



**DYNAMIC SERVICE INNOVATION STRATEGY: EFFECT ON
FIRM PROFITABILITY OF HOTEL BUSINESSES
IN THAILAND**

**BY
SASICHA PIMPAN**

**A dissertation submitted in partial fulfillment of the requirements for
the degree of Doctor of Philosophy in Marketing Management
at Mahasarakham University**

April 2018

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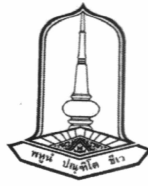
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The examining committee has unanimously approved this dissertation, submitted by Miss Sasichai Pimpan, as a partial fulfillment of the requirements for the degree of Doctor of Philosophy in Marketing Management at Mahasarakham University.

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Sasichai Pimpan



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ABSTRACT

The purpose of this research is to examine how dynamic service innovation strategy, which includes new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration, has an effect on firm profitability through service excellence, customer fulfillment, service advantage, and service performance. In addition, this research tests the impact of five antecedents (market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity) on dynamic service innovation strategy. For more understanding of this research phenomenon, one moderating variable is examined: market culture. The model is empirically tested using data collected from a mail survey of 248 hotel businesses located throughout Thailand, and using a questionnaire as an instrument. The statistics used for analyzing data were correlation analysis and multiple regression analysis.

The results indicate partial support for the hypotheses derived from the conceptual model. Analyses of the survey provide evidence that dynamic service innovation strategy is consistently and positively associated with three consequences (service excellence, customer fulfillment, service advantage), service performance and, firm profitability. On the other hand, market culture was found to have partially significant moderating effects on antecedents and dynamic service innovation strategy. Apart from that, the results show service excellence, customer fulfillment, and service advantage is consistently and positively associated with service performance and service performance which has a significant positive influence on firm profitability.



The findings uniquely contribute to the research on dynamic service innovation strategy by providing the relationships among dynamic service innovation strategy, consequences, antecedents, service performance, and firm profitability. Furthermore, the findings can help managers, particularly in the hotel business to understand how their firms can achieve service performance and firm profitability over their competitors.



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CHAPTER I

INTRODUCTION

Overview

In recent decades, business is growing with continuous dynamism and high, competitive economy leading to a change in the condition of market and economic environments more than ever before. Business today is faced with a dynamic environment characterized by rapid changes in economy, society, culture, technological change, and customer preference (Schmitt, & Klarner, 2015). Thus, businesses need to improve or change strategy continuously to survive and succeed. In order to compete and be successful in business, organizations need to develop their ability to adapt or have the dynamic capability to grow with the fluctuation of the constantly changing environment (Eisenhardt, & Bhatia, 2002). For providing firms with a sustainable competitive advantage, challenges require the firms' ability to accurately understand their customers' needs and to continuously anticipate and adapt to the new market rules in order to guarantee their long-term survival (Rubalcaba, Gallego, & Den Hertog, 2010). Moreover, all business sectors create competitive advantage by focusing on outstanding service features over their competitors. Therefore, a dynamic environment that firms continuously adapt strategy for customers' needs, and an effective manner is compared to competitors (Doloreux, & Melancon, 2008).

Currently, innovation is widely recognized as a key driver of economic growth and it plays a crucial role in competition at both a national and firm level (OECD, 2010). Innovation is a broad concept that can use a wide variety of ways (Fagerberg, 2004). Innovation derived from the Latin word *innovare* means to take something new (Tidd, Bessant, & Pavitt, 2001). The meaning of innovation in Schumpeterian reflects a change of business by the addition of a new element or a new combination of old elements. Moreover, innovation is also a top priority on the agenda of service organizations (Ostrom et al., 2010). Innovation in the service sector has been described as the "Next Big Thing" in industry (Jana, 2007). Innovation in service industries differs from manufacturing in their innovation patterns and the notion of innovation in the



manufacturing sector because it cannot simply be transposed to the service sector (Hipp, & Grupp, 2005).

Service can be best defined as an activity series of activities of a more or less intangible nature that normally, but not necessarily, takes place in interaction between the customer and service employee, and/or physical resources or goods and/or system of service providers, which are provided as solutions to customer problems (Grönroos, 1999). The characteristics of service help one understand how service is different from products and what might entail for the process of innovation (Sundbo, 1997). Then, service is the fundamental basis of exchange (Vargo, & Lusch, 2004). The emerging views that can enhance a firm is its competitive advantage through service and the long held belief that innovation is a basic function of the firms also to imply the strategic importance of service innovation (Agarwal, & Selen, 2009).

Service innovation as a change of specific innovation dimensions is related to various characteristics of service (Den Hertog, 2000). Service innovation is centered on dynamic and relational interactions between suppliers and customers, with customers being regarded as co-creators of innovation through these interactions (Chesbrough, 2011; Moeller, Rajala, & Westerlund, 2008). Moreover, service innovation also increasingly appears in firms that hope to differentiate strategy through new services and integrated service bundles often as part of a solution or wider function (Carlborg, Kindström, & Kowalkowski, 2014). Successful service innovation requires tangible and visible top management support, especially in terms of consistent strategies (Cooper, Edgett, & Kleinschmidt, 1999). Therefore, strategic decisions or guidelines concerning specific service innovation practices are referred to as service innovation strategy (Kindström, & Kowalkowski, 2014).

Service innovation strategy enables managers to plan and engage adequate resources for specific innovation practices (Menor, & Roth, 2007). In this study, service innovation strategy is the strategic decisions of firms regarding service innovation practices to gain a sustainable competitive advantage (Ryu, Lee, & Ham, 2014). To be able to develop new services continuously and comprehend the underlying business logic of service provision, firms must develop dynamic capabilities that can enable service innovation strategy (Den Hertog, 2010; Fischer et al., 2010). Firms use dynamic capabilities for exploring new variations, selecting possible courses of action, and



exploiting their new developed organizational competencies (Roper, Du, & Love, 2008). Dynamic capabilities play a major role in innovation literature (Crossan, & Apaydin, 2010). Many firms attempt to conceptualize dynamic capabilities for innovation, and are focused on large firms in manufacturing and high-technology industries (Hogan et al., 2011).

Dynamic service innovation strategy is an integrative and a combination of service innovation strategy literature in the dynamic environment of competitive business. Therefore, dynamic service innovation strategy is defined as the ability of firms to continuously evaluate conditions and determine directions to create a new process, improve existing, introduce new activity and adapt to a firm's changing environment, in order to gain and sustain competitive advantage and to achieve business success (Goldstein et al., 2002).

In this research, service innovation dimension is applied from several concepts. Den Hertog (2000) defined different innovation activities as service innovation dimensions and introduced four dimensions of service innovation, namely, service concept, service delivery, client interface, and technology. He also proposed mapping innovation in service according to a multidimensional model which takes into account the interrelated nature of innovation in services. Furthermore, Sundbo (2003) and Sundbo, Orfila-Sintes, and Soerensen (2007) who found multi-dimensions of service innovation, namely, product innovation, process innovation, organizational innovation, market innovation, technological innovation and widened service. Žitkienė, Kazlauskienė, and Deksnys (2015), introduced five dimensions: client, strategy, network, knowledge, and technology focused. In the dimension of service innovation, it has much research that demonstrates about the best characteristics that can effectively affect the operational performance of an organization; but dynamic service innovation strategy characteristics have never been studied and measured in empirical research (Randhawa, & Scerri, 2015). Therefore, dynamic service innovation strategy has the potential to create new business models that can revolutionize the business sector, and this can also form a basis for classifying different dimensions of innovation in services (Agarwal, & Selen, 2011). From the above, these dimensions can help explain the practical development of dynamic service innovation strategies. For these reasons, this research develops five dynamic service innovation strategies along these five dimensions: 1) new service approach orientation, 2) original service



presentation capability, 3) novel service establishment competency, 4) service technology implementation focus, and 5) customized service concentration.

According to the Tourism Authority of Thailand, the hotel industry in Thailand suffered from many challenges throughout 2014 due to political discontent, but has made a confidence comeback in 2015 with a record number of nearly 30 million visitors arriving in the country. Moreover, from the number of tourists increased by the end of the year 2016 (Tourism Authority of Thailand Newsroom, 2017). Therefore, Thailand has become one of the major hotel businesses of the world and the number of tourists have been increasing every year (Tourism Authority of Thailand Newsroom, 2016). Moreover, looking at the nationality of guests in hotels across Thailand, almost two out of five guests were from Asian countries, with significant numbers of Chinese visitors making up the bulk of these. A further one out of five hailed from Europe, while local Thai guests made up the third largest segment overall. Thus, hotels would do well to make plans that attract growing numbers of visitors to staying at 4 and 5 star level. In addition, the record from the gross domestic product shows that the hotel businesses in Thailand contributed 48 percent from the service sectors (Thailand Board of Investment, 2016).

The hotel business in Thailand is considered an appropriate to investigate the relationships among dynamic service innovation strategy that are important and add value to the business. This research can enhance firm credibility through the Tourism Authority of Thailand under the Ministry of Tourism and Sports. This is because Thai hotel businesses develop new service designs as well as increase the service innovation of business by emphasizing the importance of and responding to customers' needs in order for them to gain more satisfaction and more positive attitudes toward the services of the hotel business. This research uses questionnaires to collect data and has sent them to each firm by mail. The population and sample chosen are the hotel businesses in Thailand totaling 1,200 firms. For data analysis, both descriptive and inferential statistical techniques consisting of factor analysis, correlation analysis, and regression analysis are employed in this research for validating the quality of instruments and analyzing the empirical data. In addition, a pre-test method is appropriate to estimate the validity and reliability of the questionnaire throughout the test of non-response bias to ensure good data before the analysis and testing of all hypotheses.



The research objective is to investigate theoretical contributions as well as managerial implication. The central theoretical contribution is associated with conceptualizing dynamic service innovation strategy as a multi-dimension construct, which is a new perspective of developed dimensions, and it differentiates from prior service innovation strategy literature. As a result, it clarifies the nature of dynamic service innovation strategy for future research. This research also attempts to incorporate several theories to propose logical connections in a conceptual model, including the dynamic capability (Teece, Pisano, & Shuen, 1997) and contingency theories (Drazin, & Van de Ven, 1985). Furthermore, the results of this research contribute to managerial practices focusing on dynamic service innovation strategy implementation and usefulness of dynamic service innovation strategy that stimulate and enhance the competitiveness and success of the hotel businesses in Thailand.

Purposes of the Research

The main objective of this research is to investigate the relationship between dynamic service innovation strategy and firm profitability. The specific objectives of this research are as follows:

1. To examine the effect of each dimension of dynamic service innovation strategy (including new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration), and service excellence, customer fulfillment, service advantage, service performance, and firm profitability;
2. To investigate the influences of service excellence on customer fulfillment on service advantage;
3. To inspect the influences of service excellence, service advantage, and customer fulfillment on service performance;
4. To explore the influences of service performance on firm profitability;
5. To analyze the impacts of market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on each of five dimensions of dynamic service innovation strategy;



6. To test the moderating effect of market culture on the influences of market-driving vision, business experience, competitive learning, organizational resources, and environmental complementarity on each of five dimensions of dynamic service innovation strategy.

Research Questions

The key research question of this research is “How does dynamic service innovation strategy have an influence on firm profitability?” Furthermore, specific research questions are as follows:

1. How does each of five dimensions of dynamic service innovation strategy (including new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus, and customized service concentration) have an effect on service excellence, service advantage, customer fulfillment, service performance, and firm profitability?
2. How do service excellence and customer fulfillment have influence on service advantage?
3. How do service excellence, service advantage, and customer fulfillment have an influence on service performance?
4. How does service performance have influence on firm profitability?
5. How do market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity have an impact on each of five dimensions of dynamic service innovation strategy?
6. How does market culture moderate the influences of market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on each of five dimensions of dynamic service innovation strategy?



Scope of the Research

In this research, the dynamic capability and contingency theories are used to draw a conceptual framework and develop a set of hypotheses. All theorizations illustrate the relationships among the dimensions of dynamic service innovation strategy, its antecedents, and its consequential constructs. This research proposes the theory of interaction to explain the relationship of each variable that concentrates on examination in order to fulfill the research questions and objectives. Firstly, dynamic capability posits that firms are able to renew themselves by reshaping to appropriate shapes and integrating a core competence within organization and external resources to achieve the challenges of timing pressure and rapid-change conditions (Teece, 2000). This approach suggests that firms generate strategic formulation and implementation by allocating resources for innovation over time, deploying its existing resources, obtaining new resources, and responding to the various conditions of the market dynamism to attain competitive advantage (Wang, & Ahmed, 2007).

Secondly, the contingency theory suggests that better understanding of the nature of organizational strategies is gained by examining their antecedents in forms of both internal and external environment factors (Atuahene-Gima, & Murray, 2004; Venkatraman, & Camillus, 1984). It predicts that the nature of organizational strategy and organizational performance is better-understood, requiring an investigation of interaction between internal factors and external factors (Drazin, & Van de Ven, 1985). On the other hand, no perfect determinant can explain the overall variation of its outcomes. The contingency theory in this research explains the relationship among dynamic service innovation strategy antecedents comprised of market-driving vision, business experience, competitive learning, organizational resources, and environmental complementarity. Moreover, the contingency theory is also operated to demonstrate the role of a moderating variable. It implies that the influences and relationships of dynamic service innovation strategy and its antecedents are contingent on market culture. The aim of this research is to propose the theoretical model of the relationships of each dimension of dynamic service innovation strategy, its antecedents, and consequences that are illustrated in the next chapter. The investigation of its moderator is also examined and presented in the next chapter.



The conceptual framework of this research shows the relationships among dynamic service innovation strategy, its antecedents, consequences, and moderators. Dynamic service innovation strategy consists of five dimensions, namely, new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus, and customized service concentration. Dynamic service innovation strategy is defined as the ability of firms to continuously evaluate conditions and determine directions to create a new process, improve those existing, introduce new activity and adapt to a firm's changing environment, in order to gain and sustain competitive advantage, and to achieve business success (Goldstein et al., 2002). New service approach orientation is defined as a firm's emphasis on pursuing new-task initiatives designs to respond to an organization intended to succeed and that can achieve the competitive advantage of organizations, continuously focus on new forms of service that allow an organization to improve the efficiency and effectiveness of the firm better than competitors (Goldstein et al., 2002). Original service presentation capability is defined as the ability of the firm to present new fangled service operations, and demonstrate endeavors to create new services of organizations by research development, encouraging employees, and supporting budgets better than competitors (Venkatesh, Thong, & Xu, 2012). Novel service establishment competency is defined as the ability of firms to offer a unique benefit that differentiates it from competitors and increases value to customers in order to respond to a customer's need and can achieve competitive advantage (Hertog et al., 2010). Service technology implementation focus refers to a firm's present operational technical system for service, which business is successful and superior to the competition, apply unique technology, and continuously has technological development related to service with more efficiency, which may lead to raise the quality and productivity levels of procedures, responding to changing customer needs and expectations (Den Hertog, 2000). Customized service concentration is defined as firm attention toward a design of specific processes, studying customer needs both present and future, creating a variety of service, and showing activity of various features that are particular offerings to a customer (Spohrer, & Maglio, 2008). Simultaneously, the consequences of dynamic service innovation strategy are composed of service excellence, customer fulfillment, service advantage, service performance, and firm profitability.



Mainly, this research aims to investigate the effects of dynamic service innovation strategy on firm profitability of the hotel businesses in Thailand. Also, factors such as market-driving vision, business experience, competitive learning, organizational resources, and environmental complementarity are assumed to be the antecedents of the model. With respect to research objectives and research questions, there are many variables in the research. Dynamic service innovation strategy is an independent variable, and it has suitable attributes to manage the strategic service of the firm. Dynamic service innovation strategy is explained by new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus, and customized service concentration.

Furthermore, hotel businesses in Thailand are selected as a sample group for investigation. A list of 1,200 hotel businesses in Thailand were provided by Tourism Authority of Thailand under the Ministry of Tourism and Sports. This is because Thai hotel business develops new service design as well as to increase service innovation of business.

Finally, the research consists of six major parts. The first important part is the examination of dynamic service innovation strategy that influences consequences, service excellence, service advantage, customer fulfillment, service performance, and firm profitability. The second is to examine the influence of service excellence and customer fulfillment on service advantage. The third is to examine the influence of service excellence, service advantage, and customer fulfillment on service performance. The fourth is to examine the influence of service performance on firm profitability. The fifth is to examine the influence of market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on each dimension of dynamic service innovation strategy. Finally, this research examines the influence of market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on dynamic service innovation strategy via market culture as a moderator.



Organization of the Dissertation

This research is organized into five chapters. Firstly, chapter one provides an overview of the research, the role of the variables, theory, expected contribution, methodology, purposes of the research, research questions, scope of the research, and organization of the research. Chapter two presents the reviews of relevant literature on dynamic service innovation strategy, explains the theoretical framework to describe the conceptual framework and the associations among the dissimilar variables, and develops the connected hypotheses for testing. Chapter three explains the empirical examination of the research methodology which includes the sample selection, the data collection procedure, a development of data-collection instruments, variable measurements of each construct, and statistical methods in hypothesis testing. Chapter four demonstrates the results of the statistical analysis and discussion. Finally, chapter five demonstrates the conclusion, the theoretical and managerial contributions, the limitations, and the suggestions for future research directions.



CHAPTER II

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The previous chapter focuses on the overview of dynamic service innovation strategy comprising the purposes of the research, research questions, research objectives, and scope of the research. This chapter demonstrates more precisely the understanding of dynamic service innovation strategy, theoretical foundation, literature review, conceptual framework, and hypotheses development. Therefore, this chapter is organized into three sections. The first section represents the discussion of principal theoretical perspectives employed to explain the research phenomenon. These theories include the dynamic capability and contingency theory. The second section provides the relevant literature of all constructs in the conceptual framework, definitions and previous studies on the subject that are relevant to dynamic service innovation strategy. Also, a conceptual model is presented with the definition of all constructs and relevant previous literature. Finally, the final section illustrates the summary of hypotheses relationships among dynamic service innovation strategy and its antecedents and consequences that are discussed in this chapter.

Theoretical Foundations

To clearly explain dynamic service innovation strategy, firm profitability and other relationships, there are two theories applied to these relationships. The theoretical foundation of this research includes the dynamic capabilities and contingency theories which are implemented to explain the aforementioned relationships. According to dynamic service innovation strategy and its other factors, the two theories link together with empirical data to explain the research phenomenon. Moreover, these theories are combined to describe, explain, predict, and link all variables together. Each theoretical framework is highlighted to make valuable suggestions about dynamic service innovation strategy as follows:



Dynamic Capability Theory

The concept of dynamic capability was first created by Teece in 1990.

In dynamic capabilities, firms are able to generate, adopt and apply new knowledge that can power innovative output (Teece, & Pisano, 1994). However, dynamic capability only begin to attract greater attention after the publication of Teece's seminal paper with Pisano and Shuen in 1997. Dynamic capabilities theory grew as an extension to the resource-based view, which states that a firm will outperform its competitors if it has resources which are valuable, rare, and difficult to imitate and substitute. Therefore, dynamic capability has been extended to be considered as the unique ability of firms to integrate, build, and reconfigure internal and external competencies to address the rapidly changing environment (Teece, Pisano, & Shuen, 1997). Dynamic capabilities play a crucial role in this respect: dynamic capabilities refer to a firm's ability to adapt its structural organization and resulting output (Teece, Pisano, & Shuen, 1997). Dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness (Zollo, & Winter, 2002). Therefore, firms use dynamic capabilities for exploring new variations, selecting possible courses of action, and exploiting their newly developed organizational competencies (Roper, Du, & Love, 2008).

The results from using these dynamic capabilities will be subjected to forces of market selection, thereby influencing the survival probability of the firm (Zott, 2003). Moreover, dynamic capabilities play a major role in innovation literature (Crossan, & Apaydin, 2010). Hogan et al. (2011) claimed that the attempt to conceptualize dynamic capabilities for innovation is focused on large firms in manufacturing and high-technology industries. Therefore, dynamic capabilities is referred to service innovation when effectively managed and allows organizations to adapt to their environment through the repeated and continuous creation of innovations (Giannopoulou et al., 2011).

From this premise, dynamic service innovation strategy, as a firm, deploys the necessary resources that develop new products and operations to satisfy market demand. Likewise, dynamic service innovation strategy is viewed as an organization's ability to develop and implement new service concepts leading to the sustainability of a superior outcome (Teirlinck, & Spithoven, 2013; Leiponen, 2012). The components of dynamic



service innovation strategy, in this research, are assessed by service excellence, service advantage, customer fulfillment, service performance, and firm profitability.

Contingency Theory

In the 1950s, the contingency theory was developed and it is the most popular theory in the area of management research such as in strategic management, marketing, information systems, international business operators, human resource management, change management, finance, and accounting. (Woodward, 1965). The contingency theory is rooted in the concept of matching organizational strategies with the corresponding environmental context (Ginsberg, & Venkatraman, 1985). The contingency theory is a strategic organization and organizational theory; particularly in situation, construction, and performance interactions (Nath, & Sudharshan, 1994). Moreover, some researchers have used the contingency theory approach to study the relationship between technology and strategy (Newman, 1972; King, 1978), and between information system strategy and business strategy (Chan et al., 1997), between organizational complexity and innovation (Damanpour, 1996).

In addition, the contingency theory is similar to the situational theory in that there is an assumption of no simple or one right way. The main difference is that the contingency theory takes a broader view that includes contingent factors about leader capability and other variables within the situation; whereas situational theory tends to focus more on the behaviors that the leader should adopt for the given situation's factors (Donaldson, 2001). The structural contingency theory of organizations argues that the performance of an organization is dependent upon the fit between organizational structure and contingencies. Therefore, the essence of the contingency theory is that best practices depend on the contingencies of the situation (Simon, 2007). The importance of the contingency theory comes from an ability to predict performance and is based on the fit of factors under the short-run control of the firm, including the firm's strategy, organizational structure, and environmental unpredictability (Buttermann, Germain, & Iyer, 2008).

Essentially, the contingency theory argues that corporate performance depends upon a variety of factors. Definitely, firms must consider internal capabilities and external conditions in plotting their path strategy for success (Shenhar, 2001). In other words,



firms must have an appropriate fit between their strategy and structure if they desire to improve performance (Miller, 1988). In this research, the contingency theory is applied to explain the congruence among five antecedents and the dynamic service innovation strategy. This research expects that the fruitfulness of dynamic service innovation strategy by a firm will vary depending on market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity. Moreover, the moderating approach is illustrated as a contingent variable which depends on the interaction between each of five antecedents and market culture as well as dynamic service innovation strategy that generally results in increasing firm profitability.

Relevant Literature Review and Research Hypotheses

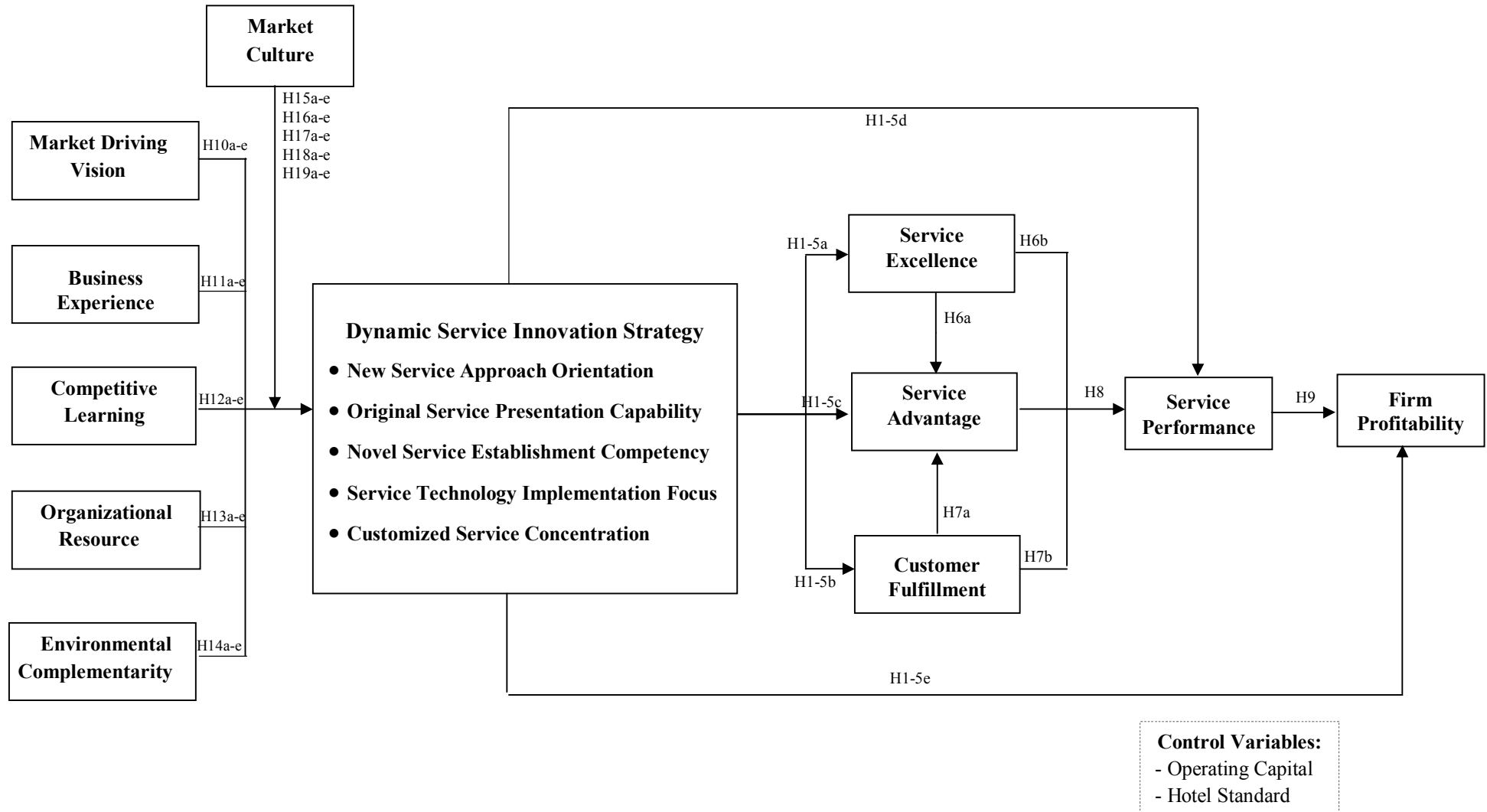
According to the theoretical foundations, this research is developed by the integration of the dynamic capability and contingency theories. Dynamic service innovation strategy is the main variable and the center of this research. As described earlier, this research purposes that dynamic service innovation strategy is positively and directly associated with firm profitability. Moreover, the mediating effects of service excellence, service advantage, and customer fulfillment are tested. Service excellence, service advantage, and customer fulfillment are supposed to have a positive relationship with service performance.

Secondly, the five antecedents of dynamic service innovation, market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity are investigated.

Lastly, this research also purposes the effect of dynamic service innovation strategy and its consequences. Likewise, market culture is expected to strengthen the relationship between dynamic service innovation strategy and its antecedents. Thus, Figure 1 illustrates the relationships among dynamic service innovation strategy, antecedents, consequences, and moderating variables.



Figure 1: Conceptual Model of the Relationships between Dynamic Service Innovation Strategy and Firm Profitability



Dynamic Service Innovation Strategy

The field of service innovation is very broad, and it has been defined in several ways. Service innovation is also used to acknowledge a new service. It also refers to not only creative value for the firm that developed it, but also changes the market in such a way that other companies imitate and follow (Schumpeter, 1934). In addition, service innovation brings new products and services that fulfill rapidly-changing customer requirements. To exploit new ideas innovative products, service company needs to maximum utilization of its physical, human resources along with technological development to derive profitability and growth.

Newness is a property of the definition of service innovation in all disciplines. The service sector encompasses a wide variety of activities and markets ranging from consumer services such as hotels and banks to business services such as IT and legal. Included are large-scale public sector services such as health and education. Then, the service sector involves transformation in a variety of aspects ranging from how the service is designed and developed to how it is delivered and managed (Miles, 2005; Trott, 2012). Therefore, the critical viewpoints of service innovation are the introduction of novel ideas that focus on services that provide new ways of delivering a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience (Enz, 2012). Another crucial viewpoint of service innovation is intangible activities formed in the process of service, using a variety of innovative ways to meet customer needs and maintain competitive advantage (Jian, & Wang, 2013). Service innovation is the new service experience that consists of one or several of the following dimensions: a new service concept, new interaction, new value system, new organizational and technological service delivery system (Breuning, AAS, & Hydle, 2014). Then, the intention to gain advantage for the organization is one of the important viewpoints. All in all, service innovation has dynamic character and they are generally described in terms of change processes (Leede, & Looise, 2005).



Meanwhile, strategy refers to business processes of firms to analyze situations and determine directions in doing business (Sundbo, 2003). As a consequence, service innovation is also important because it provides substantial competitive advantage and is more likely to succeed in the market place (De Brentani, 2001). As a consequence, service innovation is also important because it provides substantial competitive advantage and is more likely to succeed in the market place (De Brentani, 2001). Therefore, a key strategic decision for firms is whether to introduce new service designed to broaden the range of offerings (Kindström, & Kowalkowski, 2014).

Service innovation strategy is the potential of a business in innovative ideas, in service, and as a leader in the reformation of new services for business. Service innovation strategy has been aimed at emphasizing any processes and strategies, reforming and enhancing business in terms of new services or patterns of service (Kupper, 2001). It can also refer to the ability to innovate, providing organizations an ability to gain and maintain competitive advantage. The ability to transform existing knowledge and skills into new knowledge and services is an important source of competitive advantage (Watson, & Hewett, 2006).

According to this research, dynamic capability is the sources and methods of innovation measured by internal technological, organizational, and managerial processes inside the firm. Dynamic capabilities is also introduced which is well suited for emphasizing innovation (Lawson, & Samson, 2001). Thus, firms use this dynamic for exploring new variations, selecting possible courses of action, and exploiting their newly-developed organizational competences (Roper, Du, & Love, 2008).

Moreover, dynamic service innovation strategy is derived from two concepts, service innovation strategy and dynamic environment. Dynamic service innovation combines existing and creative new resources and operational capabilities to gain and sustain competitive advantage; and are aligned with firm strategy, market dynamics and firm history (Hertog, Aa, & Jong, 2010). Besides, service innovation strategy is “the logic visible in a firm's portfolio of service innovation decisions.” This logic may either serve to guide a decision regarding service innovation activities or simply reveal the pattern of individual service innovation decisions (Ryu, & Lee, 2012). The aforementioned dynamic for service innovation might be a promising alternative for gauging an organization’s ability to develop and implement new service concepts (Teirlinck, &



Spithoven, 2013; Leiponen, 2012). Service innovation traditionally has emphasized the development of new service offerings and concepts, including how to generate new ideas for service offerings (Michel, Brown, & Gallan, 2008; Rubalcaba, Gallego, & Den Hertog, 2012). It involves achieving strategy transformation to establish competitive superiority over competitors (Kodama, & Shibata, 2014). Today, service innovation is evolving into a vast field encompassing the study of dynamic interactions among technological and human systems driving managerial and organizational change in services (Randhawa, & Scerri, 2015).

Therefore, this study basically assumes that each form of dynamic service innovation strategy, it may be a combination of four dimensional models of service innovation (service concept, service delivery, and client interface, and technology), to map service innovation and discuss the practical development of service innovation policies (Den Hertog, 2000). Although these dimensions are conceptual, they help to explain the practical development of dynamic service innovation strategies. Therefore, the weight of the individual dimensions and the importance of the various linkages between them vary across individual services, innovations and firms. For these reasons, dynamic service innovation strategy is along these five dimensions, namely, new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus, and customized service concentration. Dynamic service innovation strategy is defined as the ability of firms to continuously evaluate conditions and determine directions to create a new process, improve those existing, introduce new activity and adapt to a firm's changing environment, in order to gain and sustain competitive advantage, and to achieve business success (Goldstein et al., 2002). The following Table 1 summarizes the definition of dynamic capability, Table 2 summarizes the definition of service innovation, and Table 3 recapitulates key literature reviews on service innovation, which are presented as below:



Table 1: Summary of Definitions of Dynamic Capability

Author(s)	Definitions of dynamic capability
Teece, Pisano, and Shuen (1997)	The ability of firm in integrating, building, and reconfiguring internal and external competencies to address rapidly changing environments, and thus, can lead the firm to achieve new and innovative forms of competitive advantage.
Eisenhardt and Bhatia (2000)	The organizational and strategic procedures that enable firms to attain new resource configurations as soon as the markets changed.
Zollo and Winter (2002)	A firm's patterns and processes of learning in systematically generating and modifying its operating procedures to create greater efficiency
Bowman and Ambrosini (2003)	The ability of firms in creating, renewing, and changing their mix of resources according to changes in their environment.
Zahra, Sapienza, and Davidson (2006)	The firm's ability to appropriately reconfigure its resources and routines through its principal decision maker's planning and consideration.
Teece (2007)	High-level activities pointing to management's ability to perceive and seize opportunities, manage threats, and combine and reconfigure specialized and co-specialized assets to meet the needs of customers and to support and extend evolutionary fitness, thus developing long-term value for investors



Table 2: Summary of Definitions of Service Innovation

Author(s)	Definitions of service innovation
Kupper (2001)	The emphasizing any processes and strategies reforming and enhancing business in terms of new services or patterns of service
Lawson and Samson (2001)	Ability to continuously transform knowledge and ideas into new product, processes and systems for the benefit of the firm and its stakeholders
Oke (2001)	The logic visible in a firm's portfolio of service innovation decisions
Berry et al., (2006)	New or enhanced intangible offering that involves the firm's performance of a task/activity intended to benefit customers
Watson and Hewett (2006)	The ability to transform existing knowledge and skills into new knowledge and services is an important source of competitive advantage
Oke (2007)	New developments in activities undertaken to deliver core service products for various reasons, e.g. to make those core service products more attractive to consumers
Verma et al. (2008)	The introduction of novel ideas that focuses on services that provide new ways of delivering a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience
Ojasalo (2009)	The ability to anticipate changes in customers' behavior, needs and expectations, and the consequent competence to design better services and create new service concepts
Flikkema, De Man, and Wolters (2010)	The multidisciplinary process of designing, realizing and marketing combinations of existing and/or new services and products with the final attempt to create valuable customer experiences
Hertog et al. (2010)	A new service experience or service solution that consists of one or several of the following dimensions: new service concept, new customer interaction, new value system/business partners, new revenue model, new organizational or technological service delivery system



Table 2: Summary of Definitions of Service Innovation (Continued)

Author(s)	Definitions of service innovation
Salunke et al. (2011)	As the extent to which new knowledge is integrated by the firm into service offerings, which directly or indirectly results in value for the firm and its customers/clients
Kuo et al. (2014)	A new way of business thinking to reform relatively conservative and inflexible operational procedures and processes, which can transform organizations to better meet the needs of their markets



Table 3: Summary of Key Literature Reviews on Service Innovation

Authors	Title	Key Issue Examine	Main Finding
Grawe et al. (2009)	The Relationship between Strategic Orientation, Service Innovation, and Performance	Firms seeking to develop a service innovation capability should employ customer orientation, competitor orientation, or a combination of the two different types of strategic orientation	There is a positive link between service innovation and customer focus and competitor focus. And, service innovation has a relationship with market performance
Scupola and Nicolajsen (2010)	Service Innovation in Academic Libraries: Is there a Place for the Customers	This research focuses on innovation, new product development, new service development and library science with specific focus on users and management	Customers are involved in service innovation in academic libraries, which imply the potential role of the customers in achievements of service innovations
Sebastiani and Paiola (2010)	Rethinking Service innovation: Four Pathways to Evolution	To identify service-dominant (S-D) logic and service science provide a conceptual framework to describe evolutionary pathways that companies could follow by innovating in order to overcome and rethink traditional and non-productive ways of managing businesses	Enriching and conceptualizing the offers, employing information and communication technology systems effectively, duplicating models of the company's business, and diversifying market targets are the common paths followed by companies to achieve service innovations

Table 3: Summary of Key Literature Reviews on Service Innovation (Continued)

Authors	Title	Key Issue Examine	Main Finding
Chen et al. (2011)	Toward Service Innovation: An Investigation of the Business Potential of Mobile Video Services in China	The paper investigates opinions from stakeholders directly involved in a mobile video web site and conducts a detailed analysis on the related value chain network. Small- to mid-sized Chinese owners showed a shift from an imitative to an incremental innovative mode of business thinking and practice	Management of customer relationship; improved operation performance; and accessibility of resources are significantly influence service innovation success
Hertog et al. (2010)	Capabilities for Managing Service Innovation: Towards a Conceptual Framework	To identify and reflect on a set of dynamic for managing service innovation and applies a strategy view of firms for managing service innovation	The four dimensions of service innovation capabilities are: Strategizing Capability, Knowledge Management Capability, Networking Capability, and Customer Involvement Capability that are successful service innovation, which may include manufacturing firm developing into providers of new service

Table 3: Summary of Key Literature Reviews on Service Innovation (Continued)

Authors	Title	Key Issue Examine	Main Finding
Hogan et al. (2011)	Re-conceptualizing Professional Service firm Innovation Capability: Scale Development	Present a re-conceptualization of the innovation construct as a capability, and the subsequent rigorously developed and validates measure	The results of the study show the multi-dimensional are identified: client, marketing and technology-focused innovation capability within professional service firm context. Additionally, a new way to measure service innovation
Lightfoot and Gebauer (2011)	Exploring the Alignment between Service Strategy and Service Innovation	These indicate that aligning service strategies with determinants for service innovations is very complex. The configurations of the determinants are associated with the innovation success	Determining service innovation antecedents is important, however, those antecedents may limit service innovation success
Palmer and Griswold (2011)	Product and Service Innovation within Small Firms: An Exploratory Case Analysis of Firms in the Restaurant Industry	This study examined predictors of product and service innovation within a small group that small firms may be just as likely to engage in innovation as a defensive mechanism to counter moves of competitors as to use innovation as market maneuver	Service innovations target maintaining the current customers more than attracting new customers. And, the relationship between service innovation and competitive strategies may not permanently exist

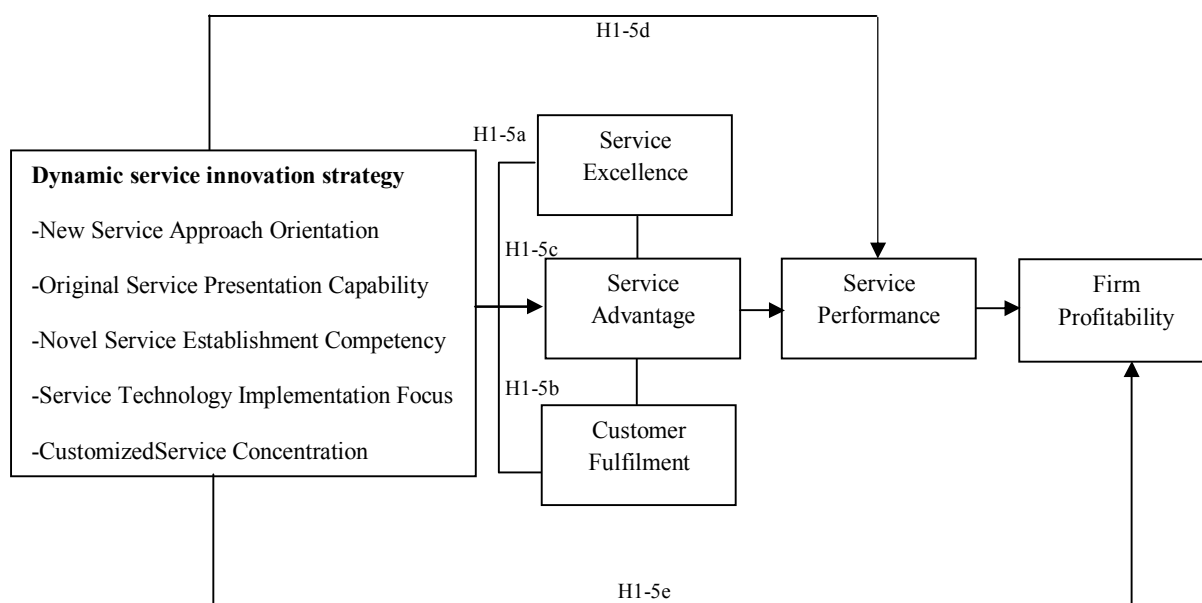
Table 3: Summary of Key Literature Reviews on Service Innovation (Continued)

Authors	Title	Key Issue Examine	Main Finding
Therrien et al. (2011)	Innovation Novelty and (Commercial) Performance in the Service Sector: A Canadian Firm-Level Analysis	Service firms that enter the market early will derive more commercial sales from innovation, introducing a new product will derive more commercial sales from innovation, and strategy leading to commercialization success might be different across service sectors	As earlier service firms enter their service innovations in the market as more it will get higher sales from innovation. And, introducing radical products parts leads to more commercial sales from innovation.
Cheng and Krumwiede (2012)	The Role of Service Innovation in the Market Orientation New Service Performance Linkage	This study finds that customer orientation spurs incremental service innovation while inter-functional coordination spurs radical service innovation, both of which, in turn, enhance new service performance	Incremental service innovation is positively influenced by customers while radical service is significantly linked with competitor orientation and internal cooperation
Yen et al., (2012)	Service Innovation Readiness: Dimensions and Performance Outcome	Proposes a higher-order multidimensional construct of service innovation readiness (SIR) by conceptualizes that consist of two adopting context that determine a firm's preparation to adopt organizational change involved in service innovation	Six dimensions are identifying from the literature review: strategic investment, risk tolerance, service innovation champions, inter-organization collaboration, service innovation experience, and information technology experience

The Relationships among Dynamic Service Innovation Strategy and its Consequences

This section shows the investigation of the relationships among dynamic service innovation strategy, which consists of five proposed dimensions: new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration; and five critical consequences which are service excellence, service advantage, customer fulfillment, service performance, and firm profitability. These relationships are presented as below:

Figure 2: The Relationships among Dynamic Service Innovation Strategy, Service Excellence, Service Advantage, Customer Fulfillment, Service Performance, and Firm Profitability



New Service Approach Orientation

New service approach orientation is defined as a firm's emphasis on new offering methods, pursuing initiative new task designs, and modern operation management that can achieve competitive advantage and the effectiveness of organizations better than competitors (Goldstein et al., 2002).



This research identifies several address related ideas about how service organizations design new service offerings from either the customer's requirement or the delivery organization's viewpoint. Therefore, many firms attempt to develop or generate new service for response to a customer's needs and wants, which new service is the overall process of developing or generating new service offerings (Johnson et al., 2002). Meanwhile, service innovation is a kind of action taken by an enterprise to develop new services, as well as to modify and improve its existing services in the face of market competition and profitability (Drejer, 2004).

Moreover, service is a set of actions carried out by the service provider for the benefit of the customer and often with the latter's participation, and the provision of a service can be considered by a combination of various processing or problem-solving operations or functions (Djellal et al., 2003). New service is the firm customizing service offerings response to a specific customer that is intended to maximize benefits for those customers (Anderson et al., 2004; Jin, He, & Song, 2012). Also, a new service is a source of competitive advantage for hotels because offering a new service can help attract new customers, increase customer loyalty, create new market opportunities, and raise performance and profitability (Huang, 2014; Nicolau, & Santa-Mari'a, 2013).

It, illustrates a successful example of new service approach orientation that is required for discovering a new process. The hotel industry must understand the needs of customers to increase customer value and improve its existing service in preparation for the development of services advantage to elevate customer satisfaction (Weng et al., 2012). Hotels must be able to exploit these processes to initiate further improvement and over accentuate a new service process that may lead a hotel to take more financial profit. Thus, a hotel must continually strive to pursue new service (Tang, 2014).

Therefore, new service approach orientation is likely to have a positive effect on service excellence, customer fulfillment, service advantage, service performance and firm profitability. Taking all into account, this research formulates the first hypotheses as below:

Hypothesis 1a: New service approach orientation is positively related to service excellence.



Hypothesis 1b: New service approach orientation is positively related to customer fulfillment.

Hypothesis 1c: New service approach orientation is positively related to service advantage.

Hypothesis 1d: New service approach orientation is positively related to service performance.

Hypothesis 1e: New service approach orientation is positively related to firm profitability.

Original Service Presentation Capability

Original service presentation capability is defined as the ability of the firm to present newfangled service operations, and demonstrate endeavor to create new service of organizations by research development, encouraging employees, and supporting a budget better than competitors (Venkatesh, Thong, & Xu, 2012). Original service can surprise and delight customers because it does more than just meet their needs and give unexpected service delivery. Active offering by service providers, can initiate positive emotional responses (e.g. surprise, delight) and this increases customer satisfaction (Liljander, & Strandvik, 1997). Original service is a major strategy in creating new products, establishment of new methods of service, supply and distribution, changes in management processes and providing concepts and processes for gaining competitive advantage and superior performance (Wang, & Ahmed, 2007).

In addition, service differentiation in turn indicates that the company provides a differential and newfangled service that is new to the market and that distinguishes it from competitors (Hsieh, Kim, & Sivakumar, 2003). Therefore, original service has been regarded as having a pivotal role in enhancing performance, market advantage, sales growth and profitability (Sandvik, Duhan, & Sandvik, 2014). For example, hotels developed original service to provide customers with radio frequency identification (RFID) bracelets. Customers can use their bracelets as identification to enter their rooms, shop, and dine in our hotel (Chesbrough, & Spohrer, 2006). In another example, the hotel



recruited experts in storytelling to attract, look after, and entertain kids while their parents dine in our restaurant (Kindström, & Kowalkowski, 2009). From the above, service has prompted corporations in various service industries to concentrate on achieving customer delight through service excellence, which should enable them to secure their competitive position and establish long-term customer relationships (Gouthier, Giese, & Bartl, 2012).

Therefore, original service presentation capability is likely to have a positive influence on service excellence, customer fulfillment, service advantage, and service performance. From the arguments discussed above on original service presentation capability, the second hypothesis can be proposed as:

Hypothesis 2a: Original service presentation capability is positively related to service excellence.

Hypothesis 2b: Original service presentation capability is positively related to customer fulfillment.

Hypothesis 2c: Original service presentation capability is positively related to service advantage.

Hypothesis 2d: Original service presentation capability is positively related to service performance.

Hypothesis 2e: Original service presentation capability is positively related to firm profitability.

Novel Service Establishment Competency

Novel service establishment competency is the third dimension of dynamic service innovation strategy. Novel service establishment competency is defined as the ability of firms to offer the unique benefit that differentiates it from competitors and increases value to customers in order to respond to a customer's need and can achieve competitive advantage (Hertog, Aa, & Jong, 2010). For example, a Russian company's



space hotel expects to welcome its first guests before 2020, accommodating up to six people at 217 miles above the surface. The space station will offer visitors all of the amenities expected of a hotel, from gourmet foods to high quality bedding and in-built showers. Moreover, travelling at high speed, the space hotel will allow passengers to witness a sunset every 90 minutes. To maintain their competitive advantages, hotels must strive to satisfy customer demands for new and unique services (Hu, Horng, & Sun, 2009; Rayna, & Striukova, 2009). Eventually, customers are satisfied by the diversity of different and new activity concepts (Gadrey, Gallouj, & Weinstein, 1995). Regardless of other characteristics a service may possibly possess, people commonly maintain that this service consists of both novel and original before they are willing to call it creative (Zeng, Proctor, & Slvendy, 2009). Thus, a novel service subsequently became a form of service innovation and provides customers with a new experience (Selden, & MacMillan, 2006). Moreover, the novel service is characterized by the intensity of the customer and employee interaction, the simultaneous process of service production and consumption, and the intangibility of the experience (Lai, Lui, & Hon, 2014). Therefore, this challenge should provide unique service deals to customer satisfaction based on their inclinations to attain superior performance and competitive advantage (Victorino et al., 2005; Kumar et al., 2011). For example, hotels targeting business travelers who are looking for conference hotels, and hotels targeting holiday travelers who looking for healthy-style hotels should look at different aspects of the type of hotel (Khuong, & Giang, 2014). This is because customers can expect that the novel service will not be available from other service providers. The development of novel services not only provides customers a unique consumer experience, but also has a focus on the excellence (Moeller, Rajala, & Westerlund, 2008; O'Cass, & Sok, 2013; Paswan, D'Souza, & Zolfagharian, 2009). Hotels are differentiated themselves from competitors and enhance their advantage and reputation (Ottenbacher, & Gnoth, 2005). Thus, to maintain a leading position in the market, hotels must be able to continuously update their services to remain ahead of competitors (Agarwal et al., 2003). The empirical, a novel service establishment competence is likely to have a positive influence on service excellence, customer fulfillment, service advantage, and service performance. Beginning with the aforementioned point of view of novel service establishment competency, a third hypothesis can be proposed as:



Hypothesis 3a: Novel service establishment competency is positively related to service excellence.

Hypothesis 3b: Novel service establishment competency is positively related to customer fulfillment.

Hypothesis 3c: Novel service establishment competency is positively related to service advantage.

Hypothesis 3d: Novel service establishment competency is positively related to service performance.

Hypothesis 3e: Novel service establishment competency is positively related to firm profitability.

Service Technology Implementation Focus

Service Technology Implementation Focus is defined as a firm's concentration in the application of new tools or modern equipment to development service continuously with more efficiency, which may lead to raise the quality and productivity levels of procedures, and respond to changing customer needs and expectations (Hertog, 2000). In order to achieve service success, it takes time to learn about the needs of customers and search for ways to meet their particular needs and expectations accurately and quickly. Moreover, technology plays a key role in enabling service innovations; for example refrigeration technology has driven innovations in food retail to have genetic engineering in biotechnology and medical services (Miles, 2005). Therefore, some service firms such as fast food restaurants have used innovations around the application of technology at the customer interface to reduce heterogeneity and achieve standardization of processes. (Randhawa, & Scerri, 2015). In addition, in modern hotels, a guest's smartphone will soon replace the cards that are currently used to unlock hotel doors, such as Starwood Hotels which provide keyless entry to guests through its SPG application (NFCworld, 2016).



The main purpose of service business concerted with technology is that researchers identify several perspectives in the research. Therefore, technology contributes directly to improve organizational process, and contributes to strategic and operational performance outcomes (Jean, Sinkovics, & Kim, 2008). In addition, new technologies increase the innovative capacity of firms, whether manufacturing or service ones (Evangelista, 2000; Heidenreich, 2009; Sirilli, & Evangelista, 1998). Moreover, technology has played an important role in this rise of the service sector in developed countries, contributing to improved productivity (Giraldo, 2010). Technology provides a range of service advantages for guests (Kolah, 2011). Customers can access self-service kiosks at any time during the day. The introduction of service check-in kiosks enable the guests to get their hotel keys from the process, and can even check-in at hotel kiosks installed at the airport while waiting to collect their bags (Castro, Atkinson, & Ezell, 2010). Hotels can also apply the standard to let guests not only check out of a room, but check in for a flight, check in for their rental cars and register for a convention they are attending (Lorden, 2010). There is no doubt that technology is very useful in increasing the efficiency and service in any field, especially in hotels which would lead to customer satisfaction and result in maximizing the profitability (Chen, 2011). From the above-mentioned influences on service technology implementation focus, a fourth hypothesis can be proposed as:

Hypothesis 4a: Service technology implementation focus is positively related to service excellence.

Hypothesis 4b: Service technology implementation focus is positively related to customer fulfillment.

Hypothesis 4c: Service technology implementation focus is positively related to service advantage.

Hypothesis 4d: Service technology implementation focus is positively related to service performance.



Hypothesis 4e: Service technology implementation focus is positively related to firm profitability.

Customized Service Concentration

Customized service concentration is defined as firm attention toward the design of specific processes, customers need; both in the present and the future. To create a variety of service, and an activity of various features that have particular offerings to a customer (Spohrer, & Maglio, 2008). This dimension is a firm presents that specific activity, instead of traditional activity, to deliver services, or at least, to solve a customer's problem. These can be concluded with customized services concentration that can make the firms rise. Total revenue of firms will slightly increase due to increasing significantly the total cost (Hogan et al., 2011). More importantly, to achieve customized service, the understanding of the needs and expectations of the customer is crucial (Wang, Chen, & Chen, 2012). Therefore, customized service concentration is the firm that looks for tactics to use to create new activities by emphasizing the creation process to response to a customer's requirement, and create a customer's satisfaction. For example, luxury hotels habitually prepare a room consistent with the specific guest more than other hotels or have special gift services for customers (Hertog, Aa, & Jong, 2010).

In highly competitive global markets, companies are using their resources customized services that can enhance the value of their offerings, which can in turn lead to for competitive advantages (Matthyssens, Vandenbempt, & Berghman, 2006). The flexibility of check-in or check-out times, allowances for personalizing room decor, provision for child care options, and allowance for small pets in rooms are examples of customization of service (Victorino et al., 2005). This results not only in customer satisfaction, but also customer delight and greater customer loyalty as well as long-term profitability (Edvardsson, & Enquist, 2011). Those services also enable companies to increase customer loyalty and retention (Wu, 2014). Thus, firms with high customized service concentration tend to attain greater service excellence, customer fulfillment, service advantage, service performance and firm profitability. Taking all into account, this research formulates the fifth hypotheses as below:



Hypothesis 5a: Customized service concentration is positively related to service excellence.

Hypothesis 5b: Customized service concentration is positively related to customer fulfillment.

Hypothesis 5c: Customized service concentration is positively related to service advantage.

Hypothesis 5d: Customized service concentration is positively related to service performance.

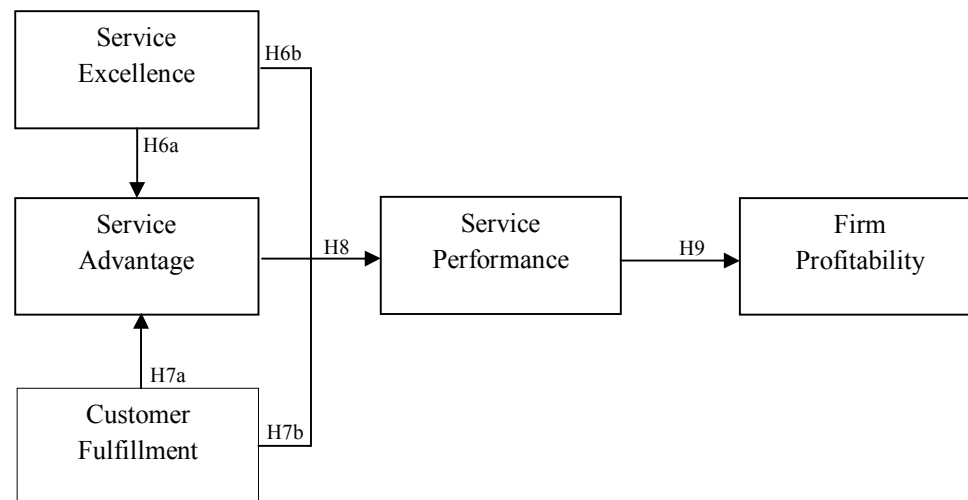
Hypothesis 5e: Customized service concentration is positively related to firm profitability.

The Relationships among the Consequences of Dynamic Service Innovation Strategy

This section examines the relationships among the consequences of dynamic service innovation strategy consisting of service excellence, customer fulfillment, service advantage, service performance and firm profitability. The literature review on the definition of each construct and purposed hypotheses are discussed below:



Figure 3: The Relationships among Service Excellence, customer fulfillment, Service Advantage, Service Performance, and Firm Profitability



Service Excellence

Service excellence is defined as a firm's operating superiority in seeking ways to respond to customer satisfaction and building customer expectation to the needs of all customer groups in all aspects, establishing long-term customer relationships, and service quality, through improving the firm's operation and value creation (Johnston, 2004). Moreover, Rust and Oliver (2000) claimed that positive customer emotions resulting from an unexpected positive transgression of their expectations, but this definition is not without controversy. The idea that businesses should solely on the delivery of unexpected and surprising service experiences, recognizes the importance of extra effort in service delivery, a process that can surprise customers, but asserts that exceeding expectations and surprising customers may cause superfluous costs for a business (Johnston, 2007). Furthermore, service excellence is dependent on superiority in the design and management of service systems related to serving excellence as perceived by customers in a variety and value creation (Lusch, Vargo, & Tanniru, 2010). For examples, as Ritz Carlton routinely prepares each room consistent with the specific needs of the guest who will stay in that room the same as Four seasons do habitually well (listening and recording customer preferences, empowering employees to solve a customer problem and/or exceed a customer's expectation) (Solnet, & Kandampully, 2008). Therefore, service



excellence is based on anticipating the customers' needs and surpassing their expectations constantly (Hinds, 2006).

According to several researchers, service excellence plays a significant role in increasing service advantage and service performance. Wiertz et al. (2004) explore service quality, partnership quality, and image quality that have an effect on service excellence, and service excellence has an effect on behavioral intentions. From the above, that service excellence can drive a service business to achieve service performance (Stuart-Kregor, 2006). Moreover, a firm needs service excellence because it leads to greater customer satisfaction, which in turn leads to higher in service advantage over their competitors (Asif, & Gouthier, 2014). Based on the earlier discussion, service excellence is a potential factor of service advantage and service performance. Therefore, the hypotheses are proposed as follows:

Hypothesis 6a: Service excellence is positively related to service advantage.

Hypothesis 6b: Service excellence is positively related to service performance.

Customer Fulfillment

Customer fulfillment is defined as a marketing achievement method that offers service and various activities to customers quickly, and effectively responds to customer needs by offering a variety of services that exceed customer expectation (Jadesadalug, & Ussahawanitchakit, 2009; Johnson et al., 2003; Narver, & Slater, 1990). Customers learn about goods and services to a large extent by the development of experiences from trial and error (Foxall, 2003). Therefore, organizations need to perform in response to the specific needs of customers (Lee, & Lin, 2005). Likewise, firms are aware of knowledge management because firms have internal and external knowledge leading to operational capabilities, external knowledge of information of the competitors, and customer needs (Cepeda, & Vera, 2007). The customer feedback reflects the history of transactions related to new service as to their acceptance or rejection by previous buyers, which greatly shapes market reputation and a customer. Firm can provide services that respond to customer needs effectively with what they want, the way they want it, and when they want it, in order to achieve satisfaction (Walsh, 2007; Jayachandran, Hewett, & Kaufman, 2004;



and Martin, & Grbac, 2003). Previous customer feedback greatly shapes market reputation and affects potential customers' purchase decisions. Therefore, customer fulfillment is central to the marketing concept, with evidence of strategic links between satisfaction and overall service performance (Truch, 2006). It is a key issue for all those organizations that wish to create and keep a competitive advantage in this highly competitive world (Fonseca, 2009). If a service provider can fulfill the needs of the customer better than its competitors, it is easier to create loyalty (Oliver, 1997). Customer fulfillment provides an opportunity for a firm to create superior customer value, and as a result, increasing competitive advantage (Kohli, & Jaworski, 1990). As aforementioned, customer fulfillment is likely to have a positive influence on service advantage and service performance. These ideas lead to posit the following hypothesis:

Hypothesis 7a: Customer fulfillment is positively related to service advantage.

Hypothesis 7b: Customer fulfillment is positively related to service performance.

Service Advantage

Service Advantage is defined as an organization that provides unique and superior benefits which are better than its competitors. These benefits are quality, features, and the capability to satisfy consumer needs and consumer acceptance (Bendoly, Rosenzweig, & Stratman, 2009). In addition, the firm can be able to gain transformation cost advantage by creating a parity product or service at a lower cost related to superior competitive advantage. These benefits are quality, features, and the capability to satisfy consumer needs and consumers' acceptance. For example, hotels can focus on their core business and high-tech benefit for the customer. By doing this, hotels can achieve better performance, profits, and efficiency at the same time. Thus, a firm is more likely to consider innovation, which ultimately leads to superior firm performance (Victorino et al., 2005).

A positional advantage held by a firm should be rewarded with market share and/or profitability exceeding competitors. The reasoning is that customers perceive that the firm offers greater value in its products and services, and consequently shifts purchases away from rivals. Thus, different improvement is expanded intelligently of firms produces a new service or product idea that is single and distinguished after different



services or products are presently existing in the marketplace (Nakata et al., 2006). Moreover, service advantage reflects the position that the firm has achieved in the specific market as a result of its service. It is a surrogate for customers' perceptions of the firm's level of service offering compared with that of its competitors in that market (Lusch, Vargo, & O'Brien, 2007). Therefore, the study of service advantage drives not only effective firm performance in terms of various growth metrics, but also a higher return on investments which improve efficiency firm performance (Menguc et al., 2007). At this time, in order to evaluate the association of service advantage, it is likely to have a positive influence on service performance. The following hypothesis is proposed as:

Hypothesis 8: Service advantage is positively related to service performance.

Service Performance

Service performance is an important determinant of customer perceptions and behavior. Moreover, service processes can be accounted for by assessing the impact of service performance improvements through additional market value that is created (Rust, & Zahorik, 1993; Rus, Zahorik, & Keiningham, 1995). The service concept and its associated goals for both customers and the service delivery organization can be employed to help determine the most appropriate performance measures for a particular service (Goldstein et al., 2002). Generally, performance measurement system should be included more than just financial measures. The effective measurement system of performance should cover all indicators of performance that are relevant for the existence of an organization and the means by which it achieves success and growth (Laitinen, 2002; Hillman and Keim, 2001). O'Regan and Ghobadian (2004) deployed both measures of performance, the improvement to short-term and long-term performance, by omitting financial performance. Ahmed, David, & Robert (2005) claimed that the most-used non-financial indicators are customer satisfaction, market share, employee feed-back, human resources, and product. Besides, Abdel et al. (2005) suggested a model involving five non-financial performance measures: customer satisfaction, product quality, on-time delivery, efficiency, utilization, and employee morale.

Therefore, in this research, service performance is defined a firm's success in terms of marketing response capability to customer demands and added value for



customers in environmental change which are the ultimate organizational goals in terms of non-financial performance (Gao, 2010). In this regard, organizations are focused on increasing their service performance to harness the benefits that come with competitive advantages and profitability (Salifu, 2010). As aforementioned, service performance is likely to have a positive influence on firm profitability. These ideas lead to posit the following hypothesis:

Hypothesis 9: Service performance is positively related to firm profitability.

Firm Profitability

Firm profitability is becoming increasingly significant for business leaders, driven by many factors including energy and resource shortages, global warming, unethical business practices, and enhancing corporate reputations (Wong, & Avery, 2009). According to Harris and Mongiello (2001), financial indicators only allow for feedback on the action taken, while other indicators are able to give a feed-forward on what is occurring as a result of actions taken. Among most-used financial indicators, there are cash-flow, profitability, cost efficiency, turnover, and ROI as return on investments (Peter, & Marco, 2001). In addition, Daily et al. (2002) suggested that the principal firm profitability measurements are financial returns such as return on investment (ROI) or sales, and measurement of firm growth in both short and long-term performance.

Therefore, the measures of performance are important to profitability, and objective measures of performance provide the link to profitability in service firms (Agarwal, Erramilli, & Dev, 2003). Moreover, other factors that affect firm profitability include firm attributes such as financial structure, industry and macro-economic attributes which are also included (Joh, 2003). Also, firm profitability often increases profit and can generate savings through improved processes (Dunphy, 2004). Similarity with firm performance and profitability are also the measures for evaluating the achievement of a firm's strategy (Slater, Hult, & Olson, 2007).

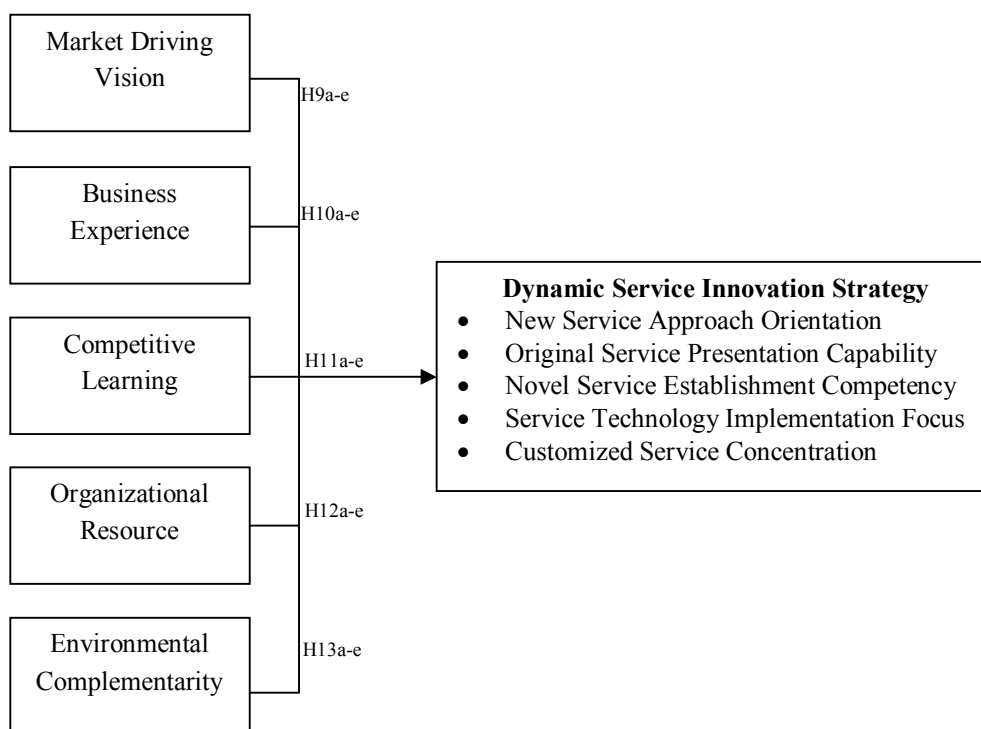
Therefore, with respect to the literature reviews, and in this research, firm profitability is defined as the continuous increase and maintain ability of business income, sales growth rate, and profitability (Dyllick, & Hockerts, 2002; Szekely, & Knirsch, 2005).



The Relationships among Dynamic Service Innovation Strategy and its Antecedent

This section considers the effects of the antecedents of dynamic service innovation strategy that comprise of market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity as shown in Figure 4.

Figure 4: The Relationships among Market Driving Vision, Business Experience, Competitive Learning, Organizational Resource, Environmental Complementarity, and Dynamic Service Innovation Strategy



Market-Driving Vision

Market-driving is creating entirely new markets, producing discontinuous leaps in customer value, designing unique business systems, developing new channels, raising service at unprecedented levels, and fundamentally changing the rules of competitive advantage (Kumar, Scheer, & Kotler, 2000). Market-driving is regarded as a firm's ability to lead changes in the evolution of industry by having an impact on the value creation process at the product, market, and industry levels (Hills, & Sarin, 2003).



In order for firms to remain competitive and be able to survive, a firm must be proactive in pursuing innovation and creativity (Prahalad, & Ramaswamy, 2004). Vision is defined as an ideal statement that reflects the shared values to which the organization should aspire (Shamir, House, & Arthur, 1993). In addition, vision is found to affect strategic employment, which in turn leads to enhance firm performance (Yeunyong, & Ussahawanitchakit, 2009). Moreover, the appropriate configuration of organizational vision and strategy implementation will broaden the opportunity for increasing a firm's performance and competitive advantage (McGivern, & Tvor, 1998). It can be seen that market driving perspective and vision share a common manner in anticipation of action for creating competitive advantage which is more likely presented by the leader of the firm (Charpavang, & Ussahawanitchakit, 2010).

Therefore, in this research, market-driving vision is defined as a firm's perspective that tends to induce changes in market structure, technological innovations and changes in the behavior of customers and competitors (Jaworski, Kohli, & Sahay, 2000). Hills and Sarin (2003) focus on market-driving vision by firms in high tech industries which exhibit a high degree of technological and market uncertainty, and rapid service innovation and obsolescence. Market-driving vision is on the increase and the business environment is posing its own constraints so that innovation processes and increased understanding of innovations is just not about product innovations, but innovations as an end to solutions and business models that are also equally important for business success (Vos, 2010). For example, Nike's creation and domination of the running shoe category began with almost fanatical experimentation with various materials and training techniques. Further, IKEA uses a combination of logic (lower prices) and irreverence ("don't be afraid") in their communications to convince customers of the benefits of buying quality furniture that you must assemble yourself (Kumar, Scheer, & Kotler, 2000).

Thus, firms with higher market-driving vision tend to gain dynamic service innovation strategy, namely, new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration. Therefore, the hypotheses are proposed as follows:



Hypothesis 10a: Market-driving vision is positively related to new service approach orientation.

Hypothesis 10b: Market-driving vision is positively related to original service presentation capability.

Hypothesis 10c: Market-driving vision is positively related to novel service establishment competency.

Hypothesis 10d: Market-driving vision is positively related to service technology implementation focus.

Hypothesis 10e: Market-driving vision is positively related to customized service concentration.

Business Experience

In this research, business experience is defined as the knowledge, skill, and expertise of the firm in the past which will help support the firm's creativity, operational planning, and guideline implementation for the present and future (Espedal, 2006; Kim, Kim, & Miner, 2009; Trainor, Brazil, & Lindberg, 2008). Experiences can be understood as service characteristics that can be found in many types of businesses including, for example, rural businesses. Examples of experience in small rural businesses could be: a bakery that allows customers to learn about its production method (educational), a garden with colorful flowers (aesthetic), farmers who organize animal races for tourists (entertainment) or a local café that allows local guests to be chefs for an evening (escapist) (Fiore et al., 2007). Another example is, Danish experiences with firms about the development of new service. Therefore, ideas for service innovation emerge in a more closed circulation between the companies and the customers or clients (Fuglsang, Sundbo, & Sørensen, 2011).

Moreover, business experience may also improve individual performance through better problem-solving. Depending on the setting, an individual may learn



by watching others complete the same task (Gino et al., 2010; Kc, & Staats, 2012). Additionally, business experience creates a reservoir of knowledge, and individual members may be able to draw on that knowledge by seeking the help of others when they encounter difficulties (Hofmann, Lei, & Grant, 2009). The business may use the knowledge gained from its experience to develop focused practices to serve a customer. For example, in one context, Indian software services outsources often to set up offshore delivery centers (ODC) to execute work for customers (Arora et al., 2001). Business experience may provide a plausible explanation for this finding. Since these firms have been more focused on developing new products and/or processes, a firm requires external sources to help it develop or implement new services (Santamaría, Nieto, & Miles, 2012).

The results from previous research in business experience stimulate factors to increase value in developing economies (Thomas, Fan, & Wong, 2011), including generating new opportunities for marketing growth (Majocchi, Bacchiocchi, & Mayrhofer, 2005). Therefore, business experience increases employees' performance in giving service with high quality to meet with customers' needs with greater competency (Chow et al., 2006). Hence, the hypotheses are proposed as below:

Hypothesis 11a: Business experience is positively related to new service approach orientation.

Hypothesis 11b: Business experience is positively related to original service presentation capability.

Hypothesis 11c: Business experience is positively related to novel service establishment competency.

Hypothesis 11d: Business experience is positively related to service technology implementation focus.

Hypothesis 11e: Business experience is positively related to customized service concentration.



Competitive Learning

Competitive learning is defined as firm knowledge in the competitive business environment, developing knowledge of competitive service, and forecast of the competitive situation of continuous change that faces variety for improving firms enriching efficiency more successfully than other (Fiol, & Lyles, 1985). Furthermore, competitive learning dictates that the corporation succeeds only if those with whom they compete fail. Competitive learning can increase scholarship, but excessive competition can reduce motivation, communication, and higher-level learning (Long, 1988). Moreover, competitive learning enables a firm to understand weaknesses and strengths of competitors, and to create benchmarks for new service (Lawless, & Fisher, 1990).

Based on the concept of competitive learning, it can be a key capability for marketing leadership firms for two reasons. Firstly, even if a firm knows what the customer needs are, it has the resources to meet the customers' demands. Secondly, a firm needs to know if its competitors are doing things better than the competition. Or with greater risk, it needs to know whether it is looking to change the basis of competition in the market; for instance, by moving to a direct sales model, or by introducing some revolutionary new service or technology (Porter, 1980). The firm must go beyond adaptive learning, and concentrate on the learning level needed to question the organizational system in force; and, if necessary, make changes in search of more innovative and flexible alternatives to generative learning (Senge, 1990; McGill, Slocum, & Lei, 1992). Competitive learning is vital to the survival of the organization and is critical, especially during innovation, as it steers the transformation of technological and market information into market-demanded outcomes (Lievens, de Ruyter, & Lemmink, 1999). Argote, McEvily, and Reagans (2003) explained learning capability of organizations include acquisition, dissemination, and use of knowledge by organizational learning to service innovation or service markets. Alegre and Ricardo (2008) explained that it consists of the creation dissemination and use of knowledge to service or service markets. Learning processes feed into the discovery, development, and delivery of new service offerings (Hipp, & Grupp, 2005; Kale, & Singh, 2007; Fuller, 2010).

Therefore, competitive learning is an important role that supports the creation of products, service innovation, and firm performance (Aragón-Correa, García-Morales, & Cordon-Pozo, 2007). Hence, the hypotheses are proposed as follows:



Hypothesis 12a: Competitive learning is positively related to new service approach orientation.

Hypothesis 12b: Competitive learning is positively related to original service presentation capability.

Hypothesis 12c: Competitive learning is positively related to novel service establishment competency.

Hypothesis 12d: Competitive learning is positively related to service technology implementation focus.

Hypothesis 12e: Competitive learning is positively related to customized service concentration.

Organizational Resource

Organizational resources are an asset, a capability, and an organizational process. Information and knowledge are controlled by the company and used to improve the efficiency of the organization (Barney, 1991). Moreover, organizational resource focuses on tangible resources such as information, resources, techniques, know-how, and opportunity (Kawano, Fujiwara, & Hiraga, 2008). In addition, Takeno et al. (2001) indicate that in utilizing the shared resource, the updated information should also be gained and shared by processes including information-sharing, resource-sharing, techniques, and know-how in sharing and opportunity-sharing.

According to the contingency theory (Hofer 1975), these approaches are interdependent because companies must deploy organizational resources to support their service business (Homburg, Hoyer, & Fassnacht, 2002). Organizational resource has been shared over the firm where the capability to create new services and new processes will increase (Barney, 1991; Kratzer, Brockmann, & Moore, 2008). Organizational resource attempts to transform assets into something (e.g. better service, innovative products) that will give them an edge in the marketplace, and succeed by identifying and building capabilities that set them apart from competitors (Daugherty, Chen, & Ferrin, 2011).



In this research, organizational resources are defined as organizational aspects of a resource that are functional in achieving work goals, including both tangible and intangible, for accommodating the business processes and are used to improve the efficiency of the organization (Pansuppawatt, & Ussawanitchakit, 2011). As indicated in prior research, organizational resource has been associated with business processes to achieve corporate goals (Ray, Barney, & Muhanna, 2004). Therefore, the hypotheses are proposed as follows:

Hypothesis 13a: Organizational resource is positively related to new service approach orientation.

Hypothesis 13b: Organizational resource is positively related to original service presentation capability.

Hypothesis 13c: Organizational resource is positively related to novel service establishment competency.

Hypothesis 13d: Organizational resource is positively related to service technology implementation focus.

Hypothesis 13e: Organizational resource is positively related to customized service concentration.

Environmental Complementarity

The environmental is the most unstable of external factors such as political, technological, sociocultural, and economic changes influencing organizational management (Robbins, & Coulter, 2003). Environment as the relevant physical and social factors outside the organizational, are taken into consideration during organizational decision-making (Li, & Liu, 2012). Complementarity relates to the ability to forecast the effects of environmental trends of the firm, the ability to examine the effects of organizational decisions, and the utility of environmental information in expectations which affect decision-making (Boyd, & Fulk, 1996). Therefore, environmental complementarity may



play an important role in the frequency and success of innovative companies (Palmer, Wright, & Powers, 2001).

Moreover, the environment reflects the external requirements of specific circumstances in which a firm conducts high innovation activities (Koschatzky, 1999). Environmental innovation is a new or significantly improved service, process, organizational method or marketing method that creates environmental benefits compared to the alternatives. The environmental benefits can be the primary objective of the innovation or the result of other innovation objectives. The environmental benefits of an innovation can occur during the production of service, or during the after-sales use of goods or services by the end user (Vos, 2010). For example, hotels have solar panels on their roof as well as a water resource management system. A hotel should make customers feel that these are environmental service efforts using hardware along with software upgrades (Horng et al., 2016).

In this research, environmental complementarity is defined as variation business conditions that have ambiguity, instability, or heterogeneity of external events that involve firm potential to continuously perceive in explaining things as to rapid changes and adaptation to effectively cope with change (Nicolau, 2005). Thus, environmental complementarity has been more important in the past as a key element of dynamic service innovation strategy in each dimension. According to the above reasoning, the hypotheses are formulated below:

Hypothesis 14a: Environmental complementarity is positively related to new service approach orientation.

Hypothesis 14b: Environmental complementarity is positively related to original service presentation capability.

Hypothesis 14c: Environmental complementarity is positively related to novel service establishment competency.

Hypothesis 14d: Environmental complementarity is positively related to service technology implementation focus.

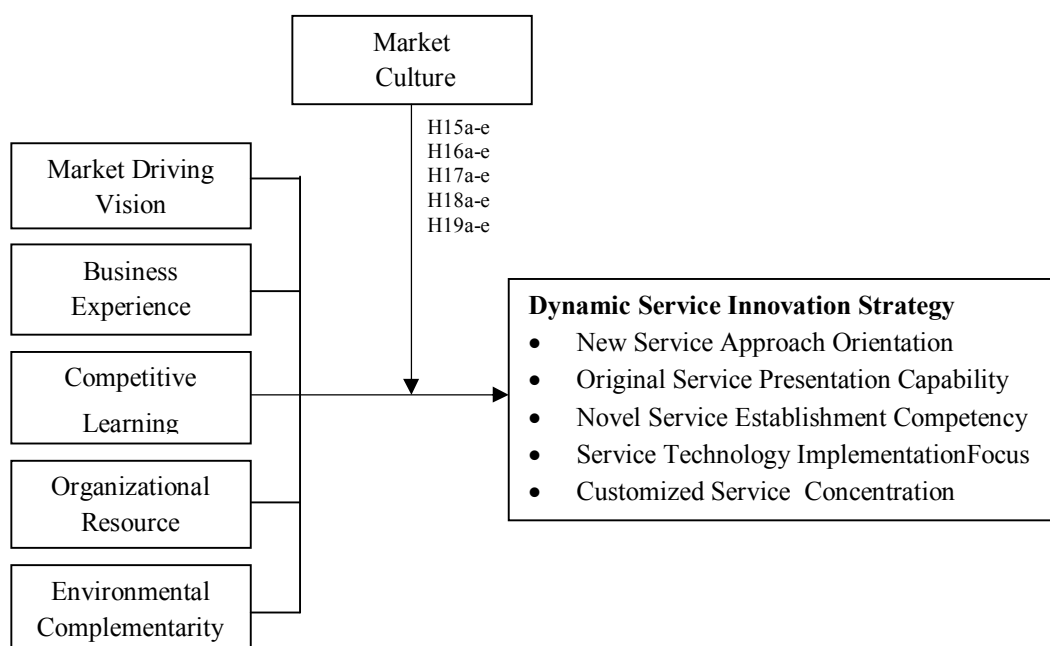


Hypothesis 14e: Environmental complementarity is positively related to customized service concentration.

The Moderators of Dynamic Service Innovation Strategy

This section illustrates the moderating effects of market culture on the influence of dynamic service innovation strategy antecedents that are in Figure 5.

Figure 5: The Moderating Role of Market Culture on the Relationships Among Dynamic Service Innovation Strategy, Market Driving Vision, Business Experience, Competitive Learning, Organizational Resource, and Environmental Complementarity



Market Culture

Market culture is represented the behavior of people in a particular organization (Needle, 2004). On the other hand, there is no consensus about the definition of market culture can take on multiple aspects, including collective values and the principles of business actors, local culture, and types of management styles (McShane, & Von Glinow, 2012). Culture plays an important role in enhancing innovation within organizations, as



indicated by several researchers. Therefore, market culture is important for linking the relationship between developing new service together along with organizational culture causing cooperation in work through team development, training, and the support reward leading to product innovation (Lau, & Ngo, 2004). Moreover, organizations have been aggressively instilling innovation in their culture, especially for high-tech companies. However, even in non-tech industries such as the insurance industry, Lee, & Yu (2004) found that an innovation-oriented culture helps insurance firms improve growth in business.

In this research, market culture is defined as a firm being the pattern of shared values and beliefs that help employees understand and believe that the marketing function creates value for the existing customer and achieves excellence in business and firm performance (Narver, & Slater, 1990). From the contingency approach, the effectiveness of dynamic service innovation strategy is depending on the firm's market culture, because employees which have the same assumptions, beliefs, ideas, and values tend to have similar behaviors (Harris, & De Chernatony, 2001). Moreover, market culture is a significant tool for a firm's leader to implement strategies and for driving the firm in the appropriate direction (Gainer, & Padanyi, 2005). Also, a firm that has strong market culture can help companies outperform the competition and achieve unparalleled financial performance, superior customer value, and profitability (Gallagher, Brown, & Brown, 2008). In addition, firm's organizational culture is one of the key elements for enhancing innovation (Valencia, Valle, & Jiménez, 2010). Likewise, the organizational culture included clan culture, adhocracy culture, hierarchical culture, and market culture that positively affect entrepreneurial orientation included proactiveness, risk-taking and innovativeness (Engelen et al., 2013). Therefore, market culture is an important vehicle for implementing organizational change (Yeung et al., 1991). Though not all organizational change involves innovation, all innovation involves change (King, 1990). Consequently, the level of benefits that a firm receives from market culture may be influenced by the level of that firm's flexibility and cooperative effect of the firm (Cordes, Richerson, & Schwesinger, 2010). Market culture most effectively and efficiently creates the necessary behaviors to create superior value for buyers, and this is superior business performance (Verma, & Jayasimha, 2014). To succeed today, organizations are challenged to instill the kind of culture that will not only ensure survival but excellence in the global marketplace.



Innovation, being an element of organizational culture, does help steer the organization to maintain competitive advantage. In fact, innovation is central to building a proactive and entrepreneurial organization (Johannessen, Olsen, & Lumpkin, 2001).

Thus, market culture is a multifaceted construct that encompasses the importance placed on product or service quality, interpersonal relationships, the selling task, organization, internal communications, and innovativeness (Webster, 1995). Also, market culture is the shared psychological states and behavioral norms of organizations that place priority on serving long-term superior values for their customers and other stakeholders (Slater, & Narver, 1994; Jarratt, & O'Neill, 2002). In particular, market culture that strongly focuses on a superior understanding of customer needs, competitive strengths/weaknesses, and market trends, tends to enable a market-oriented firm to identify and develop strategies that are essential for creating long-term performance (Kumar et al., 2011). Moreover, market culture influences various outcomes related to employees and organizations (Kariyapperuma, 2015). Market culture affects employee behavior, learning, experience, creativity, innovation, knowledge management, and performance (Martins, & Terblache, 2003; Vincent, Bharadwaj, & Challagalla, 2004; Tseng, 2010). Moreover, if employees encounter a situation that is consistent with cultural values, employees are more likely to respond more quickly than a situation that contradicts to held values, resulting in higher satisfaction of the customer (Harrington, & Guimaraes, 2005). When customers are satisfied, they are willing to be good partners who frequently behave in a positive manner; for example, by providing useful information for new services and giving feedback. Market culture drives the desire and reaction of organizational employees to information that is gathered and transformed, through the process of knowledge-sharing with external and internal actors, into organizational knowledge. Thus, it uses its benefits to innovate outcomes (Prajogo, & Ahmed, 2006).

Market culture, as a moderator, considers that the more dynamic service innovation strategy is, the stronger the positive relationships among antecedent variables and dynamic service innovation strategy will be. Therefore, the hypotheses are posited as follows:



Hypothesis 15a: Market culture positively moderates the relationship between market driving vision and new service approach orientation.

Hypothesis 15b: Market culture positively moderates the relationship between market driving vision and original service presentation capability.

Hypothesis 15c: Market culture positively moderates the relationship between market driving vision and novel service establishment competency.

Hypothesis 15d: Market culture positively moderates the relationship between market driving vision and service technology implementation focus.

Hypothesis 15e: Market culture positively moderates the relationship between market driving vision and customized service concentration.

Hypothesis 16a: Market culture positively moderates the relationship between business experience and new service approach orientation.

Hypothesis 16b: Market culture positively moderates the relationship between business experience and original service presentation capability.

Hypothesis 16c: Market culture positively moderates the relationship between business experience and novel service establishment competency.

Hypothesis 16d: Market culture positively moderates the relationship between business experience and service technology implementation focus.

Hypothesis 16e: Market culture positively moderates the relationship between business experience and customized service concentration.

Hypothesis 17a: Market culture positively moderates the relationship between competitive learning and new service approach orientation.



Hypothesis 17b: Market culture positively moderates the relationship between competitive learning and original service presentation capability.

Hypothesis 17c: Market culture positively moderates the relationship between competitive learning and novel service establishment competency.

Hypothesis 17d: Market culture positively moderates the relationship between competitive learning and service technology implementation focus.

Hypothesis 17e: Market culture positively moderates the relationship between competitive learning and customized service concentration.

Hypothesis 18a: Market culture positively moderates the relationship between organizational resource and new service approach orientation.

Hypothesis 18b: Market culture positively moderates the relationship between organizational resource and original service presentation capability.

Hypothesis 18c: Market culture positively moderates the relationship between organizational resource and novel service establishment competency.

Hypothesis 18d: Market culture positively moderates the relationship between organizational resource and service technology implementation focus.

Hypothesis 18e: Market culture positively moderates the relationship between organizational resource and customized service concentration.

Hypothesis 19a: Market culture positively moderates the relationship between environmental complementarity and new service approach orientation.

Hypothesis 19b: Market culture positively moderates the relationship between environmental complementarity and original service presentation capability.



Hypothesis 19c: Market culture positively moderates the relationship between environmental complementarity and novel service establishment competency.

Hypothesis 19d: Market culture positively moderates the relationship between environmental complementarity and service technology implementation focus.

Hypothesis 19e: Marketing culture positively moderates the relationship between environmental complementarity and customized service concentration.

Summary

In this chapter, the conceptual model of dynamic service innovation strategy and firm profitability is illustrated. Two principal theories are used to draw the relationships in the conceptual framework; the dynamic capability theory and contingency theories.

This research has also proposed a set of 19 testable hypotheses to explain the overall relationships among constructs in the conceptual model. These relationships are classified into four different groups which are the following: the first group is relevant to the linkages among dynamic service innovation strategy and its consequences. It also investigates the impact of service excellence, service advantage, and customer fulfillment. The following group holds the relationships among three consequences of dynamic service innovation strategy and firm profitability. The third group contains the influences of five antecedents on each of five dimensions of dynamic service innovation strategy, including market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity. Lastly, the final group relates to the moderating role of market culture. All proposed hypotheses are presented in Table 4.



Table 4: Summary of Hypothesized Relationships

Hypothesis	Description of Hypothesized Relationships
H1a	New service approach orientation is positively related to service excellence.
H1b	New service approach orientation is positively related to customer fulfillment.
H1c	New service approach orientation is positively related to service advantage.
H1d	New service approach orientation is positively related to service performance.
H1e	New service approach orientation is positively related to firm profitability.
H2a	Original service presentation capability is positively related to service excellence.
H2b	Original service presentation capability is positively related to customer fulfillment.
H2c	Original service presentation capability is positively related to service advantage.
H2d	Original service presentation capability is positively related to service performance.
H2e	Original service presentation capability is positively related to firm profitability.
H3a	Novel service establishment competency is positively related to service excellence.
H3b	Novel service establishment competency is positively related to customer fulfillment.
H3c	Novel service establishment competency is positively related to service advantage.
H3d	Novel service establishment competency is positively related to service performance.
H3e	Novel service establishment competency is positively related to firm profitability.
H4a	Service technology implementation focus is positively related to service excellence.



Table 4: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships
H4b	Service technology implementation focus is positively related to customer fulfillment.
H4c	Service technology implementation focus is positively related to service advantage.
H4d	Service technology implementation focus is positively related to service performance.
H4e	Service technology implementation focus is positively related to firm profitability.
H5a	Customized service concentration is positively related to service excellence.
H5b	Customized service concentration is positively related to customer fulfillment.
H5c	Customized service concentration is positively related to service advantage.
H5d	Customized service concentration is positively related to service performance.
H5e	Customized service concentration is positively related to firm profitability.
H6a	Service excellence is positively related to service advantage.
H6b	Service excellence is positively related to service performance.
H7a	Customer fulfillment is positively related to service advantage.
H7b	Customer fulfillment is positively related to service performance.
H8	Service advantage is positively related to service performance.
H9	Service performance is positively related to firm profitability.
H10a	Market driving vision is positively related to new service approach orientation.
H10b	Market driving vision is positively related to original service presentation capability.
H10c	Market driving vision is positively related to novel service establishment competency.
H10d	Market driving vision is positively related to service technology implementation focus.



Table 4: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships
H10e	Market driving vision is positively related to customized service concentration.
H11a	Business experience is positively related to new service approach orientation.
H11b	Business experience is positively related to original service presentation capability.
H11c	Business experience is positively related to novel service establishment competency.
H11d	Business experience is positively related to service technology implementation focus.
H11e	Business experience is positively related to customized service concentration.
H12a	Competitive learning is positively related to new service approach orientation.
H12b	Competitive learning is positively related to original service presentation capability.
H12c	Competitive learning is positively related to novel service establishment competency.
H12d	Competitive learning is positively related to service technology implementation focus.
H12e	Competitive learning is positively related to customized service concentration.
H13a	Organizational resource is positively related to new service approach orientation.
H13b	Organizational resource is positively related to original service presentation capability.
H13c	Organizational resource is positively related to novel service establishment competency.
H13d	Organizational resource is positively related to service technology implementation focus.
H13e	Organizational resource is positively related to customized service concentration.



Table 4: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships
H14a	Environmental complementarity is positively related to new service approach orientation.
H14b	Environmental complementarity is positively related to original service presentation capability.
H14c	Environmental complementarity is positively related to novel service establishment competency.
H14d	Environmental complementarity is positively related to service technology implementation focus.
H14e	Environmental complementarity is positively related to customized service concentration.
H15a	Market culture positively moderates the relationship between market driving vision and new service approach orientation.
H15b	Marketing culture positively moderates the relationship between market driving vision and original service presentation capability.
H15c	Marketing culture positively moderates the relationship between market driving vision and novel service establishment competency.
H15d	Marketing culture positively moderates the relationship between market driving vision and service technology implementation focus.
H15e	Marketing culture positively moderates the relationship between market driving vision and customized service concentration.
H16a	Market culture positively moderates the relationship between business experience and new service approach orientation.
H16b	Marketing culture positively moderates the relationship between business experience and original service presentation capability.
H16c	Marketing culture positively moderates the relationship between business experience and novel service establishment competency.
H16d	Marketing culture positively moderates the relationship between business experience and service technology implementation focus.
H16e	Marketing culture positively moderates the relationship between business experience and customized service concentration.



Table 4: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships
H17a	Market culture positively moderates the relationship between competitive learning and new service approach orientation.
H17b	Marketing culture positively moderates the relationship between competitive learning and original service presentation capability.
H17c	Marketing culture positively moderates the relationship between competitive learning and novel service establishment competency.
H17d	Marketing culture positively moderates the relationship between competitive learning and service technology implementation focus.
H17e	Marketing culture positively moderates the relationship between competitive learning and customized service concentration.
H18a	Market culture positively moderates the relationship between organizational resource and new service approach orientation.
H18b	Marketing culture positively moderates the relationship between organizational resource and original service presentation capability.
H18c	Marketing culture positively moderates the relationship between organizational resource and novel service establishment competency.
H18d	Marketing culture positively moderates the relationship between organizational resource and service technology implementation focus.
H18e	Marketing culture positively moderates the relationship between organizational resource and customized service concentration.
H19a	Market culture positively moderates the relationship between environmental complementarity and new service approach orientation.
H19b	Marketing culture positively moderates the relationship between environmental complementarity and original service presentation capability.
H19c	Marketing culture positively moderates the relationship between environmental complementarity and novel service establishment competency.
H19d	Marketing culture positively moderates the relationship between environmental complementarity and service technology implementation focus.
H19e	Marketing culture positively moderates the relationship between environmental complementarity and customized service concentration.



CHAPTER III

RESEARCH METHODS

The previous chapter illustrates a comprehensive review of relevant literature detailing dynamic service innovation strategy, theoretical foundations, antecedents, consequences, moderators, and the hypothesis development. Consequently, this chapter demonstrates the research methods that help to clarify the understanding of the hypothesis testing process. Thus, this chapter is organized into four sections as follows. Firstly, the sample selection and data collection procedures, including population and sample, data collection, and test of non-response bias are detailed. Secondly, the variable measurements are developed. Thirdly, the method part includes test of validity and reliability, analytical statistics and related equations of regression analysis. Finally, the table of summary of definitions and operational variables of constructs is included.

Sample Selection and Data Collection Procedure

This research examined the antecedents and consequences of dynamic service innovation strategy of four to five-star hotel businesses in Thailand that were chosen from the online database of the Tourism Authority of Thailand under the Ministry of Tourism and Sports, Thailand. The hotel industry in Thailand is interesting to investigate because the hotel industry in Thailand suffered from many challenges throughout 2014 due to political discontent, but has made a confident comeback in 2015 with a record number of nearly 30 million visitors arriving in the country, whose numbers are set to grow even more by the end of 2016. (Tourism Authority of Thailand Newsroom, 2016). Thus, hotel businesses are chosen to be investigated for several reasons. First, the hotel sector is greatly important to the country's economic development. Secondly, the hotel sector in Thailand is obliged to service innovation because of the increasing dynamic competition. Thirdly, the hotel sector in Thailand would adapt its strategies to expand services to attract both foreign and domestic tourist. Finally, the hotel businesses have played a significant role in helping to increase and expand the Thai economy in terms of economic growth and stability. (Start up in Thailand, 2015). Thus, in order to succeed,



the industry requires a professional approach to the management of operations, particularly, in the area of dynamic service innovation strategy. Due to the importance and characteristics of hotel industry in Thailand as mention above, the selected sample is appropriate for investigating the relationships among dynamic service innovation strategy phenomena. This research focuses on enhancing firm credibility form the Tourism Authority of Thailand. The key informants in this research are marketing executives or marketing directors from hotel businesses in Thailand.

Population and Sample

To empirically investigate the role of dynamic service innovation strategy, this research focuses on hotels businesses in Thailand as the population. The population is selected from the list of the Tourism Authority of Thailand. This database is a good source of information, providing all the complete addresses and showing the level of hotel standards of all hotels in Thailand, which could confirm and affirm the data of whether a hotel could remain in business. All hotels are classified by the star rating standard system. The hotel standard is divided into five levels and was arranged in ascending order with a one-star rating denoting the lowest standard, and a five-stars rating denoting the highest standard. The major factors taken into consideration in the assessment and certification of an individual hotel include three aspects: standard of construction and facilities, the standard of maintenance, and the standard of services. For this research, the population and sample chosen are four to five-star level hotels in Thailand, totaling 1,200 firms.

According to Krejcie and Morgan (1970), the sample size requirement in this research is a method determined by the formula as follows:

$$S = \frac{\chi^2 NP (1-P)}{\alpha^2 (N-1) + \chi^2 P (1-P)}$$



- Where: S = required sample size
 χ^2 = the table value of chi-square for one degree of freedom at the desired confidence level (3.841)
 N = the population size
 P = the population proportion (assumed to be 0.50 since this would provide the maximum sample size)
 d = the degree of accuracy expressed as a proportion (0.05)

Following the above formula, the sample size of this research is calculated as follows:

$$S = \frac{3.841(1,200)(0.5)(1-0.5)}{(0.05)^2(1,200-1) + 3.841(0.5)(1-0.5)}$$

$$S = 292$$

Thus, based on the formula for determining sample size with 95% confidence, and a population of 1,200 four to five-star hotel businesses, a sample size of 292 would be needed to represent the population. However, a 20% response rate for mail surveys, without an appropriate follow-up procedure, if greater than 20 percent, is considered acceptable (Aaker, Kumar, & Day, 2001). To determine the sample size for the initial mail survey, it should multiply by 5 for the required sample size. It can be shown as below:

The required respondents as a 20% response rate = 292

Therefore, the sample size as 100% = $(292 \times 100)/20 = 1,460$

In summary, 292 required respondents are considered as a 20% response rate, and the sample for the mail survey should equal 1,460 businesses. Nevertheless, the number of four to five-star hotels in the hotel business was only 1,200 firms. Therefore, it was necessary to determine all the population as the sample size for the mail survey in this research.



Data Collection

In this research, a valid and reliable self-administered questionnaire comprises seven sections. In the first section, respondents are requested to provide their personal information such as gender, age, marital status, education level, work experience, and current position. The second section questions the organizational characteristics; for example, business owner type, standard of business, location, current operational capital, period of time in business, number of rooms, and annual revenues. For the third to sixth section, respondents are canvassed on their perceptions toward dynamic service innovation strategy, its consequences, antecedents, and other influences. Moreover, a Likert five-point interval scale, ranging from 1 = strongly disagree, to 5 = strongly agree, is employed.

To be more specific, the third section collects the key concepts of dynamic service innovation strategy dimensions: new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration. The fourth section presents questions concerning the consequences of dynamic service innovation strategy, including service excellence, service advantage, customer fulfillment, and service performance. The fifth section includes questions regarding the antecedents of dynamic service innovation strategy including market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity. The sixth section consists of a set of questions relating to market culture that affects the relationships among dynamic service innovation strategy antecedents and consequences. Finally, the seventh section provides an open-ended question to gather key respondent suggestions and opinions.

In this research, the key informants are the marketing executives who are considered appropriate key informants because they determine the dynamic service innovation strategy, provide the reality of information, and truly understand their businesses. The questionnaire mail survey is used to collect the data. It is appropriate because it is a widely-used method for large-scale data collection in a geographical area, and mailing questionnaires is effective (Neuman, 2006). After completing it, the questionnaires are directly sent back to the researcher within eight weeks by the prepaid returned envelopes for ensuring confidentiality. Then, for the undelivered mails, firms which are no more in business were eliminated.



An instrument package consists of a questionnaire, cover letter containing an explanation of the research, and a postage prepaid envelope. Postage pre-paid return mail was also provided. This package was distributed to each key informant. All the questionnaires sent were 1,200 packages mailed in June, 2017. The schedules plan to collect data was within eight weeks. At the first stage, the questionnaire was answered and sent to the researcher with in the first four weeks. After four weeks, to increase the response rate, a follow-up postcard was sent to firms which had not yet replied, to remind them to complete the questionnaire, and to request them to cooperate in answering. For the convenience of a follow-up mailing, each questionnaire was assigned a coded number at the left corner on the back of the questionnaire fifth page.

With respect to the questionnaire mailing, 37 of the surveys were undeliverable because they were no longer in business or had moved to unknown locations. Removing the undeliverable from the original 1,200 mailed, the valid mailing was 1,163 surveys, from which 254 responses were returned. Due to six found incomplete and with response errors, they were deducted from further analysis. Of the surveys completed and received, only 248 were usable. The effective response rate was approximately 21.32%. According to Aaker, Kumer and Day (2001), 20% response rate for a mail survey, without an appropriate follow up procedure, is considered acceptable. Table 4 shows the results of the questionnaire mailing used for analysis in this research.

Table 5: Details of Questionnaire Mailing

Details	Number
Amount of questionnaire mailed	1,200
Number of undelivered questionnaires	37
Number of successful questionnaire mailed	1,163
Received questionnaires	254
Unusable questionnaires	6
Usable questionnaires	248
Response Rate $248/(1200-37) \times 100$	21.32%

Test of Non-Response Bias



A non-response bias has been claimed in using mail surveys so that it may cause the reduction of generalizability of the sample to the population (Armstrong, & Overton, 1977). The other words, if there is substantial difference of response between the responding firm and non-responding firms, it does not allow inferring to the entire sample and population. Therefore, a non-response bias is assessed to ensure that it is not a serious problem in this research. Seemingly, a non-response bias may arise when the non-responding firm differs from the responding firms in observable characteristics (Whitehead, Karlsson, & Tenenberg, 1993). Following the recommendations of Armstrong and Overton (1977), a chi-square comparison of demographics information (for example business owner type, hotel standard, hotel location, firm capital, the period of time in business operation, number of room, and average sale revenues per year) between early and late respondents are tested to prevent and assure possible response bias problem. Extrapolation methods have the assumption that subjects who answer later, or require more prodding to answer, are more likely to be treated as non-respondents. If the results of the chi-square statistics show no statistically significant differences of demographics information between early and late respondents, then there is no non-response bias problem between respondents and non-respondents (Lewis, Hardy, & Snaith, 2013; Rogelberg, & Stanton, 2007).

All 248 received questionnaires are separated into two equal groups: the first 124 responses are treated as the early respondents (the first group) and another 124 responses are treated as the late respondents (the second group). By employing a chi-square statistic, the differences of organizational demographics in terms of business owner type, hotel location, the period of time in business operation, number of room, and average sale revenues per year were compared.

The results are as follows: the business owner type (Pearson chi-square = .171, $p > 0.05$), hotel location (Pearson chi-square = .143, $p > 0.05$), the period of time in business operation (Pearson chi-square = .182, $p > 0.05$), number of room (Pearson chi-square = .576, $p > 0.05$), and average sale revenues per year (Pearson chi-square = .314, $p > 0.05$). It can be seen from the findings that there were no statistically significant differences between the two groups at a 95% confidence level. Thus, it can be mentioned that the non-response bias is not a concern in this research (Armstrong, & Overton, 1977). The results of non-response bias test are presented in Appendix A.



Measurements

In this research, the measure of development procedures involves multiple items development for measuring each construct in the conceptual model. Accordingly, using multiple items provides a wider range for the content of conceptual definition and improvement of reliability (Neuman, 2006). In this research, all constructs are transformed to the operational variables to gain more accuracy in measuring research constructs. All variables are derived from the definition and previous literature, by a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). In summary, all operational definitions of each construct which are comprised of the dependent variable, the independent variables, the moderating variables, and the controlled variables are described below.

Dependent Variable

Firm profitability. Firm profitability refers to the continuous increase and maintains ability of business income, sales growth rate, and profitability. This construct is measured by a firm that can achieve in its market segment over the past year, such as sales growth rate, profit, and high income. This measurement is developed from the definition literature review and is adapted from Daily et al. (2002), which includes a four-item scale.

Independent Variables

This research consists of fourteen independent variables which are separated into three categories: core construct, consequential variables, and antecedent variable. Firstly, dynamic service innovation strategy is the center and core construct of this research. It can be measured through five distinctive attribute dimensions: new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration. These attributes reflect the good characteristics of dynamic service innovation strategy. The measure of each attribute depends on its definition which is detailed below.



New service approach orientation. New service approach orientation is defined as the firm's emphasis on new offering methods, pursuing initiative new task design, and modern operation management that can achieve competitive advantage and effectiveness of organizations better than their competitors. This construct is measured by the ability to offer and initiate a new service design, development research, and encourage personnel for new management processes better than their competitors, and for competitive advantage. This measurement is developed from the definition literature review and is adapted from Den Hertog (2000), which includes a four-item scale.

Original service presentation capability. Original service presentation capability is the ability of the firm to present newfangled service operations, and demonstrate an endeavor to create new services of organizations by research development, encouraging employees, and supporting budget better than competitors. This construct is measured by the potential of a firm to present newfangled service and continuous research and development for the new service, create the differences of the service, and encouraging as well as supporting employees to enhance firm performance. This measurement is developed from the definition literature review and is adapted from Den Hertog (2000), which includes a four-item scale.

Novel service establishment competency. Novel service establishment competency is the ability of firms to offer the unique benefit that differentiate them from competitors and increase value to customers in order to respond to a customer's need and can achieve competitive advantage. This construct is measured by a firm that offers unique creativity to respond to customers for competitive advantage, regarding research, forecasting the future to create efficient new designs better than its competitors enhance service excellence, and develop research and new techniques for customer needs. This measurement is developed from the definition literature review and is adapted from Den Hertog (2000), which includes a four-item scale.

Service technology implementation. Service technology implementation is the firm's concentration in the application of new tools or modern equipment to develop service continuously with more efficiency, which may lead to raise the quality and productivity levels of procedures, and respond to changing customer needs and expectations. This construct is measured by the firm's application of technology, encouraging the firm to train personnel which will bring efficiency in work, researching and developing



of service technology competency, and the building of customer satisfaction. This measurement is developed from the definition literature review and is adapted from Den Hertog (2000), which includes a four-item scale.

Customized service concentration. Customized service concentration is firm attention toward the design of specific processes, studying customer needs both present and future, creating a variety of service, and the activity of various features that give particular offerings to a customer. This construct is measured by specific service offerings, and endeavors to add superior value. This measurement is developed from the definition literature review and is adapted from Den Hertog (2000), which includes a four-item scale.

Consequential Variables

The second category is the consequences of dynamic service innovation strategy, namely, service excellence, service advantage, customer fulfillment, and service performance. The measure of each consequential variable conforms to its definition and relative literatures, discussed as follows.

Service excellence. Service excellence is the firm's superior operation in seeking the way to respond to customer satisfaction and building customer expectation to the needs of all customer groups in all aspects, establishing long-term customer relationships, and giving service quality through improving the firm's operations and value-creation. This construct is measured by the firm's responding perfectly and superiority to beyond expectation, highest service quality, demonstrating superior service characteristics, and excellent efficiency of a firm to offer to the customer's needs better than its competitors. This measurement is developed from the definition literature review and is adapted from Wiertz et al. (2004), which includes a four-item scale.

Customer fulfillment. Customer fulfillment refers to a marketing achievement method that offers service and various activities to customers quickly and effectively, to respond to customer needs by offering a variety of services that exceed customer expectations. This construct is measured by the degree of firm competency in seeking ways to respond perfectly, quickly, and with superiority to the needs of all customer with a variety of services, continuous new service development, and customer data improvement. This measurement is developed from the definition and literature



review, and is adapted from Jadesadalug and Ussahawanitchakit (2009), which includes a four-item scale.

Service advantage. Service advantage refers to an organization that provides unique and superior benefits which are better than its competitors. These benefits are quality, features, and the capability to satisfy consumer needs and consumer acceptance. This construct is measured by a firm that can create different services, service accessibility, speed of response to service calls, service quality, and better than the competitors. This measurement is developed from the definition and literature review and is adapted from Nakata et al. (2006), including a four-item scale.

Service performance. Service performance refers to a firm's success in terms of marketing response capability to customer demands and added value for customers in environmental change which are the ultimate organizational goals in terms of non-financial performance. This construct is measured by the degree to evaluate existing customer retention, reputation, market share, and overall performance success. This measurement is developed from the definition and literature review, and is adapted from Avci, Madanoglu, and Okumus (2011), including a four-item scale.

Antecedent Variables

Lastly, the third category is the five antecedents of dynamic service innovation strategy comprised of market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity. All antecedent variables align with their definitions and the prior literature. The measure of each variable is discussed as follows.

Market-driving vision. Market-driving vision refers to a firm's perspective that tends to induce changes in market structure, technological innovations and changes in the behavior of customers and competitors. This construct is measured by the firm that has its operational policy focusing on market leaders, continuously applies modern technology to markets to create competitive advantage, and focuses on a marketing plan which accurately enables a response to customer needs. The measurement of this construct is developed from the definition and literature review, and is adapted from Chuwiruch and Jhundra-indra (2015), including a four-item scale.



Business experience. Business experience is the knowledge, skill and expertise of the firm in the past which will help support the firm's creativity, operational planning, and guideline implementation for the present and future. This construct is measured by business learning from the successes and mistakes based on their prior experiences such as in knowledge, employees, and the past experience of firms which lead to competitive advantage. The measurement scale of this construct is adapted from Kim, Kim and Miner (2009); Larsen, Marnburg, and Øgaard (2012); including a four-item scale.

Competitive learning. Competitive learning is defined as a firm's knowledge of the competitive business environment, developing knowledge of competitive service, and forecasting the competitive situation of continuous change for improving firms, enriching efficiency more successfully than others. This construct is measured by the potential of developing learning in environmental change, continuously improving competitive processes, and understanding of the competitive environment as well as helping a firm to operate more effectively. The measurement scale of this construct is developed as a new scale from the definition and relevant literature, including a four-item scale.

Organizational resource. Organizational resource is defined as organizational aspects of a resource that are functional in achieving work goals, including both tangible and intangible; for accommodating the business processes, and using to improve the efficiency of the organization. This construct is measured by the level of sufficient and available resources, technology allocation to support strategy implementation, and the effective and efficient application of resources in performer. The measurement scale of this construct is adapted from Pansuppawatt and Ussawanitchakit (2011), including a four-item scale.

Environmental complementarity. Environmental complementarity is the variation of business conditions that has ambiguity and instability or heterogeneity of external events that involve the firm's potential to continuously perceive to explain things, rapid changes, and adaptability to effectively cope with change. This construct is measured by the degree of change in external organizations. The firm must adapt to such technology change, customer preferences, market trends, globalization, and competitive intensity. The measurement scale of this construct is developed as a new scale from the definition and relevant literature, including a four-item scale.



Moderating Variables

Drawing on the contingency theory, there is one purposed moderator in this research. Market culture on the internal perspective purposes to enhance the influence between dynamic service innovation strategy and its antecedents. These moderators are grounded in their definitions and previous literature. The measure of each moderating variable is discussed as follows.

Market culture. Market culture, as organizational culture, is the pattern of shared values and beliefs that help employees understand and believe that the marketing function creates value for the existing customer and achieves excellence in business and firm performance. This construct is measured by the market culture that places priority on serving for customers such as in customer orientation, new service development, and continuous assessment of customer needs. The measurement scale of this construct is adapted from Narver and Slater (1990), and Deshpande and Farley (1998), including a four-item scale.

Control Variables

This research also adds two control variables: operating capital, and the hotel standard in the conceptual model, which both variables use dummy variable instead.

Operating Capital. Operating capital refers to a large amount of money used to produce. Operating capital is measured by the capital or asset on investment in firms' operation (Ussahawanitchkit, 2007). According to Leiblein, Reuer, and Dalsace (2002); Richard and Johnson (2001), large firms may also have greater market power or positional advantages compared to their smaller rivals, and larger firms often have superior financial status. In this research, operating capital is represented by a dummy variable including 1 (60,000,000 baht or less) and 2 (more than 60,000,000 baht).

Hotel standard. Hotel standard is described as the standard quality and characteristics of the hotel that set it apart from properties at other levels by using stars as a rating symbol. The Thai Hotel Standard, based on the universally-accepted 'star rating' concept, is divided into five levels and arranged in ascending order with one star denoting the lowest standard, and five stars denoting the highest standard. The hotel standard category is found to be effect on performance (Pine, & Phillips, 2005). Prior study shows that the higher the star category of the hotel, the higher the hotel's



performance levels can be expected (Chand, & Katou, 2007). In this case, hotel standard is represented by a dummy variable, including 1(four-star hotels) and 2 (five-star hotels).

Methods

In this research, most of the constructs in the conceptual model are newly-developed. Consequently, a pretest method is appropriately conducted to assert the validity and reliability of the questionnaire. Firstly, the questionnaire will be double-checked by a specialist and experienced scholars. Later, the rationale of the pretest will be conducted to check for clear and accurate understanding of the questionnaire before using real data collection.

Validity and Reliability

Validity reflects the accuracy of the measurement that evinces the concept of consideration (Hair, Babin, & Anderson, 2010). In order to verify the research instrument accuracy and validity, this research examines the content and construct validity of the questionnaire.

Content Validity is the extent to which a measurement reflects the specific intended construct of content (Carmines, & Zeller, 1991). It means that the contents of the scale are adequate to cover the concept being measured. To enhance face validity or content validity, extensively and thoroughly reviewing prior literature about items measuring variables in the research model is necessary (Hair et al., 2006). Therefore, two academics, who are proficient in marketing fields, are asked for providing face validity and giving some suggestions to ensure that all items contained in the questionnaire are the most appropriate to measure the concept of the variables.

Construct validity is an agreement between a theoretical concept and a specific measuring instrument or procedure. This research utilizes confirmatory factor analysis (CFA) to examine the construct validity. This is because there are 8 constructs that are newly- developed, and 8 constructs that are adapted from the previous literature. Therefore, construct validity of the measurement models was tested. This study applies the method demonstrated in MacCallum, Browne, and Sugawara (1996); Hu and Bentler (1999); Hair et al. (2006) to evaluate the for the adequacy of criteria all fit indices. For



dynamic service innovation strategy, $\chi^2/df < 2$ (1,425.886/740); p-value = 0.000; RMSEA = 0.060; NFI = 0.923; CFI = 0.895; IFI = 0.936; and RFI = 0.915.

Consequently, confirmatory factor analysis should be appropriate. Confirmatory factor analysis is measured variables that represent the constructs and assess construct convergent and discriminant validity. Convergent validity specifies that items that are indicators of a construct should share a high proportion of variance (Hair, Babin, & Anderson, 2010). The convergent validity of the scale items was assessed using the factor loadings should be greater than 0.50 as proposed by Hair, Babin, and Anderson (2010), the Average variance extracted (AVE) for each construct should be above the recommended cut-off 0.50 (Fornell, & Larker, 1981). Discriminant validity reflects the extent to which the measure is unique and not simply a reflection of other variables (Peter, & Churchill, 1986). Each dimension of a construct should be unique and different from the other even though each reflects a portion of that construct. There are several ways to evaluate discriminant validity. Average Variance Extracted (AVE) is a common method of testing discriminant validity (Gerbing, & Anderson, 1988).

Reliability is the degree to which measures are free from errors and thus yield consistent results (Kwok and Sharp, 1998). This research employs internal consistency for evaluating reliability of measurement by using Cronbach's alpha whose value should be equal to or greater than 0.70 as a widely-accepted criterion (Hair, Babin, & Anderson, 2010).

The results in Table 5 reveal the factor loadings of multi-item scales and Cronbach's alpha. For validity of the instrument, each item of all variables is loaded on a single factor and the range of values is between 0.519 and 0.941, which is greater than the accepted cut-off score of 0.4. So, it points out the acceptable construct validity (see also Appendix D). To ensure content validity, the adequacy of measurements and its wording in a questionnaire are evaluated by two academics (see Appendix H). Table 5 also presents the acceptable reliability of the instrument, measured by Cronbach's alpha, whose values range between 0.704 and 0.893. These values are greater than the 0.7 cut-off score as an acceptable criterion which illustrates the internal consistency of the entire scale. Furthermore, Table 5 shows that each dimension Average Variance Extracted (AVE) is between 0.500 and 0.660, higher than the standard 0.5. Therefore, it can be concluded that all scale measurements are considered as appropriate for further analysis.



Table 6: Results of Validity and Reliability Testing

Variables	Factor Loadings	Average Variance Extracted	Cronbach's Alpha
New Service Approach Orientation (NSAO)	0.704 – 0.783	0.556	0.774
Original Service Presentation Capability (OSPC)	0.693 – 0.801	0.538	0.749
Novel Service Establishment Competency (NSEC)	0.519 – 0.860	0.511	0.704
Service Technology Implementation Focus (STIF)	0.667 – 0.817	0.569	0.838
Customized Service Concentration (CSC)	0.559 – 0.941	0.628	0.843
Service Excellence (SEC)	0.704 – 0.857	0.592	0.824
Service Advantage (SAD)	0.674 – 0.776	0.520	0.818
Customer Fulfillment (CFU)	0.662 – 0.809	0.540	0.820
Service Performance (SPE)	0.637 – 0.811	0.526	0.811
Firm Profitability (FPR)	0.644 – 0.935	0.660	0.893
Market Driving Vision (MDV)	0.557 – 0.876	0.552	0.851
Business Experience (BEX)	0.590 – 0.836	0.547	0.820
Competitive Learning (CLE)	0.588 – 0.910	0.563	0.826
Organizational Resource (ORE)	0.613 – 0.833	0.535	0.810
Environmental Complementarity (ECO)	0.615 – 0.775	0.509	0.798
Market Culture (MCU)	0.522 – 0.812	0.500	0.765



Statistical Techniques

Before hypotheses testing, all of the raw data will be checked, encoded, and recorded in a data file. Then, the basis assumption of regression analysis, such as the outlier, missing data, normality, linearity, and multicollinearity will be tested.

Variance inflation factors (VIF's) are applied to test for the severity of multicollinearity between the independent variables and Pearson's correlation. Regarding Hair et al. (2006), when a tolerance value must be greater than 0.10 and the VIF should be less than 10, then multicollinearity is not a concern (Hair, Babin, & Anderson, 2010). In this research, an analysis of collinearity statistics indicates that the range of VIF values is 1.002 – 3.359, (see Table 11 and Table 13 in chapter 4).

Correlation analysis. Correlation analysis will be illustrated to test the correlation among all variables, and a correlation matrix will be provided to show the intercorrelations among all variables for the initial analysis. This familiar technique is called Pearson's correlation, which its values are always between -1 and +1 (Cohen et al., 2003). The coefficient values do not interpret as establishing cause-and-effect relationships, yet they indicate only how or to what extent variables are associated with each other. If the variables become highly correlated, the correlation coefficient is greater than 0.8 and shows significance; then multicollinearity may occur (Hair, Babin, & Anderson, 2010; Homberg, Artz, & Wieseke, 2012). Consequently, factor analysis will be used to group highly-correlated variables together, and the factor score of all variables is prepared to avoid the multicollinearity problem.

Multiple regression analysis. The Ordinary Least Squares (OLS) regression analysis is used to test all hypotheses following the conceptual model. Regression analysis is appropriate for examining the relationships between the dependent variables and independent variables in which all variables are categorical and interval data (Hair, Babin, & Anderson, 2010). As a result, all proposed hypotheses in this research are transformed into nineteen statistical equations. Each equation conforms to the hypothesis development described in the previous chapter. Moreover, the statistical equations are separated into sections as follows.

The first section contains statistical equations examining the relationships among dynamic service innovation strategy, service excellence, service advantage, and



customer fulfillment on service performance and firm profitability. In addition, the tests for moderating effects by market culture are also included as shown below.

$$\text{Equation 1: } SEC = \alpha_1 + \beta_1 NSAO + \beta_2 OSPC + \beta_3 NSEC + \beta_4 STIF + \beta_5 CSC + \beta_6 OC + \beta_7 HS + \varepsilon_1$$

$$\text{Equation 2: } CFU = \alpha_2 + \beta_8 NSAO + \beta_9 OSPC + \beta_{10} NSEC + \beta_{11} STIF + \beta_{12} CSC + \beta_{13} OC + \beta_{14} HS + \varepsilon_2$$

$$\text{Equation 3: } SAD = \alpha_3 + \beta_{15} NSAO + \beta_{16} OSPC + \beta_{17} NSEC + \beta_{18} STIF + \beta_{19} CSC + \beta_{20} OC + \beta_{21} HS + \varepsilon_3$$

$$\text{Equation 4: } SAD = \alpha_4 + \beta_{22} SEC + \beta_{23} CFU + \beta_{24} OC + \beta_{25} HS + \varepsilon_4$$

$$\text{Equation 5: } SPE = \alpha_5 + \beta_{26} NSAO + \beta_{27} OSPC + \beta_{28} NSEC + \beta_{29} STIF + \beta_{30} CSC + \beta_{31} OC + \beta_{32} HS + \varepsilon_5$$

$$\text{Equation 6: } SPE = \alpha_6 + \beta_{33} SEC + \beta_{34} CFU + \beta_{35} SAD + \beta_{36} OC + \beta_{37} HS + \varepsilon_6$$

$$\text{Equation 7: } FPR = \alpha_7 + \beta_{38} NSAO + \beta_{39} OSPC + \beta_{40} NSEC + \beta_{41} STIF + \beta_{42} CSC + \beta_{43} OC + \beta_{44} HS + \varepsilon_7$$

$$\text{Equation 8: } FPR = \alpha_8 + \beta_{45} SPE + \beta_{46} OC + \beta_{47} HS + \varepsilon_8$$

The second section shows statistical equations examining the effects of the antecedent variables on dynamic service innovation strategy. The influences of innovative climate, as a moderator, are also included as shown below.

$$\text{Equation 9: } NSAO = \alpha_9 + \beta_{48} MDV + \beta_{49} BEX + \beta_{50} CLE + \beta_{51} ORE + \beta_{52} ECO + \beta_{53} OC + \beta_{54} HS + \varepsilon_9$$



$$\begin{aligned}
\textbf{Equation 10: NSAO} = & \alpha_{10} + \beta_{55}MDV + \beta_{56}BEX + \beta_{57}CLE + \beta_{58}ORE + \beta_{59}ECO + \\
& \beta_{60}MCU + \beta_{61}(MDV*MCU) + \beta_{62}(BEX*MCU) + \\
& \beta_{63}(CLE*MCU) + \beta_{64}(ORE *MCU) + \beta_{65}(ECO*MCU) + \\
& \beta_{66}OC + \beta_{67}HS + \varepsilon_{10}
\end{aligned}$$

$$\begin{aligned}
\textbf{Equation 11: OSPC} = & \alpha_{11} + \beta_{68}MDV + \beta_{69}BEX + \beta_{70}CLE + \beta_{71}ORE + \beta_{72}ECO + \\
& \beta_{73}OC + \beta_{74}HS + \varepsilon_{11}
\end{aligned}$$

$$\begin{aligned}
\textbf{Equation 12: OSPC} = & \alpha_{12} + \beta_{75}MDV + \beta_{76}BEX + \beta_{77}CLE + \beta_{78}ORE + \beta_{79}ECO + \\
& \beta_{80}MCU + \beta_{81}(MDV*MCU) + \beta_{82}(BEX*MCU) + \\
& \beta_{83}(CLE*MCU) + \beta_{84}(ORE *MCU) + \beta_{85}(ECO*MCU) + \\
& \beta_{86}OC + \beta_{87}HS + \varepsilon_{12}
\end{aligned}$$

$$\begin{aligned}
\textbf{Equation 13: NSEC} = & \alpha_{13} + \beta_{88}MDV + \beta_{89}BEX + \beta_{90}CLE + \beta_{91}ORE + \beta_{92}ECO + \\
& \beta_{93}OC + \beta_{94}HS + \varepsilon_{13}
\end{aligned}$$

$$\begin{aligned}
\textbf{Equation 14: NSEC} = & \alpha_{14} + \beta_{95}MDV + \beta_{96}BEX + \beta_{97}CLE + \beta_{98}ORE + \beta_{99}ECO + \\
& \beta_{100}MCU + \beta_{101}(MDV*MCU) + \beta_{102}(BEX*MCU) + \\
& \beta_{103}(CLE*MCU) + \beta_{104}(ORE *MCU) + \beta_{105}(ECO*MCU) + \\
& \beta_{106}OC + \beta_{107}HS + \varepsilon_{14}
\end{aligned}$$

$$\begin{aligned}
\textbf{Equation 15: STIF} = & \alpha_{15} + \beta_{108}MDV + \beta_{109}BEX + \beta_{110}CLE + \beta_{111}ORE + \beta_{112}ECO \\
& + \beta_{113}OC + \beta_{114}HS + \varepsilon_{15}
\end{aligned}$$

$$\begin{aligned}
\textbf{Equation 16: STIF} = & \alpha_{16} + \beta_{115}MDV + \beta_{116}BEX + \beta_{117}CLE + \beta_{118}ORE + \beta_{119}ECO \\
& + \beta_{120}MCU + \beta_{121}(MDV*MCU) + \beta_{122}(BEX*MCU) + \\
& \beta_{123}(CLE*MCU) + \beta_{124}(ORE *MCU) + \beta_{125}(ECO*MCU) + \\
& \beta_{126}OC + \beta_{127}HS + \varepsilon_{116}
\end{aligned}$$



$$\text{Equation 17: CSC} = \alpha_{17} + \beta_{128}MDV + \beta_{129}BEX + \beta_{130}CLE + \beta_{131}ORE + \beta_{132}ECO + \beta_{133}OC + \beta_{134}HS + \varepsilon_{17}$$

$$\begin{aligned} \text{Equation 18: CSC} = & \alpha_{18} + \beta_{135}MDV + \beta_{136}BEX + \beta_{137}CLE + \beta_{138}ORE + \beta_{139}ECO \\ & + \beta_{140}MCU + \beta_{141}(MDV*MCU) + \beta_{142}(BEX*MCU) + \\ & \beta_{143}(CLE*MCU) + \beta_{144}(ORE *MCU) + \beta_{145}(ECO*MCU) + \\ & \beta_{146}OfC + \beta_{147}HS + \varepsilon_{18} \end{aligned}$$

Where;

NSAO	=	New Service Approach Orientation
OSPC	=	Original Service Presentation Capability
NSEC	=	Novel Service Establishment Competency
STIF	=	Service Technology Implementation Focus
CSC	=	Customized Service Concentration
SEC	=	Service Excellence
SAD	=	Service Advantage
CFU	=	Customer Fulfillment
SPE	=	Service Performance
FPR	=	Firm Profitability
MDV	=	Market-Driving Vision
BEX	=	Business Experience
CLE	=	Competitive Learning
ORE	=	Organizational Resource
ECO	=	Environmental Complementarity
MCU	=	Market Culture
OC	=	Operating Capital
HS	=	Hotel Standard
α	=	Constant
β	=	Regression Coefficient
ε	=	Error Term



Summary

This chapter summarizes the research methods used in the investigation for this research, from simple selection to data gathering, examining all constructs purposed in the conceptual model, and answers the research questions. To be specific, there are four main parts in this chapter: (1) sample selection and data collection procedures, (2) measurement of variables, (3) verification of instrument, and (4) statistical techniques. The population and sample are the 1,200 hotel businesses in Thailand, drawn from a database of the Tourism Authority of Thailand. The key informants completing questionnaire are the marketing executives. Moreover, a valid and reliable questionnaire is the primary instrument of data collection. This chapter also provides the measurements of each construct in the model, which are based on the existing literature. For multiple regression analysis, nineteen testable statistical equations are formulated. Finally, a summary of the constructs' definitions and the operational explanation is given in Table 6.



Table 7: Definitions and Operational Variables of Constructs

Construct	Definition	Operational Variables	Scale Source
<i>Dependent variable</i>			
<i>Firm profitability (FP)</i>	The continuously increase and maintainability of business income, sales growth rate, and profitability	Firm can achieve in their market segment over the past year, such as sales growth rate, profit, and high income	Daily et al. (2002)
<i>Independent variables</i>			
<i>New Service Approach Orientation (NSAO)</i>	Firm's emphasis on new offering method, pursuing initiative new task design and modern operation management that can achieve competitive advantage and effectiveness of organizations better than competitors	The ability to offer and initiate a new service design, research development, encourage personnel for new processes management better than competitors and for the competitive advantage	Den Hertog (2000)
<i>Original Service Presentation Capability (OSPC)</i>	The ability of the firm to present newfangled service operation, and demonstrates endeavor to create new service of organization by research development, encourages employees, and supports budget better than competitors	The potential of firm to present newfangled service and continuous both research and development for the new service, creates the differences of the service, and encourages as well as supports employees to enhance firm performance	Den Hertog (2000)

Table 7: Definitions and Operational Variables of Constructs (Continued)

Construct	Definition	Operational Variables	Scale Source
<i>Independent variables (Con.)</i>			
<i>Novel Service Establishment Competency (NSEC)</i>	Ability of firms to offer the unique benefit that differentiate it from competitors and increase value to customers in order to respond to customer's need and can achieve competitive advantage	Firm to offer unique creativity to respond to customer for competitive advantage, regarding on research and forecast future to create new design efficiently better than competitor and service excellence, develops research and new technique for customer need	Den Hertog (2000)
<i>Service Technology Implementation Focus (STIF)</i>	Firm's concentration in application of new tools or modern equipment to development service continuously with more efficiency, which may lead to raise the quality and productivity levels of procedure, respond to changing customer needs and expectations	The firm's application of technology, and encourage of the firm to training personnel which will bring efficiency in working, the research and development of service technology competency, and the building of customer satisfaction	Den Hertog (2000)
<i>Customized Service Concentration (CSC)</i>	Firm attention toward to design of specific processes, study customer need both present and future, creating a variety of service, and activity of various features that particular offerings to a customer	Specific service offerings, firms endeavors to add superior values	Den Hertog (2000)

Table 7: Definitions and Operational Variables of Constructs (Continued)

Construct	Definition	Operational Variables	Scale Source
<i>Mediating variables</i>			
Service Excellence (SEC)	Firm's operation superiority in seeking the way to respond customer satisfaction and building customer expectation to the needs of all customer groups in all aspects, establishing long-term customer relationships, and service quality, through improving the firm's operation and value creation	The firm's responds perfectly and superiority to beyond expectation, service highest quality, demonstrates superiority service characteristic, and excellence efficiency of firm to offer the customer need better than competitors	Wiertz et al. (2004)
Customer Fulfillment (CFU)	Marketing achievement method that offers service and various activities to customers quickly and effectively respond to customer needs, by offering a variety of services that exceed customer expectation	A degree of firm competency in seeking the way to respond perfectly and quickly and superiority to the needs of all customer and a variety of services, continuous new service development, and customer data improvement	Jadesadalug and Ussahawanitchakit (2009)
Service Advantage (SAD)	Organization provides unique and superior benefits which are better than its competitors. These benefits are quality, features, and the capability to satisfy consumer needs and consumer acceptance	Firm can create different service, service accessibility, speed of response to service call, service quality, and better than the competitor	Nakata et al. (2006)

Table 7: Definitions and Operational Variables of Constructs (Continued)

Construct	Definition	Operational Variables	Scale Source
<i>Dependent variable (Con.)</i>			
Service Performance (SPE)	Firm's success in term of marketing response capability to customer demands and added value for customers in environmental change which are the ultimate organizational goals in terms of non-financial performance	The degree to evaluate of existing customer retention, reputation, market share, and overall performance success	Avci, Madanoglu and Okumus (2011)
<i>Antecedent variables</i>			
Market Driving Vision (MDV)	Firm's perspective that tends to induce changes in market structure, technological innovations and changes in the behavior of customers and competitors	The firm has operation policy in focusing on market leader on market leader, applying of modern technology for market continuously to create competitive advantage, and focuses on marketing plan which accurately enables response customer need	Chuwiruch and Jhundra-indra (2016)
Business Experience (BEX)	The knowledge, skill and expertise of the firm in the past which will help support the firm's creativity, operation planning, and guideline implementation for present and future	Business learning from the successes and mistakes based on their prior experiences such as knowledge, employee and the experience of firms in the past which firms lead this experience to competitive advantage	Kim, Kim and Miner (2009); Larsen, Marnburg and Øgaard (2012)

Table 7: Definitions and Operational Variables of Constructs (Continued)

Construct	Definition	Operational Variables	Scale Source
<i>Antecedent variables (Con.)</i>			
Competitive Learning (CLE)	Firm knowledge in the competitive business environment, developing knowledge of the service competitive, and forecast the competitive situation of change continuous that faces in variety for improving firm enriching efficiency more successful than other	The potential of developing learning in environmental changing, continuous improving competitive process, and understanding of the competitive environment as well as helping firm operate more effectively	New Scale
Organizational Resources (ORE)	Organizational aspects of a resource that are functional in achieving work goals, including both tangible and intangible, for accommodating the business processes and used to improve the efficiency of the organization	The level of sufficient and available resources, technology allocation to support strategy implementation, effective and efficient application of resources to perform	Pansuppawatt and Ussawanitchakit, (2011)
Environmental Complementarity (ECO)	The variation business conditions has ambiguity and instability or heterogeneity of external events that are involved by the firm potential to perceive continuously to explain things with rapid changes and adaptation to cope with change effectively	Degree of the change the external organizations; the firm must adapt to such technology change, customer preferences, market trends, globalization, and competitive intensity	New Scale

Table 7: Definitions and Operational Variables of Constructs (Continued)

Construct	Definition	Operational Variables	Scale Source
<i>Moderating variables</i>			
Market Culture (MCU)	Market culture as organizational culture which is the pattern of shared values and beliefs, that help employees understand and believe that the marketing function creates value for the existing customer and achieves excellence in business and firm performance	Market culture that places priority on serving for customer such as customer orientation, new service development, and continuous assessment of customer needs	Narver and Slater (1990); Deshpande and Farley (1998)
<i>Control variables</i>			
Operating Capital	The capital or asset on investment operation in organization.	Dummy variables 1 = 60,000,000 Baht or less than 2 = More than 60,000,000 Baht	Richard and Johnson (2001); Leiblein, Reuer and Dalsace (2002)
Hotel standard	The level of quality standard and characteristics of the hotel	Dummy variables 1 = Four-star levels 2 = Five-star levels	Pine and Phillips, (2005)

CHAPTER IV

RESULTS AND DISCUSSION

This chapter presents the analyses of the survey data and the results of hypothesis testing which are organized as follows. Firstly, it presents the respondent and firm characteristics and correlation matrix to increase the understanding of the sample characteristics. Secondly, the hypothesis testing and results are detailed. Finally, the summary of hypothesized relationships is included in Table 15.

Demographic Characteristics of Respondent and Firm Characteristics

In this research, hotel businesses in Thailand as the unit of analysis and the key informants certainly are the marketing executives or marketing directors. They are also called respondents because they represent their firm and complete the questionnaire of this research. The respondent characteristics are described by the demographic characteristics of respondents including gender, age, marital status, education level, working experience, monthly salary, and current position. Moreover, the hotel business characteristics are also described by business owner type, hotel standard, business location, operating capital, the period of time in business operation, number of rooms, and average sales revenue per year. Table 1B in Appendix B shows the demographic characteristics of the 248 participants with the returned questionnaires. About 67.34 percent of respondents are female and 32.66 percent are male. The span of the age of respondents is approximately 30 - 40 years old (45.97 percent). Most of the respondents are single (53.62 percent). The majority of the education levels of respondents is bachelor degrees or lower (70.56 percent). For work experience, approximately (36.29 percent) of respondents have been working with the firms between 5 and 10 years. Moreover, most of the respondents received a monthly income of less than 50,000 baht per month (53.63 percent). Finally, the current position of respondents (39.92 percent) is marketing director, 35.89 percent is others, and 24.19 percent is the marketing executive. For Table 1C in Appendix C, most of the business owner types are limited company (68.55 percent). For the hotel standard, four-star level (52.82 percent), and five-star level (47.18 percent). The majority



of businesses is located in south Thailand (29.44 percent). The operating capital is more than 150,000,000 baht (33.47 percent). The period of time in business operation is mostly between 5 to 10 years (37.91 percent). In the organization there are fewer than 150 rooms (61.29 percent). The average sales income per year are 50,000,000 to 100,000,000 baht (31.85 percent).

Correlation Analysis

The Pearson correlation for bivariate analysis of each variable pair is conducted in this research. The correlation analysis results show a multicollinearity problem and explore the relationships among the variables. Table 7 shows the results of the correlation analysis of all constructs. The bivariate correlation procedure is subject to a two-tailed test of statistical significance at 1 level shown as $p < 0.01$.

Therefore, the correlation matrix can prove the correlation between the two variables and verify the multicollinearity problems by the intercorrelations among the independent variables. The results indicate no multicollinearity problems in this research, and the result is lower at 0.80 (Hair et al., 2006). Accordingly, the evidence suggests that there are significant relationships among the five dimensions of dynamic service innovation strategy ($r = .359 - .701, p < 0.01$). The correlation matrix reveals a correlation between the consequences of the dimensions of dynamic service innovation strategy. The result indicates that the dimension of dynamic service innovation strategy in relation to service excellence, customer fulfillment, and service advantage is significantly and positively correlated ($r = .291 - .601, p < 0.01$). Finally, the antecedent constructs, including market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity are significantly related to the dimensions of dynamic service innovation strategy ($r = .181 - .480, p < 0.01$).



Table 8: Descriptive Statistics and Correlation Matrix of Dynamic Service Innovation Strategy and all Constructs

Variables	NASO	OSPC	NSEC	STIF	CSC	SEC	SAD	CFU	SPE	FPR	MDV	BEX	CLE	ORE	ECO	MCU	OC	HS
MEAN	4.3498	4.3125	4.3589	4.3770	4.3125	4.1169	4.1270	4.1875	4.1190	4.3034	4.3034	4.2651	4.3347	4.3780	4.4950	4.3982	-	-
S.D.	.42963	.45175	.37203	.41602	.47788	.47128	.48301	.45286	.54639	.50194	.50194	.43275	.41283	.42265	.39765	.40738	-	-
NSAO	1.00																	
OSPC	.657**	1.00																
NSEC	.567**	.495**	1.00															
STIF	.449**	.359**	.701**	1.00														
CSC	.639**	.592**	.681**	.646**	1.00													
SEC	.439**	.487**	.375**	.428**	.601**	1.00												
SAD	.458**	.409**	.291**	.376**	.544**	.750**	1.00											
CFU	.523**	.455**	.356**	.402**	.591**	.669**	.746**	1.00										
SPE	.462**	.369**	.451**	.443**	.587**	.644**	.534**	.618**	1.00									
FPR	.478**	.427**	.398**	.403**	.517**	.542**	.481**	.585**	.720**	1.00								
MDV	.186**	.203**	.181**	.257**	.199**	.250**	.274**	.262**	.235**	.264**	1.00							
BEX	.480**	.322**	.451**	.434**	.452**	.371**	.321**	.320**	.350**	.372**	.487**	1.00						
CLE	.438**	.322**	.400**	.501**	.435**	.394**	.396**	.428**	.411**	.381**	.397**	.616**	1.00					
ORE	.426**	.320**	.394**	.423**	.433**	.412**	.430**	.409**	.390**	.406**	.406**	.596**	.667**	1.00				
ECO	.373**	.336**	.385**	.304**	.414**	.355**	.290**	.301**	.352**	.361**	.211**	.397**	.408**	.395**	1.00			
MCU	.419**	.278**	.370**	.425**	.450**	.446**	.446**	.475**	.369**	.330**	.335**	.475**	.517**	.519**	.421**	1.00		
OC	-.037	.033	.019	.027	-.019	-.066	-.076	-.006	.039	.069	-.041	-.066	.030	-.093	-.081	-.071	1.00	
HS	.057	.083	.095	.041	.024	-.022	-.076	-.005	.030	.061	-.048	.028	.070	.030	.042	.014	-.020	1.00

N=248, ** Correlation is significant at the 0.01 level (2-tailed)



Hypothesis Testing and Results

The ordinary least squares (OLS) regression analysis is conducted in the research. The regression equation generated is a linear combination of the independent variables that best explains and predicts the dependent variable (Aulakh, Masaaki, & Hildy, 2000). Then, OLS is an appropriate method for examining the hypothesized relationships. Therefore, all hypotheses in this dissertation are transformed into eighteen equations. Following this further, there are two dummy variables of operating capital and hotel standard which are consistent with the data collection included in those equations for testing as follows.

The Impacts of Dynamic Service Innovation Strategy on Its Consequences

Figure 6 presents the effects of dynamic service innovation strategy on its consequences based on Hypotheses 1(a-e) -5(a-e). This research proposes the relationships among variables in a positive direction. These hypotheses are analyzed from the regression equation in models 1, 2, 3, 5 and 7 according to Chapter III.

Figure 6: Effects of Dynamic Service Innovation Strategy on Its Consequences

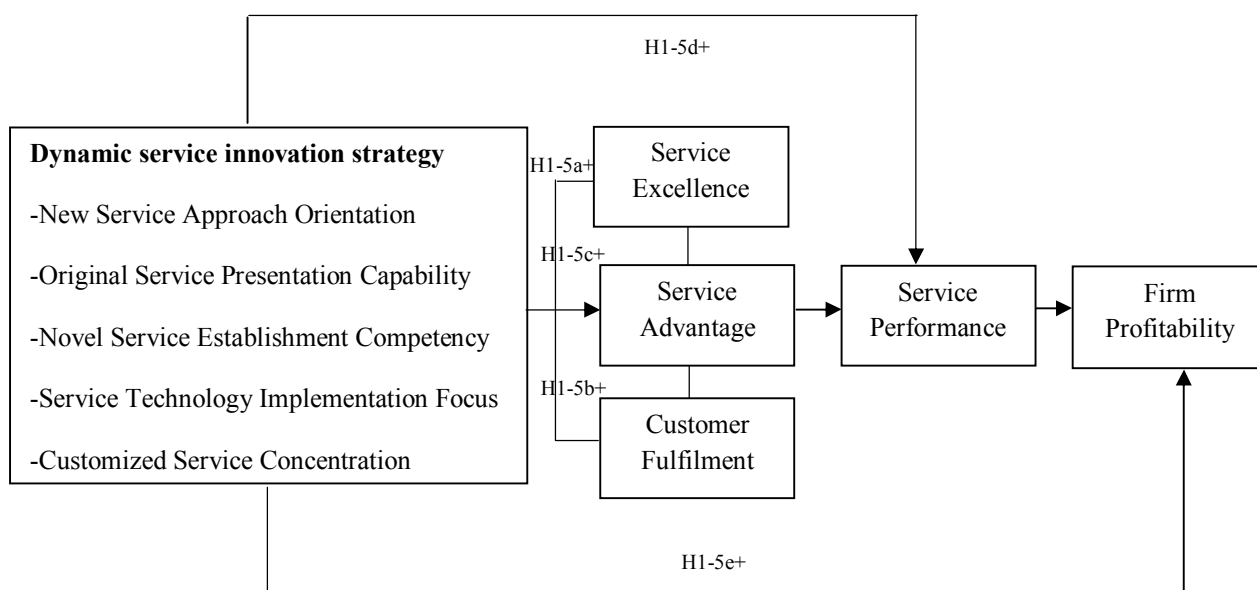


Table 9: Descriptive Statistics and Correlation Matrix for Dynamic Service Innovation Strategy Constructs on Its Consequence

Variables	NSAO	OSPC	NSEC	STIF	CSC	SEC	SAD	CFU	SPE	FPR	OC	HS
MEAN	4.3498	4.3125	4.3589	4.3770	4.3125	4.1169	4.1270	4.1875	4.1190	4.3034	-	-
S.D.	.42963	.45175	.37203	.41602	.47788	.47128	.48301	.45286	.54639	.50194	-	-
NSAO	1.00											
OSPC	.657**	1.00										
NSEC	.567**	.495**	1.00									
STIF	.449**	.359**	.701**	1.00								
CSC	.639**	.592**	.681**	.646**	1.00							
SEC	.439**	.487**	.375**	.428**	.601**	1.00						
SAD	.458**	.409**	.291**	.376**	.544**	.750**	1.00					
CFU	.523**	.455**	.356**	.402**	.591**	.669**	.746**	1.00				
SPE	.462**	.369**	.451**	.443**	.587**	.644**	.534**	.618**	1.00			
FPR	.478**	.427**	.398**	.403**	.517**	.542**	.481**	.585**	.720**	1.00		

N=248, ** Correlation is significant at the 0.01 level (2-tailed)

The correlations among each dimension of dynamic service innovation strategy on its consequences are demonstrated in Table 9. Firstly, the results show that new service approach orientation is significantly and positively correlated to service excellence ($r = .439$, $p < 0.01$), customer fulfillment ($r = .523$, $p < 0.01$), service advantage ($r = .458$, $p < 0.01$), service performance ($r = .462$, $p < 0.01$), and firm profitability ($r = .478$, $p < 0.01$). Secondly, original service presentation capability is significantly and positively correlated to service excellence ($r = .487$, $p < 0.01$), customer fulfillment ($r = .455$, $p < 0.01$), service advantage ($r = .409$, $p < 0.01$), service performance ($r = .369$, $p < 0.01$), and firm profitability ($r = .427$, $p < 0.01$). Thirdly, novel service establishment competency is significantly and positively correlated to service excellence ($r = .375$, $p < 0.01$), customer fulfillment ($r = .356$, $p < 0.01$), service advantage ($r = .291$, $p < 0.01$), service performance ($r = .451$, $p < 0.01$), and firm profitability ($r = .398$, $p < 0.01$). Fourthly, service technology implementation focus is significantly and positively correlated to service excellence ($r = .428$, $p < 0.01$), customer fulfillment ($r = .402$, $p < 0.01$), service advantage ($r = .376$, $p < 0.01$), service performance ($r = .443$, $p < 0.01$), and firm profitability ($r = .403$, $p < 0.01$). Finally, customized service concentration is significantly and positively correlated to service excellence ($r = .601$, $p < 0.01$),



customer fulfillment ($r = .591$, $p < 0.01$), service advantage ($r = .544$, $p < 0.01$), service performance ($r = .587$, $p < 0.01$), and firm profitability ($r = .517$, $p < 0.01$). However, most of these correlations are less than 0.80 as recommended by Hair et al. (2006). Variance Inflation Factors (VIFs) are used to test the correlations among the five dimensions of dynamic service innovation strategy. In this case, the maximum value of VIF is 2.704, which is well below the cut-off value of 10 (Hair et al., 2006). This means each dimension of dynamic service innovation strategy is not correlated with each other. As a result, multicollinearity problems should not be of concern.

Table 10: Results of the Effects of Dynamic Service Innovation Strategy on Its Consequences

Independent Variables	Dependents Variables				
	SEC (a)	CFU (b)	SAD (c)	SPE (d)	FPR (e)
	Equation 1	Equation 2	Equation 3	Equation 5	Equation 7
NASO (H1 a-e)	.007 (.074)	.243** (.074)	.184* (.076)	.155* (.076)	.208** (.079)
OSPC (H2 a-e)	.238** (.070)	.095 (.070)	.114 (.072)	-.036 (.072)	.103 (.075)
NESC (H3 a-e)	.178* (.079)	.221** (.080)	.282** (.082)	.018 (.082)	-.053 (.085)
STIF (H4 a-e)	.161* (.074)	.124 (.074)	.168* (.077)	.088 (.077)	.130 (.079)
CSC (H5 a-e)	.475** (.081)	.451** (.082)	.447** (.084)	.439** (.085)	.273** (.087)
OC	-.177 (.105)	-.017 (.106)	-.173 (.109)	.074 (.109)	.140 (.113)
HC	-.089 (.100)	-.044 (.100)	-.176 (.103)	.018 (.104)	.069 (.167)
Adjusted R ²	.396	.391	.350	.347	.303
Maximum VIF	2.704	2.704	2.704	2.704	2.704

Note: * $p < 0.05$, ** $p < 0.01$



For the hypothesis testing, the results of OLS regression analysis were shown in Table 10. Firstly, the results indicate that new service approach orientation significantly and positively relates to customer fulfillment ($\beta_8 = .243$, $p < 0.01$), service advantage ($\beta_{15} = .184$, $p < 0.05$), service performance ($\beta_{26} = .155$, $p < 0.05$), and firm profitability ($\beta_{38} = .208$, $p < 0.01$). The previous literature suggests that many firms attempt to develop or generate new service for response a customer's needs and wants (Johnson et al., 2002). New service as the firm to customize service offerings to response a specific customer intended to maximize benefits for those customer (Anderson, De Dreu, & Nijstad, 2004; Jin, He, & Song, 2012). And, new service is a source of competitive advantage for hotels because offering new service can help attract new customers, increase customer loyalty, create new market opportunities, and raise performance and profitability (Huang, 2014; Nicolau, & Santa-Mari'a, 2013). **Therefore, Hypotheses 1b, 1c, 1d and 1e are supported.** On the contrary, new service approach orientation has no effect on service excellence ($\beta_1 = .007$, $p > 0.10$). In fact, hotel business requires high capitals of investment to differentiate among players in the same industry such as skilled workers. These capitals may cause the high price of the service. Also, the customers trade discretion for price and they are likely to accept the limitation of service when the firms keep prices low. Moreover, hotel business is probably seen as having a restricted service, and having few service options, which normally does not meet the needs of every customer (Kellogg, & Nie, 1995). Therefore, service excellence may not be achieved. **Therefore, Hypothesis 1a is not supported.**

Secondly, the results show that original service presentation capability significantly and positively relates to service excellence ($\beta_2 = .238$, $p < 0.01$). This result, according to prior studies, suggests that the use of original service presentation capability in the service business will result in an advantage in the competition from the emergence of innovation. Therefore, services have prompted corporations in various service industries to concentrate on achieving customer delight through service excellence, which should enable them to secure their competitive position and establish long-term customer relationships (Gouthier, Giese, & Bartl, 2012). **Therefore, Hypothesis 2a is supported.** However, original service presentation capability has no effect on customer fulfillment ($\beta_9 = .095$, $p > 0.10$). The possible explanation is that original service



presentation capability does not consider to customer fulfillment because service often arises from changes in the form of an organization to suit the changing environment. Thus, the original service cannot respond to changes in a quickly changing environment that will affect the rise of competitive advantage which exceeds the expectations of customers (Grönroos, & Ojasalo, 2004). **Therefore, Hypothesis 2b is not supported.** Next, the results show that original service presentation capability has no effect on service advantage ($\beta_{16} = .114, p > 0.10$). This result, according to service innovation sector, obvious that companies can achieve a sustainable competitive advantage only by bundling original service with added value services (Durst, Mention, & Poutanen, 2015). But, original service will not create a more service advantage when the innovation is successful. If customers do not perceive the changes value the new benefits the service may offer. Therefore, the original service is the higher the risk of unsuccessfulness (Tănase, 2012). For such reasons, original service presentation capability has no influence on service advantage. **Therefore, Hypothesis 2c is not supported.** However, the results show that original service presentation capability has no effect on service performance ($\beta_{27} = -.036, p > 0.10$), and firm profitability ($\beta_{39} = .103, p > 0.10$). The result is similar to Zollo and Winter (2002) explained that original service presentation capability in an organization will affect the competitive advantage of increased innovation resulting in the performance and profitability of the firm. For this reason, original service is easier to imitate than to innovate new service because original service is due to capabilities and experience of employees. However, innovation, or original service, is due to capability, knowledge, skill, experience of employees, and high investment. **Therefore, Hypotheses 2d, and 2e are not supported.**

Thirdly, the results show that novel service establishment competency significantly and positively relates to service excellence ($\beta_3 = .178, p < 0.05$), customer fulfillment ($\beta_{10} = .221, p < 0.01$), and service advantage ($\beta_{17} = .282, p < 0.01$). In this sense, prior research suggests that the novel service subsequently becomes a form of service innovation, and provides customers with a new experience (Selden, & MacMillan, 2006). This is because customers can expect that the novel service will be available from other service providers. The development of novel services not only provides customers a unique consumer experience but also focuses on excellence (Moeller, Rajala, &



Westerlund, 2008; O'Cass, & Sok, 2013; Paswan, D'Souza, & Zolfagharian, 2009).

Therefore, Hypotheses 3a, 3b, and 3c are supported. Conversely, the results found no associations among novel service establishment competency on service performance ($\beta_{28} = .018$, $p > 0.10$). This shows that novel service establishment competency depends on service performance and firm profitability. Service providers should focus on potential customer involvement in co-creation, development, design of service activities, and have enough budget, leading to service innovation and value. Nevertheless, in fact, some other providers may have less expertise to choose the potential customer to participate correctly, and not enough budget to innovate novel service which is a barrier leading to service innovation, and is unable to achieve performance (Noble, Sinha, & Kumar, 2002). **Therefore, Hypothesis 3d is not supported.** Moreover, novel service establishment competency has no effect on firm profitability ($\beta_{40} = -.053$, $p > 0.10$). Even though the novel service differentiates firms from other competing firms, it is complex, high cost, and difficult for customers to tangibly evaluate the quality image. As a consequence, it may not significantly affect profitability (De Brentani, 1995). **Therefore, Hypothesis 3e is not supported.**

Fourthly, the results indicate that service technology implementation focus significantly and positively relates to service excellence ($\beta_4 = .161$, $p < 0.05$), and service advantage ($\beta_{18} = .168$, $p < 0.05$). This result suggests that new technologies increase the innovative capacity of firms, whether manufacturing or service ones (Evangelista, 2000; Heidenreich, 2009; Sirilli, & Evangelista, 1998). Moreover, technology has played an important role in this rise of service excellence, contributing to improve productivity. Technology provides a range of service advantages for guests (Kolah, 2011). **Therefore, Hypotheses 4a and 4c are supported.** Furthermore, service technology implementation focus has no effect on customer fulfillment ($\beta_{11} = .124$, $p > 0.10$). For a possible reason from earlier results, service technology cannot adapt the hotel's service offering to each individual guest's preferences. For example, a flexible check-in and check-out policy could lead to labor scheduling problems (Victorino et al., 2005). **Therefore, Hypothesis 4b is not supported.** Next, service technology implementation focus has no effect on service performance ($\beta_{22} = .088$, $p > 0.10$). This result according to prior studies suggests that also, even when novel service is introduced, if



customer service experience, speed, and reliability are not improved as well, it does not adequately respond to customer needs and problems. Therefore, a high level of service does not guarantee the generation of service performance (Wu et al., 2008). **Therefore, Hypothesis 4d is not supported.** Moreover, service technology implementation focus has no effect on firm profitability ($\beta_{41} = .130, p > 0.10$). The prior research of Shapiro and Varian (1999) found that an ability of service providers to modify, offer technological services, and set prices for services, led to increased service value and revenues, and generates satisfaction in using the service. On the other hand, the results of the research found that too many services lead the customer to no choice at all. It affects satisfaction losses and leads to decreased profitability (Sela, Berger, & Liu, 2009). **Therefore, Hypothesis 4e is not supported.** Finally, the results indicate that customized service concentration significantly and positively relates to service excellence ($\beta_5 = .475, p < 0.01$), customer fulfillment ($\beta_{12} = .451, p < 0.01$), service advantage ($\beta_{19} = .447, p < 0.01$), service performance ($\beta_{30} = .439, p < 0.01$), and firm profitability ($\beta_{42} = .273, p < 0.01$). The previous literature suggests that firms look for tactics to use to create new activities by emphasizing the creation process to respond to a customer's requirement and create a customer's satisfaction. Companies are using their resources of customized services that enhance the value of their offerings, which can be leading to competitive advantages (Matthyssens, Vandenbempt, & Berghman, 2006). This result is not only in customer satisfaction, but also customer delight, greater customer, and long-term profitability (Edvardsson, & Enquist, 2011). For example, hotels offer guest rooms of a blend of the art-deco and modern style, as well as excellent in-room amenities, and entertainment. Moreover, hotels offer the special occasions like school holidays, Christmas, and birthdays for special customers (Hariandja et al., 2014). **Therefore, Hypotheses 5a, 5b, 5c, 5d and 5e are supported.**

Additionally, the result of the control variables indicate that operating capital has no significant relationship with service excellence ($\beta_6 = -.177, p > 0.10$), customer fulfillment ($\beta_{13} = -.017, p > 0.10$), service advantage ($\beta_{20} = -.173, p > 0.10$), service performance ($\beta_{31} = .074, p > 0.10$), and firm profitability ($\beta_{43} = .140, p > 0.10$). Similarly, the result of other control variables indicate that hotel standard has no significant relationship with service excellence ($\beta_7 = -.089, p > 0.10$), customer



fulfillment ($\beta_{14} = -.044$, $p > 0.10$), service advantage ($\beta_{21} = -.176$, $p > 0.10$), service performance ($\beta_{32} = .018$, $p > 0.10$), and firm profitability ($\beta_{44} = .069$, $p > 0.10$). Therefore, the consequence relationship of dynamic service innovation strategy are not influenced by operating capital and hotel standard.

The Effects of Service Excellence, Customer Fulfillment, Service Advantage and Service Performance on Firm Profitability

Figure 7 presents the relationships among service excellence, customer fulfillment, service advantage, service performance and firm profitability. The relationships are hypothesized as proposed in Hypotheses 6-9 from the regression equation in models 4, 6, and 8. This research proposes that each outcome is positively related to firm profitability. The results of OLS regression analysis are demonstrated in Table 11.

Figure 7: The Effects of Service Excellence, Customer Fulfillment, Service Advantage and Service Performance on Firm Profitability

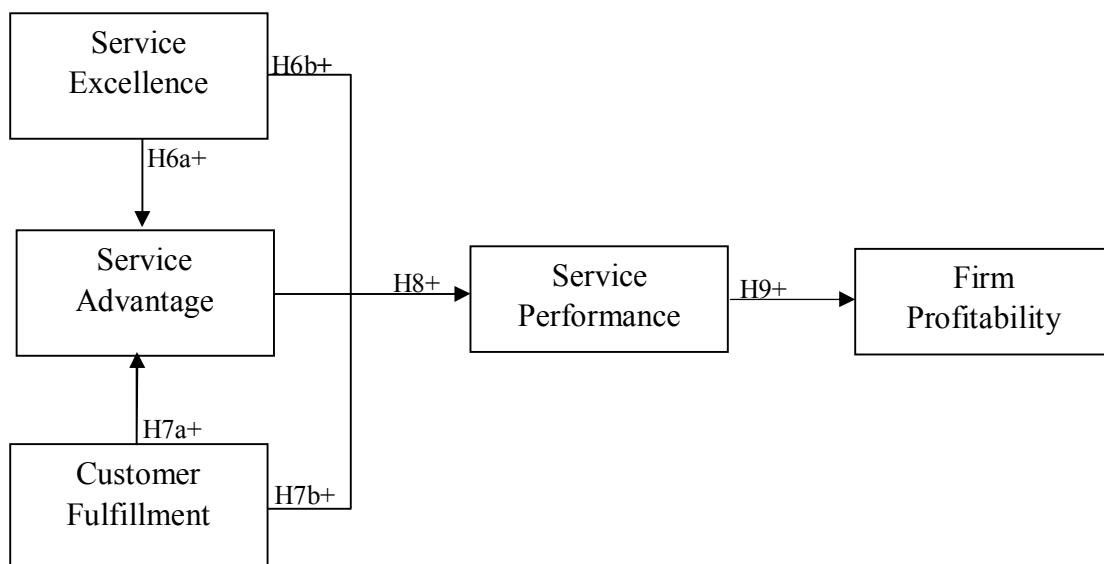


Table 11: Descriptive Statistics and Correlation Matrix of Service Excellence, Customer Fulfillment, Service Advantage and Service Performance on Firm Profitability

Variables	SEC	SAD	CFU	SPE	FPR
Mean	4.1169	4.1270	4.1875	4.1190	4.3034
S.D.	.47128	.48301	.45286	.54639	.50194
SEC	1.00				
SAD	.750**	1.00			
CFU	.669**	.746**	1.00		
SPE	.644**	.534**	.618**	1.00	
FPR	.542**	.481**	.585**	.720**	1.00

N=248, ** Correlation is significant at the 0.01 level (2-tailde)

Table 11 shows the correlation matrix of the dynamic service innovation strategy outcomes and its consequences. Firstly, the results indicate that service excellence is significantly and positively correlated to service advantage ($r = .750$, $p < 0.01$) and service performance ($r = .644$, $p < 0.01$). Secondly, customer fulfillment has positive correlations with service advantage ($r = .746$, $p < 0.01$) and service performance ($r = .618$, $p < 0.01$). Thirdly, service advantage is significantly and positively correlated to service performance ($r = .534$, $p < 0.01$). Finally, service performance is significantly and positively correlated to firm profitability ($r = .720$, $p < 0.01$).

It is obvious that these correlations are less than 0.80 as recommended by Hair et al (2006). The maximum value of VIF is 3.097 which is lower than the cut-off value of 10 (Hair et al., 2006). Both criteria point out that the multicollinearity problem should not be of concern.



Table 12: The Effects of Service Excellence, Service Advantage, Customer Fulfillment, Service Performance on Firm Profitability

Independent Variables	Dependents Variables		
	SAD	SPE	FPR
	Equation 4	Equation 6	Equation 8
SEC	.447** (.049)	.463** (.072)	
SAD		-.082 (.081)	
CFU	.447** (.049)	.370** (.072)	
SPE			.718** (.044)
FPR			
OC	-.095 (.077)	.139 (.098)	.089 (.094)
HS	-.130 (.073)	-.075 (.093)	.079 (.044)
Adjusted R²	.672	.476	.519
Maximum VIF	1.822	3.097	1.002

Note: * $p < 0.05$, ** $p < 0.01$

For the hypothesis testing, the results from Table 11 suggest that service excellence has a significant and positive effect on service advantage ($\beta_{22} = .447$, $p < 0.01$), and service performance ($\beta_{33} = .463$, $p < 0.01$). This result, according to prior studies, suggests that continuously increasing the quality of service with differentiate and affect customer satisfaction because customers are likely to perceive better service position compared with other firms' services (Garrett, Covin, & Slevin, 2009). From this statement, when firms have a positional advantage in terms of providing superior value to customers, customers are willing to trade off, paying a price premium for superior value. Subsequently, it leads to increased performance (Carbonell, & Rodriguez, 2006).

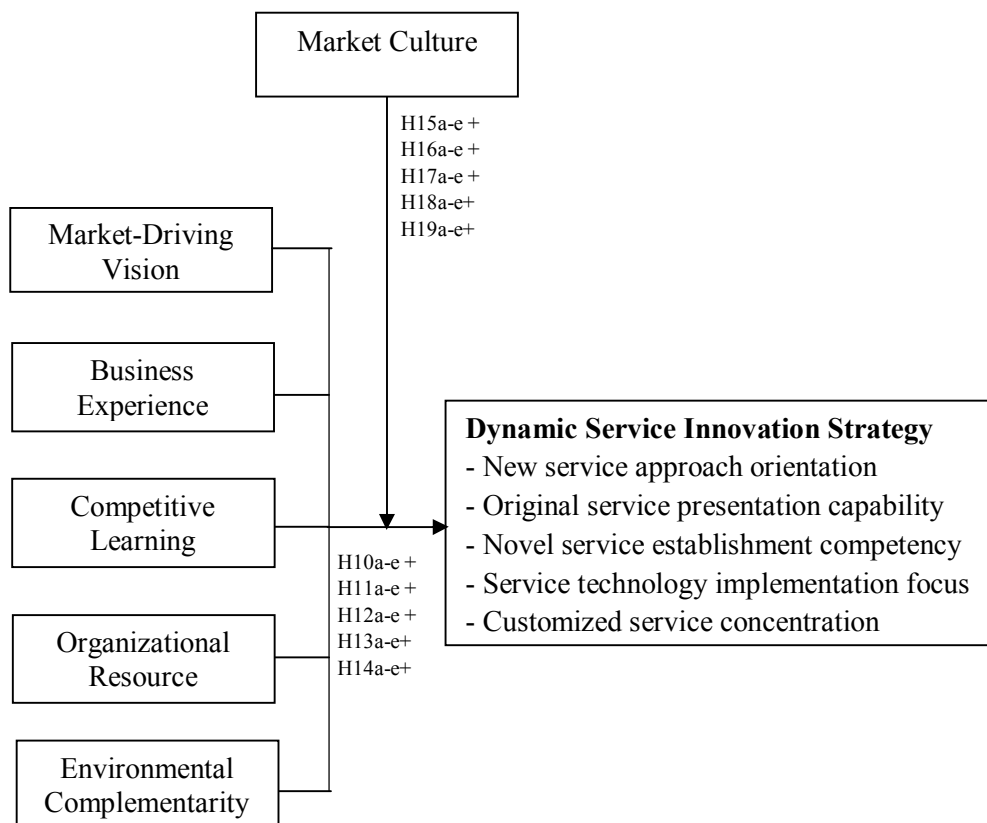


Therefore, Hypotheses 6a and 6b are supported. The results indicate that customer fulfillment has a significant and positive effect on service advantage ($\beta_{23} = .447$, $p < 0.01$), and service performance ($\beta_{34} = .370$, $p < 0.01$). It can be stated that when a customer has a positive feeling toward a particular firm, they tend to see that firm is more favorable than other firms, such as in higher service quality and better service customization. So, the firm is likely to gain service advantage (Lam et al., 2004). Moreover, when customers are satisfied, it increases revenues, customer-related transaction costs, and causes a reduction in price elasticity among repeat buyers, which subsequently leads to increase service performance (Fornell, 1992). **Therefore, Hypotheses 7a and 7b are supported.** In contrast, service advantage has no effect on service performance ($\beta_{35} = -.082$, $p > 0.10$). Actually, the firms may attempt to modify an organization's response to customer demands. Conversely, different services or quality of service does directly affect performance because a difference or quality of the services of the business in the same industry is different. So, it does not build performance (Fisk, Brown, & Bitner, 1993). **Therefore, Hypothesis 8 is not supported.** As can be seen from Table 11, service performance has a significant and positive effect on firm profitability ($\beta_{45} = .718$, $p < 0.01$). This result, according to prior studies, suggests that service concept and its associated goals for both customers and the service delivery organization can be employed to help determine the most appropriate performance measures for a particular service (Goldstein et al., 2002). In this regard, organizations are focused on increasing their service performance to harness the benefits that come with competitive advantages and profitability (Salifu et al., 2010). **Therefore, Hypothesis 9 is supported.**

Additionally, the result of the control variables indicate that operating capital has no significant relationship with service advantage ($\beta_{24} = -.095$, $p > 0.10$), service performance ($\beta_{36} = .139$, $p > 0.10$), and firm profitability ($\beta_{46} = .089$, $p > 0.10$). Similarly, the result of other control variables indicate that hotel standard has no significant relationship with service advantage ($\beta_{25} = -.130$, $p > 0.10$), service performance ($\beta_{37} = -.075$, $p > 0.10$), and firm profitability ($\beta_{47} = .079$, $p > 0.10$). Therefore, the relationships of service advantage, service performance, and firm profitability do not affect the influences of control variables.



Figure 8: The Effects of Antecedents on Dynamic Service Innovation Strategy via Market Culture as a Moderator



The Effects of the Antecedents on Dynamic Service Innovation Strategy via Market Culture

Figure 8 describes the effects of five antecedents, including market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on each of five dimensions of dynamic service innovation strategy. These effects are hypothesized positively as proposed in Hypotheses 10(a-e) - 14(a-e) which are transformed into the regression equation in Models 9, 11, 13, 15, and 17. This research also investigates the moderating effect of market culture on the relationships among five antecedents and each of five dimensions of dynamic service innovation strategy. These moderating effects are hypothesized in that market culture strengthens the relationships among five antecedents and the five dimensions of dynamic service innovation strategy, based on the regression equation in Models 10, 12, 14, 16



and 18, according to Chapter III. The results of the OLS regression analysis are provided in Table 13 (Models 9-18) which shows the scale of adjusted R^2 at .162 – .311.

Table 13: Descriptive Statistics and Correlation Matrix of Antecedents on Dynamic Service Innovation Strategy via Market Culture

Variables	MDV	BEX	CLE	ORE	ECO	MCU	NSAO	OSPC	NSEC	STIF	CSC	OC	HS
MEAN	4.3034	4.2651	4.3347	4.3780	4.4950	4.3982	4.3498	4.3125	4.3589	4.3770	4.3125	-	-
S.D.	.50194	.43275	.41283	.42265	.39765	.40738	.42963	.45175	.37203	.41602	.47788	-	-
MDV	1.00												
BEX	.487**	1.00											
CLE	.397**	.616**	1.00										
ORE	.406**	.596**	.667**	1.00									
ECO	.211**	.387**	.408**	.395**	1.00								
MCU	.355**	.475**	.517**	.519**	.421**	1.00							
NSAO	.186**	.480**	.438**	.426**	.373**	.419**	1.00						
OSPC	.203**	.322**	.322**	.320**	.366**	.278**	.657**	1.00					
NSEC	.181**	.451**	.400**	.394**	.385**	.370**	.567**	.495**	1.00				
STIF	.257**	.434**	.501**	.423**	.304**	.425**	.449**	.359**	.701**	1.00			
CSC	.199**	.452**	.435**	.433**	.414**	.450**	.639**	.592**	.681**	.646**	1.00		

N=248, ** Correlation is significant at the 0.01 level (2-tailed)

The correlations among the five antecedents and five dimensions of dynamic service innovation strategy are shown in Table 13. Firstly, the results show that market-driving vision is significantly and positively correlated to new service approach orientation ($r = .186$, $p < 0.01$), original service presentation capability ($r = .203$, $p < 0.01$), novel service establishment competency ($r = .181$, $p < 0.01$), service technology implementation focus ($r = .257$, $p < 0.01$), and customized service concentration ($r = .199$, $p < 0.01$). Secondly, business experience is significantly and positively correlated to new service approach orientation ($r = .480$, $p < 0.01$), original service presentation capability ($r = .322$, $p < 0.01$), novel service establishment competency ($r = .451$, $p < 0.01$), service technology implementation focus ($r = .434$, $p < 0.01$), and customized service concentration ($r = .452$, $p < 0.01$). Thirdly, competitive learning is significantly and positively correlated to new service approach orientation ($r = .438$, $p < 0.01$), original service presentation capability



($r = .322$, $p < 0.01$), novel service establishment competency ($r = .400$, $p < 0.01$), service technology implementation focus ($r = .501$, $p < 0.01$), and customized service concentration ($r = .435$, $p < 0.01$). Fourthly, organizational resource is significantly and positively correlated to new service approach orientation ($r = .426$, $p < 0.01$), original service presentation capability ($r = .320$, $p < 0.01$), novel service establishment competency ($r = .394$, $p < 0.01$), service technology implementation focus ($r = .423$, $p < 0.01$), and customized service concentration ($r = .433$, $p < 0.01$). Lastly, environmental complementarity is significantly and positively correlated to new service approach orientation ($r = .373$, $p < 0.01$), original service presentation capability ($r = .366$, $p < 0.01$), novel service establishment competency ($r = .385$, $p < 0.01$), service technology implementation focus ($r = .304$, $p < 0.01$), and customized service concentration ($r = .414$, $p < 0.01$). However, these correlations are less than 0.80 as recommended by Hair et al. (2006). In this research, the maximum value of VIF is 2.190, which is well below the cut-off value of 10 (Hair et al., 2006). These results indicate that multicollinearity is not a serious problem in this research.



Table 14: Results of Antecedents on Dynamic Service Innovation Strategy via Firm Profitability

Independent Variables	Dependents Variables									
	NSAO		OSPC		NSEC		STIF		CSC	
	Equation 9	Equation 10	Equation 11	Equation 12	Equation 13	Equation 14	Equation 15	Equation 16	Equation 17	Equation 18
MDV	-.102	-.103	.038	.012	-.079	-.069	.007	.026	-.072	-.116
	(.063)	(.069)	(.068)	(.076)	(.064)	(.071)	(.064)	(.069)	(.063)	(.069)
BEX	.300**	.269**	.104	.117	.284**	.255**	.158*	.124	.231**	.220**
	(.076)	(.077)	(.082)	(.085)	(.077)	(.080)	(.077)	(.078)	(.076)	(.077)
CLE	.138	.115	.063	.079	.084	.055	.301**	.289**	.121	.087
	(.080)	(.083)	(.086)	(.091)	(.081)	(.085)	(.081)	(.083)	(.079)	(.082)
ORE	.129	.049	.105	.089	.122	.096	.097	.061	.158*	.142
	(.078)	(.080)	(.084)	(.088)	(.079)	(.083)	(.079)	(.081)	(.078)	(.080)
ECO	.167**	.137*	.253**	.225**	.209**	.199**	.082	.049	.231**	.182**
	(.061)	(.063)	(.065)	(.069)	(.062)	(.065)	(.062)	(.063)	(.061)	(.063)
MCU		.185**		.043		.105		.116		.194**
		(.070)		(.077)		(.072)		(.071)		(.070)
MDV*MCU		.034		.061		-.031		-.087		.075
		(.076)		(.084)		(.079)		(.077)		(.076)
BEX*MCU		.030		.026		-.045		.072		-.052
		(.084)		(.093)		(.087)		(.085)		(.084)
CLE*MCU		.116		-.022		.103		.154		.014
		(.086)		(.094)		(.088)		(.086)		(.085)
ORE*MCU		-.033		-.081		.016		.179*		-.028
		(.089)		(.098)		(.092)		(.090)		(.089)
ECO*MCU		-.111		-.062		.062		.112		.113
		(.060)		(.066)		(.062)		(.060)		(.060)
OC	.002	-.012	.151	.143	.131	.134	.095	.105	.128	.123
	(.116)	(.115)	(.124)	(.126)	(.118)	(.118)	(.117)	(.116)	(.116)	(.115)
HS	.046	.062	.131	.120	.132	.150	.020	.060	-.015	-.004
	(.108)	(.108)	(.116)	(.119)	(.110)	(.111)	(.110)	(.108)	(.108)	(.108)
Adjusted R²	.284	.310	.172	.162	.262	.265	.268	.300	.287	.311
Maximum VIF	2.190	3.359	2.190	3.359	2.190	3.359	2.190	3.359	2.190	3.359

Note: * p < 0.05, ** p < 0.01



In table 14, market-driving vision has no effect on all of the five dimensions of dynamic service innovation strategy, including new service approach orientation ($\beta_{48} = -.102, p > 0.10$), original service presentation capability ($\beta_{68} = .038, p > 0.10$), novel service establishment competency ($\beta_{88} = -.079, p > 0.10$), service technology implementation focus ($\beta_{108} = .007, p > 0.10$), and customized service concentration ($\beta_{128} = -.072, p > 0.10$). This result indicates that market-driven vision is a key part of the analysis of the competitive environment that supports product or service development to meet the needs of customers as well as to determine the most effective operations approach that is considered overall in the company. It means that to succeed in business, firms need to continuously explore and offer a variety of new service as well as determine policies that facilitate the process to respond to market change (Price, 2001). **Thus, Hypotheses 10a is not supported.** However, the success of initial vision with leadership is critical (Zaleznik, 1992). The leader is driven to analyze the organization and the environment in order to be designated as an alternative strategy to be implemented in the future. Furthermore, the recent findings suggest that the team is the cornerstone of corporate innovation and team processes are the most important for the development of innovation (Taggar, 2002). Therefore, it is possible that market-driven vision that does not directly impact on original service presentation capability. **Thus, Hypotheses 10b is not supported.** This result, according to prior studies, suggests that market-driving vision might be necessary to dynamic service innovation strategy. However, successful market driving vision has developed a unique internal business system that offers customers a leap in the value proposition in terms of, for example, new price points or a superior service level (Kumar, Scheer, & Kotler, 2000). **Thus, Hypothesis 10c is not supported.** The results are not the same as in the past, managers should always be creative and concerned with innovation and ready to value all the opportunities, which leads to faster, cheaper or better performance (Campeanu-Sonea et al., 2010). Also, firms attempt continuously to focus on development of modern technology to support service (Jayachandran, Hewett, & Kaufman, 2005). **Thus, Hypotheses 10d is supported.** This result indicates that market driving vision is regarded as a firm's ability to lead changes in the evolution of industry by having an impact on the value creation process at the product, market, and industry levels (Hills, & Sarin, 2003). In order for firms to



remain competitive and able to survive, firms have to hear the voice of customers and adapt offering as customers' preferences. **Thus, Hypothesis 10e is not supported.**

Secondly, the results indicate that business experience is significantly and positively related to four of five dimensions of dynamic service innovation strategy, including new service approach orientation ($\beta_{49} = .300, p < 0.01$), novel service establishment competency ($\beta_{89} = .284, p < 0.01$), service technology implementation focus ($\beta_{109} = .158, p < 0.05$), and customized service concentration ($\beta_{129} = .231, p < 0.01$). From the results, it can be stated that business experience creates a reservoir of knowledge, and individual members may be able to draw on that knowledge by seeking the help of others when they encounter difficulties (Hofmann, Lei, & Grant, 2009). The business may use the knowledge gained from its experience to develop focused practices to serve a customer. Therefore, business experience increases employees' performance in giving service with high quality to meet with customers' needs with greater competency (Chow et al., 2006). **Therefore, Hypotheses 11a, 11c, 11d, and 11e are supported.** Conversely, the results reveal that business experience has no significant, positive influence on original service presentation capability ($\beta_{69} = .104, p > 0.10$). The results are not the same as in the past, so business experience must be adapted to the original service presentation capability. This is because these are original service presentation capability that may cause confusion or uncertainty in practice. **Therefore, Hypothesis 11b is not supported.**

Thirdly, competitive learning is significantly and positively related to service technology implementation focus ($\beta_{110} = .301, p < 0.01$). The findings that competitive learning is vital to the survival of the organization are critical, especially during innovation, as it steers the transformation of technological and market information into market-demanded outcomes (Lievens, de Ruyter, & Lemmink, 1999). That is, the organization which increases competitive learning orientation affects organizational values that influence a sustainable organizational advantage (Santos-Vijande et al., 2005). **Therefore, Hypothesis 12d is supported.** However, the effects of competitive learning has no effect on new service approach orientation ($\beta_{50} = .138, p > 0.10$), original service presentation capability ($\beta_{70} = .063, p > 0.10$), novel service establishment competency ($\beta_{90} = .084, p > 0.10$), and customized service concentration ($\beta_{130} = .121, p > 0.10$).



Furthermore, competitive learning dictates that the corporation succeeds only if those with whom they compete fail. Competitive learning can increase scholarship, but excessive competition can reduce motivation, communication, and higher-level learning (Long, 1988). The clear reason is that although firms believe that organizational resource is an essential ingredient of a firm's success of the service innovation, in fact, firms' innovation is related to the learning predominant in these firms. However, the learning process of innovation can be very different depending on the intensity of work and resources utilized. (Tran, 2008). That is, best competitive learning is not positively related to service innovation. The results also indicate that a firm may have good, competitive learning; but if the practitioner lacks competitive learning and understanding, it leads to erroneous new management methods that are unreliable. ***Therefore, Hypotheses 12a, 12b, 12c, and 12e are not supported.***

Fourthly, organizational resource is significantly and positively related to customized service concentration ($\beta_{131} = .158, p < 0.05$). As indicated in prior researchers (Penrose, 1959), resources and capabilities are the basis for innovations. Moreover, organizational resource attempt to transform assets into something (e.g. better service, innovative products) that will give them an edge in the marketplace, succeed by identifying and building capabilities that set them apart from competitors (Daugherty, Chen, & Ferrin, 2011). ***Therefore, Hypothesis 13e is supported.*** Likewise, organizational resource has no effect on new service approach orientation ($\beta_{51} = .129, p > 0.10$), original service presentation capability ($\beta_{71} = .105, p > 0.10$), novel service establishment competency ($\beta_{91} = .122, p > 0.10$), and service technology implementation focus ($\beta_{111} = .097, p > 0.10$). In prior literature, Teece, Pisano, and Shuen (1997) show that resources and capabilities are different concepts. Resources refer to firm-specific assets, both tangible and intangible. Capabilities involve the use and adaptation of a set of resources to fulfill the objectives of the firm and provide it with a competitive advantage. On the other hand, Porter (1980) states that assumptions are related to low cost and differentiation are incompatible. Therefore, firms with lower-cost tend to have less emphasis on resource differentiation (Yamin, Gunasekaran, & Mavondo, 1999). It is possible that operating under a price war, the firms may focus heavily on how to minimize operational costs. This research examines in-service business which is an



intangible product, and then it is more likely that the outcome may contrast the from the literature review. ***Therefore, Hypotheses 13a, 13b, 13c, 13d are not supported.***

Finally, the results indicate that environmental complementarity is significantly and positively related to four of five dimensions of dynamic service innovation strategy, including new service approach orientation ($\beta_{52} = .167, p < 0.01$), original service presentation capability ($\beta_{72} = .253, p < 0.01$), novel service establishment competency ($\beta_{92} = .209, p < 0.01$), and customized service concentration ($\beta_{132} = .231, p < 0.01$).

The result is similar to Koschatzky (1999) who indicated that environment reflects the external requirements of specific circumstances in which a firm conducts higher innovation activities. Environmental innovation is a new or significantly improved service, process, organizational method or marketing method that creates environmental benefits compared to alternatives. Therefore, environmental complementarity is the benefits of innovation that can occur during the production of service, or during the after-sales use of a good or service by the end user (Vos, 2010). ***Therefore, Hypotheses 14a, 14b, 14c, and 14e are supported.*** Environmental complementarity has no effect on and service technology implementation focus ($\beta_{112} = .082, p > 0.10$). The results showed that technology has a positive effect on competitive environment dynamism. However, managerial perception of the probable role of the natural environment as a competitive opportunity may conditionally diverge on the type of environmental uncertainty (Sharma et al., 2007).

Therefore, Hypothesis 14d is not supported.

Lastly, the result of the control variables indicate that operating capital has no significant relationship with new service approach orientation ($\beta_{53} = .002, p > 0.10$), original service presentation capability ($\beta_{73} = .151, p > 0.10$), novel service establishment competency ($\beta_{93} = .131, p < 0.01$), service technology implementation focus ($\beta_{113} = .095, p > 0.10$), and customized service concentration ($\beta_{133} = .128, p > 0.10$). Similarly, the result of other control variables indicate that hotel standard has no significant relationship with new service approach orientation ($\beta_{54} = .046, p > 0.10$), original service presentation capability ($\beta_{74} = .131, p > 0.10$), novel service establishment competency ($\beta_{94} = .132, p < 0.01$), service technology implementation focus ($\beta_{114} = .020, p > 0.10$), and customized service concentration ($\beta_{134} = -.015, p > 0.10$). Therefore, the relationships of new service approach orientation, original service presentation capability, novel service establishment



competency, service technology implementation focus, and customized service concentration do not affect the influences of the control variables.

Moderating Effects of Market Culture

The moderating effects of market culture on the relationships among the five antecedents and the five dimensions of dynamic service innovation strategy are described as follows:

The results from Table 14 also present the non-significance of the moderating effects of market culture on the relationship between market-driving vision and all of five dimensions of dynamic service innovation strategy that are new service approach orientation ($\beta_{61} = .034, p > 0.10$), original service presentation capability ($\beta_{81} = .061, p > 0.10$), novel service establishment competency ($\beta_{101} = -.031, p > 0.10$), service technology implementation focus ($\beta_{121} = -.087, p > 0.10$), and customized service concentration ($\beta_{141} = .075, p > 0.10$). Owing to the different findings from the literature, market cultures, which set clear goals to improve performance, are more apt to apply the information garnered from customers to generate quality- and service-related goals. This is probably why Vila, Enz, & Costa (2012) argued that changing market culture is difficult, but innovation should be a part of this culture. **Therefore, Hypotheses 15a is not supported.** This result according to prior studies suggests that market cultures may provide the most fertile social context for fostering ingenuity and delivering innovative products and services (Kirca, Jayachandran, & Bearden, 2005). In possible reason externally focused cultures may provide the information gathering requirement to improve the quality of products and services (Hartnell, Ou, & Kinicki, 2011). **Therefore, Hypotheses 15b is not supported.** Surprisingly, the results of this research are possible that the market culture is not the moderating role. In fact, the market culture helps the staff to do the same job. Moreover, market culture is not to increase for difference thinking (Rentsch, 1990; Saffold, 1988; Smircich, 1983). **Therefore, Hypotheses 15c is not supported.** This study reveals that in market driving vision with adaptation and service innovation are not the only success factors (Tarnovskaya, Ghauri, & Elg, 2005). Moreover, the company should adapt to their service and technology for competitive advantage. However, for this service to work fully, the companies need to be consistent



in its networking, backward and forward. Therefore, market culture is an important vehicle for implementing organizational change (Yeung et al., 1991). **Therefore, Hypotheses 15d is not supported.** Moreover, the reason for market culture does not force the relationship between market-driving vision and service may be possible that a firm believes market culture will help a firm to be successful. (Chuwiruch and Ussahawanitchakit, 2013). In fact, hotel businesses are faced with rapidly changing consumer behavior, the emergence of new competitors and fluctuates prices in the global market. Therefore, it is possible to bring the company's vision to be used in operations that may be inconsistent and cannot cope with the uncertain situation in time. **Thus, Hypotheses 15e is supported.**

Similarly, market culture did not moderate the relationships between business experience and all of five dimensions of dynamic service innovation strategy which are new service approach orientation ($\beta_{62} = .030$, $p > 0.10$), original service presentation capability ($\beta_{82} = .026$, $p > 0.10$), novel service establishment competency ($\beta_{102} = -.045$, $p > 0.10$), service technology implementation focus ($\beta_{122} = .072$, $p > 0.10$), and customized service concentration ($\beta_{142} = -.052$, $p > 0.10$). This result indicates that market culture drives the desire and reaction of organizational employees to information that is gathered and transformed, through the process of knowledge-sharing with external and internal actors, into business experience (Prajogo, & Ahmed, 2006). However, the study found that decision makers with low experience level must face with a lot of information which affects decision and causes poor performance. Meanwhile, to increase experience level, it gains an understanding of the factors that contribute to succeed and lead to improve performance. But, over experience level, it finds that both the reliability in decisions and declined performance. This may be a possibility that the business experience could not adapt to suitable innovation or error in the decision for business (Shepherd, Zacharakis, & Baron, 2003). **Therefore, Hypotheses 16a, 16b, 16c, 16d, and 16e are not supported.**

Nevertheless, market culture did not moderate the relationships between competitive learning and all of five dimensions of dynamic service innovation strategy which are new service approach orientation ($\beta_{63} = .116$, $p > 0.10$), original service presentation capability ($\beta_{83} = -.022$, $p > 0.10$), novel service establishment competency



($\beta_{103} = .103$, $p > 0.10$), service technology implementation focus ($\beta_{123} = .154$, $p > 0.10$), and customized service concentration ($\beta_{143} = .014$, $p > 0.10$). It can imply that the market approach should play the role of reinforcement and the motivator toward organizations' innovativeness since it will lead to progress and proactive disposition to satisfy customer needs (Atuahene-Gima, 1996; Han, Kim, & Srivastava, 1998). However, if the firms do not have the mentality and knowledge about how to invest, then development and competition with other firms or firm cannot lead findings into innovations. Therefore, the firm cannot succeed in the market (Al-Dmour, Basheer, & Amin, 2012). **Therefore, Hypotheses 17a, 17b, 17c, 17d, and 17e are not supported.**

It can be seen that market culture has significant moderating effects only on the relationships between organizational resource and service technology implementation focus ($\beta_{124} = .179$, $p < 0.05$). It can be said that the organizations have been aggressively instilling innovation in their culture, especially high-tech companies. However, even in non-tech industries such as the insurance industry, Lee and Yu (2004) found that an innovation-orientated culture helps insurance firms improve growth in business.

Therefore, Hypothesis 18d is supported. On the other hand, this research did not find the significant intervening effect of market culture on the relationships among organizational resource and the four dimensions of dynamic service innovation strategy which are new service approach orientation ($\beta_{64} = -.033$, $p > 0.10$), original service presentation capability ($\beta_{84} = -.081$, $p > 0.10$), novel service establishment competency ($\beta_{104} = .016$, $p > 0.10$), and customized service concentration ($\beta_{144} = -.028$, $p > 0.10$).

It is possibly argued that organizational resources are challenged to instill the kind of culture that will not only ensure survival but excellence in the global marketplace.

Innovation, being an element of organizational culture, does help steer the organization to maintain a competitive advantage. In fact, innovation is central to build a proactive and entrepreneurial organization (Johannessen, Olsen, & Lumpkin, 2001). These organizational elements are difficult to change and they require time and a substantial investment to communicate new corporate visuals to the target market. Consequently, organizational resource seems to become useless for influencing service innovation.

Therefore, Hypotheses 18a, 18b, 18c, and 18e are not supported.



In addition, market culture did not moderate the relationships between environmental complementarity and all of five dimensions of dynamic service innovation strategy which are new service approach orientation ($\beta_{65} = -.111$, $p > 0.10$), original service presentation capability ($\beta_{85} = -.062$, $p > 0.10$), novel service establishment competency ($\beta_{105} = .062$, $p > 0.10$), service technology implementation focus ($\beta_{125} = .112$, $p > 0.10$), and customized service concentration ($\beta_{145} = .113$, $p > 0.10$). In Prior literature, Webster (1995) shows that market culture is a multifaceted construct that encompasses the important place on service quality, interpersonal relationships, the selling task, organizations, internal communications, and innovativeness. Also, market culture is the shared psychological states and behavioral norms of organizations that place priority on serving long-term superior values for their customers and other stakeholders (Slater, & Narver, 1994; Jarratt, & O'Neill, 2002). Therefore, adaptation to the environmental complementarity and to achieve long-term for their customers. Hotel enterprises should be the development of appropriate innovation for a customer. However, before they develop an innovation, hotels need to analyze the current status in the marketplace (Türkaya, Solmaz, & Engül, 2011). At this point, rapid changes in environmental complementarity conditions are able to turn possible strategies inadequate. The results are inconsistent with a prior study that relates to the understanding environmental complementarity and how it fits into the overall business strategy, as well as service and corporate resources to pursue market opportunities (Ogrean, Herciu, & Belascu, 2009). ***Therefore, Hypotheses 19a, 19b, 19c, 19d, and 19e are not supported.***

For the control variables, the results indicate that operating capital has no significant relationship with new service approach orientation ($\beta_{66} = -.012$, $p > 0.10$), original service presentation capability ($\beta_{86} = .143$, $p > 0.10$), novel service establishment competency ($\beta_{106} = .134$, $p < 0.01$), service technology implementation focus ($\beta_{126} = .105$, $p > 0.10$), and customized service concentration ($\beta_{146} = .123$, $p > 0.10$). Similarly, the result of other control variables indicate that hotel standard has no significant relationship with new service approach orientation ($\beta_{67} = .062$, $p > 0.10$), original service presentation capability ($\beta_{87} = .120$, $p > 0.10$), novel service establishment competency ($\beta_{107} = .150$, $p < 0.01$), service technology implementation focus ($\beta_{127} = .060$, $p > 0.10$), and customized service concentration ($\beta_{147} = -.004$, $p > 0.10$). Therefore, the relationships of new service



approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus, and customized service concentration do not affect the influences of the control variables.

Summary

This chapter details the results and discussion of all nineteen hypotheses testing. In this chapter, key participant characteristics, sample characteristics, and a correlation matrix among all variables are described. Then, the following section suggests the results of hypotheses testing which explain specific correlation analysis in each part of the conceptual model, findings of OLS regression analysis, and the discussions of critical issues. This research unfolds interesting findings which are summarized as follows: customized service concentration is essential elements for developing dynamic service innovation strategy. To increase service performance, service excellence and customer fulfillment are strongly necessary. Interestingly, business experience and environmental complementarity are the most important determinants of dynamic service innovation strategy. In summary, there are four fully-supported hypotheses, nine partially-supported hypotheses, and six unsupported hypotheses. Finally, Table 15 presents a summary of hypothesized relationships.

The next chapter presents the conclusion of the research, theoretical contributions, managerial implications, limitations, and research directions for further research.



Table 15: Summary of Hypothesized Relationships

Hypothesis	Description of Hypothesized Relationships	Results
H1a	New service approach orientation will positively relate to service excellence.	Not supported
H1b	New service approach orientation will positively relate to customer fulfillment.	Supported
H1c	New service approach orientation will positively relate to service advantage.	Supported
H1d	New service approach orientation will positively relate to service performance.	Supported
H1e	New service approach orientation will positively relate to firm profitability.	Supported
H2a	Original service presentation capability will positively relate to service excellence.	Supported
H2b	Original service presentation capability will positively relate to customer fulfillment.	Not supported
H2c	Original service presentation capability will positively relate to service advantage.	Not supported
H2d	Original service presentation capability will positively relate to service performance.	Not supported
H2e	Original service presentation capability will positively relate to firm profitability.	Not supported
H3a	Novel service establishment competency will positively relate to service excellence.	Supported
H3b	Novel service establishment competency will positively relate to customer fulfillment.	Supported
H3c	Novel service establishment competency will positively relate to service advantage.	Supported
H3d	Novel service establishment competency will positively relate to service performance.	Not supported



Table 15: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships	Results
H3e	Novel service establishment competency will positively relate to firm profitability.	Not supported
H4a	Service technology implementation focus will positively relate to service excellence.	Supported
H4b	Service technology implementation focus will positively relate to customer fulfillment.	Not supported
H4c	Service technology implementation focus will positively relate to service advantage.	Supported
H4d	Service technology implementation focus will positively relate to service performance.	Not supported
H4e	Service technology implementation focus will positively relate to firm profitability.	Not supported
H5a	Customized service concentration will positively relate to service excellence.	Supported
H5b	Customized service concentration will positively relate to customer fulfillment.	Supported
H5c	Customized service concentration will positively relate to service advantage.	Supported
H5d	Customized service concentration will positively relate to service performance.	Supported
H5e	Customized service concentration will positively relate to firm profitability.	Supported
H6a	Service excellence will positively relate to service advantage.	Supported
H6b	Service excellence will positively relate to service performance.	Supported
H7a	Customer fulfillment will positively relate to service advantage.	Supported



Table 15: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships	Results
H7b	Customer fulfillment will positively relate to service performance.	Supported
H8	Service advantage will positively relate to service performance.	Not supported
H9	Service performance will positively relate to firm profitability.	Supported
H10a	Market driving vision will positively relate to new service approach orientation.	Not supported
H10b	Market driving vision will positively relate to original service presentation capability.	Not supported
H10c	Market driving vision will positively relate to novel service establishment competency.	Not supported
H10d	Market driving vision will positively relate to service technology implementation focus.	Not supported
H10e	Market driving vision will positively relate to customized service concentration.	Not supported
H11a	Business experience will positively relate to new service approach orientation.	Supported
H11b	Business experience will positively relate to original service presentation capability.	Not supported
H11c	Business experience will positively relate to novel service establishment competency.	Supported
H11d	Business experience will positively relate to service technology implementation focus.	Supported
H11e	Business experience will positively relate to customized service concentration.	Supported
H12a	Competitive learning will positively relate to new service approach orientation.	Not supported



Table 15: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships	Results
H12b	Competitive learning will positively relate to original service presentation capability.	Not supported
H12c	Competitive learning will positively relate to novel service establishment competency.	Not supported
H12d	Competitive learning will positively relate to service technology implementation focus.	Supported
H12e	Competitive learning will positively relate to customized service concentration.	Not supported
H13a	Organizational resource will positively relate to new service approach orientation.	Not supported
H13b	Organizational resource will positively relate to original service presentation capability.	Not supported
H13c	Organizational resource will positively relate to novel service establishment competency.	Not supported
H13d	Organizational resource will positively relate to service technology implementation focus.	Not supported
H13e	Organizational resource will positively relate to customized service concentration.	Supported
H14a	Environmental complementarity will positively relate to new service approach orientation.	Supported
H14b	Environmental complementarity will positively relate to original service presentation capability.	Supported
H14c	Environmental complementarity will positively relate to novel service establishment competency.	Supported
H14d	Environmental complementarity will positively relate to service technology implementation focus.	Not supported
H14e	Environmental complementarity will positively relate to customized service concentration.	Supported



Table 15: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships	Results
H15a	Market culture positively moderates the relationship between market driving vision and new service approach orientation.	Not supported
H15b	Marketing culture positively moderates the relationship between market driving vision and original service presentation capability.	Not supported
H15c	Marketing culture positively moderates the relationship between market driving vision and novel service establishment competency.	Not supported
H15d	Marketing culture positively moderates the relationship between market driving vision and service technology implementation focus.	Not supported
H15e	Marketing culture positively moderates the relationship between market driving vision and customized service concentration.	Not supported
H16a	Market culture positively moderates the relationship between business experience and new service approach orientation.	Not supported
H16b	Marketing culture positively moderates the relationship between business experience and original service presentation capability.	Not supported
H16c	Marketing culture positively moderates the relationship between business experience and novel service establishment competency.	Not supported
H16d	Marketing culture positively moderates the relationship between business experience and service technology implementation focus.	Not supported



Table 15: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships	Results
H16e	Marketing culture positively moderates the relationship between business experience and customized service concentration.	Not supported
H17a	Market culture positively moderates the relationship between competitive learning and new service approach orientation.	Not supported
H17b	Marketing culture positively moderates the relationship between competitive learning and original service presentation capability.	Not supported
H17c	Marketing culture positively moderates the relationship between competitive learning and novel service establishment competency.	Not supported
H17d	Marketing culture positively moderates the relationship between competitive learning and service technology implementation focus.	Not supported
H17e	Marketing culture positively moderates the relationship between competitive learning and customized service concentration.	Not supported
H18a	Market culture positively moderates the relationship between organizational resource and new service approach orientation.	Not supported
H18b	Marketing culture positively moderates the relationship between organizational resource and original service presentation capability.	Not supported
H18c	Marketing culture positively moderates the relationship between organizational resource and novel service establishment competency.	Not supported



Table 15: Summary of Hypothesized Relationships (Continued)

Hypothesis	Description of Hypothesized Relationships	Results
H18d	Marketing culture positively moderates the relationship between organizational resource and service technology implementation focus.	supported
H18e	Marketing culture positively moderates the relationship between organizational resource and customized service concentration.	Not supported
H19a	Market culture positively moderates the relationship between environmental complementarity and new service approach orientation.	Not supported
H19b	Marketing culture positively moderates the relationship between environmental complementarity and original service presentation capability.	Not supported
H19c	Marketing culture positively moderates the relationship between environmental complementarity and novel service establishment competency.	Not supported
H19d	Marketing culture positively moderates the relationship between environmental complementarity and service technology implementation focus.	Not supported
H19e	Marketing culture positively moderates the relationship between environmental complementarity and customized service concentration.	Not supported



CHAPTER V

CONCLUSION

The previous chapter describes respondent characteristics, descriptive statistics, a correlation matrix, and the findings of hypotheses testing. Therefore, this chapter purposes to reveal the conclusion, the theoretical and managerial contributions, limitations and suggestions for further research.

The effects of dynamic service innovation strategy on service excellence, service advantage, and customer fulfillment in hotel businesses in Thailand are examined in this research. In addition, this research proposes market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity as the determinants of dynamic service innovation strategy. Also, market culture is assigned to be a moderating variable which moderates the influences of the antecedents on each of five dimensions of dynamic service innovation strategy.

The key research question of this research is “How does dynamic service innovation strategy have an influence on firm profitability?” In addition to the key research question, six specific research questions are as follows: 1) How does each of five dimensions of dynamic service innovation strategy (including new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus, and customized service concentration) have an effect on service excellence, service advantage, customer fulfillment, service performance and firm profitability? 2) How do service excellence and customer fulfillment have influence on service advantage? 3) How do service excellence, service advantage, and customer fulfillment have an influence on service performance? 4) How does service performance have influence on firm profitability? 5) How do market-driving vision, business experience, competitive learning, organizational resource, and environmental complementarity have an impact on each of five dimensions of dynamic service innovation strategy? 6) How does market culture moderate the influences of market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on each of five dimensions of dynamic service innovation strategy?



Two theories, the including dynamic capabilities and the contingency theories, are applied to draw the theoretical foundation of the conceptual model. For research methodology, this research investigates the role of dynamic service innovation strategy. The research focuses on companies in Thailand's hotel industry as the population. The population is selected from the list of the Tourism Authority of Thailand. For data collection, this research employs a mailing questionnaire to gather data and the total number of 248 questionnaires is directly mailed to marketing executives or marketing directors who are the key informants. Furthermore, the usable data is analyzed by the multiple regressions, thus providing results of hypotheses testing which are partially supported. The following paragraph indicates the findings of each of hypotheses testing with reference to each specific research question:

For the first specific research question, the results indicate that customized service concentration has positive effects on all outcomes. New service approach orientation has positive effects on customer fulfillment, service advantage, service performance, and firm profitability. Novel service establishment competency has positive effects on service excellence, customer fulfillment, and service advantage. Service technology implementation focus has positive effects on service excellence and service advantage. It is not as expected that original service presentation capability has no significant effect on all four outcomes. For the second specific research question, the results point out that both service excellence and customer fulfillment have strong influences on service advantage. For the third specific research question, service excellence and customer fulfillment have positive influences on service performance. However, service advantage has no significant effects on service performance. For the fourth specific research question, the results present that service performance has positive influences on firm profitability. According to the fifth, the results present that market-driving vision has an impact on all of five dimensions of dynamic service innovation strategy. On the other hand, competitive learning has a positive impact on only service technology implementation focus. Also, organizational resource has a positive impact on only customized service concentration. Finally, environmental complementarity has no effect on only service technology implementation focus. For the sixth specific research question, the findings demonstrate surprisingly that market culture does not play a moderating role on the relationships among market-driving vision,



business experience, competitive learning, organizational resource, and environmental complementarity, and each of five dimensions of dynamic service innovation strategy one exception is that market culture has significant moderating effects only on the relationship between organizational resource and service technology implementation focus.

Accordingly, the evidence will provide the directions and suggestions for hotel businesses to improve their firm profitability. As described earlier, the summary of all research questions and results is included in Table 16 below.



Table 16: Summary of Results in All Research Questions

Research Questions	Hypothesis	Results	Conclusion
Specific Research Question (1) How does each of five dimensions of dynamic service innovation strategy (including new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration) have an effect on service excellence, service advantage, and customer fulfillment, service performance and firm profitability?	H1a-e H2a-e H3a-e H4a-e H5a-e	-New service approach orientation significantly and positively relates to customer fulfillment, service advantage, service performance, and firm profitability. - Service presentation capability significantly and positively relates only to service excellence. - Novel service establishment competency significantly and positively relates to service excellence, customer fulfillment, and service advantage. -Service technology implementation focus significantly and positively relates to service excellence, and service advantage. -Customized service concentration has a significant effect on all five outcomes.	Partially supported
(2) How do service excellence and customer fulfillment have influence on service advantage?	H6a, H7a	- Service excellence and customer fulfillment have strong influences on service advantage.	Strongly supported

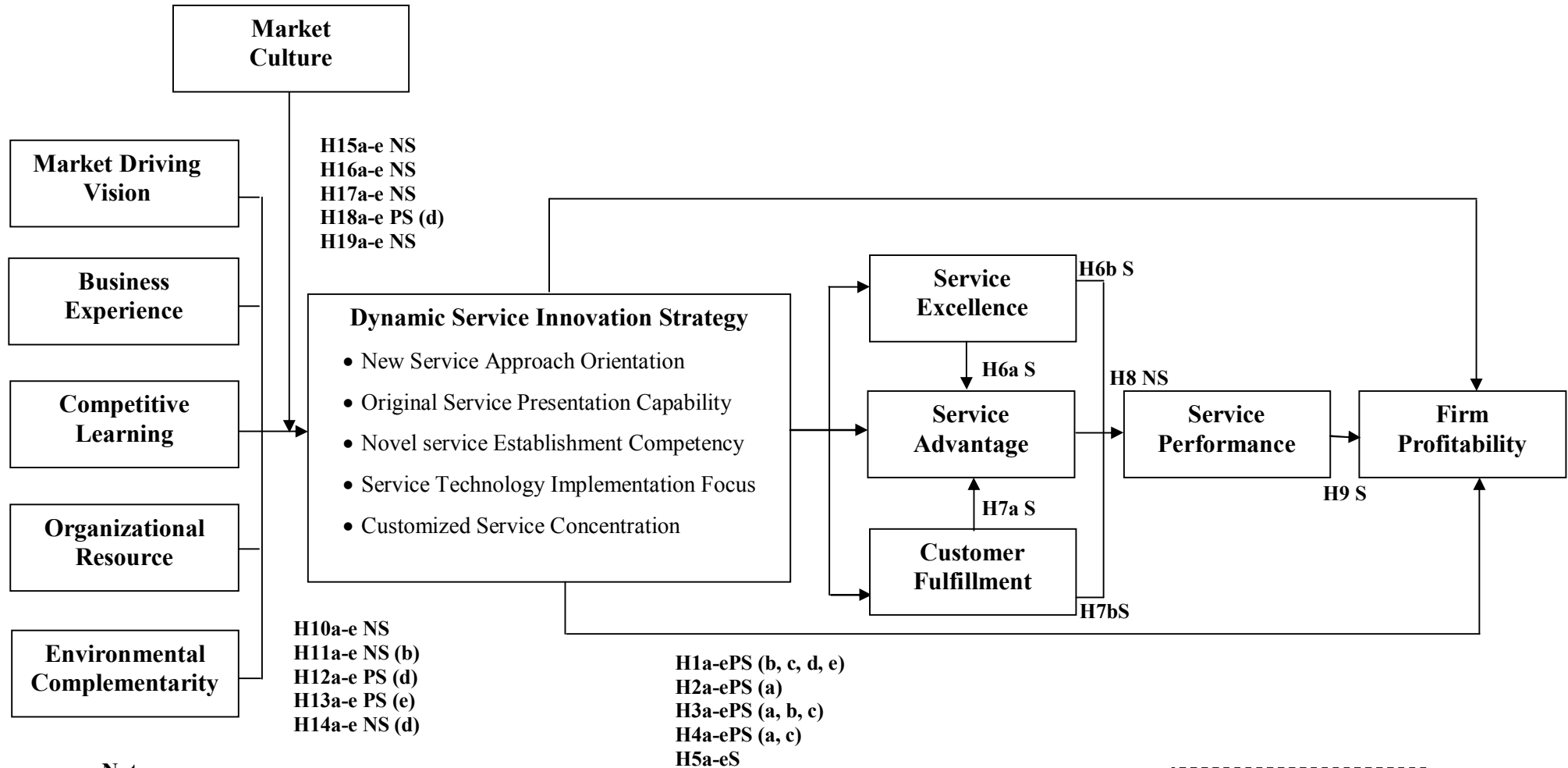
Table 16: Summary of Results in All Research Questions (Continued)

Research Questions	Hypothesis	Results	Conclusion
(3) How do service excellence, service advantage, and customer fulfillment have an influence on service performance?	H6b, H7b, H8	<ul style="list-style-type: none"> - Both service excellence and customer fulfillment have positive influences on service performance. - Service advantage has no significant effects on service performance. 	Partially Supported
(4) How does service performance and firm profitability?	H9	<ul style="list-style-type: none"> - Service performance has a positive influence on firm profitability. 	Strongly supported
(5) How do market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity have an impact on each of five dimensions of dynamic service innovation strategy?	H10a-e H11a-e H12a-e H13a-e H14a-e	<ul style="list-style-type: none"> - Market driving vision has no effects on all of five dimensions of dynamic service innovation strategy. - Competitive learning is significantly positively related to only service technology implementation focus. - Organizational resource is significantly positively related to only customized service concentration. - Environmental complementarity has no effects on only service technology implementation focus. 	Partially Supported

Table 16: Summary of Results in All Research Questions (Continued)

Research Questions	Hypothesis	Results	Conclusion
(6) How does market culture moderate the influences of market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on each of five dimensions of dynamic service innovation strategy?	H15a-e H16a-e H17a-e H18a-e H19a-e	- Market culture does not play a moderating role on the relationship among market driving vision, business experience, competitive learning, organizational resource, and environmental complementarity on each of five dimensions of dynamic service innovation strategy. - Except market culture has significant moderating effects only on the relationship between organizational resource and service technology implementation focus. -	Partially Supported

Figure 9: Summary of the Supported Hypotheses



Note:

(S) = Hypotheses Supported

(PS) = Hypotheses Partial Supported and supported hypotheses are shown in parentheses

(NS) = Hypotheses Not Supported

Control Variables:

- Operating Capital
- Hotel Standard



Theoretical and Managerial Contributions

Theoretical Contribution

This paper attempts to gain more understanding of the relationships between dynamic service innovation strategy and firm profitability, its antecedents and moderators. It can be stated that this research provides four unique theoretical contributions. Firstly, from reviewing the literature of dynamic service innovation strategy, it has been found that service innovation is widely described as an abstract concept, so empirical evidence of service innovation is introduced as varying concepts, depending on the notion of the researchers (e.g. Aaker, & Jacobson, 1994; Hulland, Wade, & Antia, 2007). As a result, there is no clear empirical guideline of dynamic service innovation strategy. Additionally, the prior literature found that there are little research examining the relationships between dynamic service innovation strategy and other variables.

This research has sought to develop a more concrete concept, and gain more understanding regarding a new concept of dynamic service innovation strategy by applying findings from the service innovation literature. This research determines five dimensions of dynamic service innovation strategy that includes: new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus, and customized service concentration. Moreover, this research has been developed to clarify the concept of dynamic service innovation strategy, which will be useful for further study. Furthermore, this research has sought to identify the relevant constructs, including antecedents, consequents, and moderators that relate to the use of dynamic service innovation strategy.

Secondly, this research appropriately modifies the measurement of several constructs, including new service approach orientation, original service presentation capability, novel service establishment competency, service technology implementation focus and customized service concentration, and the five facets of the consequences (service excellence, customer fulfillment, service advantage, service performance, and firm profitability) which have been developed and applied. These applications can benefit further study for academics who are studying dynamic service innovation strategy literature.



Thirdly, multiple theoretical perspectives are incorporated to explain the proposed relationships in the conceptual model. It is mentioned that real business phenomena are complex due to many internal and external factors; for example, firm strategy and competitive forces. Therefore, this research aims to develop the conceptual model that best explains as much as possible. As a result, two theories, including dynamic capabilities theory and contingency theory are employed as a theoretical foundation of research. These theories enable researchers to better explain the relationships among constructs and to predict the results of those relationships.

Finally, service innovation was discovered most of the existing research on dynamic service innovation strategy has been conceptual, qualitative and thus lacking in quantitative results. Since this study has been based on quantitative research, it provides results that can be generalized about the relationships among the relevant constructs and dynamic service innovation strategy.

Managerial Contribution

This research presents several practical implications. Firstly, the findings of this research provide firms, particularly in hotel businesses to understand how they can achieve dynamic service innovation strategy which leads to firm profitability. Therefore, managers may put more emphasis on how to establish the concept of dynamic service innovation strategy in their organizations. To maximize the benefits of dynamic service innovation strategy, managers should provide other resources to support its effectiveness relating to this concept and create new opportunities in the local and in the global market and utilize their service innovation to succeed.

Secondly, the results can provide guidelines for the improvement and maintenance of service performance and firm profitability as a result of the implementation of dynamic service innovation strategy, service excellence, customer fulfillment, and service advantage. Thus, managers should be aware of the service excellence because the high service excellence can enhance service advantage and service performance. Moreover, manager should provide important in customer fulfillment because it is promote service advantage and service performance which firm competitiveness has greatest direct influence on firm profitability.



Thirdly, firms that possess competitive strategies, structure, and capabilities to engage in this environment are equipped to exploit this business experience, competitive learning, organizational resource and environmental complementarity on the relationship as a source of competition for their organization. When firms implement dynamic service innovation strategy for achievement of firm profitability, marketing directors must emphasize on customized service concentration that supports firms to succeed in dynamic service innovation strategy, such as specific to customer demands, develops unique services, changes the new service, and creates new activities than competitor. Moreover, firms should focus on business experience, organizational resource, and environmental complementarity to search for new knowledge that leads to the creation, development, improvement, and transform of the service model to increase service excellence, customer fulfillment, service advantage, and firm profitability. In addition, increasing competitive learning organizations should focus on creating a competitive advantage of generating innovation or changing the service model to differentiate it from competitors.

Fourthly, from a practical standpoint, CEO (marketing executives or marketing directors) who are responsible for marketing should concentrate the different routes to profitability as a result of dynamic service innovation strategy. In support of this research, in the context of the hotel business, hotel businesses can adapt themselves to the uncertain business environments by adapting core competency in order to ensure the building of competitive advantage (service excellence, customer fulfillment, and service advantage). Moreover, increased service performance has a continuous effect on firm profitability. Therefore, firms that analyze the business opportunities/weaknesses allow themselves to improve their direction of business operations.

Finally, the conceptual model in this research can be applied to other industries, other countries and culture because the concepts and theories that are used in this research have been studied from several industries and countries. Therefore, the contribution of this research can be used in other context.



Limitations and Future Research Directions

Limitations

This research has some limitations that should be mentioned. The limitation of this research is due to the data solely collected from the online database of the Tourism Authority of Thailand under the Ministry of Tourism and Sports. Thus, the number of usable questionnaires is 248; some constructs of this research are developed as a new scale. Although scales are developed from a thorough literature review and based on the definition of each construct, these new scales are to be taken into careful consideration in the verification and application of this research. Moreover, limitation of the period time, the data collection procedure is relatively short which the process and follow-up method only took approximately a month. If this research has waited for more responses, there are limitation concerns response rate may affect analysis in particularly the power of statistically test. Moreover, the newly-proposed dimensions of dynamic service innovation strategy can be also re-proposed to fit the variety of each industry environment and condition as well as the antecedents would be fruitful to the literature to expand this research in future research. Next, the non-significance of moderating role of market culture has eliminated more light on the important influential roles of market culture toward the success of the firm on organizational dynamic service innovation strategy. However, the explanation and understanding of the moderating variable and its effects are still limited. Lastly, the result of this research is derived from only hotel businesses in Thailand. Thus, the results of this research may be narrow as lacking generalization concept of both other industries and countries. Thus, the results are very different from those obtained from the literature.

Future Research Directions

Firstly, due to the non-significant moderating influence of market culture on the relationships between the antecedent variables and the dimensions of dynamic service innovation strategy, future research should seek other moderating variables to enhance the relationships between the antecedent variables and the dimensions of dynamic service innovation strategy. Hence, future research should attempt to study other potential moderating variables. However, marketing culture surprisingly and



positively moderates the relationship between organizational resource and service technology implementation focus. As a result, future research needs to re-investigate the research hypotheses that are not statistically significant, and should consider seeking to study other potential moderating variables.

Secondly, the evidence provides that control variables, including operating capital and hotel standard, have no effects on the results. Consequently, future research may consider separating firms into groups based on the criteria of operating capital and hotel standard.

Thirdly, future research should consider other statistical techniques like the structural equation modeling (SEM) may also highlights the hidden relationship among all constructs within the conceptual framework of dynamic service innovation strategy.

Fourthly, future research should be investigated more for their positive effect on other possible outcomes such as customer loyalty and firm sustainability. Another interesting point is that moderators may play a better moderating role on the relationship between antecedents and dynamic service innovation strategy, such as service culture, and corporate flexibility. Thus, further research should investigate on these variables because they affect the success of dynamic service innovation strategy. The survey is derived from hotel industrial in Thailand. Thus, future research may be collecting data from different groups of the sample and /or comparative population in order to verify the ability to generalize of the research and increase reliability.

Finally, this conceptual framework can be applied to compare researches between Thailand and western countries because both are different in importance of service innovation. Therefore, it is interesting that the results will be from different cultures.



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APPENDICES



APPENDIX A
Test of Non-Response Bias



Table 1A: Test of Non-Response Bias

Comparison	N	Value	Sig.*
Business owner type			
-First group	124	1.870	.171
-Second group	124		
Hotel location:			
-First group	124	8.240	.143
-Second group	124		
The period of time in business operation:			
-First group	124	4.864	.182
-Second group	124		
The number of room:			
-First group	124	1.982	.576
-Second group	124		
Average sale revenues per year:			
-First group	124	3.554	.314
-Second group	124		



APPENDIX B

Respondent Characteristics



Table 1B: Demographic Characteristics of Respondents

Characteristics	Frequencies	Percent (%)
Gender		
1 Male	81	32.66
2 Female	167	67.34
Total	248	100
Age		
1 Less than 30 years old	54	21.78
2 30-40 years old	114	45.97
3 41-50 years old	54	21.77
4 More than 50 years old	26	10.48
Total	248	100
Marital status		
1 Single	133	53.62
2 Married	115	46.38
Total	248	100
Education level		
1 Bachelor's degree or lower	175	70.56
2 Higher than bachelor's degree	73	29.44
Total	248	100
Work experience		
1 Less than 5 years	45	18.15
2 5-10 years	90	36.29
3 11-15 years	53	21.37
4 More than 15 years	60	24.19
Total	248	100



Table 1B: Demographic Characteristics of Respondents (Continued)

Characteristics	Frequencies	Percent (%)
Monthly income		
1 Less than 50,000 baht	133	53.63
2 50,000 – 100,000 baht	88	35.49
3 100,001 - 150,000 baht	16	6.45
4 More than 150,000 baht	11	4.43
Total	248	100
Current position		
1 Marketing executive	60	24.19
2 Marketing director	99	39.92
3 Other	89	35.89
Total	248	100



APPENDIX C
Hotel Businesses Characteristics



Table 1C: Demographic Characteristics of Hotel Businesses in Thailand

Characteristics	Frequencies	Percent (%)
Business owner type		
1 limited company	170	68.55
2 Partnership	78	31.45
Total	248	100
Hotel Standard		
1 4 Star	131	52.82
2 5 Star	117	47.18
Total	248	100
Business Location		
1 Bangkok	65	26.20
2 Northern Thailand	47	18.96
3 Central Thailand	15	6.05
4 Eastern Thailand	34	13.71
5 Northeast Thailand	14	5.64
6 Southern Thailand	73	29.44
Total	248	100
Operating Capital		
1 Less than 60,000,000 Baht	78	31.45
2 60,000,000-100,000,000 Baht	59	23.79
3 100,000,001-150,000,000 Baht	28	11.29
4 More than 150,000,000 Baht	83	33.47
Total	248	100
Period of time in business operation		
1 Less than 5	35	14.11
2 5-10 years	94	37.91
3 11-15 years	42	16.93
4 More than 15 years	77	31.05
Total	248	100



Table 1C: Demographic Characteristics of Hotel Businesses in Thailand (Continued)

Characteristics	Frequencies	Percent (%)
Number of rooms		
1 Less than 150 Room	152	61.29
2 151-299 Room	44	17.74
3 300-599 Room	40	16.13
4 More than 600 Room	12	4.84
Total	248	100
Average sales income per year		
1 Less than 50,000,000 Baht	60	24.19
2 50,000,000-100,000,000 Baht	79	31.85
3 100,000,001-150,000,000 Baht	53	21.37
4 More than 150,000,000 Baht	56	22.59
Total	248	100



APPENDIX D

Item Factor Loadings and Reliability Analyses in Sample



Table 1D: Item Factor Loadings and Reliability Analyses in Sample

Constructs	Items	Factor Loadings	Reliability (Alpha)
New Service Approach Orientation (NSAO)	NSAO1	0.783	0.774
	NSAO2	0.775	
	NSAO3	0.768	
	NSAO4	0.704	
Original Service Presentation Capability (OSPC)	OSPC1	0.693	0.749
	OSPC2	0.715	
	OSPC3	0.722	
	OSPC4	0.801	
Novel Service Establishment Competency (NSEC)	NSEC1	0.860	0.704
	NSEC2	0.717	
	NSEC3	0.722	
	NSEC4	0.519	
Service Technology Implementation Focus (STIF)	STIF1	0.724	0.838
	STIF2	0.817	
	STIF3	0.805	
	STIF4	0.667	
Customized Service Concentration (CSC)	CSC1	0.765	0.843
	CSC2	0.941	
	CSC3	0.864	
	CSC4	0.559	
Service Excellence (SEC)	SEC1	0.776	0.824
	SEC2	0.857	
	SEC3	0.739	
	SEC4	0.704	



Table 1D: Item Factor Loadings and Reliability Analyses in Sample (Continued)

Constructs	Items	Factor Loadings	Reliability (Alpha)
Service Advantage (SAD)	SAD1	0.751	0.818
	SAD2	0.776	
	SAD3	0.678	
	SAD4	0.674	
Customer Fulfillment (CFU)	CFU1	0.662	0.820
	CFU2	0.809	
	CFU3	0.768	
	CFU4	0.689	
Service Performance (SPE)	SPE1	0.637	0.811
	SPE2	0.674	
	SPE3	0.811	
	SPE4	0.773	
Firm Profitability (FPR)	FPR1	0.644	0.893
	FPR2	0.780	
	FPR3	0.935	
	FPR4	0.858	
Market Driving Vision (MDV)	MDV1	0.557	0.851
	MDV2	0.669	
	MDV3	0.876	
	MDV4	0.821	
Business Experience (BEX)	BEX1	0.590	0.820
	BEX2	0.836	
	BEX3	0.822	
	BEX4	0.680	



Table 1D: Item Factor Loadings and Reliability Analyses in Sample (Continued)

Constructs	Items	Factor Loadings	Reliability (Alpha)
Competitive Learning (CLE)	CLE1	0.588	0.826
	CLE2	0.766	
	CLE3	0.910	
	CLE4	0.693	
Organizational Resource (ORE)	ORE1	0.753	0.810
	ORE2	0.833	
	ORE3	0.613	
	ORE4	0.717	
Environmental Complementarity (ECO)	ECO1	0.615	0.798
	ECO2	0.674	
	ECO3	0.775	
	ECO4	0.756	
Market Culture (MCU)	MCU1	0.812	0.765
	MCU2	0.760	
	MCU3	0.725	
	MCU4	0.522	



Table 2D: Average Variance Extracted and Correlation Matrix of All Constructs

Variables	NASO	OSPC	NSEC	STIF	CSC	SEC	SAD	CFU	SPE	FPR	MDV	BEX	CLE	ORE	ECO	MCU	OC	HS
MEAN	4.3498	4.3125	4.3589	4.3770	4.3125	4.1169	4.1270	4.1875	4.1190	4.3034	4.3034	4.2651	4.3347	4.3780	4.4950	4.3982	-	-
S.D.	.42963	.45175	.37203	.41602	.47788	.47128	.48301	.45286	.54639	.50194	.50194	.43275	.41283	.42265	.39765	.40738	-	-
NSAO	0.745																	
OSPC	.657**	0.733																
NSEC	.567**	.495**	0.714															
STIF	.449**	.359**	.701**	0.754														
CSC	.639**	.592**	.681**	.646**	0.792													
SEC	.439**	.487**	.375**	.428**	.601**	0.769												
SAD	.458**	.409**	.291**	.376**	.544**	.750**	0.750											
CFU	.523**	.455**	.356**	.402**	.591**	.669**	.746**	0.734										
SPE	.462**	.369**	.451**	.443**	.587**	.644**	.534**	.618**	0.725									
FPR	.478**	.427**	.398**	.403**	.517**	.542**	.481**	.585**	.720**	0.812								
MDV	.186**	.203**	.181**	.257**	.199**	.250**	.274**	.262**	.235**	.264**	0.742							
BEX	.480**	.322**	.451**	.434**	.452**	.371**	.321**	.320**	.350**	.372**	.487**	0.739						
CLE	.438**	.322**	.400**	.501**	.435**	.394**	.396**	.428**	.411**	.381**	.397**	.616**	0.731					
ORE	.426**	.320**	.394**	.423**	.433**	.412**	.430**	.409**	.390**	.406**	.406**	.596**	.667**	0.721				
ECO	.373**	.336**	.385**	.304**	.414**	.355**	.290**	.301**	.352**	.361**	.211**	.397**	.408*	.395**	0.713			
MCU	.419**	.278**	.370**	.425**	.450**	.446**	.446**	.475**	.369**	.330**	.335**	.475**	.517**	.519**	.421**	0.707		
OC	-.037	.033	.019	.027	-.019	-.066	-.076	-.006	.039	.069	-.041	-.066	.030	-.093	-.081	-.071		
HS	.057	.083	.095	.041	.024	-.022	-.076	-.005	.030	.061	-.048	.028	.070	.030	.042	.014	-.020	

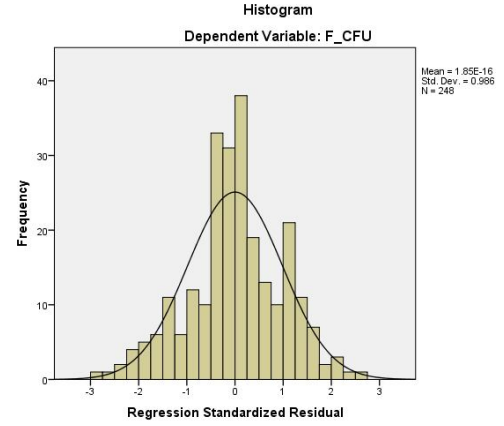
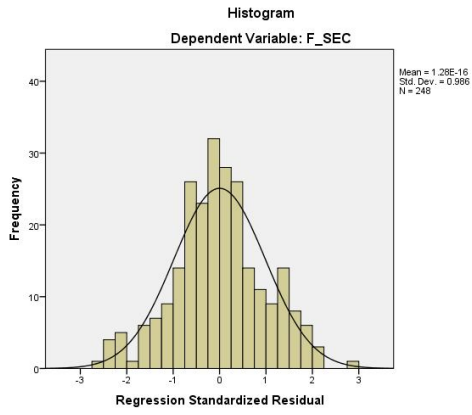
N=248, ** Correlation is significant at the 0.01 level (2-tailed), * at the .05 level, AVE Provided in diagonal



APPENDIX E

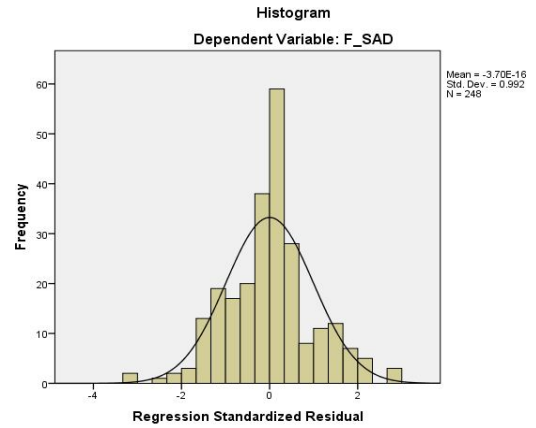
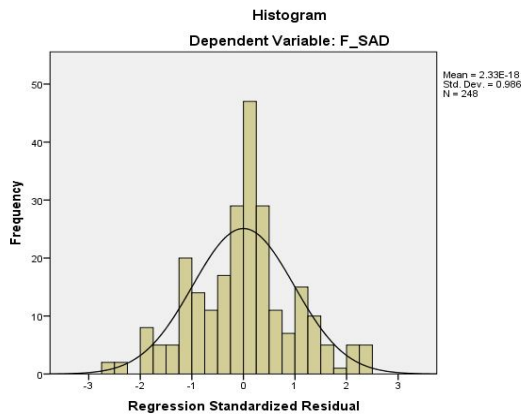
Diagnosis of Primary Assumption for Regression Analysis





$$\alpha_1 + \beta_1 NSAO + \beta_2 OSPC + \beta_3 NSEC \\ + \beta_4 STIF + \beta_5 CSC + \beta_6 OC + \beta_7 HS + \varepsilon_1$$

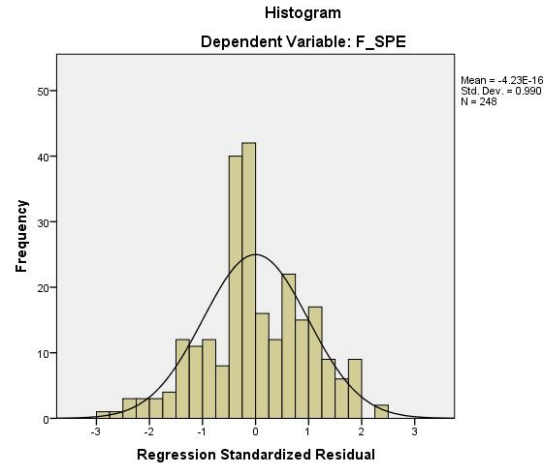
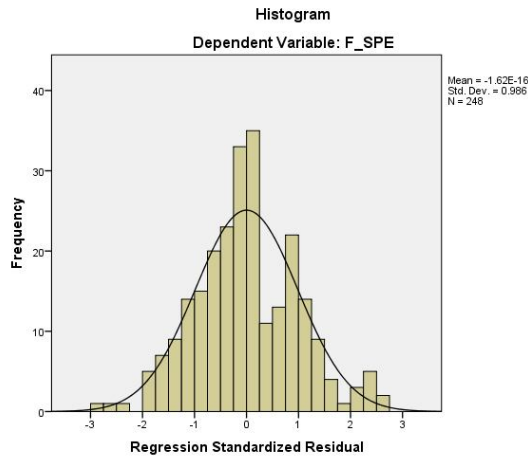
$$\alpha_2 + \beta_8 NSAO + \beta_9 OSPC + \beta_{10} NSEC \\ + \beta_{11} STIF + \beta_{12} CSC + \beta_{13} OC + \beta_{14} HS + \varepsilon_2$$



$$\alpha_3 + \beta_{15} NSAO + \beta_{16} OSPC + \beta_{17} NSEC \\ + \beta_{18} STIF + \beta_{19} CSC + \beta_{20} OC + \beta_{21} HS + \varepsilon_3$$

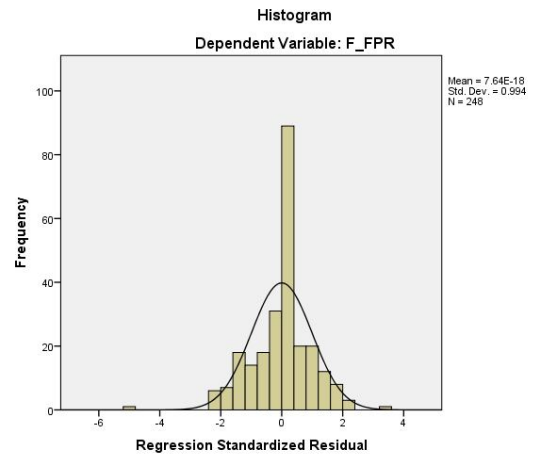
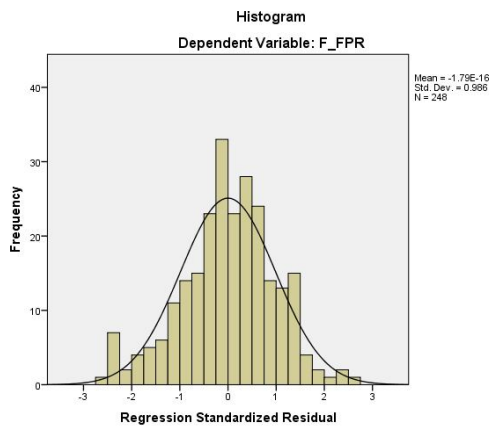
$$\alpha_4 + \beta_{22} SEC + \beta_{23} CFU + \beta_{24} OC \\ + \beta_{25} HS + \varepsilon_4$$





$$\alpha_5 + \beta_{26}NSAO + \beta_{27}OSPC + \beta_{28}NSEC \\ + \beta_{29}STIF + \beta_{30}CSC + \beta_{31}OC + \beta_{32}HS + \varepsilon_5$$

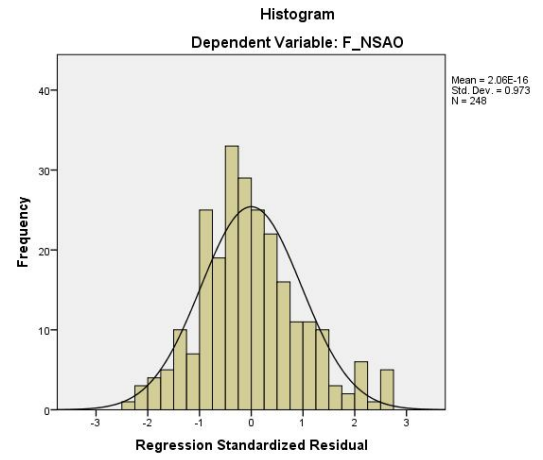
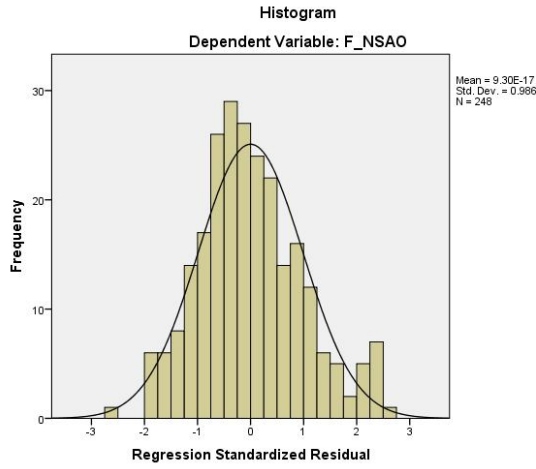
$$\alpha_6 + \beta_{33}SEC + \beta_{34}CFU + \beta_{35}SAD \\ + \beta_{36}OC + \beta_{37}HS + \varepsilon_6$$



$$\alpha_7 + \beta_{38}NSAO + \beta_{39}OSPC + \beta_{40}NSEC + \\ \beta_{41}STIF + \beta_{42}CSC + \beta_{43}OC + \beta_{44}HS + \varepsilon_7$$

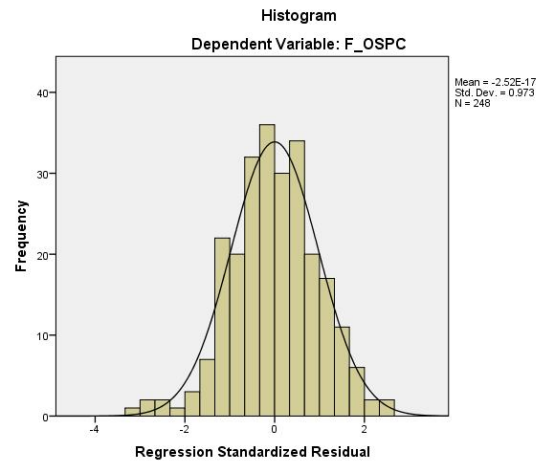
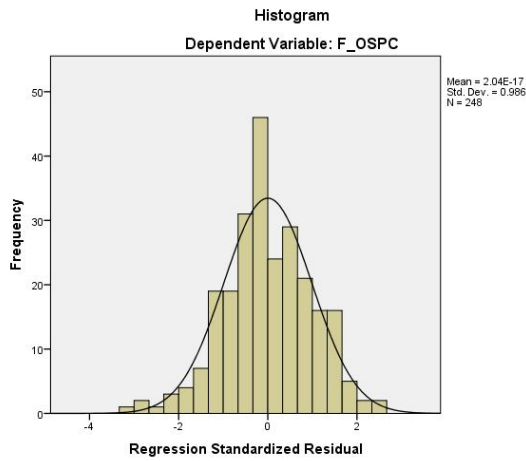
$$\alpha_8 + \beta_{45}SPE + \beta_{46}OC + \beta_{47}HS + \varepsilon_8$$





$$\alpha_9 + \beta_{48}MDV + \beta_{49}BEX + \beta_{50}CLE + \beta_{51}ORE + \beta_{52}ECO + \beta_{53}OC + \beta_{54}HS + \varepsilon_9$$

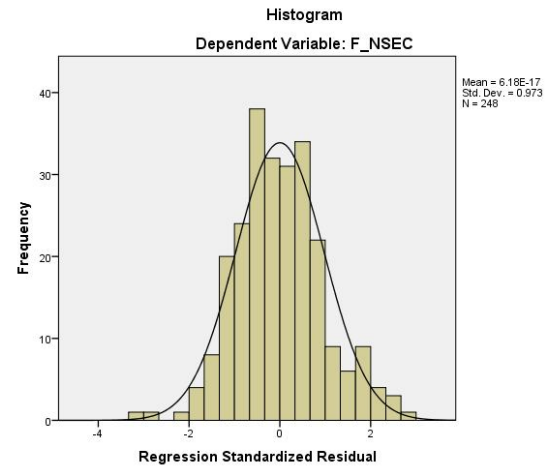
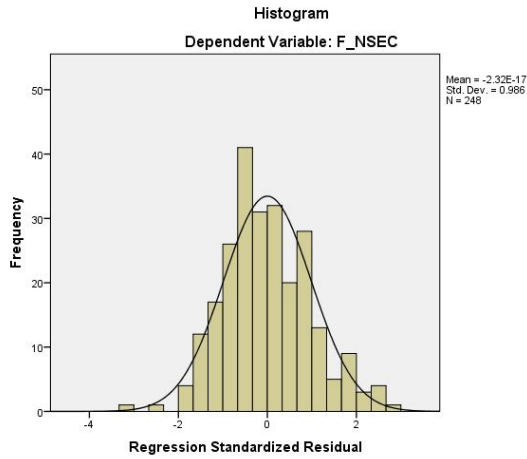
$$\alpha_{10} + \beta_{55}MDV + \beta_{56}BEX + \beta_{57}CLE + \beta_{58}ORE + \beta_{59}ECO + \beta_{60}MCU + \beta_{61}(MDV*MCU) + \beta_{62}(BEX*MCU) + \beta_{63}(CLE*MCU) + \beta_{64}(ORE *MCU) + \beta_{65}(ECO*MCU) + \beta_{66}OC + \beta_{67}HS + \varepsilon_{10}$$



$$\alpha_{11} + \beta_{68}MDV + \beta_{69}BEX + \beta_{70}CLE + \beta_{71}ORE + \beta_{72}ECO + \beta_{73}OC + \beta_{74}HS + \varepsilon_{11}$$

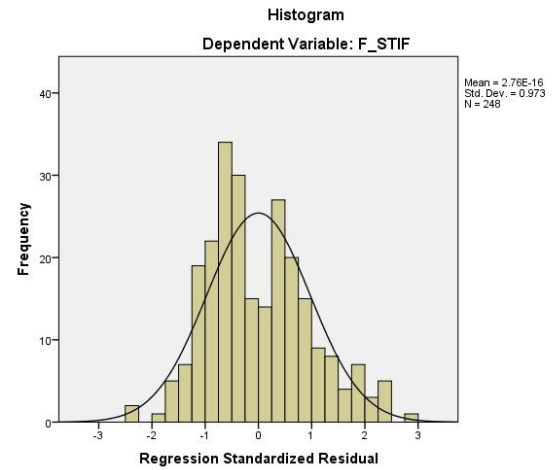
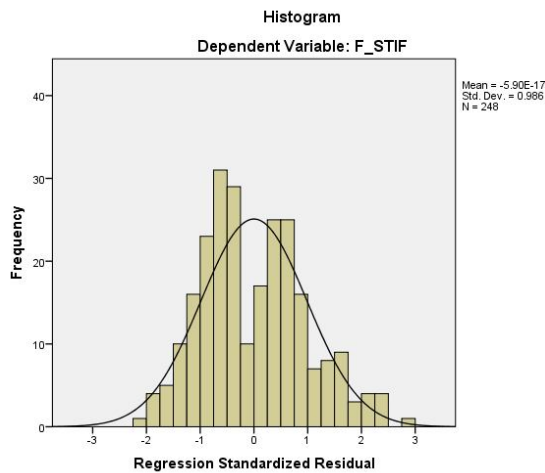
$$\alpha_{12} + \beta_{75}MDV + \beta_{76}BEX + \beta_{77}CLE + \beta_{78}ORE + \beta_{79}ECO + \beta_{80}MCU + \beta_{81}(MDV*MCU) + \beta_{82}(BEX*MCU) + \beta_{83}(CLE*MCU) + \beta_{84}(ORE *MCU) + \beta_{85}(ECO*MCU) + \beta_{86}OC + \beta_{87}HS + \varepsilon_{12}$$





$$\alpha_{13} + \beta_{88}MDV + \beta_{89}BEX + \beta_{90}CLE \\ + \beta_{91}ORE + \beta_{92}ECO + \beta_{93}OC \\ + \beta_{94}HS + \varepsilon_{13}$$

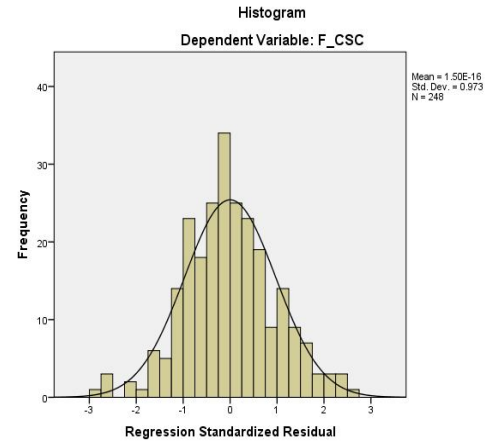
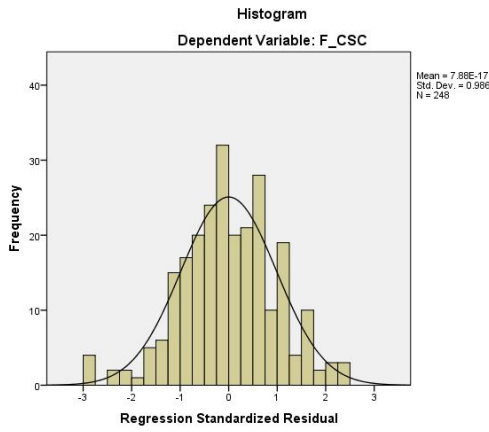
$$\alpha_{14} + \beta_{95}MDV + \beta_{96}BEX + \beta_{97}CLE + \beta_{98}ORE \\ + \beta_{99}ECO + \beta_{100}MCU + \beta_{101}(MDV*MCU) \\ + \beta_{102}(BEX*MCU) + \beta_{103}(CLE*MCU) \\ + \beta_{104}(ORE *MCU) + \beta_{105}(ECO*MCU) \\ + \beta_{106}OC + \beta_{107}HS + \varepsilon_{14}$$



$$\alpha_{15} + \beta_{108}MDV + \beta_{109}BEX \\ + \beta_{110}CLE + \beta_{111}ORE + \beta_{112}ECO \\ + \beta_{113}OC + \beta_{114}HS + \varepsilon_{15}$$

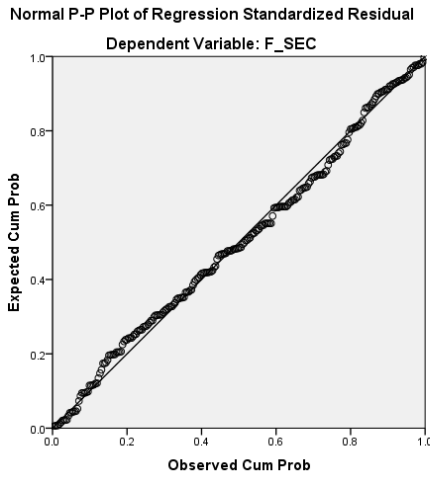
$$\alpha_{16} + \beta_{115}MDV + \beta_{116}BEX + \beta_{117}CLE \\ + \beta_{118}ORE + \beta_{119}ECO + \beta_{120}MCU \\ + \beta_{121}(MDV*MCU) + \beta_{122}(BEX*MCU) \\ + \beta_{123}(CLE*MCU) + \beta_{124}(ORE *MCU) \\ + \beta_{125}(ECO*MCU) + \beta_{126}OC + \beta_{127}HS + \varepsilon_{116}$$



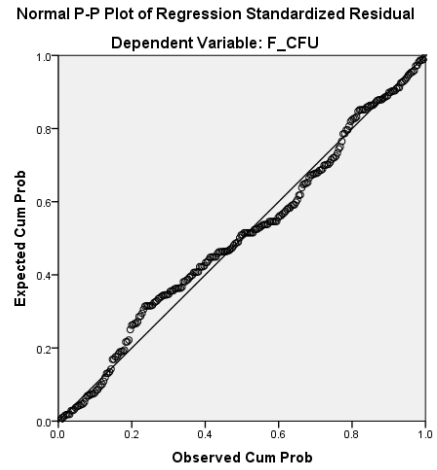


$$\begin{aligned} &\alpha_{17} + \beta_{128}MDV + \beta_{129}BEX \\ &+ \beta_{130}CLE + \beta_{131}ORE \\ &+ \beta_{132}ECO + \beta_{133}OC + \beta_{134}HS + \varepsilon_{17} \end{aligned}$$

$$\begin{aligned} &\alpha_{18} + \beta_{135}MDV + \beta_{136}BEX + \beta_{137}CLE \\ &+ \beta_{138}ORE + \beta_{139}ECO + \beta_{140}MCU \\ &+ \beta_{141}(MDV*MCU) + \beta_{142}(BEX*MCU) \\ &+ \beta_{143}(CLE*MCU) + \beta_{144}(ORE *MCU) \\ &+ \beta_{145}(ECO*MCU) + \beta_{146}OC + \beta_{147}HS + \varepsilon_{18} \end{aligned}$$

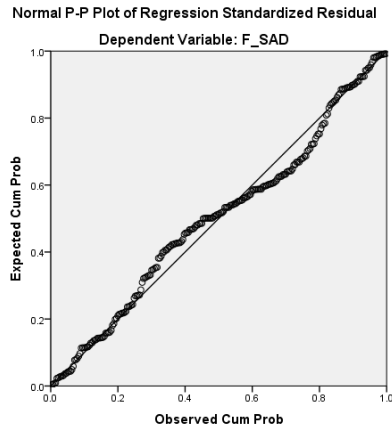


$$\begin{aligned} &\alpha_1 + \beta_1NSAO + \beta_2OSPC \\ &+ \beta_3NSEC + \beta_4STIF + \beta_5CSC \\ &+ \beta_6OC + \beta_7HS + \varepsilon_1 \end{aligned}$$

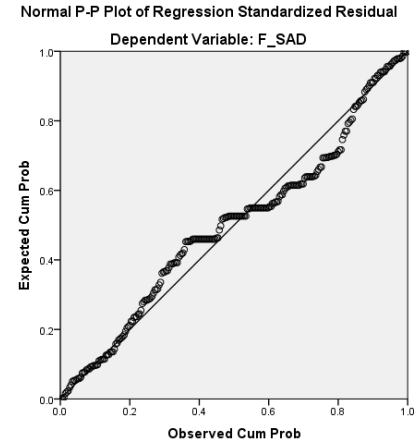


$$\begin{aligned} &\alpha_2 + \beta_8NSAO + \beta_9OSPC \\ &+ \beta_{10}NSEC + \beta_{11}STIF + \beta_{12}CSC \\ &+ \beta_{13}OC + \beta_{14}HS + \varepsilon_2 \end{aligned}$$

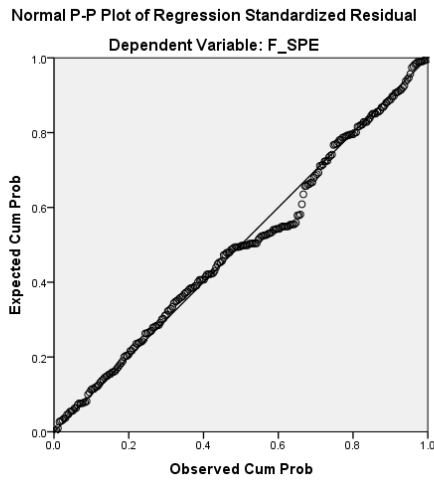




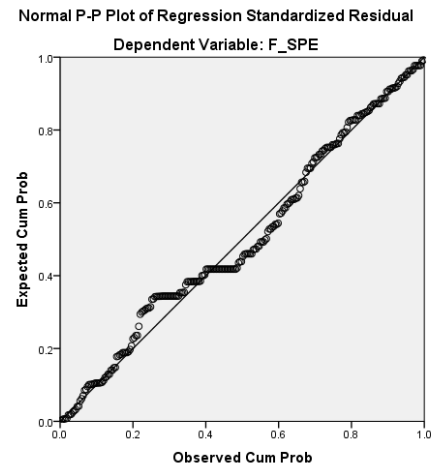
$$\alpha_3 + \beta_{15}NSAO + \beta_{16}OSPC + \beta_{17}NSEC + \beta_{18}STIF + \beta_{19}CSC + \beta_{20}OC + \beta_{21}HS + \varepsilon_3$$



$$\alpha_4 + \beta_{22}SEC + \beta_{23}CFU + \beta_{24}OC + \beta_{25}HS + \varepsilon_4$$

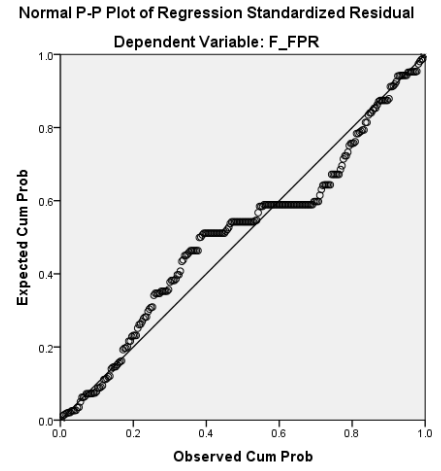
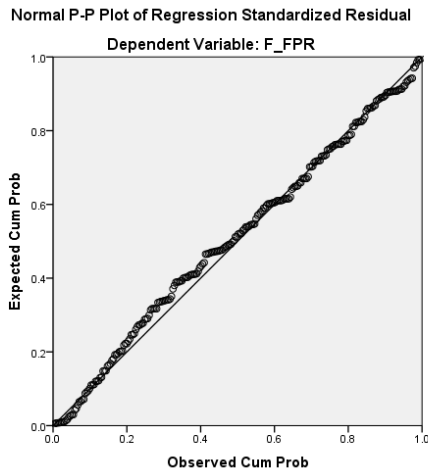


$$\alpha_5 + \beta_{26}NSAO + \beta_{27}OSPC + \beta_{28}NSEC + \beta_{29}STIF + \beta_{30}CSC + \beta_{31}OC + \beta_{32}HS + \varepsilon_5$$



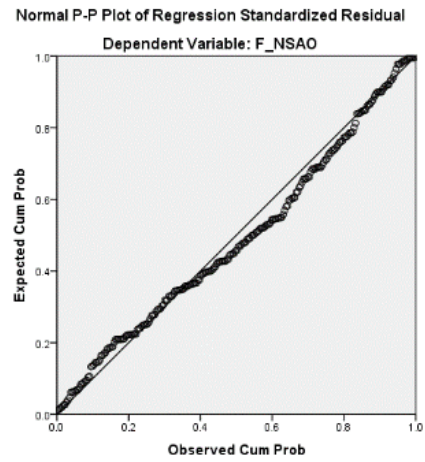
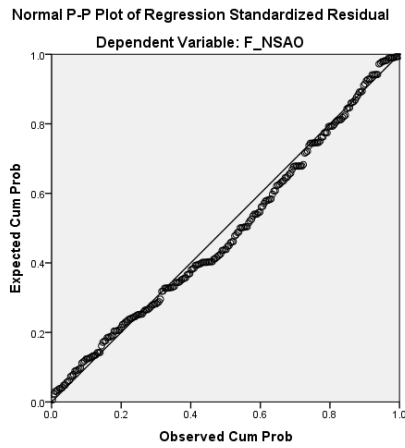
$$\alpha_6 + \beta_{33}SEC + \beta_{34}CFU + \beta_{35}SAD + \beta_{36}OC + \beta_{37}HS + \varepsilon_6$$





$$\begin{aligned} & \alpha_7 + \beta_{38}NSAO + \beta_{39}OSPC \\ & + \beta_{40}NSEC + \beta_{41}STIF + \beta_{42}CSC \\ & + \beta_{43}OC + \beta_{44}HS + \varepsilon_7 \end{aligned}$$

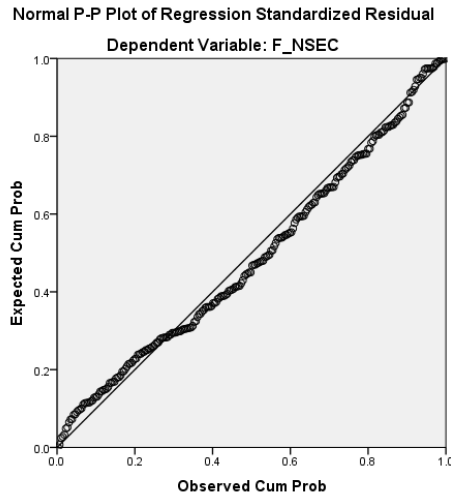
$$\alpha_8 + \beta_{45}SPE + \beta_{46}OC + \beta_{47}HS + \varepsilon_8$$



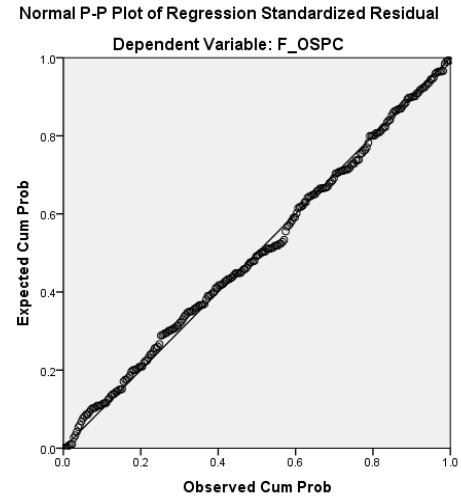
$$\begin{aligned} & \alpha_9 + \beta_{48}MDV + \beta_{49}BEX \\ & + \beta_{50}CLE + \beta_{51}ORE + \beta_{52}ECO \\ & + \beta_{53}OC + \beta_{54}HS + \varepsilon_9 \end{aligned}$$

$$\begin{aligned} & \alpha_{10} + \beta_{55}MDV + \beta_{56}BEX + \beta_{57}CLE \\ & + \beta_{58}ORE + \beta_{59}ECO + \beta_{60}MCU \\ & + \beta_{61}(MDV*MCU) + \beta_{62}(BEX*MCU) \\ & + \beta_{63}(CLE*MCU) + \beta_{64}(ORE *MCU) \\ & + \beta_{65}(ECO*MCU) + \beta_{66}OC + \beta_{67}HS + \varepsilon_{10} \end{aligned}$$

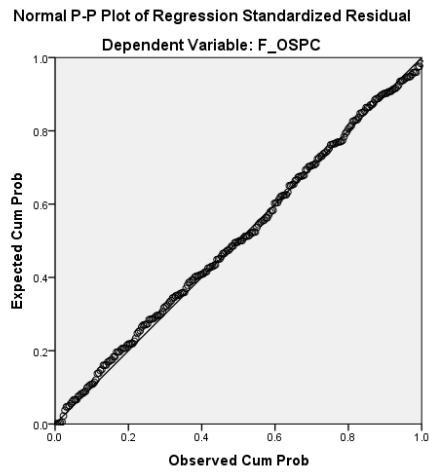




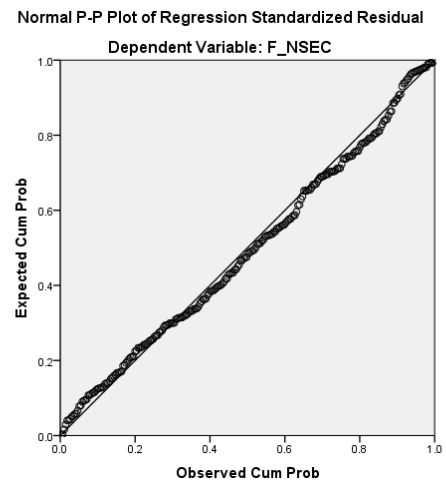
$$\begin{aligned} &\alpha_{11} + \beta_{68}MDV + \beta_{69}BEX + \beta_{70}CLE \\ &+ \beta_{71}ORE + \beta_{72}ECO \\ &+ \beta_{73}OC + \beta_{74}HS + \varepsilon_{11} \end{aligned}$$



$$\begin{aligned} &\alpha_{12} + \beta_{75}MDV + \beta_{76}BEX + \beta_{77}CLE + \beta_{78}ORE \\ &+ \beta_{79}ECO + \beta_{80}MCU + \beta_{81}(MDV*MCU) \\ &+ \beta_{82}(BEX*MCU) + \beta_{83}(CLE*MCU) \\ &+ \beta_{84}(ORE *MCU) + \beta_{85}(ECO*MCU) \\ &+ \beta_{86}OC + \beta_{87}HS + \varepsilon_{12} \end{aligned}$$

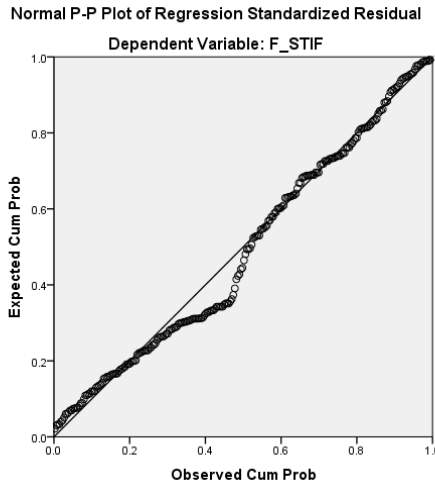


$$\begin{aligned} &\alpha_{13} + \beta_{88}MDV + \beta_{89}BEX + \beta_{90}CLE \\ &+ \beta_{91}ORE + \beta_{92}ECO + \beta_{93}OC \\ &+ \beta_{94}HS + \varepsilon_{13} \end{aligned}$$

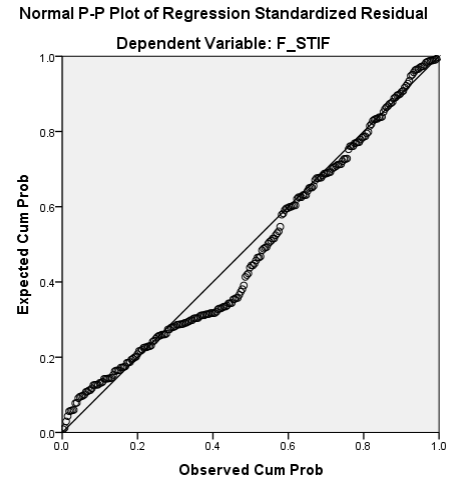


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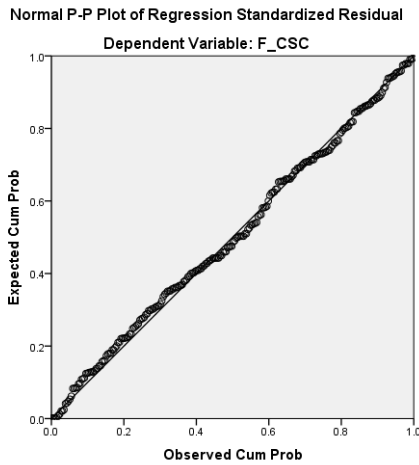




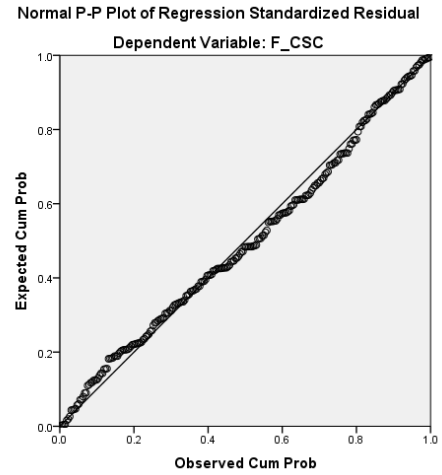
$$\begin{aligned} &\alpha_{15} + \beta_{108}MDV + \beta_{109}BEX \\ &+ \beta_{110}CLE + \beta_{111}ORE \\ &+ \beta_{112}ECO + \beta_{113}OC + \beta_{114}HS + \varepsilon_{15} \end{aligned}$$



$$\begin{aligned} &\alpha_{16} + \beta_{115}MDV + \beta_{116}BEX + \beta_{117}CLE \\ &+ \beta_{118}ORE + \beta_{119}ECO + \beta_{120}MCU \\ &+ \beta_{121}(MDV*MCU) + \beta_{122}(BEX*MCU) \\ &+ \beta_{123}(CLE*MCU) + \beta_{124}(ORE *MCU) \\ &+ \beta_{125}(ECO*MCU) + \beta_{126}OC + \beta_{127}HS + \varepsilon_{116} \end{aligned}$$

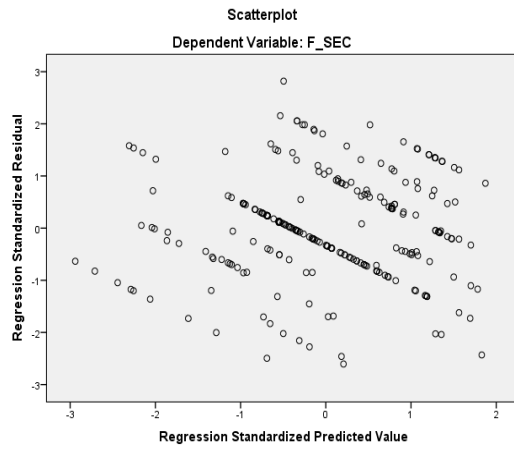


$$\begin{aligned} &\alpha_{17} + \beta_{128}MDV + \beta_{129}BEX \\ &+ \beta_{130}CLE + \beta_{131}ORE \\ &+ \beta_{132}ECO + \beta_{133}OC + \beta_{134}HS + \varepsilon_{17} \end{aligned}$$

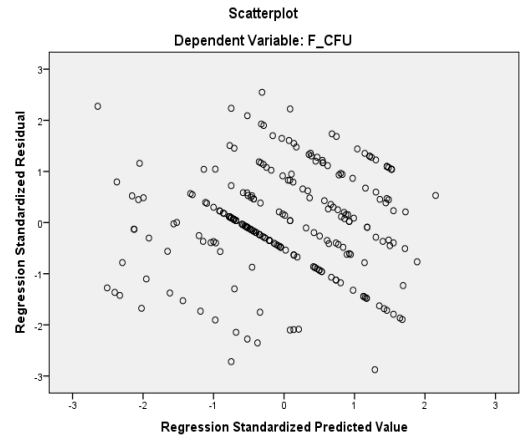


$$\begin{aligned} &\alpha_{18} + \beta_{135}MDV + \beta_{136}BEX + \beta_{137}CLE \\ &+ \beta_{138}ORE + \beta_{139}ECO + \beta_{140}MCU \\ &+ \beta_{141}(MDV*MCU) + \beta_{142}(BEX*MCU) \\ &+ \beta_{143}(CLE*MCU) + \beta_{144}(ORE *MCU) \\ &+ \beta_{145}(ECO*MCU) + \beta_{146}OC + \beta_{147}HS \\ &+ \varepsilon_{18} \end{aligned}$$

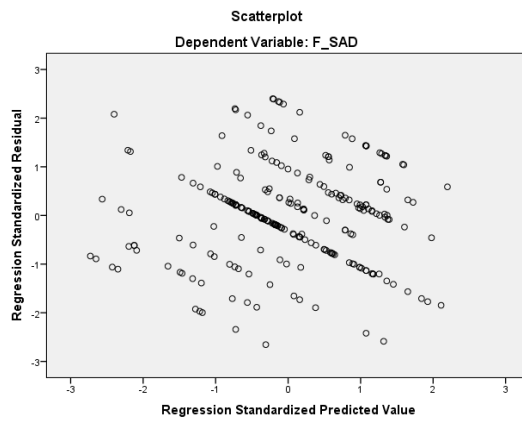




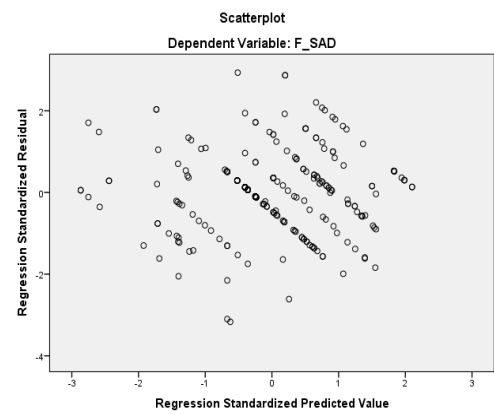
$$\begin{aligned} &\alpha_1 + \beta_1 NSAO + \beta_2 OSPC \\ &+ \beta_3 NSEC + \beta_4 STIF + \beta_5 CSC \\ &+ \beta_6 FC + \beta_7 HS + \varepsilon_1 \end{aligned}$$



$$\begin{aligned} &\alpha_2 + \beta_8 NSAO + \beta_9 OSPC \\ &+ \beta_{10} NSEC + \beta_{11} STIF + \beta_{12} CSC \\ &+ \beta_{13} FC + \beta_{14} HS + \varepsilon_2 \end{aligned}$$

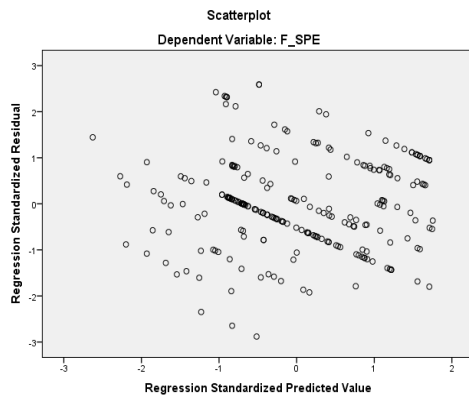


$$\begin{aligned} &\alpha_3 + \beta_{15} NSAO + \beta_{16} OSPC \\ &+ \beta_{17} NSEC + \beta_{18} STIF \\ &+ \beta_{19} CSC + \beta_{20} FC + \beta_{21} HS + \varepsilon_3 \end{aligned}$$

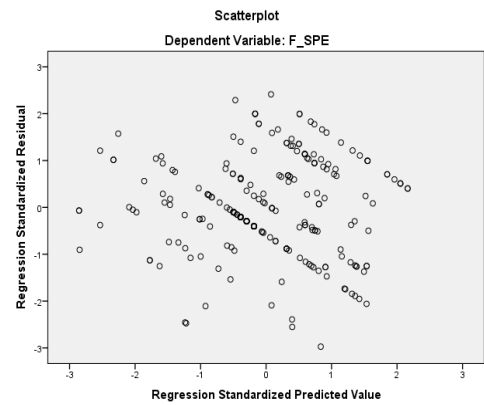


$$\begin{aligned} &\alpha_4 + \beta_{22} SEC + \beta_{23} CFU \\ &+ \beta_{24} FC + \beta_{25} HS + \varepsilon_4 \end{aligned}$$

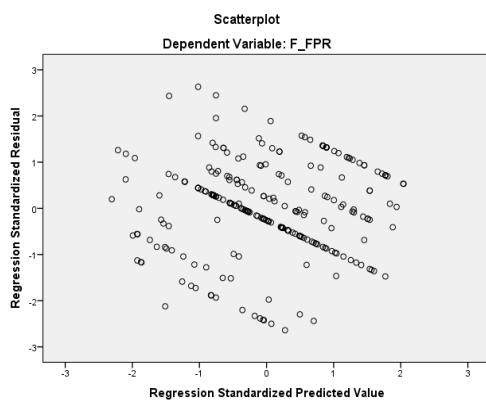




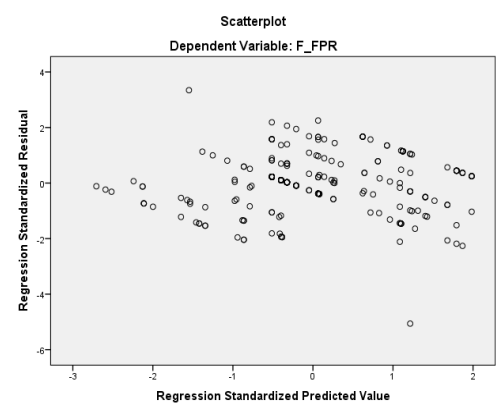
$$\begin{aligned} &\alpha_5 + \beta_{26}NSAO + \beta_{27}OSPC \\ &+ \beta_{28}NSEC + \beta_{29}STIF \\ &+ \beta_{30}CSC + \beta_{31}FC + \beta_{32}HS + \varepsilon_5 \end{aligned}$$



$$\begin{aligned} &\alpha_6 + \beta_{33}SEC + \beta_{34}CFU \\ &+ \beta_{35}SAD + \beta_{36}FC + \beta_{37}HS + \varepsilon_6 \end{aligned}$$

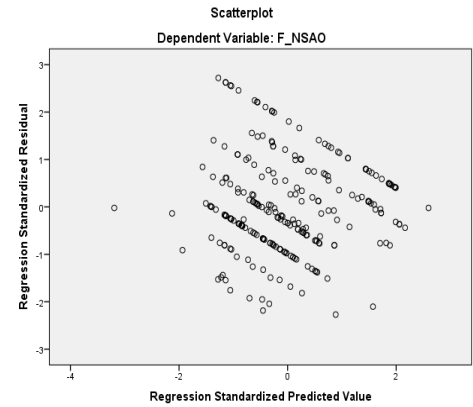
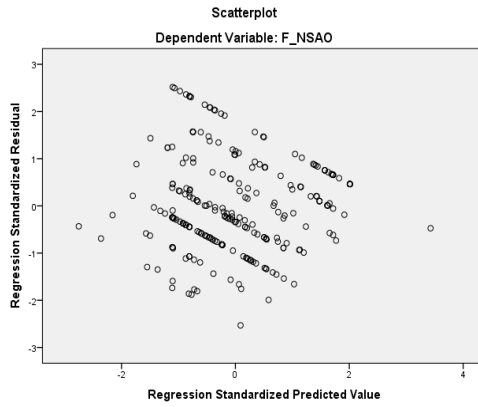


$$\begin{aligned} &\alpha_7 + \beta_{38}NSAO + \beta_{39}OSPC \\ &+ \beta_{40}NSEC + \beta_{41}STIF \\ &+ \beta_{42}CSC + \beta_{43}FC + \beta_{44}HS + \varepsilon_7 \end{aligned}$$



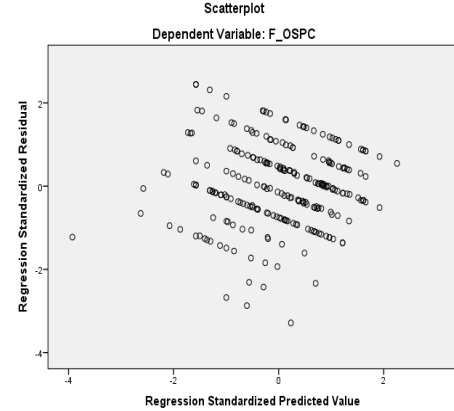
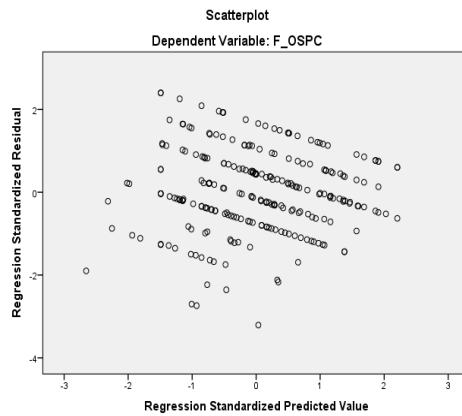
$$\begin{aligned} &\alpha_8 + \beta_{45}SPE + \beta_{46}FC \\ &+ \beta_{47}HS + \varepsilon_8 \end{aligned}$$





$$\begin{aligned} &\alpha_9 + \beta_{48}MDV + \beta_{49}BEX \\ &+ \beta_{50}CLE + \beta_{51}ORE + \beta_{52}ECO \\ &+ \beta_{53}FC + \beta_{54}HS + \varepsilon_9 \end{aligned}$$

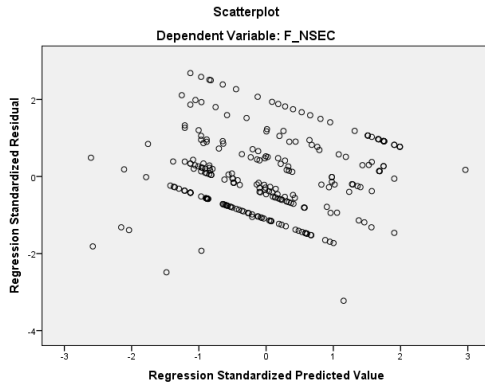
$$\begin{aligned} &\alpha_{10} + \beta_{55}MDV + \beta_{56}BEX + \beta_{57}CLE + \beta_{58}ORE \\ &+ \beta_{59}ECO + \beta_{60}MCU + \beta_{61}(MDV*MCU) \\ &+ \beta_{62}(BEX*MCU) + \beta_{63}(CLE*MCU) \\ &+ \beta_{64}(ORE *MCU) + \beta_{65}(ECO*MCU) \\ &+ \beta_{66}FC + \beta_{67}HS + \varepsilon_{10} \end{aligned}$$



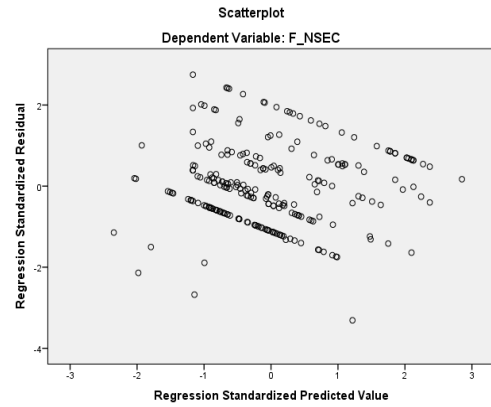
$$\begin{aligned} &\alpha_{11} + \beta_{68}MDV + \beta_{69}BEX \\ &+ \beta_{70}CLE + \beta_{71}ORE + \beta_{72}ECO \\ &+ \beta_{73}FC + \beta_{74}HS + \varepsilon_{11} \end{aligned}$$

$$\begin{aligned} &\alpha_{12} + \beta_{75}MDV + \beta_{76}BEX + \beta_{77}CLE \\ &+ \beta_{78}ORE + \beta_{79}ECO + \beta_{80}MCU \\ &+ \beta_{81}(MDV*MCU) + \beta_{82}(BEX*MCU) \\ &+ \beta_{83}(CLE*MCU) + \beta_{84}(ORE *MCU) \\ &+ \beta_{85}(ECO*MCU) + \beta_{86}FC + \beta_{87}HS + \varepsilon_{12} \end{aligned}$$

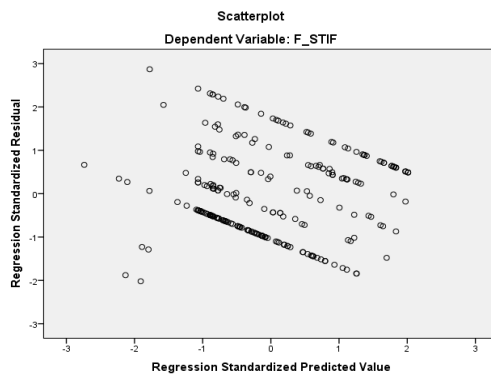




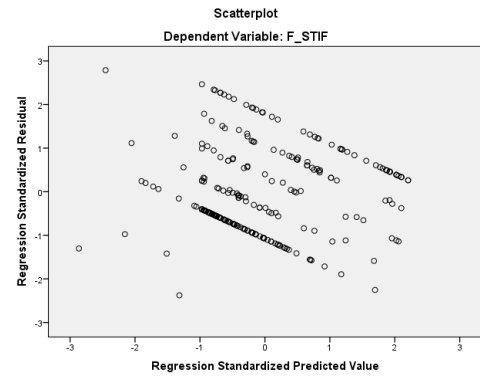
$$\begin{aligned} &\alpha_{913} + \beta_{88}MDV + \beta_{89}BEX \\ &+ \beta_{90}CLE + \beta_{91}ORE \\ &+ \beta_{92}ECO + \beta_{93}FC + \beta_{94}HS + \varepsilon_{13} \end{aligned}$$



$$\begin{aligned} &\alpha_{14} + \beta_{95}MDV + \beta_{96}BEX + \beta_{97}CLE \\ &+ \beta_{98}ORE + \beta_{99}ECO + \beta_{100}MCU \\ &+ \beta_{101}(MDV*MCU) + \beta_{102}(BEX*MCU) \\ &+ \beta_{103}(CLE*MCU) + \beta_{104}(ORE *MCU) \\ &+ \beta_{105}(ECO*MCU) + \beta_{106}FC + \beta_{107}HS + \varepsilon_{14} \end{aligned}$$

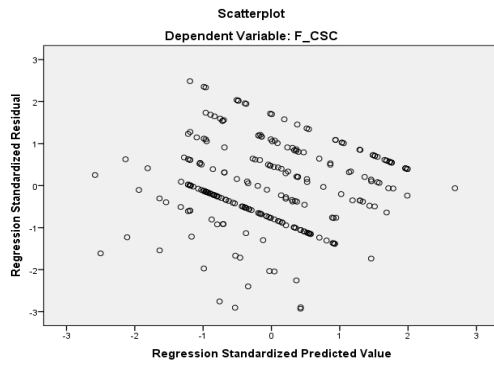


$$\begin{aligned} &\alpha_{15} + \beta_{108}MDV + \beta_{109}BEX \\ &+ \beta_{110}CLE + \beta_{111}ORE \\ &+ \beta_{112}ECO + \beta_{113}FC + \beta_{114}HS + \varepsilon_{15} \end{aligned}$$

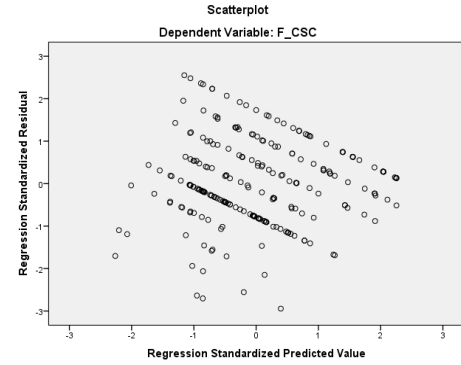


$$\begin{aligned} &\alpha_{16} + \beta_{115}MDV + \beta_{116}BEX + \beta_{117}CLE \\ &+ \beta_{118}ORE + \beta_{119}ECO + \beta_{120}MCU \\ &+ \beta_{121}(MDV*MCU) + \beta_{122}(BEX*MCU) \\ &+ \beta_{123}(CLE*MCU) + \beta_{124}(ORE *MCU) \\ &+ \beta_{125}(ECO*MCU) + \beta_{126}FC + \beta_{127}HS + \varepsilon_{116} \end{aligned}$$





$$\begin{aligned} &\alpha_{17} + \beta_{128}MDV + \beta_{129}BEX \\ &+ \beta_{130}CLE + \beta_{131}ORE \\ &+ \beta_{132}ECO + \beta_{133}FC + \beta_{134}HS + \varepsilon_{17} \end{aligned}$$



$$\begin{aligned} &\alpha_{18} + \beta_{135}MDV + \beta_{136}BEX + \beta_{137}CLE \\ &+ \beta_{138}ORE + \beta_{139}ECO + \beta_{140}MCU \\ &+ \beta_{141}(MDV*MCU) + \beta_{142}(BEX*MCU) \\ &+ \beta_{143}(CLE*MCU) + \beta_{144}(ORE*MCU) \\ &+ \beta_{145}(ECO*MCU) + \beta_{146}FC + \beta_{147}HS + \varepsilon_{18} \end{aligned}$$



APPENDIX F

Cover Letter and Questionnaire: English Version



Questionnaire to the Ph. D. Dissertation Research
“Dynamic Service Innovation Strategy: Effect on Firm Profitability
of Hotel Businesses in Thailand”

Dear Sir/Madam,

The objective of this research is to examine the dynamic service innovation strategy: effect on firm profitability of hotel businesses in Thailand. This research is a part of doctoral in marketing management dissertation of Mahasarakham Business School, Mahasarakham University, Thailand. Tel 043 – 754333

The questionnaire is divided into 7 parts:

- Section 1:** Personal information about marketing executives of hotel businesses in Thailand,
- Section 2:** General information of hotel businesses in Thailand,
- Section 3:** Opinion on service innovation strategy of hotel businesses in Thailand,
- Section 4:** Opinion on business outcomes of hotel businesses in Thailand,
- Section 5:** Opinion on the effect of internal environmental factor business outcomes of hotel businesses in Thailand,
- Section 6:** Opinion on the effect of external environmental factor business outcomes of hotel businesses in Thailand, and
- Section 7:** Recommendations and suggestions regarding business administration of hotel businesses in Thailand

Your answer will be kept as confidentiality and your information will not be shared with any outsider party without your permission.

Do you want a summary of the results?

() Yes e-mail _____ () No -

If you want a summary of this research, please indicate your e-mail address or attach your business card with this questionnaire.

Thank you for your time to answer all questions. I very much hope that your answer will provide the valuable information for my dissertation. If you have questions with respect to this research, please contact me, Ms. Sasichai Pimpan, Tel 095-1690307 or e-mail pimpan.sasichai@gmail.com

(Sasichai Pimpan)
 Ph. D. Student
 Marketing Management
 Mahasarakham University, Thailand



Section 1 Personal information of marketing executives of hotel businesses in Thailand

1. Gender

☐ Male

☐ Female

2. Age

☐ Less than 30 years old

☐ 30 – 40 years old

☐ 41-50 years old

☐ More than 50 years old

3. Marital status

☐ Single

☐ Married

☐ Divorced

4. Level of education

☐ Bachelor's degree

☐ Higher than Bachelor's degree

5. Work experiences

☐ Less than 5 years

☐ 5- 10 years

☐ 11 – 15 years

☐ More than 15 years

6. Average income per month

☐ Less than 50,000 Baht

☐ 50,000 – 100,000 Baht

☐ 100,001 - 150,000 Baht

☐ More than 150,000 Baht

7. Current position

☐ Marketing executives

☐ Marketing director

☐ Other (Please Specify).....



Section 2 General information of hotel businesses in Thailand

1. Business owner type

- ☐ Company limited ☐ Partnership

2. Hotel Standard

- ☐ 4 Star ☐ 5 Star

3. Hotel Location

- ☐ Bangkok ☐ Northern Thailand
☐ Central Thailand ☐ Northeast Thailand
☐ Eastern Thailand ☐ Southern Thailand

4. Operating Capital

- ☐ Less than 60,000,000 Baht ☐ 60,000,000 – 100,000,000 Baht
☐ 100,000,001 – 150,000,000 Baht ☐ More than 150,000,000 Baht

5. The period of time in business operation

- ☐ Less than 5 years ☐ 5-10 years
☐ 11-15 years ☐ More than 15 years

6. Number of room

- ☐ Less than 150 room ☐ 151 - 299 room
☐ 300 – 599 room ☐ More than 600 room

7. Average income per year

- ☐ Less than 5,000,000 Baht ☐ 50,000,000 – 100,000,000 Baht
☐ 100,000,001 – 150,000,000 Baht ☐ More than 150,000,000 Baht



Section 3 Opinion on service innovation strategy of hotel businesses in Thailand

Dynamic Service Innovation Strategy	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<u>New Service Approach Orientation</u>					
1. Firm believes in new offering method that can achieve the effectiveness of organizations.					
2. Firm focuses an importance on development of new task design that can achieve competitive advantage.					
3. Firm promotes research development, encourage personnel for new processes management which can achieve the objective and more efficient					
4. Firm promotes personnel and new processes management which will make the better than competitors.					
<u>Original Service Presentation Capability</u>					
5. Firm believes to present newfangled service operation that can be response the customer need.					
6. Firm focuses an importance on research and development for the new service which will make the better market expansion.					
7. Firm believes that service type differentiated from competitors, which resulted in the market leader more effectively.					
8. Firm supports the personnel to provide information continuously that can help to create new service of organization in order to meet the needs of more process					



Section 3 (Continued)

Dynamic Service Innovation Strategy	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<u>Novel Service Establishment Competency</u>					
9. Firm believes that unique benefit that differentiate it from competitors can achieve competitive advantage					
10. Firm focuses on forecast the direction of service in the future to offer the product and service efficiently.					
11. Firm focuses on create new design efficiently better than competitor and service excellence					
12. Firm supports the develop research, new technique, new service, in order to customer response better.					
<u>Service Technology Implementation Focus</u>					
13. Firm believes that use the new technology for service that can increased firm performance than competitor.					
14. Firm focuses on the development of technology to service continuously that respond to changing customer needs and expectations.					
15. Firm focuses on modern equipment that offer service adjustment as a critical factor to make firm to be more distinctive than competitors.					



Section 3 (Continued)

Dynamic Service Innovation Strategy	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
16. Firm focuses on training personnel, the research and development of service technology competency, which will bring efficiency in service					
<u>Customized Service Concentration</u>					
17. Firm attention toward to design of specific according to customer demands enables firm to satisfy those demands most effectively.					
18. Firm encourages employees to learn current and potential customer demand for developing unique services which leads to rapidly customer acceptance.					
19. Firm focuses on change the new service process to response customer's requirement for existing customer base and add new customers continuously.					
20. Firm focuses on create new activities that make the different than competitor.					



Section 4 Opinion on business outcomes of hotel businesses in Thailand

Firm Performance	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<u>Service Excellence</u>					
1. Firm is able to provide new service beyond customer expectation.					
2. Firm has a great service process that can be accepted by customers.					
3. Firm has excellent service that beyond customer expectation continuously.					
4. Firm is able introduce new service to customer need before competitors.					
<u>Service Advantage</u>					
5. Firm can offer differentiated service models than the competitors.					
6. Firm offers a variety of services to its customers, rather than the competitor's service model.					
7. Firm is able to provide service instantly when customers request.					
8. Firm gains trust and confidence from customers in terms of higher product/service quality relative to alternatives.					
<u>Customer Fulfillment</u>					
9. Firm can provide services that respond to customer needs quickly and on time.					
10. Firm can provide a variety of services under the changing needs of customers continuously.					



Section 4 (Continued)

Firm Performance	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
11. Firm can develop new services continuously that can cover the customer need better.					
12. Firm has update customer information for understand the demand and improve the service to customer needs regularly.					
<u>Service Performance</u>					
13. Firm can attract new customers to use service and increase sell volumes over the competitors.					
14. Firm can existing customer retention continuously.					
15. Compared to the past, business market share always maintains and increases continuously.					
16. Firm has been recognized by customers and other external groups for their good reputation and good image in service.					
<u>Firm Profitability</u>					
17. Firm can operating profitably according to the target and the purpose.					
18. Compared to the past, sales growth rate always increases continuously.					
19. Firm can achieve in their market segment over the past year					
20. Firm has continually increased its income.					



Section 5 Opinion on the effect of internal environmental factor business outcomes of hotel businesses in Thailand

Internal Environmental Factor	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<u>Market Driving Vision</u>					
1. Firm have operation policy in focuses on market leader that can make business management more successful.					
2. Firm have applied of modern technology for market continuously to create competitive advantage.					
3. Firm focus on market, resulting in achieving business goal					
4. Firm focuses on marketing plan which accurately enables response customer need to create competitive advantage					
<u>Business Experience</u>					
5. Firm believes that the experience of firms in the past which firms lead this experience to competitive advantage.					
6. Firm focuses on the applying knowledge, understanding the customer, which will under for planning and more efficiency.					
7. Firm supports employee's experience of the past in planning and operations that lead to current.					
8. Firm have applied of knowledge understand of the past in data planning for policy development management of current and future business, which helps to plan their operations more efficiency.					



Section 5 (Continued)

Internal Environmental Factor	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<u>Competitive Learning</u>					
9. Firm believes that the continuous learning of the competition will enable the better operation, which will help to improve performance.					
10. Firm focuses on the importance of analysis of the service environment, which will make the better efficiency					
11. The firm focus on study and forecast the situation of competition changing. Which, can help the firm to better respond.					
12. The firm focuses on developing knowledge of competition, Which can help the firm to make a better service plan.					
<u>Organizational Resource</u>					
13. Firm believes that having fruitfulness of resources helps firm to increase effectiveness.					
14. Firm focuses on application of resources for maximize, Which will develop ability/skill in resource usage at most effectiveness.					
15. Firm focuses pays attention to investing in information technology to manage customer information. To be able to offer a service model for different customers and more effectively.					
16. Firm focuses on training personnel, changing environment and continuous modern technology, which will bring efficiency in service					



Section 5 (Continued)

Internal factor affecting service innovation	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<u>Market Culture</u>					
17. Firm believes that a corporate culture focus on service, which increase capacity and performance will better.					
18. Firm recognizes on customers are a key factor of the organization, Which will help the management achieve their goals better.					
19. Firm focuses on development of techniques and New services methods to use in organizations, Which will help to better respond to changing market needs.					
20. Firm focuses on continuously customers' needs and expectations, Which will make the operation of the service more successful.					

Section 6 Opinion on the effect of external environmental factor business outcomes of hotel businesses in Thailand

External Environmental Factor	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<u>Environmental Complementarity</u>					
1. Currently, the business environment has continuous change. Thus, the firm focuses on understanding the environment for better response.					



Section 6 (Continued)

External Environmental Factor	Levels of Agreement				
	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
2. Current business competition is more violent. So, the firm focuses on continuous improvement process and operational for consistency with the competition and customer needs always.					
3. Technology is growing steadily so, firm learns to understand and able to adapt effectively.					
4. Customers are with diverse needs. So firms must find a way to understand customers for better response.					

Section 7 Recommendations and suggestions regarding business administration of hotel businesses in Thailand

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Thank you for your time and attention to this matter. Please fold and return in provided envelope and return to me. If you desire a summary report of this study, please give your business card attached with this questionnaire. The summary will be mailed you upon the completion of data analysis.



APPENDIX G

Cover Letters and Questionnaire: Thai Version



แบบสอบถามเพื่อการวิจัย

เรื่อง กลยุทธ์นวัตกรรมการบริการเชิงพลวัตร:ผลกระทบที่มีต่อความสามารถในการทำกำไรของกิจการ
ของธุรกิจโรงแรมในประเทศไทย

คำชี้แจง

โครงการวิจัยนี้มีวัตถุประสงค์เพื่อศึกษาวิจัยเรื่อง “กลยุทธ์นวัตกรรมการบริการเชิงพลวัตร: ผลกระทบที่มีต่อความสามารถในการทำกำไรของกิจการของธุรกิจโรงแรมในประเทศไทย” เพื่อเป็นข้อมูลในการจัดทำวิทยานิพนธ์ในระดับปริญญาเอกของผู้วิจัยในหลักสูตรปรัชญาดุษฎีบัณฑิต สาขาวิชาการจัดการตลาด คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม จังหวัดมหาสารคาม หมายเลขโทรศัพท์ 043-754333

ข้าพเจ้าใคร่ขอความอนุเคราะห์จากท่านผู้ตอบแบบสอบถาม ได้โปรดตอบแบบสอบถามชุดนี้ โดย
รายละเอียดของแบบสอบถามประกอบด้วยส่วนคำถาม 7 ตอน ดังนี้

ตอนที่ 1 ข้อมูลทั่วไปเกี่ยวกับผู้บริหารธุรกิจฝ่ายการตลาดโรงแรมในประเทศไทย

ตอนที่ 2 ข้อมูลทั่วไปเกี่ยวกับธุรกิจโรงแรมในประเทศไทย

ตอนที่ 3 ความคิดเห็นเกี่ยวกับกลยุทธ์นวัตกรรมการบริการของธุรกิจโรงแรมในประเทศไทย

ตอนที่ 4 ความคิดเห็นเกี่ยวกับผลการดำเนินงานของธุรกิจโรงแรมในประเทศไทย

ตอนที่ 5 ความคิดเห็นเกี่ยวกับปัจจัยภายในที่ส่งผลต่อการดำเนินงานของธุรกิจโรงแรม
ในประเทศไทย

ตอนที่ 6 ความคิดเห็นเกี่ยวกับปัจจัยภายนอกที่ส่งผลต่อการดำเนินงานของธุรกิจโรงแรม
ในประเทศไทย

ตอนที่ 7 ข้อเสนอแนะและข้อคิดเห็นเกี่ยวกับการบริการและการดำเนินงานของธุรกิจโรงแรม
ในประเทศไทย

คำตอบของท่านจะถูกเก็บรักษาเป็นความลับ และจะไม่มีการใช้ข้อมูลใดๆ ที่เปิดเผยเกี่ยวกับตัวท่านใน
การรายงานข้อมูล รวมทั้งจะไม่มีการร่วมใช้ข้อมูลดังกล่าวกับบุคคลภายนอกอื่นใดโดยไม่ได้รับอนุญาตจากท่าน

ท่านต้องการรายงานสรุปผลการวิจัยหรือไม่

() ต้องการ E-mail () ไม่ต้องการ

หากท่านต้องการรายงานสรุปผลการวิจัย โปรดระบุ E-mail Address ของท่าน หรือแนบนามบัตรของท่าน
มากับแบบสอบถามชุดนี้

ผู้วิจัยขอขอบพระคุณที่ท่านได้กรุณาเสียสละเวลาในการตอบแบบสอบถามชุดนี้อย่างถูกต้องครบถ้วน และ
หวังเป็นอย่างยิ่งว่าข้อมูลที่ได้รับจากท่านจะเป็นประโยชน์อย่างยิ่งต่อการวิจัยในครั้งนี้ และขอขอบพระคุณอย่างสูงมา ณ
โอกาสนี้ หากท่านมีข้อสงสัยประการใดเกี่ยวกับแบบสอบถาม โปรดติดต่อผู้วิจัย นางสาวศศิฉาย พิมพ์พรรค
โทรศัพท์เคลื่อนที่ 095-1690307 หรือ E – mail : pimpan.sasichai@gmail.com

(นางสาวศศิฉาย พิมพ์พรรค)

นิสิตปริญญาเอก หลักสูตรปรัชญาดุษฎีบัณฑิต สาขาวิชาการจัดการตลาด
คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม



ตอนที่ 1 ข้อมูลทั่วไปเกี่ยวกับผู้บริหารฝ่ายการตลาดธุรกิจโรงแรมในประเทศไทย

1. เพศ

<input type="checkbox"/> ชาย	<input type="checkbox"/> หญิง
------------------------------	-------------------------------
2. อายุ

<input type="checkbox"/> น้อยกว่า 30 ปี	<input type="checkbox"/> 30 – 40 ปี
<input type="checkbox"/> 41 – 50 ปี	<input type="checkbox"/> มากกว่า 50 ปี
3. สถานภาพ

<input type="checkbox"/> โสด	<input type="checkbox"/> สมรส
<input type="checkbox"/> หย่าร้าง/หม้าย	
4. ระดับการศึกษา

<input type="checkbox"/> ปริญญาตรีหรือต่ำกว่า	<input type="checkbox"/> สูงกว่าปริญญาตรี
---	---
5. ประสบการณ์ในการทำงาน

<input type="checkbox"/> น้อยกว่า 5 ปี	<input type="checkbox"/> 5 – 10 ปี
<input type="checkbox"/> 11 – 15 ปี	<input type="checkbox"/> มากกว่า 15 ปี
6. รายได้เฉลี่ยต่อเดือนที่ได้รับในปัจจุบัน

<input type="checkbox"/> ต่ำกว่า 50,000 บาท	<input type="checkbox"/> 50,000 – 100,000 บาท
<input type="checkbox"/> 100,001 – 150,000 บาท	<input type="checkbox"/> มากกว่า 150,000 บาท
7. ตำแหน่งงานในปัจจุบัน

<input type="checkbox"/> ผู้อำนวยการฝ่ายการตลาด	<input type="checkbox"/> ผู้จัดการฝ่ายการตลาด
<input type="checkbox"/> อื่นๆ (โปรดระบุ).....	

ตอนที่ 2 ข้อมูลทั่วไปเกี่ยวกับธุรกิจโรงแรมในประเทศไทย

1. รูปแบบของธุรกิจ

<input type="checkbox"/> บริษัทจำกัด	<input type="checkbox"/> ห้างหุ้นส่วน
--------------------------------------	---------------------------------------
2. มาตรฐานของธุรกิจ

<input type="checkbox"/> ระดับ 4 ดาว	<input type="checkbox"/> ระดับ 5 ดาว
--------------------------------------	--------------------------------------
3. ที่ตั้งของธุรกิจ

<input type="checkbox"/> กรุงเทพมหานคร	<input type="checkbox"/> ภาคเหนือ
<input type="checkbox"/> ภาคกลาง	<input type="checkbox"/> ภาคตะวันออก



- ☐ ภาคตะวันออกเฉียงเหนือ
- ☐ ภาคใต้
4. จำนวนทุนในการดำเนินงาน
- ☐ ต่ำกว่า 60,000,000 บาท
- ☐ 60,000,000 – 100,000,000 บาท
- ☐ 100,000,001 – 150,000,000 บาท
- ☐ มากกว่า 150,000,000 บาท
5. ระยะเวลาในการดำเนินธุรกิจ
- ☐ น้อยกว่า 5 ปี
- ☐ 5 – 10 ปี
- ☐ 11 – 15 ปี
- ☐ มากกว่า 15 ปี
6. จำนวนห้องพัก
- ☐ น้อยกว่า 150 ห้อง
- ☐ 151 – 299 ห้อง
- ☐ 300 – 599 ห้อง
- ☐ มากกว่า 600 ห้อง
7. รายได้ของกิจการต่อปี
- ☐ น้อยกว่า 50,000,000 บาท
- ☐ 50,000,000 – 100,000,000 บาท
- ☐ 100,000,001 – 150,000,000 บาท
- ☐ มากกว่า 150,000,000 บาท



ตอนที่ 3 ความคิดเห็นเกี่ยวกับกลยุทธ์นวัตกรรมบริการของธุรกิจโรงแรมในประเทศไทย

กลยุทธ์นวัตกรรมบริการเชิงพลวัตร (Dynamic Service Innovation Strategy)	ระดับความคิดเห็น				
	5 มากที่สุด	4 มาก	3 ปานกลาง	2 น้อย	1 น้อยที่สุด
การมุ่งเน้นวิธีการบริการแบบใหม่ (New Service Approach Orientation)					
1. กิจกรรมเชื่อมั่นว่าการมีวิธีการบริการแบบใหม่ จะช่วยทำให้กิจการสามารถบรรลุเป้าหมายได้ดียิ่งขึ้น					
2. กิจกรรมให้ความสำคัญกับการพัฒนา ปรับปรุงวิธีการบริการแบบใหม่อย่างต่อเนื่อง ซึ่งจะช่วยทำให้สามารถสร้างความได้เปรียบทางการแข่งขันได้เป็นอย่างดี					
3. กิจกรรมส่งเสริมให้มีการวิจัย พัฒนา รูปแบบและแนวทางวิธีการแบบใหม่อย่างเป็นและระบบรูปธรรม จะช่วยให้สามารถบรรลุวัตถุประสงค์ได้อย่างมีประสิทธิภาพ					
4. กิจกรรมส่งเสริมให้บุคลากรศึกษา และหารูปแบบวิธีการบริการใหม่ๆ อยู่เสมอ ซึ่งจะช่วยให้เพิ่มประสิทธิภาพการบริหารที่เหนือกว่าคู่แข่ง					
ศักยภาพในการนำเสนอการบริการที่แปลกใหม่ (Original Service presentation Capability)					
5. กิจกรรมเชื่อมั่นว่าการเสนอการบริการที่แปลกใหม่ จะช่วยทำให้กิจการตอบสนองความต้องการของลูกค้าได้ดียิ่งขึ้น					
6. กิจกรรมให้ความสำคัญกับการวิจัยและพัฒนาวิธีการบริการใหม่ๆ อย่างต่อเนื่อง ซึ่งจะช่วยทำให้สามารถเพิ่มการขยายตลาดได้ดียิ่งขึ้น					
7. กิจกรรมมุ่งมั่นให้มีการสร้างสรรค์บริการที่มีความแปลกใหม่ให้มีความหลากหลาย ซึ่งจะช่วยทำให้สามารถก้าวสู่ความเป็นผู้นำในตลาดได้อย่างมีประสิทธิภาพ					
8. กิจกรรมผลักดันให้บุคลากรมีการบูรณาการความรู้และข้อมูลข่าวสารอย่างต่อเนื่อง จะช่วยให้สามารถพัฒนากระบวนการทางด้านการบริการที่ทันสมัย ตอบสนองต่อความต้องการในรูปแบบต่างๆ ได้เป็นอย่างดี					



ตอนที่ 3 (ต่อ)

กลยุทธ์นวัตกรรมบริการเชิงพลวัตร (Dynamic Service Innovation Strategy)	ระดับความคิดเห็น				
	5 มากที่สุด	4 มาก	3 ปานกลาง	2 น้อย	1 น้อยที่สุด
<p>ความสามารถในการก่อให้เกิดการบริการที่ไม่เหมือนใครมาก่อน (Novel Service Establishment Competency)</p> <p>9.กิจการเชื่อมั่นว่าการสร้างสรรค์การบริการที่ไม่มีใครมีมาก่อนในตลาดจะช่วยสามารถสร้างความได้เปรียบในการแข่งขันได้เป็นอย่างดี</p>					
10.กิจการให้ความสำคัญกับการคาดการณ์และพยากรณ์ทิศทางการบริการที่เกิดขึ้นในอนาคต ซึ่งจะช่วยให้ออกแบบสินค้าและบริการให้มีประสิทธิภาพมากยิ่งขึ้น					
11.กิจการมุ่งเน้นการออกแบบการให้บริการที่แปลกใหม่ ไม่เหมือนใครและไม่เคยมีมาก่อน ซึ่งจะช่วยให้เกิดความแตกต่างจากคู่แข่ง และความเป็นเลิศในการบริการได้เป็นอย่างดี					
12.กิจการสนับสนุนการลงทุนคิดค้น วิจัย และพัฒนา เพื่อหาเทคนิคและวิธีการใหม่ ๆ ในการให้บริการอยู่เสมอ ซึ่งจะช่วยให้ออกแบบตอบสนองความต้องการของลูกค้าได้อย่างต่อเนื่อง					
<p>การมุ่งเน้นการประยุกต์ใช้เทคโนโลยีในการบริการ (Service Technology Implementation Focus)</p> <p>13.กิจการเชื่อมั่นว่าการนำเทคโนโลยีในที่ดีมาช่วยในการให้บริการ จะส่งผลให้การดำเนินงานประสบความสำเร็จเหนือกว่าคู่แข่ง</p>					
14.กิจการให้ความสำคัญกับการพัฒนาเทคโนโลยี ที่เกี่ยวข้องกับการบริการอย่างต่อเนื่อง ซึ่งจะช่วยให้ออกแบบการบริการมีความทันสมัย สามารถตอบสนองต่อการเปลี่ยนแปลงความต้องการของลูกค้าได้เป็นอย่างดี					
15.กิจการมุ่งมั่นให้มีการประยุกต์ใช้เทคโนโลยีที่มีคุณลักษณะเฉพาะตัว ซึ่งจะช่วยให้ออกแบบการให้บริการมีความโดดเด่นเหนือกว่าคู่แข่ง					



ตอนที่ 3 (ต่อ)

กลยุทธ์นวัตกรรมบริการเชิงพลวัตร (Dynamic Service Innovation Strategy)	ระดับความคิดเห็น				
	5 มากที่สุด	4 มาก	3 ปานกลาง	2 น้อย	1 น้อยที่สุด
16. กิจกรรมส่งเสริมให้บุคลากร เรียนรู้และฝึกอบรมเทคโนโลยีต่างๆ ที่เกี่ยวข้องกับการบริการ ซึ่งจะช่วยให้สามารถเพิ่มประสิทธิภาพการให้บริการที่ดีมากขึ้น					
การมุ่งความสนใจกับรูปแบบการบริการที่มีลักษณะเฉพาะ (Customized Service Concentration) 17. กิจกรรมเชื่อมั่นว่าการมีรูปแบบการบริการที่มีลักษณะเฉพาะ จะช่วยให้สามารถตอบสนองและเข้าถึงความต้องการของลูกค้าได้อย่างมีประสิทธิภาพสูงสุด					
18. กิจกรรมสนับสนุนให้มีการศึกษาความต้องการของลูกค้าทั้งในปัจจุบันและอนาคต จะช่วยให้สามารถพัฒนาทางเลือกที่มีลักษณะเฉพาะ โดยได้รับการยอมรับจากลูกค้าอย่างรวดเร็ว					
19. กิจกรรมมุ่งมั่นในการปรับเปลี่ยนรูปแบบการให้บริการ ให้สอดคล้องกับความต้องการของลูกค้าอยู่เสมอ จะช่วยให้สามารถรักษาลูกค้าเดิมและเพิ่มลูกค้ารายใหม่ได้อย่างต่อเนื่อง					
20. กิจกรรมมุ่งมั่นให้มีการสร้างสรรค์และออกแบบการบริการที่มีลักษณะเฉพาะ จะช่วยให้สามารถสร้างความแตกต่างและโดดเด่นเหนือกว่าคู่แข่ง					



ตอนที่ 4 ความคิดเห็นเกี่ยวกับผลการดำเนินงานของธุรกิจโรงแรมในประเทศไทย

ผลการดำเนินงาน (Firm Performance)	ระดับความคิดเห็น				
	5 มากที่สุด	4 มาก	3 ปานกลาง	2 น้อย	1 น้อยที่สุด
ความเป็นเลิศทางการบริการ (Service Excellence)					
1.กิจการมีการนำเสนอรูปแบบการบริการใหม่ๆ ที่เกินความคาดหมายของลูกค้า					
2.กิจการมีรูปแบบการบริการที่ยอดเยี่ยมเป็นที่ยอมรับจากลูกค้าอยู่เสมอ					
3.กิจการมีการบริการที่มีประสิทธิภาพยอดเยี่ยม เหนือความคาดหวังของลูกค้าอย่างต่อเนื่อง					
4.กิจการสามารถนำเสนอการบริการใหม่ๆ ที่ตรงตามความต้องการของลูกค้าก่อนคู่แข่งชั้นอยู่เสมอ					
ความได้เปรียบทางการบริการ (Service Advantage)					
5.กิจการสามารถนำเสนอรูปแบบการบริการที่มีความแตกต่างก่อนคู่แข่งชั้นรายอื่นอยู่เสมอ					
6.กิจการมีรูปแบบการบริการให้ลูกค้าเลือกสรรอย่างหลากหลายมากกว่ารูปแบบการบริการของคู่แข่งชั้น					
7.กิจการสามารถให้บริการแก่ลูกค้าได้อย่างรวดเร็วทันทั่วถึงเมื่อลูกค้าร้องขอ					
8.กิจการได้รับความไว้วางใจและเชื่อมั่นจากลูกค้าในคุณภาพสินค้าและบริการที่เหนือกว่าคู่แข่งชั้น					
การเติมเต็มความต้องการของลูกค้า (Customer Fulfillment)					
9.กิจการสามารถให้บริการที่ตอบสนองต่อความต้องการของลูกค้าได้อย่างรวดเร็ว และทันเวลา					



ตอนที่ 4 (ต่อ)

ผลการดำเนินงาน (Firm Performance)	ระดับความคิดเห็น				
	5 มากที่สุด	4 มาก	3 ปานกลาง	2 น้อย	1 น้อยที่สุด
10. กิจกรรมการให้บริการที่มีความหลากหลายภายใต้ความต้องการของลูกค้าที่มีเปลี่ยนแปลงไปอย่างต่อเนื่อง					
11. กิจกรรมการสามารถพัฒนาบริการเสริมใหม่ๆอย่างต่อเนื่องที่สามารถครอบคลุมความต้องการของลูกค้าได้ดียิ่งขึ้น					
12. กิจกรรมการปรับปรุงข้อมูลลูกค้าให้เป็นปัจจุบันเพื่อให้เข้าใจความต้องการและปรับปรุงบริการที่ทันกับความต้องการของลูกค้าอย่างสม่ำเสมอ					
(Service Performance)					
13. กิจกรรมการสามารถดึงดูดลูกค้าใหม่มาใช้บริการของกิจการได้เพิ่มขึ้นเหนือกว่าคู่แข่ง					
14. กิจกรรมการมีการรักษาลูกค้ารายเก่าได้อย่างต่อเนื่อง					
15. กิจกรรมการมีส่วนแบ่งการตลาดที่เพิ่มขึ้นเมื่อเทียบกับผลการดำเนินงานในอดีตที่ผ่านมา					
16. กิจกรรมการได้รับการยอมรับจากกลุ่มลูกค้าและกลุ่มภายนอกอื่นๆ ใน ด้านความมีชื่อเสียงที่ดีและมีภาพลักษณ์ที่ดีในด้านให้บริการ					
ความสามารถในการทำกำไรขององค์กร (Firm Profitability)					
17. กิจกรรมการมีกำไรจากการดำเนินงานเป็นไปตามเป้าหมายและวัตถุประสงค์ที่วางไว้					
18. กิจกรรมการมียอดขายที่เพิ่มขึ้นเมื่อเทียบกับอดีตที่ผ่านมา					
19. กิจกรรมการมีผลตอบแทนจากการลงทุนที่เพิ่มสูงขึ้นจากปีที่ผ่านมา					
20. กิจกรรมการมีรายได้ที่เพิ่มสูงขึ้นอย่างต่อเนื่อง					



ตอนที่ 5 ความคิดเห็นเกี่ยวกับปัจจัยภายในที่ส่งผลต่อการดำเนินงานของธุรกิจโรงแรมในประเทศไทย

ปัจจัยภายในที่ส่งผลต่อการดำเนินงาน (Internal Environmental Factors)	ระดับความคิดเห็น				
	5 มาก ที่สุด	4 มาก	3 ปาน กลาง	2 น้อย	1 น้อย ที่สุด
(Market Driving Vision) 1.กิจการเชื่อมั่นว่าการมีนโยบายที่มุ่งเน้นการเป็นผู้นำตลาด จะช่วยทำให้กิจการสามารถบริหารงานประสบความสำเร็จมาก ยิ่งขึ้น					
2.กิจการมุ่งเน้นให้มีการประยุกต์ใช้เทคโนโลยีสมัยใหม่ในงาน ด้านการตลาดอย่างต่อเนื่อง ซึ่งจะช่วยให้สามารถสร้าง ความได้เปรียบในการแข่งขันอยู่เสมอ					
3.กิจการตระหนักถึงวิธีการตลาด จะช่วยให้บรรลุเป้าหมาย ได้เป็นอย่างดี					
4.กิจการให้ความสำคัญกับการวางแผนทางการตลาดที่สามารถ คาดคะเนหรือพยากรณ์ได้ว่าจะสามารถตอบสนองความต้องการ ของลูกค้าได้ จะช่วยสามารถสร้างความได้เปรียบกว่าคู่แข่ง					
ประสบการณ์ในการบริหาร (Business Experience) 5.กิจการเชื่อมั่นว่าการมีประสบการณ์ในการบริหารงานที่ดี ในอดีต จะช่วยให้สามารถดำเนินงานประสบความสำเร็จ ได้อย่างมีประสิทธิภาพและประสิทธิผลมากยิ่งขึ้น					
6.กิจการให้ความสำคัญกับการจัดการทำฐานข้อมูลการดำเนิน งานในอดีตอย่างเป็นรูปธรรม ซึ่งจะช่วยให้สามารถ บริหารงานภายใต้สถานการณ์ต่างๆ ได้อย่างมีประสิทธิภาพ					
7. กิจการส่งเสริมให้บุคลากรนำผลการดำเนินงานในอดีตที่ประสบ ความสำเร็จ ซึ่งจะช่วยทำให้การปฏิบัติงานในปัจจุบันมีประสิทธิภาพ					
8. กิจการมุ่งเน้นให้มีการประยุกต์ใช้ความรู้ ความเข้าใจเกี่ยวกับ การบริหารงานในอดีต มาเป็นข้อมูลในการพัฒนานโยบาย การบริหารจัดการของกิจการในปัจจุบันและอนาคต ซึ่งจะช่วย ให้การดำเนินงานมีประสิทธิภาพดียิ่งขึ้น					



ตอนที่ 5 (ต่อ)

ปัจจัยภายในที่ส่งผลต่อการดำเนินงาน (Internal Environmental Factors)	ระดับความคิดเห็น				
	5 มากที่สุด	4 มาก	3 ปานกลาง	2 น้อย	1 น้อยที่สุด
การเรียนรู้เกี่ยวกับการแข่งขัน (Competitive Learning) 9.กิจการเชื่อมั่นว่าการเรียนรู้การแข่งขันอย่างต่อเนื่องจะทำให้กิจการได้มีการปฏิบัติงานได้ดียิ่งขึ้น ซึ่งจะช่วยให้มีผลการดำเนินงานดีขึ้น					
10. กิจการให้ความสำคัญกับการวิเคราะห์สภาพแวดล้อมทางการบริการอย่างเป็นรูปธรรม ซึ่งจะช่วยให้สามารถดำเนินงานให้เกิดประสิทธิภาพสูงสุด					
11. กิจการมุ่งเน้นให้มีการศึกษา คัดการณ์สถานการณ์การแข่งขันที่มีการเปลี่ยนแปลงอย่างต่อเนื่อง ซึ่งจะช่วยให้กิจการสามารถตอบสนองต่อความต้องการได้เป็นอย่างดี					
12. กิจการมุ่งเน้นให้มีการพัฒนาความรู้ทางด้านการแข่งขันอย่างเป็นระบบและรูปธรรม ซึ่งจะช่วยให้กิจการวางแผนการบริการได้ดียิ่งขึ้น					
ทรัพยากรขององค์กร (Organizational Resource) 13.กิจการเชื่อมั่นว่าการมีทรัพยากรในองค์กรอย่างเพียงพอจะช่วยทำให้การบริหารงานบรรลุเป้าหมายได้ดียิ่งขึ้น					
14.กิจการมุ่งเน้นให้มีการประยุกต์ใช้ทรัพยากรต่างๆ ที่มีอยู่ให้เกิดประโยชน์อย่างเต็มที่ ซึ่งจะช่วยให้สามารถพัฒนาทักษะและความสามารถในการใช้ทรัพยากรให้มีประสิทธิภาพสูงสุด					
15.กิจการให้ความสำคัญกับการลงทุนในด้านเทคโนโลยีสารสนเทศในการบริหารจัดการข้อมูลลูกค้า เพื่อให้สามารถนำเสนอรูปแบบการบริการที่สามารถตอบสนองความต้องการที่แตกต่างกันของลูกค้าได้อย่างมีประสิทธิภาพมากขึ้น					



ตอนที่ 5 (ต่อ)

ปัจจัยภายในที่ส่งผลต่อการดำเนินงาน (Internal Environmental Factors)	ระดับความคิดเห็น				
	5 มาก ที่สุด	4 มาก	3 ปาน กลาง	2 น้อย	1 น้อย ที่สุด
16. กิจกรรมส่งเสริมให้บุคลากรได้มีการเรียนรู้และเข้าใจใน สภาพแวดล้อมที่เปลี่ยนแปลงไปและเทคโนโลยีที่สมัยใหม่อย่างต่อเนื่อง ซึ่งจะช่วยให้กิจการสามารถกำหนดแนวทางในการดำเนินงานได้มีประสิทธิภาพมากยิ่งขึ้น					
วัฒนธรรมทางการตลาด (Market Culture)					
17. กิจกรรมเชื่อมั่นว่าการมีวัฒนธรรมองค์กรที่เน้นการบริการ จะช่วยให้สามารถเพิ่มศักยภาพและผลการดำเนินงานที่ดียิ่งขึ้น					
18. กิจกรรมตระหนักเสมอว่าลูกค้าเป็นปัจจัยสำคัญขององค์กร ซึ่งจะช่วยให้บริหารงานบรรลุเป้าหมายได้ดียิ่งขึ้น					
19. กิจกรรมให้ความสำคัญกับการพัฒนาเทคนิคและวิธีการบริการแบบใหม่เข้ามาใช้ในองค์กร ซึ่งจะช่วยให้สามารถตอบสนองต่อความต้องการของตลาดที่เปลี่ยนแปลงไปได้ดียิ่งขึ้น					
20. กิจกรรมมุ่งเน้นให้มีการแสวงหาความต้องการและความคาดหวังของลูกค้าอย่างต่อเนื่อง ซึ่งจะช่วยให้การดำเนินงานด้านการบริการประสบความสำเร็จมากยิ่งขึ้น					



ตอนที่ 6 ความคิดเห็นเกี่ยวกับปัจจัยภายนอกที่ส่งผลต่อการดำเนินงานของธุรกิจโรงแรมในประเทศไทย

ปัจจัยภายนอกที่ส่งผลต่อการดำเนินงาน (External Environmental Factors)	ระดับความคิดเห็น				
	5 มากที่สุด	4 มาก	3 ปานกลาง	2 น้อย	1 น้อยที่สุด
สภาพแวดล้อมที่มีความสอดคล้อง Environmental Complementarity 1. ในปัจจุบันสภาพแวดล้อมทางธุรกิจ มีการเปลี่ยนแปลงอย่างต่อเนื่อง ทำให้กิจการต่างๆ ต้องมุ่งเน้นศึกษาเรียนรู้ทำความเข้าใจ สภาพแวดล้อมต่างๆ เพื่อให้สามารถตอบสนองได้ดียิ่งขึ้น					
2. การแข่งขันทางธุรกิจในปัจจุบันมีความรุนแรงมากขึ้น ทำให้กิจการต่างๆ มุ่งเน้นในการปรับปรุงกระบวนการและแนวทางการดำเนินงานอย่างต่อเนื่อง เพื่อให้สอดคล้องกับการแข่งขันและความต้องการของลูกค้าเสมอ					
3. เทคโนโลยีมีการเติบโตอย่างต่อเนื่อง ทำให้กิจการต่างๆ เรียนรู้ทำความเข้าใจ เพื่อให้สามารถปรับประยุกต์ใช้อย่างมีประสิทธิภาพ					
4. ลูกค้ามีความต้องการที่หลากหลายมากยิ่งขึ้นทำให้ กิจการต่างๆ มุ่งศึกษา ทำความเข้าใจลูกค้าเพื่อให้สามารถตอบสนองได้ดียิ่งขึ้น					

ตอนที่ 7 ข้อเสนอแนะและข้อคิดเห็นเกี่ยวกับการบริการและการดำเนินงานของธุรกิจโรงแรมในประเทศไทย

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ขอขอบพระคุณท่านที่ได้สละเวลาตอบแบบสอบถามทุกข้อ โปรดพับแบบสอบถามใส่ซองที่แนบมาพร้อมนี้ และส่งคืนตามที่อยู่ที่อยู่ระบุไว้



APPENDIX H

Letters to the Experts



อำนาจ



บันทึกข้อความ

หน่วยงาน คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม โทรศัพท์ 043-754333-3431 Fax 043- 754422
ที่ ศธ.0530.10/ วันที่ มิถุนายน 2560

เรื่อง ขอเรียนเชิญเป็นผู้เชี่ยวชาญตรวจสอบเครื่องมือวิจัย

เรียน ผู้ช่วยศาสตราจารย์ ดร.เกสินี หมั่นไธสง

ด้วย นางสาวศศิธาย พิมพ์พรรค นิสิตระดับปริญญาเอก หลักสูตรปรัชญาดุษฎีบัณฑิต (ปร.ด.) สาขาวิชาการจัดการการตลาด คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม กำลังศึกษาวิทยานิพนธ์เรื่อง “กลยุทธ์นวัตกรรมบริการเชิงพลวัต: ผลกระทบที่มีต่อความสามารถในการทำกำไรของกิจการของธุรกิจโรงแรมในประเทศไทย” ซึ่งเป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปรัชญาดุษฎีบัณฑิต ดังนั้น เพื่อให้การดำเนินการเป็นไปด้วยความเรียบร้อยและบรรลุตามวัตถุประสงค์ คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม จึงใคร่ขอความอนุเคราะห์ท่านเป็นผู้เชี่ยวชาญตรวจสอบเครื่องมือวิจัยและข้อเสนอแนะเพื่อนำข้อมูลที่ได้ไปดำเนินการทำวิทยานิพนธ์ต่อไป ตามเอกสารแนบท้าย

จึงเรียนมาเพื่อโปรดพิจารณา

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คณบดีคณะการบัญชีและการจัดการ





สำเนา

บันทึกข้อความ

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เรื่อง ขอเรียนเชิญเป็นผู้เชี่ยวชาญตรวจสอบเครื่องมือวิจัย

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