Original Article

Innovation and Performance in the Hotel Industry: A Systematic Review and Future Research Agenda

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Abstract: *This study examines how innovation has been conceptualized and theorized in the hotel industry and highlights the mechanisms and constraints through which it influences multidimensional business performance. Using a systematic literature review (SLR) employing the PRISMA framework, this study synthesizes 81 peer-reviewed articles published between 2022 and 2026 and indexed in Scopus and Web of Science. The review integrates descriptive mapping, thematic synthesis, and integrative concept development to consolidate fragmented insights in the area of innovation and performance. The results show that innovation in the hotel industry has evolved from being treated as discrete initiatives, such as product, process, digital, marketing, and green innovation, to being conceptualized as a multidimensional strategic capability embedded in organizational routines. Innovation does not directly affect hotel performance in a linear manner, but rather indirectly through mediating paths such as operational efficiency, enhanced customer experience, organizational learning and sustainability-oriented legitimacy. The results give additional evidence that hotel performance is inherently multidimensional, including financial, operational, relational and sustainability outcomes. The success of innovation is strongly tied to organizational and contextual factors such as the size of the company, strategic orientation, technological readiness, market turbulence and other aspects in the institutional environment. This study contributes to theoretical clarity and offers an organized research agenda by embedding conceptual typologies of innovation, mediation mechanisms, and boundary conditions within a systematic analytical framework. The study calls for future longitudinal designs, cross-country comparisons, exploration of nonlinear effects and better integration between digital transformation and sustainability. More broadly, this study speaks to the need for more cumulative, mechanism-based and context-sensitive knowledge about hotel innovation-related performance.*

Keywords: *Innovation, Hotel Performance, Dynamic Capabilities, Digital Transformation, Sustainability.*

I. INTRODUCTION

The hotel industry is increasingly characterized by technological disruption, changing consumer expectations, intensified global competition, and increased pressure to be sustainable. Digital platforms, AI, automation and data-driven personalization have upended the logic of service delivery while environmental social and governance (ESG) demands have reordered competitive priorities [1], [2], [3]. Innovation is thus recognized as a strategic imperative for enhancing hotel performance and securing long-term survival in this fluid, hypercompetitive context [4].

However, despite the general agreement achieved by this body of literature, theory regarding innovation and hotel performance is still underdeveloped, while empirical research are fragmented. Most existing studies generally presume a positive and linear relationship between innovation and performance outcomes [5], [6]. However, empirical evidence is far from consistent. Some studies find that technological and service-related innovations positively influence financial metrics, including profitability, RevPAR, and occupancy, while others report neutral to negative or context-contingent results [7]. As another example, innovation initiatives have not shown a coherent pattern of direct association with other non-financial outcomes such as customer satisfaction, brand equity, service quality, online reputation and sustainability performance [8]. This inconsistency suggests that the relationship between innovation and performance is more complex than the prevailing linear representation suggests.

A second limitation has to do with the very conceptualization of innovation. In hospitality studies, innovation has been operationalized in various ways—from the emergence of technological, sustainable or marketing innovations to new management forms. Over those years, these forms of innovation were also seldom brought together into some larger theoretical framework. The literature borrows from the resource-based view (RBV) [9], capability theory, knowledge-based perspectives, and service-dominant logic [10], yet rarely explicates what is happening for innovation to translate into bottom-line performance. This resulted in an understanding of innovation as a one-off strategic action instead of being seen as capabilities

embedded into routines and environmental structures.

Third, the performance of hotels remains poorly synthesized. Performance indicators can be categorized into financial, operational, relational, and sustainability perspectives; however, there are relatively few studies to systematically address how innovation types affect specific performance dimensions via distinct mediation mechanisms [11], [12]. Moreover, contextual factors—including company size, ownership structure, market dynamics, institutional context and geographic scope are inconsistently accounted for and consequently limit the extent of accumulative knowledge building.

These theoretical and empirical discrepancies indicate a fundamental gap: the absence of an integrative synthesis that brings together fragmented insights, clarifies conceptual ambiguities, and establishes boundary conditions on innovation–performance relationships in the hotel industry. In the absence of such a synthesis, there is a danger that unconnected empirical results will remain grounded with little theoretical refinement or accretive insights. To fill this gap, the current study performs a systematic literature review (SLR) of innovation and performance research in the hotel sector. Further than simple descriptive aggregation, the study seeks to assess critically how innovation has been conceptualized, which theoretical perspectives have been applied, which performance dimensions have been investigated and beneath what contextual conditions innovation adds to superior outcomes.

This review addresses the following overarching research questions. RQ1: How has innovation been conceptualized and theorized in the hotel industry, and through what mechanisms does it influence multidimensional performance outcomes?, RQ2: Under what organizational and contextual conditions does innovation enhance or constrain hotel business performance, and what gaps remain for future research?

In order to address these research questions rigorously and transparently, this study employs a systematic literature review (SLR) methodology based on established review protocols. Unlike traditional narrative reviews, which are often selective and interpretive, a systematic review enables a structured, reproducible, and bias-reducing synthesis of the collected knowledge. Given the conceptual fragmentation and methodological heterogeneity identified in previous studies, a systematic approach is particularly suitable for consolidating evidence and improving theoretical clarity in the field of innovation and performance in the hotel industry.

Specifically, this review follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework to ensure methodological transparency in the identification, screening, eligibility assessment, and inclusion of articles. By applying clearly defined inclusion and exclusion criteria, database search strategies, and coding protocols, the study ensures both rigor and reproducibility. Beyond descriptive mapping, the analysis uses thematic and conceptual synthesis to identify dominant innovation typologies, theoretical foundations, mediating and moderating mechanisms, and performance dimensions that have been examined in previous studies.

Through this structured methodological design, the review aims not only to organize existing research but also to create a theoretically integrative framework that clarifies the causal relationships and boundary conditions in the relationship between innovation and hotel performance. The following section details the review protocol, database selection, search strategy, screening process, and analytical procedures used to ensure the robustness and reliability of the synthesis.

II. METHODS

A) Research Design
This study uses a systematic literature review (SLR) design to summarize existing research findings on innovation and performance in the hotel industry. The review follows a structured, transparent, and reproducible protocol to minimize selection bias and increase methodological rigor. Unlike traditional narrative reviews, which tend to be interpretative and unsystematic, a systematic review facilitates thorough identification, screening and synthesis of relevant studies according to pre-specified criteria. This review was conducted according to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework [13], to ensure methodological transparency and quality of reporting. The PRISMA protocol delineates a process structure in four phases identification, screening, eligibility, and inclusion—which enables the reader to clearly follow how studies were included in the final sample.

B) Data Sources and Search Strategy
The literature review was conducted using two major bibliographic databases: Scopus and Web of Science (WoS Core Collection). These databases were selected due to their comprehensive coverage of high-quality peer-reviewed journals and their reputation in hospitality, tourism, and management research. Both platforms offer strict indexing standards and broad international journal representation, making them suitable sources for capturing theoretically and empirically grounded studies on innovation and hotel performance. Limiting the search to these databases ensured consistent academic quality while ensuring transparency and reproducibility of the review process.
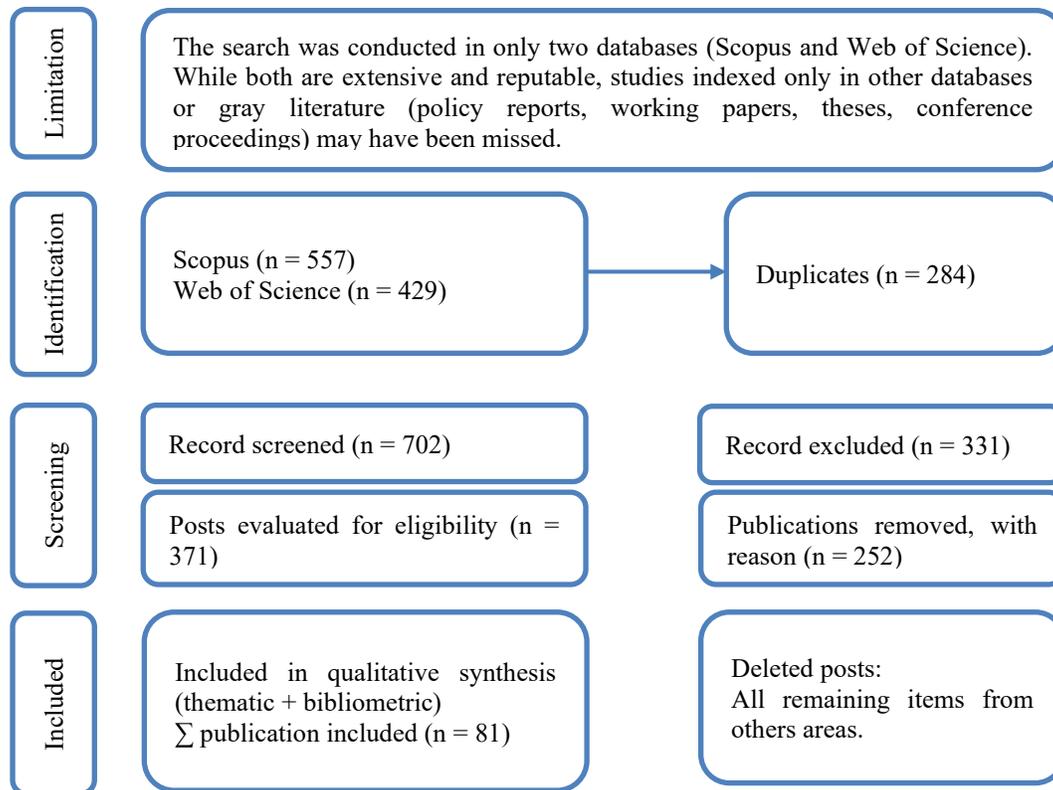
The search strategy used Boolean operators to combine keywords related to innovation and hotel performance. The core search string included variations of: ("innovation" OR "technological innovation" OR "service innovation" OR "digital innovation") AND ("hotel performance" OR "business performance" OR "organizational performance" OR "financial performance") AND ("hotel industry" OR "hospitality industry"). The search was conducted in titles, abstracts, and keywords to increase relevance and precision. Only peer-reviewed journal articles published in English were considered, while conference proceedings, book chapters, dissertations, working papers, and other forms of gray literature were excluded to ensure the quality and comparability of the selected studies.

C) Inclusion and Exclusion Criteria

Studies were included in this review if they (1) empirically or conceptually examined innovations in the hotel or hospitality industry at the organizational level, (2) explicitly examined performance outcomes—whether organizational, financial, operational, relational, or multidimensional in nature, (3) were published in peer-reviewed journals, (4) were written in English, and (5) were indexed in Scopus or Web of Science. Conversely, studies were excluded if they focused exclusively on tourism destinations without analyzing the company level, examined innovations without linking them to performance outcomes, dealt with performance without referring to innovation constructs, were duplicated in different databases, or represented non-peer-reviewed and gray literature such as conference reports, working papers, or policy reports.

D) Screening and Selection Process (PRISMA Procedure)

The study selection process followed the four phases of the PRISMA framework: identification, screening, eligibility, and inclusion. In the identification phase, the initial database search yielded 986 records, 557 from Scopus and 429 from Web of Science. After removing duplicates (n = 284), 702 unique records remained for screening. In the screening phase, the titles and abstracts of these 702 records were reviewed, resulting in the exclusion of 331 studies that did not focus specifically on hotels, did not examine performance outcomes, dealt only with innovation at the macro or destination level, or were conceptually irrelevant. This process resulted in 371 records being forwarded for full-text eligibility screening.

Limitation

The search was conducted in only two databases (Scopus and Web of Science). While both are extensive and reputable, studies indexed only in other databases or gray literature (policy reports, working papers, theses, conference proceedings) may have been missed.

Identification

Scopus (n = 557)
Web of Science (n = 429) → Duplicates (n = 284)

Screening

Record screened (n = 702) → Record excluded (n = 331)

Posts evaluated for eligibility (n = 371) → Publications removed, with reason (n = 252)

Included

Included in qualitative synthesis (thematic + bibliometric)
∑ publication included (n = 81) → Deleted posts:
All remaining items from others areas.

Figure 1. PRISMA Flowchart

During the eligibility phase, the full texts of the 371 articles were reviewed against the predefined inclusion criteria, resulting in the removal of 252 publications because there was no direct link between innovation and performance, methodological rigor was insufficient, there were conceptual overlaps, the focus was not on organizations, or performance at the company level could not be operationalized. After this rigorous multi-stage evaluation, 81 publications met all inclusion criteria and were included in the final qualitative synthesis. The final sample was then analyzed using thematic synthesis,

conceptual classification, and bibliometric mapping, forming the basis for identifying dominant innovation typologies, theoretical perspectives, multidimensional performance outcomes, mediating and moderating mechanisms, and emerging research gaps in the literature on innovation and hotel performance.

E) Data Extraction and Coding Procedure

A structured coding protocol was developed to systematically extract, organize, and classify relevant information from each selected study. The coding process was guided by the research questions and designed to capture both descriptive and analytical dimensions of the literature. The variables extracted included: year of publication (restricted to 2022–2026), journal and ranking, geographical context of the study, theoretical framework used, type of innovation studied (e.g., product, process, digital, marketing, organizational, environmentally friendly), performance dimensions studied (financial, operational, customer-based, sustainability, or multidimensional), methodological approach (quantitative, qualitative, or mixed methods), mediating and moderating variables, and key empirical findings. To ensure consistency in scope and quality, only articles published in peer-reviewed journals, categorized as "articles," written in English, and indexed in Scopus or Web of Science were included in the coding frame.

To increase reliability and reduce subjective bias, the coding process was performed iteratively. Original coding categories were pilot-tested on a random selection of studies and modified when necessary to optimise clarity and classification fidelity. Non-generalizable cases were re-appraised by means of replication checking in order to maintain conceptual clarity, especially between constructs related to innovation typologies and multidimensional performance. This iterative process improved the robustness, transparency, and reproducibility of the analytical synthesis.

F) Analytical Approach

The analysis process was conducted in three consecutive stages in order to enable both a thorough description and theoretical integration. To answer the first two research questions, a descriptive analysis was performed to map publication trends (2022–2026), identify prevalent theoretical perspectives, classify types of innovation studied and categorize methodological approaches employed in the selected studies. Then, on the next step, we performed a thematic synthesis to detect recurrent conceptual patterns and systematically classify (based upon categories derived from data) mechanisms by which innovation engenders improvements in several hotel performance dimensions while considering identified mediators and moderators. Third, an integrative conceptual development phase was conducted to synthesize these patterns into a coherent framework that explains how different innovation typologies influence multidimensional hotel performance under specific organizational and contextual conditions. This multi-layered analysis strategy made it possible to go beyond descriptive aggregation and achieve cumulative theoretical refinement and conceptual integration within the literature on innovation and hotel performance.

III. RESULTS

A) Descriptive analysis

This subsection presents a descriptive mapping for the period 2022–2026.
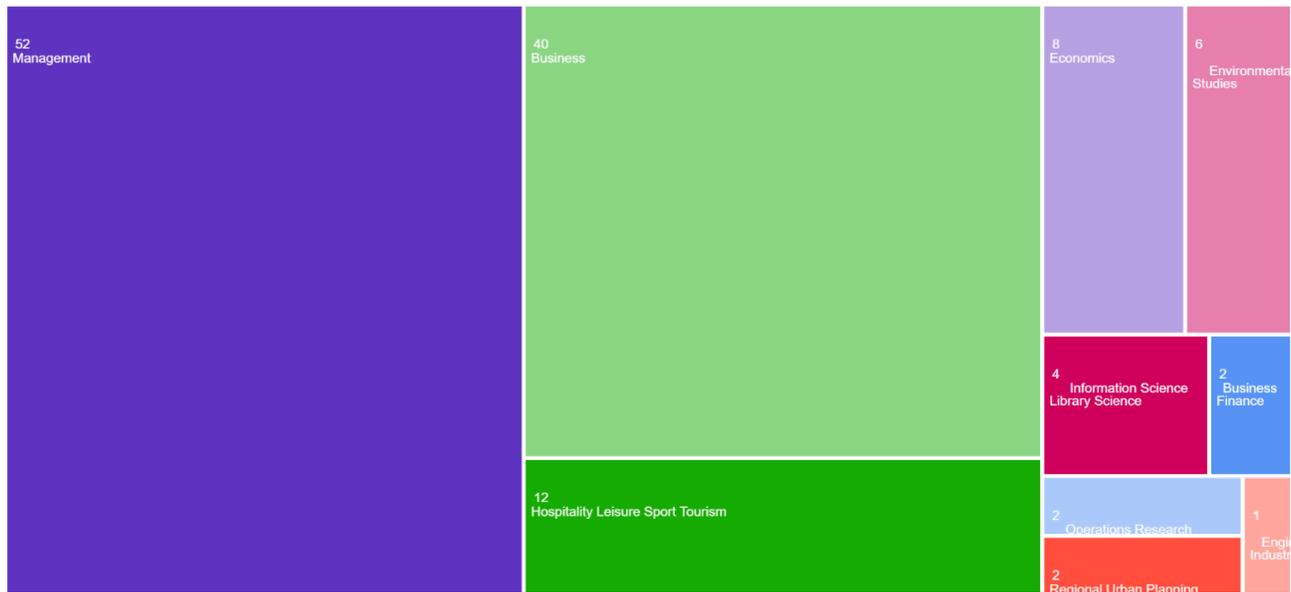
Figure 2: Subject Category Distribution

The distribution of the 81 selected articles across Web of Science subject categories illustrates a clear disciplinary concentration within core management and business domains, but also shows substantial interdisciplinary spillovers. Management and Business constitute the highest publications with 52 (64.20%) and 40 (49.38%) records respectively among other themes however in all general some subjects are mentioned within others in further analysis This dominance confirms that research on innovation and hotel performance sits mainly within symbolic of strategic management/organizational discourse, as such nature; Such strong representation in these two categories shows that hotel innovation is mainly defined as being a managerial and strategic capability rather than just an operational or technological phenomenon. Outside of these core categories, the recorded number includes Hospitality, Leisure, Sport and Tourism, which made up 12 records (14.82%) that reflect that while this topic is industry-specific, much grounded theory tends to venture out of traditional hospitality journals into mainstream management outlets. Economics (8 records; 9.88%) and Environmental Studies (6 records; 7.41%) presence is shaped by direct interest in economic performance implications of sustainability drivers, more specifically value-generating mechanisms around green practices and ESG-related strategies.

Minor yet significant representations also exist in Information Science & Library Science (4 records; 4.94%), reflecting the growing importance of digitalization, data analytics, and knowledge management for hotel innovation. Emerging analytical approaches to inferring relationships along which innovation promotes financial modeling are hinted at by the presence of records under Business Finance; in a similar vein 2 records (2.47%) for Operations Research & Management Science and Regional & Urban Planning indicate that traditional ideas can be adapted allowing efficiency optimization enabling regional communities to gain competitive advantage through the process of 'smart' clustering dissertation topics towards developing strategies accessing relevant resources, developing networks and creating partnerships. Engineering Industrial, Ethics (1 record; 1.24%), Social Psychology (1 record; 1.24%) and Sociology (1 record; 1.24) are also present in the lowest percentages, where too gradual an increase in interdisciplinary fields applies it as well, but very little like integrating with technological systems, ethical innovation, social impact and organization behavior etc.
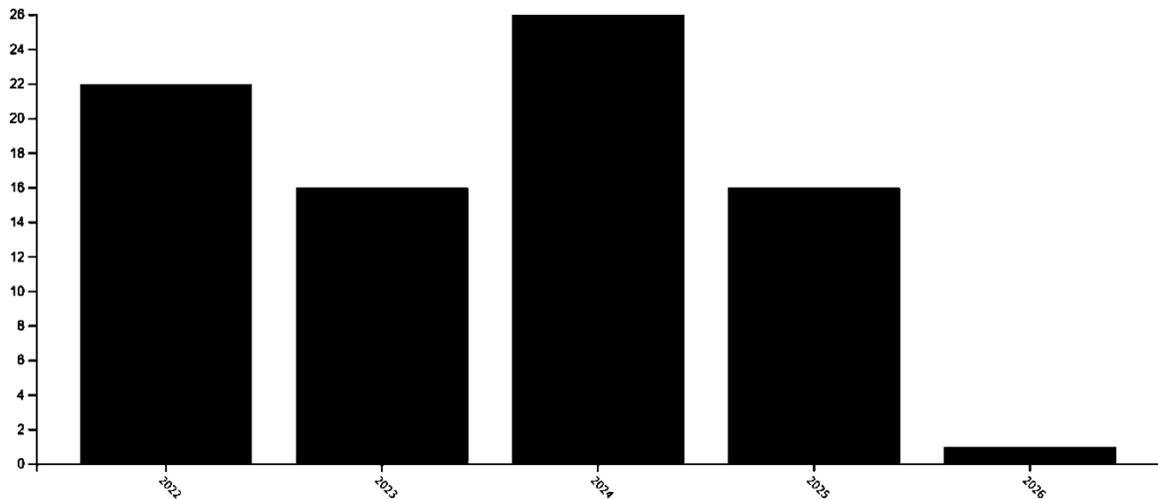
Figure 3. Publication Year Distribution (2022–2026)

The temporal distribution of the 81 selected publications reveals a dynamic and progressively expanding research trajectory on innovation and hotel performance during the 2022–2026 period. The highest concentration of studies was published in 2024, accounting for 26 articles (32.10%), indicating a peak in scholarly attention and suggesting that the innovation–performance nexus has become a central research theme in recent hospitality and management discourse. This surge may reflect heightened academic interest following the post-pandemic restructuring of the hotel industry, where innovation became a critical strategic lever for resilience and competitive recovery. In 2022, 22 publications (27.16%) were identified, marking a strong baseline of scholarly engagement at the beginning of the review period. This was followed by 2023 and 2025, each contributing 16 publications (19.75%), demonstrating sustained and stable research productivity across consecutive years. The relatively smaller number of publications in 2026 (1 article; 1.24%) is likely attributable to the partial indexing of current-year publications at the time of data extraction rather than a substantive decline in research interest.

Figure 4. Geographical Distribution of Publications

The geographical distribution of the 81 selected studies reveals a broad yet uneven global representation, indicating both the international relevance of innovation–hotel performance research and its concentration in specific regions. The largest contribution originates from Spain (17 publications; 20.99%), positioning it as the most prominent national context within the dataset. This dominance likely reflects Spain's strong hospitality research tradition and its globally competitive tourism industry, which provides a fertile empirical setting for examining innovation-driven performance dynamics. Substantial contributions also emerge from the People's Republic of China (11 publications; 13.58%), followed by England, Malaysia, and Poland (each 9 publications; 11.11%). These figures indicate that both advanced European economies and rapidly developing Asian markets are actively engaging in innovation–performance scholarship. Indonesia and Saudi Arabia (each 8 publications; 9.88%) further highlight the growing importance of emerging markets in shaping the discourse, particularly in regions experiencing rapid tourism expansion and digital transformation within hospitality sectors. Australia (7 publications; 8.64%) and Italy (6 publications; 7.41%) also demonstrate strong representation, reinforcing the concentration of research in tourism-intensive economies. Moderate representation is observed in Egypt, Jordan, and the USA (each 4 publications; 4.94%), suggesting increasing scholarly interest in Middle Eastern and North American contexts. Countries such as Brazil, France, and India (each 3 publications; 3.70%) contribute to the diversity of perspectives, while smaller contributions from nations including Canada, Ghana, Iran, Iraq, Pakistan, Portugal, South Korea, Taiwan, and the United Arab Emirates (each 2 publications; 2.47%), as well as Austria (1 publication; 1.24%), reflect a wider but less intensive global engagement.

Figure 5. Citation Topics (Meso-Level) Distribution

The meso-level citation topic analysis further confirms the strong disciplinary anchoring of innovation–hotel performance research within the management domain. Of the 81 selected studies, the overwhelming majority are classified under 6.3 Management (62 records; 76.54%), indicating that the intellectual core of this research stream is firmly embedded in strategic management, organizational theory, and performance management scholarship. This dominance suggests that innovation in the hotel industry is predominantly framed as a strategic capability, organizational process, or competitive mechanism rather than merely a technical or operational initiative. A secondary but meaningful cluster appears under 6.223 Hospitality, Leisure, Sport & Tourism (9 records; 11.11%), reflecting the industry-specific grounding of the reviewed studies. While this proportion is considerably smaller than the management classification, it highlights that a segment of the literature remains anchored within hospitality-specialized journals. The coexistence of management and hospitality classifications indicates an interdisciplinary interface where sector-specific phenomena are increasingly theorized using broader strategic and organizational frameworks.

The remaining citation topics demonstrate limited but noteworthy disciplinary dispersion. Categories such as Economics (6.10), Education & Educational Research (6.11), Bibliometrics, Scientometrics & Research Integrity (6.238), Social Psychology (6.73), and Human Geography (6.86) each account for 1 record (1.24%), suggesting peripheral yet emerging perspectives that incorporate economic modeling, learning mechanisms, methodological reflection, behavioral dimensions, and spatial analysis. Interestingly, one record (1.24%) is classified under Soft Tissue, Bone & Nerve Cancers (1.118) and another under Software Engineering (4.47), which likely reflects interdisciplinary citation spillovers rather than substantive thematic alignment with hospitality research. Additionally, 3 records (3.70%) do not contain data in the citation topic field, indicating minor metadata incompleteness rather than conceptual divergence. Overall, the meso-level citation mapping reinforces the conclusion that innovation hotel performance scholarship is heavily concentrated in management-oriented discourse, with hospitality serving as the primary empirical context. At the same time, the limited presence of adjacent disciplines signals potential opportunities for greater cross-disciplinary integration particularly in behavioral science, spatial economics, digital systems, and sustainability studies to enrich future theoretical development in this field.

B) Thematic synthesis

Thematic synthesis was conducted to identify recurring conceptual patterns and underlying mechanisms linking innovation to hotel business performance in the selected studies. Through iterative coding and cross-comparisons, the literature converged into four dominant thematic clusters: (1) innovation typologies and strategic orientation, (2) mediating mechanisms, (3) moderating and contextual constraints, and (4) multidimensional performance outcomes. Taken together, these themes show that the relationship between innovation and performance in the hotel industry is neither linear nor universal, but contingent, capability-oriented, and multidimensional.

a. Innovation typologies and strategic orientation

The first thematic cluster deals with how innovation is conceptualized and operationalized in the hotel context. Most studies distinguish between product/service innovation, process innovation, digital or technological innovation, marketing innovation, organizational innovation, and green or sustainability-oriented innovation. Digital innovation in particular the introduction of AI, data analytics, intelligent systems, and contactless technologies is emerging as one of the most important trends, reflecting the accelerated digital transformation of the hospitality industry. Beyond this categorization, however, several studies position innovation as a strategic orientation or organizational capability rather than as isolated initiatives. Based on resource-based and dynamic capability perspectives, innovation is increasingly understood as a bundle of routines that enable hotels to recognize market changes, seize opportunities, and reconfigure resources. This capability-based view suggests that sustainable performance improvement depends not only on the introduction of innovations but also on embedding innovation in strategic orientation and corporate culture.

b. Mediation mechanisms that link innovation to performance

Another key issue deals with the mediating mechanisms that link innovation with performance outcomes. Innovation does not have an effect directly, but rather indirectly by enhancing performance through intermediate organization processes. Some of the most common mediators identified are service quality, customer experience, operational efficiency, organizational learning, brand equity and digital engagement. Digital innovation, for instance, increases customer satisfaction by enabling greater personalization and responsiveness of service, which correlates with improved financial performance. Likewise, process innovation will also lead to greater operational efficiency and lower operational costs, which in turn will result in better profitability metrics. This type of innovation enhances employee engagement as well as knowledge sharing, which in turn, indirectly impacts both customer-related and financial outcomes. These findings then imply that innovation is not a direct factor towards performance but instead acts like a controllable mechanism to activate complementary pathways to enhance performance.

c. Moderating and contextual constraints

The third cluster of themes captures the contingent relationship between innovation and performance. Multiple studies highlight the contingent nature of the innovation-performance relationship in terms of organizational and environmental conditions. Some of the key moderating factors to consider are company size, ownership structure (independent v/s Hotel Chains), market turbulence, competitive intensity, technology readiness and institutional environment. Next to this, emerging and developing countries seem to have their own dynamics for the role of innovation on performance compared to advanced economies, stemming often from institutional constraints, resource scarcity or market volatility. Moreover, small and medium hotels might be even limited in human resources-based constraints that affect the pay-off of investments in innovation. These contextual differences highlight that not all types of innovation will yield greater levels of performance; whether it works or not depends on fit with strategy and the surrounding environment.

d. Multidimensional performance outcomes

The third theme is related to the MIP of performance. The literature is progressively transitioning from using only traditional financial measures (such as profitability, RevPAR, and return on investment) to operational, relational, reputational and sustainable performance dimensions. Financial numbers are often examined along with customer satisfaction, online reputation ratings, brand loyalty and commitments to environmental performance and employee outcomes. Importantly, different performance dimensions are affected by different types of innovation. Customer-related performance and particularly reputation are not strongly associated with process innovation, which has a primary impact on operational efficiency and cost performance. With the exception of some, green innovations improve sustainability performance and indirectly lead to financial results by enhancing brand image and fostering compliance with regulations. Consequently, such differentiated effects highlight the necessity of a multidimensional framework to comprehensively explore both innovativeness and performance.

C) Integrative conceptual development

Building on the descriptive mapping and thematic synthesis, this section develops an integrative conceptual framework that reconceptualizes the relationship between innovation and hotel performance as a capability-oriented, mechanism-based, and context-dependent process. Rather than viewing innovation as a standalone organizational activity with direct implications for performance, the synthesis suggests that innovation functions as a multidimensional strategic capability that is embedded in organizational routines and shaped by environmental conditions.

a. Reconceptualizing innovation as capability configurations

The integrative analysis indicates that hotel innovations are best interpreted not as singular initiatives (such as technology adoption or beginning new services) but rather as constellations of complementarities. Such setups often blend digital framework, management procedures, human capital capabilities, and strategic direction. Through this lens, innovation acts as a horizon-spanning capability that allows hotels to renovate operational processes, update service delivery and realign with market demands. The snappiest way to describe this new concept is that it simply integrates product, process, digital, marketing, organizational and green innovations into a coherent set of competencies bridging fragmented innovation typologies. The framework thus moves the focus from "types of innovation" to "innovation competency systems" and underscores the interdependence between different dimensions of innovation.

b. Mechanism-based pathways to multidimensional performance

The synthesis also provides evidence that the innovation–performance relationship is mediated by various organizational mechanisms. While innovation enables performance via intermediate constructs like service quality improvement, operational efficiency enhancement, customer loyalty, brand differentiation and organizational learning. Mediating pathways clarify the rarity of returns to innovation in firms, as innovations rarely, overnight, become highly profitable through direct effects but instead influence performance indirectly by way of relational and operational improvements. The proposed integrative model thus postulates that hotel performance is multidimensional and includes not only financial but also operational, customer-related, and sustainability outcomes. Different configurations of innovation capabilities enable different pathways to performance. Digital and marketing innovations, for instance, primarily enhance customer experience and reputation capital; process and organizational innovations boost internal efficiency and cost performance. Green Innovations enhance sustainability performance, positively affecting financial performance through legitimacy and brand value effects.

c. Contextual and organizational conditions

A key finding of the integrative synthesis is the contingency of innovation effectiveness. The impact of innovation capabilities on performance is moderated by contextual and organizational conditions, including company size, ownership structure, technological readiness, competitive intensity, institutional environment, and market turbulence. These conditions influence both the adoption of innovations and the strength of their performance effects. The framework, therefore, takes

contextual moderators into account to explain differences between geographic regions and market structures. In emerging markets, institutional constraints and resource scarcity may weaken the link between innovation and performance, while in highly competitive markets, innovation may function as a necessity for survival rather than a source of differentiation. This contingent perspective moves the field beyond universalistic assumptions toward a more context-sensitive explanation.

d. Toward a cumulative theoretical agenda

The integrative conceptual development advances the literature in three ways. First, it unifies fragmented theoretical perspectives such as resource-based, dynamic capabilities, and strategic orientation approaches into a coherent explanatory structure. Second, it shifts the analytical focus from models with direct effects to mechanism-based and multidimensional explanations. Third, it explicitly incorporates contextual constraints, thereby promoting comparative and cross-national research designs. The resulting framework positions innovation as a dynamic capability system that influences hotel business performance through mediated pathways and under specific contextual conditions. By integrating typologies, mechanisms, and constraints into a single analytical structure, this conceptual development provides a basis for cumulative theory building and offers a structured roadmap for future empirical testing in the field of innovation and hotel performance.

IV. DISCUSSION

This study set out to systematically synthesize how innovation has been conceptualized within the hotel industry and to clarify the mechanisms and boundary conditions through which it influences multidimensional performance outcomes. By integrating findings across the selected studies (2022–2026), the discussion addresses the two guiding research questions and advances a more cumulative and mechanism-based understanding of the innovation–hotel performance nexus.

A) RQ1

How has innovation been conceptualized and theorized in the hotel industry, and through what mechanisms does it influence multidimensional performance outcomes?

a. Conceptualization of Innovation: From Discrete Initiatives to Strategic Capabilities

The review shows an evolution in both perspective toward, and operationalization of, innovation within hotel research. The metric of innovation has early operationalizations that centered around discrete types of innovation—e.g., product/service innovation; process innovation; marketing innovation; digital (or IT) innovation, and green/sustainability-oriented—from which it was possible to examine each independently. However, recent scholarship frames innovation as a strategic orientation or higher-order capability embedded in organizational routines. The predominant theoretical lenses comprise the resource-based view (RBV), dynamic capabilities theory, strategic orientations theories, and to a lesser extent knowledge- and service-dominant logics perspectives. Through these lenses, innovation is conceived of not simply as the use of new technology or practices, but rather a configuration of capabilities allowing hotels to sense changes in their environment, capture opportunities that meet evolving consumer needs and rearrange internal resources. This evolution marks a significant theoretical shift whereby innovation is no longer approached as an isolated operational decision but rather as a systemic/capability-driven construct that lies at the heart of competitive positioning.

b. Mechanisms Linking Innovation to Multidimensional Performance

The synthesis shows that innovation infrequently has a straightforward direct impact on performance. Its effects, instead, are mediated through intermediary organizational and relational mechanisms. Operational Efficiency Pathway: improved process and organizational innovations lead to cost efficiencies, productivity improvements, and common or consistent service delivery that affect financial performance measures (profitability; RevPAR) Customer Experience Path: Digital and Service Innovations enhance personalisation, responsiveness, and perceived service quality improve customer satisfaction, loyalty & online reputation Learning and Knowledge Pathway: Organizational innovation promotes knowledge sharing, increases employee engagement, and supports adaptive learning—factors that strengthen long-term competitive capabilities. Legitimacy and Sustainability Pathway: Green BDSs improve environmental performance and legitimize the corporate image, leading to an increase in financial (indirectly)/reputational return. Significantly, the review affirms that hotel performance should be viewed as multidimensional. Financial metrics (e.g., profitability, revenue growth) sit alongside other measures spanning operational (efficiency, productivity), relational (customer satisfaction, brand equity), and sustainability dimensions. Divergent performance pathways are activated by different types of innovation, suggesting a need for an analytical approach that prioritises differentiation over arbitrariness.

B) RQ2
Under what organizational and contextual conditions does innovation enhance or constrain hotel business performance, and what gaps remain for future research?

  a. **Organizational Boundary Conditions**

Innovation effectiveness is highly dependent on internal attributes of the organization. Any future research could explore other potential moderators, such as the size of property and access to resources (larger or chain-affiliated hotels may have more financial and technology resources at their disposal) that would allow them to more effectively adopt innovations. On the other hand, small and mid-sized hotels probably have limited resources that prevent them from realising returns on innovation. Strategic alignment: Innovation generates better performance results when aligned with business strategy and market positioning. Technological readiness and absorptive capacity: The maturity of digitalization and the strength of a hotel's learning capabilities determine how effectively this transformation reshapes that entity, converting innovation investments into performance uplifts. Leadership orientation and organizational culture: Entrepreneurial leadership and innovation-supportive cultures strengthen the effect of innovation initiatives. These findings imply that not all innovations are good; rather, the performance effects due to innovation depend on internal capabilities' configurations and strategic fit.

  b. **Contextual and Environmental Conditions**

Beyond organizational factors, the broader competitive and institutional environment plays a critical role. Market turbulence and competitive intensity: In highly competitive markets, innovation becomes a strategic necessity, intensifying its performance relevance. Institutional environment: Regulatory frameworks, digital infrastructure, and sustainability mandates shape both the adoption and effectiveness of innovation. Geographical context: Emerging markets exhibit distinct innovation–performance dynamics compared to developed economies, often due to resource limitations or institutional volatility. Post-pandemic restructuring: The COVID-19 aftermath has accelerated digital and contactless innovations, redefining performance expectations and strategic priorities. These contextual variations underscore the contingent and non-universal nature of the innovation–performance relationship.

  c. **Persistent Gaps and Future Research Directions**

Theoretical advancement and empirical robustness for both recent studies into innovation and the effects on hotel performance are still tellingly limited by certain structural gaps. Specifically, quantitative cross-sectional designs remain the dominant research approach in this field, limiting the possibility of establishing causal conclusions and understanding the dynamic process of innovation capabilities over time. Even though innovation processes are by nature time-dependent and path dependent, longitudinal studies, panel data analyses or mixed-method approaches remain mainly neglected. Second, the majority of studies are limited to one type of innovation most commonly digital, service or green innovations not giving consideration to the complementary and/or synergistic potential between different innovation capabilities. This piecemeal approach impedes the building of cumulative knowledge and fails to provide a systemic comprehension of how various dimensions of innovation, collectively, affect multidimensional performance outcomes. Third, nonlinear and paradoxical effects are still under-investigated. The theoretical arguments suggest both promoting and inhibiting effects of innovation; however, very few studies investigate if investing too much in innovations results in declining returns, strategic misalignment, organizational overload or loss of short-term performance.

Not only are there methodological and conceptual gaps, but the geographical distribution of research is also uneven. The majority of empirical research focuses on the European and Asian contexts, but the African and Latin American contexts are under-researched. Such an underrepresentation makes it hard to draw generalizable conclusions and offers very limited insight about the ways in which institutional, market-related and cultural differences shape the interplay between innovation and performance. Moreover, although sustainability and digital transformation are often studied in silos as separate individual constructs, their intersection is still relatively weak from a theoretical perspective. Future research should investigate the relationship between digital and green innovations and, in particular, whether they can reinforce or limit one another when it comes to developing competitive advantage and enduring adaptability. Addressing all of these gaps will require integrative theoretical models, comparative cross-country designs, multi-level analyses, and increased methodological variety so that the field can reach a more holistic and context-sensitive comprehension of innovation-oriented hotel performance.

V. CONCLUSION

This systematic literature review study summarizes the current findings systematically and describes research on innovation and hotel business performance from 2022 to 2026. The findings of the study not only integrate scattered evidence but also advance a more comprehensive understanding of how innovation impacts multidimensional performance outcomes in the hotel landscape, by adopting a PRISMA-based protocol and by integrating descriptive, thematic and conceptual analyses. Findings: The results indicate that the hotel contextual innovation evolved from an operational conceptualization to a

multidimensional strategic capability theoretical view. Innovation is not a one-dimensional driver of hotel performance; instead, it is directly or indirectly through the mediating mechanisms such as operational efficiency, customer experience improvements, organizational learning and enhanced legitimacy via sustainability initiatives. Performance itself, importantly, is becoming understood as multidimensional worth specifying financial, operational, relational and sustainable dimensions. Different innovation types activate different performance mechanisms, establishing a need for differentiated mechanism-based analysis.

The study also points out that the innovation-performance relationships are contingent on organizational and contextual conditions. As an outcome, the range and direction of innovation outputs are framed by a very major set of contextual factors, including but not limited to business size, strategic orientation, technology readiness (including common response to technological opportunity), leadership orientation (either adaptive or at any stretch controlling), as well as by industry turbulence, institutional climate and geographic space. These results run against universalistic claims and highlight that success in innovation is dependent on the configuration of capabilities and fit to context. For the theoretical contribution, the paper integrates different views on innovation typologies and explanatory approaches in a unified framework that sees dynamic capability systems embedded within organizational structures and affected by context complexity. Methodologically, it identifies prevailing trajectories of research and advocates the increased employment of longitudinal, comparative, and mixed-method designs to enhance causal inferences and theoretical refinements. On the content side, it provides a well-structured research agenda covering nonlinear effects, synergistic innovation configurations, underrepresented geographic contexts, as well as the intersection between digital transformation and sustainability.

To conclude, hotel innovation is not to be viewed simply as the use of technology or incremental enhancement of offerings; rather, its systemic and context-specific capacity must be recognised for the multidimensional performance outcomes that it creates. This review constitutes a basis for cumulative theory development and more rigorous empirical inquiries in the quickly expanding nature of innovation-determined performance of hotel organisations – by highlighting conceptual underpinnings, specifying mechanism-based links and defining research routes.

VI. REFERENCES

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