THE RELATIONSHIPS AMONG INNOVATION STRATEGY, ATMOSPHERE, CULTURE, INNOVATIVENESS AND ORGANISATIONAL PERFORMANCE IN HOTEL INDUSTRY OF THAILAND

THIENCHAI PHANKHONG

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By

THIENCHAI PHANKHONG

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ABSTRACT

The main objective of this study is to examine the mediating role of innovativeness in the relationship among innovation strategy, organisational atmosphere, organisational culture, and hotel performance in Thailand. The study employed a quantitative method. The population of this study consisted of three to five-star hotels in Thailand. Questionnaires were personally administrated to 381 respondents. One hundred and eighty-eight responses were returned from top-level hotel managers, yielding a response rate of 49%. This study adopted the SmartPLS v3.0 and the Partial Least Squares Structural Equation Modelling (PLS-SEM) to test the research hypotheses. The findings found that innovation strategy did not show a direct effect on hotel performance as expected. On the contrary, organisational atmosphere, organisational culture, and innovativeness have a positive effect on hotel performance. The theoretical implication of the study shows that innovativeness has a significant mediating role on the path between organisational atmosphere and organisational culture on hotel performance. The result provides support for the Resource-Based View and Dynamic Capability Theory. The study suggests that hotel owners/managers should support innovation strategies to improve hotel performance. Furthermore, an appropriate organisational atmosphere and organisational culture to enhance organisational innovativeness and hotel performance should be developed. Finally, Thailand policymakers should design policies to support the development of hotels by offering training programs to enhance organisational innovativeness capability.

Keywords: Innovation Strategy, Organisational Atmosphere, Organisational Culture, Innovativeness, Hotel Performance.

ABSTRAK

Objektif utama kajian ini adalah untuk memeriksa peranan perantaraan daya pembaharuan (innovativesness) dalam hubungan antara strategi inovasi, suasana organisasi, budaya organisasi, dan prestasi hotel di Thailand. Kajian ini menggunakan kaedah kuantitatif. Populasi kajian ini terdiri daripada hotel bertaraf tiga hingga lima bintang di Thailand. Soal selidik diedarkan secara peribadi kepada 381 orang responden. Seratus lapan puluh lapan maklum balas telah dikembalikan oleh pengurus hotel peringkat atasan, dengan kadar maklum balas sebanyak 49%. Kajian ini mengguna pakai SmartPLS v3.0 dan Pemodelan Persamaan Kuasa Dua Terkecil Separa (PLS-SEM) untuk menguji hipotesis kajian. Hasil kajian ini mendapati bahawa strategi inovasi tidak menunjukkan pengaruh langsung terhadap prestasi hotel seperti yang dijangkakan. Sebaliknya, suasana organisasi, budaya organisasi, dan daya pembaharuan didapati memberi kesan positif terhadap prestasi hotel. Implikasi kajian secara teori menunjukkan bahawa daya pembaharuan mempunyai peranan perantaraan yang signifikan di antara suasana organisasi dan budaya organisasi terhadap prestasi hotel. Hasil kajian ini memberikan sokongan terhadap Teori Berasaskan Sumber dan Teori Keupayaan Dinamik. Kajian menunjukkan bahawa pemilik/pengurus hotel harus menyokong strategi inovasi untuk meningkatkan prestasi hotel. Selanjutnya, suasana organisasi dan budaya organisasi yang sesuai untuk meningkatkan daya pembaharuan organisasi dan prestasi hotel harus dibangunkan. Akhir sekali, penggubal dasar Thailand harus merancang dasar-dasar untuk menyokong pembangunan hotel dengan menawarkan program latihan untuk meningkatkan kemampuan daya pembaharuan organisasi.

Kata kunci: Strategi Inovasi, Suasana Organisasi, Budaya Organisasi, Daya Pembaharuan, Prestasi Hotel.

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LIST OF ABBREVIATIONS

IS	Innovation Strategy
OA	Organisational Atmosphere
OC	Organisational Cuture
INN	Innovativeness
OP	Organisational Performance
DOCM	Denison's Organisational Culture Model
PLS	Partial Least Squares
RBV	Resource Based View
RBT	Resource Based Theory
SEM	Structural Equation Modelling
SmartPLS	SmartPLS Statistical Package
SPSS	Statistical Package for the Social Science
VRIN	Valuable, Rare, Inimitable and Non-substitutable
GDP	Gross Demestic Product
ASEAN	Association of South East Asian Nations
NESDB	National Economic and Social Development Council Board
TTS	Thailand Tourism Standard Code
COVID-19	Corona Virus Disease-19

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The Thailand 4.0 model was developed in 2016 as a policy to drive the economy which focuses on creativity and design, innovation and service excellence (Jones & Pimdee, 2017). To achieve a competitive economic advantage, the Thai government has identified ten future industries or clusters of focus. One of these ten industries is tourism, which is recognised as an _old' industry but still requires further innovative improvement, and research and development to add value and to keep up with global competition. This focus on tourism and hospitality is apt. In 2019, in terms of hotel and accommodation attracting tourists, Thailand was ranked 31st place globally, and third in South East Asia (World Economic Forum, 2019).

Also, there has been a significant increase in global travel and tourism, including to Thailand. In Thailand, the service and accommodation industry grew 6% in 2019, due primarily to a high number of foreign tourists. Thailand received approximately 39.80 million visitors in 2019 (Department of Tourism, 2019). In 2019, the accommodation industry made up 2.69% of the GDP, valued at 455,122 million baht. Thailand had a total of 757,103 rooms in 2019 (Tourism Authority of Thailand, 2019), and total tourists spending in three to five-star hotels is expected to increase (Lunkam, 2018). However, compared to top-star hotels that are globally recognised, lesser-star hotels received low customer satisfaction ratings in terms of services, quality and standards (Departments of Trade Negotiations of Thailand, 2015). The

Small and Medium Enterprises Promotion and Ministry of Industry (2010) revealed that hotels and resorts in Thailand have high operating costs, sales and marketing issues, financial problems and also management issues. Suriyathanin (2015) states that the Thai hotel industry is a traditional form of management. Since it does not emphasise the use of technology, it has to rely on low skilled labor (Suriyathanin, 2015). Furthermore, small and medium hotels in Thailand tend to be inefficient because they lack knowledge in management systems (Wongchiang & Kemthong, 2012).

As Thailand's economy is based on the tourism and hospitality industry, most specifically the hotel industry, a study investigating organisational innovativeness in driving hotel industry competitiveness is pertinent. Furthermore, the increasing number of articles on innovation in the service sector in the past two decades (Carlborg et al., 2014) indicate that service-sector organisations still face increasing challenges in executing and sustaining innovation in delivering results. Moreover, in the service sector, the level of innovativeness is demonstrated as being lower (Rylkova & Antonova, 2013). Therefore, this study aims to investigate and to confirm the mediating role of innovativeness in driving hotel performance.

1.2 Problem Statement

In the 21st century, rapid economic change affects the adaptation of innovation in organisations. Organisations must continuously adjust their innovation capabilities to enhance competitiveness and performance (Popa et al., 2010). The organisation's ability to adapt and innovate is important in a constantly changing business

environment as innovation and organisational innovativeness have a crucial effect on a firm's competitiveness (Oke, 2007), and are considered significant resources in driving economic growth (Pivcevic & Pranicevic, 2012; Porter & Ketels, 2003;). Organisational innovativeness means having an overall innovative capability and willingness to change (Acar & Acar, 2012; Rhee et al., 2010; Ruvio et al., 2014 and Tajeddini, 2010). According to Hult et al. (2004), Paolo(2014), Pivcevic and Pranicevic (2012), innovativeness supports new ideas, new things and organisational competitiveness.

Sangkaew and Phucharoen (2018) found that performance is an important dimension that illustrates the administration of the hotel. Moreover, high-performance level is also directly related to the profitability and survival of a business in a highly competitive situation (Sangkaew & Phucharoen, 2018). The performance of hotel establishments is directly related to the growth of travel. The number of tourists who stay, length of stay, and room rates from the sale of hotel rooms, are considered the main revenue, which accounts for 60-70% of total revenue. On the other hand, food and beverage revenue represents 25% (for four- or five-star rated hotels) and other revenues contribute between 5% and 10%.

In terms of supply, the expansion of the hotel business is mainly concentrated in Bangkok, also as an expatriate tourist destination. An international airport was developed for the main purpose of supporting the growth of tourism in several areas and provinces. As a result, the hotel business has undergone an expansion in Samui, Krabi, Chiang Mai, Pattaya and Phuket. Overall, the number of rooms across the country increased by nearly 600,000 rooms in 2016, and 757,103 in 2019, for

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locally-owned hotels and foreign hotel chains. In 2019, the Thai hotel industrywas facing an over supply (Tanomkieatipume, 2018), and the effects on room rates was a significant downturn (Tanomkieatipume, 2018).

The hotel industry in Thailand is one of the most volatile of businesses, constantly trading and merging until there are shut downs (Bank ofThailand, 2018). From the situation, the problems of Thai hotels are divided into two aspects of internal factors and external factors. Firstly, in terms of internal factors, mid- and lesser-star hotels receive ratings of low customer satisfaction, low service quality and standards (Departments of Trade Negotiations of Thailand, 2015). The Thai hotel industry has a traditional form of management, it does not emphasise the use of innovation and technology, but is reliant on low-skilled labour (Suriyathanin, 2015), with a lack of knowledge in management systems (Wongchiang& Kemthong, 2012). Thai hotels offer low room rates and there is an opportunity to increase rates, but at a lower level than many other ASEAN countries (Tananchai et al., 2018). The performance of a hotel located in other locations differs from hotels located in a tourist destination or in the Bangkok Metropolitan Region, especially In terms of the development of updated innovations and the use of efficient internal resources (Sangkaew & Phucharoen, 2018).

Secondly, external factors refer to hotel investment trends which are expected in three and five-star hotels, and budget hotels (Bank of Thailand, 2018). Besides, substitute products like apartments and condominiums available for daily rentals (including those that operate illegally), offer alternative choices in this industry. Also, online travel agents and Airbnb phenomenons are continually expanding;

offering lower prices and a variety of choices (Chalong, 2019). Lunkam (2018) revealed that hotels in the main tourist areas are also likely to be bright prospects, especially large hotels; while small hotels still face high competition. In the aspect of tourist quantity, in 2018 Thai tourism faced the crisis of decreasing Chinese tourists, a 60% decrease from 2017 in hotel income. According to Prachachatbusiness (2018), there are 154 hotels in Thailand announced for sale, with 105 hotels in Phuket province and 49 hotels in Chiang Mai province. Furthermore, many hotels are likely to close down due to the crisis, and part of the reason is the lack of administration and strategies formulation to cope with the fluctuation (Prachachatbussiness, 2018). As mentioned above, the main issue is the hotel's performance and low customer satisfaction, low service quality and standards, and not emphasising the use of innovation and technology in management. In addition, the capability of the hotel in keeping up with both internal factors and external factors and changes is crucial as well.
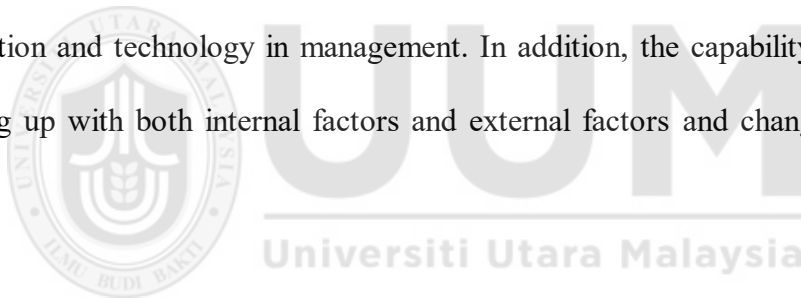
According to Altuntas et al. (2013), Arikan and Enginoglu (2016), Bellou and Andronikidis (2009), Chunnapiya (2012), Eveleens (2010), Davidson (2000), Garrigos-Simon et al. (2005), Gray et al. (2003), Hilman and Kaliappen (2015), Kamaruddeen et al. (2012), Karlsson and Tavassoli (2015), Kitsios and Sindakis (2014), Nybakk et al. (2011), Nybakk and Jenssen (2012), Rota et al. (2012), Shahzad (2014), Shanker et al. (2017), Subramaniam (2005), Terziovski (2010), Wei and Wang (2011) and Xie et al.(2016) have identified that key factors mentioned have impact on organisational performance. Key factors are innovation strategy (IS), organisational atmosphere (OA), and organisational culture (OC). However, previous studies argues that these factors influence organisational performance which can be

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understood by considering the role of organisational innovativeness for the following three reasons. Firstly, several studies found that innovativeness is a critical determinant to improve firm's performance and is essential for organisational survival and success (Ashraf et al., 2014; Damanpour et al., 2009; Giniuniene & Jurksiene, 2015; Keskin, 2006; Lalitsasivimol, 2014; Rhee et al. 2010; Rutherford & Holt, 2007; Scholastica & Maurice, 2013; Sok et al., 2013; Tajeddini & Trueman, 2008; Tajeddini, 2011; Tajeddini, 2014; Tutar et al., 2015 and Zehir et al., 2012). However, in the short term innovativeness indirectly contributes to hotel performance, but influences medium and long-term (Campo et al., 2014). For that reason, hotels should make decisions on investments and focus on innovation in order to reduce costs, create new services, new process improvements, and other performances.

Secondly, the resource-based view (RBV) could shed some theoretical insight into the effects of innovativeness on performance. Leonidou et al. (2013) stated that a firm's capabilities and internal resources are crucial for strategies that affect organisational competitiveness. Also, Nieves et al. (2015) analysis on hotel innovation found that a higher level and increased knowledge of the organisation can enhance organisational resources and capabilities to face rapidly changing market environment. Lin and Wu (2014) further contended that an accumulation of valuable, rare resources, inimitable resources and non-substitutable resources (VRIN) are insufficient to drive an organisation_s competitive advantage because firms should take into consideration the resources of dynamic capabilities, particularly innovativeness.

The development of innovation strategy, organisational atmosphere and organisational culture are essential for the effectiveness of hotel performance and crucial in supporting the creative skills of all employees (Nybakk & Jenssen, 2012). According to Iplik et al. (2014), the hotel industry seeks to improve organisational innovation strategy to sustain their ability for competitive advantage. It is also the determining strategy to enhance the organisation's innovative capability (Lendel &Varmus, 2011) and strengthens its commitment towards innovation (Crespell & Hansen, 2008; Fruhling & Siau, 2007; Nybakk & Jenssen, 2012;). Several scholars revealed that innovation strategy had a positive effect on organisational performance (Altuntas et al., 2013; Chunnapiya, 2012; Hilman & Kaliappen, 2015; Kitsios & Sindakis, 2014; Nybakk & Jenssen, 2012). However, Chunnapiya (2012) revealed that the effects of some dimensions of the innovation strategy is unclear on the hotel industry of Thailand. Suriyathanin (2015) stated that the Thai hotel industry has traditional management, especially so among the lesser than three stars rated hotels that score low in knowledge of modern management systems (Wongchiang & Kemthong, 2012).

Organisational atmosphere is argued to enhance organisational outcomes, such as generating ideas for innovation (Ahmed, 1998; Chen et al., 2010; Aarons & Sommerfeld, 2012). In an organisation that has a supportive innovation climate, employees are likely to demonstrate creative behaviour (Jaiswal & Dhar, 2015), leading to higher consumer satisfaction (Aarons & Sommerfeld, 2012). Thus, the hotel industry can benefit by improving the organisational atmosphere (Heide et al., 2009). Several studies have also confirmed a crucial relationship between organisational atmosphere, innovativeness and organisational performance (Adeoye

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et al., 2014; Cekmecelioglu & Gunsel, 2013; Choi et al., 2013; Crespell & Hansen, 2008; Popa, 2011and Putter, 2010).

Also, organisational culture can motivate employees to demonstrate innovative behaviour and develop their problem-solving skills (Karanja, 2014 and Tidd et al., 2005). Organisational culture is a crucial factor for effective innovation (Abdi & Senin, 2014; Ahmed, 1998; Uzkurt etal.,2013) and job performance (Shahzad, 2014). Many studies have reported a positive relationship association between organisational culture and organisational performance (Acar and Acar,2012); Amjad and Siddiqui, 2019; Arikan &Enginoglu, 2016; Chilla et al., 2014; Karanja, 2014; Laforet, 2016; Nikpour,2017;Nuansate, 2016; Nybakk & Jenssen,2012; Rahimi & Gunlu, 2015; Shahzad, 2014; Tajeddini, 2011; Uzkurt et al.,2013 and Wang, 2012). Laforet (2016) and Matinaro and Liu (2017) stated that organisational culture is crucial influence in enhancing organisational innovativeness.Some studies reported that organisational culture that promotes innovativeness is positively linked to organisational performance (Tajeddini, 2011; Uzkurt etal., 2013; Yesil & Kaya, 2012). Iplik et al. (2014) asserted that OC, especially bureaucracy culture, hinders the qualifications of Turkey hotel's staff and innovations.

Finally, previous studies revealed that organisational innovativeness plays a mediating role in organisational performance (Amjad and Siddiqui, 2019; Ashraf et al., 2014; Crespell and Hansen,2008; Ferraresi et al., 2012; Leekpai et al., 2014; Namburi, 2013; Naranjo-Valencia et al., 2016; Vincent et al., 2003 and Zehir et al., 2012). Given the reasons above, it is reasonable to expect the role of innovativeness in explaining organisational performance. Unfortunately, despite the purported

importance of innovativeness in organisational performance, past studies have failed to consider an integrated model that considers the mediating role of organisational innovativeness.

Henceforth, the integrated model of three independent variables which are innovation strategy, orgnisational atmosphere, and organisational culture and innovativeness, are tested in the hotel industry for the following reasons. Firstly, as mentioned earlier, the hotel sector is one of the key sectors that drive Thailand economy. Secondly, in studying organisational's intangible resources following the resource-based view (RBV) theory and dynamic capabilities (DC) theory in affecting organisational results, past studies have emphasised the manufacturing industry more than the hotel industry (e.g., Leonidou et al., 2012; Lin & Wu, 2014; Nieves et al., 2015; Omerzel, 2015 and Villar et al., 2012).

1.3 Research Questions

The mention from the gaps has identified some shortcomings in the literature, particularly pertaining to the mediation role of innovativeness. Considering this gap, this research focuses to explore on the following key questions.:

1. Is there a significant relationship between innovation strategy, organisational atmosphere, organisational culture and hotel performance?

2. Is there a significant relationship between innovation strategy, organisational atmosphere, organisational culture and innovativeness?

3. Is there a significant relationship between innovativeness and hotel performance?

4. Does innovativeness mediate the relationship between innovation strategy, organisational atmosphere, organisational culture and hotel performance?

1.4 Research Objectives

In accordance with the questions above, this research aims to attain these specific objectives:

1. To investigate the relationship between innovation strategy, organisational atmosphere and organisational culture on hotel performance.

2. To determine the relationship between innovation strategy, organisational atmosphere and organisational culture on innovativeness.

3. To examine the relationship between innovativeness and hotel performance.

4. To determine the mediating role of innovativeness in the relationship between innovation strategy, organisational atmosphere, organisational culture and hotel performance.

1.5 Scope of the Study

This study concentrated on three-star, four-star, and five-star rated hotels that are members of the Thailand Hotels Association. The classification of star hotel based on the Thailand Hotels Association ascertains the star rating by following the Thailand Tourism Standard Code (TTS) 202-2014 Accommodation Standard for Tourism

(Hotel) Part 1: 5 Stars and Part 2: 1-4 Stars (Ministry of Tourism and Sports of Thailand, 2014).

The unit of analysis of the study was the organisation level. The top hotel management, including general managers, were recruited to represent their hotel. In 2017, 752 hotels were members of the Thailand Hotels Association. Of this total, 254 hotel organisations were considered the research sample based on Krecie and Morgan in Appendix D (Sekaran & Bougie, 2009, p.263-264). This research was operated between July to November 2019, and was done before the Corona Virus Disease (COVID-19) pandemic.

1.6 Significance of Research

This research contributes to propose the theoretical discussion of the influence of organisational innovativeness, innovation strategy, organisational culture, organisational atmosphere and organisational performance of Thailand's hotel industry. Specifically, this study provided clarity on the role of organisational innovativeness as the mediator in such a relationship.

Theoretical perspective, this study investigates the theoretical link; the present study is underpinned by resource-based theory whereby innovation strategy, organisational atmosphere and organisational culture are essential to the firm's intangible resources to enhance organisational competitive advantage (Barney, 1991; Kamasak, 2015; Karlsson & Tavassoli, 2015; Terziovski, 2010). This study seeks to further understand the role of these intangible resources by examining their effects on

innovativeness. Some researchers have suggested that future studies investigate the mediating variables that link some key organisational factors, such as innovation strategy, organisational atmosphere, organisational culture and organisational performance to understand how these factors explain performance (Hilman & Kaliappen, 2015 and Nybakk et al., 2011). The dynamic capability theory is also applied to support the argument that firms need to develop and sustain their capability to respond to the changing in their business environment.

Managerial perspective, the study's result will contribute to the Thai government and policymakers to improve the performance of the hotel industry in Thailand by offering practical recommendations to drive innovativeness and innovation. If the finding is valid, the hotel's owner or hotel executive's need to consider developing and strengthening its innovation strategy, organisational atmosphere and organisational culture to facilitate organisational innovativeness for improved organisational performance.

1.7 Definition of Key Terms

Hotel Industry: A hotel is an establishment that offers accommodation on in the short-term; food and drink, and similar services and goods to any person willing to pay for the services and facilities provided (Chan & Mackenzie, 2009). This study focused on three to five star rated hotels that are members of the Thailand Hotels Association.

Organisational Performance: Organisational performance is measured by indicators following the Balanced Scorecard (BSC), which have four perspectives: financial, customer, internal process and learning and growth perspective (Wu & Lu, 2012).

Innovation Strategy: Innovation strategy is a sum of strategic choices regarding its innovation activity for developing a new product/service and new approaches; finding new markets and a source of supply and managerial structure to improve organisational performance (Gilbert, 1994; Strecker, 2009; Wang & Ahmed, 2004).

Organisational Atmosphere: Organisational atmosphere refers to the aggregate employees' perception of organisational attributes that affect their work.

Organisational Culture: Organisational culture is defined as a set of norms, attitudes, underlying values, management practices, and behavioural patterns that virtually influence the working life (Denison, 1984).

Innovativeness: Innovativeness is the capability and willingness of the organisation to change, take risks, adopt innovations, and be receptive to create innovation (Calatone et al., 2002; Lawson & Samson, 2001; Wang & Ahmed, 2004).

1.8 Organisation of the Thesis

The organisation of the thesis comprises five chapters. The first chapter focused on the background of the study, identified the research gaps, outlined the research

questions and objectives, and highlighted the scope of the study, the contribution of the research, and the key term's definition and variables.

Chapter Two provided overview of the related literature. It focused on the definition and dimensions of all variables. It also discussed the influence of organisational innovativeness on organisational performance and the relationship between the three independent variables and organisational performance. This chapter also discusses the underpins of this study. In addition, it also proposed the hypotheses development and research framework.

Chapter Three describes the research method, which covers research design, research procedure and research instrument. In addition, this chapter discusses operational definitions, questionnaire development, and data collection which comprised population of the study, sample size and data collection procedure. Then it proceeds with pilot/preliminary tests, which are validity testing, content validity test, construct validity test, reliability test, data collection and data analysis.

Chapter Four proposed the finding and results of this study. It comprises data screening and cleaning, missing data analysis, assessment of normality test, assessment of outliers, common method bias, multicollinearity, descriptive statistics of constructs, measurement model, and the structure model assessment. Finally, it illustrates all hypothesis testing results, the coefficient of determinations, the effective size, and predictive relevance.

Chapter Five discusses the key findings presented in the previous chapter by explicitly relating them to the research objectives and literature. Then, several theoretical and practical implications are highlighted. Finally, this chapter ends by outlining the research limitations, recommendations for future research, and conclusions.

1.9 Summary of the Chapter

The first chapter has explained the motivation of the research, identified the gaps of the literature, outlined the research questions and aims, and highlighted the scope of the study, the contribution of the research, and the key term's definition and variables. The next chapter reviews relevant literature, and discusses the theories that underlie this study. Follow the literature review, the hypotheses of this study will be determined.
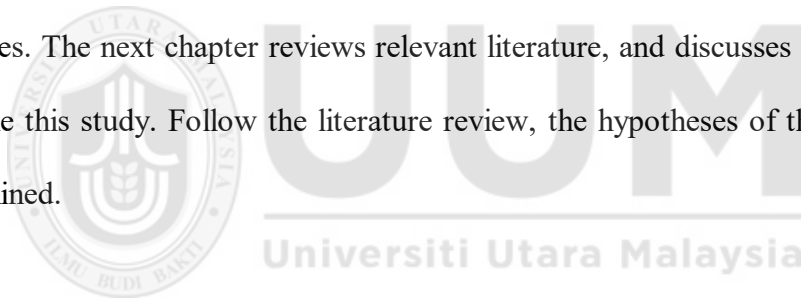
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter offers an overview of the related literature. It focuses on the definition and dimensions of organisational performance, innovation strategy, organisational atmosphere, organisational culture and innovativeness. It also discussed the influence of organisational innovativeness on organisational performance, and the relationship between the three independent variables and organisational performance. This chapter also discusses the resource-based view theory (RBT) and dynamic capabilities (DC) theory that underpinned this study.

2.2 An Overview of Tourism Industry and Hotel Industry in Thailand

The hotel industry is one of the business sectors in the tourism industry that have many interrelated relationships; it is an industry that is important to the economy of Thailand. It is essential to understand the situation of both industries in Thailand.

2.2.1 Tourism Industry Situation in Thailand

The tourism industry is the parts of the crucial component of the service sector in Thailand. The industry contributes more than 17% of Thailand GDP or 2,754 billion baht. Thailand received 35.38 billion foreign tourists, an increase of 8.8% in 2016. The revenue generated was 1,824 million baht, a rise of 11.66% from 1,633.5 million

baht in 2016. Interestingly the number of domestic tourist arrivals also increased (Office of The National Economic and Social Development Board, 2018). To spur the industry further, the Thailand government launched the campaign ‚Amazing Thailand Year 2018' (Tourism Authority of Thailand, 2017). The Tourism Authority of Thailand also aims to enhance Thailand ranking in the travel and tourism competitiveness from 34th place in 2017, to 25th in 2022. Such an aim could be possible by enhancing creativity, technology and innovation, as spelt out in Thailand Policy Model 4.0 (Kasemsuk, 2017).

The tourism industry affects other businesses, such as food/beverage, accommodation and transportation (Tourism Authority of Thailand, 2018). Moreover, the tourism industry creates job opportunities for between four and five million people (Thailand Sport and Tourism, 2017). One of the industries playing a crucial role in driving the tourism industry is the hospitality industry, especially the hotel industry (Hilman & Kaliappen, 2014).

2.2.2 Hotel Industry in Thailand

In Thailand, accommodation and related services are continually and increasingly expanding. In 2015, the hotel industry contributed GDP at 4.75%, and was worth 582,735 million baht (Lunkam, 2017; NESDB, 2018). The number of rooms rose from 300,000 in year 2000, to 600,000 in 2016 (Lunkam, 2017), and the occupancy rate increased by 68.49% (NESDB, 2018).

The types of hotels can be classified into several types which are location, function, price and staff/room ratio, size, the distinctiveness of property, and star rating (Chan & Mackenzie, 2009). Hotels in Thailand are usually ranked on a star rating between one and five stars, with five stars being the highest rating possible by the Thailand Hotel Standard Association.

In 2017, Thailand had 5,995 hotels, 402,650 rooms, and 55.27% of all accommodation-type rooms (Tourism Authority of Thailand, 2017). There were 880 registered hotels by the Thai Hotels Association (Thai Hotels Association in Thailand, 2017). Due to the increasing number of tourists, the quantity of accommodation growing effects on room prices is on a down turn trend. The emergence of the sharing economy's arrival of competitive substitute products, renewable products for instance; apartments, boutique hotels, condominiums, homestays and budget hotels, have further contributed to the lower prices (Lunkam, 2017). Due to the increasingly fierce competition in the accommodation sector, Thailand hotel executives should consider their strategic plan and review their capability to sustain a competitive advantage to survive in a rapidly changing business environment.

2.2.2.1 Thailand Hotel Rating

Thai Hotels Standard Foundation and Tourism Authority of Thailand has been conducting standards, audits and certifications for hotels since 2007. Thailand Hotel Standard threshold has been defined by the Department of Tourism Ministry of

Tourism and Sports in 2014. The levels of hotels in Thailand are categorised into five levels; which are 1 star to 5 stars.

Tourism Authority of Thailand defined each hotel rating star characteristic based on the criteria in 2014 as follows.

3-stars Rating Hotel Characteristic

The characteristics of a three-star hotel comprises the size of the room being more than 18 square meters, minimum 14-inch television and remote control in the room, wardrobe, lamp, glass, water heater, soap, bath cap, handkerchief, hotel room service in the coffee shop, meeting room, public toilets, and toilet for the disabled.

4-stars Rating Hotel Characteristic

In addition to three-star facilities, rooms are usually 24 square meters. Bed size is more than 3.5 feet., with refrigerator, tea and coffee, bathrobe, slippers and telephone. In the bathroom, there are shampoo and body wash, towels, a sewing kit, holmium sewing machine and hairdryer. In addition, there is a restaurant and fitness room with more than five pieces of equipment. There are hot springs, a swimming pool, a large meeting room, and more than 2 meeting rooms. The room has equipment and a security system.

5-stars Rating Hotel Characteristic

In addition, a five-star hotel has beautiful indoor and outdoor facilities and services. The room is more than 30 square meters, the bed is more than four feet, with a 20-inch television, and remote control. In the bathroom, there is a large bathtub,

weighing equipment, a complete bathroom, Gucci bathtub, spa room, swimming pool, and a fully-equipped meeting room. There is a small meeting room with less than four rooms. In addition, there is a fitness room with more than seven pieces of equipment. Finally, there are advanced security systems. Parking must be more than 40% of the number of guests staying at the hotel.

The criteria and indicators are based on the international model of star ratings. All criteria and indicators comprise 12 sections, 45 contains and 499 indicators, 259 indicators for 3-stars, 358 indicators for 4-star, and 402 indicators for 5-star. In addition, the hotel certified must achieve more than 95% of the overall score.

The hotel standard indicators comprise 12 categories as follows.

Category 1. Location, Environment, Building and Parking.

Category 2. Reception hall, Public Toilets, Elevator and Indoor Walkways.

Category 3. Standard Rooms

Category 4. Suite Room and Executive Floor.

Category 6. The Recreation service: swimming pool.

Category 7. Business Service: Conference and Business Center.

Category 8. Personnel and Service.

Category 9. Security System in the general zone.

Category 10. Environmental and Communities.

Category 11. Staff

Category 12. Other features.

2.3 Organisational Performance

Organisational performance is gauged to measure the organisation's performance. This section will describe the type of organisational performance measurement in several aspects, which are internal and external perspectives, financial and non-financial perspectives as well as organisational performance measurements, in the context of the hotel industry. Besides, it will explain the balanced scorecard (BSC) concept, the composition of BSC, and justify the use of BSC as the measurement of the hotel industry.

2.3.1 Organisational Performance Measurement

The overall result of the organisational activities is organisational performance (Wu & Lu, 2012). Organisational performance is gauged by both financial and non-financial indicators to measure that the organisation performs the right thing with the right approach (Hilman & Kaliappen, 2014). Of the two indicators, several scholars used only financial indicators to measure organisational performance. However, using only financial performance as a single indicator to gauge the overall organisational performance is not enough (Ling & Hong, 2010). Avci et al. (2011) and Wang (2012) suggested that organisational performance measurement should not be considered from the one perspective, are financial or non-financial angles because the latter focuses on the firm's long-term success, which may lead to improved organisational performance. Similarly, Pnevmatikoudi and Stavrinoudis (2015) suggested that researchers use a variety of different measures.

Because the hotel industry is characterised as being labour intensive and service-oriented (Santoro, 2015), it is necessary to consider non-financial indicators, which are human development, service quality, brand awareness, branding (Thrassou & Vrontis, 2009), and occupancy performance (Sun & Lu, 2005), to measure organisational performance. Kessler et al. (2015), who studied innovativeness and business success of the Austrian hotel industry, used both financial and non-financial indicators, including market success, financial and human resources related success. Haktanir and Harris (2005) proposed a dynamic business performance, overall organisational performance, human resource performance, customer aspect, financial success and innovative activity performance. They also suggested the performance measures used should fit the context of the hotel and hospitality industry. Chunnapiya (2012) used marketing performance indicators, comprising customer retention, sales growth, increased customer satisfaction, increased profit, new customers and market share.

Meanwhile Corluka (2017) asserted three components of hotel performance measurement: the internal and external environment, and time component. The internal environment measurement is focused on the organisational characteristics, including the types of services, price, location, ownership, guests' length of stay, and others. On the other hand, the external environment measurement is based on tourist destination demand. The time component measurement refers to the seasonality of tourism. A low season, a midseason, and a high season contribute differently to performance.

In the context of the hotel industry, previous researchers focused on the financial perspective more than the non-financial perspective. In spite of this, the organisation's stakeholders focussed on a holistic view of performance. Furthermore, hotel employees should understand the link between financial perspective, and understanding the effects of their decisions and actions which is a non-financial perspective. In addition, the four perspectives of BSC enable hotels to gain an overall view of organisational performance (Sainaghi, Phillips & Corti, 2013). Sainaghi, Phillips, and Corti (2013) stated that hotel sector performance measurement should follow economic change and focused on both financial and non-financial indicators of BSC perspective. They suggested that hotel executives should focus on modern indicators which are innovation and learning, with more emphasis on service and process innovation than product innovation.

Elbanna, Eid, and Kamel (2015) reveal that after 1995, 30-60% of firms changed their performance measurement system to BSC; since then the BSC has received much attention from both academics and professionals. Nevertheless, they argue that research addressing the adoption of BSC in the hotel industry is inadequate. BSC integrated financial and non-financial indicators through causal relationships of firm's objective and target; and BSC can improve hotel management and revenue growth, and also increase profit and forecast business trends (Quesado et.al, 2018). Suttipun et. al., (2018) state that most studies focus on financial performance indicators more than non-financial performance indicators, because financial performance is easy to measure but there are several limitations, namely inferior ability to predict the future situation. Their study aims to examine especially, the influence of corporate social responsibility on hotel performance in the southern

region of Thailand, with hotel performance measurement by BSC. The result of this study reveals that hotel performance measure by BSC was at a high level.

2.3.2 Balanced Scorecard (BSC) Concept and Model

Kaplan and Norton (1992) proposed that the way to organisational measurement method is Balanced Scorecard (BSC). The measurement emphasises four measures perspective: finance, customer, process, and learning and growth perspectives. Each BSC perspective is linked to other perspectives. They proposed that learning and growth lead to improved internal processes, while improved customer satisfaction leads to increased financial results.

2.3.2.1 Financial Perspective

According to Kaplan and Norton (2001), organisations want to be successful financially. Therefore, profitability is a financial indicator of performance, achieved to satisfy shareholders. In the model, financial perspective is at the top of the hierarchy, suggesting the end goal that organisations wish to accomplish. Other typical financial objectives include revenue growth and economic value added (Niven, 2002).

According to Niven (2002), all financial perspective measures should be derived from the corporate strategy that differentiates organisational activities. Financial goals help organisations to survive, succeed and prosper. Each dimension comprises several indicators, which are cash flow, market share, sales growth, operating

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income, return on equity (ROE), total assets, return on net assets, gross margin and net income. (Kaplan & Norton, 2001; Niven, 2002).

According to Kaplan and Norton (2001), financial measures alone are inadequate to measure organisational performance. In contrast, Malina and Selto (2001) claimed that financial measures are not clearly linked to short-term and long-term strategies. Hence, BSC facilitates the measurement of organisational performance from two sides, i.e., financial and non-financial perspectives (Kaplan and Norton, 1996).

2.3.2.2 Customer Perspective

Customer perspective is one of three non-financial aspects of BSC. Many organisations focus on the customer perspective in their corporate mission. Kaplan and Norton (1992) stated that the core importance of the customer perspective is that a company needs to provide its value proposition to serve customer needs. Customer perspective measurement depends on business market segments and their customers. The main indicators to measure customer outcomes include customer satisfaction, customer acquisition, customer retention, customer loyalty, market share and customer profitability (Kaplan & Norton, 1996; Niven, 2002). According to Kaplan and Norton (1996), customer perspective outcomes should reflect the specific measures of value propositions of a business unit. Ultimately, the result of customer perspective will lead to financial returns.

2.3.2.3 Internal Process Perspective

In this perspective measurement, a firm's executives should identify the critical processes that excel in delivering the value propositions to retain customer need, and shareholder expectations to meet future financial returns (Kaplan & Norton, 1996). Excellent customer expectations are derived from excellent organisational processes and actions.

In terms of internal process, perspective measurement should focus on the greatest impact on customer satisfaction and attained organisational financial objectives. The measurement indicators of the internal process perspective are the efficient operation of the internal process, which include cycle time, the quality of employee skills, and productivity. Many organisations rely on a third party to measure customer service effectively. Kaplan and Norton (1996) asserted that the internal process perspective should measure the long-term innovation cycle and short-term operations cycle.

2.3.3.4 Learning and Growth Perspective

This perspective is the fourth perspective of the BSC model. Learning and growth involve the determination of facilities that support organisational long-term growth. Kaplan and Norton (1996) contended that the organisation's current technologies and capabilities are unlikely to achieve long-term customer targets and critical internal processes. Global competition drive organisations to continuously improve their capabilities in providing organisational value to their customers and shareholders.

This perspective is based on three main sources: people, systems and organisational procedures. To achieve breakthrough organisational performance, businesses should fulfill the gaps in existing capabilities and the expectations status of human resources, system and work procedure. The way businesses will perform is by re-skilling employees, further improving information technology, and aligning organisational work procedures. This perspective measurement is the driver for high outcomes in the first three perspectives. This perspective measurement comprises the aspects of: human resources capabilities, data and information system capabilities, workforce motivation, empowerment, and work alignment.

Avci et al. (2011) suggested that for the service sector, the balanced scorecard model could be a forefront measurement appropriate because in the service sector, most organisational performance measures non-financial indicators; namely customer satisfaction, employee satisfaction and internal process efficiency. Likewise, Kairu et al. (2013) adopted BSC to measure the influence of the firm's performance in the service sector. They found that both financial and non-financial indicators were equally important; and when integrated, both measurement types can lead to superior results. They further suggested that BSC could be used as key support for a firm's success, and that it can be applied to practically any organisation. Hence, the present study used BSC to measure hotel performance. The measure was adapted from Wu and Lu (2012).

2.4 Innovation Strategy

Innovation strategies as organisational capabilities are about all innovation activity of a firm that occurs from strategic choices. This section will describe innovation strategy definition, types and innovation strategy dimensions.

2.4.1 Innovation Strategy Definition

Nowadays, the rapid changes in the industrial environment and globalisation can enhance and support a company's innovation capability (Fruhling & Siau, 2007); and improve sustainable competitive advantage (Iplik et al., 2014 and Jenssen & Randoy, 2006) to enhance organisational performance (Crespell & Hensen, 2008). In the hotel industry, organisations seek to develop their strategic innovation capabilities for sustainable competitive advantage so that hotels can meet new demand and expand the range of services they offer, improve service quality, and enhance customer satisfaction (Iplik et al., 2014). Stowe and Grider (2014) stated that organisations have two strategic choices to create an innovative organisation: (a) by improving employees' understanding and capability of innovation; and (b) by developing organisational strategies to support innovation.

Strecker (2009) concluded that innovation strategy is all innovation activity of a firm that occurs from strategic choices. Hilman and Kaliappen (2015) defined innovation strategies as organisational capabilities, consisting of the foundation of organisational competitive advantage and superior performance attainment. Innovation strategies (IS) could be of various types which are product and service

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innovation, market innovation, process innovation, and open innovation. Wei and Wang (2011) defined IS from an administration perspective as a firm's strategic action to face the market environment changing, and that which promotes the new thing in the organisation. Gilbert (1994) defined innovation strategy as the degree and firm's way to use innovation to execute its business strategy and improve organisational outcomes. Consistently, Satayaraksa (2015) summarised IS as one part of an organisational target and strategic alternatives involving resource appropriation and adoption of courses of action. Lendel and Varmus (2011) pointed out that innovation strategy refers to developing new products and services, market activities, work processes, and ways to develop and continuously improve the firm's innovative capability. Also, Gilbert (1994) contended that innovation strategy is how the firm drives its business strategy, and improve organisational performance by innovative strategy.

This study can define innovation strategy as a sum of a firm's strategic choices for implementing its innovative task to develop new services, processes, creative approaches; and find new markets, sources of supply, and managerial systems to improve the firm's performance (Gilbert, 1994, Strecker, 2009 and Wang & Ahmed, 2004).

2.4.2 Innovation Strategy Dimensions

Relevant literature showed that innovation strategy has multiple dimensions. Strecker (2009) proposed four aspects of IS: the propelling of innovation, sources of innovation, investment level, and distance to the core business. On the other hand,

Nybakk and Jenssen (2012) described innovation strategy in four dimensions: (a) products, (b) processes, (c) business systems, and (d) the budget of R&D. While Miles and Snow (1978) proposed four dimensions of innovation strategy, which include prospector, analyser, reactor and defender strategy.

Karlsson and Tavassoli (2015) outlined the six most popular types of innovation strategies. They are product innovation, process innovation, marketing innovation, organisation innovation, both product and process, and all four types of innovation. They found that most firms should choose a complex innovation strategy instead of choosing one type. Armbruster et al. (2007) noted that it is difficult to analyse the innovation strategy due to the wide variety of dimensions of firms and industries. However, Venkataraman (1989) divided six characteristic dimensions. They are aggressiveness, analysis, defensiveness, futurity, proactive-ness and riskiness.

Terziovski (2010) proposed an overall organisational innovation strategy as the organisation's vision or mission by improving administrative routines and internal cooperation; focusing on customer satisfaction, improving product or service quality, and improving employee commitment. Many researchers have adapted the instrument of Terziovski (2010) to investigate various industries. Aksoy (2017) studied SMEs, Vicente et al. (2015) investigated the effect of innovation strategy in manufacturing firms, Kalay and Lynn (2015) in manufacturing, and Satayaraksa (2015) studied manufacturing firms. In addition, in Turkey, Kamasak(2015) studied services industries such as public administration, community services, and private services.

Literature suggests that organisational innovation strategy proposed by Terziovski (2010) is found to be highly reliable and valid, and fits with the theoretical model and acceptable level of variance in SME performance. Also, Terziovski (2010) revealed that the formal structure of a firm is a significant predictor of organisational performance. Therefore, the present study adapted Terziovski's instrument to measure the three-star rating to five-star rating hotels in Thailand because the hotel management structure is relatively formal.

2.5 Organisational Atmosphere

Employee performance is affected by the organisational atmosphere (Bharthvajan, 2014; Adeoye, 2014). While it could motivate employees to perform, it could also be a source of work stress (Akbaba, 2016). Lewin and Stringer (1968) carried out the first study on organisational atmosphere using a motivation theory (Al-Shammari, 1992; Akbaba & Altindag, 2016). Lewin and Stringer (1968) described an organisational atmosphere as a sum of work environment that employees perceive, which influences their motivation and behaviour. Subsequently, several researchers expanded the concept of organisational atmosphere (Acikgoz & Gunsel, 2011; Patterson, 2011; Wang et al., 2016; Alharbi, 2017; Schneider, 1990; Erhart et al., 2014; Hamidianpour et al., 2015; Floyd,2016; Hatjidis,2019).

Acikgoz and Gunsel (2011) referred to it as a contextual situation associated with the thoughts, feelings and behaviours of organisational members. Similarly, Ekvall (1996) indicated that organisational atmosphere affects employee attitudes, feelings and behaviours. Wang et al. (2016) defined organisational atmosphere as a holistic

perspective of each staff's view of their organisation, which is a behavioural pattern in an organisation that impacts employees' behavioural motivation and work. Patterson (2011) defined organisational atmosphere as an aggregation of individual and group perceptions of the work environment.

Organisational atmosphere can be separated into three levels: the individual level, group level and organisational level or shared perceptions (Anderson & West, 1998; Putter, 2010; Patterson, 2011). In terms of organisational level, Alharbi (2017) and Schneider (1990) defined organisational atmosphere as employees' shared perception of processes, practices, policies, procedures and rewards in their organisation. At the broadest level of measurement of organisational atmosphere, Patterson (2011) defined it as members' experience, shared meanings and shared perceptions of their environment.

2.5.1 Organisational Atmosphere Definition

Organisational atmosphere is a key component of a work environment (Nybakk & Jenssen, 2012). Generally speaking, organisational atmosphere refers to a general climate in organisation that influences all employees' thoughts, feelings as well as behaviours in their organisation (Acikgoz & Gunsel, 2011; Denison, 1996). Furthermore, Schneider et al. (2013) and Ahmed (1998) defined organisational atmosphere as policies, practices and procedures of their work; and employees' experiences and behaviours that can be observed and rewarded.

Furthermore, Choudhury (2011) and Popa (2011) defined organisational atmosphere as attitudes, opinions, values, beliefs and sentiments of employees at a certain moment in an organisation. While Bowen and Ostroff (2004) and Ehrhart et al. (2014) defined organisational atmosphere as a whole shared perception of employees of the organisation, which is provided such as policies, work procedures, daily work and reward system.

Table 2.1
Organisational Atmosphere Definitions

Authors	Organisational Atmosphere Definitions
Bowen & Ostroff (2004)	Organisational atmosphere combines a shared perception of the organisation practices, policies, procedures, routines, and rewards.
Dawson & Abbott (2009)	Organisational atmosphere as a work atmosphere regarding employee's belief about their working conditions and offers pleasant and rewarding experiences.
Charbonnier-Voirin et al. (2010)	Organisational atmosphere as the employee's share perceptions about firm's activities, procedures and reward system.
Erhart et al. (2014)	OA as all members attached to whole activities of their experience and behaviors they see being rewarded, supported and expected.
Hamidianpour et al. (2015)	OA referred to the feeling and value of workplace, leadership credibility, commitment, sense of belonging and trust to organisation both formal and informal procedures of employees.
Floyd (2016)	Organisational atmosphere refers to the collective perceptions of employees on their interactions with their peers, management, and their perceptions of their interactions with the organisation's policies, procedures, and structures.
Hatjidis (2019)	Organisational atmosphere denotes perceptions of the things that occur to employees in their organisation.

From Table 2.1, several common definitions of organisational atmosphere are identified as a set of attributes where employees have a shared perception and feeling of the work environment regarding its practices, policies, leadership credibility, commitment, sense of belonging, procedures and rewards system that affect them.

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This study defines organisational atmosphere as an aggregate of employees' perception of organisational attributes that affect their work.

2.5.2 Organisational Atmosphere Dimensions

Organisation atmosphere can be distinguished as the global atmosphere and specific atmosphere (Kuenzi, 2010). However, a lack of a theoretical rationale makes it difficult to support or describe the global atmosphere because a specific atmosphere depends on a specific organisational context. Organisational atmosphere can also be distinguished by the type of atmosphere, as shown in Table 2.2.

Table 2.2
Types of Organisational Atmosphere

Types of Organisational Atmosphere	Authors
Creative Atmosphere	Porzse (2012); Lin (2012); Dubina (2011); Ystrom et al. (2013); Ghosh (2015) and Mafabi & Munene (2015).
Innovation Atmosphere	Ahmed (1998); Anderson & West (1998); Pirola-Merlo & Mann (2004); Sarros et al. (2008); Chen et al (2010); Hoe (2011) and Aarons (2012).
Ethic Atmosphere	Victor & Cullen (1988) and Choi (2013)
Service Atmosphere	Borucki & Burke (1999); Johnson (1996); Dietz et al. (2004); Solnet & Paulsen (2005); Hoe et al. (2011) and Manning et al. (2012).
Safety Atmosphere	Hofmann & Mark (2006) and Wallace & Chen (2006).
Global Atmosphere	Warr & West (2004) and Gelade & Ivery (2003).
Cooperative Atmosphere	Chen & Huang (2007)
Supportive Atmosphere	Chen et al. (2010)
Overall Organisational Atmosphere	Scheider et al.(1996); Davidson (2003); Nwankwo et al. (2004); Manning et al.(2012); Crespell & Hansen (2008); Subramaniam (2005) and Rota et al., (2012); Vong et al. (2018)

Literature review indicates various dimensions and measurements of organisational atmosphere. In their early study of organisational atmosphere, Litwin and Stringer (1968) categorised organisational atmosphere as having nine dimensions such as

responsibility, rewards, and relationships as well as performance. On the other hand, Jones and James (1979) proposed seven dimensions of the organisational atmosphere such as esprit of profession, workgroup, leader facilitation, cohesion, as well as variety and feedback. Koys and Decotis (1991) suggested five dimensions which consisted support/sincerity, pressure, cohesion, intrinsic recognition and impartiality. Anderson and Patterson et al. (2005) distinguished organisational atmosphere as having 17 dimensions such as efficiency, reflexivity, flexibility, supervisory support, as well as outward focus. In addition, Crespell and Hansen (2009) proposed organisational atmosphere as having four dimensions. They are team cohesion, supervisory encouragement, autonomy, openness to innovation, and resources.

Table 2.3 lists the measurements of organisational atmosphere measurement in literature. Literature identifies at least 52 separately labeled dimensions of atmosphere. Similarly, DeCotiis et al. (1980) summarised 54 dimensions. According to DeCotiis et al. (1980), different researchers seemed to label each dimension of organisational atmosphere differently depending on the organisational context. Vong et al. (2018) investigated the influence of organisational atmosphere on employee behaviour in Macau, China. They used multi-item measures of organisational atmosphere following Newman's (1977) scale whose reliability had been established proven in past studies (Alharbi, 2017; Cronan et al., 1985; Vong & Tang, 2017; Pena-Suarez et al., 2013).

On the other hand, several researchers considered organisational atmosphere as having one dimension (Haakonsson et al., 2008; Haakonsson et al., 2008; Quinn & Rohrbaugh, 1983; Viitala et al., 2015; Vong et al., 2018; Wang et al., 2016).

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However, literature seems to suggest that many researchers consider organisational atmosphere as a multi-dimensional construct. While different researchers define dimensions differently depending on the context and purpose of their study, some common dimensions can be identified. They include warmth and support, cohesion, supervisory encouragement, autonomy and openness (Subramaniam, 2005). Different researchers define the dimensions of organisational atmosphere differently, resulting in a wide range of survey items, ranging from 3 to 82.

Table 2.3
Organisatoinal Atmosphere Measurement

Author	Dimensions	No. of items/sources
Koys and Decotis (1991)	8 multi-dimensions: 1) Autonomy 2) Cohesion 3) Trust 4) Pressure 5) Support 6) Recognition 7) Fairness 8) Innoation	40 items
Crespell and Hansen (2009)	5 multi-dimensions: 1) Team cohesion 2) Supervisory encouragement 3) Autonomy 4) Openness to innovation and Resource	16 items
Patterson et al. (2002)	4 multi-dimensions: 1) Participation 2) Autonomy 3) Welfare 4) Supportive leadership	20 items
Crespell and Hansen (2009)	5 multi-dimensions: 1) Team cohesion 2) Supervisory encouragement 3) Autonomy 4) Openness to innovation 5) Resource	
Quinn & Rohrbaugh (1983)	Uni-dimensional	7 items
Haakonsson et al. (2008)	Uni-dimensional	7 items adapted from Burton et al. (2002)
Suarez et al. (2013)	Uni-dimensional	15 items
Wang et al. (2016)	Uni-dimensional	3 items
Vong et al. (2018)	Uni-dimensional	6 multi-items scale Developed from Newman (1977)
Viitala et al. (2015)	Uni-dimensional	5 items adapted from Elo et al. (2008),

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Suarez et al. (2013) constructed a single dimension of organisational atmosphere scale based on 50 multi-dimensional items to 15 items. The new scale was found to have a higher discrimination index of more than 0.40, a high alpha coefficient of 0.97, which was similar to the longer test, an alpha coefficient of 0.94; and explained 52.32% of the total variance. They concluded that a one-dimensional scale could provide a reliable estimation of the general dimension of organisational atmosphere and adequate psychometric properties. Wang et al. (2016) developed a unidimensional scale of organisational atmosphere to examined the effect of organisational atmosphere on hotel performance in Taipei City. The questionnaire had three items adapted from Desseler (1976). The study focused on employees' perceptions of the institution, organisation and management.

Following Vong et al. (2018), the present study used a unidimensional scale of organisational atmosphere for four reasons: (a) this scale was developed by various authors who had investigated organisational atmosphere, ascertaining the validity of the instrument; (b) it could facilitate the implementation of the survey and provide an accurate diagnosis of organisational atmosphere; (c) all items comprehensively measure several aspects of organisational atmosphere; and (d) the fewer number of items make them easy to administer (Suarez et al., 2013; Vong et al., 2018).

2.6 Organisational Culture

This section describes a definition of organisational culture, organisational culture dimensions, the difference between organisational atmosphere and organisational

culture; as well as proposes Denison's organisational culture model (DOCM) as instruments to measure organisational culture in this study.

2.6.1 Organisational Culture Definition

Denison (1984) gives a definition of organisational culture as a set of norms, attitudes, values, organisation behavioural, and patterns that form the core identity. Consistently, Schein (1990) defined organisational culture as core values and behaviours of all employees which lead to achievable goals of the organisation. However, Yesil and Kaya (2012) referred to it as some attribute that is holistically associated with rituals that are socially constructed in organisations, which is difficult to change that creates togetherness in all members of the organisation. Furthermore, Balthazard et al. (2006) proposed organisational culture; meaning that a fact of organisational life comprises symbolism, sense-making and socialisation. Also, many scholars, such as Mironet al. (2004), Valencia et al. (2010), and Cerovic et al. (2011), offered a holistic definition of organisational culture as a group of shared values, beliefs and practices, as well as norms by employees within a firm, which make an organisation difference. In defining organisational culture, this study refers to Denison's (1984) work.

2.6.2 Difference Between Organisational Atmosphere and Organisational Culture

Organisational atmosphere includes employee attitudes, feelings and behaviour; whereas organisational culture is the structuring force of the organisational values,

norms, beliefs, symbols, rules and thoughts (Nybakk & Jenssen, 2012; Popa, 2011). Meanwhile, Crespell and Hansen (2008) pointed out that organisational culture and atmosphere are the results of a perception of a dominant culture. Hence, the atmosphere is at a lower level than culture (Crespell & Hansen, 2008). According to Denison (1996) and Putter (2010), organisational culture refers to the basic structure and an evolved context of an organisation, embedded in the values, beliefs and assumptions of organisational members; while organisation atmosphere explicitly refers to thoughts, feelings, behaviours, practices and procedures of the organisation.

The organisation atmosphere is temporary and can be observed in a short time, subject to the direct control of the organisation; and is generally perceived by all members of the organisation. According to Deal and Peterson (1999), organisational atmosphere refers to employees' shared perception of their organisational environment, while organisational culture refers to the way that leads employees to do things around them. Consistently, Stolp and Smith (1995) referred to organisational atmosphere as the common perceptions of the organisation employee, while organisational culture includes the employee's feelings towards their organisation, beliefs values, and assumptions that provide the organisational characteristics; and set the standards of employee's behaviour. In terms of impact on employees, organisational culture is postulated to have a wider effect than organisational atmosphere. Stopl and Smith (1995) further contended that organisational culture is a function of organisational relationship history, while organisational atmosphere is a function of employees' recognition of the present relationship.

Literature suggests that organisational climate and organisational culture are different but overlap at some point (Schneider, 2012; Denison, 1996), such that both are associated with organisational environment; and organisational atmosphere is a result of organisational culture (Crespell & Hansen, 2008).

2.6.3 Organisational Culture Dimensions

Quinn and McGrath (1985) proposed four dimensions of organisational culture comprising rational culture, developmental culture, consensual culture and hierarchical culture. Denison and Spreitzer (1991) proposed the organisational culture competing values framework (CVF), which focuses on four dimensions: group, developmental, hierarchical and rational. Wheareas, Cameron and Quinn (1999) suggested four major culture dimensions: hierarchy culture, market culture, clan culture and adhocracy culture. Denison et al. (2004) proposed Denison's Organisational Culture Model that consists of four dimensions: adaptability, consistency, involvement and mission. Consequently, Deshpande and Farley (2004) adapted organisational culture from Cameron, and Quinn's (1999) consisted of consensual, bureaucratic, competitive and entrepreneurial.

Table 2.4
Summary of Organisational Culture Dimensions and Types

Authors	Organisational Culture Dimensions/Types
Quinn & McGrath (1985)	Sub-dimensions of organisational culture - Rational culture - Developmental culture - Consensual culture - Hierarchical culture
Cameron (1985)	Organisational Culture - Consensual culture - Developmental culture - Rational culture - Bottom-level culture

Table 2.4 (Continued)

Authors	Organisational Culture Dimensions/Types
Flamholtz & Kannan-Narasimhan, (2005)	Organisational Culture - People Scale - Customer Scale - Performance and Accountability Scale - Teamwork and Communication - Corporate Citizenship
Cameron & Quinn (1999)	Organisational Culture (Competing Values Framework: CVF) - Clan culture - Adhocracy culture - Hierarchy culture - Market culture
Denison & Mishra (1995); Denison et al. (2004)	Denison's Organisational Culture Model consisted: - Adaptability - Consistency - Involvement - Mission
Bavik (2016)	Organisational Culture - Level of Cohesiveness - Ongoing Onboarding - Work Norms - Social Motivation - Guest Focus - Human Resource Management Practices - Job Variety - Communication - Innovation

Of all models, this study employed the Denison Organisational Culture Model (DOCM) developed by Daniel R. Denison and his colleagues (Denison, 1990; Denison & Mishra, 1995; Fey & Denison, 2003). Their model classifies organisational culture using internal integration with adaptation to external environments and changes to sustainability. Denison studied organisational culture components based on a cross-function of four domains of internal focus, external focus, stability and control, and flexibility and freedom of action. As a result, DOCM was developed based on four components of adaptability, consistency, involvement and mission. Each component has three sub-groups, resulting in 12 different features of organisational culture that could influence the efficiency of organisational activities (see Figure 2.1).

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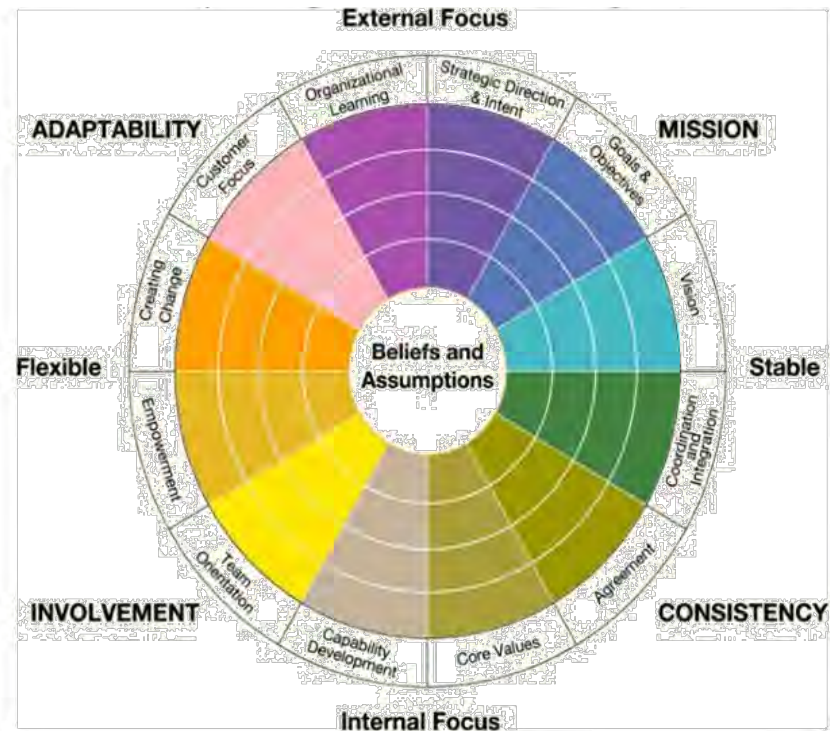
Figure 2.1
Denison's organisational culture model (DOCM)

Source: Denison *et al*. (2012)

DOCM has become one of the organisational culture instruments that are extensively and most popularly used (Kokina & Ostrovska, 2013). Several researchers have adopted DOCM in their studies (Ahmed, 1998; Gillespie et al., 2007; Kokina & Ostrovska, 2013; Rahimi & Gunlu, 2016; Yilmaz & Ergun, 2008; Zheng et al., 2010;). In particular, Nuansate (2016) adapting DOCM model to study the impact of organisational culture in four to five-star rated hotels in Thailand. He found that an organisation needs to focus on customer needs, express needs, and organisational culture, to enhance organisational performance. Meanwhile, Rahimi and Gunlu (2016) adopted DOCM to investigate the effectiveness of a hotel business and found that organisational culture was a critical factor to accomplish performance in hotels. In addition, Amjad and Siddiqui (2019) used Dennison's Organisational Culture

theory to examine the mediating role of innovativeness between organisational culture and organisational effectiveness. They examined participants working in different firm types. The result of their study found that innovativeness plays a mediating role between organisational culture and corporate effectiveness.

2.6.3.1 Adaptability

Focusing on external customers, internal customers, competitors, external environment, and organisation restructuring, is the key to drive successful organisations (Denison, 2001). Adaptability is the capacity of a firm to respond to signals from the environment to perceive, interpret and translate external conditions into internal behavioural action for organisational development. As a culture, adaptability means adapting to customers, learning from mistakes, and using the experience to create changes in an organisation; resulting in an organisation that changes continuously. Together, the people in the organisation improve the organisation to create value for customers. Also, adaptability is a cultural trait that impacts organisational effectiveness. On the other hand, if the organisational culture emphasises consistency, it will remain solitary and is unlikely to be adaptable. From the model, adaptability has three components: creating change, customer focus and organisational learning (Denison, 2001).

Creating change means creating adaptively to meet changing needs. Also, the organisation must be quick in understanding its competitors and the business environment to be responsive to current trends and estimate any future changes. Customer focus is an organisation's effort to understand customers naturally, react to

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their needs and wants, and quickly anticipate future needs. Customer focus increases the degree of effort to drive customer satisfaction. On the other hand, organisational learning emphasises the reception, translation and interpretation of information from the environment to encourage employees in creating innovation, managing knowledge, and developing capabilities. It also means encouraging learning from failure and success, for improvement (Denison, 2001).

2.6.3.2 Consistency

Consistency demonstrates a strong culture of the organisation, good coordination, and good integration (Denison, 2001). In an organisation, all members of different functions and levels can work together and achieve shared goals. Coordination and integration enable employees with different opinions and ideas to get work done together. With coordination and integration, people with different opinions or disagreements can reach a consensus to achieve solutions. The organisation can reach an agreement on key issues. Clear and consistent core values and expectations can be used as an ethical guide for members to conduct themselves. People who ignore or abandon core values will get into trouble. On the other hand, the leader is expected to practice what he or she preaches (Denison, 2001).

2.6.3.3 Involvement

Involvement is a trait of a strong culture (Ahmed, 1998). Involvement trait is about building human capability, creating an employee's sense of belonging, and encouraging responsibilities of employees at every level. The elements of

involvement are empowerment, team orientation and capability development. If an organisation empowers employees to make decisions by themselves, they are likely to feel highly involved and they have the authority, newness of thinking, and ability to execute their work. Empowerment creates the employee's sense of belonging and responsibility toward the organisation. All members can access information they need, and the information will be widely shared throughout the organisation. With team orientation, the organisation supports the work collaboration between different levels and across functions. Most employees feel part of a team, rather than being part of a hierarchy. The organisation has a system where employees can see the relationship between their work and the organisation's targets.

Finally, capability development involves the delegation of authority to carry out their work. To ensure that all employees can meet their performance targets, the organisation invests in building the skills of employees because employee competency is a valuable resource of the enterprise, enabling it in developing a competitive advantage.

2.6.3.4 Mission

A mission means the long-term direction of an organisation. A mission trait as an element of organisation culture provides employees with a clear conscience about the purpose and direction of the organisation. The three elements of mission traits are strategic direction and intent, goals and objectives, and vision. Strategic direction and intent indicate that an organisation has a long-term direction that employees can understand clearly to carry out their job effectively. In addition to strategic direction, it is important that the organisation sets clear performance targets and indicators,

which are normally established and developed by the organisation's leadership. The organisation also creates a common vision shared by employees. With a clear vision, employees are likely to be enthusiastic and motivated to perform to achieve long-term visions and goals.

2.7 Innovativeness

This section shows the literature and discussion of innovativeness definitions, conceptualisations of the firm-level innovativeness, and four dimensions of innovativeness, which are service, process, market and behavioural innovativeness.

2.7.1 Innovativeness Definition

Innovation is defined differently in different disciplines (Baregheh et al., 2009), and has gained much interest from researchers and industries (Popaeda et al., 1996). The term ‗innovation' originated from the Latin language ‗innovatio' and ‗innovare', which connote the idea of the introduction of new things, ideas or ways of doing something (Oxford Dictionaries). A study on the theoretical approach of innovation by Popa et al. (1996) summarises that innovation includes radical or incremental changes in products, processes and markets. Another word similar to innovation is innovativeness or innovation capability (Lawson & Samson, 2001; Tutar et al., 2015; Tang et al., 2015). Walsh et al. (2011) summarised the differences between innovation and innovativeness in three aspects: (a) innovation was defined as a result orientation measure, but innovativeness is identified as a contextual variable representing an organisation-level orientation towards innovation; (b)

innovation is characterised by the organisational actions of adopting and arbitrarily executing newness, but innovativeness reflects the degree of an organisational tendency to create innovation; and (c) innovation is a tangible and explicit concept, whereas innovativeness is an intangible and implicit concept.

Table 2.5
Definitions and Conceptualisations of the Firm-level Innovativeness

Author	Definition/conceptualization
Lumpkin & Dess (1996)	The organisational tendency to employee encourage to create a new things and experiment.
Lawson & Samson (2001)	The ability to transform knowledge or wisdom to produce products and services, process improvement for the oganisations or stakeholders.
Calantone et al. (2003)	Firm's receptivity to new ideas and innovations.
Hult et al. (2004)	Firm's capacity to introduction of new processes, products, or ideas in the organisation.
Wang & Ahmed (2004)	Firm's overall innovative capability of offer new things through combining strategies with innovative behavior and process.
Nybakk et al. (2009)	Innovativeness as the propensity to support, create and adopt new ideas, new products and processes as well as technological processes
Lynch et al.(2010)	Innovativeness definition as a concept composed employee's creativity, openness to new things, intention to innovate, willingness for risk-taking and technological capacity to innovate.
Chen et al.(2010)	The tendency for a firm to develop new elements, new combination of products, technologies, or management.
Acar & Acar (2012)	Degree of newness of an innovation.
Ruvio et al. (2013)	As conceptualized as a multidimensional construct reflecting an organisational climate that facilitates innovative outcomes over time.

Table 2.5 illustrates some literature that defines and conceptualises firm-level innovativeness. As shown from the table, different scholars define innovativeness differently depending on their study. Based on the literature above, it is possible to summarise a common definition and conceptualisation of organisational innovativeness: organisational innovativeness is an organisation's overall innovative capability, receptivity and tendency to change, newness, new ideas, experiment; and

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innovation to develop a firm's competitive advantage and display innovative behaviour constantly over time (Grawe et al., 2009; Hult et al., 2004; Lumpkin, 1996; Nybakk et al., 2009; Wang & Ahmed, 2004).

2.7.2 Innovativeness Dimensions

Innovativeness is considered essential for firm success and long-term survival (Naranjo-Valencia et al., 2016; Rhee, Park & Lee, 2010; Trott, 1998). According to Hult et al. (2004), Pivcevic and Pranicevic (2012) and Paolo (2014), innovativeness will drive organisational competitiveness advantage, sustainability, and improved effectiveness and efficiency of operational management and performance; and it reflects a firm's tendency to engage and support employee's new ideas, novelty, experimentation and creative processes (Lumpkin & Dess, 1996). Organisational innovativeness is a crucial ability to drive the achievement of an organisation and enhance a firm's competitive advantage (Dereli, 2015; Tajeddini, 2011). In global markets, innovation management and innovation strategies implementation are needed to develop innovative skills (Dereli, 2015). Innovativeness is an important factor in entrepreneurship and in building cultural competitiveness in organisations (Hult el at., 2003); and for breakthrough in organisational performance (Hult et al., 2004; Zain & Kassim, 2012) because innovation plays a direct role in organisational effectiveness (Tajeddini, 2011) and reflects an approach rather than an outcome (Uslu et at., 2015). Of many factors, methods and techniques in determining business performance, innovativeness has become one of the most widely used methods (Kalmuk & Acar, 2015).

Research regarding the innovativeness dimension in the hotel industry is quite rare (Lynch et al., 2010; Omerzel, 2015). Also, there are many conceptualisations and interpretations of innovativeness (Walsh et al., 2009). Furthermore, a variety of organisational innovativeness dimensions can be identified. Organisational innovativeness is purported to have two levels, i.e., organisational and individual (Crossan & Apaydin, 2010; Rutherford & Holt, 2007; Wang & Ahmed, 2004). This study focuses on organisational innovativeness. Subramanian and Nilakanta (1996) proposed two types of organisational innovativeness: technical and administrative innovativeness. On the other hand, in their meta-analytic study on 66 articles published between 1971 and 2009, Lynch et al. (2010) found five key dimensions to measure the overall level of innovativeness. They were creativity, openness to new things, intention to experiment, willingness for risk-taking, and technological capacity to innovate.

Several studies (Wang & Ahmed,2004; Gunday et al.,2011; Crespell & Hansen,2009; Aujirapongpan et al.,2010; North & Smallbone,2000; Lynch et al.,2010; Walsh et al.,2011; Tajeddini & Trueman,2012; Ruvio et al.,2013; Kamaruddeen et al.,2012) have developed various organisational innovativeness dimensions as shown in Table 2.6. The table shows various types of organisational innovativeness, such as product and service, process, behaviour and market innovativeness. Despite these differences, it is understood that organisational innovativeness is a multi-dimensional concept. Each dimension is discussed next.

Table 2.6

Summary of Organisational Innovativeness Dimensions

Authors	Organisational Innovativeness Dimensions/Types
Wang & Ahmed (2004)	Product, market, process, behavioral and strategic
Gunday et al. (2011)	Product, process, marketing, organisational innovations
Crespell & Hansen (2009)	Product, process, business systems
Aujirapongpan et al. (2010)	Product and service
North & Smallbone (2000)	Product and service, market development, marketing methods, process technology and innovation, use of computers/IT in administration.
Lynch et al. (2010)	Creativity, openness to new ideas, intention to innovate, willingness for risk-taking and technological capacity to innovate.
Walsh et al. (2011)	Creativity, openness to new ideas, intention to innovate, risk and capacity to innovate
Tajeddini & Trueman (2012)	Behavior, product, process, market, strategic
Ruvio et al. (2013)	Creativity, openness, future orientation, risk-taking, proactiveness
Kamaruddeen et al. (2012)	Product, process, business

Wang and Armed (2004) proposed five dimensions of innovativeness: product, market, process, behavioural and strategic innovativeness. Likewise, Grawe et al. (2009) offer a new aspect to assess service innovativeness, comprising service innovation capability and the new service offering to meet clients' special requirements. This study adapted three dimensions from Wang and Armed (2004), and one dimension from Grawe et al.(2009) to investigate the hotel industry of Thailand for four reasons: (a) the dimensions cover overall organisational innovativeness; (b) the scale of the instrument is more valid and reliable (overall alpha value is 0.90); (c) the measure of organisational innovativeness reflects the current viewpoint and future orientation; and (d) the measure can be used to gauge the degree of innovativeness.

In this study, organisational innovativeness was purported to have four dimensions of service, process, market, and behavioural innovativeness (Grawe et al., 2009; Wang & Ahmed, 2004).

2.7.2.1 Service Innovativeness

Today, due to the turbulent environment, firms must continuously adapt and offer new things. Service innovation tend to be an important component of a firm's competitiveness (Liu, 2013). Oke (2007) found that service sectors emphasised service innovation more than other sectors.

Sreejesh et al. (2014) offered two perspectives of service innovativeness. Firstly, in terms of the service provider, service innovation is a strategic tool to create the new service perspective of the firm or the inside out perspective. Secondly, in terms of customer perception, service innovativeness introduces the service of the firm or the outside-in perspective. Dotzel et al. (2013) classified service innovativeness into two groups: (a) service innovativeness through the internet (e-innovativeness); and (b) service innovativeness by people or humans. Both types are important for firms. These studies defined service innovation as a firm's intangible offering to benefit customers and the crucial capabilities of a firm's performance.

Cho and Pucik (2005) revealed that a firm's profitability was positively associated with service innovativeness. Hence, they suggested that firms should promote intangible resources, both innovativeness, and commitment to developing quality products or services. Also, if a firm wants to enhance its service innovation or

service performance, it must understand and develop its service innovativeness (Dotzel et al., 2013). Dotzel et al.(2013) further revealed that e-innovativeness positively affects firm value, and p-innovativeness positively influenced firm risk. They suggested that human-dominated industries should focus on p-innovativeness and non-human-dominated industries should focus only on e-innovativeness. Igwe and Kalu (2017) found a strong positive effect between service innovativeness and organisational performance, especially customer satisfaction of four-star hotels in Nigeria. Moreover, they found that the service process and service outcome were crucial marketing tools to develop customer satisfaction in the hotel industry. They also found an interesting and critical point where service innovativeness played an important role in guests' decisions in choosing a hotel. Liu (2013) found that service innovativeness played a mediating role between market orientation and innovative performance in Chinese knowledge-intensive businesses.

In financial companies, Gadrey et al. (1995) described service innovations as new developments in activities involving customer interaction, such as fast-tracking or faster process insurance claims. In the hospitality industry, hotels can combine innovative services with others to match customer requirements (Sreejesh et al., 2014). Consistently, Igwe and Kalu (2017) indicated that service innovativeness of the hotel should cover three steps, i.e., pre-service innovativeness (e.g., preparing capacity to face change, training and durability of innovation); in-service innovativeness (e.g., ease of use, security checks, safety loading of luggage); and after-service innovativeness (e.g., follow-up, complaint handling, navigation device back home). Since service innovation is a key success factor for organisational

survival, it is crucial for employees to be effectively trained in delivering the new service (Radu & Vasile, 2007).

This study focused on service innovativeness in terms of the ability of a service provider to offer new possibilities in service quality or service innovation.

2.7.2.2 Process Innovativeness

Process innovativeness is a firm's process capability to encourage new ideas or create something new or experimental for the development of new product and new service (Das & Joshi, 2007; Lumpkin & Dess, 1996); and in offering a new product and service for clients (Johnson et al., 2000). Wang and Ahmed (2004) defined process innovativeness as an ability to introduce new production processes, new management approaches, and new technology for improving production and management processes. Furthermore, they argued that process innovativeness is important for a firm's overall innovative capability to meet the firm's production requirement. Wang and Ahmed (2004) and Chryssochoidis (2008) described that process innovativeness is a part of technological innovativeness related to improving production methods in introducing a new product. Chryssochoidis (2008) defined process innovativeness as a new procedure or a new tool that mediates between results and inputs. Moreover, Chryssochoidis (2008) contended that process innovations creates benefits in launching a new product and service. An example of process innovativeness is a lean system and continuous improvement (Rodriguez & Wiengarten, 2016). An example of process innovation in the hotel industry is when a

hotel's executive adopts IT to manage B2B (Business to Business) information and reservation systems for service optimisation (Pikkemaat & Peters, 2006).

Process innovativeness is a crucial driver for all innovation capabilities and may lead to enhanced organisational performance (Hilmi & Ramayah, 2010; Hult et al., 2004; Wang & Ahmed, 2004). Hilmi and Ramayah (2010) adopted process innovativeness measurement from Wang and Ahmed (2004) in their study on Malaysian SMEs, showing that process innovativeness positively affects SMEs performance.

This study used the definition and process innovativeness measurement as a component of organisational innovativeness following Wang and Ahmed (2004), to investigate the effects and mediating role of organisational performance in the hospitality industry.

2.7.2.3 Market Innovativeness

Although recent studies showed the positive and negative effects of organisational innovativeness on firm performance, not much is known about the role of market innovativeness in Asian companies despite the growth of such companies like Alibaba and Baidu (Abosag & Brennan, 2017). Marketing innovativeness is related to product, service, consumer, and brand innovativeness. Market innovativeness refers to innovation related to marketing research, and the exploration of new market opportunities and entries to compete with new competitors (Wang & Ahmed, 2004). Hilmi and Ramayah (2008) defined market innovativeness as the ability of firms to explore and enter the new market, and approach the product and service.

According to Abosag and Brennan (2017), improved firm performance is the ultimate target of marketing innovativeness. Kusumawardhani et al. (2012) used a mixed-method to investigate the relationship between organisational innovativeness and firm performance in Indonesian SMEs. They revealed that although Indonesian SMEs adopted innovativeness, market innovativeness was less implemented than product innovation. Hilmi and Ramayah (2008) found that market innovativeness positively affected Malaysian SME performance and suggested that firms should have a suitable organisational structure and organisational culture to promote market innovativeness. Previous studies also revealed that market innovativeness positively influenced organisational performance (Leekpai, 2013).

This study used the definition and market innovativeness measurement by Wang and Ahmed (2004) to investigate the effects and mediating role of organisational performance in the hotel industry.

2.7.2.4 Behavioural Innovativeness

One of the most crucial fundamental factors to construct innovative outcomes is behavioural innovativeness. An organisational level of behavioural innovativeness implies the overall internal openness and willingness to accept new ideas and innovation, demonstrated by organisationally sustained behavioural change. Behavioural innovativeness can reflect the organisational capability at the level of employees, teams and managers (Wang & Ahmed, 2004). Likewise, Riivari (2016) indicated that behavioural innovativeness seeks innovative solutions, not individual

or team characteristics, and demonstrates that organisational behaviour strives towards better performance. Avlonitis (1994) suggested that behavioural innovativeness assessment should relate to the organisation's sustained behavioural change or behavioural commitment towards innovations.

According to Phuangrod et al. (2015), many researchers (e.g., Avlonitis et al., 1994; Dobni, 2008; Hurley & Hult, 1998; Miller & Friesen, 1983; Nort & Smallbone, 2000; Rainey, 1995; Wang & Ahmed, 2004), chose behavioural innovativeness as one dimension of firm innovativeness measurement. Some researchers, including Dobni (2008) and Hurley and Hult (1998), used behavioural innovativeness as one of the innovativeness variables from the cultural perspective; whereas other researchers studied from the innovation capability perspective. Regardless, past studies found that behavioural innovativeness was positively and significantly related to firm performance (Acar & Acar, 2012; Turulja & Bajgoric, 2016) and made a difference in organisational ability to innovate product, process and managerial operations (Avlonitis, 1994).

2.8 Underpinning Theories

The main objective of this study is to examine the relationships between innovation strategy, organisational atmosphere, organisational culture, and innovativeness and organisational performance in the hotel industry of Thailand. An organisation achieves sustained competitive advantage over time; and derive their developing new capabilities which comprise innovation strategy, atmosphere, culture and innovativeness based on four attributes: valuable, rare, inimitable, and non-

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substitutable following the resource-based view (RBV); and should develop their capability continuous to keep up with rapid environmental change based on dynamic capability (DC). The researcher tried to adopted and integrate the resource-based view (RBV) and dynamic capability (DC), underpinning theories of relationship between variables used in the theoretical framework of this study.

2.8.1 Resource Based View (RBV)

The RVB theory is a theoretical framework for understanding how an organisation achieves a sustained competitive advantage over time (Barney, 1991; Eisenhardt & Martin, 2000). RBV is used to explain organisational performance (Teece et al., 1997; Wernerfelt, 1995), a firm's competitive advantage (Barney, 1984; Ray et al., 2004), and long-term survival (Itami, 1987; Walsh et al., 2011). The theory also proposes a firm's consideration for strategic management in developing new capabilities (Wernerfelt, 1984). Since the theory offers a general framework on competitive advantage, many studies have employed the theory to understand innovation as a form of organisational capability (Salomo, 2010).

According to RBV, resources are a significant factor to a firm's survival and its sustainable competitive advantage (Ray et al., 2004; Walsh et al., 2011). However, for organisations to exploit their resources to improve competitive advantage, the resources should have four attributes: valuable, rare, inimitable, and non-substitutable (Barney, 1991; Capron & Hulland, 1999; Wernerfelt, 1984). Also, heterogeneity and immobility of capabilities of the resources are important features for firms to achieve sustainable competitive advantage (Barney, 1991; Eisenhardt &

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Martin, 2000; Helfat et al., 2003; Wernerfelt, 1984). Walsh et al. (2011) proposed further that firms can enhance sustainable competitive advantage by having transformational capability, such as innovativeness.

Barney (1991) described a firm's resources to include all their assets, organisational capabilities, process, firm attributes, data and information and firm's knowledge. These resources can be separated as physical resources, human resources, and organisational resources. Physical resources are tangible resources of the firm that include technology and innovation, a firm's plant and equipment, raw materials, and its geographic location. Human resources are intangible resources of the firm and person-specific, which includes intelligence, experience, training, judgment, skills, and the execution abilities of individuals within the firm. Organisational resources are intangible resources of the firm and firm-specific, as well as the firm's formal reporting structure, formal and informal planning, cultural strength, and the relationships among members of the firm and its environment.

Barney (1991) explained the relationship between the resources of a firm and a competitive advantage. Barney indicated that the heterogeneity characteristics of resources restrict the mobility of the resources; hence, giving exceptional, unique and irreplaceable values in enhancing a firm's competitive advantage. Consequently, firms should find a combination of resources in the quest for competitive advantage. Hart (1995) and Moingeon et al. (1998) described the relationship between organisational resources, capabilities and competitive advantage. Organisational capabilities refer to the dynamic routines of the management capacity to continuously enhance the organisation's effectiveness, such as technology, design,

production, service and others. These capabilities drive organisational competitive advantage supported by the required resources. Figure 2.2 illustrates the relationship.
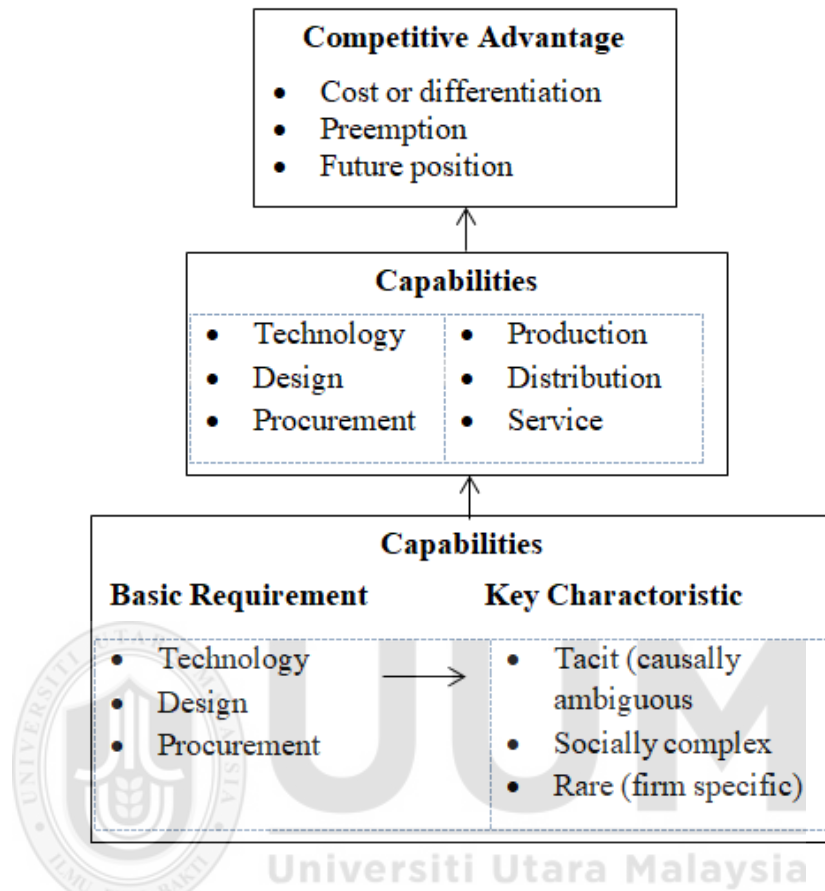
Figure 2.2
Resource-based view
Source: Hart (1995)

The crucial element of RBV is its focus on internal resources (Hart & Dowell, 2011; Lucas & Kirillova, 2011), especially intangible assets. According to Helfat and Peteraf (2003) and Wernerfelt (1984), organisational resource is both tangible and intangible assets or input to production. Itami (1987) emphasised that intangible or invisible assets are the real resources necessary for competitive power to succeed. Itami classified intangible assets based on three types of information flow comprising environmental, corporate and internal. Such invisible assets are production skills, customer information, corporate reputation, brand image, corporate image, corporate culture, the morale of workers, management capability, and the firm's ability to

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handle information. Meanwhile, Barney (1986) argued that intangible assets and competence-based resources are things embedded within each organisation, and which are difficult to copy and transfer by competitors.

Consistent with RBV, culture and atmosphere are a firm's intangible resources that can improve a firm's competitive advantage and enhance organisational performance. Among a firm's internal resources are physical resources, intangible resources, human resources, innovation strategy, organisational atmosphere, and organisational culture, which are internal intangible resources (Amran, et al.,2016; Barney, 1991, Itami, 1987; and Manroop, 2014).

2.8.2 Dynamic Capabilities

Dynamic Capabilities (DC) were proposed by Teece et al. (1997). Teece and his colleagues developed the theory based on the theoretical foundations of Shumpeter (1934). The DC theory can be considered an extension of RBT (Ambrosini et al., 2009). The concept of DC complements the premise of RBV (Wang & Ahmed, 2007) in describing the organisational competitive capability in rapid environmental change (Teece et al., 1997). However, while RBT emphasises ‗VRIN' (Valuable, Rare, Inimitable, and Non-substitutable) attributes of the internal resource, the DC theory emphasises the effect of the rapid change on a firm's resources toward new forms of competitive advantage (Eisenhardt & Martin, 2000). According to Teece (1991), the characteristics of global marketplace winners are that they must be timely responsive, offer flexible product innovation, and have management capability. In

other words, to be successful, firms must continue adapting to change (Breznik & Hisrich, 2014).

According to Teece et al. (1997), DC refer to a firm's ability to use strategic management appropriately to change organisational competencies to respond swiftly to changing external environments. To develop the capacity of the organisation to meet changing environments, the enterprise must rely on learning, storage, and the conversion of existing critical assets all the time (Teece et al., 1997). Winter (2003) defined dynamic capabilities as the ability to extend, modify or create new capabilities. Wang and Ahmed (2007) defined dynamic capabilities as an organisational behaviour to transform the resources to improve the ability and competitive advantage of the enterprise to enable it to respond to the rapid changes of the business environment. Dynamic capability has two major elements: human capabilities and organisational supporting processes. While the former can be categorised as adaptive capability, absorptive capability, and innovative capability; the latter is about integration, reconfiguration, renewal and recreation (Wang & Ahmed, 2007). Organisations with higher capabilities can transform available resources to meet the changing environment (Cohen & Levinthal, 1990; Wang & Ahmed, 2007).

Based on DC, innovation strategy is an organisational capability to enhance superior performance attainment, and a basis for competitive advantage (Hilman & Kaliappen, 2015; Wang, 2011) by reducing a performance gap from the radical change of the market environment (Wang, 2011). Firms with innovation strategies can use scarce resources to create a new thing to respond to changing customer needs

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and to outperform their competitors (Wang, 2011; Lawson & Samson, 2001). Past research conducted on the relationship between DC and a firm's competitive advantage tended to find a positive influence (Chien & Tsai, 2012; Kitsios & Sindakis, 2014; Li & Liu, 2014; Roberts & Grover, 2011).

Innovativeness, as a firm-level dynamic capability, is a firm-specific, valuable, and socially complex capability that is difficult to be transferable and imitated by other firms (Hult & Ketchen, 2001; Walsh et al., 2011). Giniuniene and Jurksiene (2015) proposed a framework to understand the mediating role of innovativeness between dynamic capabilities with firm performance. They found innovation to influence firm performance positively, and sustained competitive advantage. DC can help increase a firm's ability to innovate and influence innovation success and allow it to gain a competitive advantage. In tourism, Lynce et al. (2010) demonstrated that innovation strategy helped small tourism firms utilise existing but limited resources to maximise capacity and increase performance.

2.9 Research Framework

Based on the relevant literature reviewed and the scholar's recommendation, a research framework was developed to examine the mediating role of innovativeness in the relationship between innovation strategy, organisational atmosphere, organisational culture, and organisational performance of the hotel industry in Thailand. In this study, the three IV are innovation strategy, organisational atmosphere, and organisational culture, while organisational performance of the hotel industry is the DV. Innovativeness is a mediator variable (see Figure 2.3).

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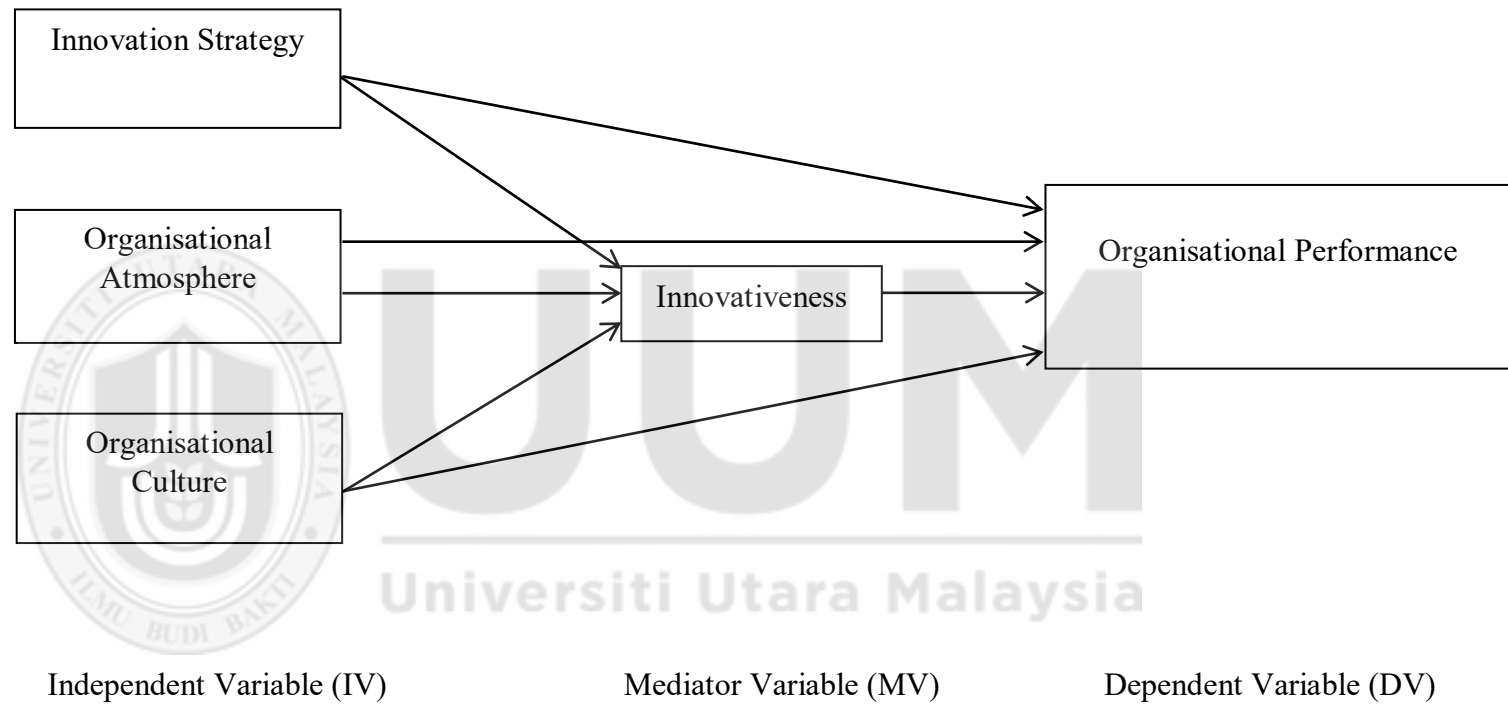
Figure 2.3
Research framework of this study

The research framework development is underpinned by the RBV and DC theory. Teece et al. (1997) described DC as a firm's ability to use strategic management appropriately to change organisational competencies to respond swiftly to changing external environment. Based on the DC aspect, the researcher explored the effects of innovation strategy, organisational atmosphere and organisational culture, on organisational performance.

RBV proposes a firm's consideration for strategic management in developing new capabilities (Wernerfelt, 1984). Furthermore, based on RBV, resources are a significant factor for a firm's survival (Ray et al., 2004; Walsh et al., 2011). Therefore, organisations should resolve their resources as VRIN (Barney,1991). Innovation strategy was defined as a sum of strategic choices of an organisation's innovation activity for developing new products/services, finding new markets and sources of material, and establishing a managerial structure to enhance organisational performance (Gilbert, 1994; Strecker, 2009; Wang & Ahmed, 2004).

According to Price et al. (2013), innovation strategy directly affects an organisation's ability to generate, develop and expand services and processes, and mobilise organisational resources. Suardhika, Yuesti, and Sudja (2018) argued that to implement its innovation strategy, an organisation will use its resources for product development, market development, and customer relations. Barney et al. (2011) defined innovation strategy as an effect to organisational competitive advantage, is inseparable from the entrepreneurship in order to enhance the firm's performance. This pertains to three to five stars hotels in Thailand. Furthermore, small and medium hotels lack the knowledge of modern management systems, and

operate using a traditional management system (Wongchiang & Kemthong, 2012). In this research, organisations should use innovation strategy based on their internal resources and consider the resource characteristics based on the resource-based view theory.

The RBV states that if an organisation has traditional resources, such as technology, financial assets and natural resources, they are no longer sufficient in developing a sustainable competitive advantage. Organisations should focus on intangible assets like organisational atmosphere. Organisational atmosphere refers to the aggregate employees' perception of organisational attributes that affect their work (Bowen & Ostroff, 2004; Ehrhart et al., 2014). A positive organisational atmosphere influences employee motivation to accomplish their work tasks and enhance organisational goals. Several researchers confirm a positive effect of organisational atmosphere on organisational performance (Akbaba, 2016; Alhabi, 2017; Bellou & Andronikidis, 2009; Davidson, 2000; Nybakk & Jenssen, 2012; Shanker et al., 2017).

Shahzad (2014) pointed out that employee commitment and involvement are derived from organisational culture. Organisational culture was found to interact with innovativeness to influence organisational performance (Acar & Acar,2012). Barney (1986) explained the relevance of RBV and organisational culture and a firm's performance, and contended that organisational culture should be developed as a valuable resource for organisations because it is difficult to imitate. As a valuable resource, organisational culture can help organisations achieve superior performance in sales growth, reduced costs, high margins, and increased financial value. Due to cultural differences, organisations should develop a culture consistent with their

national culture (Arikan & Enginoglu, 2016). By doing so, each organisation can develop its culture uniquely different from other organisations, giving them competitive advantage and success (Uzkurt et al., 2013; Valencia et al., 2016).

2.10 Hypotheses Development

After determining research questions, research objectives, and theoretical framework, the researcher had considered hypotheses development and framework. This study has ten hypotheses; based on the literature review it is necessary to discuss the relationship between each variable in the conceptual framework.

2.10.1 The Relationship between Innovation Strategy and Organisational Performance

A firm's innovation strategy depends on its innovation capability (Hervas-Oliver et al., 2014), and the problems of innovation improvement efforts are due to the firm's lack of innovation strategy (Pisano, 2015). Eesley et al. (2013) suggested that a firm without an innovation strategy uses more resources and skills for success. Other scholars also contended that the critical success factors in developing new services in the hotel industry are derived from strategic planning and innovation strategy, which determine the innovation process and influence hotel performance (Kitsios & Sindakis, 2014). Innovation strategy aims at increasing product performance, productivity, and competitive advantage, and lowering production costs (Karlsson & Tavassoli, 2015).

Several researchers ensured that innovation strategy had a positive relationship with organisational performance (Altuntas et al., 2013; Chunnapiya, 2012; Garrigos-Simon et al., 2005; Hilman & Kaliappen, 2015; Kitsios & Sindakis, 2014; Nybakk et al., 2011; Nybakk & Jenssen, 2012; Terziovski, 2010; Wei & Wang, 2011). Wei and Wang (2011) reported that innovation strategy significantly and positively affect a manufacturing firms's competitive marketing advantage in China. In addition, Nybakk & Jenssen(2012) showed the results of their study that innovation strategy has positive relationship with financial performance. Furthermore, the result of a study on Australian SMEs found that innovation strategy had a positive influence on SME's performance (Terziovski, 2010). Meanwhile Karlsson and Tavassoli (2015) analysed the influence of each innovation strategy type on the community innovation of organisational performance in Sweden. They showed that firms that chose a complex innovation strategy had better productivity than those that had chosen simple innovation strategies. They suggested that other scholars should investigate the relationship between innovation strategy and organisational performance.

In the context of the hotel industry, Hilman and Kaliappen (2015) focused on innovation strategy at the functional level. They suggested that hoteliers should develop an innovation strategy to enhance the firms' overall management. They also demonstrated that process and service innovation strategy had positive relationships with hotel performance, but process innovation strategy attained slightly more than service innovation strategy. Meanwhile, Chunnapiya (2012) focused on marketing-oriented strategy, and showed a direct and positive relationship with marketing performance. Furthermore, Chunnapiya reported that innovation strategy dimensions, such as marketing innovation strategy, indirectly influenced four to five-

star hotel performance in Thailand. Pimpan et al. (2018) investigated and found that service innovation strategy had direct effects on the profitability of four-star and five-star hotels in Thailand.

As mentioned in the literature reviewed above, most studies explored innovation strategy in manufacturing or production firms (Akman & Yilmaz, 2008; Nybakk & Jenssen, 2012; Nybakk et al., 2011; Terziovski, 2010; Terziovski, 2010; Wei & Wang, 2011). While only a handful had considered the hotel sector (Altuntas et al., 2013; Chunnapiya, 2012; Garrigos-Simon et al., 2005; Hilman & Kaliappen, 2015; Kitsios & Sindakis, 2014; Pimpan et al., 2018). Hence, this study contributes to existing literature in investigating the influence of innovation strategy and organisational performance of hotels in Thailand. However, despite the limited number of studies on the hotel sector, innovation strategy seems to be related to hotel performance. Hence, this study hypothesised the following:

H_1: Innovation strategy has a positive relationship with organisational performance.

2.10.2 Relationship Between Organisational Atmosphere and Organisational Performance

Organisational atmosphere (OA) supports organisational goals and organisational outcomes. Furthermore, OA also improved employee satisfaction and perceived service effectiveness to enhance consumer satisfaction (Aarons & Sommerfeld, 2012). Besides a creative atmosphere, one component of an innovative organisation generates creative ideas supported by relevant motivation systems (Tidd et al., 2005).

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Most researchers have studied the influence of organisational atmosphere on organisational performance. Table 2.1 summarises past studies and their key findings. As shown, several studies revealed organisational atmosphere's positive relationship with organisational performance (Akbaba, 2016). For instance, Alhabi (2017) investigated 204 middle level managers in Saudi Arabian hotels. He found that organisational atmosphere positively influences organisational sustainability and moderated the effects on the relationship between TQM and organisational sustainability. In contrast, Leekpai et al.(2014) found that organisational atmosphere does not have a significant relationship with organisational innovativeness in the hotel businesses in southern Thailand.

Table 2.7

Summary of Literature on Organisational Atmosphere and Organisational Performance

Authors/Year	Independent Variable	Dependent Variable	Respondents	Key Findings
Davidson (2000)	Organisational Atmosphere	Organisational Performance (OP) Financial Performance	14 four to five star hotels in Australia	OA→OP (+/S)
Subramaniam (2005)	Organisational Atmosphere	Organisational Innovation (OI)	Australian hotel industry	OA→OI(+/S).
Bellou & Andronikidis (2009).	Organisational Atmosphere	Customer Services Quality	24 Greek hotels	OA→OP (+/S)
Nybakk et al. (2011)	Atmosphere for innovation	Firm financial performance	460 wood products industry of Norwegian and US	OA have a positive influence on OP. Although large firms have a low level of interactions but still positive affect.
Rota et al. (2012)	Organisational Atmosphere - Job challenge - Communication - Trust - Innovation and social cohesion	Organisational Performance	135 Italian companies	OA→OP(+/S), they suggested that the effectiveness of trust and communication between executives and employee associates with openness innovative.
Shanker et al. (2017)	Organisational Atmosphere (OA) for innovation	Organisational Performance (OP)	202 public companies in Malaysia	OA has a positive significant relationship with OP. An appropriate OA for innovation encourages and support to employee creative idea and innovative efforts are valued.

Note. (+)=Positive Relationship; OA = Organisational Atmosphere; OP=Organisational Performance

Thus, based on the literature, the following hypothesis was formulated:

H$_2$: Organisational atmosphere has a positive relationship with organisational performance.

2.10.3 Relationship Between Organisational Culture and Organisational Performance

Organisational culture is a crucial construct that affects individuals and the overall organisation (Yesil & Kaya, 2012). Organisational culture also plays a role in innovation, performance, and maintaining a sustainable competitive advantage for the organisation (Abdi & Senin, 2014; Nuansate, 2016; Matinaro & Liu, 2016; Puri & Bharti, 2015; Valencia et al., 2010; Yesil & Kaya, 2012). Hence, organisations must strive to develop an adhocracy culture that fosters creativity, entrepreneurship, openness and risk-taking, to support idea generation (Valencia et al., 2010).

Yesil and Kaya (2012) found that adhocracy culture was positively related to the innovation capability of firms. Moreover, Chung and Haddad (2001) found a positive relationship between organisational culture and organisational performance of banks and hotels in Bahrain. According to Shahzad (2014), organisational culture could improve the overall organisational performance and employees' job performance. While Imran et al.(2021) investigated the effects of organisational culture and the banking performance sector in Pakistan. They adopted the four dimensions of organisational culture, involvement, consistency, adaptability, and mission from Denison and Mishar(1995). They found that two dimensions of

nvolvement and adaptability, significantly influenced organisational performance; while consistency and mission were not significant. For the banking sector, the consistency and mission are unclear.

Table 2.8 summarises past literature concerning organisational culture and organisational performance, and shows that most studies found a direct effect of organisational culture on organisational performance (Amjad and siddiqui, 2019; Arikan & Enginoglu, 2016; Imran et al., 2021; Nikpour, 2017; Shahzad, 2014; Soltani et al., 2011; Tseng, 2010; Xie et al., 2016;).

Table 2.8
Summary of Literature on Organisational Culture and Organisational Performance

Authors/Year	Independent Variable	Dependent Variable	Respondents	Key Findings
Flamholtz & Kannan-Narasimhan, (2005)	Organisational Culture (People Scale, Customer Scale, Performance and Accountability Scale, Teamwork and Communication, Corporate Citizenship)	Financial Performance (FP)	702 US medium sized industrial enterprise	OC→FP(+/S) Some OC elements have differential impact to financial performance. Customer focus, Corporate citizenship, Performance standards, and Identification with the company are the key elements of OC to FP. This study assessed only financial performance.
Tseng (2010)	Organisational culture (Clan, adhocracy and hierarchy)	Corporate Performance (CP) (Financial performance, market/customer, process, people development and future)	131 largest Taiwanese corporations	- OC→CP(+/S) - Adhocracy culture strong relationship to OP more than other dimensions. - Cultural differences will significant affect to CP.
Soltani et al. (2011)	Organisational culture (Over all measurement)	Organisational Innovation (Measure perceptions of innovation and renewal in plans)	252 Cultural Institution of Moghan in Iran	- OC→OI (+/S) -Although, OC as an important factor, but not enough supportive for facilitating suitable environment for improve organisational innovation that different levels.

Table 2.8 (Continued)

Authors/Year	Independent Variable	Dependent Variable	Respondents	Key Findings
Shahzad (2014)	Organisational Culture (Employee participation, innovation and risk-taking, rewards system, openness of communication and customer service orientation)	Performance of Employees (PE)	110 software industry in Pakistan.	- OC→PE(+/S) Employees'commitment and involvement are important factors to increase organisational performance.
Arikan & Enginoglu, (2016)	Organisational Culture (Customer, human resource practices, identification with the company, performance and behavior standards, corporate citizenship and communication)	Organisational Performance (Quantitative and qualitative)	45 companies in Turkey	- OIC→OP(+/S) - The researcher suggested that firm should focus on Eastern cultures more Western cultures.
Nikpour(2017)	Organisational Culture (Involvement, Consistency, Adaptability and Mission)	Organisational Performance(Effectiveness, Effiency, Productivity, Quality, and Innovation)	190 employees in education office of Kerman province.	Organisational positive effect on Organisational Performance
Amjad and siddiqui(2019)	Organisational Culture comprise: Involvement, Consistency, Adaptability and Mission	Organization effectiveness	179 corporate sectors of pakistan	Involvement, consistency adaptability that significantly influence organisational performance, while mission are not significant.
Imran et al.(2021)	Organisational Culture (involvement, consistency, adaptability, and mission)	Non-financial performance.	250 Pakistan's banking.	Involvement and adaptability that significantly influence organisational performance, while consistency and mission are not significant. In the nature of the banking sector, the consistency and mission are unclear

Note. (+)=Positive Relationship; S = Significant; OC = Organisational Culture; OP=Organisational Performance

In the hotel industry, Wang (2012) found that organisational culture positively and directly influenced Taiwan-based international tourist hotels' performance. Meanwhile, Acar and Acar (2012) reported that organisational culture positively affected firm performance in Turkey's private healthcare industry. They found that organisational culture interacted with innovativeness to influence organisational performance. Likewise, Rahimi and Gunlu (2015) reported that organisational culture positively and significantly impacted consumer relationship management of a chain hotel in the UK. Similarly, Chilla et al. (2014) found that organisational culture was significantly linked with organisational performance in the hospitality sector in Kakamega, Kenya. Nuansate (2016) revealed that organisational culture had a moderating effect on proactive marketing orientation and overall business performance, and indicated that if the organisation wanted to enhance its performance, then management should focus on organisational culture.

Based on the evidence of past literature, this study hypothesised the following:

H$_3$: Organisational culture has a positive relationship with organisational performance.

2.10.4 The Relationship Between Innovation Strategy and Innovativeness

Innovation strategy is fundamental in enhancing competitive advantage and superior performance of a firm (Hilman & Kaliappen, 2015). Wei and Wang (2011) defined innovation strategy as the extent to which a firm values and promotes innovation across the organisation. Fruhling and Siau (2007) pointed out that innovation strategy can improve a company's innovation capability. If firms want to enhance

their innovativeness, they should develop organisational strategies (Razavi & Attarnezhad, 2013). Both innovativeness and innovation strategies are key drivers of organisational performance; and innovation strategy influences innovativeness (Karpacz & Ingram, 2015; Terziovski, 2010;).

Past studies showed that innovation strategy implementation led to enhanced innovativeness (Akman & Yilmaz, 2008; Fruhling & Siau, 2007; Razavi & Attarnezhad, 2013; Wei & Wang, 2011). Crespell and Hansen (2008) demonstrated that innovation strategy had a positive relationship with organisational performance. Although many past studies on innovation strategy and innovativeness were conducted, studies on Thailand's hospitality industry are limited.

Based on the review of past literature, this study hypothesised the following:

H_4: Innovation strategy has a positive relationship with innovativeness.

2.10.5 The Relationship Between Organisational Atmosphere and Innovativeness

Organisational atmosphere is one component of the work environment (Nybakk & Jenssen, 2012). A work environment influences motivation and increases creativity, to generate organisational innovation (Amabile et al., 1996; Bahrami et al., 2016; Choudhury, 2011; Nybakk & Jenssen, 2012). So, if firms want to promote innovation, they should change or improve the organisational atmosphere (Subramaniam, 2005; Tidd et al., 2005;).

Many researchers have reported a significant effect between innovation atmosphere and organisational innovativeness (Cekmecelioglu & Gunsel, 2013; Crespell & Hansen, 2009; Nybakk & Jenssen, 2012) or firm performance (Choi et al., 2013; Crespell & Hansen, 2008; Victor et al., 2008; Dawson et al., 2008). Also, Victor et al. (2008) found a strong relationship between different dimensions of organisational atmosphere and perceptions of enhanced innovation, and a direct effect on a firm's performance. Other scholars also demonstrated that organisational atmosphere had a direct and positive influence on team innovativeness (Açikgöz & Günsel, 2011; Scheider et al., 1996; Somech, 2011). Shanker et al. (2017) studied Malaysian companies and found the organisational climate was positively affected by organisational performance. However, Leekpai et al. (2014) observed that organisational atmosphere did not show any significant influence on innovativeness in the hotel business in southern Thailand. It is worth noting that studies on the influence between organisational atmosphere and innovativeness in the hotel industry are scarce.

The following hypothesis is formed:

H_5: Organisational atmosphere has a positive relationship with innovativeness.

2.10.6 The Relationship Between Organisational Culture and Innovativeness

Organisational culture plays a crucial role in innovation (Alm & Johnson, 2014), and is a key contributor to innovativeness and firm sustainability (Matinaro & Liu, 2016). Organisational culture was found positively significant to innovativeness (Acar & Acar,2012; Alm & Johnson, 2014; Brettle et al.,2014; Krot & Lewicka,

2013; Matinaro & Liu, 2016; Naranjo-Valencia et al., 2010; Skerlaval et al., 2010). Brettle et al.(2014) stated that four dimensions of different organisational cultures; namely group, hierarchical, rational and developmental culture; direct impact the innovativeness of SMEs. Furthermore, investigating the multi-dimensions, or not focussing on any one dimension of organisational culture, is a major advantage of their study; and each organisation has a different culture to apply. Meanwhile Josheph (2015) revealed that the 3 key concepts of organisational culture that affect innovativeness are relationships, leadership style and context. To support innovativeness of organisation, the organisation should most especially, design organisational culture that supports creativity, flexibility, holistic thinking and adaptiveness (Dyduch, 2019).

Abdullah (2016) studied 32 SMEs in Malaysia and found that organisational culture comprises four dimensions; which are involvement, adaptability, consistency and mission; significantly affected organisational innovativeness. While Martins and Terblanche (2003) showed that organisational culture had a significant influence on employee creativity and innovation. Hani et al.(2020), stated that strong organisational culture can predict future organisational performance. Matinaro and Liu (2016) investigated the construction industry and used qualitative research and collected data by interviews; their results showed that strong companies try to change organisational culture to lean towards innovativeness and |firm sustainability; they start with recruitment managers and leaders, then proceed to continuous improvement to change traditional culture, with more collaboration and create diversity. Thus, based on the above literature analysis, the following hypothesis has been developed:

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H$_6$: Organisational culture has a positive relationship with organisational innovativeness.

2.10.7 The Relationship Between Innovativeness and Organisational Performance

Innovativeness is comprised of other ability factors that can enhance capacity for a firm to innovate, leading to superior organisational performance (Hult et al., 2003). It was shown that innovativeness had a positive effect on service quality, productivity and overall cost efficiency (Tajeddini, 2011). Innovativeness also allows organisations to develop a firm's ability toward higher levels of firm performance and firm competitive advantage (Hurley & Hult, 1998). Similarly, Lawson and Samson (2001) confirm that the stronger the firm's innovativeness, the more effective its innovation performance.

Domi et al.(2019) found an insignificant relationship between innovativeness and tourism SMEs performance; in terms of SME types being diversified, which is 38.8% being restaurants and 37.9% the hotel industry. In their study, they used unidimensional measures for both innovativeness and SMEs performance, which is different from this study. Qureshi et al. (2008) revealed that the degree of a firm's innovativeness, and innovation management practices affected organisational and market performance in Pakistan. Previous studies also showed that organisational innovativeness had a positive effect on organisational performance (Ashraf et al., 2014; Calantone et al., 2002; Giniuniene & Jurksiene, 2015; Hult et al., 2004; Keskin, 2006; Rutherford & Holt, 2007; Leekpai, 2013; Rhee et al. 2010; Scholastica &

Maurice, 2013; Sok, O'Cass & Sok., 2013; Tajeddini, 2011; Turar et al., 2015;). The performance indicators for these studies were market share, sales growth, profitability and efficiency of operations (Kessler et al., 2015; Salem, 2014;). Tseng et al. (2008) used four indicators of marketing indicators to measure performance; including growth rate, occupancy rate, as well as customer satisfaction.

Based on past literature, this study hypothesised the following:

H_7: Innovativeness has a positive relationship with organisational performance.

2.10.8 Mediating Role of Innovativeness Between Innovation Strategy and Organisational Performance

Innovativeness and innovation strategy are the key drivers of organisational performance (Karpacz & Ingram, 2015; Terziovski, 2010). The mediating role of innovativeness in influencing a firm's performance has been reported in the literature review (Altuntas et al., 2013; Terziovski, 2010) despite only a handful of studies that exist. Altuntas et al. (2013) investigated the mediation of innovativeness in driving organisational performance in private healthcare organisations in a developing country. Tutar et al. (2015) found that innovativeness played an important role between strategic orientation and marketing performance in the furniture market. Similarly, Crespell and Hansen (2008) revealed that innovativeness acted as a mediating variable between innovation strategy (indicators comprising products, process, and research and development) and the organisational performance of the US forestry sector.

Crespell and Hansen (2008) found a full mediation relationship between innovation strategy and firm performance through innovativeness. Similarly, Vincent et al. (2003) found that innovation demonstrated positive mediation between organisational capabilities and structure and firm performance, and suggested that future research should focus on process innovation. However, Karpacz and Ingram (2015) found that innovativeness did not play a mediating role between innovation strategy and organisational performance of 130 SMEs in Poland. The same study demonstrated that the relationship between innovation strategy and innovativeness (product and quality dimensions) was significant.

Based on past studies, the following hypothesis was formulated:

H_8: Innovativeness mediates the relationship between innovation strategy and organisational performance.

2.10.9 Mediating Role of Innovativeness Between Organisational Atmosphere and Organisational Performance

Literature on the mediating role of innovativeness on organisational atmosphere and organisational performance is scarce. Crespell and Hansen (2008) investigated the US forest sector, and found that innovativeness partially mediated the link between organisational atmosphere, which refers to the atmosphere for innovation, and organisational performance. In the hotel industry in Thailand, Leekpai (2013) tested a framework of the effects between the antecedents of innovativeness and organisational performance. She revealed that all three antecedents which comprises of market orientation, entrepreneurial orientation, learning orientation, and

organisational atmosphere, had positive influence on innovativeness, and that the results showed a positive relationship with hotel performance. In 2014, she added one more variable of organisational atmosphere and tested the framework again by collecting data from 202 hotels in southern Thailand. She demonstrated that learning orientation and entrepreneurial orientation had a positive impact on innovativeness regardless of market orientation and organisational atmosphere (Leekpai et al., 2014). In her latest study, she did not investigate the mediating role of innovativeness on two variables.

Based on past literature, the following hypothesis was formulated:

H$_9$: Innovativeness mediates the relationship between organisational atmosphere and organisational performance.

2.10.10 Mediating Role of Innovativeness Between Organisational Culture and Organisational Performance

Empirical research revealed that innovativeness playing a mediating role between OC and OP is limited, especially in the hospitality industry. Ashraf et al. (2014) showed a partial mediation effect of innovativeness on the relationship between organisation culture and organisational effectiveness in education firms. Likewise, in their study in both manufacturing and service companies in Spain, Naranjo-Valencia et al. (2016) found that innovation had a positive mediation between adhocracy culture and OP; but was a negative mediation between hierarchy culture and organisational performance. Furthermore, Amjad and Siddiqui (2019) examined the mediating role of innovativeness between corporate culture and organisational

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effectiveness in different organisations. The result shows that organisational culture has a positive relationship with organisational performance; and the highlights and implications of this study is that innovativeness plays a mediating role between organisational culture and a firm's overall performance.

H_{10}: Innovativeness mediates the relationship between organisational culture and organisational performance.

2.11 Summary of Hypotheses

The list of hypotheses developed based on literature review is as follows:

H_1:   Innovation strategy has a positive relationship with organisational performance.

H_2:   Organisational atmosphere has a positive relationship with organisational performance.

H_3:   Organisational culture has a positive relationship with organisational performance.

H_4:   Innovation strategy has a positive relationship with innovativeness.

H_5:   Organisational atmosphere has a positive relationship with innovativeness.

H_6:   Organisational culture has a positive relationship with innovativeness.

H_7:   Innovativeness has a positive relationship with organisational performance.

H_8:   Innovativeness mediates the relationship between innovation strategy and organisational performance.

H₉: Innovativeness mediates the relationship between organisational atmosphere and organisational performance.

H₁₀: Innovativeness mediates the relationship between organisational culture and organisational performance.

2.12 Summary of the Chapter

This chapter reviewed and discussed relevant literature by offering the various definitions and concepts of the key variables of innovation strategy, organisational atmosphere, and organisational culture. It also presented past studies on the effects of the mediating roles of innovativeness and organisational performance. Also, the key underpinning theories were highlighted. Specifically, RBV and dynamic capabilities theories were espoused to inform the study. In addition, hypotheses development was proposed together with the research framework. The next chapter will propose research design, the operation and measurement of variables, data collection and pilot/preliminary test.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter reviewed and discussed relevant literature on key variables, underpinning theories and research framework. Consequently, this chapter talks about the research method, which covers research design, research procedure, research instrument, data collection and analysis techniques. A summary of this chapter is provided in the last section.

3.2 Research Design

This research has four objectives: 1) to investigate the relationship between innovation strategy, organisational atmosphere, and organisational culture on hotel performance; 2) to determine the relationship between innovation strategy, organisational atmosphere, and organisational culture on innovativeness; 3) to examine the relationship between innovativeness and hotel performance; and 4) to determine the mediating role of innovativeness in the relationship between innovation strategy, organisational atmosphere, organisational culture, and hotel performance.

This study follows a quantitative methodology to examine the relationship between the variables, measured objectively to allow statistical analysis to be performed (Creswell, 2014; Sekaran, 2003). This research had started in 2015, and data had

been collected between July to November 2019. It was quite challenging since it was done during the situation prior to the Corona Virus Disease (COVID-19) pandemic. Figure 3.2 shows the steps taken by the present study to meet its objectives, consistent with the quantitative approach.

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┌────────────────────────────────────────────┐
│ Literature review to explore the problem    │
│ and clearly observe the situational         │
│ phenomenon of the study                     │
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┌────────────────────────────────────────────┐
│ Identify the conceptual and operational     │
│ definitions of all variables and            │
│ relationships between variables             │
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┌────────────────────────────────────────────┐
│ Define population and sample                │
└────────────────────────────────────────────┘
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┌────────────────────────────────────────────┐
│ Developed variable measurements             │
└────────────────────────────────────────────┘
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│ The instruments development: operational    │
│ definitions, back translated, content       │
│ validity                                    │
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│ Pilot test procedure                        │
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│ Data collection                             │
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│ Data analysis and hypothesis testing        │
└────────────────────────────────────────────┘
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┌────────────────────────────────────────────┐
│ The results of data analysis,               │
│ interpretation, conclusion, discussion and  │
│ drawing on theoretical contributions and    │
│ managerial implications                     │
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Figure 3.1
Research design

3.3 Operational Definitions

Sekaran and Bougie (2016) stated that operationalisation of variables is a crucial method for reducing nebulous variables to observable characteristics and adequately representing constructs of the study. An operational definition of variables is a manner of measured variables and appropriately represented constructs (Hair et al., 2018). This section of the study provides operational definitions of all constructs.

3.3.1 Organisational Performance

Organisational performance is the overall outcome of a firm's operational activities (Wu & Lu, 2012). The organisation can measure its performance with financial indicators and non-financial indicators. In this study, organisational performance was operationally defined as an indicator to evaluate hotel performance to utilise available resources effectively and efficiently. Consistently, four perspectives of BSC were used to measure organisational performance: financial perspective, customer perspective, internal business process perspective, and learning and growth perspective (Kaplan & Norton, 1996).

All items to measure organisational performance were adapted from Wu and Lu (2012), who reported that each dimension had high reliability and validity coefficients with financial perspective showing a coefficient of 0.952, customer perspective 0.951, internal process 0.932, and learning and growth 0.930. Since Wu and Lu studied the hotel industry in Taiwan, the items they used were deemed

relevant. Examples of the items include reduced cost, increased return on assets, customer satisfaction, market share, employees' service quality, and others.

3.3.2 Innovation Strategy

This study defined innovation strategy (IS) as a sum of a firm's strategies regarding its innovation activities of creating new products and services, creative approaches, seeking new markets and source of supply, and establishing managerial structure to improve organisational performance (Gilbert, 1994; Strecker, 2009; Wang & Ahmed, 2004). Operationally, innovation strategy is how firms use the strategy to execute a business plan to respond to market changes (Hilman & Kaliappen, 2015; Terziovski, 2010; Wei & Wang, 2011). In this study, innovation strategy was operationalised using Terziovski's (2010) measures because this measurement tool is unidimensional and has been shown to have high reliability of 0.87. As a result, it has been adopted by many researchers (e.g., Kalay & Lynn, 2015; Sattayaraksa & Boon-itt, 2016). The instrument was composed of nine items. Some examples of the items made references to a hotel's vision and mission, and the formulation of an innovation strategy, relevant employee skills, administrative routines, internal cooperation, and others.

3.3.3 Organisational Atmosphere

Based on relevant literature, organisational atmosphere is commonly defined as a sum of attributes employees perceive in their work environment. These attributes include practices, policies, leadership credibility, commitment, a sense of belonging,

procedures and rewards system. This study defined organisational atmosphere as the employees' aggregate perception about organisational attributes that affect their work. The instrument to measure organisational atmosphere was adapted from Vong et al. (2018). They used six items to measure organisational atmosphere following Newman's (1977) that showed a high alpha coefficient of 0.83 (Alharbi, 2017; Vong & Tang, 2017).

3.3.4 Organisational Culture

Ball and Quinn (2001), Miron et al. (2004), Valencia et al. (2010), and Cerovic et al. (2011) defined organisational culture as a sum of shared values, beliefs, practices, rites, rituals, stories, expectations and norms by all employees in a firm, which make an organisation unique. In this study, organisational culture was defined as a set of norms, attitudes, underlying values, management practices, and behaviour patterns that influence work-life (Denison, 1984). Consistently, this study used Denison's Organisational Culture Model (DOCM) comprising of four components: adaptability culture, consistency culture, involvement culture, and mission culture. Each component had three sub-groups, totaling 12 different features that comprehensively cover the efficiency of organisational activities (Denison & Neale, 2000). OC was measured using 16 items adapted from Denison's Organisational Culture Model (DOCM).

3.3.5 Innovativeness

Innovativeness refers to an innovative capability, tendency and willingness to change and to be receptive to newness, new ideas, experiment, and innovation to develop a firm's competitive advantage (Calantone et al., 2002; Crossan & Apaydin, 2010; Hult et al., 2004; Lumpkin, 1996; Lumpkin & Dess, 1996; Nybakk et al., 2009; Qureshi, Dar & Khan, 2008; Sivapitak, 2011; Tajeddini, 2014; Wang & Ahmed, 2004). In this study, organisational innovativeness comprised four dimensions: service innovativeness, process innovativeness, market innovativeness, and behavioural innovativeness. The instrument was adapted from Wang and Ahmed (2004) and Grawe et al. (2009). It was reported that the reliability of the instrument was as follows: service innovation (0.89), process innovativeness (0.71), market innovativeness (0.80), and behavioural innovativeness (0.59).

3.4 Scale of Variables

This study adopted the Likert scale to measure respondent attitudes of constructs comprising innovation strategy, organisational atmosphere, organisational culture, innovativeness and hotel performance. Joshi et al.(2015) stated that the Likert scale is one of the most popular fundamental psychometric methods in several research fields, especially education and social science. The general constructional scale comprises two extreme sides, which are strongly disagree and strongly agree; consequently the participant or respondent chooses the way in either direction (Joshi et al., 2015).; although there is no clear point of scale between 5 point scale nor does it include mid-point and 7 point scale or exclude mid-point (Joshi et al., 2015).

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Chung et al.(2017) proposed that refraining from the mid-point of the scales is not best practice; including a mid-point scale can get more benefits, and make the respondents express their true, opinions and not be forced to choose to agree or not agree. Furthermore, 5 scales or include midpoint suitable for respondents who are familiar with the topic.

In this study, due to its simplicity, understandable questions are easier for respondents to voice their opinions; the researcher chose the 5 scale to measure respondents' opinions and measurement of variables.

3.5 Questionnaire Development

A questionnaire development adopted five Likert-type scales (ranging from 1 = strongly disagree to 5 = strongly agree), was employed to measure all items. Five sections that corresponded to each key variable were developed in the questionnaire. First, innovation strategy was measured by nine items adapted from Terziovski (2010). Organisational atmosphere was measured by six items adapted from Vong et al. (2018). Organisational culture was measured using 12 items of Denison's Organisational Culture Model (DOCM) developed by Denison and Neale (2000). Organisational innovativeness was measured using 12 items adapted from Wang and Ahmed (2004) and Grawe et al. (2009). Lastly, organisational performance followed the four perspectives of the BSC, consisting of twelve items adapted from Wu and Lu (2012) were used (See Table 3.1 and Appendix B.)

Table 3.1
Summary of Measurement Construct

Construct	Dimension	Items	Questions
IS	-	9	1. The hotel's vision or mission includes a reference to innovation.
			2. The hotel's vision or mission includes a reference to innovation.
			3. Innovation strategy has helped the hotel to achieve its strategic goals.
			4. Increasing our production volume is an important measure of our process innovation.
			5. Innovation strategy has helped the hotel to achieve its strategic goals
			6. Increasing our production volume is an important measure of our process innovation.
			7. Innovation strategy has helped the hotel to achieve its strategic goals.
			8. Increasing our production volume is an important measure of our process innovation.
			9. Improving administrative routines is seen as part of our innovation strategy.
			Source: Terziovski (2010)
OA	-	6	1. Company management is open, supportive, and considerate.
			2. Co-workers are trusting, friendly and co-operative.
			3. Employees show concern for the work of their work, try to get ahead and are involved in their work.
			4. Employees have the proper background training and ─know-how" to do what is expected of them to do
			5. Employees take part in decisions that affect their work situation
			6. Rewards such as promotions and salary increases are based on performance rather than other considerations such as favoritism
			Source: Vong et al. (2018)
OC	4	12	1. The way things are done is very flexible and easy to change in our hotel.
			2. New and improved ways to do work are continually adopted in our hotel.
			3. Customer comments and recommendations often lead to changes in our hotel.
			4. Learning is an important objective in our day-to-day work.

Table 3.1 (Continued)

Construct	Dimension	Items	Questions
			5. Our hotel has never got trouble reaching agreement on key issues.
			6. Our hotel approach to doing business is very consistent and predictable.
			7. Our hotel business planning involves everyone in the process to some degree.
			8. In our hotel, employees always work as a team.
			9. The authority in our hotel is delegated so that employees can act on their own work.
			10. Our hotel employees understand what needs to be done for us to succeed in the long run.
			11. Our hotel's chief executives have a long-term viewpoint.
			12. Our hotel's chief executives vision creates motivation for our employees.
			Source: Denison and Neale (2000)
INN	4	12	1. Our hotel's top management gives special emphasis to service innovation.
			2. Our hotel is able to change/modify our current service approaches to meet special requirements from customers.
			3. Compared to our hotel competition, our firm is able to come up with new service offerings.
			4. Our hotel is constantly improving it processes.
			5. During the past five years, our hotel has developed many new management approaches.
			6. When we cannot solve a problem using conventional methods, we improvise on new methods
			7. In comparison with our competitors, our products' most recent marketing program is revolutionary in the market.
			8. Our recent new services are only of minor changes from our previous services.
			9. New services in our hotel often take us up against new competitors.
			10. We get a lot of support from managers if we want to try new ways of doing things.
			11. In our hotel, we tolerate individuals who do things in a different way.
			12. We are willing to try new ways of doing things and seek unusual, novel solutions.
			Source: Wang and Ahmed(2004) and Grawe et al.(2009)

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Table 3.1 (Continued)

Construct	Dimension	Items	Questions
OP	4	12	1. Our hotel reduces total cost of the hotel.
			2. Our hotel increases sales growth rate.
			3. Our hotel increases net profit margin.
			4. Our hotel satisfies the needs of various types of customer.
			5. Our hotel increases customer intention to purchase.
			6. Our hotel increase market share.
			7. Our hotel increase operating efficiency.
			8. Our hotel reduces customer complaint.
			9. Our hotel improves the ability to retain old customers.
			10. Our hotel improves employee's problem-solving ability.
			11. Our hotel improves employee's intention to learn.
			12. Our hotel effectively promotes corporate culture.
			Source: Wu and Lu (2012)
All Constructs	**-**	**51**	

IS = Innovation Strategy, OA = Organisational Atmosphere, OC = Organisational Culture, INN = Innovativeness, OP = Organisational Performance

In this study, for data collection, the researcher used a questionnaire. The questionnaire had two sections. Section 1 dealt with general information about the participants and the company, including the participants' gender, age, education, marital status, position, tenure, hotel rating, number of rooms, hotel location, the hotel's establishment, and the number of employees. Section 2 asked questions on all variables of this study.

3.6 Data Collection

This section described the data collection procedure, comprising the determination of the population of the study and sample size procedure, data collection, and also data analysis techniques.

3.6.1 Population of the Study

According to Salkind (2018), a population is a larger group of potential participants the researcher is interested in examining. Three-star to five-star rated hotels who were also members of the Thai Hotels Association in Thailand, were the population. These hotels were chosen for three reasons. In Thailand, 4% of total foreign direct investments are four-star and five-star hotels (Nuansate, 2016). Three-star to five-star hotels tend to have similar characteristics, but the latter hotels tend to have better standard of services and infrastructure. These hotels tend to have swimming pools, standard and deluxe rooms, a gym, conference rooms, and a high-security checking system. These hotels create a high proportion of employment as compared to other hotels, contributing more to the Thailand Gross Domestic Product (GDP). It is estimated that three to five-star hotels adopt an innovation strategy and have a conducive atmosphere and culture to perform better.

The respondents of the study were top hotel management, including general managers who represent their organisations. They were selected because they were assumed to have enough knowledge and information of the hotel in their execution and performance levels (Hilman & Kaliappen, 2015). The total number of hotels in Thailand in 2017 was 5,995 (see Table 3.2).

Table 3.2
Number of hotels in Thailand, 2017

Region	Number of Hotels in Thailand	Number of Hotels were members of the Thai Hotels Association
Bangkok Metropolitan	669	251
Middle	408	70
East	1,176	83
North-East	869	21
Northern	1,168	83
Southern	1,705	244
Total	**5,995**	**752**

Source: *Intelligence Center, Tourism Authority of Thailand* (2017) and *Thai Hotels Association in Thailand* (2018)

3.6.2 Sample Size

A sample is a subset of the population (Salkind, 2018). As indicated earlier, there were 5,995 hotels in Thailand in 2017, and 752 of them were members of the Thai Hotels Association. This study used Krejcie and Morgan's rules of sample size based on the Krecie and Morgan table (Sekaran & Bougie, 2009, p.263-264) (see Appendix D) to determine a sample size of 254 hotels (Table 3.3).

Table 3.3
Hotels Registered with the Thai Hotels Association in 2018

Region	Number of Hotels	%	proportionate of each Region
Bangkok Metropolitan	251	33.38	85
Middle	70	9.31	24
East	83	11.04	28
North-East	21	2.79	7
Northern	83	11.04	28
Southern	244	32.45	81
Total	**752**	**100**	**254**

Source: *Thai Hotels Association in Thailand* (2018)

Salkind (2018) proposed increasing the sample size to reduce sampling error and non-response problems. Hence, the study decided to increase the sample size to account for the possible loss of questionnaires distributed through the mail and

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possible non-responders. By considering prior research and nature of this study, the researchers decided to increase the sample size by 50% (i.e., 127).

Table 3.4
Hotels Registered with the Thai Hotels Association in 2018

Region	Number of Hotels	proportionate of each Region	%
Bangkok Metropolitan	251	127	33.38
Middle	70	36	9.31
East	83	42	11.04
North-East	21	12	2.79
Northern	83	42	11.04
Southern	244	122	32.45
Total	**752**	**381**	**100**

Source: *Thai Hotels Association in Thailand* (2018)

This study employed probability sampling for choosing sample size. Moreover, it also employed cluster random sampling, proportionate stratified sampling, and simple random sampling. Table 3.4 shows a population is a number of three to five stars hotels that registered with the Thai Hotels Association in 2018. The sampling frame of this study includes the total hotel name listed by the Thai Hotels Association are 752 hotels. Based on Krejcie and Morgan's rules of sample size (Krejcie & Morgan, 1970) and Salkind(2018), the sample size are considered as 381. This study employed probability sampling, specifically the cluster random sampling method. Cluster random sampling is divided into clusters following the six regions in Thailand and proportionate stratified sampling of each region. The simple random sampling method used for a selected hotel in each cluster has an equal chance of being the sample (Sakaran and Bougie(2010).

3.6.3 Data Collection Procedure

Data collection procedures in this study started after the end of the pilot test. This study adopted the simple random sampling method by writing the hotel name and number to make a label, subsequently randomly picking up each numbered label one at a time until reaching the last order of samples. The researcher distributed the questionnaires through mail surveys for data collection. The advantage of this is that it is more time efficient, saving energy and costs of the researcher (Sekaran, 2003). Also a way to increase response rate. The researcher establishes the introduction of the survey is the official letter from the Othman Yeop Abdullah Graduate School of Business (OYAGSB) and the letter from the researcher makes clarifications for the respondents to understand the purpose of this study. In addition, an envelope is also attached, together with stamp, to help respondents return the questionnaires immediately.

The period of collection was from14th July 2019 to 15th November 2019. Based on the list of hotel members of the Thailand Hotel Association, made up of managing directors, general managers, or top administrators of hotels. The survey was conducted in two periods of time. Firstly, data from the first period collected between 14th July to 15th September 2019, were considered early respondents. Therefore, 135 questionnaires were returned during the early period. Later, the researcher considered follow-up, and respondents' reminders by phone calls and e-mail were also sent. Additionally, the second period of data collected was within 16th September 2019 to 15th November 2019, the returned 53 questionnaires in the second period are known la as late respondents rate. All returned questionnaires will

be screened for any missing data. Usable questionnaires will proceed to non-response bias test, data analysis and hypotheses testing.

3.6.4 Data Analysis Techniques

Data analysis techniques used in this study adopted SPSS v19 generated descriptive and inferential statistics to analyze the data. Then, adopted SmartPLS v3.2.8 and PLS-SEM to test the research hypotheses.

After collecting the data and screening for data entry errors, questionnaires with more than 10% missing data or questions left unanswered will be removed for further analysis (Hair et al., 2010). Then, entire useable questionnaires that were keyed into SPSS v19, were used to explain the sample's characteristics in the form of frequency, percentage, mean and standard deviation. Also, non-response bias will be checked by comparing early and late responses on outcome variables (Lahaut et al., 2003). Creswell (2014) suggested that if nonparticipants had responded, their outcomes would affect the overall results. Creswell (2014) pointed out that response bias can be checked by a wave analysis or a participant/nonparticipant analysis. This study used the participant/ nonparticipant analysis method by comparing the characteristics of the earliest participants and the latest participants by using a t-test (Armstrong & Overton, 1977).

Hair et al. (2016) stated that PLS-SEM is becoming a popular method in business and marketing research. The advantages of PLS-SEM are that has measurement requirements that are flexible data, data not normally distributed, supported many

constructs, both small and large samples as well as user friendly. The researchers can use PLS-SEM to measure incorporate unobservable variables indirectly by indicator variables (Hair et al., 2014). Furthermore, PLS-SEM has the ability to measure the influence between multiple level factors, both the inner model and outer model together, to assess the latent variable's relationship, which differs from the first-generation modeling (Hair et al., 2014). Therefore, this study adopted SmartPLS v3.2.8 to assess the measurement model and for assessment of the Structure Model.

3.7 Pilot/Preliminary Test

A pilot study is an important step of the study, which generally is conducted before implementing a real study (Hazzi & Maldaon, 2015). During the preliminary test, the researcher will employ several methods, namely expert reviews, focus group interviews and cognitive interviews (Lavrakas, 2008). The aims of a pilot test is to check the error in the variables' operations, to avoid problems during actual data collection, and reduce measurement error as well as ensure the instrument is not ambiguous and easily understood by respondents (Hazzi & Maldaon, 2015; Lavrakas, 2008; Sekaran, 2005).

In this study, the pilot test starts with back-translation, because the questionnaire is prepared in a different language. The original items were translated into English version, and to Thai version and back from Thai to English version by the language centre to suit the target participants. Hazzi and Maldaon (2015) stated that the most effective technique for a translation process is to solicit the service of two bilingual experts. Then test the validity and reliability of the instrument.

3.7.1 Validity Testing

Kumar (2011) defined validity testing as the ability of a measurement instrument to measure the things it is supposed to measure. According to Pasunon (2015), verification of the validity of an instrument which is a questionnaire has two main considerations, namely (a) the suitability of the questionnaire in terms of data collection, and (b) checking if the questionnaire is based on concepts and theories. The validity test separated are three types, which are content validity, criterion-related validity, and construct validity (Sekaran, 2005). This study adopts content validity to measure the instrument.

3.7.1.1 Content Validity Test

According to Haynes et al. (1995), the degree of an assessment instrument is content validity and representative of the targeted construct for the specific assessment aims. Content validity measures the appropriateness of the contents or elements of an instrument for a study (Sekaran, 2005). The method to evaluate content validity can be made through the expert panels considered (Crano & Brewer, 2002). In this study, for the content validity assessment, the researcher adopted the content validity index (CVI) four-point scale to the measuring instrument (Polit & Beck, 2006). A content validity index of each item that should be over 0.75 suggests acceptable content validity (Polit & Beck, 2006). Besides, Yaghmaie (2003) analyzed 38 research articles in nursing and found that all articles reported a CVI over 0.75 with the opinions of experts.

In this study, content validity index measurement was evaluated through three experts in their relevant fields of this study, which are entrepreneurship and hospitality management; one expert is a lecturer in entrepreneurship from Universiti Utara Malaysia(UUM), another expert is a lecturer in entrepreneurship from Universiti Sains Malaysia (USM), and the third, an expert from Thai hotel executives. Table 3.5 illustrated shows that the questions 2 items from all 51 items were re-phrased for the respondents appropriately and understandable, thereby no item was deleted. The result of content validity weas greater than 0.90 and to this end, The CVI can evaluate for item-level (I-CVI) and scale-level (S-CVI), I-CVI should be greater than 0.75 and S-CVI should higher 0.90 (Polit & Beck, 2006). The SmartPLS software version 3.2.8 was employed for testing Cronbach's alpha reliability and composite reliability test of the instrument.

Table 3.5
Content validity index

Construct	Items of construct	Number of giving rating of 3 or 4	I-CVI	Interpretation
Innovation Strategy	IS-1	2	0.67	Fair
	IS-2	3	1.00	Excellent
	IS-3	3	1.00	Excellent
	IS-4	3	1.00	Excellent
	IS-5	3	1.00	Excellent
	IS-6	3	1.00	Excellent
	IS-7	3	1.00	Excellent
	IS-8	3	1.00	Excellent
	IS-9	2	0.67	Excellent
Organisational Atmosphere	OA-1	3	1.00	Excellent
	OA-2	3	1.00	Excellent
	OA-3	3	1.00	Excellent
	OA-4	3	1.00	Excellent
	OA-5	3	1.00	Excellent
	OA-6	3	1.00	Excellent
Organisational Culture	OC-1	3	1.00	Excellent
	OC-2	3	1.00	Excellent
	OC-3	3	1.00	Excellent
	OC-4	3	1.00	Excellent
	OC-5	3	1.00	Excellent
	OC-6	2	0.67	Fair
	OC-7	3	1.00	Excellent
	OC-8	3	1.00	Excellent
	OC-9	3	1.00	Excellent

Table 3.5 (Continued)

Construct	Items of construct	Number of giving rating of 3 or 4	I-CVI	Interpretation
	OC-10	3	1.00	Excellent
	OC-11	3	1.00	Excellent
	OC-12	3	1.00	Excellent
Innovativeness	IN-1	3	1.00	Excellent
	IN-2	3	1.00	Excellent
	IN-3	3	1.00	Excellent
	IN-4	3	1.00	Excellent
	IN-5	3	1.00	Excellent
	IN-6	3	1.00	Excellent
	IN-7	3	1.00	Excellent
	IN-8	3	1.00	Excellent
	IN-9	3	1.00	Excellent
	IN-10	3	1.00	Excellent
	IN-11	3	1.00	Excellent
	IN-12	3	1.00	Excellent
Organisational Performance	OP-1	3	1.00	Excellent
	OP-2	3	1.00	Excellent
	OP-3	3	1.00	Excellent
	OP-4	3	1.00	Excellent
	OP-5	3	1.00	Excellent
	OP-6	3	1.00	Excellent
	OP-7	3	1.00	Excellent
	OP-8	3	1.00	Excellent
	OP-9	3	1.00	Excellent
	OP-10	3	1.00	Excellent
	OP-11	3	1.00	Excellent
	OP-12	3	1.00	Excellent
	51 Items		S-CVI/Ave =0.98 S-CVI/UA=0.94	

Note. I-CVI = item-level content validity index, S-CVI/Ave = scale-level content validity index, averaging calculation method, S-CVI/UA = scale-level content validity index, universal agreement calculation method.

After the content validity test, the questionnaire was improved, and prepared for the pilot study. According to Baker (1994), the recommended sample size for a pilot study is between 10 and 20% of the entire sample size to ensure the adequacy of the instrument used. Likewise, Treece and Treece (1982) suggested that the sample size for the pilot study should be 10% of the sample size. On the other hand, Johnson and Brooks (2010) recommended a minimum of 30 participants while Hertzog (2008) suggested that 20 - 25 participants would be efficient and preferable. Kaliappen (2014) had a sample size of 60 in his pilot test, which was 12.63% of the population,

and an actual sample size of 475 in his study on three and four-star hotels in Malaysia.

Therefore, in this study, the sample size consists of 60 three to five-star hotels in Thailand, and sample selection used the cluster random sampling technique. Firstly, the hotels were grouped into six clusters following the regional zone. Secondly, in determining the number of hotels, each cluster used a proportion from each region. Thirdly, participants were selected in this survey using simple random sampling. Out of the 60 questionnaires mailed, 32 questionnaires were returned, so the response rate was 53.33 percent, and all of them were properly filled.

3.7.1.2 Construct Validity Test

Construct validity refers to whether the measurement instrument or measured variables fit and represent the concept theorised (Hair et al., 2006; Sekaran, 2005). There are three important forms of construct validity, i.e., convergent validity, discriminant validity, and nomological validity (Hair et al., 2010). This study used convergent validity and discriminant validity to assess the construct validity of the model. The average variance extracted (AVE) is also used where a value of AVE greater than 0.50 suggests acceptable construct validity (Hair et al., 2010). To assess discriminant validity, the square root of AVE will be used.

3.7.2 Reliability Test

Reliability is the degree of stability and consistency of an instrument when used repeatedly (Bhattacherjee, 2012). The important reason for evaluating the reliability

of a measurement tool is because an unreliable tool will adversely affect the results of the study. Accurate measurement of a research instrument is usually known as the reliability of measurement (Cronbach, 1951). Bhattacherjee (2012) clarified four methods of estimating reliability. They are inter-rater reliability, test-retest reliability, split-half reliability, and internal consistency reliability. Brown (1997) stressed that internal consistency is the most appropriate method because it involves one form of the test only. Cronbach's coefficient alpha is the most pervasive statistic to test internal consistency (Cortina, 1993). Moreover, a Cronbach's alpha reliability coefficient can test individual differences score and the entire scale of instruments consistency as well (Hair et al., 2010).

To ascertain the reliability of the instruments, this study will use Cronbach's alpha coefficient (Sekaran, 2005). George and Mallery (2003) and Hair et al. (2010) suggested that Cronbach's alpha values greater than 0.70 indicate acceptable internal consistency. The pilot study used Cronbach's alpha values greater than 0.70 for measured internal consistency.

Table 3.6 shows the result of PLS 3.2. The Cronbach's alpha coefficient values of all five constructs ranged from 0.701 to 0.909. Specifically, organisational performance had a value of 0.909, innovation strategy 0.853, organisational atmosphere 0.788, organisational culture 0.859, and innovativeness 0.873. Furthermore, the composite reliability result indicated that hotel performance had a value of 0.923, innovation strategy 0.885, organisational atmosphere 0.851, organisational culture 0.887, and innovativeness 0.899. According to Hair et al. (2017), the higher values of composite reliability indicate higher levels of reliability. For instance, we can consider values

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more than 0.60 as acceptable in exploratory research, whereas results between 0.70 and 0.90 represent satisfactory to good reliability level and over 0.90 not desirable (Ramayah et al.(2018). Therefore, a measure of internal consistency reliability followed the result of the reliability and composite reliability, which was ranged between 0.70 – 0.90, confirming that all items had good reliability.

Table 3.6
Reliability Test Result

Constructs	Number of Items	Cronbach's alpha	Composite Reliability (CR)
Innovation Strategy	**9**	**0.853**	**0.885**
Organisational Atmosphere	**6**	**0.788**	**0.851**
Organisational Culture	**12**	**0.859**	**0.887**
Adaptability	3	0.805	0.885
Consistency	3	0.744	0.855
Involvement	3	0.765	0.865
Mission	3	0.701	0.835
Innovativeness	**12**	**0.873**	**0.899**
Service Innovativeness	3	0.800	0.883
Process Innovativeness	3	0.854	0.912
Market Innovativeness	3	0.855	0.913
Behavioural Innovativeness	3	0.850	0.909
Organisational Performance	**12**	**0.909**	**0.923**
Total	**51**		

3.8 Summary of the Chapter

This chapter described the method used in this study. It started with an introduction, the research design, covering the operational definitions and the instrument, and the survey procedure. This chapter also highlighted the sample size and the data collection procedure and data analysis. Lastly, this chapter explained the result of the pilot study.

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter proposed the finding and results of this study. It comprises data screening and cleaning, missing data analysis, assessment of normality test, assessment of outliers, common method bias, multicollinearity, descriptive statistics of constructs, measurement model, and the structure model assessment. Finally, it illustrates all hypothesis testing results, the coefficient of determinations, the effective size, and predictive relevance.

4.2 Response Rate

The data of this study was collected from the top executive of hotels in Thailand. The survey and data was collected in four months between July and November 2019. One hundred and eighty-eight responses were returned from 381, yielding a response rate of 49% (see Table 4.1). After the returned responses were screened, only one questionnaire was not well completed (Sekaran, 2005). Hence, the remaining usable questionnaires were 187. Next, the study proceeded with a nonresponse bias test, data analysis, and hypotheses testing.

Table 4.1
Response Rate of the Survey

Region	No. of distributed questionnaires	Returned questionnaires	Response rate %
Bangkok Metropolitan	127	56	44
Middle	36	7	17
East	42	28	67
North-East	12	9	72
Northern	42	19	46
Southern	122	69	57
Total	**381**	**188**	**49**

4.3 Non-response Bias Testing

Non-response bias occurs when some respondents of the sample that the researcher selected refuse to participate and is also due to significant difference across time, based on respondents' demographic (Cooper & Schindler, 2008). According to Lavrakas (2008), a variety of reasons cause non-response bias to occur, such as refusal to participate. Non-response bias affects the quality of the data and leads to incorrect conclusions about the sample or population (Lineback & Thomson, 2010; Sax et al., 2003).

According to Lineback and Thompson (2010), there are many methods to measure non-response bias, one of these is comparing early and late participants. Armstrong and Overton (1977) proposed three methods to estimate non-response bias: comparing with the known values of the population, subjective estimates, and extrapolation. The extrapolation method is related to the time taken to return the questionnaire if those responding later are assumed to be non-participants (Armstrong & Overton, 1977). This study used the extrapolation method to estimate non-response bias by conducting a t-test to compare means between both group

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extrapolation procedures. Table 4.2 compares the mean and standard deviation. The result of Levene's test for equality of variances based on the key variables of OP, IS, OA, OC, and INN revealed that the variance between the two groups of early and late participants were not different. Thus, in this study non-response bias did not occur (see Appendix).

Table 4.2
Group Descriptive Statistics for the Early and Late Participants

Variables	Response	N	Mean	Std. Deviation	Std. Error Mean
IS	Ealy	135	4.48	0.37	0.03
	Late	52	4.36	0.42	0.06
OA	Ealy	135	4.40	0.41	0.04
	Late	52	4.44	0.46	0.06
OC	Ealy	135	4.20	0.39	0.03
	Late	52	4.24	0.52	0.07
INN	Ealy	135	4.14	0.39	0.03
	Late	52	4.15	0.50	0.07
OP	Ealy	135	4.29	0.47	0.04
	Late	52	4.35	0.51	0.07

Note. IS=Innovation Strategy, OA=Organisational Atmosphere, OC=Organisational Culture, INN=Innovativeness, OP=Organisational Performance.

Table 4.3
Result of Non-response Bias

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
IS	Equal variances assumed	3.47	0.064	1.91	184.00	0.06	0.12	0.06	0.00	0.25
	Equal variances not assumed			1.81	80.93	0.08	0.12	0.07	-0.01	0.26
OA	Equal variances assumed	0.04	0.845	-0.69	184.00	0.49	-0.05	0.07	-0.19	0.09
	Equal variances not assumed			-0.66	82.37	0.51	-0.05	0.07	-0.19	0.10
OC	Equal variances assumed	8.78	0.003	-0.58	184.00	0.56	-0.04	0.07	-0.18	0.10
	Equal variances not assumed			-0.51	72.93	0.61	-0.04	0.08	-0.20	0.12

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Table 4.3 (Continued)

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
| | | | | | | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
		F	Sig.	t	df				Lower	Upper
INN	Equal variances assumed	6.96	0.009	-0.04	184.00	0.97	0.00	0.07	-0.14	0.14
	Equal variances not assumed			-0.03	74.54	0.97	0.00	0.08	-0.16	0.15
OP	Equal variances assumed	1.40	0.238	-0.74	184.00	0.46	-0.06	0.08	-0.21	0.10
	Equal variances not assumed			-0.71	83.77	0.48	-0.06	0.08	-0.22	0.10

Note. IS=Innovation Strategy, OA=Organisational Atmosphere, OC=Organisational Culture, INN=Innovativeness, OP=Organisational Performance.

Table 4.3, portrays that the innovation strategy(IS), the mean and standard deviation of early respondents reported no significant difference (M=4.48, S.D.=0.37) than the late respondents (M=4.36, S.D.=0.42). In addition, the result of Levene's test indicates that there is no significant difference between early and late responses (t=1.91, p<.05). Therefore, the null hypothesis is accepted. Similarly, the result indicates that the early respondents based on OA (M=4.40, S.D.=0.41) and late respondents (M=4.44, S.D.=0.46) are no different. The two-tailed t-test (t=-0.69, p<.05) shows no significant difference between early and late respondents. Thus, the null hypothesis is accepted.

While descriptive statistics of organisational culture (OC) show that the early respondents were based on OC (M=4.20, S.D.0.39) and late respondents (M=4.24, S.D.=0.52) are similar. Levene's Test for Equality of Variances of OC (t=-0.51, p<.05) shows no equal between early and late respondents but two-tailed not significant (t= -0.51,p<.05). Therefore, the alternate hypothesis is rejected.

In the same way, the result of innovativeness (INN) indicated that the early respondents (M=4.14, S.D.0.39) and late respondents (M=4.15, S.D.=0.50) are similar. The t-test of INN indicated that (t=-0.03, p<.05) shows not equal between early and late respondents, but two-tailed not significant (t= 0.97,p<.05). Therefore, the null hypothesis is accepted.

Finally, based on organisational performance(OP) the early respondents (M=4.29, S.D.=0.47) and late respondents (M=4.35, S.D.=0.51) respond is no different. In addition, the result of Levene's test indicates that there is no significant difference between early and late responses (t=-0.74, p<.05). Therefore, the null hypothesis is accepted. According to the above, the result of mean and standard deviation and the result of Levene's Test for Equality of Variances of two groups are not different between the descriptive of two groups and same population characteristics. It assumed that the respondents of early and late respondents attained in this study is no issue of non-response bias.

4.4 Preliminary Data Screening and Preparation

This part considers preliminary data screening and preparation, which are crucial steps before going into complete data analysis. This section talks about missing data analysis, normality test, assessment of outliers, common method bias test, and multicollinearity.

4.4.1 Missing Data Analysis

Upon receipt of the returned questionnaires, the researcher verified the accuracy and completeness of the data. According to Hair et al. (2020), if the missing value is less than 10%, the researcher can proceed with data analysis. However, Sekaran (2005) stated that a questionnaire with more than 25% missing data or left unanswered would be removed for further analysis. In this study, questionnaires with missing data is less than 10% (Hair et al., 2020) from all questionnaires returned, only one respondent that exceeded 10% of missing data.

4.4.2 Assessment of Outliers

According to Hair et al. (2019), outliers are observations that have unique characteristics or numerical data different from the norms. Consistently, Saunders et al. (2009) stated that outliers are those values that are very distant from other observations. If the researcher ignores an outlier, the statistical test may distort the result (Hair Jr. et al., 2010). When the outliers are observed, the researcher must consider removing or retaining them to obtain an accurate measurement result representative of the sample.

The outlier detection can be performed from a univariate, bivariate, or multivariate perspective (Hair et al., 2019). When using the univariate method, all variables will be examined to test their unique observations. In contrast, a bivariate method focused on specific variable relationships. A multivariate method is the best method for examining a complete variate, such as the variables in regression or exploratory

factor analysis. In this study, the Mahalanobis distance measure was used to investigate multivariate outliers by computing the chi-square value. Table 4.4 shows that the maximum value of the Mahalanobis distance was 17.635. The critical value of the chi-square value was 18.467 at df=4, p=0.001. This means that one participant was removed and deleted from a total of 187 participants. The next analysis was conducted in 186 cases (see Appendix C).

Table 4.4
Outlier Assessment with Mahalanobis Distance

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.1536	5.0939	4.3078	.39264	187
Std. Predicted Value	-2.939	2.002	.000	1.000	187
Standard Error of Predicted Value	.022	.086	.043	.013	187
Adjusted Predicted Value	3.1461	5.0966	4.3081	.39303	187
Residual	-.51316	.74730	.00000	.26961	187
Std. Residual	-1.883	2.742	.000	.989	187
Stud. Residual	-1.909	2.774	-.001	1.003	187
Deleted Residual	-.52788	.76484	-.00031	.27739	187
Stud. Deleted Residual	-1.924	2.827	.000	1.008	187
Mahal. Distance	.216	17.635	3.978	3.166	187
Cook's Distance	.000	.053	.006	.009	187
Centered Leverage Value	.001	.095	.022	.017	187

a. Dependent Variable: OP(df 4, P<0.001) = 18.467

4.4.3 Assessment of Normality Test

According to Hair et al. (2019), normality distribution of the sample data in a study is the degree to which it corresponds to a data normal distribution. After completing the data screening process and examination of outliers, the data was tested for normality using the Shapiro-Wilk statistics, whose value was 0.053. The skewness and kurtosis values were 0.083 and -1.30, which fell within the normal range of +2.58 to -2.58 (Hair et al., 2019) (see Table 4.5) (see Appendix C).

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Table 4.5
Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.053	186	.200[*]	.986	186	.053
Standardized Residual	.053	186	.200[*]	.986	186	.053

a. Lilliefors Significance Correction
*. This is a lower bound of the true significance.

4.4.4 Common Method Bias Test

Common method bias (CMB) means a bias caused by a measurement error. The measurement discrepancy poses a threat to the validity of the conclusion about the relationship between measurement and measurement error (Bagozzi & Yi, 1991; Doty & Glick,1998). Hair et al. (2019) stated that CMB occurs when the constructs are measured by the same type of scale in the data collection process. In the present study, the researcher used Harman's one-factor analysis to measure CMB. According to Podsakoff et al. (2003), Harman's one-factor analysis can load all items that measure the latent variables into one common factor by using unrotated exploratory factor analysis. If the total variance of Harman's single factor score is not more than 50%, it shows that CMB does not influence the data. In this study, the result of the CMB assessment from 51 items showed that the total variance was 35.67%, which means that CMB was not a threat.

4.4.5 Multicollinearity Test

According to Pallant (2005), multicollinearity indicates a situation where the independent variables are extremely correlated. Multicollinearity is found when the correlation values of some independent variables are high in comparison to the values of other independent variables. Furthermore, when the correlated values

between the variables are extremely high, the standard error of the regression coefficient increases. Multicollinearity can be measured by considering tolerance value and variance inflation factor (VIF), where the relationship between the tolerance value and VIF value is an inverse (Hair et al., 2019; Pallant, 2005).

Table 4.6 shows that the tolerance values of the independent variables ranged between 0.320 and 0.663 and the VIF ranged from 1.508 and 3.129, indicating that multicollinearity did not exist in this study. According to Hair et al. (2019) and Pallant (2005), multicollinearity exists when the tolerance values are below 0.10, and VIF values are more than 10(see Appendix C).

Table 4.6
Multicollinearity Test based on Assessment of VIF Values

Variable	Tolerance	VIF
Innovation strategy	.582	1.719
Organisational Atmosphere	.356	2.810
Organisational Culture		
Adaptability	.432	2.316
Consistency	.498	2.008
Involvement	.345	2.898
Mission	.341	2.932
Innovativeness		
Market	.356	2.811
Process	.320	3.129
Service	.663	1.508
Behavioral	.491	2.037

*Dependent Variable: Organisational Performance (OP)

4.4.6 Demographic Profiles of Sample

The participant's demographic information was collected in two categories: individual profile and the profile of the firm. The individual profile includes gender, age, position and length of tenure. On the other hand, the firm profile includes the

hotel star rating, number of rooms, number of employees, type of ownership, and

year the hotel was established (see Appendix C).

Table 4.7
Characteristic of the Participants

Item	Descriptive	Frequency	Percentage
Background of respondents			
Gender	Male	99	53.20
	Female	87	46.80
	Total	**186**	**100**
Age	Less than or equal 30	12	6.50
	31-35	26	14.00
	36-40	25	13.40
	41-50	49	26.30
	More than 50	74	39.80
	Total	**186**	**100**
Position	Managing Director	115	61.83
	General Manager	64	34.41
	Other	7	3.76
	Total	**186**	**100**
Year of Work	<10yr	107	57.50
	10-20yr	46	24.70
	21-30	23	12.40
	>30	10	5.40
	Total	**186**	**100**
Profile of Hotel			
Hotel Star Rating	3 stars	40	21.50
	4 stars	98	52.70
	5 stars	48	25.80
	Total	**186**	**100**
Number of Room	Less than 100	54	29.00
	Between 100-150	27	14.50
	Between 151-200	39	21.00
	Between 201-250	30	16.10
	More than 250	32	17.20
	Total	**186**	**100**
Number of Employee	Less than 200	67	36.00
	Between 201-300	33	17.70
	Between 301-400	43	23.10
	Between 401-500	20	10.80
	More than 500	14	7.50
	Total	**186**	**100**

Table 4.7 (Continued)

Item	Descriptive	Frequency	Percentage
Type of Ownership	Fully local	123	66.10
	Majority local	27	14.50
	Majority foreign	28	15.10
	Fully foreign	8	4.30
	Total	**186**	**100**
Year of Hotel Establish	Less than or equal 10	56	30.10
	Between 11-20	55	29.60
	Between 21-30	50	26.90
	More than or equal 30	12	6.50
	Total	**186**	**100**

The descriptive analysis revealed that from 186 participants, 99 participants were male (53.20%), and 87 were female (46.80%). Regarding age, 39.80% were more than 50 years old, 26.30% were from the age between 41 and 50 years old, 14% were between 31 and 35 years old, 13.40% were from 36-40 years old, and 6.50% were less than or equal to 30 years old. For on the job position, 61.83% were managing directors, followed by general managers at 34.41%, and other positions (3.76%). On the length of tenure, 57.50% had been working less than ten years, 24.70% between 10 and 20 years, 12.40% between 21 and 30 years, and 5.40% more than 30 years.

Regarding the profile of the sample hotels, the majority were four-stars (52.70%), followed by five-star hotels (25.80%), and three-star hotels recorded 21.50%. For the number of rooms, 29.00% had less than 100 rooms, 21.00% between 151 and 200 rooms, 17.20% more than 250 rooms, 16.10% between 201 and 250 rooms, and 14.50% between 100 and150 rooms.

On the number of employees, 36% of the hotels had less than 200 employees, 23.10% had between 301 and 400, 17.70% between 201 and 300, 10.80% between 401 and 500, and 7.50% more than 500. On hotel ownership, 66.10% were fully

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locally owned, 15.10% had majority local ownership, 15.10% had majority foreign ownership, and 4.30% were fully foreign-owned. For years of hotel operation, 30.10% operated less than or equal to ten years, 29.60% between 11 and 20 years, 26.90% between 21 and 30 years, and 6.50% more than 30 years.

4.4.7 Descriptive Statistics of Constructs

The descriptive statistics comprise mean and standard deviation, were obtained to explain the characteristics of the key variables (Sekaran & Bougie, 2010). Table 4.8 shows the result, innovation strategy was considered moderate (M=4.45, SD=0.39). For organisational atmosphere was considered moderate (M=4.41, SD=0.42). In addition, the dimensions of organisational culture are mission was highest values (M=4.35, SD.=0.56). It means the respondents believed that mission culture can enhance their performance. This value is inconsistent with Nuansate (2016) that investigated organisational culture in hotels in Thailand, the result indicated that involvement dimension of organisational culture highest value (M=4.76, SD=0.76). Whereas, the highest value of innovativeness dimensions is service innovativeness (M=4.32, SD.=0.55). Meanwhile hotel performance was considered moderate (M=4.31, SD.=0.48). It is concluded that most variables had a mean score of more than 4.00 (see Appendix C).

Table 4.8
Descriptive Statistic of Key Variables

Variables	Mean ($\bar{X}$)	Standard Deviations (SD)
Innovation strategy	4.45	.39
Organisational Atmosphere	4.41	.42
Organisational Culture	4.21	.43
Adaptability	4.18	.52
Consistency	4.08	.45
Involvement	4.24	.54
Mission	4.35	.56

Table 4.8 (Continued)

Variables	Mean ($\bar{X}$)	Standard Deviations (SD)
Innovativeness	4.15	.42
Service	4.32	.55
Process	4.22	.52
Market	3.84	.46
Behavioral	4.20	.57
Organisational Performance	4.31	.48

4.5 PLS-SEM Results

This section presents the results of the measurement model and the structural model through the PLS-SEM analysis. Firstly, the measurement model was assessed to determine the validity test and reliability test, all constructs and the measures used. After confirming the outer model, the structural model was assessed to test the relationship among the constructs in the model and the mediation.

4.5.1 Assessment of the Measurement Model

Hair et al. (2019), described a measurement model as a component of a theoretical path model that comprises each indicator and their relationships between all constructs. In the word PLS-SEM, the indicators and their relationship with each construct are known as the outer model. The analysis of the outer model involves factor analysis to ensure that all items of the survey are reliable and valid. Furthermore, we can evaluate the measurement model by two criteria: construct reliability and construct validity (Hair et al., 2019; Ramayah et al., 2018). The outer model can be assessed by three aspects: (a) internal consistency reliability through composite reliability (CR) and Dijkstra-Henseler's rho; (b) convergent validity by using factor loadings, average variance extracted (AVE); and (c) discriminant

validity by using Fornell and Larcker (1981) criterion, cross-loadings, and the heterotrait-monotrait ratio of correlations (HTMT) (Hair et al., 2019; Henseler et al., 2009).

4.5.1.1 Individual Item Reliability of Reflective Measurement Models

To assess individual item reliability, the researcher considered an indicator's outer loading. The rule of thumb that an indicator's outer loading is acceptable is when the values are greater than 0.708. If the loading value ranges between 0.40 and 0.70, they are sometimes adequate if other items have high scores affect CR and AVE increasing. However, when the indicators have outer loadings less than 0.40, they are recommended for deletion (Hair et al., 2017). In this study, of 51 indicators, two indicators were deleted. They were IS1 and IS3.

In assessing the internal consistency reliability by SEM. However, Cronbach's alpha is a widely used method, but it does not weigh the individual indicators in the calculations, whereas, CR is considered equally weighted indicator loadings (Hair et al., 2019). Also, other internal consistency measures were introduced, namely pA or rho_A. In PLS-SEM, the pA values are most important and often considered when assessing internal consistency reliability similar to CR. Acceptable pA values should be greater than 0.7. Therefore, this study used both CR and pA to examine internal consistency reliability. According to Hair et al. (2019), if the degree of CR range between 0.70 and 0.95, it is considered adequate or satisfactory. A value greater than 0.95 is not desirable. Table 4.9 shows the CR values of whole constructs. The CR values ranged between 0.747 and 0.931, and all pA values were acceptable. These values indicate that all constructs were reliable.

Next, convergent validity, which refers to the degree of individual indicators associated or compared to indicators measuring other constructs, was assessed (Urbach & Ahlemann, 2010). To determine convergent validity, AVE was adopted. For adequate convergent validity, the rule of thumb of the AVE value should be at least 0.50 (Hair et al., 2019). Table 4.7 shows that the AVE values ranged between 0.512 and 0.734. Three variables had values below the threshold. They were OA (0.479), OC (0.451), and INN (0.437). These three values, however, were very close to the criterion. In addition, the AVE value of 0.40 is acceptable when the CR value is greater than 0.60. Based on the result, it can be concluded that convergent validity had met the satisfactory level (see Appendix C).

Table 4.9
Loading, Composite Reliability, Average Validity Extracted and Rho_A

Variables	Items	Loading	CR	AVE	Rho_A
IS	IS2	0.644	0.879	0.512	0.851
	IS4	0.580			
	IS5	0.774			
	IS6	0.707			
	IS7	0.709			
	IS8	0.789			
	IS9	0.778			
OA	OA1	0.622	0.845	0.479	0.783
	OA2	0.664			
	OA3	0.794			
	OA4	0.704			
	OA5	0.750			
	OA6	0.597			
OC			0.905	0.451	0.899
OCA	OCA1	0.639	0.816	0.600	0.711
	OCA2	0.867			
	OCA3	0.801			
OCC	OCC1	0.848	0.782	0.548	0.632
	OCC2	0.636			
	OCC3	0.722			

Table 4.9 (Continued)

Variables	Items	Loading	CR	AVE	Rho_A
INN			0.899	0.437	0.893
OCI	OCI1	0.747	0.861	0.675	0.772
	OCI2	0.867			
	OCI3	0.845			
OCM	OCM1	0.777	0.882	0.715	0.813
	OCM2	0.870			
	OCM3	0.885			
SI	SI1	0.805	0.873	0.697	0.788
	SI2	0.863			
	SI3	0.835			
PI	PI1	0.888	0.844	0.645	0.729
	PI2	0.813			
	PI3	0.697			
MI	MI1	0.801	0.747	0.501	0.559
	MI2	0.565			
	MI3	0.736			
BI	BI1	0.838	0.892	0.734	0.818
	BI2	0.882			
	BI3	0.849			
OP	OP1	0.674	0.931	0.531	0.925
	OP2	0.736			
	OP3	0.758			
	OP4	0.710			
	OP6	0.635			
	OP5	0.775			
	OP7	0.806			
	OP8	0.620			
	OP9	0.683			
	OP10	0.812			
	OP11	0.793			
	OP12	0.711			

Items removed: indicator items are below 0.5: IS1, IS3

4.5.1.2 Internal Consistency Reliability of Reflective Model

In the theoretical model, the construct measurement can be used for several items. To determine all item correlations, the researcher must ensure that each indicator is distinct from the other indicator. Furthermore, discriminant validity was executed to determine whether the measure of the constructs is different or not related to another

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construct in the theoretical model. Follow to Hair et al. (2019), each latent construct's AVE squared correlation value should be greater than the other latent construct. To achieve this, Fornell and Larcker criterion, cross-loadings, and the heterotrait-monotrait ratio of correlations (HTMT) were used to assess discriminant validity (Hair et al.,2019; Henseler et al., 2009).

Table 4.10 shows the square root of each construct based on the Fornell-Larcker analysis. The bold values in the matrix show that the square root of AVE of any construct had the highest correlation with other constructs. Thus, all constructs met discriminant validity.

Table 4.10
Discriminant Validity (Fornell and Larcker Criterion)

Construct	BI	INN	IS	MI	OA	OC	OCA	OCC	OCI	OCM	OP	PI	SI
BI	**0.857**												
INN	0.829	**0.861**											
IS	0.519	0.623	**0.715**										
MI	0.436	0.675	0.306	**0.708**									
OA	0.579	0.718	0.582	0.406	**0.692**								
OC	0.630	0.808	0.596	0.497	0.758	**0.671**							
OCA	0.544	0.709	0.467	0.413	0.539	0.834	**0.775**						
OCC	0.513	0.665	0.490	0.499	0.541	0.729	0.543	**0.741**					
OCI	0.536	0.687	0.533	0.446	0.719	0.894	0.629	0.559	**0.822**				
OCM	0.528	0.668	0.512	0.346	0.712	0.884	0.650	0.474	0.757	**0.845**			
OP	0.657	0.795	0.509	0.504	0.694	0.790	0.622	0.590	0.698	0.726	**0.729**		
PI	0.654	0.892	0.520	0.513	0.688	0.757	0.677	0.543	0.646	0.667	0.731	**0.803**	
SI	0.555	0.860	0.626	0.501	0.625	0.723	0.642	0.633	0.598	0.584	0.680	0.702	**0.835**

Note. BI=Behavioral Innovativeness, IS=Innovation Strategy, MI=Market Innovativeness, OA=Organisational Atmosphere, OCA=Organisational Culture Adaptability, OCC=Organisational Culture Consistency OCI=Organisational Culture Involvement, OCM=Organisational Culture Mission, OP=Organisational Performance, PI=Process Innovativeness, SI=Service Innovativeness.

According to Henseler et al. (2015), the Fornell-Larcker criterion and cross-loading have unacceptably low sensitivity. They proposed the heterotrait-monotrait ratio of correlations (HTMT) as an alternative method because it has high sensitivity rates. Hamid et al. (2017) suggested that HTMT values close to 1.00 mean the absence of

discriminant validity. Similarly, Voorhees et al. (2016) suggested that if the HTMT values are close to 1.0 or higher than 0.85, discriminant validity is absent. Table 4.11 indicates the result of discriminant validity based on the HTMT analysis. The values ranged between 0.557 and 0.890, which were below the threshold value of 0.90. The result suggests accepted discriminant validity.

Table 4.11
Table Discriminant Validity (HTMT Criterion)

Construct	INN	IS	OA	OC	OP
INN	-				
IS	0.698	-			
OA	0.837	0.691	-		
OC	0.810	0.671	0.890	-	
OP	0.871	0.557	0.811	0.863	-

Note: INN = Innovativeness, IS = Innovation Strategy, OA = Organisational Atmosphere, OC = Organisational culture, OP = Organisational Performance

Lastly, cross-loading is another measure to determine discriminant validity. The loading of the indicators should be higher than other loadings of other indicators. The appropriate difference between the squared loading of cross-latent variables should not be higher than 0.50 (Hair et al., 2019). Table 4.12 shows the values of indicator items' cross-loadings met the threshold value of 0.50 (Hair et al., 2019); the bold values of the loading show the satisfactory contribution of the assigned construct. The cross-loading criterion of each latent variable was greater than 0.50 and higher than any other cross-loading, indicating that all constructs were appropriate for the model.

Thus, the results above showed that the measurement model satisfied the requirements of reliability and validity, which mean that all construct measures were sufficient to be used for assessing the structural model.

Table 4.12
Indicator Item Cross-Loading

Items	BI	IS	MI	OA	OCA	OCC	OCI	OCM	OP	PI	SI
BI1	**0.838**	0.427	0.393	0.429	0.381	0.385	0.442	0.406	0.572	0.539	0.516
BI2	**0.882**	0.449	0.311	0.545	0.464	0.397	0.431	0.446	0.543	0.571	0.457
BI3	**0.849**	0.457	0.416	0.513	0.553	0.534	0.504	0.505	0.572	0.572	0.453
IS2	0.385	**0.644**	0.322	0.492	0.130	0.316	0.374	0.340	0.355	0.327	0.470
IS4	0.223	**0.580**	0.192	0.203	0.098	0.205	0.215	0.303	0.212	0.177	0.297
IS5	0.304	**0.774**	0.251	0.464	0.299	0.325	0.449	0.361	0.344	0.423	0.414
IS6	0.424	**0.707**	0.165	0.452	0.492	0.397	0.346	0.428	0.400	0.443	0.425
IS7	0.321	**0.709**	0.189	0.353	0.300	0.340	0.349	0.350	0.314	0.290	0.477
IS8	0.464	**0.789**	0.236	0.428	0.360	0.381	0.462	0.345	0.405	0.380	0.489
IS9	0.410	**0.778**	0.185	0.447	0.533	0.432	0.419	0.421	0.453	0.477	0.519
MI1	0.396	0.257	**0.801**	0.437	0.335	0.375	0.458	0.308	0.480	0.527	0.438
MI2	0.199	0.081	**0.565**	0.027	0.123	0.301	0.124	0.067	0.182	0.141	0.138
MI3	0.288	0.261	**0.736**	0.268	0.361	0.389	0.270	0.287	0.331	0.311	0.403
OA1	0.455	0.627	0.297	**0.622**	0.562	0.491	0.465	0.518	0.478	0.552	0.656
OA2	0.367	0.338	0.272	**0.664**	0.332	0.358	0.463	0.518	0.479	0.414	0.333
OA3	0.330	0.458	0.359	**0.794**	0.267	0.375	0.637	0.499	0.513	0.465	0.485
OA4	0.398	0.262	0.308	**0.704**	0.349	0.254	0.547	0.475	0.455	0.485	0.371
OA5	0.552	0.323	0.245	**0.750**	0.419	0.375	0.517	0.536	0.506	0.561	0.305
OA6	0.259	0.360	0.185	**0.597**	0.261	0.368	0.320	0.381	0.437	0.335	0.405
OCA1	0.278	0.225	0.203	0.281	**0.639**	0.293	0.299	0.337	0.287	0.396	0.345
OCA2	0.586	0.428	0.400	0.503	**0.867**	0.509	0.632	0.559	0.585	0.601	0.561
OCA3	0.355	0.398	0.325	0.434	**0.801**	0.428	0.475	0.578	0.522	0.551	0.554
OCC1	0.446	0.551	0.322	0.563	0.483	**0.848**	0.505	0.502	0.547	0.520	0.615
OCC2	0.283	0.285	0.400	0.319	0.281	**0.636**	0.337	0.248	0.330	0.301	0.399
OCC3	0.392	0.194	0.428	0.271	0.416	**0.722**	0.378	0.252	0.401	0.349	0.353
OCI1	0.329	0.292	0.405	0.427	0.434	0.395	**0.747**	0.490	0.510	0.425	0.334
OCI2	0.398	0.429	0.290	0.587	0.571	0.433	**0.867**	0.683	0.554	0.505	0.497
OCI3	0.577	0.569	0.416	0.732	0.534	0.541	**0.845**	0.674	0.650	0.647	0.616
OCM1	0.320	0.378	0.316	0.464	0.421	0.308	0.569	**0.777**	0.520	0.473	0.372
OCM2	0.500	0.463	0.325	0.616	0.632	0.418	0.695	**0.870**	0.655	0.585	0.521
OCM3	0.499	0.452	0.244	0.706	0.576	0.462	0.649	**0.885**	0.654	0.624	0.571
OP1	0.508	0.307	0.445	0.349	0.471	0.437	0.449	0.406	**0.674**	0.371	0.442
OP2	0.505	0.342	0.406	0.507	0.336	0.417	0.500	0.457	**0.736**	0.473	0.465
OP3	0.512	0.374	0.463	0.451	0.313	0.440	0.543	0.459	**0.758**	0.521	0.527
OP4	0.500	0.419	0.309	0.526	0.591	0.524	0.551	0.623	**0.710**	0.652	0.596
OP5	0.565	0.491	0.344	0.587	0.529	0.438	0.582	0.589	**0.775**	0.571	0.592
OP6	0.362	0.319	0.408	0.389	0.374	0.239	0.447	0.439	**0.635**	0.470	0.301
OP7	0.464	0.411	0.382	0.602	0.565	0.518	0.596	0.615	**0.806**	0.567	0.466
OP8	0.460	0.214	0.206	0.408	0.389	0.270	0.334	0.444	**0.620**	0.446	0.342
OP9	0.358	0.263	0.368	0.483	0.465	0.366	0.419	0.513	**0.683**	0.552	0.435
OP10	0.465	0.450	0.358	0.626	0.426	0.483	0.578	0.610	**0.812**	0.633	0.531
OP11	0.552	0.386	0.402	0.558	0.481	0.506	0.568	0.570	**0.793**	0.579	0.560
OP12	0.474	0.392	0.344	0.502	0.456	0.432	0.464	0.548	**0.711**	0.499	0.604
PI1	0.575	0.424	0.457	0.669	0.641	0.447	0.612	0.636	0.701	**0.888**	0.618
PI2	0.391	0.351	0.317	0.511	0.507	0.343	0.445	0.531	0.570	**0.813**	0.519

Table 4.12 (Continued)

Items	BI	IS	MI	OA	OCA	OCC	OCI	OCM	OP	PI	SI
PI3	0.592	0.471	0.448	0.459	0.466	0.507	0.480	0.426	0.474	**0.697**	0.541
SI1	0.412	0.598	0.379	0.430	0.417	0.556	0.557	0.456	0.520	0.479	**0.805**
SI2	0.483	0.496	0.386	0.559	0.473	0.499	0.488	0.472	0.540	0.550	**0.863**
SI3	0.489	0.486	0.482	0.564	0.695	0.532	0.462	0.528	0.634	0.708	**0.835**

Note. The bold values in the table indicate the items that belong to the column's construct.
BI=Behavioral Innovativeness, IS=Innovation Strategy, MI=Market Innovativeness, OA=Organisational Atmosphere, OCA=Organisational Culture Adaptability, OCC=Organisational Culture Consistency OCI=Organisational Culture Involvement, OCM=Organisational Culture Mission, OP=Organisational Performance, PI=Process Innovativeness, SI=Service Innovativeness.
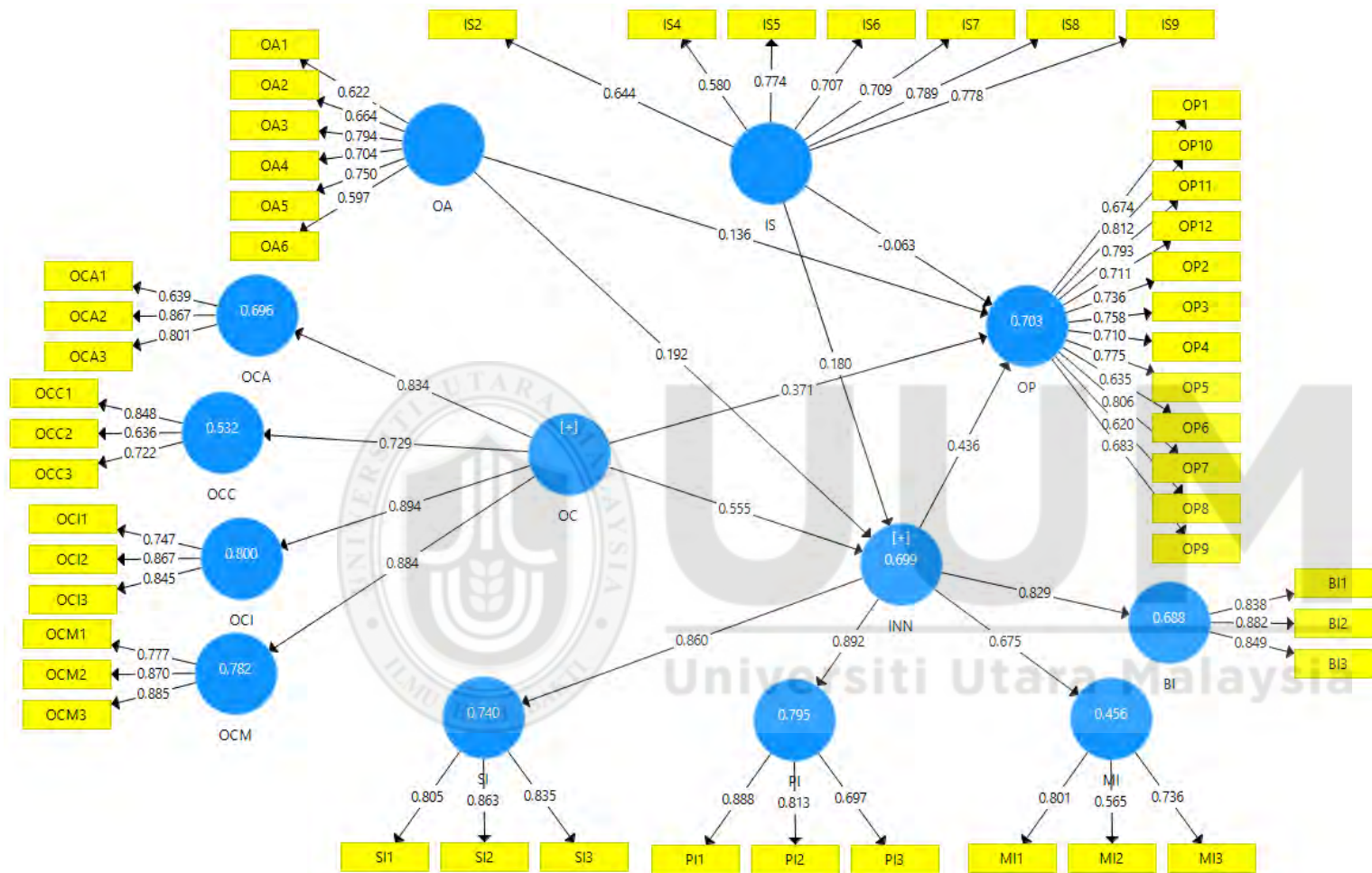
Figure 4.1
Measurement Model

4.5.2 Assessment of the Structure Model

The structural model was assessed after the measurement model had been evaluated. Ramayah et al. (2018) proposed six steps to assess the structural model using PLS-SEM. The first step is assessing for multicollinearity, followed by R^2 for the model's predictive power, the effect size (f^2) to evaluate the predictor constructs, predictive relevance (Q^2), and the effect size of q2.

4.5.2.1 Collinearity Assessment

Multicollinearity is the degree of relationship among the independent variables (Hair et al., 2019). Multicollinearity can be checked by considering the values of the variance inflation factor (VIF). Hair et al. (2019) suggested that high VIF values reflect the existence of multicollinearity among the independent variables. Kock and Lynn (2012) suggested that VIF values' threshold should be less than 3.3. Hair et al. (2019) stated that VIF values ranging from 3 to 5 are likely to be a problem, and values above 5 indicate high collinearity between the indicators.

Table 4.13 shows that the VIF values of all variables ranged between 1.000 and 3.298. In addition, eight latent variables had values equal to 1.000. According to Hair et al. (2019), these values did not exceed the threshold value of 5. Therefore, multicollinearity was not a critical issue in any constructs.

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Table 4.13
Mulicollinearity Test Based on Inner VIF Values

First set Constructs	VIF	Second set Constructs	VIF
IS	1.757	IS	1.652
OA	2.623	OA	2.502
OC	3.588	OC	2.567
INN	3.298		

*Dependent Variable: Innovation strategy (IS), Organisational Atmosphere (OA), Organisational Culture (OC), Innovativeness (INN)Organisational Performance (OP)

4.5.2.2 Results of Hypothesis Testing (Direct Relationship)

After examining multicollinearity, the next step in the analysis is testing the hypotheses. The analysis started by testing the first seven hypotheses (H_1-H_7). Then, the mediation was tested (H_8-H_{10}). The hypothesised model was tested by running the PLS-SEM algorithm and the bootstrapping technique with 5,000 samples and 186 cases (Hair et al., 2019; Ramayah et al., 2018).

The direct path coefficients between the independent variables and the dependent variable, between the independent variables and the mediator, and the mediator to the dependent variable were determined. Table 4.14 shows the value of path coefficient, t-statistics, and p-values. The bootstrapping result in Figure 4.2 indicated that H_2 to H_7 were significant, but H_1 was not. The seven hypotheses were as follows:

H_1: Innovation strategy has a positive relationship with organisational performance.

H_2: Organisational atmosphere has a positive relationship with organisational performance.

H_3: Organisational culture has a positive relationship with organisational performance.

H_4: Innovation strategy has a positive relationship with innovativeness.

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H$_5$: Organisational atmosphere has a positive relationship with innovativeness.

H$_6$: Organisational culture has a positive relationship with innovativeness.

H$_7$: Innovativeness has a positive relationship with organisational performance.

With respect to H$_1$, the result indicated no significant relationship between IS and OP (β = -0.064, t-value = 1.192, CI = -0.151 to 0.026, p=0.23). Therefore, H$_1$ was not supported. About H$_2$, the result showed a significant positive influence of OA on OP (β = 0.135, t-value = 1.874, CI = -0.028 to 0.267, p=0.06), supporting H$_2$. Similarly, the result of H$_3$ showed a significant positive influence of OC on OP (β = 0.372, t-value = 4.882, CI = 0.243 to 0.496, p=0.00). Thus, H$_3$ was also supported. Next for H$_4$, the result showed that IS had a significant and positive relationship with the mediator INN (β = 0.178, t-value = 3.783, CI = 0.102 to 0.257, p=0.00). Thus, H$_4$ was also supported. H$_5$ was also supported because the result showed a significant positive relationship between OA and INN (β = 0.191, t-value = 3.006, CI = 0.093 to 0.303, p=0.00). Similarly, H$_6$ was also supported (β = 0.556, t-value = 8.752, CI = 0.443 to 0.650, p=0.00). OC had a significant and positive influence on INN. On H$_7$, the result showed a significant positive influence of INN on OP (β = 0.438, t-value = 5.618, CI = 0.309 to 0.564, p=0.00), also supported.

Table 4.14
Results of Hypothesis Testing (Direct Relationship)

Hypothesis	Relationship	Std. Beta	Std. Error	CI	t-value	p-value	Decision
H$_1$	IS->OP	-0.064	0.054	[-0.151;0.026]	1.192	0.23	Not Supported
H$_2$	OA->OP	0.135	0.072	[0.028;0.267]	1.874*	0.06	Supported
H$_3$	OC->OP	0.372	0.076	[0.243;0.496]	4.882***	0.00	Supported
H$_4$	IS->INN	0.178	0.047	[0.102;0.257]	3.783***	0.00	Supported
H$_5$	OA->INN	0.191	0.064	[0.093;0.303]	3.006***	0.00	Supported
H$_6$	OC->INN	0.556	0.064	[0.443;0.650]	8.752***	0.00	Supported
H$_7$	INN->OP	0.438	0.078	[0.309;0.564]	5.618***	0.00	Supported

Notes: IS = Innovation Strategy; OA = Organisational Atmosphere; OC = Organisational Culture; INN = Innovativeness; OP = Organisational Performance. *:p<0.1; **:p<0.05;***:p<0.01 (two-tailed)
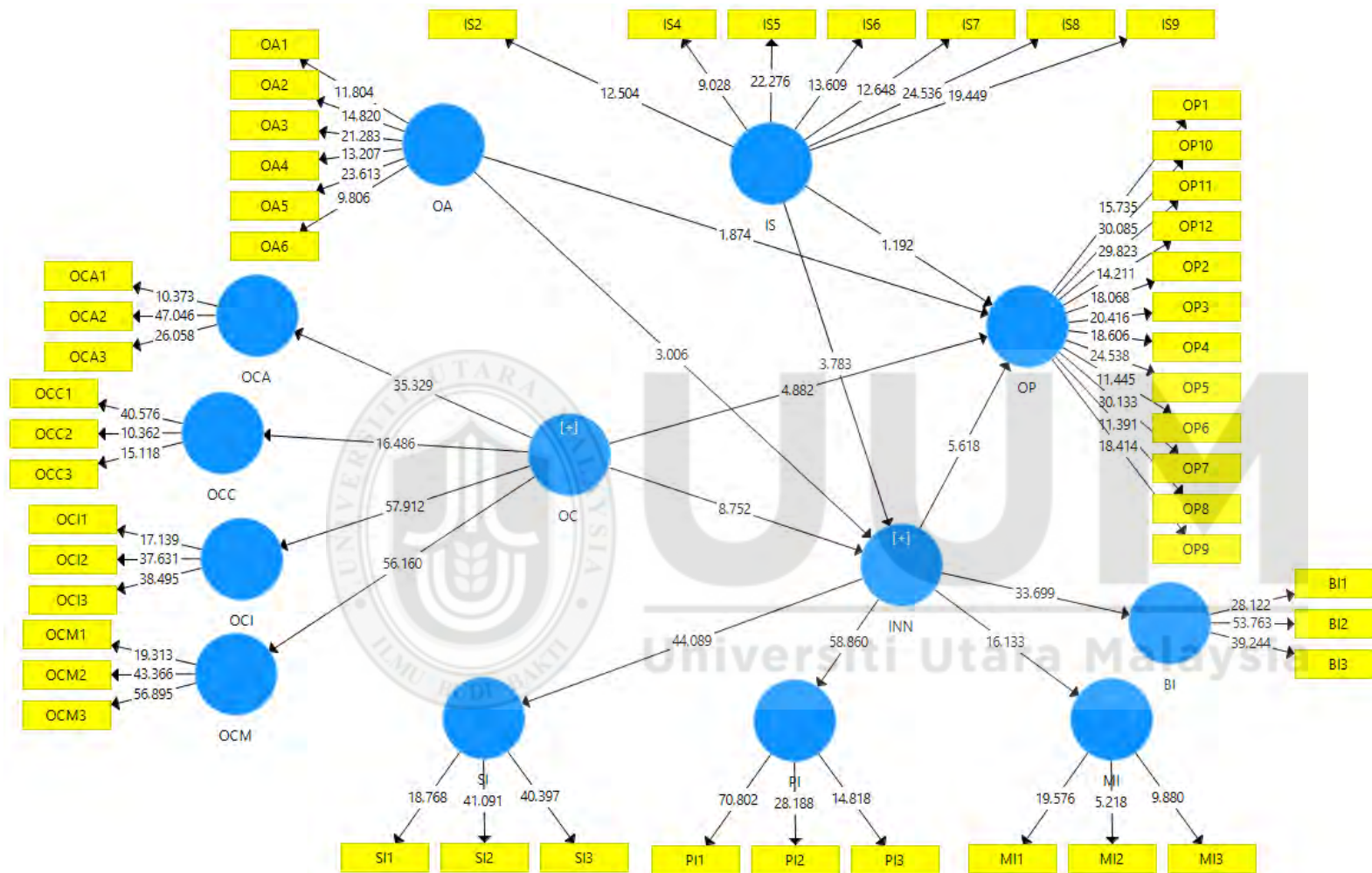
Figure 4.2
Structural Model

The second model was carried out to measure the indirect influence of the mediator on the independent variables and the dependent variable. Table 4.15 shows the result of the bootstrapping method to investigate the path model of the indirect relationship. Following Baron & Kenny(1986), in terms of conditions of mediating variable, if the independent variable has an insignificant with the dependent variable, the mediating role of these variables is not applicable testing, therefore H_8 does not need to be tested. Innovativeness (INN) was found to mediate the positive relationship between organisation atmosphere (OA) and organisational performance (OP) (β = 0.084, t-value = 2.356, CI = 0.036 to 0.149, p=0.019). Thus, H_9 was supported. Similarly, INN was found to mediate the positive relationship between organisational culture (OC) and organisational performance (OP) (β = 0.243, t-value = 4.864, CI = 0.164 to 0.327, p=0.000), supporting H_{10}. The two hypotheses were as follows:

H_9: Innovativeness mediates the relationship between organisational atmosphere and organisational performance.

H_{10}: Innovativeness mediates the relationship between organisational culture and organisational performance.

Table 4.15
Results of Hypotheses Testing (Mediation Test)

Hypothesis	Relationship	Std. Beta	Std. Error	CI	[t-value]	P Values	Decision
H_9	OA->INN->OP	0.084	0.035	[0.036;0.149]	2.356**	0.019	Supported
H_{10}	OC->INN->OP	0.243	0.05	[0.164;0.327]	4.864***	0.000	Supported

Notes: OA = Organisational Atmosphere; OC = Organisational Culture; INN = Innovativeness; OP = Organisational Performance. *:p<0.1; **:p<0.05;***:p<0.01 (two-tailed)

4.5.2.3 Coefficient of Determinations (R^2)

To explain the power of the independent variables in predicting the dependent variable, the coefficient of determination (R^2) is used. The proportion of variance that appropriately predicts the values of the coefficient of determination (R^2) ranges between 0 and 1, with 1 being a perfect prediction (Hair et al., 2019). Figure 4.1 shows the values of the coefficient of determinations (R^2). It was found that the R^2 value for innovativeness (INN) were 0.699, which means that the value was medium while the value for organisational performance (OP) was 0.703, which was considered substantial. In this study, the R^2 values obtained in the model was 0.699, explained by the combination of three exogenous latent variables: IS, OA, and OC. That is, these three variables explained 69.9% of the variance in innovativeness (INN). Whereas four exogenous variables (IS, OA, OC, and INN) explained 70.3% of the variance in hotel performance.

4.5.2.4 Assessment of Effective Size (f^2)

After assessing the coefficient of determination (R^2), the effect size (f^2) of the model was examined. Hair et al. (2019) described that the assessment of effect size refers to the values that change when the model removes some exogenous constructs. A value of 0.02 means that the effect size is small, 0.15 means medium, and 0.35 means substantial (Cohen, 1998). The result of the effect size in Table 4.16 shows that for organisational performance (OP), four exogenous constructs had a small effect size, and one exogenous construct (i.e., INN) had a medium effect size (0.008, 0.023, 0.130, and 0.195, respectively). For innovativeness (INN), two latent variables had a

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small effect size. They were IS (0.064) and OA (0.048), while OC had a substantial

effect size (0.398).

Table 4.16
The Result of Effective Size (f^2)

Variables	f^2	Effect size
IS→OP	0.008	Small effect size
OA→OP	0.023	Small effect size
OC→OP	0.130	Small effect size
INN→OP	0.195	Medium effect size
IS→INN	0.064	Small effect size
OA→INN	0.048	Small effect size
OC→INN	0.398	Substantial effect size

Notes: IS = Innovation Strategy; OA = Organisational Atmosphere; OC = Organisational Culture; INN = Innovativeness; OP = Organisational Performance

4.5.2.5 Predictive Relevance (Q^2) and Effect Size (q^2)

The next step was assessing the model's predictive power, which was carried out by

using Stone-Geisser Q^2 predictive relevance criterion. This analysis involved

blindfolding cross-validation redundancy procedure and omission distance D = 7.

Hair et al. (2019) suggested the rule of thumb: if a Q^2 value is higher than zero, it

means that the exogenous constructs have predictive relevance for endogenous

constructs. On the other hand, if a Q^2 value is less than zero, the predictive relevance

to the endogenous construct is absent. The result of the cross-validated redundancy

for innovativeness and hotel performance in Table 4.16 showed that both INN and

OP had Q^2 values higher than zero (0.298 and 0.364, respectively), indicating the

model's predictive accuracy.

Table 4.17
Predictive Relevance (Q^2)

Total	SSO	SSE	1-SSE/SSO (Q^2)
INN	2232	1566.585	0.298
OP	2232	1419.812	0.364

Notes: INN = Innovativeness; OP = Organisational Performance

To assess the contribution of each exogenous construct in predicting an endogenous variable, the effect size (q^2) value was calculated. The value of q^2 was computed manually. The researcher omitted each exogenous construct from the model and observed the change in the Q^2 value. The q^2 value is interpreted as follows: if q^2 is higher than 0.35, it means that it has a substantial effect. If it is more than 0.15, the effect is moderate, and if it is higher than 0.02, the effect is weak (Hair et al., 2019). The effect size (q^2) result Table 4.17 showed that all exogenous constructs had an effect on the endogenous construct OP. IS and OA had a weak effect, but OC had a substantial effect.

A summary of the result of hypotheses testing is shown in Table 4.18.

Table 4.18
Effect Size (q^2)

Variables	Q^2 Included	Q^2 Excluded	q2	Effect Size
IS -> OP	0.698	0.680	*0.06*	weak
OA -> OP	0.698	0.683	*0.05*	weak
OC -> OP	0.698	0.582	*0.38*	Substantial

Notes: IS = Innovation Strategy; OA = Organisational Atmosphere; OC = Organisational Culture; INN = Innovativeness; OP = Organisational Performance

Table 4.19
Recapitulation of the Hypothesis Testing

Hypotheses	Statement of Hypotheses	Decision
H_1	Innovation strategy has a positive relationship with organisational performance	Not Supported
H_2	Organisational atmosphere has a positive relationship with organisational performance	Supported
H_3	Organisational culture has a positive relationship with organisational performance	Supported
H_4	Innovation strategy has a positive relationship with innovativeness	Supported
H_5	Organisational atmosphere has a positive relationship with innovativeness	Supported
H_6	Organisational culture has a positive relationship with innovativeness	Supported
H_7	Innovativeness has a positive relationship with organisational performance	Supported
H_8	Innovativeness mediates the relationship between innovation strategy and organisational performance	Not tested
H_9	Innovativeness mediates the relationship between organisational atmosphere and organisational performance	Supported
H_{10}	Innovativeness mediates the relationship between organisational culture and organisational performance	Supported

4.6 Summary of the Chapter

This chapter presented the results of this study based on the questionnaire data collected from hotel executives in Thailand. It started by showing the response rate of the questionnaires and the non-response bias testing. Subsequently, preliminary data screening and preparation, comprising missing data analysis, assessment of outliers, normality test, common method bias test, and multicollinearity test, were illustrated. Next, the participants' demographic profiles and the descriptive statistics of the constructs were presented. Then, the PLS-SEM results of the assessment of the measurement model and the structural model were provided. This chapter ended by summarising the results of the hypotheses testing.

CHAPTER FIVE

DISCUSSION, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter discusses the key findings presented in the previous chapter by explicitly relating them to the research objectives and literature. Then, several theoretical and practical implications are highlighted. Finally, this chapter ends by outlining the research limitations, recommendations for future research, and conclusions. To start off, this chapter summarises the present study.

5.2 Summary of the Study

This study examined the effects of innovativeness on hotel performance in Thailand. As indicated in the first chapter, the hotel industry in Thailand is facing high competition from related industry, such as apartments, condominiums, hostels, and budget hotels, and others. Also, small and medium hotels encounter low customer satisfaction with service quality and standard, high operation costs, marketing problems, and management system problems. Furthermore, the hotel industry also tends to be staffed with low skills (Suriyathanin, 2015).

Based on the above problems, the researcher proposed to assess the relationship between innovation strategy, organisational atmosphere, organisational culture, and organisational performance of the hotel industry in Thailand. Furthermore, it also assessed the mediating role of organisational innovativeness in the relationship

between the three independent variables and hotel performance in Thailand. In Chapter Two, the researcher explored relevant literature to support the present research. Literature on the situation of the hotel industry in Thailand, past research related to the research model, and the underpinning theories of the resource-based view theory and dynamics capabilities theory were explored.

In Chapter Three, a research framework was formulated based on the underpinning theories and literature review. Additionally, the research design, operational definition, questionnaire development, and data collection were described in this chapter. On the other hand, Chapter Four proposes the results of this study and the hypotheses testing performed in PLS-SEM by the SmartPLS 3.2.8 programme. Other statistical results, such as the descriptive statistics of the key variables, were also provided.

This study recruited a specific group of participants, who were managing directors, general managers and top administrators of three-star, four-star, and five-star hotels in Thailand, to provide the data collected mail questionnaire. Of 381 questionnaires distributed, 188 responses were returned, thus giving a response rate of 49%. Furthermore, a non-response bias test indicated that there was no significant differences between early and late responses, suggesting that such a bias was not a threat. After the data were screened, they were subject to a normality test. The Shapiro-Wilk statistics and the skewness and kurtosis result showed that the data were normal. Next, in this study, the result of common method bias (CMB) indicated that the measurement of 51 items did not suffer from common method bias, and the VIF values showed that multicollinearity did not exist.

The relationship between three independent variables and dependent variables in this study found that two independent variables (OA and OC) had a significant and positive influence on hotel performance, but not IS. Innovativeness showed a positive relationship with IS, OA, OC, and OP. Of the ten hypotheses tested, only one hypothesis was found to be insignificant.

5.3 Discussion of the Research Findings

As mentioned, the results of the study in Chapter Four, especially the hypotheses test. This section proposed the research findings and research discussion, as well as a comparison of the research findings with other scholars.

5.3.1 The Relationship Between Innovation Strategy (IS) and Organisational Performance (OP)

This was the first research objective. The result showed that IS did not significantly affect organisational performance (β=-0.064, t=1.192, p>0.1). Therefore, H_1 was rejected. This result contradicts previous studies, such as by Altuntas et al. (2013), Chunnapiya (2012), Hilman and Kaliappen (2015), Kitsios and Sindakis (2014), Nybakk and Jenssen (2012), Nybakk et al. (2011), Terziovski (2010) and Wei and Wang (2011). This present finding indicates that innovation strategy does not contribute directly to organisational performance.

This result contradicts Hilman and Kaliappen (2015) that focused on innovation strategy at the functional level of the hotel industry in Malaysia. While this study

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focused on firms' overall management. Furthermore, their study considered two dimensions, which are process and service, but this study used unidimensional to measure innovation strategy variable. In addition, this result contradicts Chunnapiya (2012) that examined specifically on marketing-oriented strategy and the result revealed a positive relationship with marketing performance on four to five-star hotel performance in Thailand. Meanwhile, Pimpan et al. (2018) found that service innovation strategy had a direct effect on the performance of four-star and five-star rating hotels in Thailand, but they investigated only the profitability of hotel performance.

The result of this hypothesis showed that innovation strategy did not significantly affect hotel performance and comparison with the previous studies found that contradiction, due to innovation strategy being considered as being one uni-dimension. The nine-item instrument used to measure this concept was adapted from Terziovski (2010). Even though past research demonstrated a significant effect of IS on OP, this study showed that innovation strategy was not directly linked with organisational performance. Because previous researchers used the instrument of Terziovski (2010) to investigate innovation strategy in manufacturing or production firms, the instrument might not fit the hotel industry. Chand and Katou(2012) state that in the service industry, innovation strategy can have a positive effect on the performance must require cooperation from all departments in organisation consecutively and based on customer-oriented, which is different from manufacturing. While Martin-Rios and Ciobanu (2019) revealed that innovation strategies influence organisational performance depending on each sector. Similarly, Campo et. al.,(2014) indicate that hotel innovation does not contribute directly and

positively to hotel performance in the short term, but it is crucial in improving hotel performance in the medium and long term. This could explain the insignificant effect of innovation strategy.

5.3.2. The Relationship Between Organisational Atmosphere (OA) and Organisational Performance (OP)

This study revealed that organisational atmosphere was positively and significantly related to organisational performance (β=0.135, t-value=1.874, p=0.06). The finding is aligned with most studies (e.g., Akbaba, 2016; Davidson, 2000; Subramaniam, 2005; Bellou & Andronikidis, 2009; Leekpai et al.,2014; Nybakk et al., 2011; Rota et al., 2012; Shanker et al., 2017), including those conducted in the hotel industry in other countries. For instance, Alhabi (2017) showed that organisational atmosphere had a positive relationship with organisational sustainability in the hotel industry in Saudi Arabia. Similarly, Tidd et al. (2005) found that OA enhanced performance because it enabled individual creativity to flourish. Manning et al. (2012) found that organisational atmosphere enhanced individual contribution because the organisation was perceived to provide the relevant support, reduce employee turnover rate, increase customer satisfaction, and enhance the financial performance of the tourism and hospitality industry.

A conducive environment is a crucial influence for employees to provide excellent services for their customers, enhancing the success and survival of hotels and hospitality organisations. Thus, the hotel industry being an industry that is labour-intensive, the right attitude of employees is the key to success for the organisation. A

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good organisational atmosphere is likely to empower employees and make them proud of what they do and increase teamwork (Davidson, 2003). Moreover, OA supports employee job satisfaction, motivating them to work to accomplish organisational performance (Patterson et al., 2004).

5.3.3. The Relationship Between Organisational Culture (OC) and Organisational Performance (OP)

Organisational culture was found to be significantly and positively related to organisational performance ($\beta = 0.372$, t-value = 4.882, CI = 0.243 to 0.496, p=0.00). This result supported H3 and is aligned with prior findings (e.g., Chung & Haddad, 2001; Tseng, 2010; Soltani et al., 2011; Shahzad, 2014; Xie et al., 2016; Arikan & Enginoglu, 2016; Amjad and Siddiqui, 2019; Imran et al., 2021). In the hotel industry, a similar result was reported. For example, Wang (2012) found that organisational culture had a positive and direct influence on hotel performance in Taiwan. Rahimi and Gunlu (2015) also demonstrated a similar result for chain hotels in the UK. Chilla et al. (2014) reported a similar result in the hospitality sector in Kenya. In the hotel industry of Thailand, Nuansate (2016) also revealed a similar finding. He suggested that if organisations want to enhance their performance, then the executives should focus on developing a conducive organisational culture. Davidson (2003) noted that employees' ability to serve customers well was influenced by the organisational culture of the hotels under study.

The result of this study indicated that the research model could predict the effect of organisational culture on organisational performance and fill the gap that the types of

organisational culture (adaptability, consistency, involvement, and mission) are vital to accomplishing hotel performance.

5.3.4. The Relationship Between Innovation Strategy (IS) and Organisational Innovativeness

The present study revealed that innovation strategy had a positive relationship with innovativeness (β = 0.178, t-value = 3.783, CI = 0.102 to 0.257, p=0.00), supporting H_4. The finding is consistent with past research (Akman & Yilmaz, 2008; Fruhling & Siau, 2007; Karpacz & Ingram, 2015; Razavi & Attarnezhad, 2013; Terziovski, 2010; Wei & Wang, 2011).

Razavi and Attarnezhad (2013) suggested that if organisations want to enhance their innovativeness, they should develop innovative strategies. Fruhling and Siau (2007) also showed that innovation strategy could enhance a firm's innovativeness. In the context of the hotel industry, Hilman and Kaliappen (2015) focused on innovation strategy at the functional level. They suggested that hoteliers should develop an innovation strategy to enhance the firms_ overall management. They also demonstrated that process and service innovation strategy had a positive relationship with hotel performance, but process innovation strategy attained slightly more than service innovation strategy.

This result of this study is in line with Chunnapiya (2012), which focused on marketing-oriented strategy and showed a direct and positive relationship with marketing performance. Furthermore, Chunnapiya reported that innovation strategy

dimensions, such as marketing innovation strategy indirectly influenced four to five-star hotel performance in Thailand. Pimpan et al. (2018) investigated service innovation strategy and found that it had a direct effect on the profitability of four-star and five-star rating hotels in Thailand.

Oke et al. (2012) demonstrated that top managers used innovation strategy to enhance firm resources effectively and investment in research development, in line with the RBV theory. Adim et al. (2018) concluded that hotel managers need to be agile or adapt quickly to face the rapidly changing business environment. They also need to creatively deliver quality services and improve processes to ensure customer satisfaction.

5.3.5.The Relationship Between Organisational Atmosphere (OA) and Organisational Innovativeness

A significant and positive relationship between organisational atmosphere and innovativeness was found in this study (β = 0.191, t-value = 3.006, CI = 0.093 to 0.303, p=0.00), supporting H_5. The finding is consistent with previous findings (Açikgöz & Günsel, 2011; Cekmecelioglu & Gunsel, 2013; Crespell & Hansen, 2009; Nybakk & Jenssen, 2012; Scheider et al., 1996; Somech, 2011). Shanker et al. (2017) indicated that organisational innovativeness resulted from an organisational atmosphere characterised by open management, co-workers' trust, and a reward system.

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Organisational atmosphere influences employee behaviours, attitudes and motivation, leading to enhanced creativity to generate organisational innovativeness (Amabile et al., 1996; Bahrami et al., 2016; Choudhury, 2011; Nybakk & Jenssen, 2012; Tastan & Davoudi, 2017). Therefore, hotels in Thailand should create a suitable atmosphere to enhance organisational innovativeness. The hotels' executives must develop and promote a working environment where the management is open, co-workers are trustworthy and friendly, employees are involved in their work and encouraged to make decisions, and the reward system is fair and equitable.

King Mongkut's University of Technology North Bangkok (2018) studied a management model to enhance the quality of three-star hotel businesses in the Thai-Laos border provinces. They suggested that if the hotels need to elevate their innovative competitive advantage, the management must create a proper atmosphere to promote creativity and reward, and train employees to enhance new service innovativeness. Crespell and Hansen (2008) argued that innovativeness will be accomplished when organisations create a proper environment and atmosphere around innovativeness.

However, the result of this study is inconsistent with Leekpai et al.'s (2014) because they did not find the influence of organisational atmosphere and organisational innovativeness on innovativeness among hotels in Southern Thailand. They explained that the hotels' atmosphere that involves the encouragement of supervisors, business resources, work coordination, teamwork, and work challenge is a less important variable to improve innovativeness improved. However, their study was limited to hotels in Southern Thailand, and most of them were three-star hotels.

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5.3.6. The Relationship Between Organisational Culture (OC) and Organisational Innovativeness

A significant and positive relationship between organisational atmosphere and innovativeness was found ($\beta = 0.556$, t-value = 8.752, CI = 0.443 to 0.650, p=0.00), supporting H6. The finding is aligned with past research (Alm & Johnson, 2014; Krot & Lewicka, 2013; Matinaro & Liu, 2016; Naranjo-Valencia et al., 2010; Skerlaval et al., 2010; Soltani et al., 2011). Yesil and Kaya (2012) demonstrated that organisational culture was crucial for both organisational process and results at individual and organisational levels. Brettel et al. (2015) found that organisational culture was positively related to innovativeness in small and medium enterprises in Germany. Eskiler et al. (2016) also found that organisational culture positively and significantly predicted innovative work behaviour in tourism enterprises. To enhance innovativeness, they suggested that executives focus on developing a suitable organisational culture.

Soltani et al. (2011) also found a similar report and suggested that if organisations want to enhance their innovativeness, they should modify the structure and rules based on the organisational culture. Abdullah (2016) studied 32 SMEs in Malaysia and found that organisational culture significantly affected organisational innovativeness. Organisational culture is organisational members' compass that determines their behaviour and activity (Abdullah et al., 2014). Martins and Terblanche (2003) showed that organisational culture had a significant influence on employee creativity and innovation. Hani et al.(2020), stated that strong

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organisational culture can predict future organisational performance. In addition, strong culture will motivate and promote employee commitment.

5.3.7. The Relationship Between Organisational Innovativeness and Organisational Performance (OP)

As expected, innovativeness had a positive relationship with organisational atmosphere (β = 0.438, t-value = 5.618, CI = 0.309 to 0.564, p=0.00). Organisational innovativeness will enhance organisational capacity to innovate, leading to increased organisational performance (Hult et al., 2003). Innovativeness also allows organisations to develop a competitive advantage and achieve higher performance levels (Hurley & Hult, 1998). In their study of 298 hotels, Sandvik et al. (2014) revealed that innovativeness and performance affected profitability and customer loyalty. They showed a positive relationship between the innovativeness of hotels and financial performance. Thailand's hotel industry requires that hotel establishments develop their innovative capability to change, innovate and experiment with new ideas to develop a competitive advantage and enhance organisational performance.

The finding of this study is consistent with past studies that reported a similar result (Ashraf et al., 2014; Calantone et al., 2002; Giniuniene & Jurksiene, 2015; Hult et al., 2004; Keskin, 2006; Leekpai, 2013; Rhee et al. 2010; Rutherford & Holt, 2007; Scholastica & Maurice, 2013; Sok, O'Cass & Sok., 2013; Tajeddini, 2011; Tutar et al., 2015;). Nhepera and Onojaefe(2019) revealed that hotel innovativeness makes hotel staff deliver high quality service for guests and influences guest decisions for

hotel choices and hotel loyalty. Hence, the hotel executives should consider or pay more attention to leveraging innovativeness to enhance hotel performance.

Furthermore, the result of this study is in contrast with Domi et al.(2019); they found insignificant relationship between innovativeness and tourism SMEs performance, in terms of SMEs types, was diversified and which are 38.8% was restaurants and 37.9% was hotel industry, this reason influenced the result of their study, while innovativeness measurement they used were unidimensional and different from this study.

5.3.8. The Mediating Role of Organisational Innovativeness in the Relationship Between Innovation Strategy (IS) and Organisational Performance (OP)

Following Baron & Kenny(1986), in terms of conditions of mediating variable, if the independent variable has an insignificant relationship with the dependent variable is H_1, the mediating role of these variables is not applicable for testing; and therefore H_8 does not need to be tested.

5.3.9. The Mediating Role of Organisational Innovativeness in the Relationship Between Organisational Atmosphere (OA) and Organisational Performance (OP)

The present study also found that organisational innovativeness partially mediated in the relationship between organisational atmosphere (OA) on organisational performance (OP) (β = 0.084, t-value = 2.356, CI = 0.036 to 0.149, p=0.019). This

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finding is in line with Crespell and Hansen's (2008) study that investigated the US forest sector and found that innovativeness partially mediated the link between organisational atmosphere and organisational performance.

There is limited literature on the mediating role of innovativeness in the relationship between organisational atmosphere and organisational performance (Crespell & Hansen, 2008). In the hotel industry in Thailand, Leekpai (2013) tested a framework of the relationship between the antecedents of innovativeness and firm performance. She revealed all three antecedents comprising market orientation, entrepreneurial orientation, learning orientation, and organisational atmosphere, had a positive impact on innovativeness, which was found to have a direct and positive impact on organisational performance. In 2014, she added one more variable of organisational atmosphere and tested the framework again by collecting data from 202 hotels in Southern Thailand. She demonstrated that organisational atmosphere did not positively influence innovativeness. Leekpai et al. (2014) reasoned that the hotel's atmosphere, which involves staff morale, business resources, teamwork, and job challenge, might be a less important variable that affected the innovativeness of the hotel to increase organisational innovation.

The result of this study highlights the mediating role of organisational innovativeness in the link between organisational atmosphere and hotel performance. According to the RBV theory, internal and intangible resources are crucial for enhancing organisational performance (Hart & Dowell, 2011; Lucas & Kirillova, 2011). Organisational atmosphere is an important intangible asset that can support organisational competitive advantage and enhance its performance. Organisations

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should create an environment characterised suitable by open and supportive management, trustworthy and friendly co-workers, employee empowerment, and an equitable and fair reward system to enhance organisational innovativeness capability and organisational performance.

5.3.10. The Mediating Role of Organisational Innovativeness in the Relationship Between Organisational Culture (OC) and Organisational Performance (OP)

The present study demonstrated that organisational innovativeness mediated the relationship between organisation culture (OC) on organisational performance (OP) (β = 0.243, t-value = 4.864, CI = 0.164 to 0.327, p=0.000), supporting H_{10}. This finding supports previous studies (Ashraf et al., 2014; Naranjo-Valencia et al., 2016). The result of this study is in line with Amjad and Siddiqui(2019), which examined the mediating role of innovativeness between corporate culture and organisational effectiveness in different organisations. The result shows that organisational culture has positive relationship with organisational performance, and the highlights and implications of this study is that innovativeness plays a mediating role between organisational culture and a firm's overall performance.

Additionally, Imran et al.(2021) found that innovativeness plays a mediating role between some dimensions of organisational culture, which are involvement, adaptability of organisational performance in the banking sector of Pakistan. This study concludes that innovative organisational culture will support a firm's performance through innovativeness.

Although empirical research that investigated the mediating role of innovativeness between organisational culture and organisational performance is limited, especially in the hotel industry, some studies on this subject, such as Ashraf et al. (2014), showed a partial mediation effect of innovativeness on the link between organisational culture and organisational effectiveness in educational institutions. Likewise, Naranjo-Valencia et al. (2016) found that innovation had a positive mediation between adhocracy culture and organisational performance but a negative mediation between hierarchy culture and organisational performance in manufacturing and service companies in Spain.

5.4 Contributions of the Study

The findings of this study have both theoretical and practical contributions, as discussed below.
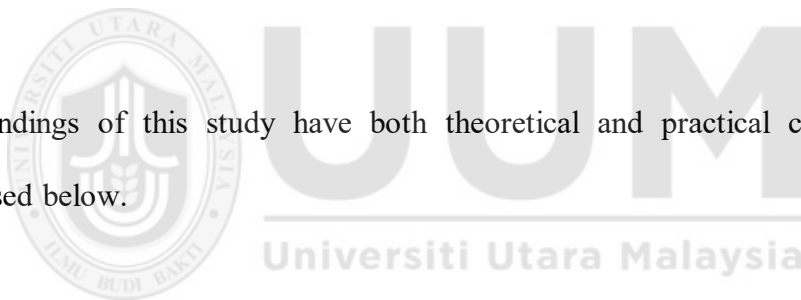
5.4.1 Theoretical Contributions

Firstly, this study offers empirical evidence of the theoretical relationships hypothesised in the research model. Generally speaking, the present study showed that innovation strategy, organisational atmosphere, and the four dimensions of organisational culture (i.e., adaptability, consistency, involvement, and mission) affected hotel performance via innovativeness in Thailand. Specifically, it highlights the mediating role of innovativeness in the relationship between innovation strategy, organisational atmosphere, organisational culture, and hotel performance in Thailand, consistent with previous studies (Altuntas et al., 2013;2014; Ashraf et al.,

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2014; Crespell & Hansen, 2008; Ferraresi et al., 2012; Leekpai et al.,2014; Namburi, 2013; Naranjo-Valencia et al., 2016; Terziovski, 2010; Tutar et al., 2015; Zehir et al., 2012;).

This study had ten hypotheses, with nine hypotheses supported and one not. Despite the purported importance of innovativeness in organisational performance, past studies did not pay enough theoretical attention to integrating innovation strategy, organisational atmosphere, organisational culture, and innovativeness in a single model to influence hotel performance. Thus, this study filled the gap in existing literature. As expected, organisational atmosphere, organisational culture, and innovativeness had positive effects on hotel performance.

The results of the study also provide insights into the crucial role of organisational innovativeness in predicting hotel performance and adds empirical support to the research model. In addition, the findings provide evidence that supports the resource-based view (RBV) that postulates that valuable, rare, inimitable, and non-substitutable (VRIN) internal resources influence firm performance. In this study, innovation strategy, organisational atmosphere, organisational culture, and organisational innovativeness were regarded as a firm's intangible resources. Firms should consider continually improving their intangible resources, particularly organisational innovativeness (Leonidou et al., 2012; Lin & Wu, 2014; Nieves et al., 2015; Villar et al., 2012), consistent with the theory of dynamic capability (DC), to enhance organisational performance.

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5.4.2 Practical Contributions

Nowadays, the hotel industry is a key component of the non-industry sector and a crucial contributor to the Thailand economy. However, the hotel industry in Thailand is facing high competition, substitutable products, a decline in the number of tourists, and a decline in the price of hotel rooms. The findings of the study offers insights into the crucial role of innovativeness in affecting hotel performance as a result of the effects of innovation strategy, organisational atmosphere, and organisational culture. Because innovation strategy does not directly affect hotel performance, it has an indirect impact through innovativeness, the Thai government, policymakers, and hotel owners and executives who have to consider implementing the factors that were found to enhance the hotel performance.

Firstly, hotel owners and executives in Thailand should understand the effects of innovation strategy on hotel performance. Innovation strategy indirectly affects organisational performance through innovativeness. Thus, the owners/executives should support the innovation strategy to develop new services, processes and creative approaches, and find new markets to improve hotel performance.

Secondly, hotel owners/executives should develop an appropriate organisational atmosphere characterised by open management, supportive, trusting and friendly co-workers, employee empowerment, and a reward and promotion system that is fair and equitable. Such an atmosphere will enhance organisational innovativeness capability and hotel performance.

Thirdly, hotel executives should create an organisational culture that comprises four dimensions which are adaptability, consistency, involvement, and mission, because such an organisational culture will have an influence on the overall organisational performance through innovativeness.

Fourthly, hotel entrepreneurs should pay more attention to the factors affecting the organisational innovativeness of the hotel business because they had been found to enhance organisational performance. These factors are innovation strategy, organisational atmosphere, and organisational culture. Finally, Thai policymakers should design policies supporting the hotel industry by offering training programmes on ways to enhance the organisational innovativeness of hotels.

5.5 Limitations of the Study

This study had several limitations that the researcher needs to consider and discuss when interpreting the results. Firstly, because most participants had been employed for less than ten years, the sample of respondents might not be a good representative of the population. Secondly, this study used questionnaires as the key data collection method. Future studies could consider using multiple techniques, such as in-depth interviews and structured questionnaires in a single study, to get a better insight into the phenomenon under study in hotels in Thailand.

Thirdly, this study examined three independent variables: innovation strategy, organisational atmosphere, and organisational culture, with innovativeness playing the role of mediator between the three IV and DV.

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5.5 Recommendation for Future Research

Future studies should consider exploring the effects of other variables, which are entrepreneurial orientation, learning organisation, and organisational transformation, on hotel performance in Thailand. In addition, future studies ahuld also pay attention to examine this framework to the related sector, for instance, resorts, boutique hotels or another industry.

5.6 Conclusion

The main objective of this study was to investigate the mediating role of organisational innovativeness in the relationship between innovation strategy, organisational atmosphere, organisational culture, and organisational performance in the hotel industry in Thailand. Out of ten objectives, the result met nine of them, as presented in Chapter Four.

The first objective was to examine the influence of innovation strategy on organisational performance. This objective was rejected; innovation strategy did not significantly affect organisational performance. The second and third objectives were to investigate the influence of organisational atmosphere and organisation culture and hotel performance. The empirical evidence revealed that both OA and OC had a positive relationship with organisational performance. Then, the fourth till sixth objectives were to determine the influence of innovation strategy, organisational atmosphere, organisational culture, and innovativeness. The finding showed that IS, OA, and OC had a positive influence on organisational innovativeness. The seventh

objective was to investigate the relationship between organisational innovativeness and organisational performance. The empirical evidence showed that organisational innovativeness had a positive influence on organisational performance. The eighth to tenth objectives were to investigate the mediating role of organisational innovativeness in the relationship between innovation strategy, organisational atmosphere, organisational culture, and organisational performance. The findings showed that innovativeness mediated between IS, OA, OC, and organisational performance.

The findings provide theoretical and practical contributions in that the Thai government, policymakers, hotel executives and academic researchers in entrepreneurship, hospitality management, and strategic management have to pay attention to factors that could enhance the hotel industry's performance. Despite several significant contributions, the study's limitations offer opportunities for future studies to explore other variables that impact hotel performance in Thailand. Finally, the result of this research adds theoretical and practical value to the hotel performance literature.

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Survey on the Mediating Role of Innovativeness between Innovation Strategy, Atmosphere, Culture and Organizational Performance in Hotel Industry of Thailand

Dear Managing Director/General Manager/ Top hotel management

My name is Thienchai Phankhong. I am a Ph.D. student in Management, School of Business Management, College of Business at Universiti Utara Malaysia. Now, I'm conducting a survey of my research, its title is Mediating Role of Innovativeness between Innovation Strategy, Atmosphere, Culture and Organizational Performance in Hotel Industry of Thailand. The research supervisors are Assoc. Prof. Dr. Lily Julienti Bt. Abu Bakar and Dr. Donny Abdul Latief Poespowidjojo.

The research aims to examine the relationship of innovation strategy, organizational atmosphere, organizational culture, organizational innovativeness on firm performance in three to five star hotels in Thailand. The study further investigate the mediating role of organizational innovativeness between four crucial variables and organizational performance. This knowledge might assist the government and the relevant organizations in proposing policies related to improving and developing hospitality industry performance and will contribute for the hotel operation and define the strategy of the hotels, and it's beneficial to the policy of the government to support this sector.

I would greatly appreciate your participation in this research by completing the enclosed questionnaire. It should require only about 15-20 minutes of your time, and your input is most critical to the success of this research. The participant person details and data will be kept anonymous as secret. Consequently, if you are interested in the result of this research, please contact researcher directly. I greatly appreciate your assistance and Thank you for your cooperation.

Your sincerely,

Mr. Thienchai Phankhong

Ph.D. student in Management
Universiti Utara Malaysia
e-mail: thienchai@hu.ac.th

Universiti Utara Malaysia

06010 Changlun, Kedah, Malaysia

15 กรกฎาคม 2562

เรื่อง   ขอความอนุเคราะห์ตอบแบบสอบถาม
เรียน   กรรมการผู้จัดการ/ผู้จัดการทั่วไป/ผู้บริหารระดับสูง
สิ่งที่ส่งมาด้วย แบบสอบถามจำนวน 1 ชุด

      ผม นายเธียรชัย พันธ์คง นักศึกษาปริญญาเอก Ph.D. (Management), School of Business Management, Universiti Utara Malaysia (UUM) ขณะนี้ กำลังทำดุษฎีนิพนธ์เรื่อง บทบาทการส่งผ่านของความสามารถด้านนวัตกรรมที่มีต่อกลยุทธ์นวัตกรรม บรรยากาศขององค์กร วัฒนธรรมขององค์กร และผลการดำเนินงานของอุตสาหกรรมโรงแรมในประเทศไทย โดยมีอาจารย์ที่ปรึกษา คือ Assoc.Prof. Dr. Lily Julienti Bt. Abu Bakar และ Dr. Donny Abdul Latief Poespowidjojo School of Business Management, Universiti Utara Malaysia (UUM)
      การวิจัยในครั้งนี้มีวัตถุประสงค์เพื่อศึกษาความสัมพันธ์ระหว่าง ความสามารถด้านนวัตกรรม กลยุทธ์นวัตกรรม บรรยากาศขององค์กร วัฒนธรรมขององค์กร และผลการดำเนินงานของอุตสาหกรรมโรงแรมในประเทศไทย
      ในฐานะที่ท่านเป็นผู้บริหารระดับสูงที่มีความรู้ความสามารถทางด้านการบริหารจัดการ และผลการดำเนินงานขององค์กรเป็นอย่างดี ผมใคร่ขอความร่วมมือท่านสละเวลาเพื่อตอบแบบสอบถาม ซึ่งข้อมูลที่ได้รับจะถูกเก็บรักษาเป็นความลับ และใช้เพื่อการศึกษาวิจัยในครั้งนี้เท่านั้น และหากท่านดำเนินการตอบแบบสอบถามเสร็จเรียบร้อยแล้ว ขอความกรุณาส่งกลับภายในวันที่ 15 กันยายน 2562 และหากท่านสนใจรายงานผลการวิจัยฉบับนี้ กรุณาแนบอีเมล์ของท่าน ภายหลังจากการวิจัยเสร็จสิ้น ผู้วิจัยจะดำเนินการส่งข้อมูลดังกล่าวให้ท่าน ขอขอบพระคุณเป็นอย่างสูงในความอนุเคราะห์ในการตอบแบบสอบถาม
      ด้วยความเคารพอย่างสูง

(นายเธียรชัย พันธ์คง)
นักศึกษาปริญญาเอก สาขาการจัดการ,
Universiti Utara Malaysia
e-mail: thienchai@hu.ac.th tel.: 095-0317775

QUESTIONNAIRE
(แบบสอบถาม)

INSTRUCTIONS:

This questionnaire consists of five sections. Please read the questions carefully before answering them. Where appropriate for the current business, please tick (√) in the box provided.

(แบบสอบถามประกอบด้วย 5 ส่วน ก่อนตอบแบบสอบถามกรุณาอ่านคำถามอย่างละเอียด จงทำเครื่องหมาย (√) ในช่องหมายเลขที่เห็นว่าเหมาะสมกับสภาพปัจจุบันของธุรกิจของท่าน)

Section A: Personal Backgrund (ข้อมูลส่วนบุคคล)

Section B: Hotel Brackground (ข้อมูลของโรงแรม)

Section C: Innovation Strategy (กลยุทธ์นวัตกรรม)

Section D: Organizational Atmosphere (บรรยากาศขององค์กร)

Section E: Organizational Culture (วัฒนธรรมขององค์กร)

Section F: Innovativeness (ความสามารถทางนวัตกรรม)

Section H: Organizational Performance (ผลการดำเนินงานขององค์กร)

Section A: Your personal background

(ข้อมูลส่วนบุคคลของผู้ตอบแบบสอบถาม)

1. Your gender ☐ Male ☐ Female
   (เพศ) (ชาย) (หญิง)

2. Your age group ☐ ≤30 ☐ 31-35
   (อายุ) ☐ 36-40 ☐ 41-50 ☐ >50

3. Respondent position ☐ CEO ☐ Director ☐ General Manager
   (ตำแหน่งในองค์กร) (ประธานบริหาร) (ผู้อำนวยการ) (ผู้จัดการทั่วไป)

4. How long have you worked in this hotel?_____years.
   (ระยะเวลาที่ปฏิบัติงานในโรงแรมแห่งนี้)

Section B: Hotel Background
(**ข้อมูลโรงแรม**)

1. Your hotel star rating   ☐3 star (3 ดาว)   ☐4 star (4 ดาว)   ☐ 5 star (5 ดาว)
   (โรงแรมจัดอยู่ในระดับมาตรฐานที่พักกี่ดาว)

2. Number of rooms
   (จำนวนห้องพัก)

   ☐ Below 100   ☐ Between 100-150
      (น้อยกว่า 100 ห้อง)   (ระหว่าง 100 ถึง 150 ห้อง)

   ☐ Between 151-200   ☐ Between 201-250
     (ระหว่าง 151 ถึง 200 ห้อง)   (ระหว่าง 201 ถึง 250 ห้อง)

   ☐ More than 250
     (มากกว่า 250 ห้อง)

3. Numbers of employees
   (จำนวนพนักงานทั้งหมด)

   ☐ Below 200   ☐ Between 201-300
     (น้อยกว่า 200 คน)   (ระหว่าง 201 ถึง 300 คน)

   ☐ Between 301-400   ☐ Between 401-500
    (ระหว่าง 301 ถึง 400 คน)   (ระหว่าง 401 ถึง 500 คน)

   ☐ Between 501-600   ☐ Between 601-700
    (ระหว่าง 501 ถึง 600 คน)   (ระหว่าง 601 ถึง 700 คน)

   ☐ More than 701
    (มากกว่า 701 คน)

4. Type of ownership
   (ประเภทของการเป็นเจ้าของ)

   ☐ Fully local (0 percent foreign ownership)
     (ผู้ถือหุ้นทั้งหมดเป็นคนไทย)

   ☐ Majority local (1-49 percent foreign)
     (ผู้ถือหุ้นส่วนใหญ่เป็นคนไทย ต่างชาติถือหุ้น 1-49 เปอร์เซ็นต์)

   ☐ Majority foreign (50-99 percent foreign ownership)
     (ผู้ถือหุ้นส่วนใหญ่เป็นคนต่างชาติ คนต่างชาติถือหุ้น 50-99 เปอร์เซ็นต์)

   ☐ Fully foreign (100 percent foreign)
     (ผู้ถือหุ้นทั้งหมดเป็นคนต่างชาติ)

5. Years of operation
   (จำนวนปีของการดำเนินงาน)

   ☐ ≤10 years   ☐ 11-20 years   ☐ 21-30 years
     (น้อยกว่า 10 ปี)   (11 ถึง 20 ปี)   (21 ถึง 30 ปี)

   ☐ 31-40 years   ☐ >40 years
     (30 ถึง 40 ปี)   (มากกว่า 40 ปี)

Section C: Innovation Strategy(กลยุทธ์นวัตกรรม)

INSTRUCTIONS:
Please indicate your answer by tick (√) in the box provided the appropriate number based on the current business for measure innovation strategy of your hotel.
(กรุณาระบุคำตอบของท่านด้วยการทำเครื่องหมาย (√) ในช่องหมายเลขที่เหมาะสมตามสภาพปัจจุบันของธุรกิจเพื่อประเมินกลยุทธ์ นวัตกรรมของโรงแรม)

1	2	3	4	5
Strongly disagree (ไม่เห็นด้วยอย่างยิ่ง)	Disagree (ไม่เห็นด้วย)	Neutral (ปานกลาง)	Agree (เห็นด้วย)	Strongly agree (เห็นด้วยอย่างยิ่ง)

Innovation Strategy (กลยุทธ์นวัตกรรม)	1	2	3	4	5
1. The hotel's vision or mission includes a reference to innovation. วิสัยทัศน์หรือพันธกิจของโรงแรมมีการอ้างอิงถึงนวัตกรรม					
2. The hotel's vision or mission includes a reference to innovation. วิสัยทัศน์หรือพันธกิจของโรงแรมมีการอ้างอิงถึงนวัตกรรม					
3. Innovation strategy has helped the hotel to achieve its strategic goals. กลยุทธ์นวัตกรรมช่วยให้โรงแรมของเราบรรลุเป้าหมายเชิงกลยุทธ์					
4. Increasing our production volume is an important measure of our process innovation. การเพิ่มปริมาณการผลิตเป็นมาตรการที่สำคัญของนวัตกรรมกระบวนการของเรา					
5. Innovation strategy has helped the hotel to achieve its strategic goals. กลยุทธ์นวัตกรรมช่วยให้โรงแรมของเราบรรลุเป้าหมายเชิงกลยุทธ์					
6. Increasing our production volume is an important measure of our process innovation. การเพิ่มปริมาณการผลิตเป็นมาตรการที่สำคัญของนวัตกรรมกระบวนการของเรา					
7. Innovation strategy has helped the hotel to achieve its strategic goals. กลยุทธ์นวัตกรรมช่วยให้โรงแรมของเราบรรลุเป้าหมายเชิงกลยุทธ์					
8. Increasing our production volume is an important measure of our process innovation. การเพิ่มปริมาณการผลิตเป็นมาตรการที่สำคัญของนวัตกรรมกระบวนการของเรา					
9. Improving administrative routines is seen as part of our innovation strategy. การพัฒนาหน้าที่เชิงบริหารถือเป็นกลยุทธ์นวัตกรรมของเรา					

Section D: Organizational Atmosphere (บรรยากาศขององค์กร)

Organizational Atmosphere (บรรยากาศขององค์กร)	1	2	3	4	5
10. Company management is open, supportive, and considerate. การบริหารจัดการบริษัทมีลักษณะเปิดเผย ให้การสนับสนุน และคำนึงถึงผู้อื่น					
11. Co-workers are trusting, friendly and co-operative. เพื่อนร่วมงานไว้ใจได้ มีความเป็นมิตร และให้ความร่วมมือ					
12. Employees show concern for the work of their work, try to get ahead and are involved in their work. พนักงานแสดงความใส่ใจหน้าที่ในงานของตน พยายามก้าวหน้า และมีส่วนร่วมในงานของตน					
13. Employees have the proper background training and ―know-how" to do what is expected of them to do พนักงานมีการฝึกอบรมความรู้พื้นฐานและ "องค์ความรู้" เพื่อทำสิ่งที่พวกเขาได้รับการคาดหวัง ให้ทำ					
14. Employees take part in decisions that affect their work situation พนักงานมีส่วนในการตัดสินใจที่ส่งผลต่อสถานการณ์ในการทำงานของตน					
15. Rewards such as promotions and salary increases are based on performance rather than other considerations such as favoritism รางวัล เช่น การเลื่อนตำแหน่งและการขึ้นเงินเดือน ขึ้นอยู่กับผลการปฏิบัติงานมากกว่าการ พิจารณาอื่น ๆ เช่น การเล่นพรรคเล่นพวก					

Section E: Organizational Culture (วัฒนธรรมขององค์กร)

INSTRUCTIONS:
Please indicate your answer by tick (√) in the box provided the appropriate number based on the current business for measure organizational culture of your hotel. (กรุณาระบุคำตอบของท่านด้วยการทำเครื่องหมาย (√) ในช่องหมายเลขที่เหมาะสมตามสภาพปัจจุบันของธุรกิจเพื่อประเมินวัฒนธรรมของโรงแรม)

1	2	3	4	5
Strongly disagree (ไม่เห็นด้วยอย่างยิ่ง)	Disagree (ไม่เห็นด้วย)	Neutral (ปานกลาง)	Agree (เห็นด้วย)	Strongly agree (เห็นด้วยอย่างยิ่ง)

Organizational Culture (วัฒนธรรมขององค์กร)	1	2	3	4	5
Adaptability(ความสามารถในการปรับตัว)					
16. The way things are done is very flexible and easy to change in our hotel. แนวทางในการดำเนินสิ่งต่างๆ มีความยืดหยุ่นและเปลี่ยนแปลงได้ง่ายมากในโรงแรมของเรา					
17. New and improved ways to do work are continually adopted in our hotel. มีการนำแนวทางใหม่ ๆ และได้รับการพัฒนาสำหรับการทำงานมาใช้ในโรงแรมของเราอย่างต่อเนื่อง					
18. Customer comments and recommendations often lead to changes in our hotel. ความคิดเห็นและคำแนะนำของลูกค้ามักนำไปสู่การเปลี่ยนแปลงในโรงแรมของเรา					
Consistency(ความมั่นคง)					
19. Learning is an important objective in our day-to-day work. การเรียนรู้คือเป้าหมายที่สำคัญในงานแต่ละวันของเรา					
20. Our hotel has never got trouble reaching agreement on key issues. โรงแรมของเราไม่เคยประสบปัญหาในการบรรลุข้อตกลงประเด็นสำคัญ ๆ					
21. Our hotel approach to doing business is very consistent and predictable. แนวทางของโรงแรมเราในการดำเนินธุรกิจนั้นมีความสม่ำเสมอและคาดเดาได้ง่ายมาก					
Involvement (การมีส่วนร่วม)					
22. Our hotel business planning involves everyone in the process to some degree. การวางแผนธุรกิจของโรงแรมเราเกี่ยวข้องกับทุกคนในกระบวนการในระดับหนึ่ง					
23. In our hotel, employees always work as a team. ในโรงแรมของเรา พนักงานมักทำงานร่วมกันเป็นทีม					
24. The authority in our hotel is delegated so that employees can act on their own work. อำนาจหน้าที่ในโรงแรมของเราได้รับการมอบหมายเพื่อให้พนักงานสามารถปฏิบัติงานของตนเองได้					

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Mission (ภารกิจ)	1	2	3	4	5
25. Our hotel employees understand what needs to be done for us to succeed in the long run. พนักงานของโรงแรมเราเข้าใจว่าต้องทำสิ่งใดเพื่อให้เราประสบความสำเร็จในระยะยาว					
26. Our hotel's chief executives have a long-term viewpoint. ผู้บริหารสูงสุดของเรามีทรรศนะอันยาวไกล					
27. Our hotel's chief executives vision creates motivation for our employees. วิสัยทัศน์ของผู้บริหารสูงสุดของเราสร้างแรงบันดาลใจให้แก่พนักงาน					

Section F: Innovativeness (ความสามารถทางด้านนวัตกรรม)

> **INSTRUCTIONS:**
>
> Please indicate your answer by tick (√) in the box provided the appropriate number based on the current business for measure innovativeness of your hotel.
> (กรุณาระบุคำตอบของท่านด้วยการทำเครื่องหมาย (√) ในช่องหมายเลขที่เหมาะสมตามสภาพปัจจุบันของธุรกิจเพื่อประเมินความสามารถทางด้านนวัตกรรมของโรงแรม)

1	2	3	4	5
Strongly disagree (ไม่เห็นด้วยอย่างยิ่ง)	Disagree (ไม่เห็นด้วย)	Neutral (ปานกลาง)	Agree (เห็นด้วย)	Strongly agree (เห็นด้วยอย่างยิ่ง)

Innovativeness (ความสามารถทางด้านนวัตกรรม)	1	2	3	4	5
Service Innovativeness (ความสามารถด้านนวัตกรรมบริการ)					
28. Our hotel's top management gives special emphasis to service innovation. ผู้บริหารระดับสูงของโรงแรมเราให้ความสำคัญเป็นพิเศษกับนวัตกรรมบริการ					
29. Our hotel is able to change/modify our current service approaches to meet special requirements from customers โรงแรมของเราสามารถเปลี่ยนแปลง/ดัดแปลงแนวทางการให้บริการในปัจจุบันของเราเพื่อตอบสนองข้อกำหนดเฉพาะของลูกค้า					
30. Compared to our hotel competition, our firm is able to come up with new service offerings. เมื่อเปรียบเทียบกับคู่แข่งแล้ว องค์กรของเราสามารถคิดข้อเสนอบริการใหม่ๆ ได้					
Process Innovativeness (ความสามารถด้านนวัตกรรมกระบวนการ)					
31. Our hotel is constantly improving it processes. โรงแรมของเราพัฒนากระบวนการอย่างต่อเนื่อง					
32. During the past five years, our hotel has developed many new management approaches. ในช่วงห้าปีที่ผ่านมา โรงแรมของเราได้พัฒนาแนวทางการบริหารจัดการใหม่ ๆ จำนวนมาก					
33. When we cannot solve a problem using conventional methods, we improvise on new methods. เมื่อเราไม่สามารถแก้ปัญหาได้โดยใช้วิธีการแบบเดิม ๆ เราสามารถนำวิธีการใหม่ ๆ มาใช้ได้ทันที					

Market Innovativeness (ความสามารถด้านนวัตกรรมทางการตลาด)	1	2	3	4	5
34. In comparison with our competitors, our products' most recent marketing program is revolutionary in the market. เมื่อเปรียบเทียบกับคู่แข่งแล้ว แผนการตลาดล่าสุดของผลิตภัณฑ์เราสร้างความแตกต่างใน ท้องตลาด					
35. Our recent new services are only of minor changes from our previous services. บริการใหม่ ๆ ของเรามีการเปลี่ยนแปลงเพียงเล็กน้อยจากบริการเดิม					
36. New services in our hotel often take us up against new competitors. บริการใหม่ ๆ ในบริษัทของเรามักทำให้เราต้องเผชิญหน้ากับคู่แข่งรายใหม่					
Behavioral Innovativeness (ความสามารถด้านนวัตกรรมพฤติกรรม)					
37. We get a lot of support from managers if we want to try new ways of doing things. เราได้รับการสนับสนุนอย่างมากจากผู้จัดการ หากเราต้องการทดลองวิธีใหม่ๆ ในการทำสิ่งต่าง ๆ					
38. In our hotel, we tolerate individuals who do things in a different way. ในโรงแรมของเรา เรายอมรับบุคคลที่ทำในสิ่งที่แตกต่าง					
39. We are willing to try new ways of doing things and seek unusual, novel solutions. เราปรารถนาที่จะทดลองวิธีใหม่ ๆ ในการทำสิ่งต่าง ๆ และมองหาแนวทางที่แปลกใหม่และไม่ ธรรมดา					

Section H: Organizational Performance (ผลการดำเนินงานขององค์กร)

INSTRUCTIONS:
Please indicate your answer by tick (√) in the box provided the appropriate number based on the current business for measure organizational performance of your hotel. (กรุณาระบุคำตอบของท่านด้วยการทำเครื่องหมาย (√) ในช่องหมายเลขที่เหมาะสมตามสภาพปัจจุบันของธุรกิจเพื่อประเมินผลการ ดำเนินงานของโรงแรม)

1	2	3	4	5
Strongly disagree (ไม่เห็นด้วยอย่างยิ่ง)	Disagree (ไม่เห็นด้วย)	Undecided (ปานกลาง)	Agree (เห็นด้วย)	Strongly agree (เห็นด้วยอย่างยิ่ง)

Organizational Performance (ผลการดำเนินงานขององค์กร)	1	2	3	4	5
40. Our hotel reduces total cost of the hotel. โรงแรมของเราลดต้นทุนรวมของโรงแรม					
41. Our hotel increases sales growth rate. โรงแรมของเราเพิ่มอัตราการเติบโตของยอดขาย					
42. Our hotel increases net profit margin. โรงแรมของเราเพิ่มอัตรากำไรสุทธิ					
43. Our hotel satisfies the needs of various types of customer. โรงแรมของเราสนองความต้องการของลูกค้าหลายประเภท					
44. Our hotel increases customer intention to purchase. โรงแรมของเราเพิ่มความตั้งใจซื้อของลูกค้า					

Organizational Performance (ผลการดำเนินงานขององค์กร)	1	2	3	4	5
45. Our hotel increase market share. โรงแรมของเราสามารถเพิ่มแบ่งการตลาด					
46. Our hotel increase operating efficiency. โรงแรมของเราเพิ่มประสิทธิภาพในการดำเนินงาน					
47. Our hotel reduces customer complaint. โรงแรมของเราลดข้อร้องเรียนจากลูกค้า					
48. Our hotel improves the ability to retain old customers. โรงแรมของเราพัฒนาความสามารถในการรักษาลูกค้ารายเก่า					
49. Our hotel improves employee's problem-solving ability. โรงแรมของเราพัฒนาความสามารถในการแก้ปัญหาของพนักงาน					
50. Our hotel improves employee's intention to learn. โรงแรมของเราพัฒนาความตั้งใจเรียนรู้ของพนักงาน					
51. Our hotel effectively promotes corporate culture. โรงแรมของเราส่งเสริมวัฒนธรรมองค์กรอย่างมีประสิทธิภาพ					

Your time and cooperation are highly valued, thank you

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Test of Non-Response Bias

Group Statistics

	REs	N	Mean	Std. Deviation	Std. Error Mean
IS	1.00	135	4.4790	.37261	.03207
	2.00	52	4.3573	.42357	.05931
OA	1.00	135	4.3963	.40970	.03526
	2.00	52	4.4444	.45542	.06377
OC	1.00	135	4.2025	.39345	.03386
	2.00	52	4.2435	.51743	.07245
INN	1.00	135	4.1444	.39393	.03390
	2.00	52	4.1471	.50127	.07019
OP	1.00	135	4.2920	.46530	.04005
	2.00	52	4.3497	.50663	.07094

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
IS	Equal variances assumed	3.466	.064	1.913	184	.057	.12171	.06363	-.00382	.24725
	Equal variances not assumed			1.805	80.926	.075	.12171	.06743	-.01245	.25587
OA	Equal variances assumed	.038	.845	-.693	184	.489	-.04815	.06946	-.18519	.08890
	Equal variances not assumed			-.661	82.374	.511	-.04815	.07287	-.19310	.09681
OC	Equal variances assumed	8.777	.003	-.579	184	.563	-.04099	.07079	-.18066	.09867
	Equal variances not assumed			-.513	72.930	.610	-.04099	.07998	-.20039	.11840

INN	Equal variances assumed	6.959	.009	-.037	184	.970	-.00261	.06998	-.14069	.13546
	Equal variances not assumed			-.034	74.539	.973	-.00261	.07795	-.15792	.15269
OP	Equal variances assumed	1.403	.238	-.736	184	.463	-.05770	.07838	-.21234	.09695
	Equal variances not assumed			-.708	83.770	.481	-.05770	.08147	-.21971	.10431

Assessment of Outliers

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.1536	5.0939	4.3078	.39264	187
Std. Predicted Value	-2.939	2.002	.000	1.000	187
Standard Error of Predicted Value	.022	.086	.043	.013	187
Adjusted Predicted Value	3.1461	5.0966	4.3081	.39303	187
Residual	-.51316	.74730	.00000	.26961	187
Std. Residual	-1.883	2.742	.000	.989	187
Stud. Residual	-1.909	2.774	-.001	1.003	187
Deleted Residual	-.52788	.76484	-.00031	.27739	187
Stud. Deleted Residual	-1.924	2.827	.000	1.008	187
Mahal. Distance	.216	17.635	3.978	3.166	187
Cook's Distance	.000	.053	.006	.009	187
Centered Leverage Value	.001	.095	.022	.017	187

a. Dependent Variable: OP

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: OP

Scatterplot
Dependent Variable: OP
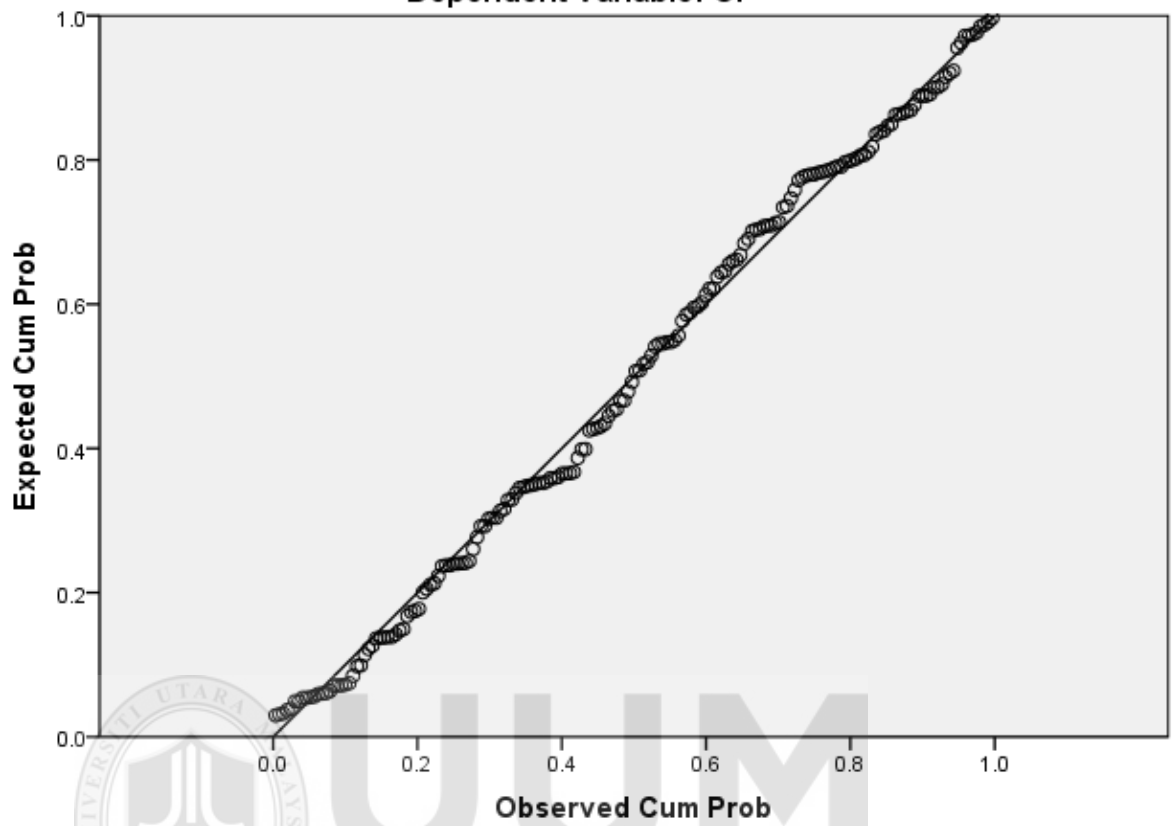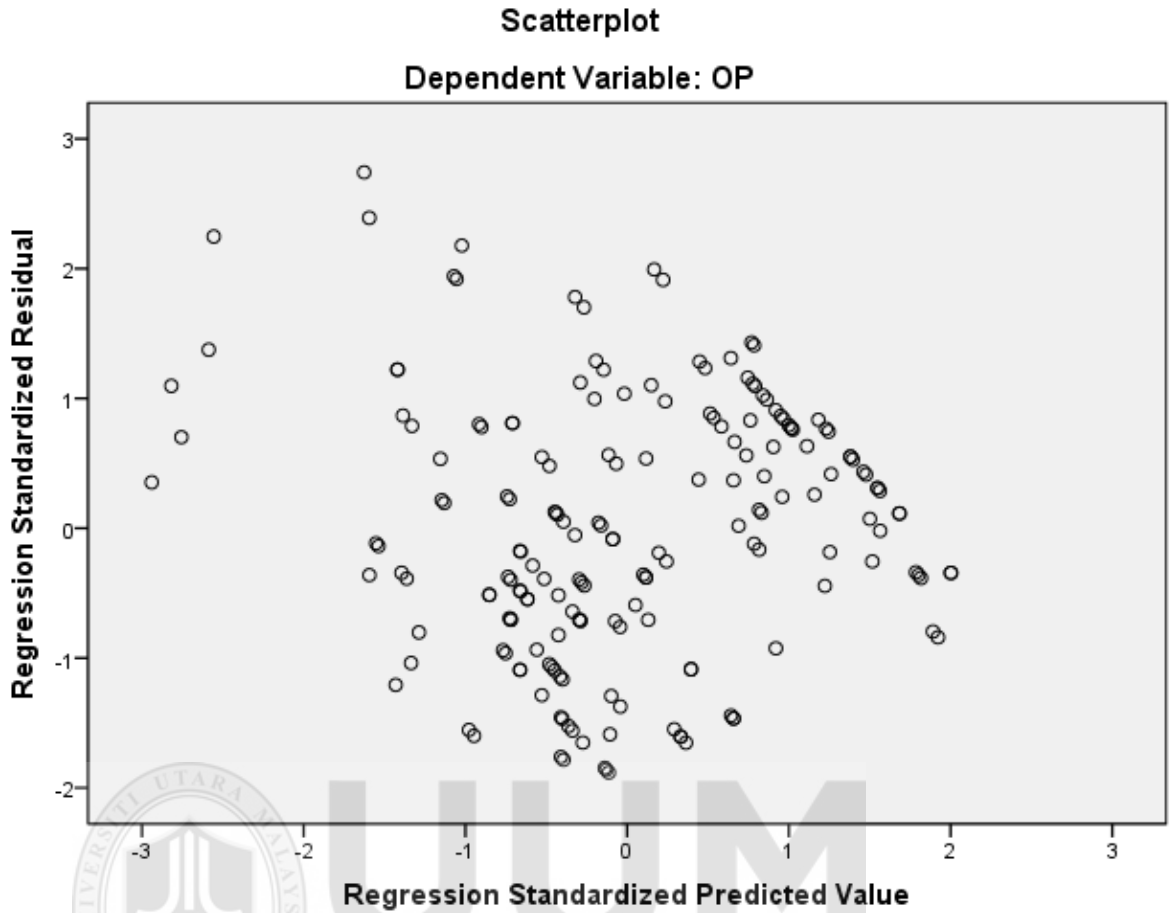
Normality Test

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Unstandardized Residual	186	100.0%	0	.0%	186	100.0%
Standardized Residual	186	100.0%	0	.0%	186	100.0%

Descriptives

			Statistic	Std. Error
Unstandardized Residual	Mean		.0000000	.01976882
	95% Confidence Interval for Mean	Lower Bound	-.0390013	
		Upper Bound	.0390013	
	5% Trimmed Mean		-.0056727	
	Median		-.0002295	

	Variance	.073	
	Std. Deviation	.26961077	
	Minimum	-.51316	
	Maximum	.74730	
	Range	1.26046	
	Interquartile Range	.40372	
	Skewness	.148	.178
	Kurtosis	-.462	.355
Standardized Residual	Mean	.0000000	.07252654
	95% Confidence Interval for Mean Lower Bound	-.1430854	
	Upper Bound	.1430854	
	5% Trimmed Mean	-.0208115	
	Median	-.0008421	
	Variance	.978	
	Std. Deviation	.98913011	
	Minimum	-1.88265	
	Maximum	2.74166	
	Range	4.62431	
	Interquartile Range	1.48112	
	Skewness	.148	.178
	Kurtosis	-.462	.355

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.053	186	.200[*]	.986	186	.053
Standardized Residual	.053	186	.200[*]	.986	186	.053

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

Common method bias test

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	18.193	35.672	35.672	18.193	35.672	35.672
2	2.938	5.760	41.432			
3	2.256	4.424	45.856			

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4	2.143	4.202	50.059
5	1.638	3.211	53.269
6	1.562	3.063	56.333
7	1.456	2.854	59.187
8	1.321	2.590	61.778
9	1.266	2.482	64.260
10	1.186	2.325	66.585
11	1.095	2.146	68.731
12	1.074	2.107	70.838
13	.967	1.896	72.734
14	.956	1.875	74.609
15	.922	1.808	76.417
16	.886	1.738	78.154
17	.795	1.558	79.713
18	.758	1.485	81.198
19	.711	1.395	82.593
20	.690	1.353	83.946
21	.640	1.256	85.202
22	.582	1.141	86.343
23	.531	1.040	87.383
24	.518	1.016	88.399
25	.499	.979	89.378
26	.443	.869	90.248
27	.416	.815	91.063
28	.390	.765	91.828
29	.371	.728	92.556
30	.346	.678	93.233
31	.330	.646	93.880
32	.304	.597	94.477
33	.289	.567	95.044
34	.254	.497	95.541
35	.232	.455	95.996
36	.221	.432	96.428
37	.213	.418	96.846
38	.198	.389	97.235
39	.186	.364	97.599
40	.170	.333	97.932
41	.165	.323	98.255
42	.156	.306	98.561
43	.136	.266	98.827
44	.122	.239	99.066
45	.113	.221	99.286
46	.088	.173	99.460

47	.078	.153	99.612				
48	.064	.126	99.739				
49	.058	.114	99.853				
50	.048	.094	99.947				
51	.027	.053	100.000				

Extraction Method: Principal Component Analysis.

Multicollinearity

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.457	.281		1.625	.106		
	IS	-.082	.067	-.067	-1.231	.220	.582	1.719
	OA	.085	.079	.075	1.078	.283	.356	2.810
	Adapt	-.030	.058	-.032	-.511	.610	.432	2.316
	Consist	.059	.062	.057	.958	.339	.498	2.008
	Involve	.116	.062	.132	1.865	.064	.345	2.898
	Mission	.217	.061	.252	3.540	.001	.341	2.932
	service	.133	.061	.153	2.186	.030	.356	2.811
	Process	.144	.068	.157	2.130	.035	.320	3.129
	Market	.096	.053	.093	1.819	.071	.663	1.508
	Behavioral	.176	.050	.211	3.543	.001	.491	2.037

a. Dependent Variable: OP

Descriptive Statistic of Latent Variables

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IS	186	3.11	5.00	4.4456	.38989
OA	186	3.17	5.00	4.4095	.42202
OC	186	3.00	5.00	4.2137	.42991
INN	186	3.00	5.00	4.1452	.42464
OP	186	3.25	5.00	4.3078	.47630
Adapt	186	3.00	5.00	4.1828	.51760
Consist	186	3.00	5.00	4.0771	.45392
Involve	186	3.00	5.00	4.2437	.54390
Mission	186	3.00	5.00	4.3513	.55532
service	186	3.00	5.00	4.3190	.54781

203

		186	3.00	5.00	4.2204	.51852
Process						
Market		186	3.00	5.00	3.8441	.46000
Behavioral		186	3.00	5.00	4.1971	.56999
Valid N (listwise)		186				

Demographic Profile of Participants

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	99	53.2	53.2	53.2
	2.00	87	46.8	46.8	100.0
	Total	186	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	12	6.5	6.5	6.5
	2.00	26	14.0	14.0	20.4
	3.00	25	13.4	13.4	33.9
	4.00	49	26.3	26.3	60.2
	5.00	74	39.8	39.8	100.0
	Total	186	100.0	100.0	

Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	42	22.6	22.6	22.6
	2.00	76	40.9	40.9	63.4
	3.00	65	34.9	34.9	98.4
	4.00	3	1.6	1.6	100.0
	Total	186	100.0	100.0	

Worked

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	10	5.4	5.4	5.4
	2.00	9	4.8	4.8	10.2
	3.00	17	9.1	9.1	19.4
	4.00	21	11.3	11.3	30.6
	5.00	6	3.2	3.2	33.9
	6.00	14	7.5	7.5	41.4
	7.00	11	5.9	5.9	47.3
	8.00	15	8.1	8.1	55.4
	9.00	4	2.2	2.2	57.5
	10.00	9	4.8	4.8	62.4
	11.00	6	3.2	3.2	65.6
	12.00	1	.5	.5	66.1
	13.00	4	2.2	2.2	68.3
	14.00	1	.5	.5	68.8
	15.00	5	2.7	2.7	71.5
	16.00	3	1.6	1.6	73.1
	17.00	4	2.2	2.2	75.3
	19.00	3	1.6	1.6	76.9
	20.00	10	5.4	5.4	82.3
	21.00	6	3.2	3.2	85.5
	22.00	3	1.6	1.6	87.1
	24.00	4	2.2	2.2	89.2
	25.00	3	1.6	1.6	90.9
	27.00	2	1.1	1.1	91.9
	28.00	5	2.7	2.7	94.6
	31.00	2	1.1	1.1	95.7
	36.00	2	1.1	1.1	96.8
	40.00	3	1.6	1.6	98.4
	42.00	3	1.6	1.6	100.0
	Total	186	100.0	100.0	

Star

205

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3.00	40	21.5	21.5	21.5
	4.00	98	52.7	52.7	74.2
	5.00	48	25.8	25.8	100.0
	Total	186	100.0	100.0	

NoRoom

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	54	29.0	29.0	29.0
	2.00	27	14.5	14.5	43.5
	3.00	39	21.0	21.0	64.5
	4.00	30	16.1	16.1	80.6
	5.00	32	17.2	17.2	97.8
	6.00	4	2.2	2.2	100.0
	Total	186	100.0	100.0	

NoEmploy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	67	36.0	36.0	36.0
	2.00	33	17.7	17.7	53.8
	3.00	43	23.1	23.1	76.9
	4.00	20	10.8	10.8	87.6
	5.00	14	7.5	7.5	95.2
	6.00	8	4.3	4.3	99.5
	7.00	1	.5	.5	100.0
	Total	186	100.0	100.0	

Type

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	123	66.1	66.1	66.1
	2.00	27	14.5	14.5	80.6

		Frequency	Percent	Valid Percent	Cumulative Percent
	3.00	28	15.1	15.1	95.7
	4.00	8	4.3	4.3	100.0
	Total	186	100.0	100.0	

YearOper

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	56	30.1	30.1	30.1
	2.00	55	29.6	29.6	59.7
	3.00	50	26.9	26.9	86.6
	4.00	12	6.5	6.5	93.0
	5.00	13	7.0	7.0	100.0
	Total	186	100.0	100.0	

Collinearity Assessment Based on Inner VIF values

	INN	IS	OA	OC	OP
BI	2				
INN					3.32
IS	1.92				1.76
MI	1.48				
OA	2.68				2.63
OC	3.66				3.59
OCA				2.04	
OCC				1.6	
OCI				2.75	
OCM				2.66	
OP					
PI	3.12				
SI	2.76				

APPENDIX D:

THE DETERMINING SAMPIE SIZE BY KREJCIE AND MORGAN TABLE.

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—N is population size.　S is sample size.

Source: Krejcie & Morgan, 1970