

Impact of green business strategies on the sustainable performance of micro, small and medium enterprises of tourism: The mediating effect of government support

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Innovative tourism concepts and sustainable business initiatives are driving significant transformation in the tourism industry. The concept of 'green' encompasses environmental accountability, economic growth, and Community Social Responsibility (CSR). Tourism service providers who lean towards the green concept prioritize green accountability while maintaining profitability. This dual focus ensures that their businesses not only thrive economically but also contribute positively to environmental sustainability and social well-being. When compared with macro-level service providers of tourism, the Micro, Small and Medium Enterprises of Tourism (MSMETs) have a greater potential to respond to the demands of inbound tourism. Currently, businesses tend to adopt Green Business Strategies (GBS) as tourists and other stakeholders pay increasing attention to sustainability of goods and services. However, enhancing the Sustainable Performance (SP) of TMSMEs remains as a challenge in developing economies. This study aimed to identify the impact of GBS on the SP of MSMETs, taking into account the mediating effect of government support. A self-administered questionnaire was employed utilizing a snowball sampling method with a sample size of 384. Structural Equation Modelling was employed to analyze data using Smart PLS software. The results revealed that GBS has a strong and significant impact on SP in terms of environmental performance and highlighted the impact on the economic and social performance of MSMETs, giving them a competitive advantage through green practices. Moreover, it was found that this relationship strengthened through the mediating effect of Government Support (GS) such as subsidies, policy reforming with sustainable reporting to monitor post-operation gains, training programs, or partnerships as a form of non-monetary assistance to sharpen the knowledge of TMSMEs. Further, this study provided insights for least developed economies to accelerate the SP of MSMETs towards achieving Sustainable Development Goals (SDGs) by adopting GS.

Keywords: Green Business Strategies (GBS), Government Support (GS), Sustainable Development Goals (SDGs), Sustainable Performance (SP), Micro, Small & Medium Enterprises of Tourism (MSMETs)

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