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Service Quality Management Capability and Business Alliance Effectiveness on Performance: Empirical Evidence from Tourist Agency Business in Thailand

Chanthima Phromket[1, a]

[1]Rajamangala University of Technology Isan, Sakon Nakhon Campus, Thailand

[a]<Chanthimar@hotmail.com>

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Abstract. Service quality management capability has been viewed as one of the key elements that have an influence on business alliance effectiveness and performance. The purpose of this study is to examine the relationships among service quality management capability, business alliance effectiveness and performance, and also to explore the mediating effects of trust, commitment, and cooperation. The results were received from a mailed survey of 400 tourist agency business in Thailand, which provided the interesting point of service quality management capability. These hypothesized relationships amongst constructs were examined by using ordinary least square (OLS) regression analysis. The results propose that some dimensions of service quality management capability are a positive influence on business alliance effectiveness and performance. Furthermore, trust, commitment, and cooperation have a positive influence on performance. Furthermore, managerial and theoretical contributions, suggestions for further research, and a conclusion are also discussed.

1. Introduction

In a world of increasingly global competition in the global arena, many organizations spread their limited resources sparsely between domestic and international markets. As a result, some of these organizations are unable to fulfill the different market demands with their own resources and means. Firms are increasingly implementing strategies to take advantage of a strong customer relationship has become key issues for business managers [1]. Given the importance of service quality management capability in retaining customers, it is critical for firms to understand what factors contribute to service quality management capability.

During this time the number of strategic alliances has come increasing attention to firms' ability to manage them. A strategic partnership is a mutually beneficial arrangement between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations. The trend of relationships based on business alliance effectiveness consists of trust, commitment and cooperation among actors has been characterized as a means of performance and sustaining gains in competitive advantage [2].

Studies have extended the consequences of service quality management capability into the realm of performance via business alliance effectiveness as a mediator, but have yielded few significant

implications, leaving the effect of service quality management capability on performance via business alliance effectiveness as a mediator underexplored. To fill this gap, this study leverages the resource-based view (RBV) to investigate the role of service quality management capability in firm level performance. By doing so, we hope to extend and bridge the two research streams that usually develop independently: that on service quality management capability and that on performance via business alliance effectiveness as a mediator.

The purpose of this research is to examine the relationships between service quality management capability and performance by using business alliance effectiveness which consists of trust, commitment and cooperation as mediators. In this study, the key research questions for the paper are as follows: Firstly, how does service quality management capability affect business alliance effectiveness (trust, commitment and cooperation) and influence the performance? Secondly, how does service quality management capability affect performance?

This article is organized as follows. In the next section, we review the relevant literature and develop the research statement. Then, we detail the methodology used to design the empirical study. The contributions to service quality management capability and business alliance effectiveness are presented. Practice and future research opportunities are suggested, and the literature is listed.

2. Literature Review and Hypothesis Development

The conceptual and theoretical structure is shown in Fig. 1. The conceptual model is offered as shown in figure 1 representing the relationships between service quality management capability and performance by business alliance effectiveness consists of trust, commitment and cooperation as mediator.

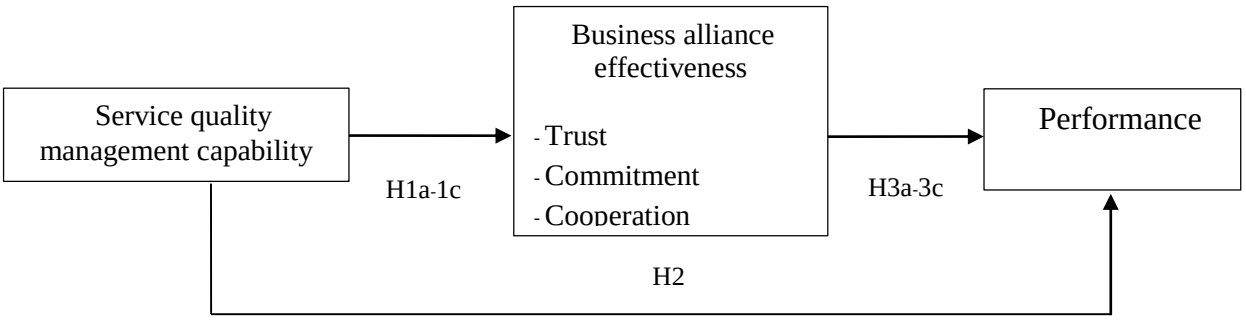

Figure 1: Relationship Model of Service Quality Management Capability, Business Alliance Effectiveness and Performance

2.1 Service Quality Management Capability

Service quality management capability refers to the capability to manage processes that affect the impression of the service, which together with the three aspects of customer orientation, continuous development and employee' s participation Many studies have indicated that service quality management capability play a critical role in facilitating business alliance effectiveness [3]; [4]. Therefore, we posit the hypothesis as below:

H1a: The greater the service quality management capability is, the more likely that firms will achieve higher trust.

H1b: The greater the service quality management capability is, the more likely that firms will achieve higher commitment.

H1c: The greater the service quality management capability is, the more likely that firms will achieve higher cooperation.

2.2 Business Alliance Effectiveness

Business alliance effectiveness refers to the trust, commitment and cooperation between the two companies or more in order to improve competitiveness with the use of resources learning skills, experience sharing to create a competitive advantage in the development of products and services promotion distribution or sharing Therefore, many firms already use business alliance effectiveness to help them understand their customers better and enhance their performance [5]. Therefore, we posit the hypothesis as below:

H3a: The greater the trust is, the more likely that firms will achieve higher performance.

H3b: The greater the commitment is, the more likely that firms will achieve higher performance.

H3c: The greater the cooperation is, the more likely that firms will achieve higher performance.

3. Research Methodology

3.1 Population and Sample

The sample frame for this research is tourist agency in Thailand that have recently participated in service quality management capability and business alliance effectiveness. As a sampling base, all firms that had been involved in any form of service quality management capability and business alliance effectiveness publicized in 2016 were included. The population of the study is 6,646 firms. The questionnaire is filled out by chief executive officers (CEOs) representing as our key informants since they receive information from a wide range of departments and, therefore, are a very valuable source for evaluating aspects of organizations.

3.2 Data Collection

A mail survey is used for data collection. To accomplish our research objectives, collected data from Department of Tourism Ministry of Tourism and Sports. This research adopted tourist agency business in Thailand as the demonstrative examples. These industries are characterized by rapid service quality management capability and business alliance effectiveness, which provide an excellent research context to examine service quality management capability, business alliance effectiveness and performance. The questionnaire was filled out by CEOs who have been shown in previous research to be knowledgeable key informants about knowledge concerning service quality management capability and business alliance effectiveness [6]. With regard to the questionnaire mailing, 15 surveys were undeliverable because some firms were no longer in business or had moved to unknown locations. Deducting the undeliverable from the original 1,500 mailed, the valid mailing was 400 surveys, from which 420 responses were received. of the surveys completed and returned, only 400 were usable. The effective response rate was approximately 26.94%. According to [7], the response rate for a mail survey, without an appropriate follow-up procedure, is less than 20%. Thus, the response rate of this study is considered acceptable.

3.3 Test of Non-Response Bias

In regard to the possibility of non-response bias issue, this research followed a time-trend extrapolation method [8] by comparing the early and late respondents.

3.4 Measurements

Apart from human resource managers rating of service quality management capability and performance by business alliance effectiveness consists of trust, commitment and cooperation as mediator. We adopt the five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

3.5 Validity and Reliability Tests

Reliability and validity tests were conducted on constructs with multivariate measures. Table 1 shows the results for both factor loadings and Cronbach alpha for multiple-item scales used in this study.

Table 1 Results of Measure Validation

Items	Factor Loadings	Cronbach Alpha
Performance	0.70-0.81	0.77
Service quality management capability	0.59-0.92	0.82
Trust	0.57-0.90	0.73
Commitment	0.64-0.80	0.71
Cooperation	0.64-0.83	0.77

3.6 Statistics

The ordinary least squares (OLS) regression analysis is used to test all hypotheses and examine the relationships among service quality management capability, performance, business alliance effectiveness (trust, commitment and cooperation) and organizational climate. In the study, the model of the aforementioned relationships is shown as follows.

$$\text{Equation 1: } TR = \beta_{001} + \beta_1 SC + \beta_2 FA + \beta_3 FS + \varepsilon$$

$$\text{Equation 2: } CM = \beta_{002} + \beta_4 SC + \beta_5 FA + \beta_6 FS + \varepsilon$$

$$\text{Equation 3: } CP = \beta_{003} + \beta_7 SC + \beta_8 FA + \beta_9 FS + \varepsilon$$

$$\text{Equation 4: } PM = \beta_{004} + \beta_{10} SC + \beta_{11} FA + \beta_{12} FS + \varepsilon$$

$$\text{Equation 5: } PM = \beta_{005} + \beta_{13} TR + \beta_{14} CM + \beta_{15} CP + \beta_{16} FA + \beta_{17} FS \varepsilon$$

$$\text{Equation 6: } PM = \beta_{006} + \beta_{18} TR + \beta_{19} FA + \beta_{20} FS \varepsilon$$

$$\text{Equation 7: } PM = \beta_{007} + \beta_{21} CM + \beta_{22} FA + \beta_{23} FS \varepsilon$$

$$\text{Equation 8: } PM = \beta_{008} + \beta_{24} CP + \beta_{25} FA + \beta_{26} FS \varepsilon$$

Where**;** PM = Performance, SC = Service quality management capability, TR = Trust, CM = Commitment, CP = Cooperation, FA = Firm age, FS = Firm size

4. Results and Discussion

Table 2 contains the descriptive statistics and correlation matrix for all variables. The results of OLS regression according to four hypotheses are estimated as shown in tables 3 to 4.

Table 2 Descriptive Statistics and Correlation Matrix

Variables	**PM**	**SC**	**TR**	**CP**	**CM**	**FA**	**FS**
Mean	4.01	4.36	3.98	4.14	4.05	8	164
Std.	0.53	0.44	0.64	0.57	0.55	4	48

PM	1						
SC	.328***	1					
TR	.530***	.407***	1				
CP	.512***	.429***	.797***	1			
CM	.554***	.428***	.910***	.723***	1		
FA	-.120***	-.222***	.006	.024	-.012	1	
FS	-.110***	-.259***	-.002	.012	-.025	.919***	1

Note: *p< .10, **p < .05, ***p < .01

Table 2 shows the descriptive statistics and correlation matrix for all variables. These are all indicators that multicollinearity might be a problem in these data, variance inflation factors (VIFs) are used to detect collinearity among predictors in regression models. Multicollinearity is not a problem as the variance inflation factor (VIFs : 1.07 to 6.59) are well within the cutoff of 10 [9], meaning that the independent variables are not correlated with each other. Therefore, there are no substantial multicollinearity problems encountered in this study.

Table 3 OLS Regression for Dependent Variable for Business alliance effectiveness

Independent variables	**Dependent Variables**		
	Trust	**Commitment**	**Cooperation**
	Equation 1	**Equation 2**	**Equation 3**
Service quality management capability	0.63*** (0.07)	0.60*** (0.06)	0.56*** (0.06)
Firm Age	0.01 (0.15)	0.04 (0.14)	0.03 (0.13)
Firm size	0.14 (0.15)	0.12 (0.14)	0.08 (0.13)
Adjusted R^2	0.17	0.20	0.19

Note: Beta coefficients with standard errors are in parenthesis, *p< .10, **p < .05, ***p < .01

Tables 3 to 4 present the results of OLS regression of the relationships between service quality capability management capability and performance by business alliance effectiveness consists of trust, commitment and cooperation as mediator. The first set of research hypotheses focused on the relationships between service quality capability management capability and business alliance effectiveness consists of trust commitment and cooperation (Hypothesis 1a-1c) is showed in Table 3. The findings indicate that service quality capability management capability (H1a: b=0.63, $p < 0.00$, H1b: b=0.60, $p < 0.00$, H1c: b=0.56, $p < 0.00$) have a positive and significant effect on business alliance effectiveness consists of trust, commitment and cooperation. Thus, hypotheses 1a-1c is supported.

The second set of the hypotheses concentrated on the relationships between service quality management capability and performance by business alliance effectiveness consists of trust, commitment and cooperation as a mediator (Hypothesis 2 and 3a-3c) as shown in Table 4. The evidence

indicates that service quality management capability (H2: b= 0.39, $p < 0.00$), trust (H3a: b= 0.44, $p < 0.00$), commitment (H3b: b= 0.23, $p < 0.00$; b= 0.47, $p < 0.00$), cooperation (H3c: b= 0.39, $p < 0.00$; b= 0.53, $p < 0.00$) has a positive and significant effect on performance. Therefore, Hypothesis 2 is supported. The finding about the main effect of service quality management capability and business alliance effectiveness consists of trust, commitment and cooperation on performance.

For the control variables consisting of firm age and firm size, there are no impacts on the service quality management capability and performance by business alliance effectiveness consists of trust, commitment and cooperation as a mediator of all *p* values are greater than 0.05.

Table 4 OLS Regression for Dependent Variable for Performance

Independent variables	**Dependent Variables**				
	Performance				
	Equation 4	**Equation 5**	**Equation 6**	**Equation 7**	**Equation 8**
Service quality management capability	0.39*** (0.06)				
Trust		-0.03 (0.09)	0.44*** (0.03)		
Commitment		0.23*** (0.06)		0.47*** (0.04)	
Cooperation		0.39*** (0.09)			0.53*** (0.04)
Firm Age	-0.17 (0.13)	-0.19 (0.11)	-0.16 (0.12)	-0.18 (0.12)	-0.18 (0.11)
Firm size	0.13 (0.13)	0.06 (0.11)	0.03 (0.12)	0.04 (0.12)	0.06 (0.11)
Adjusted R^2	0.11	0.34	0.29	0.27	0.32

Note: Beta coefficients with standard errors are in parenthesis, *p< .10, **p < .05, ***p < .01

5. Contributions

5.1 Theoretical Contributions

The purpose of the study was to empirically test several hypotheses advanced in the literature. Specifically, it aims to examine the relationships between effects of service quality management capability and business alliance effectiveness on performance of tourist agency business in Thailand. In this framework, service quality management capability on performance, business alliance effectiveness is used as mediators.

5.2 Managerial Contributions

In short, the research presents three main managerial implications. First, it helps practitioners to be aware of the existence of the critical factors of effects of service quality management capability and business alliance effectiveness on performance. Second, the research enables practitioners to realize the nature of the critical success factors so that they can investigate their current situations of service quality management capability for improvement. Third, the prioritization helps practitioners understand the relative importance of the service quality management capability on performance.

6. Conclusion

A statistical analytical model for assessing the relationship between the service quality management capability and business alliance effectiveness on performance was developed on the basis of various hypotheses. Thailand tourist agency were selected for data checking by conducting a questionnaire survey and evaluation in this study. Therefore, to survive, enterprises must emphasize service quality management capability. Note that enterprises must fully understand the market conditions and carefully evaluate the service quality management capability practices and plan to obtain higher performance.

7. Limitations and Directions for Future Research

The results of this study should be considered in the context of the limitations inherent in cross sectional designs. Future research introducing multiple respondents as well as objective measures is suggested. Finally, this study is based on a snapshot in time and results should not as yet be considered as indicative of time consistent company behaviors. A longitudinal perspective should be adopted as part of future research in order to address this limitation. It is also considered useful for future research to expand on our understanding of service quality management capability and business alliance effectiveness on performance factors simultaneously.

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