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STRATEGIC ORGANIZATIONAL KNOWLEDGE ORIENTATION AND FIRM PERFORMANCE: A CONCEPTUAL MODEL

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ABSTRACT

In recent years, significant remarks have been recorded in identifying organizational knowledge as the most valuable strategic asset for an organization, and is likely to encourage creative new ideas leading to performance. Although the relationship between organizational knowledge and performance has been well-documented by earlier studies, the review of the literature revealed there are few studies on the dimensions of organizational knowledge viewed in terms of its consideration as a strategic asset. Therefore, the main objectives of this paper are to identify the dimensions of strategic organizational knowledge orientation (SOKO: business operation understanding focus, managerial information awareness, decision-making skills emphasis, organizational experience usefulness, and environmental education dynamism) and to clarify the relationship among each dimension of SOKO, and performance. Evidence-based derived from the literature, the paper concludes that each dimension of SOKO is likely to have a positive impact on organizational creativity, new idea generation, organizational innovation, business competitiveness, and firm performance.

INTRODUCTION

With competition on the rise in today's economy, companies must face a period of uncertainty. The advent of the quick movement of technology through the internet, brings about a dramatic change in strategies utilized of an organization and forces organizations to adopt new ideas and innovations in order to restructure and offer their customers better products and services (Frels, Shervani&Srivastava, 2003). Moreover, the firm must prepare to deal with the economy is always changing and evolving, so organizations need to be able to adapt to these changes with the proper strategies and accept new and creative ideas to ensure long-term survival in a competitive market (Santos-Vijande& Alvarez-Gonzalez, 2007).The importance above, affects all firms that are attempting to satisfy and fulfill the needs of customers through competition to create innovation based on knowledge, explicitly showing that today's knowledge based society and the economy means that knowledge has become an important economic resource (Pârgaru, Gherghina&Duca, 2009). Knowledge is the basis of wealth creation, prosperity, is one of the driving forces that is the most important to business success (Riege, 2007), and leads the organization towards goals (Debowski, 2006). Knowledge is embedded in the development of implementation and applications through an agency, organizational culture, identity, policy, practice, documentation, system, and the employee who contribute to valuable outputs (Nickerson & Zenger, 2004). Accordingly, in the knowledge-based view (KBV) of the firm, its assumption argues that KBV is used to explain the relationship between the ability to develop and take advantage of the knowledge resources in accordance with the goals of the organization, by the firm that recognizes the value of knowledge (Edvardsson, 2009). The KBV of the firm will leverage intangible assets such as knowledge, capabilities, know-how and learning (Barney, 1991) as a key strategy in creating a competitive advantage (Barney, 2001). Preferably, firms that can recognize the value of knowledge (Edvardsson, 2009) can enhance learning that leads to new ideas, creativity, and continued innovation in organizations (Hjalager, 2010). Forasmuch, knowledge is complex, tacit, and heterogeneous, which is harder to imitate than raw materials, it provides the driving force for competitiveness and performance (Barnery, 1991).

However, when viewed in terms of business operations, Weick (1978) believed that organizations did not have learning capabilities. Nevertheless, Nelson & Winter (1982) proposed that organizations evolve through their learning capabilities, by acquiring knowledge through day to day operations, information, and company experience which are embedded in specific organizational histories and then evolve into organizational knowledge. Organizational knowledge is a compilation of knowledge attained and conceived by previous and present individuals of the organization (Maruta, 2014). Whether an organization is able to withhold its strength throughout the years or suffer weakness, is relied upon by past members' effective knowledge which in turn is adopted by today's individuals. The review of past literature, found that organizational knowledge is a most valuable strategic asset for an organization to establish, maintain sustainable competitive advantage (Barney, 1991), and increase firm performance (Galende, 2006). More importantly, organizational knowledge which encourages creative new ideas (Phipps &Prieto, 2012) leads to productivity, innovation, and performance (Adams& Lamont, 2003). The above-mentioned demonstrates the importance of organizational knowledge.It has become a topic of interest for researchers who study organizational perspectives that vary (Amidon, 2006); but they only seem interested in the study of organizational knowledge that focuses on the meaning in terms of the knowledge management process within the organization (Teece, 1998).More than likely, it applied to corporate strategy, and it is the gaps of this paper. The author believes that firms necessarily have the organizational knowledge and comply with the strategy of the organization, so that the organization can use it to bring that knowledge to fully conduct business, which will contribute to achieving the goals and success of the firm.

Thus, the author is interested to do research on organizational knowledge that can contribute to achieve the objectives of the organization effectively, which is called strategic organizational knowledge orientation (SOKO). The author expects that it will affect the good outcome and success of the business operation. Business especially has high competition and wants innovation to meet the continuing demands of customers. From the foregoing, the main aim of this paper is to present the conceptual framework of the relationship between the each dimension of SOKO, and firm performance. The author assumes that SOKO affects organizational creativity, new idea generation, organizational innovation, business competitiveness, and firm performance; whereas they are rarely included in previous research. Furthermore, this paper makes three contributions to the literature on SOKO. Firstly, this paper expands on the theoretical contributions of SOKO, with the KBV of the firm, it uses to explain relationships of a new conceptual model in this paper. Mainly, it describes the impact of SOKO on performance in a conceptual model. Secondly, this paper proposes five new dimensions of SOKO that are rarely included and different from previous research. Finally, this paper illustrates the important guidelines of SOKO, which can help the firm achieve goals effectively and create new ideas and continually innovation in organizations, leading to fulfill the needs of customers that could affect increased long-term performance.

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

An intense competitive environment impacts each organization trying to adapt in order to survive. Each firm is required to fully use company resources to innovate and to meet customer needs for achieving goals and the successful work of the organization (Popovski & Nikolic, 2014). The review of past literature found that knowledge is significant for various kinds of the firm's work operations and it enables success as targeted. It is the resource adding competency to attain a competitive advantage which makes firms grow, survive, and stabilize (Zehrer, 2011). Knowledge is the basis of wealth creation, prosperity, and one of the driving forces that is the most important to business success (Riege, 2007), and leads the organization towards goals (Debowski, 2006).In particular, each organization will attempt to use knowledge assets in the organization in the form of experience and information through the shared learning of individuals in the organization for maximum benefit (Nelson & Winter, 1982).Organizational knowledge is a pattern of practice caused by the accumulation of past experience, including individual knowledge paired with that of other individuals in an organization to guide organizational behavior in the future (Levitt & March, 1996). Teece (2000) stated that it is knowledge that is embedded in organizational processes, practices, procedures, and structures. Likewise, organizational knowledge is mainly caused by the building and accumulation of employee knowledge within organizations, embedded in routine operations based on the organizational culture (Maruta, 2014).

More importantly, organizational knowledge is a most valuable strategic asset for an organization to influence the ways that firms deal with dynamic environmental changes and maintain a sustainable competitive advantage (Barney, 1991; Grant, 1996). Moreover, Hall & Andriani (2003) suggest that organizational knowledge accepted that both the explicit and tacit components of organizational knowledge play an important role in innovation, and it influences the development of ideas and creativity (Muneer et al., 2014). Similarly, organizational knowledge positively impacts on encouraging new ideas, innovation, and the performance of firms (Adams & Lamont, 2003; Phipps & Prieto, 2012). Since organizational knowledge is important, it has become a topic of interest for researchers. Most researchers focus their studies on the meaning of knowledge management (Teece, 1998) rather than strategic organizational knowledge. However, the firms necessarily have the organizational knowledge to fit with their strategy, to achieve the operational targets set effectively. And most importantly, the KBV of the firm will be applied to elucidate the relationships between SOKO and organizational creativity, new idea generation, organizational innovation, business competitiveness, and firm performance. KBV of the firm is a framework which identifies the utilization benefits for the knowledge assets of the firm, leading to a sustainable competitive advantage (Barney, 2001) because knowledge is complex, tacit, and heterogeneous, which is harder to imitate from a competitor (Barney, 1991). In particular, when a firm can use organizational knowledge resources in accordance with the goals of the organization, this leads to creativity for building innovation in organizations (Hjalager, 2010). As discussed above, the KBV of the firm explains the relationships among each dimension of SOKO and the consequences of SOKO.

However, previous literature has not given a direct meaning of SOKO. Thus, it will be defined from the literature reviews. SOKO is defined as the potentiality of the organization in raising awareness and focus utilized by learning from data and events that already occurred and are emerging, to effectively achieve the objectives and goals of the firm (Wang et al., 2009; Maruta, 2014). Consequently, firms ought to continuously learn and understand information and new knowledge. It enables firms to develop their own thinking and creativity which increase new ideas beneficial to the firm. Moreover, a firm’s creativity which is unique and competitively advantageous, is one of a firm’s strong capabilities; especially the concept in creating and developing new methods of knowledge management in order to acquire new knowledge by using dynamic strategy. It is SOKO which creates new ideas and abilities useful for creating more competitive advantages and performance. On the basis of the literature review, the proposed research framework above demonstrates a significant trend, and leads to the developed full conceptual model as shown in Figure 1.

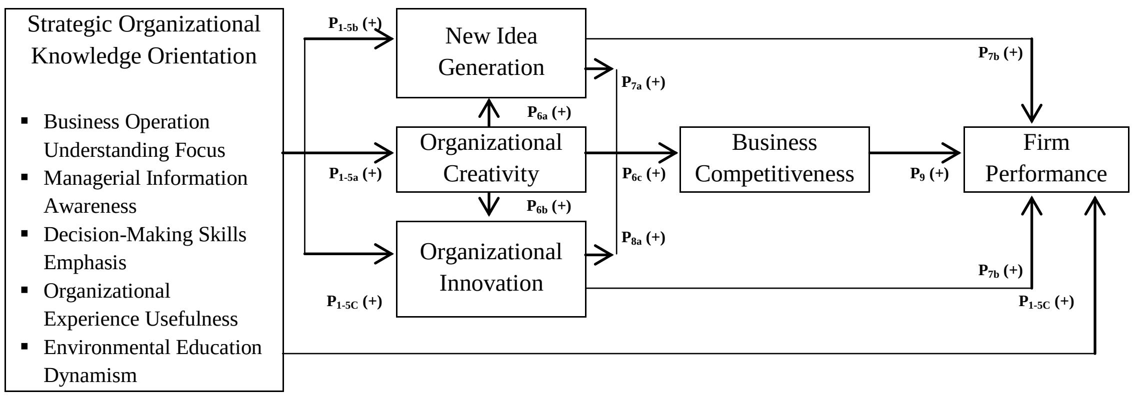

Figure 1: Conceptual model of strategic organizational orientation and firm performance

Business Operation Understanding Focus

Organizational knowledge is the knowledge embedded in organizational processes, methods, technologies, practices and organizational structures (Teece, 2000). This definition covers both tacit and articulated dimensions (Griffith, Sawyer & Neale, 2003) such as employees who have the know-how to work as a tacit dimension; but when they write out the steps, they are articulated dimensions (Polanyi, 1967). Organizational knowledge, at the most, is embedded in systems, processes, policies, procedures, and basic activities of the business such as in personnel who learn how to operate the manual and learn to participate as a member of the organization in the process of transferring practical and stored knowledge in systems to respond to competitive pressures. Similarly, organizational knowledge is considered a core competency in that organizations are able to deliver as a unique value to customers, shareholders and others, which leads to a competitiveness of the organization (Edmondson & Moingeon, 1996). However, organizations need the ability to quickly meet the basic management and awareness of the process of organizational work to increase the value of business assets (Byington & Chrisensen, 2005). The business operations are the daily activities within the organization (e.g. processing, monitoring, and data storage) to change the resources or information into the services or products to deliver value to customers. Thus, the employees need to understand the basic activities in the business process, or contribute to the application of it, for the benefit of the organization. From the foregoing, business operation understanding focus refers to the concentration on the recognition of the fundamental activities of a business that orients the value-added assets of the organization, leading to achieve the organization's goal (Byington & Chrisensen, 2005).

The review of the literature in the past found a significant trend in the relationships of business operation understanding focus; for example, new idea generation, organizational creativity, organizational innovation and firm performance that may occur. Recognition of people in organizations about their roles and responsibilities of manufacturing goods or services, has led to the development of a sustainable environment for competition (Schroeder, Bates & Juntillha, 2002).The understanding of strategies and how to conduct business may also be the cause of creativity, innovation and competitive advantage (Porter & Kramer, 2006). Moreover, an organization that encourages an understanding of the production process, packaging and design of goods, results in an organization that can produce high-quality goods; and, it positively impacts on the performance of firms (Morgan, Kaleka & Katsikeas, 2004). In this paper, firm performance is defined as the continual operational outcome of the firm to succeed in financial performance and non-financial performance (Avci, Madanoglu & Okumus, 2011). Firm performance requires a new idea which is a major source of the company continuing to build products to meet the market demand (Massetti, 1996), and build customer satisfaction that leads to performance (Thipsri & Ussahawanitchakit, 2009). Based on the literature review, the proposed research framework above demonstrates a significant trend, and leads to the proposition as follows:

P1a-d: Business operation understanding focus has a positive influence on (a) organizational creativity, (b) new idea generation, (c) organizational innovation, and (d) firm performance.

Managerial Information Awareness

Society of the post-industrial age has gained much knowledge through-out the years and can be titled, a knowledge society. And, since knowledge is power, it can play a vital role in becoming a strategic factor. Information systems play an important role in today’s world that in turn are producing enterprise competitiveness and assist in adopting innovative plans for the future. It is of utmost importance to ensure effective use, by the establishing of the Administrator of Management Information Systems. Throughout a company’s history, it is ideal to produce all pertinent activity of data and information stored, altered, processed and surrendered to the head’s of the department along with managers in a concise report. Information has become a strategic resource. In this respect, it is essential that the knowledge should be managed. Managerial information collects, manages, distributes and utilizes business-related information, leading to the application of creating innovation and efficiency (Rad, Shams & Naderi, 2009). Similarly, Nonaka & Takeuchi (1995) argue that information is the flow of data, but knowledge is made up of the flow of information under the belief and commitment that knowledge is connected to beliefs and contributes to action. In this paper, managerial information awareness is defined as the realization of the firm as to the importance of business data, by advocating the accumulation and utilization of it, leading to innovation to respond to customer demands over competitors (Rad, Shams & Naderi, 2009).

For example, the review of the literature in the past found a significant trend in the relationship of managerial information awareness, new idea generation, organizational creativity, organizational innovation and firm performance that may occur. Information in corporate management is the integration of information related to the business (Crossan, Lane & White, 1999), and sharing the framework among people in the organization. The information is data thatdescribes the situation under the faith, expectations, truth, and views (Wiig, 1997) used in business operations. The organization has the ability to recognize and use the information that is important for innovation, and achieve a competitive advantage (Kristandl&Bontis, 2007). Moreover, the application of information technology within the organization will lead to new ideas that benefit the organization (Allen, Lee &Tushman, 1980), where it is the only source of profitability and has prospects for stability of the organization over the long-term. Thus, the review of past literature demonstrated a significant trend that leads to the proposition as follows:

P2a-d: Managerial information awareness has a positive influence on (a) organizational creativity, (b) new idea generation, (c) organizational innovation, and (d) firm performance.

Decision-Making Skill Emphasis

The process of making decisions is always ongoing. These decisions can be classified as, managerial, daily operational and strategic. Balance and flexibility also come into play with making proper decisions in business. The definition of effective decision making is as follows: the process through which alternatives are chosen and then correctly managed through implementation to achieve future business objectives. Furthermore, correct decision making is a result of a systematic process, with elements of clarity and are managed in a defined set of procedures (Drucker, 1967). Competitive advances in business are a direct result of effective decision making (Brock & Russell, 2009). In addition, improving decision-making could solve business problems more efficiently and be the key to superior business performance (Walker, 2001).

In this paper, decision-making skill emphasis is defined as the realization of the ability to build expertise in deliberately identifying and choosing alternatives to solve business problems more efficiently and effectively (Brock & Russell, 2009). Thus, decision-making is regarded as the cognitive process resulting in the selection of a belief or a course of action among several alternative possibilities (Eisenfuhr, 2011).For example, the review of past literature found a significant trend in the relationship of decision-making skill emphasis, new ideas, creativity, innovation and firm performance that may occur. Environments where competition is high results in people in the organization who must make decisions more quickly in resolving the issues, by compensating for the implementing of rules and regulations as a hierarchy (Drucker, 2008). It results in employees who are forced to make many decisions to solve business problems efficiently (Stalk, 1988). Therefore, the decision becomes knowledge caused by skills to choose an alternative by a person in the organization; or, it is knowledge through their practices and it is embedded into the organization (Nelson & Winter, 1982).They use it in order to meet the needs of customers and to operate smoothly. This accumulation of knowledge and skills by decision-making leads to the creation of products that are difficult to imitate and a sustainable competitive advantage (Paiva, Roth & Fensterseifer, 2008). Similarly, the organization has the skills to make decisions in the business that will affect the performance that is improved, have more quality products, and realize production costs that are lower (Paiva, Roth & Fensterseifer, 2008). On the basis of the literature review and the proposed research framework above, it demonstrates a significant trend, and leads to the proposition as follows:

P3a-d: Decision-making skill emphasis has a positive influence on (a) organizational creativity, (b) new idea generation, (c) organizational innovation, and (d) firm performance.

Organizational Experience Usefulness

The view of distinctive organizational knowledge is a pattern of practice caused by the accumulated experience of the past, to become a guideline for future behavior (Levitt & March, 1996). These are the criteria of methods of operation and norms, which became the framework for determining the operation of the organization. These experiences will be recorded as a shared memory that is often interlinked and modified as learning experiences that lead to innovation (Levitt & March, 1996). The knowledge or experience of an organization is the factor that contributes empowerment to business operations and it is a key source of competitive advantage (Zollo & Winter, 2002). The creation of organizational knowledge can achieved by clearly accumulating experience of individuals and groups and knowledge-sharing between each of them. Therefore, it is an experience that can only be accessed by members of the organization and can also be stored in the organizational memory, to take advantage of later (Zollo & Winter, 2002). The organizations themselves cannot gain experience, but organizational experience can take place through the members of an organization (Choe, 2004). However, organizational experiences can be embedded within the structure and processes that exist in the organization, even though members leave (Cardy & Selvarajan, 2006). Also significantly, the experience increases the ability of information analysis such as in complex situations that can be managed by experienced (Hutzschenreuter & Horstkotte, 2012). Experience is the ability to perform tasks well, gained by practice (Reuber, 1997). In this paper, organizational experience usefulness is defined as a firm’s ability to understand and utilize the advantages and shortcomings of past events or practices, providing the most benefit to the organization (Reuber, 1997). When a company is able to experience the application of the competition, it will lead to more efficient operations and better quality compared to its competitors (Singh, 2012).

For example, the review of the literature in the past found a significant trend in the relationship of organizational experience usefulness, new idea generation, organizational creativity, organizational innovation and firm performance that may occur. Experience in the view of performance-based outcomes is defined as the ability is to perform a specific task well, which ability acquired by practice (Reuber, 1997). In addition, this learning from the experience of manufacturing and service firms has a positive, direct effect on market performance and an indirect effect on firm performance through market performance (Emden, Yaprak & Cavusgil, 2005). Apart from this, Choe (2004) finds that learning and organizational experience have a moderating effect on the relationships between the provision of information and performance improvement. In another study, firms that were able to understand the organizational experience of the past, lead to improvement in strategy to attain a competitive advantage (Gottschalg & Zollo, 2007). Furthermore, in the application of organizational experience, it may be the foundation for organizational creativity and innovation (Amabile, Hadley & Kramer, 2002), and lead to increased performance (Morgan et al., 2004). Therefore, a review of literature in the past a demonstrated significant trend that leads to the proposition as follows:

P4a-d: Organizational experience usefulness has a positive influence on (a) organizational creativity, (b) new idea generation, (c) organizational innovation, and (d) firm performance.

Environmental Education Dynamism

Education is the wealth of knowledge acquired by one's journey through life brings lessons and experiences that provide an education and a wealth of knowledge in any one or numerous subject matters. Environmental education is the mastering that increases the knowledge and awareness of the dynamic changing environments (internal and external) through acquiring, assimilating, transforming and exploiting existing knowledge leading to the generation of new knowledge, innovation, and creativity (Bartosh, 2003). In a review of past literature, it was found that strategic knowledge in the form of the ability to accumulate and position the organization, improves the competitiveness of businesses (Rosenzweig & Roth, 2004). Organizational context or strategic knowledge means coping with the external environment, the development of the state, the position in the industry social strategy of core competencies, and competitive position. The sharing of knowledge in operations management creates a competitive advantage (Germain et al., 2001). It is divided into two parts, including a dynamic view of the development of knowledge within (Liedtka & Rosenblum, 1996) which led to a division of the firm, is constantly evolving to meet the changing environment (Teece, Pisano & Sheu, 1997), and is knowledge of the organization from an external source. This will allow them to anticipate and respond to environmental changes (Badri, Davis & Davis, 2000). Besides, the creation of new knowledge causes interoperability using specific knowledge (explicit and/or tacit) as a tool to make it a more efficient operation. It is a dynamic interaction with society and the environment (Cook & Brown, 1999). Knowledge is embedded in social interaction and relationships within the organization (Badaracco, 1998). According to the view of Cook & Brown (1999), knowledge is created through a process of interaction with the world community and the environment. It demonstrates the interdependence of environmental education that supports a dynamic view of knowledge and clarity from the differences in society; and, it features the relative importance of social interaction to the creation of new knowledge (Nonaka& Takeuchi, 1995). Evans &Easterby-Smith (2001) suggest that the organization is a system of knowledge as a result of its interaction with the environment both inside and outside stakeholders. Also, Liao (2007) also found positive relationships among knowledge transfer, competitive advantage and environmental uncertainty.

In this paper, environmental education dynamism is defined as adjustments in learning of organizations, with a focus on analyzing opportunities, caused by changes in both internal and external organizations, and leading to the adaptation of the continuing organization (Bartosh, 2003). Moreover, information exchange with the external environment suggested influences for idea generation (Cummings & O'Connell, 1978). Moreover, organizational knowledge influences how a firm dynamically deals with environmental changes (Grant, 1996) under a dynamic environment. The firm will have the ability to increase the knowledge of the organization (Liebeskind, 1996) and to reduce risk and uncertainty. For example, the review of the literature in the past found a significant trend in the relationship of environmental education dynamism, new idea generation, organizational creativity, organizational innovation and firm performance that may occur. Firms that benefit from service-based competitive advantage, compared to their rivals, (such as, product line breadth, technical support, higher product flexibility, and delivery speed) have accomplished comparatively better performance (Morgan et al., 2004). Eventually, organizations that can be qualified as dynamic, may result in the organizational capability of innovation, positively improving performance and effectiveness (Damanpour, Walker &

Avellaneda, 2009). Based on the literature review and the proposed research framework above, it demonstrates a significant trend, and leads to the proposition as follows:

P5a-d: Environmental education dynamism has a positive influence on (a) organizational creativity, (b) new idea generation, (c) organizational innovation, and (d) firm performance.

Organizational Creativity

Creativity is trying to do better, or to attempt the connection between the notion and emotions of the individual in the organization via the relationships between individuals, leading to initiatives that benefit the organization. This suggests that creativity is the ability of the organization, since it is the source of the effectiveness of the firm (Grewal, Levy & Kumar, 2009). This paper focuses on organizational creativity by integrating the definition that it is an overall ability of a firm to support the concept and is aimed at inspiring novelty (Taggar, 2002). Creativity is a compilation of ideas and insights of employees, who would not only help solve problems within the organization, but they also can design creative solutions and new ideas. Creativity is also key to the development of new ideas in order to produce new procedures and practices in organization output of goods and services and an obvious benefit to the firm (Shalley, Zhou & Oldham, 2004). Thus, creativity is confirmed as a process affecting novel and useful ideas in any domain, caused by the collaboration of a group or organization aimed at bringing ideas to an application. Empirical research found that employees who are creative are likely to meet the needs of customers through innovative ideas, leading to the creation of superior performance (Grewal, Levy & Kumar, 2009).

From the definition of organizational creativity discussed above, it is the creation of new products that are useful, and procedures or new ideas from the collaboration of employees within the organization. Creativity is the key factor to the problems and difficulties through the inspiration of the communication process and the development of ideas that will lead to innovation (Shalley & Gilson, 2004). Empirical research has found a positive correlation between creativity and innovation (Bharadwaj & Menon, 2000). The creativity of a person in the organization will lead to innovative creation in the firm (Bharadwaj & Menon, 2000), by an organization that is creative, and that is likely to have the opportunity to create innovative ideas from the resources they have (Martins & Terblanche, 2003). They will find a way to create a process that is beneficial to the organization. Therefore, organizational creativity is a process of the development of ideas, leading to innovation that makes a real possibility. The creativity of the individual is considered as a basis for organizational creativity and innovativeness (Shalley & Gilson, 2004). Moreover, organizational creativity mechanisms will lead to innovation. It also shows that organizational creativity and innovation can lead to a better performance than competitors (Bharadwaj & Menon, 2000). This is due to the fact that organizational creativity, as a creative process, is difficult to imitate and it is a source of competitive advantage (Barney, 1991; Basadur, 2001). Hence, a review of past literature demonstrates a significant trend that leads to the proposition as follows:

P6a-c: Organizational creativity has a positive influence on (a) new idea generation,(b) organizational innovation, and (c) business competitiveness.

New Idea Generation

In an environment that is rapidly changing and complex, each firm has a need to adapt by dwelling on the ability of idea generation constantly, such as in the creation or development of new production processes offered to the industry, and the changes or updates to existing organizations for more value. The review of the literature in the past found a significant trend in the positive relationship between product ideas and competitive advantage, by mostly focused studies on products must new or different from existing products (Koberg et al., 2003), and that are more than the concept of new production processes. However, this paper is focused on the relationships in terms of process steps or operations of the firm, because it is socially complex, imitates, and leads to a sustainable competitive advantage (Barney, 1991). The formation and development processes are a solution approach and overlooks many valuable solutions leading to the creation of added-value in the organization. Grandi & Grimaldi (2005) defined new idea generation as the organization's ability to create a new process for effectiveness and efficiency, by focusing on new idea generation about business processes such as procurement, operations, marketing and sales, customers and after-sales services (Brown, 2008). This is because it is necessary to create or produce goods or services, and will lead to success in innovation and performance of the organization in the long-term.

Previous research has shown that new idea generation is a major source of competitive advantage. New idea generation is a major source of the company continuing to build products to meet the market demand and build customer satisfaction that leads to market performance (Thipsri & Ussahawanitchakit, 2009). New idea generation recognizes that it is important to influence the effectiveness and the ability to drive continued marketing success, because it is a key factor in solving business problems efficiently. For example, Calantone et al., (2002) stated that the new concepts in faster shipping to customers (logistics), led to the development of the organization’s competitiveness. Besides, a method to produce a product that conforms to the engineering design, leads to saving costs on production or acquisition of diverse goods, and high quality to build continuous customer satisfaction (Zhang, Vonderembse & Cao, 2009). On the basis of the literature review and the proposed research framework above, it demonstrates a significant trend, leading to the proposition as follows:

P7a-b: New idea generation has a positive influence on (a) business competitiveness, and (b) firm performance.

Organizational Innovation

In the era of globalization, an organization needs to have the ability to adapt and cope with the increasing complexity, as well as coping with the changing market and changing customer needs that happen quickly. Each organization must have an ability to increase awareness of the value of products (Sandvik&Sandvik, 2003), based on innovation that helps to increase opportunities for products of the organization, and in order to meet the needs of customers (Lyon & Ferrier, 2002). Organizational innovation, in this paper, is defined as the ability of an organization to increase value or to develop new products or services, leading to satisfying continued customer demand (Garcia &Calantone, 2002). The research on organizational innovation has focused on three views, including the perspective on newness, perspective of improvements, and perspective of the consumer (Robbins & Judge, 2007). For instance, new products which are outstanding or unique, lead in customer satisfaction, achieve marketing success and maintain the competitive advantage necessary to take advantage of new opportunities in the development of new products or service to the market (Tajeddini, 2010). Moreover, Morton's (1971) definition of innovation, is that innovation is to improve the original thing and the development of a new thing in a firm. Baker & Sinkula, (1999) stated that the organization is conducive to be flexible and must be able to adapt to changes or updates, to respond to a severe competitive environment and most importantly, to modify or develop organizational innovation to respond to the changing corporate environment (Bessant et al., 2005).Most previous research has shown that the positive relationship between innovation, growth firms, and performance (Mansury & Love, 2008), is the result of the ability for innovation within the organization which is an important and a necessary strategic direction for the company to succeed in the long term (Noble, Sinha, & Kumar, 2002). Besides, organizational innovation that is responsive to the needs of customers in terms of product or service, leads the organization to capture new markets for increased sustainable competitive advantage (Damanpour, 2010), and enhances competitiveness and profitability (Leskovar-Spacapan & Bastic, 2007). Furthermore, the view of the KBV is aimed at analyzing organizational innovation, resulting from the application of knowledge in the creation and development of innovations that lead to organizational competitiveness (Fraj, Matute & Melero, 2015), and are positively related to firm performance (Jiménez-Jiménez & Sanz-Valle, 2011). Thus, a review of past literature demonstrates a significant trend that leads to the proposition as follows:

P8a-b: Organizational innovation has a positive influence on (a) business competitiveness, and (b) firm performance.

Business Competitiveness

In a review of past literature, competitiveness is defined in a variety of ways, such as the ability to produce goods or services that are more efficient than competitors. Competitiveness that remains a key goal is defined as setting up business policies, because competitiveness is the ability to conduct business better than its competitors in terms, cost, price, quality, innovation, and image.As a result, that firm can be in a market position among superior competitors (Pungboonpanich, Ussahawanitchakit&Ieamvijarn, 2010). The study about competitiveness has received attention from researchers in terms of strategic management as the factor of success of the organization (Rumelt, Schendel&Teece, 1991), which is viewed in terms of the results achieved in the long-term, that are relative and dynamic (Man, Lau & Chan, 2002). Fahy (2000) indicated that the success of the market position is caused by an ongoing competitive advantage that quickly leads to superior corporate performance or profitability. Likewise, Neely (2005) found a correlation between competitiveness and performance of organizations as measured by revenue, value-added market share, sales, profits, and the growth of the product. The evidence in empirical research such as that of Prempree, Ussahawanitchakit & Boonlua (2013) argues that business competitiveness is positively correlated with firm value. Singh (2012) also indicated that competitiveness contributes to the increased performance of the company or an organization's quality rivals, leading to results of increased benefits for the company. Thus, past studies suggest a relationship between competitiveness and firm performance. On the basis of the literature review and the proposed research framework above, it demonstrates a significant trend, leading to the proposition as follows:

P9: Business competitiveness has a positive influence on firm performance.

CONTRIBUTIONS

Theoretical Contribution

This paper purposes a clearer understanding of the relationships between SOKO and organizational creativity, new idea generation, organizational innovation, business competitiveness, and firm performance. More specifically, this paper endeavors to develop key dimensions of SOKO in the new model. SOKO consists of business operation understanding focus, managerial information awareness, decision-making skills emphasis, organizational experience usefulness, and environmental education dynamism. It provides unique theoretical contributions expanding on the previous knowledge and literature of SOKO. Furthermore, the KBV is interactively explained as the overall association of the constructs in this model. According to the literature review in this paper, is a need for further research to test this model and propositions with the empirical research approach, and to investigate the relationships between SOKO and firm performance, leading to results for increased reliability and generalizability.

Managerial Contribution

This paper provides evidence that is useful guidelines for executives for the full use of resources, underlying the strategic management of firms that can achieve firm performance over their competitors. Especially, SOKO is a necessary factor to build new ideas, creativity, and continued innovation in organizations, leading to fulfill the needs of customers through the competition.As mentioned above, SOKO becomes an important factor for dealing with the context of industry, which has developed new products regularly, and has continued to grow amidst intense competition. Thus, senior managers must adapt themselves and should understand SOKO to respond to environmental change leading to increase business competitiveness or to deal with change a situation that could affect the firm and its long-term performance.

SUGGESTIONS AND FUTURE RESEARCH DIRECTIONS

A conceptual model of this paper can be tested by the empirical approach in the future. Moreover, the author also offers that the concept for the selection of samples for research is an industry which has developed new products regularly, continued to grow amidst intense competition such as in communication technology, foods and beverage, electronics, and the automobile businesses, and to investigate relationships of the propositions presented in this paper.

CONCLUSIONS

The globalization era comes with severe competition. Each organization is attempting to fulfill the needs of customers through competition to create innovation based on knowledge of the organization. This is because organizational knowledge is the basis of wealth creation, prosperity, and is one of the driving forces that is important for business success. Recently, organizational knowledge has become a topic of interest for researchers who study organizational perspectives that vary (Amidon, 2006).They don't only seem interested in the study of organizational knowledge that focuses on the meaning in terms of knowledge management process within the organization (Teece, 1998), more than likely, it applies to corporate strategy, and it is the gaps of this paper. The author believes that firms necessarily have the organizational knowledge, and can comply with the strategy of the organization, so that the organization can use it to bring that knowledge to fully conduct business, which will contribute to achieving the goals and success of the organization. From the important above-mentioned, the leading purpose of this paper was present the conceptual framework of the relationship between the each dimension of SOKO, and firm performance through the KBV of the firm. The conceptual model of this paper uses a conceptual framework derived from the literature review and the studies that are concerned about the relationship between SOKO and consequent variables. The results of the literature review revealed that the conceptual framework expects that each dimension of SOKO is likely to have a positive influence on the creativity of the firm and increase innovation to fulfill the needs of customers. This leads to the ability of competitiveness, and higher firm performance. In the future, and next time, it will be presented as empirical researches in the conceptual framework investigation as in this paper.

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RATIONAL HEALTHCARE REFORM: PROVIDING DENTAL COVERAGE FOR THE MEDICARE POPULATION

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ABSTRACT

The waste of scare health care resources along with the ever increasing cost of health care services is clearly not sustainable for the country. With as much as one third of health care expenditures being wasted on activities that produce little if any value, this paper discusses how comparative-effectiveness research supports providing preventive and restorative dental care for the approximately ten thousand Americans who turn 65 every day and become eligible for Medicare.

Although oral health is essential to overall health and well-being, older adults face significant barriers to obtaining necessary dental care, generally resulting in neglect until a medical crisis develops. Despite evidence that poor oral health leads to nutritional deficiencies, chronic pain, infections, some cancers, and inappropriate use of emergency departments, Medicare has never included coverage for preventive and restorative dental service. Care that is essential for older adults who face greater age-related oral health risks due to physiologic changes, underlying chronic diseases, and increasing use of medications.

With the healthcare debate in this country centering on increasing access, reducing cost, and improving population health, rational healthcare reform should utilize comparative effectiveness research (CER) to weed out wasteful practices in medicine by assessing the added improvement in health outcomes relative to their cost. However, many of the recent changes in preventive care coverage under the Medicare program neglect to consider CER. For example, the annual physical has been proven to not be cost effective but is still covered by Medicare. According to Topol (2015) this annual ritual for many Americans is wasting seven billion dollars a year. Conversely, preventive and restorative dental services have been shown to reduce incidents of other medical issues, resulting in significant cost savings but are not covered by Medicare, providing an excellent opportunity to reduce health costs while improving the long-term health for older Americans.

INTRODUCTION

According to Levitt et al. (2014) the cost of health care services in the United States rose 3.6 percent this year to reach a total cost of 2.9 trillion dollars representing almost 18 percent of Gross Domestic Product (GDP) or $9,255 for every person in our country. The cost of health care has been rising for the last forty years and is expected to reach 20 percent of GDP by the year 2020. Making matters worse is the fact that our health outcomes are very poor when compared to other industrialized countries who spend far less than we do and get better health results. Health policy researchers have discovered that as much as one third of our health care expenditures are wasted on activities that produce little if any value. This waste of scarce health care resources along with the ever increasing bill for health care services is clearly not sustainable for our country into the near future. Something had to be done.

The government has responded to these cost increases through the Affordable Care Act (ACA) and more specifically with the use of comparative effectiveness research (CER). This new effort at healthcare reform is a major attempt at increasing access to healthcare services for many Americans but also attempts to reduce the cost of healthcare through the evaluation of various medical procedures and at the same time increasing various prevention health programs, especially for Medicare recipients. In fact, there are many health policy researchers who believe that this new attempt at increasing access to health care services will be revenue neutral. These individuals believe that CER will be able to reduce enough waste in government payments to pay for health services for the uninsured. These savings can also be utilized to fund prevention efforts that are capable of reducing future health care costs by preventing the occurrence of expensive chronic diseases later in life.

Weinstein and Skinner (2010) argue that by subjecting various clinical interventions to rigorous economic evaluation will provide the ability to discover medical procedures that provide very little value and are not worth what they cost. These medical tests and procedures which are quite often dangerous for the patient need to be discontinued. This savings can then be utilized as savings or applied to medical interventions that have greater value. There are numerous medical interventions that are currently not covered by insurance that could save money in the long-term while also improving health. These comparative effective prevention programs need to be looked at as a long-term investment in better health.

It is interesting to note that many of the prevention efforts focused on by the ACA are focused on senior citizens through the Medicare program. According to Emanuel (2014) the ACA emphasizes the greater use of prevention screening, especially by Medicare recipients because they are usually cost effective and save money for the federal government in the long-term. This is done because it is well known by health policy experts that the major reason that individuals do not receive screening tests is because the cost of these tests is usually prohibitive for many low or fixed income individuals.

When Medicare was signed into law it did not include routine dental care for its recipients. According to the centers for Medicare and Medicaid Services, Medicare will pay for dental services that are an important part of a covered procedure only. Unfortunately, Medicare does not cover most dental care for elderly even if these services are preventative in nature.

COMPARATIVE EFFECTIVENESS RESEARCH

According to the Congressional Budget Office (2007) comparative effectiveness research (CER) involves research into the relative effectiveness, benefits, and harms of different treatment options. Mushlin and Ghomrawi (2010) point out that CER is meant to determine the value of various medical tests and treatments that work best in an attempt to improve the delivery of healthcare. This type of research can be very helpful in the identification of the wasteful use of scarce health care resources while also helping policy makers make decisions about healthcare procedures that should be expanded. CER represents an attempt to reduce health care costs while not producing adverse effects for patients. It is a very expensive attempt by health care researchers to provide information to health policy makers and health providers about which procedures in health care delivery are effective and which ones waste money. This type of research would also allow Medicare to use services based on value for program recipients. This could include a large number of services that are preventive in nature like immunizations or perhaps, dental services.

While the ACA focuses primarily on access and cost it also encourages health promotion and prevention efforts designed to improve health and ultimately reduce costs. Emanuel (2014) points out that the ACA also encourages greater use of preventive services for Medicare beneficiaries including such things as sexually transmitted diseases and high cholesterol. It would seem that dental care for the elderly would be at least as important as those areas of concern. Unfortunately, entirely too much attention has been focused on the cost and access issues surrounding health care and not enough attention has been placed on what we are getting for the amount invested in our health care system by both government and private payers. There is also a need to expand health programs that are inexpensive and save money in the long-term while also improving health care for many.

The use of CER may also help us to better understand the costs and benefits of various health interventions that provide short-term costs but long-term benefits for recipients of various forms of medical care. In other words, various prevention efforts may be investments that may only provide benefits later in life for the individual but represent expense in the present. One of the areas of potential long-term benefit but short-term cost is the provision of dental care for the elderly through the Medicare program.

Koh and Sebelius (2010) argue that a large number of individuals in this country suffer poor health from preventable conditions that were ignored because of cost. These authors also point out that moving prevention toward better utilization by our citizens may well be one of the most important accomplishments of the Affordable Care Act. This new legislation opened a national discussion of prevention programs as an investment in the future health of our citizens.

It is interesting to note that although the ACA required health insurance programs to eliminate co-pays and deductibles for individuals seeking prevention services the coverage for dental services was completely ignored. It seems strange that dental care was not considered a preventive service to be made available to Medicare recipients who for the most part have financial difficulties paying for this care on a fixed income.

DENTAL HEALTH

According to the Institute of Medicine and National Research Council (2011) the mouth has always been a mirror of health and disease because many infections that start in the mouth can easily travel to other locations in the body. It is also well known that dental health can affect physical health as an individual ages. Poor dental health may lead to nutritional deficiencies, chronic pain, microbial infections, the inappropriate use of emergency rooms and some cancers.

We know that available financing for dental care greatly influences whether many older individuals will seek dental care especially preventive care. We also know that the current Medicare program does not cover routine dental checkups, filings, or dentures for recipients. These older Americans have the highest annual dental bill of any age group but it still only averages $776 for each individual per year. Unfortunately, this age group also has the highest out of pocket expense for dental services of 70.3 percent. This seems to be a health issue where we know the costs and we are aware of most of the benefits for Medicare recipients. We also are aware of the fact that early dental care can save costs for the Medicare recipient down the road.

DISCUSSION

It is interesting to note that during the early discussions concerning the Affordable Care Act the Obama administration did discuss covering dental services but dropped the concept early on because of cost concerns. If we are ever going to improve health of citizens while controlling the cost of health care services, we must look at proven health interventions as an investment in the improved health of recipients which in turn should reduce future costs of health care delivery for this population. Perhaps dental services for Medicare recipients should be considered a prevention service covered by Medicare. At the very least dental care programs should be subjected to CER in order to better understand its value compared to its cost.

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OVERCOMING BARRIERS TO VETERAN MENTAL HEALTH CARE THROUGH THE USE OF POST-SECONDARY EDUCATION SUPPORT SERVICES

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ABSTRACT

Studies provide that educational attainment leads to greater health literacy, which in turn improves health outcomes. Despite educational attainment, veterans are reluctant to seek out mental health care services owning to a variety of perceived barriers. This paper proposes that institutions of higher education can serve as a backdoor to improve veteran health by providing support services to address those specific barriers. Because the four-year graduation rate of veterans is lower than that of their younger non-veteran peers, the literature generally focuses on services required to attract, retain, and academically support veterans to increase completion rates. However, discussion regarding the use of intervention strategies to break down barriers to care is limited. Therefore, this paper employs the Behavioral Model of Health Services Use to identify individual and contextual determinants of health services utilization and propose specific strategies to address barriers to care through the support services of post-secondary educational institutions.

Key Words: barriers to care, behavioral model of health services use, post-secondary education, support services, veteran mental heath

INTRODUCTION

Since 2001, more than two million service members have been deployed in support of Operation Iraqi Freedom, Operation Enduring Freedom, and Operation New Dawn (OIF/OEF/OND). Studies estimate that between 14-28% of soldiers returning from this deployment do so with physical and/or psychological impairments that lead to posttraumatic stress disorder (PTSD), the prevalence of which is five to seven times higher than that of the non-military population (Elnitsky, et al., 2013; Zinzow, Britt, McFadden, Burnette, & Gillispie, 2012). Despite the availability of specialized PTSD care for veterans through the Department of Veterans Affairs facilities, of concern is the lack of utilization of these services by this cohort (Ouimette, et al., 2011, Zinzow, et al., 2012). Research seeks to identify the barriers to veteran mental health care, however few specific intervention strategies have been explored (Dickstien, Vogt, Handa, & Litz, 2010).

Numerous individual and contextual determinants influence health services utilization. Therefore, a reasonable starting point for analyzing the factors associated with veteran use of available resources is to define a theoretical framework. One of the most comprehensive and frequently used conceptual frameworks is the Behavioral Model of Health Services Use (Andersen, 1968), which assumes that individuals' use of services is a function of their predisposition to use services (predisposing factors), factors that support or impede use (enabling factors), as well as their need for health care (illness level). However, its use for examining the context within which the postsecondary education environment provides for increased mental health care utilization has not been reviewed. The components of this model suggest that barriers to mental health care can be overcome through innovative post-secondary educational support programs that increase health literacy, which in turn promote wellness for veterans.

Thus, this paper presents what is known regarding barriers to seeking mental health care services by veterans and offers specific intervention strategies, through the services of post-secondary educational institutions, as an alternative to those intervention strategies previously engaged. The paucity of research lies in connecting the breaking down of perceived barriers through educational attainment which will increase health literacy and health outcomes as demonstrated through the use of Behavior Model of Health Services Use.

BARRIERS TO SEEKING MENTAL HEALTH CARE

Prior researchers have posited that veterans do not seek treatment for psychological problems for several reasons, including the stigma associated with admitting psychological difficulties, practical barriers to care such as lack of awareness of service, navigating the healthcare system, or transportation, personal beliefs about mental illness and treatment, distrust in providers or lack of understanding about what providers are saying, felling that treatment is not helpful or is only for extreme problems, and/or the side effects of medications (Elnitsky, et al., 2013; Randall, 2012; Wurster, et al., 2012). Despite significant efforts by the Departments of Defense and Veterans Affairs (VA) to increase screening and reduce stigmas, researchers find that younger veterans and women perceive that they do not fit into the VA and therefore are reluctant to seek care (Ouimette, et al., 2011). These finding suggest that outreach efforts should be specifically tailored to this particular subgroup to identify and subsequently address barriers to care.

BEHAVIORAL MODEL OF HEALTH SERVICES USE

One of the most comprehensive and frequently used conceptual frameworks for analyzing the factors associated with barriers to care is the Behavioral Model of Health Services Use. This model was originally developed by Andersen (1968) to assist in defining and measuring multiple dimensions of access to care and has been refined over the years in response to emerging health policy and delivery issues, collegial input, critiques, and health services research (Andersen, 2008). The framework assumes that individuals' use of services is a function of their predisposition to use services (predisposing factors), factors that support or impede use (enabling factors), as well as their need for health care (illness level). However, its use for examining the context within which postsecondary education environment provides for increased health care utilization has not been reviewed. The components of this model suggest that barriers to mental health care can be overcome through innovative on-campus support programs that increase health literacy, which in turn promote wellness and academic success for veterans.

The conceptual framework of the model uses a systems perspective to integrate a range of environmental and population characteristic variables associated with the decision to seek care. Environmental or contextual variables include characteristics of the healthcare care system and the external environment. The policies, resources, organization, and financial arrangements influencing the accessibility, availability, and acceptability of medical care services form the basis of the healthcare care system characteristics. External environmental factors reflect the political and economic climate, and prevailing norms of society. Population characteristics include predisposing factors (demographics, social factors, and attitudinal-belief variables); enabling factors (family resources and characteristics of the community); and need factors (perceived and evaluated illness) (Andersen, 1968). Andersen and Newman (1973) consider the illness level of the patient (i.e., the need factor) the major determinant of health care utilization. The focus of our analysis is on the population characteristics that influence utilization.

Individual predisposing factors include demographic characteristics (e.g., age and gender), social factors (e.g., education, occupation, ethnicity, marital status), and health beliefs (e.g., attitudes, values, and knowledge concerning health and health care services). Contextual factors predisposing individuals to the use of health services include the demographic and social composition of communities, collective and organizational values, cultural norm and political perspectives.

Enabling factors are those that support or impede health care service use (e.g. income, type of health insurance). Financing and organizational factors are considered to serve as conditions enabling services utilization. Individual financing factors involve the income and wealth of an individual’s disposal to pay for health services, and the effective price of health care which is determined by the individual’s health insurance status and cost-sharing requirements.

EXPANDING SUPPORT SERVICES OF EDUCATIONAL INSTITUTIONS

In response to the prevalence of post deployment PTSD the VA has implemented various programs and mandates to provide screening, education, and clinical care (Hoge, 2011). However, veterans remain reluctant to seek care, with only 50% of those in need actually seeking treatment and only 40% of them recovering (Hoge, 2011). The statistics provide evidence that current strategies are ineffective in reaching nearly 80% of veterans in need of care, resulting in the call for innovative approaches to assist veterans in overcoming barriers (Hoge, 2011). The expansion of educational benefits for veterans by the Post-9/11 GI Bill has dramatically increased the student-veteran population, providing an opportunity to develop support services beyond the traditional services required to attract, retain, employ, and academically and socially support this population as transitioning civilians (Bilmes, 2007). College campuses, VA medical centers, and other providers can collaborate to provide multidisciplinary on-campus veterans outreach programs designed to break down barriers to care, raise awareness of available healthcare services, and improve health outcomes (McCasin, Leach, Herbst, & Armstrong, 2013).

CONCLUSION

Higher education should play a pivotal role in not only educating but also supporting the veteran physically, mentally, and socially. Generally colleges provide additional veteran outreach and support efforts that include peer-to-peer support, campus-wide collaborations and sensitivity training, veteran-specific courses (i.e., veteran focused first-year experience course), on-campus representatives from veteran support agencies, and additional counselors who are trained in veteran-specific issues (McCaslin, et al., 2013). Opportunities moving forward include adding tele-health counseling, group and couples therapy sessions, creating more opportunities for veterans to volunteer in the community (particularly with other veteran agencies), and the development of mentoring programs. As the number of veterans on college campuses increase, additional awareness and services can increase veteran health literacy through educational attainment, which in turn will reduce or eliminate the barriers to accessing mental health care, and ultimately increase veteran health outcomes.

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CUSTOMER COMPLAINTS AS A PREDICTOR OF PERFORMANCE: A MODEL OF BUSINESS PERFORMANCE IN THE US AIRLINE INDUSTRY

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ABSTRACT

Historically, airline industry in the US has seen many ups and downs. Every time the increase in the number of airline passengers provided the resources to the industry to recover from a downturn, though customers were not always happy with the changes in procedures of the airline companies. Unhappy customers usually first complain to the associated airline carrier. How did customer complaints relate with the business performance? This conceptual study investigates the role of customer complaints in the business performance of US domestic airline industry by in-depth literature review. Specifically, in the proposed model, main leading factors of customer complaints were examined and then the customer complaints are linked to the business performance. Customer service quality, service fees and important events were identified as the predictors of customer complaints. Customer service quality, on the other hand, was predicted by involuntary denied boardings, on-time percentage, flight delays, cancellations, diversions and mishandled baggage. Finally service fees include baggage fees, cancellation fees and airfare fees. Economic downturns and fuel price spikes could be important events that influence overall customer moods and behaviors. Propositions and a model is suggested for future research activities.

THE IMPACT OF EMPLOYEE COMMITMENT ORIENTATION ON FIRM PERFORMANCE: A CONCEPTUAL FRAMEWORK

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ABSTRACT

In the current, complex business environment, many organizations face increasing pressure about high competition in both the industrial and service sectors. In addition, high working competition of employees rises in the organizations around the world. Consequently, people often seek jobs and switch work more in the present. Employee commitment is a hot issue for both executive managers and researchers. Furthermore, it is an important role that improves competitive advantage and organizational performance. The organizations have concentrated on the approaches and techniques to make employees feel committed, honest and willing in the workplace. Thus, this research purposes to examine the relationship of employee commitment orientation and firm performance. Employee commitment orientation has five dimensions, namely employee value awareness, employee participation focus, leader-member relationship concentration, employee organizational partnership emphasis and organizational justice orientation. Therefore, organizational outcome is more particular, including organizational citizenship behavior, organizational creativity, organizational innovation, organizational excellence, business competitiveness and firm performance, which are proposed to have positive relationships with all constructs. This research should be studied as empirical research in the future, and employed appropriate statistical analysis. Finally, the researcher develops a conceptual framework in this research and propositions that consider the characteristics of employee commitment orientation and outcomes.

INTRODUCTION

In today's complex business environment, organizations face increasing pressure. Under the current rapidly changing social, economic, politic and technology, includes the result of extreme competitive business in globalization (Hwang & Norton, 2014; Balas, Gokus & Colakoglu, 2014). Organizations need to have a new strategy to manage the organization. Employee commitment has been shown to be a dominant driving force in the organizational success (Kidombo, K'Obonyo & Gakuu, 2012). It is an interesting topic in business world.

Since the 1960s, employee commitment still has been one of the most prevalent issues for both executive managers and researchers in the field of management (Dixit & Bhati, 2012; Alfalla-Luque, Marin-Garcia & Medina-Lopez, 2015; Yamao & Sekiguchi, 2015).The executive managers should recognize and concentrate on an approach that makes employees to be committed to the organization for efficient, long-term employment. If the higher commitment within the organization can improve organizational performance, a lower absenteeism and turnover rate will result (Ostroff, 1992, Yucel, 2012).Employee-to-organization relationships have originated from the concept of organizational commitment.

Furthermore, the work of Scott-Ladd, Travaglione, & Marshall (2006) reveal that organizational commitment remains to be a dominant employees' attitudinal response.

Kidombo, K'Obonyo & Gakuu (2012) indicate that the commitment tactic can make the employees to respond well by helping actively in the workplace, encouraging contribution, and giving accountability that lead to enhance outcomes of the organization. In the same way, Rathi & Rastogi (2009) find that organizational commitment is a perspective to expect outcomes in organizations; for example, reducing the turnover rate, increasing task performance, a lower absenteeism rate, and increasing extra-role behavior, which is in the literature review on commitment. The managers should focus on career opportunities and human resource development that the majority reasons for the employees to stay in the organization, leading to satisfaction in the workplace (Hay, 2001). These organizations foresee a value in the employees. Human resources are considered as the main and valuable resource in the organization (Wright, Dunford & Snell, 2001). This is the key component of organizational management, and can lead to further development of the organization. Participation in decision-making is important for the organization. It provides for the employees to acquire useful information from decision-making circumstances. Similarly, Allen, Shore & Grifeth (2003) claim that employee participation in decision-making leads to better employee commitment. Leader-member exchange is a process of interaction between leader and subordinate. Therefore, the exchanges are particularly essential that influence organizational success in the highly competitive business environment (Bitmiş & Ergeneli, 2012). The outcomes of the exchanges have different, results such as in organizational citizenship behavior, organizational commitment, and job satisfaction (Schyns & Croon, 2006). The possessive psychological state is obvious, concerning work and organizational goals. Specifically, a feeling of ownership can provide increased feelings of meaningfulness and accountability which motivate proactive behaviors and a high quality of work (Brown, Lawrence & Robinson, 2005). The building of a fairness climate reflects a shared perception in workplace between the members and the organization. Likewise, generating a fairness climate is the right approach and is valued behavior in the organization, leading to transparent management and business ethics (Walumbwa, Hartnell, & Oke, 2010). The organization attempts to employ organizational justice for employee satisfaction and performance (Colquitt et al., 2001; Shao et al., 2013).

According to the literature review and the prior research, the researcher can summarize the dimensions of employee commitment orientation. Employee commitment orientation has five dimensions, including employee value awareness, employee participation focus, leader-member relationship concentration, employee organizational partnership emphasis and organizational justice orientation. In the main, employee commitment orientation assistance in the organization provides many opportunities for competitive advantage and enhanced productivity. Most studies in employee commitment focus on organizational behavior such as employee satisfaction, attitude, and trust, that are based on the literature of management research. These issues explain the research gaps in the literature. Hence, the aim of this research is to examine the relationship of employee commitment orientation and firm performance.

This research is organized as follows: the first part represents the relevant literature reviews and linkages to propositions that are presented in the conceptual framework. Next, the contribution includes directions for future research and managerial contributions. Also, the final part is the conclusion of this research.

LITERATURE REVIEWS

This conceptual paper examines the relationships among employee commitment orientation, organizational citizenship behavior, organizational creativity, organizational innovation, organizational excellence, business competitiveness, and firm performance. In this research, a conceptual framework of employee commitment orientation and firm performance is discussed and scrutinized obviously. Hence, the conceptual framework, linkage, and research models are provided in Figure 1.

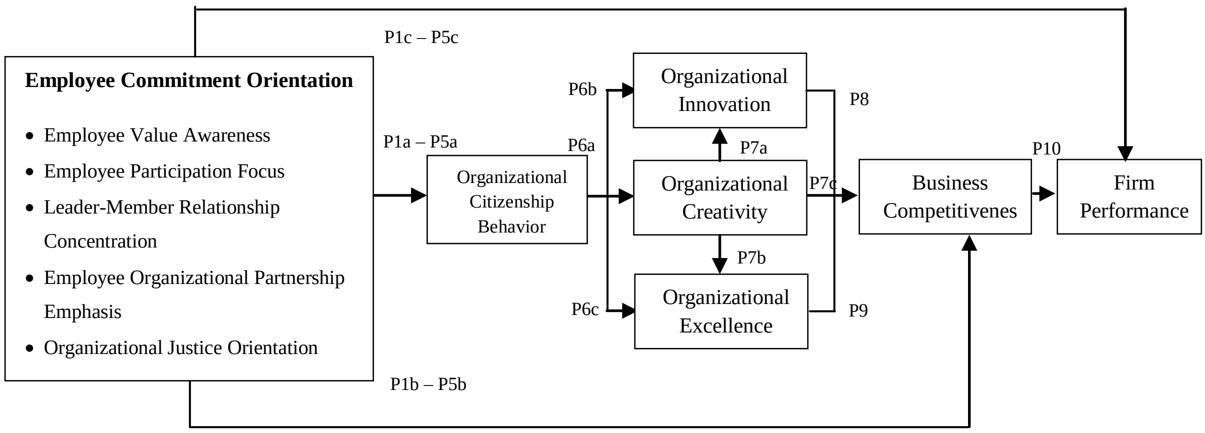

Figure 1: A Conceptual Framework of Employee Commitment Orientation and Firm Performance

Employee Commitment Orientation

Employee commitment continues to be one of the most exciting issues for both managers and researchers since the 1960s. Several theoretical studies about organizational commitment have focused on employee commitment to the organization and have attempted to explore its effect on work outcomes; for instance, turnover and job performance (Vural, Vardarlier & Aykir, 2012; Top et al., 2015). Furthermore, employee commitment is an important component of this research and it refers to the approach that the organizations employ in focusing on the creating relationships among employees in the organization which leads to gaining extra roles of employees and a competitive advantage. Consistent with Park (2012), it proposes that employees committed to the organization will be encouraged to make extra effort that, in turn, will improve organizational performance.

The concept of employee commitment has been defined in many different ways. Mowday, Steers & Porter (1982) indicate that employee commitment is categorized into three aspects: 1) a willingness to utilize extensive exertion on behalf of the organization; 2) a strong faith in, and acceptance of, the organizational goals and values; and 3) a strong wish to sustain membership in the organization. Besides, employee commitment is defined as the degree to which an employee is psychologically dedicated to an organization through a feeling of worth, affection, loyalty, belongingness, and pleasure (Jaros, 2003).

In previous study, Chew & Chan (2008) propose that organizational commitment is a robust factor of organizational success towards the employees for the enhanced performance of the organization. Moreover, it is an essential for the organization to recognize what are the characteristics that play a central role or have an enormous effect in improving employee commitment.

Based on integrative prior research and literature review, this research defines employee commitment orientation as the ability of an organization to make employees recognize organizational value, be dedicated to the organization, and maintain membership in the organization, leading to organizational goal success (Mowday, Porter & Steers, 1982). Moreover, this concept of employee commitment orientation divides into five components, including employee value awareness, employee participation focus, leader-member relationship concentration, employee organizational partnership emphasis and organizational justice. The consequences of employee commitment orientation include organizational citizenship behavior, organizational creativity, organizational innovation, organizational excellence, business competitiveness and firm performance.

Employee Value Awareness

Employee value awareness refers to the organization’s attentiveness about the importance of employees as human capital as a valuable asset, by increasing the achievement opportunity and considering employee health through knowledge, skills, talent, know-how, intellectual ability and other activities that support the organization’s mission and strategic goal (Wright, Dunford & Snell, 2001). The employees are important to the process of the organization and they are also a key part in helping the organization to be successful in that it can excellently push the organization to attain its organizational goals (McShane & Glinow, 2007).

Sookanekknun & Ussahawanitchakit (2012) propose that employee value orientation refers to the organization’s practice about the importance of members through sharing innotions, encouraging creativity, giving chances for decision-making, and dealing with budgets. Moreover, values added from training and development of employees’ perceptions will increase organizational citizenship behavior and task performance (Joireman et al., 2006). Consequently, training and development is a process to improve an employees’ current and future efficiency and the organization should focus on the long-term. Bass (1981) proposes that organizations should concentrate on the value of employees, both overall and individual. From this evidence, it can be seen that the full potential of employees in work affects job satisfaction, and increases the performance of both the employee and the organization.

From literature review, employee value awareness is an important process in that the organization should concentrate well on enhancing employee chances to develop potential toward organizational goals. Therefore, employee value awareness is more likely to boost organizations to achieve organizational citizenship behavior, business competitiveness, and firm performance. Hence, the first proposition is as follows:

P1: Employee value awareness will have a positive influence on (a) organizational citizenship behavior, (b) business competitiveness, and (c) firm performance.

Employee Participation Focus

Employee participation focus refers to the organization’s ability to encourage employees as to the important role of associating with the activities of the organization, leading to successful operation in the organization (Oliver, 1988; Mohman et al., 1995). Especially, employee participation increases as organizations attempt to gain a competitive advantage, owing to growing international competition and pressure to increase performance (Riordan, Vandenberg, & Richardson, 2005; Kuipers & Stoker, 2009). Chughtai (2008) indicates that job involvement is positively related to in-role job performance and organizational citizenship behavior. Likewise, participation is about employees playing a better role in the decision-making process. It is an arrangement that confirms that employees are given the opportunity to affect management decisions and add to improvement for organizational performance (Armstrong, 2006).

Probst & Tahira (2000) indicate that job involvement has a key impact on the efficiency and productivity of employees and their work, which is an important role in increasing job involvement with employees in the case that it shows a significant role in the employee’s life. Job involvement has been one of the most effective tools employed for increasing organizational productivity by improving employee participation (Khan et al., 2011). Furthermore, the employees who are highly-involved in their job will be committed to the organization, and will be dedicated to hard work in order to accomplish the goals of the organization (Ineson, Benke & Laszlo, 2013). As Rammen & Lorentzen (2000) point out, participation is the activities of the employees involved in planning, decision-making and execution in organizational transformation. However, planning is important to help the employees improve competencies in the organizational goals (Sun, Vancouver & Weinhardt, 2014).

According to the literature reviewed above, employee participation is more likely to enhance the organizations to accomplish organizational citizenship behavior, business competitiveness, and firm performance. Hence, the second proposition can be proposed as:

P2: Employee participation focus will have a positive influence on(a) organizational citizenship behavior, (b) business competitiveness, and (c)firm performance.

Leader-Member Relationship Concentration

Leader-member relationship concentration refers to the organization’s process to develop a leader-subordinate working relationship, and the exchange relationship over time to push the organization toward successful operations (Graen & Uhlbien, 1995). Leader-member exchange has an outstanding impact on employee in-role and extra-role performance, and work attitudes such as in organizational commitment especially affective commitment (Ariani, 2010). In China, Hui, Lee & Rousseau (2004) suggest that relationships play a crucial role at work.

High-quality leader-member exchange reflects good leader–subordinate relationships and has an effect on employee attitudes and behaviors. Also, leader–member relationship has been recognized as an important basis of successful working relationships and business outcomes (Nie & Lämsä, 2015). Likewise, the study indicated that the relationship between leader-member exchange and employee citizenship behavior exactly relates to altruism (Wayne & Green, 1993).Internal communication is an important approach to increase employee satisfaction and motivation (Ryynanen, Pekkarinen, & Salminen, 2012). One approach employs communication between executive managers and employees. Furthermore, the employees are pleased with the communication procedure in the organization; they will steadily gain encouraging attitudes, leading to a communication arrangement. The positive attitudes can stimulate the employees to absorb organizational citizenship behavior (Koys, 2001). Moreover, a higher leader-member exchange reflects that employees enjoy exchange with their superiors. Consequently, employees feel appreciation by returning assistance in productivity and usefulness for the division effort, and help their superiors by engaging in extra-role behavior (Sun et al., 2013). Moreover, the organization should encourage the relationships between leader and members through shared resources, information and support. Thus, the employees make on effort to work with leaders to enhance leaders' self-confidence and authorization to reach goals (Garg & Dhar, 2014).

Based on literature review, leader-member relationship concentration is more likely to improve organizations to encourage organizational citizenship behavior, business competitiveness, and firm performance. Thus, the third proposition is elaborated as:

P3: Leader-member relationship concentration will have a positive influence on(a) organizational citizenship behavior, (b) business competitiveness, and (c) firm performance.

Employee Organizational Partnership Emphasis

Employee organizational partnership emphasis refers to the organization's approach to create a sense of belongingness in employees who are involved in decisions about their important job and its related activities; and considers organizational benefit, leading to improving performance (Pierce, Kostova & Dirks, 2001). Brown, Pierce & Crossley (2014) propose that the psychological ownership literature is the mainstream of empirical research that has concentrated on organizational outcomes such as organizational commitment, organizational citizenship behavior, and performance.

Likewise, psychological ownership is a feeling on the part of the employees that they are aware of the duty to make decisions in the long-term for the organization's interest. Feelings of ownership create a sense of accountability to the target and a sense of rights to have control over what happens to the target (Pierce, Kostova & Dirks, 2001). Psychological ownership would be related to extra-role behaviors (Pierce, Rubenfeld & Morgan 1991; Van Dyne, Cummings & McLean, 1995). These behaviors include coaching new employees, volunteering in special tasks, and helping co-workers. Then, feelings of accountability are based on psychological ownership of the organization that leads to investing time and energy to benefit the organization. In addition, the employees in the organization will show conscientious role behavior and high levels of job performance. Furby (1991) categorizes the psychology of possession by three major outcomes that relate to feelings of ownership: enhanced self-concept, a sense of responsibility, and positive attitudes toward the target.

According to the literature reviewed above, employee organizational partnership emphasis is more likely to increase the organizations' enhancement of organizational citizenship behavior, business competitiveness, and firm performance. Thus, the fourth proposition is assigned as follows:

P4: Employee organizational partnership emphasis will have a positive influence on (a) organizational citizenship behavior, (b) business competitiveness, and (c) firm performance.

Organizational Justice Orientation

Organizational justice orientation refers to the organization's ability to create perceived fairness in the workplace that consists of procedural justice and distributive justice, which provide operational transparency (Greenberg, 1990). The fair environment in the workplace affects both contextual and task performances (Aryee, Chen & Budhwar, 2004). Specifically, Jafari & Bidarian (2012) indicate that the components of organizational justice including distributive justice, procedural justice, and interactional justice which positively influence organizational citizenship behavior.

Perception about organizational justice is a core of feeling and has some composition within the organization; for instance, organizational commitment, attitude, job satisfaction, job performance, employee behavior, self-awareness, and behavior efficiency. Employees will be committed to the extent that they perceive fairness in the exchange process between themselves and their organization (Gouldner, 1960). From the previous research, the justice perception is strongly correlated to organizational citizenship behavior (Organ & Ryan, 1995). At the same time, the components of organizational justice have a strong and positive effect on organizational citizenship behavior (William, Pitre & Zainuba, 2002). The organization attempts to provide for the employees to feel fairness with processes and benefits, and that the employees will role-play good behaviors such as helping behavior, loyalty and willingness, leading to enhance performance.

From the literature review, organizational justice orientation is more likely to increase the organizations to attain organizational citizenship behavior, business competitiveness, and firm performance. Hence, the fifth proposition is proposed as follows:

P5: Organizational justice orientation will have a positive influence on (a) organizational citizenship behavior, (b) business competitiveness, and (c) firm performance.

Organizational Citizenship Behavior

Organizational citizenship behavior refers to the employee's action in the workplace, which is an extra role. It includes cooperation, and coordinates in the operations of the organization, based on altruism, conscientiousness, sportsmanship, courtesy, and civic virtue (Organ, 1988). Podsakoff et al., (2000) divide organizational citizenship behavior into seven components, including sportsmanship, helping behavior, organizational loyalty, individual initiative, organizational compliance, self-development, and civic virtue. These behaviors are important to develop an organization to lead to increased performance. However, individual initiative is the behavior of an employee about the volunteer actions of creativity and innovation, which are planned to increase job and organizational performance. Moreover, employees who have devoted behaviors work extra hours for organizations and support organizations to create more propositions and organizational outcomes. Rationally, interpersonal behaviors among employees generate a good working climate in a workplace, establish a channel for communicating and knowledge-sharing within the organization, and encourage cooperation among its members so as to grow the innovation output of the organization (Gongmin & Yuanyuan, 2009).

Especially, organizational citizenship is tremendously valuable to organizations, and encourages performance and competitive advantage (Nemeth & Staw, 1989). It is the employee behavior which supports all kinds of operations in an organization to be efficient and effective, in that the employees play or act with enthusiasm and without any concern for organizational reward systems. In summary, the key point is organizational citizenship behavior which is important for the organization, which does not easily occur within organizations, and benefits organizations, leading to the better organizational outcomes. Many researchers have claimed that organizational citizenship behavior is likely to have outcome at higher levels of job effectiveness and organizational performance (Netemeyer et al., 1997; Balon, 1997). Specifically, when employees are engaged and committed to work, they will tend to absorb in extra actions which are conscientious, virtuous and altruistic (Babcock-Roberson & Strickland, 2010).

Based on the aforementioned literature review, organizational citizenship behavior is more likely to encourage organizations to improve organizational creativity, organizational innovation, and organizational excellence. This insight therefore leads to the following proposition:

> *P6: Organizational citizenship behavior will have a positive influence on (a) organizational creativity, (b)organizational innovation and (c)organizational excellence.*

Organizational Creativity

Organizational creativity refers to the competence of the organization to generate a new operational process, promote staff for new concepts and knowledge development, and create potential new ideas that are efficient and effective to the organization. Creativity is important for organizational innovation and survival (Vaccaro et al., 2010; Augsdorfer, Bessant & Möslein, 2012). Furthermore, Thatcher and Brown (2010) define creativity as the generation of new and appropriate ideas, products, processes, or solutions that are useful in appropriate circumstances.

Mumford et al., (2002) state that creativity is an authoritative factor that enables a firm to sustain its efficiency in competing under extremely competitive surroundings. Creativity has become important in most organizations. It is the generation of new ideas, innovation, and the translation of these ideas into new products or services (Mumford and Gustafson, 1988). Consistent with Hirst, Knippenberg & Zhou (2009) define creativity as the production of employees with unique and beneficial ideas about products, techniques, and processes at the workplace. Thus, the organization should focus on creativity as a process concerning employees who have developed new and suitable resolutions and problems faced in the target pursuit. Developing novel concepts and operations can provide for the organization to adapt to dynamic market environments, take frequent opportunities, and improve competitive advantage and sustainable growth (Binyamin & Cameli, 2010).

Though based on the literature review, when organizational creativity is higher, it will increase organizational innovation and business competitiveness. Hence, the proposition is posited as follows:

> *P7: Organizational creativity will have a positive influence on organizational innovation, (b) organizational excellence and (c) business competitiveness.*

Organizational Innovation

Organizational innovation refers to the ability of the organization to develop new processes, new ideas and new technology leading to the organization's attainment of its aim (Evan & Black, 1967; Hult, Hurley & Knight, 2003). Madrid-Guijarro, Garcia & Auken (2009) indicate that innovation is broadly recognized as a key factor in the competitiveness of nations and organizations. Hence, innovation capability is transforming the resources of an organization that leads to the development and launch of new products (Therrien, Doloreux & Chamberlin, 2011). Matzler et al. (2013) rightly point out that innovation can provide firms protection from extreme and uncertain markets, and complex circumstances in which firms meet new chances and in which they manipulate proficiently.

In previous research by Noruzy et al. (2012) propose that organizational innovative activity significantly impacts competitiveness and that is depended on the inimitable skills and abilities of the organization. Innovation is a complicated process associated with changes in manufacturing functions and processes. Organizations seek to acquire and build upon their unique technological competence. Hence, innovation capability is transforming the resources of organizations that lead to the development and launch of new products (Therrien, Doloreux & Chamberlin, 2011). In the same way, organizational innovation has been a key factor in sustaining competitive advantage, and drives the growth rate of the organization, leading to further success. Also, it is the engine that permits the organization to enhance performance in the world economy (Alshammari et al., 2014). A study by Jaskyte (2011) shows that innovation is positively related to performance that it generates the requirement in non-profit firms to create innovative culture to increase organizational performance.

Hence, organizational innovation can be obtained from the skills and abilities of employees, due to the fact that the organization will increase the new product or service. However, organizational innovation enhancements in the organization lead to business competitiveness. Therefore, this research proposes the following proposition:

P8: Organizational innovation will have a positive influence on business competitiveness.

Organizational Excellence

Organizational excellence refers to the meaningful working systems, outstanding execution, and predominant coordination that enables improvement of good value delivery processes and customer satisfaction response (Darling & Nurmi, 1995). Nohria et al. (2003) has pressed the opinion that four basic management practices that successful businesses implement include strategy, structure, execution and culture. Kanji (2002) mentions that the Business Excellence Measurement System consists of two main factors: leadership and organizational value. It is related to both customer satisfaction and organizational quality performance. The main elements essential for organizational excellence include customer caring, constant innovation, and committed people (Darling & Nurmi, 1995). In summary, the organization still has the procedures in customer service and produces innovation continuously that reflects systematic work for management of the organization.

References to Ojha (2015) reveal that operational excellence is the organization reaching through to improve frequent innovation and technology in product and service development. Likewise, business excellence is a main in generating organizational sustainability and constant quality enhancement of corporate procedures which can improve robust financial performance, goal achievement, rapid customer response, effective employee staffing and admission, preferred product and service outcome, and the remaining workforce (Kanji, 2005).

Based on a review of research and relevant literature, organizational excellence is at a higher level, and will more likely enhance the organization to attain business competitiveness. Hence, the proposition can be proposed as:

P9: Organizational excellence will have a positive influence on business competitiveness.

Business Competitiveness

Business competitiveness refers to the organization’s competence to manage and operate a business superior to competitors (Pungboonpanich & Ussahawanitchakit, 2010). Singh (2012) indicates that a competitive advantage is reflected as a circumstance or position that facilitates a firm to have greater working efficiency or better quality above its challengers of which the final result is an enlargement in paybacks to the firm. Competitive advantage refers to the ability of a firm to drive its corporate superiors, other than its entrants, resulting in a greater position in the competitive market (Pungboonpanich & Ussahawanitchakit, 2010).The dynamic competitive forces of an organization improve competitive advantage. To gain a competitive advantage, the organizations may employ business strategies such as cost leadership or differentiate strategies (Porter, 1980).

Abdel & Romo (2005) propose that organizational competitiveness is based on the competitive advantage of the organization regarding the organizational processes and the organization's production. The factors of organizational competitiveness have four critical components: research and development, manufacturing and production systems, cooperation with other organizations, and the readiness workforce. All these components lead to enhancing performance. Cox & Blake (1991) focus on six components of management that can create a competitive advantage: resource acquisition, cost, marketing, creativity, organizational flexibility and problem-solving. Then, the organization applies these procedures that provide improvement in better organizational outcomes toward reaching aim of the organization.

As a result, these seem to imply that business competitiveness will affect firm performance. Therefore, this research proposes that business competitiveness tends to attain firm performance. To summarize, the proposition is proposed as follows:

P10: Business competitiveness will have a positive influence on firm performance.

Firm Performance

Firm performance refers to the organization's overall outcomes that are better than in the past years, in which the organization can achieve an organizational goal, such as increased income, high progress from good sales, maintaining market share, continual profitability, and outstanding position over competitors (Selvarajan et al., 2007). Firm performance can be viewed as two different viewpoints: financial performance and non-financial performance. Financial performance comprises profitability, market share, and productivity; while non-financial performance comprises customer satisfaction, innovation, workflow improvement and skills development (Marimuthu, Arokiasamy & Ismail, 2009).

From the literature review of human resource management, organizational performance is measured from organizational outcomes, human resource outcomes, financial outcomes and stock-market performance indicators (Dyer & Reeves, 1995). In prior research, firm performance has been an important in the model for strategic research (Hofer, 1983).

CONTRIBUTIONS

This research also gives contributions, both managerial and theoretical. Theoretically, this research provides an additional insights regarding employee commitment orientation. Managerially, this research offers executive managers to apply the approach in enhancing committed employees in the organization. Employee commitment is considered as an important tool for supporting organizational performance (Utami, Bangun & Lantu, 2014). Consequently, the organization has employees that are commitment to the organization, leading to employee citizenship behavior, creativity, innovation and competitive advantage. Hence, employee commitment is a key strategy on which the organization should focus. This is employee commitment is an approach to organizational management in which the organization moves toward business success.

This direction for future research continues to be examined so as to provide a more intense understanding of the phenomenon. In terms of future research, the researcher suggests that software businesses in Thailand are chosen which are proper to conceptual framework. Thai software businesses are selected for two reasons. Firstly, the software business is one of the main industries in the economic and social development at the national level, and plays an important role in the world economy (Charoan, 2013). Secondly, the turnover rate of IT staff has remained a chronic current problem (Ertűrk & Vurgun, 2015). Then, the organization has the lack of the skill employees' problem. As a result, organizations must be interested in an approach that can encourage employee commitment in the IT sector of high technology, and decrease the turnover rate. Besides, the study of employee commitment in the IT sector of high technology is found in few studies (Naqvi & Bashir, 2015). Therefore, the software business is the most appropriate population to examine in empirical study, and to employ suitable statistics analysis for hypotheses testing.

CONCLUSION

Nowadays, organizations face an extremely high competitive environment. Consequently, they seek the approaches that retain the employee for reducing turnover rate. In previous research, employee commitment is the tool that enhances productivity and effectiveness. In this research, the researcher is providing a deep understanding of the effects of employee commitment orientation and firm performance. Moreover, this study concentrates on five dimensions of employee commitment orientation, including employee value awareness, employee participation focus, leader-member relationship concentration, employee organizational partnership emphasis and organizational justice orientation. Furthermore, this research proposes employee commitment orientation and consequences which will have a positive influence on firm performance.

Hopefully, this research will stimulate an additional investigation of employee commitment orientation influences on firm performance in a Thai software business context. Likewise, the researcher may properly find the antecedents, moderating variable and control variables of the conceptual framework. Furthermore, quantitative research may be employed in future research. This research should test hypotheses by appropriate statistics.

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STRATEGIC INNOVATION CAPABILITY AND FIRM SUSTAINABILITY: THE CONCEPTUAL FRAMEWORK

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ABSTRACT

The world dynamic competitive environment forces businesses to change and innovate. However, the comprehensive reviews and explanations of strategic innovation capability are still limited. This paper aims to explore and investigate beneath the concept of strategic innovation capability by bringing insights from the integration of both strategic management and innovation capability literature. Strategic innovation capability is the instrument of business re-conceptualization. It is comprised of five distinctive dimensions: new idea enhancement, proactive activity support, market-driving encouragement, risk-taking circumstance acceptance, and dynamic adaptation commitment. This paper deliberates that successful implementation of strategic innovation capability encourages the business's accomplishments in new product establishment, business operation excellence, stakeholder involvement exaltation, and firm sustainability. It proposes a conceptual model that draws on the dynamic capability theory and contingency theory to describe the links among strategic innovation capability, new product establishment, business operation excellence, stakeholder involvement exaltation, and firm sustainability, pursuing competitive intensity as a moderator. Moreover, a discussion of the theoretical contributions, practical implications, and future research direction are also presented

INTRODUCTION

Nowadays, as the world becomes globalized and markets are characterized by liberalization, the business and economic environment has dramatically changed more than ever before. Business organizations today are faced with a dynamic environment characterized by rapid changes in economy, society, culture, technological change, and customer preference (Schmitt & Klarner, 2015). To survive and succeed in businesses, firms have faced strong pressures for change and innovation (Shih & Jue, 2006). The source of these pressures has been the arrival of new competitors, the emerging of new technology, and the variety and wariness in customer preferences and demands. The survival of businesses in the age of dramatic competition depends on how to improve their organizational innovation capability (Lin, 2006). Therefore, businesses must have the capacity and capability to frequently improve and develop their strategic alignment with the internal and external business environment.

In trying to respond, firms need to develop and improve their innovative capability. Dynamic capability theory explains the firm's abilities to create, reconfigure, and integrate firm resources and capability in order to generate new value for the firm (Teece, Pisano & Shuen, 1997). Therefore, in managing these capabilities (especially strategic innovation capability) efficiently, one can effectively provide firms with a source of sustainable competitive advantage and firm sustainability.

Since the concept of innovation capability has moved from a traditional role to strategic role, the term “Strategic Innovation Capability” is the perfect combination of innovation capability and strategy. It refers to the fundamental re-conceptualization of the business model and the reshaping of existing markets by breaking the old rules and changing the nature of existing competition, to achieve dramatic value improvements for customers and high growth for companies (Schlegelmilch, Diamantopoulos & Kreuz, 2003). Its primary concern is not only a limit to innovative creations, but also extends to the increase in revenues, productivity, customer satisfaction, and better strategic position. Strategic innovation capability is a philosophy of continuous improvement. It is focusing on the idea of searching for a course of action that proactively is a value creation for the firm. Therefore, the critical success factors for strategic innovation capability not only encompass managerial endogenous factors such as managerial policies or firm resources allocation, but also exogenous factors like the business environment, customer and stakeholder acceptance, and market conditions.

According to the intensive literature review, by this study, the successful implementation of strategic innovation capability is a concomitant orientation toward five new purposed dimensions which are: 1) new idea enhancement, 2) proactive activity support, 3) market-driving encouragement, 4) risk-taking circumstance acceptance, and 5) dynamic adaptation commitment. These newly-purposed dimensions of strategic innovation capability are expected to directly facilitate firm sustainability through the relationships of new product establishment, business operation excellence, and stakeholder involvement exaltation. Hence, the key research question in this paper is, “How does strategic innovation capability influence firm sustainability?” with the key objective to explore and highlight the relationships between strategic innovation capability and firm sustainability.

The next section presents the critical reviews of the relevant literature on strategic innovation capability to provide a theoretical framework, explaining a conceptual model and proposed propositions. Moreover, the conclusion and theoretical-managerial contributions will be discussed.

LITERATURE REVIEWS

In this paper, strategic innovation capability is the main variable and the center of the framework. As described earlier, this paper purposes that strategic innovation capability is positively and directly associated with firm sustainability. Moreover, the mediating effects of new product establishment, stakeholder involvement exaltation, and business operation excellence are highlighted. As new product establishment, stakeholder involvement exaltation, and business operation excellence are supposed to have a positive relationship with firm sustainability. Thus, Figure 1 illustrates the relationships among strategic innovation capability and its consequences.

Strategic Innovation Capability

The field of innovation is very broad, and it has been defined in several ways. In the Schumpeterian tradition, innovation can be defined as something new (Schumpeter, 1934;

Crossan & Apaydin, 2010). Schumpeter (1934) defined innovation as a linkage between new business ideas and existing markets. It also refers to an adoption of an internally-generated or purchased device, system, policy, program, process, product, or service that is new to the adopting organization (Damanpour & Evan, 1984). Rogers (1995) defines innovation as the ideas, practices, or objects that were perceived of as new by an individual or other unit of adoption. Innovation means a deliberate and radical change in existing products, and processes for the organization to achieve a competitive advantage over the rivals (Leede & Looise, 2005). In addition, it refers to any ideas or objects that are perceived to be new by an individual or other unit of generation in the organization (Damanpour, 1991).

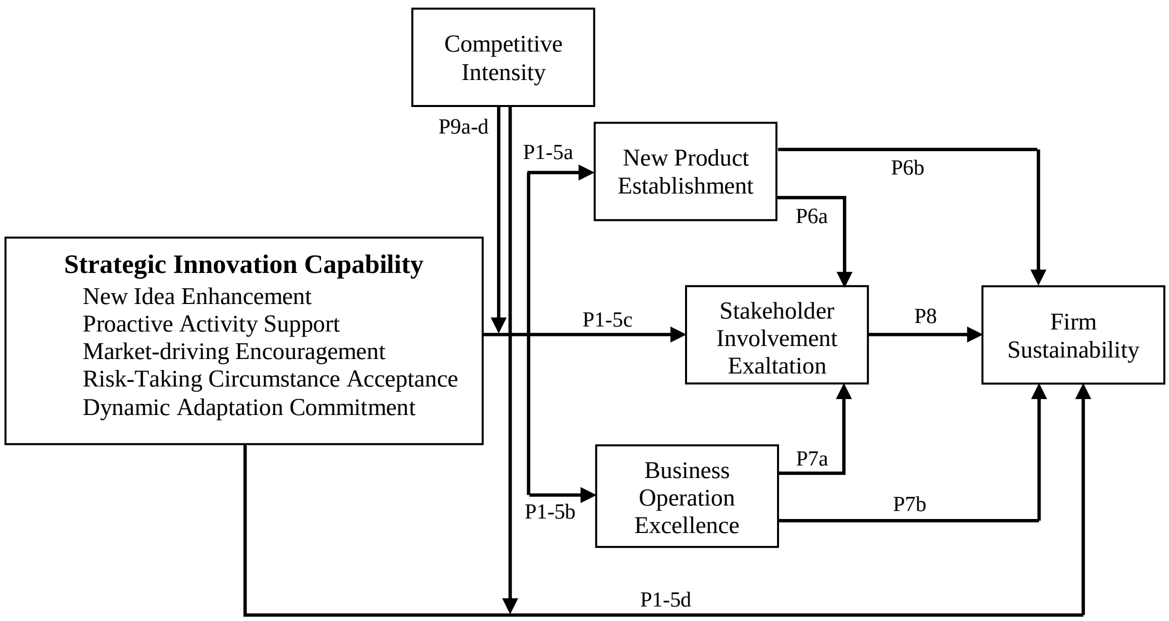

Figure 1: A Conceptual Model of Strategic Innovation Capability and Firm Sustainability

Newness is a property of the definition of innovation in all disciplines (Damanpour & Schneider, 2006). It is a property of innovation with respect to levels of analysis. For example, most studies of innovation in psychology are at the individual level, whereas in economics, innovation is common at the industry level. While in management literature, innovation is well-known at the firm level (Gopalakrishnan & Damanpour, 1997). The critical viewpoints of innovation are seen as the introduction of something new, at least for the existing organization, in terms of new products and services, new technology or new forms of organizational administration. Another crucial viewpoint of innovation is development with somewhat radical leaps, even if many authors also speak of incremental innovation or continuous innovation. Then, the intention to gain advantage for the organization is one of the important viewpoints. All in all, innovations have dynamic character and they are generally described in terms of change processes (Leede & Looise, 2005).

There has been much research and literature that illustrates the positive consequences of innovation. For instance, some syntheses of previous studies have noted that certain characteristics of innovation are positively linked to performance (Gopalakrishnan, 2000; Danneels & Kleinschmidt, 2001). Likewise, the positive relationships among business innovation, market orientation and organizational learning, represent that these entire components together influence the potential for superior performance (Malpica Romero, Ramirez Solis & Banos Monroy, 2014). As innovation has been traditionally focused on the improvement of performance and competitive advantage (Svensrud & Asvoll, 2012), it promotes the organizational capacity to renew, as well as the ability of the organization to adopt or implement new ideas, processes, or products successfully. The rationale behind the innovation and performance relationship is that innovative function is a coping mechanism for environmental changes and uncertainties (Han, Namwoon & Srivastava, 1998).

Table 1
SUMMARY OF DEFINITIONS OF INNOVATION CAPABILITY

Author(s)	Definitions of innovation capability
Kogut & Zander (1992)	Firm ability to mobilize the knowledge included its employees and combines it to create new knowledge resulting in product or process innovation over competitors.
Hamel (1998)	The capacity to reconceive the existing industry model in ways that create new value for customers, wrong-foot competitors, and produce new wealth for all stakeholders.
Lawson & Samson (2001)	The ability that continuously transform knowledge and ideas into new product, processes and systems for the benefit of the firm and its stakeholders.
Govindarajan & Trimble (2005)	The realization capability of strategic change in both the corporate system and in products, services, and business models.
Koc (2007)	The continuous improvement of the overall capabilities and resource that the firm possesses to explore and exploit opportunities for developing new products to meet market needs.
Chen (2009)	Firm's capabilities, grounded in the processes, systems, and organizational structure, which can be applicable to the product or process innovation activities.
Wonglimpiyarat (2010)	The ability to make major improvements and modifications to existing technologies, and to create new technologies.
Preda (2012; 2013)	The firm capability to redefine its business, to identify core competencies, to create new market segments, and to identify and use basic skills necessary to create a new business model.

Meanwhile, capability refers to business processes for integrating and rebuilding assets inside and outside the company, for the purpose of competitive excellence (Kodama & Shibata, 2014). As a consequence, innovation capabilities are critical to achieving superior innovation performance (Calantone, Cavusgil & Zhao, 2002). Therefore, innovation capability is defined as a comprehensive set of characteristics of organizations that support and facilitate innovation strategy (Burgelman, Maidique & Wheelwright, 2004). It can also be referred to as the ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of the firm and its stakeholders (Lawson & Samson, 2001). It is the capacity of gaining access to, developing, and implementing innovative technologies for designing and manufacturing (Xu, Lin & Lin, 2008). Specializing in this ability can make major improvements and modifications to existing technologies, and create new technologies (Wonglimpiyarat, 2010). So, innovative capability is a firm's ability to develop or create new products and/or markets, and also applying technologies to develop firm processes (i.e. new product development) (Lazonick & Prencipe, 2005). Table 1 summarizes the definition of innovation capability.

Beside, strategy is the creation of a unique and valuable position, involving a different set of activities (Porter, 1990). It is viewed as a firm's conscious move to leverage its idiosyncratic endowment of firm-specific resources, and can bring a firm superior performance (Hamel & Prahalad, 1994; Lado et al., 2006). It is the general framework for decisions on innovation and change (Sundbo, 2001). Strategy also can be defined as the capabilities of a firm (Das & Teng, 2000) in terms of analyzing the business environment and situations in order to determine business direction to achieve competitive advantage and superior performance. More precisely, strategy refers to the ability of firms to analyze situations and determines direction in doing business. It is a unique approach in which the firms attempt to find different strategies for competing markets and achieving competitive advantage.

Previous strategic management literatures classified strategic management research into three dominant streams (Hambrick, 2003). The first strategic management research stream focuses on the comprehensive framework of Miles and Snow (1978) which addresses the alternative ways that organizations define and approach their product-market domains, construct structures, and processes to achieve competitive advantage. They identify four archetypes of how firms behave regarding their strategic position: 1) "Prospectors" continuously attempt to locate and exploit new products and market opportunities, 2) "Defenders" attempt to seal off a portion of the total market to create a stable set of products and customers, 3) "Analyzers" occupy an intermediate position by cautiously following prospectors into new product-market domains while, protecting a stable set of products and customers, and 4) "Reactors" do not have a consistent response to entrepreneurial problems (Miles & Snow, 1978).

The second strategic management research stream emerges from the vibrant market orientation literature, originally developed by Kohlie and Jaworski (1990), and Narver and Slater (1990). This research stream focuses on the choices and selections of business orientation that exalts business competitive advantage and superior performance, such as market orientation, technology orientation, entrepreneurial orientation, production orientation, and selling orientation. Market orientation has dominated the second research stream. It is defined as an aspect of corporate culture that places the highest priority on superior customer value creation and delivery (Narver & Slater, 1990). Moreover, the third research stream embodies The Porter (1980) typology which focuses mainly on customers and competitors (Box & Miller, 2011). This research stream can be viewed as a product of how the firm creates customer value compared with its competitors (i.e., differentiation or low cost), and how it defines its scope of market coverage (i.e., focused or market-wide).

As a consequence, with regard to previous discussion, strategic innovation capability, in this research, can be integrated into all strategic management research streams. Firms with strategic innovation capability are likely to behave like the "Prospectors." Strategic innovation capability promotes the firm's first mover initiative by concentrating on market orientation, technology orientation, entrepreneurial orientation, production orientation, and customer orientation. Strategic innovation capability enhances and enables the ability to differentiate and outperform their competitors (Storey & Kelly, 2001; Baker & Sinkula, 2007). Additionaly, strategic innovation capability is also able to facilitate business operations and administrations to lead to business efficiency and cost reduction (Flint et al., 2005).

Strategic innovation capability is the combination of innovation capability and strategy. Conventional strategic logic focuses on the battle for market share in existing markets and adapting to external trends, while strategic innovation involves inventing a new market space (Kim & Mauborgne, 1999). More recently, strategic innovation capability is defined as the degree to which the firm has the capability to redefine its business, to identify the implications of a business redefinition, to identify new business strategies, to identify core competencies, to enable the implementation of new strategies, to create new market segments, and to identify and use basic skills necessary to create a new business model (Preda, 2012; 2013). Thus, strategic innovation capability refers to the dynamic creation of creative strategic positioning from new products, services, and business models; and emphasizes that this framework was a dynamic view of strategy by which a company establishes sustained competitive excellence (Markides, 1997).

As the integrated part of innovation and strategy, strategic innovation capability is the fundamental re-conceptualization of the business model and the reshaping of existing markets (by breaking the rules and changing the nature of competition) to achieve dramatic value improvements for customers and high growth for companies (Schlegelmilch, Diamantopoulos & Kreuz, 2003). It involves achieving strategy transformation to establish competitive superiority over competitors (Kodama & Shibata, 2014). Like Ussahawanitchakit (2012), and indicates that firm superior competitive advantage is the result of successful strategic implementation.

According to the discussion above and the fundamentals of the dynamic capability theory, this research defines strategic innovation as a firm capability to achieve business competitive advantage via the establishment, development, improvement and motivation of new business models and the effective introduction of dramatic innovations into the marketplace. It is comprised of five distinctive dimensions which are new idea enhancement, proactive activity support, market-driving encouragement, risk-taking circumstance acceptance, and dynamic adaptation commitment. The model also introduces consequences and moderators of strategic innovation capability relationships which focus on the link among strategic innovation capability at the organizational level.

New Idea Enhancement

New ideas are important drivers of innovation. According to Teece (2007; 2009), new idea generation is the ideation dimension of strategic innovation capability. It is the capacity to sense and shape opportunities and threats. A new idea can emerge in different ways and many are created by employees within existing firms (Nikolowa, 2014). The literature illustrates that new business idea generation refers to the competency of a firm to create new operation processes, promote staff for new concept and knowledge development, and support budget for creating new ideas to increase the potential, efficiency, and effectiveness of a firm (Howell & Boies, 2004; Grimaldi & Grandi, 2005). It is process through which the initial business concept is transformed into a product/service ready for commercialization, turning an initial informal social group into an entrepreneurial team (Kamm & Nurick, 1993).

In this paper, the concept of new idea enhancement is not only limited to the generation of the new idea. The precise concept of new idea enhancement also includes the aspect of supporting and implementing new business ideas. Moreover, it can refer to the firm's openness to new ideas. Generation and selection of new ideas is the first step towards achieving successful innovation (Subramaniam & Youndt, 2005; Wu, Lin & Hsu, 2007). The continuous implementation of new ideas would fulfil the concept of new idea enhancement. Hence, new idea enhancement in this paper is defined as the firm's openness to the generation, creation, selection, implementation, and support of novel business initiatives, views, concepts and creations (Howell & Boies, 2004; Grimaldi & Grandi, 2005; Wu, Lin & Hsu, 2007).

Many researchers have mentioned that new idea establishment is the important source for innovation creation (Newell, Swan & Roberson, 1998). Generating new ideas is a significant factor for increasing companies' revenue growth (McAdam & McClelland, 2002). Similar to the prior study of Foo, Wong and Ong (2005), business effectiveness is the effect from the quality of a plan and the quality of new business ideas. Moreover, the potential of an organization to survive and sustain is the new idea that is ready to work in every function within the firm (Karlsson, 1986). Therefore, a firm with new idea enhancement cues in strategic innovation capability will be able to attain greater new product enhancement, business operational excellence, stakeholder involvement exaltation, and firm sustainability. Thus, the proposition is offered as follows:

P1: New idea enhancement is positively related to a) new product establishment, b) business operation excellence, c) stakeholder involvement exaltation, and d) firm sustainability.

Proactive Activity Support

Responsiveness refers to the discovering, understanding and satisfying of expressed customer needs; whereas proactiveness is discovering, understanding and satisfying latent customer needs. Being proactive is not only reacting to change when it happens, but in taking action by causing change toward a state (Dencker et al., 2009). A firm with proactive activity is oriented towards opportunity-seeking, has perspective foresight, and first-moving initiative. A proactive firm is involved in introducing new products or services, fulfillment in markets, and acting in anticipation of future demand by experimenting with change and exploiting appearing opportunities. A proactive firm emphasizes providing innovations that customers have not yet realized they need. Proactive activity refers to a firm's affairs and duty that aggressively enhances the competitive positioning and capability of the firm (Bhatnagar & Viswanathan, 2000). It can be viewed as firm actions, and supports toward future situations, forecasted customer expectation, potential market conditions, and upcoming business environments with resources.

By employing the organizational support literature that defines organization support, it is the level of support within an organization toward organizational activity (Jeong, Pae & Zhou, 2006). Thus, proactive activity support refers to the firm's commitment in promoting corporate mindsets that emphasize opportunity-seeking, has perspective foresight, and first-moving initiative to aggressively enhance competitive positioning, and the capability of the firm (Bhatnagar & Viswanathan, 2000; Jeong, Pae & Zhou, 2006; Dencker et al., 2009).

Previous literature has shown that to develop innovative products and services for the sake of remaining competitive, companies comply with specific government-mandated regulations designed to reduce energy consumption associated with their services (Narayanamurti, Anadon & Sagar, 2009). Some companies will at times proactively engage in sustainability and environmental initiatives stemming solely from their perception of responsibility to society (Yoon & Tello, 2009). Assigning roles to stakeholders is a proactive activity that begins the stakeholder management process (Vos & Achterkamp, 2006). The actively involved stakeholders are the individuals and groups that can influence the outcome of an innovation. Moreover, proactive activity increases customer loyalty, market share (Deepen et al., 2008), stakeholder relationships (Li & Barnes, 2008), innovation capability and business performance (Bodlaj, 2010). Hence, the proposition is assigned as follows:

P2: Proactive activity support is positively related to a) new product establishment, b) business operation excellence, c) stakeholder involvement exaltation, and d) firm sustainability.

Market-driving Encouragement

There is a clear distinction between proactive market orientation and “market-driving behavior” (Narver, Slater & MacLachlan, 2004). The core concept of market-driving encouragement is rooted in market orientation literature consisting of a market-driven perspective and a market-driving perspective (Jaworski, Kohli & Sahay, 2000). While a market-driven perspective refers to the firm that responds and acts toward the existing market structure and characteristics; market-driving perspective, on the other hand, seeks to shape market preferences and structures to their advantage (Sebastiao, 2007). Market-driven firms respond to environmental changes as they arise, but do not attempt to force change back on the environment (Hills & Sarin, 2003). Market-driving is focused “on creating or changing customer preferences,” while proactive market orientation is focused on “discovering and satisfying the existing latent needs of customers” (Narver, Slater & MacLachlan, 2004). Therefore, market-driving or driving markets is a set of market leader behaviors through which one seeks to fundamentally influence market preferences and structures to their advantage by influencing customer expectations. Instead of assessing and reacting to customer expectations, firms assist customers by forming their expectations as they are related to the new product and service.

Prior literature illustrated that market-driving has been proposed as a key to firm success in creating new market opportunities (Kumar, Sheer & Kotler 2000; Hills & Sarin 2003). Firms with a market-driving perspective are prone to induce changes in the market structure and change in behaviors of the players, (customers and competitors) to enhance firm competitive position (Jaworski, Kohli & Sahay, 2000). By the assumption that customers do not know their own preferences, marketers can act to develop and form them (Gebhardt, Carpenter & Sherry, 2006). Market-driving organizations aim to achieve greater performance, reshaping the structure of the market and exploiting the competitors’ weaknesses in order to become the market leader. Therefore, market-driving firms are opposed to market sensing, and frequently re-conceptualize existing industry recipes of segmentation, creating value through re-defining industry pricing policies, growing sales through educating customers, revolutionizing channel structures, and surpassing customer expectations (Kumar, Scheer & Kotler, 2000).

Market-driving encouragement creates, shapes, and accelerates, rather than predicts or responds to potential markets or industry movements (Kumar, Scheer & Kotler, 2000). It seeks to shape the evolution of the market which can be successful by increasing customer value by innovativeness and creating new production (Carrillat, Jaramillo & Locander, 2004). In addition, market-driving-encouragement allows organizations to exploit opportunities that competitors cannot (Hamel & Prahalad 1994). Hence, market-driving encouragement is a market leader’s perspective in supporting business activities that can create, shape, and accelerate potential markets to exploit opportunities which competitors cannot (Hamel & Prahalad 1994; Jaworski, Kohli & Sahay, 2000; Kumar, Scheer & Kotler, 2000). Firms with great market-driving encouragement tend to accomplish new product establishment, business operation excellence, stakeholder involvement exaltation, and firm sustainability. Therefore, the proposition is given as follows:

P3: Market-driving encouragement is positively related to a) new product establishment, b) business operation excellence, c) stakeholder involvement exaltation, and d) firm sustainability.

Risk-Taking Circumstance Acceptance

The relationship between risk-taking and innovation performance is particularly fruitful. Risk-taking is valued and essential to innovation and success (March, 1987). Risk is defined as “the perceived probability of receiving the rewards associated with the success of a proposed situation, while the alternative situation provides less reward, and has less severe consequences than the proposed situation” (Brockhaus, 1980). Moreover, Baird & Thomas (1985) purposed that strategic risk-taking refers to “corporate strategic moves that cause returns to vary, that involve venturing into the unknown, and that may result in corporate ruin – moves for which the outcomes and probabilities may be only partially known and where hard-to-define goals may not be met” (p. 231). It involves investing significant resources in activities with a high possibility of failure, which includes incurring heavy debt or making large resource commitments in the hope of reaping potentially high benefits (Lumpkin & Dess, 1996; Cai et al., 2015).

Taking risks in organizations is important in explaining innovation performance (Garcia-Granero et al., 2014). Several streams of research propose that risk-taking propensity can make a difference in defining the ability of firms to innovate. The work by Covin and Slevin (1986) for example, suggested that taking-risk in businesses is described as follows: “The extent to which the top managers are inclined to take business-related risks, to favor change and innovation in order to obtain a competitive advantage for their firm, and to compete aggressively with other firms’ organizational processes, methods and styles, are firms that act entrepreneurially” (p.77). Firms with more propensities to take more tolerance and acceptance toward risks are more likely to perform better.

Organizational risk-taking propensity is conceptualized as the general tendency of a firm to take or avoid risks, and operationalize it in terms of how daring the top management team is (decision-maker characteristics), how much the company culture rewards taking chances (organizational context), and the extent of situation driven risk-taking (situation characteristics) (Saini & Martin, 2009). Previous research suggested that taking risks in organizations is important in explaining innovation performance. From a managerial perspective, entrepreneurial orientation and leadership theories have been used to explain the positive relationship among managers' risk-taking, innovation (Atuahene-Gima & Ko, 2001; Garcia-Granero et al., 2014), competitiveness (Gibb, 2010), and heightened performance (Wiklund & Shepherd, 2005; Madsen, 2007; Kong-Hee 2014).

Risk propensity and risk perception influence risk-taking circumstance acceptance. The risk-taking circumstance acceptance in this paper is involved in opportunity-seeking (Hills, Lumpkin & Singh, 1997), decision-making (Busenitz, 1999), and the overall propensity to continually enter into risk-taking situations (Gibb, 2010). Thus, risk-taking circumstance acceptance is defined as firm capability and attitude toward engaging in uncertain situations, and admitting to the results and consequences without regret (Hills, Lumpkin & Singh, 1997; Gibb, 2010). Thus, the proposition is elaborated as follows:

P4: Risk-taking circumstance acceptance is positively related to a) new product establishment, b) business operation excellence, c) stakeholder involvement exaltation, and d) firm sustainability.

Dynamic Adaptation Commitment

According to Miles and Snow (1978), organizational adaptation is a dynamic process of adjustment to change in environmental uncertainty, and of maintaining an effective alignment with the environment while internal interdependencies are efficiently managed. It refers to engagement over time of self-regulatory processes which enable loss reduction, maintenance, or improvement of performance effectiveness in a changing environment (Firth, 2010). This specific capability enables firms to adjust and respond successfully to environmental change (Lee, 2001). The important aspect of adaptability is a precondition for successful business. Therefore, organizational adaptation is one important factor for a firm to achieve competitive advantage (Tuominen, Rajala & Moller, 2004).

The concept of dynamic adaptation encompasses the routines of diversity, learning, creativity, innovation, competitiveness, and co-evolution (Carayannis & Campbell, 2009). It is related to routines of resource exploitation and deployment, which are supported by acquisition, internalization and dissemination of extant knowledge; as well as resource reconfiguration, divestment and integration (Dixon, Meyer & Day, 2014). Therefore, dynamic adaptation commitment refers to organizational orientation in the continuous process of adjustment to environmental change and uncertainty, and of maintaining an effective alignment with the environment (Miles & Snow, 1978; Carayannis & Campbell, 2009; Firth, 2010). It is the norm and obligation in the continuous reclamation in response to change and uncertainty.

Previous literature shows that there is a theoretical link among dynamic adaptation, innovation and business competitiveness. Organizational adaptation is the key aspect needed to achieve competitive advantage (Floyd & Lane, 2000). Innovation is considered one of the keys that may help companies dynamically adapt to both internal and external contexts (Grant, 2005). Committing to organizational dynamic adaptation enables loss reduction, maintenance, or improvement of performance effectiveness in a changing environment (Jundt, 2008). Moreover, research shows that stakeholder relationship quality (Woo & Ennew, 2004) and business long-term relationships (Holm & Eriksson, 2000) result from business dynamic adaptation. Therefore, the proposition is posited as follows:

P5: Dynamic adaptation commitment is positively related to a) new product establishment, b) business operation excellence, c) stakeholder involvement exaltation, and d) firm sustainability.

The Relationships among the Consequences of Strategic Innovation Capability

This section examines the relationships among the consequences of strategic innovation capability consisting of new product establishment, business operational excellence, stakeholder involvement exaltation and firm sustainability. The literature review on the definition of each construct and purposed propositions are discussed below.

New Product Establishment

Drawing on new product development literature, new product development (NPD) constitutes a key means for modern firms to achieve greater competitiveness and business performance (Verona, 1999; Oldenboom & Abratt, 2000; Li, Liu & Zhoa, 2006). It refers to the process of thinking of, and creating a new product/service and outcomes for achieving a corporate goal (Nakata & Sivakumar, 1996). Likewise, Thipsri & Ussahawanitchakit (2008) defined new product development as the process of conceiving and creating a new product and outcomes of a specific process in order to achieve business objectives. In addition, previous literature identified six categories of new product consisting of: new-to-the-world; new product lines; additions to existing product lines; improvements and revisions of existing products; repositioning; and cost reduction (Booz, Allen & Hamilton 1982).

Continuously, introducing new products into the market has become a key factor for a company to succeed in the market (Tsai & Chuang, 2006). Researchers showed that new product development can provide the corporation with change to learn in regards to the new rich environment, to create new competencies, develop strategic choice (Howell, Shea & Higgings, 2005); and attain marketing position advantage (Vorhied and Harker, 2000) and business performance (Ledwith & O'Dwyer, 2009). However, many new products failed, and instead, generated significant financial and strategic losses to the firms.

Product establishment or successful product development requires firms to develop routines and practices (Mishra & Shah, 2009), cost, and time efficiency (Racela & Thoumrungroje, 2010). A critical issue for new product development success is the firm's awareness of new knowledge that is necessary to create an ongoing stream of new products and processes for new product development. Moreover, the study of Ledwith and O'Dwyer (2009) demonstrates that new product development success is measured by market-level performance, financial performance, customer acceptance, product-level performance, and timing.

Therefore, the concept of new product establishment in this paper refers to the firm ability to successfully develop and launch its new product/service to the market with significant financial outcomes and strategic advantage for those firms (Thipsri & Ussahawanitchakit, 2008; Ledwith & O'Dwyer, 2009). As a consequence, the proposition is set out as follows:

P6: New product establishment is positively related to a) stakeholder involvement exaltation and b) firm sustainability.

Business Operation Excellence

Traditionally, operations refer to the production of goods and services which involve the responsibility of ensuring that business can meet customer and market demand (Chales & Jacob, 2001). The term "operational excellence" is derived from strategic cost management which can improve ability in planning, cost estimation, and inventory control, (Nah, Islam & Tan, 2007). It is the ability of an organization to attain its absolute level of operational goals and objectives of activities (Ostroff & Schmitt, 1993; Kumar & Gulati, 2010). Excellence in organizational operations has resulted in cost reduction (Rabinovich, Dresner & Evers, 2003), organizational objectives, goal achievement (Gordon, Loeb & Tseng, 2009), and organizational survival (Kumar & Gulati, 2010).

Likewise, business excellence is based on the principles of customer focus, stakeholder value, and process management through the systematic use of quality management principles and tools in business management, with the goal of improving performance (Rivard, Raymond & Verreault, 2006). It emphasizes some key strategic issues such as the developing of core business functional processes, human capital investment, and new innovation and technology enhancement, for example. Therefore, the term "business excellence" can be referred to as the novel techniques to improve management, operations and process development, to analyze and monitor ongoing operations to conform to the changing environment, and to predict before the competitors (Hardjono & Marrewijk, 2001; Pansuppawattand & Ussahawanitchakit, 2011). The outcomes of business excellence are the best practices within an organization, such as responding to strategic objectives, providing stakeholder satisfaction, and sustaining firm competitiveness (Ritchie & Dale, 2000). Moreover, the pursuit of business excellence is a way of improving a business for a competitive advantage (Bandyopadhyay, 2011).

Having excellence in business operations can refer to the superior ability of a business unit to attain its absolute level of operational goals and objectives (Kumar & Gulati, 2010). Thus, business operational excellence, in this paper, is defined as the supreme ability of the firm in operating its production process to achieve its operational goals and competitive advantage (Nah, Islam & Tan, 2007; Kumar & Gulati, 2010). In short, business operation excellence is defined as the firm's superior ability in managing its business operations. Hence, firms achieving business operation excellence tend to acquire greater stakeholder involvement and sustainability. Therefore, the proposition is given as below:

P7: Business operation excellence is positively related to a) stakeholder involvement exaltation and b) firm sustainability.

Stakeholder Involvement Exaltation

The stakeholder is any group or individual that can affect or be affected by the activity of an organization engaging in accomplishing its mission and goals (Freeman, 1984). Stakeholders include, but are not limited to, customers, regulating agencies, non-governmental organizations (NGO), shareholders, manufacturers and suppliers (Prunell, 2012). Business stakeholders are employees, customers, suppliers, bondholders, shareholders, and local authorities (Aabo, 2004).

Stakeholder involvement is a proactive activity that begins with the stakeholder management process (Vos & Achterkamp, 2006). The actively-involved stakeholders are the individuals and groups that can influence the outcome of an innovation (Prunell, 2012). In short, stakeholder involvement refers to business vision that emphasizes and focuses on the enhancement of its stakeholder participation, collaboration and relationship. The concept of stakeholder participation is defined as a process in which individuals, groups and organizations choose to take an active role in decision-making that affects them (Wandersman, 1981; Rowe, Marsh & Frewer, 2004). It is greatly emphasizing empowerment, equity, trust, and learning (Reed, 2008). In addition, stakeholder relationships are the connections that promote mutual understanding and value creation for the organization (Simberova & Pollard, 2008; Myllykangas, Kujala & Lehtimaki, 2010). Stakeholder relationship is a balance among the various interests of stakeholders to create added value through vision, mission and social norms (Simberova & Pollard, 2008). It includes co-operation, collaboration and network influences (Myllykangas, Kujala & Lehtimaki, 2010).

The prior literature suggested that stakeholder involvement positively influences the reputation and the image of the firm (Weber, 2008), business decision quality, efficiency (Chess & Purcell, 1999; Clercq, Dimov & Thongpanl, 2010), organizational success (Todt, 2011), and coporate sustainability (Dube & Swatuk, 2002; Jonge, 2006). Therefore, in this paper, stakeholder involvement exaltation is defined as the escalation in corporate collaborations, participations and relationships with any group or individual that can affect or be affected by the activity for which an organization is engaging to accomplish its missions and goals (Freeman, 1984; Rowe, Marsh & Frewer, 2004; Myllykangas, Kujala & Lehtimaki, 2010). Therefore, the proposition is assigned as below:

P8: Stakeholder involvement exaltation is positively related to firm sustainability.

Competitive Intensity

Drawing on the contingency theory, competitive intensity is the external factor that significantly influences business structure, organizational system, business operation and performance. Competitive intensity refers to degree of competition that a firm faces in its industry or a specific market (Zhou, 2006). It is a situation where competition among competitors in the market is volatile and lacks opportunity for future growth (Auh & Menguc, 2005). This highly competitive environment causes firms to change and innovate in their products and business processes (Sriboonlue & Ussahawanitchakit, 2014). Competitive intensity generates business difficulties and complexities in business operations and processes. The source of this competition could be the increase of new competitor entrants, quality and development of new products and technology, and pricing strategy and competition among existing firms (Nurittamont & Ussahawanitchakit, 2010).

Meanwhile, some research shows that competitive intensity has been involved with low performance (Matusik & Hill, 1998); whereas, Yang and Lui (2006) purposed that competitive intensity has a positive association with innovation adoption and corporate performance. Therefore, in this research, in order to sustain business superior performance, firms are needed to be more innovative, especially when they operate under a dramatically hyper-competitive environment. Furthermore, innovation outcome in hyper-competitive environments are likely to increase business performance and firm sustainability. So, the proposition is offered as follows:

P9: Competitive intensity positively moderates the relationship among each of five dimensions of strategic innovation capability and a) new product establishment, b) business operation excellence, c) stakeholder involvement exaltation and d) firm sustainability.

Firm Sustainability

In short term, businesses endeavor to archive their short-run goals, superior performance, cost reduction, customer satisfaction, and market share. Firm superior performance is established by the implications of a firm's strategy (Venkatraman & Ramanujam, 1986). However, long-term business goals, such as firm sustainability, for example, are now becoming an interesting topic. Business sustainability is driven by many factors, including unethical business practices, global warming, energy and resource shortages, and enhancing corporate reputations (Wong & Avery, 2009).

Firm sustainability refers to the firm's ability to meet and satisfy the its direct and indirect stakeholder demands, without compromising its ability to meet the need of future stakeholders as well (Dyllick & Hockerts, 2002). Similarly with firm performance and sustainability, are also the measures for evaluating the achievement of a firm's strategy (Stanley, Hult & Olson, 2010). It involves sustaining and expanding economic growth, shareholder value, prestige, corporate reputation, customer relationships, and the quality of products and services (Szekely & Knirsch, 2005). Moreover, firm sustainability also often increases profits and can generate savings through improved processes (Dunphy, 2004). Hockerts and Wustenhagen (2009) proposed that existing corporate sustainability or sustainable entrepreneurship described activities by firms that illustrate radical innovation rather than incremental innovation, routinely engaging in incremental environmental or social process innovation through the launch of sustainable administrative systems, eco-efficiency or corporate social responsibility initiatives. Therefore, with respect to the literature reviews, this research defines firm sustainability as the continuous increase and maintainability of business income, profitability, product and service quality, market share, business growth, and reputation over competitors (Dyllick & Hockerts, 2002; Szekely & Knirsch, 2005).

CONTRIBUTIONS

This paper offers some theoretical contributions as well as managerial implications. There are relatively fewer studies conducted on organizational innovation based on the viewpoint of an organization as a whole (Chuang, 2005). The core theoretical contribution relates to conceptualizing the comprehensive view of strategic innovation capability as a multidimensional construct, which are newly developed constructs and dimensions, differentiating from prior strategic management and innovation capability literature. This conceptual paper sensitizes and explains theories associated with how a business firm achieves and fulfills its goals and, at the same time, maintains its sustained competitive advantage and superior performance in a radical business environment. It clarifies the nature of strategic innovation capability for future research. This paper also attempts to incorporate several theories to propose logical links in a conceptual model, including the dynamic capability theory (Teece, Pisano & Schuen, 1997) and contingency theory (Lawrence & Lorsch, 1967; Drazin & Van de Ven, 1985). Relying on the dynamic capability and contingency theories, business survivability and successes are subjected to business capability in generating novel innovations for industry. Vice versa, this paper proposes that strategic innovation capability is required to enhance business performance and sustainability. It also provides a crystal-clear understanding of the relationships among five dimensions of strategic innovation capability and firm sustainability through new product establishment, business operation excellence, and stakeholder involvement exaltation, under the moderating effect of competitive intensity that influences the aforementioned relationships.

Furthermore, the discussions of this paper also contribute to managerial practices concentrating on strategic innovation capability implementation and the usefulness of strategic innovation capability that stimulate and enhance the success and sustainability of innovative and high-tech businesses. It highlights the importance of business's strategic innovation capability that accommodates and facilitates managerial executive decision-making and resource allocation strategy. Managerial executives must be aware and realize that strategic innovation capability allows the business sector to attain long-lasting profitability and competitiveness. Moreover, organizational creativity, business learning competency and leadership are mandatory factors in promoting strategic innovation capability.

Future Research Directions

Future research direction may shad light on high technology or manufacturing industries in a developing country like the auto parts industry in Thailand. The context of auto parts firms in Thailand represents a highly competitive and innovative business environment (Sriboonlue & Ussahawanitchakit, 2014). According to the National Science and Technology Development Agency, Thailand is Asian's number one automobile and auto parts manufacturer, which is ninth in the world (National Science and Technology Development Agency, 2015). The record from the Federation of Thai Industry shows that auto parts businesses in Thailand has gained more than 50% annual growth in 2010 and over 30% growth in 2012 with the total value of twenty six billion U.S. dollars in 2014 (Federation of Thai Industry, 2015). The support from government in the first-car policy raises both customer demand and competitive intensity in the auto parts industry, while the coup d'etat in 2014 and the downturn of the world economy impaired the market. The developments of automobile technology also encourage the auto parts industry to innovate. Moreover, Thai auto parts businesses have played a significant role in helping to increase and expand the Thai economy in terms of economic growth and stability (Panya & Ussahawanitchakit, 2013). This can be tested by an empirical approach to validate the relationships of propositions presented in this paper. However, different settings (for instance, national and industry) may lead to validate the propositions.

CONCLUSION

This conceptual paper intends to exhibit a crystal-clear understanding of the relationship between strategic innovation capability and firm sustainability. This is done purposing five newly-developed distinctive dimensions of strategic innovation capability, including new idea enhancement, proactive activity support, market-driving encouragement, risk-taking circumstance acceptance, and dynamic adaptation commitment. The essential consequences of strategic innovation capability, which are new product establishment, business operation excellence, and stakeholder involvement exaltation, were illustrated. Moreover, the combination of competitive intensity as a moderator, were also highlighted. Therefore, the empirical investigation to test and validate this purposed framework of strategic innovation capability is needed.

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THE IMPACT OF BRANDING CAPABILITY ON THE SUCCESS OF SPA BUSINESS IN THAILAND

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ABSTRACT

This research is intended to test whether or not the branding capability is an administrative process that allows business entrepreneurs to operate maximum achievement, results an outstanding corporate image, brand equity, brand personality, and brand reliability in order to provide customer satisfaction. Businesses can meet the customer's needs precisely as well as create a competitive advantage and remain with the success in terms of both money and non-money. Therefore, the researcher decided to study on the impact of branding capability on the success of spa business in Thailand. The data were collected from 200 local Thai Spa business entrepreneurs. It revealed that the findings of the study supported the hypotheses under the research's conceptual framework. Therefore, the findings and recommendations are useful to apply and contribute to related researches in the future.

INTRODUCTION

Under the growth of spa industry and its increasingly competitive environment, every organization or business expects the advantages in competition. Therefore, spa business must give priority to the search for strategies or good management processes to build up identity for competitive advantage in branding that causes the outstanding corporate image, brand equity, brand personality and brand reliability. This is to create the competitive advantage and the existence of business. (Hall & Williams, 2008). In addition, the capability of branding reflects that the business is able to create or develop products and new service processes in order to meet the needs of the customers and contribute the success of the operation, as defined (Kupper, 2001). However, results from the branding capability will be more effective if the business focuses on human resource development (Walsh, Enz & Canina, 2008) in order to demonstrate their knowledge, skills, abilities and professionalism in servicing, including the factors that stimulate business development and provide the ability to create brand effectively. This is the vision and creativity of the leaders within an organization (Sundbo, Francina & Flemming, 2007) where they are able to change and create new business and marketing activities that can be used as a method of communication between an organization and its customers with an emphasis on building relationships with customers continuously. Similarly, the concept of Doty et al., (1993) suggested that the resource-based view theory was the main base for operations; the performance of the organization or business was determined by internal resources. Meanwhile, the contingency theory or situational management theory was developed and used to test the appropriate method of the organizational management. If organizations improve organizational management strategies consistent with the operating environment or current situation, it will certainly result in better performance of the organization.

Regarding the branding capability of the business, entrepreneurs should take into consideration the perception for competitive intensity that may render both direct and indirect effects which become a condition to define a strategy to suit the actual situation. At the same time, businesses should give the first priority to be aware of the customer's experience (Landroguez, Castro & Carrion, 2011). Since the perceptions of customer’s needs of are many and varied, good management is provided to meet the customer’s need and to satisfy them most (Sidhichai Farangthong, 2005; Bogdan & Ioana, 2008). Businesses are also committed to improve their quality of service standard which will reflect what the business capability is like and how fast the success of a business under the changing situation is affected.(Spanos and others. 2004)

From the reasons mentioned above, the researchers are interested in studying the impact of branding capability on the success of the Spa business in Thailand with the following objectives.

1. To test whether or not the branding capability affects the success of the spa business in Thailand.
2. To test the impacts on reputation satisfaction and customer response on the success of the spa business in Thailand.
3. To test the effects of the perception for competitive intensity of the organization, the awareness for customer experience, and the differential service quality focus on each aspect of branding capability.
4. To test the effects of the communication between organizations and customers on the relationship between each aspect of branding capability and the reputation satisfaction and customer response on the spa business in Thailand.
5. To test the effects of the leader creativity with a relationship between the perception for competitive intensity of the organization, the awareness for customer experience, and differential service quality focus, on various aspects of branding capability.

Also the specific research questions are as follows

1. How does each aspect of branding capability affect on the reputation satisfaction, customer response and the success?
2. How do the reputation satisfaction and customer response affect the success?
3. How do the perception for competitive intensity of the organization, the awareness for customer experience, and the differential service quality affect each aspect of branding capability?
4. How does the communication between organizations and customers affect the relationship between various aspects of branding capability and the reputation satisfaction and customer response?
5. How does the leader creativity affect the relationship between the perception for competitive intensity of the organization, the awareness for customer experience, and the differential service quality focus in each aspect of branding capability?

LITERATURE REVIEWS

This research demonstrates the conceptual framework as shown in Figure1 describing the branding capability which has an effect on the business performance through the business environment and become the influence of the variables and from the other business competitors.

The study presents the various structures which affect mutually in a positive way.

Therefore, this research conceptual framework can show the relationship between each variable as shown in Figure 1.

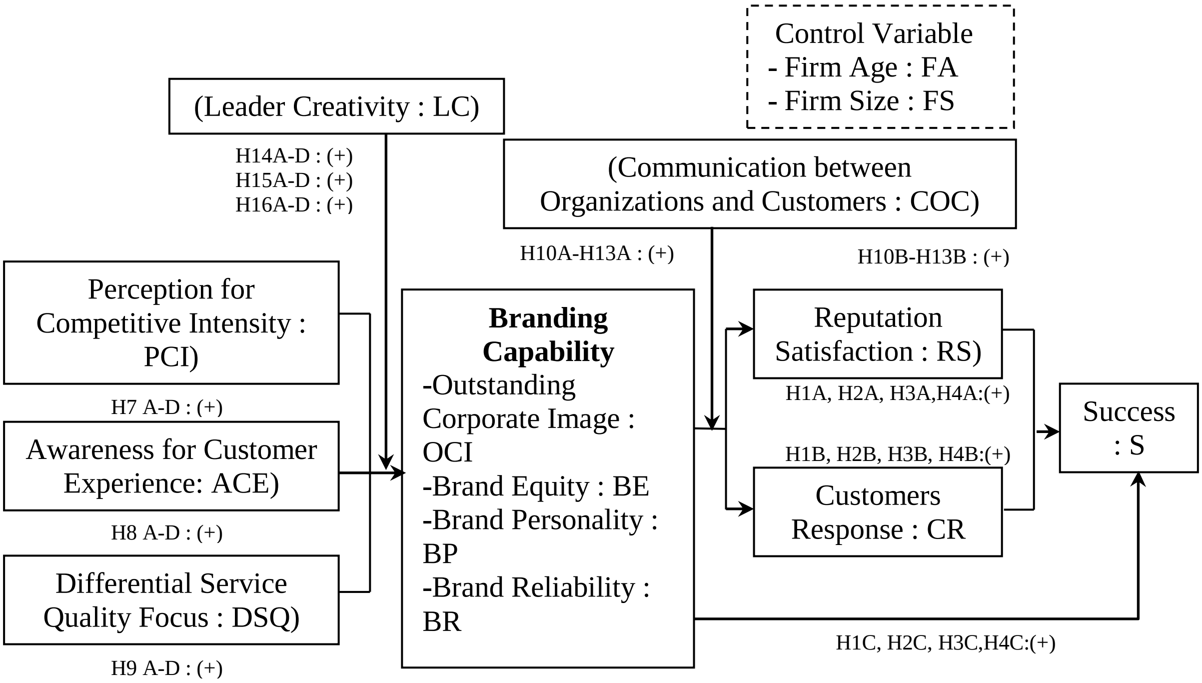

Figure 1: Conceptual Framework

According to the conceptual framework of the research: Figure 1, it displays the relevant literature review in this research based on the 2 theories: the resource-based view theory and the contingency theory. The resource-based view theory describes that a resource within the organization or business is the main base for operations in which the performance of an organization or business is determined by internal resources. The contingency theory aims to describe the strategy that is used in business and organizational management, which must be consistent with the operating environment or situation that occur at that time. Therefore, in the study of how branding capability affected the success of the spa business in Thailand, the contingency management theory is the choice for the management to determine the structure and system, and to control the organization depending on the circumstances and the characteristics of the environment. The businesses should consider environmental factors, both internal and external which are important variables that affect the operation of the business. Moreover, they also influence in defining an appropriate strategy to assist in managing the business.

Branding Capability

The brand capability that is very important for business. To be successful, businesses have to be managed systematically with the clear process for a strong brand. (Fazio, 1986; cited from Farquhar, 1990). Managing the process to strengthen the brand requires systematic thinking of which the step must be defined with the clear objectives. Hence, the branding capability must include the important elements as follows:

Outstanding Corporate Image

Outstanding Corporate Image refers to the mental synopsis that is stored in the customers' memory. The customers are familiar with and recognize the brand as soon as they think due to the perception of business properties recognition such as the impression in products, services, and organizational management. (Morley, 1998)

Brand Equity

Brand Equity refers that customers have positive views on the distinction of the product brand when compared to those of the competitors. This allows the customers to look at the value of goods and services greater than those of the competitors. There will be a feeling of pride while purchasing goods or services that are accepted by relevant organizations. (Aaker, 1991)

Brand Personality

Brand personality refers to the particularity of the product that the customers can recognize clearly whereas competitors cannot imitate it. The spa business established these properties for the service recipients to be recognized. For instance, decorate the place with bright colors that represent fun, provide the warm and friendly services that represent home-like atmosphere, and use technology to manage the administration that represents the modernization of the organization. (Schultz & Schultz, 2005)

Brand Reliability

Brand reliability refers to the customer's reliability and confidence towards the service of the business. The customer is committed with the intention to always use the spa service and never change their mind to use the services of others. (Taylor, Celuch & Goodwin, 2004)

Reputation Satisfaction

Reputation satisfaction refers the positive feelings of the customers towards the spa business reputation due to the good services that meet their expectations or even better than their expectations. (La Barbera & Mazursky 1983; cited in Pranee Koocharoenpaisan, 1999) found that the customer satisfaction and customer dissatisfaction were highly related to the repeated purchasing behavior. This can be done by creating customer satisfaction; the customer should have good experience from the early servicing. When a customer has more good experiences, the repeated purchasing will be retained as a guarantee in the long run.

Hypothesis 1A- 4A: 4 aspects of branding capability affect positively the reputation satisfaction.
Hypothesis 1C- 4C: 4 aspects of branding capability affect positively the success.

Customers Response

Customers response means the ability of a spa business in keeping the old customer base and attracting new customers as well as increasing a market share by attracting the new customer groups. Piriya Kaewwiset (2011) stated that the response to the customer's needs is one of the factors that indicate how much the success of the business can meet the needs of the customers.

Hypothesis 1B- 4B: 4 aspects of branding capability affect positively the customer response.
Hypothesis 5: The reputation satisfaction affects positively the success.

Success

Success means the outcomes of a spa business operation due to its capabilities. This can be evaluated from the satisfaction reputation and the customers response (Danai Tianput, 2002; cited in Kaplan & Norton,1996) that lead to the following hypotheses.

Hypothesis 6: The customer response affects positively the success.

Perception for Competitive Intensity

Perception for competitive intensity refers to the importance of today's competitive situation of spa business in Thailand; for example, the strategies of competitors, the numbers of competitors, the growth rate of business, and the sale promotion as well as the access of new competitors in spa business market. (Auh & Menguc, 2005)

Hypothesis 7A- 7D: The perception for competitive intensity of the organization affects positively each aspect of branding capability.

Awareness for Customer Experience

Awareness for customer experience refers to the perception of customer's needs that are many and varied and that encourage the organization to provide good management to meet the customer's need and to satisfy them best (Tomake & Von, 2002)

Hypothesis 8A- 8D: The awareness for customer response affects positively each aspect of branding capability.

Differential Service Quality Focus

Differential service quality focus refers to the intention to change the services in various styles to be standardized so that the customer service will be recognized over the expectation in terms of price and value. All these rely on the service skills which is better than the competitors'. As a result, the customers will be satisfied and eager to be served repeatedly (Groon roos, 2000). This leads to the following hypotheses.

Hypothesis 9A- 9D: The differential service quality focus affects positively each aspect of branding capability.

Communication between Organizations and Customers

Communication between organizations and customers refers to marketing activities that the spa business uses as a method of continuous communication with customers especially two-way communication, focusing on the customer's understanding, good awareness, and favor of the Organization itself, of the goods or services. The purpose is to develop the relationship between the spa business and customers, continuously beneficial for both sides in the long term. This leads to the following hypotheses.

Hypothesis 10A- 13A: The communication between organizations and customers affects positively the relationship between each aspect of branding capability and the reputation satisfaction.

Hypothesis 10B-13B: The communication between organizations and customers affects positively the relationship between each aspect of branding capability and the customer response.

Leader Creativity

Leader creativity refers to having new concept to develop the skills and abilities of the firm staff and to be applied in a spa business in order to help encourage the branding capability to achieve a goal. The attributes of the new era leaders include wide vision, leadership, and ability to define business strategies, initiative with the idea of creating new market, ability to motivate employees, and ability to solve problems (Chaisate Promsri, 2006). This leads to the following hypotheses.

Hypothesis 14A- 14D: Creativity of the leader has a positive impact on the relationship between the perception for competitive intensity and each aspect of branding capability.

Hypothesis 15A- 15D: Creativity of the leader has a positive impact on the relationship between the awareness for customer experience and each aspect of branding capability.

Hypothesis 16A- 16D: Creativity of the leader has a positive impact on the relationship between the differential service quality focus and each aspect of branding capability.

Results and Discussion

Table 1 The correlation analysis to examine the relationship between the variables used in the study revealed that the correlation coefficients between independent variables have the value not exceeding 0.80 (Cooper & Schindler, 2006). Subsequently, the researchers conduct Multicollinearity test in order to consider the VIF. The result is in accordance with Lee, & Lee Lee (2000) who proposed that if VIF is less than 10, the independent variables do not have a relationship. Therefore, the variables used in this study have no problems with Multicollinearity. The result from the overall correlation coefficient between each variable is statistically significant at 0.01and 0.05.

Table 1 The result from the overall correlation coefficient between each variable is statistically significant at 0.01and 0.05.

Variables	OCI	BE	BP	BR	RS	CR	S	COC	PCI	ACE	DQS	CL	FA	FS
$\overline{X}$	4.08	3.93	3.78	4.01	4.22	3.92	3.78	3.97	4.08	4.04	4.28	4.10	3.12	2.29
S.D.	0.619	0.516	0.686	0.554	0.605	0.524	0.713	0.707	0.673	0.656	0.576	0.707	0.911	1.014
OCI														
BE	0.785***													
BP	0.572***	0.743***												
BR	0.487***	0.647***	0.681***											
RS	0.569***	0.629***	0.525***	0.741***										
CR	0.606***	0.756***	0.583***	0.539***	0.532***									
S	0.615***	0.715***	0.620***	0.666***	0.784***	0.587***								

COC	0.479***	0.595***	0.639***	0.408***	0.416***	0.428***	0.496***							
PCI	0.356***	0.510***	0.412***	0.489***	0.489***	0.351***	0.501***	0.574***						
ACE	0.380***	0.546***	0.360***	0.534***	0.602***	0.439***	0.610***	0.568***	0.787***					
DQS	0.471***	0.448***	0.395***	0.613***	0.673***	0.393***	0.504***	0.527***	0.674***	0.738***				
LC	0.309***	0.435***	0392***	0.609***	0.612***	0.365***	0.575***	0.586***	0.683***	0.772***	0.677***			
FA	0.299***	0.196***	0.087	-0.159**	-0.063	0.178***	0.132**	0.266***	0.031	0.164**	0.150**	-0.093		
FS	0.129**	0.154**	-0.027	0.078	0.123**	0.103	0.143**	0.068	0.053	0.150**	0.001	0.209***	0.017	

**** Statistical Significance level at 0.01 ** Statistical Significance level at 0.05*

Table 2 The results of multiple regression analysis of various aspects of branding capacity towards reputation satisfaction, customer's response, and success, the perception for competitive intensity, the awareness for customer experience, differential service quality focus, which affect various aspects of branding capacity in order to investigate Multicollinearity problems among independent variables using the VIF, shows that VIF independent variable which is the branding capability remains at 1.455 – 4.300 . It means that the independent variables are mutually related, but there is no statistical significance in accordance with the research of Neter Wasserman and Kutner (Ussahwanitchakit, 2002: 58-70; citing Neter Wasserman & Kutner, 1996: 62-80)

Model 1: The branding capability in terms of outstanding corporate image and brand reliability has relationship and positive influence on the reputation satisfaction with a statistical significance at 0.05 and 0.01 respectively. (β_1 = .163, $p < 0.05$; β_4 = .762, $p < 0.01$). This is in accordance with the research finding of Ampol Choosanook Angsumalin Hengmeechai (2013) who found that customer's satisfaction has a positive effect on brand reliability. Therefore, the hypothesis 1A and 4A are accepted. However, the branding capability in terms of brand personality has negative relationship and influence on the reputation satisfaction with a statistical significance at 0.05. (β_3 = -.141, $p < 0.05$). This is opposing the research finding of Ampol Choosanook Angsumalin Hengmeechai (2013) who found that brand image has a positive effect on customer's satisfaction. Therefore, the hypothesis 3A is rejected.

The branding capability regarding brand equity has no influence on the reputation satisfaction with a statistical significance at 0.10 (β_2 = .161, $p > .10$). This is posing the research finding of Ampol Choosanook Angsumalin Hengmeechai (2013) who found that brand equity has a positive effect on customer's satisfaction: The focus on creating a difference from other business competitors together with the services which have been certified by the relevant organizations, shall respond to the expectations of the customers. This is an indicator of customer's satisfaction. Therefore, the hypothesis 2A is rejected.

Model 2: The branding capability in terms of brand equity and brand reliability has relationship and positive influence on the customer's response with a statistical significance at 0.01 and 0.05 respectively (β_8 = .681, $p < 0.01$; β_{10} = .135, $p < 0.05$). This is in accordance with the research finding of Piriya Kaewwiset (2011) who stated that the response to customer's need is one of the business success indicators depending on how the business can make it and it is also in accordance with Ampol Choosanook Angsumalin Hengmeechai (2013) who found that the customer's satisfaction has a positive effect on the brand reliability. Therefore, the hypothesis 1A and 2B are accepted. Nevertheless, the branding capability in terms of the outstanding corporate image of the organization and brand personality produces no effect on the customer's response with a statistical significance at 0.10 (β_7 =-.013, $p > 0.10$; β_9 =-.012, $p > 0.10$). The customer's response is important and it is necessary to create the brand that provides both mental value and the actual benefits of the product so as to satisfy and best meet the customer's need (Groonroos, 2000). Therefore, the hypothesis 1B and 3B are rejected.

Model 3: The branding capability in terms of brand equity and brand reliability has relationship and positive influence on the success with a statistical significance at 0.01 (β_{14} = .438, p < 0.01; β_{16} = .523, p < 0.01). This is in accordance with the research finding of Piriya Kaewwiset (2011) who stated that the response to customer's need is one of the business success indicators depending on how the business can make it and only the equity of the brand that can actually provide benefits based on the needs to the customers. Therefore, customer's satisfaction has a positive effect on the brand reliability. Therefore, the hypothesis 2C and 4C are accepted. However, the branding capability in terms of the outstanding corporate image and brand personality produces no effect on the success with a statistical significance at 0.10 (β_{13} = .106, p > 0.10; β_{15} = .043, p > 0.10). This is because the success of Spa business can be evaluated from the results of business performance: the profit, and the customer's satisfaction and responses. Therefore, the hypothesis 1C and 3C are rejected.

The analysis result of the business operation that has an effect on various aspects of branding capability of the Spa business; in terms of the controlled variables, it was found that the firm age produced a positive effect on reputation satisfaction and success with a statistical significance at 0.05(β_5 =. 134, β_{11} = 125, β_{17} = 170, p < 0.05) It is obvious that the business with long experiences has more opportunities to serve various types of customers with different needs, and to adjust the service strategies that meet the customer's need. The difference of the firm age or the operation period has relationship and positive effect on the result of the different operation of a business (Lin & Chen, 2007) which is opposing Batra (1999) who found that the firm age has no effect on business operation because of the inflexibility, the increase of expenditure, and the obsolete methods of internal management.

Model 4: The reputation satisfaction and customers response has relationship and positive influence on the success with a statistical significance at 0.01(β_{19} = .775, p < 0.10; β_{20} = .298, p < 0.10). This is in accordance with the research finding of Jirawan Chaisuwan (2000) who found that the combination of marketing strategies to create the satisfaction of customers who are ready to buy the goods is the factor of business success. This is also in accordance with the research finding of Rajagopal (2006) who found that acknowledging various needs of the customers allows a business to provide the services and products that best satisfy the customers and as a result the business will be easily successful. Therefore, the hypothesis 5 and 6 are accepted.

Model 5: The perception for competitive intensity has relationship and positive influence on the branding capability regarding brand equity and brand personality with a statistical significance at 0.05 and 0.01 respectively (β_{28} =. 186, p < 0.05; β_{33} =. 302, p < 0.01). This is in accordance with the research finding of Andrew and Ian (2008) who found that the competitive intensity encourages new business branding. Due to this competitive intensity, the business organizations today have to improve and develop their services and products to match the actual situation. Therefore, the hypothesis 7B and 7C are accepted. Nevertheless, the perception for competitive intensity of the organizations produces no effect on branding capacity regarding the outstanding corporate image and the brand reliability a statistical significance at 0.01 (β_{23} =. 134, p > 0.10; β_{38} = -.039, p > 0.10). This is accordance with the research finding of Natthapol Asarat (2009) who found that the competitive intensity of the business was very high, the goods and service selection of the consumers depended on product brand. Hence, the brand of the product plays an important role in creating the consumers' attitudes and reliability towards the product and its firm. It becomes an important factor of marketing management. Therefore, the hypothesis 7A and 7D are rejected.

Model 6: The awareness for customer experience has relationship and positive influence on the branding capability in terms of brand equity and brand reliability with the statistical significance at 0.01 and 0.05 respectively (β_{29} = .228, $p < 0.01$; β_{39} = .179, $p < 0.05$) due to the perception of the customer needs which are varied and numerous and the organization has a good management that can best respond the customers' needs and satisfaction. Thus, the hypothesis 8B and 8D are accepted. However, the awareness for customer experience has negative relationship and influence on the branding capability in terms of outstanding corporate image and brand personality with the statistical significance at 0.10 0.10 (β_{24} = -.053, $p > 0.10$; β_{34} = -.035, $p > 0.10$) which is opposing Aaker (1991) who described that the product brand with its own identity that no one could imitate was what the customers put into consideration before purchasing. To create the brand with outstanding image, the organization had to develop and uniquely combine a variety of strategies using the various techniques in order to support the operation to achieve the required image of the organization. In addition, Kotler (2003) stated that the brand reliability referred to a feeling of profound commitment to purchase and order goods or services repeatedly in the future although it had been influenced by the situation and marketing efforts that would cause the behavior to change the brand. Therefore, the hypothesis 8A and 8C are rejected.

Model 7: The differential service quality focus has relationship and positive influence on the branding capability in terms of outstanding corporate image, brand personality, and brand reliability with the statistical significance at 0.01and 0.05 respectively (β_{25} = .373, $p < 0.01$; β_{35} = .249, $p < 0.05$; β_{40} = .548, $p < 0.01$). This is in accordance with the study of Parasuman and others (1991) who found that delivering high-quality services in the business sectors was the most effective way to build customers confidence. The organization had to propose the goods and services that were distinctive and different from those of other similar business organizations. Therefore, the hypothesis 9A, 9C, and 9D are accepted. Nevertheless, the differential service quality focus produces no influence on the branding capability in terms of brand equity with the statistical significance at 0.10 (β_{30} = .034, $p > 0.10$). This is opposing Churchill & Peter (1998) who stated that the business had to maintain the positive image of the brand and create the brand distinction in the customer's mind. Hence, the hypothesis 9B is rejected.

The analysis result of the factors that affect the various aspects of branding capability of a Spa business; regarding the analysis of control variables, it reveals that the firm age has a positive influence and relations with the perception of competitive intensity of the organizations, the awareness for customer experience, and the differential service quality focus which affect the branding capability in terms of the outstanding corporate image and brand reliability with the statistical significant level of 0.01 (β_{27} =. 263, β_{42} =. 360, $p < 0.01$). The business with long period operations and severe competition experiences can create perfectly the brand reliability for the customers.

In addition, the firm size has a positive influence and relations with the perception for competitive intensity of the organization, the awareness for customer experience, and the differential service quality focus which affect the branding capability in terms of the outstanding corporate image with the statistical significant level of .01 (p = 0.01, 26 .257 <) and the brand equity with the statistical significant level. .01 (31 = .150, p < 0.1) It is evident that the bigger business with larger operation cost will have more support of the budget in creating and developing the strategies that allow the branding capability regarding the outstanding corporate image, and the brand equity to compete against rivals effectively.

Table 2 The results of multiple regression analysis of various aspects of branding capability that affect the reputation satisfaction, the customer's response and the success, and the perception of competitive intensity of the organization, the awareness for customer experience, and the differential service quality focus.

Independent variables	Dependent variable							
	RS	CR	S	S	OCI	BE	BP	BR
OCI	.163** (.074)	-.013 (.067)	.106 (.089)					
BE	.161 (.107)	.681*** (.097)	.438*** (.129)					
BP	-.141** (.064)	-.012 (.059)	.043 (.078)					
BR	.762*** (.074)	.135** (.068)	.523*** (.090)					
RS				.775*** (.058)				
CR				.298*** (.069)				
PCI					.134 (.094)	.186** (.076)	.302*** (.112)	-.039 (.072)
ACE					-.053 (.105)	.228*** (.085)	-.035 (.125)	.179** (.080)
DQS					.373*** (.100)	.034 (.081)	.249** (.119)	.548*** (.077)
FA	.134** (.061)	.125** (.055)	.170** (.074)	.079 (.061)	.263*** (.078)	.080 (.063)	.069 (.093)	-.360*** (.060)
FS	.078 (.057)	.005 (.052)	.113 (.069)	.076 (.061)	.257*** (.077)	.150** (.062)	-.013 (.091)	-.091 (.058)
Adjusted R^2	.616	.575	.595	.654	.285	.324	.177	.479
Maximum VIF	4.300	4.300	4.300	1.455	3.448	3.448	3.448	3.448

**** Statistic significance level at 0.01* *** Statistic significance level at 0.05*
** Statistic significance level at 0.10*

Table 3 Multiple regression analysis of the communication between the organization and customers that affect the relationship between various aspects of branding capability, the reputation satisfaction, and the customer response.

Model 8: The communication between the organization and the customers has negative relationship and influence on the relationship between branding capability regarding the outstanding corporate image and the reputation satisfaction with the statistical significance at 0.01(β_{48} = -.274, p< 0.01). This is in accordance with Suwit Wongruchirawanit (2012) who stated that the communication was an important and unavoidable element for either small or large enterprises since the communication played the main role in transmitting the information, language, images, symbols, sound, and etc. to the consumers. The communication is, therefore, important for brand image (Keller, 2003). The brand image created in customer's mind is caused by the information from the brand owner who has tried to convey the brand identity to the customers. Therefore, the hypothesis 10A is rejected. Nevertheless, the communication between the organization and the customers has no influence on the relationship between branding capability regarding brand equity, brand personality, and brand reliability and reputation satisfaction with the statistical significance at 0.10 (β_{49} = .097, p > 0.10; β_{50} = -.007, p > 0.10; β_{51} = .093, p > 0.10). The customer's satisfaction refers to the expression of positive feelings of the customers towards the services, resulting from the comparative evaluation between the service provided and the brand which the customers directly perceive, without any media. The customers positively distinguish the product brand when compared with those of the competitors. They value the products and services higher than those of the competitors. They are also proud to buy the products and get the services. Thus, the hypothesis 11A, 12A, and 13A are rejected.

Model 9: The communication between the organization and the customers has positive relationship and influence on the relationship between branding capability regarding the brand reliability and the customer's response with the statistical significance at 0.01 (β_{62} = .548, $p < 0.01$). Nowadays, various forms of communication are necessary for the operation of every organization. The communication allows the consumers to get familiar with the product brand as well as to create good attitude towards the organization. Knowing the product brand, the consumers are likely to put it into consideration and purchase (Aaker, 1991). Therefore, the hypothesis 13B is accepted. However, the communication between the organization and the customers has negative relationship and influence on the relationship between branding capability regarding the outstanding corporate image, and the brand personality and the customer's response with the statistical significance at 0.01 and 0.05 respectively (β_{59} = -.340, $p < 0.05$; β_{61} = -.511, $p < 0.01$) due to the brand image in the mind of the customer to whom the brand owner tries to convey its information (Keller, 2003). This is opposing Mohr and Nevin (1990) who stated that the communication helped connect the organization and customers cooperatively. Hence, the hypothesis 10B and 12B are rejected.

Moreover, the communication between the organization and the customers has no influence on the relationship between branding capability regarding the brand equity and the customer's response with the statistical significance at 0.01 (β_{60} = .003, $p > 0.10$) because the brand equity can be directly perceived by the customers without any media. The customers can distinguish the brand positively when compared with the competitors' (Churchill & Peter, 1998). Thus, the hypothesis 11B is rejected.

According to the analysis result of the communication between the organization and the customers that affects the relationship between various aspects of branding capability and the reputation satisfaction and the customer's response, it was found in the controlled variable analysis that the age firm has positive relationship and influence on the communication between the organization and customers, and the customers' response. Regarding the controlled variables analysis, it was found that the age firm has positive relationship and influence on the communication between the organization and customers and also affects various aspects of branding capability and the reputation satisfaction with the statistical significance at 0.01(β_{53} = .310, $p < 0.01$). Therefore, the businesses with long operational experience are able to collect a lot of different and profound information of the customers. This enables them to analyze and plan to create the brand that can actually meet their customers' need.

Table 3 The results of multiple regression analysis of the communication between the organization and the customers that affects the relationship between various aspects of branding capability and the reputation satisfaction and the customer's response of spa business in Thailand.

Independent variables	Dependent variables	
	RS	CR
OCI	.130	-.113
	(0.99)	(.146)
BE	.196	.354**
	(.119)	(.174)
BP	-.212**	-.177
	(.087)	(.127)
BR	.690***	.046
	(.068)	(.100)
COC	-.040	-.114
	(.067)	(.098)
OCI * COC	-.274***	-.340**
	(.103)	(.152)
BE * COC	.097	.003
	(.109)	(.160)
BP * COC	-.007	-.511***
	(.087)	(.128)
BR * COC	.093	.548***
	(.096)	(.140)
FA	.310***	.174
	(.105)	(.155)
FS	.098	.013
	(.101)	(.148)
Adjusted R^2	.639	.221
Maximum VIF	7.745	7.745

**** Statistic significance level at 0.01 ** Statistic significance level at 0.05*
** Statistic significance level at 0.10*

Table 4 The results of multiple regression analysis of the leader creativity that affects the relationship between the perception of competitive intensity of the organization, the awareness for customer experience, the differential service quality focus, and various aspects of branding capability.

Model 10: The leader creativity has a positive relationship and influence on the relationship between the perception of competitive intensity of the organization and various aspects of branding capability regarding brand equity, brand personality, and brand reliability with the statistical significance at 0.10 and 0.01(β_{78} = .166, p > 0.10; β_{87} = .315, p < 0.01; β_{96} =. 231, p < 0.01) which is in accordance with Kaewta Sai-ngarm (2005) who found that modern management of business had to compete for excellence by building a good team and leaders of the organizations. The leaders had to have the vision of changing business world, as well as follow up other issues that affected the organization or business in order to develop the plan and work efficiently. Likewise, Manlika Tonsorn (2001) stated that Corporate leader has a very important role that enables the Organization to target for change and that corresponds to the research of Conger and Ready (2004) who found that each organization had to find modern and able leaders for their own business. Therefore, the hypothesis 14B, 14C, and 14D are accepted. However, leader creativity has no influence on the relationship between the perception for competitive intensity and the branding capability regarding the outstanding corporate image with the statistical significance at 0.10 (β_{69} = .157, p > 0.10). This is opposing the research finding of Helfat & Peteraf (2009) who found that the corporate image reflected the leader ability of each organization and resulted in sustainable competitive advantages. The corporate image derived from the creativity which was not duplicated from the competitors. Hence, the hypothesis 14A is rejected.

Model 11: The leader creativity has a positive relationship and influence on the relationship between the awareness for customer's experience and the branding capability in terms of the brand equity with the statistical significance level of 0.01(β_{79} = .404, $p < 0.01$) which corresponds Chuck Thingsapat (2006) who stated that businesses needed to learn about the customers as much as possible, for example, "Who is a customer of the business?" "Is there any way to access the customer?" and also the leader had to be aware of the customer's experience. Therefore, the hypothesis 15 B is accepted. Nevertheless, the leader creativity has a negative relationship and influence on the relationship between the awareness for customer's experience and the branding capability in terms of the outstanding corporate image with the statistical significance level of 0.05 (β_{70} = -.354, $p < 0.05$) which conflicts with the concept of Manlika Tonsorn (2001) who said that the corporate leaders played an important role of leading the organization to the changing goal. Therefore, the hypothesis 15A is rejected. However, the leader creativity does not influence the relationship between the awareness for customer's experience and the branding capability in terms of the brand personality and brand reliability with the statistical significance level of 0.10 (β_{88} = .169, $p > 0.10$; β_{97}= .064, $p > 0.10$) which conflicts with Thomke & Von (2002) who stated that providing creative customer services was an innovation which the leaders must learn the customer's perception. It could be said that the principle of modern market in the service business sectors began to focus more on service branding. Hence, the hypothesis 15C and 15D are rejected.

Model 12: The leader creativity has a positive relationship and influence on the differential service quality focus and the branding capability in terms of outstanding corporate image with the statistical significance level of 0.01 (β_{71} = .685, $p < 0.01$) which corresponds to the concepts of Kirati Yodyingyong (2006) who recommended that one of the approaches that could generate business branding was providing an opportunity to all the staff to share creative ideas to propose the innovation. Therefore, the hypothesis 16A is accepted. On the other hand, the leader creativity has a negative relationship and influence on the relationship between the differential service quality focus and the branding capability in terms of brand equity, brand personality, and brand reliability with the statistical significance level of 0.61 and 0.10 respectively (β_{80} = -.328, $p< 0.01$; β_{89} = -.202, $p < 0.01$; β_{98} = -.021, $p > 0.10$) This is opposing Parasuraman and team (1985) who viewed that service quality was the attitudes arising from comparison between the expectations in service quality, and recognition derived from actual experience in the service. One important factor that business services should not be ignored was the quality of service. If the business could provide quality service beyond expectations different from that of the competitors, the customer would positively see the difference of brand. Thus, the hypothesis 16B and 16D are rejected.

According to the result of multiple regression analysis of the leader creativity that affects the relationship between the perception of competitive intensity of the organization, the awareness for customer's experience, the differential service quality focus, and various aspects of branding capability, it was found in the controlled variables analysis that the firm age and size had negative relationship and influence on branding capability regarding brand reliability with the statistical significance level of 0.01(β_{100} = -.666, $p < 0.01$, β_{99} = -.351, $p < 0.01$). It is possible that a business with long experiences and larger budget or a big organization may ignore or give less importance on issues concerning the perception of competitive intensity of the organization, the awareness for customer's experience, and the differential service quality focus. All of these affect the branding capability in terms of brand reliability. This is in accordance with the study of Gurbuz & Aykol (2009) who found that the operation period of a business or the firm age generates a relationship in inverse direction to the rapid development or change in business. Thus, a business with long operation period will always have ability to adapt or change less quickly than a new business that has a short operation period.

Table 4 The results of multiple regression analysis of the leader creativity towards the relationship between the perception for competitive intensity of the organizations, the awareness for customer's experience, the differential service quality focus, and various aspects of branding capability.

Independent variables	Dependent variables			
	OCI	BE	BP	BR
PCI	.164	.328**	.389***	-.283**
	(.170)	(.147)	(.146)	(.129)
ACE	-.213	-.103	-.425***	-.140
	(.153)	(.133)	(.131)	(.116)
DQS	.134	.145	.378***	.718***
	(.117)	(.101)	(.100)	(.089)
CL	-.022	.065	.047	.462***
	(.174)	(.151)	(.149)	(.132)
PCI*CL	.157	.166*	.315***	.231***
	(.106)	(.092)	(.091)	(.080)
ACE*CL	-.354**	.404***	.169	.064
	(.157)	(.135)	(.134)	(.119)
DQS*CL	.685***	-.328***	-.202*	-.021
	(.140)	(.121)	(.120)	(.106)
FA	.034	.060	-.047	-.666***
	(.156)	(.134)	(.133)	(.118)
FS	.007	.174	-.270**	-.351***
	(.142)	(.123)	(.122)	(.108)
Adjusted R^2	.354	.370	.360	.597
Maximum VIF	9.361	9.361	9.361	9.361

**** Statistic significance level at 0.01* *** Statistic significance level at 0.05*
** Statistic significance level at 0.10*

CONTRITUTIONS

In this research, the researchers have studied the theories that can be used as a framework to describe a relationship, consisting of two theories: the Resource-Based View theory and the Contingency Theory. The View Resource-Based theory is described that a resource within the organization or business is the main base for operations. It was found that if the business takes into consideration the important factors that induce the development of branding capability, the results regarding brand satisfaction and customer response will be certainly contributed whereas the communication between an organization and its customers, and the leader creativity may not be an important factor in the development of the branding capability. Nevertheless, it is found that the branding capability can be a positive impact towards success when a competitor cannot imitate. If the organizations have these strengths, they will have sustainable competitive advantages. It is, therefore, the strategic management of the spa business, according to the theory of the resource-based view. Diversely, the contingency theory focuses on the management strategy used in a business and organization. It must be consistent with the operating environment or actual situations that might be different.

Business operators can apply the obtained data for planning the development of the branding capability using new concepts in creative service and endeavor to adapt and learn new development skills of thinking and operating processes for the maximum benefit of the organization. Thus, the entrepreneurs should encourage businesses to create their brands in terms of brand equity, brand reliability since they have positive relationship and influence on the customer's response and reputation satisfaction. In addition, the entrepreneurs should be aware of branding capability regarding brand personality which has not only negative relationship and influence on reputation satisfaction but also no influence on customer's response and success.

In addition, government agencies including the Department of Export Promotion, the Ministry of Commerce, the Tourism Authority of Thailand, as well as the private sectors, such as Federation of Thai Spa, and Thai Spa Association, are able to use the finding data as a framework for decision-making regarding the policy and direction to promote the branding capability in the businesses in order to effectively compete and achieve success, both at the enterprise and industry levels of Thai Spa in the future.

CONCLUSION

This research is intended to test the impact and compare the branding capability of the Spa business in Thailand. The data are collected from postal questionnaires. The research samplings include 200 Spa business operators in Thailand. The findings are as follows: The branding capability affects the outstanding corporate image and has a positive influence on the reputation satisfaction but no influence on the customer's response and the success of a business. Regarding the brand personality, it produces negative relationship and influence on reputation satisfaction but no influence on the customer's response. In terms of the brand reliability towards the reputation satisfaction, the customer's response and the success, the brand reliability has positive relationship and influence on the reputation satisfaction, the customer's response and the success. The customer's response has positive relationship and influence on the business success. The impact of the communication between the organization and the customers has negative relationship and influence on the relationship between the branding capability regarding the outstanding corporate image and the reputation satisfaction, and the customer's response. The impact of leader creativity has no influence on the relationship between the perception for competitive intensity of the organization and the branding capability regarding the outstanding corporate image but it has positive relationship and influence on the relationship between the perception for competitive intensity of the organization and the various aspects of branding capability. In addition, the impact of the leader creativity has positive relationship and influence on the differential service quality focus and the branding capability regarding the outstanding corporate image. On the other hand, it has negative relationship and influence on the relationship between the differential service quality focus and the various aspects of branding capability but no influence on the relationship between the differential service quality focus and the various aspects of branding capability.

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DRUCKER, FRIEDMAN, AND MURPHY ON SOCIAL RESPONSIBILITY

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ABSTRACT

Peter Drucker, Milton Friedman, and Patrick Murphy have written about corporate social responsibility. This paper relates brief background information for each author, discusses each author's ethical stance on corporate social responsibility, and makes comparisons among each author. Finally, this paper notes that all three authors find a place for corporate social responsibility albeit somewhat differently.

INTRODUCTION

Social responsibility is not a new concept. The society depicted in the Homeric writings evaluated the worth of the individual "by the way in which he discharges his allotted social function" (Macintyre, 1998. p. 5). Ethics and social responsibility have been discussed and debated in the East (i.e., Confucius) and the West (e.g., Plato and Aristotle) for centuries. Each change in the organization of a society spawns new deliberations of social responsibility (Macintyre, 1998; Vogel, 2005). Just as Homeric epics spoke for the changes in Greek society, contemporary thinkers such as Peter Drucker and Milton Friedman have influenced contemporary society (Chong, 2013; Flaherty, 1999; Romar, 2004; Schwartz, 1998; Vogel, 2005). In addition, Patrick Murphy has published and had influence in the subjects of ethics, corporate social responsibility, and advertising (University of Notre Dame, 2010).

BACKGROUND

Many authors have called Peter Drucker the founder of modern American management (Bowman & Wittmer, 2000; Chong, 2013; Flaherty, 1999; Romar, 2004; Schwartz, 1998). According to Flaherty (1999) and Schwartz (1998), Drucker was raised in Austria, left college early, and joined the trading industry in Hamburg and, later, Frankfurt. Schwartz related that Drucker received his education from a German university at a time when Germany was attempting to "solve modern societal problems by retuning joy to work" (p. 1687). Because of his Jewish heritage, Drucker left Germany at the rise of Hitler (Flaherty, 1999). As an aside, Drucker later called Hitler, Stalin, and Mao "misleaders" (Drucker, 2001. p. 269). Drucker traveled to England and then to America, becoming a U.S. citizen (Flaherty, 1999). Romar argued that Confucian philosophy underlie Drucker's theories. According to Flaherty, Drucker was educated in theology and philosophy and understood the philosophers of both the western and eastern worlds. He taught religion and theology (Drucker, 1981; Flaherty, 1999). Writing in his autobiography, Drucker (1994) stated that it is "his lot to see things differently" (p.5).

Milton Friedman, winner of the 1976 Nobel Prize, was the son of Jewish immigrants and grew up in poverty (Ebenstein, 2007). He received his doctorate from Columbia university and served as economic advisor to Ronald Regan, Berry Goldwater, and Margaret Thatcher (Academy of

Achievement, 2010; Ebenstein, 2007; Hoover Institute, 2013). Friedman credited Adam Smith and Thomas Jefferson for influencing his economic and political thoughts (Friedman, M. & Friedman, R. 1980). He taught economics at the University of Chicago for more than 30 years. (Academy of Achievement, 2010; Ebenstein, 2007; Hoover Institute, 2013).

Patrick Murphy, professor of marketing and ethics at the University of Notre Dame, received his Ph.D. from the University of Houston (University of Notre Dame, 2010). According to Carroll & Buchholtz (2000), Patrick Murphy has “strongly argued that the ethics of virtue in business is an idea whose time has come” (p. 139). Murphy was appointed to the Institute for Ethical Business Worldwide at Notre Dame (Drumwright & Murphy, 2009).

ETHICAL THOUGHT

Agreeing with the writers of centuries ago, Drucker (1981) and Friedman (1970) emphasized that ethics are rooted in the individual rather than in business organizations. In contrast to Drucker and Friedman, Murphy (2009) placed ethics in the larger social world. Additionally, Drucker (1981) and Friedman (1970) believed in equal responsibility for individuals while Murphy (2009) placed more responsibility on top management.

Milton Friedman

Friedman (1970) stated “only people can have responsibilities” (para. 2) and that social responsibilities belong in the private life of corporate employees and not in the realm of representatives of a business. Friedman stated his concept of corporate social responsibility as “there is one and only one social responsibility of business—to use its resources to increase its profits” (Friedman, 1970, para. 33; Friedman, 2002 p. 133); however, Friedman cautioned that businesses must operate “in free and open competition, without deception or fraud” (Friedman, 1970, para. 33; Friedman, 2002 p. 133). Friedman (1983) related that it is an “act of compassion for one human being to give of his substance to another” (p. 305) but wrong to force someone to give to society. Friedman (1970) condemned social expenditures by business as “imposing taxes and spending the proceeds” (para. 22); however, he made an exception for the sole proprietor. In reviewing author citations for the *Journal of Business Ethics*, Calabretta, Durisin and Ogliengo (2011) found that Friedman’s 1970 *New York Times* article remained “among the most cited contributions” (p. 507). However, later citations mention Friedman as an influence rather than actual quotations (Calabretta, Durisin & Ogliengo, 2011). In analyzing Friedman’s writings, Cosans (2009) pointed out that rather than imposing ethics from external sources, if one followed Friedman’s call to operate without deception or fraud, ethics would become internalized in a business organization.

Peter Drucker

According to Drucker (1981), “all authorities of the Western tradition” concur that there is “only one ethics…that of individual behavior in which the same rules apply to everyone alike” (p.19). Noting the Confucian philosophy that the “rules are the same for all” (p. 30), Drucker agreed that using “power in a relationship that is based on function” (p.30) is exploitation. Drucker understood that ethics encompassed morality: A situation could be morally wrong without incurring moral guilt. For example, murdering someone is always morally wrong. However, killing someone who is raping your daughter would not incur moral guilt. Drucker acknowledged that differences in moral reasoning can also occur in different cultural settings. Treviño (1992) concurred stating "cultural anthropology has found that individuals play highly differentiated roles that allow them to accept different values in different life domains" (p. 450). Drucker avowed the Ethics of Prudence (from Aristotle), incorporating the appearance of ethical behavior into one's life, and at the same time warned that the Ethics of Prudence could become an opportunity for leadership such as Hitler to evolve because of charismatic appearances. According to Flaherty (1999), Drucker ascribed to the ideas of Kierkegaard that subjugating the individual to society would forfeit ethics and morals because society would gain importance and the individual would become nothing.

Drucker (1981) insisted that ethical behavior did not change based on social status or wealth. To use status or wealth as an ethics barometer, known as casuistry, leads to morality becoming inferior to social responsibility (Drucker 1981). The ethical "mirror test" (p. 176) required a person to have values and to like what he or she saw in the mirror (Drucker 1999). According to Chong (2013), Drucker believed that "management decision-making requires judgment and a deliberate choice between values" (p. 59).

Patrick Murphy

Patrick Murphy (2009) echoed early Greek thought that responsibility is a call to action and stated that "one of the foundational principles of business ethics is responsibility" (p. 245). However, Murphy focused on corporate social responsibility. Drumwright and Murphy (2009) declared "corporate social responsibility (CSR) is closely aligned with, and at times overlaps, ethics" (p. 83). In contrast to Drucker and Friedman, Murphy (2009) delineated corporate social responsibility by "economic, social, and environmental groups" (p. 246). Murphy (2009) related the concept of "shared responsibility" (p.247) among "corporations, governments, and civil society organizations" (p.246). In contrast to Drucker's concept that ethical behavior applies to all, Murphy (2009) affirmed that the "tone at the top implies upper management is most responsible for ethical or unethical company behavior" (p. 247).

DISCUSSION

MacIntyre (1998) spoke of the history of ethics as "neither a prison nor a museum" (p.4) and that as society changes moral ideas and philosophies change. The Homeric writers reflected the responsibilities delineated by its society. For centuries, societies were not composed of organizations but were mainly agrarian or tradesmen such as blacksmiths. For example, in pre-Christian Jewish society, there existed some organizations, i.e., Pharisees or Scribes. Typical of the time, many people were fishermen, carpenters, or tax collectors. Quite differently, modern society is composed of a society of organizations (Drucker 2001). Both Drucker and Friedman held that ethics are the domain of the individual rather than the business. However, each believed that, if everyone behaved ethically there would be no need for ethics statements. In light of many business and accounting scandals, it is problematic to rely on individuals being ethical. Therefore, there is a call for corporate ethics or values statements. Ethics statements emphasize and communicate corporate values to employees and other stakeholders (Murphy 1998). Murphy (1998) stated that "ethics statements denote the seriousness with which the organization takes its ethical commitments" (p. 1). Murphy's research found that over 90 percent of large businesses have a corporate ethics statement (in a pre-Sarbanes-Oxley era where those statements were not required). Murphy emphasized that there should be sanctions for violating a corporate ethics statement and that 84 percent of ethics statements he surveyed included sanctions. Murphy (1999) cited six types of ethical behavior: “legal, corporate, managerial, social, consumer, and societal” (p. 246).

In fact, while Drucker and Friedman appear to disagree with the concept of business social responsibility, both have, in some ways, advocated it. Both Drucker and Friedman viewed incorporating social responsibility into business practices as opportunities to increase business profit. Friedman (1970) discussed the idea of the “cloak of social responsibility” (para. 24 and 25) and related that a corporation could “generate goodwill as a by-product of expenditures” (para. 26) and profits would increase with business involvement in the community. Agreeing with the concept of goodwill, Vogel (2005) reported that current thought about corporate social responsibility joins profit motive and social responsibility to increase returns to shareholders. Vogel stated that to increase shareholder wealth, companies “must now act virtuously” (p. 26). Vogel thought that Friedman and corporate social responsibility would be more in harmony today. Cosans (2009) concurred with Vogel and related that Friedman realized that investing corporate funds in the community and other social beneficiaries would increase profits and the ability to hire the best workers.

Drucker stated when working for an organization where “the value system is unacceptable to a person…condemns the person both to frustration and to nonperformance” (Drucker, 1999). Affirming the opportunity aspect of social responsibility, Drucker (1984) wrote “the proper ‘social responsibility’ of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth” (p. 62). Interestingly, Murphy (1998) also noted that the individual is part of the ethical equation: “While ethics statements play an important role in setting the overall tone in any organization, they do not supplant ‘people’ who make ethical decisions on a daily basis” (p.225). All three authors understood that individuals, business, and society are interrelated. Drucker (1999) said it best: “Values, in other words, are and should be the ultimate test” (p. 178).

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