TOUR OPERATORS AND PERFORMANCE OF SME HOTELS: DIFFERENCES BETWEEN HOTELS IN COASTAL AND INLAND AREAS

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Abstract:

This paper studies the differences in the impact of global tour operators on the management and performance of hotels in coastal and inland areas. The empirical analysis is based on a survey conducted in 2016 on 375 Spanish SMEs operating in the hotel industry. A multi-group comparison analysis was carried out using Partial Least Squares (PLS) structural modelling. This analysis reveals that dependence on global tour operators has a direct effect on the conditions under which hotel services are provided (room rates and quotas) both in coastal and inland areas. Nevertheless, the pressure from tour operators is significantly stronger on hotel SMEs located in coastal areas, where it has a negative effect on profitability, in spite of having a positive influence on firm growth (sales and employment).

Keywords: *Tour operator, global value chain, SMEs, inland hotel, coastal hotel.*
JEL codes: *L83, L26, O1, L2, R3*

1. Introduction

A number of studies have shown that global tour operators influence the activity and results of small and medium-sized hotel enterprises (SMEs) that operate with them. Tour operators may ensure satisfactory occupancy rates for hotel SMEs and allow them access to new markets, favouring their survival and growth (Picazo and Moreno-Gil, 2018; Calveras and Orfila-Sintes, 2019). Several authors suggest that tour operators can even stimulate certain processes of upgrading in hotels by encouraging investment in their technological capabilities (TC) and Information and Communication Technologies (ICT) (Orfila-Sintes et al., 2005; Williams and Shaw, 2011; Romero and Tejada, 2019).

In contrast, various studies have observed negative effects of tour operators on the profitability and innovation of hotel SMEs (Bastakis et al., 2004; Tejada and Moreno, 2013). Hotel SMEs can become highly dependent on international tour operators for guaranteeing minimum occupancy rates, especially in low seasons. This dependence allows tour operators to pressure hotel SMEs into reducing their profit margins. This pressure could even lead hotel SMEs to reduce the quality of certain services in order to cut costs (Buhalis, 2000; Bastakis et al., 2004).

Tour operators play a leading role in the tourism industry since they channel mass tourism flows and assume the governance of Tourism Global Value Chains (TGVC) (Erkuş-Öztürk and Terhor, 2010; Romero and Tejada, 2011; Song et al., 2013).

This paper draws on the hypothesis that the spatial characteristics associated with the location of a hotel can throw light on those apparently contradictory findings. This article studies the influence of tour operators on the management and performance of hotel companies in two different spatial contexts: coastal and inland areas. The characteristics of the tourists' interests, motivations, and needs differ in these two types of destinations, and therefore the patterns of seasonality, the characteristics of the hotel services, and the relationship between hotels and tourism intermediaries may also differ (Andreu et al., 2005; Organization for Economic Cooperation and Development, OECD, 2006; Boo and Jones, 2009; Prebensen et al., 2010). However, research has yet to analyse the differences in the roles played by tour operators in the performance of SMEs in the hotel industry in coastal areas as opposed to those inland. This paper aims to contribute towards filling this gap in the literature.

To this end, the following two research questions form the basis of this study: How does their relationship with international tour operators influence the growth and profitability of SMEs in the hotel industry? Is this influence the same for hotels located in inland and for those in coastal areas?

The empirical analysis in this paper aims to answer these questions via a survey conducted on Spanish SMEs operating in the hotel industry. Spain is a main touristic destination worldwide, and is the second-most important both in terms of the number of arrivals (81.8 million in 2017) and the income from tourism (68 billon US$) (United Nations World Tourism Organization, UNWTO, 2018). There were 17,447 companies (with at least one employee) operating in the accommodation service sector in Spain in 2018, 99% of which were SMEs. In a destination such as Spain, the distinction between coastal and inland areas is particularly relevant, due to its long coastline and the importance of 'sun, sea, and sand' tourism, but also due to the rich cultural heritage and attractive monuments of many inland destinations. This makes the case of Spain especially interesting for the objectives of this research.

2. Theoretical framework

2.1. Tourism Global Value Chains, Upgrading Processes and Technological Capabilities

The extensive literature has highlighted the influence exerted by certain actors on others when they are coordinated within Global Value Chains (GVC) (Gereffi, 1999; Buckley and Strange, 2015; Hernández et al., 2017). The leaders in GVCs exert control over other participants, since power asymmetry constitutes a common characteristic of the organization of these chains (Humphrey and Schmitz, 2002; Gereffi at al., 2005).

Regarding tourism, a number of studies have focused on the role played by tour operators when attempting to lead the Tourism Global Value Chains (TGVC) by assuming the coordination of the chain and the control of the touristic product (Guzmán et al., 2008; Erkuş-Öztürk and Terhor, 2010; Romero and Tejada, 2011; Song et al., 2013; Christian, 2016).

The GVC literature also reveals the role played by international links in the access to technological knowledge and the enhancement of firms' learning and innovation processes (Morrison et al., 2008; Lema et al., 2015; Barrientos et al., 2016). Small and medium-sized enterprises can improve their position in GVCs by means of processes of technological upgrading.

The GVC literature suggests that the patterns of the chain's governance influence the upgrading of local SMEs (Humphrey and Schmitz, 2002; Morrison et al., 2008; Barrientos et al., 2016). However, a lack of consensus exists regarding the direction of this effect (Pietrobelli and Rabellotti, 2007; Lee and Gereffi, 2015). On the one hand, by means of participating in GVCs, SMEs can learn from global leaders to take advance of technological transfer and skill development (Poon, 2004; Williams and Shaw, 2011; Lema et al., 2015). Moreover, SMEs in GVCs may suffer pressure from the leaders of the chain to improve their performance in order to increase the competitiveness of the final product or service (Humphrey and Schmitz, 2002; Gereffi et al., 2005). On the other hand, certain studies point out that participation in GVCs may exert a negative influence on the capacity of SMEs to innovate and improve their performance (Schmitz and Knorringa, 2000; Bazan and Navas-Aleman, 2004; Tejada and Moreno, 2013; Lee and Gereffi, 2015).

In the current context of technological revolution associated to the 4.0 industry, robotization, and to the development of ICT, upgrading processes very often feature a technological dimension (Ali et al., 2015; Navío-Marco et al. 2018). The literature on Technological Capabilities (TCs) highlights that companies need to invest in specific capabilities in order to allow the transfer and diffusion of knowledge and technology to occur (Morrison et al., 2008). These TCs have been studied in the framework of the resource-based view (Penrose,

1959; Dietrickx and Cool, 1989) and evolutionary theory (Nelson and Winter, 1982; Pavitt, 1984; Dosi and Nelson, 1994). The application of the resource-based view in Tourism Research has grown in recent years although it does remain relatively undeveloped (Köseoglu et al., 2019). According to this view, the resources and capabilities of firms constitute their central assets to acquire competitive advantages (Penrose, 1959). Capabilities, which depend on tangible and intangible resources (technological, human, physical, financial, and reputation), determine the core competences of a firm (Grant, 1991) and condition their results (Wernerfelt, 1984; Pietrobelli and Rabellotti, 2011).

Certain types of investments help companies to develop TC and integrate new technological knowledge in the organization of the firm (Cáceres-Carrasco, 2015). In-house R&D and external R&D investments provide one way to enlarge the capacity of absorption by firms (Spithoven et al., 2010; Marco-Lajara, 2018). Likewise, investment in equipment, specifically in ICT, is critical in the development of TC today (Ali et al., 2015; Navío-Marco et al. 2018). Furthermore, investment in training has become a way to improve TC even in sectors such as tourism, which are traditionally associated to low investment in staff (Black and Lynch, 1996; Barney and Wright, 1998; Marco-Lajara et al., 2018).

2.2. The influence of tour operators on the conditions of hotel services and innovation

Global tour operators take advantage of the power asymmetries that characterize the organization of TGVCs. They are in a strong position when negotiating contracts with hotels, because they assure these establishments with a satisfactory level of occupancy, and can establish prices, quotas and other conditions (Picazo and Moreno-Gil, 2018; Calveras and Orfila-Sintes, 2019; Romero and Tejada, 2019).

This relationship between hotel companies and tour operators can be framed in Porter's model of Five Forces (1979, 1980). According to this model, the power of the clients together with the power of suppliers, the threats of substitute products, and the established and the new entrant competitors, determine the competitive intensity of the industry (Porter, 1979). Global tour operators represent major clients for hotels, and this fact positions them as key actors in TGVC.

Romero and Tejada (2011) suggest that the large vertically-integrated tour operators develop a hybrid model of GVC governance, which is characteristic of the tourism industry. They call this model "intermediary-driven' in contrast to the widely accepted Gereffi's (1999) differentiation between 'buyer-driven' and 'producer-driven' value chains, which refer to the

manufacturing sector. In the 'intermediary-driven' chains, the agents exerting the governance are situated neither at the end of the production chain nor at the beginning as in Gereffi's (1999) typology. Instead, tour operators are in a central position between the suppliers of primary tourism services (hotels, restaurants, etc.) and the retailers (travel agencies). As a consequence, they are able to design and assemble touristic products and coordinate the TGVC (Romero and Tejada, 2011).

Orfila-Sintes and Mattsson (2009) point out that tour operators represent the most popular distribution channels for hotel rooms from among all the possible alternative means of booking (tour operators, reservation centres, travel agencies, and directly by clients). In addition, tour operators are the intermediaries who exert the most pressure on hotels. The number of tour operators with which a hotel operates is an indicator of the negotiation power exerted by tour operators (Orfila-Sintes et al., 2005). The level of competition between hotels to capture customers can also increase the power of tour operators, because when hotels compete intensively, tour operators are able to push for higher quality, lower prices and other supply conditions (Erkuş-Öztürk and Terhor, 2010; Alegre and Sard, 2015; Romero and Tejada, 2019).

Therefore, tour operators can exert a significant influence on hotels in two directions:

On the one hand, certain hotels may become subordinated to tour operators upon whom they depend to assure a high percentage of their room occupation. This situation leads to asymmetry in the negotiation power regarding the room rates and the establishment of specific quotas and the conditions of the services contracted (Erkuş-Öztürk and Terhor, 2010; Christian, 2016; Romero and Tejada, 2019).

On the other hand, tour operators can exert an influence on the investment in TC and on innovation in hotel SMEs. Several studies have found that firms leading TGVCs exert a positive influence on innovation and the performance of hotels. In this respect, Orfila-Sintes et al. (2005) found that hotels that booked via tour operators and those integrated in hotel chains are more innovative. Christian et al. (2011) suggest an association between the international hotel chains that have strong links with global distributors, and the upgrading in the hotel industry. Tour operators may help their suppliers to improve their services when the costs of transaction of this option are lower than those incurred on recruiting new suppliers. Romero and Tejada (2019) also found that, in certain cases, tour operators could positively stimulate the introduction of ICTs and quality standards.

However, other studies point out a possible negative influence exerted by the leaders of TGVCs on the investment in ICT and innovation in hotel SMEs (Buhalis, 2000; Bastakis et al., 2004; Tejada and Moreno, 2013). Thus, Bastakis et al. (2004) showed that the negotiating power of tour operators put hotels under pressure to decrease room rates, thereby reducing the hotel margins. As a consequence, the availability of financial resources to invest in TC, innovation and improvement and renovations of the facilities and infrastructure may be seriously affected. This could lead hotel companies into a "vicious cycle of declining quality and depreciated prices" (Bastakis et al., 2004, p. 162) and into hampering innovations (Tejada and Moreno, 2013).

2.3. Coastal vs. Inland: the moderating effect of location

The contradictory results in prior studies suggest that the influence exerted by tour operators on hotel SMEs could be moderated by environmental factors. From this perspective, the behaviour and performance of firms would be driven by a combination of internal factors, as the resource-based view and TC theory suggest, and by external environmental factors. In this respect, pioneers in Entrepreneurial Orientation literature, such as Khandwalla (1977) and Miller (1983), analysed how business strategies and behaviours are conditioned upon firm environment and how this relationship exerts an impact on firm performance. More recently, the influence of the environment on hotel companies has specifically been analysed in various studies (Fu et al., 2019). According to Rogerson (2013), environmental factors, such as policy, legal and regulatory framework, institutions, the social and cultural context, business services, and the availability of physical and social infrastructure, influence the firm's performance.

The current paper focuses on the role of geographical location, which dictates the external environment that firms face in many forms. In this respect, several authors point out that innovation in tourism is intrinsically linked to the territory because it depends to a great extent on resources that are place-based characteristics (Camisón and Monfort-Mir, 2012; Chhetri et al., 2017). The technology gap of a territory or area has also been considered as a factor influencing the innovation of tourism firms since it determines the absorptive capacity of local businesses (Jacob and Gorizard, 2007). Furthermore, regions may develop competitive advantages based on agglomeration, which makes it possible to take advantage of economies of scale, thereby offering touristic services at a lower cost (Chhetri et al., 2017). Geographical and cultural proximities also facilitate interactive learning and collaboration relationships with other local agents (Marco Lajara et al., 2018).

In particular in this paper, the location in coastal versus inland areas is postulated as a factor that moderates the influence of tour operators on the performance of hotel SMEs. Literature suggest that the needs and perceptions of hotel customers differ from country to country and also from one market segment to another (OECD, 2006; Andreu et al., 2005). Thus, the motivation and demands of tourists in coastal areas are, to some extent, different from those in inland destinations. Culture and business motivation are more significant in inland cities, while 'sun, sea, and sand' motivation is prevalent in coastal tourism (Prebensen et al., 2010; Boo and Jones, 2009; Andreu et al., 2005).

Most of the scarce research on tour operators (Fu et al., 2019) has focused on coastal destinations. As mentioned above, those studies suggest that the relationship with tour operators may lead to asymmetry in negotiation power, with a negative impact on the performance of hotels (Bastakis et al., 2004; Romero and Tejada, 2011; Tejada and Moreno, 2013). In this respect, the seasonal demand of coastal hotels, together with the fact that the hotel industry faces very high fixed costs, may lead hotels to work with tour operators to assure a certain level of occupancy instead of shutting down during the low and/or medium seasons (Orfila-Sintes et al., 2005). Therefore, dependence on tour operators has been observed to be particularly strong in some 'sun, sea, and sand' destinations, which are more affected by seasonality (Buhalis, 2000; Bastakis et al., 2004; Alegre and Sard, 2015). As a consequence, the negotiation power of tour operators increases in coastal areas, thereby conditioning the characteristics of supply and rates of hotel companies (Orfila-Sintes et al., 2009; Karamustafa, 2000).

On the other hand, other studies point out location-specific factors that are relevant for tourism firms, which may differ from inland to coastal areas. These factors include the urban demographic structure, local economy, demand (Jacob et al., 2010), additional services (Orfila and Mattsson, 2009), absorptive capacity (Jacob and Gorizard, 2007), size of destinations (Pikkemaat and Peters, 2005), and market segment (OECD, World Trade Organization, WTO, and World Bank Group, WBG, 2014; Marco Lajara et al., 2018). Furthermore, other characteristics that condition the power exerted by tour operators differ between inland areas and coastal areas. This is the case of the number of tour operators and the intensity of competition, which are frequently lower in inland than in coastal destinations.

Based on the previous considerations, this paper postulates that the influence exerted by tour operators on the activity of hotels located in coastal areas is not only greater than on the

hotels located in inland areas, but that it also operates in different ways. This general hypothesis can be presented through six more specific hypotheses:

H1. The pressure exerted by tour operators on hotels regarding room rates and quotas is stronger in the hotels located in coastal areas compared to those in inland areas.

H2. The pressure exerted by tour operators on hotels regarding their technological capabilities is stronger in hotels located in coastal areas compared to those in inland areas.

H3. The pressure exerted by intermediaries on hotels regarding room rates and quotas has a stronger positive effect on the growth of hotels located in coastal areas than in inland areas.

H4. The pressure exerted by intermediaries on hotels regarding room rates and quotas has a stronger negative effect on the profitability of the hotels in coastal areas compared to those in inland areas.

H5. The investment in technological capabilities has a stronger positive effect on the growth of hotels located in coastal areas compared to those in inland areas.

H6. The investment in technological capabilities has a stronger positive effect on the profitability of hotels located in coastal areas compared to those in inland areas.

3. Data and Methodology

3.1. Data collection and sample

The data for this study comes from a survey conducted in the first quarter of 2016 on 375 Spanish SME hotel companies of which 209 were located in inland areas (55.7%) and 166 in coastal areas (44.3%). Here, SMEs were defined as businesses with fewer than 200 employees. The SMEs participating in the survey were randomly selected from the System of Iberian Balance Analyses (SABI) database[1]. The stratified sample, with quotas for group sizes (micro, small, and medium-sized hotels), is representative of the business population of the hotel industry in Spain with an error of ±5.0% and a confidence level of 90%. The survey was addressed to the business owners/managers of the hotels. The surveying technique used was that of computer-assisted telephone interviewing. A response rate of 22.29% was obtained in the fieldwork. No bias was detected between respondents and non-respondents.

[1] SABI contains financial accounts for over 1.2 million Spanish and Portuguese firms. In particular, the dataset contains information about brands, financial strength indicators, stock data, corporate structures, etc.

Table 1. Profile of hotels.

	INLAND (N= 209)		COASTAL (N=166)		Total (N=375)	
	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation
Number of bedrooms (1)	48.7	48.1	119.2	124.0	79.9	96.5
Age of the company	23	16.4	27	15.7	25	16.2
Number of employees (2)	17.2	25.0	39.7	46.9	27.2	38.0
Hotel category (3)	4.3	1.6	5.1	1.3	4.7	1.5
Distribution by category (3)	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
1 Silver star	14	6.7	4	2.4	18	4.8
2 Silver stars	20	9.6	4	2.4	24	6.4
1 Golden star	25	12.0	12	7.2	37	9.9
2 Golden stars	41	19.6	26	15.7	67	17.9
3 Golden stars	50	23.9	45	27.1	95	25.3
4 Golden stars	51	24.4	60	36.1	111	29.6
5 Golden stars	8	3.8	15	9.0	23	6.1
Total	209		166		375	

(1) Number of places of the hotel branches, in the case of the company owning more than one branch.
(2) Equivalent to full-time employees.
(3) Hotel classification of the branches which produce a higher turnover.

Table 1 shows the characteristics of the sample divided into inland and coastal hotels. In short, inland hotels are smaller than coastal hotels in terms of the number of rooms and employees. The average hotel in the sample has 2 or 3 golden stars. The sample is composed of mature businesses, with an average age of more than twenty years in each of the destinations.

The variables used in the analysis are described in further detail below:

a) Tour operators (TOUR). Percentage of hotels' sales through foreign tour operators in 2015.

b) Activities for Innovation (AFI). The questionnaire includes queries about the investment on the TC in the three years previous to the survey (2013-2015). This variable is obtained as a reflective construct with six items, each of which is measured according to four levels, from "no investment" (0) to "high level of investment" (3).

b.1. Research and Development (R&D_in), that is, creative work carried out inside the enterprise.

b.2. External R&D (R&D_ext), that is, the acquisition of external knowledge for innovation.

b.3. Acquisition of machinery, non-ICT equipment, and buildings (Non_ICT).

b.4. Acquisition of computers, software, or ICT equipment (ICT).

b.5. Software applications for mobile devices, such as communication tools, social networks, and commercial or promotional applications (Whatsapp, Booking, etc.) (Software).

b.6. Training (internal or external) for innovation activities (Training).

c) Prices and Quotas (P&Q). This formative construct measures the perception by the hotels regarding the level of pressure that their intermediaries can exert on them concerning the following two issues:

c.1. Prices or commercial margins (Prices).

c.2. Quota or number of rooms agreed with the intermediaries (Quota).

These two variables were measured using a scale from 0 (None) to 3 (High).

d) Growth of sales and employment (S&E). A formative latent variable from two items is used as a proxy for firm performance. The two items are:

d.1. Growth of sales in the previous three years (2013 – 2015) (G_Sales).

d.2. Growth of employment in the previous three years (2013 – 2015) (G_Emp).

Both of these items were coded using a seven-point Likert scale: 1 (-50%), 2 (-49 to -25%), 3 (-24 to 0%), 4 (1 to 24%), 5 (25% to 50%), 6 (51 to 75%), and 7 (+75%).

e) Firm profitability (PROF). Firm owners/managers described the evolution of the company's profitability in the last three years using a Likert scale (from 7, highly positive, to 1, highly negative).

f) Size (SIZE). Firm size was included as a control variable using a reflective construct with three items:

f.1. Average number of employees (Emp).

f.2. Number of establishments of the company (Estab).

f.3. Average number of bedrooms (Bed).

g) Category (CAT). This control variable shows the hotel category based on the star system.

Table 2. Descriptive indicators

		Inland (N=209)		Coastal (N=166)	
		Average	Standard Deviation	Average	Standard Deviation
TOUR		3.05	7.24	16.90	26.65
R&D_in		1.43	1.11	1.46	0.99
R&D_ext		1.41	1.06	1.61	0.97
Non_ICT		1.32	1.09	1.64	0.98
ICT		1.54	1.10	1.83	1.01
Software		1.27	1.11	1.63	1.08
Training		1.31	1.07	1.55	1.00
Prices		1.45	1.13	1.72	1.06
Quota		1.19	1.03	1.25	1.03
G_Sales		3.86	0.97	4.03	0.89
G_Emp		3.20	0.58	3.37	0.61
PROF		4.32	1.55	4.87	1.38
Emp		17.22	25.05	39.72	46.94
Estab		1.47	2.41	1.89	2.66
Bed		48.68	48.10	119.17	124.04
CAT		4.33	1.60	5.07	1.33

As can be observed in Table 2, the inland hotels have lower mean values than do the coastal hotels in all variables. In particular, the inland hotels are of a smaller size than coastal hotels (see mean values of "Estab", "Bed", and "Emp") and lower levels of performance (according to the growth on employment "G_Emp", sales "G_Sales", and profitability "PROF").

3.2. Data analysis

In order to test the possible differences between coastal and inland hotels, a *multi-group comparison approach* was carried out using the Partial Least Squares (PLS) technique. This technique was employed because non-parametric structural equation modelling (SEM) techniques are appropriate for multi-group analysis (Hair et al., 2014; Henseler et al., 2016a). The PLS testing of the research model was performed with Smart PLS 3.2.7 software (Ringle et al., 2015). According to Faizan et al. (2018), PLS-SEM use has recently gained momentum in hospitality research. Nevertheless, only a few papers use moderate analysis in general, and multi-group analysis in particular, applied to the hotel sector (see Ku et al., 2011; Frías-Jamilena et al., 2013; Qiu et al., 2015).

A four-stage approach to multi-group analysis was applied (Rasoolimanesh, et al., 2016) which implies: a) assessment of measurement models; b) assessment of structural models; c) testing the measurement invariance of the proposed model through the MICOM procedure

(measurement invariance of composite models); and, finally, d) testing the multi-group analysis (MGA).

Assessment of Measurement Models

Assessment of the measurement model entails an evaluation of the validity (convergent and discriminant) and reliability of the model's latent variables (LVs). In this respect, we have analysed two coefficients: composite reliability (CR), and average variance extracted (AVE) (Hair et al., 2011; Hair et al., 2018; Rasoolimanesh et al., 2016). Table 3 indicates that most of the indicator loadings on their corresponding LV of two groups were higher than the 0.7 recommended value. Only "Estab" had a loading below 0.7. Table 3 also indicates that the CR for all of the LVs in the measurement model for both groups were higher than 0.7.

Table 3. Assessment results of the measurement model

COASTAL	*AFI (l)*	*CAT*	*S&E (w)*	*P&Q (w)*	*PROF*	*SIZE (l)*	*TOUR*
TOUR							1.00
Prices				0.33***			
Quota				0.78***			
ICT	0.82						
Non_ICT	0.67						
R&D_in	0.74						
R&D_ext	0.82						
Software	0.79						
Training	0.82						
G_Sales			0.77 ***				
G_Emp			0.42***				
PROF					1.00		
Estab						0.65	
Bed						0.78	
Emp						0.82	
CAT		1.0					
AVE	0.61					0.57	
CR	0.90					0.80	
INLAND	*AFI (l)*	*CAT*	*S&E (w)*	*P&Q (w)*	*PROF*	*SIZE (l)*	*TOUR*
TOUR							1.00
Prices				0.35 n.s			
Quota				0.74*			
ICT	0.79						
Non_ICT	0.73						
R&D_in	0.76						
R&D_ext	0.85						
Software	0.71						
Training	0.85						
G_Sales			0.80***				
G_Emp			0.34 n.s				
PROF					1.00		
Estab						0.63	
Bed						0.83	

Emp		0.82
CAT	1.0	
AVE	0.62	0.58
CR	0.90	0.80

l=loadings; w=weights.

In order to assess the convergent validity, the AVE of the LVs should also be higher than 0.5 (Chin, 2010; Hair et al., 2011). Table 3 shows that the AVE are higher than the level recommended.

The evaluation of formative measurement models entails an evaluation of multicollinearity between dimensions and analysis of the weights (5,000 bootstrap resamples and two-tailed Student's t-test). In this respect, for formative constructs, no problem of multicollinearity is detected, and the bootstrap indicates that all weights are significant (95% p-value and two tails) on coastal hotels. Two weights are non-significant for inland hotels (Prices and G_Emp), whose loadings of these indicators are around 0.7 (0.68 and 0.79, respectively).

Discriminant validity is the extent to which each LV is distinct from other constructs in the model (Hair et al., 2018). The Fornell–Larcker and the Heterotrait–Monotrait Ratio of Correlations (HTMT) criteria have been assessed (Hair et al., 2018; Henseler et al., 2015) and their results indicate that the models possess acceptable discriminant validity.

Assessment of structural models

In this stage, the structural models for coastal and inland areas were assessed. Figure 1 and Figure 2 show the results of the assessment of the structural model proposed in this paper, using 5,000 bootstrap resamples and 5,000 permutations for coastal and inland hotels, respectively. The R^2 values of the endogenous constructs were calculated (Hair et al., 2014). In the case of coastal areas, the R^2 values were 0.214 for growth S&E, 0.145 for P&Q, and around 0.07 for PROF and AFI respectively, for coastal hotels. On the other hand, in the case of inland areas, the R^2 values were 0.109 for S&E, 0.02 for P&Q, and approximately 0.03 for profitability (PROF) and activities for innovation (AFI) in inland hotels. An R^2 value of 0.2 is relatively high and around 0.1 is acceptable by research standards (Hair et al., 2014). Nevertheless, the R^2 values of P&Q, PROF, and AFI in inland hotels can be considered low.

In addition, the values of SRMR as an approximate model fit for PLS-SEM (Henseler et al., 2016a) were calculated for the two groups. The results revealed that the SRMR model fit is acceptable with values of 0.067 and 0.065 for coastal and inland, respectively.

On the one hand, in coastal hotels, the results show that the tour operator variable (TOUR) had a positive and significant effect on the prices and quotas (P&Q) of services and activities for innovation (AFI). Pressure from intermediaries regarding prices and quotas (P&Q) has a negative effect on profitability but a positive impact on the growth of sales and employment (S&E). The AFI variable has a positive effect on profitability and growth of sales and employment of companies.

On the other hand, in inland hotels, TOUR has non-significant effects on PROF and S&E, nor does AFI appear to exert any effect on PROF. However, the results suggest a significant and positive effect of TOUR on the P&Q and a positive effect of AFI on the growth of sales and employment (S&E) in the inland hotels.

Figure 1. Results of PLS-SEM analysis for coastal hotels.

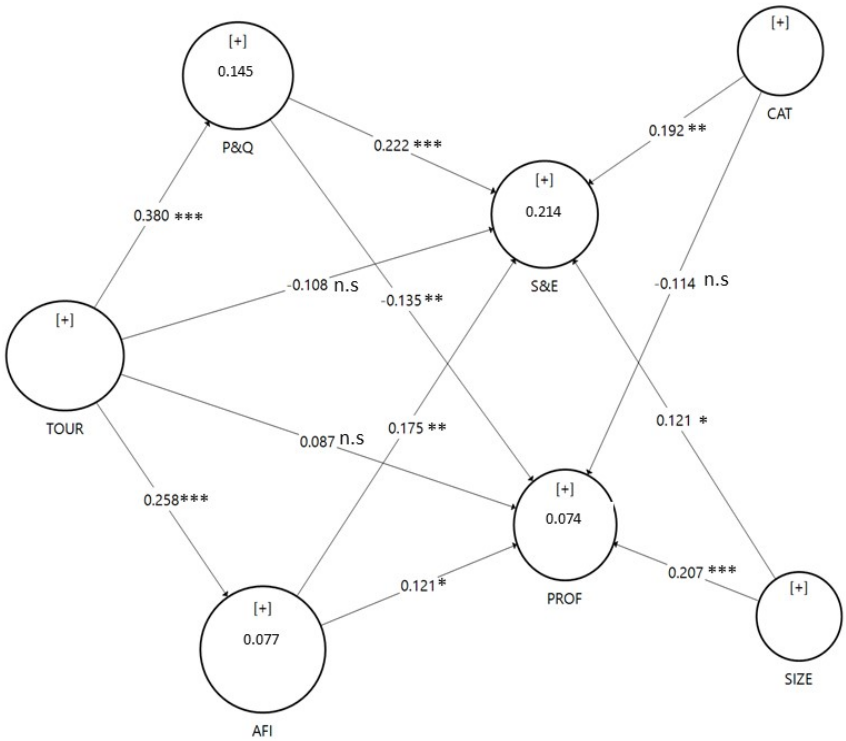
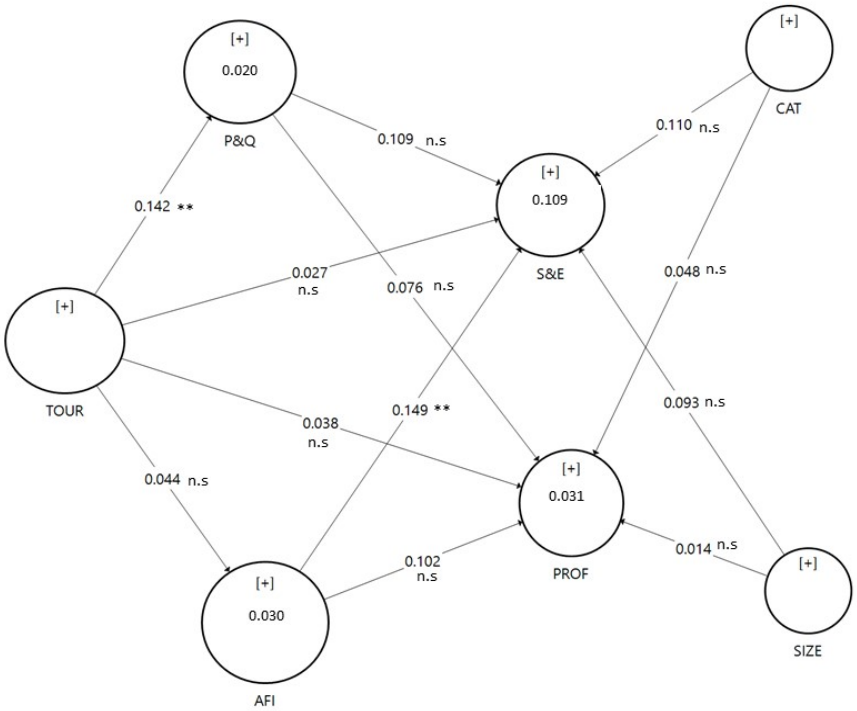


Figure 2. Results of PLS-SEM analysis for inland hotels.



Statistically significant differences at the 0.05 level (*), 0.01 level (**), and 0.001 level (***).

a) Testing of measurement invariance

Hair et al. (2014), Henseler et al. (2016b), and Rasoolimanesh et al. (2016) advocate for the testing of measurement invariance before performing MGA. To this end, Rasoolimanesh et al. (2016) suggest the measurement invariance of composites (MICOM). This measurement is a three-step process involving: (a) the configural invariance assessment; (b) the establishment of compositional invariance assessment; and (c) the assessment of equal means and variances.

According to Hair et al. (2018) and Rasoolimanesh et al. (2016) configural invariance entails a composite, which has been specified equally for all the groups, emerging as a unidimensional entity in the same nomological net across all the groups. Furthermore, compositional invariance exists when the composite scores are the same across the groups, despite possible differences in the group-specific weights used to compute the scores. As Hair et al. (2018) pointed out, when configural and compositional invariance are established

for all latent variables in the PLS path model, partial measurement invariance is confirmed, and researchers can compare the path coefficients by means[2].

In our analysis, the PLS path models as well as the data treatment used in both groups are identical. In addition, our model estimations draw on the identical algorithm settings. Therefore, configural invariance is established.

Table 4 shows the results of the compositional invariance assessment using the MICOM procedure. These results indicate that the compositional invariance has been established for all the multi-item constructs in the model.

In order to check whether even full measurement invariance holds, the assessment continues with the equality assessment of the composites' means and variances. This final step of the MICOM procedure (see Table 4) examines whether the mean values and variances between the composite cores of the first group and the second group differ regarding their means and variances. In our case, only one variable (P&Q) has confirmed full measurement invariance.

In summary, in accordance with the MICOM procedure, the partial measurement invariance for all latent variables (and full invariance for P&Q) of both groups was established, which is a requirement for the comparison and interpretation of the MGA group-specific differences of PLS-SEM results (Rasoolimanesh et al., 2016).

Table 4. MICOM

	Configural Invariance	*Compositional invariance*			*Partial Measurement Invariance*	*Equal Mean Assessment*		*Equal variance assessment*		*Full Invariance*
		Orig.	*5.0%*			*Mean dif.*	*Equal mean*	*Var. dif.*	*Equal Var.*	
AFI	Yes	0.99	0.98	Yes	Yes	0.31	No	-0.19	Yes	No
CAT	Yes	1.00	1.00	Yes	Yes	0.46	No	-0.30	No	No
S&E	Yes	0.99	0.85	Yes	Yes	0.28	No	-0.19	Yes	No
P&Q	Yes	0.99	0.85	Yes	Yes	0.17	Yes	-0.10	Yes	Yes
PROF	Yes	1.00	1.00	Yes	Yes	0.40	No	-0.28	Yes	No
SIZE	Yes	0.99	0.94	Yes	Yes	0.71	No	1.75	No	No
TOUR	Yes	1.00	1.00	Yes	Yes	0.69	No	2.56	No	No

b) Multi-group analysis: Results

This paper analyses both Henseler's MGA (Henseler et al., 2009) and the permutation test (Chin and Dibbern, 2010) (see Table 5). The results present statistically significant

[2] If partial measurement invariance is established and, additionally, the composites have equal mean values and variances across the groups, then full measurement invariance is confirmed, which facilitates the analysis on the pooled data level (see Hair et al. 2014).

differences between coastal and inland hotels with regard to the effects of tour operators on the provision of hotel services (price and quotas) (TOUR→P&Q), that is, the results support Hypothesis H1.

The results also support Hypothesis H2, which is related to the activities for innovation: the effect of the tour operators on the investment in technological capabilities in hotels is much stronger in coastal areas compared to inland areas (TOUR→AFI).

In regards to Hypothesis H3, the MGA and permutations tests show that there are no significant differences in the P&Q→S&E relationship regarding the location of hotels. Since our results do not show a stronger positive effect of the pressure of intermediaries on the growth of hotels located in coastal areas compared to those in inland areas, Hypothesis H3 is rejected.

Notwithstanding, the results show a significant negative effect on profitability of hotels in coastal areas due to pressure from intermediaries on hotel prices and quotas, which is not observed in inland areas. In this respect, the MGA results support Hypothesis H4.

Finally, our results do not support Hypotheses H5 and H6. Although the investment in technological capabilities (AFI) exerts a positive effect on the sales growth and employment and on the profitability of the hotels, these effects are not moderated by the location of hotel.

Table 5. Results of MGA analysis

	Path-diff (COAST - INLAND)	*p-VALUE MGA*	*p-VALUE Permutation test*
AFI -> S&E	0.01115	0.46538	0.92601
AFI -> PROF	0.03269	0.38922	0.77428
CAT -> S&E	0.11024	0.19375	0.39433
CAT -> PROF	0.15447	0.88741	0.22565
P&Q -> S&E	0.11969	0.15307	0.31681
P&Q -> PROF	**0.22608**	**0.96614**	**0.04161**
SIZE -> S&E	0.00126	0.50195	0.99193
SIZE -> PROF	**0.18220**	**0.04635**	**0.04238**
TOUR -> AFI	**0.18225**	**0.04467**	**0.04722**
TOUR -> S&E	0.13802	0.90758	0.18005
TOUR -> P&Q	**0.22024**	**0.01554**	**0.02147**
TOUR -> PROF	0.03624	0.35488	0.72602

It is also worth noting that the control variable "size" presents a significant positive effect on the profitability of hotels in coastal areas, which is not observed in the case of hotels in inland areas. This difference is also found to be significant in the MGA.

4. Discussion

The results presented in this paper show that the influence of global tour operators is significantly higher on coastal hotels than on inland hotels, as suggested in the previous literature (Orfila-Sintes et al., 2005; Alegre and Sard, 2015).

On the one hand, this influence is manifested in the form of the pressure exerted by tour operators on the conditions applied in their contracts with hotels (quotas and prices). This result is consistent with Buhalis (2000) and Bastakis et al. (2004), who pointed out the asymmetrical negotiation power regarding prices and other conditions of the services contracted, which benefits tour operators, particularly in coastal destinations. Orfila-Sintes et al. (2005) and OECD (2006) have also shown that the level of competition between hotels and the high seasonality of the demand, which are higher in coastal areas, lead to increased market power for tour operators.

On the other hand, tour operators can also influence the hotels' activities for innovation. This result is in line with Romero and Tejada (2019), who have observed that tour operators can stimulate the introduction of TIC and quality standards in hotel SMEs. However, according to the results presented herein, the positive effect on the activities for innovation is only observed in the case of hotels in coastal areas. This is also in line with the findings of Orfila-Sintes et al. (2005) for the Balearic Islands (Spain) and Christian et al. (2011) in regard to Costa Rica. This could be due to the need to integrate the management systems of hotels and tour operators, which is more relevant in the coastal areas where the dependence on global tour operators is higher. This forces the hotel SMEs into investing in their technological capabilities.

Furthermore, the pressure regarding prices and quotas from global tour operators on hotel SMEs have two contradictory impacts in terms of hotel performance. On the one hand, it has a positive impact on the growth of sales and employment. Since tour operators exert a certain control over some markets, channel large flows of tourists, and assure good levels of occupancy, they act as a useful distribution channel for hotels, even in the current context of disintegration of the package tour (Calveras and Orfila-Sintes, 2019). In the analysis

presented in this paper, a positive impact on the growth of hotel SMEs associated to the pressure of tour operators on prices and quotas is observed in the case of the coastal areas, but is not statistically significant for inland hotels.

On the other hand, in the analysis, the pressure of global tour operators on hotel companies regarding prices and quotas is observed to hamper the profitability of hotel SMEs. Tour operators force hotels into lowering room rates, especially in the cases of those tour operators specialized in standardized packages (Alegre and Sard, 2015; Picazo and Moreno-Gil, 2018), which directly influence the profitability of hotel SMEs. However, this negative impact on profitability is only significant in coastal areas, based on the results of the multigroup analysis carried out in this paper. This is again in line with the results of Buhalis (2000), Bastakis et al. (2004), and Romero and Tejada (2011), among others, who highlighted the pressure exerted by tour operators on hotel companies in coastal areas, with a negative influence on their profitability.

Finally, the positive effect of hotel size on the profitability of hotel SMEs, which is exclusively observed in coastal areas, suggests the existence of economies of scale, that are higher for hotels located in coastal destinations, in line with the results of Lado-Sestayo et al. (2016). This could be explained by the larger demand enjoyed by coastal destinations, since they benefit from massive 'sun, sea, and sand' tourism.

5. Conclusion

This paper analyses the influence of global tour operators on the performance of hotel SMEs, and studies the possible moderation effect that location can exert in this respect. Thus, the main research question addressed in this study is the following: Is there any difference between the influence exerted by tour operators on hotel SMEs in coastal and inland areas? This question is relevant due to the lack of consensus in the literature on the influence of global tour operators on the activity and results of SMEs. The results of this paper can contribute towards shedding some light on the reasons for this lack of consensus since we find out that the influence exerted by tour operators on hotel SMEs is different in coastal from inland areas

The analysis is based on a survey representative of hotel SMEs in Spain and, from a methodological perspective, structural equation modelling is used. A multi-group comparison analysis (MGA) of hotels located in coastal and inland areas is carried out using the PLS

technique. The results show statistically significant differences between the influence exerted by the tour operators on hotels located in coastal areas and on those in inland areas.

In particular, the influence on two key aspects of the management of hotel companies has been considered in this paper: on the one hand, the decisions regarding the room rates and quotas; and, on the other hand, the investment in activities for innovation. These two decisions are, to a certain extent, related. If hotels opt for the application of low rates, then this can harm their profitability and constrain the availability of resources for investment in innovation. Both decisions jointly determine the overall choice of hotel companies on whether to target mass tourism based on low rates, or to target tourists with higher purchasing capacity, by attracting them with higher quality.

According to the results of this paper, the role of tour operators in the governance of TGVC differs in the case of different types of destinations. Global tour operators influence the room rates (pressuring them downwards) and the investment in innovation (stimulating it upwards) of hotels located in coastal areas in a more intense way than for those in inland areas. Moreover, in the case of coastal areas, the final impact of tour operators on the performance of SME hotels comprises conflicting effects: a positive effect on the growth of sales and employment is observed, whereas a negative impact on the profitability of the firm also exists. In contrast, tour operators fail to have any significant influence on the performance of hotels in inland areas.

These findings may help towards the understanding of why the results of previous studies, which analysed these relationships in different areas or territories, were, in some cases, contradictory. Overall, the evidence suggests that the role played by tour operators depends on the characteristics of the territory and on tourism demand. Future research can extend this analysis to ascertain whether this conclusion can be applied for other geographic characteristics (in addition to the coastal/inland criterion) and also for different segments of demand.

The results in this paper have certain theoretical implications. Various regimes of governance of TGVC exist which depend, among other factors, on locational characteristics. The analysis of the management and performance of hotel SMEs should take into consideration the patterns of governance prevailing in each context, which imply different roles and influence capacities of leading actors (such as tour operators and, increasingly, online travel agencies) in the dynamics of the tourism industry.

The findings herein also hold implications for tourism policy. The actions oriented towards supporting SME hotel companies need to be adapted to the regime of governance of the TGVC in each specific territory and to the segment of demand. In this respect, certain specific interventions oriented towards coastal areas could be designed in order to improve the positioning of local hotel companies within the TGVC and to help them within the context of strong pressure from the global tour operators. Public administrations can specifically foster the digital transformation of hotel companies in order to improve their marketing strategies and competitive position, thereby reducing their dependence on tour operators. In contrast, the role of tour operators for hotel SMEs in inland destinations is less relevant. In this particular context, the challenge is to better integrate local companies into the TGVC, thereby allowing them to gain access to global tourism demand.

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