

EXPLORING DYNAMIC CAPABILITY OF TOURISM MICRO FIRM FOR ACHIEVING SUSTAINABLE BUSINESS PERFORMANCE IN INDONESIA

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Tourism micro businesses are significant and indispensable component of the worldwide tourism system. Their typically narrow profit margins and limited capabilities for innovation make them face numerous challenges in achieving sustainable business performance in the uncertain tourism competitive market and dynamic environment. Tourism micro-firm plays an important role in enhancing local economic growth among communities in East Nusa Tenggara, a small and developing region who has been experiencing tourism surge in popularity. However, it is a widely held view that tourism micro-firms face barriers in developing their capabilities to meet growing market demands due to lack of access to additional fundings, capital, knowledge, and skills shortages. Given their vital role in providing job creation for local communities and maintaining cultural and tourism destination competitiveness, building dynamic capabilities in the context of tourism micro-firms plays a crucial role in overcoming limitations, which in turn increase their capacity for short-term and long-term sustainable business performance.

The proposed research project aims to address two significant gaps. The first gap lies in the lack of sufficient empirical investigation within the tourism and hospitality literature, despite extensive previous studies on organizational dynamic capability within a business context. Secondly, the research to date has tended to focus on the dynamic capability of large business in manufacturing rather than micro businesses which deliver services products as found in the tourism and hospitality sectors. Therefore, this proposed research aims to make a novel and crucial contribution to the field of the tourism industry specifically in emerging tourism destinations such as East Nusa Tenggara, by developing a model of dynamic capability development to achieve sustainable business performance. A qualitative case report study will be utilised to identify how tourism micro-firms' owners-managers in East Nusa Tenggara establish dynamic processes to enhance their firms' capabilities despite the barriers and constraints experienced in this emerging tourism destination in Indonesia.

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