

# THE IMPACT OF KNOWLEDGE MANAGEMENT ON THE INTERNATIONALIZATION, ORGANIZATIONAL AMBIDEXTERITY AND PERFORMANCE OF SPANISH HOTEL CHAINS

## ABSTRACT

**Purpose.** This study aims to analyze the relationships between knowledge management, internationalization and ambidexterity, also exploring the influence of these variables on Spanish hotel chain performance. Hypotheses are proposed from the *dynamic capabilities* and *knowledge-management* views of the firm.

**Design/methodology/approach.** The research model was tested on a sample of 70 Spanish hotel chains applying variance-based structural equation modelling (partial least squares).

**Findings.** The results show that Spanish hotel chains that employ knowledge management processes achieve a greater degree of internationalization and this increases their organizational ambidexterity. We can also confirm a direct, positive and significant relationship between organizational ambidexterity and performance.

**Implications.** This research shows that knowledge may be considered an essential resource to improve hotel firms' results. Spanish hotel firms should manage their knowledge in order to stimulate international activity because this could enhance learning capabilities related to organizational ambidexterity and positively influence performance.

**Originality.** The present paper analyzes relationships between variables that had not previously been analyzed in a single model, including knowledge management, the degree of internationalization of hotel chains, ambidexterity and performance.

**Keywords:** Knowledge management, internationalization, ambidexterity, performance, Spanish hotel firms.

## **Introduction**

Knowledge is a decisive competitiveness factor (Stamboulis and Skayannis, 2003) that imposes new demands on organizations, demands which imply changing their values and creating and using intellectual assets. Knowledge with a high potential as a source of sustainable competitive advantage is considered the main factor of production (Crespo *et al.*, 2014; Ferreira *et al.*, 2015; Filipescu *et al.*, 2013). Firms that employ knowledge management processes, i.e., execute mechanisms for the creation, transfer and implementation of knowledge, become innovative and entrepreneurial, developing new capabilities (Carayannis and Campbell, 2009; Ferreira *et al.*, 2016). Among these capabilities are the internationalization of the firm.

The internationalization of the company is seen, on the one hand, as a process of knowledge accumulation (Johanson and Vahlne, 2009) and, on the other, as a mechanism to exploit existing knowledge and to explore new knowledge, that is, as a mechanism to achieve organizational ambidexterity. In March's (1991) seminal work, there is extensive discussion around exploration and exploitation in organizational learning. In order to enhance performance and competitiveness, firms can exploit current capabilities and explore new opportunities simultaneously (Cao *et al.*, 2009; He and Wong 2004). Nevertheless, international ambidexterity and its effect on performance have received little attention (see: Luo and Rui, 2009; Raisch and Birkinshaw, 2008).

One of the engines of the Spanish economy in recent years is tourism. The data show that tourism was one of the sectors least affected by the last economic crisis, acting as a “stabilizer of the Spanish economy” (García, 2014, p. 25)<sup>1</sup>. Within Spanish tourism, the hotel sector has achieved great importance worldwide as evidenced by the high presence of Spanish hotel chains in world rankings.

International decisions of Spanish hotel chains are one of the most studied topics. Issues such as location or entry strategy decisions have been widely addressed, analyzing the influence of both organizational and environmental factors. However, little is known about the influence of aspects such as knowledge management on internationalization decisions and how these issues affect organizational ambidexterity and business results.

To address this gap, this paper analyzes the relationship between knowledge management/internationalization/organizational ambidexterity and performance in the context of Spanish hotel chains. More specifically, we aim to answer the following questions: (1) Does the implementation of knowledge management processes influence the degree of internationalization of Spanish hotel chains? (2) Does the internationalization process of Spanish hotel chains influence their organizational ambidexterity? (3) Does organizational ambidexterity influence the performance of international Spanish hotel chains?

All these issues are currently extremely important to achieve a sustainable competitive advantage in the international context. We base our research on the *resource-based view* (Barney, 1991; Penrose, 1959), in which the intangible resources and capabilities of firms - which are unique, valuable, and difficult to imitate- have an impact on the ability to enter international markets (Bloodgood *et al.*, 1996), and on its extension: the *dynamic capabilities theory*. This theory stresses the importance of the dynamic processes of capability building in gaining competitive advantage, developing new capabilities to identify opportunities and to respond quickly to them (Jarvenpaa and Leidner, 1998).

This perspective “may be further tailored to firms’ specific internationalization processes as each of them, incremental or accelerated, suggests a predefined path for differential capability building” (Prange and Verdier, 2011, p.127). This theory is complemented with the arguments of the *knowledge-based view* (Grant, 1996; Spender, 1996), which advocates the importance of

incremental learning and knowledge accumulated during the internationalization process because they could enhance success in international markets.

This paper makes several contributions. Firstly, it contributes to the study of the relationship between knowledge management, internationalization and ambidexterity, providing new empirical evidence on this previously poorly addressed relationship. Secondly, the results show that companies that are committed to knowledge management achieve the highest degrees of internationalization and international ambidexterity. This has important implications for managers of Spanish hotel chains, especially considering that these aspects have an impact on profitability. As Hernández-Perlines *et al.* (2019) point out, although the Spanish hotel industry is an important sector, little is known on the maximization of hotel performance. The paper is structured as follows. After the introduction, a literature review is carried out proposing a theoretical model that links the knowledge management, internationalization, organizational ambidexterity and performance of international hotel chains. Secondly, the methodology is described, explaining the study sample and the variables. This is followed by the results and discussion section, linking our findings with those of the previous literature. Finally, the main conclusions are presented, addressing the principal theoretical and practical implications, the limitations and future lines of research derived from the study.

## **Literature review and model proposed**

### *Knowledge management and internationalization*

The *knowledge-based view* considers knowledge to be one of the most important factors from a strategic point of view (Grant, 1996; Spender, 1996). “Knowledge can be embedded in the minds of individuals, in routines, processes or organizational structures, or in social relationships created with external firms and institutions” (Nieves *et al.*, 2014, p. 66). Polanyi (1966) identifies two types of knowledge: explicit and tacit. Explicit knowledge comes from

written documents, reports, data bases, files and customer directories, among others. Tacit knowledge is embedded in routines, capabilities and emotional competences. Being a service based industry, the tourism sector presents a high degree of tacit knowledge (Cooper, 2015).

Grant (1996) points out that, since companies are configured as institutions to integrate knowledge, managing knowledge becomes a main task and one of the challenges of our time.

Cooper (2006) and Ruhanen and Cooper (2004) state that knowledge management plays an important role in tourism. However, knowledge management research in tourism is descriptive and focused on individual cases (Grizelj, 2003; Hallin and Marnburg, 2008; Zaei and Zaei, 2014). Cooper (2015) considers it necessary for tourism to capitalize on the incomes of knowledge management. For the hospitality and tourism sector, knowledge management is the process of gaining competitive advantage by allocating knowledge assets within companies (Cooper, 2006; Zaei and Zaei, 2014).

The rapid globalization of business and intense competition have encouraged firms to pursue opportunities outside their home countries (Song and Lee, 2020), sometimes establishing subsidiaries abroad. Internationalization is viewed as a process of knowledge accumulation (Johanson and Vahlne, 2009) and requires firms to have superior knowledge to overcome the higher risks and uncertainty associated with operating abroad (Williams and Shaw, 2011). Mejri and Umemoto (2010), Prashantham (2005) and Saarenketo *et al.* (2004) consider that internationalization can be explained from a knowledge perspective. Thus, multinationals (MNEs) are the most efficient mechanism to transfer specific and intangible assets to the host country (Brouthers, 2002; Grant, 1997). Almeida *et al.* (2002) highlight the ability of MNEs to carry out combinations of knowledge that markets are not capable of. To this end, the company must recognize the value of knowledge and its strategic importance, executing an international knowledge management strategy and creating an environment to help leverage knowledge assets in each of its units.

Existing knowledge management practices are particularly observed within hotel chains, which have to deliver an overall service quality standard (Hallin and Marnburg, 2008). Knowledge in hotel operations translates into knowledge related to customers, competitors, products, services and operational processes (Yang and Wan, 2004). Mejri and Umemoto (2010) identified two types of knowledge related to internationalization: market and experiential knowledge. The first covers public information on markets in other countries (laws, customers, competition structure, etc.). The second has a tacit nature and is seen as highly necessary for the process of internationalization. The more experience a firm has, the more it will be used in subsequent forays abroad.

It is important to remember that knowledge by itself does not create competitive advantage. For this to happen it is necessary to create, transfer and apply existing knowledge (Holzner and Fisher, 1979; Rich, 1979).

Due to its importance, knowledge management should have a strategic nature, forming part of the hotel chains' vision and being aligned with their global strategy (Snyman and Kruger, 2004). Considering these ideas and following Dayan *et al.* (2017), we think that a knowledge management process in a hotel chain must include: (1) a knowledge vision, which will emphasize the creation of knowledge as an activity, being part of top management agenda and expressing their commitment (Von Krogh *et al.*, 2000); (2) knowledge diagnosis, which will be necessary to find the strengths and weaknesses of a hotel chain's knowledge, and will reveal the nature and type of knowledge resources held, where it is used and where the deficiencies are; (3) after the knowledge diagnosis, the corresponding knowledge strategy will be formulated. Knowledge strategies describe the global approach made by a hotel chain to align its knowledge resources and capabilities to the intellectual requirements associated with its strategy (Zack, 1999). They can be strategies to explore or exploit knowledge. Knowledge exploration strategies require adequate internal communication channels to foster the

collaboration and exchange of information between employees (Nieves and Díaz-Meneses, 2018). Knowledge exploitation strategies pursue efficiency; (4) finally, the company is provided with an infrastructure that allows effective implementation of its knowledge strategy. This infrastructure will be made up of an organic organizational design, a learning-oriented organizational culture, a human resources policy that considers employees as strategic resources and a technological platform that facilitates communication and the transmission of knowledge flows.

Adequate knowledge management in hotel chains will provide the basis for their international expansion. The aforementioned leads us to formulate our first hypothesis:

*Hypothesis 1. The implementation of knowledge management processes will positively influence the internationalization of hotel chains.*

#### *Internationalization and organizational ambidexterity*

Internationalization is a way to extend and exploit knowledge found in new markets. But the existing capabilities of the company can also be enhanced through greater international presence. In other words, internationalization is related to organizational ambidexterity. As the scope of internationalization increases, the company can access new strategic knowledge and new complementary skills (Tallman and Fladmore, 2002). MNEs can achieve competitive advantage in the global context by basing their strategies on exploiting and building unique internal capabilities. The *dynamic capabilities perspective* argues for the importance of both exploiting current capabilities (capability leverage) and building new capabilities (capability building) for the development of sustainable competitive advantages. These capabilities reflect the organization's ability to adapt to changing environments and to achieve new and innovative forms of competitive advantage (Teece *et al.*, 1997).

From the *dynamic capabilities perspective*, learning is a dynamic capability (Stamboulis and Sakayannis, 2003), and internationalization is a learning process (Casillas *et al.*, 2009) that connects the exploitation of a unique stock of knowledge in a new market with the exploration of new knowledge as a consequence of the change in the informational architecture of the company (Kudsen and Madsen, 2002). Companies are collections of knowledge and their learning capacity determines their growth (Luo, 2002).

Traditionally, it has been argued that firms internationalize to exploit ownership advantages. However, achieving sustainable competitive advantage is only possible if the company invests in building new resources. Luo (2002, p. 49) states that “international expansion provides learning opportunities through exposure to new markets, internalization of new concepts, assimilation of ideas from new cultures, and access to new resources”. As Casillas *et al.* (2009) point out, in the international context the concept of absorptive capacity becomes especially relevant. Absorptive capacity is a dynamic capability defined by four dimensions: knowledge acquisition, assimilation, transformation and exploitation (Zahra and George, 2002).

MNEs can, therefore, exploit and share the knowledge of the headquarters and foreign subsidiaries while accessing new knowledge from the destination countries as these are potential sources of knowledge for the subsidiaries. The knowledge of internationalized firms is expected to be more diverse and help enhance innovative capacity (Phene and Almeida, 2008) and, consequently, hotel performance (Hernández-Perlines, *et al.*, 2019).

International experience accumulates overseas knowledge, helping the firm to be competitive in different markets. For service firms, international experience is usually considered a tacit knowledge resource (Brouthers *et al.*, 2008). Moreover, in hotel firms, international experience becomes a driving force for internationalization (Eriksson *et al.*, 1997; Pla-Barber *et al.*, 2014). The firm’s capability to implement international ambidexterity should be enhanced by this experience, positively influencing firm performance (Hsu *et al.*, 2013). Through



internationalization, ambidexterity allows the firm to maximize the benefits from globalization (Luo and Rui, 2009).

Exploitation creates value with already developed competences, transferring specific assets across borders (Makino *et al.*, 2002). Exploration in new countries should be more unreliable (Hsu *et al.*, 2013), because the firm is developing or acquiring strategic assets overseas, creating new capabilities or improving existing capabilities (Hsu and Chen, 2009). Competitiveness in international markets could be strengthened through the combination of exploitation and exploration (Pranger and Verdier, 2011). As Guisado-González *et al.*, (2013) point out, in the hospitality sector, internal generation and external acquisition of knowledge are strategies that can coexist and even be complementary. According to the above arguments, the following hypothesis is proposed:

*Hypothesis 2: Internationalization will positively influence organizational ambidexterity in hotel chains.*

#### *Organizational ambidexterity and firm performance*

One of the main problems in the literature on organizational ambidexterity is the potential relationship between this capability and organizational results. However, there is diverse empirical evidence about the consequences of organizational ambidexterity (Junni *et al.*, 2013). Úbeda *et al.* (2020) sustain that “firms that achieve ambidexterity should be well-placed to overcome a success trap associated with overexploitation (where current capabilities, products, and services are refined to highly efficient states but remain vulnerable to new ideas and market changes), and a failure trap related to over exploration (where new ideas are underdeveloped to such an extent that they do not generate enough income for the firm or they fail to resonate sufficiently with the market to be accepted)”.

Numerous studies show a positive relationship between organizational ambidexterity and various performance indicators, such as growth and sales growth (Auh and Menguc, 2005; Geerts *et al.* 2010; He and Wong, 2004); studies using subjective measures (Cao *et al.* 2009; Gibson and Birkinshaw, 2004; Lubatkin *et al.*, 2006) and objective measures (Uotila *et al.*, 2009; Voss and Voss, 2013). Other studies support the thesis of March (1991), concluding that ambidexterity contributes to organizational subsistence (Hill and Birkinshaw, 2014; Piao, 2010).

Other studies show a non-linear relationship, for example, Caspin- Wagner *et al.* (2012) and Uotila *et al.* (2009) demonstrate an inverted U-shaped relationship between ambidexterity and performance. Finally, there is also empirical evidence of a negative relationship (Ebben and Johnson, 2005). Moreover, accumulating research on ambidextrous interorganizational collaboration suggests that because of the synergies between co-exploration and co-exploitation, ambidextrous collaboration should drive both forms of firm performance (Hoffmann, 2007; Kauppila, 2010, 2015; Úbeda *et al.*, 2020).

Other authors (Luger *et al.*, 2018) consider that ambidexterity's initially positive performance effects can turn negative over time if firms face discontinuous change in their environments, which makes learning from experience difficult (March 1991). In these contexts, firms may benefit more from shifting away from their ambidextrous orientation toward a more focused exploration or exploitation strategy (Gulati and Puranam, 2009). This implies that building ambidextrous structures, contexts, and processes (O'Reilly and Tushman, 2008) is generally insufficient to ensure superior long-term performance outcomes because most firms, even those experiencing long cycles of incremental development, eventually face discontinuous environmental changes that force them to fundamentally change their alignment.

Ambidexterity has yet to be fully discussed in the discipline of international business; therefore, there are few studies that relate ambidexterity with performance in internationalized companies.

Some studies in this field (Bandeira-de-Mello *et al.*, 2016) examine the variables that influence the achievement of ambidexterity: operation mode (Stettner and Lavie, 2014), handling the inevitable trade-off related to allocation decisions (Voss and Voss, 2013), and resource competition (Gupta *et al.*, 2006). It follows that if MNEs have the right organizational processes to deal simultaneously with the technological and market-inherent uncertainties of innovations (Keupp and Gassmann, 2009), they will achieve efficiency when their innovation activities are adequately exploited and value captured (Hitt *et al.*, 1997; Kafouros *et al.*, 2008).

Since MNEs exploit their core competencies primarily by offering their products/services, exploration activities can leverage MNEs with the knowledge required for designing and upgrading their product-service offerings (Baines *et al.*, 2017; Rabetino *et al.*, 2018). According to Bustinza *et al.* (2020), a balance between exploration and exploitation may be the optimal way to improve performance. Hsu *et al.* (2013) show that an ambidextrous international expansion strategy will improve firm performance, because the focal company can not only adapt quickly to market demand but can also respond flexibly to demand. Vahlne and Jonsson (2017) find that being proactive in exploration and improving on exploitation effectiveness may lead to successful globalization performance.

All of the above allows us to formulate the following hypothesis.

*Hypothesis 3. Organizational ambidexterity will positively impact the performance of international hotels chains.*

Figure 1 shows the model proposed and the hypotheses formulated.

Insert Figure 1 here

## **Methodology**

### *Sample and data collection*

Our sample included 70 hotel groups established in Spain, with one or more hotels abroad. Independent hotels were not considered because we are interested in how knowledge can be shared and transferred between the hotels of the chain and how this affects their internationalization process. We have focused on this industry because, firstly, very few studies have considered the influence of aspects such as knowledge management on internationalization decisions and how this affects organizational ambidexterity and the performance of Spanish hotel chains. The second reason is related to the importance of the hotel sector in the Spanish economy.

Data collection was carried out through an online survey (from January to December 2019). To avoid problems associated with a single informant and common method biases, the data collection process was divided into two time periods (Úbeda *et al.*, 2021). In the first phase we asked human resource managers of hotel chains for information about the variable "knowledge management". After two months, we sent the other part of the questionnaire to the hotel chain managers requesting information on the variables "performance" and "ambidexterity". After several recall rounds, we obtained a sample of 70 hotel chains out of the 98 that made up our population. This sample size is sufficient to achieve acceptable levels of statistical power using the PLS technique (Reinartz *et al.*, 2009).

The data related to internationalization was obtained from the 2019 Alimarket Hotels and Catering Yearbook, a database which gathers financial and commercial data on Spanish based hotel firms. To test for non-response bias, an analysis of differences in control variables between respondents and non-respondents was performed. The *t*-Test showed no significant differences ( $p < 0.05$ ).

#### *Measures and scales*

The scales utilized to determine the variables come from prior research and were previously tested with 15 managers to guarantee an adequate understanding of each question. Appendix 2

shows all the items used to measure the variables. Each item was measured using a scale from 1 (I strongly disagree) to 7 (I strongly agree).

Knowledge management (KM) derives from the insights developed within a multiple case study undertaken previously. Following Claver-Cortés *et al.* (2018), Hill and Birkinshaw (2014) and Zaragoza-Sáez *et al.* (2020), because no other studies (to our knowledge) had previously used items to measure knowledge management, we decided to develop the measures for knowledge management based on the previous literature, as well as on the constructs that emerged from the exploratory interviews carried out in previous case studies. This decision was made due to the absence of widely accepted knowledge management measures. This study considers knowledge management as a first-order construct shaped by seven reflective items.

Degree of internationalization (DOI), measured by three continuous variables: 1) international experience, calculated by the number of years since the opening of the first hotel abroad (León-Darder *et al.*, 2011; Martorell *et al.*, 2013); 2) the percentage of rooms abroad over the total number of rooms (Jiménez and Benito, 2011; Tallman and Li, 1996); and 3) the number of foreign countries where firms are present (Jiménez and Benito, 2011; Martorell *et al.*, 2013; Tallman and Li, 1996).

Ambidexterity, measured by the scales developed by Jansen *et al.* (2006, 2009), treating exploration and exploitation scales as orthogonal variables (Gibson and Birkinshaw, 2004, Jansen *et al.*, 2009). Ambidexterity is considered a second order construct consisting of two first-order reflective constructs (exploration and exploitation).

Performance, measured through both economic and non-economic measures (Ali *et al.*, 2020; Bozic and Cvelbar, 2016; Kaplan and Norton, 2005; Sainaghi *et al.*, 2019; Úbeda *et al.*, 2018). Following the indications of Bozic and Cvelbar (2016) and Fraj *et al.* (2015), respondents evaluated performance items in relation to their main competitors using a 7-point Likert scale. Specifically, eight items that represent both general performance criteria (market share growth,

brand recognition, market image, sales growth), and specific performance criteria of the hotel sector (average daily rate-ADR, revenue per available room-RevPAR-, customers' level of satisfaction and employees' satisfaction).

Control variables. First, *hotel chain size* was measured using the average number of employees in the last three years (Brida *et al.*, 2016; Ramón, 2002). Second, in the hotel industry, the intangibility of services should increase with the number of stars (Brown and Dev, 2000). Thus, we measured *hotel chain category* using a variable with 3 categories (3, 4 and 5 stars), depending on the highest percentage of hotels that the chain owns in each category.

Partial least square path modelling (PLS) was chosen to analyze the data. PLS has been extensively used in strategic management and dynamic capabilities (Ali *et al.*, 2020; Cepeda-Carrion *et al.*, 2019; Peng and Lai, 2012; Ringle *et al.*, 2020; Úbeda *et al.*, 2018). The step prior to testing the hypotheses, is to evaluate the validity and uni-dimensionality of the measurement model. We have followed the two stages proposed by Chin (1998). The results show acceptable values for Cronbach's  $\alpha$ , average variance extracted (AVE),  $\rho_A$  and composite reliability (Table 1). Further, to evaluate convergent validity, discriminant validity or divergent validity, the Heterotrait-Monotrait (HTMT) relationship was used (Henseler *et al.*, 2015) (Table 2),  $HTMT < 0.90$ , and discriminant validity is also confirmed with the Fornell-Larcker criterion.

Insert Table 1 here

Insert Table 2 here

## **Results and discussion**

The second step evaluates the structural model and verifies the hypothetical direct relationships between the constructs. Structural model collinearity was first verified to conduct a deeper analysis of the results obtained. The suggested VIF values  $< 3.3$  or  $< 5$  are satisfactory for all variables (Table 3). Appendix 1 shows the correlation matrix of all the variables.

Gotz *et al.* (2010) recommended using the variables' determination coefficient ( $R^2$ ) to evaluate the structural model. The values of  $R^2$  obtained (Table 3) support the proposed conceptual model. The structural model has also been evaluated by checking the value of  $Q^2$ . In this study we have obtained a  $Q^2 > 0$ , which shows the predictive relevance of the model. Regarding the goodness of fit indices of the model, the results show a value of the standardized root mean squared residual (SRMR) of 0.101  $< 1.0$ , so we can conclude that there is no discrepancy between an implicit model and the observed correlation.

Insert Table 3 here

#### *Hypothesis testing and discussion*

The relationship between the variables was examined through the direction of the path coefficients ( $\beta$ ) and the significance levels (Chin, 1998). A bootstrapping process with 5,000 subsamples (95% confidence interval) was used to test the hypothesis. Table 4 and figure 2 show the results of this analysis.

Insert Table 4 here

Insert Figure 2 here

The effect of KM on DOI is positively significant ( $\beta=0.331$  and  $p=0.001$ ), providing support for Hypothesis 1. This result is in line with Ferraris *et al.* (2017), Mejri and Umemoto (2010), Prashantham (2005), and Saarenketo *et al.* (2004). Our findings show that having a knowledge vision and the possibility of making an inventory of it allows top management to recognize the strategic importance of this resource. Thus, the hotel chain could know the strengths and weaknesses of the knowledge available and configure them for each of the hotels located in different regions. This will allow management to formulate the appropriate knowledge strategy for each hotel according to its needs.

Corporate culture must be configured as a promoter for knowledge generation and transfer, instilling in the members of the corporation the values of continuous learning, trust, interaction

and dialogue. Regarding organizational design, Foss and Pedersen (2000) point out different important aspects: access to and generation of knowledge by the various subsidiaries through adequate organizational instruments of control, motivation and context; communication between subsidiaries who need and possess knowledge; and sharing the knowledge generated in some subsidiaries with those that need it. Human resources policies should be oriented to maximize the contributions of employees; recruiting, selecting and hiring workers with leadership and entrepreneurial skills, motivating them to take on new challenges and continue to share knowledge (Baum, 2019). Furthermore, Fernández-Pérez et al. (2020) indicate that focusing on human capital improvement can help to develop ambidextrous capabilities. Lastly, the establishment of a technological platform that facilitates and streamlines information and communication flows within and outside the corporation will be essential in order to carry out activities and transfer knowledge without the need for a physical space.

Therefore, knowledge management processes in hotel chains facilitate the accumulation, transfer and use of experiential knowledge obtained through internationalization, making it possible to increase the number of rooms abroad and the number of countries in which a chain operates.

The DOI and ambidexterity relationship was also found to be positively significant ( $\beta=0.228$  and  $p=0.038$ ). Therefore, Hypothesis 2 is also confirmed, in line with Boermans and Roelfsema (2016), Bratti and Felice (2012) or Damijan *et al.* (2010). The ability to innovate could be improved in international firms because they have greater opportunities to learn. As Kafourus *et al.* (2008) stated, firms with different subsidiaries tend to have geographically dispersed R&D departments, using knowledge and ideas from several countries to increase their innovative capacity. Innovative efforts also allow international firms to achieve high returns. The results of this study also confirm that firms with high DOI “outperform their less internationalized competitors, as they can increase their innovative capacity” (Kafourus *et al.*, 2008, p. 71).



Moreover, Sofka (2008) argues that a firm's ability to absorb foreign knowledge will depend, among other factors, upon its exposure to international markets. Knowledge flows are improved thanks to transmission channels that are generated when firm is exposed to international markets. In fact, as Almeida and Phene (2004) found, the superior knowledge endowment of a foreign country, and specifically the expected benefits of their exploitation, is a key factor for MNEs to select them. In this way, internationalization is shown to increase the firm's probability of engaging in innovation.

Our results show that the international activity of Spanish hotel chains allows them to build up capabilities, such as cultural adaptability or openness to change (Sapienza *et al.*, 2006). Internationalization could enhance existing capabilities and generate new ones thanks to the inherent opportunities of this strategy, which also helps to increase competitiveness in foreign markets (Prange and Verdier, 2011).

The effect of ambidexterity on performance is also significant ( $\beta=0.407$ ,  $p=0.003$ ), which leads us to accept Hypothesis 3. Other studies also found this result (Gibson and Birkinshaw, 2004; He and Wong, 2004; Hsu *et al.*, 2013; Lubatkin *et al.*, 2006; Vahlne and Jonsson, 2017). In this way, we could conclude that organizational ambidexterity within MNEs leads to an improvement in global performance.

None of the control variables show a statistically significant effect on performance.

## **Conclusions, implications and future research**

### *Conclusions*

Based on the *dynamic capabilities' theory* and the *knowledge-based view* of the firm, our objective was to analyze the relationship between knowledge management-internationalization-organizational ambidexterity and performance in the context of Spanish hotel chains. A quantitative study using PLS on a sample of 70 Spanish hotel chains was performed.

The main findings are summarized below. Firstly, knowledge management processes positively influence the degree of internationalization of Spanish hotel chains. This result seems to demonstrate that a knowledge vision including diagnosis of knowledge assets, the formulation of adequate knowledge strategies and an infrastructure that supports the implementation of the strategy help Spanish hotel chains to internationalize. It allows them to efficiently create value using their internal knowledge and exploiting external knowledge (Dayan *et al.*, 2017; Ferraris *et al.*, 2017). Secondly, the DOI of Spanish hotel chains positively influences their organizational ambidexterity, which shows that internationalization can enhance existing capabilities and generate new ones (Hsu *et al.*, 2013; Prange and Verdier, 2011). Thirdly, organizational ambidexterity positively influences the performance of international Spanish hotel chains; in line with several research works which conclude that the best way to improve performance internationally is to balance exploration and exploitation activities (Bustinza *et al.*, 2019; Hsu *et al.*, 2013; Vahlne and Jonsson, 2017).

#### *Theoretical implications*

In today's environment, where companies have to adapt quickly (Anning-Dorson and Nyamekye, 2020), knowledge is a key factor, but how new knowledge is exploited or generated is vital in the new international context. This is why this work has sought to enrich the existing literature to group together, in a single model, aspects that have been considered independently and which help to improve the competitiveness and results of hotel companies. More precisely, we considered that, for the hotel industry, internationalization is a process in which knowledge plays an essential role. Moreover, if the hotel wants to achieve better performance, it must handle this knowledge ambidextrously. In line with De Correia *et al.* (2019), internationalization is a complex process with various aspects. This leads us to propose a

combination of the *knowledge-based view* and the *dynamic capabilities perspective* if international hotel chains want to improve their results.

Teece (2007) stresses the relevance of *dynamic capabilities* for MNEs due to the importance of exchanging or acquiring know-how in international markets. Through this perspective, knowledge is created through a learning process. This pure knowledge is later processed and understood through knowledge articulation. In the last step, knowledge codification, knowledge is processed and brought back into the organization through newly developed routines (Zollo and Winter, 2002). For MNEs, knowledge can be used to learn from success and failure during foreign expansion (Arikan *et al.*, 2020). The lessons learned and knowledge gathered continuously change the hotel resource base to comply with future changes in the environment (Nieves *et al.*, 2016).

The effective asset re-orchestration (exploitation) and capability co-creation (exploration) of international hotels is determined by good knowledge management of the chain. Due to the turbulent environment faced by the hotel sector, effective knowledge management is an essential skill. From a *dynamic capabilities perspective*, this effective knowledge management should be complemented with global ambidexterity. Ambidexterity is essential for exploitative learning, leading to efficiency; and for explorative knowledge, allowing the hotel to cope with environmental dynamism (Úbeda *et al.*, 2016). While the relationship between innovation and internationalization has received some attention in previous studies (Cassiman and Golovko, 2011), the inverse relationship has received less attention. Our results show that DOI positively influences global ambidexterity. Our findings are different to those of some previous works (Tsai and Ren, 2019), where DOI has been considered a variable that negatively moderates the ambidexterity-performance relationship. Thus, this paper opens new avenues for research on the role of DOI in international ambidexterity.

Moreover, this research expands the scant empirical evidence that supports the positive influence of organizational ambidexterity on the global results of hotel chains. Contrary to the results obtained in previous research (Tsai and Ren, 2019), where an 'S' shaped relationship between ambidexterity and performance is found, our research finds a direct, positive and significant relationship. As Hernández-Perlines (2016) states, more studies are needed on the influence of innovation capacity and other dynamic capacities as they are determining factors in the performance of Spanish hotels.

In essence, the process involving dynamic capabilities in MNEs hotel companies, and the role of knowledge management, allow them to activate organizational resources, update their status, and protect their mere existence. As Leonidou *et al.* (2015, p.269) propose, this process acts “as connecting bonds that help the firm effectively adapt to changes in the overall business environment, enhance its competitive edge, and improve its performance”.

### *Practical implications*

This research has important implications for managers of Spanish hotel chains. It shows that the sequential pathway knowledge management-degree of internationalization-ambidexterity improves global performance. This is a critical finding, as it can help managers to make decisions to improve results. The results also reveal the importance of undertaking knowledge management processes to create adequate infrastructure to acquire, store and disseminate the knowledge obtained through internationalization. It allows managers to be aware of the knowledge assets they possess and how they can help to increase internationalization.

Finally, our findings can also help managers in internationalization decision-making, as synchronicity between exploration and exploitation learning leads to better results. Spanish hospitality firms should intensify their efforts to design and implement both types of strategies (Guisado-González *et al.*, 2013). Managers must resolve the dilemma between exploitation-

exploration, developing new knowledge and capabilities through international experience, together with the generation of greater profits derived from the transfer of available knowledge to the entire corporation.

#### *Limitations and future lines of research*

This study is based on a sample of hotel chains in Spain. Although we control for industry and country-specific differences, the sample limits the generalization of our findings. Future research involving other countries could enrich the results. Moreover, the results provide new ideas on how knowledge management interacts with DOI, ambidexterity and performance. Nevertheless, it would be interesting to delve into the separate influence of different knowledge management processes, different ways of internationalizing and different ways of exploring and exploiting knowledge.

Insofar as we have shown that internationalization contributes to ambidexterity, and ambidexterity to performance, it would be interesting to investigate how this process can be accelerated or managed more efficiently, in line with the ideas of Casillas *et al.* (2009). For example, the relationship between international entry mode and ambidexterity (Ardito *et al.*, 2019; Luo, 2002; Tallman and Fladmore, 2002). Entry mode can influence exploration and exploitation capabilities. Foreign direct investment could be more related with the exploitation capabilities of the firm, whereas joint ventures and contractual agreements would be more related with exploration capabilities.

Additionally, these cooperation agreements between tourism companies can lead not only to the development of new capabilities for these firms, but also for destinations. These capabilities are important to increase the competitiveness of the destinations and the value perceived by customers. As Sainaghi *et al.* (2019) point out, the way in which the resources and capabilities

of companies are transformed into capabilities of the destination needs further explanation and it is, therefore, another future line of research.

The complexity and characteristics of the foreign market are other variables that could be included in a future analysis. As Luo (2002, p. 50) argues, “the exploitation capability and the building capability are associated with both environmental characteristics and organizational factors”. In this sense, it would also be interesting to delve into the background on which internationalized hotel companies rely to achieve a balance between exploration and exploitation. The ambidexterity capability can evolve over time, and different international contexts, not only geographical but also managerial, can change this capability. On the one hand, the uncertainty associated with some of these markets could be assuaged with experiential learning, being a critical resource that allows firms to progress and gradually solve the difficulties of international activity. On the other hand, the composition of the board and management could also be a distinctive factor between hotel companies, leading to different outcomes with different strategic decisions (Zeng and Tsai, 2019). Therefore, in future research, other moderating variables could be included in the model to capture these aspects.

#### **Endnotes:**

<sup>1</sup> However, during the COVID-19 crisis, tourism will be one of the most affected sectors.

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## Tables

Table 1. Summary of measurement models

	Cronbach's $\alpha$	rho_A	Composite reliability	AVE
<b>KM</b>	0.889	0.902	0.912	0.597
<b>DOI</b>	0.920	0.964	0.949	0.861
<b>AMBIDEXTERITY</b>	0.734	0.735	0.883	0.790
<b>PERFORMANCE</b>	0.904	0.919	0.919	0.559

Table 2. Correlations and discriminant validity results

Fornell-Larcker's criterion				
	KM	DOI	AMBIDEXTERITY	PERFORMANCE
<b>KM</b>	<b>0.773</b>			
<b>DOI</b>	0.331	<b>0.928</b>		
<b>AMBIDEXTERITY</b>	0.244	0.228	<b>0.889</b>	
<b>PERFORMANCE</b>	0.338	0.176	0.430	<b>0.747</b>
Heterotrait-Monotrait Ratio (HTMT)				
	KM	DOI	AMBIDEXTERITY	PERFORMANCE
<b>KM</b>				
<b>DOI</b>	0.337			
<b>AMBIDEXTERITY</b>	0.273	0.275		
<b>PERFORMANCE</b>	0.343	0.187	0.487	

Table 3. Structural model results

Constructs	R <sup>2</sup>	Q <sup>2</sup>	VIF	SRMR
<b>KM</b>	-	-	3.04	-
<b>DOI</b>	0.110	0.067	4.02	-
<b>AMBIDEXTERITY</b>	0.101	0.033	1.51	-
<b>PERFORMANCE</b>	0.224	0.078	-	0.101

Table 4. Relationships between the direct effects of variables

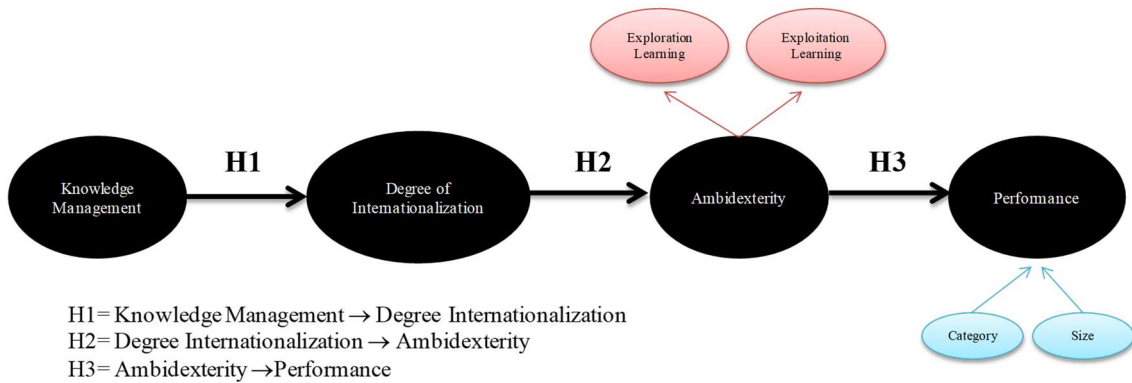
Structural path	Coef ( $\beta$ )	S.D.	p-Values	95% CI	Conclusion
<b>KM→DOI</b>	0.331	0.098	0.001*	[0.201-0.535]*	H1 supported
<b>DOI→ AMBIDEXTERITY</b>	0.228	0.110	0.038*	[0.006-0.429]**	H2 supported
<b>AMBIDEXTERITY → PERFORMANCE</b>	0.407	0.136	0.003*	[0.144-0.633]**	H3 supported
<b>Category→ PERFORMANCE</b>	0.184	0.116	0.111 <sup>ns</sup>	[-0.58-0.387]**	

<b>Size→ PERFORMANCE</b>	-0.082	0.139	0.556 <sup>ns</sup>	[-0.403-0.178]**
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Note: \*\*, \* statistically significant at 1 percent and 5 percent levels respectively. <sup>ns</sup> not statistically significant

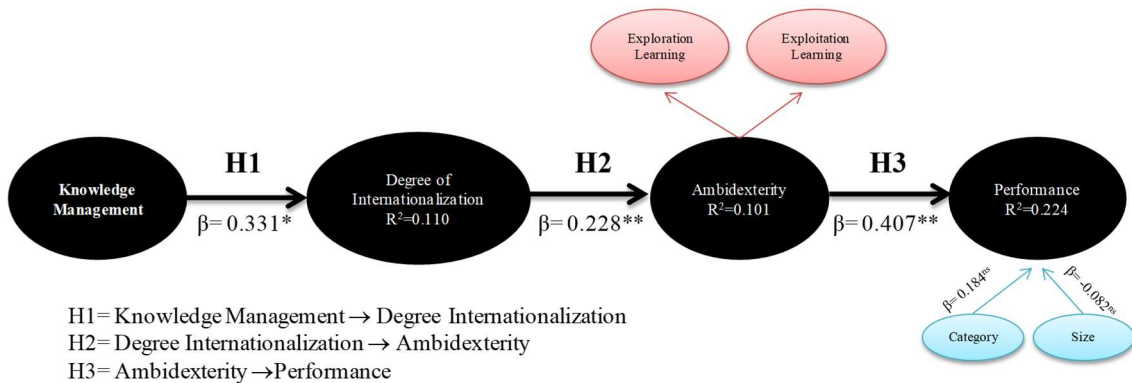
## Figures

Figure 1. Model and hypotheses



Source: elaborated by the authors

Figure 2. Hypothesis testing



\*\*, \* statistically significant at 1 percent and 5 percent levels respectively. <sup>ns</sup> not statistically significant

APPENDIX 1. Correlation matrix

	DOI1	DOI 2	DOI3	Size	Cat.	AMB1	AMB2	AMB3	AMB4	AMB5	AMB6	AMB7	AMB8	P1	P2	P3	P4	P5	P6	P7	P8	KM 1	KM 2	KM3	KM4	KM5	KM6	KM7	
DOI 1	1																												
DOI 2	.869**	1																											
DOI 3	.837**	.697**	1																										
Size	-0.030	0.200	0.037	1																									
Cat.	0.162	0.111	0.159	0.135	1																								
AMB 1	-0.029	0.090	0.030	-0.044	-0.129	1																							
AMB 2	0.128	0.105	0.144	0.026	-0.124	.702**	1																						
AMB 3	0.225	0.217	.326*	0.026	0.076	.372**	.528**	1																					
AMB 4	0.252	.333**	.351**	0.014	0.211	.326*	.497**	.484**	1																				
AMB 5	0.015	0.113	0.083	-0.056	-0.083	.328*	.499**	.280*	.517**	1																			
AMB 6	-0.111	0.021	0.000	0.038	0.024	0.058	0.130	0.058	.356**	.587**	1																		
AMB 7	0.069	0.237	0.126	0.134	0.086	0.120	.312*	.381**	.729**	.711**	.569**	1																	
AMB 8	0.151	.277*	0.198	0.162	0.026	.286*	.346**	.352**	.456**	.565**	.426**	.540**	1																
PI	0.184	0.145	0.186	0.009	0.188	0.074	0.213	0.073	.342**	.334**	.287*	.338**	.325*	1															
P2	0.022	0.019	0.043	-0.001	0.092	0.098	0.128	-0.029	0.006	0.182	0.095	0.028	.330*	.607**	1														
P3	0.217	0.208	0.088	-0.077	0.100	0.143	0.197	-0.019	0.106	0.181	0.197	0.144	.373**	.611**	.676**	1													
P4	0.058	0.200	0.036	.295*	0.203	0.165	0.189	.296*	.329*	0.062	0.157	.318*	.361**	.304*	0.233	.307*	1												
P5	-0.011	0.165	-0.040	.281*	0.177	0.178	0.238	.339**	.354**	0.151	0.198	.391**	.286*	.311*	.270*	.331**	.862**	1											
P6	0.151	0.227	0.138	0.103	0.220	0.124	0.096	0.222	.347**	0.140	0.177	.272*	.346**	.446**	.534**	.478**	.604**	.573**	1										
P7	.279*	.329*	0.253	0.050	0.190	0.147	0.192	0.174	.359**	0.146	0.187	.314*	.324*	.509**	.521**	.504**	.440**	.471**	.706**	1									
P8	0.161	0.209	-0.018	0.080	0.099	0.076	0.150	0.207	0.180	0.164	0.244	.308*	.378**	.509**	.541**	.698**	.508**	.548**	.698**	.675**	1								
KM1	.366*	.376*	0.209	0.162	0.048	.572**	.596**	.384*	0.273	.386*	0.219	.346*	.526**	0.288	.373*	.359*	.428*	.505**	.380*	.567**	.481**	1							
KM2	0.275	.349*	0.149	0.300	0.180	0.147	0.107	0.003	.357*	0.318	.434*	.472**	0.089	0.112	-0.100	-0.076	0.271	0.306	.373*	0.316	0.185	.492**	1						
KM3	.329*	.417**	0.209	0.200	0.098	0.105	0.086	-0.015	0.219	0.337	.376*	.507**	0.091	0.303	0.083	0.197	0.216	0.331	0.321	.438**	0.282	.506**	.662**	1					
KM4	.382*	.415**	0.242	0.199	0.028	0.123	0.156	-0.028	0.285	0.251	0.246	.368*	0.080	.343*	0.057	0.149	0.235	0.268	0.102	0.217	0.139	.560**	.438**	.637**	1				
KM5	0.219	0.158	0.134	-0.101	0.100	0.015	0.018	0.037	0.022	0.094	0.058	-0.004	0.024	0.101	0.158	0.101	0.187	0.219	0.145	0.016	-0.018	.360*	.332*	.414**	.519**	1			
KM6	0.279	0.222	0.186	-0.001	0.190	0.002	0.092	0.136	0.171	0.123	0.082	0.166	0.080	0.154	0.146	0.050	0.338	.372*	0.300	0.229	0.072	.432**	.350*	.372*	.588**	.834**	1		**
KM7	0.275	0.283	0.131	0.014	0.233	0.021	-0.006	-0.074	0.134	0.076	0.218	0.130	-0.075	0.305	0.091	0.089	.355*	.364*	0.288	0.193	0.055	.450**	.618**	.570**	.608**	.751**	.730**	1	

\*\*The correlation is significant at the 0.01 level; \* The correlation is significant at the 0.05 level



## APPENDIX 2. Variables measurement scales

<b>KNOWLEDGE MANAGEMENT</b> (1=I totally disagree; 4=I neither agree nor disagree; 7=I totally agree)
KM1. The vision of our hotel chain recognizes the need and commitment to create and transfer knowledge between partner hotels
KM2. Our hotel chain has an inventory of its most critical or essential capabilities
KM3. The processes to develop and distribute knowledge among the hotels belonging to our chain allow the organization to achieve a position of superiority over its competitors
KM4. The hotel chain's staff is characterized by being entrepreneurial, being willing to innovate and committed to sharing their knowledge with the rest
KM5. The organizational structure of our hotel chain tends to be more flexible and flat, promoting transnational work teams and facilitating communication in every way.
KM6. The predominant organizational culture in our chain tends to be more open to new initiatives, experimentation and continuous learning
KM7. Our hotel chain has information and communication technologies to store the most valuable knowledge and spread it among its hotels
<b>DEGREE of INTERNATIONALIZATION (DOI)</b>
DOI1. Number of years since the opening of the first hotel abroad by each company
DOI2. Percentage of rooms abroad over the total number of rooms
DOI3. Number of foreign countries where firms are present
<b>AMBIDEXTERITY</b> (1=I totally disagree; 4=I neither agree nor disagree; 7=I totally agree)
<b>EXPLOITATION</b>
AMB1. Our chain frequently carries out small adjustments in existing products and services
AMB2. Our chain improves efficiency in our product and service provision
AMB3. Our chain increases economies of scales in existing markets
AMB4. Our chain expands services for existing clients
<b>EXPLORATION</b>
AMB5. Our chain accepts demands that go beyond the existing
AMB6. Our chain commercializes products and services that are completely new to our organization
AMB7. Our chain frequently takes advantage of new opportunities in new markets
AMB8. Our chain regularly uses new distribution channels
<b>PERFORMANCE</b> (1=I totally disagree; 4=I neither agree nor disagree; 7=I totally agree)
P1. The growth in my chain's market share relative to competitors over the last three years ...
P2. The chain's brand recognition relative to competitors over the last three years ...
P3. The chain's image relative to competitors over the last three years...
P4. The average growth in my chain's sales relative to competitors over the last three years ...
P5. The average occupancy (ADR) relative to competitors over the last three years ...
P6. Customers' satisfaction level relative to competitors over the last three years ...
P7. Employees' satisfaction level relative to competitors over the last three years ...
P8. Revenue per room (REvPAR) relative to competitors over the last three years ...