



Effect of Porter's Five Forces on Sustainable Competitive Advantage: The Mediating Role of Market Orientation Among Maldivian Guesthouse SMEs

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ABSTRACT: The purpose of this conceptual paper is to examine the influence of Porter's Five Forces on sustainable competitive advantage with the mediating role of market orientation among guesthouse SMEs in the Maldives. The study proposes Porter's Five Forces dimensions, namely threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and competitive rivalry, as determinants of market orientation and sustainable competitive advantage. Market orientation is proposed as the mediating variable, while sustainable competitive advantage is the dependent variable. This study adopts a conceptual research design based on an extensive review of theories and empirical literature relating to strategic management, market orientation and tourism competitiveness. Existing literature indicates that Porter's Five Forces significantly influence organisational competitiveness and strategic positioning. However, previous studies mainly focused on direct relationships between competitive forces and organisational performance, with limited attention given to the mediating role of market orientation, particularly within tourism SMEs and small island economies. Furthermore, studies examining the combined relationship between Porter's Five Forces, market orientation and sustainable competitive advantage within the Maldivian tourism industry remain limited. Therefore, this study contributes to the strategic management and tourism competitiveness literature by proposing an integrated conceptual framework relevant to guesthouse SMEs in the Maldives. The proposed study is also expected to provide useful implications for guesthouse owners, managers and tourism policymakers in improving competitiveness and strategic responsiveness within the tourism sector.

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INTRODUCTION

Research Background

Porter's Five Forces was first introduced by Porter (1980) as a framework for analysing industry competitiveness and organisational strategic positioning. The framework later became one of the most widely used strategic management models for understanding how external competitive pressures influence firm profitability, competitiveness, and organisational performance. The concept of Porter's Five Forces was later expanded by various researchers who examined the influence of industry competitiveness on organisational outcomes and strategic adaptability (Sharfaei et al., 2022; Wanyonyi, 2021; Baird et al., 2024). While there are many interpretations of Porter's Five Forces, the framework generally explains how the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes, and competitive rivalry influence organisational competitiveness and market positioning. Hence, the Porter's Five Forces framework has been widely used by organisations striving to strengthen competitiveness and sustain long-term business performance.

The acceptance of Porter's Five Forces and strategic competitiveness practices, however, became widespread across developed countries due to increasing global competition and the need for firms to strengthen their strategic positioning and market responsiveness. Most related studies in developed countries focused on examining the relationship between competitive forces,

market orientation, and organisational performance (Correia et al., 2021; Sharfaei et al., 2022; Yaqub et al., 2025), while some studies explored the influence of competitive forces on sustainable competitive advantage (Elgarhy & Abou-Shouk, 2023; El Nemar et al., 2025). Following the increasing importance of strategic competitiveness, the Porter's Five Forces framework was later adopted within SMEs and tourism-related industries, particularly to examine organisational competitiveness and customer responsiveness in dynamic business environments.

In tourism and hospitality industries, studies mainly focused on examining how market orientation, innovation capability, and strategic adaptability contribute to organisational competitiveness and business sustainability. Previous literature suggested that firms operating in highly competitive tourism industries are required to strengthen customer responsiveness, market positioning, and strategic adaptability to sustain competitiveness (Elgarhy & Abou-Shouk, 2023; Weaver et al., 2021). In small island economies, strategic competitiveness becomes more crucial due to limited market size, high dependency on tourism, and changing customer preferences. Nonaka (2022) suggested that SMEs operating within small island economies require strong strategic capabilities and adaptability to sustain long-term competitiveness. Similarly, Ahmad (2024) highlighted that increasing competition within the Maldivian tourism industry requires firms to continuously improve competitiveness and strategic positioning.

In the Maldives, the tourism industry is considered one of the major contributors to economic growth and business development. The rapid growth of guesthouse SMEs has intensified competition within the tourism sector, requiring firms to continuously improve their strategic capabilities and market responsiveness. Although previous studies in the Maldives discussed tourism competitiveness and operational challenges within guesthouse businesses (Chia & Muiz, 2021; Ahmad, 2024), limited studies have conceptually examined the influence of Porter's Five Forces on sustainable competitive advantage with the mediating role of market orientation. Therefore, this study seeks to contribute to the existing literature by proposing a conceptual framework that links Porter's Five Forces, market orientation, and sustainable competitive advantage among guesthouse SMEs in the Maldives.

Research Rationale

Strengthening strategic competitiveness is crucial for firms to survive within dynamic and highly competitive business environments (Baird et al., 2024; Wanyonyi, 2021). Additionally, market orientation has been positively related to organisational outcomes such as customer responsiveness, competitive position, and improved organisational performance. This is because firms that continuously monitor customer needs, competitor strategies, and environmental changes are more capable of sustaining long-term competitiveness and improving business performance (Correia et al., 2021; Yaqub et al., 2025). Despite the increasing importance of strategic competitiveness, limited studies have conceptually examined the combined influence of Porter's Five Forces and market orientation on sustainable competitive advantage within tourism SMEs, particularly in small island economies such as the Maldives. While several studies examined the relationship between competitive forces and organisational performance, most of these studies focused primarily on manufacturing firms, large organisations, and SMEs outside the tourism industry (Sharfaei et al., 2022; Omar, 2024). Furthermore, previous studies mainly concentrated on the direct relationship between competitive forces and organisational performance without adequately examining the mediating role of market orientation. Similarly, studies relating to tourism competitiveness mainly focused on innovation capability, marketing capability, and customer loyalty rather than examining the influence of Porter's Five Forces on sustainable competitive advantage through market orientation (Elgarhy & Abou-Shouk, 2023; Weaver et al., 2021).

In the Maldives, the tourism industry is considered one of the major contributors to economic growth and business sustainability. However, the rapid growth of guesthouse SMEs has intensified competition within the tourism sector due to increasing substitute services, changing customer expectations, and growing market competition. Previous studies suggested that guesthouse businesses in the Maldives face several operational and competitive challenges associated with tourism market conditions (Chia & Muiz, 2021; Ahmad, 2024). Despite the importance of strategic competitiveness within the tourism industry, limited studies have conceptually examined the relationship between Porter's Five Forces, market orientation, and sustainable competitive advantage among guesthouse SMEs in the Maldives.

Furthermore, previous studies have not adequately examined the mediating role of market orientation in the relationship between Porter's Five Forces and sustainable competitive advantage within tourism SMEs. This indicates that strategic management practices and market-oriented capabilities remain underexplored within the context of the Maldivian tourism industry. Therefore, this study seeks to propose a conceptual framework examining the influence of Porter's Five Forces on sustainable competitive advantage through the mediating role of market orientation among guesthouse SMEs in the Maldives. The study is expected to contribute to the existing literature relating to strategic management, tourism competitiveness, and SME sustainability while providing useful implications for guesthouse owners, managers, and tourism policymakers in the Maldives.

Problem Statement

Although studies have examined Porter's Five Forces, market orientation, and sustainable competitive advantage in different countries and industries (Sharfaei et al., 2022; Correia et al., 2021; Elgarhy & Abou-Shouk, 2023; Yaqub et al., 2025), most of these studies primarily focused on manufacturing firms, large organisations, and SMEs outside the tourism industry. In addition, previous studies mainly focused on the direct relationship between competitive forces and organisational performance rather than examining

the influence of Porter's Five Forces on sustainable competitive advantage through market orientation. More recent studies, such as Sharfaei et al. (2022), Correia et al. (2021), and Omar (2024), examined the relationship between competitive forces, market orientation, and organisational competitiveness. However, these studies did not adequately examine the mediating role of market orientation in the relationship between Porter's Five Forces and sustainable competitive advantage.

Furthermore, it is evident that none of the studies conducted in the Maldives conceptually examined the influence of Porter's Five Forces on both market orientation and sustainable competitive advantage simultaneously among guesthouse SMEs (Ahmad, 2024; Chia & Muiz, 2021). Another key gap identified within the existing literature is that most studies mainly examined either competitive forces or market orientation independently without adequately examining the mediating effect of market orientation on sustainable competitive advantage. Moreover, limited studies within the Maldivian tourism industry have conceptually examined how external competitive pressures influence sustainable competitive advantage through strategic capabilities and market responsiveness.

Therefore, this study seeks to address these gaps by focusing on guesthouse SMEs operating in the Maldives and proposing a conceptual framework examining the influence of Porter's Five Forces on sustainable competitive advantage. Furthermore, this study intends to conceptually examine the mediating role of market orientation in the relationship between Porter's Five Forces and sustainable competitive advantage. Another significant contribution of this study is the simultaneous utilisation of all five dimensions of Porter's Five Forces within the context of guesthouse SMEs in the Maldives.

Research Objectives

To address the research gaps, the following objectives are formulated: (1) to conceptually examine the influence of Porter's Five Forces dimensions such as threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and competitive rivalry on market orientation among guesthouse SMEs in the Maldives, (2) to conceptually examine the influence of market orientation on sustainable competitive advantage, and (3) to conceptually examine the mediating role of market orientation on the relationship between Porter's Five Forces and sustainable competitive advantage among guesthouse SMEs in the Maldives.

LITERATURE REVIEW

2.1. Definitions

Porter's Five Forces is considered as one of the most widely used frameworks for analysing industry competitiveness and strategic positioning. According to Porter (1980), the framework consists of five major forces namely threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and competitive rivalry. These forces determine the intensity of competition and influence organisational profitability and performance. Baird et al. (2024) describe Porter's competitive forces as external environmental pressures that significantly influence firm competitiveness and organisational outcomes. Similarly, Sharfaei et al. (2022) argued that industry forces affect SME performance through competitive mechanisms and strategic responses. Ahmad (2024) further highlighted that increasing competition within the Maldivian tourism industry requires firms to continuously strengthen their strategic positioning and competitiveness.

Market orientation is regarded as a strategic capability that enables firms to understand customer needs, monitor competitors and respond effectively to market changes (Correia et al., 2021; Yaqub et al., 2025). Correia et al. (2021) define market orientation as a mechanism that enhances business performance through dynamic capabilities and competitive advantage. Similarly, Yaqub et al. (2025) refer to market orientation as an organisational capability that improves responsiveness, customer focus and strategic competitiveness among SMEs. Elgarhy and Abou-Shouk (2023) further explain that market orientation contributes towards organisational performance through effective marketing and innovation capabilities. Weaver et al. (2021) also argued that customer loyalty and responsiveness to changing tourism market conditions are important factors for improving competitiveness within the Maldivian tourism industry.

Sustainable competitive advantage refers to a firm's ability to maintain superior performance and competitiveness over a long period of time. Barney et al. (2021) explain sustainable competitive advantage as the outcome of valuable, rare and inimitable organisational resources and capabilities. Similarly, El Nemar et al. (2025) define sustainable competitive advantage as the ability of SMEs to utilise strategic resources and capabilities effectively to achieve long-term business success. In addition, El Daly (2020) argued that sustainable competitive advantage is achieved through the effective integration of internal capabilities and external strategic positioning. Nonaka (2022) further suggested that SMEs operating within small island economies require strong strategic capabilities and adaptability to sustain competitiveness in dynamic business environments.

Review of Related Theories and Use of Market Orientation

There are various theoretical models developed in the past to understand organisational competitiveness and strategic management. One of the most dominant strategic management theories was Porter's Five Forces developed by Porter (1980), which explains how external competitive pressures influence organisational profitability and strategic positioning. Very few studies have adopted Porter's Five Forces together with Market Orientation and Sustainable Competitive Advantage simultaneously (Sharfaei et al., 2022; Omar, 2024). Also, very few studies established the relationship between Porter's Five Forces, market orientation and sustainable competitive advantage within tourism SMEs and small island economies (Ahmad, 2024; Chia & Muiz, 2021). Baird et al. (2024)

further highlighted that external competitive forces significantly influence organisational competitiveness and strategic performance across industries.

One of the pioneers in strategic competitiveness and sustainable advantage was Barney (1991), who proposed the Resource-Based View explaining that firms achieve sustainable competitive advantage through valuable, rare, inimitable and non-substitutable resources and capabilities. The Resource-Based View emphasises the importance of internal strategic capabilities in sustaining organisational competitiveness. Alternatively, Narver and Slater (1990) identified market orientation as an important organisational capability contributing towards customer responsiveness, competitor analysis and long-term business performance. Similarly, Kohli and Jaworski (1990) highlighted that market orientation consists of generating, disseminating and responding to market intelligence across the organisation. Correia et al. (2021) further argued that market orientation contributes significantly towards organisational performance through dynamic capabilities and competitive advantage. Yaqub et al. (2025) also highlighted that market orientation improves SME competitiveness and strategic responsiveness. Market orientation has been widely validated and adopted across different industries and countries. However, the use of market orientation as a mediating variable between Porter's Five Forces and sustainable competitive advantage within tourism SMEs in the Maldives remains limited.

The table below shows the number of studies adopting Porter's Five Forces, market orientation and sustainable competitive advantage within different industries and contexts.

Table 1: Review of empirical research

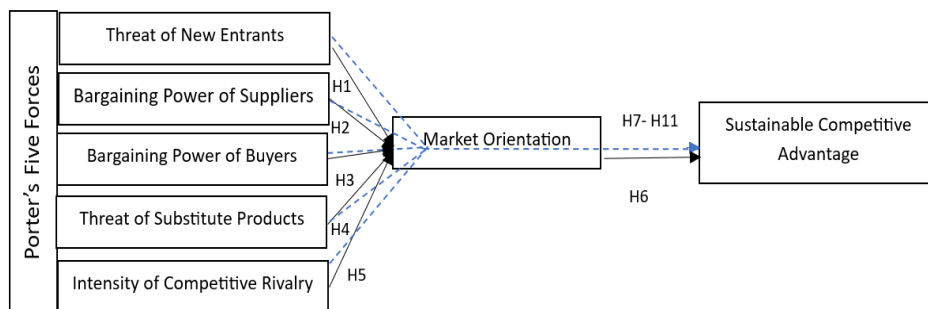
Authors	Findings	Context/Country
Baird, Nuhu, and Jiao (2024)	The study found that Porter's competitive forces significantly influence competitive advantage and organisational performance. Management accounting practices were also found to moderate the relationship between competitive forces and organisational performance.	Various Industries
Sharfaei, Ong, and Ojo (2022)	The study found that industry forces have a significant impact on SME performance through competitive advantage. Competitive advantage was found to mediate the relationship between Porter's Five Forces and SME performance.	Iran
Correia, Dias, and Teixeira (2021)	The study revealed that market orientation positively influences business performance through dynamic capabilities and competitive advantage. Competitive advantage was also found to mediate the relationship between market orientation and business performance.	Portugal
Elgarhy and Abou-Shouk (2023)	The study found that entrepreneurial orientation, marketing capability and innovation capability significantly influence sustainable competitive advantage and market performance within the hospitality industry.	Hospitality Industry
Yaqub et al. (2025)	The study indicated that market orientation and entrepreneurial orientation positively influence SME performance through marketing capabilities and competitive strategies.	SMEs
Wanyonyi (2021)	The study found that Porter's Five Forces significantly influence the competitiveness of agrodealer businesses and highlighted the importance of strategic responsiveness in dynamic business environments.	Kenya
Ahmad (2024)	The study highlighted that increasing competition within the Maldivian tourism industry requires firms to continuously strengthen strategic positioning and competitiveness to sustain performance.	Maldives
Chia and Muiz (2021)	The study revealed that guesthouse businesses in the Maldives face operational and competitive challenges associated with changing tourism market conditions and customer expectations.	Maldives
Weaver, Tang, Lawton, and Liu (2021)	The study found that customer loyalty and tourism market responsiveness are important factors for improving resilience and competitiveness within the Maldivian tourism industry.	Maldives
Nonaka (2022)	The study suggested that SMEs operating within small island economies require adaptability and strong strategic capabilities to sustain long-term competitiveness.	Malta
Barney, Ketchen Jr, and Wright (2021)	The study proposed that sustainable competitive advantage is achieved through valuable, rare, inimitable and non-substitutable organisational resources and capabilities.	Strategic Management
El Nemar et al. (2025)	The study found that SMEs can achieve sustainable competitive advantage through effective utilisation of strategic resources and capabilities.	SMEs

Omar (2024)	The study found that market orientation mediates the relationship between competitive forces and differentiation strategy within higher education institutions.	Egypt
Hussain et al. (2020)	The study indicated that sustainable competitive advantage mediates the relationship between marketing innovation and market performance in the hospitality industry.	Hospitality Industry
Çağlıyan, Attar, and Abdul-Kareem (2022)	The study found that sustainable competitive advantage mediates the relationship between organisational innovativeness and firm performance.	Business Sector

Based on the table above, it can be concluded that various studies were conducted to examine the influence of Porter’s Five Forces, Market Orientation and Sustainable Competitive Advantage on organisational competitiveness and performance. However, studies such as Sharfaei et al. (2022) mainly focused on examining the relationship between competitive forces and SME performance through competitive advantage. Similarly, Correia et al. (2021) and Yaqub et al. (2025) emphasised examining the association between market orientation, competitive advantage and organisational performance. Studies such as Elgarhy and Abou-Shouk (2023), Weaver et al. (2021) and Nonaka (2022) focused on tourism competitiveness, customer responsiveness and strategic capabilities within hospitality industries and small island economies.

It is obvious that the results of previous studies only partially established the relationship between Porter’s Five Forces, market orientation and sustainable competitive advantage, particularly within tourism SMEs and small island economies. Studies reviewed in recent years reveal that most previous studies mainly examined the direct relationship between competitive forces and organisational performance. Other studies examined the relationship between market orientation and competitiveness independently (Correia et al., 2021; Yaqub et al., 2025). Also, it is obvious that none of these studies comprehensively examined the mediating role of market orientation on the relationship between Porter’s Five Forces and sustainable competitive advantage among guesthouse SMEs in the Maldives.

CONCEPTUAL FRAMEWORK



Threat of new entrants refers to the possibility of new firms entering an industry and increasing the level of competition. Firms operating under high entry threats are expected to strengthen their strategic positioning and customer responsiveness to sustain competitiveness (Sharfaei et al., 2022; Omar, 2024). Also, increasing competition within the Maldivian tourism industry requires guesthouse SMEs to continuously improve market responsiveness and customer-focused strategies to sustain market position (Ahmad, 2024). Since threat of new entrants is an important dimension of Porter’s Five Forces, it was found that firms facing stronger competitive pressures are more likely to strengthen Market Orientation practices to improve competitiveness and organisational responsiveness (Baird et al., 2024; Wanyonyi, 2021). However, previous studies mainly focused on examining the direct relationship between competitive forces and organisational performance. The following hypothesis is proposed:

H1: Threat of new entrants has a significant impact on market orientation.

Bargaining power of suppliers affects organisational costs, operational flexibility and resource availability. Strong supplier influence may reduce organisational competitiveness and affect service quality within tourism industries. Firms experiencing strong supplier pressures are therefore expected to improve strategic responsiveness and customer-oriented practices to remain competitive (Baird et al., 2024; Wanyonyi, 2021). Furthermore, effective supplier relationships enable firms to maintain operational efficiency and customer satisfaction within competitive business environments. However, there are limited studies examining the influence of bargaining power of suppliers on market orientation among tourism SMEs and small island economies. The following hypothesis is proposed:

H2: Bargaining power of suppliers has a significant impact on market orientation.

Bargaining power of buyers refers to the ability of customers to influence organisational strategies, pricing and service quality through increased access to information and alternative choices. Firms that effectively respond to customer expectations and tourism market changes are more likely to strengthen customer responsiveness and strategic competitiveness (Correia et al., 2021; Yaqub et

al., 2025). Also, customer loyalty and tourism market responsiveness are important determinants of competitiveness within the Maldivian tourism industry (Weaver et al., 2021). Since bargaining power of buyers significantly influences customer-focused strategies and organisational responsiveness, it was found that firms strengthen market orientation practices to sustain competitiveness and improve organisational performance (Sharfaei et al., 2022; Yaqub et al., 2025). However, limited studies have examined this relationship among guesthouse SMEs in the Maldives. The following hypothesis is proposed:

H3: Bargaining power of buyers has a significant impact on market orientation.

Threat of substitutes creates additional competitive pressure by increasing the availability of alternative accommodation services and tourism products. Firms are therefore required to continuously monitor customer preferences and market trends to sustain competitiveness and customer satisfaction (Sharfaei et al., 2022). Furthermore, organisations adopting stronger market-oriented strategies are more capable of responding effectively to substitute pressures and environmental changes (Correia et al., 2021). Also, changing tourism trends and substitute accommodation services within the Maldives have intensified competition among guesthouse SMEs (Chia & Muiz, 2021). Despite the importance of substitute pressures on strategic responsiveness, there are limited studies examining the relationship between threat of substitutes and market orientation within tourism SMEs. The following hypothesis is proposed:

H4: Threat of substitutes has a significant impact on market orientation.

Competitive rivalry reflects the intensity of competition among existing firms operating within an industry. High rivalry compels organisations to strengthen strategic positioning, customer responsiveness and service quality to maintain competitiveness (Baird et al., 2024; Wanyonyi, 2021). Furthermore, the rapid growth of guesthouse SMEs in the Maldives has intensified competition within the tourism industry, requiring firms to strengthen customer-oriented strategies and market responsiveness (Ahmad, 2024; Chia & Muiz, 2021). It was found that firms operating within highly competitive environments are more likely to improve customer focus, competitor analysis and strategic responsiveness to sustain long-term competitiveness (Correia et al., 2021; Yaqub et al., 2025). However, previous findings relating to competitive rivalry and market orientation within tourism SMEs remain limited. The following hypothesis is proposed:

H5: Competitive rivalry has a significant impact on market orientation.

Market Orientation refers to an organisational capability that enables firms to understand customer needs, monitor competitors and respond effectively to market changes. Firms adopting strong market-oriented strategies are more likely to improve customer satisfaction, strategic competitiveness and organisational responsiveness (Correia et al., 2021; Yaqub et al., 2025). Furthermore, market orientation contributes towards innovation capability, customer loyalty and strategic adaptability within tourism industries (Elgarhy & Abou-Shouk, 2023). It was also found that firms with stronger market orientation practices are more capable of achieving Sustainable Competitive Advantage through effective utilisation of strategic capabilities and market responsiveness (El Nemar et al., 2025). However, studies examining the influence of market orientation on sustainable competitive advantage among guesthouse SMEs in the Maldives remain limited. The following hypothesis is proposed:

H6: Market orientation has a significant impact on sustainable competitive advantage.

Previous studies have increasingly examined the mediating role of Market Orientation between competitive forces and organisational outcomes. Omar (2024) found that market orientation mediates the relationship between competitive forces and organisational strategies. Similarly, Correia et al. (2021) argued that market orientation contributes towards competitiveness and organisational performance through strategic capabilities and customer responsiveness. However, previous studies mainly focused on examining the direct relationship between competitive forces and organisational performance rather than examining the mediating influence of market orientation on Sustainable Competitive Advantage among tourism SMEs. Since market orientation enables firms to transform external competitive pressures into strategic competitiveness and long-term business sustainability, it is important to examine its mediating role within the context of guesthouse SMEs in the Maldives. The following hypothesis is proposed:

H7: Market orientation mediates the relationship between threat of new entrants and sustainable competitive advantage.

Supplier power influences organisational competitiveness through operational costs, resource dependency and service quality. Firms experiencing strong supplier pressures are expected to strengthen customer responsiveness and strategic adaptability through market-oriented practices to sustain competitiveness (Baird et al., 2024; Wanyonyi, 2021). Furthermore, market orientation enables firms to manage supplier-related pressures effectively through strategic responsiveness and customer-focused approaches. However, there are limited studies examining the mediating role of market orientation between bargaining power of suppliers and sustainable competitive advantage among tourism SMEs. The following hypothesis is proposed:

H8: Market orientation mediates the relationship between bargaining power of suppliers and sustainable competitive advantage.

Bargaining power of buyers affects organisational competitiveness through increasing customer expectations, market awareness and availability of alternative tourism services. Firms that strengthen customer responsiveness and competitor analysis through market orientation are more capable of sustaining competitiveness and customer loyalty (Correia et al., 2021; Yaqub et al., 2025). Also, market-oriented firms are more capable of transforming customer-related pressures into long-term strategic advantage within competitive tourism environments. Despite the importance of buyer influence on strategic responsiveness, limited studies examined the mediating role of market orientation between bargaining power of buyers and sustainable competitive advantage among guesthouse SMEs in the Maldives. The following hypothesis is proposed:

H9: Market orientation mediates the relationship between bargaining power of buyers and sustainable competitive advantage.

Threat of substitutes creates competitive pressure by increasing the availability of alternative accommodation services and tourism products. Firms are therefore required to strengthen strategic responsiveness and customer-oriented practices to maintain competitiveness and customer satisfaction (Sharfaei et al., 2022). Furthermore, market orientation enables firms to respond effectively to substitute pressures through customer focus, innovation and market adaptability. However, studies examining the mediating role of market orientation between threat of substitutes and sustainable competitive advantage remain limited within tourism SMEs and small island economies. The following hypothesis is proposed:

H10: Market orientation mediates the relationship between threat of substitutes and sustainable competitive advantage.

Competitive rivalry influences organisational competitiveness through intense competition among existing firms within an industry. Firms operating under high rivalry are more likely to strengthen customer responsiveness, competitor analysis and strategic positioning to sustain competitiveness (Baird et al., 2024; Yaqub et al., 2025). Furthermore, market orientation enables firms to transform competitive pressures into strategic capabilities and long-term business sustainability. However, there are very limited studies examining the mediating role of market orientation between competitive rivalry and sustainable competitive advantage among tourism SMEs in the Maldives. The following hypothesis is proposed:

H11: Market orientation mediates the relationship between competitive rivalry and sustainable competitive advantage.

Research Methodology

This study adopts a conceptual research design based on an extensive review of theories, empirical studies and scholarly literature relating to Porter's Five Forces, market orientation and sustainable competitive advantage. Conceptual research is widely used to develop theoretical relationships, conceptual frameworks and proposed hypotheses through critical evaluation of existing literature and theories (Jaakkola, 2020). Secondary data were gathered from journal articles, books and related academic publications to develop the conceptual framework and proposed hypotheses relating to guesthouse SMEs in the Maldives. The study mainly relies on recent literature relating to strategic management, tourism competitiveness and SME sustainability to provide theoretical understanding and identify research gaps associated with Porter's Five Forces, market orientation and sustainable competitive advantage (Sharfaei et al., 2022; Correia et al., 2021; Elgarhy & Abou-Shouk, 2023).

CONCLUSION AND RECOMMENDATION

Based on the review of the related theories, concepts and past literature, it can be concluded that Porter's Five Forces and Market Orientation are two crucial constructs that can influence Sustainable Competitive Advantage among guesthouse SMEs in the Maldives. Porter's Five Forces, reflected by the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and competitive rivalry has a significant influence on organisational competitiveness and strategic adaptability. Similarly, market orientation enables firms to improve customer responsiveness, strategic positioning and long-term competitiveness. Previous studies also highlighted that increasing competition and changing tourism market conditions within the Maldives require tourism businesses to continuously strengthen their strategic capabilities and competitiveness (Ahmad, 2024; Chia & Muiz, 2021).

Although there are very few studies that focus on examining the relationship between Porter's Five Forces, market orientation and sustainable competitive advantage within tourism SMEs, it was argued in the past that market orientation is important for firms to sustain competitiveness and improve organisational performance. Also, the overall influence of market orientation on sustainable competitive advantage has been highlighted in previous strategic management studies. Therefore, it is important to conceptually examine the influence of Porter's Five Forces and market orientation on sustainable competitive advantage among guesthouse SMEs in the Maldives to establish the relationship between external competitive forces and sustainable competitive advantage through market orientation and thereby identify appropriate strategic management practices for improving competitiveness within the tourism sector. Furthermore, studies relating to SMEs in small island economies highlighted the importance of strategic adaptability and customer responsiveness for sustaining long-term competitiveness (Nonaka, 2022; Weaver et al., 2021).

This study is expected to enable guesthouse owners, managers and tourism policymakers to better understand the importance of strategic responsiveness and market-oriented practices in improving competitiveness and business sustainability within the Maldivian tourism industry.

RECOMMENDATION

Guesthouse owners and managers in the Maldives should continuously monitor external competitive forces such as threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and competitive rivalry to improve their strategic adaptability and competitiveness within the tourism industry. Managers should focus on strengthening Market Orientation by understanding customer preferences, monitoring competitors and responding effectively to changes in the tourism environment to achieve Sustainable Competitive Advantage.

Managers of guesthouse SMEs should encourage customer-focused strategies through improving service quality, innovation capability and customer relationship management practices to enhance customer satisfaction and loyalty. Furthermore, guesthouse businesses should continuously analyse tourism market trends and competitor strategies to strengthen their market positioning and long-term business sustainability.

Tourism policymakers and industry stakeholders should support guesthouse SMEs by providing strategic management training, marketing support and tourism development programmes that improve competitiveness and adaptability within the tourism sector. In addition, policymakers should encourage collaborative initiatives among tourism businesses to strengthen innovation capability, market responsiveness and sustainable competitiveness within the Maldivian tourism industry.

Future researchers may empirically examine the influence of Porter's Five Forces on sustainable competitive advantage with the mediating role of market orientation among guesthouse SMEs in the Maldives using quantitative research approaches. Further studies may also examine additional mediating or moderating variables such as innovation capability, entrepreneurial orientation and customer satisfaction to provide a broader understanding of tourism competitiveness.

Theoretical and Managerial Implication

The proposed study has both theoretical and managerial implications. The study is expected to conceptually establish the relationship between Porter's Five Forces, Market Orientation and Sustainable Competitive Advantage among guesthouse SMEs in the Maldives. The study contributes and adds further support that external competitive forces and market-oriented strategies are important determinants of sustainable competitive advantage within the tourism industry. Also, the proposed study suggests that market orientation is one of the key strategic capabilities that enhances organisational competitiveness and long-term business sustainability among tourism SMEs. Furthermore, the study contributes to the existing literature and theoretical development relating to strategic management by conceptually examining the mediating role of market orientation between Porter's Five Forces and sustainable competitive advantage. Since limited studies have examined these relationships simultaneously within tourism SMEs in the Maldives, the proposed study is expected to provide new insights into the influence of external competitive pressures on organisational competitiveness through market-oriented strategies. Therefore, to improve sustainable competitive advantage, firms are expected to strengthen both market orientation and strategic adaptability towards external competitive forces.

The managerial implication for guesthouse SMEs in the Maldives includes that managers should place greater emphasis on improving market-oriented practices and strategic adaptability towards external environmental changes. The proposed study can be used to design strategic plans that facilitate customer responsiveness, competitor analysis and tourism market adaptability among guesthouse businesses. The proposed conceptual framework may also assist managers in designing customer relationship management and service quality improvement programmes to enhance customer satisfaction and loyalty. Furthermore, guesthouse managers can use this study to allocate resources more effectively towards innovation capability, marketing capability and strategic positioning initiatives that improve competitiveness and long-term business sustainability. Tourism policymakers and industry stakeholders may also utilise this study to design tourism development and strategic management programmes that strengthen competitiveness and resilience within the Maldivian tourism industry.

Limitation and Future Research Direction

There are several limitations associated with the proposed conceptual study although the conceptual framework and literature review were systematically developed. First, the study focuses only on guesthouse SMEs operating in the Maldives. Therefore, future empirical studies should consider broader sample diversity by including other tourism-related businesses such as resorts, hotels and travel agencies within the Maldivian tourism industry. This may provide more comprehensive and generalisable findings regarding the influence of Porter's Five Forces on Sustainable Competitive Advantage. Furthermore, future studies may compare tourism SMEs across different small island economies to provide broader strategic management implications.

Second, the present study is conceptual in nature and does not include empirical data collection or statistical analysis. Therefore, future empirical research may utilise quantitative research approaches such as self-administered Likert scale questionnaires to examine the proposed relationships. Future studies are also encouraged to use multiple respondent approaches and cross-evaluation techniques to minimise self-reporting bias and improve validity and reliability. In addition, objective organisational performance indicators may be incorporated to improve measurement accuracy.

Third, future researchers are encouraged to utilise mixed-method research approaches by integrating qualitative methods such as interviews and case studies with quantitative techniques. This may enable researchers to provide deeper interpretation of findings and better understand the strategic behaviours and market-oriented practices of guesthouse SMEs within the tourism industry.

Furthermore, future studies may examine additional mediating or moderating variables such as innovation capability, entrepreneurial orientation and customer satisfaction to provide broader understanding relating to tourism competitiveness and long-term business sustainability.

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