

Factors Influencing on Business Performance of SPA in Bangkok

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Abstract

The objective of this research was to study the influence factors to business performance of SPA in Bangkok. This research employed quantitative method. The sample is SPA operators, one for each company, total 240 persons, obtained by specific sampling. The return questionnaire was 91 sets, or 37.92 %. The employed data collecting instrument was a questionnaire. Descriptive statistics and Structural Equation Modeling were employed to analyze the data and for hypothesis tests of relationship between its variables. The research finds that leadership has direct influence significantly both on innovation and on firm performance. Innovation, nonetheless, has no positive influence on firm performance. Therefore, SPA operators, including CEO and top management should pay attentions for the roles of leadership to enhance management capabilities for business innovation, firm performance effectively and efficiently.

Keywords: Casual Model, Leadership, SPA

Introduction

Thai economic development policy from economic and tourism promotion plan according to 12th National Economic and Social Development Plan, focuses on sustainable economic growth and intends to restructuring national infrastructure to Thailand 4.0. The plan has ten strategies, with 20-year strategic national plan and four support strategies.

Strategy of economic growth & competitive advantage sustainability, and strategy of science, technology, research & innovation has an objective to increase nation economic stability with a competitive advantage to other countries. The plan, according to government policy, is to set up Thailand as the Medical hub of Asia. It is expected that health awareness business, hospitality business and healthy food production etc. will generate more income over tourism part to the nation.

According to Thai economic, GDP had expanded by 4.1% over the previous year, mainly from an expansion of export sector, tourism and agricultural sectors respectively. Major economic activity consideration indicates that service sector plays a significant role, then production as well as retail and wholesale sectors (Office of Small and Medium Enterprise Promotion, 2019). In addition, it is forecasted that the economic will expand by 3.5-4.5 % over last year. One of the factors to support economic growth is tourism sector (Office of the National Economics and Social Development Council, 2019).

At present, both Thai and Foreign tourists are interested and played more attention to medical tourism significantly. They enjoy travelling in Thailand for recreation, health awareness, and as the same time, for the improvement of their life and family quality. The top most interesting activities for medical tourism are Thai massage, Spa, foot massage, Yoga etc. for example, dining a healthy food. (Kieanwatana et al., 2018). With the government support policy as one of the hubs of medical tourism, this sector has a potential to generate more income to the nation recently. Therefore, researcher hypothesized any factors influencing on business performance of SPA in Bangkok, one of Thai medical tourism, as a guideline to successful business operation for SPA operators. In addition, this study is expected to well development of business model as a competitive advantage over the other countries, and to generate more national income to Thailand substantively.

Objective

- 1) To study the influence factors to business performance of SPA in Bangkok.

Literature review and research model

Leadership defines as the influence of process to manage subordinates to finish their job based on firm objectives (Hughes et al., 1999). Yukl (2006) explains the leadership as participation of influence on individual within the group, for persuade, control, and to set up a good relationship between its members in the organization. According to Yukl, leadership has three important parts as follows; 1) influencing 2) performance and 3) good relationship. The good relationship comes from someone who has an influence on the other and the other was received the influence.

At present, the business entities have applied the concept of leadership into business operation and management. Leader have to play a vital role in leading, inspiration and motivation, including supportive of subordinates to accomplish business objectives. There are many studies supported that leadership is one of significant factor, has an influence on staff output and firm performance (Papalexandris & Galanaki, 2009; Rukmani et al., 2010) as well as on organizational innovation (Jie et al., 2018). We choose five dimensions of transformational leadership from Bass & Avolio (1995) as follows:

1) Idealized influence- attributed means subordinates believe and accept in leader's ability, knowledge and his vision to implement their work done.

2) Idealized influence- behavior defines as staffs accept and confidence in leader behavior to fulfill business goals, and willing to do so as a role model.

3) Intellectual stimulation defines as leader has ability to suggest their staffs to make or to create alternative solutions for solving problems.

4) Individualized consideration means leader's ability to support, suggest and assist their subordinates as needed.

5) Inspirational motivation defines as leader is able to inspire their subordinates to get confident and to believe in their abilities to accomplish their tasks.

Innovation means a new invention or initiative ideas that are different and have advantage from competitors in the business, for example, new products or services, concepts, new business management, tools and other techniques etc. Business entities, however, have focus to develop and to create new innovation to serve customers' satisfaction and demands. The studies found that innovation has a positive relationship with firm performance (Wang, 2019) Therefore, researcher applies this variable from two factors, Innovativeness and Proactiveness, which measure adapted from Knight (1997).

Firm performance which received an influence from Leadership and Innovation, researcher applies this variable from two factors, effectiveness and efficiency which measure adapted from Kellermanns & Eddleston (2006).

From the review of literature and research studies, the research model and hypotheses of this study are shown in Figure 1.

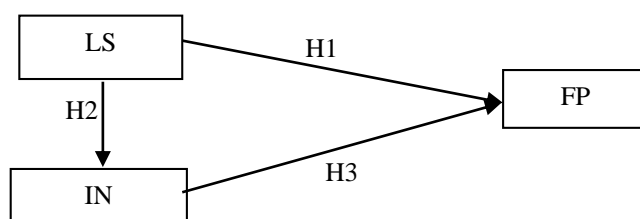


Figure 1 Research model and hypotheses of factors influencing on business performance of SPA in Bangkok

The following hypotheses are developed for this research:

H1. Leadership has a positive influence on firm performance.

H2. Leadership has a positive influence on innovation.

H3. Innovation has a positive influence on firm performance.

Research Method

1. Researcher applies quantitative method, using a questionnaire with each item is measured on a seven-point scale from 1 (strongly disagree) to 7 (strongly agree) for data collection, by literature review and related studies.
2. Population and sample
This study analyzes at the firm level. All respondents are SPA operators in Bangkok, registered with Department of Business Development (DBD), the Ministry of Commerce (Code TSIC 96101). They are 595 firms in active and submitted their Financial Statements to DBD. The specific sampling of 240 SPA operators was selected and questionnaire was completed by 91 operators or 37.92%.
3. This study applies three variables, leadership, innovation and firm performance accordingly. All scales are adopted and adapted from the past research studies with high reliability by consideration of Cronbach's alpha over 0.6 as suggested by Hair et al., (1998).
4. Descriptive Statistics and Structural Equation Modeling are used for hypothesis testing from statistics of standardized regression weight, including t-value and p-value as well as standard error (S.E.), t-value or CR. and Square Multiple Correlation (SMC or R²)

Results

The results indicate that two from three hypotheses were significant. *H1*, Leadership has a positive influence on firm performance, with a p-value of 0.01 ($\beta = .296$, $t = 2.715$). *H2*, Leadership has a positive influence on innovation, with a p-value of 0.001 ($\beta = .133$, $t = 12.188$). *H3* was rejected, Innovation has no positive influence on firm performance. ($\beta = .144$, $t = .791$)

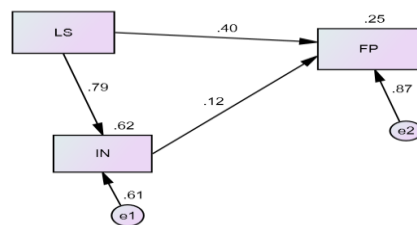


Figure 2 SEM model of factors influencing on business performance of SPA in Bangkok

According to figure 2, Leadership has direct influence to innovation and firm performance at level 0.79 and 0.40 respectively. Innovation has an influence to firm performance at 0.12.

Table 1 Research hypotheses

NO	Hypotheses	β	t-value	p-value	Conclusion
H1	Leadership has a positive influence on firm performance	.296	2.715	.007	Support
H2	Leadership has a positive influence on innovation	.133	12.188	***	Support
H3	Innovation has a positive influence on firm performance	.144	.791	.429	Reject

±

*** p-value < .001; ** p-value < .01; * p-value < .05

Findings and Discussion

1. When entrepreneurs have leadership skill, idealized influence- attributed, idealized influence-behavior, intellectual stimulation, individualized consideration and inspirational motivation, subordinates will enthusiastic and dedicate to the job. Leaders have responsible to inspire and to enhance their staffs' morale, to motivate and participate in problem solving, as well as to help them complete their tasks for fulfill the business objectives. Therefore, it can be well explained that leadership has a positive influence on firm performance. This is consistent with the study of Lee et al., (2019) through the survey of 321 companies, registered with the Federation of Malaysian Manufacturers. The majority of respondents were middle management with transformational leadership, autonomy, competitive aggressiveness, proactiveness, innovativeness and risk taking. The study finds that transformational leadership with autonomy, competitive aggressiveness and proactiveness skills has an influence on firm performance. In addition, consistency to the study of Kundu at al., (2019) finds that leadership has an influence to employee performance by psychological empowerment as mediator from the survey 418 employees of 35 bank in India. The study finds that 1) leadership has an influence on employee performance 2) psychological empowerment has an influence on employee performance and 3) leadership has a significant effect to employee performance by psychological empowerment as a mediator. The results of this study confirmed previous studies found that leadership is one of significant factor, has an influence on firm performance (Avolio, Bass & Jung, 1999; Avolio & Locke, 2002; Bass, Avolio, Jung & Benson, 2003; Javidian & Waldman, 2003; Ling et al., 2008; Rukmani et al., 2010).

2. Planning and implementation, communication, and sharing of business goals with subordinates are necessary tasked by leaders. Furthermore, they need to inspire and to motivate their staffs to create new business model or any tools/techniques to finish their tasks effectively and efficiency. Therefore, it can be well explained that leadership has a positive influence on innovation. This is consistent with the study of Jia et al., (2018) that finds transformational leadership enhances while transactional leadership reduces, organization innovation performance though the mediation mechanism of openness. The study surveys a group of 133 part-time MBA students, studying at Tsinghua University and Zhejiang University in China. Also, consistency to the study of Zuraik & Kelly (2019) finds that CEO transformational leadership has an influence on organizational innovation, and has an indirect effect on organizational innovation to innovation climate. The study uses sample of 215 medium-sized businesses in USA.

3. This study finds that innovation has no positive influence on firm performance. It is not consistent with the study of Wang, 2019 that finds innovation has a positive relationship with firm performance. The sample of this study is 135 manufacturers, categorized as SMEs, located in the Central Taiwan Science Park in Taiwan. It can be explained that innovation is not necessary influence on firm performance because the employees can work and co-operate with others well, including firms supporting them with well equipment's and technologies. The result of this study is not consistent with previous studies probably due to sample characteristics including of environment, attitude, cultural background, ways of life, working style of each country.

Limitations and further research

Due to limit of sample size of 240 SPA operators in Bangkok registered with Department of Business Development, the Ministry of Commence, future research should survey all SPA operators in Thailand. Interest researchers may apply this research model for other hospitality sectors such as hospital, fitness, Thai massage etc.

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