

# Impact Of crisis Awareness on Organizational Performance: A Strategic Leadership Perspective in SME's

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## ABSTRACT

### Purpose:

This study is an attempt to examine the performance of the organization during the times of crisis. The larger part of the interest is to ensure that in future organizations remain resilient enough not to be affected by such crises. One of the vital elements of this study is to examine the moderating role of strategic leadership of SME's in times of crisis. Any rumor or real time security threat could seriously challenge the prospective business opportunities especially in the tourism sector in Pakistan. In fact, this is one of the fragile business sectors exist in the modern world too.

### Methodology:

The present study uses quantitative approach to empirically verify the impact of crisis situation awareness on organizational performance. The research uses tourism sector as unit of analysis. Survey questionnaire were distributed among the Owners, Operation Managers, Finance Managers, and the Administrators.

### Findings:

Incharge of various travel and tourism companies and partial least square path modelling was used to draw meaningful conclusions. Results suggested that organizations which are more aware are in a better position to enhance their performance even in the times of crisis.

### Conclusion:

The study concludes by suggesting that in the tourism industry as the majority of the organizations or stakeholders are SME's hence combining or bringing all resources to one platform and planning for any challenge can enable them to perform at optimal level. Researcher recommends that there are areas are also available to conduct further research on learning from failures as early events in Pakistan like attack on tourists in Fairy Meadows area and learning how to avoid and minimize damages from such uncontrollable events.

## 1. Introduction

Crisis, means when conditions which is extraordinary in an organization and try to cross management abilities and requires additional resources to solve. Most of the time industry faces crisis but they do not know the right way to solve. Travel and tourism industry faces the same crisis since the terrorism begin in this country. Two things which is reciprocate by the globalization, connectivity and integration. In these condition information flows from country to country and it becomes difficult to attract foreign tourists in that vicinity. Ministry of travel and tour plays a vital role to solve these types of issues, like terrorism, i.e. identification of risk, possible impact, and intelligence collection.

Identification of crisis through literature reveals the problem as well solutions or ways in this regard, that is the best way to prevent crisis and prevent from its happening i.e. to be aware of the kind of crisis organization could face. This identification can place an organization at the level where it can anticipate potential crisis events (Berstein, 2011, p. 12). One simple way to anticipate crisis can be through conducting “Vulnerability Audit” (ibid). This is the point where top leadership plays their role. In the same vein Shoemaker et al. (2013) whilst establishing the importance and role of strategic leadership, in times of crisis, burrowed the wisdom of Nathan Rothschild who found that even in the time of turbulence strategic leader can find opportunities. Their in-depth analysis allowed them to identify vectors which are vital ingredients of strategic leadership. These includes “anticipate, challenge, interpret, decide, align, and learn” (Shoemaker et al., 2013).

Looking at the panorama of Pakistani business one fact is clearly visible that SMEs are the key players of the entire business eco system of Pakistan. Further the contribution of this sector towards GDP is often ignored in countries like Pakistan especially in sub sector like travel and tourism. As Pakistan is one of the main member of “One belt one road Policy” and “China Pakistan Economic Corridor need is there for the critical review role of SMEs in travel and tourism sector as an optimistic view suggest that this region can be hub of travel and tourism keeping in view the attractions and opportunities these regions will offer. Silent observation of situation of Pakistan the instability or terrorism pops out as one challenge to above narrative of Pakistan as land of opportunities. On the similar patterns whilst discussing situation of tourism in Pakistan Raza and Jawaid (2013) indicated that tourism in Pakistan had increased i.e. from 41 million in 1980 to 196 million in the last decade. In the same vein the terrorist activities also increased from 27 in 1980 to 251 in the last decade.

This study is an attempt to further the call of Wang (2012) who provided base for looking at the performance of the organization during the times of crisis. The larger part of the interest of Wang (2012) was to ensure in future organizations remains resilient enough to not be affected by such crises. The need to use crisis awareness is justified by the new normality in organizations, proving them resilient enough to any challenge they face. Last but not Wang (2012) suggested that in the future this is the need of the hour to identify those indicators that can have significant impact on organizational performance (OP) in crisis.

To examine the impact of crisis awareness on organizational performance in SMEs involved in the tourism industry. Specifically this study examine the impact of crisis awareness (terrorism, i.e. identification of risk, possible impact, and intelligence collection). Independent variable is crisis and dependent is tourism industry with an outcome which is based on crisis awareness and organizational performance.

Recent reports published by World Travel and Tourism Council depicts that travel and tourism contribution to Pakistani GDP was 6.9%. If this study highlights services providers then the results are not much clear, management does not know crisis management, potential hazards and how one can improve organization performance with strategic leadership.

This study has some limitation, it addresses only Pakistani private tourism based SMEs' and significant primary data is gathered by doing WhatsApp calls, messages, social media and emails. This logic cannot applied to Ministry of travel and tourism due unavailability of data. So, this is limitation of this study.

## **2. Literature Review**

The present study revolves around the concepts like crisis awareness, organizational performance, and strategic leadership. The study is focused to examine the relationship between these areas with a special focus on SME's linked with the tourism sector of Pakistan. Globally countries are focused on attracting tourist from around the globe by using initiatives like Visit Malaysia 2020 initiatives. In order to explore and explain the literature on these areas in detail, patchwork method was used. The first part focused on performance management in general terms as it will provide base to understand the concept in SME's which is second part of this review. The review then explain crisis situation and awareness of crisis. The review then moved to issues in tourism industry and potential possibilities that could lead to disaster. In the similar manner strategic leadership perspective was also covered at length to provide an idea about its role in organizational performance. Finally a research framework was also provided that was developed on the basis of detailed review.

### **2.1. Organizational performance in general**

The existing research on organizational performance suggests its critical importance in the management science field. The early work of the March (1997), which showed the central importance of organizational performance, seems in line with later efforts of Richard et al (2009). Rcihard et al. (2009) whilst illustrating the seminal work of March and Sutton (1997) indicated that in a span of 3 years from 1995 to 1997 majority publications in reputable management journals (Strategic Management Journal, the academy of management journal, and administrative science quarterly) included 23% publications which used organizational performance (OP) as the dependent variable. Aketch, Basheka, and Bagire (2017) recently reiterated the fact by mentioning that OP is still under the attention of researchers' as well as practitioners. Drawing on wealth of literature Aketch, Basheka, and Bagire (2017) indicated that OP is particularly an area of concern when it comes to SME's high failure rate despite of the fact that they are "engine of growth".

Begirding the concept of Organizational Performance it became evident that description and measurement of organizational performance was "unquestionably assumed". In the same vein Rogers and Wright (1998) believed it to be "most imprecise and loosely defined construct". Richard et al (2009) as a result found an opportunity for discussion on "meaning and measurement of organizational performance".

In a different but contrasting study Carton and Hofer (2006, pp.60) described five broad categories of performance measures. These include accounting measure, operational measure, market based measures, survival measures, and measures of economic value

creation. Similarly Ogunyomi and Bruning (2016) recently, at a basic level, indicated that OP is comprised of variables like competitive advantage, market share, profit, costs, sales revenue and customer satisfaction. They argued that both small and large organizations use financial as well as non-financial measures to evaluate their organizational performance, but larger firms prefer financial measures to evaluate their organizational performance. Following these traces Langley et al (2009) used the lens of change and improvement to look at the concept of organizational performance. They indicated that change is an essential element for any improvement but not every change is effective. That is why they argued about the kind of changes which are required that bring improvement. Borrowing the wisdom of W. Edward Deming Langley et al (2009) used the concept of "System of profound knowledge". They were of the view that optimal improvement results could be achieved if subject knowledge is applied in combination with profound knowledge.

## **2.2. Organizational performance in SMEs**

Review of literature shows consensus of researchers when it comes to the role of SME's in any country's growth (Aketch, Basheka, and Bagire, 2017; Syed et al 2012). For instance Aketch, Basheka, and Bagire (2017) whilst discussing SME's situation in Uganda revealed that in developing countries the SME's contribution is significant when it comes to generation of employment in the private sector. To justify their argument they indicated that the significance could be judged by the fact that 70% of jobs in the private sector of developing economies were created by SME's. Hussain et al (2015) took the discussion on SME's at a higher level and indicated that SME's contribution in Latin America, Asia and Europe could be judged from the fact that its share in total businesses is 90%. In the same vein they mentioned that SME's percentage in total employment is at a significant 70% level whereas their contribution to total gross domestic product of these regions is approximately 60%.

Apart from their economic contribution Hussain et al (2016) discussed their contribution at political as well as social stages of nations. With this kind of backdrop this is of critical importance to gain an understanding of SME's: what they mean and how they operate? A detailed review of previous literature suggests that defining SME's by using a special lens is difficult because of the subjectivity linked with the term. Situation regarding definition of SME's in Pakistan is not different although several attempts were made. One such effort was made by the Small and medium enterprise development authority Pakistan. They defined SME's by using different lenses like employment size, paid up capital and annual sales. An organization lies in the category of SME if its employment size is up to 250, its paid up capital is up to Rs. 25 Million and if its annual sale is up to Rs. 250 Million (SME Policy, 2007 p.14).

Whilst comparing SME's contribution at an international level and specifically at a country level like Pakistan they revealed that SME's represent 90% of total business enterprises in Pakistan. Similarly they provide employment to 80% of non-agriculture labor force. One area which begs attention of researchers is the contribution of SME's in overall GDP of Pakistan which is on the lower side i.e. 40% which when compared with international standards is 60%. One of the reasons for this low contribution lies in the fact that it was the SME's which helped the European economy survive the onslaught of the recent economic crisis by providing 67% of total employment and 58% of gross value added (Hyder, 2016). Hyder (2016) based on the critical nature of SME's pointed towards the need to determine the success or failure of these organizations and identifying factors which are critical in the success of any organization. Lussier and Cormier (1996) in their

unparalleled work argued about the need to understand success or failures of organization which they believed as an important element that identifies “stability and health of the economy”. The situation of failure of SME’s in Pakistan is a worrying area as this rate is on the higher side i.e 80 to 90% (Masood, Soomro, and Ali, 2018).

### **2.3. Organizational performance in times of crisis**

The review of literature on organizational performance highlights that changing customers demand and rising market competition are forces that push organizations to look beyond traditional measures of performance (Kennerley and Neely, 2003). For instance Kennerley and Neely (2003) work indicated that an earlier performance system like financial accounting system only considers the activities and their output that is a performance which to them in a way is the limitation of the performance to shed light on the mechanism in which such performance is achieved. Detailed literature analysis enable Kennerley and Neely (2003) enabled them suggest that earlier performance system focused more on historical performance rather than providing any idea about future performance. That is why they view it as “crisis in performance measurement” as it is “short term” internally focused and ignoring significant external focus.

Despite of efforts in the backdrop of such challenges Kennerley and Neely (2003) were in state of oblivion as they are not sure that organizations are successful in incorporating vector of “change”. Larger part of their argument to consider it as crisis is the reason of measuring change that results and impacts over period of time on the performance of the management system. In simple words as the changes kept on occurring the less the system remains effective as change elements needs to be updated in the prevalent management system on regular basis to keep it up to date and relevant measurement system. Taking the research on performance management and crisis to higher level Wang (2012) shed light on shortage of performance management system especially in times of crisis. Online Kennerley and Neely (2003) who considered regular change as the reason of performance management system Wang (2012) was of the view that existing system of performance measure are good measurement system but crisis time’s required different system.

This in a way means that improvement in times of crisis can be a challenging task as shortage of an appropriate performance measurement system in times of crisis limits organizations ability to recover to a better state as they are not in position to mitigate any crisis and are not in a position to avoid potential crisis in future. Whilst providing a detailed account of what crisis is? And how it can cost organization is the distinguishing characteristic of Wang (2012) work. Wang (2012) described crisis as “a set of conditions that generates task demands on an organization that exceed, an organization’ abilities to copy without the use of considerable additional resources”. Ritchie and Campiranon (2014, p.4) work shed enough light on providing distinction between crisis and disaster. They shared the divide on literature regarding their interchangeable use and the different positions and descriptions of the terms disaster and crisis.

### **2.4. Crisis, awareness and tourism industry**

Despite of the fact that tourism industry is one of the lucrative industries of the world yet it is prone to disaster or simply vulnerable to any crisis or disaster (Ritchie and Campiranon, 2014, p3; Pforr, 2009). Henderson (2007, p. 8) indicated tourism is a strange industry where even stronger and bigger players are challenged by small competitors who themselves are ill equipped and prone to crisis. Drawing on wealth of

literature Ritchie and Compiranon (2014, p3) briefed that the vulnerability of the industry is based on facts like its dependence on political scenario, income, weather etc.

Apart from this they further added that sole objective of the industry does not ends with offering opportunities and providing support for expeditions but also to ensure safety of the tourists. Any shortfall in this could pose survival challenges i.e tourism decline in the affected region or country (Mansfeld and Pizam, 2006). Although researcher like Cevlek (2005) agreed with the notion of impact on neighboring countries but suggested that it is not always the case. Based on this, Marten (2016) referred to the issue by indicating that the height of vulnerability of tourism related organization be judged from the fact that “unlucky incident” could spoil the hard earned organizational goodwill in matter of seconds. In the similar manner Marten (2016) added that tourism sector can flourish with stability and safety and even rumors could damage the efforts to motivate people for tourism related activities. Xu and Grunewald (2009) effort was to tackle this vulnerability and shared crisis management process. They suggested “prevention and planning” which is not reactive in nature which in a way expects the unexpected and plan for it. The second process is that of awareness about the crisis and ways and means through which network of all stakeholders are aware of their roles, in case of disaster, so that they can efficiently prepare for any such challenge.

Lastly they stressed on the importance of provision of feedback that is learning and improvement areas identified during any disaster. Xu and Grunewald (2009) recommended use of system thinking and postulated that all the stakeholders including government , tourism and service organizations must be involved efforts of rebuilding confidence which was effected by disaster whether natural or human induced. Henderson (2007, p. 4) also contributed by discussing domains of tourism crisis which involves economic, political, socio cultural, environmental, commercial and technological. Henderson provided details of these domains and their external and internal impact which are shown in the table 1.

**Table.1. External and Internal threats of Crisis**

Domain	External	Internal
Economic	Recession	Rising costs
	Currency fluctuations	Falling revenues
	Taxation	Unprofitability
Political	Government policy	
	International relations	
	Instability	
	Terrorism	
Socio-cultural	Unrest	Staffing
	Crime	Cultural conflicts
Environmental	Natural phenomena	Overdevelopment
	Natural disasters	Environmental degradation
	Pollution	
	Health scares	
Technological	Computer systems failure	
	Mechanical failure	Transport accidents
	Design faults	
	Fire	
Commercial	Regulations	Competition
	Government intervention	Labor disputes
		Management decisions
		Human error

**Source: Henderson (2007, p.4)**

## 2.5. Tourism Industry in Pakistan

The bird eye view of human history gives an idea about the consistent movement of humans whether it is for the safety purpose, hunting purpose or search of food. Lovelock (2008, p. 285) explained that one of the reasons for extinction of Neanderthals is their inability to address to the change in their environment. This is a way means they were unable to change their hunting strategies or move to other fields where they can have access to resources necessary for survival. In a different but contrasting study Bhattia (2002, p.3) revealed that even between 30000 BC to 10000 B.C (Paleolithic Age) survival was the main reason which pushed homosapiens to move. The proper settlement of the human was observed after discovery of “tools” and “fire”. This art of developing shelter place is what brought courage in early humans to move to areas where living conditions were at extreme.

Bhattia (2002, p.4) was of the opinion that real-time travel/tourism was later evolved after the invention of “sailing vessels” and above all after the invention of wheel; which gave birth to travel and exploration of areas inaccessible earlier. The shape and form of earlier travel revolve around religious practices, education, and trade. By way of illustration the city of Taxila which was developed 2000 years ago was well known for one of the world earliest university (Panday, 2004, p.89). This university was well known and attracts students from different countries for study of medicine, philosophy, religion and arts (Kumar, 2003, p 81; Phuoc, 2010, p 50).

Stronza (2001) earlier suggested that literature focusing on tourism is divided into two dimensions one focuses on understanding whilst other on impact of tourism. Stronza (2001) indicated that even a holistic picture using these two dimension will not cover entire tourism field; as the focus of studies relating to understanding tourism revolves around tourist whereas impact studies major focuses on local population. Rabotic (2014) unlike Stronza (2001) and Towner and Wall (1991) recently suggested that tourism is not a recent phenomenon. The use of special interest tourism Rabotic (2014) enabled him to discuss tourist by using lenses of “New and Old”. Large part of this narrative of what lies in the domain of tourism is based on the use of concepts like “free time” the existence of which makes it a recent phenomenon. It seems one of the compelling reason of use of “free time” concept to describe tourism as in the absence of which the tourism field seems in existence with or without an appropriate name. For instance Rabotic (2014) referred to examples of Egyptian, babilonians, and Greeks the travelers of those times were considered as the real tourist.

Whilst providing description of Asia Boniface (2001, p.) divide it into geographical regions which includes Central Asian Republics and Siberia, Middle East, South Asia also known as Indian sub-continent, South East Asia and For East. In the same vein, Pandey (2004) whilst looking at tourism development in South Asia discuss situation of tourism in Pakistan. Pandey (2004) sketch of Pakistan includes not only deserts but, green valleys to give few of the highest mountains of the world. His description of Pakistan is based on few of the unique areas like highest peaks like K2 and Nanga Parbat, archeological sites like Taxila, Mohen-jo-Daro, and Harappa. Apart from the country is blessed with desserts not only in the warmest region (Thar and Cholistan) to Cold Dessert in Skardu. The striking figures which show existence of highest peaks, glaciers and passes at one place differentiate Pakistan from rest of the world (Pandey, 2004, p.85). Large part of this claim is based on fact that in Pakistan total 5 peaks are above 8000 meters high, 68 above 7000 meters, and 100 above 6000 meters high (ibid). A detailed report by world travel and tourism council (2017) indicated that direct contribution of

tourism to GDP in 2016 was 7.6 billion USD. Whereas total contribution to GDP was USD 19.4 billion. In similar manner Bloomberg report (2017) indicated that domestic tourism in Pakistan during 2013 -16 raised by 30%. The detailed figures are as under

**Table.1. Direct contribution of tourism to GDP**

Pakistan	2016	2016	2017	USD bn	2027 % of total	Growth
	USD bn	% of total	Growth			
Direct contribution to GDP	7.6	2.7	5.1	13.6	2.7	5.6
Total contribution to GDP	19.4	6.9	6	3.61	7.2	5.8
Direct contribution to employment	1.338	2.3	2.3	1.757	2.3	2.5
Visitors exports	0.9	3.2	3.1	1.9	2.5	7.7
Domestic spending	11.2	4	5.3	20.3	4	5.6
Leisure spending	10.2	2.2	4.9	18.7	2.3	5.8
Business spending	1.9	0.4	6.5	3.5	0.4	5.5
Capital investment	3.6	9.3	8.1	8.3	11.4	8.0

**Source: World travel and tourism council report 2016**

### 3. Methodology

This study is qualitative and rarely explored or examine domestic tourism sector, identify serious challenges in this sector and provides real time management related solutions to deal these types of crisis. In this study the data is gathered by using three variables which are crisis awareness, organizational performance and strategic leadership. Based on the in-depth literature and an opportunity to conduct research the variable crisis awareness was used as an independent variable. For organizational performance this study chooses a moderate variable called “strategic leadership”, this variable has an impact on management related issues like crisis awareness and organizational leadership. Terrorism has negative impact on every phase of life. Travel and tourism is the only industry which suffer directly from it. How to address these crisis is not known, it requires strategic management in this regards. For this concern this study collected precious data from 40 private travel agencies.

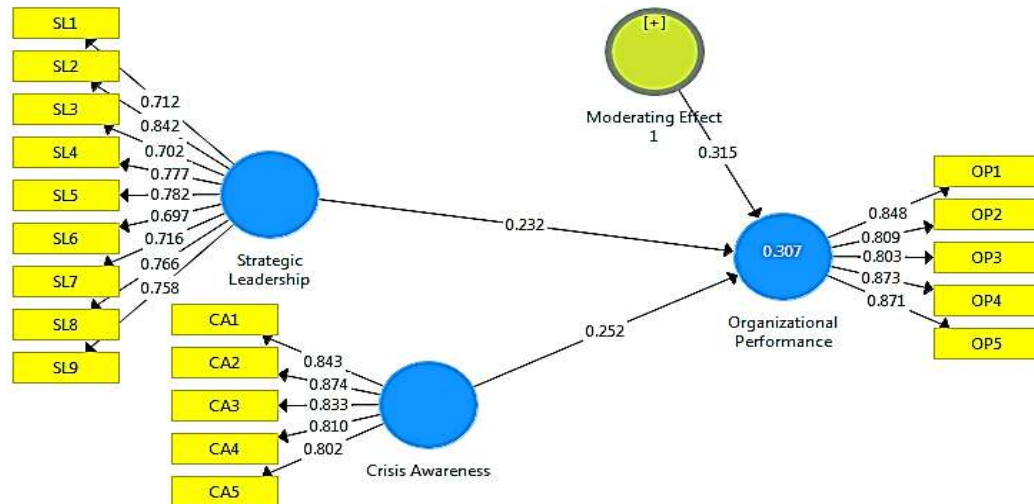
This study used quantitative approach as the study is an attempt to check the impact of crisis situation awareness on organizational performance. The review of literature enabled to identify that organizational performance of SME’s operating in tourism sector are rarely explored or examined. Despite of the fact that these organizations are representing significant part of the overall business in Pakistan. In-depth review further highlighted that tourism sector is one of the fragile business sector where news whether rumors or reality seriously challenges the affairs of the industry. In the back drop of these there are incidences where strategic leadership help moderate these impacts positively.

The present study used positivism approach which is generally associated with quantitative approach. The positivist school of thought revolves around the stance “that objective facts offer the best scientific evidence” (Saunders, lews, & thornhill, 2016, pp.127). Saunders et al (2016, p.127) further suggested suitability of positivist approach with that of quantitative approach. Drawing on the wisdom of Saunders et al (2016) the present study adopted quantitative tool which is in line with positivist philosophy. In this study the data is gathered by using three variables which are crisis awareness, organizational performance and strategic leadership. Based on the in-depth literature and an opportunity to conduct research the variable crisis awareness was used as an independent variable. Similarly the variable organizational performance was used as a



dependent variable. Whereas, variable “strategic leadership” was used as a moderating variable whose moderating impact on the relationship between crisis awareness and organizational leadership was examined.

This measurement model provides details about concepts like Average Variance Extracted (AVE), composite reliability which is generally denoted with CR. Last yet least this model also provide details of Cronbach Alpha which like AVE explains the construct and convergent validity. In the same vein researchers like Nunnally and Bernstein (1994) indicated that CR and  $\alpha$  when higher than 0.7 shows high reliability and internal consistency. This fact is well presented in table 3 which provides all the values of AVE, CR, and  $\alpha$ . whereas review of values of AVE suggests that they lie between 0.565 to 0.708 which is well above the minimum level of 0.5. These higher value of  $AVE > .5$  provides ease in suggesting existence of convergent validity. Review of table 3 also provides evidence of existence of discriminant validity which can be observed if square root of AVE is higher than internal correlation which in this case was checked by using Heterotrait-Monotrait ratio. Similarly  $R^2$  indicates high value i.e 0.307 which is based on the arguments of Henseler et al (2009) who mentioned that in areas where consumer behaviour is evaluated in such studies if  $R^2$  square value is higher than 0.2 then they indicates high value.



**Figure 1: Measurement model with factor loading.**  
**Source: Author’s own elaboration**

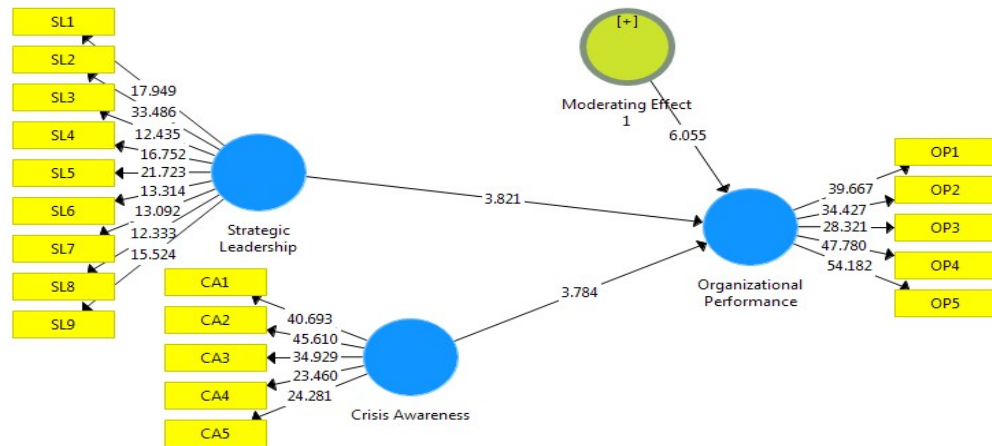
**Table.2. Construct and discriminant validity**

	Loadings	$\alpha$	Average Variance Extracted	Composite Reliability	Correlation (Heterotrait-Monotrait Ratio)			Square Root of AVE		
<b>Crisis Awareness (CA)</b>	0.802-0.874	0.88	0.693	0.919	0.27			0.83		
<b>Organizational Performance (OP)</b>	0.803-0.873	0.89	0.708	0.901	0.42	0.393			0.84	
<b>Strategic Leadership (SL)</b>	0.697-0.842	0.90	0.565	0.916	0.28	0.27	0.39			0.752

**Source: Author’s own elaboration**

Borrowing the wisdom of Lee (2013) who indicated various components /parts in which hypotheses can be tested. Lee (2013) mentioned that in order to test hypotheses there is need to get path coefficient estimated along with checking the statistical significance. Further suggested, that factor loading provides information regarding the formation state of second order factors. For instance in the present scenario the factor loading of this model which ranges from 0.697 (rounded off as 0.7) to 0.874 shows good second order factor formation.

For statistical significance T test was calculated by using sample of 1000 for bootstrapping which confirms significance. Garson (2016, p 97) also indicated that p value can be also used to suggest significance. Further indicated that all the T values which are above 1.96 shows significance at 0.05. Looking back at our first hypothesis which suggests “Awareness about crisis significantly impacts organizational performance” is accepted and confirms awareness of crisis impacts on organizational performance. This hypothesis was accepted as the  $\beta = 0.252$ ,  $t = 3.74$ ,  $p < 0.001$  and shows there is mild correlation between these two variables. The findings indicates that crisis awareness in a way help organization to prepare and manage effectively. For instance this findings is moving in the direction of early work of Carmeli and Schaubroeck (2008) who were of the view that generally crisis threats organizations ability to perform once they surface on stage. The critical part of their work which creates harmony with the finding of this study was “learning from failures” which in a way is supporting the fact awareness about any unwanted situation can enable to organizations to perform better. The recent effort of Bledow et al (2017) supports the narrative of learning from failure as organization at times eliminate factors responsible for such event or prepares themselves to a level where such events cannot effect their ability to perform.



**Figure 3: Boot strap result of different variable**  
**Source: Author’s own elaboration**

**Table.3.Structure Path Model Coefficients (Significance testing)**

	<b>Path Coefficient</b>	<b>Mean</b>	<b>SD</b>	<b>T value</b>	<b>P value</b>	<b>2.50%</b>	<b>97.50%</b>
Crisis Awareness (CA)	0.252	0.25	0.07	3.784	0	0.11	0.372
Organizational Performance (OP)	0.315	0.34	0.05	6.055	0	0.24	0.477
Strategic Leadership (SL)	0.232	0.24	0.06	3.821	0	0.12	0.349

**Source: Author's own elaboration**

Last yet least the 3<sup>rd</sup> hypothesis is also accepted as the value of p is less than 0.001 and value of  $\beta$  is 0.315 which shows that strategic leadership moderates the relationship between crisis awareness and organizational performance. Carter and Greer (2013) work who suggests increased role of strategic leadership in modern times of complexity. One possible justification of their complexity factor could be provided by using lens of different stakeholders and their interaction when it comes to organizational performance. Based on their results of this study and argument of it could be said increasing complexity in tourism business role of strategic leadership is increased than ever. Large part of this argument rest on interpretation of Carter and Greer (2013) who borrowed thoughts of Hambrick (2007) provided reasons of importance of strategic leadership on organizational performance.

These reasons include leadership “experiences, values, ad personalities” which he believed to be of critical importance when it comes to organizational performance. In the backdrop of this skills like these coupled with awareness about crisis can significantly improve Tourism SME’s performance; which otherwise will remain a dream only or can lead to other end of reality which suggests complete halt of activities or in this case no limited tourism business in Pakistan.

## 4. Results and Discussion

The present study used a model where effects of crisis awareness on organizational performance will be examined. Further the study use contingency theory which as per Chin (2003) is a moderating effect of strategic leadership on the relationship between these two i.e. crisis awareness and organizational performance. In order to test the interaction effect Chin (2003) posits suitability of PLS for measuring any moderating effect by using PLS as it not only accounts for initial error measurement but also focuses on estimation of interaction effect whilst conducting statistical analysis. Precisely the study used PLS Path model to evaluate the data gathered for this study. By including more variables and including tourist comments may leads to effective strategy in those areas.

## 5. Conclusion

This study focused on three factors crisis awareness, organizational performance, and strategic leadership. In this research these concepts were stringed together in the backdrop of SME’s business which are operating in Pakistan with a specific focus on

organization which are in tourism industry. Results suggested that organizations which are more aware are in a better position to enhance their performance even in the times of crisis. In-addition results suggests that strategic leadership is of vital importance when it comes to relationship between awareness of crisis and organizational performance.

The study concludes by suggesting that in tourism industry as majority of the organizations or stakeholders are SME's hence combining or bringing all resource to one platform and planning for any challenge can enable them to perform at optimal level. As one strategy for dealing with any real time issue or rumor can place them in bringing back the confidence of the prospective tourists. This in a way is collective effort to ensure that prospective client's safety is first priority rather than just focusing on business elements. It is hence to safe social business model is what is required to revive public confidence but considering them as the center of their business. As the literature on SME's in tourism industry in Pakistan, areas are available to focus on areas like system thinking from the perspective of all the stakeholders in the chain of the organizations linked directly or indirectly to provide tourism. This system thinking will ensure how collective efforts can enable organizations to meet up with challenge organizational performance in crisis times.

As the present study faced limitation of number of respondents for instance owners of the business which in reality are taking decisions, hence using the system thinking in future study could be conducted by approaching owners of the business for their perspective. Large part of the reason to go for this small segment of respondents from Pakistan was based on the notion shared by Montobon (2018) who indicated that even single individual who is leading a consortium could be appropriate together data as he/she knows enough about the business under focus.

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