

STRATEGIC ENTREPRENEURIAL CAPABILITY AND SERVICE SUCCESS: AN EMPIRICAL INVESTIGATION OF SPA BUSINESSES IN THAILAND

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Abstract: *Services make up the majority of the economic foundation and growth potential. Due to the contribution of the service sector in many countries, many firms and academic researchers have shifted their focus on to services. The aim of this study is to investigate the relationship among the strategic entrepreneurial capability's dimension and, its consequences. The data were collected by using questionnaires from 79 spa business firms and managing directors or managing partners are key informant. There are nine hypotheses proposed for testing by employing Ordinary Least Square (OLS) regression analysis. The results of the research reveal that (1) proactive business operations positively impact service innovation; (2) free enterprise creation positively affects service creativity, service excellence, and service competitiveness; (3) new ideas generation positively influences service creativity, service innovation, and service excellence; (4) competitive mindset enhancement positively affects service creativity. Likewise, the finding has shed light on the mediating role of competitiveness and service success. Theoretical and managerial contributions are discussed. A conclusion, suggestions, and directions for future research are also highlighted.*

Keywords: *Strategic Entrepreneurial Capability, Proactive business Operation, Free Enterprise Creation, Effective Risk Management, New Ideas Generation, Competitive Mindset Enhancement, Service Creativity, Service Innovation, Service Excellence, Service Competitiveness, and Service Success*

1. Introduction

Now, the business environment has transformed dramatically and the competition has become more intensive (Smirnova et al., 2011).

In the competitive worldwide economy, firms have been challenged by globalization, the internet, and the technology which led to a dramatic move in strategy toward the capability entrepreneur to better attend customer requirements (Frels, Shervani & Srivastava, 2003).

Business corporations in the world face speedy changes in demand uncertainty, customer needs, complexity and high rivalry in both the service sectors and manufacturing. The services sector in various nation states makes up the mainstream of the economic basis and growth potential (Sundbo & Gallouj, 1998). The service sector makes up above 70 percent of the world's advanced economies' gross domestic product (GDP). The nature of service businesses is typically intangible,

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which means new service analysis is challenging (Mohammed & Easingwood, 1993). Service businesses attempt to change them in order to continue competing in today's market. Another way to subsist in the market is by strategic entrepreneurial capability.

The importance of strategic entrepreneurial capability is that it is a principal function in determining a strategic plan, direction, strategic practice, evaluation and control, which produce firm performance (Gilson & Shalley, 2004). Previous studies indicated that strategic entrepreneurial capability leads to efficiency and effectiveness. The majority of the studies on strategic enterprises involved in the creation of wealth and growth (Amit & Zott, 2001; Hitt, Ireland, Camp & Sexton 2000; Hitt, Ireland, Camp & Sexton, 2001). Some of these studies have proposed that strategic entrepreneur attention on newness and novelty in the form of new processes, new products, and new markets are the drivers of wealth creation (Lumpkin & Dess, 1996; Smith & Di Gregorio, 2002; Daily, McDougall, Covin & Dalton, 2002;). Indeed, the capability to create additional wealth accrues to businesses as well as higher skills in sensing and seizing entrepreneur opportunities (Teece, Pisano & Shuen, 1997). Also, many researchers (Hitt & Ireland, 2000) debate whether entrepreneurial activity is increasingly viewed as an incentive to wealth creation initially, and being advanced economies as a outcome of the actions of businesses. Likewise, strategic entrepreneurial capability involved in understanding the causes for differences among firms' wealth creations in several economies (Teece, Pisano & Shuen, 1997). The concept of strategic entrepreneur is combined with that of strategic and entrepreneurial capability (Entrialgo, Fernandez & Vazquez, 2001; Ireland & others, 2001).

As obviously seen, there is a great deal of academic literature that has examined the effects of strategic entrepreneurship, but only a few studies particularly conducted research on the effects of strategic entrepreneurial capability. The significant contribution of this research is the acquiring of the effect of strategic entrepreneur with the spa business in Thailand. With regard to the modern hyper competition, in order to sustain a position of competitive advantage, Thai spa businesses do not only try to deliver services that satisfy customer's demands, but they are also likely to generate and develop new service offerings, processes, and even business models in order to compete more effectively and efficiently than the existing and future rivals (Limpsurapong & Ussahawanitchakit, 2011). The survey of Kasikorn Research Center 2003 on the issue of spa business in Thailand found that Thai spa entrepreneurs were lack of efficacy, quality control, deficient of service identity, easy imitations, and the menace of newly entrant foreign competitors. Consequently, the results of this research is contributed to managerial practice concentrating on strategic entrepreneurial capability implementation and the usefulness of strategic entrepreneurial capability to solve the aforementioned problems of the spa business in Thailand and enhance its success.

The key purpose of this research is to examine the relationships among strategic entrepreneurial capability and service success of spa businesses in Thailand via service creativity, service innovation, service excellence, and service competitiveness as the mediators of the research. The key research question is how strategic entrepreneurial capability has an influence on service success.

2. Literature Review

In this study, a conceptual framework of strategic entrepreneurial capability and

service outcome is explicitly discussed and elaborately examined. Thus, the concept, linkage, and research model is provided in Figure 1.

2.1.Strategic Entrepreneurial Capability

Strategic entrepreneurial capability is a key element of this research. The term “capability” emphasizes the role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organizational resources and the ability to match the requirements of the changing environment (Teece, Pisano & Shuen, 1997). Hence, entrepreneurial capability is dependent on the ability of a firm to search, utilise, integrate, and set a unique operation. In this research, strategic entrepreneurial capability refers to the ability of a firm to be successful in a business operation now and in the future under existing competitiveness. Consequently, these reflect that resources and capabilities are key success factors for competitive advantage and sustainability (Barney, 1991); and strategic entrepreneurial capability becomes an increasingly important component of firm success (Kroes & Ghosh, 2010).

This research proposes five dimensions of strategic entrepreneurial capability with the literature. This is applied to the entrepreneurial orientation of Lumpkin & Dess, 1996. The five distinctive dimensions consist of proactive business operation, free enterprise creation, effective

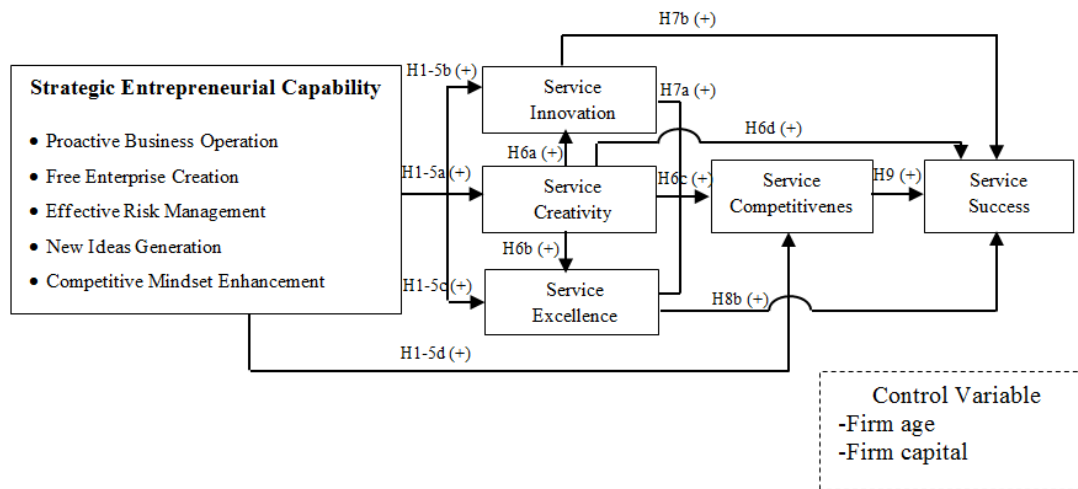
risk management, new ideas generation and competitive mindset enhancement. A more detailed discussion of these dimensions is provided below.

-Proactive Business Operation

Proactive business operation is defined as the firm behavior and initiative that usually trying to find an opportunity and exploitation of resources which can be a source of innovation, service creativity, service excellence, competitiveness and businesses competitive advantage in the marketplace (Eggers et al., 2013; Ireland et al, 2006).

Proactive business operation in an organization is increasingly important for an organization's success. This is a high-leverage concept more than just another management tool that can effect in increased organizational effectiveness (Crant, 2000). Since the environment has become more complex and turbulent, organizations need to be proactive business operations in the ongoing in order to guarantee the long-term business success (Dencker & others, 2009). Another way of looking forward and positive thinking can help organizations use technical knowledge or the development of advanced knowledge employed to help overcome the changes that are happening all the time. Proactive business operation is expected to be important in the treatment of superior performance of the firm (Baker & Sinkula, 2009). According to the study Nieto et al.,

Figure 1: A Research Model of Strategic Entrepreneurial Capability



(2013), the PBO can be driven to lead innovation to meet customer needs. Thus, the hypothesis is offered as follows:

H1: *Proactive business operation will have a positive influence on a) service creativity, b) service innovation, c) service excellence, and d) service competitiveness.*

- Free Enterprise Creation

Free enterprise creation refers to the capability of organizations to improve management operations independently, to positively affect the firm's performance (Dess, Lumpkin & Covin, 1997). It is independence or the freedom of the necessary operations to grow in the business that is the driving force in creating a strategies that work to succeed (Burgelman, 2001). Dess et al. (2003)

suggests that the design features of such businesses are critical to the strategic entrepreneurial capability. To promote the free enterprise creation from the bottom-up they need to have a special motivation and structure designed to develop and support operations.

In addition, many businesses have been involved in actions such as flat hierarchy and decentralized operating units. While

these moves are intended to promote free enterprise creation (Mumford, Scott, Gaddis & Stange, 2002). Therefore, the relationship between free enterprise creation and firms performance are a positively including the innovative (Casillas & Marena, 2010) and creative implementation (Gürbüz & Aykol, 2009). Therefore the spa business free enterprise is creation nature likely to support service creativity, service innovation, service excellence and service competitiveness. Therefore, the hypothesis is offered as follows:

H2: *Free enterprise creation will have a positive influence on a) service creativity, b) service innovation, c) service excellence, and d) service competitiveness.*

- Effective Risk Management

Strategic effective risk management suggests a willingness to agree greater levels of uncertainty about the result of some action. Effective risk management is defined by Dewett (2004) as the uncertainty about the scope and the potential significance and /or to realize the deplorable results of the decision. Mullins and Forlani (2005) say that risk characterises as both the

potential to perform too rapidly on unsubstantiated opportunity or the potential to wait too long before taking action.

According to the study of Andersen (2009) find that effective risk management is related to performance and superior sound like a positive innovation. Jorion (2001), said that the success of the organization depends on effective risk management. The firm has features with the ability for effective risk management likely to experiment with new technology, eager to seize market opportunities and is ready to run the risks (Lumpkin & Dess, 1996). The cause of such behavior is creative, innovation, service excellence and competitiveness. Thus, several researchers agree that effective risk management is critical to the success of the organization (Rauch et al., 2009; Wiklund & Shepherd, 2005). Then effective risk management reflects the ability of the firm to seize opportunities that ensure a successful consequence. It is about managing uncertainty and threat in the activities and resources to the firm related to superior outcomes (Hughes & Morgan, 2007).

Therefore service business that operates effective risk management nature is likely to be supportive of service creativity, service innovation, service excellence and service competitiveness. Thus, the hypothesis is offered as follows:

H3: *Effective Risk Management will have a positive influence on a) service creativity, b) service innovation, c) service excellence, and d) service competitiveness.*

-New Ideas Generation

New ideas generation refers to the competency of a firm to create new operational processes, promotion of new concepts and knowledge increase, and support a financial plan for the creation of new ideas to increase the potential, effectiveness, and efficiency of the

businesses (Grandi & Grimaldi, 2005; Howell & Boies, 2004). Kamm and Nurick (1993) suggest that the procedure through which the primary business concept is changed into a service/product prepared for commercialization turns a primary informal social group into an entrepreneurial group. Previous study of Foo, Wonga and Ong (2005) reveal that business effectiveness is the effect of the quality of plan and the quality of new ideas generation. McFadzean, O'Loughlin and Shaw, (2005) state that new ideas generation tends to support novelty, testing, and the creative method that may result in a new product / new service able to meet the market demand including increased competitiveness. It will contribute to changes in the products and services to a variety of businesses in the market and prove to be a source of significant potential advantage of strategic and competitive advantage (Schilling, 2005).

Most studies have found a positive relationship between new ideas generation and innovation, creativity, excellence in business performance, competitiveness and growth (Rauch et al., 2009; Morena & Casillas, 2008). As a result, there is greater recognition that new ideas generation has become a source of sustainable growth, competitiveness and richness (Drejer, 2006). According to Wiklund and Shepherd (2003) confirm that a business that has new ideas generation can generate extraordinary results of operations and has been described as the engine of economic growth.

Therefore a service business new ideas generation is likely to be supportive of service creativity, service innovation, service excellence and service competitiveness. Thus, the hypothesis is offered as follows:

H4: *New ideas generation will have a positive influence on a) service creativity, b)*

service innovation, c) service excellence, and d) service competitiveness.

-Competitive Mindset Enhancement

Competitive mindset enhancement refers to an attempt by a firm to challenge the competitors and compete intensely to develop into a superior position over competitors in the same industry (Lumpkin & Dess, 1996). The literature suggests that competitive mindset enhancement behavior is related to firm performance (Lumpkin & Dess 2001). Chen and McMillan (1992) show that competitive mindset enhancement behavior is directly associated with performance, as evidenced by increases in market share. As a result, scholars argue that competitive mindset enhancement typically encapsulates a sales orientation and service creativity, and this is highlighted in its emphasis on market share gains for improved performance (Chen & Hambrick 1995). Moreover, high competitive mindset enhancement is positively related to service innovation and excellence (Lumpkin & Dess 2001).

Hence, firms with high levels of competitive mindset enhancement should be more capable of activating resources to directly attack or overcome competitors to increase performance (Morgan & Strong 2003). Therefore service business competitive mindset enhancement likely to be supportive of service creativity, service innovation, service excellence and service competitiveness. Therefore, the hypothesis is given as follows:

H5: *Competitive mindset enhancement will have a positive influence on a) service creativity, b) service innovation, c) service excellence, and d) service competitiveness.*

a. Consequence of Strategic Entrepreneurial Capability

-Service Creativity

Service creativity refers to research, trial, initiative and developing a service model that is unique, that stands out as superior to competitors, and responsive customer requirements (Woodman et al. 1993). Under economic change and complexity, organizational service creativity trend to be an important stimulus for operations management efficiency. Lee et al. (2004) survey service creativity and service innovation in Korean companies, and they found that the generation of, communication, and the implementation of services creativity. It has a positive effect on the corporate core competencies and innovation. In addition, Guenzi and Troilo (2007) indicate service creativity is important to service success and competitive advantage.

However, based on the literature review, service creativity might be obtained from using strategic entrepreneurial capability. Firm's processes can create service creativity to provide a new service model that is different from past service. After that a firm with high service creativity efficiency likely will be a positive influence on service innovation, service excellence, service competitiveness and service success. Therefore, the hypothesis is given as below:

H6: *Service creativity will have a positive influence on a) service innovation, b) service excellence c) service competitiveness, and d) service success.*

-Service Innovation

Service innovation refers to innovation taking place in the various contexts of service, including the introduction of new services or incremental improvements of existing services (Durst, Mention, & Poutanen, 2015). Whilst service innovation is especially important for business operations and result in a sustainable

competitive advantage, enables service organizations to be superior to its competitors (Cainelli et al., 2004), increase opportunities to generate quality and efficiency of the delivery process and supports the idea of providing new services (Van der Aa & Elfring, 2002). Service innovation not only involves new services, but also new technologies, new organizational forms, new methods, systems new leaders, and new business models (Edvardsson & Enquist, 2011).

Service innovation is a key issue in businesses performance as an outcome of the growth of the competitive environment (Wheelwright & Clark 1992; Newey & Zahra 2009). The significance of service innovation for good long-term firms outcomes is now widely recognized and has been extensively reported in the literature.

Therefore, the a review of literature thus ensures that service innovation likely to be supportive of service competitiveness and service success. Hence, the hypothesis is assigned as below:

H7: *Service innovation will have a positive influence on a) service competitiveness, and b) service success.*

- Service Excellence

Service excellence refers to presentation of the service model, new opportunities into business with excellent performance above expectations of continued customer (Edvardsson & Enquist, 2011). Crotts and Ford (2005) believe that firms have policies and procedures that are consistent with external systems and are working well and gain competitive advantage through excellent service. Firms with explicit targets and delivering service excellence support the system, policies and procedures that will enhance the success of the firms efficiently and profitably growing steadily.

Literature review, showed that service excellence has a positive influence on

service competitiveness, and service success. Consequently, firms with high service excellence tend to attain greater service competitiveness and service success. Therefore, the hypothesis is given as below:

H8: *Service excellence will have a positive influence on a) service competitiveness, and b) service success.*

- Service Competitiveness

Service competitiveness is defined as the sustained capability to gain, improve, and maintain a profitable market share advantages possessed by a certain firm over other firms in a related industry, and financial performance (Ussahawanichakit, 2007).

In sustaining service competitiveness, firms must improve quality management, which emphasizes core business processes, social relationship considerations, collaboration with competitors and partners (Loch, Chick, and Huchzermeier, 2007), or cooperative networks (Álvarez, Marin, & Fonfría, 2009). On the other hand, for useful service competitiveness action, firms focus on changing the business environment in the industry. Similar to Santos, Wennersten, Oliva, and Filho (2009), it is suggested that firms can improve their environment by improving core internal processes, which focus on information and communication service to interface with customers for creating sustainability.

Therefore the a review of literature thus ensures that service competitiveness is likely to be a supportive to service success. Therefore, the hypotheses is given as below:

H9: *Service competitiveness will have a positive influence on service success.*

-Service Success

Service success is the extent to which the outcome of strategic entrepreneurial capability can be included in the market share, recognized by customers and increased profits (Schutjens & Wever, 2000). Turner and Crawford (1998) argued that service success is impacted by capabilities, both individual and organizational. They further discussed that an organization needs to be intelligent to manage both change and current business to successfully have sustainable growth, and that the capabilities obligatory for the management of change and current business vary (Turner, 2000). Especially, they demonstrated that consequence change management is illustrated by the capabilities of engagement and development, while capabilities in marketing and selling and the technology peculiar to the industry is important for the management of present business.

3. Research Methodology

-Sample Selection and Data Collection Procedure

This research studies the consequences of strategic entrepreneurial capability of spa business in Thailand. The population is day spa businesses in Thailand, a total of 467 firms from the Department of Business Development (2015). The key informants are the managing directors, or managing partners of each spa business in Thailand because these positions have a major responsibility in the strategic entrepreneurial capability of the organization. The research employs a questionnaire as the instrument for data collection. Questionnaires were created from the literature was examined by scholars and has improved and chosen the best scale of measurement. The style of the questionnaire uses multiple choice and scale questions because it is easier and quicker for respondents to answer and easier

to code and statistically analyze (Neuman, 2006). With regard to the questionnaire mailing, 81 surveys were undeliverable because some firms were no longer in business or had moved to an unknown location. Deducting the undeliverable from the original 467 mailed, the valid mailing was 386 surveys. Of the surveys completed and received, only 79 were usable. The effective response rate was approximately 20.47%. According to Aaker, Kumar, and Day (2001), a 20% response rate for a mail survey, without an appropriate follow-up procedure, is considered acceptable. Each set of instrument package consisted of a questionnaire, a cover letter containing an explanation of the research, and a postage pre-paid reply envelope. This package was distributed to each key informant.

The collection plan of data was received within eight weeks. At the first stage, the questionnaire was answered and sent to the researcher in the first four weeks after the first mailing. After four weeks, to increase response rate, a following up postcard was sent to firms which had not yet replied to remind them to complete the questionnaire and to request them to cooperate in answering it. For the convenience of follow-up mailing, each questionnaire was assigned a coded number in the left corner the back of the ninth page of the questionnaire. In summary, the duration of data collection was approximately eight weeks, during which the total of 79 completed questionnaires were received. This research uses all of the received questionnaires which were processed for regression analysis. Most mail surveys have been criticized for a non-response bias. Then, responses from the first group mailing are used to compare with the responses received from the second group mailing on the basis of firms' characteristics such as the business owner type, type of business, the period of time in

business operation, number of full time employees, operating capital, average annual income.

In this research, all 79 received questionnaires were separated into two equal groups (early group n=39, late group n=40). The results are as follows; the type of business ($t = .447, p > 0.05$), period of time in business operation ($t = 1.845, p > 0.05$), the number of employees ($t = 1.461, p > 0.05$), operating capital ($t = 0.706, p > 0.05$), award of quality ($t = 0.804, p > 0.05$), and target customer ($t = 0.323, p > 0.05$). It can be

seen from the findings that significant differences between the two groups, at a 95% confidence level, were not found. Therefore, it can be said that non-response bias is not a concern in this research (Armstrong & Overton, 1977).

- Reliability and validity

This research assessed the reliability of each construct to assert the degree of internal consistency between the multiple variables. Cronbach's alpha coefficient was commonly used as a measure of the internal consistency or reliability of the

Table 1: Results of Validity and Reliability Testing

Variables	N	Factor Loadings	Cronbach's Alpha
Service Success (SSU)	30	0.801-0.939	0.925
Proactive Business Operation (PBO)	30	0.666-0.873	0.818
Free Enterprise Creation (FEC)	30	0.852-0.866	0.879
Effective Risk Management (ERM)	30	0.834-0.884	0.891
New Ideas Generation (NIG)	30	0.788-0.899	0.870
Competitive Mindset Enhancement (CME)	30	0.697-0.867	0.885
Service Creativity (SCR)	30	0.818-0.932	0.904
Service Innovation (SIN)	30	0.838-0.933	0.905
Service Excellence (SEX)	30	0.895-0.922	0.930
Service Competitiveness (SCO)	30	0.766-0.954	0.905

constructs (Hair et al., 2010). According to the results shown in Table 1, the Cronbach's alpha coefficients are ranged from 0.818 – 0.930, that are greater than 0.70. Thus, these measures are deemed appropriate for further analysis because they express an accepted validity and reliability.

- Statistical Techniques

Multiple regression analysis. The ordinary least squares (OLS) regression analysis is used to test all hypotheses following the conceptual model. Regression analysis is appropriate to examine the relationship between the dependent variables and independent variables in

which all variables are categorical and interval data (Hair et al., 2010). As a result, all proposed hypotheses are transformed to nine statistical equations. Each equation conforms to the hypotheses development described in the previous section. The equations are depicted as shown below.

$$Eq1: SCR = \alpha_{01} + \beta_1 PBO + \beta_2 FEC + \beta_3 ERM + \beta_4 NIG + \beta_5 CME + \beta_6 FAG + \beta_7 FCA + \varepsilon_1$$

$$Eq2: SIN = \alpha_{02} + \beta_8 PBO + \beta_9 FEC + \beta_{10} ERM + \beta_{11} NIG + \beta_{12} CME + \beta_{13} FAG + \beta_{14} FCA + \varepsilon_2$$

$$Eq3: SI \ N = \alpha_{03} + \beta_{15}SCR + \beta_{16}FAG + \beta_{17}FCA + \varepsilon_3$$

$$Eq4: SEX = \alpha_{04} + \beta_{18}PBO + \beta_{19}FEC + \beta_{20}ERM + \beta_{21}NIG + \beta_{22}CME + \beta_{23}FAG + \beta_{24}FCA + \varepsilon_4$$

$$Eq5: SEX = \alpha_{05} + \beta_{25}SCR + \beta_{26}FAG + \beta_{27}FCA + \varepsilon_5$$

$$Eq6: SCO = \alpha_{06} + \beta_{28}PBO + \beta_{29}FEC + \beta_{30}ERM + \beta_{31}NIG + \beta_{32}CME + \beta_{33}FAG + \beta_{34}FCA + \varepsilon_6$$

$$Eq7: SCO = \alpha_{07} + \beta_{35}SCR + \beta_{36}SIN + \beta_{37}SEX + \beta_{38}FAG + \beta_{39}FCA + \varepsilon_7$$

$$Eq8: SSU = \alpha_{08} + \beta_{40}SCR + \beta_{41}SIN + \beta_{42}SEX + \beta_{43}FAG + \beta_{44}FCA + \varepsilon_8$$

$$Eq9: SSU = \alpha_{09} + \beta_{45}SCO + \beta_{46}FAG + \beta_{47}FCA + \varepsilon_9$$

4. Results and Discussion

- Descriptive Statistics and Correlation Matrix

The correlations among each dimension of strategic entrepreneurial capability on its consequences are demonstrated in Table 2. The results of these correlations are less than 0.80 as recommended by Hair et al. (2006). Variance

Inflation Factors (VIFs) are used to test the correlations among the five dimensions of strategic entrepreneurial capability. In this case, the maximum value of VIF is 2.869, which is well below the cut-off value of 10 (Hair et al., 2006). This means each dimension of strategic entrepreneurial capability is not highly correlated with the other. As a result, multicollinearity problems should not be of concern.

- Inferential Analysis

For the hypothesis testing, the results of OLS regression analysis of the relationship between strategic entrepreneurial capability and service success were shown in Table 3. Strategic entrepreneurial capability includes proactive business operation, free enterprise creation, effective risk management, new ideas generation, and competitive mindset enhancement.

The evidence in Table 3 relates to the proactive business operation (Hypotheses 1a – 1d). The findings show the relationship between proactive business operation and service innovation has a significant positive effect as ($\beta_8 = 0.229$, $p < 0.10$). This result according to prior research suggests that the effects of proactive business operation were different to the performance of the firms; it was found that proactive business operation

Table 2: Descriptive Statistics and Correlation Matrix

	PBO	FEC	ERM	NIG	CME	SCR	SIN	SEX	SCO	SSU	FAG	FCA
Mean	4.246	4.132	4.129	4.246	4.108	4.072	3.895	4.094	3.952	3.954	n/a	n/a
S.D.	.482	.590	.612	.1619	.595	.574	.687	1.339	.698	.634	n/a	n/a
PBO	1											
FEC	.611***	1										
ERM	.603***	.723***	1									
NIG	.513***	.523***	.600***	1								
CME	.440***	.477***	.620***	.688***	1							
SCR	.473***	.550***	.494***	.600***	.596***	1						
SIN	.191*	.379***	.346***	.572**	.447***	.525***	1					
SEX	.352***	.454***	.343***	.489***	.428***	.549***	.703***	1				
SCO	.354***	.474***	.400***	.425***	.394***	.540***	.702***	.757***	1			
SSU	.297***	.406***	.381***	.436***	.465***	.512***	.581***	.753***	.768***	1		
FAG	.045	.179	.043	.102	.083	.123	.004	-.041	.081	-.004	1	

FCA	.107	.226**	.127	.202*	.063	.057	.328***	.325***	.259**	.325***	.159	1
*** p < 0.01, ** p < 0.05, * p < 0.1												

is becoming increasingly important for the success of the firms with a more dynamic working pattern (Crant, 2000). At this point proactive business operation is positively related to service innovation. Thus, Hypothesis 1 is partially supported.

In terms of free enterprise creation (Hypotheses 2a – 2d), the results indicate that free enterprise creation positively relates to service creativity ($\beta_2 = 0.317$, $p < 0.05$), service excellence ($\beta_{19} = 0.343$, $p < 0.05$), and service competitiveness ($\beta_{29} = 0.301$, $p < 0.1$); hypothesis 2a, 2c, and 2d. This is consistent with the views that the relationship between free enterprise creation and firm performance are a positive including service creativity (Gurbuz & Aykol, 2009), service excellence and service competitiveness (Rauch et al, 2009; Brock, 2003). For this reason, hypothesis 2 is partially supported.

Next, New ideas generation (Hypotheses 4a-4d) significantly and positively relates to service creativity ($\beta_4 = 0.273$, $p < 0.05$), service innovation ($\beta_{11} = 0.483$, $p < 0.01$), and service excellence ($\beta_{21} = 0.249$, $p < 0.10$); hypothesis 4a, 4b and 4c. It confirms the idea that new ideas generation supports novelty, testing, and the creative method that may outcome in a new product or new service (McFadzean, O'Loughlin & Shaw,

2005). Therefore, hypothesis 4 is partially supported.

In light of competitive mindset enhancement (Hypotheses 5a – 5d), the results indicate that competitive mindset enhancement positively relates to service creativity ($\beta_5 = 0.301$, $p < 0.05$); 5a. Morgan and Strong (2003) state that competitive mindset enhancement related to increase performance including service creativity. Thus, hypothesis 5 is partially supported.

The evidence in Table 3 indicates that service creativity (Hypotheses 6a – 6d) has significant and positive relationships to service innovation ($\beta_{15} = 0.520$, $p < 0.01$) and service excellence ($\beta_{25} = 0.550$, $p < 0.01$); 6a and 6b. Accordingly Lee et al. (2004) state that service creativity has a positive effect on innovation and service excellence. Therefore, hypothesis 6 partially supported.

In hypothesis 7a-7b, the analysis revealed that service innovation significantly and positively relates to service competitiveness ($\beta_{36} = 0.308$, $p < 0.01$); 7a. According to Miller et al., (2007) state that service innovation is important for business and results in a sustainable competitive advantage. Likewise, Edvardsson and Enquist, (2011) state that service innovation involves new technologies, new business that leads to service competitiveness. Hence, hypothesis 7 is partially supported.

Table 3: Result of Regression Analysis of Strategic Entrepreneurial Capability and Its Consequences

Independent Variables	Dependent Variable								
	SCR Eq.1	SIN Eq.2	SIN Eq.3	SEX Eq.4	SEX Eq.5	SCO Eq.6	SCO Eq.7	SSU Eq.8	SSU Eq.9
Proactive Business Operation (PBO)	0.96 (0.114)	0.229* (0.121)		0.046 (0.125)		0.041 (0.134)			
Free Enterprise Creation (FEC)	0.317** (0.134)	0.219 (0.142)		0.343** (0.147)		0.301* (0.0158)			

Effective Risk Management (ERM)	-0.134 (0.143)	-0.094 (0.152)		-0.243 (0.157)		-0.038 (0.168)			
New Ideas Generation (NIG)	0.273** (0.127)	0.483*** (0.135)		0.249* (0.140)		0.131 (0.150)			
Competitive Mindset Enhancement (CME)	0.301** (0.125)	0.159 (0.133)		0.223 (0.138)		0.158 (0.148)			
Service Creativity (SCR)			0.520*** (0.092)		0.550*** (0.089)		0.094 (0.089)	0.157 (0.096)	
Service Innovation (SIN)							0.308*** (0.103)	0.037 (0.110)	
Service Excellence (SEX)							0.500*** (0.106)	0.605*** (0.113)	
Service Competitiveness (SCO)									0.737*** (0.074)
Control Variables:									
Firm Age (FAG)	0.060 (0.183)	-0.252 (0.194)	-0.230 (0.195)	-0.368* (0.201)	-0.335* (0.189)	-0.052 (0.216)	0.194 (0.152)	-0.034 (0.163)	-0.184 (0.152)
Firm Capital (FCA)	-0.173 (0.117)	0.449*** (0.188)	0.632*** (0.185)	0.476** (0.195)	0.639*** (0.179)	0.317 (0.209)	-0.051 (0.156)	0.221 (0.167)	0.298* (0.150)
Adjusted R ²	0.446	0.375	0.351	0.330	0.389	0.230	0.622	0.565	0.599
Maximum VIF	2.869	2.869	1.040	2.869	1.040	2.869	2.310	2.310	1.094

*** p < 0.01, ** p < 0.05, * p < 0.10
Beta coefficients with standard errors in parenthesis

In light of service excellence (Hypotheses 8a – b), the results indicate that service excellence positively relates to service competitiveness ($\beta_{37} = 0.500$, $p < 0.01$) and service success ($\beta_{42} = 0.605$, $p < 0.01$); 8a and 8b. The results indicate that service excellence can develop a critical achievement factor for businesses. Crofts and Ford (2005) show that service excellence could increase service competitiveness and service success. Hence, hypothesis 8 is fully supported. Finally, the results indicate that service competitiveness (Hypotheses 9) is significantly and positively related to service success ($\beta_{45} = 0.737$, $p < 0.01$). Service competitiveness action, which is firms focus on changing the business

environment in the industry. Similar to Santos, Wennersten, Oliva, and Filho (2009), that firms can improve their environment by improving core internal processes, which focus on information and communication service to interface with customers for creating sustainability which leads to service success. Therefore, hypothesis 9 supported.

5. Contribution

Theoretical Contribution

This research aims to provide an understanding of the relationships between strategic entrepreneurial capability and service success. This research provides three critical theoretical contributions. Firstly, strategic entrepreneurial capability has been conceptualized into five

dimensions and newly developed to extend the concept that can explain a phenomenon of a business environment especially in Thailand. They are particularly designed for measuring in a service context. Secondly, this research incorporates two organizational theories, namely, contingency theory and organizational learning theory, to explain the overall association of the relationships among strategic entrepreneurial capability, antecedents, and consequences. The results of this research help to confirm the usefulness of the organizational learning theory and contingency theory in explaining the consequence of strategic entrepreneurial capability. Lastly, this research also provides unique results that may need further investigation.

- Managerial Contribution

The research results have managerial implications for practitioners. The strategic entrepreneurial capability plays a pivotal role in service creativity, service innovation, service excellence, service competitiveness, and leads to service success. It is essential for spa businesses to pay attention to them. Particularly, service excellence does directly influence service success. This means that to increase service success, the influence of competing firms cannot be ignored.

6. Conclusions and Future Research

This study aims to investigate the relationship among strategic entrepreneurial capability's dimension and its consequences in spa business Thailand. The sample includes 79 firms. The OLS regression results show that proactive business operation has positive significance for service innovation. Free enterprise creation has positive significance for service creativity, service excellence and service competitiveness. Furthermore, new ideas generation has a positive significance

for service creativity, service innovation, and service excellence. Moreover, competitive mindset enhancement has a positive significance for service creativity. Likewise, service creativity has a positive significant influence on service innovation and service excellence. Service innovation has a positive significant influence on service competitiveness. Moreover, service excellence has a positive significant influence on service competitiveness and service success. Finally, service competitiveness has a positive significant influence on service success.

- Future Research Directions

Firstly, some dimensions of strategic entrepreneurial capability (i.e. effective risk management) have no significant impact on the consequence. Thus, future research should consider conducting an in-depth interview for understanding other aspects of these constructs and to use them as guidelines to prepare the questionnaire. Also, the in-depth interview may broaden the perspective for more precise analytical results. Second, the evidence provides that control variables including firm age and firm capital, have an effect on the results. Consequently, future research may consider separating firms into groups based on the criteria of firm age and firm capital. Lastly, the investigation in other service contexts such as financial provider and education or in other countries should be taken into a consideration due to a single context in this research, indicating a lack of generalizability of the results.

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