablo, Reay, Dewald, & Casebeer (2007)
 Pinho & Prange (2016)
 Prange & Verdier (2011)
 Prieto & Easterby-Smith (2006)
 Regner (2008)
 Rindova & Kotha (2001)
 Salunke, Weerawardena, & McColl-Kennedy (2011)
 Sawers, Pretorius, & Oerlemans (2008)
 Schneckenberg, Truong, & Mazloomi (2015)
 Sher & Lee (2004)
 Teece & Pisano (1994)

Teece (2006)
Teece (2007)
Teece (2014)
Teece, Peteraf, & Leih (2016)
Teece, Pisano, & Shuen (1997)
Verona & Ravasi (2003)
Vogel & Güttel (2013)
Wang & Ahmed (2007)
Wang, Senaratne, & Rafiq (2015)
Winter (2003)
Woldesenbet, Ram, & Jones (2011)
Wu (2006)
Wu (2010)
Yu, Dong, Shen, Khalifa, & Hao (2013)
Zahra, Sapienza, & Davidsson (2006)
Zhou & Li (2010)
Zollo & Winter (2002)
Zott (2003)

APPENDIX C: QUANTITATIVE QUESTIONNAIRE

Code:

Dear Sir/Madam

This survey is done by Sheffield Hallam University, United Kingdom. The primary purpose of the study is to improve the understanding of the relationships between organisational dynamic capabilities and their determinants and consequences. This questionnaire is treated with utmost confidentiality and for the research purpose only. When you finish, please send back to the address provided.

To what extent do you disagree or agree with the following statements? Please circle one suitable number from 1 (Strongly disagree) to 7 (Strongly agree) for each statement.

		Strongly disagree ▼		Neither disagree nor agree ▼			Strongly agree ▼	
Q1	We frequently scan the macroenvironment (the national economy, information and technology, population, demography) to identify new business opportunities.	0	1	2	3	4	5	6
	We frequently scan the microenvironment (laws in tourism, infrastructure for tourism, skills of labour in tourism sector, investment scale and business capacity of tourism businesses) to identify new business opportunities.	0	1	2	3	4	5	6
	We periodically review the likely effect of business environment's changes on customer demand.	0	1	2	3	4	5	6
	We often review our service development efforts to ensure they are in line with what customers want.	0	1	2	3	4	5	6
	We spent a lot of time implementing ideas for new tourism services.	0	1	2	3	4	5	6
	We spent a lot of time improving our existing tourism services.	0	1	2	3	4	5	6
	We invest in finding solutions for our customers.	0	1	2	3	4	5	6
	We adopt the best practices in our tourism sector.	0	1	2	3	4	5	6
	We respond to weaknesses pointed out by employees.	0	1	2	3	4	5	6
	We change our practices when customer feedback gives us a reason to change.	0	1	2	3	4	5	6
	We annually implement new management methods.	0	1	2	3	4	5	6
	We annually change our marketing strategy.	0	1	2	3	4	5	6

	We annually renew business processes.	0	1	2	3	4	5	6
	We constantly renew the ways of achieving our goals.	0	1	2	3	4	5	6
	Our employees have high working skills.	0	1	2	3	4	5	6
	Our employees are creative.	0	1	2	3	4	5	6
	Our employees are experts in their jobs.	0	1	2	3	4	5	6
	Our employees develop new ideas.	0	1	2	3	4	5	6
	Our organisation make its lessons learned available to all employees.	0	1	2	3	4	5	6
	Our organisation gives people choices in their work assignments.	0	1	2	3	4	5	6
	Our organisation gives people control over the resources they need to accomplish their work.	0	1	2	3	4	5	6
	Our organisation encourages people to consult across the organisation when solving problems.	0	1	2	3	4	5	6
	In our organisation, leaders generally support requests for learning and training opportunities.	0	1	2	3	4	5	6
	In our organisation, leaders mentor and coach those they lead.	0	1	2	3	4	5	6
	The governmental regulations for the tourism industry are stable.	0	1	2	3	4	5	6
	The governmental regulations for the tourism industry are supportive for our organisational operation.	0	1	2	3	4	5	6
	The red tape from the state agencies we are facing is at acceptable level.	0	1	2	3	4	5	6
	The governmental regulations for the tourism industry are legitimate.	0	1	2	3	4	5	6
	In Vietnam, we often challenge superiority.	0	1	2	3	4	5	6
	In Vietnam, we have a vertical order in the society that we should respect.	0	1	2	3	4	5	6
	In Vietnam, the practice of 'give and take' of favours is an important part of our society.	0	1	2	3	4	5	6
	In Vietnam, personal ties play important role in developing our organisational relationships with external stakeholders.	0	1	2	3	4	5	6
	Environmental changes in our target are intense.	0	1	2	3	4	5	6

	Our clients regularly ask for new products and services.	0	1	2	3	4	5	6
	In our target market, changes in tastes and demands are taking continuously.	0	1	2	3	4	5	6
	In our target market, the volumes of products and services to be delivered change fast and often.	0	1	2	3	4	5	6

The following questions are about the integration of internet marketing in your organisation. Please evaluate the degree of internet marketing application in your organisation by selecting one number from 'not at all' (1) to 'very high' (7).

		Not at all ▼							Average use ▼		Very high ▼	
Customer-related marketing activities: We use the internet/intranet/extranet to:												
	Promote and advertise company's products, services, and capabilities.	0	1	2	3	4	5	6				
	Provide online product catalogue to customers and prospective customers.	0	1	2	3	4	5	6				
	Answer customer queries about product and service availability, booking status, among other aspects.	0	1	2	3	4	5	6				
	Allow customers to book our services online.	0	1	2	3	4	5	6				
Field sales-and channel member-related marketing activities: We use the internet/intranet/extranet to:												
	Enable sales people to have online access to product, price, and performance information.	0	1	2	3	4	5	6				
	Enable salespeople to transmit sales call information online.	0	1	2	3	4	5	6				
	Enable online purchase of products and services from suppliers.	0	1	2	3	4	5	6				
	Provide online support to travel agencies.	0	1	2	3	4	5	6				

How do you evaluate your organisational resources in terms of specialized know-how, financial capital, management capability, reputation effect and past alliance experiences in comparison with the industry average? Please indicate the level in the industry from lower than the industry average to higher than the industry average.

		Much lower than the industry average				Equal to the indus average		Much higher than the industry average	
		▼				▼		▼	
	The company's specialised know-how is	0	1	2	3	4	5	6	
	The company's financial capital is	0	1	2	3	4	5	6	
	The company's operational management capability is	0	1	2	3	4	5	6	
	The company's reputation is	0	1	2	3	4	5	6	
	The company's cooperative alliance experience is	0	1	2	3	4	5	6	

In relation to the strategic performance and financial performance in your organisation in comparison with other SMEs, to what extent do you disagree or agree with the following statements? Please circle one suitable number for each statement.

		Strongly disagree ▼	Neither disagree ▼				Strongly agree ▼	
	We have gained strategic advantages over our competitors.	0	1	2	3	4	5	6
	We have a large market share.	0	1	2	3	4	5	6
	Overall, we are more successful than our major competitors are.	0	1	2	3	4	5	6
	Our EBIT (earnings before interest and taxes) is continuously above industry average.	0	1	2	3	4	5	6
	Our ROI (return on investment) is continuously above industry average.	0	1	2	3	4	5	6
	Our ROS (return on sales) is continuously above industry average.	0	1	2	3	4	5	6

Some questions about your organisation

When was your organisation set up?	Could you please choose one option best describe your organisation's total capital up to the end of 2016?	What is the number of employees in your organisation?	Where does your organisation main office base?
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<input type="checkbox"/> ≤ 1 year <input type="checkbox"/> $< 1 \leq 5$ years <input type="checkbox"/> $< 5 \leq 10$ years <input type="checkbox"/> > 10 years	<input type="checkbox"/> ≤ 10 billion VND <input type="checkbox"/> $< 10 \leq 50$ billion VND <input type="checkbox"/> > 50 billion VND	<input type="checkbox"/> ≤ 10 <input type="checkbox"/> $< 10 \leq 50$ <input type="checkbox"/> $< 50 \leq 100$ <input type="checkbox"/> > 100	Please specify the city / province:
--	--	---	--

Lastly, a couple of questions about you

What is your current position in organisation?	What is your highest qualification?	Your years of experiences in the tourism sector?	Which best describes your age group?	You are a
<input type="checkbox"/> Director <input type="checkbox"/> Deputy Director <input type="checkbox"/> Department Manager <input type="checkbox"/> Department Deputy Manager	<input type="checkbox"/> Postgraduate <input type="checkbox"/> University <input type="checkbox"/> College <input type="checkbox"/> Vocational Degree <input type="checkbox"/> High school <input type="checkbox"/> Below high school	<input type="checkbox"/> ≤ 5 years <input type="checkbox"/> $< 5 \text{ years} \leq 10 \text{ years}$ <input type="checkbox"/> $< 10 \text{ years} \leq 15 \text{ years}$ <input type="checkbox"/> $< 15 \leq 20 \text{ years}$ <input type="checkbox"/> $> 20 \text{ years}$	<input type="checkbox"/> ≤ 25 <input type="checkbox"/> $< 25 \leq 35$ <input type="checkbox"/> $< 35 \leq 45$ <input type="checkbox"/> $< 45 \leq 55$ <input type="checkbox"/> > 55	<input type="checkbox"/> male <input type="checkbox"/> female <input type="checkbox"/> Prefer not to say

This is the end of the questionnaire. Thank you very much.

APPENDIX D: STRATIFIED SAMPLING OF PROVINCES AND BUSINESSES

#	Province/City	Number of Travel Companies	Percentage (province) Travel	Numbers Needed	Accommodation (3*-5*)	Percentage (province) Accommodation	Number needed	Total (travel + accommodation)	Percentage (both)	Total number needed (over 1000)	Ratio travel/accommodation	Ratio accommodation/travel	Number each province (over 500)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			(1)/1,578	500*(2)*(10)		(4)/1,577	500*(5)*(11)	(1)+(4)	(7)/3,155	(8)*1,000	(1)/(4)	(4)/(1)	(9)/2
1	Ha Noi	672	42.59 %	173.86	823	52.19 %	319.57	1495	47.39 %	473.85	0.82	1.22	237
2	Ha Giang	2	0.13 %	0.63	2	0.13 %	0.63	4	0.13 %	1.27	1.00	1.00	1
3	Cao Bang	3	0.19 %	#DIV/0!	0	0.00 %	0.00	3	0.10 %	0.95	#DIV/0!	0.00	0
4	Bac Can	0	0.00 %	0.00	1	0.06 %	#DIV/0!	1	0.03 %	0.32	0.00	#DIV/0!	0
5	Tuyen Quang	0	0.00 %	#DIV/0!	0	0.00 %	#DIV/0!	0	0.00 %	0.00	#DIV/0!	#DIV/0!	0
6	Lao Cai	25	1.58 %	18.00	11	0.70 %	1.53	36	1.14 %	11.41	2.27	0.44	6
7	Dien Bien	3	0.19 %	0.95	3	0.19 %	0.95	6	0.19 %	1.90	1.00	1.00	1
8	Lai Chau	0	0.00 %	0.00	1	0.06 %	#DIV/0!	1	0.03 %	0.32	0.00	#DIV/0!	0
9	Son La	0	0.00 %	0.00	1	0.06 %	#DIV/0!	1	0.03 %	0.32	0.00	#DIV/0!	0
10	Yen Bai	0	0.00 %	0.00	2	0.13 %	#DIV/0!	2	0.06 %	0.63	0.00	#DIV/0!	0
11	Hoa Binh	0	0.00 %	0.00	4	0.25 %	#DIV/0!	4	0.13 %	1.27	0.00	#DIV/0!	1
12	Thai Nguyen	1	0.06 %	0.06	5	0.32 %	7.93	6	0.19 %	1.90	0.20	5.00	1
13	Lang Son	5	0.32 %	2.64	3	0.19 %	0.57	8	0.25 %	2.54	1.67	0.60	1
14	Quang Ninh	50	3.17 %	22.63	35	2.22 %	7.77	85	2.69 %	26.94	1.43	0.70	13
15	Bac Giang	3	0.19 %	2.85	1	0.06 %	0.11	4	0.13 %	1.27	3.00	0.33	1
16	Phu Tho	1	0.06 %	0.32	1	0.06 %	0.32	2	0.06 %	0.63	1.00	1.00	0
17	Vinh Phuc	4	0.25 %	1.27	4	0.25 %	1.27	8	0.25 %	2.54	1.00	1.00	1
18	Bac Ninh	2	0.13 %	0.32	4	0.25 %	2.54	6	0.19 %	1.90	0.50	2.00	1
19	Hai Duong	3	0.19 %	1.43	2	0.13 %	0.42	5	0.16 %	1.58	1.50	0.67	1
20	TP Hai Phong	14	0.89 %	3.45	18	1.14 %	7.34	32	1.01 %	10.14	0.78	1.29	5
21	Hung Yen	0	0.00 %	#DIV/0!	0	0.00 %	#DIV/0!	0	0.00 %	0.00	#DIV/0!	#DIV/0!	0

22	Thai Binh	0	0.00 %	#DIV/0!	0	0.00 %	#DIV/0!	0	0.00 %	0.00	#DIV/0!	#DIV/0!	0
23	Ha Nam	0	0.00 %	0.00	2	0.13 %	#DIV/0!	2	0.06 %	0.63	0.00	#DIV/0!	0
24	Nam Dinh	1	0.06 %	0.32	1	0.06 %	0.32	2	0.06 %	0.63	1.00	1.00	0
25	Ninh Binh	0	0.00 %	0.00	4	0.25 %	#DIV/0!	4	0.13 %	1.27	0.00	#DIV/0!	1
26	Thanh Hoa	4	0.25 %	0.46	11	0.70 %	9.59	15	0.48 %	4.75	0.36	2.75	2
27	Nghe An	14	0.89 %	2.82	22	1.40 %	10.96	36	1.14 %	11.41	0.64	1.57	6
28	Ha Tinh	1	0.06 %	0.03	11	0.70 %	38.36	12	0.38 %	3.80	0.09	11.00	2
29	Quang Binh	4	0.25 %	1.01	5	0.32 %	1.98	9	0.29 %	2.85	0.80	1.25	1
30	Quang Tri	4	0.25 %	0.63	8	0.51 %	5.07	12	0.38 %	3.80	0.50	2.00	2
31	Thua Thien Hue	24	1.52 %	6.08	30	1.90 %	11.89	54	1.71 %	17.12	0.80	1.25	9
32	Da Nang	84	5.32 %	24.84	90	5.71 %	30.57	174	5.52 %	55.15	0.93	1.07	28
33	Quang Nam	33	2.09 %	8.42	41	2.60 %	16.15	74	2.35 %	23.45	0.80	1.24	12
34	Quang Ngai	2	0.13 %	0.18	7	0.44 %	7.77	9	0.29 %	2.85	0.29	3.50	1
35	Binh Dinh	4	0.25 %	0.63	8	0.51 %	5.07	12	0.38 %	3.80	0.50	2.00	2
36	Phu Yen	0	0.00 %	0.00	6	0.38 %	#DIV/0!	6	0.19 %	1.90	0.00	#DIV/0!	1
37	Khanh Hoa	42	2.66 %	7.17	78	4.95 %	45.93	120	3.80 %	38.03	0.54	1.86	19
38	Ninh Thuan	3	0.19 %	1.43	2	0.13 %	0.42	5	0.16 %	1.58	1.50	0.67	1
39	Binh Thuan	6	0.38 %	0.21	55	3.49 %	159.85	61	1.93 %	19.33	0.11	9.17	10
40	Kon Tum	3	0.19%	1.43	2	0.13 %	0.42	5	0.16 %	1.58	1.50	0.67	1
41	Gia Lai	5	0.32 %	3.96	2	0.13 %	0.25	7	0.22 %	2.22	2.50	0.40	1
42	Dak Lak	6	0.38 %	1.63	7	0.44 %	2.59	13	0.41 %	4.12	0.86	1.17	2
43	Dac Nong	0	0.00 %	0.00	2	0.13 %	#DIV/0!	2	0.06 %	0.63	0.00	#DIV/0!	0
44	Lam Dong	10	0.63 %	0.99	32	2.03 %	32.47	42	1.33 %	13.31	0.31	3.20	7
45	Binh Phuoc	0	0.00 %	0.00	2	0.13 %	#DIV/0!	2	0.06 %	0.63	0.00	#DIV/0!	0
46	Tay Ninh	2	0.13 %	#DIV/0!	0	0.00 %	0.00	2	0.06 %	0.63	#DIV/0!	0.00	0
47	Binh Duong	4	0.25 %	0.84	6	0.38 %	2.85	10	0.32 %	3.17	0.67	1.50	2
48	Dong Nai	2	0.13 %	0.42	3	0.19 %	1.43	5	0.16 %	1.58	0.67	1.50	1
49	Ba Ria - Vung Tau	14	0.89 %	1.27	49	3.11 %	54.38	63	2.00 %	19.97	0.29	3.50	10
50	Ho Chi Minh City	487	30.86 %	626.24	120	7.61 %	9.38	607	19.24 %	192.39	4.06	0.25	96

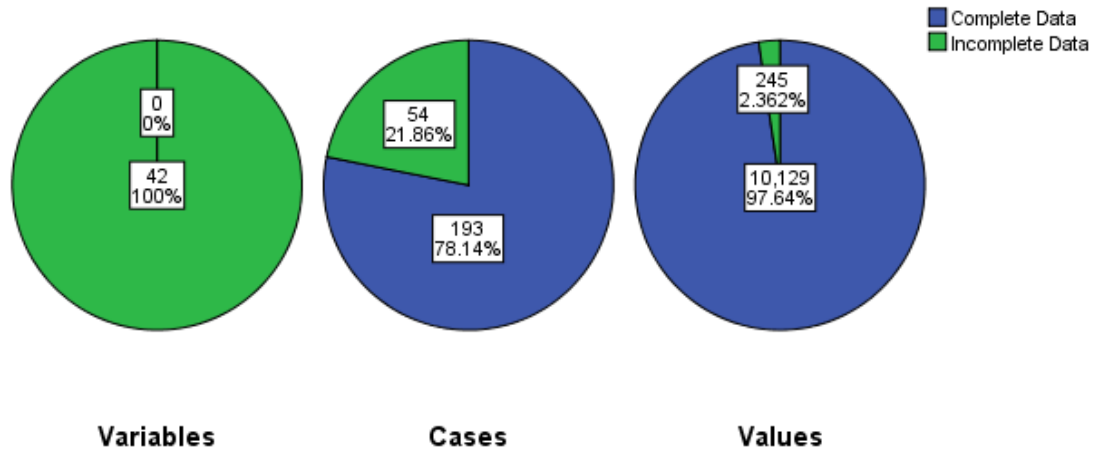
Appendix D (continued)

#	Province/City	Number of Travel Companies	Percentage (province) Travel	Numbers Needed	Accommodation (3*-5*)	Percentage (province) Accommodation	Number needed	Total (travel + accommodation)	Percentage (both)	Total number needed (over 1000)	Ratio travel/accommodation	Ratio accommodation/travel	Number each province (over 500)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			(1)/1,578	500*(2)*(10)		(4)/1,577	500*(5)*(11)	(1)+(4)	(7)/3,155	(8)*1,000	(1)/(4)	(4)/(1)	(9)/2
51	Long An	0	0.00 %	#DIV/0!	0	0.00 %	#DIV/0!	0	0.00 %	0.00	#DIV/0!	#DIV/0!	0
52	Tien Giang	10	0.63 %	#DIV/0!	0	0.00 %	0.00	10	0.32 %	3.17	#DIV/0!	0.00	2
53	Ben Tre	5	0.32 %	1.98	4	0.25 %	1.01	9	0.29 %	2.85	1.25	0.80	1
54	Tra Vinh	0	0.00 %	0.00	1	0.06 %	#DIV/0!	1	0.03 %	0.32	0.00	#DIV/0!	0
55	Vinh Long	2	0.13 %	1.27	1	0.06 %	0.16	3	0.10 %	0.95	2.00	0.50	0
56	Dong Thap	1	0.06 %	0.16	2	0.13 %	1.27	3	0.10 %	0.95	0.50	2.00	0
57	An Giang	4	0.25 %	0.84	6	0.38 %	2.85	10	0.32 %	3.17	0.67	1.50	2
58	Kien Giang	7	0.44 %	1.11	14	0.89 %	8.88	21	0.67 %	6.66	0.50	2.00	3
59	Can Tho	2	0.13 %	0.09	14	0.89 %	31.07	16	0.51 %	5.07	0.14	7.00	3
60	Hau Giang	0	0.00 %	#DIV/0!	0	0.00 %	#DIV/0!	0	0.00 %	0.00	#DIV/0!	#DIV/0!	0
61	Soc Trang	0	0.00 %	0.00	1	0.06 %	#DIV/0!	1	0.03 %	0.32	0.00	#DIV/0!	0
62	Bac Lieu	0	0.00 %	0.00	4	0.25 %	#DIV/0!	4	0.13 %	1.27	0.00	#DIV/0!	1
63	Ca Mau	0	0.00 %	0.00	3	0.19 %	#DIV/0!	3	0.10 %	0.95	0.00	#DIV/0!	0
Total		1578	1	#DIV/0!	1577	1	#DIV/0!	3155	1	1000	#DIV/0!	#DIV/0!	500

APPENDIX E: QUANTITATIVE RESULTS

APPENDIX E.1: OVERALL SUMMARY OF MISSING VALUES IN THE ORIGINAL DATASET

Overall Summary of Missing Values



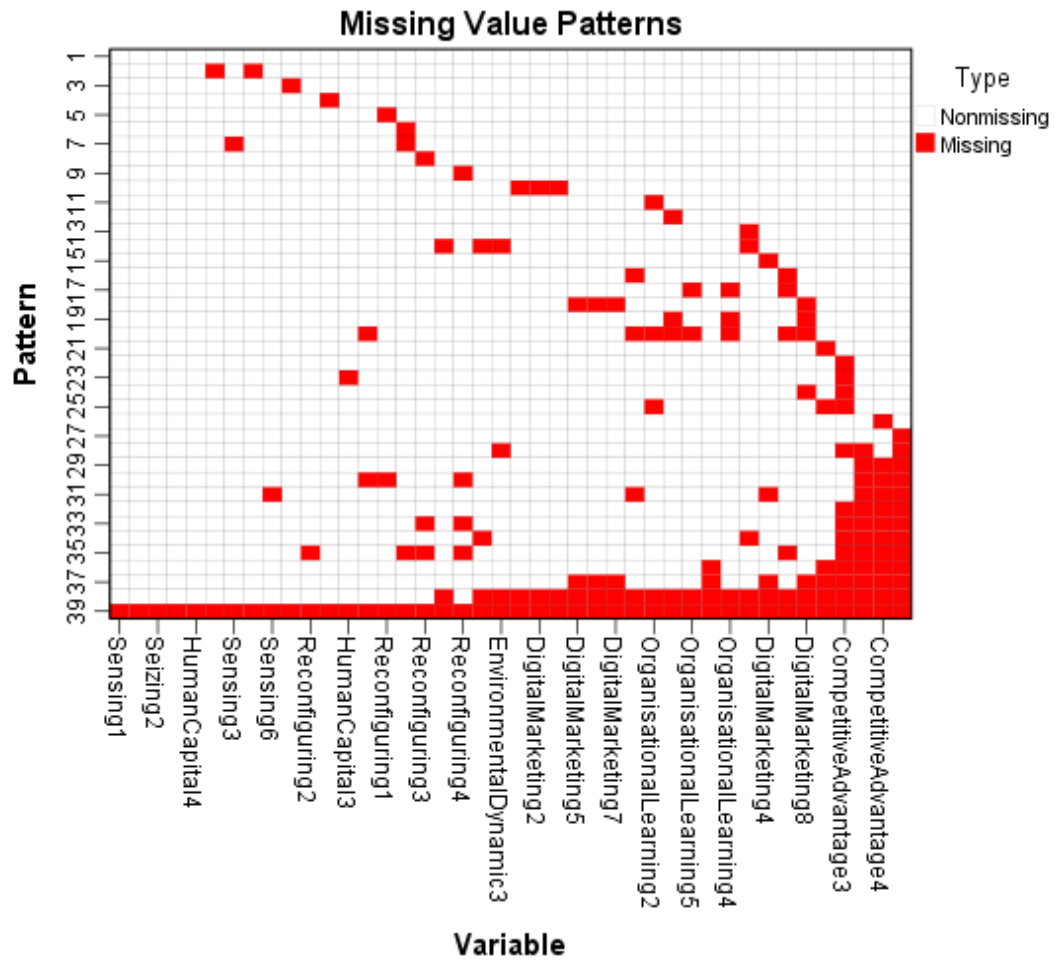
Percentage of Cases with Missing Data for Each Variable

Quantity of cases	% of missing values	Action needed
1	100	Delete completely
2	57.14	Delete completely
1	57.14	Delete completely
1	26.19	To be remedied
1	21.43	To be remedied
1	19.05	To be remedied
6	14.29	To be remedied
8	9.52	To be remedied
10	7.14	To be remedied
5	4.76	To be remedied
19	2.38	To be remedied
193	0	No action needed

Number and Percentage of Cases with Missing Data for Each Variable

Variables	Number of cases missing	Percentage (over 247)
CA4, CA6	22	8.91
CA3, CA5	21	8.50
OL6, DM8, CA2	8	3.24
OL4, ED4, DM4	7	2.83
OL1, OL2, OL3, OL5	6	2.43
RCFG4, ED2, ED3, DM1, DM2, DM3, DM5, DM7	5	2.02
SZ3, RCFG3, ED1	4	1.62
SZ1, RCFG1	3	1.21
SS2, SS3, SS4, SS6, SZ4, RCFG2, HC1, HC3	2	0.81
SS1, SS5, SZ2, HC2, HC4	1	0.40

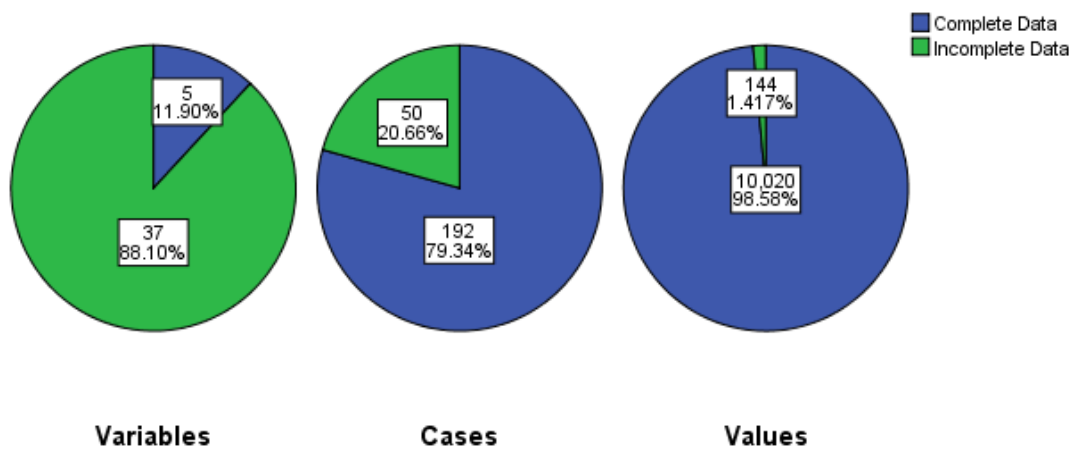
Missing Value Patterns in the Original Data



APPENDIX E.2: OVERALL SUMMARY OF MISSING VALUES IN THE USABLE DATASET AFTER TREATING MISSING CASES

Overall Summary of Missing Values in the Usable Dataset

Overall Summary of Missing Values



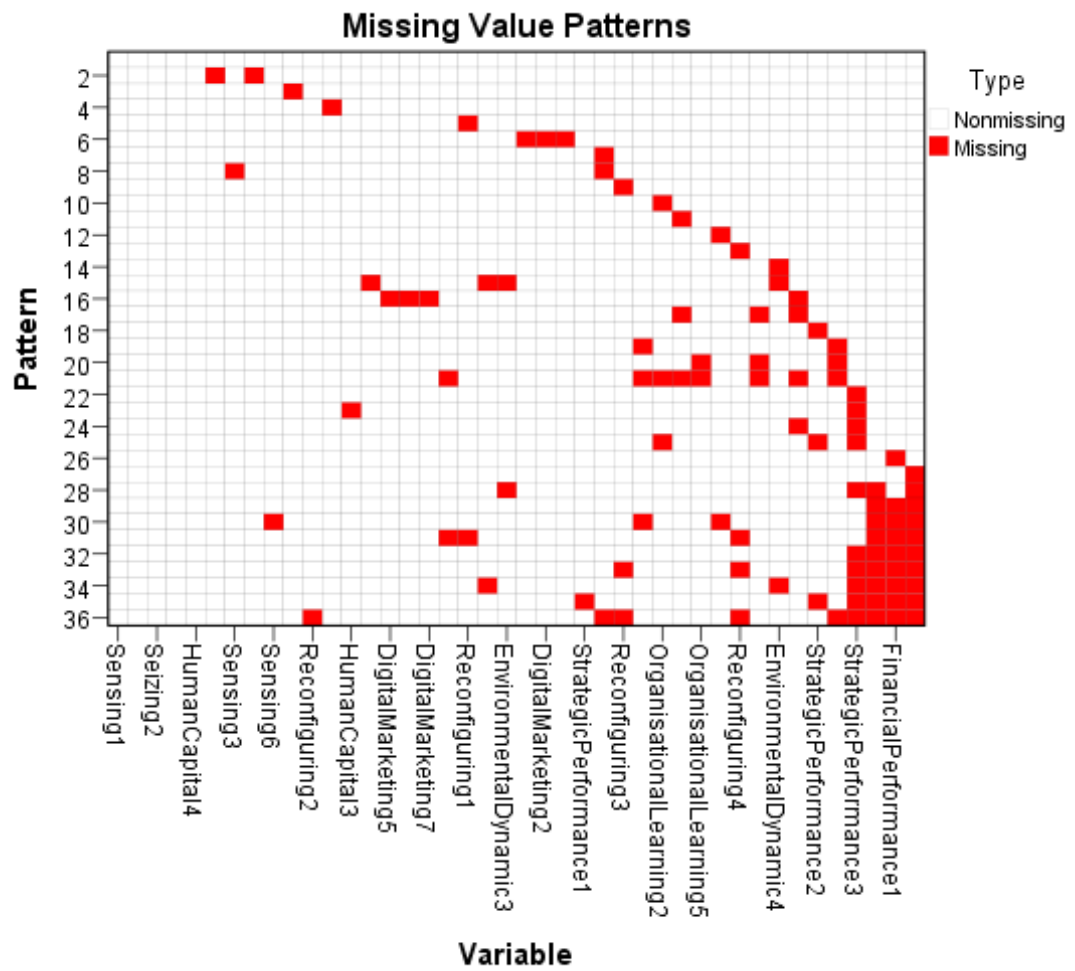
Percentage of Cases with Missing Data for Each Variable

Quantity of cases	Percentage of missing values	Action needed
1	21.43	To be remedied by a model-based approach
2	19.05	To be remedied
6	14.29	To be remedied
8	9.52	To be remedied
10	7.14	To be remedied
5	4.76	To be remedied
19	2.38	To be remedied
192	0	No action needed

Number and Percentage of Cases with Missing Data for Each Variable

Variable name	Number of cases missing	Percentage (over 247)
CA4, CA6	18	7.4
CA3, CA5	17	7.0
OL6	5	2.1
CA2, DM8, ED4, OL4, RCFG4	4	1.7
DM4, OL5, OL3, OL2, OL1, RCFG3, SZ3	3	1.2
CA1, DM3, DM2, DM1, ED3, ED2, RCFG1, SZ1	2	0.8

Missing Value Patterns in the Usable Dataset



APPENDIX E.3: LITTLE'S (1998) MCAR OVERALL TEST OF RANDOMNESS

(With Employee as categorical variable to see if there are any differences in the pattern of missing among different groups)

(After deleting three cases for having more than 50% of missing and 2 cases of unengaged responses)

Univariate Statistics							
	N	Mean	Std. Deviation	Missing		No. of Extremes ^a	
				Count	Percent	Low	High
Sensing1	242	4.4628	1.26911	0	.0	12	0
Sensing2	241	4.8880	1.17256	1	.4	4	0
Sensing3	241	4.7386	1.25255	1	.4	7	0
Sensing4	241	5.1826	1.02055	1	.4	16	0
Sensing5	242	5.0000	1.05846	0	.0	1	0
Sensing6	241	5.2905	.87955	1	.4	14	0
Seizing1	240	5.1500	.95637	2	.8	15	0
Seizing2	242	5.0744	1.09821	0	.0	3	0
Seizing3	239	5.2385	.96886	3	1.2	13	0
Seizing4	241	5.3942	.84052	1	.4	8	0
Reconfiguring1	240	4.5000	1.19273	2	.8	10	0
Reconfiguring2	241	4.7386	1.14842	1	.4	2	0
Reconfiguring3	239	4.5941	1.15887	3	1.2	1	0
Reconfiguring4	238	4.7437	1.14988	4	1.7	2	0
HumanCapital1	241	4.8465	1.00275	1	.4	0	0
HumanCapital2	242	4.5785	1.02055	0	.0	4	0
HumanCapital3	241	4.5975	1.08773	1	.4	7	0
HumanCapital4	242	4.4669	1.17059	0	.0	13	0
OrganisationalLearning1	239	4.8870	1.06501	3	1.2	3	0

OrganisationalLearning2	239	4.6192	1.19585	3	1.2	5	0
OrganisationalLearning3	239	4.5021	1.29600	3	1.2	14	0
OrganisationalLearning4	238	4.7899	1.22129	4	1.7	6	0
OrganisationalLearning5	239	4.9958	1.10954	3	1.2	3	0
OrganisationalLearning6	237	5.0464	.99679	5	2.1	1	0
EnvironmentalDynamic1	241	4.6680	1.08291	1	.4	1	0
EnvironmentalDynamic2	240	4.7917	1.14180	2	.8	3	0
EnvironmentalDynamic3	240	4.9333	1.08418	2	.8	3	0
EnvironmentalDynamic4	238	4.8025	1.12831	4	1.7	3	0
DigitalMarketing1	240	5.1542	1.01721	2	.8	21	0
DigitalMarketing2	240	4.8583	1.19480	2	.8	2	0
DigitalMarketing3	240	5.1500	1.13632	2	.8	20	0
DigitalMarketing4	239	4.9916	1.28007	3	1.2	7	0
DigitalMarketing5	241	5.0539	1.03340	1	.4	2	0
DigitalMarketing6	241	4.9793	1.14909	1	.4	3	0
DigitalMarketing7	241	5.0166	1.12904	1	.4	3	0
DigitalMarketing8	238	5.0672	1.10794	4	1.7	22	0
CompetitiveAdvantage1	240	4.1958	1.04260	2	.8	0	0
CompetitiveAdvantage2	238	3.9874	1.19238	4	1.7	1	0
CompetitiveAdvantage3	225	3.9867	1.17062	17	7.0	0	0
CompetitiveAdvantage4	224	3.8527	1.16784	18	7.4	2	0
CompetitiveAdvantage5	225	3.9422	1.15776	17	7.0	2	0

CompetitiveAdvantage6	224	3.9152	1.13917	18	7.4	1	0
Employee Number	230			12	5.0		

a. Number of cases outside the range ($Q1 - 1.5 \cdot IQR$, $Q3 + 1.5 \cdot IQR$).

EM Means^a

Sensing1	4.4340
Sensing2	4.8834
Sensing3	4.7193
Sensing4	5.1907
Sensing5	5.0043
Sensing6	5.3029
Seizing1	5.1583
Seizing2	5.0681
Seizing3	5.2406
Seizing4	5.4046
Reconfiguring1	4.4985
Reconfiguring2	4.7360
Reconfiguring3	4.5708
Reconfiguring4	4.7288
HumanCapital1	4.8532
HumanCapital2	4.5745
HumanCapital3	4.5970
HumanCapital4	4.4596
OrganisationalLearning1	4.8863
OrganisationalLearning2	4.6014
OrganisationalLearning3	4.4872
OrganisationalLearning4	4.7839
OrganisationalLearning5	4.9887
OrganisationalLearning6	5.0509
EnvironmentalDynamic1	4.6589
EnvironmentalDynamic2	4.7784
EnvironmentalDynamic3	4.9368
EnvironmentalDynamic4	4.8066
DigitalMarketing1	5.1414
DigitalMarketing2	4.8513
DigitalMarketing3	5.1401
DigitalMarketing4	4.9944
DigitalMarketing5	5.0577
DigitalMarketing6	4.9834
DigitalMarketing7	5.0089
DigitalMarketing8	5.0374
StrategicPerformance1	4.1974
StrategicPerformance2	4.0147
StrategicPerformance3	3.9930
FinancialPerformance1	3.8428
FinancialPerformance2	3.9413
FinancialPerformance3	3.9133

a Little's MCAR test: Chi-Square = 1438.106, DF = 1368, Sig. = .092

APPENDIX E.2: DESCRIPTIVE STATISTICS BEFORE EM (TRANSFORMATION)

Mean, trimmed mean, SD, skewness, and Kurtosis

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
SS1	242	.00	6.00	4.4628	1.26911	-1.021	.156	1.511	.312
SS2	241	.00	6.00	4.8880	1.17256	-1.329	.157	2.268	.312
SS3	241	.00	6.00	4.7386	1.25255	-1.123	.157	1.482	.312
SS4	241	.00	6.00	5.1826	1.02055	-1.417	.157	2.592	.312
SS5	242	1.00	6.00	5.0000	1.05846	-.868	.156	.196	.312
SS6	241	2.00	6.00	5.2905	.87955	-1.344	.157	1.611	.312
SZ1	240	1.00	6.00	5.1500	.95637	-1.173	.157	1.415	.313
SZ2	242	.00	6.00	5.0744	1.09821	-1.437	.156	2.606	.312
SZ3	239	.00	6.00	5.2385	.96886	-1.640	.157	3.905	.314

SZ4	241	2.00	6.00	5.39 42	.84052	- 1.57 3	.157	2.69 4	.312
RCFG1	240	.00	6.00	4.50 00	1.19273	- .537	.157	.106	.313
RCFG2	241	.00	6.00	4.73 86	1.14842	- 1.02 2	.157	1.43 4	.312
RCFG3	239	1.00	6.00	4.59 41	1.15887	- .435	.157	- .646	.314
RCFG4	238	1.00	6.00	4.74 37	1.14988	- .711	.158	.001	.314
HC1	241	2.00	6.00	4.84 65	1.00275	- .662	.157	.035	.312
HC2	242	2.00	6.00	4.57 85	1.02055	- .214	.156	- .689	.312
HC3	241	1.00	6.00	4.59 75	1.08773	- .615	.157	.299	.312
HC4	242	1.00	6.00	4.46 69	1.17059	- .444	.156	- .388	.312
OL1	239	1.00	6.00	4.88 70	1.06501	- 1.05 6	.157	1.33 0	.314
OL2	239	1.00	6.00	4.61 92	1.19585	- .776	.157	.260	.314
OL3	239	.00	6.00	4.50 21	1.29600	- .927	.157	.928	.314
OL4	238	.00	6.00	4.78 99	1.22129	- 1.13 3	.158	1.36 3	.314
OL5	239	1.00	6.00	4.99 58	1.10954	- 1.22 0	.157	1.46 1	.314
OL6	237	1.00	6.00	5.04 64	.99679	- 1.00 0	.158	.866	.315

ED1	241	1.00	6.00	4.66 80	1.08291	- .479	.157	- .321	.312
ED2	240	.00	6.00	4.79 17	1.14180	- 1.08 0	.157	1.31 1	.313
ED3	240	1.00	6.00	4.93 33	1.08418	- 1.13 8	.157	1.33 1	.313
ED4	238	1.00	6.00	4.80 25	1.12831	- .973	.158	.723	.314
DM1	240	1.00	6.00	5.15 42	1.01721	- 1.39 6	.157	2.01 3	.313
DM2	240	1.00	6.00	4.85 83	1.19480	- .837	.157	- .046	.313
DM3	240	.00	6.00	5.15 00	1.13632	- 1.76 5	.157	3.89 1	.313
DM4	239	.00	6.00	4.99 16	1.28007	- 1.58 4	.157	2.78 4	.314
DM5	241	1.00	6.00	5.05 39	1.03340	- 1.18 2	.157	1.53 1	.312
DM6	241	.00	6.00	4.97 93	1.14909	- 1.27 2	.157	1.73 1	.312
DM7	241	.00	6.00	5.01 66	1.12904	- 1.36 4	.157	2.57 9	.312
DM8	238	.00	6.00	5.06 72	1.10794	- 1.41 0	.158	2.39 9	.314
CA1	240	1.00	6.00	4.19 58	1.04260	- .244	.157	- .394	.313
CA2	238	.00	6.00	3.98 74	1.19238	- .096	.158	- .421	.314

CA3	225	1.00	6.00	3.98 67	1.17062	.127	.162	- .762	.323
CA4	224	.00	6.00	3.85 27	1.16784	- .323	.163	.313	.324
CA5	225	.00	6.00	3.94 22	1.15776	- .165	.162	.129	.323
CA6	224	.00	6.00	3.91 52	1.13917	- .126	.163	- .019	.324
Valid N (listwise)	192								

APPENDIX E.3: DESCRIPTIVE STATISTICS AFTER EM (TRANSFORMATION)

Mean, trimmed mean, SD, skewness, and Kurtosis

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
SS1	242	.00	6.00	4.4628	1.26911	-1.021	.156	1.511	.312
SS2	242	.00	6.43	4.8943	1.17431	-1.324	.156	2.256	.312
SS3	242	.00	6.00	4.7373	1.25012	-1.122	.156	1.493	.312
SS4	242	.00	6.00	5.1859	1.01979	-1.422	.156	2.606	.312
SS5	242	1.00	6.00	5.0000	1.05846	-.868	.156	.196	.312
SS6	242	2.00	6.00	5.2925	.87830	-1.351	.156	1.631	.312
SZ1	242	1.00	6.00	5.1525	.95296	-1.183	.156	1.454	.312
SZ2	242	.00	6.00	5.0744	1.09821	-1.437	.156	2.606	.312

SZ3	242	.00	6.00	5.23 34	.9657 4	- 1.62 6	.15 6	3.87 9	.31 2
SZ4	242	2.00	6.54	5.39 89	.8420 1	- 1.56 4	.15 6	2.67 9	.31 2
RCF G1	242	.00	6.30	4.50 50	1.193 96	-.530	.15 6	.098	.31 2
RCF G2	242	.00	6.00	4.73 46	1.147 71	- 1.01 2	.15 6	1.41 4	.31 2
RCF G3	242	1.00	6.00	4.59 10	1.158 94	-.437	.15 6	-.654	.31 2
RCF G4	242	1.00	6.00	4.73 01	1.152 15	-.682	.15 6	-.073	.31 2
HC1	242	2.00	6.00	4.84 65	1.000 66	-.664	.15 6	.047	.31 2
HC2	242	2.00	6.00	4.57 85	1.020 55	-.214	.15 6	-.689	.31 2
HC3	242	1.00	6.00	4.60 13	1.087 06	-.622	.15 6	.304	.31 2
HC4	242	1.00	6.00	4.46 69	1.170 59	-.444	.15 6	-.388	.31 2
IL1	242	1.00	6.00	4.55 79	1.180 21	-.705	.15 6	.213	.31 2
IL2	242	.00	6.00	4.84 60	1.304 12	- 1.51 3	.15 6	2.49 8	.31 2
IL3	242	.00	6.00	4.85 17	1.127 70	- 1.20 9	.15 6	2.14 2	.31 2
IL4	242	1.00	6.00	4.79 82	1.056 17	-.674	.15 6	.159	.31 2
IL5	242	1.00	6.00	4.73 94	1.157 15	-.758	.15 6	.204	.31 2

GL1	242	.00	6.00	4.52 99	1.235 07	-.679	.15 6	.168	.31 2
GL2	242	1.00	6.21	5.03 92	1.102 52	- 1.23 8	.15 6	1.29 6	.31 2
GL3	242	1.00	6.00	4.92 76	1.041 65	-.946	.15 6	.608	.31 2
GL4	242	1.00	6.00	4.84 72	1.047 93	- 1.08 2	.15 6	1.20 4	.31 2
GL5	242	.00	6.00	5.02 67	1.157 92	- 1.65 2	.15 6	3.47 2	.31 2
OL1	242	1.00	6.00	4.88 79	1.059 12	- 1.06 3	.15 6	1.37 5	.31 2
OL2	242	1.00	6.80	4.62 19	1.199 52	-.745	.15 6	.237	.31 2
OL3	242	.00	6.38	4.49 95	1.302 15	-.908	.15 6	.858	.31 2
OL4	242	.00	6.21	4.78 90	1.216 12	- 1.12 1	.15 6	1.36 7	.31 2
OL5	242	1.00	6.00	4.99 11	1.103 63	- 1.21 2	.15 6	1.47 9	.31 2
OL6	242	1.00	6.00	5.03 68	.9909 4	-.978	.15 6	.851	.31 2
DK1	242	.00	6.21	4.93 49	1.047 52	- 1.41 8	.15 6	2.98 8	.31 2
DK2	242	2.00	6.00	5.26 81	.9862 2	- 1.55 4	.15 6	2.26 4	.31 2
DK3	242	.00	6.00	5.11 19	1.082 44	- 1.63 1	.15 6	3.48 4	.31 2

DK4	242	.00	6.00	5.19 50	1.001 98	- 1.62 3	.15 6	3.77 9	.31 2
PK1	242	1.00	6.10	5.05 61	.9959 7	- 1.07 5	.15 6	1.12 9	.31 2
PK2	242	1.00	6.17	5.06 14	1.050 60	- 1.18 1	.15 6	1.29 6	.31 2
PK3	242	1.00	6.48	4.98 23	1.029 50	-.891	.15 6	.440	.31 2
PK4	242	1.00	6.00	4.76 31	1.019 80	-.699	.15 6	.237	.31 2
PK5	242	2.00	6.28	5.08 10	.9064 9	-.796	.15 6	.050	.31 2
PK6	242	.00	6.00	4.94 97	.9865 7	- 1.18 6	.15 6	2.22 5	.31 2
IP1	242	.00	6.58	3.80 23	1.532 79	-.490	.15 6	-.197	.31 2
IP2	242	.00	7.07	3.88 72	1.476 88	-.371	.15 6	-.488	.31 2
IP3	242	.00	6.00	3.50 28	1.363 40	-.186	.15 6	-.083	.31 2
IP4	242	.00	6.00	3.77 92	1.379 85	-.227	.15 6	-.255	.31 2
IP5	242	.00	7.27	3.87 81	1.624 88	-.707	.15 6	.110	.31 2
IP6	242	.00	7.00	4.69 15	1.321 66	- 1.02 4	.15 6	.703	.31 2
IP7	242	.00	6.25	4.08 95	1.474 51	-.571	.15 6	-.193	.31 2
IP8	242	.00	6.56	4.73 52	1.272 93	- 1.11 7	.15 6	1.23 6	.31 2

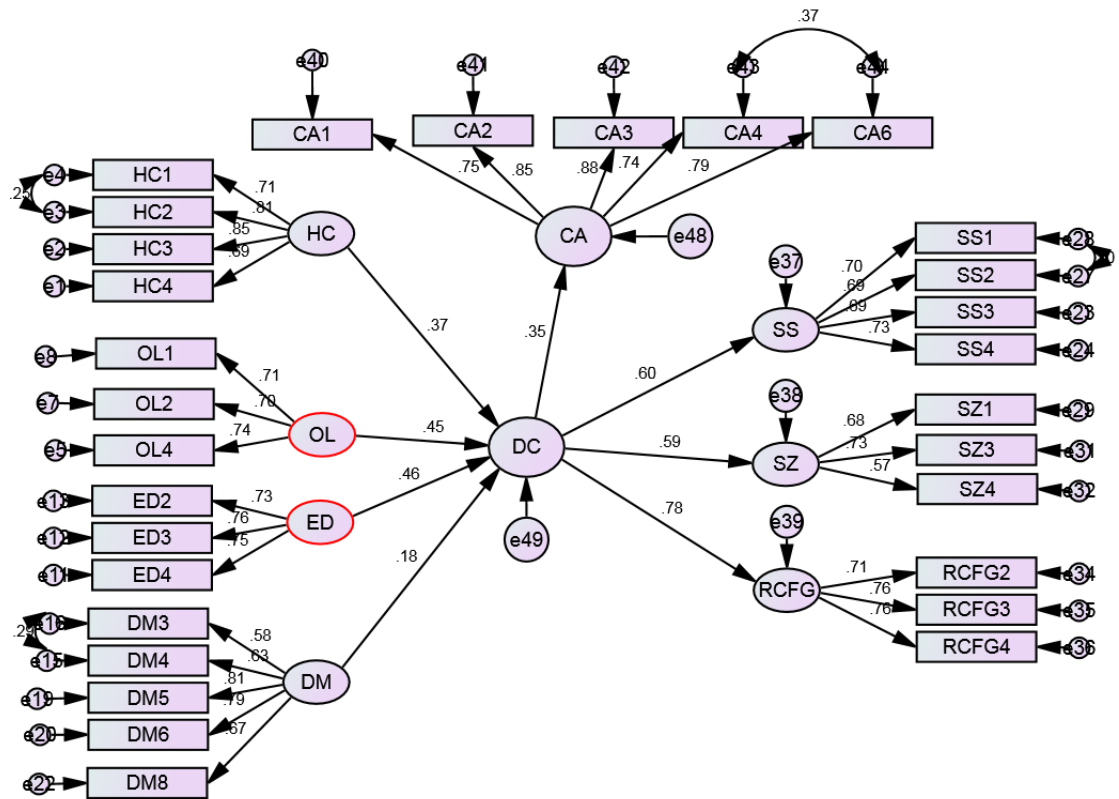
ED1	242	1.00	6.33	4.67 49	1.085 95	-.477	.15 6	-.327	.31 2
ED2	242	.00	6.00	4.79 57	1.138 06	- 1.09 2	.15 6	1.34 8	.31 2
ED3	242	1.00	6.00	4.92 97	1.080 47	- 1.13 1	.15 6	1.33 9	.31 2
ED4	242	1.00	6.39	4.80 92	1.124 33	-.973	.15 6	.752	.31 2
MSU1	242	.00	6.00	4.63 51	1.600 37	- 1.20 2	.15 6	.569	.31 2
MSU2	242	.00	7.08	3.69 04	1.981 54	-.569	.15 6	-.890	.31 2
MSU3	242	.00	6.00	5.15 18	1.260 21	- 2.03 4	.15 6	4.73 7	.31 2
MSU4	242	.00	6.37	4.90 23	1.376 39	- 1.55 4	.15 6	2.29 1	.31 2
MSU5	242	.00	6.78	5.18 04	1.132 92	- 1.78 1	.15 6	3.84 7	.31 2
DM1	242	1.00	6.00	5.15 31	1.013 17	- 1.39 8	.15 6	2.04 4	.31 2
DM2	242	1.00	6.00	4.85 79	1.189 93	-.839	.15 6	-.024	.31 2
DM3	242	.00	6.00	5.14 51	1.132 88	- 1.75 4	.15 6	3.88 6	.31 2
DM4	242	.00	6.00	4.99 60	1.272 91	- 1.60 1	.15 6	2.86 3	.31 2

DM5	242	1.00	6.00	5.04 98	1.033 27	- 1.16 9	.15 6	1.49 8	.31 2
DM6	242	.00	6.00	4.98 22	1.147 59	- 1.27 8	.15 6	1.74 9	.31 2
DM7	242	.00	6.00	5.01 27	1.128 30	- 1.35 3	.15 6	2.55 3	.31 2
DM8	242	.00	6.00	5.03 42	1.134 76	- 1.34 8	.15 6	1.99 6	.31 2
DM9	242	.00	6.00	4.86 76	1.179 60	- 1.29 3	.15 6	2.12 8	.31 2
DM10	242	.00	6.00	4.78 80	1.300 82	- 1.43 0	.15 6	2.50 4	.31 2
DM11	242	.00	6.00	4.79 01	1.237 29	- 1.17 8	.15 6	1.57 0	.31 2
RS1	242	1.00	6.00	4.34 74	1.061 24	-.366	.15 6	-.474	.31 2
RS2	242	1.00	6.00	4.00 16	1.096 25	-.048	.15 6	-.273	.31 2
RS3	242	2.00	6.21	4.42 43	1.056 22	-.319	.15 6	-.655	.31 2
RS4	242	1.00	6.00	4.46 19	1.104 21	-.528	.15 6	-.166	.31 2
RS5	242	2.00	6.00	4.69 46	1.002 05	-.613	.15 6	-.106	.31 2
CA1	242	1.00	6.00	4.19 29	1.040 43	-.238	.15 6	-.393	.31 2
CA2	242	.00	6.20	3.99 10	1.194 18	-.081	.15 6	-.424	.31 2

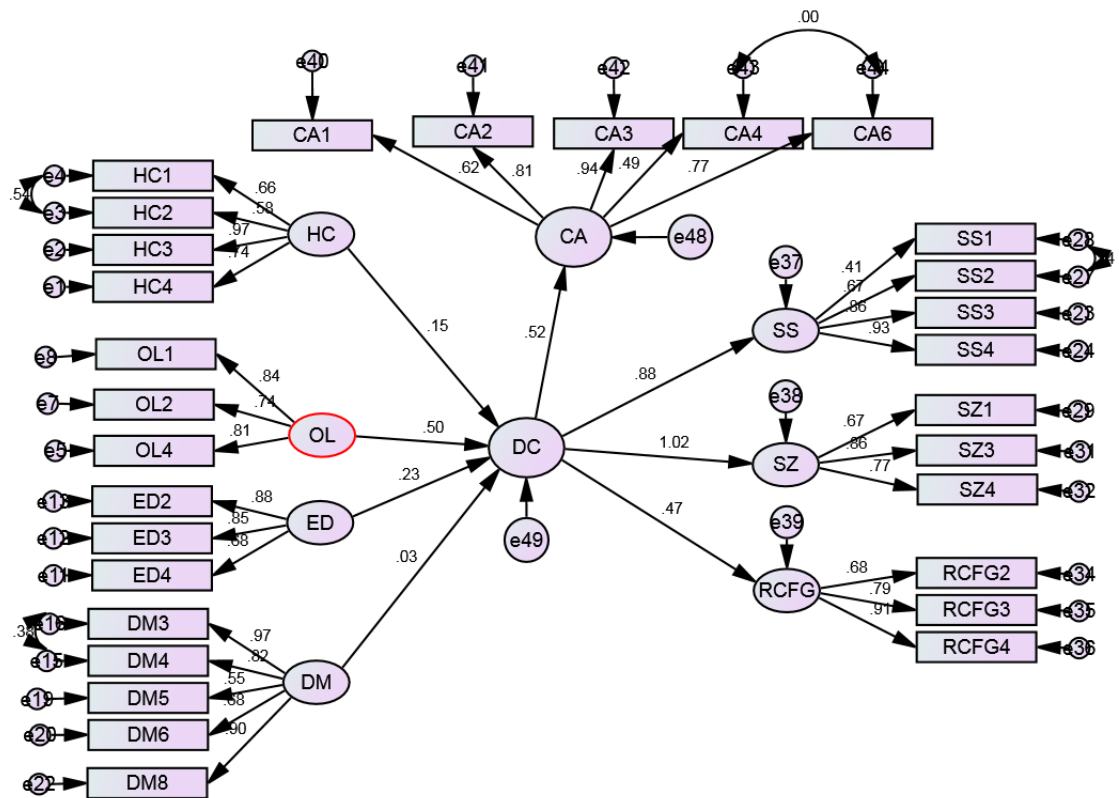
CA3	242	1.00	6.50	3.96 79	1.191 36	.109	.15 6	-.759	.31 2
CA4	242	-.63	6.00	3.78 78	1.203 19	-.455	.15 6	.773	.31 2
CA5	242	.00	6.00	3.89 09	1.170 80	-.179	.15 6	.114	.31 2
CA6	242	.00	6.00	3.88 67	1.124 44	-.073	.15 6	-.048	.31 2
Valid N (listwise)	242								

APPENDIX E.4: MULTIGROUP ANALYSIS

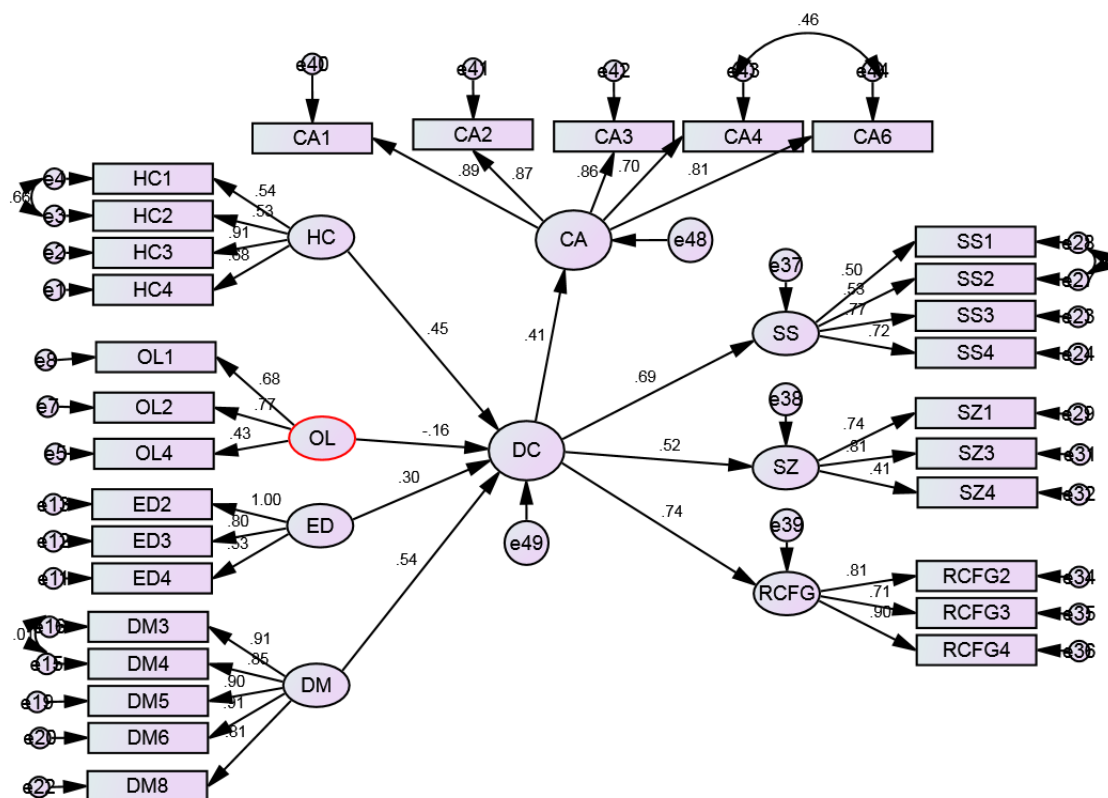
Appendix E.4.1: Multigroup (Company Size) Path Model: Only DC→CA Path Constrained (Small Companies)



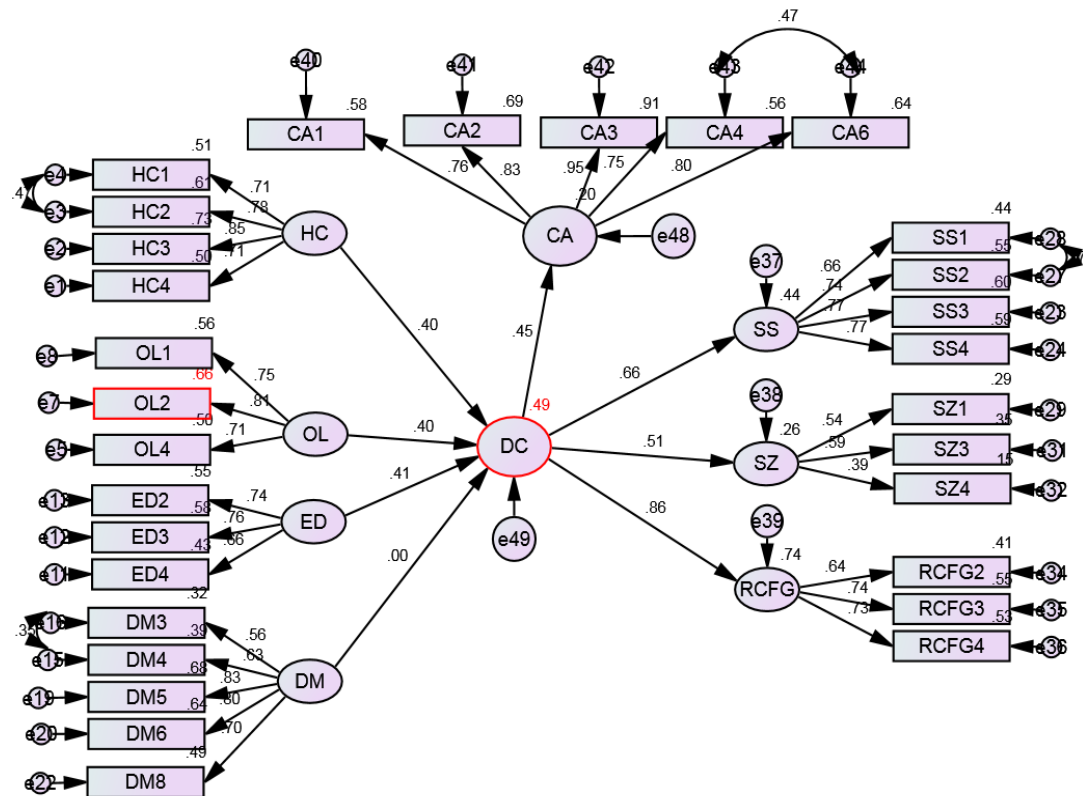
Appendix E.4.2. Multigroup (Company Size) Path Model: Only DC→CA Path Constrained (Medium Companies)



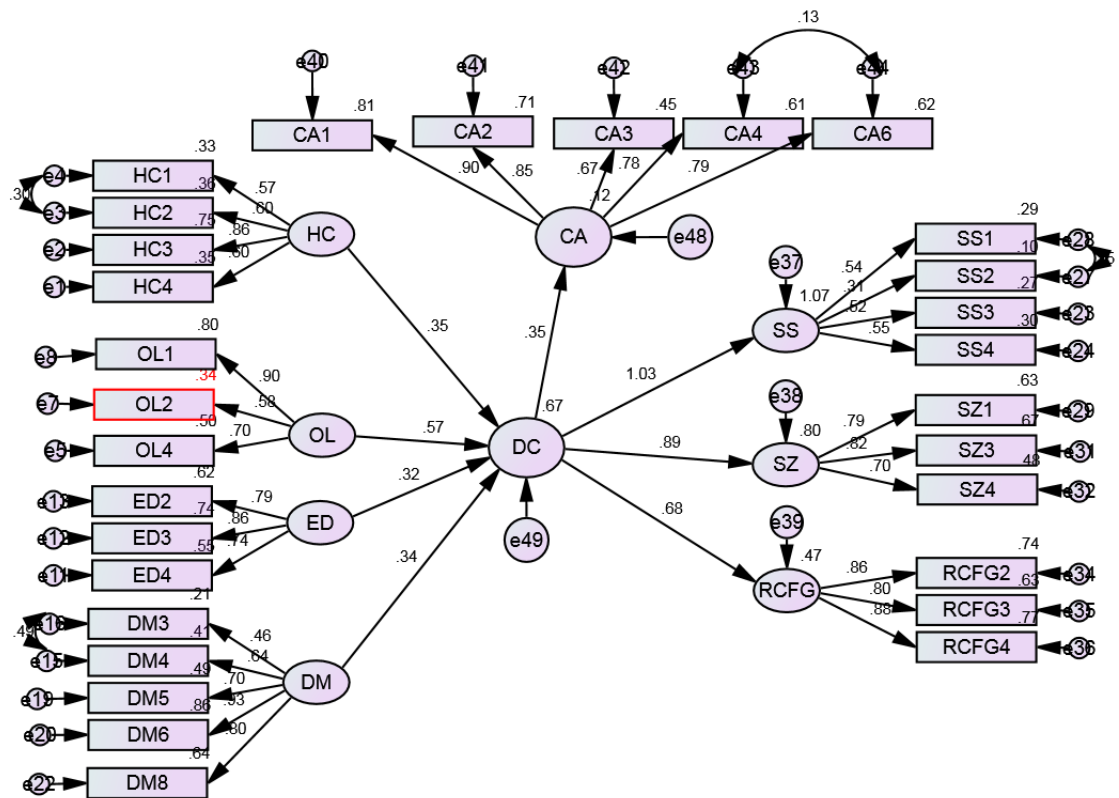
Appendix E.4.3: Multigroup (Company Size) Path Model: Only DC→CA Path Constrained (Large Companies)



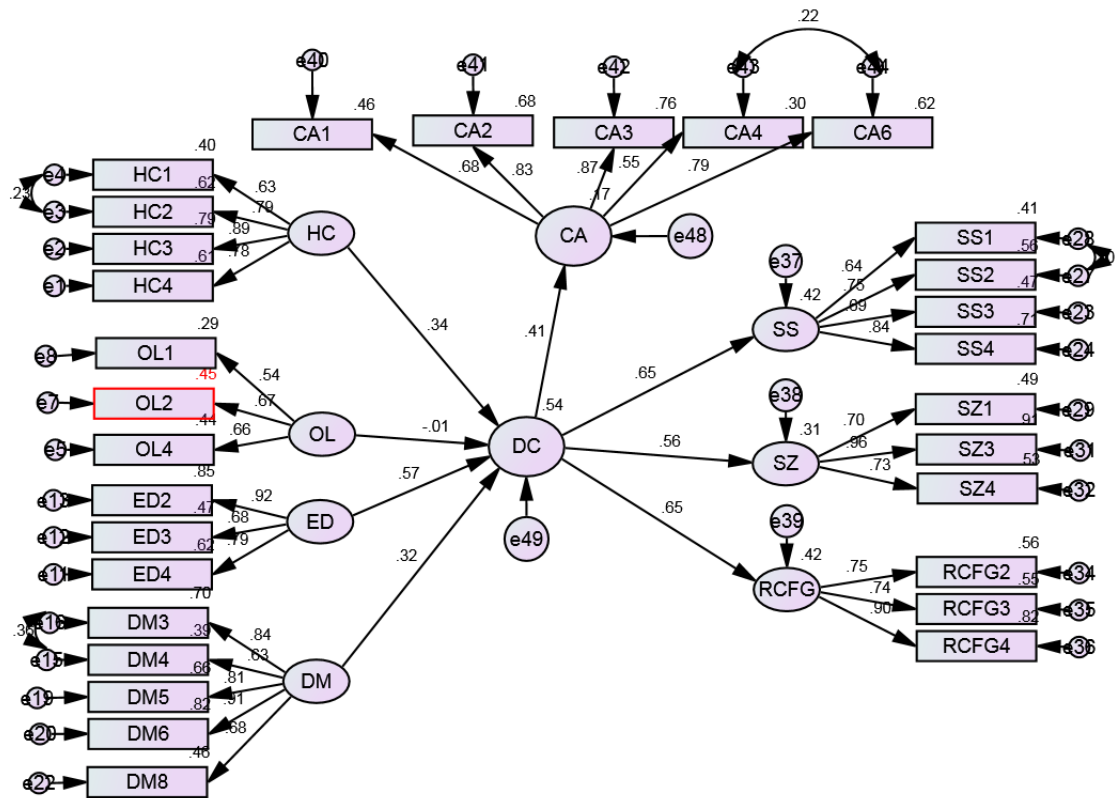
Appendix E.4.4: Multigroup (Company Age) Path Model: Only DC→CA Path Constrained ($0 \leq 5$ years)



Appendix E.4.5: Multigroup (Company Age) Path Model: Only DC→CA Path Constrained ($< 5 \leq 10$ years)



Appendix E.4.6: Multigroup (Company Age) Path Model: Only DC→CA Path Constrained (> 10 years)



APPENDIX F: QUALITATIVE RESULTS

APPENDIX F.1: DESCRIPTION OF CASE DATA

ORGANISATION INFORMATION				KEY INFORMANT INFORMATION			
Case	Size	Main business activities	Region	Position	Experience (years)	Age	Gender
C1	Medium	transport	North	Manager	< 10 ≤ 20	< 25 ≤ 35	Male
C2	Medium	travel transport agency,	North	Manager	< 10 ≤ 20	< 25 ≤ 35	Female
C3	Medium	transport	North	Manager	< 10 ≤ 20	< 25 ≤ 35	Female
C4	Medium	travel transport agency,	North	Manager	< 10 ≤ 20	< 25 ≤ 35	Female
C5	Large	cultural and recreational activities	South	Director	> 20	< 45 ≤ 55	Female
C6	Large	travel transport agency,	South	Vice-Director	< 10 ≤ 20	< 25 ≤ 35	Female
C7	Large	travel transport, food and beverage services	South	Director	> 20	< 35 ≤ 45	Female
C8	Medium	accommodation, food and beverage services	Central	Director	< 10 ≤ 20	< 35 ≤ 45	Female
C9	Medium	accommodation, travel agency	South	Director & Founder	< 5 ≤ 10	< 35 ≤ 45	Female
C10	Small	travel agency	South	Manager	< 5 ≤ 10	< 25 ≤ 35	Female
C11	Large	accommodation	North	Manager	< 10 ≤ 20	< 45 ≤ 55	Female
C12	Medium	travel transport agency,	North	Director & Founder	< 10 ≤ 20	< 25 ≤ 35	Female
C13	Small	travel agency	South	Manager	< 5 ≤ 10	< 25 ≤ 35	Female
C14	Small	travel agency	North	Vice-Director	< 10 ≤ 20	< 25 ≤ 35	Female
C15	Large	accommodation	South	Vice-Director	< 10 ≤ 20	< 35 ≤ 45	Female
C16	Medium	travel agency	North	Director & Founder	< 10 ≤ 20	< 35 ≤ 45	Female

Appendix F1 (Cont.)

ORGANISATION INFORMATION				KEY INFORMANT INFORMATION			
Case	Size	Main business activities	Region	Position	Experience (years)	Age	Gender
C17	Large	travel agency, transport, food and beverage services	North	Vice-Director	< 10 ≤ 20	< 35 ≤ 45	Male
C18	Medium	travel agency	South	Director	< 10 ≤ 20	< 35 ≤ 45	Male
C19	Large	travel agency, accommodation, transport, food and beverage services, cultural and recreational activities	South	Manager	< 10 ≤ 20	< 35 ≤ 45	Male
C20	Small	travel agency	North	Director	< 10 ≤ 20	< 35 ≤ 45	Male
C21	Medium	accommodation, food and beverage services	North	Director	< 10 ≤ 20	< 35 ≤ 45	Male
C22	Large	accommodations	North	Director	> 20	< 45 ≤ 55	Male
C23	Medium	accommodation, transport, cultural and recreational activities	North	Vice-Director	< 10 ≤ 20	< 45 ≤ 55	Male
C24	Large	accommodation	South	Director	> 20	< 45 ≤ 55	Male
C25	Large	accommodation	South	Director	> 20	< 45 ≤ 55	Male
C26	Small	travel agency, cultural and recreational activities	South	Vice-Director	< 10 ≤ 20	< 25 ≤ 35	Male
C27	Small	cultural and recreational activities	South	Vice-Director	< 10 ≤ 20	< 35 ≤ 45	Male
C28	Small	travel agency	Central	Director	< 10 ≤ 20	< 35 ≤ 45	Male
C29	Medium	travel agency, cultural and recreational activities	South	Director & Founder	< 10 ≤ 20	< 35 ≤ 45	Male
C30	Small	travel agency	North	Director & Founder	< 10 ≤ 20	< 35 ≤ 45	Male

Appendix F1 (Cont.)

ORGANISATION INFORMATION				KEY INFORMANT INFORMATION			
Case	Size	Main business activities	Region	Position	Experience (years)	Age	Gender
C31	Small	travel agency	Central	Director & Founder	$< 10 \leq 20$	$< 35 \leq 45$	Male
C32	Small	accommodation	Central	Director	$< 5 \leq 10$	$< 35 \leq 45$	Male
C33	Medium	travel agency, cultural and recreational activities	North	Director	> 20	$< 35 \leq 45$	Male
C34	Small	travel agency	North	Director	$< 5 \leq 10$	$< 25 \leq 35$	Male
C35	Small	accommodation, transport equipment rental	North	Director	$< 10 \leq 20$	$< 35 \leq 45$	Male
C36	Small	travel agency	North	Director & Founder	$< 10 \leq 20$	$< 35 \leq 45$	Male
C37	Medium	travel agency	North	Director & Founder	> 20	$< 35 \leq 45$	Male
C38	Medium	travel agency	North	Director & Founder	> 20	$< 35 \leq 45$	Male

APPENDIX F.2: INTERVIEW PROTOCOL

Opening

Good morning (afternoon). My name is Hang. Thank you for coming. This interview contains two parts. The first part asks general questions about yourself to get some background on your work, your position, and your experience in the field. The second, also the main part, contains the questions for the study. The purpose is to get your insightful ideas and comments on how your organisation is being dynamic and the factors that influence this dynamism.

This interview is going to be recorded and transcribed. The purpose of this is so that I can get all the exact details but also at the same time carry on an attentive conversation with you. As stated in the participant information sheet, I reassure you that all your comments will remain confidential. Also, during our conversation, I may note down some key information that I can later rely upon for the initial analysis. The interview notes are also treated confidentially and will be used for this study only.

Before we get started, please take a few minutes to read the information sheet carefully and then sign the consent form.

(After the participant signs the consent form, ask for his/her permission to turn the recorder on).

Now, let's get started.

PART 1

What is your current position?

How long have you been in this position?

What are your qualifications?

How long have you been in the tourism industry?

PART 2

In what way would you describe the organisation's abilities as dynamic?

What do these capabilities mean in your organisation? Can you specify further?

What do you think are the factors influencing your company's dynamic capabilities?

Which do you think is the most important factor that determine the company's ability to be dynamic?

What benefits do you think your company may achieve when it is dynamic toward changes and opportunities?

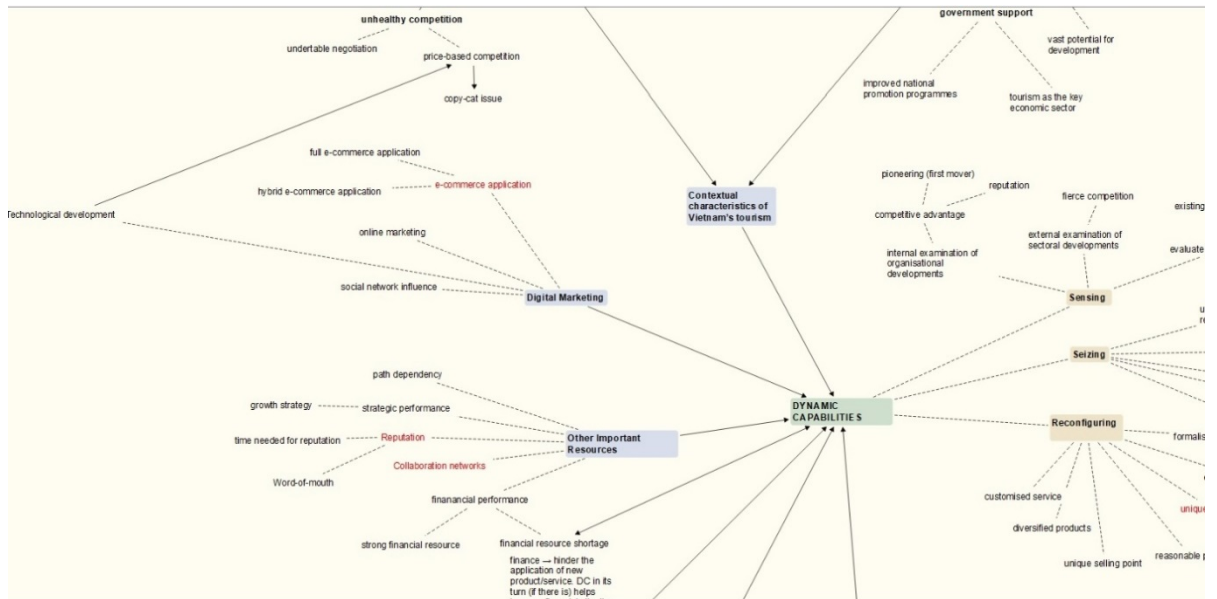
In your opinion, which organisation in your own market segment has the most dynamic capabilities?

In what ways do you think your company can compete with them?

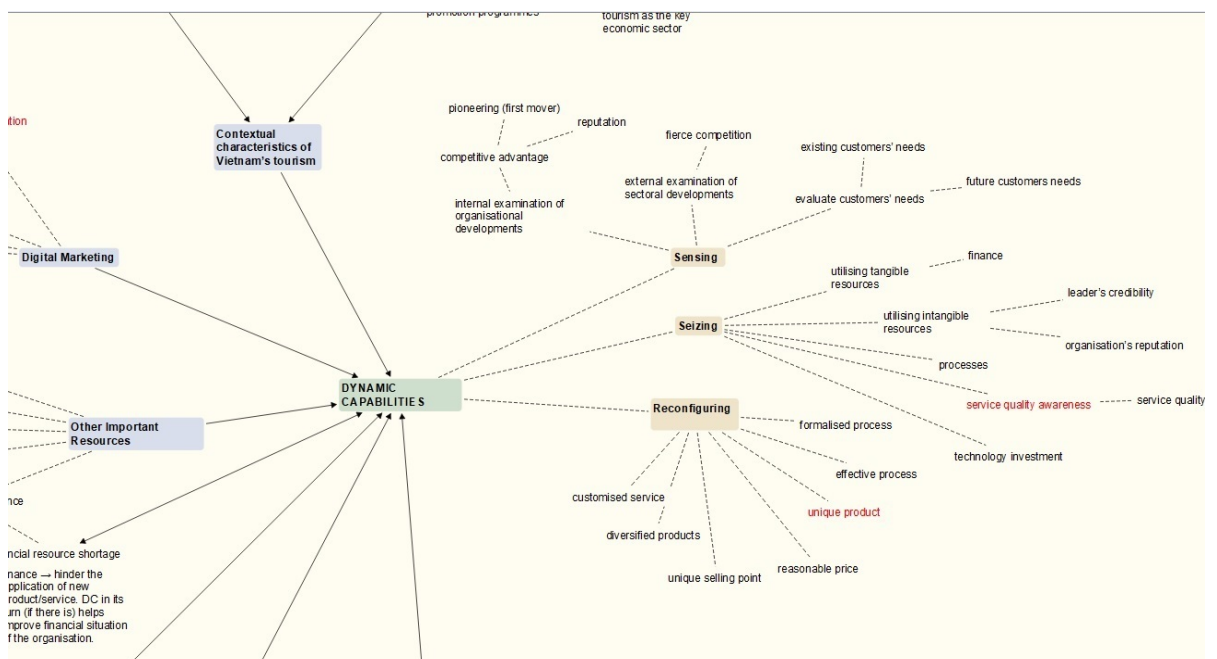
Do you have any further questions or suggestions?

This is the end of our interview and that's all the information I would like to ask.
Thank you for your valuable ideas.

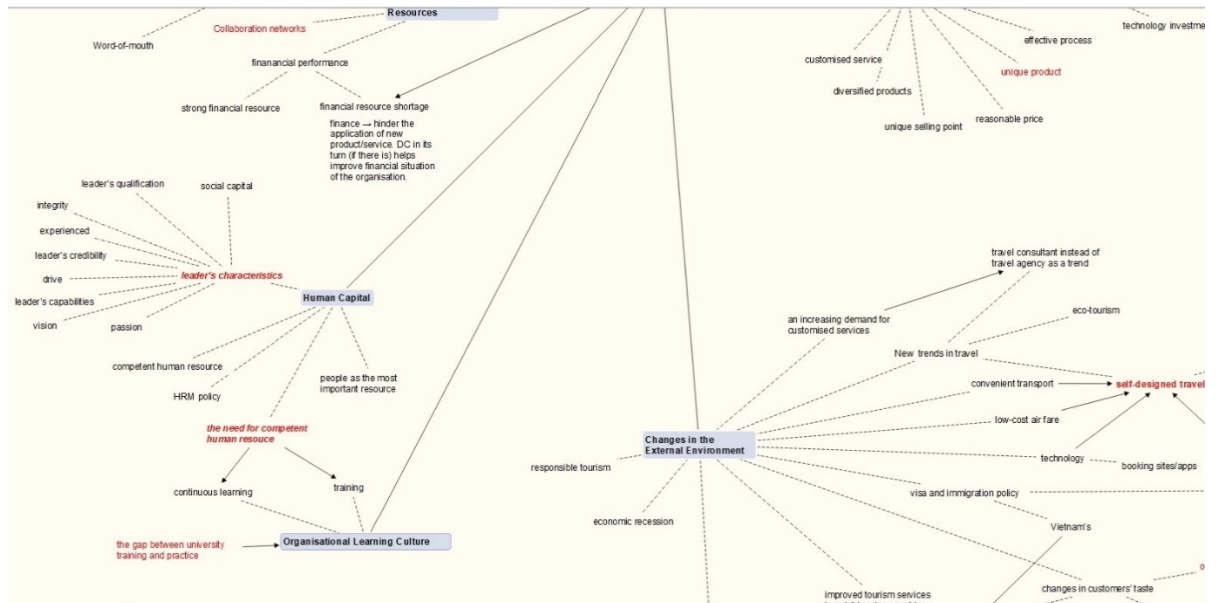
Cluster (02)



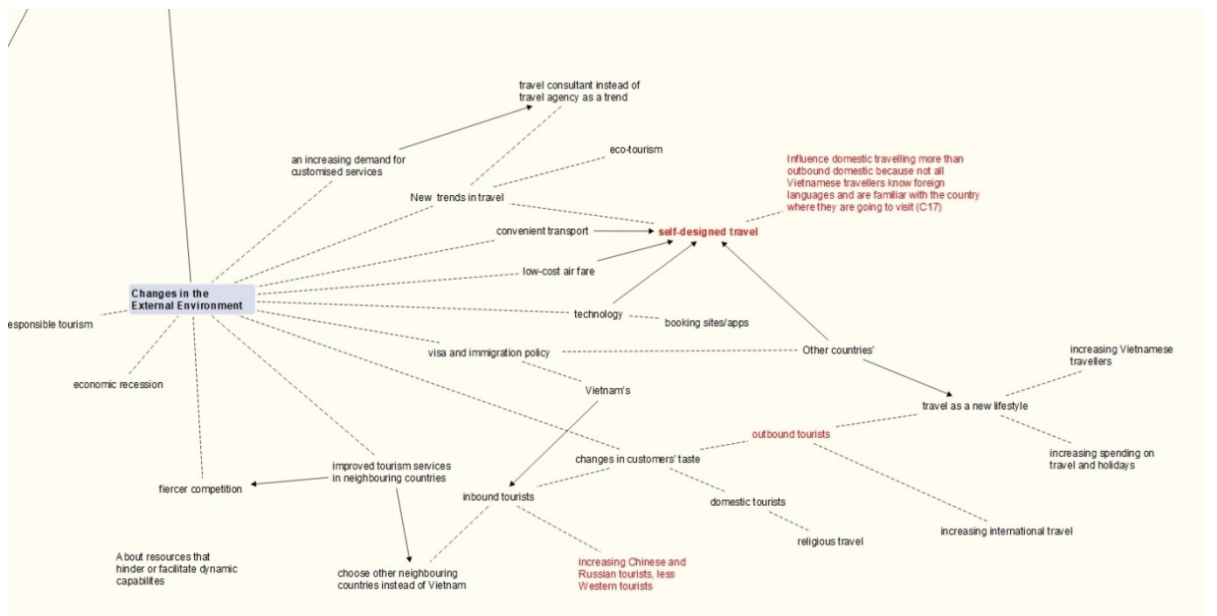
Cluster (03)



Cluster (04)



Cluster (05)



Appendix F.3.3: Node Proportion

Name	Number Of Sources Coded	Number Of Coding References
1. Dynamic Capabilities	33	255
1.1. Sensing capability	29	127
1.1.1. Internal examination of organisational developments	13	21
1.1.2. External examination of sectoral developments	24	53
1.1.3. Evaluating customers' needs	23	48
1.2. Seizing capability	27	71
1.2.1. Actions towards current products or services	23	42
1.2.2. Actions towards primary activities in the organisation's value	9	11
1.2.3. Actions towards supporting activities in the organisation's value	12	16
1.3. Reconfiguring capability	22	56
1.3.1. Applying slightly new structures and processes	10	18
1.3.2. Achieving know-how and product protection	13	20
1.3.3. Transferring and integrating new knowledge, know-how, and expertise in organisations	7	14
10. Other resources	29	64
10.1. Reputation	23	31
10.2. Relationships with other stakeholders in the industry	21	33
2. Human Capital	38	284
2.1. Strengths	26	46
2.1.1. More and more competent people	13	21
2.1.2. Organisations' appreciation of human capital as the most important	18	25
2.2. Weaknesses	16	36
2.2.1. Lack of practical training	7	8
2.2.2. Lack of career orientation	7	7
2.2.3. Incapable human resource	12	21
2.3. Leaders' characteristics	36	198
2.3.1. Leaders' vision	16	41
2.3.2. Leader's passion and drive	11	25
2.3.3. Leaders' integrity and credibility	5	9

Name	Number Of Sources Coded	Number Of Coding References
2.3.4. Innovative thinking of the leaders	16	33
2.3.5. Leaders' experience and industry knowledge	32	63
2.3.6. Leaders' social capital	13	23
3. Organisational Learning	7	19
3.1. Reasons for organisational learning	3	7
3.1.1. The gap between university training and practice	2	4
3.1.2. Organisation's level of standards	2	3
3.2. A culture of learning	6	12
3.2.1. Organisation's goals on learning	4	4
3.2.2. Organisation's activities on learning	6	8
4. Environmental Dynamism	32	133
4.1.1. New goods and services	3	4
4.1.2. New ways of delivering goods and services	6	9
4.1.3. New ways of communicating with target	6	6
4.1. Technological and infrastructural factors	11	22
4.2. Political factors	22	34
4.2.1. Government policies	20	24
4.2.2. Municipal policies	6	7
4.2.3. Political stability or instability in overseas markets	3	3
4.3. Economic factors	8	14
4.3.1. Economic growth	5	5
4.3.2. Exchange rate	3	3
4.3.3. Vietnam's further integration into the world	2	2
4.3.4. The way people spend their income	3	4
4.4. Socio-cultural and demographic factors	24	54
4.4.1. Traveller demographics	8	10
4.4.2. People's attitude towards travelling	11	18
4.4.3. Quality awareness about service business of the external	6	6
4.4.4. Labour market	13	20
4.5. Trends in tourism	6	9

Name	Number Of Sources Coded	Number Of Coding References
4.5.1. Sustainable tourism	1	1
4.5.2. Ecotourism	0	0
4.5.3. Self-designed travel	4	7
5. Digital Marketing	21	30
5.1. Level of online marketing application	20	26
5.1.1. High application	10	13
5.1.2. Medium application	6	8
5.1.3. Low application	4	5
5.2. Social network	2	3
5.2.1. Organisation's views on social network	2	2
5.2.2. Social network influence	1	1
6. Competition	15	29
6.1. Unhealthy competition	13	19
6.1.1. Undertable negotiation	1	2
6.1.2. Bribery	3	3
6.1.3. Price-based competition	10	13
6.2. Fiercer competition	6	10
6.2.1. Domestic competition	4	5
6.2.2. Regional competition	2	2
7. Contextual characteristics of Vietnam tourism sector	32	138
7.1. Strengths and improvements of Vietnam	17	36
7.1.1. More cooperations between stakeholders	2	3
7.1.2. Improved infrastructure	3	4
7.1.3. An emerging travel destination and potential for	5	7
7.1.4. More international integration	2	2
7.1.5. More tourism services	4	4
7.1.6. Positive policy changes and government support	13	16
7.2. Weaknesses of Vietnam tourism	26	101
7.2.1. Poor state management in the tourism sector	19	36
7.2.2. Not up to the international standards and uneven	14	20

Name	Number Of Sources Coded	Number Of Coding References
7.2.3. Poor infrastructure	2	2
7.2.4. Unhealthy competition	2	3
7.2.5. Unsustainable tourism	7	12
7.2.6 Mindset of the people in the industry	17	28
8. Strategic Performance	31	77
8.1. Chosen strategies	28	56
8.1.1. Focusing on price	3	3
8.1.2 Focusing on quality	22	33
8.1.3. Focusing on uniqueness of the products and services	12	15
8.1.4. First mover	4	5
8.2. Company's position in comparison with other	17	21
8.2.1. Better position	15	19
8.2.2. Same position	1	1
8.2.3. Lower position	1	1
9. Financial Performance	21	31
9.1. Financial resource	14	18
9.1.1. Strong financial situation	4	4
9.1.2. In short of financial resource	9	13
9.2. Financial results	11	13
9.2.1. Making a profit	11	13
9.2.2. Reaching breakeven point	0	0
9.2.3. Making a loss	0	0

APPENDIX G: EXAMPLES OF QUALITATIVE INTERVIEWS

APPENDIX G.1: INTERVIEW C12

A [Name omitted] (our company), the foundation for its establishment, how to say, I have founded and created many companies, but this one is now a year old. I have had 15-years in the industry. I work both in the corporate field and training as a specialist on EU projects, [name of the company] and [name of the cooperation], and other standard projects for 4-5-star hotels. A project of more than 10 years, recruiting top experts in hotels to construct occupational standards, in line with Vietnam Tourism Occupational Skills Standards (VTOS). In business, I work in travel for international companies of 800 to thousands of staff all over the world. When I was in those companies, I was also the one who created and directly designed new products so that the marketing and sales team could cooperate with many other big companies.

So when I set up this company, I already had a very good grounding and a clear direction which is to serve high-income customers. There are three main types of customer:

The first are Vietnamese travellers to abroad (or we say outbound) at a higher rank, such as tour groups to America, Europe, Australia, Japanese, and Korea. In those countries it is difficult to obtain a visa. We also do outbound tours at a lower rank for countries like Singapore, Thailand, and Malaysia, with both single and combined tours.

The second type are Vietnamese people in the domestic markets. But we pay more attention to the corporate customers; they often have teambuilding programmes or company holidays – it means an annual event or summer holiday tour for their staff. So for those activities, we do both package tours and combined tours according to families or separate travellers. This means for the domestic market, we do event organisation and teambuilding, and group tours. The third type are international travellers to Vietnam and South East Asia; we call them inbound. This one has been my absolute strength for more than ten years, including in the previous companies I worked for. But now [name of the company] has not had time to take care of this market. My goal is to cooperate with big international travel agencies, and they also require advance services rated at 3 stars and above.

Q *So how many employees does [name of the company] have?*

A So, in general, this sector is quite an open one, so the office staff are few in number. But in total, the fixed contract staff and many other collaborators, more than 10. There are five people in our office staff. The collaborators are in Thanh Hoa, Hai Duong, Ha Long, Da Nang, Hue. They all send the customers to us. And the agency, we use these agencies as our people. Agencies in the South as well, they send customers to the North for us to take care of.

Q *What was your training regarding tourism discipline?*

A I studied [name of the University] in [name of the city] in Business and Tourism Management. Then I was an international tour guide in the [name of the University]. Then I joined the EU project as the master trainer.

Q *So now in your opinion what is your organisation's greatest strength in comparison with other companies in the same market segment? What are these strengths and what are the backgrounds for these strengths?*

A The strength of my company lies in its quality because my target customers are high-income people and my business partners are of high standards with international criteria, not national standards but international standards with a very competitive and flexible price for customers. This means it's very flexible, not fixed, in comparison with other big companies like [name of the companies] or other international corporations and foreign agencies like [names of the companies]. So, in comparison with the companies which have luxurious helicopter tours, our tours are not lower in quality, but the price is really competitive. Because our company also works on domestic and outbound travel to the flight tickets our partners are really flexible while our tour quality is excellent. That's a strength, we think it's difficult to have that, we think only small and medium companies like us can have this, not the large companies because their system is too bulky. With our more modest size, it's easier to adapt. And we can also collaborate with our customers to work. We don't need to keep the brand in a very hard way, unlike many other large companies; it's difficult to collaborate.

Q *Is there anything else?*

A That's our absolute strength. Good quality, reasonable prices because now the competition is really intense. Our products are diverse, and the tours cover all three markets, so it seems all the demands of the customers have been provided for.

Q *Is there any other activities or services that [name of the company] wants to expand or join in but the entry barrier is still high or because you are not capable and resources of joining in and expanding?*

Well, regarding capacity, I'm not really concerned. It's just about the human resources that reach the required standards and does the jobs to the level I'm looking for; it's not easy to find. Because they are new graduates, they have foreign language skills, but their experience is nil. To deal with high-end tours and team building groups, they have not had any experiences, they need at least one to two years to do this.

However, they have too high expectations while their experience is too little. For those who have already had experience, they are reluctant to join a small company. So human resources is a real difficulty. The customers are numerous. And business partners are willing to cooperate and be supportive. We only need the right people to make things work. So our problem is human capital, we are continuously recruiting new people.

Q *So now your company is well-prepared regarding skills, experience and knowledge, and partners. The only problem is human resources, isn't it?*

A We are short of competent people to do the work.

Q *So after a year of operation, how do you evaluate the performance of your organisation? Is it a growing development and which capabilities or factors contribute to that growth?*

A Good question. In fact, many factors contribute to the success of an organisation. At the moment, I do not dare to say that this is a success, but according to my initial plan, regarding my customer and market orientation, everything is on the right track. And the development regarding the volume and

the quality of customers. The revenue is exceeding what I expected when I first started. And now, in fact, we are always overwhelmed by the workload. Our customers still refer us to new customers, and that's why in just a short period of time, we have developed a large customer base.

Q In the tourism industry of Vietnam, what significant changes have you recognised that dramatically influence the industry? For example, regarding policy, society, economy, etc., the micro and macroeconomic factors?

A First of all are the changes in regulating policies. So now tourism is placed as a pioneering economic sector, and there have been documents on this. For example, policy to support people to do a homestay, or creating many favourable conditions, licensing many international licenses for many companies, some policies for a visa, on issuing a visa for foreigners, and supporting Vietnamese people to gain a visa to travel abroad. So that's the major change I have seen. And more importantly, after ten years of the EU project, they have created a new image and a habit of responsible tourism for the Vietnamese people. I think that's the significant positive change regarding regulations and policies. That EU project was coordinated with the Vietnam National Administration of Tourism. That's very visionary. That's the advantage, the difficulty here is our tourism service is still inexperienced and is not up to the international standards. Another thing is the travel habits of both Vietnamese and foreigners. Because people come to Vietnam and they still conceive this is a very cheap market and also when the Vietnamese travel abroad, they also expect a much lower price with a much better tour. Then it's quite contradictory. So the travel habits and the experience to measure up to the international standards are the things Vietnam has not had much of. That's the general institutional matter.

As for businesses, business owners, such as senior business managers, are all aware of product development, quality, and sound output for customers. But because of the competition pressure, sometimes the tricky thing is if we quote a low price, customers would doubt the quality, but if we quote a higher price, they do not book. This is difficult from the consumers' view of the practice of businesses. In Vietnam, they do not value brands too much, so this leads to the fact that even if your brand is good, but your price is 20% - 30% higher than other

companies which have no brands, your chances of being booked by customers are much lower. So that's the difficulties for the businesses regarding market competition.

Another difficulty is financial capital. So now even though loans for small and medium enterprises account for more than 80% in Vietnam, this is still not much financial capital for tourism businesses. For example, if we want to do outbound tours, we need to deposit several billion VND to book the tickets. There is so much capital we need to utilise, and it's not easy. That's not to mention businesses in the hotel, businesses investing in an amusement park, for example, such businesses with slow market trends while mobilising investment and creating habits for customers are demanding. I can see we can catch up with all the trends, but the questions are whether the investment is effective. So those are the questions about institutions and businesses, aren't they?

Q With any changes in the external business environment, not just institutional changes?

A I've mentioned about the changes in the world. The travel tendency now is high, but we need to change the habits of the Vietnamese. Now the customers have booked many tours, travellers once booked package tours, now they want to switch to self-designed trips or do it themselves. Such things have had a significant impact on tourism companies because tours now are not booked that much. That's the trend. And now also many young people study abroad, so they are independent and know how to travel on their own. As for the other Vietnamese or older people, though they have money, they have not had the habit of travelling. But the trends are now changing. Another thing is Vietnam's neighbouring countries, they are developing very fast and their tourism services, such as those of Thailand, Singapore, or even Laos, Cambodia, are better appreciated by the EU, with more attractions for foreign travellers than Vietnam and their price is much better than Vietnam in terms of inbound tourism. So there's the trend among travellers when they change their travel destinations to other neighbouring countries, or the flight route between Hanoi and Saigon is not as convenient as flights to Singapore, Thailand, or even to Angkor, or to Myanmar. So their trends are now changing gradually. Previously, Vietnam was a hot destination, a very attractive place, but in the last 2 – 3 years, the hot destinations have been moved to Myanmar, China, and Cambodia. Thailand is

always a competitive destination. So with those countries, it is easier for foreign travellers to enter than in Vietnam. So international travellers have changed their destinations. The same is true for the Vietnamese people to travel abroad. In the past, it was quite tricky to travel, but now it is more comfortable. They can travel on their own and so this influences tourism businesses to relocate their products and change, the revenue will be reduced in comparison with the customers who book package tours.

Q *In the future, to serve medium and long-term strategies, how do you evaluate your organisation's capabilities and resources to achieve such targets?*

A Our medium and long-term targets are still to develop in the high-end markets with three types of markets as mentioned earlier.

First, regarding the human capabilities, we need to recruit quality people. We have had the training programmes; the training systems are relatively complete with all required forms so they can quickly catch up. We need to find the staff who connect and to communicate to them the devotion for the job so they like the career they are pursuing. So they and I will work together to develop the human capital and provide more training.

The next resource I need to improve is to attract more investment. This business is still relatively small, and we need financial capital to expand. Thus the attraction for quality people is also better, and with competent people, it's even easier for us to develop our market segments with more customers.

Q *As for online market and technological investment, have you ever thought about it? Some other leaders said that because of such significant changes they would invest heavily in technology to sell more online?*

A As for the three markets we are focusing on, I think the online market at the moment is very effective. However, it's a double-edged sword. If you do online marketing in a professional and standardised way, it is terrific, and if you have control over it is good, then there's no problem. For organisations with an excellent reputation already, they can afford to have a professional team for online marketing. Our company also has that goal, though the people who will do that job are hard to find. I know that digital marketing, selling tours online to foreign travellers are good. To develop it, we must do so carefully, because there

will be immediate competitors who do wrong in that regard and it's a double edged sword. They can leave bad comments without factual information. The development trend in digital commerce is apparent, and all organisations are taking advantage of it. We are working with Google Adwords, online channels on YouTube, Twitter, Facebook, blogging, and even s major international magazines. So these are the things we are working on. We have one staff member in charge of this online marketing thing, and that person is working full-time with an American social media company. I have a target to develop this (online marketing), but it should be planned carefully. Our organisation is still working on it, but the main difficulty is people.

Q *But you can outsource it, can't you?*

A Outsourcing has advantages of inbuilt experience and databases. But outsourcing can be dangerous because our products are really unique. Sometimes the product of our company is route tour or partners; if the information is leaked, other competitors can steal the customers. When we use digital marketing, all information is public, and it's prone to be taken outside of the company, including the internal cost or ways we can offer a reasonable price, air partners, etc. everything. Because we work with big companies with better security, the price would be quite high for a small company like us. For example, we did work with Google Asia in Japan. Their package is quite high, so our financial situation cannot afford it. But if we work with a smaller organisation, their security regarding confidential information and long-term cooperation, we would need to consider. Apart from a full-time staff member who is in charge of digital marketing now, I want to develop it sustainably with a team. And outsourcing is just one of many ways.

Q *That's all the information I want to ask. Apart from those questions, do you have any other questions, feedback, or comments about tourism businesses, about tourism industry or any other things?*

A What's the purpose of it?

Q *These are the questions for my research, but if you have any further questions or you think it's not enough, you can add any information, suggestions, or more questions*

A I think it should be something more beneficial for human resource, it means how to help new graduates have the right career orientation, focusing on career orientation for students from the university, about the collaboration between enterprises and universities. I think those are more useful and practical. Because the difficulty in human resource as I have mentioned, they have not had experience, but they expect too much, they are too imaginary, not hardworking, and with little devotion. It means they have not had the love for the job and only want to earn money. That's the question for people training at the university. But for those who have experience and want to work with the company for a long time, now we have many new programmes for teambuilding and events, these are quite good; and these old people, they do not have many ideas, and do not contribute much to organisations. So if you could have a topic about career orientation or analysis in a way that helps people to self-develop and work effectively with the organisations that they are working for. I think that would be beneficial for businesses.

APPENDIX G.2: INTERVIEW C17

Q *The first part is general information about the organisations and interviewee, and the next part is about the strengths and resources that organisations have. Can you say a bit about [name of the company]? When was it established and what are the primary operations of organisations?*

A [Name of the company] was established in December 1996 [...] by a group of senior staff of [name omitted] such as [name omitted] [...]. They are the key people who laid the first stones for [...] to become a commercial airline, previously it was for army purposes, with a more market orientation after the economic renovation in Vietnam. After they worked there for quite a while and were in high positions, they left and set up this company. [...] But [name of the company] is the first and largest agency of all big international airlines. Because international airlines will have two ways to operate in Vietnam, by opening their own office, or by authorising an agency so they can save costs regarding infrastructure and salary. So [name of the company] has a very professional leadership and people with good understanding of the market and will operate the marketing and sales activities for these airlines. [...] So up until now, we are in the top ten travel companies in Vietnam [...] we have big corporations as customers.

Q *Do you have package tours or people who do business and rent or buy the whole package of travel and hotel?*

A That's an incentive tour, according to the customers' demand, if the customers want to book a package tour, it's OK, or if they want to book separately, that's fine as well. That's the concept that our founders want to set, our position as the leading organisation in air travel and also have some other services, for example, a travel shop over there, in a travel shop building. Or a shopping mall for travel, people with travel demands just come there, and we can accommodate them all, from flight tickets to hotel booking or tour booking, they just come here, and we can serve them all.

Q *So previously your study had something to do with tourism? And how is your experience in the tourism industry?*

A I studied at [name of the university], and there was no subject about tourism or airlines, but it's about business studies, international business study. So if we consider tourism as a 'smokeless industry', then it seems to be related, because it's kind of an intangible product, an export and intangible product. Then I studied [name of the university, name of the country], so I graduated there and also had an internship in [name of a European country], worked in a Department of Tourism Promotion, so it has something to do with tourism. And also I joined the company since 2000, I have been through most of the areas and positions in the company, for example from marketing manager, in charge of sales and airlines, to sales manager of the general agency. In 2011, I was in charge of the tour operations. So even though I was not explicitly trained in tourism, I had experience when I was working in the airlines, and the experiences I had in the airline industry are beneficial because most of my customers at that time were travel companies. Because they needed to buy flight tickets, so I gained quite a lot of things that air travel experience is beneficial for my work in tourism now.

Q How long have you been in the position of Vice-Director?

A I've been in the position for six years.

Q So you started working since 2000, in something relating to tourism, air travel and such kind of things since 2000?

A Yes, since 2000.

Q So now we move to some other questions relating to your company, in your opinion, what are the strengths of [name of the company], specifically the company that you are in charge of?

A So in your opinion, you want to travel only?

Q Yes, but there is tourism, including transport, hospitality, accommodation, and travel. So all these four areas are in the tourism sector, and they support each other, not just travel.

A So our strength, the first, as I mentioned, is from the history of the company, from our founders and the successive leaders, and the staff who are mostly people from the airline industry. So in tourism, air travel is the most

challenging part, and that's why it leads to our strength. Because if you analyse a tour product, especially tour with air travel, not short distance tours like from Hanoi to Halong or Ninh Binh. So there are tours with a long flight, and the component of a flight ticket for the whole package is already 50% or 40% or even 60%. So in general, if we can have a tour with cheaper air tickets, then it helps as the total price of that package tour is reduced while the quality is still maintained because our only advantage is from the cheaper air ticket. Other companies, they cut the transport, cut the destinations to reduce the price, so the quality is reduced. So that's our strength.

Q *For example now there are many low-cost airlines, and they sell at low prices, does it affect you?*

A Yes, it does. It's a challenge for all travel companies worldwide, not just in our company or in Vietnam. Because now low-cost airlines booking, just like online booking for hotels, is quite easy. So customers can do everything by themselves, and even the overall booking price they have is cheaper than the price a travel agency can offer because they look for cheap deals day and night. Such cheap deals are minimal, but if the customers really take time to look for it, it is possible. For travel companies, airlines can have some percentage of reduction continuously, and such cheap deals for the public are for promotion and branding only, because if they sell a 10,000VND ticket from Hanoi to Ho Chi Minh all the time, they will go bankrupt. Such cheap deals are scarce, but if customers have the patience to find them, they can find quite a good deal. So our company is just like many other travel companies in the world, we all have to face such challenges. However, our target customers are not the ones who really care about the price or what they want is a full package service. They don't want to waste time searching for a place to go, place to stay. They want the travel company to take care of all of those services for them and to take advantage of all the time they are travelling. So the tours by the company are generally all-day tours with a tight schedule, and for products such as travelling abroad, there is a language barrier for the Vietnamese people. Another thing is the visa and the familiarity with destinations. Some people have travelled to many countries, so they can travel on their own, but that is still not very popular.

Q Apart from the strength of having a connection with airlines, does your organisation have anything else as an advantage to provide customers?

A We have built up quite a professional system. It's not too professional but it's very well-structured as all the senior leaders were trained abroad. So they have some specific intelligence as well as an understanding of the industry. Also, our company operates in a wide range of fields, not just in tourism. It means in the tourism industry, some companies only work in some sections of travelling, but for us, we can work in travel, in the air, air cargo, so different operations can make up for each other. And also, our resources are quite substantial. For example, in air travel, if we want to organise a tour and promote it online, to attract customers, and we have dozens of departures, we have already deposited billions (of Vietnam Dong) because we need to reserve seats from the suppliers. So that's just for one departure. Meanwhile, we have dozens of departures like that so the capital must be enormous. So for small companies, they do not have such massive money to deposit. Also, when we deal with significant customers, the contract value could be several billion and the due date could be several months. So that's the question of having substantial financial resources, strong credit.

Q Are there any activities that your company wants to enter or to expand the market, expand a particular field of operation but it's difficult to do so?

A So for example, we want to develop activities on event management because now when we organise tours, customers do not want just accommodation, sightseeing, or eating places, they want team building activities, conferences or meetings, and in fact, there are many events which are quite complicated to organise. So our strength is still with air travel and the event organisation is different, for example, it needs a professional MC¹, so it has something to do with the showbiz, or there are some jobs regarding event management, stage design, lightings, sounds, or event programme, etc. So we are still learning by doing. But I can see that it is a potential field of operation. Because now if we organise a simple tour, customers can immediately know how

¹ MC stands for Master of Ceremonies

much the cost is, any other companies can do it, because the hotel prices are quoted, the price for air flight is fixed, transport fees, drinking and eating cost, for example, VND 150,000, we do not cut from the customers' meals, so if it is an event activity, the cost can be hidden, and that's where the profit margin is quite good, very good. Because those events are kind of a brand promotion for customers, so they need a good event organiser. For example, they want to organise a customer event so they would want a flawless event organisation, their requirements are high. So that's what we want to enter, that field of operation, but we are not yet in event management.

Q *So can you still expand that field of operation and hire people to do it?*

A The thing is if we want to hire people to do it, the professional event people request very high payments, while our bookings for events have not yet been enough. So even we want to develop it fast, it still takes time I think.

Q *So if the current customers want to organise an event during their tours, will your organisation do it or will you hire someone from outside to do it?*

A Yes, we do it. If we hire an outside organiser, we cannot make a profit. We have to manage on our own.

Q *But it's still entirely one-off and there is not yet a department in charge?*

A No, now as for event organisation, we have corporate customers, big names, for example in television [name of the television company], previously they booked a tour with us, and they also asked us to organise an event during that tour. Then they saw that we did very well so no, even with their customer promotion events nationwide, they also contract with us. Or even in Hanoi, they are the television company, they have expertise in event management, TV shows and so on, but they still hire us to do their customer events.

Q *Previously you mentioned some strengths that your company has, and other competitors don't?*

A Yes, one more thing, apart from the potential and vision, we are now investing in e-commerce. So if any company can take advantage of it, it could be a shortcut in comparison with others. Our company is also investing tremendously in this.

Q Can you give an example of a field where your company can apply e-commerce, do you do any customised service according to the customers' needs, not the package tours?

A Most of the tours are of two types; one is a full-service tour with available departure, the other is incentive tours based on the customers' request. All companies do these two types of trips, and our company also do these.

Q No I mean for e-commerce, customers can self-design a tour, their own tour on the website, then based on their designs, we can use that to collect information. Some new startups in tourism they have such services, like mytours app, or you can suggest some destinations then customers will choose the place they want to travel. For example, I want this destination, that destination, then everything is on the website, but we don't have to email or phone the agency. Because you talked about e-commerce, but I have not understood how you will do it?

A Here we still do it half-way. So for the customers, and with these types of tours, expensive tours, they cannot rely on just the websites. It means they transfer money to a website without any legal documents, so they don't feel secure. So here digital application is only at the level of advertisements, Facebook advertisement, product and service information, so the website can support and promote bookings. They can pay online, but most customers want to pay cash directly. It means they can book online; then they go to our office to pay because they need a legal document with a signature, with the invoice, not just online booking then go. Vietnam has not yet developed up to that level. And even for us, we still need a paper document for the transaction so that later on when customers cancel, for example, we can see how much we have lost, or any changes. It means there are many legal ties, unlike a pair of shoes or a food product.

Q *So we have mentioned the tangible and intangible resources, intangible resources such as reputation, and some tangible resources such as financial capital. How about people, apart from the leaders, how do you evaluate your people in general?*

A Human capital is OK, not too excellent because we put more requirements and pressure on to the Directors and Managers. The staff just follow the set process and procedure. There's procedure, job description, and assigned tasks. So people only need to follow these procedures. There's management software as well. Of course, we have some experienced staff, and they are paid better. But in my opinion, in this industry, about 40% of people have more than 5 years of experience about 60-70% have more than 3 years of experience So they are experienced people.

Q *So those are resources. How about capabilities, things we cannot see visibly, organisational capabilities, what capabilities does your company have which contribute to the success of [name of the company]?*

A The capability depends on the leaders. So first of all, they should have a vision. So that means we have a vision and a mission. Previously we have such capabilities, but the predecessor did not have such visions. But for us, our target is to be in the top organisations. Over the last few years, we have followed that route, and over the previous three years, we have been in the top ten. And now, we are in the top 5 and we will reach top 3 and top 2.

Q *As for your customers, do you have foreign or domestic customers? And which one is more profitable?*

A The significant part is Vietnamese people travelling abroad. Domestic travelling, as you know, with all the low-cost airfare, they can travel on their own. There are a lot of domestic customers, but they can travel on their own to Da Nang or so. They don't need to book through [name of the company].

Q *How about Vietnamese travellers travelling abroad, will you have the guide to support them?*

A Yes, we have quite an excellent tour guide team.

Q *What do you think in the current tourism industry, not just travel, is there any significant changes influencing the operations of tourism businesses in general and your business in particular, both macro and micro?*

A So there are two aspects: inbound and outbound. So what the newspapers are talking about is inbound. It means Vietnam tourism has potential but is far less attractive than other neighbouring countries. For inbound tourism, as I have shared with many newspapers, there are some problems. First, our promotion is really weak. For example, the budget for tourism promotion is about two million USD while in Thailand it's approximately ninety million or in Malay it's more than one hundred USD, so our budget is about 2% of their budgets. Second, it's not only about money spent on tourism, it's about the way we promote tourism which is weak as well. It's too dull, without any highlights. Also, the tourism environment is not right. The natural scenes are beautiful, but then the trash and other things have created wrong impressions for the tourists such as when the local sellers bother tourists with insistence, theft, stealing, etc. Those things make tourists disappointed. And tourism mainly depends on natural scenery and does not have much added value. There are so many problems. So those are problems with inbound tourism that the news often talks about. Regarding tourism for the Vietnamese people, the Vietnamese people can travel domestically or abroad. And for them, if they want to travel, they need to have money. And so tourism is very much dependent on the fluctuations of the economy and is affected very quickly. For example, those years of economic crises like in 1997 or about two years ago, and the foreign exchange rates, they all caused concerns. And then many big state corporations went bankrupt, so during that time, people reduced spending on travel. So as you know, it's not the necessary needs like rice, they couldn't live without eating, or clothes, couldn't live without wearing, and transport. But travel is just an added want so they will reduce it first. So from last year up to now, the economy has been getting better, more stable, and growth, and for the future, you can look at the VN Index – the stock index of Vietnam – so if the stock index improves it means travel will increase. Also, another thing is the change in lifestyle. Previously, for example during the Tet Holiday¹, people would stay at home to 'eat Tet'. But it's not the case now; people are afraid of

¹ The traditional Lunar New Year holiday of Vietnam.

gaining weight during the Tet holiday, then washing dishes, etc. So now they want to 'enjoy Tet', so that's the change in the lifestyle, they want experience as much abroad as possible. Another thing I've discovered that significantly influences the tourism industry is the appearance of the social network, no one has discussed it, but I can see it very clearly now. So now with the development of the social network, wherever people go, they will check in to show where they have been, what they have done, what food they have eaten, the more 'likes' they have, the funnier they feel, the more astonishing the places, the more likes they have. And then they would consult this place that place, and so on. And so the people who have not been to those places desire to travel there. And then people are in the race to travel. So now there are many new destinations which have become popular in a short time. Previously, people only travelled around South East Asia, Thailand, Malaysia, Singapore, and then to Korea (now more than Thailand), and Japan has been popular for the last three years, and Taiwan. And now even tours to South Africa and Dubai. The Maldives is too expensive, so the Vietnamese people have not been interested in it yet, and it's mainly for honeymoon tours. So even the beach is gorgeous, but if it's just eating, sleeping, and swimming, the Vietnamese people do not like it while a night for that tour is \$500 minimum. They still want a more Asian style, with a big group of people when travelling, the more, the merrier.

Q I can see that in Vietnam people often travel as a big group with different generations.

A For families, they often stay in the resort and they travel in Vietnam only, there are outbound tours as well. But of course, these tours are not for infants or the elderly of more than 80 years old.

Q How about the visa policies of the governments, are they creating favourable conditions for tourism?

A Visa is for inbound tourism. So there's a debate between the tourism sector and the foreign affair agency. Because the international affair agency argues that the visa is their income and that the visa fee is to increase earnings for the country, so each foreigner entering into Vietnam has to pay \$50, for example. The tourism sector argued that if the foreign affair agency collects a fee in such a way, how can foreign tourists come, and if they don't come, how can

we have money from them? At the moment, Vietnam only provides a free visa for 22 (nationals of) countries, while Indonesia in 2014 exempted more than 20 (nationals of) countries but now it already exempts 163 countries, because they are determined to facilitate tourism. Thailand exempts more than 100 countries I think.

Q *Malaysia has an active passport, and they don't need a visa to most of the countries.*

A No, but we are talking about inbound, which means to exempt a visa for international tourists to come to Vietnam. For outbound tourism, it depends on the position of Vietnam. So now even the position of Vietnam is better, but it's still at the hardest position because Vietnam does not exempt visas for other countries, and visa policy is usually bilateral, so other states also do not exempt a visa for us. And other capitalist countries they are afraid that the Vietnamese people will take advantage of tourism to stay in their countries illegally, as illegal labour. That's why they also do not exempt the visa for us. So that's the disadvantage for the Vietnamese tourists.

Q *So according to the changes in the tourism sector as we have just discussed, do you think there are any resources or capabilities your company needs to develop to keep up with the changes? Recently I can see people are getting crazy about the Kong: Skull Island movie and tourism companies are having tours relating to this movie. But it's only short term, how about the long-term?*

A So you mean at the company level, isn't it? In Vietnam, I often answer media questions about such concepts. So even the people at the sectorial management position, they are not very good. How can they want to have a statue of Kong near the memorial statue? Luckily Hanoi administration refused to do so.

Q *I read somewhere that Vietnam wants to become an international film studio or such kind of thing?*

A About the film studio, I don't know if you have read a column on VnExpress¹, so in this article, they said that for Vietnam, with Kong movie is just the first Hollywood movie shot in here, and Vietnam got excited, but in Thailand, every year, it has 500 such films. So such 500 movies are attracting tourists to Thailand. But the most important thing is the tourism product, it must promote in a way that makes tourists remember what Thailand is about, Amazing Thailand, that's their slogan. And so coming to their country is coming to a land of beautiful things, land of smiles, land of temples, sleepless nights, full of entertaining activities with reasonable prices, without cheating like in Vietnam. Of course, fraud is everywhere in all countries, then shopping. It's a very diverse cultural picture. How about our country? People are a bit too excited about the movie, but then the heat will cool down in a month, and then no one remembers what it was about, even if someone said the movie was shot in Vietnam, it's not memorable. What they would remember is that there is a giant fighting monkey and the cinematography, that's it. People do not care where the movie was shot, only Vietnam cares. So it's not beneficial for the tourism. As for our company, of course, we have many activities. For the service industry, the first thing is that we need to make sure the core product must be excellent. But as you know, for the service industry, it's like everyone's servant. There're so many things to care about, it's never complete, never perfect. So even with the same product, some people highly praise it, others decry it, then there are other unexpected incidents like accidents etc. So if the product is not good, and with the use of social networks, it's easy to have a poor reputation.

Q Has your company had a channel to receive feedback about the quality of your products or services? Some organisations are responsive to such input and show the customers that they really care, while others just ignore?

A We genuinely care about that and have a department in charge of it.

Q But I mean the response for online comments on social networks or booking websites. It's like a product review, and I can see it's quite popular, like customer reviews. So travellers just base their decisions on that when

¹ A major online newspaper in Vietnam

they want to go anywhere, based on the score rated by other customers and then decide. I don't know if your company has such kind of activity?

A Yes, even the marketing manager is in charge. I am sometimes involved as well.

Q How about travel insurance? I can see some corporate companies also sell the travel insurance product?

A That's just a small activity. So it includes both visa and insurance. It's small, but we also sell. And another thing, technology is now changing. And e-commerce, we also have to renovate to keep up with the changes continuously. That makes the cost increase. The price is becoming more and more expensive. It seems all the profits are for Google, Facebook.

Q Exactly because now with the social networks, the speed of spread is very rapid, or word-of-mouth marketing, if there is a negative review, it would be...

A No, I mean ads. Because it's quite a while, we have not advertised on traditional papers and the same with online newspapers. We now mainly do Facebook and Google. As for the resources, the human resource recruitment, we all have the procedures, but the supervision is not functional yet. There are still many things we need to complete. As for market evaluation, product evaluation, and resources, as I've mentioned about event organisation, these are the things we want to invest in further.

Q When you sense the market and evaluate the market, do you have any tools or mainly base this on the relationships, or anticipate the significant changes in policies and in customers' taste so we can catch up with changes?

So actually for us in the macro market, we often discuss with other senior leaders that we are building up regulations on responsible tourism, this means the state's policies, etc., a specific department, or who will be accountable, etc. As for the market, we also have to look around. For example, if there are some products that other companies are selling very well, then we also have to examine this and see if there is an opportunity that we can do it as well. And even if the customers

ask about the products that we don't have, and if there are many customers asking for the same thing, then we have to look at that product to see if we can design it and sell it. Also if there are some tours that we think we could sell well but then it didn't come as expected, it means the demands have reduced. So that's the thing we can measure. Then look at other competitors; if they are selling a particular product well it means there is a massive demand for it.

Q Does your company have tours to South America and Africa? Europe and North America tours are quite popular now in Vietnam as I can see.

A South African and South America tours we also have, but that's on request only. So it's mainly for MICE tours, and it's a separate tour, not a group tour.

A Another thing I want to share is that in Vietnam, especially doing business in a specific field, there are three types of companies, it's kind of dynamic, I think. The first one is an old company, entirely obsolete, or of low capacity, and cannot catch up with the market, cannot see the trends, or see the trends but are incapable of catching the trends. So this kind of organisation is quite popular on the market. Therefore, previously many organisations were operating in the market, but now they are degrading a lot. I can see that in the tourism industry. And that is partly because their capabilities are weak. They could not look at the changes in the market or they can see but could not do anything about it. And there are many other reasons, such as the regulations on the capital, on people, and other things. The second type of organisations are the ones that can see the trends and try to catch up with the market, but they are only followers. It means they see others already succeed with an individual product or service; then they follow it. So the majority now is like that, no one is stupid enough just to stay still, do nothing and go bankrupt. But the thing is the capacity to see those trends quick enough, and the capabilities to capture the opportunities in business. Like previously, I studied business strategy, so it means everyone can look at the possibilities, but others have already been successful. It's already set up on the market. When the whole market has been thriving, then these organisations join. So maybe they could gain some minimal success, but the actual big success has been achieved by the first movers on the market. These following organisations may still increase but their success is not as high as the others, as with the law

of diminishing returns. So it means when something new appears, it attracts lots of attention, and that's why the first movers can gain significant profits, and the margin can be high. Then other competitors join in the market. So it depends on the stage at which those competitors enter the market. Maybe the first few participants would gain the right margin, then others join in, lower margin but it's still good, better than the average rate of the market, so those following companies are still ok. And that's the safe point because the market has proved that others have been successful, so just follow the big companies which have been successful and just follow their steps. So maybe they will have their own customer bases, because in the end, doing business in Vietnam depends very much on relationships and a particular company has already had an excellent reputation within its influence so even other companies with a perfect brand name cannot attract such customers and enter that market segment. The third type of organisations is only a few big companies; they are the market – leaders. They explore the market; they lead the market. So in these companies, they have their own unique capabilities. They have their own product and research development; they also do good marketing because to sell a new product on the market, it requires a lot of advertising to let the market know about the new product. And this needs lots of investment, and they accept mistakes because maybe there is a demand for a particular product or service, there is a trend for that but maybe Vietnam is not up to that level. For example, we have promoted the rent-a-car tour in Europe or the USA. So it means when we travel to other countries, we need to drive the car. We are promoting it now, but it is not yet famous. Even with the well-off Vietnamese who have been driving for a while and have a car in Vietnam, they are reluctant to buy such tours. So maybe we need more time, or perhaps we have not promoted it well enough. We have done it for two years only. So for that, it can be said that we are the market leader in such product and I think in the next 5 years, this will be very popular.

Q About Vietnamese tourists?

A In general, the Vietnamese are not very eager to learn during their travel. They only like taking selfie photos. We have had many tours to France, and the Vietnamese tourists refused to visit Louvre even though we had bought the tickets. They don't like visiting museums, and just like shopping even though Louvre is one of the best treasures of humankind. In short, that's the tourist's characteristics; we cannot do anything to change it. So other companies, they

have to invest in product research, recognise the trends and have the capabilities to promote the products to the market and may be well-received by the market. So that kind of (attractive) information will appeal to the first wave of the market, that's the big reward for the first mover. And with that, we can keep the monopoly for a specified period of time because at that time the know-how and other things have not been recognised by the majority of the market, and another advantage is that the company will be well-known and gain a reputation for being the first one on the market. So that's the reputation. So there are three types of organisations on the market like that. The majority of organisations are in the second type, some companies especially the state-owned companies are in the third type, they are obsolete in resources and structures and other things, they lack everything, or other small companies, they have good sense but they are incapable of taking themselves, for example, the first page of Google Ads. They are unable to catch up with the technology, do not have resources and capabilities to invest, though they can recognise it. So there are three types of organisations like that. And also, the thing is the tourism industry now is experiencing too many changes, changes in customers' interest, in their tastes. These changes happen for many reasons. Because of the increasing individual interest in tourism, unlike the traditional taste in the past. For example, in the past customers liked package tours and big groups, but now they like the tailor-made style, smaller groups. Another thing is the diversity in the customers' markets. Some people like real life experiences. And so the tourism industry has to change. Changes in the kinds of travel, now they can like a five-star cruise, and deserts in Africa, that kind of thing, or to Tibet, and many other things, or to the South Pole. So those are the examples of changes in the markets. Another thing is the changes in the internet online, and this has created both opportunities and challenges. And this also leads to another widespread problem in the tourism industry. Because one company can invest thousands of dollars to design a new product, a new tour route, for example, they can send people to South America to investigate every single restaurant to choose the most suitable for the Vietnamese people. But then once a company succeeds with that, other companies will just copy the product and sell. They also find the suppliers and say that they can sell the exact same product at lower prices because they trim here and there. The Vietnamese customers are not knowledgeable enough to differentiate between good and bad products. So that's the challenge for the first

mover on the market. So, I think, the leader is the most important because if he or she is conventional and reserved and does not challenge themselves every day, they must lead for the whole organisation to follow. I think the leaders are vital and the staff will not excel if the leaders are not capable. Another thing is about the technique of how to observe and evaluate the people, the staff. So my point here is that it very much depends on the capabilities of the leaders. Another thing is in Vietnam; tourism is still a relatively new industry, so even the top companies in Vietnam are still far behind the world. So the top companies in Vietnam must also always learn from the world's experiences and make the products or services compatible with the local market.

Q *So in the near future or farther than 5 years, 2 – 3 years, or 1-3 years is the near future, do you have any prediction for the changes on the market for the tourism industry in Vietnam or what should we do to develop the services which are profitable?*

A So there's a thing which is a bit of a business secret. So the management team of our company has discussed and analysed the trends on the market in the Vietnam tourism industry which is greatly influenced by the global trends of mobile, customised, and online. So these are the trends in business, and it considerably affects the tourism industry.

And that's the trend, the online trend and the whole market is affected, not just our company. And we need to know about the pattern, like, now it's quite natural that people can book the tours by themselves. They don't require the travel agency. And according to a document I have read, though the tourism is developed, the travel sector, travel companies and tour operators, will virtually disappear in the next 20 years.

Q *With the pace of technological development, isn't it?*

A People don't need to go to a travel agency as you mentioned. They can just log onto the internet and book, and some sites connect all services, both air travel and transport.

Q *Those websites suggest that if you want to book a room or rent a car as well.*

A But it's not that easy in Vietnam with the current situation when the visa policy is quite tight. So if travellers want a visa, they need to book through a travel company otherwise it would be difficult. So we still survive.

Q So now your current customers are in urban areas, how about the rural areas or new economic development areas?

A Yeah in other provinces, in general, there are many wealthy people as well, and they also travel quite a lot. But here I mention the deciding factor. So the first thing is about the scale, another thing is the ability to see the trends and the capabilities, I think that's what they are doing now. And the third factor is very much dependent on the leaders. It's like the crucial thing in business; other things are just techniques to implement ideas. So now the point is what we want to do instead of how. Because 'the how' can be quite easy and can be outsourced and everyone can do it.

APPENDIX G.3: INTERVIEW C29

Q *Can you introduce yourself and your business?*

A I'm [name omitted] and I have been in the industry for 17 years. I set up the company seven years ago.

Q *Set up [name of the company]?*

A Yes, that's right. Previously I worked in [name of another company omitted] [...] that is one of the first three tourism companies in Ho Chi Minh City after the liberation. So I worked for [name of the company omitted].

Q *When did [name of the company] establish and what are its primary business activities?*

A It was established in April 2010. I am the founder and the General Director of the company. Its primary operation is in outbound and domestic travel, but the outbound is much more dominant. (For) domestic travel, we do have activities but these are not very strong because my experience is mainly in outbound.

Q *What is your organisation's unique strength in comparison with other companies? This means why do customers choose your company over others?*

A Honestly, first of all, is because the price is competitive. Secondly, it is the devotion. The criterion for the people in the company is that when we serve the customers, we should help them as our family members, instead of a strange customer. So that if we don't want our family members to be disappointed, then we need to try our very best.

Another criterion is value-added, to add more value instead of cutting it down regarding the services for the customers. So that's the recording from the market regarding the brand name and our products and services. Working in the service industry, and for small companies like our company, it's quite easy for the customer to choose. Therefore, I must make decisions on the promotion policies, favourable prices, the best possible price for customers and quickly respond to their requirements. For other state companies for example, they have strict regulations and structure, they need approval from all kinds of management

levels and require accountability. Therefore our advantage is to be more flexible in our approach.

Also, our company likes creativity in the services. Creativity in finding better food, more exciting destinations or shopping places, gifts for customers and so on. For every single tour, we must have at least one highlight, and that makes me satisfied.

Q *So at the moment, are there any other areas that you want to join in or any services you want to expand, but you are facing barriers to entry?*

A So now I want to invest in the outbound tours to discover ancient castles, or routes according to a particular civilisation. So there will be historical or cultural routes like the Balkan or Viking, or Nile River in Egypt, etc. We are focusing on the theme tours.

Q *But I can see from other interviewees that in Vietnam now it takes a lot of time to think and create such tours but after a short time, other companies can immediately copy it and cut some services to make it cheaper and compete based on the price.*

A Yes, that's very true. So actually I have had about two years as the 'creator' of products in the industry. During those two years, it was tough for me to both investigate the route, find business partners, and invest lots of resources. But once I post on the website about the tour, five minutes later, on the website of other companies, they have the same product, and they reduce the price. They are just copycats. They take exactly the same content as our tours. Price quotes in the service industry can't be monopolised because it's the integrated service of all other sub-services such as eating, restaurants, transport vehicle, destination, etc. Therefore it doesn't have the factors to form monopolies.

Q *What can you do about it? Can you register copyrights?*

A We do not register any copyrights for tours because there is no such law, except the location is ours and we can allow whom to enter or who not.

Q *Is there any way for you to handle this problem?*

A Actually, no. We can only try to be more devoted to serving customers and improve the quality so the brand names and products really stick in the hearts and minds of the customers.

Q *Do you invest a lot into an advertisement, for marketing online?*

A Actually about four years ago, we invested heavily in the advertisement, with [names of the famous news website in Vietnam] or Google. Each month the advertisement cost is about 400-500 million VND¹ or even 600 million VND². Each week is approximately 100-150 million VND. I put it on the top banner. That is not to mention Google AdWords, on Facebook. So it's an exhaustive plan. At that time we achieved some prizes from the airline companies for the best revenue. So the Department of Tourism (in Ho Chi Minh City) really appreciated our achievement and within 1.5 years we were in the top five travel companies in Ho Chi Minh City in 2011.

So it's kind of fate and indebtedness for me to work in this industry. So previously I was the tour leader for outbound tours. Then at the end of the tour day, I often had meals with the suppliers and the directors of those business partners. Because usually we would pay money when the tour finished during the meal and I have the habit of making business partners my friends, making customers my friends and so whenever I came there, I would bring some Vietnamese specialities for them. So for about two years when I had already had very close relationships with them, those foreign business partners suggested that I should open my own company and they would support me. They are from Japan, Korea, Hong Kong, Thailand, Malaysia, Singapore and those directors support me a lot with services and with reasonable prices. So for that, I feel grateful, and I always want to do something so that I can bring both the benefits for the customers and also not let down my business partners, so that's my uniqueness.

Q *Regarding the resources, for example, the resources and capabilities, financial resources, human resource, infrastructure, and so on, what are your most prominent resources or skills?*

¹ Or about £13,000 to £17,000 at the exchange rate of £1 = 30,000 VND

² Or about £20,000 at the exchange rate of £1 = 30,000 VND

A Actually in my company, we have no strength in infrastructure because the office is rented, and for transport, we can rent from external suppliers, and we do not invest in the vehicle fleet because we could not manage these vehicles and we do not have mechanical expertise in that field. As for hotels, we don't have them, and we can negotiate a good deal because real-estate investment is not profitable yet. So our strength in the industry is mainly the excellent feedback from the customers regarding the service quality.

I also join in consulting activities for some tourism projects, guiding the investors with my insights, and then in their turn they support me, offer me good services with reasonable prices so I can provide the same thing to customers.

Q *So in your own evaluations, what are the significant changes in the tourism industry that could influence your company?*

A The significant change now both in the world and in Vietnam is the increase in Chinese tourists. There are pros and cons to this change because if there is much Chinese tourism, there will be less Western or Japanese tourists. So that's the most radical change on the market now.

Q *Is the spending of the Chinese tourist high?*

A So actually their spending is not that high because we are now using Chinese products as well. And for Vietnam's other unique specialities such as mangos, or mangosteen, these are available in China more than in our country.

Q *So you often take Vietnamese travellers abroad? How about the visa policies, do they affect the time spent organising tours for your customers?*

A As for the visa, luckily our company is on the priority list for visa applications in some Consulates. Of which, Korean, Japanese, and Taiwanese Consulates are the most basic. Then we have France. So the procedures for a French visa is quite simple, and the approval is better than other countries. So for Europe tours, with France as the first entry, the success rate is quite high. For our company, we minimise or even do not allow staff to receive travellers who have the intention to stay illegally in other countries.

Q *Can we control it?*

A As for control, I think I can manage to do it. Because before sending the application to the embassies, we have the tour operator to check again. I once accepted the cancellation of a whole group tour, and lost the deposits for flights, cancelled everything because with us the reputation with the consulates is the most important. We have a good reputation with the consulates because some cases absconded but we reported them fully to the local authorities and the embassy here. Because of such cooperation, the consulates really appreciate us. No company can say that there would be no travellers absconding while travelling. It may not be now, but it could be tomorrow. But our company is famous for not receiving suspicious cases. If there is any suspicion, I positively refuse.

Q Looking toward the future, and the long-term strategy, what resources or capabilities do you think your organisations need to sustain, develop, and change to implement such strategy?

A So now I'm looking at the project investors for the tourist site, and I will collaborate with them regarding designing ideas for products and some models. I go abroad quite often, more than 200 times since I started working in the tourism industry. Because I was a tour operator, and so even in my first year, I had already travelled more than 100 times. So I like cooperating with owners of a resort, but they have not known how to optimise their resources best, so I work with them to build up some products and business models to implement. My target is formed now until 2020; I will have a project each year. There are many models for different localities, suitable for beach travel, mountain travel, or forest travel.

Because I have travelled to many countries and I realise that Vietnam has a lot of potential for an excellent tourism product. First of all, we are endowed with appealing natural sciences; our beaches are absolutely breath-taking. I've got back from Hon Chau (Binh Thuan) island; the water there is so bright and so alluring. I have never seen such clear water. And the seafood, it's absolutely beautiful.

So we have stunning scenes and superb food, other things such as facilities we will invest gradually. Because the foreigners when they come here, they might not like the five-star hotels, but they would prefer natural settings to experience and explore.

Q Do you advertise on Trip Advisor, Booking, or other online booking sites to attract international customers?

A We have not had many foreign tourists yet. We are cooperating with some other international partners and will design the new products and sell for them. For example in specific areas, we would choose 1-2 partners to execute our tours. So that's how inbound works. But if we want to expand the market abroad, we may need more time, but if we can cooperate with some companies, they might already have their own databases. I'm building up some unique tours.

APPENDIX G.4: INTERVIEW C37

Q *Can you introduce yourself and your company? When was it founded and what are its main areas of operations?*

A I am [name omitted] and I have been working in the tourism and service industry since 1996, so it's already 21 years. I had six years working in the state sector, then three years in a joint stock sector with 75% of the state's stock and then 12 years in my own business. My company is [name of the company], the address is [address omitted]. As you can see, our services are in all three areas of travel: inbound, outbound, and domestic travel. The initial development was to balance inbound and outbound services. As for the domestic travel, we focus on high-quality services, choosing customers carefully. Because now there are many problems with the quality of the tourism service domestically, we therefore only focus on the quality and serve middle to high-income customers. So after 12 years of operation, our products and areas of operations are quite unique.

Q *As for your educational background, in which university did you study? Was it in tourism?*

A I studied at [name of the University] in Tourism Geography. So the class was about mining data from the geographic analysis to identify tourism areas. The course was the foundation for the establishment of the Tourism Faculty of [name of the university]. We learnt a lot about the role of geographic analysis for tourism exploitation. I studied from 1992 to 1996 and had a job right after I graduated.

Q *Can you evaluate your company's strengths? Why do customers choose your company instead of others?*

A It's quite broad here if I cover all areas of our operation: inbound, outbound and domestic. For inbound, our strength lies in the fact that we will highlight the unique feature of Vietnam's tourism. For example, now we are focusing on eco-tourism. The most potent product of our company is to protect the environment and eco-tourism, with a few adventuring characteristics. So that's the product. Our Company has invited many partners from West Europe and shortly ones from the USA and North America to be involved in market research to bring international travellers from the above locations to Vietnam. The primary product we focus on is eco-tourism, it's really to protect the environment with

responsibility. So they travel and protect the environment with the local people. This is the thing that I am impressed with. Moreover, we still sell the traditional products which are a honeymoon in combination with an introduction to the beach for international customers. This program is selling very well in foreign markets. We also organise full package weddings at the beaches of Vietnam. This is also a promotion programme and not very profitable, it's mainly to promote the product. Our honeymoon product is also perfect. So that's for inbound travellers. As for outbound tourism, we just follow the market cycle. It means analysing the market; then we will take steps ahead of the market and avoid competition. For example, in the early years, we served mainly the state sector, state corporations in MICE. Then, in state 2, I could see the budget tightening for such business trips abroad; we moved to a new model to focus on the customers who can afford to pay because our products are mainly long journeys with high costs. Therefore, we focus on the family package, for a group of six people and above in a customised trip and this product was quite unique in Vietnam in those years, in 2009-2010 when I started that product. So six people are enough to set off for the trip, and the price is reasonable. It's equal to a tour of 15 people and above. So when other companies are selling big group tours, I already started that family package with such a reasonable price. Furthermore, when analysing that product, I found it very suitable for the Vietnamese people, especially for distant markets such as Europe, America, Australia, and Africa. We arrange the drivers and tour guides to serve in Vietnamese style of those markets. Because there is a difference in the way we serve Vietnamese customers. If we cooperate with foreign partners, the out-of-time service is impossible even though the Vietnamese people can pay for that. For example, what if the customers want to change meals and this could be troublesome. Or if customers want to change the route, it could be quite tricky because the whole route is fixed. The Westerners just follow the fixed rules. Also, in the evening, we may need to pay lots of extra money but the booked time is already controlled. But for the Vietnamese people, sometimes they want to have a meal at 9-10pm and want the drivers to wait, that's difficult. But with our current way of working, the product is really flexible, and customers do not need to pay any extra money. It's flexible and it satisfies customers' needs. So the customers can choose any products that they like, for example, where and what to eat, which place to travel, if they want to extend the time for this destination or they want to shorten the visit time for the other location.

It's extremely flexible for the customers to choose from. And this product has attracted customers since 2011, so it's just in one year when we focus on that, and the returns are really substantial. It's the first product to develop many more other similar products for the company later on. So each year, our company targets are to create 5-7 new outbound products and these must be different from what is available on the market. Fortunately, I love travelling, and I'm a pioneer in finding new markets. I even spend my own money to discover new routes to create new products. Each year I also have the responsibility to contribute about five new products for the company to implement and approach the markets.

Q What do you think is the underpinning foundation leading to such success or those new products and ideas?

A This is a good question. This was for me when I was younger, I set the target, and I follow those targets. It's obvious. It could be a success, and it could be a failure. But for me, first and foremost, it must be the devotion to the career. I think it's because I love travelling and then it's the aspiration of the youth. Previously, when I was not successful, as I told you until I implemented the idea successfully, I can see the efficiency in the job. First is the devotion. When I graduated from university and worked in the state sector, the salary was not that important but experience was. Because at that time, the pay was not enough for motorbike petrol. But then what do I have in return? Experience. Working in an environment where everyone is striving for his or her best, that's the environment for us to learn. So after those years working in the state sector, I was promoted very quickly. After two years, I have already become a manager. But the thing is during those years; I still have to put all my dedication to the work wholeheartedly, to learn as much and quickly as possible. Because I know with this country, with this economic development, I needed to get out on the street to do whatever I want. Sometimes the regulations do not influence just one organisation but the whole apparatus, so we need to prove ourselves. From that thinking, I had to find ways to overcome the challenges. With love for this career, I have achieved success up to this point.

12:10

Q How about the human resources and connections, collaborations with other stakeholders, how do you evaluate these?

A As for the human capital, it's a long story because as you can see the services industry, in general, require little physical assets. And especially in the travel sector, the central value is in people. The principal value of the organisation is its human capital. The products now are virtually intangible. If people trust it, they pay money for it. The product is entirely invisible. If people trust and put the value on that trust, then they pay. Because what we write on the programme is (for example) staying in a four-star hotel. So they know it's a four-star hotel even though they have not been there. Tell them that they would travel in such a modern car or eat that particular meal, everything is on the paper. Then they experience it, and they know what they have paid for. Therefore, at first, it's just to buy a sheet of paper, buy trust. That's what the service industry is all about. So in my opinion, people are the core value. From the management team to the staff, I always tell them to prove their devotion to the career. I also tell them straight away that, for this industry, it's about our ethics, our morality and in this career, you have to work hard and play hard.

Q Now does your company want to join any activities or services but face difficulties in entering?

A Yes, a lot. Because as I mentioned earlier, the difficulty here is we (the tourism industry) do not know where to start, but the most essential thing is that macro promotion activities by the Vietnam National Administration of Tourism and of the industry, in general, are still very weak. Businesses like us, we all identify that we have to 'swim' by ourselves with little support. If we could receive the initial support from the macro promotion programme, and as the Prime Minister said this is the pioneer industry, we need to see the international advertisement, international promotion by the government. If we look around and see Malaysia or Thailand, they have spent money, I don't know how much but look at their ads on the BBC. Those ads are amazing. We the businesses can only make the international travellers know about our products if the travellers can know about the country, not just about the tourism organisations. It's been a long time, and the promotion is not up to national level. That's the first point. The second point is in state management in the industry, there is unhealthy competition and it creates chaos on the market. Our company's products, frankly, we train the people, we have innovative ideas, we follow the best practice in the world, and the other specific products and supporting activities depend on the targets of

each company. The most challenging thing, as I said, is the state management for the sector.

Q So do you want to expand the market or the customer base or develop new products? Are there any activities that you think your organisation needs to improve?

A Regarding expanding the operation, the only thing I can say is the application of hi-tech to approach international travellers, that's the primary market, and there are Vietnamese travellers as well. The use of hi-tech in tourism promotion and marketing and attracting international travellers are the main things that I am keeping an eye on. So now the majority of investment is in that. But I'm talking about the application of ads in Google such as Google Adwords, and doing analysis, SEO, and C, using the search techniques by Google. Also, I have other social networks; we also use Facebook and other social networks. The goal is to promote Vietnam's images in general and the company brand name in particular. This face lots of difficulties because of the enormous cost and international competition. International competitors have much better access to the latest technology, so if we want to place our office in other countries, it would be costly because we need to hire the foreign staff. I tried to hire Vietnamese staff to do such things as SEO on Google but failed. That project ran for about one and a half years and was then abandoned because the search volume was deficient and we could not compete with other foreign competitors. There are companies in Vietnam who succeeded with that, but the cost is enormous. I can only do what is in our capabilities, capabilities to do what actually works instead of spending too much. Now I'm thinking of outsourcing to the foreign partners to do this because it's more effective, though the cost is just a little bit more expensive. The estimated obstacle is then once we enter 2018 when Vietnam is fully integrated into the WTO¹, other foreign travel companies are allowed to operate freely in Vietnam. This is what small and medium companies like us need, to cooperate with other counterparts to create a global operation within a particular market.

¹ World Trade Organisation

Q In your opinion, what resources, tangible or intangible, does your company have to achieve the set targets, strategies or plans?

A I always believe that no matter what changes on the market, we can always adapt. The thing is at the moment I want the company to develop at the manageable level. It means at the position of a leader; I want it to grow at the level where we still can manage it. That's my target. I have not wanted to overheat development and want to keep it balanced. My point is that it must be sustainable. Up to this point, in the most recent 5 years, I can see the sustainability in our development, and I believe that we can adapt to whatever changes there are in the market, thanks to the human factor as I have mentioned earlier. For the longer term, we also have the direction, because as we can see on the world job maps, the travel industry can survive for at least 20 years only. When people's knowledge is enhanced, and everything related to travel in general in both developed and developing countries is integrated together, the travel industry is no longer available. Customers and businesses connect directly with each other, which means B2C, and no more B2B. Information is growing exponentially, and technological application is more accessible for the customers.

Q But I think by that time there will be new products that are directly originated from B2C.

A Yes, the tourism industry is forever, but the travel companies are disappearing. The tourism is developing. Tourism and tourism services are flourishing but travel agencies as I said, would gradually fade. You can see in other developed countries; they have done this job very well. There are tour operators for the whole city, one or two city tour operators. They use local people there, and the selling is for a global company. For example, they connect products together because in the market there are some separate services. They only focus on selecting customers. As for hotels, restaurants, and recreational activities, the customers will choose for themselves. It depends on the real demands of the people and not just put them into a fixed tour. You want to travel to that place, but you don't want to be crammed into that restaurant, to eat in that restaurant, to eat the food you don't like, to go to the place you don't want, or sometimes to buy things you don't want to buy, to be put into a store where you don't want to shop. I think those kinds of tourism services will be utterly eradicated. But the product, such as if you have one day to Santorini, you travel

by boat to the volcano, it would be excellent. If you go by yourself, it's impossible. They will sell a ticket for you; it's not the whole programme. So here they would combine. If you buy the boat service only and you have your own guide, then the total would be 100 dollars for example. So here they would sell a package for you for 70 dollars. So you would not choose to buy a single product because it would cost time and you have to book the seat by yourself. So now if you can buy the whole package, it's 30% cheaper than if you buy it by yourself. I think that would be the trend for the future. You can choose what you want, where you want to go, decide what you like.

Q *Has your company prepared for such changes?*

A Yes, we have. But I think in Vietnam there's still a long way to go. At least until the end of my life so I do not worry much about it. But gradually in the next stage of development, if the company is still growing like it is now, I would transfer the management to the next generation. After 10 years, I would leave it to the future generation. It is expected that in the next 5 years I would transfer all the businesses to the management team. I now focus more on training. That's the reason I've bought a tourism vocational school, and I am the head of the school. So in the coming time, I am concentrating on recruiting people for the school. The weaknesses and shortage in the industry have made me make that decision to do something new. And that school is the new thing.

Q *Is it a strategy to expand?*

A No, this is a business by itself. It's related more to people. Its product would be people, and we would both support and create benefits for all parties, from students, to businesses, and to the whole industry. The momentary advantage is more of a moral one, to solve the shortage of a quality labour force with no competitiveness. I focus on the people who do the work, not the teachers or lecturers because there have been enough teachers and lecturers and also in the coming time, international partners are also bringing instructors in. There are too many lecturers and teachers but no quality people who do the actual jobs. You can see now hotels and restaurants are currently recruiting people a lot, but they could not find many. Because everyone wants to become a teacher, a master and does not want to be a staff, a worker. So with this school, I want to do actual training.

Q *How many people are there in your organisation? What is the size of your company?*

A It's medium, about 25 people and I also aim to have a company with maximum 30 people. That's all. After that, once it exceeds the number of people, I will have to separate them into different companies.

Q *How about the school? Is it OK now?*

A It's expected that next month we will start enrolment.

Q *In your opinion, in the tourism industry, as you have already mentioned, do you want to add any significant changes in the industry which influence the operation of your organisations and others? You've said the policy access and national policies.*

A The national policies I think this is the most thorny problem and leaders of the industry should be the first important factor. The leaders must be knowledgeable. 'Knowledgeable' here is not about the understanding of the industry but understanding of economic policies. Maybe the top people may not have the technical understanding of the actual work, but they must have the general knowledge about the economy and management. But here, the Vietnam National Administration of Tourism (VNAT) is just a department in the Ministry of Cultural, Sports and Tourism. Three tasks in one Ministry. So even though you are at the Deputy position, but your department is the national administration, you must contribute. What is the role of VNAT? What we need is a national action programme to promote tourism. Recently some reporters have asked me for ideas to develop Vietnam tourism. I said that I believe the potential for tourism in Vietnam is enormous, one of the top countries in the world I can see. Because I have been to nearly 100 countries and so I can affirm that. But why is our tourism promotion so weak? Partly because of the funding for it. Some say it's because of the funds, but I think it's all about the people. Previously I had to make a deposit to do outbound tourism. Many years ago it was 250 million Vietnam Dong to have the outbound license. If that money was deposited in the bank, we could earn 2.5% interest. It's such a waste. Meanwhile, if 1000 businesses were licensed, it means they already have 2500 billion Vietnam Dong. If the government did not manage that fund, VNAT did not, then where has the money has gone? There is

no instruction document from the Ministry of Finance as well. The same with the State Bank of Vietnam. So it means other banks can enjoy the interest while organisations like us must pay that much money and the money has been devalued a lot. Each year Vietnamese money lost 8% of its value, and we could enjoy the deposit interest of at least 2.5% if they don't do anything with that fund and only keep it there. So we established the company in 2005, with that 250 million VND, I could have bought nearly 60 ounces of gold. After 10 years, in 2015, the gold price is 4million VND/ounce. Meanwhile, with that money deposited with VNAT, we can only have 5 million VND/year. So that's the loss for our side but more importantly is the loss for the nation. For those years, even though there is a fund like that, they do not do anything for the promotion and do not need to call for the investment from the public. With that fund, they can both support the organisations, deposit money in the bank to have some interest, and then maximise the value of that fund. I have contributed this idea many times. So now recently there is a change that they agree to allow organisations to negotiate the interest rates with the bank, from last year I think. Another change that I suggested in the most recent meeting is that it is now unnecessary to deposit such money and require organisations to buy insurance instead. So organisations do not have to set aside a large amount of money and cannot do anything with it. I said that even now 500 or 700 million VND cannot compensate for anything in case there is a dispute so that the money can compensate the customers. Because there are contracts that I signed with the value of 15-20 billion VND, so 500 million VND is meaningless. So we just put money in there for nothing while we the businesses need it. Therefore, corporate insurance is a better way. So just transfer the risk to the insurance. The higher the contract value, the more premium organisations have to pay, and so organisations do not have to worry about anything. That's the global standard of doing business and Vietnam should follow. Because now the foreign partners always ask, 'OK, give me your insurance number. Have you got the global insurance or not?' before they sign any contract. Because now, with some of the contracts I sign with big corporations in the world, they then require that insurance number, the identification number of the company before signing anything. So I think this is a good way to go. As for other resources, I think the industry management must consider how to best utilise the expertise and 'brain' of the people in the industry, to have people who

can create economic value, to create a breakthrough for Vietnam tourism as a whole.

Q There are some questions that I want to ask, but you've already answered. So apart from the issues I have asked, do you have any further comments or ideas about the industry, about the world situation, policies, international markets, etc. which are influencing the country's tourism sector?

A For the current situation, I can say that Vietnam tourism is operating on a snatching and short-term basis. It's short but understandable for you. There's no advance plan for whatever the state wants to do, they make a decision out of a sudden, want to do something, then do it, and if they don't want something, just suddenly cut it and give out some excuses. The important thing is that the sectoral management is not systematic and does not follow any pattern. This is why I say 'short-term'. There is no vision for a long-term plan for Vietnam tourism development. Instead of spending money to hire foreign consultants for a master plan of 10 – 20 years and then break it down into short-term plans, a common plan that matches with that long-term plan so that the development is consistent. But now what can we see? Out of the blue, they have a service. Halong Bay is a case. Some tour operators do not operate ethically and so the local authority bans kayaks. What they can't manage, they just ban it and do not know the pros and cons of that ban. APEC 2007 is another example. I was the victim, and I had to cancel all the tours for the customers. I sold a series of products, sold for a year in advance. If they have any changes, they must inform the roadmap for change, so business organisations could plan for the next year. But here they kept silent. Of course, we didn't know about the changes, and we still sold the products for the next year, contracts already signed. Of course, many places do the same snatching thing like that but that's not an excuse, and that's unacceptable. So once I already booked the accommodation according to the contract, and I knew it's in the peak time, so I already booked earlier than normal. They were all informed that all the rooms were full, but if I said I paid higher, they said there were rooms available. It's 10 years already, and I also contributed the ideas to the Association of Hotels. We at the Travel Associations also mentioned this to them and said if they do so, they would have bad results. Then in 2008, after APEC, they had to reach us, offer promotions, but no, we couldn't work with them

any more. We are in the travel sector, and we are very much dependent on the services supplied by the partners, and they are crucial to us. So VNAT must have general guidelines. That's why VNAT is there, but they do not do it. They only look at how the suppliers provide services, how they connect with travel, there must be a unified model. If they (the state body that governs tourism) let businesses do everything by themselves (without regulations and guidelines), it has so many negative impacts. When the cost is high, I can't bear the loss, so I need to cut losses by cancelling the customers. I accept cancellation, and the customers who were cancelled would not return. That's the obvious outcome.

Q So now your long-term strategy, what will you add, and will you divide your company into smaller ones with separate functional operations. Have you prepared anything regarding the capability and resources to serve for long-term development?

A Yes of course. If not, how can I think about it? But of course, it depends on the actual capabilities. Yes, we do think. Not just think but think hard, considering the success and failure. At least I will not regret it because I have thought about it carefully. But if because of external conditions and that we are not successful then we have to consider. That's for the company. We cannot say we haven't thought hard.

Q *How about the preparations for resources such as finance, human, facilities, networks, or the capabilities needed to build up?*

A Yes, we can do that by ourselves. Because what do we want in the end? It's the similarity. The similarity here I don't require is to be maximum. But the efficiency regarding how many percentages to make it suitable we have to calculate. For example, the development rate is 25% per year, and if we can achieve 22 – 23%, then it's okay for me, or even 20%. There are many other factors relating to business partners, people management, markets and resources. I do not say directly about business, it's just a part, and that's something we need to prepare. What fields are entered so that their operations can be related to each other, that's how we do it? If it is possible, I want to change the company into the joint-stock model and sell shares to foreign partners, for example. So I must prove the company's capabilities, abilities, and actual capabilities so that international investors can invest and we really need their

capital in the future. At least in the next 5 years when we open such opportunities for investment, they (the investors) must see our actual capacities so they can invest, and together we make the business more effective and professional.

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