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**THE CONCEPTUAL MODEL OF SERVICE ORIENTATION BUSINESS STRATEGY**

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# **The Conceptual Model of Service Orientation Business Strategy**

## **In Thailand**

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### **ABSTRACT**

This paper explored the relationship among Service Orientation Business Strategy, Market Development, Service Quality Improvement, Service Innovation and Performance Outcomes via Core Business Processes moderator. In the content of Thailand as the firm in Machinery and Equipment wholesale industry are used as the sample.

### **1. INTRODUCTION**

Firm always needs to find for any strategy to support them to gain their competitive advantage. Service firm also needs to find the strategy to help to gain their competitive advantage, as the time changed the marketing have changed from tangibles to intangibles (Vargo and Lusch, 2004). With the growing of the world economic the service have high growing rate when compare with the past and find the large gap between academic and practice in service sector (Merchant and Gaur, 2008). Especially, focus on the Service Orientation Business Strategy (Varadajan and Jayachandran, 1999) the first investigation is from Homburg, Hoyer and Fassnacht (2002).

The purpose of this paper is to develop conceptual framework among Service Orientation Business Strategy, Market Development, Service Quality Improvement, Service Innovation and Performance Outcomes via Core Business Processes (Produce Development Management (PDM), Supply Chain Management (SCM) and Customer Relationship Management (CRM)) moderator in context of Thailand. The key research is how Service Orientation Business Strategy affects Market Development, Service Quality Improvement, and Service Innovation. How does Market Development, Service Quality Improvement, Service Innovation influence Performance Outcomes. And how does Service Orientation Business Strategy effect and Market Development, Service Quality Improvement, Service Innovation via Core Business Processes (Product Development Management (PDM), Supply Chain Management (SCM) and Customer Relationship Management (CRM)) moderator.

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**Keywords:** Service Orientation Business Strategy, Performance Outcome, Market Development, Service Quality Improvement, Service Innovation, Core Business Processes.

## **2. THEORETICAL FRAMEWORK**

### **Resource Base View of the Firm (RBV)**

This conceptual paper employ the Resource base view of the firm (RBV) to explains the relation of Service Orientation Business Strategy and Performance outcome. Especially, on how Service Orientation Business Strategy affects Performance outcome, Market Development, Service Quality Improvement, Service Innovation and the moderating effect of Core business processes.

The Resource Base View of the Firm (RBV) has entered in the strategic management literatures by Penrose (1959) and Barney (1991) has extended. This theory is a theory predicted on economic. And it explains how a firm's resources can predict its performance in a competitive environment that can help firm's managers to identify the firm's resources, capabilities and competencies, which can use the gain competitive advantage. As the strategy is part of the firm's resources. Thus, RBV was employed to explain this conceptual model which regarded as in business level.

## **3. LITERATURE REVIEW AND PROPOSITION DEVELOPMENT**

As the review of the literatures involving the relationship between Service Orientation Business Strategy and Performance outcome, suggest that they have the relationship (Homburg, Hoyer and Fassnacht, 2002). In this conceptual investigating whether a service orientation business strategy affects performance outcome of the firm, and also Market Development, Service Quality improvement and Service Innovation affects performance outcome of the firm. The conceptual model as show in Figure 1.

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services to only a limited number of customers reflects special treatment for a certain group and is not an indication of an overall service oriented business strategy. The greater number of customer must be a higher service oriented business strategy.

### 3.1.3 An emphasis on service

The emphasis placed on service is the degree to which service firm offers services to customer Homburg et al., (2002) . An emphasis on service also identifies firm that have clearly recognized that they offer services as well as the core product offering (Bowen, Siehi, and Schneider 1989). This leads to the following proposition:

P1a: Service Orientation Business Strategy will have a positive relationship with market development.

P1b: Service Orientation Business Strategy will have a positive relationship with service quality improvement.

P1c: Service Orientation Business Strategy will have a positive relationship with service innovation.

### 3.2 Moderating Effect of Core business processes (Product Development Management (PDM), Supply Chain Management (SCM) and Customer Relationship Management (CRM))

The moderator variable in this conceptual is core business processes defined as highly macro level processes of the firms that have three core business processes which is drive the business goal (Srivastava et al., 1999). Product Development Management (PDM) is the process that aims to create solutions that customers need and want, Supply Chain Management (SCM) is the process that incorporates acquisition of all physical (and increasingly informational) inputs, as well as the efficiency and effectiveness with which they are transformed into customer solution, and Customer Relationship Management (CRM) is the process that addresses all aspects of identifying customers, creating customer knowledge, building customer relationships, and shaping their perceptions of the organization and its products.

The firms that have high core business processes will moderate positive effect among Service Orientation Business Strategy, Market Development, Service Quality improvement and Service Innovation this leads to the proposition as follows:

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P2a: The core business processes will have a positive moderating effect on Service Orientation Business Strategy and Market development.

P2b: The core business processes will have a positive moderating effect on Service Orientation Business Strategy and Service Quality improvement.

P2c: The core business processes will have a positive moderating effect on Service Orientation Business Strategy and Service Innovation.

### **3.3 Market Development, Service Quality improvement and Service Innovation**

#### **3.3.1 Market Development**

Market Development is defined as the firm that developing new market or market segment for their present products (service) (Varadarajan and Clark, 1994). Thus, when the firm have high market development then the performance outcome is better. This leads to the following proposition:

P3a: Market development will have a positive relationship with performance outcome.

#### **3.3.2 Service quality improvement**

Service quality improvement is defined as the firms that proving the service that fulfill the customer need and always make them satisfy. And the service quality improvement will have higher on profit, profitability improvement (Keiningham, 1999), greater market share than the firm than the firms that customer perceived as low service quality (Kim, Lee and Yun, 2004). This leads to the following proposition:

P3b: Service quality improvement will have a positive relationship with performance outcome.

#### **3.3.2 Service Innovation**

Service Innovation is defined as the firms developing the new service that is the right service to fulfill the need of its customer (Narver and Slater, 1990). Thus, when the firm have high Service Innovation then the performance outcome is better. This leads to the following proposition:

P3c: Service innovation will have a positive relationship with performance outcome.

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### 3.4 Performance Outcomes.

The dependent variable in this conceptual is performance Outcomes. On the basis of strategy theory and research, Chakravarthy (1986) suggest that the financial performance essentially is related to profitability measures including return on sales, return on investment, and return on assets. (Menon, Bharadwaj, and Howell, 1996); Morgan and Piercy (1996) suggest that the nonfinancial performance essentially is related to the effectiveness of an organization's marketing activities including customer satisfaction, customer loyalty, customer benefit, and market share. In this conceptual use return on sales, return on assets to measure the performance outcomes and use customer satisfaction, and customer loyalty to measure the nonperformance outcomes.

## 4. METHOD

### 4.1 Population and data collection

The population is the firm in Machinery and equipment wholesale industry in Thailand 6,415 firms (report at November, 2013) and data collection by mail survey questionnaire to marketing manager.

### 4.2 Measurement variable

Service Orientation Business Strategy adapt from Homburg et al., (2002) five-point Likert scales ranging from strongly disagree (scored one) to strongly agree (scored five), Core Business Processes (Product Development Management (PDM), Supply Chain Management (SCM) and Customer Relationship Management (CRM)), Market Development, Service Quality Improvement and Service Innovation develop new scale five-point Likert scales ranging from strongly disagree (scored one) to strongly agree (scored five) and Performance Outcomes, financial performance adopt from Jaworski and Kohli (1993) five-point Likert scales ranging from strongly disagree (scored one) to strongly agree (scored five) and nonfinancial performance develop new scale five-point Likert scales ranging from strongly disagree (scored one) to strongly agree (scored five).

### 4.3 Statistics

In this study were uses two statistics first, use the confirmatory factor analysis to check the validity of the instrument, second use the OLS regression to test the proposition.

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## 5. DISCUSSION

**Theoretical Contribution** This conceptual framework aimed to provide a view of the Service Orientation Business Strategy that have limited in the literature and it is the gap in Marketing strategy that need the researcher to fulfill.

**Managerial Contributions** This conceptual framework aimed to provide a view of the Service Orientation Business Strategy that important to the firm. The manager can apply the Service Orientation Business Strategy to help the firm to get the competitive advantages.

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ค.อ. น. พิชิต วิชา



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นพพร ฐ  
Co-v. (นพพร ฐ)



ธนาคารแห่งประเทศไทย

อัตราแลกเปลี่ยนเงินตราต่างประเทศ ประจำวันที่ 21 พฤษภาคม 2557  
อัตราแลกเปลี่ยนถัวเฉลี่ยถ่วงน้ำหนักระหว่างธนาคาร = 32.509 บาท ต่อ 1 ดอลลาร์ สหรัฐ.

1. อัตราแลกเปลี่ยนถัวเฉลี่ยที่ธนาคารพาณิชย์ใช้ซื้อขายกับลูกค้า

(บาท ต่อ 1 หน่วยเงินตราต่างประเทศ)

ประเทศ	สกุลเงิน	อัตราซื้อถัวเฉลี่ย		อัตราขายถัวเฉลี่ย
		ตัวเงิน	เงินโอน	
สหรัฐอเมริกา	USD	32.2906	32.3882	32.6694
สหราชอาณาจักร	GBP	54.2344	54.4039	55.1213
ยูโรโซน	EUR	44.1419	44.2629	44.8777
ญี่ปุ่น (ต่อ 100 เยน)	JPY	31.7476	31.8458	32.4393
ฮ่องกง	HKD	4.1502	4.1669	4.2248
มาเลเซีย	MYR	9.9039	9.9516	10.2685
สิงคโปร์	SGD	25.6364	25.7166	26.1953
บรูไนดารุสซาลาม	BND	25.1975	25.6166	26.2694
ฟิลิปปินส์	PHP	0.7134	0.7298	0.7575
อินโดนีเซีย (ต่อ 1000 รูเปีย)	IDR	2.5558	2.6243	3.0387
อินเดีย	INR	0.4964	0.5183	0.5875
สวิตเซอร์แลนด์	CHF	36.0931	36.1885	36.7798
ออสเตรเลีย	AUD	29.6696	29.7561	30.3159
นิวซีแลนด์	NZD	27.5077	27.5905	28.0887
ปากีสถาน	PKR	0.2993	0.3093	0.3493
แคนาดา	CAD	29.4769	29.5769	30.0421
สวีเดน	SEK	4.8703	4.8935	4.9755
เดนมาร์ก	DKK	5.9048	5.9252	6.0174
นอร์เวย์	NOK	5.3948	5.4135	5.5039
จีน	CNY	5.1323	5.1641	5.2821

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