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# Determining the Factors Affecting the Innovation of Small and Medium Tourism Enterprises: The Case of Vietnam

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**Abstract**
This study focuses on determining the factors affecting the innovation of small and medium enterprises in the tourism industry in Vietnam. The study investigated 385 enterprises in this field in Vietnam, using the SEM model to analyze the group of 10 factors affecting the innovation of the enterprises. The conclusion is that there are the following factors that have an impact on the innovation of enterprises: (1) Leadership style, (2) Human capital, (3) Relational capital, (4) Organizational capital, (5) Absorption capacity, (6) ) Intensity of internal R&D, (7) Changing customer needs, (8) Industry competitors, (9) Government policy to innovation types.

**Keywords:** innovation; SMEs; SEM, Vietnam

## 1. Introduction

Factors affecting innovation are divided into two groups: internal factors and external factors (Edison et al., 2013). There is a different way to divide, proposed by Souitaris (1999) is somewhat complicated and misses some important variables (for example, variables belonging to the government and public policies), this study will also follow the same approach. A simpler direction is to divide the influencing factors into two groups endogenous and exogenous. This study develops a model based on theories including senior leadership theory (specified as leadership style), organizational knowledge theory (specified as human capital, system, organizational capital), organizational learning theory (concretized as absorptive capacity), open innovation theory (concretized as internal R&D) and institutional theory (concretized as Government policies, changes in customer needs and industry competitors) impact the innovation process of small and medium enterprises in the Vietnamese tourism industry. From the analysis of the overview of the above research works, especially evaluate and consider the research models of each author on the factors affecting innovation of small and medium-sized enterprises.

After consulting with experts, the factors affecting the innovation of small and medium-sized tourism enterprises are formed as follows: First, the author inherits the factors mentioned by many researchers, in models. Second, factors with similar properties can be built into an

Vol. 7, No.10; 2023

ISSN: 2456-7760

independent variable. Third, the independent variables will include both endogenous and exogenous factors, but the author does not separate them into two parts to simplify the research. The dependent variable in the research model is the scale measuring innovation results of small and medium-sized enterprises in the tourism sector in Vietnam. From here, two research directions are proposed: (1) consider the factors constituting innovation as observed variables that highlight the dependent variable, which is the enterprise's innovation; (2) divide the research model into smaller models in which each constituent factor is an intermediate variable so that the final dependent variable is the enterprise's innovation. Accordingly, the author has applied the second research direction which is to identify endogenous and exogenous factors as independent factors, 4 corresponding innovations include product, process, organizational, and marketing innovation. is the intermediate variable and finally the dependent variable of innovation results.

*Endogenous factors*

- **Leadership style**

*Hypothesis 1a (h1a): Leadership style positively impacts enterprises' product innovation activities.*

*Hypothesis 1b (h1b): Leadership style has a positive impact on business process innovation activities*

*Hypothesis 1c (h1c): Leadership style has a positive influence on the marketing innovation activities of enterprises.*

*Hypothesis 1d (h1d): Leadership style has a positive effect on the organizational innovation activities of enterprises.*

- **Human capital**

*Hypothesis 2a (h2a): Human capital positively impacts a firm's product innovation activities.*

*Hypothesis 2b (h2b): Human capital positively impacts business process innovation activities.*

*Hypothesis 2c (h2c): Human capital has a positive effect on the marketing innovation activities of enterprises*

*Hypothesis 2d (h2d): Human capital has a positive effect on the organizational innovation activities of enterprises*

- **Relationship capital**

*Hypothesis 3a (h3a): Relational capital positively impacts a firm's product innovation activities.*

*Hypothesis 3b (h3b): Relational capital has a positive impact on business process innovation activities*

*Hypothesis 3c (h3c): Relational capital has a positive effect on the marketing innovation activities of enterprises*

Vol. 7, No.10; 2023

ISSN: 2456-7760

*Hypothesis 3d (h3d): Relational capital has a positive effect on organizational innovation activities of enterprises*

- **Institutional capital**

*Hypothesis 4a (h4a): Organizational capital positively impacts a firm's product innovation activities.*

*Hypothesis 4b (h4b): Organizational capital positively affects business process innovation activities.*

*Hypothesis 4c (h4c): Organizational capital has a positive effect on the marketing innovation activities of enterprises*

*Hypothesis 4d (h4d): Organizational capital has a positive effect on organizational innovation activities of enterprises*

- **Absorption capacity**

*Hypothesis 5a (h5a): Absorption capacity positively impacts enterprises' product innovation activities.*

*Hypothesis 5b (h5b): Absorption capacity has a positive impact on business process innovation activities*

*Hypothesis 5c (h5c): Absorption capacity positively affects enterprises' marketing innovation activities.*

*Hypothesis 5d (h5d): Absorption capacity has a positive effect on the organizational innovation activities of enterprises.*

- **Intensity of internal R&D**

*Hypothesis 6a (h6a): The intensity of internal R&D has a positive effect on a firm's product innovation activities*

*Hypothesis 6b (h6b): Intensity of internal R&D has a positive impact on business process innovation activities*

*Hypothesis 6c (h6c): The intensity of internal R&D has a positive effect on the marketing innovation activities of enterprises.*

*Hypothesis 6d (h6d): The intensity of internal R&D has a positive effect on the organizational innovation activities of enterprises.*

***Exogenous factors***

- **Government policy**

*Hypothesis 7a (h7a): Government policy has a positive impact on the product innovation activities of firms.*

Vol. 7, No.10; 2023

ISSN: 2456-7760

*Hypothesis 7b (h7b): Government policy has a positive impact on business process innovation activities*

*Hypothesis 7c (h7c): Government policy has a positive influence on the marketing innovation activities of enterprises.*

*Hypothesis 7d (h7d): Government policy has a positive effect on the organizational innovation activities of enterprises.*

- **Changing needs of customers**

*Hypothesis 8a (h8a): The change in demand from customershas a positive impact on the product innovation activities of enterprises.*

*Hypothesis 8b (h8b): Change in demand from customers to enterprise process innovation activities*

*Hypothesis 8c (h8c): The change in demand from customers has a positive effect on the marketing innovation activities of enterprises.*

*Hypothesis 8d (h8d): The change in demand from customers has a positive effect on the organizational innovation activities of enterprises.*

- **Industry competitors**

*Hypothesis 9a (h9a): Competitors have a positive impact on a firm's product innovation activities*

*Hypothesis 9b (h9b): Competitors have a positive impact on a firm's process innovation activities*

*Hypothesis 9c (h9c): Competitors have a positive influence on a firm's marketing innovation activities.*

*Hypothesis 9d (h9d): Competitors have a positive influence on the organizational innovation activities of enterprises.*

## 2. Data and methodology

Primary data was collected through surveys to serve the topic's research objectives. Primary data collection is carried out through expert methods and survey methods at specific small and medium-sized tourism enterprises:

Ask for expert opinions: By interviewing 5 managers and experts at travel companies, adjust and add scales for factors in the research model before conducting a pilot investigation.

Pilot survey: After the questionnaire was designed and edited, a pilot survey was conducted on 10 respondents from 10 small and medium enterprises in the industry. After a trial investigation, eliminate misunderstandings in word usage and eliminate unreasonable observed variables before conducting official research. The scales were preliminarily evaluated through the main

Vol. 7, No.10; 2023

ISSN: 2456-7760

tool, the Cronbach Alpha reliability coefficient. The Cronbach Alpha coefficient is used first to eliminate inappropriate variables. Variables with a total correlation coefficient (Item - Total correlation) of less than 0.30 will be eliminated and the standard for selecting a scale is when it has an Alpha reliability of 0.60 or higher (Nunnally and Bernstein, 1994). Finally, an official scale is obtained before conducting a large-scale official survey.

Number of official survey samples: The survey sample was calculated based on Yamane Taro's (1967) sample calculation formula in case the overall sample is unclear.

$$n = Z^2 \times \frac{p \times (1-p)}{e^2}$$

$$n = 1.96^2 \times \frac{0.5 \times (1-0.5)}{0.05^2} = 384.16$$

n: sample size to be determined; Z: with the used confidence level of 95% corresponding to Z = 1.96; p: rate of successful estimation of sample size n, p = 0.5; e: allowable error. e = ±0.05 to ensure 95% reliability. The ideal number of samples is 384 samples. To ensure the necessary number of samples, the author plans to take about 400 survey samples to subtract cases of removal when cleaning the data.

Building a questionnaire: Based on the model and research hypotheses, design a scale for each factor in the model and build a questionnaire. The preliminary survey includes two parts: general information about respondents and a survey on the innovation of SMEs. The questions focused on probing candidates' opinions on factors affecting innovation in the tourism industry. The scale used for the quantitative questions is a 1-7 Likert scale with 1 being Very Poor/Strongly Disagree and 7 being Very Good/Strongly Agree.Factors affecting product innovation can also be divided into two groups: internal factors (internal factors under the control of the enterprise that impact the innovation capacity of the enterprise) and external factors (factors that impact innovation but are beyond the control of the enterprise) (Edison et al., 2013). In their research on innovation in general in the software industry, Edison and his colleagues summarized 244 factors affecting innovation and divided them into two groups internal factors and external factors. Because the division proposed by Souitaris (1999) is somewhat complicated and neglects some important variables (for example, variables belonging to the government and public policies), this study will also take a similar approach. A simpler direction is to divide the impact factors into two groups, endogenous and exogenous.

Variables

The research model in this thesis includes 9 independent variables, 4 intermediate variables, and 1 dependent variable.

*Independent variables*

(i) Leadership style

Vol. 7, No.10; 2023

ISSN: 2456-7760

Table 1 . Scale "Leadership style"

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Leadership style | Leaders are willing to take risks | LD1 | Renko et al (2013) |
| | Leadership emphasizes the importance of innovation | LD2 | |
| | Leaders regularly listen to and encourage new ideas from employees | LD3 | |

*Source: Renko et al (2013)*

(ii) Human capital

The enterprise's human capital scale is built based on organizational knowledge theory with case studies from the authors Subramaniam and Youndt (2005) This is a scale used by many researchers with a high number of citations. Through editing research, the author has assigned 5 observed variables of the scale suitable to the research topic including:

Table 2. Scale “Human Capital”

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Human Capital (NL) | The company's employees are highly skilled | NL1 | Subramaniam and Youndt (2005) |
| | The company's employees are considered to be of high quality in the industry | NL2 | |
| | Employees of the Company are dynamic and creative | NL3 | |
| | The Company's employees are experts in the functions and work they are undertaking | NL4 | |
| | Company employees develop new ideas and knowledge | NL5 | |

*Source: Subramaniam and Youndt (2005)*

(iii) Relational capital

Vol. 7, No.10; 2023

ISSN: 2456-7760

Table 3. "Relational capital" scale

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Relationship capital (QH) | Skilled company employees cooperate and learn from each other to diagnose and solve problems | QH1 | Subramaniam and Youndt (2005) |
| | Employees of different departments in the company often interact and exchange ideas | QH2 | |
| | Company employees regularly cooperate with customers, suppliers, and partners to develop solutions | QH3 | |

*Source: Subramaniam and Youndt (2005)*

(iv) Institutional capital

The organizational scale of enterprises is also built based on organizational knowledge theory with case studies from the authors Subramaniam and Youndt (2005). Includes 4 observed variables:

Table 4. Scale "Organizational capital"

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Institutional capital (VT) | The company uses patents and licenses as a way of storing knowledge | VT1 | Subramaniam and Youndt (2005) |
| | The culture of the organization (anecdotes, oddities) is contained in valuable ideas and ways of doing business, etc. | VT2 | |
| | Organizational knowledge and information are embodied in structures, systems, and processes | VT3 | |

*Source: Subramaniam and Youndt (2005)*

(v) Absorption power

Based on organizational learning theory, the enterprise absorptive capacity scale is built based on the research work of Flatten et al (2011). This is a scale used by many researchers to assess the factors affecting innovation. After editing this scale to fit the research topic, the scale includes 4 observed variables:

Vol. 7, No.10; 2023

ISSN: 2456-7760

Table 5. Scale "Absorption capacity"

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Absorption capacity (HT) | Company employees can structure and use acquired knowledge | HT1 | Flatten et al (2011) |
| | Company employees can apply new knowledge to their work | HT2 | |
| | Company employees can convert information from internal and external sources into valuable knowledge for the company. | HT3 | |

*Source: Flatten et al (2011)*

(vi) Intensity of internal R&D

Based on open innovation theory, the internal R&D Intensity scale is built with 3 observed variables including:

Table 6. Scale "Intensity of internal R&D"

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| The intensity of internal R&D (RD) | The company focuses on investing in R&D activities | RD1 | Cohen & Levithal (1989) and Tran Lan Huong (2021 ) |
| | The staff operating in the R&D department are well-trained | RD2 | |
| | New or improved products or services from R&D are accessible to customers | RD3 | |

*Source: Cohen & Levithal (1989) and Tran Lan Huong (2021)*

(vii) Government Policy

Government policy is one of the exogenous variables built from institutional theory and based on the research of Barasa et al (2017). Thereby, the author edited the scale to fit the research topic, including 4 observed variables:

Table 7. Scale "Government policy"

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Government Policy (CS) | The State has proposed incentives for SMEs in the tourism sector in terms of corporate income tax | CS1 | Barasa et al (2017) |
| | The State has incentives for SMEs in the tourism sector in terms of loans and credit interest rates | CS2 | |
| | The State has incentives for SMEs in the field of tourism in terms of land rent and water surface rent | CS3 | |

*Source: Barasa et al (2017)*

Vol. 7, No.10; 2023

ISSN: 2456-7760

(viii) Changes in customer needs

Based on institutional theory and research from the authors Anne-Mette Hjalager (2010) further developed by Phan (2015), the author has adjusted the scale to fit the research topic, including 3 observed variables:

Table 8. Scale "Changes in customer needs"

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Changing customer needs (NC) | The company is always flexible when dealing with customer services | NC1 | Anne-Mette Hjalager (2010) and Phan (2015) |
| | The company always takes steps to improve the service to the changing needs of customers | NC2 | |
| | The company always understands the needs of customers | NC3 | |

*Source: Anne-Mette Hjalager (2010) and Phan (2015)*

(ix) Industry Competitors

Based on institutional theory and research from Cohen et al. (2000), the author has modified the scale to fit the research topic, including 4 observed variables:

Table 9. Scale "Industry Competitors"

| Variable name | The scale | Symbol | Source |
|---|---|---|---|
| Industry Competitors (DT) | Compared to competitors, you have a larger portfolio of intellectual properties | DT1 | Cohen et al (2000) |
| | Compared to competitors, enterprises with an intellectual property portfolio have an advantage in terms of technology innovation and breakthrough. | DT2 | |
| | To competitors, businesses have a better portfolio of legal protection compared to intellectual property | DT3 | |

*Source: Cohen et al (2000)*

*Intermediate variables*

Refer to the Oslo handbook (Oslo Manual) (2005, 2018) on the collection and interpretation of technological innovation data to measure science, technology, and innovation activities then there is the concept of product innovation and process innovation. besides, there are marketing creative innovation and organizational creative innovation which are synthesized from the above studies. Therefore, the author has built 4 intermediate variables that have an impact on the results of innovation for businesses.

Vol. 7, No.10; 2023

ISSN: 2456-7760

Product innovation

Table 10. Process Innovation Scale

| Variable name | Identify | Symbol | Source |
|---|---|---|---|
| | Improve production/service quality in existing product components and materials | SP1 | |
| Product Innovation (SP) | Improve current products/services to make them easier for customers to access and use, improve customer satisfaction | SP2 | Wang and Ahmed (2004) and Gurhan Gunday et al (2011) |
| | Develop new products/services with completely different parameters and functions from previous services/products | SP3 | |
| | Develop new products/services with completely different components and materials from existing products/services | SP4 | |

*Source: Gurhan Gunday et al (2008, 2011)*

Process innovation

Table 11. Process Innovation Scale

| Variable name | Identify | Symbol | Source |
|---|---|---|---|
| | | | |
| Process Innovation (QT) | The company continuously improves the management process | QT1 | Wang and Ahmed (2004) and Gurhan Gunday et al (2011) |
| | The company regularly reviews to optimize operations to eliminate unnecessary activities and cut costs | QT2 | |
| | The company continuously improves to reduce fuel consumption and input resources per production unit | QT3 | |
| | The company continuously innovates to reduce labor costs per unit of production | QT4 | |

*Source: Wang and Ahmed (2004) and Gurhan Gunday et al (2011)*

Marketing Innovation

Vol. 7, No.10; 2023

ISSN: 2456-7760

Table 12. Marketing Innovation Scale

| Variable name | Identify | Symbol | Source |
|---|---|---|---|
| | Innovating existing designs or new products through changes such as image, packaging, shape, and volume without changing basic technical features and functionality. | MA1 | |
| Creative Innovation Marketing (MA) | Innovating distribution channels without changing the logistical processes involved in delivering products. | MA2 | Wang and Ahmed (2004) and Gurhan Gunday et al (2011) |
| | Innovating product promotion techniques to promote existing or new products. | MA3 | |
| | Innovate product pricing techniques to price existing or new products. | MA4 | |
| | Innovation in general marketing management | MA5 | |

*Source: Gurhan Gunday et al (2008, 2011)*

Organizational innovation

Table 13.Organizational Innovation Scale

| Variable name | Identify | Symbol | Source |
|---|---|---|---|
| | | | |
| Organizational Innovation (TC) | Innovation of habits, procedures, and processes For employees to perform activities Company in a creative way | TC1 | Gurhan Gunday et al (2008, 2011) |
| | Organizational innovation to facilitate Strategic partnerships and cooperation Long term business | TC2 | |
| | Organizational innovation to facilitate organization Project type | TC3 | |
| | Innovation of human resource management system | | |
| | Organizational innovation to facilitate coordination Combination of different functions such as Marketing and production | QT4 | |

*Source: Gurhan Gunday et al (2008, 2011)*

*Dependent variables*

The dependent variable in the research model is the scale of the results of the innovation of small and medium enterprises in the field of tourism in Vietnam. From here, two research directions are proposed: (1) consider the elements constituting innovation as observed variables, highlighting the dependent variable which is the innovation of the enterprise; (2) divide the research model into smaller models in which each constituent element is an intermediate variable to the final dependent variable being an innovation of the enterprise.

Vol. 7, No.10; 2023

ISSN: 2456-7760

Table 14. Innovation

| Variable name | Identify | Symbol |
|---|---|---|
| CREATIVE INNOVATION RESULTS (KQ) | Innovating the administrative system and thinking in the business environment | Results 1 |
| | Innovation in processes and working methods | Result2 |
| | Introducing products and services available Enhanced quality | Q3 |
| | Increase the number of product projects New product or service | Result 4 |
| | The amount of innovation is Protected intellectual property | Result5 |

*Source: Compiled by the author*

**Model**

The SEM network model shows the cause-and-effect relationship between the variables. in, the independent variable is the factors affecting the innovation of enterprises and the dependent variable is the innovation of SMEs in Vietnam.

The SEM model combines all techniques such as multivariate regression, factor analysis, and analysis of mutual relationships (between elements in the network diagram) to investigate the complex relationships in the model. specific:

- ***Reliability analysis***

Cronbach' Alpha is a measure of the reliability of a scale or scale. Reliability describes the degree to which all factors in a test have the same measure for an object and is therefore connected with the intrinsic association of factors in the Tavakol test & and Dennick (2001). Many researchers agree that when Cronbach's Alpha is from 0.8 or higher to close to 1, a good scale, from 0.7 to close to 0.8, is usable. Some researchers suggest that Cronbach's Alpha of 0.6 or higher can be used in case the concept being measured is new or new to respondents in the research context.

- ***EFA. Exploratory factor analysis***

Exploratory factor analysis will help researchers reduce data from multiple items to fewer items while still reflecting their meaning. Some criteria for factor analysis are the minimum KMO coefficient of 0.5, the Bartlett test with a p-value less than 0.05, the minimum eigenvalue coefficient of 1, and the minimum explanatory variance of 50% (Hair). Et al., 2006). The factor extraction method used is the principal component method with varimax rotation to obtain the smallest number of factors (Hoang Trong and Chu Nguyen Mong Ngoc, 2008). Exploratory factor analysis was performed separately with independent and dependent variables.

- ***Confirmatory factor analysis***

In the SEM model, CFA is one of the powerful statistical techniques that help us test how well the observed variables represent the factors. CFA is the next step after implementing EFA. This is a statistical technique that has many advantages over traditional techniques because CFA

Vol. 7, No.10; 2023

ISSN: 2456-7760

allows testing the theoretical structure of the scales such as the relationship between a research concept and other concepts without being affected. Bias due to measurement error. Furthermore, this technique allows us to combine latent concepts with their measurements and can consider the measurements independently or in combination with the theoretical model.

To measure the fit of the model to the actual information, this study uses Chi-squared, Chi-squared adjusted for degrees of freedom (CMIN/df), and the relative fit index. Compare CFI (comparative fit index), TLI (Tucker & Lewis index) and RMSEA (root mean square error approximation), GFI (Goodness of the fit index). The model is said to be appropriate when the Chi-squared test has a Pvalue > 0.05 (Joreskog and Sorbom, 1993). This is very unlikely because Chi-squared is very sensitive to large sample sizes and test strength, so in practice one uses the Chi-squared index of degrees of freedom (CMIN/ df) for evaluation.

Other relevant indexes: GFI, AGFI, TLI, etc. Values > 0.9 are considered good fit models. If these values are equal to 1, we say the model is perfect (Segar, 1993). GFI: absolute fit (unadjusted for degrees of freedom) of the structural model and the measurement model) with the survey dataset. AGFI: adjust the GFI value according to the degrees of freedom in the model. RMSEA: is an important indicator, it determines the fit of the model compared to the overall. In the IS research journal, the authors said that the required RMSEA index < 0.05, the model fits well. In some cases, this value <= 0.08 model is accepted

- ***Regression analysis***

Regression analysis is a method of analyzing the relationship between a dependent variable X having a real value and one or more independent variables X1. X2, X3... Xk Ragsdale, 2007). The purpose of regression analysis is to determine a function that describes the relationship between the above variables to evaluate the relationship between each independent variable and the dependent variable as well as predict the change of the variable. Dependent when there is a change in the independent variables

## 3 . Results and Discussion

The paper was conducted on 385 SMEs in the tourism sector stretching from the North to the South. With quantitative research method, using SPSS 20.0 software. The study has evaluated the impact of factors (1) Leadership style, (2) Human capital, (3) Relational capital, (4) Organizational capital, (5) Absorption capacity, (6) Intensity of internal R&D, (7) Changing customer needs, (8) Industry competitors, (9) Government policy to innovation types including (1) Product innovation, (2) Process innovation, (3) Organizational innovation, (4) Marketing innovation and the outcomes of creative innovation. The study achieved the following results:

Vol. 7, No.10; 2023

ISSN: 2456-7760

Table 15. Summary of the Results of Testing the Research Hypotheses

| | **Hypotheses** | **Result** |
|---|---|---|
| *1a* | *Leadership style has a positive impact on the product innovation activities of enterprises* | *Does not accept* |
| *1b* | *Leadership style has a positive impact on business process innovation activities* | *Does not accept* |
| **1 C** | **Leadership style has a positive impact on the marketing innovation activities of enterprises** | **Accepted** |
| **2 a** | **Human capital has a positive impact on the product innovation activities of enterprises** | **Accepted** |
| **2b** | **Human capital has a positive impact on business process innovation activities** | **Accepted** |
| *2 C* | *Human capital has a positive impact on the marketing innovation activities of enterprises* | *Does not accept* |
| *3a* | *Relational capital has a positive impact on a firm's product innovation activities* | *Does not accept* |
| *3b* | *Relational capital has a positive impact on a firm's process innovation activities* | *Does not accept* |
| **3c** | **Relational capital has a positive impact on the marketing innovation activities of enterprises** | **Accept** |
| **4a** | **Organizational capital has a positive impact on a firm's product innovation activities** | **Accept** |
| **4b** | **Organizational capital has a positive impact on business process innovation activities** | **Accept** |
| **4c** | **Organizational capital has a positive impact on the marketing innovation activities of enterprises** | **Accept** |
| **5a** | **Absorption capacity has a positive impact on the product innovation activities of enterprises** | **Accept** |
| **5c** | **Absorption capacity has a positive impact on the marketing innovation activities of enterprises** | **Accept** |
| **6a** | **The intensity of internal R&D has a positive impact on a firm's product innovation activities** | **Accept** |
| *6b* | *The intensity of internal R&D has a positive impact on business process innovation activities* | *Does not accept* |
| **6c** | **The intensity of internal R&D has a positive impact on a firm's marketing innovation activities** | **Accept** |
| **7a** | **Government policy has a positive impact on the product innovation activities of enterprises** | **Accept** |
| *7b* | *Government policy has a positive impact on business process innovation activities* | *Does not accept* |
| **7c** | **Government policies have a positive impact on the marketing innovation activities of enterprises** | **Accept** |

Vol. 7, No.10; 2023

ISSN: 2456-7760

| | | |
|---|---|---|
| **8a** | **The change in demand from customers has a positive impact on the product innovation activities of enterprises** | **Accept** |
| **8b** | **Changing needs from customers have a positive impact on business process innovation activities** | **Accept** |
| **8c** | **The change in demand from customers has a positive impact on the marketing innovation activities of enterprises** | **Accept** |
| *9a* | *Competitors have a positive impact on a firm's product innovation activities* | *Does not accept* |
| **9b** | **Competitors have a positive impact on your process innovation activities** | **Accept** |
| **9c** | **Competitors have a positive impact on a business's innovation activities** | **Accept** |
| **10a** | **Product innovation has a positive effect on CREATIVE INNOVATION results** | **Accept** |
| **10b** | **Process innovation has a positive effect on the results** | **Accept** |
| **10c** | **Marketing innovation has a positive effect on the results** | **Accept** |
| *10d* | *Organizational innovation has a positive influence on the results* | *Does not accept* |

*Source: Compiled by the author*

The results show that the factors that affect the innovation of SMEs in the tourism industry come from the firm itself. Enterprises must identify innovation as the driving force and the optimal solution to improve their competitiveness in the context of international economic integration. Additionally, the policymaker should support the enterprise more with the macro-policies regarding the vital industry first.

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Vol. 7, No.10; 2023

ISSN: 2456-7760

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