PAPER

Title: Pioneering orientation and firm performance in tourism destinations: The moderating role of exploitation and exploration

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Abstract: *This work focuses on the complementary role of pioneering orientation and exploration and exploitation orientation in obtaining greater performance in the Tourism and Hospitality firms (THFs) located in World Heritage Cities. The main aim of this work is to analyze the individual moderating role of each orientation - exploration and exploitation- in the relationship between pioneering orientation and firm performance -financial and non-financial. In addition, we delve into the combined complementary effect of both orientations on the role of implementing a pioneering orientation in the performance of THFs. This study has been conducted on a sample of 215 THFs located in World Heritage Cities in Spain. The results show a heterogeneous effect of the individual complementary role of exploitation orientation -negative- and of exploration orientation -positive, in the influence of pioneering orientation. However, firms with a greater pioneering orientation will perform better if they are able to develop a complementary ambidextrous orientation. This work contributes to the previous literature by analyzing how the complementarity between behaviors or strategies is necessary to obtain better performance in THFs.*
Keywords: *Financial and non-financial firm performance, pioneering orientation, exploitation and exploration orientation, contingent and configurational models, tourism destination.*
JEL codes: *L83, M10*

1. INTRODUCTION

In recent decades, the concept of pioneering orientation (PO) has been widely analyzed in the literature on the entry-timing approach (Durand et al., 2001; Mueller, Titus, Covin and Slevin, 2012; Zirena, Zirena, Gala and Hurtado-Palomino, 2021; among others). However, despite the progress made, few studies have analyzed its effect or its background in the tourism industry (Köseoglu, Law, Okumus, Barca and Dogan, 2019). As Elche, Martínez-Pérez and García-Villaverde (2021:2) suggest, this is a consequence of "*the traditional view that Tourism and Hospitality firms, rather than innovators, are adopters of technology produced elsewhere and are not typically motivated to introduce new products or services*". In addition, the risk in adopting this orientation will arise from the expectations of possibly obtaining first-mover advantages (Song, Zhao and Di Benedetto, 2013), which can be quickly diluted in the tourism industry since innovations tend to be more visible and easier to imitate. Despite the advances made in the literature on the efficacy of a PO in Tourism and Hospitality firms (THFs) and the advantages achieved by early entry into the market (Lee and Jang, 2017), it is necessary to delve deeper into the relationship between this orientation and firm performance, with the aim of understanding whether, in this context, pioneering behavior has a positive or negative influence on performance, which is the gap that motivates this work.

Despite the benefits derived from the implementation of a PO, it cannot be considered a sufficient condition for improved performance of THFs, mainly due to competitors' swift reactions and the changes in the needs and tastes of consumers (García-Villaverde, Parra-Requena and Ruiz-Ortega, 2017). In this sense, there is a need for more in-depth study of the complementary effect of different orientations, behaviors or strategies in improving the understanding of firm performance. Thus, according to Schweiger, Stettler, Baldauf and Zamudio (2019: 1823) "*firms need to align their capabilities to bring new products to the market, actively monitor changes in consumer demand and competitor moves, and engage in new practices and discard old ways to achieve superior performance*", the complementarity adoption of which is associated with a super-additive effect on firm performance. The proposal made by Schweiger et al. (2019) suggests the need to delve into the complementarity between PO and other orientations that may be complementary for THFs to obtain greater performance. In this

paper, we cover the existing gap in the literature on the complementary role of exploitation and exploration orientations in the effectiveness of PO.

The previous literature has reported that exploration and exploitation are associated with different organizational structures (Lennerts, Schulze and Tomczak, 2000) and involve the development of differentiated skills (Lubatkin, Simsek, Ling and Veiga, 2006). Their development heterogeneously complements the effectiveness of a PO. While exploitation alone is not consistent with a PO in order to satisfy future consumer needs and stay ahead of competitors (Mehrabi, Coviello and Ranaweera, 2019), exploration perfectly complements PO by fostering learning and understanding new demands (Mehrabi et al., 2019), avoiding the obsolescence of basic skills and abilities (Kyrgidou and Petridou, 2011). However, its effect on firm's performance may not be observed in short and medium term. Therefore, we believe firms that adequately implement both exploration and exploitation will be able to improve the efficiency of their PO in the long term by efficiently using current resources and capabilities, while, at the same time, seeking new knowledge, resources and skills to stay ahead of competitors in the industry (Chang, 2016).

On the other hand, recently, the cluster approach has emerged as a paradigm for contemporary tourism destination conceptualization. The literature on clusters has traditionally focused on industrial clusters, but more recent studies analyze tourism clusters, some from the perspective of tourism destinations (Pulido-Fernández & Merinero-Rodríguez, 2018). Following Hjalager (2000), there are conceptual similarities between industrial clusters and tourism destinations, such as co-opetition (cooperative competition), interdependence and flexible boundaries of firms, communal culture based on public policies aimed at supporting tourism activity and sustained collaboration. Thus, urban cultural tourism is considered a driver of sustainable local development, in particular for historical towns. In line with this arguments, this paper focuses on a specific kind of cultural and historical cities, namely UNESCO World Heritage Cities.

Therefore, the question that arises from the previous literature is how THFs in cultural tourism clusters that develop a PO can complement it to achieve a greater performance. The aim of this work is thus to study the complementary moderating role of exploration and exploitation in the relationship between PO and THFs' financial and non-financial performance.

This work makes several contributions to the previous literature. First, we delve into the role of PO in obtaining greater performance in THFs in cultural tourism destinations, responding to the demands of previous literature in this context (García-Villaverde et al., 2017). Following the proposal of Schweiger et al. (2019) on the complementarity of firms' orientations and behaviors, we highlight the significance of coherence in strategic orientations to obtain better performance. The heterogeneous results in the individual complementarity models enable a more in-depth understanding of the elements necessary to improve the effectiveness of a PO. Second, we delve into the literature on the entry timing approach in the tourism industry, more specifically in World Heritage Cities (WHCs). Thus, compared to previous works that have analyzed PO from the perspective of the manufacturing sector, we provide new contributions that allow us to analyze the efficiency of this orientation in THFs of tourism destinations in improving both their financial and non-financial performance. Our results show that firms located in tourism destinations will improve their performance by developing a complementary orientation between a pioneering behavior and the implementation of an ambidextrous orientation. Third, we highlight the context of this study on THFs in WHCs in Spain, which are characterized by the presence of small and medium-sized firms, together with multinational firms (Elche et al., 2021). It has been observed that, due to the particular conditions of this sector, a PO is not a sufficient condition for better performance. This will lead to complementary orientations or strategies, through which heterogeneous performances will be obtained in an area characterized by the rapid imitation of innovations in processes and products or services.

2. THEORETICAL FRAMEWORK

2.1. Pioneering orientation and firm performance: Entry timing approach

In recent decades, First-Mover Advantages (FMAs) have been the subject of a large body of literature (Lieberman and Montgomery, 1988; Suárez and Lanzolla, 2007; Mueller et al., 2012; Gómez, Lanzolla and Maicas, 2016; among others), highlighting both advantages and difficulties of a pioneering behavior to obtain a competitive advantage, especially in environments with high uncertainty (Suárez and Lanzolla, 2007). We consider that a firm will have a PO when it is continuously capable of showing pioneering behavior in the market across its lines of products or services, defining this behavior as "*a particular form or manifestation of entrepreneurial*

behavior whereby the organization proactively creates or is among the first to enter a new product-market arena that others have not recognized or actively sought to exploit" (Covin, Slevin and Heeley, 2000: 177).

Firms with a PO may be able to achieve the potential first-mover advantages that enable the creation and maintenance of a competitive advantage (Garret, Covin and Slevin, 2009). Previous research has highlighted several advantages that positively affect the firm's performance, such as the creation of a short-term monopoly (Robinson and Min, 2002), brand loyalty, establishing switching costs, preempting competition through launching a broad line of products or services (Mueller et al., 2012), achieving economies of scale from initial investments, creating cost advantages, patenting key innovation, consumer learning, and reputation advantages (Suarez and Lanzolla, 2007; Gómez et al., 2016). However, it has also observed several disadvantages that can influence firm performance, such as high technological and market uncertainty and a high risk of failure (Shepherd, 1999), free-rider effects, incumbent inertia (Lieberman and Montgomery, 1988) or the 'harvest' effect (Gómez et al., 2016; Ruiz-Ortega, García-Villaverde and Parra-Requena, 2018). In addition, followers have the advantage of analyzing market evolution, responding in order to take advantage of safer and more favorable dynamics (Mueller et al., 2012).

It is also worth noting that the literature on PO has traditionally focused on its study in manufacturing sectors (Zachary, Gianiodis, Payne and Markman, 2015), without going into its extensive effect in the service sector and, in particular, in the tourism industry (García-Villaverde, Elche and Martínez-Pérez, 2020). THFs, in general, compete in highly dynamic markets, where they are forced to tackle the exacting demands of consumers, who are constantly seeking new experiences. In this context, THFs with a PO usually stay ahead of their competitors by being much quicker to launch new products and services so that they may achieve a competitive advantage and better satisfy their consumers (García-Villaverde et al., 2020).

Given these advantages and disadvantages, it is unclear whether a PO is 'good' or 'bad' for a firm (Mueller et al., 2012) and whether "pioneering is not a normative strategic behavior conducive to superior performance for all firms" (Kerin, Varadarajan and Peterson, 1992: 48). Hence, the literature continues to ask "*under what circumstances does a pioneering orientation lead to firm growth?"* (Mueller et al., 2012). Because this orientation is not considered a sufficient condition to obtain better performance, mainly

due to the reaction of competitors and clients (García-Villaverde et al., 2017), we think it necessary to delve into which complementary orientation or behavior can lead tourism firms to attain better performance. Therefore, we consider that the complementary role of exploration and exploitation in the tourism industry should be studied in depth, analyzing whether, as indicated by Mueller et al. (2012: 1525), "*firms with elevated pioneering orientations rely upon pioneering endeavors across and throughout their multiple product lines, creating an imbalance between exploratory and exploitative processes*".

2.2. Influence of a firm's exploitation and exploration on the effectiveness of its pioneering orientation

Previous research has applied the tensions between exploration and exploitation to the study of a large number of organizational phenomena (Sirén, Kohtamäki and Kuckertz, 2012), concluding that exploration and exploitation are different organizational strategies (Wang and Rafiq, 2014) because they involve highly diverse assets and capabilities. On the one hand, exploitation involves "*the use of explicit knowledge bases, such that by internalizing and combining them, incremental refinements to existing technological or marketing trajectories can be made*" (Lubatkin et al., 2006: 648). On the other hand, exploration is related to "*the use of tacit knowledge bases, such that by externalizing and combining them, new technological or marketing trajectories are developed*" (Lubatkin et al., 2006: 648). We consider that both exploration and exploitation will exert a heterogeneous complementary effect on the effectiveness of a PO.

Regarding the influence of exploitation, activities or actions related to exploitation aim to improve the quality and efficiency and the development of a firm's existing capacities and knowledge (Lavie, Stettner and Tushman, 2010), in which they benefit from the use of known and successful strategies (Goel and Jones, 2016). However, exploitation will limit a firm's long-term survival by reducing the search for new opportunities as environments change and uncertainty increases (Goel and Jones, 2016). Therefore, the implementation of exploitation alone is not consistent with firms that have a PO, which seek to meet the needs and preferences of new customers before their competitors and maintain their leadership in the industry (Mehrabi et al., 2019).

In the context of the tourism industry, exploitation allows resources to be recombined for the development of new incremental tourism services (Tang, Zhang, Lu, Wang and Tsai, 2020). However, by allowing several aims to be achieved in the short term, it will discourage firms from taking advantage of new, more radical opportunities and from launching tourism products or services ahead of competitors, which are characteristics of a PO. In the long term, this will impair firm performance. Thus, following the previous arguments, we consider that the effect of PO on firm performance will be influenced by exploitation. In particular, exploitation weakens the positive relationship between PO and firm performance. Thus, we propose the following hypothesis:

H1: Exploitation negatively moderates (worsens) the effect of pioneering orientation on firm performance.

As for exploration, it allows firms to acquire and create knowledge from any perspective of the organization, understanding undeveloped skills and the search for novel information (Clauss, Kraus, Kallinger, Bican, Brem and Kailer, 2021), which can drive the development of new sources of competitive advantage (O'Cass, Heirati and Ngo, 2014). Exploration, then, complements PO, as it encourages experiential learning (Dess, Ireland, Zahra, Floyd, Janney and Lane, 2003) and an understanding of the demands in new markets (Mehrabi et al., 2019), which will improve firm performance. With exploration, firms will be able to avoid the risk of their core competencies becoming obsolete (Kyrgidou and Petridou, 2011), improving the efficiency of a PO.

In the tourism industry, exploration can lead to early knowledge of the future evolution of the market, which can allow new tourism products to be suitably developed before competitors do so (Tang et al., 2020), thus improving the firm's long-term performance. In this line, Elche et al. (2021) suggest that a tourism firm's internal commitment to exploration encourages the launch of new products and services, with the aim of improving the efficiency of its PO by achieving opportunities derived from its early entry into the market. Following the previous arguments, we consider that the effectiveness of a PO will be influenced by the implementation of exploration. Consequently, this strategy will enhance the positive relationship between PO and firm performance. Therefore, we propose the following hypothesis:

H2: Exploration positively moderates (improves) the effect of pioneering orientation on firm performance.

2.3. Configurational model: The dual moderating role of exploration and exploitation

More recent approaches report the possibility of combining both exploration and exploitation (Luger, Raisch and Schimmer, 2018; Clauss et al., 2021; Elche et al., 2021), with this complementarity serving as a motor to enter new markets, which will allow firms to achieve sustainable competitive advantages and continued success at different stages of the industry life cycle (Schweiger et al., 2019). In the specific case of THFs, exploitation ability helps to improve current products and services, which increases customer satisfaction (Tweneboah-Koduah, Anning-Dorson and Nyamekye, 2020) and, in turn, favors their loyalty. However, a firm without explorative ability is in danger of becoming obsolete (Kyrgidou and Petridou, 2011). Explorative behavior in THFs is critical to develop new products and services (Cranmer, tom Dieck and Fountoulaki 2020), and is also a key aspect to compete in highly dynamic markets because it enables firms to create higher customer value, and hence gain organizational success (Wang, Tang and Cheng, 2018). Nonetheless, over-exploration can be costly because a firm cannot move from one new idea to another without exploiting previous training and experience (Wang and Rafiq, 2014). There are different possible orientations towards combined exploitation and exploration. Ambidexterity simultaneously entails high levels of exploitation and exploration, while punctuated equilibrium involves periods of exploitation interrupted by detached periods of exploration (Uotila, 2018). There is no consensus in the literature about the most effective combined orientation, particularly when it is combined with PO in order to obtain higher performance. Thus, we propose a configurational model to analyze the complementary role of the different combinations of exploitation and exploration in the relationship between PO and firm performance. In practice, we analyze the moderating role of high exploitation/high exploration -ambidexterity; high exploitation/low exploration or low exploitation/high exploration -punctuated equilibrium; and low exploitation/low exploration.

Although a firm can choose both orientations (Gupta, Smith and Shalley, 2006), in line with Li and Huang (2012), this article highlights the benefits for firm performance of implementing an ambidextrous orientation in combination with PO. Ambidexterity strategy consists of developing challenging activities that entail simultaneously

displaying highly different organizational resources, and, hence, this process might generate conflicts in an organization (Gürlek, 2021). However, prior research has revealed that a certain level of commitment could lead to successful ambidexterity (Gibson and Birkinshaw, 2004) and, in turn, to achieving a sustainable competitive advantage (He and Wong, 2004). Although it is a somewhat challenging strategy because of difficulties and tensions emerging from the coexistence of antagonistic behaviors and organizational structures, the joint development of exploitation and exploration has been linked to better performance (Junni, Sarala, Taras and Tarba, 2013; Pertusa-Ortega, Tarí, Pereira-Moliner, Molina-Azorín and López-Gamero, 2021). It has been suggested that ambidexterity allows organizations to adapt easily to environmental changes (Birkinshaw, Zimmermann and Raisch, 2016). Some studies confirm that an ambidexterity strategy could improve organizational performance and help a firm survive when competing in environments where rivalry is high (O'Reilly and Tushman, 2013; Junni et al., 2013). This is because firms implementing ambidextrous practices possess better bundles of resources and capabilities to tackle challenge from technological change and new business models (Hill and Birkinshaw, 2014).

The importance of ambidexterity in firms lies in its moderating role, as it can influence the relationship between pioneering orientation and firm performance. Ambidextrous firms have the ability to effectively use existing resources and capabilities while discovering new information and knowledge susceptible to be applied in-house (García-Granero, Fernández-Mesa, Jansen and Vega-Jurado, 2018). Specifically, ambidexterity is related to the speed at which new products and services are developed and launched in new markets (Wang and Rafiq, 2014). On the one hand, exploration is essential for the generation of new ideas and, on the other hand, the launch of a new product or service depends on the exploitation of existing knowledge and skills. In this sense, firms that simultaneously develop exploitation and exploration to introduce new product and services in new markets tend to more rapidly commercialize more innovative products (Uotila, Maula, Keil and Zahra, 2009). Therefore, ambidexterity is essential to be able to successfully carry out the different stages of the innovation process in a short period of time, benefiting firms that can then be the first to introduce new products and services in new markets through a PO. Drawing on these arguments, we propose that firms that combine a PO with a high ambidextrous orientation, will introduce and

develop new product and services in new markets at a faster rate, allowing them to benefit even more from the advantages of first mover, which, in turn, generates higher firm performance. Thus, we propose the following hypothesis:

H3: The different combinations of exploration and exploitation moderate the relationship between pioneering orientation and firm performance. Specifically, ambidexterity is the combination that most improves (positively moderates) the effect of pioneering orientation on firm performance.

3. SAMPLE AND METHODS

3.1. Sample

The empirical research was conducted in the population of firms in the cultural tourism industry in Spain, focusing specifically on THFs in World Heritage Cities. These tourism destinations have previously been identified as cultural tourism clusters (Martínez-Pérez, García-Villaverde & Elche, 2016). We include the activities collected in the study by Lazzeretti and Capone (2008), based on Italian tourist districts, and, which, following the recommendations of the European Commission (2003), used the Italian classification of Attività Economiche (ATECO). In the Spanish case, the equivalent classification is the National Classification of Economic Activities (NACE). Based on these criteria, we included both basic tourist activities and those related to the cultural industry. Consequently, the economic activities considered as part of the tourism industry in this work are: 491, Interurban passenger transportation by rail; 493, Other passenger land transport; 501, Maritime transport of passengers; 503, Passenger transport by inland waterways; 511, Passenger transport by air; 55, Accommodation services; 56, Food and beverage services; 771, Rental of motor vehicles; 79. Travel agency, tour operator and other reservation services; 90; Creative, arts and entertainment; 91, Libraries, archives, museums and other cultural activities; and 93, Sporting, recreational and entertainment activities.

We obtained the information necessary to generate the sample of firms from existing databases with disaggregated information of firms in the Spanish tourism industry, namely, the SABI and Camerdata databases, selecting only firms with at least 3 employees. The population under study was made up of a total of 2,037 THFs located in World Heritage Cities. We sent a questionnaire to the manager of these firms and a second questionnaire to a second manager. The final sample consisted of 215 firms

(10.55% response rate; 6.32% sampling error). We obtained two questionnaires for a subsample of 15.81% (34 firms), on which we applied a test of difference of means to the fundamental variables of our models between the evaluations of the manager and the second manager to check response bias due to managers' perceptions. We found no significant differences for any of the variables used in the study. We carried out an ANOVA analysis with the size and age variables to verify there were no significant differences between the sample obtained and the total population. Therefore, we can accept the null hypothesis of equality of means, confirming that the sample obtained is representative of the population under study. Likewise, there were no differences in the mean values of the variables used in this study, between the group of firms that responded before July -85 firms- and those that responded after August -150 firms. We can thus conclude there is no problem of non-response bias. The results of both the Harman's test and "marker variable" test conducted to check for common method bias were satisfactory. Lastly, we also ensured there were no significant differences for the model variables considering the cities in which the firms are located, using an ANOVA and a Scheffe test.

3.2. Measurement

Pioneering Orientation. We measured the level of a firm's PO by using a three-item scale adapted from Covin et al. (2000). This PO measure is consistent in reflecting the two primary elements of pioneering proposed in the previous literature: market timing and distinctiveness, and thus a high score on this scale indicates a strong firm emphasis toward pioneering behaviors, that is, a high PO (Mueller et al., 2012). Internal consistency was evaluated using Cronbach's alpha coefficient. For construct validity, the exploratory factor analysis was performed with a principal component analysis and varimax rotation. The reliability analysis revealed a satisfactory Cronbach's alpha of 0.842. Finally, we also obtained satisfactory values for the factor analysis: (Kaiser-Meyer-Olkin [KMO]>0.50 [0.651] and p-value<0.01 [Chi-square=307.856; df=3; sig.=0.00]). The percentage of variance explained was 76.485% and factor loadings exceeded 0.810.

Exploitation and exploration orientation. Exploration and exploration orientation were measured using the construct proposed by Lubatkin et al. (2006). This measure of ambidexterity orientation proposes a two-dimensional definition, entailing exploration

and exploitation differences along an innovation's proximity/remoteness to the firm's current technological/product trajectory and an innovation's proximity to the firm's existing customer/market segment. A varimax factor analysis yielded two independent factors, according to the model scales. Specifically, exploitation was measured with a six-item scale, the Cronbach's alpha of which was 0.885. Bartlett's test of sphericity was significant (Chi-square= 712,719; df=15; sig.=0.00), and the KMO measure was 0.840 –greater than the satisfactory threshold of 0.6 (Zainudin, 2012). The factor analysis extracted 64.410% from overall variance and factor loadings exceeded 0.755. On the other hand, exploration was also measured with a six-item scale (Cronbach´s alpha=0.902; KMO= 0.847; Chi-square= 827.366; df=15; sig.=0.00). The results yielded a one-factor structure including all the indicators of exploration and 67.689% of variance extracted from the overall variance. Factor loadings exceeded 0.746.

Organizational performance. Following previous studies (Wang, Chen and Chen, 2012), financial performance was measured using a five-item scale comprising return of investment, net margin of benefit, market share, sales growth and occupancy rate. We used a three-item scale to measure non-financial performance encompassing corporate reputation, company image and customer satisfaction. In order to avoid biases in temporal fluctuations and facilitate an approximation to the notion of long-term performance, a five-year lag was considered. We operationalized this measure by calculating the mean value of both scales: the degree of importance and satisfaction for each item. The Varimax factor analysis yielded two independent factors, according to the model scales. For financial performance, a satisfactory Cronbach's alpha of 0.905 was obtained. The factor analysis also showed satisfactory values: (KMO>0.50 [0.841] and p-value<0.01 [Chi-square= 661.21; df=10; sig.=0.00]). The percentage of variance explained was 72.707% and factor loadings exceeded 0.808. The three items of non-financial performance were also factor-analyzed (Cronbach´s alpha=0.939, KMO = 0.769, [Chi-square=535.262; df=3; sig.=0.00]). The results yielded only one factor, whose variance was 89.173%; and loadings were higher than 0.939.

The variables of the study were measured using previously validated scales and a seven-point Likert-type scale.

Control variables. To measure the type of firm, we employed a dichotomous variable firm (0 if subsidiary firms; 1 if independent firms). Following the Becattini (2015) criterion, to measure sense of belonging to the cluster, respondents were asked to

indicate whether they felt identified with the firms in the same location. We used five-item scale designed by Covin et al. (2000) to measure environmental hostility. In addition, following Stevenson and Jarillo (1990), we measured access to financial resources through the item on whether the firm has access to abundant financial resources for the development of the firm. Finally, we measured access to qualified labor by considering the item on a firm's access to such labor (Assaf and Tsionas, 2015).

3.3. Analysis

To conduct the analyses, we estimated a series of models of hierarchical linear regression, using the IBM Statistical Package for Social Sciences (SPSS) version 24.0 (IBM Corp., Armonk, N.Y., USA). In Model 1, we presented the base model including only the control variables predicting organizational performance, namely, type of firm, sense of belonging, environment hostility, access to finance and access to qualified labor. In Model 2, we included the direct effect of PO on firm performance. In Model 3, we incorporated the direct effects of the moderator variables, namely, exploitation and exploration, on the dependent variable. In Model 4, we added the moderating effect between PO and organizational performance, including individually the double interactive effects between PO and exploitation and exploration, respectively. Finally, in Model 5, we included the triple interactive effects model in order to test the configurational model. To do this, we introduced the quadratic term between exploitation and exploration, as well as the triple multiplicative effects between the independent variable and the moderator variables -PO, exploitation and exploration. An interaction effect exists if the interaction term and the change in R^2 regarding the previous model are significant. Subsequently, in order to analyze how the significant interactions affect the dependent variable, we must plot these effects. Such plots show the effect of one variable selected, given different combinations of values for other variables.

4. RESULTS

Before testing the hypotheses, we checked for multicollinearity problems between the model variables. First, we examined the correlation between all the pairs of variables,

using Pearson's correlation analysis (Table 1), finding that partial correlations did not reach significant values (greater than 0.7), and there was thus no evidence of multicollinearity. Moreover, in order to ensure there were no problems of multicollinearity, each independent variable was mean-centered prior to carrying out the regression and before creating cross-product terms. Furthermore, we calculated the variance inflation factor (VIF) and condition index. The highest value on the VIF was 3.116 and the highest condition index was 4.621. Lastly, a Durbin-Watson test was carried out to check the independence of error terms. This test showed satisfactory results close to 2 for both financial and non-financial performance models -1.864 and 2.165, respectively. Table 1 also presents the descriptive statistics

Table 1. Descriptive statistics and Pearson's correlation

	Mean	SD	α	1	2	3	4	5	6	7	8	9	10
Firm type	0.870	0.337	-	1									
Belonging	5.460	0.879	-	-0.028	1								
Envir. Hostility	4.888	1.480	0.708	0.022	.268**	1							
Financial rs	5.560	1.489	-	0.071	0.017	0.135	1						
Qualified labour	4.190	1.821	-	0.019	-0.087	0.041	.187**	1					
P.O.	4.462	1.494	0.842	-0.097	0.081	-0.045	0.027	.187**	1				
EXPT.	5.368	1.064	0.885	-0.099	.412**	.141*	.175*	0.122	.462**	1			
EXPR.	4.753	1.238	0.902	-0.062	.181**	0.108	0.131	.157*	.659**	.612**	1		
F.P.	4.895	1.070	0.905	-0.07	.159*	0.105	0.021	.211**	.195**	.294**	.203**	1	
N.F.P.	5.862	0.953	0.939	-0.018	.254**	0.008	.146*	0.117	.321**	.494**	.286**	.563**	1

Note: P.O.: Pioneering Orientation; EXPT.: Exploitation; EXPR.: Exploration; F.P.: Financial Performance; N.F.P.: Non-Financial Performance.

We used hierarchical regression analysis to test the hypotheses for financial (Table 2) and non-financial performance (Table 3). Model 1 for financial performance showed that sense of belonging and access to qualified labor have a positive and significant effect on financial organizational performance at 0.05 and 0.001 level, respectively. The rest of the control variables -type of firm, environmental hostility and access to financial resources - have no significant effect on dependent variable. For non-financial performance, sense of belonging and access to financial resources have a positive and significant effect at 0.001 and 0.05 level, respectively.

In Model 2, we observed that PO has a positive and significant effect on financial organizational performance (β=0.148, $p<0.05$), as well as on non-financial performance (β=0.288, $p<0.001$), and the change in R^2 was also significant compared to Model 1 (financial performance: ΔR^2=0.021; $p<0.01$; non-financial performance: ΔR^2=0.079; $p<0.001$).

In Model 3, we added the linear effect of moderator variables, namely, exploitation and exploration, and in Model 4 we added the quadratic terms between independent variables and each of the moderator variables in order to test the contingent model - Hypotheses 1 and 2. The results obtained from Model 4 for financial performance show that the interactive effect of PO and exploitation is negative and significant (β=-0.183, $p<0.05$); and the interactive effect of PO and exploration is positive and significant (β=0.215, $p<0.05$).

Focusing on non-financial performance, the interactive effect of PO and exploitation is negative and significant (β=-0.206, $p<0.05$); and the interactive effect of PO and exploration is non- significant. Model 4 makes a significant contribution over and above Model 3 (financial performance: adjusted R^2=0.178; ΔR^2=0.028; $p<0.05$; financial performance: adjusted R^2=0.357; ΔR^2=0.027; $p<0.05$). Therefore, we can accept Hypothesis 1, but we can only partially accept Hypothesis 2, since the results support the negative moderating effect of exploitation on financial and non-financial performance; and the positive moderating effect of exploration on financial performance, but not on non-financial performance.

Finally, Model 5 focuses on the configurational model, where we included the interactive effect between moderator variables, as well as the triple interactive effects between independent variable and moderator variables. The results show that this model makes an explanatory contribution over and above that of the contingent model (financial performance: ΔR^2=0.029; $p<0.05$; non-financial performance: ΔR^2=0.027; $p<0.05$). In addition, the triple interactive effect has a significant and positive effect on financial organizational performance (β=0.241; $p<0.05$), as well as on non-financial performance (β=0.241; $p<0.05$), and so exploitation and exploration jointly have a moderating effect between PO and financial and non-financial organizational performance. The results for the triple interactive effects confirm the first part of Hypothesis 3.

Table 2. Regression analysis results financial performance

	Model 1		Model 2		Model 3		Model 4		Model 5	
	β	t-statistics	β	t-statistics	β	t-statistics	β	t-statistics	β	t-statistics
Firm type	-0.073	-1,033	-0,054	-0,758	-0,05	-0,708	-0,029	-0,417	-0,027	-0,389
Belonging	0.170*	2,313	0,158*	2,161	0,068	0,847	0,093	1,169	0,085	1,071
Envir. Hostility	0.081	1,112	0,094	1,29	0,1	1,378	0,102	1,42	0,133	1,781
Financial rs	-0.022	-0,305	-0,018	-0,252	-0,058	-0,791	-0,057	-0,791	-0,094	-1,276
Qualified labour	0.247***	3,394	0,222**	3,030	0,215**	2,978	0,224**	3,122	0,212**	2,922
P.O.			0,148*	2,056	0,068	0,729	0,1	1,072	0,037	0,383
EXPT.					0,239*	2,473	0,23*	2,404	0,158	1,594
EXPR.					-0,028	-0,275	-0,031	-0,309	-0,052	-0,511
O.P. x EXLT.							-0,183*	-2,013	-0,063	-0,546
O.P. x EXLR.							0,215*	2,371	0,234**	2,556
EXLT. x EXLR.									-0,041	-0,342
P.O. x EXLT. x EXLR.									0,241*	2,229
R^2	0.096		0,117		0,15		0,178		0,207	
Adjusted R^2	0.071		0,071		0,071		0,071		0,071	
Change adj. R^2	0.096**		0,021*		0,033*		0,028*		0,029*	

** p 0 .05; ** p 0.01; *** p 0.001*

Note: P.O.: Pioneering Orientation; EXPT.: Exploitation; EXPR.: Exploration.

Table 3. Regression analysis results non-financial performance

	Model 1		Model 2		Model 3		Model 4		Model 5	
	β	t-statistics	β	t-statistics	β	t-statistics	β	t-statistics	β	t-statistics
Firm type	-0,015	-0,217	0,023	0,341	0,031	0,505	0,054	0,874	0,059	0,964
Belonging	0,331***	4,59	0,307***	4,445	0,133	1,877	0,158*	2,238	0,154*	2,197
Envir. Hostility	-0,061	-0,85	-0,037	-0,531	-0,018	-0,282	-0,023	-0,369	-0,001	-0,017
Financial rs	0,148*	2,077	0,156	2,287*	0,085	1,307	0,073	1,149	0,034	0,518
Qualified labour	0,112	1,564	0,062	0,902	0,051	0,797	0,06	0,947	0,055	0,863
P.O.			0,288***	4,224	0,173*	2,094	0,195*	2,37	0,131	1,547
EXPT.					0,473***	5,526	0,463***	5,481	0,397*	4,552
EXPR.					-0,125*	-1,379	-0,148	-1,647	-0,172	-1,921
O.P. x EXLT.							-0,206*	-2,557	-0,112	-1,093
O.P. x EXLR.							0,076	0,944	0,087	1,085
EXLT. x EXLR.									0,004	0,041
P.O. x EXLT. x EXLR.									0,249**	2,61

R^2	0,131	0,21	0,33	0,357	0,384
Adjusted R^2	0,107	0,183	0,3	0,321	0,342
Change adj. R^2	0,131***	0,079***	0,121***	0,027*	0,027*

*† p 0.10; * p 0 .05; ** p 0.01; *** p 0.001*

Note: PO: Pioneering Orientation; EXPT.: Exploitation; EXPR.: Exploration.

To provide a better interpretation of these effects, we plotted the three significant moderation effects between PO and financial and non-financial organizational performance. Figure 1 shows that the relationship between PO and financial performance for low levels of exploitation is positive. However, for high levels of exploitation, the relationship between PO and financial performance is negative. Figure 2 shows that the relationship between PO and non-financial performance for low levels of exploitation is also positive. However, for high levels of exploitation, the relationship between PO and non-financial performance remains constant. This confirms the results obtained in the regression analysis, that is, exploitation negatively moderates the relationship between PO and financial and non-financial performance. However, it should be noted that when PO is combined with high levels of exploitation, the positive effect of PO on financial performance becomes negative, but the effect of PO on non-financial performance, instead of being positive, becomes constant. With regard to exploration, in Figure 3, we can observe that for low levels of exploration, the relationship between PO and financial performance is negative. However, for high levels of exploration, the relationship between PO and financial performance is positive. This confirms the results obtained in the regression analysis, that is, exploration positively moderates the relationship between PO and financial organizational performance.

Figure 1. Moderating effect of exploitation on financial performance

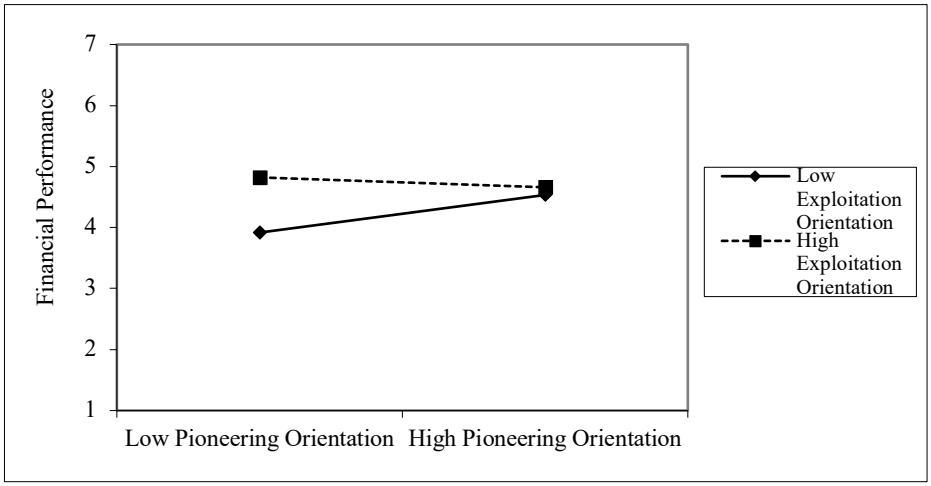


Figure 2. Moderating effect of exploration on financial performance

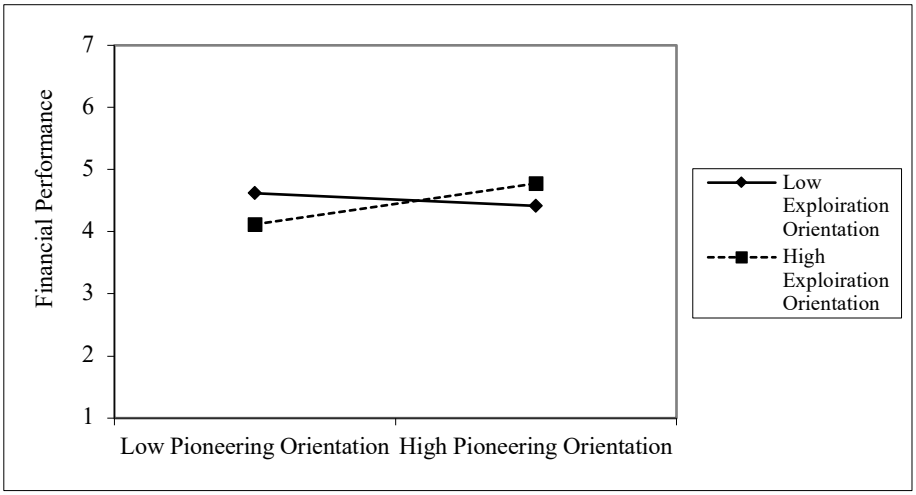


Figure 3. Moderating effect of exploitation on financial performance

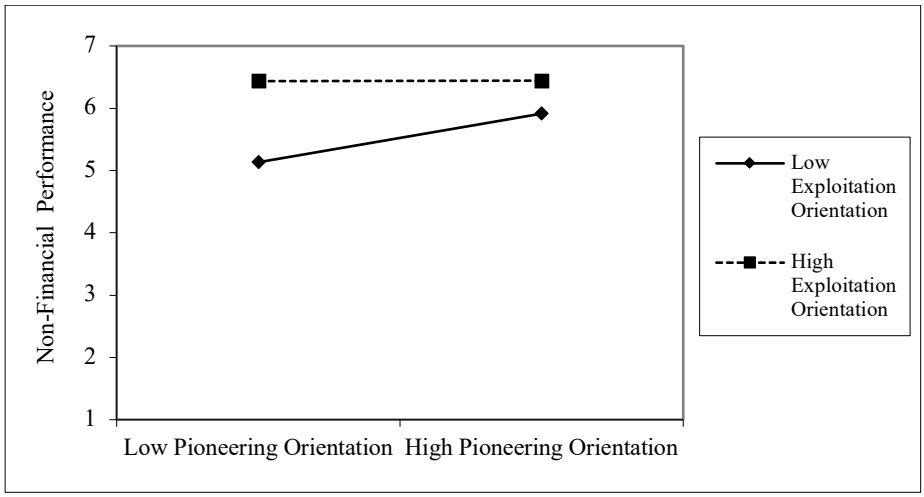


Figure 4. Moderating effect of exploitation and exploration on financial performance

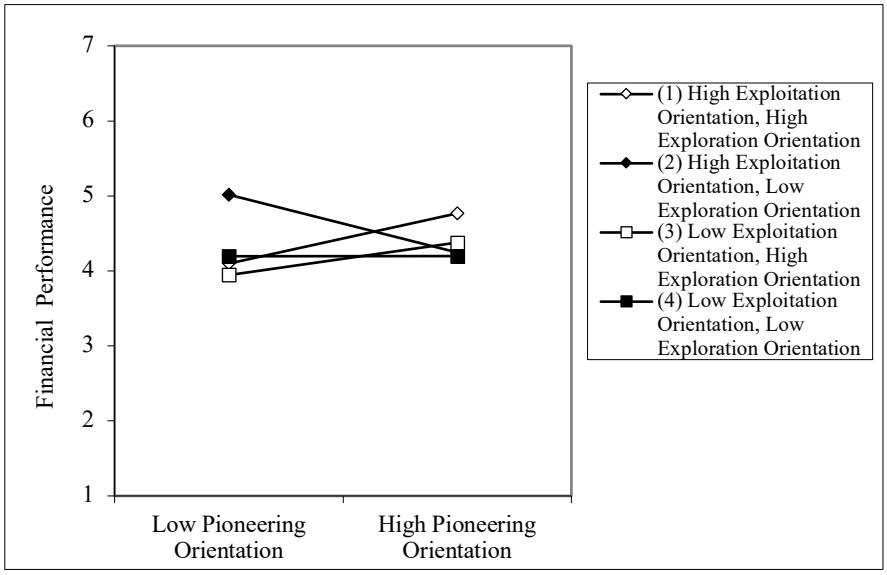
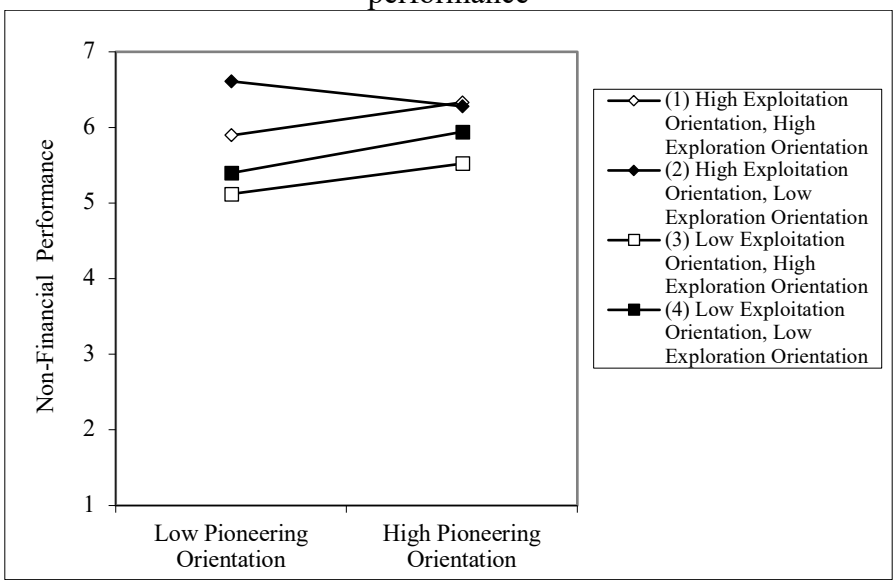


Figure 5. Moderating effect of exploitation and exploration on non-financial performance



In Figures 4 and 5, we plot the triple interactive effect of the independent variable and moderator variables on financial and non-financial organizational performance. The nature of the interaction indicates that when THFs develop both exploitation and exploration through an ambidextrous orientation, the slope of the relationship between PO and financial and non-financial performance is positive. In this sense, even if the slope when firms combine high levels of exploitation with low levels of exploration is negative, for low levels of PO, the curve of the relationship between PO and financial and non-financial performance is above the other combinations. In the case of financial performance, the ambidexterity curve and the high exploitation-low exploration curve cross at a relatively high level of PO, and, from this point, firms obtain higher financial

performance when they follow an ambidextrous orientation. Thus, for low levels of PO, when combined with high exploitation-low exploration, firms obtain higher levels of financial performance; and for high levels of PO, firms achieve higher levels of financial performance when PO is combined with ambidexterity. However, for non-financial performance, these two curves cross at a very high PO level, and so firms obtain higher non-financial performance with a high exploitation and low exploration for almost any level of PO (except extremely high levels of PO, in which case, an ambidextrous orientation generates higher levels of non-financial performance). This confirms the second part of Hypothesis 3: in combination with high levels of PO, ambidexterity is the more appropriate orientation to obtain higher levels of firm performance.

5. DISCUSSION AND CONCLUSIONS

This study focuses on the relationship between different types of orientation decisions and firm performance in the context of cultural tourism clusters. Specifically, we analyze the moderating roles of exploitation and exploration in the relationship between PO and both financial and non-financial firm performance. In a first step, exploitation and exploration are separately analyzed in a contingent model, which revealed divergent moderator effects. On the one hand, exploitation shows a negative moderation, so when PO is combined with high levels of exploitation, the positive relationship between PO and firm performance worsens. However, even if the slope between PO and firm performance ceases to be positive when exploitation is high, graphically, we can observe that the (negative) slope for high exploitation is always positioned above the (positive) slope for low exploitation. Thus, PO combined with high exploitation encourages firms in tourism destinations to develop higher levels of firm performance than a low exploitation orientation. This is more pronounced in the case of non-financial performance, where the slope for high exploitation become constant rather than negative. On the other hand, exploration positively moderates the relationship between PO and financial performance, but the moderation is not significant in the case of non-financial performance. Thus, the positive effect of PO on financial performance improves when PO is combined with high levels of exploration. However, exploration does not appear to influence the relationship between PO and non-financial performance, arguably because reputation, company image and customer satisfaction

are more related to the combination of different skills, rather than with exploration skills alone.

Second, the configurational model integrates the double moderating effect, by jointly considering exploitation and exploration, referred to as combined orientation. This model proves the influence of combined orientation on the relationship between PO and firm performance. Specifically, if we focus on financial performance, the plot with the triple interactive effect shows that even if the relation between PO and financial performance is negative when firms develop punctuated equilibrium based on high exploitation and low exploration, when there are low and medium levels of PO, this orientation drives firms to higher financial performance than the other combinations. In contrast, when PO is high, ambidexterity encourages firms in tourism destinations to develop the highest levels of financial performance. Focusing on non-financial performance, the triple effect plot shows that, even if the slope is negative for a punctuated equilibrium orientation based on high exploitation and low exploration, this slope is above the rest of combinations for all the levels of PO, except for very high ones. At these high levels, an ambidextrous orientation drives firms to higher non-financial performance, but close to the performance obtained with high exploitation/low exploration. In short, firms located in tourism destinations that develop high levels of PO will obtain higher performance if they develop an ambidextrous orientation. For lower levels of PO, firms will obtain higher levels of performance with a punctuated equilibrium orientation based on high exploitation and low exploration.

This work adds to the theoretical and empirical literature. We explore, from the FMA approach, the antecedents of firm performance in the context of tourism destinations, specifically in the context of cultural tourism clusters. In contrast to previous literature that focuses on performance as an overarching construct or by considering only financial aspects, this paper includes not only financial, but also non-financial performance, both of which are important in the tourism context (Wang et al., 2012). In addition, few works have examined the entry-timing phenomenon in tourism destinations, more specifically in Word Heritages Cities. Hence, we fill an interesting gap in the empirical literature. Thus, the main contribution of this paper is to have identified the moderating role of exploitation and exploration in the relationship between PO and firm performance –financial and non-financial, highlighting the importance of testing the moderating role of combined orientations.

Regarding practical implications, managers of THFs located in cultural tourism clusters should take advantage of PO by means of a combination of exploitation and exploration in order to gain competitive advantages and, in turn, improve firm performance. These firms should develop a combined orientation based on high exploitation and low exploration to respond to low to medium (high) PO, in order to obtain higher financial (non-financial) performance. However, managers should develop ambidexterity to develop greater financial (non-financial) performance when faced by high (very high) PO.

This study is not without limitations. First, we do not offer a global explanation of firm performance in the context of tourism destination. However, the variables and the effects we focus on account in a significant way for heterogeneity in financial and non-financial performance in tourism destinations. Furthermore, this work has a static character, which prevents the analysis of the evolution of the relationship between the variables of the model. To overcome this limitation, we propose to carry out a longitudinal study to delve into the impact of strategical orientation on the long-term performance of firms.

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