



NICHE STRATEGY AND NICHE STRATEGIC IMPLEMENTATION FOR  
SMALL BUSINESS IN THE HOSPITALITY INDUSTRY: AN EMPIRICAL  
INVESTIGATION



A Thesis Submitted in Partial Fulfillment of the Requirements  
for Doctor of Philosophy INTERNATIONAL BUSINESS (INTERNATIONAL  
PROGRAM)

Department of INTERNATIONAL BUSINESS  
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By  
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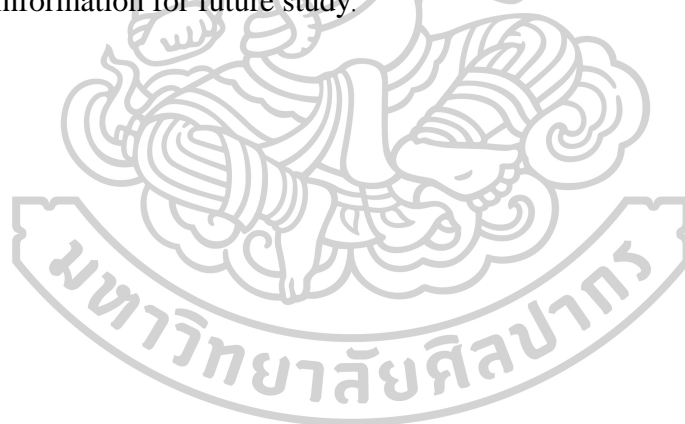
This thesis studies the implementation of niche marketing strategy in the hospitality industry. A conceptual framework was developed to examine the model of niche strategic implementation, which was validated with the empirical data set. This thesis investigates the relationship of niche characteristic, niche strategic implementation, which will affect to the niche organizational performance. Three research objectives were derived from the gap of literature review about niche strategy implementation to guide the entire research and examine how the important concepts for niche strategy implementation. First objective is to study the characteristic of niche strategy company.

The measurement development were the use of quantitative approach was applied to achieve these objectives. The developed instrument based on literature reviews. Collecting data in the research was using exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). The data was collected from the owner, management and employees who are working in the small niche firm in the hospitality industry in Thailand (i.e. hotel industry, restaurant and travel agent). To cover the information of a whole organization, the sample group was divided into 4 group which are owner or top management, manager or supervisor, employee who has to contact directly with the customer (front office) and employee who do not have to contact directly with the customers (back office). The study collected approximately 420 samples.

This study contributes to the theoretical advancement by connecting the relationship between 3 variable of characteristic of niche firm, niche strategy implementation and niche organizational performance. The characteristics of niche firms were studied and mentioned in several dimensions from many authors but there were not collected into the set of characteristic of niche firms. This research has collected the important characteristics of niche firm in every dimensions and grouped it together. Practical contribution of this study was presented to recommend and offer beneficial information to small niche firm owner and management including every employee to understand the important characteristic of niche firm and learn how to be successful of implementing niche strategy in their organization. Many authors and organization perceived since several years ago about organizational strategy will mostly fail during the implementation. However, 7 factors of niche strategy implementation which have been presented in this research will assist small niche firms to understand and having an overview of how to successfully implement niche strategy in their organization which finally it could be able to create positive performance to their

organization. Lastly, the industry and policy contribution from this research was a valuable information and data to the government especially the government agencies which responsible for overseeing SEM business and regulatory agencies in the hospitality industry in Thailand. Because the hospitality industry is one of the very most important industry of Thailand which include several business such as hotel, restaurant, travel agency and etc. This information also could be a part of decision making process for the policy maker in order to promote the new policy to help small niche firms to be successful because the great success of many small niche firms could generate a huge success for the whole hospitality industry which will finally link to the great success of Thailand as well.

The result identified the relationship between 3 variable of niche characteristic, niche strategy implementation and niche performance. Empirical research shows the positive between these 3 variables especially the mediating effect of niche strategy implementation that influence the performance of small niche firms. The findings were interpreted in the relation to the previous studies and adapted to the present hospitality industry in Thailand. Research implication offered the valuable and updated information for practical and academic section of niche strategy field. Finally The limitations which happened during conducting and organizing of this research were discussed and the important recommendations were expressed in order to provide the beneficial information for future study.



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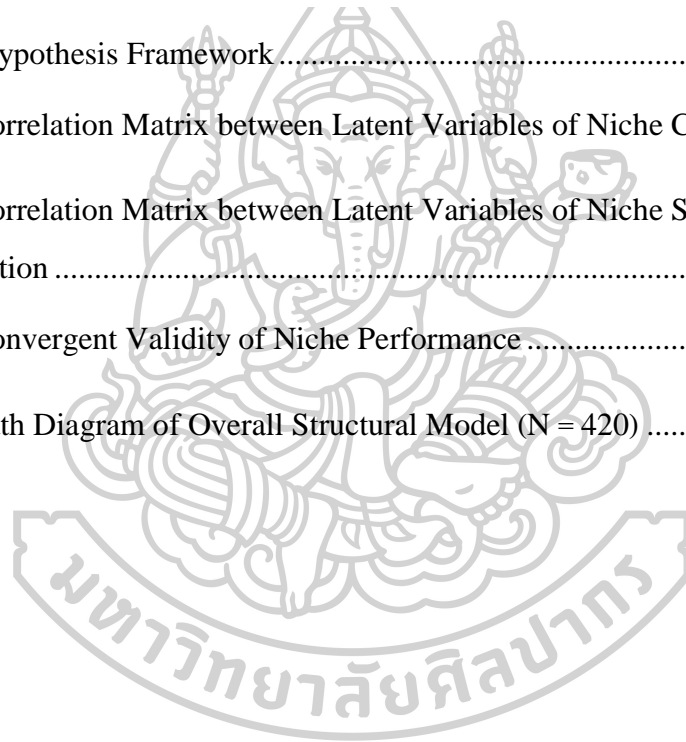
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# **Chapter 1**

## **Introduction**

### **1.1 Chapter Introduction**

This chapter explores the background of this research, expressed the research problem, research questions, research objectives, and the contributions of this study. In addition, it proposes a research introduction that guides the studies of this dissertation. The first chapter of this thesis further describes the characteristic of niche strategy and the implementation of niche strategy. Thereafter, the theoretical and practical contributions are discussed. To complete the introduction part, the first chapter concludes with a structure of the thesis.

### **1.2 Research Background**

#### **1.2.1 Strategic Implementation development**

Strategy originally started from the need of people to win their enemy and it was used to achieve the objective during the war (Horwath, 2006). The first story that mentioned about strategy must be looking back to the Chinese treatises during the period of 400 – 200 B.C. There were a book name “Sun Tzu’s The Art of War” which has been written in 400 B.C. This book has received critical acclaim as the best work on military strategy. In fact, the term of “strategy” believed to derive indirectly from the Classic and Byzantine (330 A.D.) Greek “strategos,” which means “general”. However, this word almost was not used in Greek anymore (Horwath, 2006). Nowadays strategy is often used in the business area. It is the plan and action of the organization that was created by owners or top management to lead the move the companies follow the plan in order to produce a successful performance to the organization (Chaneta, 2011). Organizational strategy consists of the formulation and implementation section. Owners and top management must monitor both external environmental and internal environment before formulate the strategy. The next step is the strategic implementation, and follow by the evaluation and reward control.

Since the use of strategy was widely spreading in business field then strategy was managed more professional to be the key process to success of the companies and it is call strategic management. Wheelen and Hunger (2002) stated about strategic management that, it is an action of owner and management to make decisions and allocate the resources to produce a successful long-run performance of an organization.



Stead and Stead, (2013) suggested about the strategic management that it is very important part and it could help to create the organizational plan to develop the abilities for to predict the problems that could be occurred including the plan to solve these problems as well. Strategic management also helps the organization to define a procedure for accomplishing goals and develop the ability to prepare and deal with uncertain futures. The study of strategic management also focuses on the observing and evaluating an opportunities and threats from either internal or external environments that could affect their business and organizational performance. Saunders et al., (2008) concluded that strategic implementation is a very important stage of the companies to transform their strategy into the real action especially for owner and management that need to be the persons who drive and follow the strategy to every people in the organization. If everything is successful then it could bring the prosperities and competitiveness to the organization in the long run.

Since the term of strategy is having more significant and affect the performance of the organization. It needs to be focused closely and pay attention. Pryor et al., (2007) once stated that if the implementation of the strategy fail then good strategy is useless. Raps, (2004) compared the implementation of strategy as a “strategic afterthought” most of the companies always paying their intention to the strategic formulation process and ignored or overlooked the implementation, Later on, the strategic management is formed to study, follow and monitor. Strategy is management's game plan for the business (Chaneta, 2011). Owner or top management will put their effort to develop the new and most suitable strategy to be a guideline for everyone in the companies to follow and perform. If there were no suitable organizational strategy, it would be no tangible plan of action for employee to perform because strategy is a coherence in every activity in the organization which involve every stakeholder together (Mantere, 2013).

Strategy consists of 2 main parts of formulation and implementation. The strategy formulation is the first part of action that is need to be done in order to receive an organizational strategy. Most of the time the new strategy will be formulated by owner, top management or other expert in that particular field. After the strategic formulation, process was done, then the strategy implementation will be started to transfer organizational strategy into action. Strategy implementation was firstly introduced on scientific conference, which held on the University in Pittsburg in 1978 (Mišanková and Kočíšová, 2014).

According to several journals and literatures mentioned that most of strategy fail during implementation. Kaplan and Norton (2005) stated that in the past 95%of the employee are unaware or do not understand the organizational strategy then they could



not help company to execute the strategy that was formulated from owner to top management. It was the disconnection between strategic formulation and strategic implementation, which occurred with many companies and caused the failure when company implement their strategy with employee. While Johnson (2004) added that 66% of corporate strategy is never implemented. Munyoroku, (2012) found that strategy implementation is quite difficult to perform because it is a very time consuming. In addition, it requires a lot of will power from top management and every stakeholder to understand and doing the same things. It was very normal that the implementation of new strategy will always be resisted from some people. These literatures show that the implementation of strategy is difficult and need to be focused closely if the company want to be successful with their strategy.

According to the literature review about the implementation of strategy in the organization. Many authors tried to suggest their studies. For instance, Crittenden and Crittenden, (2008) studied the strategy implementation of 124 companies data about how successful of their strategic implementation in the organization. The study presented 8 structural levers of implementation consist of actions, programs, system, policies, interacting, allocating, monitoring and organizing. Pryor et al., (2007) presented the 5P model of strategy implementation" which consisting of purpose, principles, processes, people and performance. These 5 elements must be concerned and integrated together in order to achieve the highest efficiency and potential. While on the other hand, Beer and Eisenstat, (2000) described and identified the six important components that could destroy the successful of strategic implementation in the organization which including almost every stakeholder in the organization. Therefore, referring to these previous studies, it was showing that to be successful of strategy implementation, there were so many elements involved and companies needed to concern and prepare if they want to be successful at this stage.

Even the strategy implementation is very important and many companies were fail of doing this process but it was still a scarce of academic books, journals and literature reviews about this topic (Lehner, 2004) while strategy formulation has more attention from a lot of authors in the literature (Pryor et al., 2007). The implementation is the continue process that sometimes take a lot of time and effort to conquer (Saunders et al., 2008). It is very indispensable for any organizations to concern about their strategic implement in order to succeed with their new strategy and lead to the great performance as expected since the formulation of those strategies.

### **1.2.2 Niche Strategy and Characteristic**

Niche strategy is an approach that is suitable for the small company to compete with the bigger competitors in the same industry (Akbar et al, 2017; Toften and Olsen, 2010). Sarker and Begum, (2013) defined niche strategy as an emphasis on a particular need, or geographic, demographic or product segment. Dalgic and Leeuw, (2015) defined niche strategy as focus strategy that considered the small market and individual customers or small groups of customers with similar characteristics or needs. Same as Kotler, (2003) that also defined niche strategy as a specialized company who can offer a high quality products and services to specific needs of specific group of customers and niche company can charge a premium price for their high quality products and services than other competitors in the same industry. Niche strategy focuses on serving a small group of customers who have specific needs, which could not offered or ignored by the mass company. Even niche customers might be a small group but they are strong and having great potential, these specific groups of customers will accept to pay a higher price to receive their special or high quality products and services (Kotler, 2003). It is an approach for small and medium companies that having a limit of resources and facing a difficulty to contend against the big companies or mass products firms. Robert et al., (2012) stated that applying niche strategy is the best ways to survive for small players because niche strategy focus on offering great quality products and services rather than offering the best price products. It could be requiring more investment because niche company needs to require a special, specific or unique resources such as specialized and multi skills human resource, unique raw material, special law or regulation and other, in order to produce the unique products and services. But if niche company could be able to conducts these tasks and become unique or it is difficult for the competitors to imitate then it would bring the successful and long term sustainable to the small niche firms in the long run (Jain, 2005).

Many small companies that want to remain among the strong survivors of their business will prefer to apply niche strategy because of the shake-out may occur in these markets due to the intensification of competition and it will leaving only the strongest players. Niche strategy will help the small company to survive, grow and be profitable (Dalgic and Leeuw, 2015). According to the definition of niche strategy as mentioned earlier, characteristic of niche strategy is considered to be one of the very important factors of niche strategy firm to concern. Niche firms need to adjust or adapt themselves to have a properly characteristics in order to follow this strategy. The characteristic of niche strategy has been mentioned and explained by several authors showing that this is a significant issue to niche firms to concern. Moreover, niche characteristic would be

one of the main focus of this research to study. The result and other information about niche characteristic will be discussed and explained in the next section.

### **1.3 Problem Statement and Research Gap**

According to the niche strategy literatures, several studies examine the effectiveness of niche strategy in the organizations. As niche strategy is the approach to help small companies to survive from the high competition and avoid big competitors. Audretsch, (2002) stated that small companies play an important role to help the economy but sometime these small companies might be too small or have insufficient resources to support their required activities (Lew, 2008). Therefore to be successful, small companies need to find the strategy that could help them to use the limited resources with full potential that lead to a positive performance, and niche strategy is matched with this purpose. The most common perspectives of the literatures and researches focused on the customer satisfaction and how to attract the new customers or approach the new niche market in order to increase the number of profit (Parrish et al, 2006; Toften & Hammervoll, 2009; Echols and Tsai, 2005). However there are a few journals and researches that focus on the niche strategic implementation because many researchers found that most of the strategy fail during the implementation including niche strategy (Caniels and Romijn, 2006; Kundu et al, 2016).

Rajasekar, (2014) stated that about 50% up to 80% of strategy in the organization fail during this stage of implementation. Strategic implementation is one of the great barriers of pursuing and acting in order to succeed the organizational strategy because it is very complicated process and need to involve everybody to understand and doing the same or related things. The organizational strategy started from formulation process, which mostly was done by top management, owner and other expertise, it was an intellectual and creative act. While the implementation of the strategy into the organization is more difficult because it need to receive the participation from every stakeholders and it is also require a lot of time to handle and follow up from owners and management (Bell et al., 2010). Therefore, most of the companies were having a trouble with the strategic implementation and it can cause the failure of the strategy of the organization (Okumu, 2003).

To be successful of strategic implementation companies need to prepare several elements and tools such as good and suitable strategy of the organization, effective communication, proper human resources, updated technology, good and fair evaluation and also rewarding to offer (Fazal et al, 2017; Gareis and Cleland, 2006; Umbugala, 2009; Daryl and Jack 2011). All of these tools must be integrated together and pass to

every stakeholders in the organization. Unfortunately, that most of the company fail to implement the new strategy. In some company, the failing rate of strategic implementation was more than 70% which came from many reasons such as employee do not understand the new strategy clearly, lack of effective communication from owner or management or not enough resources to allocate (Sterling, 2003). While some companies has the trouble with the new strategy because they formulated the unsuitable strategy for their organization and together with other reasons inside their organization. However, these failure that occurred during the strategic implementation lead to the big failure of the organization as well (Köseoğlu et al, 2009). Crittenden and Crittenden, (2008) stated that if the strategy is not matched with the organization then that company is attempting at implementing a mistaken strategy. Moreover, once this occurs, it is hard to tell if weak performance is due to good implementation of a bad strategy, or the result of poor implementation of a good strategy.

According to these information, it could indicate that implementation of strategy is an significant stage that every companies either big or small must pay closely attention to avoid the mistake that could be happened and cause the big failure. Niche strategy companies face the same troubles during the implementation (Caniels and Romijn, 2006; Kundu et al, 2016). As niche firm are mostly small then they have to find the way to compete with the bigger competitors in the same industry. Small niche firms focus on the smaller market segmentation, which still having enough size, profit and potential to do the business. This concept is matched with the niche strategy because it is focusing on the small and specific group of customers, which has not been served by the big company, or sometimes this customer group was ignored from mass products. Even niche customers might be a small group but they mostly have a potential to pay the higher price for any companies that could be able to serve their specific needs. Small companies which having a limit of budget and other resources should avoid to compete with the big or dominant company, instead they should pay attention to the area that having less competitors and still have a chance make profit. Even niche market is small but it is a strong market with high growth potential. Niche customers will become loyalty customers to the small niche company that could offer great quality products and services then serve their needs. This is the way of small niche firms to survive, grow and sustainable.

According to the literature review in niche marketing strategy. Most of them focus on the customer satisfaction and finding the new niche market or target group. (Sert, 2017; Cronin et al, 2000; Allen et al, 2012). However, this research found that there is a lack of characteristic of niche firms, that could explain the character of

company which applying niche strategy in their organization. The characteristics of niche firms are the fundamental and very important elements of the company who wants to implement niche strategy into their organization because if company could not prepare the completed characteristics, then they are likely not to be the niche company since the beginning. Many authors has studied, explained and defied the characteristic of niche firm (Parrish, 2010; Sorenson et al, 2006; Maleewat and Banjongprasert, 2022; Audretsch, et al, 2021). Moreover, strategy implementation in small niche firm is also rarely found in the literature. The existing literature of the niche strategy has shown that applying niche strategy into the small firms are most of the time could bring success to the organization and they could be able to compete with the bigger competitor by finding and serve specific needs of their niche customer group. However, there are a few literature reviews and academic journals that could explain how to implement niche strategy into the small firms.

From the reasons that was explained earlier, this study then emerged from an important of applying niche strategy. As it is an approach to help small companies to survive from the crucial competition in the business environment. The empirical studies of niche strategic implementation in the organization evolved from a comprehensive review of the previous and existing literatures of niche strategy and academic papers. This research found that the existing literatures of niche strategy still lack of the information about niche characteristic, niche strategic implementation and also the methodology that use to study niche strategy in the organization. These literature and methodology gaps of niche strategy could be served as the foundations for the development of the research questions for this study.

Firstly, niche strategy researches still lack of the studies that focus on the characteristic of niche firm. Researcher found some uncompleted information of this element that should put forward in this study because niche characteristic is very significant for the companies that would like to apply niche strategy in the organization to concern and focus. If the characteristics of the firms are not matched with niche strategy, then that firm would face a lot of barrier to implement niche strategy and it is so difficult to reach the successful performance. Most of the research mentioned about the characteristic of niche firms but there was no any studies that stress forward to define and collect all characteristics into one conceptual model. For instance Kotler, (2003) suggested that characteristic of niche firms must be a small firms that products a high quality products and services to small and specific group of customers and can charge a premium price with this clients. Islami et al, (2020) stated that niche firm should have some specific characteristics, which are small size, focus and different strategy, fewer competitors and having growth potential. While Islam, (2020) studied about



developing the concept of niche by focusing on the uniqueness of niche firm via brand new innovation. Following these journals the characteristics of niche firm was mentioned in the different directions but there was still lack of the concept that could display the overall image of niche characteristic and this was the gap that need to be fulfilled

Secondly, a few studies of niche strategy focus on the implementation of niche strategy in the organization. While most of the existing literatures pointed to the significant of customer satisfactions and the new market of niche products and services. The lack of literature for niche strategic implementation reduces the robust information for niche companies to receive the information and knowledge to execute and implement niche strategy successfully in their organization. Niche strategy was studied and paid attention long time ago from several authors (Porter, 1980; Dalgic and Leeuw, 1994; Kvam et al, 2014; Audretsch et al, 2021). Because this strategy encourage the small company to find their position in the market and avoid the big competition with large companies. There are many researches that exhibit the positive result by using niche strategy in the organization. It could help the small company to be profitable and survive. Many of small companies that having limited resources applied niche strategy in their organization, aiming that it could bring success to their companies. However resulted shown that most of the niche strategy fail during the implementation (Kundu et al, 2016; Antai, 2011; Debruyne et al, (2002). These information explained how important of the implementation and the problems from the existing literatures when there are a very few of journals explain and provide the overall image of niche strategic implementation, what should be concern and what are the elements that could help niche firms to successfully implement niche strategy.

For the research methodology that was used to study niche strategy in the organization could notice from the majority of research about niche strategy in the organization use the qualitative approach to collect the data from owner or management level in niche firms (Alison and Rivanda, 2004; Hamlin et al, 2012; Alonso, 2009). Due to niche firms that mostly are small and owners or managers are the people who built, manage and involve in almost every part of the organization. Owner and management in niche firm have the high power of control and make decision in the organization. Therefore, to investigate the work process or performance of the niche firms, most of researchers focused on the owners to top management to interview and ignored or overlooked the other staffs and employee. However, there are a few research that use quantitative approach to examine niche strategic implementation. Hence this research aims to fulfill this gap in the literature by using quantitative methods to measure the relationship of each variables and developed the measurement model of niche

characteristic, niche strategic implementation and also niche performance to be a reference for the next researchers.

These research gaps that mentioned earlier have in fact been acknowledged earlier by researchers and scholars before and they have suggested many information to explain every elements. There have been little empirical studies about these topics, therefore it need to be identified and fulfilled. Moreover, this research aims to study of the strategy implementation of small niche firms in the Thailand hospitality industry because this industry is very important for the economy of the whole country. Zumitzavan and Udchachone, (2014) studied about the leadership and organizational performance in the tourism and hotel in Thailand as there are a part of hospitality industry. They have found that there are many businesses, people involve in the hospitality industry, and it is a largest sector of income and good living life of the people. Most of the companies in the Thailand hospitality industry are smalls and having limit of resources. They were mostly categorized into the SME business (Anuvareepong, 2016). For these reasons, the small niche firms in the hospitality industry of Thailand needs to be improved and developed in order to increase the ability and competitive potential. Because these small SME will be a group of businesses that help to push and generate the revenue of the country (Fakfare and Dechthaisong, 2019; Zumitzavan and Udchachone, 2014). If they are strong and successful, Thailand economy will be highly competitive and successful as well.

To conclude this section and according to the gaps in the literatures, there is still no concrete finding to confirm this. Hence, it is interesting to explore the characteristics of niche firm to describe the overall pictures of niche characteristics and niche strategic implementation that link to the positive performance of the company by using the quantitative method. Researcher also need to find, how can these niche characteristics facilitate the niche strategic implementation in order to increase the positive performance of the organization.

## **1.4 Research Questions and Research Objectives of the Study**

### **Research Questions**

According to the previous literature reviews and research gap about niche strategy. There were a few researches that specifically studied and investigated about the characteristic of niche strategy, the implementation of niche strategy in the small size firm and organizational performance. From this information, the research questions of this research were developed as following

- 1) What are the characteristics of niche strategy organization?
- 2) Do the niche strategy characteristics influence the niche strategic implementation?
- 3) Do the niche strategy characteristics effect the niche strategy organizational performance?
- 4) Do the niche strategy implementations influence the niche strategy organizational performance and mediate the relationship between niche characteristic and niche performance?

### **Research Objectives**

Following the research questions about niche strategy that mentioned about 3 elements which are, the characteristic of niche strategy organization, the implementation of niche strategy and the niche strategy organizational performance. The objective of this research were pursued the research questions in order to investigate and find the answer of the questions. The first objective is to study the characteristic of small size firms, and to investigate relationship of niche characteristic to the niche strategic implementation and niche strategy organizational performance. Next objective is to study the niche strategy implementation in the organization that influence the niche strategy organizational performance. Following by the last objective to investigate a positive relationship of niche strategic implementation to niche strategy organizational performance.

## **1.5 Research Contribution**

### **1.5.1 Theoretical Contribution**

Firstly, this study identifies the characteristic of niche strategy firm. Even, niche strategy was an approach that has been successfully applied by many companies around the world (Dalgic and leeuw, 1994) but to be successful, niche strategy has its own specific characteristic of nice firm that company should study and follow in order to encourage and facilitate their organization to become a great niche company. The theoretical contribution of this study is to identify niche strategic implementation. Niche strategic implementation was also investigated to explain the important elements, which affect the implementation for niche strategy. This research has collected the strategic implementation element of niche strategy and how to successfully implement niche strategy into the organization to presents in this study.

This research also identified the measurement model of niche characteristic organization, the niche implementation factors and nice strategy organizational



performance. The measurement of niche firm characteristics, niche strategy implementation and niche strategy organizational performance were reviewed, examined, discussed until the conceptual model was formed and presented to explain the relationship between niche characteristic organization and niche strategic implementation, which affect to the niche organizational performance. Finally, the theoretical contribution of this research was the study of an impact of characteristic of niche firms and the niche strategy implementation in the organization, on the niche strategy organizational performance.

### **1.5.2 Practical Contributions**

Firstly, the characteristics of niche firm could explain what are the important characteristics which niche firm must be and characterized. There are the scope of the company which willing to pursue niche strategy. Many companies that are presenting themselves as a niche firms, trying to serve a small group of niche customers, producing to different products and services from other competitor. The suitable characteristic of their companies will help to support the niche strategy to be more effective and having a higher chance to be successfully implemented. The lack of some characteristics might cause the problem or lower quality of niche strategy. Moreover, if the suitable characteristics of niche strategy firm was missing, it could make the company to waste their resources and investments or even it could distract and lead the organization to the wrong way of niche strategy. The proposed characteristic of small niche firms in this research could help the small niche companies to organize themselves to be the right characteristic or adapt their firms to match with niche strategy in order to increase the effectiveness of their niche organizational performance.

Secondly, the niche implementation will help niche companies to understand the important factors that is needed to implement niche strategy. The implementation of new strategy is very challenging for every organization (Rajasekar, 2014; Ashkenas & Francis, 2000; Beer & Nohria, 2000; Carlopio and Harvey, 2012) because this must be accomplished by everybody in the organization to perform their tasks and duties following the same way of work and practices. The great strategy that have been created by owner or top management will be more effective to implement if companies could provide the completed factors and tools to their employees. This research presented the important and relevant factors of niche strategy implementation receiving from the literature reviews which including of 7 elements. These elements covered the whole that needed for niche strategy implementation and help small niche firms to implement their

niche strategy in the right way, saving their times and resources and could lead to the better and effective performance.

### **1.5.3 Industry and Policy Contribution**

The niche strategy firms were categorized and exist in the SME category because niche firms mostly are small but they are very important parts of the whole economy of the country. If niche companies in Thailand understand the characteristic of niche company and also effective components of niche strategic implementation as examined and mentioned in this research. It could be able to help and encourage owner and management to conduct their small niche firms to be more effective and successful which will link to the increasing of competitive advantage and positive performance of the organization. The hospitality industry is one of the very important industry of Thailand economy. Denysenko and Breus, (2020) studied about the impact of tourism development in the hotel business as a part of hospitality industry in many countries including Thailand during 2014 - 2019, which was just a few years before the spreading of Covid 19 pandemic. They have found that the tourism and hospitality industry still have a positive trend of development and also the chance of increasing revenue for the countries. Simultaneously, if many small niche companies in the hospitality of Thailand are getting better, this could be the indicator and having the positive impact to Thailand hostility industry in term of both the quality of products and services and also the organizational performance.

### **1.6 Structure of the Thesis**

This thesis consists of 5 major chapters and it was presented according to the following structure. Chapter 1 is the introduction part of this research; chapter 2 presents the literature review from the previous and existing academic journals; chapter 3 is the research methodology; chapter 4 is the research findings, data analysis, discussion and implications; and the last one in chapter 5 presents conclusion, implication, limitation and recommendation. In the first chapter of this thesis presents an overview of the study consisting of the research background, the problem statement, research questions and research objectives, including research contributions and structure of the thesis. Chapter 2 is the literature review, which provides the information of niche strategy and also provide the previous studies and researches from several authors in the marketing and strategy field. The conceptual framework of the research and hypotheses were presented in this chapter as well. Chapter 3 is the research methodology comprising of sample size and sampling method, data collection, and research analysis methods. Chapter 4

presents the findings, data analysis, discussion and implications by explaining a data analysis and the hypotheses testing result, together with the presentation of the construct validity tested by confirmatory factor analysis (CFA) and the testing relationship among characteristic of niche firm and niche strategy implementation effect on niche organization performance. The last chapter is conclusion and limitations of this research to offer and conclude the overview summary of the entire research by summarizing the theoretical and practical implication, describe the limitations of this study and also offering the recommendations for future research of this topic.



## **Chapter 2 Literature Review**

### **2.1 Chapter Outline**

The literature review in this dissertation consists of 4 main sections. The first section is the introduction of niche strategy, definition of niche strategy, how to start niche strategy, benefit of niche strategy, current study of this field, and the successful factors of niche strategy. The second part describes about the characteristic of niche strategy consists of small size company, unique resources, differentiation strategy, response specific needs, few competitors, charge premium price and having growth potential. The third part of literature review explains about the niche strategy implementation, which are separated into 7 elements content of niche strategy, niche organizational structure, human resources, communication in niche firm, management style, innovation/ technology, evaluation and reward. The niche firm performance measurement is also explained and presented in this part as well. Finally, the fourth part displays the hypothesis development in this research.

### **2.2 Research Theory Background and Introduction of Niche Market Strategy**

This research is based on the “Resource based theory” as a part of strategic management theory (Omalaja and Eruola, 2011). The resources of the firm is considered as a valuable asset that could offer the competitive advantage to the organization. The more uniqueness and high capability of resources could offer more competitive advantage to the firms than other competitors (Barney, 2001). Niche strategic implementation also focuses on the alignment of internal resources and unique resources to be different from other competitors and generate the positive performance to the organization (Sorenson et al., 2006; David and Thomas, 2011).

Niche market in term of marketing strategy is considered as one of focus marketing techniques by concentrating a smaller and more explicit towards a group of customers who is having a specific need (Kjell and Trond, 2009; C.H. et al, 2016). It is an approach for company to survive and succeed in the high changing environment. There were having several evidences, which have been reported to confirm the success of niche strategy with the companies all over the world (Dalgic and Leeuw, 2015; Toften and Trond, 2009). Niche firm will try to find the way to differentiate themselves from the mass market and do something that other organizations could not do. Or any type of producing product and service that they could do it better than other competitors in the same industry field (Parrish et al, 2006; Yakovleva and Flynn, 2009).

by their own sources in the smaller and specific target in the whole market (Kjell and Trond, 2010). The differentiation could obstruct the new competitors to enter their customer. Dalgic and Leeuw (1994) stated that niche strategy focuses on the specific need of their customers by becoming a specialized company that offer the different products from other companies or offer the unique products and services that not anyone else could offer the same things (Kotler, 2000). While Murat and Bahattin, (2003) reminded about the important of business environment and customer requirement which should be fit with organization anticipation and conditions.

Niche market in several times was mixed up with segmentation (Webster, 2005). As the company who is doing niche strategy might be started from two different sides. The first side of niche company is the company that originally coming from the big size company but would like to produce new product to attract their specific smaller group of clients to satisfy them. Parrish et al, (2004) studied about the textile industry in America, found that in the past most of the big company preferred to serve mass market by producing a large number of products but getting high volume to sell. However, after the changing behavior of customers who need more specific and tailor products that have created diverse and fractured markets in contrast to the traditional mass market. Then in order to survive, most of big company has changed their strategy to serve the smaller and specific market. As they are the clients of the brand, then this group of targets has perceived the identity of the company already. Another kind is the firm that originally was created to be niche and making a great profit and growth potential by follow niche strategy (Parrish et al, 2004). Several authors mentioned about niche marketing as a defensive strategy which mostly use by the smaller companies that having limited of resources to avoid the bigger and stronger organizations in the same industry (Hezar et al., 2006; Bantel, 2006; Jess, 2022; Jain, 2005; Dalgic and Leeuw, 2015). Sometimes niche strategy could be used to be like a springboard to jump into the mainstream market in the future. Macquarie Bank in Australia has applied niche strategy to internationalize their organization to the global niche market even the result was showing that the success of this strategy is still cautionary given the risks inherent in the bank's approach and need more time to investigate (Cameron, 2011). But this case of internationalized the company from a small local niche firm to be international organizational was showing that niche strategy could help the small firms to be successful and having a chance to grow. However, as a niche companies most of the time is facing with the limitation of resources namely financial capabilities, human resources and also marketing information system which are very important to find the profitable position and maintain competitive advantage (Kjell and Trond, 2009) wherefore to completely conduct entire STP process might be hard for niche firm.

As there are still having a variety, perspectives of the theoretical basis for niche marketing in both academic and practical fields, and in the same time that there are multiple approaches to niche marketing and its operationalization. For example, Porter's (1980, 1985) divided the strategy into 4 main parts in his generic strategy model which



niche strategy was presented as a focus strategy that pay attention to the narrow market from the large market and attempt to offer this target market niche at a reasonable cost as possible or different products from other companies could do. On the other hand, niche customers could be described as the characteristic of the needs of a small and specific group of potential customers for the superior, different or unique products and services than other customers in the same industry. (Thompson et al., 2010). The definitions in niche marketing field are often referred to the version of Dalgic and Leeuw, (1994; P.42) that offered the definition of niche as the positioning into small, profitable market segments that was ignored or neglected by others companies. It could be noticed that most of niche marketing theories are also related and used to be a concept in other fields such as strategy, target marketing and differentiation. Philip Kotler,(2003) has also emphasized about niche clearly that “Specialization” is the main key to success for niche market (Kjell and Trond, 2009) which it could be specific to a several forms such as customer or production specialist, price quality specialist, geographic specialist. Dalgic and Leeuw, (2015) added more efficient factors for niche marketing namely focusing on customer needs, long-term relationship, treasure firm reputation, increasing world of mouth and charging of premium price. Niche must be different by applying the new innovation (Gordon C, 2011). In this research niche strategy will mostly focus on the other side of niche strategy by conducting the research about niche strategy that applied and implemented in small size firms. Because niche firms or niche organizations are the sector that have to produce the products and service to serve niche customers who have the specific needs as mentioned by several authors but it was still not so many journals that focus on this part of niche strategy.

Several researches have shown the positive result of customer satisfaction with the companies who is doing niche strategy (Douglas and Martin, 2012; Garver, 2009; Zhu et al., 2009) which help to urge clients to recommend and continue consuming the same product all over the time. Knight, (2006) suggested the most important asset for niche firm is unique knowledge or sometimes is called intangible assets which company is controlling rather than owning. On the other hand, it was also the other ways to succeed in niche marketing by the company must be merged with the other organization in the same industry to create the cluster of that particular field. (Gordon, 2011). Niche strategy could be conducted in several industry such as Banking and Financing (Cameron, 2011), Craft Beer & Wine and Beverage (Douglas and Martin, 2012), Tourism (Wu et al, 2016; Roberts and Hall, 2004).

To conclude this section, the niche strategy is an approach that many small companies that having a limited resources use to survive from the high changing business environment, high competition and also the changing of the preferences of the customers (Sert, 2017). Niche strategy can help small companies to be able to find their new group of customer and having a chance to grow and succeed.

### 2.2.1 Definition of Niche Strategy

There are several authors and researchers who have tried to define niche strategy. Kotler, (2003) explained the niche strategy as a focus of small companies on the group of specific customers which having the distinctive set of needs and accept to pay the premium price to any firms who could be able to serve their needs (Abel, 2009, Fazal et al, 2017). Gunn et al, (2014) suggested that niche customer groups are not attractive for other competitors because they are small and have specific need that difficult to serve. However if any niche firms can offer the required products and services, they can gain more profits and advantages through the uniqueness and high growth potential (Douglas, 2016; Gunn et al, 2014; Ann R.J. B., 2004). Rajshree and David, (2001) defined that even niche strategy will focus on the small market but it could be able to produce a good and maintains level of profitability. Dalgic and Leeuw, (2015) stated about niche strategy is usually small in size, focus on individuals and fulfill a specific need.

The definition of niche strategy in this research will apply the definitions, which merged from diverse authors to make it clear and understandable in the same direction. Niche strategy is a focus differentiation strategy. It consists of the communication in their organization, which mostly are the bottom-up approach (Erwin, 2014). Particularly Small Group of clients who have a specific need which are not attracted by a mass companies or on the other hand, the big firms in the same industry might be unwilling or sometimes unable to satisfy these latent demands. Niche firms mostly are a small specialized firm with unique skills, knowledge and resources (Wade and Steven, 2005). Even the nature business in every industries will have a very high competition but for niche market, it would be very few or almost none of competitors, but to facilitate the success for niche strategy the firm need to have a high product differentiation with creativity and head start innovation. If everything is matched with customer's need then they would be glad to pay the premium price than other customers. Niche firms must be located in any areas which is viable, accessible, and reflecting the growth potential (Hammervoll et al, 2014). The majority of niche firms appear to the industry all the time but the most suitable period for this kind of firms to started are during introduction state and maturity state of their business life cycle (Parrish et al, 2006). Niche marketing strategy any companies will pay their attention on the particular points instead of finding the target of entire market. The opposite side of niche would be a mass marketing which means the company who is focusing to serve masses of customer in the market (Dalgic and Leeuw, 1994). Actually, in both strategies of mass and niche are having the similar method to proceed their marketing. It could be both way of push and pull marketing. Push marketing could be initially started from develop their new product

by the firm and after the production process is done. Then they will market to the customer while if the firm would like to proceed pull market, they need to begin the process by creating the product based on customer needs and produce that particular product and market to that customer. One of the main advantages of niche strategy is that the firm will have smaller scale of serving their customers. Companies will learn and know their customers very well and because of these small and specific group will produce the sense of special service. Niche companies can take a good care better than normal customers and these special feelings will bring customer loyalty which is ready to pay the premium price and it will return to the company in form of great profit. (Wade and Steven, 2005; Veronika and Kenneth, 2013; Mariapina et al, 2006; Homburg et al., 2009; Huang, 2008).

According to these definitions and previous studies from many authors, researcher has collected the definitions and separated into a groups as exhibited in Table 1. Then the definition of niche strategy in this research has based on these academic journals and previous literature review and developed (Dalgic and Leeuw, 2015; Hammervoll et al, 2014; Rajshree and David, 2001; Abel, 2009, Fazal et al, 2017, Gunn et al, 2014). The definition of niche strategy would be the small size companies, firms or organizations which having a unique skills, knowledge or resources. Niche strategy must have a product differentiation strategy with creativity or radical head start innovation (Erwin, 2014). And started with a bottom - up approach to the small group of clients who have a specific needs which the big firms might be unwilling to serve or unable to satisfy these latent demands or sometimes mass companies are not attracted or even ignored these types of particular desires. This niche market will have a very few or no competitors in the same market then company could charge the premium price to their customers. Lastly this particular firms must be viable, accessible and having growth potential opportunity in the industry.



Table 1: Definitions of Niche Marketing Strategy

Definition of niche strategy	Robert et al. (2012)	Cameron G. (2011)	Kotler (2003)	Michaelson (1988)	Dalgic and Leeuwis (1994)	Honeyman et al. (2006)	Kara and Kaynak (1997)	Schot and Geels (2008)	Parrish et al. (2006)	Echols & Tsai (2005)	Olsen and Saetre (2007)	Douglas (2016)	Hammervoll et al. (2014)	Thalmany (2008)	Assadina (2014)	Kvam et al. (2014)
Thinking and acting small by offering small production volumes	✓	✓		✓			✓			✓		✓		✓		
Offer high value and high quality products and different from other products in the same market		✓		✓		✓			✓					✓		✓
Niche firms can charge a premium price for high quality products and services			✓		✓			✓		✓			✓		✓	
Focused marketing that is directed at a limited market with relatively few customers and competitors.	✓		✓			✓					✓		✓		✓	
Using of technology and innovation.	✓				✓				✓			✓			✓	
Niche strategy is the positioning into small, profitable homogeneous market segments ignored or neglected by others.		✓			✓			✓	✓						✓	
Niche marketing is specialization	✓			✓						✓			✓			
Apply the differentiation strategy to produces a brand new or different product and services from other companies.		✓			✓				✓				✓			
Having a growth potential in their business.			✓	✓				✓			✓				✓	

### 2.2.2 Back ground the Niche strategy

Since the companies decided to apply niche strategy in their organization, the next step for the company to learn is how to start applying niche strategy and how to prepare their organization to be ready for niche strategy. The majority textbook of marketing strategy have suggested that to begin the niche strategy firms need to conduct the segmentation and specify the most interesting, efficient and promising target (Kjell and Trond, 2009; Abel, 2009, Insun et al, 2012; Hammervoll et al, (2014). The next step for starting niche strategy is the “differentiation” our products or services from other competitors in the same industry. Hooley et al, (1998) stated that differentiation is aiming of achieve the specific need of definite clients by building based on the firm's strengths which giving the particular value and preferred by the customers. To start the niche marketing, it could be conducted by both sides, which are the customer needs and firm resources (Parrish et al, 2006, Imoh, 2011). Philip and Peterson (2001) have conducted the research of agri-food marketing proposed 2 type criteria for differentiation between tangible and intangible use. The tangible used is called actual use of the products, while intangible use is the criteria that related to other purchase factors such as style of product, reputation of firm and brand royalty while actual use criteria will focus on the real products themselves for example quality, taste, functionality, time consuming, and channel of distribution. (Philip and Peterson, 2001) if firms take these 2 elements into account and consideration, then differentiation might be having a great chance to be succeed and especially in the sustainable way.

To be succeeded for differentiation strategy from other competitor, niche firms need to dominant several elements. For instance, Kjell and Trond (2009) presented their research of niche strategy for seafood industry in Norwegian and mentioned that product quality is the most feature that informant emphasized while tradition and personal relationship are the consequence factors but the research of Philip and Peterson (2001) finally offered the result of personal relationship as the most important factor. Linneman and Stanton (1991) presented essential twelve guidelines to start and develop niche marketing in the organization. By focusing on the level of knowing everything about what we are doing such as knowing ourselves, knowing our competitors and knowing what is going on with our industry and customers, including the ability of finding a new opportunity for the companies and our business (Dalgic and Leeuw, 2015).

Finally, the essence of any organizations that would like to start niche marketing strategy in their organization is, the ability to change the work or the way of their business (Fazal et al, 2017, Rajshree and David, 2001), by creating new products or

services to match with their customer needs. As a result, niche companies will be able to please their specific customers, which will also be able to charge a higher price than other competitors because of the value added (Gunn et al, 2014). Dalgic and Leeuw (1994) stated that niche marketing would be successful easily with the firms or any organizations that could be able to change their needs of business, organizational markets and increase their diversity in customer tastes and habits then those firms could tailor their offering to this fragment market.

### **2.2.3 Benefit of Niche Strategy**

Niche strategy could provide several positive effects especially for companies, which have a very limit of resources and investment or being a small player in their industry (Sungwook et al, 2017). Niche company just focus on what they have to make the new and creative products which is different from the other merchandises in the market. Since the presentation of generic strategy from Michael Porter in 1980 which mentioned about the focus differentiation group of the markets (Porter, 1980, 1985). Later on niche strategy became famous and many academic scholars have paid attention to this section and tried to find how to implement this strategy successfully. (Greve, 2000). It made the title of niche strategy became famous, as it is the way for inferior company to survive and having a chance to grow or compete with the bigger company in the same industry.

More example of the benefit from niche strategy is from Kotler (1989) who stated that niche marketing is supposed to produce high margin. On the other hand, mass marketing is likely to provide high volumes. Most of the time the big company would be the one who control the direction of the whole market, they might start from doing the marketing research or survey to perceive the needs of clients before making a product or service following that result (Sanjeev, 2017, Marjolein and Henry, 2008). To conduct a lot of marketing research might be good and have a chance to be successful but it's a big investment and could be done easily by the company who has a lot of investments or a lot of funds and budgets. On the other hand, the smaller companies are hard to invest this kind of marketing but they could learn is to see the trend of their industry, perceiving the direction of customer needs and behaviors before they could find the gap of doing something that other don't provide (Abel, 2016; Marjolein and Henry, 2008). Niche strategy has evidentially shown several positive results which competitive advantage are, premium price, differentiation, royalty clients (Dalgic and Leeuw, 2015; Kotler, 2019). One of the successful niche strategies has been exemplified by Dalgic and Leeuw, (1994) with the large company called Johnson & Johnson, this is

the health-care company which consisted of more than 170 affiliates (business units). Researchers has found that most of each unit was pursuing niche market strategy. Linneman and Stanton (1991) studied his research with one thousand firms in the Fortune and the result shown that more than 75%of these successful firms started their business long time ago by serving a very small and specific segmentations or niche market customers. It could be indicated that a lot of firms ignored to use the traditional mass market strategy or an old techniques but they will choose to approach the market by applying toward niche strategy.

Premium price of niche product is one of the most attractive elements that make niche strategy became more interesting for several firms (Dalgic & Leeuw, 2015). Linneman & Stanton, (1992) stated that the return on investment from smaller markets averaged 27 percent, while the profit from the mass market was only 21% and by this reason, many companies in America have started focusing on the niche market because they hope to receive more profit from this small market. They concluded that smaller markets could produce bigger profits for the firms (Linneman & Stanton, 1992). Same as Parrish, et al. (2004) which stated that, the customers will be glad to pay a premium price to the firms that can satisfies their specific needs the best by producing a niche products and services that they could not find at anywhere else. Anyway, the premium price must be started from the premium product (Gunn et al, 2014), to receive the higher until what we call premium price, every organizations need to improve their quality of product and service to keep their level of quality and continuing to present these high quality products and services to niche customers (Kvam et al, 2014)

Making sustainable environment for their industry is another big benefit for niche (Carroll, 1985), due to the high quality of product must come from the high quality since the producing such as high quality of machine or for food industry must be from the higher standard of ingredients. Honeyman et al, (2006) has conducted his research about the niche pork market in UK and he concluded the niche pork market sector is the survival approach that could help the producers who has just started their business, including other farmers, and agriculturalists. Erwin,(2014) has researched the niche innovation of new house technology or nearly zero-energy buildings in Flanders, Northern Belgium which is the environmentally friendly, able to reduce the consuming of high energy and so called passive house hold network which giving a successful result and found several success factors. These previous researches has shown that even niche strategy will mostly be done by the smaller players in the industry who would like to find their place to exist and avoid competing with the large or dominant players in the same industry but if niche companies understand the core of niche strategy

clearly. The small niche firms will be able to succeed and produce sustainable positive performance as well.

As a niche strategy could be conducted in the small area of business and industry then it could be done in several industries. For example, in Australia has created niche market and for wine and seafood (Marron shrimp) but successful for wine-food-tourism mix campaign (Abel, 2009). Niche marketing strategy is the powerful tools of smaller firms to fortify and adapt themselves then finding the new customer and avoid the stronger one. This method is good for the weaker player to avoid the stronger one in the same industry (Dalgic, 2006; Hezar et al., 2006; Kam et al, 2014; Jess, 2022; Jain, 2005; Dalgic and Leeuw, 2015). Robert et al (2012) called niche strategy as a shady corner to hide themselves from the monitor of competitors and if the niche products are stronger or getting more customers in the future then niche strategy could be expanded into multiple niches and it will act like a springboard to push the firms into the mainstream market (Gaudes, 2004).

It was an effort of comparing the profit-making quality between mass marketing firm and niche firms. In the past, most of companies were having a dream of growing their business and try to find more clients to solve aiming to receive more profit. Since the economic crisis happened several times on the way of doing business, most big firms lose their profit, not even that many organizations lost their expert staff or even the business has to be closed down. Later on, the idea of doing small thing to small group of clients occurred and as we have found very often that this kind of small firms with small target which is called niche could generate a good profit to the firms. Kotler, (2003) suggested that the reason why niche strategy could generate more profit to the niche firms. This is occurred because niche firms was perceiving and serving their specific customer very well and can meet their needs more than other competitors that are focusing only to sell their products to this niche customers. As a result, small niche firms can charge a higher or premium price because of the value added that they offered to this specific group of customer. The niche firms could achieve the high margin, while the mass marketer could be successful with the high volume.

The conclusion of this section is, niche strategy is giving a lot of benefit for the companies that apply this strategy. Niche strategy is the approach for any companies that are looking for the survival approach. Either, those companies will be the old companies that running the business for long time or the new companies that have just started their business only a few years. Because niche strategy focus on the small and specific group of customers with having high potentials and they were ignored by the big companies. There would be a chance for smaller companies to make more profit



with fewer volumes. Niche products and services must be a special or unique and other competitor could not imitate. Most importantly, these products and services need to serve the specific needs of their customer, which the other companies could not do, then niche customer will be ready to pay a premium price to the company and will become a loyalty customer. This would be the way to be successful and sustainable for niche companies.

### **2.2.4 Niche Strategy and the Implementation**

According to the current study about niche strategy. It was still limit of sources to find the throughout information for this kind of strategy. Dalgic and Leeuw, (1994) stated that niche marketing was always called and used similarly as other strategies in the same field such as focused marketing, target marketing, segment marketing and etc (Linneman and Stanton, 1992). As mentioned earlier about the specific type of niche strategy, most companies still decided to follow this strategy in order to find the specific target clients which match and fit with their firms. The recent journals about niche marketing and strategy, mostly focused 2 main issues of how to find segmentation and successful factors of niche strategy (Kjell and Trond, 2013; Sanjeev V., 2017; Mariapina et al., 2006; Chang and A.J., 2007; Sungwook et al., 2017; Kjell and Trond, 2010; Parrish et al., 2006; Insun et al, 2012; Ann, 2004; Abel, 2009; Hammervoll et al, 2014). These topics were focused, and there were spotlighted by several researchers because most of the firms think about niche in term of business and try to find the way to make more profits for their organizations then new group of the customers and new factors to operate these strategies are the most important in their thought. However, the journals or literature about the implementation of niche strategy was still very rare and need more authors to study.

Some researchers applied the system or machine to help finding the new segmentation. Several researchers have studied and tried to find the new niche segmentation in different kinds of business such as food and beverage, sport, seafood, textile, tourism (Hammervoll et al, 2014; Douglas and Martin, 2012) C.H. Wu et al, (2016) used new clustering engine to find new client's group. Alternatively, some authors even apply niche strategy in order to save the world environment for instance, Sanjeev (2017) have found the new generation of green consumers who always chosen to purchase the green product. Nevertheless, there was still lack of how to implement this niche strategy successfully in their organization.



Some of the research that present the implementation of niche strategy might be a work of Parrish et al, (2006) to research the textile industry in USA during the maturity period. The result showed the positive impact to conduct niche strategy because niche strategy could help the business to find the new way of serving their customer before the product will enter the declining state. Moreover, in her research also mentioned about the implementation of niche strategy that could help to secure the future of many US textile companies. Robert and James, (2012) presented niche strategy implementation with 2 approaches for successful long-term niche strategy which are the flexibility or contingency plan and the niche portfolio. Flexibility of the plan will help the firms to prepare and protect themselves for the catastrophic collapse during the crisis while niche portfolio will provide niche firms to be more variety and having more product to offer to their customers who are having specific needs. While Akbar et al, (2017) stated that to be successfully implemented niche strategy, the niche firms must follow the market orientation, which means the focus of customers, competitor, responsive, anticipative, and functions in balance with the market and niche firm's internal resources.

From the existing literature reviews, it could be concluded that successful implementation of niche marketing could bring numerous benefits to niche firms. Moreover, successfully implementation of niche strategy in the organization will help to increase more profit, competitiveness, high growth, and high market share (Akbar et al, 2017). However, due to the very limit of data and information about implementation of niche strategy in the marketing journals or academic books, it makes the topic of niche strategy implementation still lack of empirical evidences to explain the best way to conduct this task. This is the gap that researcher would like to study and find more data to facilitate the future researcher who are interested in conducting the research in this field.

### **2.2.5 Successful Factors of Niche Strategy**

Organizations that aim to be successful in niche strategy require several important and specific compositions. This issue is the effort of finding specific factors, which facilitate niche strategy to be succeeded. Uwe and Carolyn, (1997) stated that niche strategy is focusing generally in the smaller scale of business to find the specific need of customer which haven't been executed by other firms and served these customers until meeting with their needs and expectations (Alison and Rivanda, 2004). Parrish et al, (2006) has conducted the research about the textile and apparel industry in America, and found the most important factor to be succeeded for niche strategy is

understanding of the customer (Dalgic and Leeuw, 2015; Kjell, 2010) while Mckenna (1988) stated that the important factor for niche is word of mouth communication, moreover clearly differentiated product is the key to success of niche for (Chen et al, 2011).

According to the research of niche market from Dalgic and Leeuw (1994) that found and defined 5 important factors as of niche strategy firms. While Kotler, (2019) stated that the most successful factor for niche must be a strongly specific product to their customer, having superior performance with a great service and delivery punctually while the lower price was not the case for these kinds of target. Erwin, (2014) presented 3 important factors for successful niche: involving small and medium sized innovators, demonstration project and using local firm network. Tamagnini and Tregear, (1998) have conducted the work to evaluate the niche marketing opportunities. They presented the successful steps of niche marketing for the sausage business in England and Germany by using 4P. Product differentiation and innovative are another very significant factor for niche strategy. Insun et al, (2012) have done their research which specific group of non - Korean nationality who are living or visiting in Korea at the multicultural festivals in South Korea in 2010 aiming to find visitor reasons for their visit. In total, five factors were identified as the reasons for attending a multi-cultural festival but cultural exploration is the most common reason for their visit, which means visitors would like to receive the new experience. Following these information, there were some of the positive results of applying niche strategy in the organization and the important factors that are concerned and involved. If any niche firms could provide all factors as suggested then it would be a high chance to be successful in applying niche strategy.

According to the previous studies of many researchers as mentioned before. The concepts of successful factors of niche strategy were identified and the gaps of literature were recognized, which help the firms to develop the construction of a theoretical and empirical model. This research suggested another important successful factor that niche firms should concern and pay attention. It is a characteristic of niche strategy firms because the suitable and completed good characteristics of the firm will be able to corporate and facilitate the successful of niche strategy implementation in the organization. Moreover, it will be significant factors to bring great performance to niche firms in the end.

### 2.3 Characteristic of Niche Strategy Firm

Niche strategy refers to the word that was found and reveal about the smaller companies who identify, adapt to and fortify themselves to the specific market known as "niche marketing (Dalgic and Leeuw, 2015). Referring to the definitions of niche strategy for this research, which already mentioned earlier, it was the small size companies, firms or organizations which having a unique skills, knowledge or resources. Niche strategy must have a product differentiation strategy with creativity or radical head start innovation (Erwin, 2014) and started with a bottom - up approach to the small group of clients who have a specific needs which the big firms might be unwilling to serve or unable to satisfy these latent demands or sometimes mass companies are not attracted or even ignored these types of particular desires. These niche markets will have a very few or no competitors in the same market then company could charge the premium price to their customers. Lastly this particular firms must be viable, accessible and having growth potential opportunity in the industry. Actually, as we had learned the starting point of niche might be from two styles which are begin the business as a niche or change the strategy to be niche in order to maintain the level of high competitive advantage (Parrish et al, 2004; Beer and Eisenstat, 2000). The real goal of applying niche strategy in one organization might be the expectation to get the most or highest profit as they cold according to the limit of resource in their organization, based on their limit customer and avoid competing with other big firms in the same industry.

Niche strategy firms could be indicated via some characteristic of the firms such as size of the organization such as number of staffs, number of high technologies, how specific of their target group or customer that the firm would like to serve (Kjell T. and Trond H, 2009; Brinkschröder, 2014). Furthermore, niche firms mostly has not much place to expand because the limit of their own resource such as boutique hotel which adapting the old palace of the royal family to be the hotel or very unique architecture (Joan C H., 2011). These kind of niche firms cannot find the same resource again due to the super unique of that place. Anyway, some niche firms were having a chance to expand to the bigger customer group or even could be able to grow into the mass marketing in the future. This kind of firms will have more standardized of their product which could be imitated or doing it again in the new location where their niche business could be reached. This kind of products might be the natural products such as natural soup, cosmetic, organic food & vegetable, healthy drink. However, the problem that still happened for this topic is the lack of journals or study that focus or clear indicate how important of the different level of niche firms, as most of the niche research and journals since several year ago paid more attention to the level of niche customer

segmentation (Sert, 2017; Toften & Hammervoll, 2010; Hezar et al., 2006; Bantel, 2006; Jess, 2022; Jain, 2005; Dalgic and Leeuw, 2015).

These were the characteristics of niche strategy firms that have been presented by many authors but it was almost none of them have collected the holistic characteristic of niche strategy firms together. However, this is mostly conceptual based of applying niche strategy but how these characteristics of niche firm could be grouped and explained in term of the factor that facilitate the niche strategic implementation in the organization and lead to the positive performance from previous studies are still inconclusive. Therefore, this study is trying to fill in this gap by seeking to investigate the impact of niche characteristic to the niche strategic implementation and niche strategic performance in the organization. This gap grasps the attention of this research to study and collect the new knowledge of niche marketing strategy especially what are the suitable characteristics of niche firms and how to implement the niche strategy successfully into the organization. This section will present the 7 characteristics of niche firms and more details about each characters that received from the review of previous niche strategy journals.

### **2.3.1. Small Size Company**

According to the definition of niche strategy of this research, which mentioned in strategic and marketing literatures about the specific characteristics of niche firms, to have a small size and most of them are small business with owner-managers (Alison and Rivanda, 2004; Dalgic and Leeuw, 2015). In niche market, the size of company is one of the matters to affect the direction of company focus and resources allocation (Shaw and Conway, 2000; Porter, 1985; Johnson et al., 2003). Alison and Rivanda, (2004) called the small business as the company with economies of size. While, Wade and Steven, (2005) conceptualized the small size niche company or small brand firms to focus on attribute levels that having excess loyalty. Mariapina et al, (2006) added the small size firms are very important for European economic and generate a lot of income including GDP and tourism employment. Kjell and Trond, (2010) called small niche firm as a nimbler firms because they could tailor and respond the need of their clients so fast.

Dalgic and Leeuw, (2015) noted that niche is normally small and focuses on individuals to fulfill a specific need. Later on some of the authors revised version of a niche to be a small companies that having goo profit and it is ignored or overlooked by the big competitors (Roberts and Hall, 2004; Sert, 2017). Even niche firms are small but it does not mean all small firms could become niche firms. Wade and Steven, (2005) has

done their research about the purchasing of wine within 12 months period with 4,000 wine shoppers in Australia with their hypothesis about if the small brand company could be in niche position dominant and the result shown that not all of small brand companies could be niche brand. To be small niche firm, company must have more characteristics such as unique resources, differentiation strategy, specific need, few competitors and charge premium price (Honeyman et al, 2006; Cameron, 2011; Robert et al, 2012; Schot and Geels, 2008). There is an argument about if the big organizations could be a niche firm and this question still vague. Gunn et al, (2014) defined a characteristic of small niche firms in food specialist in Norway to differentiate themselves from mass product in the market. By having one or more of following factors, which are raw material, process, know-how, availability and consumer perception" (O'Reilly and Haines, 2004; p. 139). While Schaefers, (2014) was giving the example of, Apple company which used to be very success in small niche market of the tablet computers but after that they were successfully growth into the mass market and become the global brand. Anthony and Guillaume, (2015) stated that Porsche and Ferrari in the earlier era are two luxury brand that apply niche marketing strategy and present the alternative mode of transport to the market and they are very successful until a present day.

It is general that whenever one company is very successful in niche market with a high profit and return, then they tend to expand their scope to be a bigger firms and going to the bigger market or become mass firms (Robert et al, 2012; Hezar et al., 2006). Nevertheless, some of niche firm managers are happy to keep and maintain their small niche firm in the same size as it used to be. Such as Alison and Rivanda, (2004) interviewed the small niche hotel manager in Greater Glasgow and Clyde about the expanding his hotel to be bigger and get more clients but manager suggested that to have more rooms, more customers, it would mean more staff, more facilities laundry etc. Manager also repeated that the number of 10 guestrooms are fine and make good profit. He does not want to expand it anymore. The hotel had expanded already 10 or 20 years ago but not now and it was still small as the owner preferred. Moreover, growing bigger gives, you more worries and he does not want it. Manager said he was quite happy as it is. According to this interview, the result and reasons of manger could imply that the small size of niche firm is good for niche strategy and it could produce a good profit. Furthermore, the small size of niche firms is easy to manage and maintain the level of their performance.

Dalgic, (2006) stated that niche strategy firm is small but they are a specialized firm with relatively few customers then other big business (Toften and Olsen, 2010). Akbar et al, (2017) added that small niche company offers small production volumes, focuses on a few customers and avoiding market with many competitors or dominant



competitor. Sometimes niche firm is running their business as a family business when family members of the owner or management are working in the company. Taking on roles such as general management, supervision, accounting, cleaning and catering. (Alison and Rivanda, 2004). Anyway, even niche firm is small but it can compete successfully in markets dominated by much larger companies. Choudhary, (2014) mentioned about the small niche firm that the business based on niche strategy, niche company works with a concept of “Big fish in small pond meaning even they are small but very powerful because there are not many competitors (Akbar et al, 2017). Then the smallness of the niche company represents an important contributor to the achievement of competitive advantage (Alison and Rivanda, 2004).

Even it is still an argument of what is the definition of small size company (Alison and Rivanda, 2004). However, several authors in different fields presented their idea and criteria for example in tourism and hotel industry World Tourism Organization (2000) defined the small business firms must be typically supply less than 50 rooms. Employ less than ten people, and operate in the lower reaches of the market. While Mandy, (2007) added the definition of boutique hotel, which is also small in size and focus in niche market suggests that boutique hotels are the unique style hotels with not more than 100 bedrooms. They offer a unique levels of personalized service and high-tech facilities (Aggett, 2007; Caterer Search, 2005). Most of criteria of small niche company are about the size of property and number of employees (Erwin, 2004; Gunn et al, 2014).

This research defines the small size companies refer to the companies that apply niche strategy and having less than 50 employees or hotels that having less than 50 guest rooms. These small niches firms have an owner-managers style meaning that owner is often independent from management control or outsiders and it is not a chain company (Wang and Poutziouris, 2010; Alison and Rivanda, 2004). This small organization will have the strategy of think and acting small by offering small volume of products (Hezar et al., 2006) and focus to the small specific group of clients who have distinct set of needs in the specific area. Moreover, these small niche firms are better equipped to deal with any changes and find the way to survive from the crisis (Dalgic & Leeuw, 2015; Linneman & Stanton, 1991).

### **2.3.2. Unique Resources**

The resource-based view has now become a dominant theory within strategy (Hoopes et al., 2003; Newbert, 2007) to lead the competitive advantage and superior performance to the firms (Wernerfeldt, 1984). Each firm must consider what kind of resources do they have in the organization and put their effort to deploy those resources in the full potential (Hoopes et al., 2003; Newbert, 2007). Hadjimanolis, (2000)



conceptualized the resource-based perspective of the company as a bundle of unique resources because the resource-based view sees resources as inherently valuable, and contends that the firm's unique resources. In addition, the uniqueness resource is one of the most important characteristic that every niche firms should occupy because it is one of the significant key to success for niche strategy firm. Unique resource is the considerable tool that can help the niche firms to produce a different product from their competitor and it would be very difficult to copy because they do not have the same resource to perform. Assadinia, (2014) unique product development, technological excellence, knowledge development, quality focus, and capabilities leveraging play a very important role for niche firm to be different from the other firms.

To be succeeded in niche market strategy, company needs to dominate several specific characteristics and one of those attributes is having unique resources (Hamel and Prahalad, 1990; Wanida and Sorasart, 2016; Wernerfelt, 1984). Wade and Steven, (2005) stated that niche firms mostly are a small specialized firm with unique skills, knowledge and resources.

Unique resources in niche organizations could be both tangible and intangible resources or some authors called it physical asset and non-physical asset (Johnson et al., 2008; Newbert, 2007; Amit and Schoemaker, 1993; Grant, 1991). The unique tangible resources for niche firm such as plans, people property-based and finance, while the intangible unique resources could refer to knowledge, customer-related, experience, special technic and skills, branding and reputation (Barney, 2001; Wernerfeldt, 1984). Jarvis and Goodman, (2005) suggested that innovation is one of the unique resource of niche firm to create a niche products and services. Vassiliki and Tom, (2014) presented the human capital, patents, tacit knowledge and networks could be accounted as a unique resources of niche firms because they are pertinent to a firm's success. Thilmany, (2008) noted that superior personnel, customer service, alliances with established marketing partners are the uniqueness and they are the core competencies of the niche firms. They are the factors that support the company to gain competitive advantage above other organizations in the same market. Wade and Steven, (2005) mentioned about being successful for niche market company must focus on the unique product as a king and it would be related to innovative product design rather than just a brand and the more uniqueness company dominate it will be more chance to win in this market. Barney (2001) stated that the unique resources and competences of the firm are two factors that help their organization to be prospered and survive (Wernerfeldt, 1984) while Kotler, (2003) stated that specialization in particular fields of business which the firms dominate will help that organization to gain certain economies where other firms could not come in. Hamel and Prahalad, (1990) stated that niche firm must have a distinct resources which are unique and competences that can meet specialized requirements of target segment. (Toften and Olsen, 2010).

Newbert, (2007) suggested that if niche firms could provide more resources especially more unique resources then they will have more competitive position to be successful in niche marketing. Hamel and Prahalad, (1990) added the way to be successful in niche marketing, resources, company competences must be distinct from other rivals, and if this goal were achieved, these resources and competences would be frequently termed as a unique resources and core competences of the niche firms (Johnson et al., 2008; Teece et al., 1997). One more reason of the advantage of having unique resources is to apply this limited unique resource to business units within large firms (Dalgic and Leeuw, 1994). Toften and Olsen, (2010) has done his research with 6 specific niche firms from 2 different industries which are seafood and wine. They are companies from Norway, France, and Portugal. Result shown that having a high-quality material that other rivals do not have brings a good success to the organization.

The characteristic of unique resources in this research refer to the resources in the niche strategy firms which facilitating the firms to produce unique products and services to be different or brand-new in their business and industry (Hamel and Prahalad, 1990). These unique resources could be both tangible and intangible and it must be very difficult for other competitors to have, copy or imitate (Newbert, 2007; Wernerfeldt, 1984).

### **2.3.3. Differentiation Strategy**

Niche marketing is called focused differentiation strategy (Kjell and Trond, 2010) which differentiation is one of the considerable factors for niche strategy to make the firm different from other competitors in the same industry (Douglas and Martin, 2012; Murat and Bahattin, 2003; Phillips and Peterson, 2001). Kjell and Trond, (2009) suggested by referring to several text books that after the firms chose their right niche target segmentation group then the next step is to decide upon the differentiation aspect. It is not just mentioned to be different but differentiations must be done with the whole processes since strategic planning was considered and applied until the products and services are competed before delivered to their specific customers. The more different you could make is a more chance to attract their products and services to the customers. Differentiation strategy is not just only use for the term of "product differentiation" but it could be presenting in several forms such as price, communication or distribution (Phillips and Peterson, 2001; Kjell and Trond, 2009). Mariapina et al, (2006) studied about the alternative tourism in Italy via niche markets to increase international competitiveness, the result shown that differentiating and value-creating elements were the keys to success.

According to the generic strategy of Michael Porter in 1980, which mentioned about the different kinds of firms strategy (Porter, 1980). Mass marketing is cost

leadership strategy by focusing on the fairly standardized products and underpricing everybody else. Mass firms are running the business in “undifferentiated” products such as sugar, salt and milk (Dalgic and Leeuw, 2015). Coca-Cola is the good example that started their business by having just only one available flavor and in one type of bottle but they could produce and distributed to people around the world (Vickie et al., 2009). On the other hand, niche market focuses on a differentiation to fulfil the gap of particular needs of specific customer groups to achieve a sustainable competitive advantage, Fazal et al,(2017) exemplify the new product of Coca-Cola company. Which is a mass company that produce a drink for people around the world. But later on, they decided to adapt the company position to join in the niche marketing section so-called Coca-Cola Diet (Dalgic & Leeuw, 1994) together with others example products such as The Body Shop, Johnson & Johnson, Philips, Apple iPad, Oral-B, and American Express. It's not just only tangible product that could be differentiated but in service industry could be done as well, Murat and Bahattin, (2003) showed the result of their study about niche overlap in cluster hotels population that the differentiation of segments or distribution of limited resources of organizations could decrease competition and legitimacy. This example of famous big companies that were a leader of mass marketing in their industry but adapted themselves to compete in the small niche market. It could imply that niche market is very interesting and can make more profit to niche strategy firms. But to be successful niche company or niche department in the big company must find the way to be different from other competitor in order to attract the customers and making an outstanding position for their products and services (Toften and Hammervoll, 2013; Phillips and Peterson, 2001).

Gunn-Turid et al, (2014) have done their research about the local specialty food in Norway which trying to find the different way of increasing their selling of local products in the modern market. Gunn-Turid et al, (2014) defined the differentiation as differentiated from industrial mass production which it must be different at least one or more things than the competitors to introduce the new product for customers. Especially if that differentiated, products are very unique and cannot copy by the other. That would help to draw attention from the customers and will increase a chance of success for the business. (O'Reilly and Haines, 2004). Kotler, (2000) expressed that there are three elements that can be identified as the most important criteria to bring success in the niche strategy and one of those element was the differentiability of products and services (Chang and A.J, 2007).Thilmany, (2008) studied about niche strategy in the agricultural industry and defined the differentiating agricultural products as the products that are not available in the supermarkets or from other competitors. For the general companies once management decided to focus on the differentiation strategy, most of them will compare their products and services with the mass market in the same industry and try to make the different from those products in the existing market. However, for niche strategy firm, the differentiation was already focused since the beginning and it is considered as a key to success of the company.

In this research differentiation strategy for niche marketing will be termed as the new or different way of operating business from mass market in their industry. This strategy must be different at least one thing but it is the thing that very specific or unique and the competitor could not imitate (O'Reilly and Haines, 2004). The differentiation for niche strategy could be able to offer the new experience to their specific niche customers or it could be presenting in the way of having brand new innovation products and services for both tangible and intangible dimension to fulfil the gap and satisfy niche customer needs.

#### **2.3.4. Specific Need**

Kotler, (2003) mentioned about the characteristic of niche market which focusing on the customer who are having a distinct set of needs and they are ready to pay a premium price to any organizations who could be able to satisfy their specific needs. Chang and A.J, (2007) studied about the families travelling with a disabled member in the emerging niche market segment stated that since 1990 most of the marketing studied and journals were putting their effort to identify the need of customers and they categorized the customers into two types of broad market segmentation: mass and niche (Kotler, 2019). Niche marketing is the strategy that focusing to find and serve on the specific needs and wants of customers that has been ignored from the mass market. Baxter, (2007) niche company need to attempt and focus on delivering value to a specific need of our consumers who share similar demands in order to address the specific needs of the selected segment. Niche strategy firm has to find the way to fulfill a specific need of their customers in contrast to the mass market meaning that niche firms do not try to offer the same products and services of other mass companies in the market. On the other hand, niche strategy firms must find the specific needs of their customers that the big company do not perceive or can not serve and produce the high quality products and services to serve these specific needs (Sert, 2017).

Some of other marketing academics apply more factors to find need of customers in their segmentation namely geographic, psychographic and psychological, socio economic, demographic and Behavioral. (Collins and Tisdell, 2002; May et al., 2001; Lehto et al., 2001; McKercher et al., 2002; Mok and Iverson, 2000). However, for niche marketing, need of customer must be very specific to that particular group and it is not likely to attract other customers in the mass market. Toften and Hammervoll, (2010) suggested that customer needs and satisfactions are the top prioritized areas for organizational efforts. Especially in niche market product-and customer orientations stand out as the most relevant strategic orientations, since specialization in products or customers often is considered to be necessary for successful niche firms; Dubrovski,



(2013) suggested that niche customers are characterized by a specific demand that can be satisfied merely by an adjusted, unique and highly differentiated offer. While, Sander and Sander, (2003) added the specialized service created specifically to serve the specific needs of niche customers that other competitors could not do (Dalgic, 2006).

Niche firms need to be customer specialists by developing an expertise for their selected customers group because normally firms will gain certain economies from their customers with a distinct set of needs via specialization (Kjell and Trond, 2010). Since previous times it was an agreement what is the different between market segmentation and niche market. Several authors have tried to explain such as Roberts and Hall, (2004) stated that segmentation mostly is the breaking parts of mass market into the smaller portions where company could manage, serve and satisfy that portion. While niche strategy starts by involving of bottom up approach when niche firms will try to perceive and identify specific needs of a few individual then creating the product to satisfy this particular demand. This information offered the different between segmentation and niche strategy. Niche strategy will focus on more and deeper details of their customer than normal segmentation then niche strategy firm need to find and more specific need of the small group of customer that were still ignore or underserved from other competitors and serve it.

Since nowadays, customers become more sophisticate in their need and preference (C.H. at al, 2016) they will require more customized products and services which suit for their need, life style and personalized (Macleod, 2003). To serve this group of customers, niche firms must learn and response to these specific needs to gain profit (Novelli, 2005).Tahsina, (2013) found that individuals tend to move from one segment to another, it will happen in a short period of time and in and could be an enormous number. The individuals are only there for a brief moment and find other places who could offer or serve their preference (Dubrovski, 2013). Anyway, there is always a bucket of niche customers with very specific needs and circumstances who want to be served. That is a chance for niche strategy firm to grasp that group of customers with the specific needs and serve them.

Specific needs in this studied will be defined as a customized products and service which are suitable with life style and personalized of niche customers (Macleod, 2003). It could be a brand-new product or adapted from the gap of existing products and services in the market to serve sophisticate needs and preferences.

### **2.3.5. Few Competitors**

Niche market is a small market by their term and strategy then the number of the competitors. Tahsina K., (2013) called niche strategy firms as a rival companies are

not so high comparing with the main stream or mass market in the industry (Hezar et al.,2006). Hammervoll, (2014) defined niche strategy as a focus marketing strategy while Chang and A.J, (2007) presented it as a concentrated marketing because it is consisting of a few customers and few competitors but all competitors in this specific field are expert and having their unique resources or technology to produce and serve their customers. There is a very aggressive competition to niche customers group. The number of niche competitors will become an issue and affect or even force the firm to find their unique position and put more effort to increase their market share. Starting point of both mass and niche marketing could be initiated by both push and pull strategy (Dalgic and Leeuw, 2015; Kotler, 2003; Erin et al, 2006; Fazal et al, 2017) or some authors called this strategy as a bottom up and top down approach (Sert, 2017). If the company offered anything to the customer that they did not know it before or they did realize that if they needed that product or services. This circumstance would be known as push marketing (Kotler,2003) but if any product or service was created by the study of customer's need and avoid the useless goods in the market then company will produce to new products and services to fill this gap that would be known as pull marketing (Dalgic and Leeuw, 2015). Parrish, (2004) mentioned that even both of these markets between mass marketing and niche marketing look similar in term of selling the same product to their clients actually but they are different. The number of players in mass market would be a lot because of a high number of clients. They could produce various kind of products and services to serve whomever clients in the market who would like to supply.

The players in niche market is less but this market also has a limited of clients. Niche product would be created based on customer needs to avoid competing with current market and products. There are no really dominant competitors in niche market because every firms will have their own small group customers (Hezar et al,2006) and they get to know their customers very well (Parrish,2003). These reasons could help company much more able to satisfy their customers and gain more customer loyalty and return buying (Wade and Steven, 2005). It was interesting that most of the organization started their business as a niche markets and they were succeeded because of their professionalism and customer orientation by following niche strategy. Rajshree and David, (2001) stated that it is better for a small companies with limit budget and other resources to start their business as a niche firms and produce a small volume but having a uniqueness or specific for some group of customers. Dalgic and Leeuw, (2015) mentioned that some company that running their business to long and become saturated, at this moment the new innovation will be occurred to find the new customers and survive. Then these companies can return back to niche market again.



Parrish et al. (2006) added that niche marketing is the successful strategy for countering price competition in a mature industry and the most important factor for this state is the thorough understanding of their targeted customers especially by communicating non price product attributes to the niche market. Dalgic and Leeuw, (1994) stated about niche marketing to be understood as focused marketing that is directed to the specialized and limited market with relatively few of customers and competitors. As niche strategy is focusing on the differentiation, owner or management team will put their effort to distinguish their firms to be different from any competitor in the market by using the unique resources that they dominate, then it would be so hard for the competitor to imitate, eventually the competitors in the same field would be rare (Doyle, 2002). Hezar et al, (2006) suggested niche firms think and acting small by offering small production volumes and focus on a few specific customers and avoid any markets that having a lot of competitors or dominant competitors in the market (Hammermesh et al., 1978).

The competition in the same market occurred from a high demand for limited resources (Antai,2011) but this competition will be high or low depending on several factors. One of the important factors of niche marketing is having unique resources weather tangible or intangible resources but it enables the firms to produce a unique goods and services which really match with the customer's needs, consequently it cannot be easily be taken by other competitors as well (Amit and Schoemaker, 1993; Teece et al., 1997; Johnson et al., 2008). Antai, (2011) found that mass marketing firms or so-called generalists will try to avoid high competitions by switching to alternative option. Rather than just having fewer competitors in niche marketing but as we perceived that all players who could survive in this fierce competition are very sophisticate for what they are doing to their specific customers then one important task that niche firms must aware is a partial protection their competitive position from other competitors (Dalgic and Leeuw, 2015).

Few competitors in this research will be defined as a niche strategy firms that performing in the business area of having fairly small and attract few competitors. This niche strategy firms are having the specialized and limited market with relatively few of customers and competitors. The market has no dominant competitors (Toften and Hammervoll, 2009). In addition, niche strategy firms try to avoid high competition and confrontation with larger competitors and to devote our energy to serving a unique market. (Jain, 2005).

### 2.3.6 Premium Price

Niche strategy is the approach that trying to sever the small group of customers that having specific needs and it was ignored by a mass-market companies. These small group of customers with their specific need will be ready to pay a higher price for any companies that can offer a specialized and high quality products and services as they need. Moreover, most of the times the big companies cannot offer those products and services to the small niche customers due to the lower number of volumes. This would be a great chance for small niche firms to catch the customers and produce a high quality, different and unique products and services to serve these customers. Which if the niche strategy firm can do it, then they would be able to charge a premium price and customers will be glad to pay it (Porter, 1985; Stiver, 2009). Kotler, (2003) mentioned in the same direction that if any firms could be able to serve the specific needs of niche customers, they would be ready to pay a premium price. Niche marketing was claimed to be more profitable and increase the variety of consumer taste and habit by tailoring the specific need of specific fragment of customers (Kjell and Trond, 2010; Linneman and Stanton, 1991). According to Tamagnini and Tregear, (1998) presented the result of their research of the delicatessen meat sector in UK it would be around 40 % different between normal mass product and niche offers.

As niche strategy, firm products will try to offer specific goods and services, which are tailor made for their specific need and demand for quality of clients to fulfill the gap between mass and niche market (Dalgic and Leeuw, 2015). Consequently, any law materials or resources that firms dominate must be special, different from other competitors or having a better quality and commonly that these better-quality law materials cost much more investments to the organization (Toften and Hammervoll, 2009). But niche producer will be able to claim or refer to these special qualities and especially the difficulty of producing these niche products before deliver them to serve specific group of customers and that would be the reliable reason of charging higher price than other competitors. The critical point of special raw material for niche marketing is, how are they going to protect their raw material from several threats. For instance, the deficiency of raw material, imitation from other similar materials, the higher cost of raw material and global sourcing (Frear et al., 1992; Jin and Moon, 2006). Because if niche producer could not control the quality, price or the replacement products of these raw materials as they have planned then eventually, it will cause the trouble to niche producer in the long run. Porter, (1998) stated that running business by relying on basic or generalized factors is unsophisticated and not stable but to be strongly successful, firms have to depend on more advance and specialized factors which is called "sophisticated factors" (Jin and Moon, 2006).

Another way of having premium price for niche marketing is "adding value" into products and services by using historical, cultural skills, practices and traditions (Abel,

2009; Gunn et al, 2014; Parrish et al, 2006). This was not just only the luxury products that could be able to add value but the daily life products could be done as well. For instance, in Europe breads are now prepared with exotic, healthy, or traditional recipes (Lane and Yoshinaga, 1994), while aquaculture (marron farming) and wine become a representative of unique goods, traditional and heritage of Western Australia (Abel, 2009; The West Australian, 2008). Most of the products in niche became luxury materials and clients consent to pay higher price than other products in the same category or same industry because of the high quality of niche products that can satisfy and serve the specific need of their customers (Hammervoll et al, 2014). Abel, (2009) has done the research about aquaculture in Western Australia. The result indicated that specific niche customers who would like to test the native species of crustacean called marron are willing to pay the premium price to consume this product. While Hall,(1994) mentioned about the trend of tourism in Italy that since tourists were not satisfied with inelastic program from mass travel agent companies. Because they offered the standard programs, the small group of clients were looking for the other alternative, having more expectation to be a part of program and they accepted to pay more price (Shaw and Williams, 1994). Gunn et al, (2014) have studied about the local food in Norway and found that before 1990. There were a little or no attention to local food and both Norwegian customers and four big supermarket chain which accounting to be around 99 % of the food sales will focus to the low-cost product (Kvam, 2010) in the meantime customers are also looking for the low price product as well. The result of this market was, there were a lot of mass and low-cost products but little of variation and distinctiveness.

Honeyman, (2006) added to be succeeded in niche market will provide both things to secure the firms by charging premium price and reduce market risk from highly competitive industry but customers will resist to pay a premium price if they do not perceive any additional value in that products and services (Marianne and Brian, 2010). Kuhnert et al., (1993) founded that higher prices seemed not to be a discouraging factor when niche products are considered to be of high quality. Doyle, (2002) added that to be successful in niche marketing, firms could sometime offer the lower price as a promotion of aiming to increase other factors of the superior quality for instance performance, service personal and image (Toften and Hammervoll, 2013). Gunn et al,(2014) also found that, if the firms are focusing only product development and aim to charge premium price to clients, they do not appear to be significant of success but the main reason of this failure is because producers know very little about their customers and their preferences.

Premium price of niche market in this research will focus on any products and services, that produced by niche organizations to serve particular needs of specific customers group and charge high cost than standard mass products in the same industry (Abel,2009; Parrish et al, 2004). Even niche customers are a small groups but they are having high potential, not sensitive with the price and ready to pay a premium price for

any niche firms that could produce a high quality products and services as they requested (Kotler, 2003).

### **2.3.7 Growth Potential**

Even niche marketing firms are relatively small in size and concentrating in the small group of customers with a fewer competitor than mass market, but firms still expect to be succeeded by concentrating to the market that having a growth potential. Schaefers, (2014) stated that even niche market starts from the small size but it can offer growth potential for the organization. By giving the example of Apple firms which started from a few groups of people who are having a passion about the technology and would like to produce the smart phone. Which could be functioned more than just normal mobile phone, later on this Apple brand became one of the most successful organization in world (Ken et al., 2007; Dalgic and Leeuw, 2015). Schaefers, (2014) repeated that the success of Apple come from the vison of management who believe that even it was quite small group of customers who know their product but information technology industry is the business for the future and this niche market will have a growth potential to grow in the future. Kotler, (2003) characterized niche marketing to be small and serving a specific group of customers and gain profitable from certain economies through specialization and needs to have growth potential. Porter, (1998) suggested that the growth potential of niche strategy firm should come from the company potential to produce a high quality of products and services, not from the past success of the company. Niche firms need to be sure that they are performing in the right business and have to develop their quality to main the level of success and ready to grow.

Akbar et al, (2017) stated that to be successful with niche strategy, niche firms must concern about 3 important factors namely the size of company, profit and growth potential. The suitable size of the niche company is important because niche firms should be small and flexible. However, they must be the specialist for that business which will be suitable for doing high quality products and services, next, niche firm must be able to make a good profit. Most importantly, niche firms must concern about the growth potential of the company and industry. Because growth potential could indicate the future of the business and also the future of niche firms. If niche firms are performing their business in the business or industry that existing in the maturity stage or sunset business. It could not give a high growth potential to niche firm as they expected (Parrish et al, 2006). Schaefers, (2014) studied about the German consumers who had purchased a mass products and niche product. He found that most of the customer purchased mass products because of the trend and they were influenced by assimilation tendencies. While consumers that purchased niche products to strengthen their role as opinion leaders. Finally Schaefers, (2014) suggested that niche markets is



having a promising opportunity beyond saturated mass markets and this relatively small niche market can offer growth potential for niche firm to pursue their business. Almus, (2002) also studied about the fast growing firm in Eastern and Western Germany and found that, niche firms that operated in the niche market often had an above average growth potential in the first few years after start-up. Tamagnini and Tregear, (1998) emphasized 3 factors of success for niche firm should consisting of viable, accessible, and displaying growth potential. The results from these journals could indicate that niche strategy could offer a good chance of growth potential for niche strategy firms.

Parrish et al, (2004) has shown the result of her research that changing the way of business to be niche market could be able to help organizations to overcome the crisis and one of the critical points of changing, firms must see the gap of need for niche customers with growth potential. Parrish et al, (2006) has done her research about textile industry in America when US textile and apparel industry. Since this industry was hurting by the very high increasing of Asian fabric imports due to the devalued currency and intensive labor cost in US, then Asian products offered must lower price textile with the similar quality and it was matched with customers desire to demand lower prices. To survive from this crisis two companies needs to switch their business from mass market to niche customer group.

In this research, growth potential will be described as a chance of growth for niche firms in their business or industry. Moreover, this growth must be shown by the statistic, support of government or authority, sufficient size to be profitable, no/limited competition, sufficient purchasing ability of customers, and unfulfilled needs (Dalgic, 2006; Akbar et al, 2017;Fazal et al, 2017; Parrish et al, 2004).

#### **2.4 Strategic Implementation in the Organization**

The strategic implementation is another considerable key to success of each firms but there are just a few studies (Mildred et. al, 2007). Alexander, (1985) stated that it is just a lip service has been given and focus on this vital factor while majority of authors are focusing on the formulation side of strategy (Salem, 1998), As Olson, Slater and Hult, (2005) stated that, 'doing is harder than dreaming'. It really does not matter how great of their strategy but if the implementation could not be successful then all great strategies will be failed and useless (Aaltonen and Ikavalko, 2002), even so many organizations invested a lot of their resources, time and money in planning the strategy but very few companies will be successfully implemented it (Niclas, 2014).

To be successful in implementing their strategy, company needs to activate several factors to supports this. Ruth et al, (1997) studied the successful implementation

of Toyota Production System (TPS) in a manufacturing setting with several American manufacturing companies. He found that most of the failure of implementing new strategy occurred during so called shop floor process or the daily work of employee in the organization. Wai and Richard, (1998) stated that the successful implementation of new system relies heavily on commitment and management while Wallace, (1990) suggested that the commitment of top management, his involvement with employee together with support from all levels of staffs in the organization are the crucial factors for success in strategic implementation

#### **2.4.1 Definition of Strategic Implementation**

Strategy is referring to the plan that will lead the company to the right direction by aiming to create of a unique and valuable position, involving a different set of activities (Porter, 1996). Strategy could be divided into 2 main parts between strategic formulation and strategic implementation. Since many years ago, it was an argument between authors of about strategy, when the mainstream authors about strategic implementation did not agree to separate between formulating and implementing of strategy (Heller et al., 1988; Olsen, 1991). However, later on authors it was more acceptable to study these topics separately in order to understand both topic holistically (Mintzberg, 1994; Johns and Lee-Ross, 1996; Forman and Argenti, 2005). Hunger and Wheelen, (2003) stated that strategy formulation and strategy implementation are the two sides of same coin because they must worked together. As the strategic implementation was the consequence of strategic formulation and put it into action to bring success to the organization.

Strategic implementation could be done in many different periods of the firms such as when the new strategy or policy from top management are launched or even during the reengineering which sometimes called redesigning or reconstruction process. (Mohsen, 2000). Max et. Al, (2008) stated that companies face a big challenge whenever they implement the new strategy because it is a new thing that never been happened or having an experience before. There are researches that mentioned more than 70% of the organization fail to implement the new strategy to their staff members (Beer and Nohria, 2000; Miller, 2002). Table 2 is the collection of the strategic implementation in the organization, which this research has collected the from several authors and present in order to explain the character of strategic implementation.



Table 2: Definition for Strategic Implementation

Definition for Strategic Implementation	Fazal et al, (2017)	Gareis and Cleland, (2006)	Umbugala, (2009)	Daryl and Jack (2011)	Douglas, (2016)	Simon (1992, 1996)	McKinsey, (1993)	Bijker (2007)	Schot and Geels, (2008)	Tito, (2011)	Green and McCann (2011)	Allen, (2007)	Sert, (2017)	Caniels and Romijn, (2008)	Kotler, (2003)	Parrish, (2003)
Balance the internal resources with the market orientation and customer needs		✓			✓					✓				✓		
Well-designed organizational system to manage facilities and related performance aspects		✓	✓		✓	✓			✓		✓		✓		✓	
Strategic Implementation is a methods or techniques used to enhance the adoption, implementation, and sustainability of the main organizational strategy	✓			✓				✓	✓				✓			✓
To be in strategy implementation stage, firms require adaptation of strategy to inspire employees for better participation and performance.		✓		✓			✓			✓		✓			✓	

Firms can implement their strategy in two ways: with a push strategy that creates a product and finds a market for it, or with a pull strategy that identifies a market and develops a product to meet its needs.	✓		✓			✓	✓		✓		✓				✓
Strategic implementation aims to create the proper behaviours for the continuous superior performance, and they often reflect the beliefs and mental models of the senior executives of the firm			✓		✓	✓			✓		✓		✓		
Strategic implementation involves the fit between the organization's business strategy and its internal	✓			✓		✓			✓		✓			✓	
Implementation of strategy is a complexity- that is comprised of various activities by managers and employees to turn strategic plans into reality in order to achieve strategic objectives		✓	✓	✓	✓	✓			✓	✓		✓	✓		✓
The implementation of strategy follows strategy formulation and its effectiveness depends on how closely outcomes match what was intended in the strategic plan	✓	✓	✓				✓			✓		✓	✓		✓

In conclusion, the implementation of strategy in the organization is the task which owner, executives or top management transformed the strategies and policies to the action plan. Strategic implementation specifies all details such as budget or operational methods (Tawse and Tabesh, 2021). This task may involve changes within organizational structure or administrative system in order to be able to implement the strategy in a concrete way. To be effective in implementing the new strategy, it is necessary to distribute the plan to all parts of the organization, which must be coordinated with the roles and duties of many stakeholders clearly and understandably. Proctor et al, (2013) suggested that clear strategy helps a lot to facilitate strategic implementation stage to be more effective because it will inform about should be done first. Which in addition to making the operators at the lowest level understand the goals and objective. Effective strategic implementation is also useful for the proper measurement. It also helps to allocate resources appropriately to achieve great results as companies expected during the strategic formulation stage.

For this research, the focus is on niche strategy implementation in small niche firms. Niche firms is mostly small size but they compete with the bigger companies with their differentiation and uniqueness (Dalgic and Lueew, 1994; Porter, 1980). The implementation for small niche firm is similar with other business but it would be more specific as it is a characteristic of niche strategy, which aims to produce a high quality and different products and services from other companies to serve a specific group of customers. However, the collection of strategic implementation from these several authors will be a fundamental knowledge for this study. Combining with the more specific knowledge and information from the literature review about the implementation of niche strategy. That could help to prepare the good knowledge and information to pursue this study as mentioned in the research objectives.

#### **2.4.2 Previous study of Strategic Implementation**

Aaltonen and Ikavalko, (2002) once stated that “without coherent, aligned implementation, however, even the most superior strategy is useless”. The implementation of strategy has been studied long time ago. Strategic implementation in the organization is an issued that have been studied and focus long time ago. Alexander, (1991) stated that most of the companies always pay their attention to the strategic formulation process rather than implementation because they thought if company could formulate a good strategy then everyone in the organization could be follow that strategy easily. Which this believe was totally wrong because according to several authors that studied about the strategic implementation in the organization stated

simultaneously that most of the strategy fail during the implement period (Cândido and Santos, 2015; Alharthy et al, 2017; Beer and Nohria, 2000; Carlopio and Harvey, 2012).

To be successful in implementing the strategy companies need to apply several tools and resources for this stage. Table 3 displays the summary of previous study for Strategic Implementation: Focus and tools, and critical factors of implementation of the strategy. These focuses and tools of strategic implementation could offer a beneficial information to the owner and managements to perceive the important instruments that can adapt and apply in their organization. Moreover, the summary of the previous study of strategic implementation implied the clue to succeed of strategic implementation which could lead to the positive and sustainable performance of the organization (Mintzberg, 1989; Akpan and Waribugo, 2016;Bhatti, 2011).

Table 2: Summary of previous study for Strategic Implementation: Focus and tools, and critical factors of implementation of the strategy

Author	Focus and tools of Implementation of the strategy	Critical factors of implementation of the strategy
Maria and Katarina (2014)	Strategic implementation is a part of strategic management which consists of 3 factors: Strategic planning, strategic Implementation, Strategic control - Control /rewards and administrative tool	- Management of the company - Company culture - Organizational structure - 7-S model - Balanced scorecard
Okumus (2001)	Strategic implementation of 2 internationals companies; Organizational learning, working with external companies for multi projects	- Organizational structure - Organizational culture - Strategic formulation - Leadership - People - Operational planning - Communication - External partner companies - Resource allocation - Communication - Control and feedback - Outcome

Max et al. (2008)	<ul style="list-style-type: none"> <li>- The implementation of strategic initiatives, not projects.</li> <li>- The right implementation practices are essential to attain "world class" performance.</li> <li>- leading strategy deployment practices in diverse organisations from both private and public sectors.</li> </ul>	<ul style="list-style-type: none"> <li>- CPE Models</li> <li>- Leadership</li> <li>- Strategic planning</li> <li>- Customers and markets focus</li> <li>- Information and Analysis</li> <li>- Human resources</li> <li>- Process Management</li> <li>- A mix of hard (systems or analytical) and soft (people / social or behavioural cognitive) management practices</li> </ul>
Niclas (2014)	Effectiveness of strategic implementation and the compositions of successful implantation and what needs to be considered.	<ul style="list-style-type: none"> <li>- The interplay between three variables, strategy and organizational structure as well as the connection of both with behaviors of people.</li> <li>- Improving organizational Performance</li> </ul>
Petri and Heini, (2002)	<p>Implementing strategy successfully is vital for the organizations either for government or private sectors. Without implementation even most superior strategy will be useless.</p> <ul style="list-style-type: none"> <li>- Presenting key finding of successful strategic Implementation from 12 services organizations by using 298 interviews</li> </ul>	<ul style="list-style-type: none"> <li>- Communication</li> <li>- Interpretation</li> <li>- Adoption</li> <li>- Actions</li> <li>- Identification and support for strategic actors</li> <li>- Organization structure</li> <li>- System alignments</li> </ul>
L. J. Bourgeois and Brodwin, (1984)	<p>Strategic implementation as treated as an activity following firm's formular. Organizational design where system and Structure must be adapted to strategic goal. Gaining a prior group commitment and organizational involvement through a strong corporate culture.</p>	<ul style="list-style-type: none"> <li>- Commander</li> <li>- Change</li> <li>- Collaborative</li> <li>- Culture</li> <li>- Crescive</li> <li>- Degree of Diversification</li> <li>- Rate of growth and change</li> <li>- Existing organizational culture</li> <li>- The executive's role as giver-of-rewards</li> </ul>
Beer and Eisenstat, (2000)	<p>Six silent killers of strategic implementation which every companies need to face and Overcome which are ineffective senior management team, Unclear strategy and conflicting priority, Top-down or Laissez Faire Management style, Poor Vertical communication, Poor coordinate across functions business or barriers, Inadequate down the line leadership skills and development.</p>	<ul style="list-style-type: none"> <li>- Structure</li> <li>- System</li> <li>- Leadership behavior</li> <li>- Human resources policies</li> <li>- Organizational Culture</li> <li>- Values</li> <li>- Management process</li> </ul>

Mildred et al (2007)	Using of The 5 P's Paradigm to guide an organization toward performance excellence world-class status, and long-term survival	<ul style="list-style-type: none"> <li>- Purpose as a Strategy</li> <li>- Principle as an internal structure</li> <li>- Processes as an external Structure</li> <li>- People as an employee behavior</li> </ul>
Victoria and William, (2008)	The relationship between strategy, implementation and organizational performance. When only 63% of performance are from organizational strategy (Mankins and Steele, 2005) but 95% of employees don't aware or understand their organizational strategy (Kaplan and Norton,2005)	<ul style="list-style-type: none"> <li>- Performance as a result</li> <li>- Structural variables offer an implementation toolkit for identifying key levers that affect the formulation-implementation process and ensuring formulation-implementation-performance Cycle:</li> <li>Structural levers of Implementation are</li> <li>- Action</li> <li>- Program</li> <li>- System</li> <li>- Policies</li> <li>Managerial skills: Skill related implementation levers in the capable organizations</li> <li>- Interacting</li> <li>- Allocating</li> <li>- Monitoring</li> <li>- Organizing</li> </ul>

### 2.4.3 Niche Strategic Implementation

There are many reasons of why companies decided to implement niche strategy into the organization. Parrish et al, (2016) stated that the most important issue of implement the niche strategy is a high profit. While Kotler, (2000) presented that niche firms always receive high margin than mass companies. Dalgic and Leeuw, (1994) stated that since 1980 that niche strategy was nibbling away the major market from mass companies because niche strategy is a competitive strategy for small company to penetrate the large market and find the small and specific group of customers that was ignored by the mass company and serve them. Choudhary, (2014) compared the niche strategy as a big fish in the small pond and suggested that one of the very beneficial of niche strategy is to assure the survival of niche firm because of the customer royalty and less completion. As niche strategy is having a lot of good and advantage points, then many companies especially the small firm interested to apply this strategy into their organization. Nevertheless, to be successful of implementing niche strategy in the organization is still being an issue and not easy to perform.



The implementation of niche strategy will be easier and having more chance to be succeeded if niche firms could prepare the suitable elements and tools. There are many factors of niche strategy implementation that niche firm should concern. Some of them might be similar as implementing the new strategy in the normal organization but to implement niche strategy in the professional niche firms. It has more factors and having more specific element, which match with niche strategy, which will be explained and presented in the next section.

According to several literatures and journals of niche marketing strategy, in this research will define niche strategic implementation as an action that organization must align their strategy and structure focusing clearly for specific niche target segmentation of customers. Niche firms must reserve the efficiency resource and allocation methods for their both human and non - human resources in order to support the strategy via formal and informal communication channels. To control the successful implementation, owner or top management must involve by applying the evaluation and reward in order to motivate and retain their professional and experienced employees aiming to create a superior performance for the organization.

## **2.5 Strategic Implementation Factors of Niche Strategy**

The implementation of niche strategy into the niche firms is one of the most challenging task for the owner and manager to perform (Saunders et al, (2012). Because the implementation of new strategy is requiring a participation from every stakeholder to conduct and it must be done in the same direction in order to accomplish the new strategy. The implementation factors of niche strategy will be presented in this section by referring to the existing literature, textbook and empirical studied regarding each variable together with their result (Skivington and Daft, 1991; Okumus, 2001; Beer and Eisenstat, 2000; Carlopio and Harvey, 2012). Each factors consist of several sub-factors in details and it would be explained and discussed in this section accordingly. In this research, researcher has reviewed the literatures and academic journals about the implementation of niche strategy in the niche organizations. Results shown that there are 7 elements that facilitate the niche firm to be successful of implementing niche strategy which will be explain in the following section.

Referring to the summary of previous study for strategic implementation from Table 3. The strategic implementation factors of niche strategy in this studies has reviewed and chose 7 elements that could related to the implementation of niche strategy applied in small firms. The 7 elements is presented in Table 4 and they would

be developed into the niche strategy implementation variable in the conceptual framework.

**Table 3: Niche Strategy Implementation Elements for Small Niche Firms**

Niche Strategy Implementation Elements	Authors
Content of niche strategy	Wheelen 2010; Thompson and Strickland, 2003; Niclas, 2014; Petri and Heini, 2002; Douglas, 2016; Umbugala, 2009; Kheradia, 2011; Durand and Coeurderoy, 2001; Bapat, 2015; Holm, 2006; Michael K. Allio, 2005.
Niche organizational structure	Mintzberg, 1994; Beer and Eisenstat, 2000; Mildred et. Al, 2007; Victoria and William, 2008; Chtzoglou et al., 2011; Pertusa-Ortega, 2010; Zhu, 2013; Jen Chen, 2010; Brinkschröder, 2014; Andrews and Kacmar, 2001; Gebauer, 2012; Mahmoudsalehi, 2012
Human resources	Max et. al., 2008; Beer and Eisenstat, 2000; Petri and Heini, 2002; Yi Hua & Hai Ming, 2011; Kotey & Slade, 2005; Brinkschröder, 2014; Mishra, D., & Mishra, 2009; Reio & Shuck, 2015; Shradha and Philip, 2008
Communication in niche firm	Petri and Heini, 2002; Okumus, 2001; Hedman and Valo, 2015; Park, 2014; Malmelin, 2007; Postmes et al, 2001, Tourissh, 2004; Hoogervorst et al, 2004; Koning, 2009; Okumus, 2003
Management style	Max et. al., 2008; Beer and Eisenstat, 2000; Marjolein and Henny, 2008; Beer and Eisenstat, 2000; Chien et al. 2007; Nah et al., 2007; Ramayah et al, 2007; Shahin and Sulaiman, 2011; Guth and MacMillan, 1986.
Innovation/ technology	Maria and Katarina, 2004; Okumus, 2001; Olsen and Saetre, 2007; Brinkschröder, 2014; Dalgic and Leeuw, 1994; Allen, 2007, Maj-Britt et al, 2012). Bekefi and Varadi, 2007

	Rahmat et al., 2018; Allen, 2007; Abel, 2009; Beer and Eisenstat, 2000; Mildred et. Al, 2007
Evaluation and Rewards	Maria and Katarina, 2004; Okumus, 2001; Max et. al., 2008; Niclas, 2014; Petri and Heini, 2002; L. J. Bourgeois and Brodwin, 1984; Beer and Eisenstat, 2000; Mildred et. Al, 2007; Victoria and William, 2008; Daft, 1998; Yi Hua & Hai, 2011; Thompson and Strickland, 2003; Bourne et al (2005) Stonich, 1981; Eberts et al, 2005

According to the niche strategy implementation elements for small niche firms in Table 4. Each elements would be explained and giving more details in order to exhibit the significant of each elements for the niche strategy implementation in the small niche firm.

### 2.5.1 Content of Strategy

Wagner, (2002) stated that content of strategy is in the heart of strategy and to be success in the new strategy, company must pay at attention to develop a good content of strategy before anything else. Strategy is considered as the core of policy (Corbitt, 2015) aiming to achieve the objective of the organization as every people expected (Bapat, 2015; Holm, 2006). Michael K. Allio (2005) states strategy is the long term, broader set of actions undertaken to secure competitive advantage while Hunger and Wheelen (2010) defined "the strategy of a corporation as a comprehensive plan stating how the corporation will achieve its mission and objectives. However, none of good strategy could be succeeded if they do not have a good content of strategy.

Strategy was considered as the science about planning and specify directions of military actions. At the beginning, strategy was used in the military to find the ways and methods to win over their rival in the war (Maria and Katarina, 2014). However, during 1962, the company and organizational strategy was started by the publication of Alfred Chandler. When he studied about the solving problem processes of several mangers in the American companies by linking with long-term objectives, allocation resources, and the creating of company structure to support and facilitate their implementation of that particular strategy in order to reach the goal of company (Chandler, 1962). Later on, the concept of strategy has become more relevant and it was expressed by several authors,

such as Dennis and Owen, (2004) considers a strategy as a model or plan that integrates the objectives of the company together policies and activities, as well as into one holistic process in order to increase the efficiency of operation in the organization. On the other hand, according to Clegg et al., (2004) strategy is an effort to control the future of the organization by controlling every processes of working. Implementation of strategy requires an engagement of complex to define activities to achieve company objectives and prefers medium-and long-term goals. Grunig, (2006) defined the implementation of strategy as a managerial directive or declaration, which serves as decision support providing the possibility of appeal.

Strategy is the managerial choices of the organization regarding to which markets and targets to be pursued over a long period of time (Thompson and Strickland, 2003). Strategy is a vision of future and method of controlling where the business to perform in the right way in order to achieve the goal (Irons, 1994). Strategic implementation required a good strategy to be represented in action plan (Johnson and Scholes, 1998). The content of strategy is very important part to start in the implementation period because it will provide the right direction to the implementers to perform. Content of strategy also acts as a set of performance evaluation standard and criteria. The area of this research covers several parts of the strategy, such as clarity of objective, flexibility to implement, details of planning, and consistent with the overall strategic direction of the company (Rapert et al., 2002; Okumus, 2003; Yang et al., 2010; Douglas, 2016; Umbugala, 2009; Kheradia, 2011; Durand and Coeurderoy, 2001; Pelham, 2000; Johan and Frank, 2008; Kai & Per Sætre, 2007). It is true that these factors have been discussed since the boom of strategic planning. It indicates that specificity of the strategic plan must always be the center of attention in the conceptual work and in researches that tries to identify problems during the implementation the new strategy. However, Alexander, (1985) has listed some problems to strategic content as being: 1) not enough planning in the implementation task, 2) occurrence of unexpected problems during the implementation stage, and 3) unclear objectives or vision. To be successful of implementation of niche strategy, owners or top management must concern about the possible problems that could be occurred during the implementation and get rid of these problems soonest.

The empirical studies showed that in clear content of strategy will help to identify the key implementation tasks and increasing the specificity of objectives that can enhance the efficiency of the implementation (Okumus, 2003). This can be true when the companies need guidance, such as in the case of small businesses at the start-up stage that are faced with high uncertainty, the clear and flexible content of strategy will

help the company to perceive the priority tasks that they need to perform. In addition, will keep the company to achieve their goal (Baker et al, 1993; Schwenk and Shrader, 1993; Cindy et al, 2000). Chauhan and Pillai, (2013) proposed that a well-designed content strategy will facilitate the successful of the company strategy and it is the important factor that every company need to perform.

This section have introduced the significant of content strategy and how the content of strategy will affect the organizational strategy is. Kissane and Halvorson, (2011) suggested that the good and well-designed content of strategy is the content that appropriate for the business and organization. It is the matters that need to be practiced by everyone in the company by knowing what each of those things means for the company and how to get there from where we are now.

### **2.5.1.1 The Content of Niche Strategy**

Strategy, (2012) studied about the content strategy of SME segment. His research has done with only the SME companies who want to remain small and niche. Strategy, (2012) found that content of strategy is an integral part of business strategy which dealing with creating awareness of company products and services in an effective manner. He also suggested 5 factors that small niche companies need to be concern if they want to develop the content of niche strategy namely business goal, budget, expertise time and legal considerations. Content of niche strategy is the internal environment of the organization where the main strategy and decision was begun. They are mostly more controllable factors than those in the external environment where management could not control or even hard to predict what is going to be happening (Okumes, 2001). Andrews et al., (2006) separated the content of niche strategy into 2 parts of external and internal dimensions. The external content of strategy is about the positioning that company would like to be in the market there are prospector, defender and reactor, but the internal content of strategy is called strategic actions, which consisted of the internal characteristic of that organization that must be ready to be changed if the situation is unpredictable.

The content of niche strategy consists of several significant components (Wagner, 2002). Rapert et al., (2002) suggested that content of niche strategy should have a clear information about niche strategy and harmoniously with the objective of the company. The content of niche strategy should be clearly identify and communicate to every stakeholder to know and understand in the same direction and it should be consistent with the overall strategic direction of the company (Umbugala, 2009; Okumu, 2003). The flexibility and easy to participation are other significant elements of



good niche content strategy. Because if the strategy is good but it is very strict and difficult to understand or participate, then that good strategy will have a chance to be unsuccessful (Yang et al., 2010; Douglas, 2016; Kheradia, 2011; Durand and Coeurderoy, 2001; Serra and Theng 2015; Pelham, 2000). Johan and Frank, (2008) expressed that content of niche strategy must be adaptable to the changeable environment. Especially nowadays business and even customer behavior has change very often and faster than before. Niche strategy firms that focus mainly in the small and specific group of customers who has a specific needs and can not be served by the mass products in the market. Even niche customers are a small group but they are having high potential, not sensitive with the price and ready to pay a premium price for any niche firm that could produce a high quality products and services as they requested (Kotler, 2003). Anyway, niche customers also could be changed, if they perceive or receive a new products or services that could offer the same quality or even better by adding more value or offer a brand new innovation. Therefore a good niche strategy content must concern about this situation and must be able to adapt their strategy to follow the changed customers and serve them again (Umbugala, 2009). Kai & Per Sætre, (2007) found that a good content of niche strategy should focus on the flexibility and the ability to customize services to our clients. The content of niche strategy is a core competitiveness of the strategy. It is an ongoing tasks which started from the formulation the new strategy and put it into the real practical in the implementation. Furthermore, content of strategy is important issue to transfer the goals and objective of the companies to achieve the goals (Strategy, 2012).

According to the information in this section. We could perceive that the content of strategy is a necessary factor during the implementation factor as companies need direction to follow. However, the level of specificity of the strategy might depend on the nature of business, the current environment and the size of the company. Since, there is lack of research on the contingency plan and anticipation of problems, this study will investigate their impact on the success of performance. Hence, content of strategy in this study defies as specificity of goal, anticipation of problem, availability of contingency plan and flexibility of the plan.

### **2.5.2. Organizational Structure**

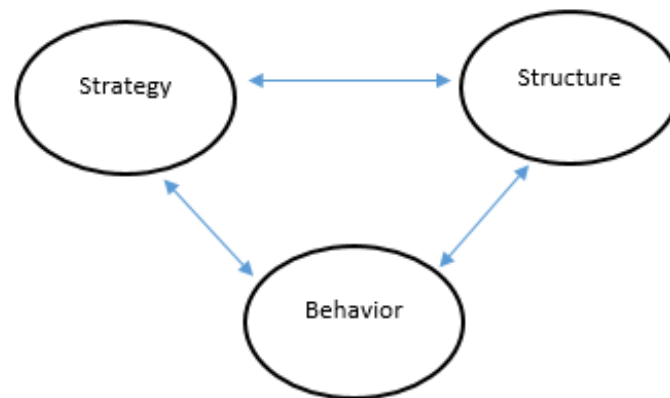
Organizational structure is an organizational framework of learning and innovation used to identify a hierarchy within an organization. It is an integral element of management and administration (Hao et al., 2012). Structure of the organization helps the owner or management to indicate and identify the workload of every stakeholder



including its function and also where the reports should to be within the organization. Ullah, (2016) stated that organizational structure is very important for the organization because it is the integral element of management and administration. The organizational structure is developed to establish the framework that facilitate the organization to conduct, coordinate and control every activities in the firm. How an organization operates and assists an organization to reach their goals and allow more successful for future growth (Shahabadi and Pourkiani, 2014). Ahmady et al, (2016) explained that the structure of any organizations is the way or methods that must be well aligned in order to achieve the goal and objectives of the organization. According to the work of Chandler, (1996) which mentioned about the important of structure, that always follows the main strategy of the organization. This result shows how important of structure towards strategy and the linkage to the organizational performance. (Chtzoglou et al.,2011; Pertusa-Ortega, 2010; Zhu, 2013; Jen Chen, 2010).

Mintzberg, (1989) studied about the strategic decision and organizational structure suggested that there were 3 dimensions of organizational structure that every company need to concern namely centralization, formalization and complexity. He also found that the different organizational structure of the company will have the directly effect to the different in the decision making of the organization. Gibson, (2015) added the complexity is another element that must be considered in the organizational structure and it takes time to organize until the firm is having the most suitable structure. As each organization seems to have their own identification. Then to choose the most suitable structure will be depended on their own decision (Lee and Grover, 2000).

Brinkschröder, (2014) stated that organizational structure is one of the most important factors that affect the strategic implementation. He offered 3 important factors of strategic implementation in the organization which are structure, strategy and organizational behavior. The strategy implementation setting of Brinkschröder, (2014) presented on the figure 1 while the key factors for strategy implementation which including organizational structure was shown in the Table 5



**Figure 1: Strategy Implementation setting (Brinkschröder, 2014)**

**Table 5: Key Factors for Strategy Implementation (Brinkschröder, 2014)**

Strategy	Structure	Behavior
Formulation & Planning	Cross-functional coordination	Commitment of workforce
Strategic Consensus	Resource allocation	Leadership of managers
	Control by management	Cultural context
	Communication	

As mentioned, earlier that organizational structure is very important for every firms because it is used for commanding power, connects a group of people together to work together until the goals of the organization. Firms could not be successful if they do not have a proper organizational structure with the organization.

### 2.5.2.1. Type of organizational Structure

Mahmoudsalehi, (2012) is categorized the organizational structure into 3 elements which are formalization, centralization and integration. As formulization refer to the degree of classify the procedure and rule to indicate the work and employee role (Andrews and Kacmar, 2001). In high formulation organization, any kinds of change or innovative is likely to be hindered (Bidault and Cummings, 1994). In the simple environments, centralized organizations (such as hierarchy) make fewer errors than

decentralized organizations however Shaw, (1981) argued that once the environmental is more complex the opposite side must be active. Integration is the level of degree when activities of the separate employee in the organization could be able to integrate to each other (Mahmoudsalehi, 2012).

Structure is the very valuable subject to the organization (Miller and Shamsie, 1996) but for many reasons, the structure of organization was imperfect tradable and difficult to transfer (Pertusa-Ortega, 2010). Top management, CEO or Owner would be the most powerful person who would influence the company to choose their structure style. In the big organizations need to have a professional structure plan to operate their business and control every component to be able to accomplish their tasks and reach the company goals. Many times, decentralization is required to share their responsibilities and giving more freedom to their staff to make the right decision on time whereas in the small organization, most of the time will apply the different structure. Size of the organization would be effected the structure style of company.

Hierarchy in the organization have reflected directly to the structure of the company while line of report and span of control would affect the decision of the company to choose the structure style. Even several researchers found that the good structure will lead to great performance but Pertusa-Ortega,(2010) received the result which organizational structure does not have the direct influence on performance.

Globalization and high technology is another important factor that influenced many organizations to change their structure. Radical changed is now happened with organizational structure of several companies in different industries. (Gebauer, 2012). Mahmoudsalehi, (2012) argued that focus too much on IT does not bring success as most of the company expect but to receive a most competitive advantage and produce great performance are hotly discussed as they are a very important issue to lead the organization to be success (Zhu and Jiao, 2013).

#### **2.5.2.4. Organizational Structure of Niche**

For niche marketing, the organizational structure would be different from mass companies because niche firms are normally having a smaller size, sometimes there are a family business or owner-manager companies then the structure of the firm will not be complicated and the decision-making is mostly embedded within a few individuals (Alison and Rivanda, 2004). The Simple organizational structure of niche firms is giving a chance for the owner and his extended family members including spouses and other

immediate could take on an important role in the organization such as general management, supervision and head of departments. Alison and Rivanda, (2004) also stated that the simple structure and high involvement of owner and family members will generate the stress to their staff and involvement in multiple income generation activities may detract from commitment to the small firm.

Niche marketing organizational structure is very unique and specific same as the characteristic of their strategy. Linneman & Stanton, (1992) suggested that if the large corporation companies would like to survive in the age of marketing diversity. They need to change the company structure to become simpler as niche marketers to compete with a smaller niche player who are an expert at their markets. Firms need to think of niche marketing as the splitting of traditional market into the smaller segment and making a specific plan or other distinct marketing program which suitable, available and definite for each of these niches to serve and fulfill their needs. Alison and Rivanda, (2004) described niche organizational structure considers as a simple organizational structure. Many times the niche firm structure was formed as a family business, which mean the family member of owner, or management will involve in the company and the decision-making will be embodied within a few individual persons. Hennart et al, (2019) studied about the niche family-managed firms from four European Union countries. Result showed that it might be easier for owner to control everything and the structure of niche family firm is flat and direct but on the other hand, it could become a lit bit risky because the multiple income generation activities are involved by management resources,. Which it could lead to the detraction of organizational commitment (Alonso, 2016). Hennart et al, (2019) also found that the divorces or stop relationship between couples or relative in the family could give a risk to niche firm as well. For niche firm strategy, the mistake of quality management and human resources skills could be able to create a great impact on the quality of their product and service including their economy scale, which has consequence affection for their financial viability, service differentiation and also their lifestyle protectionism (Alison and Rivanda, 2004).

Kai & Per Sætre, (2007) emphasized that to be successful of niche strategy, niche firm must prepare the organizational structure to be flexible and have a high degree of flexibility (Toften and Hammervoll, 2010). Because niche firm is being in the fast moving market and environment. Niche market is smaller than mass market and having fewer customers which very specific needs, then to serve this specific niche customer, niche strategy firms must be ready to adapt of change to find the way to serve their customers. Mintzberg, (1979) suggested niche firm to use the simple and flat structure

because they are small and having few employees than the bigger company. The simple structure will be able to help facilitating the flow of work into the niche firm. Sharing authority among the staffs member and between super ordinates and subordinates niche strategy organization will be done effective because of the simple structure and most of niche employee were having a good skills of work then they would be able to make their own decision under the limit that was mentioned in the organizational structure (Fred, 2012). Dalgic and Leeuw, (2015) added decentralized structure is the most suitable organizational structure for niche firm by consists of several strategic business units or working units (John et al., 2018).

In this research, the organizational structure of niche firm is focusing on the degree of flexibility, chain of command in the organization, sharing authority, decentralized structure and collaborative decision-making. According to the characteristic of niche firms that mostly are small size and having fewer staffs joining in the firms, then to prepare the proper organizational structure is very significant issue for niche firm to perform a good and high quality outcome and lead the niche firm to be successful.

### **2.5.3. Human Resources in Niche Firm**

Every organizations will occupy their own resources that could be considered as a raw material to produce their products and services. Resources in the organization could be divided into several type (Wicker and Breuer, 2013; Einarsen et al, 2019). However, several authors suggested that human resources become one of the most significant resources in the organization. It is another important key to success that can help organization to be different and advance than other competitor. In the meantime, a high potential human resources could lead the organization to be successful and sustainable in the long run.(Yi Hua & Hai Ming,2011; Kotey & Slade, 2005; Brinkschröder, 2014; Mishra and Mishra, 2009; Reio and Shuck, 2015; Shraddha and Philip, 2008).

For small niche firms they mostly have a limit of resources then firm need to plan and well organize how to deploy these resources to produce the most productive outcomes. In order to complete with other competitors, niche firm need to have a unique resources which it should be difficult to imitate or it could be something that could find only in that particular place. Any firms that occupy unique resources will gain more competitive advantage and having growth potential but on the other hand, any organizations who have no real unique resources or they still have to buy from other supplier, that firms would face a difficult situation to compete in the niche market.



Human resources in small niche firms is one of the very important resources for the organization as well as other business (Yi Hua & Hai Ming, 2011). The niche firms mostly are specialized in their field but the size of company is relatively small to medium (Toften and Hammervoll, 2009; Dalgic and Leeuw, 2015). Most company have limited human resources and having small number of staffs. Kotey & Slade, (2005) studied about the formal human resources management (HRM) practices of small firm and SME in Australia described the definition of micro firms is the organization which having 5 workers while small firms have 5 to 19 workers and the medium firm is the firm with having up to 199 workers. Human resources are one of the really important department in any organization to bring and provide a great quality people to every departments in the company. If the human resources department cannot offer the right required person to the firms, it would be a problem for the further tasks. On the other hand, if HR department is able to provide a good quality staff to every department it will increase a lot of chance to be successful especially in niche firm which is small and one staffs need to do more than one thing or the only tasks that they on charge.

Employees in niche firm perform their task in various functions and activities for the company (Kotey & Slade, 2005). Employees receive their policy and job order from the superordinate or management but it could be some other jobs occur during their work and that employee must be able to flexible to help accomplishing that task (Sorenson et al., 2006). Company will assist employee by preparing training to increase their knowledge and skills especially for niche companies which are the specialized in their business, companies will prepare the specific training for their staffs (J. David and Thomas, 2011).

Yi Hua & Hai Ming, (2011) stated that the focus differentiation of niche marketing strategy is reflecting on the strongly innovative oriented company. In order to produce high quality products and services or the high innovative and high differentiation from other competitor, niche company needs to prepare and provide a high quality staffs to conduct these tasks. By these reasons, most of the niche company are having a highly skilled and creative products and services development or team to increase the quality of their staffs.

Relationship between employer and their employees for small niche firms is very close and flexible. Many niche companies govern the organization as a family business when everyone knowing each other quite well, helping each other a having low gap between management and employees. There is quite high level of informal HRM practices as well. Owners and managers will be able to involve, assist and control their employees to get rid of any tasks that unnecessary (Kotey & Slade, 2005). To be

sure, that niche companies will get the right person joining the team, many owners or managers will also involve in human resources such as recruitment, training and also evaluating and reward. Anyway, Kotey & Slade, (2005) suggested that when the company is getting bigger, the human resources tasks should be delegated to middle management.

Human resources showed in several researches to be one of the very most important factors to bring success to the company. It is considered as the very valuable asset in the firm. It does not matter how modern of the technology which the company has invested or applied but as long as their staff who has to install, use, monitor and also doing maintenance that machine does not have good enough knowledge, experience and authority. They might not be able to produce a good productivity that will lead to the negative result to the firms. Brinkschröder, (2014) has mentioned about how important of human resources in the firm by putting this factor under the theme of “Behavior” which means everything or every tasks in the organization that must be done by the individual person in the organization. He also means to both employee and management in each level.

For this research, human resources will focus on the specialized knowledge and skills including capability of employee in small niche firms that possess more fungible skills for their work and position. Small niche firm employees perform their work in various functions and activities in the company. They always develop and continuously improve their skills. Small niche firms must provide a training program for the existing employees to maintain the level of their potential. In the same time, the specific training programs of new and updated skills, knowledge, technology and innovation must also be provided for employee to learn and update their new skills. Finally, small niche firm employee would be able to maintain their high and specific knowledge, skills and capabilities to support their work and generate a positive performance that will link to the successful and sustainable of small niche firm in the future.

#### **2.5.4 Communication for Niche Firm**

Communication is considered as one of the very influential object in the organization to support the efficiency of the organization. It is a key resource of the future business (Malmelin, 2007). It is the work of transfer the message from one place to another (Srivatatava, 2015; Gelders et al, 2007; Abugre, 2015). Successful communication will increase the efficiency of organization and effect to every part of the organization (Muneratto, 2007). Communication consists of several aspects such as verbal, non-verbal. It has so many ways to transit the message from one person to another includes formal, informal, top-down and bottom-up (Koning, 2009; Dennis and

Owen,2004). To receive the successful and effective communication in the organization is one of the basic functions for management team same as other expectation such as planning, leading, organizing and controlling.

#### 2.5.4.1 Communication Process.

To succeed the communication consists of diverse components. It will begin with the source or sender who would like to pass the message to another. Message which have been sent will be encoded and transferred via some methods or in many researches called it channel. The same message will be decoded by the receiver and by this step you could assume that the communication has been done successfully but the feedback from receiver which send back to the sender will urge two ways communication to be succeeded (Clutterbuck, 2002). Even in several organization the official feedback will be inaccurately positive while informal feedback seems to be absent (Tourissh, 2004).

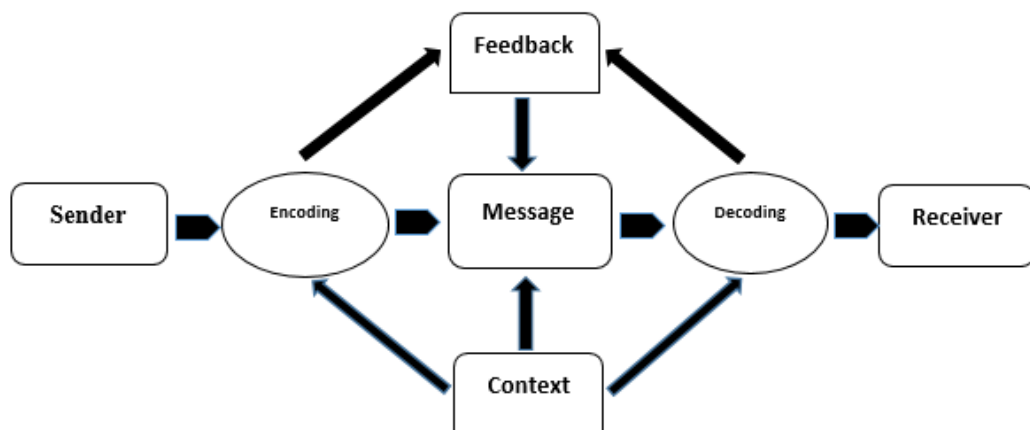


Figure 2 : The Communication Process (Source: Ingram, R. M. 1974)

#### 2.5.4.2 Importance of Communication in an organization

To achieve the successful communication, the role of manager or leader as a communicator (Brotheridge, 2015) is one of the greatly influential parts that need to play, learn and find the way to facilitate the internal communication. Successful in communication of the organization could be conducted via several communication dimensions (Hedman and Valo, 2015; Park, 2014; Malmelin, 2007). To achieve effective communication will stimulate a big positive impact. It could help to increase motivation of staff (Hoogervorst et al, 2004) on the other hand lack of effective communication could diminish their motivations (Holm, 2006). Kang and Sung (2017) found that

engagement with employee by using good systematical communication is very powerful to drive the staff's attitude and good behaviors to the organization. If staff have received adequate information then employee will strongly commit to perform their task (Postmes et al, 2001).

#### **2.5.4.3 Cause of Communication Problem for Implementation**

In various organization, manager often faces several barriers in communication with their staff but it is a must to discover the problem and get over it. Holm, (2006) found that lack of common language, understanding and motivation are the main causes of unsuccessful of communication including the vagueness and lack of clarity is another huge barrier of successful communication.

Holm,(2006) also stated about the communication error most of the time occurred in the vertical communication between the rank of hierarchy due to the message will be distorted or biased whenever it passes from one person to another. Koning,(2009) mentioned about the long communication line can cause the error in communicating of staff members while in any organization which having high ranking of hierarchies or strictly in supervisor and subordinate relationship can distort information and message (Dennis and Owen, 2004; Hoogervorst et al, 2004).

Another one of the most perplexing of communication is the measurement (Meng and Berger, 2012). As communication is an intangible asset of the organization same as the identity and brand (Malmelin, 2007; Christensen et al, 2008) which it could not be reported by using number or percentage but rather it was a hidden issue which standing behind the successful of operation and performance of any organizations.

Organization transformation and change in organization is continually occurred all the time and it could be affected the communication to be ineffective (Philip, 2008). Whenever these kinds of transformation occurred then this is the moment that explicit and internal communication needs to be applied (Hoogervorst et al, 2004). Okumus, (2003) stated that communication is one of the most important factor in the changes. While Elving, (2005) presented six critical actions for organizational top communicators needs to take into account to receive superior internal communication and attempting of reaching the highest level of investment returns for their own organization. First, organization need to keep customer as a center and put them in the front. Second, trying to involve entire employee by applying of strenuous systematic internal communication. Third, manager as an important communicator must be trained to reach the highest level of communication competence; Fourth, top management must be involved in every radical changes in the organization; Fifth every organization must possess the high quality measurement program of performance and communication and the last one employer experience brand must be maximized (Watson Wyatt Worldwide, 2008).

One intention of communication for organizational change could be to defend the resistance to change, or at least try to lower it. Once the level of resistance to change are low in an organization since then, the effective communication will be proceeded easily. Manager might argue that the effectiveness of the change-effort will be higher. Since an organization's functioning depends on the actions of its members (Hielscher et al, 2013; Mettler et al, 2017; Christensen et al, 2008). Resistance of change will always happen especially when employee have a feeling that they received an inadequate information and did not know what is going on (Elving, 2005). By this root of problem, the implementer will face a very difficult time to achieve the goal and most of them have failed. This is the responsibility of owner or management to solve this problem and increase the quality of communication among the organization in order to transfer a right information to every employees and make sure that everyone understand everything correctly.

#### **2.5.4.4 Methods of Communication**

Every organizations requires effective communication with their team to produce a great result. Leader such as manager need to find the way to communicate with their subordinates to achieve the company goals. Good performance could not be occurred without good communication. It was a very important task for the manager to devote their time to communicate the team and staffs. Several great and successful management spend a lot of their business life to communicate with his staffs and other stakeholders via the application of varieties methods to assist finding the way to gain more benefit. (Melewar et al, 2006; Clutterbuck, 2002; Woerkum and Aarts, 2008; Beckett, 2004). Majority of organization using the written and oral communication style to communicate between manager and staffs even in several cases these official communication style also uses to communicate outside the organization such as to clients and suppliers. In many situations whenever company is willing to communicate with their staffs written communication such as report, letter or memo is conducting whenever the oral communication or other unofficial communication are not possible or not suitable. (Christensen et al, 2008; Holm, 2006; Brotheridge et al, 2015).

#### **2.5.4.5 Level of Participation**

During the rational change of the globalization. The sharing of information and technology is speedy widespread. All staffs in the organization is having a chance to receive information from several channels equally from management team but in several industries the workers who are acting day to day operation at the work place will receive direct information and modernized. In order to accept the any new strategies



to implement, they then would be pleased to have an opportunity to participate (Holm, 2006). By this high participation, all staff member will tend to increase their sense of satisfaction and it will link to the motivation of work and produce a great result to the company. Bottom-up communication is quite powerful for modern and future business. Lack of participation or strict of top-down communication was old fashion and does not match with working style in the present. It will also reduce the individual's belief in their own capabilities and willingness to act independently (Holm, 2006).

Malmelin, (2007) argued that only bottom up is not forceful during the change of organization. It gives a negative chance of implementing the new strategy. Conflict could be occurred because of the very of opinion which in several times was based on their variety of belief and experience. By the time, that organization needs to be driven into the different direction. Management team should focus and strict of top-down communication until the implement is completed then the stimulation of bottom-up communication could be generated to increase the potential of operation.

The focus of communication in small niche firm of this study is, on the clearly niche strategy implementation between management and employees. Niche strategy implementation is communicated directly from the top management throughout the entire company. Therefore, all employees are aligned in the same direction. Every stakeholders in the organization perceived the direction and significant of niche strategy implementation, what is going on and what are the objectives. Management communicates the right information, value and attributes of niche strategy implementation including the goals and objectives of the company to every staffs. Niche firms use multiple modes of niche strategy communication for instance top-down, bottom up, formal, informal, internal, external, one-time and continuous communication. Owner also provides multiple channels to facilitate niche strategy communications within the organization. Which could be help to facilitate an efficient communication and lead to success of niche strategy in the small niche firm.

### **2.5.5. Management Style in Niche Firm**

It would be almost the same as other organization. Niche firms will also face the internal resistance from their staff member or employee in the firms (Marjolein and Henny, 2008). Especial in the niche firm which has been transformed their business from the mass company or any firms that started their business by using other strategies



but after that it could not bring success as they expected the company has to change their way and owner choose to apply niche strategy. Erin et al, (2006) stated that for conducting niche marketing to be successful, differentiation can be reached via the branding and their product differentiation or even finding the market segmentation to a more specific group of clients. Nevertheless, despite as the result shown from several researches that the implementation is the key to success of niche marketing including other strategies to identified their competitive position but there are still a questions surrounding how it can be pushed this idea into practice. Every change mostly coming with the new thing to learn and it need a time investing in order to get use to with them (Schot and Geels, 2007).

As a niche firms are in general quite small and most of the staffs are sometime having more responsibility in their tasks. Every new systems or change need to be communicated clearly as Shahin and Sulaiman, (2011) has confirmed in their research of the implementation of enterprise resource planning (ERP) systems. Top management and good communication are the key to success of this system in practical which is the same direction of the research in this field of other researchers (Chien et al, 2007, Nah et al, 2007; Ramayah et al, 2007). Resistance will be happened if staffs did not receive updated information and direction of how to use the new system because they are a lot of unknowns in ERP project environment. It will lead to the confusing of work, lower the quality of the system and staff's member will finally face their own problem and start the process of resistance to use. End of this research also suggested that to be succeeded in applying ERP system, the suppliers and also customers should frequently keep informed and updated about what is going on with the company or the system (Shahin and Sulaiman, 2011).

Brinkschröder, (2014) pointed another reason of internal resistance in the organization is the staff members are afraid of losing their importance for the organization, not of the organization as a whole. It is quite a subjective issue but as they have been tested between personal responsibility and controlling in the firms with several managements trying to find the best way of implementing the new policy (Guth and MacMillan, 1986; Beer and Eisenstat, 2000). They mostly said, controlling is very important to foster the progress because they need their subordinate to listen what is going on and what are the plans and tasks that management would like them to act and follow. While giving a freedom of work are equally important as a control because all staffs will be happy to work and they will have more positive power to do the new things. Most managers in this research focus on the important of their employee as the most crucial resource of the organization (Guth et al, 1986). If managers could be able to participate with his staff of all levels, understand that working is not just doing for

earning money and living but it should be giving an atmosphere of fun and warm as a family. It would change the idea of work to be positive and will reduce the level of resistance in that organization.

As a smaller niche firms, lower number of staffs comparing with the mass organization then top management, middle manager level and staffs will be having a chance to participate to each other often and faster. The specific plan, process and customers forced leader of this kind of firms to involve in every processes and make sure that every policy are used and done in the right way and going in the same direction that the company would like it to be and invested. Resistance in business could be happened from both side external and internal (Peter et al, 2004). External resistance mostly occurred from clients who always use that product. After that product has been changed even that change might be able to make the product or service are better than it used to be, but if the firms did not inform this message clearly or clients are not sure of the reason especially if they haven't perceived how good or how to use this new product that point of time will create customer resistance. Shahin Dezdar, Sulaiman Ainin, (2011) has done the research about implementing the new computer system in the IT companies and found that clearly communication and regular training will be able to resist the user resistance to use the new system. If these two processes have not been done properly and on time that will create a drastic consequence (Somers and Nelson, 2004).

The ability of management and entrepreneurs will be able to increase a chance of economic growth and find new opportunity to the organization, especially with the small niche firms the role of management would be very clear and significant to lead the direction of the company. Prompreing, (2021) stated that the expectation of management is to find the high quality staffs or talent employee into the company to produce a great result in order to meet the needs of their customer satisfaction and loyalty.

Management style in niche firm for this research, focus on the involvement of management team with employees to have an overall understanding about niche strategy among the organization. As niche firms are small and having a flexible organizational structure (Mintzberg, 1994), owner or top management should know their employees that involve in niche strategy implementation very well and always help the poorly performing staff to change their ways. Management in small niche firms should use the permissive management style to encourage and facilitate employees to follow niche strategy implementation rather than control them. Moreover, management must choose the most suitable style to facilitate and control employees that participate in the niche strategy implementation. In order to provide a sufficient support and makes

sure that all employees thoroughly understand niche strategy implementation in the same way. Which finally the successful of management involvement with employees could lead to the positive performance of niche firms.

### **2.5.6. Innovation and Technology in Niche Firm**

Unique resources in term of non - human resources in niche firms could be described by several characteristic such as location of the raw material, IT technology and especially innovation (Olsen and Saetre, 2007; Brinkschröder,2014; Dalgic and Leeuw, 2015; Allen, 2007, Maj-Britt et al, 2012). It is very important for niche firm to find out and maintain their specific and unique resources because it would be the key to success of the organization. Whenever the competitor could imitate these specific unique resources or they could produce the same products and services, then the situation of price war would be occurred again and clients will have more chances to choose the new alternative choices. To maintain unique resource, niche firm need to do their research very often. They must know what is going on in their niche market, what are the new trends or threat of the business and what are going on with their niche clients. Some specific location for producing niche products is the very promising element to become niche expertise and having competitive advantage for example Marron prawn, the native species crustacean from Western of Australia (Abel, 2009). The local marron companies have a great opportunity to promote their crustacean as a premium product with a high price and they could be able to blend the marron with other industry such as tourism (Bekefi and Varadi, 2007). Even it is a very lucrative market (Abel, 2009) local people can promote their place to tourism, add more value of the product and planning about long term development, charging premium price (Kotler, 2003) and having a growth potential (Gunn et al, 2014). Nevertheless, there is also some threat of the niche product such as not enough product to sell when the market is bigger because we could find the raw material just only from some specific places.

Niche firms especially the new company mostly focus on using IT and technology to assist their business and help company to find the specific needs of niche clients easier (J. David and Thomas, 2011). Many startups company also apply niche marketing strategy and fast innovation to run their business (Rahmat et al., 2018). Allen, (2007) has studied niche marketing strategy for textile industry in USA mentioned that whenever the business come to mature state, it tends to decline but innovation will help that product to move into niche products. Allen, (2007) also suggested that niche companies should not focus only the innovation for technology because it is not only element to become niche specialized company and gaining competitive advantage but they are more components to be consider for instance style, design and marketing.

The innovation and technology for small niche firm in this research focus on the use of information and technology in small niche firms to increase the quality of work in the small niche firms, including the encouragement and support the creation of innovation. As niche strategy firms compete with the bigger players in the same industry by using a high quality, differentiated and uniqueness of their products and services. To produce these high quality, differentiated and uniqueness of their products and services, small niche firms need to possess some niche technologies and innovations, which has so far escaped the attention of the big competitors. Small niche firms should be innovative not only in terms of technology, but also in terms of other competitive factors such as style, design, and marketing. Owner or top management should always encourage and helps their employee to plan, organize and allocate required resources to create a new innovation to gain competitive advantage. These successful of using new technology and creation of new innovation could offer a high opportunity for small niche firms to be successful and sustainable in the long run.

### **2.5.7 Evaluation and Reward for Niche Firms**

Many frameworks in the strategy implementation have incorporated evaluation and rewards as a control and motivation mechanisms. They are a means to ensure behavior among the workforce that allows for the new strategy to be effectively pursued. Without control mechanisms, that monitor employee performance, it would not be possible to establish the progress of the implementation and whether or not, it will meet the expectations (Daft, 1998). On the other hand if employees have performed their great quality of work. Most employees will less or more expected to receive a good reaction from their boss or supervisor but if the company have not reacted to their efforts in the right way or ignored, it will cause the disappointment and could be led to the lower enthusiasm of those employees. Good reward is another way to sustain employee commitment. By having formal mechanisms of both evaluation and reward, the manager is relieved from spending all his/or her time supervising the workforce, and is left free to deal with other issues (Thompson and Strickland, 2003). Hence, this factor is concerned with monitoring the performance of the employees, measurement criteria, evaluating and the rewards. Yi Hua & Hai Ming (2011; p.24) defined the relationship between evaluation and reward policy in the organization *“A job evaluation further expresses the value-added of the individual's role in the organization, and tying rewards to the job expresses the expectation that each employee will take ownership of his or her job and role”*. According to this information, it was showing that evaluation and reward were very important for the organization and it must be well-prepared for everybody in the organization.

Evaluation can be in the form of a report or meeting with the manager, and certainly budgeting is a control mechanism that most companies use. Campbell and



Goolds, (1987) proposed that in a stable market situation, budgeting could be used to control strategic business groups. However, in highly competitive markets, budgeting is not so important since the environment is hard to predict. Starting from controlling from manager, management or owner to be sure that the new strategy will be done in the right way following company expectation. Daft, (1998) stated that without a good control mechanism in the organization to monitor employee performance, it would not be possible to establish the new progress of strategic implementation and whether it will meet the expectation. By having a formal standard of controlling, manager will be relieved from this kind of spending his or her time to supervise their employee and could be able to spend that time for other important issues (Thompson and Strickland, 2003). Brinkschröder, (2014) suggested that top management must be involved in controlling in order to monitor the direction and review the performance since the beginning, making decision where the resources should be allocated and may be intervened when the view of objectives are lost. Lorange, (1998) added that some new strategy, activities or investment should be abandoned or stopped since the early stage if they are not promising or missing the objective of the firms, so that resources could be saved and better used "where they really have major, potential payoffs". Another important aspect of evaluating is that manager would be able stimulate the creativity from their staff.

Regarding rewarding small niche firm, there are many theories of how remuneration can be calculated so that it directs the behaviour of the staff towards their achievement of the intended goal (Stonich, 1981). Indeed, it is said that the alterations in the rewards can change the behaviour of staff overnight (Campbell and Alexander, 1997). In this respect, Dorussen, (2001) found that incentives provided a better means of encouraging good deeds than the use of sanctions to stop undesirable behaviour, and Aaltonen and Ikävalko, (2002) make the point that lack of alignment between strategy and rewards can hinder the implementation. Natter et al, (2001) found that if there was a conflict between the performance evaluation and rewards, this would lower the performance of the organization. Hence, the performance criteria, outcome of strategy and the rewards should all be linked (Ebert et al, 2005). Bourne et al, (2005) found that higher performing businesses used more sophisticated measurements in evaluating their workers' performance than did average performing businesses.

However, data also shows that such customised performance criteria are rare. Furthermore, there are limitations attached to new performance measurement, such as it being time consuming and expensive to obtain all the required data to evaluate performance using aggregate measures (Ghalayini and Noble, 1996). It is difficult to pinpoint quantitative measurements such as numbers of patients or numbers of retained

customers. Hence, organisations might not change their policy to suit the strategy. Furthermore, quantitative measurements (such as quantity of product produced, quantity of sales) can change people's behaviour negatively, by encouraging them to focus on short-term goals only (Stonich, 1981; Eberts et al, 2005). It is difficult to change a reward/performance plan to suit all strategies.

Evaluation and Reward in the organization are another key success to measure employee performance (Khemarangsana, 2004). These both of them help the firm to ensure behavior among the workforce that allows the new strategy to be effectively pursued. Most of the time there are a corporation between both of evaluation and reward which should be done by management level. On the other hand, high controlling could be giving the negative results to the organization as well (Crittenden et al., 2008; Brinkschröder, 2014). Because by the nature of human, nobody are appreciated to be controlled or monitored, but if they are in the firms where they have high standard and clear regulation most of employee will accept to follow that rules and being in control of their superior. However, if any manager are having high control, then most of employee will start to be uncomfortable and their creativity might be stopped or hindered (Crittenden et al., 2008). Together with evaluation is the reward because it is the way to balance and compromise employee from stress and helps to sustain employee commitment (Khemarangsana, 2004).

Clearly, from the review, it showed that evaluation and rewards is important to the niche strategy implementation as it can direct the behaviour of staff to act in a certain way. However, this is mostly conceptual based as to how this factor could be used as the results from previous studies are inconclusive. Hence, this study is trying to fill in this gap by seeking to investigate the impact and availability of evaluation reward in niche firms during the strategy implementation to the outcome of the organization.

In this research, evaluation and reward in small niche firm focus on the individual performance that enable the participation of every staff members and helps to define the goal and objective of the companies. Evaluation could help to assess and encourage employee on their performance to reach the goals of niche strategy implementation and aligned the knowledge, skills, and abilities of employee to continue the readjustments that support the implementation of niche strategy in small niche firm.

## **2.6 Niche strategy Organizational Performance**

Positive performance is one of the most and highest expectations of the organization to receive. However, how to ensure that the performance will be good and



proper would be a big question for the owner and management. Organizational performance is the result of the company activities after completed their jobs which combine between both financial and non-financial aspects (Narkunienė and Ulbinaitė, 2018). Organization performance is also being as the indicator to display the quality of organizational strategy and it could be identified the area of improvement and development the work of the company. There are many ways to improve the business performance of the organization such as recruiting high quality staffs, setting a new machine, buying new technology and innovation, improving working process or finding the new customers.

Good performance could be started from having the right strategy because strategy is formulated from the owner or top management who knows everything about the company for instance the goals and objectives, the direction of the company, networking and the limit of resources that company occupied. Unfortunately, that most of the fail during the implementation and it lead to the poor performance of the organization. To solve this problem many company created organizational performance measurement systems (PMS) to check the level of their business performance and maintain a high level of superior performance (Spencer et al, 2009).

On the other hand, even niche strategy was reported as a superior approach for small organization to survive and compete with a bigger or dominant company in the same industry (Dalgic and Leeuw, 2015), but there is also some scholar has found the negative performance of niche and need to improve to make it better. For instance Echols and Tsai, (2005) studied about the venture capital firm in USA which applying niche strategy to operate their business and found the negative result especially when the network embedment is low. However, the performance of niche firms would be positive or negative is depending significantly from the distinctiveness of their products and services that offered to the customer. If small niche firms could produce a high quality product that different or better than other companies, that could bring a positive performance to the companies. For small company which following niche marketing strategy, the performance could be monitored from both financial and non-financial same as other industries. Small niche firms are having an opportunity to measure their performance more often than the bigger companies because the size of firms is tiny and most of niche firms were having a close relationship between owner, management level and their employees. Many niche companies run their business as a family company (Alison and Rivanda, 2004). One of the first empirical study about the organizational performance of niche firm was from Miller and Friesen (1978). Which providing a typology of successful archetypes of business by explaining that when the business

environments are normal and stable. The cost leadership strategy is suitable to execute but under the dynamic and uncertain business environments the differentiation or niche strategy will provide the better result especially products and services innovation will be the most significant tools to lead the company to success (Bamiatzi and Kirchmaier, 2014). Douglas, (2016) studied his research about the organization performance of outsourcing services delivery firms in Malaysia by focusing on 3 elements: people, place and process. He found that, to increase the positive performance, firm need to rely on 3 things, which are satisfaction, sustainability and integration, and to adapt their companies to be a niche firm by serving specific niche customer will help the company to maximal their performance.

Niche strategy performance in this research refers to the measurement of small niche firms to examine the result and effectiveness of the implementation of niche strategy. The measurement of niche strategy performance for small niche firms could be divided into 2 groups between financial performance and non-financial performance.

### **2.6.1 Financial Performance in Small Niche Firms**

Financial performance is the subjective measurement of business to perceive how well the company can perform by using their resources and other assets from the initial state to generate the income. Yalcin, et al, (2012) stated that the evaluation of financial performance is very important in today's high competitive environment world economy. There are many methods to the financial performance such as productivity, return, or economic growth. Many companies created the financial ratio to analyze the financial performance. The financial statement including balance sheet, cash flow and annual report are the main financial documents to provide the information and important data about financial performance of the organization which owner or management can use to analyze their business and making a policy. Mankins and Steele, (2005) once stated that to measure the successful of their business performance most of the companies realize about 63% on the financial performance.

The focus of niche strategy is concentrated on the group of customers who have specific need which has been overlooked or ignored from other competitors. Niche marketing firm will try to serve their specific customers by producing a great quality products and services which could not or rarely find in the market and they will be able to charge a premium price for their unique and high-quality product (Dalgic and Leeuw, 2015; Kotler, 2003, Kjell and Trond 2010). There are several authors that studied about niche marketing strategy and the resulted shown supporting the success of niche marketing strategy to apply with the organization and bring good performance to the firms. Ann and Wenpin, (2005) has done the research with 80 US venture capital firms

and result showed a positive on niche firm performance by the increasing of profit and market shares.

For small niche firms, the financial status or financial health of the company is very important because they are mostly having a limit budget or investment to execute their business. Most of the small niche firm could survive by avoiding compete with the bigger companies in the same industry because they have a lot of resources to produce a mass and costly products and services to mass customers. Niche firms rely on the uniqueness or innovation to serve the smaller target groups which having a specific needs and it was not served by bigger companies. Financial performance in this research will be reflected from increase profit, generate higher sale, market share, higher purchase frequency (Efrant and Shoham, 2012; Assadinia, 2014; Doyle, 2002; Allen, 2007; Kotler, 2003)

### **2.6.2 Non - Financial Performance in Small Niche Firms**

Non - financial performance is the soft power for small niche firm but it is very important Narkunienė and Ulbinaitė, (2018) stated that traditionally many companies evaluated their performance by focusing only on the financial performance because it is tangible and could be checked easily from the number. Nevertheless, in today's dynamic business environment, only financial performance could not maintain the level of success because there are more elements included in the customer decision making process, then the role of non-financial performance is paying more attention. Non - financial performance evaluation element in this research are customer loyalty, increasing competitiveness, and increase growth possibility (Yi Hua & Hai Ming, 2011; Mark, 2008; Kjell and Trond, 2010). Customer loyalty: One of the most powerful marketing tools is word of mouth and it was started from customer loyalty (Stiver, 2009).

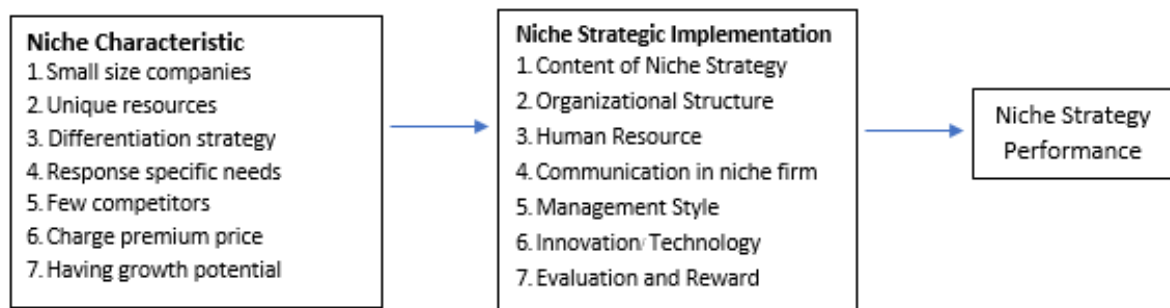
The positive performance of following niche strategy is one of the top goal in the small niche firms. There are many researches, which study the performance of niche strategy in the organization. Echols and Tsai, (2005) stated that even there are a convergence of organizational environment and strategic management research has focused and emphasized the importance of the niche concept in understanding different aspects of competitive dynamics but it is not clarified about the performance effect of the niche firm.

Finally, this study has collected the significant measurement of niche strategy performance in the small niche firms and presented the conceptual framework in the next section. Researcher has also tested the niche strategy performance of a small niche firms, which describing about the elements that could help and generate a positive performance for small niche firms. Because to receive a positive performance is one of the highest goal of any organizations including niche strategy firms.

## 2.7 Conceptual Framework

The niche strategic implementation was observed, hypothesized and tested several times in diverse fields and literatures. Many authors and researchers in the niche strategy field have presented their ideas and displayed the conceptual models about this topic. Referring to many previous studies of niche strategy implementation, it has been noted for more than a decade that no generally accepted framework of operations management practices has emerged for niche strategy implementation (Max et. al,2008). Moreover, most of conceptual models in this field also did not focus or specific only for strategic implementation of niche firms (Porter, 1985, Mintzberg, 1994, Kotler, 2003, Parrish, 2004; Toften and Hammervoll, 2011). After searching and studied in many text books and academic literatures. Therefor this research has adapted the conceptual model from the previous study by adding other following specific characteristics of niche firms: small size company, unique resources, differentiation strategy, specific needs, few competitors, charging premium price and having growth potential. These factors are extracted and then further examined through the literature of the past several years (Dalgic and Leeuw, 2015; Kotlet, 2003, Porter, 1985; Parrish et al, 2006; Toften and Hammervoll, 2009). Each factors were subsequently described in detail, and also explained about the significant of having these elements to implement the niche strategy into the small niche firms. Finally, the conceptual framework was proposed. Next section is the summary of the conceptual framework of this research.

Figure 4 presents the theoretical framework of this study. The exogenous variables include niche characteristic with 7 characteristics, which are small size company, unique resources, differentiation strategy, response specific needs, few competitors, charge premium price and having growth potential. And niche strategic implementation includes 7 elements; content of niche strategy, niche organizational structure, human resources, communication in niche firm, management style, innovation/ technology, rewards and control meanwhile, the endogenous variable is the niche strategy performance.



**Figure 3 Conceptual Framework**

## **Chapter 3**

### **Methodology and Pretest Result**

#### **3.1 Chapter Introduction**

The content in the third chapter explain the part of the explanation about the research methodology, which started from the procedures of collecting data and the data analysis. The chapter will describe how to select the sample group, how many sample size, what sampling methods were used and also the processing of data collecting, including the study area of this research will be interpreted. Next section will display the research instrument that have been used to collect the data step by step. The development of research instrument and measurement scale including the research questionnaire that have been sent to the sample group will be presented. which was derived and developed from the previous study, academic journals and other researches in the marketing and strategy field. The last part of this chapter is about the discussion of the content validity measurement and the summary of the measurement content validity will be presented. Pre-test study and it results was included in this chapter also.

#### **3.2 Research Philosophy**

Research philosophy is the process of finding the answer or explanation of any questions by using the academics thinking process namely that process must contains the right principle and choosing the reasonable and most suitable methodology in order to gain the true results for answering that research questions. Holden and Lynch, (2004) stated that research philosophy is the belief of researcher to receive the data or any required information from the person or group of people that they expected. After received the data then researcher will analyze that information to check by using the suitable measurement methods. If that data was correct then researchers will use it to explain the questions. Therefore, the good quality of research methodology should be the developed following their philosophy. Saunders et al, (2012) also mentioned that research philosophy is the development of research knowledge and research nature. Moreover, proper research philosophy also helps the researchers to develop the research paradigm because it is an important process for the researcher to understand and choose to conduct their research (Elshafie, 2013).

Research Paradigm is a group of common beliefs, thinking and agreements of researchers in science way of how to understand the phenomena (Kuhn, 1962). Research Paradigm consists of 3 main elements which are ontology, epistemology and methodology (Scotland, 2012). Khaldi, (2017) stated that before researcher will decide



which research methods will be used. According to Guba and Lincoln, (1994) the research paradigm is the basic belief system and view of researchers to influence the researcher to choose the most suitable ontology, epistemology and methodology of the research. Ontology will focus on the reality of this world, which would be the only one thing and never change. Epistemology concern with the way to know and receive the knowledge from that reality. While methodology is the methods or tools that can be used to receive the knowledge of that reality (Von Foerster, 2003; Brad, 2011; Kuhn, 1962). At this process, the researchers have to present the objective of their research and create the hypothesis of what are the result that should become.

As this research is in the social science field because it is the study of the quantification of human behavior then the positive approach will be applied and discussed (Drost, 2011). Ragin, (2000) stated that the social science is dealing with the diversity and complexity of human life, thinking and human behavior then this study requires a positivist view, or should have the empirical analytic approach to understand the reality (Smallbone & Quinton, 2004). Positivism is one of the paradigm of knowledge that has been used and trusted since 19<sup>th</sup> century by the name of August Comete. He was considered as one of the most famous for the term of positivism which believing that the factual of any knowledge can be received by sense or observation and using the reliable measurement to test and verify (Crotty, 1998). This approach will be depending a lot on the data and collection and interpretation. Positivism is suitable for the researchers that could not communicate directly with the person who is participating in their study then the interpretation need to be applied to gain the research finding, the qualitative methods and statistical analysis were used a lot in this process (Park et al, 2020). Crossan, (2003) explained that the positive approach mostly applies the qualitative method to investigate the phenomenon. For positivist, if anything could not explain or verify by the data or experience, that things would be meaningless (Elshafie, 2013).

Since the previous time until nowadays, most of the publication, researches still used both paradigm of positivist approach and non-positivist approach. Firstly, the positivism approach was started because the researchers believe that the realism and truth will give the best result in the research because it use the qualitative method to collect the data by using the most suitable research methods to evaluate and gain the result. Positivism researchers believe that, we have to find that way to understand the deepest root of human thinking and that would be the best way to get the best result. Researcher need to find the way to gain these data and they should use the qualitative method to perform this process (Elshafie, 2013).

Guba, (1990) mentioned in his book "The paradigm dialog" about the positivism that the reality of human exists outside the individual's mind and though but it could be discovered within a certain area of probability (Mertens 2010; Aliyu et al, 2014). The observation knowledge and technics which gaining from the observation experience will help positivist to understand the phenomena and receive the reality. Positivism believe about the single reality, which lead to the general law, the world is conformed to the permanent and unchangeable rule (Guba & Lincoln, 1994; Aliyu et al, 2014). Positivist apply several research methodologies to get the reasonable and reliable result such as confirmatory analysis, nomothetic experiments, quantitative analysis, laboratory experiments and deduction (Olesen, 2004; Ryan & Julia, 2007).

For the conclusion, this research uses the positivism because according to the philosophy of science that believe that any situation in the world is observable and could be measured and analyzed by using the suitable instruments and mathematical methods (Park et al, 2020). Positivism in this research also believe in the directly information from experience and the relationship between phenomena could be investigated and measured before having a result to answer the hypothesis of this research (Johnson, 2006; Yu, 2003).

### **3.3 Population and Sample Size**

The population in this research are persons who work in the small company in the hospitality industry in Thailand because this industry is very important for the economy of the whole country (Kitsios and Sindakis, 2014). There is not only in Thailand, (Popescu et al, 2015) stated that hospitality industry and tourism plays in important roles for the world's economy as well. For these reasons, small niche firms in the hospitality industry of Thailand need to be improved and developed in order to increase the ability and competitive potential help to generate higher income to the country.

#### **3.3.1 Background of the Hospitality Industry**

Hospitality industry is one of the most important industry and biggest industry in the world (Pizam and Shani, 2009). In USA, the hospitality industry could generate a lot of income and work for American people and it is very beneficial for other related parts of the sociality such as social welfare and local government (Goeldner and Ritchie 2009). Madanoglu et al, (2003) stated that almost 90% of American people are working in the hospitality industry and it could contribute a billion dollars for American economy.

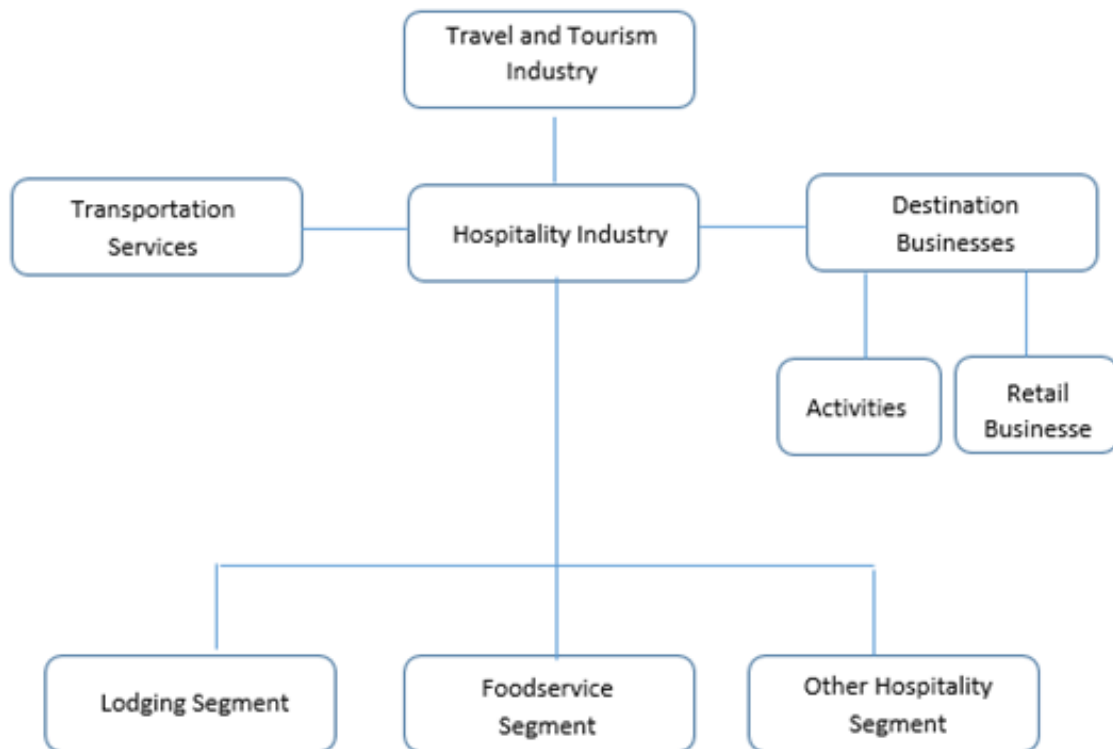
Anand, (2022) explore the journey of migrant to the hospitality industry in New Zealand found hospitality industry is an important source of work for both domestic and migrant in New Zealand. There are around 133,000 people work in many hospitality businesses such as hotel, restaurant, café, travel agent, theme park, catering business and etc., and it tend to be growing in the future. Mandal and Vong, (2016) studied hospitality industry in Bali which is one of the most famous holiday destination in Indonesia and also in South East Asia, they stated that hospitality industry is an very important source of income and job for local people. But only in the world class destination as Bali but it is also important for other neighboring countries for instance Thailand, Singapore, Malaysia, Vietnam and Cambodia which could offer a great holiday with reasonable price and good quality.

Hospitality industry consists of many businesses such as hotel, restaurant, travel agent and others (Hayes and Ninemeier, 2009). (Baum et al., 2020) stated hospitality, tourism and travel are different but in many area they are pretty similar and many times some journals or authors always mixed all of them together. Most of the companies in the hospitality industry are small to medium size and they were categorized in the SME business (Abhari et al., 2021). According to the information from Mandal and Vong, (2016) which mentioned that most of the companies in the hospitality industry are small and medium size that could be because the investment of entering hospitality industry business is lower than other business in the big industry. For example, the small hotel, restaurant or travel agent could be opened at the house or small building and do not need a big machine or a lot of construction. Nevertheless, it has also the weak point of being small because most of the company are having limited resources and the ease of entering could bring so many competitors. Abhari et al., (2021) studied tourism business during Covid 19 in Malaysia, said that tourism small and medium size business are the most valuable industry. Some companies might be big or they are an international company with many branches in Thailand but they were not included in this research. During last few decades the academic journals and researches of the hospitality industry has been focused the important of this industry to the economics of the country especially in the developing country when the budget for big investment projects are limit (Prompreing, 2021). In the same time the research field of hospitality has shown a large increase in publication and citation as indicated in the Social Science Citation Index, because there are so many people are working in the hospitality industry and the positive and negative result of the hospitality industry will have a huge impact for the whole picture of the country (Park et al., 2011; Severt et al., 2009).

As mentioned that the hospitality industry in one of fastest growing industry in the world and it is also very important industry for Thailand (Yoopetch, et al., 2021). Hospitality industry is a huge industry which including many businesses such as hotel,

restaurant, travel agent and others. The researches and journals of hospitality industry has been studied from several business and direction for example, Prompreing, (2021) has done her research about the knowledge management of 855 hotel's entrepreneurs in Chiang Mai (Thailand) because hotel business is a part of the hospitality industry. Kaewsaeng-On, (2016) has done his research about the hospitality industry in Thailand by collecting the data from 29 hotels and restaurant in those hotels. He also recommended that the same research of quality of worker in the hospitality industry should be done with other similar business such restaurant and travel agents. Yoopetch, et al., (2021) doing research about employee performance in the hospitality industry by studying 3 leading hospitality company in Thailand including hotels, airlines, and spas. While Morgan et al., (2021) studied the sustainable of hospitality industry in Nigeria with the employee at the hotel and travel agents. Ntounis et al., (2022) has done his research in the hospitality industry business in England during the spreading of Covid 19 pandemic about the resilience of management to run their companies during this crisis. He has done his research at hotels, restaurants, bars, art, entertainment complex and recreation business. Hayes and Ninemeier, (2009) stated that hospitality industry is one part of travel and tourism industry by consisting of transportation services, lodging segment, food and beverage services, travel agents, retail business. This information shown that there were many kind of business that involve in the hospitality industry and the overview of hospitality industry business is presented in the figure 5.





**Figure 4 Overview of Hospitality Industry (Hayes and Ninemeier, 2009)**

Slattery, P. (2002) stated that the hospitality industry of every country in the world are different, diverse and complex. He presented his study aiming to offer the holistic picture of the hospitality industry by firstly review the fundamental idea of this industry from the literature and later on he introduced the important element of hospitality industry business and presented the structure of hospitality industry as shown in Table 6.



**Table 4: The structure of the hospitality industry (Slattery, 2002)**

Free-Standing Hospitality Business	Hospitality in Leisure Venues	Hospitality in Travel Venues	Subsidized Hospitality
Hotel	Casinos	Airports	Workplaces
Holiday Centres	Bingo Clubs	Rail Station	Health Care
Quasi Hotels	Night Clubs	Bus stations	Education
Cruise Ships	Cinemas	Ferry Terminals	Military
Time-share	Theatres	Aero planes	Custodial
Bars	Sport Stadia	Trains	Retailers
Restaurant	Theme Parks	Ferries	
	Attractions		
	Health Clubs		

Hotel industry is one of the main industry in the hospitality industry that has been mentioned and studied in the hospitality industry. It might be because hotel is the accommodation that every tourists or visitor who come to Thailand need to use. There are so many hotel options for tourist in Thailand since one star until 5 stars, hotel in Thailand. Zumitzavan and Udchachone, (2014) stated that there are approximately 2,400 hotels registered in Thailand (according to the information from The Ministry of Information and Communication Technology, Bangkok, Thailand2012) while the survey of National Statistical Office Ministry of Digital Economy and Society (<http://web.nso.go.th/>) found that the number of the registered hotel and every kinds of accommodations in Thailand in 2020 is around 24,300 places for a whole country providing more than 700,00 rooms for tourists and visitors. Horwath, (2018) suggested that hotel and tourism industry tend to increase in the future (Srisakun, 2022). The luxury hotel and international chain hotels are also easily to find in Thailand especially in the big and famous tourist city for instance Bangkok, Chiang Mai, Phuket, Koh Smaui and so on. Hotel business is probably the most famous business in the hospitality industry that have been studied because it is always linked and combined with other business such as restaurant, bar, spa, car rental and etc (Pizam and Shani, 2009). According to the

information from Krungsri research which mentioned that, in the year 2019. The hotel industry and restaurant in Thailand could generate income 6.1% of Thai gross domestic product (GDP) calculating into the currency about 1.03 trillion baht that this business could be able to bring to the country and hopefully this number will be increased after the spreading of Covid 19 pandemic crisis and other threats or disruptions. (www.krungsri.com/en/research/industry; Puttachard, 2021).

Restaurant industry is another section of hospitality industry in Thailand, which offered so many choices and alternative options for tourist who visit Thailand to enjoy and experience. Thai cuisine which is very famous and it is one of the signature of Thailand to promote the country to people around the world. There are so many kind of famous Thai food that foreigner would like to try such as Tom Yum Goong (Spicy Shrimp Soup), Tom Kha Gai (Chicken in Coconut Soup), Som Tam (Spicy Green Papaya Salad), Pad Thai (Thai Style Fried Noodles). Many years ago Thailand was called and known as the kitchen of the world (Supaphol, 2010). There is not only a famous and delicious restaurants but "street food" is another choice to enjoy Thai food (Chayada, 2017). This is a very popular trend for tourists who visit Thailand especially tourist from China, Japan, and Europe even from Asian country such as Vietnam or Singapore. There are a lot choices that tourist can choose and try. The price is quite cheap when comparing with the big restaurant. More over rather than just come to eat and go back to the hotel, tourists can also enjoy walking and experiencing the local life style. Tourists could see how to Thai food in the local and traditional manners. Many times tourist will have a chance to try cooking by themselves, taking a photos and also talking to the chef which offered a great times and experience for those persons to understand Thai food culture. One of the most famous street food in Thailand is China town or Yaowarat Street (Mitgosoom and Ashton, 2019).

Tourism industry in Thailand is very outstanding business. Thailand is one of the world's leading travel destination for tourist around the world. The country is very well known for our beautiful, variety and uniqueness of culture and believes. Thai food, Thai dancing, Thai boxing including other festival such as Loy Kratong and Songkran festival which are very famous. Thai massage is another Thai traditional knowledge which has been adapted and applied to serve in the hospitality industry. According to the website of TAT (2022) presented that Bangkok was voted to be one of the best loved city for tourist from the survey of Destin Asian magazine. (www.tatnews.org/2022).

Thai tourism officially started to promote to international since late 1950, on that time the country was not really high developed and no social media. The number

of tourist visited Thailand at the beginning was approximately 40,000 people per year but later on tourism was highly promoted from the government and could bring a lot of tourists to visit the country. In the years 2005 Thailand receive almost 30 million international tourists and these numbers still continue to increase (Chayada, 2017). According to the Tourism Authority of Thailand website, UNESCO inscribed and announced the 5 World Heritage Sites in Thailand which are Historic Town of Sukhothai and Associated Historic Towns, Historic City of Ayutthaya, Ban Chiang Archaeological Site, Thungyai Huay Kha Khaeng Wildlife Sanctuaries and Dong Phrayayen - Khao Yai Forwest Complex (Kittipongvises et al., 2020). Prompreing, (2021) stated the tourism industry in Thailand could generate about 6-7% of the country's Gross Domestic Product (GDP) or around USD71 billion. Moreover, tourism industry is expected to generate more income in the next coming years especially after the spreading of Covid 19. Puttachard, (2021) presented that the most important tourist markets for Thailand tourism during the spreading of Covid 19 pandemic care from in 2019 - 2021 are China, Malaysia, India and Russia.

### **3.3.2 Current Situation and Importance of Hospitality Industry in Thailand**

Since the spreading of Covid 19 pandemic in the year 2019, the hospitality industry in Thailand was receiving, a huge negative effects same as other business around the world (Ntounis et al., 2022). Many countries, have to announce the national lockdown and let people stay only in their house, almost all flights were cancelled. It seems like the whole stopped from this pandemic. Even this is not the first time of pandemic crisis, as the world had face several disasters before such as SAR, H5N1. For Thailand, the hospitality industry plays a very important role for the economic. According to the information from Bank of Thailand, which mentioned that, service sector is one of the most significant sectors for both high income countries and middle income country. High income which having a technology could generate more than 70% from sector while middle income country generates their income approximately 60% from service sectors. Thailand could generate more than 60% of GDP from service sector in 2018 and started to drop to be 59% in 2019 because of the starting of Covid 19 pandemic (Bank of Thailand: <https://www.bot.or.th>). The ratio of service sector and income by countries presented in table 7.

**Table 5: Service Sector Consumption Ratio in GDP Classified by Countries in Order of Income**

<b>Country</b>	<b>Consumption in the service sector (%)</b>
America	77%
United Kingdom (UK)	71%
Singapore	70%
Japan	69%
South Korea	54%
Philippine	60%
Malesia	52%
Thailand	59%
Indonesia	44%
Vietnam	41%

Source: Bank of Thailand (Website), 2022, Search on 30 March 2022).

The number of tourist and visitor dropped from normal number because of the spreading of Covid 19 pandemic and perceiving of risk from other issues such as political crisis or war. (Pongsakornrunsilp et al, 2021). As the hospitality industry consists of several businesses especially hotel and tourism then it will very much rely on the number of tourists. If we have many tourists visit then it could be the starting point of other business such as when the tourist visits Thailand, they need to take an airplane, coming to the airport, using taxi or limousine going to the hotel. Some tourist will hire a guide and driver to take them to the hotel or doing other sightseeing. Restaurant will be used to serve almost every meals and lastly other small business in the hospitality and services will have a chance to sell such as bar, spa, coffee shop, shopping mall. Hospitality industry is a services - based industry which relied on the quality and service mind of staffs to deliver the satisfaction to their customers

(Yoopetch, et al., 2021). It is matched with the characteristic of Thai people that having a great hospitality and service mind. People around the world known Thailand as a land of smile which showing the friendliness and polite of Thai people. Maitreesophon, (2012) stated that smiling face is a brand image of Thai people.

There are so many organizations in the hospitality industry. Some of them are the big companies with a lot of employees, many of them are the international company from abroad which having several chains in Thailand while other hospitality companies might be small and medium by their size.

Then, the hospitality companies in this research focus on the small size firms because they are the majority group of the hospitality companies in Thailand. Even they are small but if they could produce a great performance, it could be able to support Thai economy and bring a lot of income to Thailand. In the past hospitality industry tended to be only labor incentive (Hayes and Ninemeier, 2009) because technology cannot help a lot to offer a good service to their customers. However, nowadays many companies especially in the small niche firms always apply the new technology to help offering the proper products and services to their customers. For instance, some hotels having an information of their customers in the data based, customers do not have to wait for check in at the lobby after long journey, they could go directly to their room because hotel already known everything already. Many restaurants are having their own application, which clients could make a reservation by themselves, moreover they can choose the time and even table that they prefer and it is still available. Taxi or limousine service have a GPS to control the speed limit and other security services to their customer.

The high technologies have developed and used a lot in the hospitality industry to increase the ability to offer the good and high quality products and services, same as other business around the world but the sustainability of hospitality industry has continued to receive more attention from people and organization including government around the world either (Todorut and Cîrnu, 2012). As hospitality industry involve many business renting rooms, selling meals, selling drinks, travelling around and other entertainment (Slattery, 2002), it needs to consume a lot of resources both natural resource and material resources. The use of resources especially natural resources will cause the global environmental problems. Good plan of tourism management would be the way to help this situation and support the sustainability of tourism and hospitality industry (Ekundayo et al., 2018). Morgan et al., (2021) started the hospitality industry in Nigeria and found that destinations management has a significant positive effect on the sustainability of hospitality industry and it will help to stimulate



the economy of the country in the sustainable way. On the other hand, the poor of effective tourism management for instance, lack of infrastructure, transportation system and poor security network has impeded on the growth of tourist destinations. These problems bring so many problems to the country and will leads to other problems in the future, moreover it will impede the development and success of the hospitality industry in that country as well (Isidoro and Pilar, 2020).

Even though technology and innovation will play more important role for the hospitality industry more than before but the hospitality and services mind would be one of the most important key to success of this industry. Fortunately, for Thailand because the hospitality and service mind of the people are the most strength points to assist and help this industry to grow and increase the quality in the future as people around the world known Thailand as a land of smile. Hospitality industry still plays an important role to support Thai economy. Thailand is a country that rich of natural resources, tourist attraction, culture heritage and especially. Even it is quite sensitive and risky to be disrupted by either outside or inside crisis for example of Covid19 pandemic, political turmoil, economic crisis or even the war but according to the strong fundamental of Thailand and great support from government, the hospitality industry will be able to grow and help the economy to be successful again. Finally Thai government still believe that according to the strong fundamental of Thailand in term of geographical, culture, higher level of technology and innovation and especially the great hospitality service of Thai people will be able to bring tourists come back to Thailand again in the future.

### **3.3.3 Small Business in Hospitality Industry Thailand and SME**

#### **Enterprise**

For Thailand, there are many businesses and people involve in the hospitality industry but most of the companies in the Thailand hospitality industry are smalls and having limit of resources. They were mostly categorized into the SEM business (Anuvareepong, 2016). Chittithaworn et al, (2011) studied about the SME companies in Thailand that based on the information from Institute for Small and Medium Enterprises Development enterprises in Thailand mentioned that there were more than 800,000 SME companies in Thailand that registered and still active. The small or medium size enterprise for SME standard in Thailand consider from 2 factors between the value of assets or number of full-time employees. For small size firm in the hospitality industry in Thailand which are the sample group in this research, was categorized into the service sector. According to the criteria from The Federation of Thai Industries (FTI) mentioned that the value asset for small size must not exceeding 50 million bath while number of

full-time employees for small size must not exceeding 50 employees (Kitchot et al, 2020).

### 3.3.4 Sample Size

According to Hair et al, (2010) suggested that the number of population in the statistical analysis is a very significant and critical issue to determine the reliability of the research. The population in this research has collected the data from every operation levels in the company since the owner, manager and employees because all of them are the persons who need to participate in the implementation of niche strategy in the organization in order to contribute the successful of niche strategy and lead to the superior performance of their organization. As the small niche companies mostly have a simple structure (Mintzberg, 1994) then they are having a simple hierarchy as well, which means that these small niche firms are mostly have the owner or boss with few employees and not so many intermediaries between management and employees. Some of the small niche companies are family company once the owner and manager of the company comes from the same family or they are a relation or friends (Audretsch et al, 2021). To collect the data from everyone, this research applied quantitative methods to discover the relationship of niche firm characteristic, niche strategic implementation and the niche strategy firm's performance.

There are a variety of information about the number of data collection and data analysis of Structural Equation Modeling (SEM) but it seems like there are no really correct or absolute way to conclude but the majority of authors always prefer the large number of their respondents. Anyway, the issue of proper the sample size was very important in SEM. There were various opinions and several guiding rules of thumb as follows: Cochran, (1953) at 95% confidence level with the following formula:

$$n = \frac{P(1-P)Z^2}{d^2}$$

By

n = number of samples required

P = the proportion of the population that the researcher wishes to randomize.

Z = Confidence set by the investigator at a level of statistical significance.

d = the proportion of the allowable error

Represent the value of the sample

$$\begin{aligned}
 n &= \frac{P(1-P)Z^2}{d^2} \\
 &= \frac{0.5(1-0.5)1.96^2}{(0.05)^2} \\
 &= \frac{0.5 \times 0.5 \times 3.84}{0.0025} \\
 &= 385
 \end{aligned}$$

From the formula, the sample size was 385 people in order for the sample group to cover the entire population in this study. Following this recommendation, the sample size in this research is used the 15% drop out (Höfler, et al, 2005; Naing, 2003), then the number of sample size was 443 people from small size firms in the hospitality industry in Thailand. Therefore, by using the rule from Cochran, (1953), this sample size is reliable and appropriate for this research.

Participants in this research were chosen by using the purposive sampling method to collect the data. Etikan et al, (2016; pp.1) explained that purposive sampling method is “*nonprobability sampling techniques that a researcher uses to choose a sample of subjects/units from a population*”. The purposive sampling method was sometimes called a judgmental, selective or subjective sampling. The reason of using purposive sampling method was that, the researchers have something in mind or focus to some group of participants that have some characteristics or they were more suitable for their research questions than other group and could be able to response the questionnaire most effectively (Rai and Thapa, 2015). For this research because the most suitable group of participant was a small niche firms in the hospitality industry in Thailand as mentioned in this chapter and following the research title.

The sample sized were chosen by referring to the definition of niche strategy in this research that defined niche strategy as the small size companies, firms or organizations which having a unique skill, knowledge or resources. Niche strategy must have a product differentiation strategy with creativity or radical head start innovation (Erwin, 2014). And approach to the small group of clients who have a specific need which the big firms might be unwilling to serve or unable to satisfy these latent demands or sometimes mass companies are not attracted or even ignored these types of particular desires. Niche strategy firms have fewer or no competitors in the same market then company could charge the premium price to their customers. Lastly this particular firms must be viable, accessible and having growth potential opportunity in the industry.

As this research aims to study the small niche firms in the hospitality industry in Thailand then firstly, researcher selected the companies that apply niche strategy to operate their business. Next, there are many businesses that were chosen to be the sample size in this research which are hotel, restaurant, travel agent, spa and transportation because all of them are the business that were categorized as the business in the hospitality industry according to Hayes and Ninemeier, (2009). Moreover, hotel, restaurant, travel agent, spa and transportation are the main businesses that generate a lot of income for the hospitality industry in Thailand.

The small size firms was chosen by referring to the ministerial regulations from Ministry of Industry and Office of Small and Medium Enterprises Promotion (OSMEP) (2019) which classifies the size of the small enterprises in Thailand that, small companies must employ less than 50 employees (Kosumas, 2020). While the criteria for small size hotels is following the ministerial regulations of Ministry of Interior that determine the types and rules for operating hotel business 2008 must have less than 50 guestrooms. These criteria are extensively accepted and used by several researchers in the hospitality and service sector for both Thailand and other countries (Morrison & Teixeira, 2004; Kuntanbutra, et al, 2019; Avcikurt, 2003; Arunothaipipat and Lin, 2013; Khurana, 2010).

Zikmund, (2002) stated that the sample size is the process of selection the small number of units to represent the whole population. To extent the reliability of this research, the sample size companies were chosen strictly through 2 steps. Firstly, by referring to the characteristic of niche firms that mentioned in the literature review and presented in the conceptual framework. The 7 characteristics of niche firms consisting of small size firm, small size companies, unique resources, differentiation strategy, response specific needs, few competitors, charge premium price and having growth potential. Secondly, niche strategy must be the main strategy of sample companies. Researcher has contacted owner management or human resources manager to explain the purpose and goal of this research. In the same time researcher asked about their business strategy if niche strategy was the main strategy that used in their organization. At this stage any small companies that did not apply niche strategy as a main strategy will be eliminated. Finally, the sample size was completely collected and all of them passed the requirement and criteria of niche characteristic as mentioned earlier. The details of sample size and demographic is presented in the next section.

### 3.4 Data Collection

This research aims to study the strategy implementation of small niche firms in the Thailand hospitality industry because it is a very important industry to generate work and income of the country. The research use the quantitative methods by sending the self-administered questionnaire to collect the data and structural equation model (SEM) is used to measure and analyze the relationships of observed and latent variables. The self-administered questionnaire was used to collect the data from the persons who work in the small niche firm in the hospitality industry in Thailand. According to the previous literature review about the hospitality industry mentioned that, there are several businesses including in this industry such as lodging service, food service segment, retail business, transportation service and other hospitality segments (Hayes and Ninemeier, 2009). For this research therefore, the questionnaires (both online and paper) has sent to hotel, restaurant, travel agent, niche spa, luxury car rental company, private airplane rental and yacht rental company. The questionnaire has sent via owner, management or human resources manager. After that owner and manager has passed the questionnaires to their staffs and everyone which participating the implementation of niche strategy in the company. The questionnaire was in Thai language but it was translated from English version by using the back translation methods from the institute that legal and having the certificate to conduct this process.

The content validity of the questionnaires was examined by the IOC process (Index of Item objective congruence). The IOC method if this research was executed by sending the questionnaire to 5 qualified authors in the international business field to check and commend. IOC is the quantitative technic or method to test the quantification of the content validity (Jusoh et al, 2018). IOC methods was introduced by Rovinelli & Hambleton, (1977) to measure the content expert judgments of items and also many researchers use IOC methods to evaluate the fit between test items and the table of specifications (Ismail and Zubairi, 2022). Moreover, IOC technic is often use in SEM to test the individual score of questions items by the expert in that particular field will consider the reliable degree of each questions before giving their decision which they agree or not agree with the questions (Ismail and Zubairi, 2022). The standard and measurement of IOC was evaluated by using the criteria which mentioned by Rovinelli & Hambleton, (1977) that assigning a score of 1 for clearly measuring objective, -1 for not clearly measuring, and 0 for the unclear objective. After all experts have checked and gave the score for each items. The next step was a calculation of total score, which were calculated to create the indices of IOC for each item on each objective (Shaikh, 2018).



The result of IOC process of this research was showing high score of 457 out of 500 or 91.4%, which means the content validity of this research, is an accepted value according to Brown, (2005). Before distribute the real questionnaire to the company, the pretest was conducted to test the quality of research tools such as the level of understanding of question, the readability and clearly of every words (Teijlingen and Hundley, 2002). Ismail et al, (2018) suggested that pretest is an important process that should be done in the small scale to test if the research good enough to use before conducting the full scale study. De Vaus, (1993) stated that to do the research without pretest is very risky. This research has done the pretest with 104 sample. The result showing a good quality then the questionnaires were used in the final study.

This research applied a self-administered survey method. Because of the spreading of Covid 19 pandemic, most of the company were having a work from home policy, or for some business that need to be onsite but they don't allow to visit because of the safety policy. The self-administered questionnaires were sent to the company by post mail (with empty envelop and stamp inside) and email (Google form) or some companies were sent the questionnaire via social media such as Line or What'sapp. According to Patel, (2009) that stated about the unit of analysis for quantitative research that it is the most elementary part of what is being studied or observed. In this research is conducting in the organizational level. Seidler, (1974; pp. 817) suggested about the organization unit of analysis that *"the researcher should technically obtain information from a representative sample of all individuals of each segment of the organization to which the measure applies"*. Therefore, the all individual of each segments in the small niche firms in the hospitality industry in Thailand, as a sample size of this research has approached. The questionnaire was sent to the group of people in different levels since the owner, management, manager and the employees to response.

### **3.5 Study Area**

The study area in this research was doing at the 5 big tourist cities in Thailand. According to the information from the website of The Economic Tourism and Sport Division survey in the year 2019 before the spreading of Covid 19 pandemic throughout the world. The most visited tourist 5 cities in Thailand were Bangkok, Pattaya, Phuket, Korat and Chiangmai. Škerlavaj et al, (2013) suggested that research should collect the data from a different locations or from the diversified sample group to reduce the bias problem. Therefore, this research chose the 5 provinces in 5 parts of Thailand namely; Bangkok, is the capital city at the central part of the country, while Pattaya is a very famous beach and night life located in the East. Phuket, is located in the Southern part of the country and, it is a very popular for beautiful beaches, Korat is the biggest city of Thailand located in the Northeastern part and lastly Chiang Mai is the number 1

famous city for tourist in the Northern part of Thailand. More details about every city will be presented consequently.

Bangkok is the capital of Thailand with the population about 10.4Millions in the year 2021, (Truong et al, 2022). The capital of Thailand is located at the central part of Thailand. There are also a variety of type and level for business in the big metropolitan as Bangkok. Tourists could easily to find the five stars, hotels, famous restaurants, luxury tour package such as private airplane or limousine. Pattaya is one of the very famous beach holiday destination for international travelers, which is not far from Bangkok(Agarwal et al, 2019). There are also plenty of hospitality industry businesses in Pattaya such as five starts hotels, International restaurants, Luxury bars and nightclub or even the premium tour packages same as in Bangkok or other famous city (Lertputtarak and Samokhin, 2017). Another one of the most famous beach destination in the South of Thailand is Phuket. This is the biggest island in Thailand located in the Andaman Sea (Marzuki, 2012). Korat or the official name is Nakhorn Ratchasrimaprovince is located in the Northeastern part of Thailand. It is the biggest province in Thailand (Nilgumhaeng et al, 2020). The last city that has been studied in this research was Chiangmai is considering as the highlight of the Northern part of Thailand where so many tourists from all over the world would like to visit. Many people called Chiang mai as the rose of the north. (Feng et al, 2008).

Lastly, this study chose the hospitality business from 5 cities (Bangkok, Pattaya, Phuket, Korat and Chiangmai) because there were a famous places to visit for tourists and visitors. The questionnaire has been sent to the small niche firms in the hospitality industry from these 5 provinces such as hotel, restaurant, travel agent. There were only in Bangkok and Pataya that the questionnaire was sent to other kinds of small niche firms in the hospitality industry, which are spa, private airplane rental, luxury car rental and yacht rental companies. Because according to Hayes and Ninemeier, (2009) these kinds of business were included in the hospitality industry business. Moreover, all of them were the small business that having less than 50 employees as mentioned by Kitchot et al, (2020).

### **3.6 Path Analysis**

Path analysis is a research technics or method that help to draw an inferences about causal structure of data (Kozak and Kang, 2006). Path analysis was introduced by Sewall Wright (1921) to help researchers in order to test the direct and indirect effect

correlations between variable. Hussain, (2012; p.28) stated that path analysis is, “a standardized partial regression coefficient that measures the direct influence of one variable upon another”. This research also applies path analysis to analyze the influence between each variable as hypothesized in the conceptual framework. The hypothesis in this research was developed and derived from the literature review of the previous academic journals and several studies in the niche strategy and marketing view (Mourougan and Sethuraman, 2017). The deep and updated information about the characteristic of niche firm, the implementation of niche strategy and niche strategy performance have reviewed and expressed to be the information and link to create the hypothesis as mentioned in chapter 2. Following the hypothesis of this study. It was having 2 independent variable of niche characteristic and implementation of niche strategy. While there is one dependent variable of the niche strategy performance.

The niche characteristic of the organization is one of the significant factor that niche firms need to be concern whether or not their organization is having the proper characteristic to pursue niche strategy in order to be successful of implementing niche strategy in their organization. Niche strategy is a strategy for small company which having a limit of resources (Dalgic and Leeuw, 2015). However, many small firms prefer to exist in the small and specific market to avoid a bigger player in the same industry and survive their business by using niche strategy. The characteristic of niche strategy firm with the implementation of niche strategy have been studied, examined and presented by many authors.

Toften and Hammervoll, (2010) presented a characteristics of niche that should be a small firm because small size firms are easy to implement niche strategy. Niche strategy firms focus on the small and specific group of customer who has a specific need, which is not served by the other competitors, or it was ignored by the mass marketing companies (Sorenson et al, 2006; Hammervoll et al, 2014). Niche strategy also focuses on the ability to use the limited resources in the organization or finding the unique resource that other company do not have to gain the competitive advantage. This become one more characteristic of niche strategy firm to occupy the unique resources to produce a high quality products and services which facilitate the implementation of niche strategy (Jarvis and Goodman, 2005; Vassiliki and Tom, 2014; Hamel and Prahalad, 1990; Toften and Olsen, 2013). The implementation of niche strategy by using unique resources could be both, human resources or non-human resource such as technology, location or other innovation that other company do not have. Porter, (1980) suggested that if niche company want to be successful, they should not complete to be the best but they have to complete to be unique. Kotler, (2003) stated that another characteristic of company that would like to implement niche strategy is, the niche firm could become is a charging a premium price because niche customer is having a specific

need that still not serving by the mass companies. If any niche firms could be able to provide these specific products and services, then niche customers are ready to pay a high price than other products in the mass market.

Another important characteristic of any companies that would like to implement niche strategy, which suggested by Kim, (1997) is to pursue differentiation strategy because niche firms is small and having limited of resources. To compete with the lower price is not the way that niche firms should pursue because they could not offer a lower price than the large and mass companies. On the other hand, to gain profit and to be successful niche firms need to find the differentiation products and services to offer to their customers by using their own and unique resources that they have (Doyle, 2002; Allen, 2007; Kumar and Subramanian, 1998). By competing with the unique resource and offer different and high quality products and services to niche customers could protect niche firms from a high and fierce competition. There is a fewer competitor in the niche market because niche market is a small and specific market. The big company sometimes could not serve this group of customers because they need produce high volume products to become a cost leadership. This is a chance of small niche firm to occupy the niche market and it has a high growth potential for their future well.

In conclusion, There are some specific characteristics of niche strategy firm that company need to adjust their organization to become and ready during the niche strategic implementation stage such as small size organization, having unique resources, practicing differentiation strategy, responding for specific needs of customers, having few competitors, charge premium price and having growth potential. These characteristics help and facilitate the niche strategic implementation to be successful and become a truly niche firms. Owners or managements need to perceive and align their organization to become. According to the literature reviews. There were showing that the characteristic of niche strategy firm is an important element to support the implementation of niche strategy in the organization and also encourage the operation part of the organization as well (Dalgic and Leeuw, 2015; Kjell and Trond, 2010; Fazal et al, 2017; Alison and Rivanda, 2004; Fazal et al, 2017; Choudhary, 2014). Abel, (2009) emphasized that a multifunctional characteristic of niche strategy supports the high quality of niche products and services to serve a specific group of customers. Dubrovski, (2013) presented that the specific characteristic of niche strategy could help company to survive in the fierce competition by doing them in the small and specific market rather than complete with the big companies in the mass market. While Kotler, (2000) expressed about characteristic of niche will help niche firms to be different from normal market segment because niche strategy firms will focus on the very specific

group of customer and serve them (Allen, 2007). By this information, the first hypothesized was developed as:

- H1: There is a positive relationship between niche characteristic and niche strategic Implementation

Niche strategy is a strategy for small company to compete with the bigger player in the same industry. This strategy focuses on the ability to use the limited resources in the organization to compete with bigger company. There are some specific characteristic to become a niche strategy firm. This topic has studied and presented by several authors to define the specific characteristic of niche strategy companies. For instance, a small size organization, having unique resources, practicing differentiation strategy, responding for specific needs of customers, having few competitors, charge premium price and having growth potential (Fazal et al, 2017; Schaefer, 2014 Dalgic and Leeuw, 2015; Erin et al, 2006; Hammervoll et al, 2014). According to the previous literature reviews in niche marketing strategy field, there are several definition and dimension that authors mentioned and focus about the characteristic of niche strategy firms. Kotler, (2000) stated about the characteristic of niche strategy company as a company that niche firms is small but can gain more profit by making a high quality products and services than other competitors and charge a higher price and they finally having a great performance. Parrish et al, (2006) studied about the textile industry in USA which being in the maturity stage of their business before decline by the hit of cheaper product from China. This author focused on niche strategy and the characteristic of niche firm, how to survive during the crisis of maturity stage of the organization. Parrish et al, (2006) suggested that the existing companies need to change their focus and characteristics, not to produce the mass product and compete with the price. On the other hand, the old companies should find the small group and loyalty customers who are ignored by the big companies and ready to pay a higher price. By doing this, niche firm need to adjust their organization to become niche characteristic firms and produce the high quality products that serving a smaller and premium group of customers. The result of this research showed a great success and positive performance of the organizations in the mature stage to become niche strategy firm.

As mentioned earlier that the characteristic of niche was hypothesized to assist the niche company to implement their niche strategy easier which reflect to a higher chance to be successful and having a positive performance (Efrat and Shoham, 2012; Toften and Olsen, 2010; Parrish et al, 2010). Moreover, the clearly characteristic of niche firm will also help the company to go in the right direction, focusing of the way that niche firm should pursue and having a good performance of niche strategy firm in



the end (Cooper et al, 1986). The 7 characteristics of niche according to the literature review in this research which consists of small size companies unique resources, differentiation strategy, response specific needs, few competitors, charge premium price, having growth potential. Any niche firm that could be able to organization their company to occupy these characteristics will have a chance to be successful and having a great performance. There were many researches that studied about niche strategy in the organization and they found that successful niche firms mostly have the right and match organizational characteristic with the niche strategy. Akbar et al, (2017) conclude the literature review about the successful element of niche and found that characteristic of niche are quite specific and niche strategy can create the business opportunities and long-term relationship to sustain and maintain profitability. Dalgic and Leeuw, (1994) stated that characteristic of niche is small and specialize in their filed, niche firms emphasized on the high quality of products and services. To have a proper characteristic could help niche strategy company to be ready to perform their tasks which will link to a chance to receive good performance in the long term (Cooper et al, 1986).

Niche characteristics is another challenge for owners and top management to organize in order to prepare their niche firm to be ready to pursue a niche strategy (Stiver, 2009). While positive performance is one of the highest expectations of every companies including niche strategy firms (Galbraith and Schendel, 1983). Echols and Tsai, (2005) stated that proper characteristic of niche strategy firms could support the small company with having limit resources to be more competitive and having more business opportunity especially if they could have a distinctive knowledge, skills, unique resources or new innovations that could help niche firm to increase their organizational performance. Assadina, (2014) studied about the niche marketing strategy and export performance in SMEs exporting companies in UK. He found that clearly niche strategy goal and objective of management and specific characteristic of niche firms such as small size, unique sources, differentiate products and charging premium price will increase the positive performance and capture more market share for niche firms. Therefore this research will examine the relationship between niche characteristic and niche strategy organizational performance by the following hypothesis:

-H2: There is a positive relationship between niche characteristic and niche strategy performance

A number of studies have attempted to investigate the mediating effect of niche strategy implementation in the niche firm (Akbar et al, 2017; Caniëls and Romijn, 2008; Hamlin et al, 2012). The implementation of niche strategy is one of the most challenging tasks for owner and management in the niche companies. Sterling, (2003) expressed that nearly 70% of the new strategy fail during the implementation the new strategy or some new strategy even never have a chance to implement. Implementation of strategy is the

very important task that need to have a corporation from every stakeholder in the organization. Successful implementation of niche strategy should start from the top level in the organization such as owner or top management, then going through everybody in the organization. It is a challenging task that how company can align everyone into the same direction. Kaplan and Norton, (2006) mentioned that implementation of strategy in the organization is very challenging but it need to be done properly because the successful of strategy implementation could help to align every member in the organization understanding and going in the direction and generate big success to the organization (Brinkschröder, 2014; Caniëls and Romijn, 2006). Miller (1986) presented that there are 3 things that need to be done during the implementation period of organizational strategy, there are completion; achievement and acceptability. If these 3 elements could be organized in the right way that could be able to increase the efficiency of strategy implementation in the organization.

To be a successful for niche strategic implementation and lead to a positive performance of niche strategy firms. Niche strategy firms should concern many elements. Many authors mentioned about the characteristic of their organization whether or not the niche strategy firm is proper to pursue niche strategy. Because the proper characteristic of niche firms will facilitate the implementation of niche strategy firm before linking to the good performance of the companies. Many researches shown the positive results of implementing niche strategy in the organization especially with the small company (Doyle, 2002; Allen, 2007; Kotler 2003; Galbraith and Schendel, 1983; Echols and Tsai, 2005; Hammervoll et al, 2014; Caniëls and Romijn, 2006).

Every stakeholder in the niche firms must participate the implementation of niche strategy in small niche firms. Due to niche firms mostly are small by size and having not so many employees, therefor the relationship among the owner, manager and employees is quite strong which could be a positively effects for the strategy implementation. Anyway, niche strategy firms need to apply several elements, tools or methodologies to implement the strategy. For instance, Hamlin et al, (2012) studied about niche strategy with the holding company in New Zealand. They have found that the effective niche strategy implementation especially the flexibility of niche strategy, flexibility of organizational structure and effective communication among the niche organization, could help this company to survive from the big changing environment and bring success to their company. Inoue and Nagayama, (2011) studied about the niche companies in the video game industry in Japan. They concluded the niche marketing is very promising market and having good opportunity to growth. Niche firms in this industry must occupy and use a high technology and innovation than other competitors.

Management in niche firms also has an important role to encourage the implementation of niche strategy in the organization. When everyone understands the content, goal and objective of niche strategy clearly, that could be help to increase the potential of niche strategy implementation and lead to a successful and god performance of niche firms.

This research has reviewed several previous literatures and academic books about the niche strategy and found 7 elements that could assist the implementation of niche strategy to be successful. There are content of niche strategy, organizational structure, human resources, communication in niche firm, management style, innovation/ technology and lastly is the rewards and control (Porter, 1980; Porter, 1985; Kim, 1997; Doyle, 2002; Allen, 2007; Yi Hua and Hai Ming, 2011; Kumar and Subramanian, 1998; Kim, 1997; Regeer et al., 2016; Kotey, B., & Slade, 2005; Michael and Don, 2011). All of these elements generate the most effective quality of the implementation of niche strategy. Owners or top management in niche firm must be able to convince and align everyone in the company to understand the niche strategy implementation in the same direction in order to create a positive performance to niche firms. Following these literature reviews, the hypothesis is proposed:

-H3: There is a positive relationship between niche strategic Implementation and niche strategy performance

### **3.6.1 Mediating Effects**

Niche strategy is a strategy that help the small firm to survive in the high competition environment. Niche firm are mostly small and they do not have a lot of resources to produce a high volume products and services if comparing with the bigger company in the mass market. To be successful in pursuing niche strategy (Abdel-Dayem et al, 2021; Abel, 2009). Niche strategy firm need to be well prepared. Many authors recommended small niche strategy firms to focus on 2 sections between having proper characteristic of niche firms and having effective niche strategy implementation. The efficiency of these two stage could be able to support an effective work in the niche firms, which will link to a positive performance of the niche firms in the end (Durand and Coeurderoy, 2001; Serra and Theng 2015; Pelham, 2000; Okumus, 2003). Alison and Rivanda, (2004) focused on the characteristic of niche firm should be small size and having unique resources that other competitors could not have. Jarvis and Goodman, (2005) emphasized the significant characteristic of niche firm is to be unique and specialized of their business. Kotler, (2003) presented the very advantage characteristics

of niche firms is to be able to charge a premium price for special and professional products and services that customers could not receive from other companies.

Niche strategy characteristics are the components of small niche firm to adjust, align and prepare the organization to be ready for applying niche strategy. As niche strategy is suitable with a small firm that having a limit of resources. To pursue niche strategy, niche firms need to adjust themselves to be suitable by having completed or proper characteristics (Echols & Tsai, 2005). There are some certain characteristics of niche strategy firm that was mentioned by several authors (Parrish et al, 2004; Hezar et al, 2006; Huh and Singh, 2007; Thilmany, 2008; Sorenson et al, 2006). According to the literature reviewed from many journals and academic paper of niche strategy. This research has collected 7 characteristics of niche strategy firms. Researchers suggested that if niche strategy firms could be able to organize their companies to have all of these characteristics, it will be a great support for their niche strategy implementation and could connect to the good opportunity to perform a great outcome of their operation.

Strategic implementation is the major role of management to perform and need to be done in order to bring the great performance to their organization (Akpan and Waribugo, 2016). To be successful of implementation the new strategy, company needs to gain the participation from all staffs member to align everyone in the same way. Organizational strategy consists of 2 major part of strategic formulation and strategic implementation. The strategic implementation is one of the most difficult part of the organizational strategy and having very high percentage of failure. Bhatti, (2011) stated that most of manager are familiar with the formulation of new strategy rather than implement the new strategy. Okumus, (2003) found more than 70% of strategy fail during the implementation (Miller, 2002). The main reason of failure of implementation might be because the implementation required the participation from every stake holder to execute since the top management level until the operational employee while the formulation of new strategy was done by only the owner, top management and the experts. But if the implementation of new strategy is succeeded, it would be a high chance of the organization to be successful in their business and reach the goal (Gerschewski et al, 2018; Abdel-Dayem et al, 2021; Khourouh et al, 2020; Silbey and Merry, 1986; Fairchild and MacKinnon, 2009). According to the literature review of the niche strategy implementation that mentioned about 7 elements that support the implementation period (content of niche strategy, organizational structure, human resources, communication in niche firm, management style, innovation/technology and lastly is the rewards and control). If the owner of niche firm could provide all completed

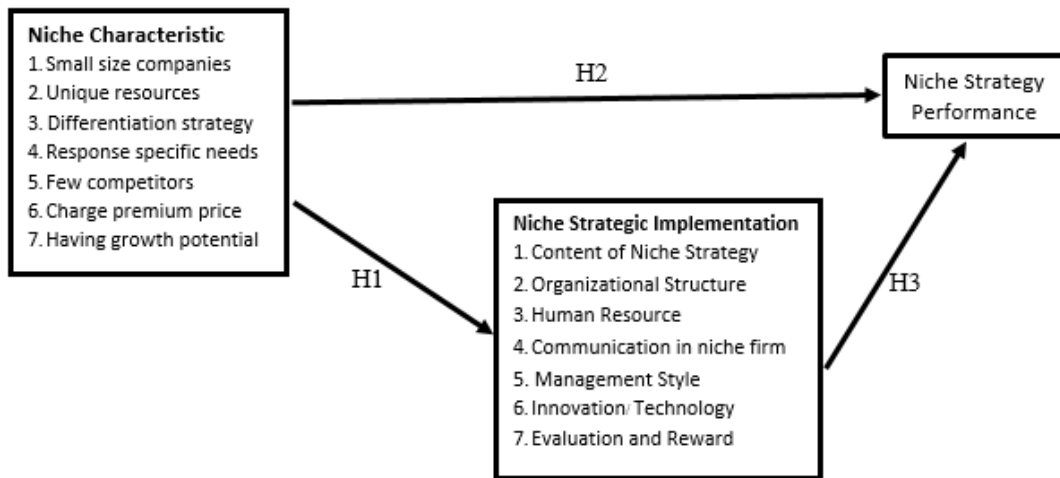
elements into their organization that could be able to facilitate their employee to implement the niche strategy successfully.

There was an information from several authors recommended that only the implementation could support just some of successfully niche strategy performance. Moreover niche company must prepare and arrange their organization to become a really niche firms by having suitable characteristic of niche firm (Honeyman et al, 2006; Sorenson et al,2006; Knight, 2006; Hezar et al, 2006; Huh and Singh, 2007; Hammervoll et al, 2014; Stiver, 2009; Thilmany, 2008). To be a real niche firms, companies should have characteristics of niche such as small size companies unique resources, differentiation strategy, response specific needs, few competitors, charge premium price, having growth potential. The proper of both elements between the characteristic of niche firm and niche strategic implementation will reflect to the high potential and positive performance of niche companies. Niche firms will be able to produce a great quality products and services to serve their specific group of customer to be happy as they expected and will link to the positive performance of niche firm in the long run. There are a number of researches that study about niche strategy and found the important role of niche strategy implementation in niche firms and also relationship between niche strategy implementation with niche characteristic firm and niche strategy performance (Caniëls& Romijn, 2008; Porter, 1985; Toften and Hammervoll, 2010; Alonso, 2009; Allen, 2007; Echols & Tsai, 2005; Chen&Hsieh, 2005). These studies lead to the following hypothesis:

-H4: Niche strategic Implementation mediate the relationship between niche characteristic and niche strategy performance

Based on the research objective, the hypotheses framework are formed to determine how niche strategic performance could be influenced by the niche characteristic and niche strategy implementation. The following hypothesis framework in Figure 6 depicts the relationship between niche characteristics to niche strategy performance by the mediating effect of niche strategic implementation.





**Figure 5 Hypothesis Framework**

### 3.7 Measurement Scales and Instruments

According to the conceptual framework of this research could present that, there is one exogenous constructions of niche characteristic that explained the holistic view of characteristic of the niche firm. The niche strategic implementation is the mediate endogenous. Lastly, the endogenous construct. according to Hair, et al, (2010) suggested that the endogenous is the dependent construct which must have at least one structural relationship with other construct. The endogenous construct in this research is the niche strategy performance showing the performance of small niche firms after the implementation was done.

The questionnaire that had been sent to the sample group (small niche firms in the hospitality industry in Thailand) consists of 2 sections; Section 1 includes the demographic of the respondents such as gender, age, type of their business, educational level, period of working in the company, characteristic of their job in the organization. This part also have a question that check the understanding of staffs about if their company apply niche strategy in the organization or not. Section 2 includes the perception and attitude of niche firm's staffs about three variables of niche strategy and niche strategic implementation for small business in the hospitality by using a 7-points Likert scale.

### 3.7.1. Measurement of Niche Strategy Characteristic

The measurement of niche characteristic were originally reviewed and adapted from several authors such as Baxter, 2007; Shani and Chalasani, 1992; Ronald, 2006; Dalgic, 2006; Sander and Sander, 2003; Drago, 2013; Kotler, 2019; Dalgic and Leeuw, 1994; Kjell and Trond, 2009; Hezar et al., 2006; Jain, 1985. The measurement of this factor was developed by referring and based on the studies of Dalgic and Leeuw, 2015; Kjell and Trond, 2010; Fazal et al, 2017; Porter, 1985; Alison and Rivanda, 2004; Fazal et al, 2017; Choudhary, 2014; Kotler, 2003; Parrish et al, 2006.

All of these authors studies and have done their research about niche strategy in the organization, which is the same focus of this study. Niche Characteristic in this research consists of 7 factors which are 1. Small size companies, 2. Unique resources, 3. Differentiation strategy, 4. Response specific needs, 5. Few competitors, 6. Charge premium price and 7. Having growth potential. There are having 41 items containing in this research questionnaire about niche strategy characteristics. The questionnaire was designed by using a 7-points Likert scale namely, 1 = extremely unimportant, 2 = very unimportant, 3 = Unimportant, 4 = Neutral, 5 = important, 6 = very important, 7 = extremely important. The statements of the measurement, which use in the questionnaire for niche strategy characteristic are presenting in Table 8.

**Table 6: Measurement of Niche Strategy Characteristic**

<b>Niche Marketing Strategy for small business in the Hospitality Industry</b>	<b>References</b>
<p><b><u>Small size company</u></b></p> <p>1. Our company is small or specialized firm with relatively few customers</p> <p>2. Based on niche strategy, our small company offers small production volumes, focuses on a few customers and avoiding market with many competitors or dominant competitor.</p> <p>3. Family members working in our company are active in the owner-managed businesses, taking on roles such as general management, supervision, accounting, cleaning and catering.</p> <p>4. The smallness of our niche company represents an important contributor to the achievement of competitive advantage</p> <p>5. Our small company can compete successfully</p>	<p>Dalgic and Leeuw, 2015; Kjell and Trond, 2010; Fazal et al, 2017; Alison and Rivanda, 2004; Fazal et al, 2017; Choudhary, 2014</p>

<p>in markets dominated by much larger companies</p> <p>6. Based on niche strategy, our company works with a concept of “Big fish in small pond (to be powerful only because there are not many competitors)</p>	
<p><b><u>Unique resources</u></b></p> <p>1. Our company has something unique such as innovative to create a niche product/service.</p> <p>2. Our company has unique resources such as the quality of human capital, patents, tacit knowledge, networks and so forth are pertinent to a firm's success.</p> <p>3. Our company possess and uses unique resources and skills that are valued in a limited marketplace.</p> <p>4. Our company has distinct resources and competences that can meet specialized requirements of target segment.</p> <p>5. Unique resources such as superior personnel, customer service, alliances with established marketing partners are one of our company's core competencies.</p>	<p>Wade and Steven, 2005; Vassiliki and Tom, 2014; Toften and Hammervoll, 2010; Kjell and Trond, 2010; Hamel and Prahalad, 1990; Dawn, 2007)</p>
<p><b><u>Focused differentiation strategy</u></b></p> <p>1. Our company follows a focused differentiation strategy to achieve a sustainable competitive advantage</p> <p>2. Our focused differentiation strategy focuses on providing services with attributes that are highly valued by our customers such as quality or dependability of the services.</p> <p>3. Our focused differentiation strategy achieves superior quality as we know the requirements of customers better than our competitors</p> <p>4. Our focused differentiation strategy serves as a way to increase competitiveness.</p> <p>5. Based on focused differentiation strategy, we</p>	<p>Porter, 1980; Porter, 1985; Kim, 1997; Doyle, 2002; Ronald, 2006; Yi Hua and Hai Ming, 2011; Kumar and Subramanian, 1998</p>

<p>company compete on service uniqueness instead of competing on cost.</p> <p>6. Based on focused differentiation strategy, we focus on brand loyalty of customers with a lower sensitivity to price</p> <p>7. Based on focused differentiation strategy, we try to be unique in a way that is valued and important for our customers.</p> <p>8. Our focused differentiation strategy is supported by heavy investment in research, product or service design, and marketing so that we can be differentiated by types of technology, or the quality of customer services.</p>	
<p><b><u>Specific needs</u></b></p> <p>1. Our company attempts to deliver value to a specific need of our consumers who share similar demands in order to address the specific needs of the selected segment.</p> <p>2. Our company fulfills a specific need of our customers in contrast to the mass market</p> <p>3. Our company understand and meet the specific needs of a (relatively) small group of customers.</p> <p>4. Our company considers a well-defined small market consisting of a small group of customers with similar characteristics and specific needs or overlooked and underserved needs.</p> <p>5. Our customers are characterized by a specific demand that can be satisfied merely by an adjusted, unique and highly differentiated offer.</p> <p>6. Our specialized service created specifically to serve the needs of our niche customers.</p>	<p>Baxter, 2007; Shani and Chalasani, 1992; Ronald, 2006; Dalgic, 2006; Sander and Sander, 2003; Drago, 2013;</p>
<p><b><u>Few competitors</u></b></p> <p>1. Our niche markets are fairly small and attract few competitors - zero, one, or possibly two.</p> <p>2. Our company has a limited market consisting</p>	<p>Kotler, 1989; Dalgic and Leeuw, 2015; Kjell and Trond,</p>

<p>of a few customers and competitors.</p> <p>3. Our company focus on a few customers and avoid marketing with many competitors or a dominant competitor.</p> <p>4. Our company has no real competitors, or focuses on markets which have been ignored by other companies.</p> <p>5. Our company avoid competition/ confrontation with larger competitors and to devote our energy to serving a unique market</p>	<p>2009; Hezar et al., 2006;Jain, 1985</p>
<p><b><u>Charge premium price</u></b></p> <p>1. Our company is able to charge a premium price for differentiated services and consumers are willing to pay these premium prices</p> <p>2. Our customers with a distinct set of needs pay a premium price because we best satisfy their needs.</p> <p>3. Our company must continue to differentiate our services from our competitors in order to expect a premium price.</p> <p>4. Our company offers high value services and charge a premium price.</p> <p>5. High quality of our services are reflected in their premium price.</p> <p>6. Our company focus on the needs of a particular group of customers by adapting the services offerings accordingly which requires higher costs, necessitating obtaining a premium price.</p>	<p>Mark, 2008; Kotler, 2000; Porter, 1985; Kotler, 2003; Tamagnini and Tregear, 1998; Kjell and Trond, 2009</p>



<p><b><u>Having growth potential</u></b></p> <ol style="list-style-type: none"> <li>1. Based on niche strategy, our company has size, profit, and growth potential market.</li> <li>2. Our relatively small niche market can offer growth potential for organization.</li> <li>3. Our company has sufficient size, sufficient purchasing ability, profitable potential and growth potential market.</li> <li>4. Our company identifies the market with the highest growth potential.</li> <li>5. Our niche company is viable, accessible, and displaying growth potential.</li> </ol>	<p>Fazal et al, 2017; Schaefer, 2014 Dalgic and Leeuw, 2015; Erin et al, 2006; Hammervoll et al, 2014</p>
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Note: 1 = entirely disagree, 2 = strong disagree, 3 = partly disagree, 4 = neutral, 5 = partly agree, 6 = strong agree, 7 = entirely agree

### 3.7.2. Measurement of Niche Strategic Implementation

The measurement of niche strategic implementation was reviewed from several literature and academic paper about the niche strategy implementation namely Rapert et al., 2002; Okumus, 2003; Yang et al., 2010; Keith, 2003; Umbugala, 2009; Kheradia, 2011; Durand and Coeurderoy, 2001; Serra and Theng 2015; Pelham, 2000; Johan and Frank, 2008; Kai & Per Sætre, 2007; Kotey, B., & Slade, 2005; Sorenson et al., 2006; David and Thomas, 2011; Yi Hua & Hai Ming, 2011; Caniels and Romijn, 2006; Brinkschröder, 2014; Allen, 2007; Stiver, 2009; Echols & Tsai, 2005; Echols & Tsai, 2005.

The measurement was developed based on the research and work from Mintzberg, (1994); Porter, (1980); Toften and Olsen, (2010); Kotler, (2003); Parrish, (2004); Dalgic and Leeuw, 2015). There are 7 factors of niche strategic implementation in the research. Each factors are 1. Content of Niche Strategy, 2. Organizational Structure, 3. Human Resource, 4. Communication in niche firm, 5. Management Style, 6. Innovation/ Technology and 7. Rewards and control. According to these 7 factors, it was divided into 46 items, which use in this research questionnaire about niche strategic implementation. The questionnaire was designed by using a 7-points Likert scale namely, 1 = extremely unimportant, 2 = very unimportant, 3 = Unimportant, 4 = Neutral, 5 = important, 6 = very important, 7 = extremely important.

**Table 7: Measurement of Niche Strategic Implementation**

<p><b><u>Content of Niche Strategy:</u></b></p> <ol style="list-style-type: none"> <li>1. Our company has a clear information about niche strategy.</li> <li>2. The aim of niche strategy in our company is clearly identified</li> <li>3. Our organizational niche strategies is participatory and flexible for implementation.</li> <li>4. Our niche strategy is more flexible and adaptable to changing environments.</li> <li>5. Our organizational niche strategy could be adjusted to circumstances and take advantage of opportunity.</li> <li>6. Our organizational niche strategy focuses on the flexibility and the ability to customize services to our clients.</li> <li>7. The niche strategy in our company is consistent with the overall strategic direction of the company.</li> </ol>	<p>Rapert et al., 2002; Okumus, 2003; Yang et al., 2010; Keith, 2003; Umbugala, 2009; Kheradia, 2011; Durand and Coeurderoy, 2001; Mosakowski, 1993; Pelham, 2000; Johan and Frank, 2008; Kai &amp; Per Sætre, 2007; Okumus, 2003</p>
<p><b><u>Niche Firm Structure</u></b></p> <ol style="list-style-type: none"> <li>1. Organizational Structure of our company has a high degree of flexibility.</li> <li>2. Our manager informs the work to team members and giving a chance for employees to discuss when any trouble occurred during the process</li> <li>3. We share authority between superordinate and subordinates in our organization.</li> <li>4. Our company has decentralized structure by consists of several strategic business units or working units.</li> <li>5. The organizational structure of our company is decentralized authority structure.</li> <li>6. Our company uses collaborative decision-making.</li> </ol>	<p>Kai &amp; Per Sætre, 2007; Kjell and Trond, 2010; Fred, 2012; Dalgic and Leeuw, 2015; John E. et al., 2018; Marchese, 2001; John E. et al., 2018</p>
<p><b><u>Human Resources</u></b></p>	

<ol style="list-style-type: none"> <li>1. Our employees perform in various functions and activities in the company</li> <li>2. Our employees possess more fungible skills for their work and position.</li> <li>3. Our employees are specialists in their field and always develop and continuously improve their skills.</li> <li>4. Our company has a training program for the existing employees to learn new skills.</li> <li>5. Our company has a highly skilled and creative product/service development team.</li> </ol>	<p>Kotey, B., &amp; Slade, 2005; Sorenson et al., 2006; Kjell and Trond, 2010; J. David and Thomas, 2011; Yi Hua &amp; Hai Ming, 2011</p>
<p><b><u>Innovation and Technology</u></b> 1. To be more efficient in niche marketing strategy, our company relies on extensive use of IT.</p> <ol style="list-style-type: none"> <li>2. We have an efficient technology for our niche industry.</li> <li>3. We use technology to solve our problems and become more tailor-made to our needs, and that helped a lot in developing our niche business,</li> <li>4. Our company is innovative not only in terms of technology, but also in terms of other competitive factors such as style, design, and marketing</li> <li>5. Our company possesses some niche technologies which has so far escaped the attention of the big competitors of our industry.</li> <li>6. Top management always encourages and helps our employee to plan, allocate resources and organize to create a new innovation to gain competitive advantage.</li> <li>7. Our company focuses on a specific technological niche, and stimulates learning processes for further development and use of the new technology.</li> </ol>	<p>Kai A Olsen &amp; Per Sætre, 2007; Kai A Olsen &amp; Per Sætre, 2007; Vassiliki and Tom, 2014; Allen, 2007; Dalgic and Leeuw, 2015; Brinkschröder, 2014; Maj-Britt et al, 2012</p>

<p><b><u>Communication</u></b></p> <ol style="list-style-type: none"> <li>1. Niche strategy is communicated clearly right from the start of the work, so that all employees are aligned in the same direction.</li> <li>2. Every staff in the organization perceived the direction the organization is going and what are the objectives.</li> <li>3. Our Management communicates the right information, goal, value and attributes of products/services and the goals of the company to every staffs.</li> <li>4. The niche strategy communication between management and employees in our company is done throughout the entire company.</li> <li>5. Our company use multiple modes of niche strategy communication (e.g. top-down, bottom up, formal, informal, internal, external, one-time and continuous communication.</li> <li>6. Our company provides multiple channels to facilitate niche strategy communications within our company.</li> </ol>	<p>Caniels and Romijn, 2008; Brinkschröder, 2014; Allen, 2007; Stiver, 2009; Echols &amp; Tsai, 2005; Okumus, 2003; Echols &amp; Tsai, 2005; Echols &amp; Tsai, 2005; Okumus, 2003</p>
<p><b><u>Management Involvement</u></b></p> <ol style="list-style-type: none"> <li>1. Management team focuses on capability of our employees especially the potential staffs.</li> <li>2. Management team involves employees to have an overall niche strategy understanding among the organization.</li> <li>3. Top management tries to pursue staffs at all level to involve in niche strategic.</li> <li>4. Top management knows employees involving in niche strategy very well and always help the poorly performing staff to change their ways.</li> <li>5. Company and management provides sufficient support to every employee</li> </ol>	<p>Stiver, 2009; Allen, 2007; J. David and Thomas, 2011; Agnes and Robin, 1996; Parrish et al., 2006; Kim, 1997; Caniels and Romijn, 2006; Caniels and Romijn, 2008</p>

<p>involving in niche strategy.</p> <p>6. Top management choose the most suitable style of control for niche strategy implementation and makes sure that all employees thoroughly understand this system in the same way.</p> <p>7. Our management facilitate employees in niche strategy rather than to control them.</p> <p>8. Our management sometimes uses the permissive management style.</p>	
<p><b><u>Evaluation and Reward</u></b></p> <p>1. Individual performance is used to evaluate our staff performance in the company.</p> <p>2. Our company evaluation aims to support the process of continuous reflection on niche strategy that enable continual readjustments.</p> <p>3. We have a clear and explicit job description for staff involving niche strategy.</p> <p>4. Management and every employee involving niche strategy in our company participate in the same evaluation.</p> <p>5. Evaluation helps to define the goal, assess and encourage our staffs on their performance to reach the goals of niche strategy</p> <p>6. Our evaluation is aligned the knowledge, skills, and abilities of employee involving niche strategy.</p> <p>7. Reward in our company is appropriated for employees involving niche strategy.</p> <p>8. A good reward can motivate and help to drive our niche strategy implementation performance.</p> <p>9. A good reward can help to retain our employees to implement niche strategy at their best and stay with the organization.</p>	<p>Kim, 1997; Regeer et al., 2016; Kotey, B., &amp; Slade, 2005; Regeer et al., 2016; Regeer et al., 2016; Michael and Don, 2011; Yi Hua &amp; Hai Ming, 2011; Bowen, 2004; Bowen, 2004; Gross &amp; Friedman 2004; Hai-Ming and Yi-Hua, 2005</p>



<p>10. Our reward provides a powerful means of implementing our niche strategy</p> <p>11. Position reward strategy is used in our company.</p> <p>12. A position reward alternative encourages employees involving niche strategy to take responsibility for greater job depth.</p>	
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Note: 1 = entirely disagree, 2 = strong disagree, 3 = partly disagree, 4 = neutral, 5 = partly agree, 6 = strong agree, 7 = entirely agree

### 3.7.3 Measurement of Niche Organizational Performance

Niche organizational performance was measured by seven items that asked niche firm staffs if the performance of their company was measured by 2 dimensions of finance and non-finance performance, as shown in Table 10. These scales were developed for the present research based on the previous studies and theories on niche strategy (Efrat and Shoham, 2012; Shahin, 2014; Toften and Hammervoll, 2010; Efrat and Shoham, 2012; Parrish et al, 2010; Yi Hua & Hai Ming, 2011; Stiver, 2009; Doyle, 2002; Allen, 2007; Kotler, 2003).

The seven statements about niche organizational performance consisted of two main components, which were financial and non-financial performance. A 7-point Likert scale as a self-administered format was employed to measure the degree of destination advocacy for each statement: 1 = entirely disagree, 2 = strongly disagree, 3 partly disagree, 4 = neutral, 5 = partly agree, 6 = strongly agree, 7 = entirely agree. The measurements of destination advocacy are presented in Table 10.

**Table 8: Measurement of Niche Organizational Performance**

<u>Niche Performance</u>	
<ol style="list-style-type: none"> <li>1. The effective implementation of niche strategy brings about increased competitiveness.</li> <li>2. The effective implementation of niche strategy leads to increased market shares.</li> <li>3. The effective implementation of niche strategy generates higher purchase frequency.</li> <li>4. The effective implementation of niche strategy result in increased growth possibilities.</li> <li>5. The effective implementation of niche strategy brings about customer loyalty.</li> <li>6. A strong use of a niche marketing strategy in our company generates higher sales.</li> <li>7. A strong use of a niche marketing strategy in our company increases profit.</li> </ol>	<p>Efrat and Shoham, 2012; Shahin, 2014; Toften and Olsen, 2010; Efrat and Shoham, 2012; Parrish et al, 2010; Yi Hua &amp; Hai Ming, 2011; Stiver, 2009; Doyle, 2002; Allen, 2007; Kotler 2003</p>

Note: 1 = entirely disagree, 2 = strong disagree, 3 = partly disagree, 4 = neutral, 5 = partly agree, 6 = strong agree, 7 = entirely agree

### 3.8 Content Validity

Validity accuracy is the most important quality of a research tool. In general, high-precision tools Means that the instrument is able to measure variables or attributes that match the purpose to be measured accurately and completely. The precision of an instrument can be classified into four types of Content Validity) Construct Validity Concurrent Validity and (Predictive Validity). Content Validity is the quality of a tool that can truly and fully measure the content of the subject or learning experience that needs to be measured. Content integrity is essential for measuring academic achievement. Content validity is the accuracy research tool that must be checked first. The most popular method is the Rovinelli & Hambleton method, also known as Index of Item Objective Congruence (IOC) (Rovinelli and Hambleton, 1977; Ismail and Zubairi, 2022). The purpose of exam validation of content is to determine how

comprehensive the content, skill, and behavior are to be measured and help the researcher to be sure and confident that the research tool that going to use with the sample group is having a good quality (Lawshe, 1975). Content validation will help making research tools more accurate and consists of 2 steps. The first step of content validity is the development stage or priori content validation then the second step is the judgment stage or posteriori content validation (Wynd et al, 2003; Heale and Twycross, 2015). Priori content validation is the phase of tool creation, defining content issues plan the structure of measurement form (may be provided as a blueprint of measurement form or questionnaire) and writing items. For posteriori, content validation will be done after getting the first tool (the Draft version) has already arrived. and will be inspected by qualified researchers, authors or any experts in the research field to review and approve that research tools. After these processes has been done then the questionnaire or research tools are ready to be applied.

### **3.9 Pretest Results**

#### **3.9.1 Descriptive Information of Pretest Samples**

Pretest is the process that conducted to check the quality of this research before using with the full-scale study. Aiming of conducting a pretest was to check and review the reliability and validity of research instrument and questionnaire. After finished the pretest, the measurement was adjusted and improved before using with the real participants. During the pretest, there were some problems that occurred to obstruct or delay this process. For instance, the unclear of questions in the questionnaire, contacting the wrong person of the organization, or even no feedback. However, after the pretest, researchers have learned and improved it during the real data collection process. The sample size in this pretest was 104 respondents from the small niche firms in the hospitality industry in Thailand. According to Weinberg, (1983) stated that the fairly number or reasonable sample size for the pre-test of the research should be large around 100 or more cases (Zukerberg et al, 1995). Then 104 respondents for this pre-test or pretest study is acceptable.

Firstly, researcher has contacted the niche firms (mostly by phone or sometimes using of emails) to talk with owner, management or human resource manager to ask and check whether or not, if their organization applied niche strategy and passed the criteria of niche strategy firms for this research which mentioned in the previous chapter. After checked and assured that the firms were using niche strategy and qualified., Then the pretest questionnaire both online and off line has been sent to the owner or human

resources manager and they will pass the questionnaire to their employee to respond. The pretest questionnaires were sent to the small niche firms in the hospitality industry namely hotel, restaurant, travel agent and other business services such as spa, Thai massage, private airplane rental company and luxury car rental. The pretest was done only in Bangkok first because it is easier to follow.

**Table 9: Demographic Profile of Pretest Samples (n=104)**

<b>Demographics</b>	<b>Frequency</b>	<b>%</b>
<b>Sex</b>		
Male	39	37.50
Female	65	62.50
<b>Age</b>		
Less than 20	6	5.80
21 - 30 years old	57	54.80
31 - 40 years old	37	35.60
41 - 50 years old	3	2.90
51 and over	1	1.00
<b>Education Level</b>		
High school	1	0.96
Bachelor's Degree	63	60.58
Master's Degree	39	37.50
Doctoral Degree	1	0.96
<b>Time of work</b>		
Less than 1 year	12	11.50
1 - 2 years	31	29.80
2 - 3 years	21	20.20

4 - 5 years	26	25.00
More than 5 years	14	13.46
<b>Characteristic of job</b>		
As management or Business owner	4	3.85
Being manager or Supervisor	16	15.38
<b>Demographics</b>	<b>Frequency</b>	<b>%</b>
They are operating personnel who must meet and serve customers.	56	53.85
Being an operating staff, don't have to meet with customers	28	26.92
<b>Type or nature of your business</b>		
Hotel Business	16	15.40
Restaurant Business	23	22.10
Tourism Business	39	37.50
Other business services such as spa, Thai massage, private airplane rental company and luxury car rental	26	25.00

The demographic profiles of the 104 sample respondents were females accounting for 65 persons (62.5%) and males accounting for 39 persons (37.5%). In addition, the average age was between 21 - 30 years old are 57 persons (54.8%), between 31 and 40 years old, accounting for 37 persons (35.6%), aged between 41-50 years old accounted for 3 persons (2.9%), lastly aged over 51 years old accounted for only 1 person (1%). The education level was bachelor's degree (63 persons: 65.58%), master's degree (39 persons: 37.50%) while doctoral degree (only 1 person: 0.96%). Characteristic of job in the company, describes as management or 4 business owners (3.85%), 16 being as manager or supervisor (15.38%), 56 operating personnel who must meet and serve customers (53.85%) and 28 persons who are the staffs that being an operating staff which don't need to meet with customers (26.92%). The period of working in the small niche firms of the respondents was less than 1 year (12 persons: 11.50%), between 1 - 2 years (31 persons: 29.80%), 2 - 3 years (21 persons: 20.20%), 4 - 5 years (26 persons: 25.00%), more than 5 years



(14 persons: 13.46%). Types or the nature of business was divided into hotel business (16 persons: 15.40%), restaurant business (23 persons: 22.10%), tourism business (39 persons: 37.50%) and other business services such as massage and spa, shuttle service and car rental (26 persons: 25.00%).

### 3.9.2 Reliability Tests

The reliability is the consistency of the results obtained from each measurement. By measuring the same method several times, the measurement results were taken to determine the relationship of trust (Sürücü and Maslakci, 2020). Biasutti and Frate, (2017) recommended to apply Cronbach's alpha because it is a famous method of evaluation the reliability and it has been used by many researchers around the world. The varies of Cronbach's alpha should be in between .660 and .854. However, Nunnally, (1978) suggested the Cronbach's alpha test is a high degree of sensitivity the coefficient score should be around 0.50, but if the score is greater than 0.50, it is considered to be a good indication of construct reliability. Hair et al, (2010) suggested that the good coefficient value of exploratory research should be about 0.60. This value is considered as acceptable (Gliem and Gliem, 2003). The summary of reliability test of the pretest was presented in Table 12. According to the result; the coefficient value was between 0.958 - 0.984 indicating that every items have an acceptable level of reliability test. For conclusion, due to a high core of reliability of this pretest then it is considered to be a good measurement and it could be used to conduct the research and collecting the data at full scale study.

**Table 10: Summary of Reliability Test**

Variables	Cronbach's Alpha
Niche Characteristic (41 items)	.971
Niche Strategic Implementation (51 items)	.984
Niche Performance (7 items)	.958

### 3.9.3 Exploratory Factor Analysis

The Exploratory factor analysis (EFA) is the process that has been used in the quantitative research in order to reduce so many factors or variable of the research into

the manageable variables (Reio and Shuck, 2015). The Exploratory factor analysis (EFA) started in the year Charles Spearman (Spearman, 1904; Wright and Wells, 2020). Since then the exploratory became a central of the multivariate analysis, which has been applied by so many researchers especially in the social science field and survey type (Rossoni et al, 2016). EFA will help research to develop and refine a new instrument's scale's and find the relation between variables to build the theory (Osborne and Costello, 2004; Treiblmaier and Filzmoser, 2010; Pruzek, 2005; Wright and Wells, 2020).

According to Hair et al. (2010) stated about the preferably sample size question in the research should be at least 50 cases or more and the significant factors should be considering by having only the factors expressing eigenvalue greater than 1. The varimax rotation methods was also used and interpret the resulting dimensions as latent variables in this research (Malmgren and Haq, 1982; MacCallum, 1998). If the factor loading was below 0.4 in the measurement items, those factors loading will be deleted. Next, if the factor loading is cross-loaded more than one factor or higher than 0.5 will be deleted as well. Hair, et al, (2010) also suggested that any items with a communality less than 0.40 are not having sufficient explanation and researcher should delete these items from the measurement items. The Kaiser-Meyer-Olkin Measure or KMO technic was also used to examine the sample group if it is suitable with this research and it should be greater than 0.50 then the factor analysis outcome will be acceptable (Costales et al, 2022). For Bartlett's test of sphericity will help to checks whether the population correlation metric is an identity matrix and if it the Bartlett's test of sphericity ( $p < 0.05$ ) means there is sufficient correlations exist among the variables to proceed.

### **3.9.3.1 Dimensionality of Niche Characteristics**

There are seven factor of the niche characteristic that having in the measurement scale in this research. By using the criteria of eigenvalues of 1.00 (Hair, et ai, (2010) ). Dimensionality of niche characteristics consist of 7 factors and having in total 41 items. The factor loading is between 0.728 - 0.924. The 7 factors consist of small size company (NCSS), unique resources (NCUR), differentiation strategy (NCDS), specific needs (NCSN), few competitors (NCFC), charge premium price (NCCP), having growth potential (NCHG). Result shows that there were 41 items for niche characteristic for small niche firms in the hospitality industry in Thailand. There was also a test of KMO, Bartlett's test and Chi-square to investigate the overall significant correlation with a correlation matrix. The value of the test was KMO = .898, Barlett's test: Chi-square = 683.863, Sig. = .000. According to the results, it is acceptable for statistical significance.

The summary of exploratory factor analysis of niche characteristic was shown on the Table 13.

**Table 11: Exploratory Factor Analysis of Niche Characteristic (n=104)**

Dimensions & Items	Communalities	Factor Loadings	Eigenvalue	Variance Explained
Niche Characteristic (NC)				
Small size company (NCSS)			5.181	74.010
NCSS1	.665	.864		
NCSS2	.570	.906		
NCSS3	.471	.924		
NCSS4	.712	.822		
NCSS5	.713	.832		
NCSS6	.621	.862		
Unique resources (NCUR)			3.753	10.759
NCUR1	.804	.778		
NCUR2	.806	.782		
NCUR3	.690	.869		
NCUR4	.672	.875		
NCUR5	.744	.840		
Differentiation strategy (NCDS)			2.376	5.369

<b>Dimensions &amp; Items</b>	<b>Communalities</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>
NCDS1	.582	.877		
NCDS2	.721	.791		
NCDS3	.574	.880		
NCDS4	.739	.772		
NCDS5	.646	.846		
NCDS6	.436	.924		
NCDS7	.725	.768		
NCDS8	.707	.792		
Specific needs (NCSN)			2.241	3.442
NCSN1	.657	.865		
NCSN2	.574	.892		
NCSN3	.716	.810		
NCSN4	.614	.884		
NCSN5	.520	.917		
NCSN6	.563	.908		
Few competitors (NCFC)			1.209	2.989
NCFC1	.816	.708		
NCFC2	.761	.857		

NCFC3	.839	.760		
NCFC4	.781	.791		
NCFC5	.657	.887		
<b>Dimensions &amp; Items</b>	<b>Communalities</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>
Charge premium price (NCCP)			1.130	1.851
NCCP1	.752	.803		
NCCP2	.747	.792		
NCCP3	.744	.816		
NCCP4	.577	.901		
NCCP5	.718	.831		
NCCP6	.574	.898		
Having growth potential (NCHG)			1.111	1.580
NCHG1	.745	.830		
NCHG2	.653	.887		
NCHG3	.675	.875		
NCHG4	.762	.820		
NCHG5	.664	.882		

KMO = .898, Barlett's test: Chi-square = 683.863, Sig. = .000

### 3.9.3.2 Dimensionality of Niche Strategic Implementation

There are seven factor of the niche strategy implementation that having in the measurement scale in this research. By using the criteria of eigenvalues of 1.00 (Hair, et



ai, 2010). Dimensionality of niche characteristics consist of 7 factors and having in total 45 items. The factor loading is between 0.715 – 0.902. The 7 factors consist of content of niche strategy (NSCN), niche firm structure (NSNF), human resources (NSHR), non-human resources (NSNHR), communication in niche firms (NSC), management control (NSMC), evaluation and reward (NSER). Result shows that there were 45 items of niche strategic implementation for small niche firms in the hospitality industry in Thailand. There was also a test of KMO, Bartlett's test and Chi-square to investigate the overall significant correlation with a correlation matrix. The value of the test was KMO = .897, Barlett's test: Chi-square = 955.922, Sig. = .000. According to the results, it is acceptable for statistical significance. The summary of exploratory factor analysis of niche characteristic was shown on the Table 14.

**Table 12: Exploratory Factor Analysis of Niche Strategic Implementation (n=104)**

Dimensions & Items	Communalities	Factor Loadings	Eigenvalue	Variance Explained
Niche Strategic Implementation (NS)				
Content of Niche Strategy (NSCN)			5.883	84.046
NSCN1	.748	.765		
NSCN2	.625	.858		
NSCN3	.611	.864		
NSCN4	.766	.725		
NSCN5	.670	.853		
NSCN6	.641	.843		
NSCN7	.603	.867		
Niche Firm Structure (NSNF)			2.448	6.397
NSNF1	.697	.848		
NSNF2	.740	.817		

NSNF3	.777	.775		
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<b>Dimensions &amp; Items</b>	<b>Communalities</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>
NSNF4	.756	.804		
NSNF5	.830	.715		
NSNF6	.745	.821		
<b>Human Resources (NSHR)</b>			<b>2.233</b>	<b>3.323</b>
NSHR1	.676	.863		
NSHR2	.665	.871		
NSHR3	.619	.892		
NSHR4	.686	.856		
NSHR5	.658	.887		
<b>Innovation/ Technology(NSIT)</b>			<b>2.156</b>	<b>2.230</b>
NSIT1	.797	.722		
NSIT2	.653	.854		
NSIT3	.698	.828		
NSIT4	.687	.835		
NSIT5	.695	.829		
NSIT6	.733	.796		
NSIT7	.734	.790		
<b>Communication (NSC)</b>			<b>1.116</b>	<b>1.655</b>

NSC1	.653	.875		
NSC2	.761	.802		
<b>Dimensions &amp; Items</b>	<b>Communalities</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>
NSC3	.792	.749		
NSC4	.760	.797		
NSC5	.562	.900		
NSC6	.692	.813		
Management Control (NSMC)			1.104	1.492
NSMC1	.517	.902		
NSMC2	.757	.627		
NSMC3	.671	.860		
NSMC4	.774	.746		
NSMC5	.636	.840		
NSMC6	.793	.715		
NSMC7	.688	.821		
NSMC8	.632	.844		
Evaluation and Reward(NSER)			1.060	.857
NSER1	.888	.809		
NSER2	.767	.844		
NSER3	.797	.837		

NSER4	.843	.843		
NSER5	.800	.792		
<b>Dimensions &amp; Items</b>	<b>Communalities</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>
NSER6	.805	.818		
NSER7	.807	.771		
NSER8	.741	.782		
NSER9	.808	.789		
NSER10	.828	.785		
NSER11	.794	.798		
NSER12	.902	.861		

KMO = .897, Barlett's test: Chi-square = 955.922, Sig = .000

### 3.9.3.3 Dimensionality of Niche Strategic Implementation Performance

The total number of two dimensions of niche strategic implementation performance. There are 2 factor of the niche strategic performance that having in the measurement scale in this research. By using the criteria of eigenvalues of 1.00 (Hair, et al, (2010) ). Dimensionality of niche strategic performance consist of 2 factors and having in total 13 items. The factor loading is between 0.651 - 0.851. The 2 factors consist of niche performance financial (NPRS) and Niche performance non-financial (NPP). Result shows that there were 13 items for niche characteristic for small niche firms in the hospitality industry in Thailand. There was also a test of KMO, Bartlett's test and Chi-square to investigate the overall significant correlation with a correlation matrix. The value of the test was KMO = 0.500, Barlett's test: Chi-square = 96.056, Sig = .000. According to the results, it is acceptable for statistical significance. The summary of exploratory factor analysis of niche characteristic was shown on the Table 15

**Table 13: Exploratory Factor Analysis of Niche Organizational Performance (n=104)**

Dimensions & Items	Communalities	Factor Loadings	Eigenvalue	Variance Explained
Niche Performance (NP)				
Niche Performance (NPP)			1.218	10.890
NPP1	.712	.772		
NPP2	.607	.877		
NPP3	.727	.793		
NPP4	.714	.810		
NPP5	.692	.810		
NPP6	.633	.851		
NPP7	.716	.810		

KMO = 0.500, Barlett's test: Chi-square = 96.056, Sig = .000

#### 3.9.3.4 Model Construct Reliability Test

In the quantitative research is important to consider the standard and quality of reliability and validity of the methods and instrument. The reliability test is one of the most important methods to assess the research instrument and measurement of the research (Heale and Twycross, 2015; Sürücü and Maslakci, 2020). Franchignoni et al, (1998) stated that the stability and consistency of research measurement could be tested and examined by the reliability test. While Thatcher, (2010) suggested that a high correlation between construct could indicate a high quality of measurement scale of the research but if the core of correlation could not be high, then at least a fairly correlation is also acceptable (Hagan, 2014).

Reliability is that the research measurement instrument that indicate the consistent outcome of the factors under the same circumstances (Sürücü and MASLAKÇI, 2020). The internal consistency and stability of the measurement tools in



this research was tested by applying the Cronbach's technic to test the correlation between each items in the research (Louangrath and Sutanapong, 2018). Hair et al, (2010) stated that the item-to-total correlations and the inter item correlations should be exceeding than 0.30. While Nunnally (1978) mentioned about the Cronbach's alpha testing that should have a minimum score at the coefficient of 0.70, which considered to be acceptable. Moreover, Hair et al, (2010) also suggested about the lenient cut-off value should be exceeded than 0.60 because that would be the acceptable level and it is good enough to use in the exploratory research.

The model construct reliability test of the pretest was presented in Table 16. The result of this table shows the validity and reliability score of each variables from the exploratory factor analysis. The lowest correlation of total measurement items was having a score 0.789 while the highest value was 0.958. The Cronbach's alpha score was more than 0.6 which according to Hair et al, (2010) considered as good and acceptable. Finally, result shown that all measurement items in this research is having high value score of reliability and it is acceptable to use in the real data collection process for the full thesis.

**Table 14: Model Construct Reliability Test**

<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Dimensions and Items</b>
Niche Characteristic (NC)			.971
Small size company (NCSS)			.817
NCSS1	.634	.971	
NCSS2	.720	.970	
NCSS3	.642	.971	
NCSS4	.634	.971	
NCSS5	.705	.970	
NCSS6	.733	.970	
<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Dimensions and Items</b>

Unique resources (NCUR)			.832
NCUR1	.795	.970	
NCUR2	.758	.970	
NCUR3	.681	.971	
NCUR4	.670	.971	
NCUR5	.793	.970	
Differentiation strategy (NCDS)			.845
NCDS1	.690	.971	
NCDS2	.702	.971	
NCDS3	.617	.971	
NCDS4	.753	.970	
NCDS5	.682	.970	
NCDS6	.655	.971	
NCDS7	.748	.970	
NCDS8	.721	.970	
Specific needs (NCSN)			.847
NCSN1	.769	.970	
NCSN2	.676	.971	
NCSN3	.769	.970	
NCSN4	.669	.971	
<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Dimensions and Items</b>

NCSN5	.646	.971	
NCSN6	.606	.971	
Few competitors (NCFC)			.829
NCFC1	.436	.972	
NCFC2	.524	.971	
NCFC3	.543	.972	
NCFC4	.576	.971	
NCFC5	.628	.971	
Charge premium price (NCCP)			.827
NCCP1	.669	.971	
NCCP2	.652	.971	
NCCP3	.660	.971	
NCCP4	.763	.970	
NCCP5	.683	.971	
NCCP6	.737	.970	
Having growth potential (NCHG)			.879
NCHG1	.754	.970	
NCHG2	.735	.970	
NCHG3	.773	.970	
<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Dimensions and Items</b>

NCHG4	.757	.970	
NCHG5	.664	.971	
Niche Strategic Implementation (NS)			.984
Content of Niche Strategy (NSCN)			.896
NSCN1	.764	.984	
NSCN2	.713	.984	
NSCN3	.708	.984	
NSCN4	.718	.984	
NSCN5	.706	.984	
NSCN6	.697	.984	
NSCN7	.677	.984	
Niche Firm Structure (NSNF)			.889
NSNF1	.726	.984	
NSNF2	.835	.984	
NSNF3	.808	.984	
NSNF4	.784	.984	
NSNF5	.839	.984	
NSNF6	.787	.984	
Human Resources (NSHR)			.867
<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Dimensions and Items</b>

NSHR1	.626	.984	
NSHR2	.777	.984	
NSHR3	.671	.984	
NSHR4	.750	.984	
NSHR5	.745	.984	
Innovation/ Technology (NSIT)			.928
NSIT1	.845	.984	
NSIT2	.746	.984	
NSIT3	.768	.984	
NSIT4	.717	.984	
NSIT5	.797	.984	
NSIT6	.808	.984	
NSIT7	.824	.984	
Communication (NSC)			.894
NSC1	.776	.984	
NSC2	.802	.984	
NSC3	.827	.984	
NSC4	.807	.984	
NSC5	.710	.984	
NSC6	.774	.984	
<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Dimensions and Items</b>

Management Control (NSMC)			.869
NSMC1	.734	.984	
NSMC2	.753	.984	
NSMC3	.720	.984	
NSMC4	.768	.984	
NSMC5	.769	.984	
NSMC6	.787	.984	
NSMC7	.735	.984	
NSMC8	.735	.984	
Evaluation and Reward (NSER)			.842
NSER1	.716	.984	
NSER2	.851	.984	
NSER3	.751	.984	
NSER4	.756	.984	
NSER5	.739	.984	
NSER6	.824	.984	
NSER7	.837	.953	
NSER8	.777	.955	
NSER9	.873	.952	
NSER10	.858	.953	
<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Dimensions and Items</b>



NSER11	.816	.954	
NSER12	.856	.953	
Niche Performance (NPP)			.888
NPP1	.800	.955	
NPP2	.750	.956	
NPP3	.793	.955	
NPP4	.695	.957	
NPP5	.688	.957	
NPP6	.682	.957	
NPP7	.744	.956	

### 3.9.3.5 Summary of Pretest

The pretest study is one of the very important process to improve the validity and reliability of the data before the real process will be conducted (Gani et al 2020). This process will help the researcher to perceive the possibility or feasibility of their research of it would be possible to execute (Van and Hundley, 2001). Pretest is the work of the small-scale vision to test and develop the major study and it could reshape the final study to achieve the validity and reliability. It will also assist to reduce the risk that could be happened before the final full scale will start. After the Pretest process, the researchers will perceive what is the best methods, to pursue and can use to collect the data (Ismail et al, 2018; Kezar, 2000). De Vaus, (1993) stated that do not take risk in your research, doing pretest first while Van and Hundley, (2001) suggested that the pretest is the similar as a pre-test or trying out of the research instrument. The pretest could be done in both qualitative and quantitative research (Thabane et al, 2010) but in this research will focus on the quantitative study about the implementation of niche strategy in the small niche firm in the hospitality industry in Thailand. As the quantitative research are mostly approach to the data by using the philosophical paradigm of positivism to study the natural phenomena. Quantitative study also endeavor to test whether their theory is true or having the ability to study by using the scientifically methods to measure, evaluate and explain results. Maxwell, (2012) presented that the

Techniques for collecting data for quantitative research consisted of 3 methods which are surveys, experiments and mathematical modelling (Kaewsaeng-On, 2016; Saunders et al, 2012).

The instrument that used in this research was a questionnaire in both paper and online questionnaire. The questionnaire was initially developed from the previous literature review in the marketing and strategy field and the content validity of questions were proved and advised by 5 experts in the marketing, strategy and international business fields (Gani et al 2020). Then the pretest was done to test the instrument. According to the pre-test result that conducted with 104-sample size from small business in the hospitality industry (boutique hotel, restaurant and travel agent). The ensuring survey questionnaire consisted of 3 sub-scales and 99 indicators. Table... summarizes the information of the research measurement both initial number of items and revised number of items. The validity and reliability of the research instrument was good and achieved the goal of this pretest. The summarized of all details about the pretest will be explained following

**Table 17: Summary of Research Measurement Development**

<b>Sub-scale</b>	<b>Dimensionality</b>	<b>Initial No. of items</b>	<b>Revised No. of items</b>
Niche Characteristic	7	41	41
Niche Strategic Implementation	7	51	51
Niche Performance	1	7	7
<b>Total</b>	<b>15</b>	<b>99</b>	<b>99</b>

## **Chapter 4 Results and Findings**

### **4.1 Chapter Introduction**

Chapter four presents the empirical results of this research. There are consisting of six sections in this chapter. The first section expressed the descriptive statistics and the characteristics of the sample group and also the number of sample. The second section was the data cleaning and screening to examine the quality of data and remove the missing data. In this part, determined an appropriate estimation method for confirmatory factor analysis (CFA). The validation of the measurement model was verified by discriminant validity and convergent validity. Next, the structural equation modeling analysis and hypotheses testing were conducted and presented in the following section. Lastly in this chapter will be a summary of the entire chapter to conclude all results and finding of the research.

### **4.2 Sample Characteristics**

The questionnaire survey in both patent paper and online were sent to the selected small niche firms in the hospitality industry in 5 big and famous cities for tourists in Thailand. There are Bangkok, Pattaya, Phuet, Chiang Mai and Korat. The questionnaire was sent during the period of October to December 2021. The questionnaires were distributed to hotels, restaurants, travel agents and other business such as spa business and car, airplane and yacht rental companies because there were a small business in the hospitality industry as mentioned by that applying niche strategy and match with the niche characteristic in 5 cities as mentioned earlier. Before sending the questionnaire to small niche firms, the researcher contacted the company to discuss with owner, management or human resource manager to explain about the goal and objective of this research. Finally, the questionnaires were sent to the companies that required. A total number of 420 samples were valid and usable for subsequent analysis.

#### **4.2.1 Demographic Profile**

This research applied a widely used minimum sample size estimation method in SEM, which is the 10-times rule method (Hair, Ringle and Sarstedt, 2011, pp. 139-152). Thus, the sample size of this study is 420 staffs (both management and employee levels) who work in small niche-strategy hospitality firms. The sampling technique is purposive sampling method. This research applies quantitative method by using questionnaire as a research tool. The questionnaire was developed from several previous

study of niche characteristics, niche strategy implementation and niche strategy performance in the organization, to collect the data (Rapert, Velliquette, and Garretson, 2002; Dalgic and Leeuw, 2015; Okumus, 2003; Yang, et al., 2010; Kai and Per, 2007; Kjell and Trond, 2010; Marchese, 2001; John, et al., 2018; Parrish et al, 2006). Questionnaires both online and paper versions, were sent to the small size firms applying niche strategy in the hospitality industry as mention in the previous chapter which are hotels, restaurants, travel agents and other business such as spa business and car , airplane and yacht rental companies. The chosen small niche-strategy company follows the criteria of SMEs of Thailand that small companies are the firms that have less than 50 employees. As the hotels are one of the sample businesses of this study, the standard of Hotel Act, B.E. 2547 (2004) was used. The hotels applying niche strategy with less than 50 guest rooms were selected to collect the data. Table 18 shows the descriptive Information of samples in this research.

**Table 18: Demographic Profile of Samples (n=420)**

<b>Demographics</b>	<b>Frequency</b>	<b>%</b>
<b>Sex</b>		
Male	152	36.2
Female	268	63.8
<b>Age</b>		
Less than 20	-	0.0
21 - 30 years old	265	63.10
31 - 40 years old	107	25.48
41 - 50 years old	34	8.09
51 and over	14	3.33
<b>Education Level</b>		
High school	0	0
Bachelor's Degree	374	89.05
<b>Demographics</b>	<b>Frequency</b>	<b>%</b>
Master's Degree	44	10.47

Doctoral Degree	2	0.48
<b>Period of working in the company:</b>		
Less than 1 year	40	9.52
1 - 2 years	89	21.20
2 - 3 years	93	22.14
4 - 5 years	112	26.67
More than 5 years	86	20.47
<b>Characteristic of job:</b>		
As management or Business owner	47	11.19
Being manager or Supervisor	109	25.95
They are operating personnel who must meet and serve customers.	198	47.14
Being an operating staff, don't have to meet with customers	66	15.71.
<b>Type or nature of your business:</b>		
Hotel Business	202	48.09
Restaurant business	102	24.29
Tourism business	99	23.57
Other business services such as spa, Thai massage, shuttle service, car rental	17	4.05

#### 4.2.2 Descriptive Statistics Result

The demographic profiles of the 420 sample respondents were females accounting for 268 (63.8%) and males accounting for 152 (36.2%). In addition, the average age was between 21 – 30 years old are 265 (63.10%), between 31 and 40 years old, accounting for 107 (25.48%), aged between 41-50 years old accounted for 34 (8.09%), lastly aged over 51 years old accounted for 14 (3.33%). The education level was bachelor's degree (374: 89.05%), master's degree (44: 10.47%) while doctoral degree (2: 0.48%). Characteristic of job in the company describes as management or business owner (47: 11.19%), being manager or supervisor (109: 25.95%), operating personnel who must meet and serve customers (198: 47.14%) and staffs that being an operating staff which don't need to meet with customers (66: 15.71%). Period of working in the small niche firms of the respondents was less than 1 year (40: 9.52%), between 1 - 2 years (89: 21.20%), 2 - 3 years (93: 22.14%), 4 - 5 years (112: 26.67%), more than 5 years (86: 20.47%). Types or the nature of business was divided into hotel business (202: 48.09%), restaurant business (102: 24.29%), tourism business (99: 23.57%) and other business services such as spa, Thai massage, shuttle service and car rental (17: 4.05%).

#### 4.2.3 Descriptive Statistic Analysis

The descriptive statistical analysis is the presentation part of the data collection that researched has collected. By the nature of the data collected could be in the form of graph, table, figure or etc. Patel, (2009) stated that is used to describe the variable. It is the basic statistical value used for analysis. Describe the general information of the questionnaire. The researcher analyzed the data using statistical values (Fisher and Marshall, 2009; Gorman and Johnson, 2013). There are two basic concepts of statistics between descriptive statistics and inferential statistics (Sutanapong and Louangrath, 2015). The descriptive statistics are statistics used to summarize the data obtained from the sample group without reference to the population but only describes the nature of the data, such as the frequency distribution, the measurement of the central tendency measurement of the distribution of data, etc. The presentation of the analysis of descriptive data is in the form of tables and charts of various types. Inferential statistics or inferential statistics It is a statistic that is used to draw conclusions calculated from a random sampling. to describe or summarize the characteristics of the entire population. The methods used to draw references to populations were estimation and hypothesis testing, analysis of variance, regression and correlation analysis (Van Elst, 2013).

According to the data, result shown that most of the items had mean score over five (5 = important), which mean that every items were effective especially the top five items with highest mean scores were: niche characteristic unique resources



orNCUR1(mean = 6.538), the unique resources of the company to create niche products and services to their customers.Niche characteristic differentiation strategyorNCDS1 (mean = 6.506) the focusing on the differentiation of product and services from other competitors.Niche characteristic charging premium price or NCCP1 (mean = 6.506) charging the premium price for their specialized products and services which should be one of the most expectation of every business to gain more profit from the higher price but clients are still happy to pay. Another items which having high score was niche characteristic management control or NSMC1 (mean = 6.504) showing that the support and involve of owner, management and manager will help a lot to support their staffs to generate the superior productivity. On the other hand, the five items with lowest mean scores were niche characteristic few competitor orNCFC2 (mean = 6.168) and niche characteristic few competitor or NCFC3 (mean = 6.198) limited market consisting of a few customers and competitors. It might be because even the niche market is a small and quite specific market for small group of customer who has a specific need but as this market is quite strong and having high potential, then there are more new company that try to enter this market and it make the number of competitors are get more.

**Table 15: Mean Score and Standard Deviation of Variables (n=420)**

<b>Dimensions and Items</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
Small size company (NCSS)		
NCSS1	6.484	0.958
NCSS2	6.422	0.966
NCSS3	6.474	0.986
NCSS4	6.41	1.072
NCSS5	6.425	0.927
NCSS6	6.336	1.093
Unique resources (NCUR)		
NCUR1	6.538	0.842
NCUR2	6.489	0.919
NCUR3	6.444	0.865
NCUR4	6.437	0.906

<b>Dimensions and Items</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
NCUR5	6.462	0.905

Differentiation strategy (NCDS)		
NCDS1	6.506	0.837
NCDS2	6.575	0.729
NCDS3	6.422	0.899
NCDS4	6.479	0.869
NCDS5	6.464	0.913
NCDS6	6.452	0.947
NCDS7	6.494	0.869
NCDS8	6.452	0.952
Specific needs (NCSN)		
NCSN1	6.523	0.828
NCSN2	6.417	0.839
NCSN3	6.39	0.929
NCSN4	6.373	0.96
NCSN5	6.457	0.821
NCSN6	6.408	0.976
Few competitors (NCFC)		
NCFC1	6.23	1.301
NCFC2	6.168	1.188
NCFC3	6.198	1.33
NCFC4	6.207	1.356
NCFC5	6.264	1.186
Charge premium price (NCCP)		
NCCP1	6.506	0.938
NCCP2	6.499	0.908
NCCP3	6.442	0.967
NCCP4	6.469	0.874
NCCP5	6.484	0.849
NCCP6	6.442	0.957

Dimensions and Items	Mean Score	Standard Deviation
Having growth potential (NCHG)		

NCHG1	6.528	0.801
NCHG2	6.506	0.892
NCHG3	6.472	0.9
NCHG4	6.481	0.932
NCHG5	6.526	0.857
Content of Niche Strategy (NSCN)		
NSCN1	6.523	0.798
NSCN2	6.511	0.855
NSCN3	6.462	0.891
NSCN4	6.526	0.81
NSCN5	6.459	0.824
NSCN6	6.459	0.896
NSCN7	6.523	0.772
Niche Firm Structure (NSNF)		
NSNF1	6.481	0.872
NSNF2	6.481	0.894
NSNF3	6.477	0.88
NSNF4	6.491	0.866
NSNF5	6.417	0.947
NSNF6	6.385	1.012
Human Resource (NSHR)		
NSHR1	6.523	0.798
NSHR2	6.44	0.895
NSHR3	6.44	0.99
NSHR4	6.393	0.965
NSHR5	6.472	0.863
Innovation Technology (NSIT)		
NSIT1	6.489	0.822
NSIT2	6.469	0.81

Dimensions and Items	Mean Score	Standard Deviation
NSIT3	6.348	0.965

NSIT4	6.393	0.888
NSIT5	6.338	0.945
NSIT6	6.469	0.819
NSIT7	6.501	0.864
Communication (NSC)		
NSC1	6.435	0.982
NSC2	6.459	0.882
NSC3	6.504	0.919
NSC4	6.504	0.94
NSC5	6.363	1.005
NSC6	6.422	0.918
Management Control (NSMC)		
NSMC1	6.504	0.834
NSMC2	6.457	0.95
NSMC3	6.378	1.001
NSMC4	6.395	0.981
NSMC5	6.454	0.882
NSMC6	6.4	1.033
NSMC7	6.39	1.058
NSMC8	6.42	1.061
Evaluation and Reward (NSER)		
NSER1	6.437	0.962
NSER2	6.481	0.905
NSER3	6.504	0.943
NSER4	6.39	1.042
NSER5	6.449	0.899
NSER6	6.491	0.855
NSER7	6.422	0.888
NSER8	6.464	0.885

Dimensions and Items	Mean Score	Standard Deviation
NSER9	6.442	0.925

NSER10	6.375	1.013
NSER11	6.422	1.021
NSER12	6.442	0.987
Niche Performance (NPP)		
NPP1	6.489	0.816
NPP2	6.494	0.801
NPP3	6.523	0.834
NPP4	6.519	0.785
NPP5	6.585	0.738
NPP6	6.556	0.811
NPP7	6.543	0.845

### 4.3 Data Cleaning and Screening

#### 4.3.1 Missing Value

Missing value is the mistake that could be happened to interrupt the testing of Structural Equation Modeling (SEM) in general. The missing value could be occurred from many reasons and it will cause the loss of efficiency of the research. Missing Value will also complicate the analyzing of data and bias results from the different between the missing value data and the normal good data. Peng et al, (2006) studied and published in the journal in education and psychology of 11 issues between 1998-2004 found that around 48% of her researched has a missing value occurred during the data collection process. While Wood et al, (2004) found the missing value of data almost 89% of her research. According to these cases we could found that the missing value always happened and researchers need to deal and solve these problems in order to increase the efficiency of the research (Wut Sookcharoen, 2015). Tasswa and Banjongprasert, (2019) recommended that if the missing value was more than 10% then the researchers must express about these incidences while the missing value is very high until more than 15% the SEM analysis might not be appreciated.

Even the missing value could be happened from many reasons but it could be separated into 2 group; The first group was occurred from the research process and another group would be the missing value that cause from the informant (Wut Sookcharoen, 2015). The research process that can cause the missing value of data was for instance; not suitable formulating research issues, designing a questionnaire that

takes too much time to answer, using inappropriate question, the sample definition is too broad or the data collection process is inappropriate. However, the missing value of data that happened from the informant could be from the informant is reluctant to provide information or the sample group was unable to provide continuous data.

In this research, the missing data was done during the SPSS process. The questionnaires that have many missing data will be deleted from SPSS data. Which in this research has 23 missing data were deleted. For any questionnaire, that having not so many missing data will be replaced missing value by using of a series means methods. Finally, the sample size that use in this research was 420 sample sizes.

#### **4.3.2 Data Normality**

The data normality is one of the most important assumption in Structural Modeling Equation (SEM) analysis. The skewness and kurtosis is the index that used to test the univariate normality of the data (Blanca et al, 2013). Kline (2005) suggested that the univariate normality was assumed when the univariate values skewness was between -3.0 to 3.0. But if the index of the univariate kurtosis was showing between -8.0 to 8.0 then that data will consider to be an extreme skewness or extreme kurtosis which would be the problem and cannot accept (Cain et al, 2017).

Following the result of Table 20 which showing that the data distribution and normality testing was between -3.0 to 3.0. It means that the univariate normality test had an acceptable result and the assumption of multivariate normality was not found from the data. The skewness distribution test of single variables was in the acceptable range, while the absolute values of skewness in the study are all below 3.0. And the kurtosis distribution test of single variables also was in the acceptable level, the absolute values of skewness in the study are all below 8.0.



**Table 20: Univariate Normality Test (n=420)**

<b>Dimensions and Items</b>	<b>Skewness</b>	<b>Kurtosis</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
Small size company (NCSS)				
NCSS1	-2.047	4.066	6.484	0.958
NCSS2	-1.692	2.072	6.422	0.966
NCSS3	-2.090	4.046	6.474	0.986
NCSS4	-2.305	5.897	6.41	1.072
NCSS5	-1.597	1.636	6.425	0.927
NCSS6	-1.932	3.614	6.336	1.093
Unique resources (NCUR)				
NCUR1	-1.881	2.751	6.538	0.842
NCUR2	-1.986	3.393	6.489	0.919
NCUR3	-1.687	2.568	6.444	0.865
NCUR4	-1.858	3.694	6.437	0.906
NCUR5	-2.052	4.628	6.462	0.905
Differentiation strategy (NCDS)				
NCDS1	-1.838	2.922	6.506	0.837
NCDS2	-1.840	3.460	6.575	0.729
NCDS3	-1.776	3.112	6.422	0.899
NCDS4	-1.914	3.587	6.479	0.869
NCDS5	-1.953	3.571	6.464	0.913
NCDS6	-1.838	2.758	6.452	0.947
NCDS7	-1.754	2.346	6.494	0.869
NCDS8	-2.083	5.027	6.452	0.952
Specific needs (NCSN)				
NCSN1	-1.810	2.744	6.523	0.828
NCSN2	-1.442	1.625	6.417	0.839
NCSN3	-1.727	2.822	6.39	0.929
NCSN4	-1.698	2.835	6.373	0.96
NCSN5	-1.774	3.339	6.457	0.821
NCSN6	-2.133	5.244	6.408	0.976
Few competitors (NCFC)				
NCFC1	-2.128	4.755	6.23	1.301
NCFC2	-1.724	3.062	6.168	1.188

<b>Dimensions and Items</b>	<b>Skewness</b>	<b>Kurtosis</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
NCFC3	-2.018	3.811	6.198	1.33
NCFC4	-2.034	3.922	6.207	1.356
NCFC5	-2.301	5.874	6.264	1.186
Charge premium price (NCCP)				
NCCP1	-2.308	6.437	6.506	0.938
NCCP2	-2.367	7.441	6.499	0.908
NCCP3	-2.137	4.984	6.442	0.967
NCCP4	-1.736	2.471	6.469	0.874
NCCP5	-1.767	2.860	6.484	0.849
NCCP6	-1.955	4.042	6.442	0.957
Having growth potential (NCHG)				
NCHG1	-1.708	2.281	6.528	0.801
NCHG2	-2.313	6.004	6.506	0.892
NCHG3	-1.770	2.602	6.472	0.9
NCHG4	-2.166	5.191	6.481	0.932
NCHG5	-1.928	3.286	6.526	0.857
Content of Niche Strategy (NSCN)				
NSCN1	-1.636	1.830	6.523	0.798
NSCN2	-2.149	5.363	6.511	0.855
NSCN3	-1.931	4.094	6.462	0.891
NSCN4	-1.798	2.970	6.526	0.81
NSCN5	-1.614	2.277	6.459	0.824
NSCN6	-2.012	4.572	6.459	0.896
NSCN7	-1.633	2.024	6.523	0.772
Niche Firm Structure (NSNF)				
NSNF1	-2.071	4.885	6.481	0.872
NSNF2	-1.979	3.708	6.481	0.894
NSNF3	-2.007	4.404	6.477	0.88
NSNF4	-1.867	3.120	6.491	0.866
NSNF5	-1.727	2.355	6.417	0.947
NSNF6	-1.937	3.777	6.385	1.012

<b>Dimensions and Items</b>	<b>Skewness</b>	<b>Kurtosis</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
Human Resource (NSHR)				
NSHR1	-1.842	3.195	6.523	0.798
NSHR2	-1.794	2.974	6.44	0.895
NSHR3	-2.202	5.137	6.44	0.99
NSHR4	-1.949	4.230	6.393	0.965
NSHR5	-1.700	2.493	6.472	0.863
Innovation Technology (NSIT)				
NSIT1	-1.655	2.288	6.489	0.822
NSIT2	-1.559	2.079	6.469	0.81
NSIT3	-2.142	5.607	6.348	0.965
NSIT4	-1.452	1.626	6.393	0.888
NSIT5	-1.270	0.624	6.338	0.945
NSIT6	-1.409	1.015	6.469	0.819
NSIT7	-1.858	3.049	6.501	0.864
Communication (NSC)				
NSC1	-2.063	4.585	6.435	0.982
NSC2	-1.776	2.734	6.459	0.882
NSC3	-2.126	4.285	6.504	0.919
NSC4	-2.075	3.852	6.504	0.94
NSC5	-2.101	5.345	6.363	1.005
NSC6	-1.686	2.649	6.422	0.918
Management Control (NSMC)				
NSMC1	-1.836	3.207	6.504	0.834
NSMC2	-2.209	6.230	6.457	0.95
NSMC3	-1.971	4.746	6.378	1.001
NSMC4	-1.870	3.422	6.395	0.981
NSMC5	-1.719	2.609	6.454	0.882
NSMC6	-2.403	6.876	6.4	1.033
NSMC7	-2.077	4.800	6.39	1.058
NSMC8	-2.339	6.138	6.42	1.061
Evaluation and Reward (NSER)				
NSER1	-1.909	3.467	6.437	0.962
NSER2	-2.308	6.480	6.481	0.905

Dimensions and Items	Skewness	Kurtosis	Mean Score	Standard Deviation
NSER3	-2.761	9.827	6.504	0.943
NSER4	-2.155	5.398	6.39	1.042
NSER5	-2.203	7.055	6.449	0.899
NSER6	-1.896	3.365	6.491	0.855
NSER7	-2.169	7.006	6.422	0.888
NSER8	-2.407	8.205	6.464	0.885
NSER9	-2.081	5.860	6.442	0.925
NSER10	-1.908	4.246	6.375	1.013
NSER11	-2.252	5.674	6.422	1.021
NSER12	-2.311	6.346	6.442	0.987
Niche Performance (NPP)				
NPP1	-1.501	1.315	6.489	0.816
NPP2	-1.504	1.399	6.494	0.801
NPP3	-1.850	2.891	6.523	0.834
NPP4	-1.757	2.925	6.519	0.785
NPP5	-1.723	2.112	6.585	0.738
NPP6	-2.346	6.826	6.556	0.811
NPP7	-2.263	5.900	6.543	0.845

#### 4.4 Reliability Test of Measurement Scale

Reliability refers to features of instruments that provide consistent and stability of the measured values obtained in repeated measurements, no matter how many times, the results are the same (Sürücü and Maslakci, 2020). Reliability is also a feature of the results of the measuring instrument. Cronbach's alpha is a test reliability technique that most widely used objective measure of the internal consistency reliability (Gliem and Gliem, 2003; Tavakol and Dennick, 2011). According to Hair et al, (2010) stated that The more commonly accepted minimum value of 0.60 (a coefficient) is considered acceptable for exploratory research while Saunder et al., (2012) suggested that a Cronbach's alpha value of 0.70 or above is considered as acceptable for reliability test on consistency of responses (Louangrath and Sutanapong, 2018). Nunnally (1978) also presented that a coefficient at 0.50 should be the cut-off point of Cronbach's alpha, and if the value was greater than 0.50 that would be considered as good indication of construct reliability. According to the result on Table 21 showing that, all measured items were having quite high Cronbach's alpha score between 0.856 - 0.941 which

considering of an acceptable level of reliability. These variables will be used in the further research instrument for the larger sample of data collecting process.

**Table 16: Item-total Correlation and Coefficient Alpha (n=420)**

<b>Dimensions and Items</b>	<b>Item-to-total correlations</b>	<b>Alpha if item deleted</b>	<b>Reliability Coefficient</b>
Small size company (NCSS)			.903
NCSS1	.721	.888	
NCSS2	.716	.889	
NCSS3	.743	.900	
NCSS4	.802	.876	
NCSS5	.780	.880	
NCSS6	.759	.883	
Unique resources (NCUR)			.920
NCUR1	.828	.896	
NCUR2	.854	.890	
NCUR3	.749	.911	
NCUR4	.776	.906	
NCUR5	.766	.908	
Differentiation strategy (NCDS)			.927
NCDS1	.708	.921	
NCDS2	.752	.918	
NCDS3	.739	.918	
NCDS4	.792	.914	
NCDS5	.778	.915	
NCDS6	.789	.923	
NCDS7	.796	.914	
NCDS8	.774	.916	
Specific needs (NCSN)			.891
NCSN1	.763	.864	
NCSN2	.787	.875	
NCSN3	.771	.862	
NCSN4	.783	.877	
NCSN5	.766	.879	
NCSN6	.700	.874	

<b>Dimensions and Items</b>	<b>Item-to-total</b>	<b>Alpha if</b>	<b>Reliability</b>
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	<b>correlations</b>	<b>item deleted</b>	<b>Coefficient</b>
Few competitors (NCFC)			.931
NCFC1	.857	.908	
NCFC2	.818	.916	
NCFC3	.852	.909	
NCFC4	.821	.915	
NCFC5	.747	.928	
Charge premium price (NCCP)			.917
NCCP1	.821	.894	
NCCP2	.782	.900	
NCCP3	.821	.894	
NCCP4	.732	.907	
NCCP5	.772	.902	
NCCP6	.772	.916	
Having growth potential (NCHG)			.906
NCHG1	.758	.888	
NCHG2	.758	.887	
NCHG3	.782	.882	
NCHG4	.799	.878	
NCHG5	.731	.892	
Content of Niche Strategy (NSCN)			.922
NSCN1	.795	.907	
NSCN2	.742	.912	
NSCN3	.730	.913	
NSCN4	.820	.904	
NSCN5	.777	.908	
NSCN6	.750	.911	
NSCN7	.794	.916	
Niche Firm Structure (NSNF)			.936
NSNF1	.810	.924	
NSNF2	.783	.928	
NSNF3	.828	.922	
NSNF4	.808	.925	
NSNF5	.819	.923	
NSNF6	.820	.924	



<b>Dimensions and Items</b>	<b>Item-to-total correlations</b>	<b>Alpha if item deleted</b>	<b>Reliability Coefficient</b>
Human Resource (NSHR)			.887
NSHR1	.789	.871	
NSHR2	.719	.864	
NSHR3	.747	.858	
NSHR4	.732	.861	
NSHR5	.753	.856	
Innovation Technology (NSIT)			.923
NSIT1	.814	.906	
NSIT2	.739	.914	
NSIT3	.761	.912	
NSIT4	.716	.916	
NSIT5	.748	.913	
NSIT6	.767	.911	
NSIT7	.785	.909	
Communication (NSC)			.922
NSC1	.751	.912	
NSC2	.780	.908	
NSC3	.828	.901	
NSC4	.807	.904	
NSC5	.727	.915	
NSC6	.778	.908	
Management Control (NSMC)			.940
NSMC1	.713	.937	
NSMC2	.823	.929	
NSMC3	.784	.932	
NSMC4	.826	.929	
NSMC5	.790	.932	
NSMC6	.805	.930	
NSMC7	.792	.931	
NSMC8	.763	.934	
Evaluation and Reward (NSER)			.996
NSER1	.837	.963	
NSER2	.822	.963	
NSER3	.808	.963	
NSER4	.783	.964	

<b>Dimensions and Items</b>	<b>Item-to-total correlations</b>	<b>Alpha if item deleted</b>	<b>Reliability Coefficient</b>
NSER5	.834	.963	
NSER6	.820	.963	
NSER7	.817	.963	
NSER8	.803	.963	
NSER9	.866	.962	
NSER10	.856	.962	
NSER11	.779	.964	
NSER12	.863	.962	
Niche Performance (NPP)			.929
NPP1	.782	.918	
NPP2	.747	.921	
NPP3	.819	.914	
NPP4	.773	.918	
NPP5	.757	.920	
NPP6	.746	.921	
NPP7	.798	.916	

#### **4.5 Criteria of the Model Construct**

The validations of this research will be tested and validated by using of many technics such as exploratory factor analysis, confirmatory factor analysis, the internal reliability, convergent validity and The discriminant validity. Firstly, the purpose sample of 420 samples in total will be measured by exploratory factor analysis (EFA). Next, the validation of sample will be assessed by the confirmatory factor analysis (CFA). The internal reliability and convergent validity of every model constructs will be measured. Lastly, the discriminant validity was measured to evaluate the correlation matrix of latent variables.

##### **4.5.1 Criteria of Exploratory Factor Analysis**

Exploratory factor analysis (EFA) is one of the statistic tools and measurement that have been by many authors (Rossoni et al, 2016; Osborne and Costello, 2004; Treiblmaier and Filzmoser, 2010). Pruzek, (2005) stated that EFA is the statistic method that use to measure and explain the correlation among the observe variables. Reio and Shuck, (2015) recommended to conduct EFA at the early stage of conducting research

because it could help researcher to consolidate every variable in the conceptual framework and also help to develop the hypothesis. EFA has also many technics that help to adjust the factor to be valid. For instance, Meyer-Olkin (KMO) measure can use to test whether or not the data are sufficient for a stable factors' solution (Lorenzo et al, 2011; Wright and Wells, 2020) Johnson & Wichern, (2007) expressed that EFA is provide the information of the internal correlation between every item that was used to compose the factor. EFA also inform the degree of consistence in the measurement scale (Netemeyer et al., 2003). According to Rossoni et al, (2016) the Cronbach's alpha coefficient is the oldest and most used to examine the reliability of the measurement scale.

In this research, the exploratory factor analysis (EFA) was used to examine the construe model, which consists of 3 variables namely niche characteristic, niche strategic implementation and niche strategy performance. This study also followed the EFA selection criteria which introduced by Hair, et al, (2010). Sample size in this research has more than 50 cases. Eigenvalues was greater than 1.0 and factor loading for this study was greater than 0.4. Next criteria were the communalities which was greater than 0.4 following Haai, et al. (2010). The reliability coefficient is more than 0.70, and KMO value was also more than 0.50. Last criteria for EFA testing was Bartlett's test of sphericity (p-value) which having a value less than 0.05 meaning that there is sufficient correlation among the variable and the measurement is verified to use.

**Table 17: Summary of EFA Selection Criteria**

Sample size	More than 50 cases
Eigenvalue	Greater than 1.0
Factor Loading	Greater than 0.4
Communalities	Greater than 0.4
Reliability Coefficient	More than 0.70
KMO	More than 0.50
Bartlett's test of sphericity (p-value)	Less than 0.05

Source: Hair et al. (2010); Nunnally (1978)

#### 4.5.2 Criteria of Convergent Validity

Convergent validity is the accuracy of the instrument that can be measured the accuracy of the variable that meets the theoretical concepts when a number of tools and a number of abilities can be measured (Bennett et al, 1991). The convergent validity should be highly correlated, and the results of the measurements show that this correlation is very high and significant. Convergent Validity is one of the method to test the construct validity of the measurement. It is reflected to the degree of the measurement of the same sample phenomena or characteristic can produce he similar score. Visser et al, (2005) stated that convergent validity as a way to check the validity of the new test versus the original test of variable, but the original test measured variables associated with the new test. According to Hair et al. (2010) which presented that the value of factor loading should be greater than 0.5. While the average variance extracted (AVE) should be 0.5 or greater than 0.5, which indicate that the AVE test is valid. Lastly, the construct reliability (CR) should be at least 0.6 or higher than 0.6 and that could verify a good validity of the measurement in SEM model.

**Table 18: Summary of Convergent Validity Criteria**

<b>Factor Loading (Standardized loading estimate)</b>	<b>Greater than 0.5</b>
<b>Average Variance Extracted (AVE)</b>	<b>Greater than 0.5</b>
<b>Construct Reliability (CR)</b>	<b>Greater than 0.6</b>

Source: Hair et al. (2010)

#### 4.5.3 Criteria of Discriminant Validity

Discriminant validity is the accuracy of the tool or measurement that can accurately measure the relationship between latent variable (Henseler et al, 2015). Discriminant validity helps research to check if ensures the construct that measure is unique and really represents the phenomena that they expected or interest and the other variable in a structural equation model (SEM) do not mix in this measurement (Farrell and Rudd, 2009; Zait and Berteau, 2011). In this research, the discriminant validity apply the criteria that suggested by Hair et al. (2010) when the a correlations value of the measurement should not exceed than 0.80. If the value is less than 0.8 then it should be

informed as a discriminant validity problem. On the other hand, if the value was higher than 0.8 then the measurement model, which will affect the result of the Confirmatory Factor Analysis (CFA) that not, does not represent them fit and the measurement, and become lower validity.

**Table 19: Summary of Discriminant Validity Criteria**

<b>Correlation value</b>	<b>Less than 0.8</b>
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Source: Hair et al, (2010)

#### **4.5.4 Criteria of Goodness-of-Fit Indices**

A Good-fitting model is a pre-requisite for structural equation model (SEM). It is a result of the data analysis to determine the fit index of the model. Hoyle, (1995) suggested that to receive the high confidence in the goodness of fit test. Researcher should have at least around 100 to 200 sample size in their research. Schermelleh et al, (2003) stated that to test the goodness of fit model, there are many values that can be used and measured, but the result of the test should go in the same direction. The only difference is that the criteria used for consideration are when one statistic indicates that the model is consistent with the empirical data. Other statistics also tend to indicate the same way. On the other hand, if one of the statistical values indicates that the model is not consistent with the empirical data. Other statistical values tend to indicate in that direction as well. Researchers considered to apply the most important statistic some important factors are sufficient as follows: Chi square, Comparative fit index (CFI), The normal fit index (NFI) and The root mean square error of approximation (RMSEA).

For conclusion of this section, the confirmatory factor analysis (CFA) is used in this research to test the validity of a measurement model. CFA is the statistical methods that has been used by so many researchers. CFA is applied to test the validity of the measurement model in this research. Hair et al, (2010) suggested to use a multiple criterion to examine the model fit. In this research is used the criteria of Hair et al, (2010) to test the CFA. Firstly, the absolute fit indices,  $\chi^2$  represent an absolute fit index. The absolute fit indices should be insignificant with its p-value and should be higher than 0.05. This is suitable for the research that having more than 250 sample size. However, for the insignificant  $\chi^2$  is recommended to use with the research that having a sample smaller than 250. Next, is the normal fit index (NFI) and comparative fit index (CFI),

according to Hair et al, (2010) recommended that the value of both measurements should be higher than 0.90. The Root Mean Square Error of Approximation (RMSEA) is also important for model fit in SEM and the good value of this measurement should be the values that below 0.7 which considered as a commonly associated with a model that fits as well. The last criteria for the model fit is the Root Mean Square Residual (RMR) which Hair et al (2010) suggested to have the values less than 0.08 because this value is indicated the acceptable fit of the model in SEM.

**Table 25: Summary of Absolute Fit Indices**

N <250		N >250	
$\chi^2$	Insignificant	$\chi^2$	Significant
$\chi^2/df$	Less than 5	$\chi^2/df$	Less than 5
NFI	Above 0.90	NFI	Above 0.90
CFI	Above 0.92	CFI	Above 0.90
RMSEA	<0.08 with CFI above 0.92	RMSEA	<0.07 with CFI above 0.90 or higher
RMR	<0.09 with CFI above 0.92	RMR	<0.08 with CFI above 0.92
	Above 0.92		Above 0.92

Source: Hair et al, (2010)

## 4.6 Construct Validity of the Measurement Model

### 4.6.1 Niche Characteristic

#### 4.6.1.1 Exploratory Factor Analysis of Niche Characteristic

According to the information from Table 26, the exploratory factor analysis (EFA) of niche characteristic on 41 items that used to measure the niche characteristic of small niche firms in the hospitality industry businesses in Thailand. The result of exploratory factor analysis shows that every items had a factor loading more than 0.4



(Hair et al. 2010; Nunnally 1978). This value indicated that every items have enough explanation power to use and there is no niche characteristic indicator deleted during analysis.

**Table 20: Exploratory Factor Analysis of Niche Characteristic**

<b>Dimensions &amp; Items</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>	<b>Reliability Coefficient</b>
Niche Characteristic (NC)				
Small size company (NCSS)		4.063	67.710	.903
NCSS1	.812			
NCSS2	.806			
NCSS3	.743			
NCSS4	.875			
NCSS5	.857			
NCSS6	.839			
Unique resources (NCUR)		3.798	75.963	.920
NCUR1	.896			
NCUR2	.914			
NCUR3	.838			
NCUR4	.857			
NCUR5	.851			

<b>Dimensions &amp; Items</b>	<b>Factor</b>	<b>Eigenvalue</b>	<b>Variance</b>	<b>Reliability</b>
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	<b>Loadings</b>		<b>Explained</b>	<b>Coefficient</b>
Differentiation strategy (NCDS)		5.333	66.665	.927
NCDS1	.775			
NCDS2	.815			
NCDS3	.805			
NCDS4	.850			
NCDS5	.837			
NCDS6	.760			
NCDS7	.851			
NCDS8	.832			
Specific needs (NCSN)		3.905	65.082	.891
NCSN1	.846			
NCSN2	.790			
NCSN3	.851			
NCSN4	.781			
NCSN5	.772			
NCSN6	.797			

<b>Dimensions &amp; Items</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>	<b>Reliability Coefficient</b>
Few competitors (NCFC)		3.926	78.521	.931
NCFC1	.914			
NCFC2	.886			
NCFC3	.909			
NCFC4	.888			
NCFC5	.831			
Charge premium price (NCCP)		4.259	70.979	.917
NCCP1	.883			
NCCP2	.857			
NCCP3	.883			
NCCP4	.815			
NCCP5	.846			
NCCP6	.764			
Having growth potential (NCHG)		3.642	72.839	.906
NCHG1	.848			
NCHG2	.848			
NCHG3	.864			
NCHG4	.878			
NCHG5	.828			

KMO .962; Bartlett's test: Chi-square = 16859.716, Sig = .000

According to the information in Table 26, there are seven dimensions that have been extracted by the Eigen-value greater than 1.00. The Eigen-value greater of niche characteristic was in between 3.642 and 5.333. These numbers can explain more than 65% of the niche characteristic. The measurement of KMO sampling adequacy is .962, which considered as an appropriate for factor analysis that suggested to have more than 0.50. The overall significance of all correlation within a correlation matrix was tested by using of Barlet's test of sphericity. The value of test was 16859.716 and it was statistically significant. The result of reliability of every items shows between 89 - 93 coefficients above the 0.70, which indicated a good internal consistency of niche characteristic items.

The first dimension of niche characteristic consisted of 6 items with loading over 0.743. These items consisted of; Our company is small or specialized firm with relatively few customers (NCSS1). Based on niche strategy, our small company offers small production volumes, focuses on a few customers and avoiding market with many competitors or dominant competitor (NCSS2). Family members working in our company are active in the owner-managed businesses, taking on roles such as general management, supervision, accounting, cleaning and catering (NCSS3). The smallness of our niche company represents an important contributor to the achievement of competitive advantage (NCSS4). Our small company can compete successfully in markets dominated by much larger companies (NCSS5). Based on niche strategy, our company works with a concept of "Big fish in small pond (to be powerful only because there are not many competitors (NCSS6). The title of this dimension was called a small size company. It was one of the important characteristic of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 67.710 % of the variance with a reliability coefficient of .903

The second dimension of niche characteristic consisted of 5 items with loading over 0.851. These items consisted of; Our company has something unique such as innovative to create a niche product/service (NCUR1). Our company has unique resources such as the quality of human capital, patents, tacit knowledge, networks and so forth are pertinent to a firm's success (NCUR2). Our company possess and uses unique resources and skills that are valued in a limited marketplace (NCUR3). Our company has distinct resources and competences that can meet specialized requirements of target segment (NCUR4). Unique resources such as superior personnel,

customer service, alliances with established marketing partners are one of our company's core competencies (NCUR5). The title of this dimension was called unique resources. It was one of the important characteristic of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 75.963% of the variance with a reliability coefficient of .920

The third dimension of niche characteristic consisted of 8 items with loading over 0.760. These items consisted of; Our company follows a focused differentiation strategy to achieve a sustainable competitive advantage (NCDS1). Our focused differentiation strategy focuses on providing services with attributes that are highly valued by our customers such as quality or dependability of the services (NCDS2). Our focused differentiation strategy achieves superior quality as we know the requirements of customers better than our competitors (NCDS3). Our focused differentiation strategy serves as a way to increase competitiveness (NCDS4). Based on focused differentiation strategy, we company compete on service uniqueness instead of competing on cost (NCDS5). Based on focused differentiation strategy, we focus on brand loyalty of customers with a lower sensitivity to price (NCDS6). Based on focused differentiation strategy, we try to be unique in a way that is valued and important for our customers (NCDS7). Our focused differentiation strategy is supported by heavy investment in research, product or service design, and marketing so that we can be differentiated by types of technology, or the quality of customer services (NCDS8). The title of this dimension was called a differentiation strategy. It was one of the important characteristic of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 66.665% of the variance with a reliability coefficient of .927

The fourth dimension of niche characteristic consisted of 6 items with loading over 0.772. These items consisted of; Our company attempts to deliver value to a specific need of our consumers who share similar demands in order to address the specific needs of the selected segment (NCSN1). Our company fulfills a specific need of our customers in contrast to the mass market (NCSN2). Our company understands and meet the specific needs of a (relatively) small group of customers (NCSN3). Our company considers a well-defined small market consisting of a small group of customers with similar characteristics and specific needs or overlooked and underserved needs (NCSN4). Our customers are characterized by a specific demand that can be satisfied merely by an adjusted, unique and highly differentiated offer (NCSN5). Our specialized service created specifically to serve the needs of our niche customers

(NCSN6). The title of this dimension was called specific needs. It was one of the important characteristics of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 65.082% of the variance with a reliability coefficient of .891

The fifth dimension of niche characteristic consisted of 5 items with loading over 0.831. These items consisted of; our niche markets are fairly small and attract few competitors - zero, one, or possibly two (NCFC1). Our company has a limited market consisting of a few customers and competitors (NCFC2). Our company focus on a few customers and avoid marketing with many competitors or a dominant competitor (NCFC3). Our company has no real competitors, or focuses on markets which have been ignored by other companies (NCFC4). Our company avoid competition/ confrontation with larger competitors and to devote our energy to serving a unique market (NCFC5). The title of this dimension was called a Few competitors. It was one of the important characteristic of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 78.521% of the variance with a reliability coefficient of .931

The sixth dimension of niche characteristic consisted of 6 items with loading over 0.764. These items consisted of; Our company is able to charge a premium price for differentiated services and consumers are willing to pay these premium prices (NCCP1). Our customers with a distinct set of needs pay a premium price because we best satisfy their needs (NCCP2). Our company must continue to differentiate our services from our competitors in order to expect a premium price (NCCP3). Our company offers high value services and charge a premium price (NCCP4). High quality of our services are reflected in their premium price (NCCP5). Our company focus on the needs of a particular group of customers by adapting the services offerings accordingly which requires higher costs, necessitating obtaining a premium price (NCCP6). The title of this dimension was called a Charge premium price. It was one of the important characteristics of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 70.979% of the variance with a reliability coefficient of .917

The seventh dimension of niche characteristic consisted of 5 items with loading over 0.828. These items consisted of; Based on niche strategy, our company has size, profit, and growth potential market (NCHG1). Our relatively small niche market can offer growth potential for organization (NCHG2). Our company has sufficient size, sufficient purchasing ability, profitable potential and growth potential market (NCHG3). Our



company identifies the market with the highest growth potential (NCHG4). Our niche company is viable, accessible, and displaying growth potential (NCHG5). The title of this dimension was called a having growth potential. It was one of the important characteristic of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 72.839% of the variance with a reliability coefficient of .906

### **Factor Rotation of Niche Characteristic**

Factor rotation is one of the most important research instrument to analyze the factors. At the beginning if the factor loading value is neutral, it is possible to determine which factor should be in the variable. Researchers will need to support the core, and then the object of the spindle is to stabilize the factor loading of the variable increases or decreases until the whole factor is known or should not be in any factor. Factor rotation is used mostly in case the factor loading has a neutral value or the value is not suitable for the measurement scale. Then it is not possible to arrange the variables in which factor they should be existing. For this reason, researchers must rotate the axis to arrange value again. The purpose of rotating the factor axis is to increase or decrease the Factor Loading value of a variable until it knows which factor the variable should belong to or it should not be in any factors (Asparouhov and Muthén, 2009). There are two methods of spindle rotation: Orthogonal and Oblique. The different between these 2 rotation method were; orthogonal rotation is the way to rotate variable and the value of factor loading could be in both way of increasing or decreasing. While the oblique rotation technic is used to rotate the factor either but the result of this technic will only make the factor loading of variables decreasing. Then before using which rotation method, the researcher must be sure what the purpose of the rotation is. Hadi et al, (2016; p. 216) stated that *“factor rotation is the way of defining a small number of factors that can be used to best signify the whole of the relationship between variables”*.

In this research, the factor loading originally was in total 98 variables, which considered as a largest amount of variance. By this amount of variables and the large size of variance, Hair et al, (2010) suggested that researchers should rotate this variable again to extract the factor and perceive where should be the factor of each variable in the measurement model. Following the criteria from Hair et al (2010) to extract the factors, researcher can use the varimax rotation to analyze the variable. If the factor loading is lower than 0.4 then that variable should be deleted. However, even some factor loading is greater than 0.4 but if the value of internal reliability coefficient is

lower than 0.7 or the value of communality is less than 0.5, that variable is considered to have insufficient explanation as well. The factor that fail from this criteria need to be deleted from the measurement scale in the factor loading stage.

**Table 27: Factor Rotation of Niche Characteristic**

Items							
	1	2	3	4	5	6	7
	Small size company	Unique resources	Differentiation strategy	Specific needs	Few competitors	Charge premium price	Having growth potential
NCSS1	.772						
NCSS2	.766						
NCSS3	.713						
NCSS4	.748						
NCSS5	.776						
NCSS6	.778						
NCUR1		.840					
NCUR2		.833					
NCUR3		.748					
NCUR4		.768					
NCUR5		.809					
NCDS1			.751				
NCDS2			.743				
NCDS3			.732				
<b>Items</b>							

	1	2	3	4	5	6	7
	Small size company	Unique resources	Differentiation strategy	Specific needs	Few competitors	Charge premium price	Having growth potential
NCDS4			.782				
NCDS5			.774				
NCDS6			.755				
NCDS7			.798				
NCDS8			.780				
NCSN1				.829			
NCSN2				.755			
NCSN3				.774			
NCSN4				.702			
NCSN5				.716			
NCSN6				.697			
NCFC1					.570		
NCFC2					.620		
NCFC3					.619		
NCFC4					.624		
NCFC5					.649		
NCCP1						.750	
NCCP2						.723	

Items		

	1	2	3	4	5	6	7
	Small size company	Unique resources	Differentiation strategy	Specific needs	Few competitors	Charge premium price	Having growth potential
NCCP3						.766	
NCCP4						.791	
NCCP5						.723	
NCCP6						.731	
NCHG1							.756
NCHG2							.795
NCHG3							.823
NCHG4							.815
NCHG5							.751

According to the result from Table 27 the first dimension of this model is niche characteristic that having 7 components with 41 items. The first component has having 6 items with factor loading between 0.713 and 0.778. The second component of niche characteristic comprised of five factors with factor loading between 0.748 and 0.840. The third dimension consisted of eight items with factor loading between 0.732 and 0.782. The fourth dimension consisted of six items with factor loading between 0.697 and 0.829. The fifth dimension consisted of five items with factor loading between 0.570 and 0.649. The sixth dimension consisted of six items with factor loading between 0.723 and 0.791. Finally, the seventh dimension consisted of five items with factor loading between 0.751 and 0.823. According to the information of factor rotation of niche characteristic, all factor-loading values were above 0.40 and all communalities were above 0.50. Therefore, according to Hair et al, (2010) the factor rotation was acceptable.

#### 4.6.1.2 Convergent Validity of Niche Characteristic

The variable of niche characteristic in this research model were examined by the use of a confirmatory factor analysis (CFA) to identify the relationships between the observed variables and the latent constructs. Using of the multiple indices was conducted to measure the overall fit of the measurement model. Li, (2016) stated that the standardized factor loadings range from .4 to .9 in the majority of empirical researches while Tasswa and Banjongprasert, (2019) recommended the factor loading or standardized loading should be greater than 0.5. For the average variance extracted (AVE) following (Shrestha, 2021) suggested that the value of AVE should be greater than or equal to 0.5 to confirm the convergent validity and suggesting adequate convergence. Lin et al, (2020) suggested about the construct reliability (CR) that represent the convergent validity, which is the proportion of the covariance of all observed variables in the same latent variable should be higher than 0.6 to indicate a good construct reliability of the model (Diamantopoulos et al, 2000).

**Table 21: Convergent Validity and Model Fit Indices of Niche Characteristic**

<b>Dimensions &amp; Items</b>	<b>Loadings</b>	<b>R2</b>
Small size company (NCSS): AVE = 0.62; CR = 0.69		
NCSS1	.75	0.56
NCSS2	.77	0.59
NCSS3	.71	0.50
NCSS4	.84	0.70
NCSS5	.84	0.70
NCSS6	.80	0.65

<b>Dimensions &amp; Items</b>	<b>Loadings</b>	<b>R2</b>
-------------------------------	-----------------	-----------

Unique resources (NCUR): AVE = 0.71; CR =0.74		
NCUR1	.89	0.79
NCUR2	.90	0.80
NCUR3	.78	0.60
NCUR4	.80	0.64
NCUR5	.83	0.69
Differentiation strategy (NCDS): AVE =0.62; CR = 0.68		
NCDS1	.75	0.57
NCDS2	.78	0.61
NCDS3	.77	0.59
NCDS4	.82	0.67
NCDS5	.81	0.66
NCDS6	.74	0.55
NCDS7	.83	0.64
NCDS8	.80	0.69
Specific needs (NCSN): AVE =0.58; CR =0.65		
NCSN1	.84	0.71
NCSN2	.77	0.58
NCSN3	.80	0.63
NCSN4	.72	0.51
NCSN5	.73	0.54
NCSN6	.72	0.51



Dimensions & Items	Loadings	R2
Few competitors (NCFC): AVE = 0.73; CR = 0.76		
NCFC1	.90	0.81
NCFC2	.87	0.76
NCFC3	.89	0.79
NCFC4	.84	0.71
NCFC5	.77	0.60
Charge premium price (NCCP): AVE = 0.65; CR = 0.70		
NCCP1	.85	0.72
NCCP2	.82	0.67
NCCP3	.86	0.74
NCCP4	.80	0.64
NCCP5	.80	0.64
NCCP6	.73	0.53
Having growth potential (NCHG): AVE = 0.66; CR = 0.71		
NCHG1	.79	0.62
NCHG2	.81	0.65
NCHG3	.84	0.71
NCHG4	.85	0.72
NCHG5	.77	0.60

According to Hair et al. (2010), which suggested that the average variance extracted (AVE) is used commonly to measure the construct. By the value of each

construct should be greater than 0.50. Factor loading or standardized loading estimates should be greater than 0.50, and construct reliability (CR) should be 0.6 or higher.

The AVE values of the seven latent variables in the adjusted model were all above 0.50, meaning that all latent variables could explain more than 50% of the total variance, which means that all latent variables were a good convergent validity and suitable for the measurement model. The loading values for every observed variable were above 0.50, which following Hair, (2010) suggested being acceptable. Finally, the CR values for the seven latent variables in the model were all above the 0.6, some of them were above 0.7, which indicated that there were a strong reliability was assumed with the measurement adjusted model for niche characteristic in the Table 28.

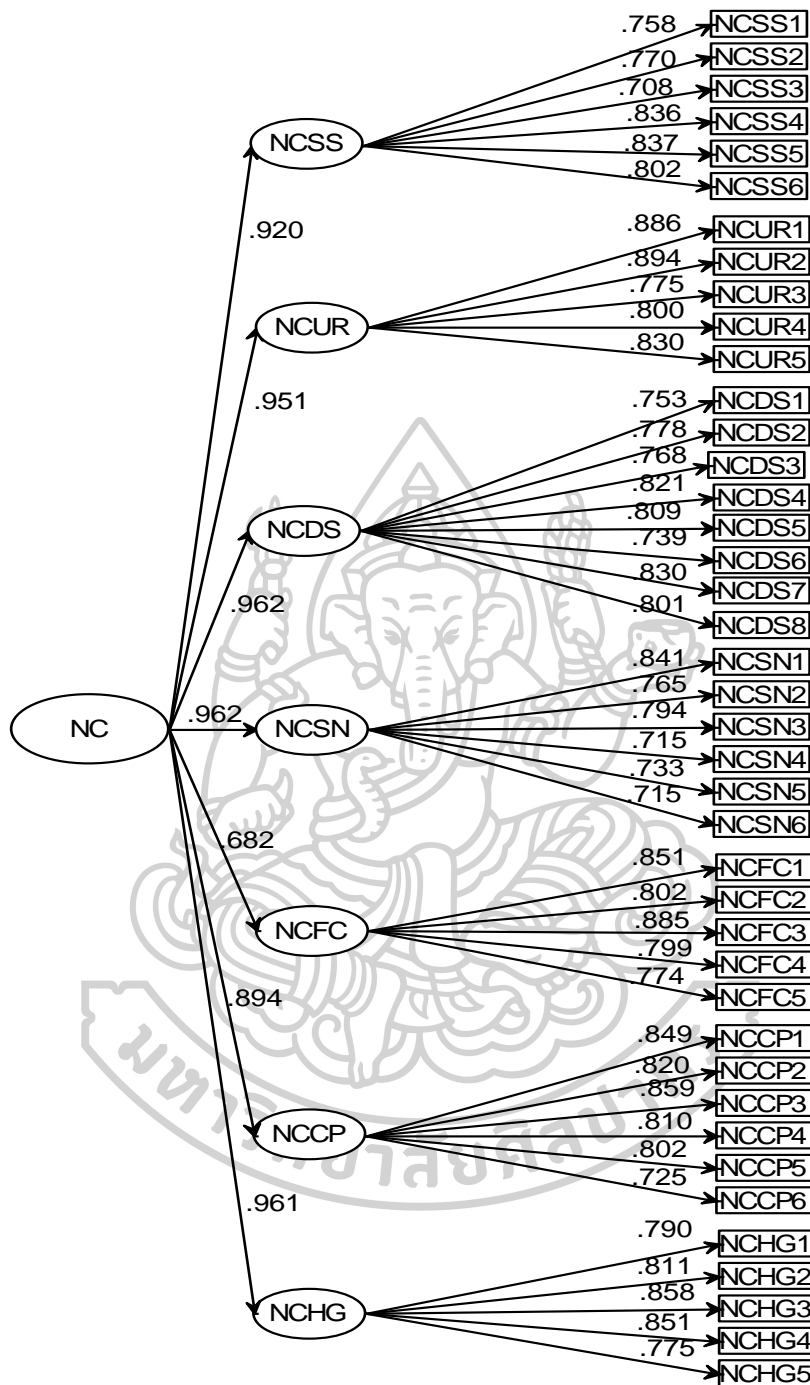
Discriminant validity is the accuracy of a tool that can accurately measure the required abilities in accordance with the stated theoretical concepts. Henseler et al, (2015) stated that discriminant validity was the important research tools for researchers that should be done before in order to assist the analyzing the relationship between latent variables. For variance-based structural equation modeling (SEM) there are several dominant approaches that using for the evaluating discriminant validity such as partial least squares, the Fornell Larcker criterion and the examination of cross-loadings. Discriminant validity of the measurement model was measured by considering of the correlations among the latent variables. Hair, (2010) suggested the he correlations value should not exceed 0.80 otherwise it should be noted as a discriminant validity problem. However, all the latent variables in the adjusted model of niche characteristic were above 0.8 with correlation coefficient between .628 and .796 (Table 29).

**Table 22: Correlation Matrix between Latent Variables of Niche Characteristic**

Latent variables	NCSS	NCUR	NCDS	NCSN	NCFC	NCCP	NCHG
NCSS	1						
NCUR	.740**	1					
NCDS	.787**	.784**	1				
NCSN	.762**	.725**	.746**	1			
NCFC	.628**	.551**	.540**	.628**	1		
NCCP	.736**	.745**	.745**	.794**	.542**	1	
NCHG	.796**	.730**	.797**	.751**	.569**	.790**	1

**Table 23: Discriminant Validity of Niche Characteristic**

Constructs	Mean	SD	CR	AVE	NCSS	NCUR	NCDS	NCSN	NCFC	NCCP	NCHG
NCSS	6.425	.823	0.906	0.618	<b>0.786</b>						
NCUR	6.474	.773	0.924	0.708	.740	<b>0.841</b>					
NCDS	6.481	.716	0.929	0.621	.787	.784	<b>0.788</b>				
NCSN	6.428	.720	0.894	0.585	.762	.725	.746	<b>0.765</b>			
NCFC	6.237	1.059	0.931	0.732	.628	.551	.540	.628	<b>0.856</b>		
NCCP	6.475	.771	0.920	0.658	.736	.745	.745	.794	.54	<b>0.811</b>	
NCHG	6.505	.749	0.907	0.660	.796	.730	.797	.751	.569	.790	<b>0.812</b>



model	$\chi^2$	$\chi^2 / \text{d.f.}$	GFI	AGFI	NFI	CFI	RMSEA	RMR
<b>Overall</b>	1,864.236	2.473	.931	.928	.933	.945	.047	.041

Figure 6: Correlation Matrix between Latent Variables of Niche Characteristic

## 4.6.2 Niche Strategic Implementation

### 4.6.2.1 Exploratory Factor Analysis of Niche Strategic Implementation

According to the information from Table 31, the exploratory factor analysis (EFA) of niche characteristic on 45 items that used to measure the niche strategic implementation of small niche firms in the hospitality industry businesses in Thailand. The result of exploratory factor analysis shows that every items had a factor loading more than 0.4 (Hair et al. 2010; Nunnally 1978). This value indicated that every items have enough explanation power to use and there is no niche characteristic indicator deleted during analysis.

**Table 24. Exploratory Factor Analysis of Niche Strategic Implementation**

Dimensions & Items	Factor Loadings	Eigenvalue	Variance Explained	Reliability Coefficient
Niche Strategic Implementation (NS)				
Content of Niche Strategy (NSCN)		4.792	68.460	.922
NSCN1	.857			
NSCN2	.813			
NSCN3	.805			
NSCN4	.876			
NSCN5	.843			
NSCN6	.822			
NSCN7	.770			

<b>Dimensions &amp; Items</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>	<b>Reliability Coefficient</b>
Niche Firm Structure (NSNF)		4.558	75.975	.936
NSNF1	.871			
NSNF2	.851			
NSNF3	.884			
NSNF4	.869			
NSNF5	.877			
NSNF6	.878			
Human Resource (NSHR)		3.453	69.056	.887
NSHR1	.802			
NSHR2	.827			
NSHR3	.844			
NSHR4	.832			
NSHR5	.848			
Innovation Technology (NSIT)		4.818	68.825	.923
NSIT1	.871			
NSIT2	.812			
NSIT3	.830			
NSIT4	.789			
NSIT5	.818			
NSIT6	.835			
NSIT7	.850			



<b>Dimensions &amp; Items</b>	<b>Factor Loadings</b>	<b>Eigenvalue</b>	<b>Variance Explained</b>	<b>Reliability Coefficient</b>
Communication (NSC)		4.339	72.311	.922
NSC1	.830			
NSC2	.853			
NSC3	.888			
NSC4	.872			
NSC5	.810			
NSC6	.847			
Management Control (NSMC)		5.651	70.638	.940
NSMC1	.779			
NSMC2	.870			
NSMC3	.841			
NSMC4	.872			
NSMC5	.843			
NSMC6	.853			
NSMC7	.842			
NSMC8	.820			

Dimensions & Items	Factor Loadings	Eigenvalue	Variance Explained	Reliability Coefficient
Evaluation and Reward (NSER)		8.758	72.986	.966
NSER1	.865			
NSER2	.818			
NSER3	.852			
NSER4	.863			
NSER5	.840			
NSER6	.850			
NSER7	.848			
NSER8	.836			
NSER9	.891			
NSER10	.882			
NSER11	.814			
NSER12	.888			

According to the information in Table 31, there are seven dimensions that have been extracted by the Eigen-value greater than 1.00 (Hair et al. 2010; Nunnally 1978). The Eigen-value greater of niche strategy performance was in between 3.453 and 5.651. These numbers can explain more than 68% of the niche strategic implementation. The measurement of KMO sampling adequacy is .967, which considered as an appropriate for factor analysis that suggested to have more than 0.50. The overall significance of all correlation within a correlation matrix was tested by using of Barlet's test of sphericity. The value of test was 20796.993 and it was statistically significant. The result of reliability of every items shows the value of reliability coefficients between 0.88 - 0.94,

as it was above the 0.70, which indicated a good internal consistency of niche strategic implementation items.

The first dimension of niche strategic implementation consisted of 7 items with loading over 0.743. These items consisted of; our company has a clear information about niche strategy (NSCN1). The aim of niche strategy in our company is clearly identified (NSCN2). Our organizational niche strategies is participatory and flexible for implementation (NSCN3). Our niche strategy is more flexible and adaptable to changing environments (NSCN4). Our organizational niche strategy could be adjusted to circumstances and take advantage of opportunity (NSCN5). Our organizational niche strategy focuses on the flexibility and the ability to customize services to our clients (NSCN6). The niche strategy in our company is consistent with the overall strategic direction of the company. (NSCN7). The title of this dimension was called content of niche strategy. It was one of the important factor of niche strategic implementation into the niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 68.460 % of the variance with a reliability coefficient of 0.922

The second dimension of niche strategic implementation consisted of 6 items with loading over 0.851. These items consisted of; Organizational Structure of our company has a high degree of flexibility (NSNF1). Our manager informs the work processes to team members and giving a chance for employees to discuss when any trouble occurred during the process (NSNF2). We share authority between superordinate and subordinates in our organization (NSNF3). Our company has decentralized structure by consists of several strategic business units or working units (NSNF4). The organizational structure of our company is decentralized authority structure (NSNF5). Our company uses collaborative decision-making (NSNF6). The title of this dimension was called content of niche strategy. It was one of the important factor of niche strategic implementation into the niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 75.975 % of the variance with a reliability coefficient of 0.936

The third dimension of niche strategic implementation consisted of 5 items with loading over 0.827. These items consisted of; Our employees perform in various functions and activities in the company (NSHR1). Our employees possess more fungible skills for their work and position (NSHR2). Our employees are specialists in their field and always develop and continuously improve their skills (NSHR). Our company has a training program for the existing employees to learn new skills (NSHR4). Our company has a highly skilled and creative product/service development team (NSHR5). The title

of this dimension was called human resources in niche strategy firm. It was one of the important factor of niche strategic implementation into the niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 69.056 % of the variance with a reliability coefficient of 0.887

The fourth dimension of niche strategic implementation consisted of 7 items with loading over 0.789. These items consisted of; To be more efficient in niche marketing strategy, our company relies on extensive use of IT (NSIT1). We have an efficient technology for our niche industry (NSIT2). We use technology to solve our problems and become more tailor-made to our needs, and that helped a lot in developing our niche business (NSIT3). Our company is innovative not only in terms of technology, but also in terms of other competitive factors such as style, design, and marketing (NSIT4). Our company possesses some niche technologies which has so far escaped the attention of the big competitors of our industry (NSIT5). Top management always encourages and helps our employee to plan, allocate resources and organize to create a new innovation to gain competitive advantage (NSIT6). Our company focuses on a specific technological niche, and stimulates learning processes for further development and use of the new technology (NSIT7). The title of this dimension was called innovation and technology. It was one of the important factor of niche strategic implementation into the niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 68.825% of the variance with a reliability coefficient of 0.923

The fifth dimension of niche strategic implementation consisted of 6 items with loading over 0.810. These items consisted of; Niche strategy is communicated clearly right from the start of the working process, so that all employees are aligned in the same direction (NSC1). Every staff in the organization perceived the direction the organization is going and what are the objectives (NSC2). Our Management communicates the right information, goal, value and attributes of products/services and the goals of the company to every staffs (NSC3). The niche strategy communication between management and employees in our company is done throughout the entire company (NSC4). Our company use multiple modes of niche strategy communication (e.g. top-down, bottom up, formal, informal, internal, external, one-time and continuous communication (NSC5). Our company provides multiple channels to facilitate niche strategy communications within our company (NSC6). The title of this dimension was called communication in niche firm. It was one of the important factor of niche strategic implementation into the niche strategy firm and become a significant fundamental

characteristic of company that want to apply niche strategy in the organization. This dimension explained 72.311 % of the variance with a reliability coefficient of 0.922

The sixth dimension of niche strategic implementation consisted of 8 items with loading over 0.779. These items consisted of; Management team focuses on capability of our employees especially the potential staffs (NSMC1). Management team involves employees to have an overall niche strategy understanding among the organization (NSMC2). Top management tries to pursue staffs at all level to involve in niche strategic (NSMC3). Top management knows employees involving in niche strategy very well and always help the poorly performing staff to change their ways (NSMC4). Company and management provides sufficient support to every employee involving in niche strategy (NSMC5). Top management choose the most suitable style of control for niche strategy implementation and makes sure that all employees thoroughly understand this system in the same way (NSMC6). Our management facilitate employees in niche strategy rather than to control them (NSMC7). Our management sometimes uses the permissive management style (NSMC8). The title of this dimension was called management control. It was one of the important factor of niche strategic implementation into the niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 70.638 % of the variance with a reliability coefficient of 0.940

The seventh dimension of niche strategic implementation consisted of 12 items with loading over 0.814. These items consisted of; Individual performance is used to evaluate our staff performance in the company (NSER1). Our company evaluation aims to support the process of continuous reflection on niche strategy that enable continual readjustments (NSER2). We have a clear and explicit job description for staff involving niche strategy (NSER3). Management and every employee involving niche strategy in our company participate in the same evaluation (NSER4). Evaluation helps to define the goal, assess and encourage our staffs on their performance to reach the goals of niche strategy (NSER5). Our evaluation is aligned the knowledge, skills, and abilities of employee involving niche strategy (NSER6). Reward systems in our company is appropriated for employees involving niche strategy (NSER7). A good reward system can motivate and help to drive our niche strategy implementation performance (NSER8). A good reward system can help to retain our employees to implement niche strategy at their best and stay with the organization (NSER9). Our reward system provides a powerful means of implementing our niche strategy (NSER10). Position reward strategy is used in our company (NSER11). A position reward alternative encourages employees involving niche strategy to take responsibility for greater job depth (NSER12). The title



of this dimension was called evaluation and reward. It was one of the important factor of niche strategic implementation into the niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 72.986% of the variance with a reliability coefficient of 0.966

### **Factor Rotation of Niche Strategic Implementation**

Factor rotation is one of the most important research instrument to analyze the factors. At the beginning if the factor loading value is neutral, it is possible to determine which factor should be in the variable. Researchers will need to support the core, and then the object of the spindle is to stabilize the factor loading of the variable increases or decreases until the whole factor is known or should not be in any factor. Factor rotation is used mostly in case the factor loading has a neutral value or the value is not suitable for the measurement scale. Then it is not possible to arrange the variables in which factor they should be existing. For this reason, researchers must rotate the axis to arrange value again. The purpose of rotating the factor axis is to increase or decrease the Factor Loading value of a variable until it knows which factor the variable should belong to or it should not be in any factors (Asparouhov and Muthén, 2009). There are two methods of spindle rotation: Orthogonal and Oblique. The different between these 2 rotation method were; orthogonal rotation is the way to rotate variable and the value of factor loading could be in both way of increasing or decreasing. While the oblique rotation technic is used to rotate the factor either but the result of this technic will only make the factor loading of variables decreasing. Then before using which rotation method, the researcher must be sure what the purpose of the rotation is. Hadi et al, (2016; p. 216) stated that *"factor rotation is the way of defining a small number of factors that can be used to best signify the whole of the relationship between variables"*.

In this research, the factor loading originally was in total 51 variables, which considered as a largest amount of variance. By this amount of variables and the large size of variance, Hair et al, (2010) suggested that researchers should rotate this variable again to extract the factor and perceive where should be the factor of each variable in the measurement model. Following the criteria from Hair et al (2010) to extract the factors, researcher can use the varimax rotation to analyze the variable. If the factor loading is lower than 0.4 then that variable should be deleted. However, even some factor loading is greater than 0.4 but if the value of internal reliability coefficient is lower than 0.7 or the value of communality is less than 0.5, that variable is considered



to have insufficient explanation as well. The factor that fail from this criterion need to be deleted from the measurement scale in the factor loading stage.

**Table 25: Factor Rotation of Niche Strategic Implementation**

Items							
	1	2	3	4	5	6	7
	Content of Niche Strategy	Niche Firm Structure	Human Resource	Innovation Technology	Communication	Management Control	Evaluation and Reward
NSCN1	.783						
NSCN2	.759						
NSCN3	.760						
NSCN4	.783						
NSCN5	.771						
NSCN6	.765						
NSCN7	.711						
NSNF1		.789					
NSNF2		.824					
NSNF3		.825					
NSNF4		.816					
NSNF5		.820					

Items							
	1	2	3	4	5	6	7
	Content of Niche Strategy	Niche Firm Structure	Human Resource	Innovation Technology	Communication	Management Control	Evaluation and Reward

NSNF6		.816					
NSHR1			.658				
NSHR2			.816				
NSHR3			.739				
NSHR4			.759				
NSHR5			.775				
NSIT1				.834			
NSIT2				.763			
NSIT3				.772			
NSIT4				.688			
NSIT5				.787			
NSIT6				.801			
NSIT7				.846			
NSC1					.816		
NSC2					.797		
NSC3					.835		
NSC4					.823		
NSC5					.771		

Items							
	1	2	3	4	5	6	7
	Content of Niche Strategy	Niche Firm Structure	Human Resource	Innovation Technology	Communication	Management Control	Evaluation and Reward

NSC6					.825		
NSMC1						.788	
NSMC2						.800	
NSMC3						.775	
NSMC4						.785	
NSMC5						.808	
NSMC6						.784	
NSMC7						.775	
NSMC8						.775	
NSER1							.708
NSER2							.794
NSER3							.738
NSER4							.718
NSER5							.758
NSER6							.754
NSER7							.741
NSER8							.763
NSER9							.638

Items							
	1	2	3	4	5	6	7
	Content of Niche Strategy	Niche Firm Structure	Human Resource	Innovation Technology	Communication	Management Control	Evaluation and Reward

NSER10							.680
NSER11							.808
NSER12							.656

According to the result from Table 32, the first dimension of this model is niche strategic implementation that having 7 components with 51 items. The first component has 6 items with factor loading between 0.713 and 0.778. The second component of niche characteristic comprised of five factors with factor loading between 0.748 and 0.840. The third dimension consisted of eight items with factor loading between 0.732 and 0.782. The fourth dimension consisted of six items with factor loading between 0.697 and 0.829. The fifth dimension consisted of five items with factor loading between 0.570 and 0.649. The sixth dimension consisted of six items with factor loading between 0.723 and 0.791. Finally, the seventh dimension consisted of five items with factor loading between 0.751 and 0.823. According to the information of factor rotation of niche characteristic, all factor-loading values were above 0.40 and all communalities were above 0.50. Therefore, according to Hair et al, (2010) the factor rotation was acceptable.

#### **4.6.2.2 Convergent Validity and Model Fit Indices of Niche Strategic Implementation**

The area of niche strategic implementation in this research model were examined by the use of a confirmatory factor analysis (CFA) to identify the relationships between the observed variables and the latent constructs. Using of the multiple indices was conducted to measure the overall fit of the measurement model. Li, (2016) stated that the standardized factor loadings range from .4 to .9 in the majority of empirical researches while Tasswa and Banjongprasert, (2019) recommended the factor loading or standardized loading should be greater than 0.5. For the average variance extracted (AVE) following (Shrestha, 2021) suggested that the value of AVE should be greater than or equal to 0.5 to confirm the convergent validity and suggesting adequate convergence. Lin et al, (2020) suggested about the construct reliability (CR) that represent the convergent validity, which is the proportion of the covariance of all observed variables in the same latent variable should be higher than 0.6 to indicate a good construct reliability of the model (Diamantopoulos et al, 2000).

**Table 26: Convergent Validity of Niche Strategic Implementation**

<b>Dimensions &amp; Items</b>	<b>Loadings</b>	<b>R<sup>2</sup></b>
Content of Niche Strategy (NSCN: AVE = 0.63; CR =0.92)		
NSCN1	0.833	0.693
NSCN2	0.787	0.620
NSCN3	0.770	0.593
NSCN4	0.841	0.708
NSCN5	0.815	0.664
NSCN6	0.797	0.636
NSCN7	0.727	0.529
Niche Firm Structure (NSNF): AVE = 0.71; CR =0.94		
NSNF1	0.825	0.681
NSNF2	0.832	0.693
NSNF3	0.857	0.737
NSNF4	0.843	0.710
NSNF5	0.851	0.724
NSNF6	0.852	0.725

<b>Dimensions &amp; Items</b>	<b>Loadings</b>	<b>R<sup>2</sup></b>
Human Resource (NSHR): AVE = 0.61; CR = 0.67		
NSHR1	0.700	0.489
NSHR2	0.829	0.688

NSHR3	0.774	0.599
NSHR4	0.785	0.616
NSHR5	0.804	0.647
Innovation Technology (NSIT) : AVE = 0.63; CR = 0.92		
NSIT1	0.847	0.717
NSIT2	0.772	0.596
NSIT3	0.784	0.615
NSIT4	0.707	0.500
NSIT5	0.787	0.619
NSIT6	0.815	0.664
NSIT7	0.852	0.725
Communication (NSC) : AVE = 0.70; CR = 0.92		
NSC1	0.822	0.676
NSC2	0.810	0.656
NSC3	0.856	0.732
NSC4	0.839	0.704
NSC5	0.758	0.574
NSC6	0.820	0.672

Dimensions & Items	Loadings	R <sup>2</sup>
Management Control (NSMC) : AVE = 0.67; CR = 0.94		
NSMC1	0.771	0.595
NSMC2	0.843	0.710



NSMC3	0.814	0.663
NSMC4	0.841	0.708
NSMC5	0.827	0.684
NSMC6	0.825	0.680
NSMC7	0.811	0.658
NSMC8	0.795	0.632
Evaluation and Reward (NSER): AVE = 0.71; CR = 0.97		
NSER1	0.853	0.727
NSER2	0.808	0.658
NSER3	0.832	0.692
NSER4	0.852	0.726
NSER5	0.821	0.673
NSER6	0.841	0.706
NSER7	0.829	0.687
NSER8	0.819	0.671
NSER9	0.876	0.767
NSER10	0.868	0.754
NSER11	0.797	0.636
NSER12	0.882	0.777

The construct model of research was normally measured by the use of the average variance extracted (AVE). According to Ab Hamid et al, (2017) value of AVE from the range of 0 to 1 should exceed 0.50, which mean it is adequate for convergent validity. While Factor loading or standardized loading estimates should be greater than 0.50, and construct reliability (CR) should be 0.6 or higher (Hair et al. 2010). Following the result from Table 33, the AVE values of the seven latent variables were all above

0.50 in the adjusted model, indicating that the latent variables could be able to explain more than 50% of the total variance. This value of 50%AVE is showing the seven latent variables are good convergent validity for the measurement model. The loading values of each observed variable were above 0.50, which according to Hair et al, (2012) was considering as an acceptable. Lastly, the CR values for the seven latent variables in the adjusted model were above the criteria of 0.6, which indicating as a strong reliability with the measurement for niche strategic implementation. (Table 33).

Discriminant validity is the accuracy of the research tools and the extent to which whether or not the latent variable was discriminated from other latent variables (Farrell and Rudd, 2009). The reviewing of correlations among the latent variable were tested to measure the discriminant validity of the measurement model. If a correlations value of each latent variables are greater than 0.80, it should be evaluated as a discriminant validity problem. However, every seven latent variables in the adjusted model of niche strategic implementation were moderately correlated with correlation coefficient between 0.711 and 0.896 (Table 34).

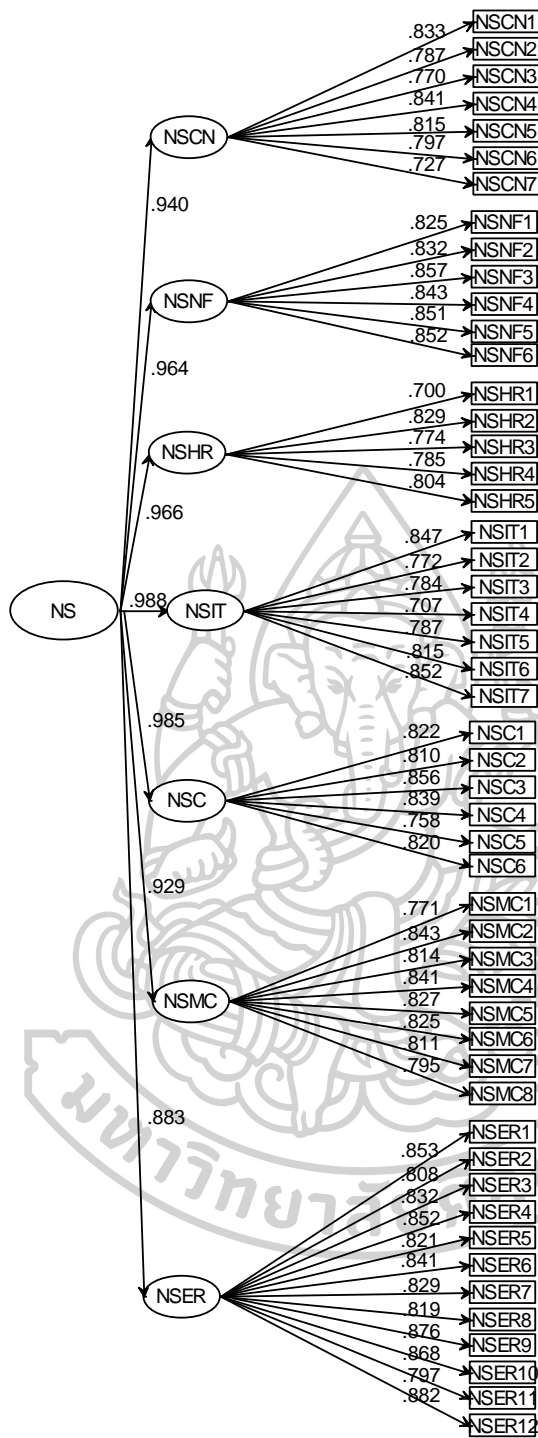


**Table 27: Correlation Matrix between Latent Variables of Niche Strategic Implementation**

Latent variables	NSCN	NSNF	NSHR	NSIT	NSC	NSMC	NSER
NSCN	1						
NSNF	.740**	1					
NSHR	.724**	.770**	1				
NSIT	.785**	.767**	.768**	1			
NSC	.760**	.774**	.744**	.790**	1		
NSMC	.705**	.782**	.698**	.711**	.786**	1	
NSER	.662**	.706**	.630**	.710**	.732**	.799**	1

**Table 28: Discriminant Validity of Niche Strategic Implementation**

Constructs	Mean	SD	CR	AVE	NSCN	NSNF	NSHR	NSIT	NSC	NSMC	NSER
NSCN	6.49	.69	0.9	0.6	<b>0.79</b>						
NSNF	6.45	.79	0.9	0.7	.740	<b>0.84</b>					
NSHR	6.45	.75	0.8	0.6	.724	.770	<b>0.78</b>				
NSIT	6.43	.72	0.9	0.6	.785	.767	.768	<b>0.79</b>			
NSC	6.44	.80	0.9	0.6	.760	.774	.744	.790	<b>0.8</b>		
NSMC	6.42	.82	0.9	0.6	.705	.782	.698	.711	.78	<b>0.816</b>	
NSER	6.44	.80	0.9	0.7	.662	.706	.630	.710	.73	.799	<b>0.84</b>



model	$\chi^2$	$\chi^2 / \text{df}$	GFI	AGFI	NFI	CFI	RMSEA	RMR
Overall	2,564.126	2.688	.911	.903	.914	.921	.054	.048

Figure 7: Correlation Matrix between Latent Variables of Niche Strategic Implementation

### 4.6.3 Niche Performance

#### 4.6.3.1 Exploratory Factor Analysis of Niche Performance

According to the information from Table 36, the exploratory factor analysis (EFA) of niche characteristic on 13 items that used to measure the niche strategy performance of small niche firms in the hospitality industry businesses in Thailand. The result of exploratory factor analysis shows that every items had a factor loading more than 0.4 (Hair et al. 2010; Nunnally 1978). This value indicated that every items have enough explanation power to use and there is no niche characteristic indicator deleted during analysis.

**Table 29: Exploratory Factor Analysis of Niche Performance**

Dimensions & Items	Factor Loadings	Eigenvalue	Variance Explained	Reliability Coefficient
Niche Performance (NP)				
Niche Performance (NPP)		4.917	70.241	.929
NPP1	.843			
NPP2	.815			
NPP3	.874			
NPP4	.836			
NPP5	.824			
NPP6	.816			
NPP7	.857			

KMO .920; Bartlett's test: Chi-square = 2032.799, Sig. = .000

According to the information in Table 36, there are seven dimensions that have been extracted by the Eigen-value greater than 1.00 (Hair et al. 2010; Nunnally 1978). The Eigen-value greater of niche strategy performance was 4.917. These numbers can explain more than 70% of the niche performance. The measurement of KMO sampling

adequacy is .920, which considered as an appropriate for factor analysis that suggested to have more than 0.50. The overall significance of all correlation within a correlation matrix was tested by using of Barlet's test of sphericity. The value of test was 2032.799 and it was statistically significant. The result of reliability of every items shows the value of reliability coefficients between 0.815–0.874, as it was above the 0.70, which indicated a good internal consistency of niche performance items.

The dimension of niche strategy performance consisted of 6 items with loading over 0.815. These items consisted of: The effective implementation of niche strategy brings about increased competitiveness (NPP1). The effective implementation of niche strategy leads to increased market shares (NPP2). The effective implementation of niche strategy generates higher purchase frequency (NPP3). The effective implementation of niche strategy result in increased growth possibilities (NPP4). The effective implementation of niche strategy brings about customer loyalty (NPP5). A strong use of a niche marketing strategy in our company generates higher sales (NPP6). A strong use of a niche marketing strategy in our company increases profit (NPP7). The title of this dimension was called rewarding. It was one of the important characteristic of niche strategy firm and become a significant fundamental characteristic of company that want to apply niche strategy in the organization. This dimension explained 70.241% of the variance with a reliability coefficient of 0.929

#### **4.6.3.2 Convergent Validity and Model Fit Indices of Niche Performance**

The last variable of niche strategic implementation in this research model were examined by the use of a confirmatory factor analysis (CFA) to identify the relationships between the observed variables and the latent constructs. Using of the multiple indices was conducted to measure the overall fit of the measurement model. Li, (2016) stated that the standardized factor loadings range from .4 to .9 in the majority of empirical researches while Tasswa and Banjongprasert, (2019) recommended the factor loading or standardized loading should be greater than 0.5. For the average variance extracted (AVE) following (Shrestha, 2021) suggested that the value of AVE should be greater than or equal to 0.5 to confirm the convergent validity and suggesting adequate convergence. Lin et al, (2020) suggested about the construct reliability (CR) that represent the convergent validity, which is the proportion of the covariance of all observed variables in the same latent variable should be higher than 0.6 to indicate a good construct reliability of the model (Diamantopoulos et al, 2000).



### Factor Rotation of Niche Performance

Factor rotation is one of the most important research instrument to analyze the factors. At the beginning if the factor loading value is neutral, it is possible to determine which factor should be in the variable. Researchers will need to support the core, and then the object of the spindle is to stabilize the factor loading of the variable increases or decreases until the whole factor is known or should not be in any factor. Factor rotation is used mostly in case the factor loading has a neutral value or the value is not suitable for the measurement scale. Then it is not possible to arrange the variables in which factor they should be existing. For this reason, researchers must rotate the axis to arrange value again. The purpose of rotating the factor axis is to increase or decrease the Factor Loading value of a variable until it knows which factor the variable should belong to or it should not be in any factors (Asparouhov and Muthén, 2009). There are two methods of spindle rotation: Orthogonal and Oblique. The different between these 2 rotation method were; orthogonal rotation is the way to rotate variable and the value of factor loading could be in both way of increasing or decreasing. While the oblique rotation technic is used to rotate the factor either but the result of this technic will only make the factor loading of variables decreasing. Then before using which rotation method, the researcher must be sure what the purpose of the rotation is. Hadi et al, (2016; p. 216) stated that *“factor rotation is the way of defining a small number of factors that can be used to best signify the whole of the relationship between variables”*.

In this research, the factor loading originally was in total 98 variables, which considered as a largest amount of variance. By this amount of variables and the large size of variance, Hair et al, (2010) suggested that researchers should rotate this variable again to extract the factor and perceive where should be the factor of each variable in the measurement model. Following the criteria from Hair et al (2010) to extract the factors, researcher can use the varimax rotation to analyze the variable. If the factor loading is lower than 0.4 then that variable should be deleted. However, even some factor loading is greater than 0.4 but if the value of internal reliability coefficient is lower than 0.7 or the value of communality is less than 0.5, that variable is considered to have insufficient explanation as well. The factor that fail from this criterion need to be deleted from the measurement scale in the factor loading stage.

According to the result from Table 37. Niche performance has only one component with 7 items. Result shown the value of factor loading of this component was 0.782. According to the information of factor rotation of niche characteristic, all

factor-loading values were above 0.40 and all communalities were above 0.50.

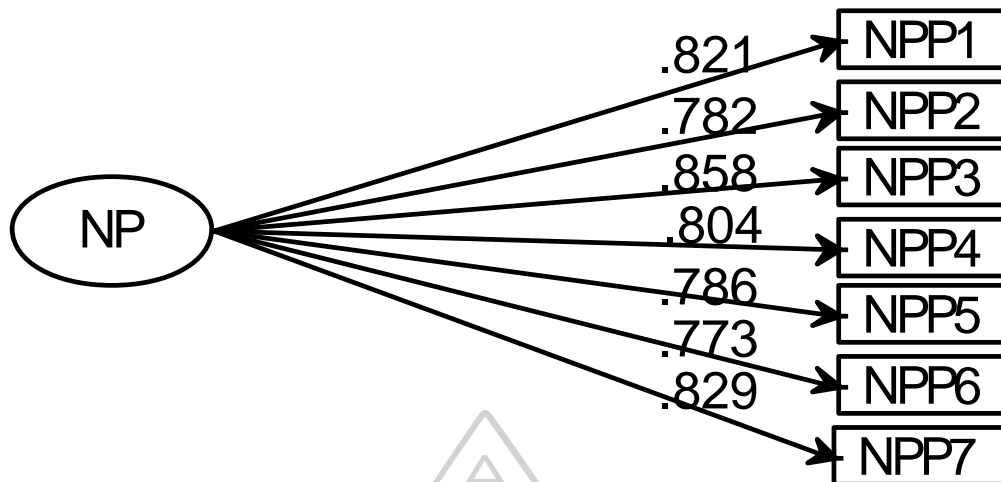
Therefore, the factor rotation was acceptable.

**Table 30: Convergent Validity of Niche Performance**

Dimensions & Items	Loadings	R <sup>2</sup>
Niche Performance (NPP) : AVE = 0.65; CR =0.93		
NPP1	0.821	0.674
NPP2	0.782	0.612
NPP3	0.858	0.732
NPP4	0.804	0.646
NPP5	0.786	0.618
NPP6	0.773	0.598
NPP7	0.829	0.687

**Table 31: Discriminant Validity of Niche Performance**

Constructs	Mean	SD	CR	AVE	NP
NP	6.482	.717	0.929	0.653	<b>0.808</b>



model	$\chi^2$	$\chi^2 / df$	GFI	AGFI	NFI	CFI	RMSEA	RMR
Overall	12.677	1.409	.991	.973	.994	.998	.032	.008

**Figure 8: Convergent Validity of Niche Performance**

#### 4.6.4 Overall Measurement Model

After the validity of all latent variables was tested and examined for each theoretical concepts, then all the latent variables were validated and there were gathered together in one construct model for overall assessment. Table 39 presents the measurement result of overall absolute model fit indices. The result shown that the absolute model fit indices of this research is unacceptable by the lower number of following element ( $\chi^2 (22,679.146) = 0.00$ , CFI = .666, NFI = .612, RMSEA = .097, and RMR = .084). Because of the unacceptable result of absolute model, then to solve this problem, research has to adjust the new absolute model fit indices again.

**Table 32: Overall Measurement Model (N= 420)**

<b>Dimensions and Items</b>	<b>Loadings</b>	<b>R<sup>2</sup></b>
<b>Small size company (NCSS) : AVE = 0.61; CR =0.90</b>		
NCSS1	0.758	0.575
NCSS2	0.760	0.578
NCSS3	0.695	0.484
NCSS4	0.840	0.706
NCSS5	0.835	0.697
NCSS6	0.797	0.635
<b>Unique resources (NCUR) : AVE = 0.70; CR =0.92</b>		
NCUR1	0.887	0.786
NCUR2	0.895	0.802
NCUR3	0.778	0.605
NCUR4	0.802	0.643
NCUR5	0.824	0.678
<b>Differentiation strategy (NCDS) : AVE = 0.62; CR = 0.91</b>		
NCDS1	0.755	0.571
NCDS2	0.776	0.602
NCDS3	0.765	0.585
NCDS4	0.821	0.674
NCDS5	0.808	0.653
NCDS6	0.738	0.544

<b>Dimensions and Items</b>	<b>Loadings</b>	<b>R<sup>2</sup></b>
NCDS7	0.832	0.692
NCDS8	0.801	0.642
<b>Specific needs (NCSN) : AVE = 0.58; CR = 0.89</b>		
NCSN1	0.846	0.715
NCSN2	0.769	0.591
NCSN3	0.791	0.625
NCSN4	0.709	0.502
NCSN5	0.737	0.543
NCSN6	0.706	0.499
<b>Few competitors (NCFC) : AVE = 0.67; CR = 0.91</b>		
NCFC1	0.846	0.716
NCFC2	0.782	0.612
NCFC3	0.887	0.787
NCFC4	0.792	0.628
NCFC5	0.782	0.611
<b>Charge premium price (NCCP) : AVE = 0.66; CR = 0.92</b>		
NCCP1	0.849	0.722
NCCP2	0.819	0.672
NCCP3	0.857	0.735
NCCP4	0.809	0.654
NCCP5	0.803	0.645

NCCP6	0.729	0.531
<b>Dimensions and Items</b>	<b>Loadings</b>	<b>R<sup>2</sup></b>
<b>Having growth potential (NCHG) : AVE = 0.67; CR = 0.91</b>		
NCHG1	0.793	0.629
NCHG2	0.812	0.659
NCHG3	0.850	0.722
NCHG4	0.850	0.723
NCHG5	0.782	0.612
<b>Content of Niche Strategy (NSCN: AVE = 0.64; CR =0.92</b>		
NSCN1	0.829	0.688
NSCN2	0.774	0.599
NSCN3	0.768	0.589
NSCN4	0.846	0.715
NSCN5	0.820	0.672
NSCN6	0.795	0.632
NSCN7	0.741	0.549
<b>Niche Firm Structure (NSNF) : AVE = 0.71; CR =0.94</b>		
NSNF1	0.823	0.678
NSNF2	0.833	0.695
NSNF3	0.860	0.739
NSNF4	0.842	0.708
NSNF5	0.850	0.723



NSNF6	0.853	0.727
<b>Dimensions and Items</b>	<b>Loadings</b>	<b>R<sup>2</sup></b>
<b>Human Resource (NSHR) : AVE = 0.61; CR = 0.89</b>		
NSHR1	0.710	0.504
NSHR2	0.828	0.685
NSHR3	0.778	0.605
NSHR4	0.781	0.610
NSHR5	0.798	0.636
<b>Innovation Technology (NSIT) : AVE = 0.63; CR = 0.92</b>		
NSIT1	0.842	0.710
NSIT2	0.777	0.603
NSIT3	0.782	0.612
NSIT4	0.699	0.489
NSIT5	0.791	0.625
NSIT6	0.812	0.659
NSIT7	0.856	0.733
<b>Communication (NSC) : AVE = 0.68; CR = 0.93</b>		
NSC1	0.829	0.687
NSC2	0.825	0.680
NSC3	0.864	0.746
NSC4	0.844	0.713
NSC5	0.767	0.588

NSC6	0.811	0.657
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Dimensions and Items	Loadings	R <sup>2</sup>
<b>Management Control (NSMC) : AVE = 0.65; CR = 0.94</b>		
NSMC1	0.759	0.577
NSMC2	0.800	0.640
NSMC3	0.797	0.635
NSMC4	0.823	0.677
NSMC5	0.834	0.696
NSMC6	0.826	0.683
NSMC7	0.820	0.673
NSMC8	0.806	0.650
<b>Evaluation and Reward (NSER) : AVE = 0.70; CR = 0.97</b>		
NSER1	0.847	0.717
NSER2	0.810	0.656
NSER3	0.826	0.683
NSER4	0.855	0.731
NSER5	0.831	0.690
NSER6	0.838	0.702
NSER7	0.813	0.662
NSER8	0.798	0.637
NSER9	0.868	0.754
NSER10	0.866	0.750

NSER11										0.790	0.625	
NSER12										0.875	0.766	
<b>Dimensions and Items</b>										<b>Loadings</b>	<b>R<sup>2</sup></b>	
<b>Niche Performance (NPP) : AVE = 0.65; CR =0.93</b>												
NPP1										0.835	0.697	
NPP2										0.793	0.629	
NPP3										0.874	0.764	
NPP4										0.779	0.608	
NPP5										0.769	0.592	
NPP6										0.764	0.583	
NPP7										0.835	0.682	
<b>Absolute Model Fit Indices</b>												
<b>Model</b>	$\chi^2$	$\chi^2 / \text{df}$	<i>GFI</i>	<i>AGFI</i>	<i>NFI</i>	<i>CFI</i>	<i>RMSEA</i>	<i>RMR</i>				
<b>Initial</b>	22,679.146	4.790	.887	.841	.612	.666	.097	.084				
<b>Adjusted</b>	8,695.248	2.354	.933	.924	.847	.904	.058	.059				

To improve the quality of model, Researchers has modified the overall model. Aiming of this modification of overall model because some of value are not fit with the model. The value of chi square is quit high then the modification is expected to decrease the value of chi square to adjust the model to be better and more acceptable. According to Byrne, (2005), he suggested about the adjustment of the overall model that, researcher should apply minimum modifications regarding covariance among items. That could help to improve the overall model. For this research there is no any variables were adjusted or deleted from the structure model because according to the factor loading value. Every variable in the model was having a factor loading value more than 0.5 and all of them were statistic significantly. Which according to Hair et al, (2010) the factor loading of exceed 0.5 is acceptable. Other value in the model were above the criteria

that referred to Byrne, (2005). The Chi-square value was below .000. The NFI and CFI values were above 0.9, the RMSEA and RMR value also were below 0.07. In conclusion, the overall model of this study was acceptable.

**Table 33: Correlation Matrix of the Overall Measurement Model**

Latent variables	NCSS	NCUR	NCDS	NCSN	NCFC	NCPC	NCHG	NSCN	NSNF	NSHR	NSIT	NSC	NSMC	NSER	NP
NCSS	1														
NCUR	0.740	1													
NCDS	0.7881	0.7845	1												
NCSN	0.752	0.725	0.736	1											
NCFC	0.656	0.594	0.574	0.667	1										
NCCP	0.733	0.746	0.745	0.789	0.574	1									
NCHG	0.793	0.730	0.797	0.751	0.599	0.790	1								
NSCN	0.792	0.747	0.767	0.796	0.673	0.778	0.790	1							
NSNF	0.787	0.782	0.728	0.707	0.633	0.791	0.765	0.755	1						
NSHR	0.775	0.763	0.764	0.769	0.586	0.761	0.752	0.759	0.773	1					
NSIT	0.775	0.691	0.726	0.695	0.633	0.768	0.701	0.786	0.792	0.783	1				
NSC	0.768	0.791	0.678	0.794	0.608	0.672	0.672	0.742	0.740	0.679	0.709	1			
NSMC	0.781	0.781	0.766	0.778	0.636	0.724	0.707	0.722	0.788	0.798	0.742	0.752	1		
NSER	0.726	0.729	0.727	0.751	0.669	0.701	0.709	0.765	0.782	0.711	0.722	0.760	0.70	1	
NP	0.747	0.784	0.760	0.785	0.592	0.735	0.787	0.783	0.797	0.796	0.792	0.743	0.707	0.763	1

According to the information and value of every variable from Table 40, the correlation matrix of the overall measurement model showing that the correlation coefficients of every variables was in the structure model was in between 0.570 to 0.798. The value was less than 0.80 that mentioned by Hair et al, (2010) to be a problem and not acceptable. From these values could indicate that the discriminant

validity of every latent variable and the overall measurement in this structure model was acceptable.

**Table 34: Discriminant Validity of the Overall Measurement Model**

Constructs	Measures	SD	CR	AVE	NC SS	NC UR	NC DS	NC SN	NC FC	NC CP	NC HG	NS CN	NS NF	NS HR	NSI T	NS C	NSM C	NS ER	NP
NC	6.4	.82	.90	.61	0.7														
NC	6.4	.77	.92	.70	0.7	0.83													
NC	6.4	.71	.91	.62	0.7	0.78	0.7												
NC	6.4	.72	.89	.58	0.7	0.72	0.7	0.7											
NC	6.2	1.0	.91	.67	0.6	0.59	0.5	0.6	0										
NC	6.4	.77	.92	.66	0.7	0.74	0.7	0.7	0	0.8									
NC	6.5	.74	.91	.67	0.7	0.73	0.7	0.7	0	0.7	0.8								
NS	6.4	.69	.92	.64	0.7	0.74	0.7	0.7	0	0.7	0.7	0.8							
NS	6.4	.79	.94	.71	0.7	0.78	0.7	0.7	0	0.7	0.7	0.7	0.8						
NS	6.4	.75	.89	.61	0.7	0.76	0.7	0.7	0	0.7	0.7	0.7	0.7	0.7					
NSI	6.4	.72	.92	.63	0.7	0.69	0.7	0.6	0	0.7	0.7	0.7	0.7	0.7	0.7				
NS	6.4	.80	.93	.68	0.7	0.79	0.6	0.7	0	0.6	0.6	0.7	0.7	0.6	0.7	0.8			
NS	6.4	.82	.94	.65	0.7	0.78	0.7	0.7	0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.806		
NS	6.4	.80	.97	.70	0.7	0.72	0.7	0.7	0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.79	0.83	
NP	6.4	.71	.93	.65	0.7	0.78	0.7	0.7	0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.787	0.76	0.8

#### 4.6.5 Structural Modeling

Structural model is a causal model that consists of the initial variable and the dependent variable including latent variables (Penny et al, 2004). The structural model indicates that is the parent variable really causing the dependent variable. For analyzing the structure model, the structural equation modeling (SEM) was used to calculate and examine the relationship between each conceptual model. However, because there were so many endogenous variables that found in the structure model, then this model must be examined by using several instruments as well, in order to receive the most acceptable value. The structural relationship between each variable were tested by 6 technics namely Chi-square statistic; Chi-square divided by degree of freedom; the normal fit index (NFI); the comparative fit index (CFI); the root mean square error of approximation (RMSEA) values; and the last technics was the Root Mean Square Residual (RMR) values. After the examination from 6 instruments was done then the next step was, to examine the path analysis, research hypothesis and mediating effect from the model.

#### 4.6.5.1 Overall Structural Model

This section presented the overall structural model that was developed from the EFA and CFA analysis of every variable in the model since the previous part of the research. The overall structural model is consisting of one exogenous variable, which is a niche characteristic. This exogenous variable has 7 factors of Small size company (NCSS), Unique resources (NCUR), Differentiation strategy (NCDS), Specific needs (NCSN), Few competitors (NCFC), Charge premium price (NCCP) and the last one was, Having growth potential (NCHG). Next variable is niche strategy implementation which being as a mediator effect in this model. The niche strategy implementation consists of 7 factors namely Content of Niche Strategy (NSCN), Niche Firm Structure (NSNF), Human Resource (NSHR), Innovation Technology (NSIT), Communication (NSC), Management Control (NSMC), Management Control (NSMC), Evaluation and Reward (NSER). The last variable is niche performance (NPP). It I a dependent variable which having only one factor with 7 items. The overall model has in total 3 exogenous and endogenous variable but it is an second order research with 15 factor.

**Table 35: Overall Structural Model (N= 420)**

Dimensions and Items	Estimate	C.R.	R <sup>2</sup>
<b>Niche Characteristic (NC)</b>			
Small size company (NCSS)			
NCSS1	1	-	0.575
NCSS2	1.002	16.059	0.578
NCSS3	0.944	14.425	0.484
NCSS4	1.238	17.966	0.706
NCSS5	1.064	17.841	0.697
NCSS6	1.198	16.882	0.635



<b>Dimensions and Items</b>	<b>Estimate</b>	<b>C.R.</b>	<b>R<sup>2</sup></b>
Unique resources (NCUR)			
NCUR1	1		0.786
NCUR2	1.102	26.755	0.802
NCUR3	0.9	20.208	0.605
NCUR4	0.973	21.361	0.643
NCUR5	0.998	22.468	0.678
Differentiation strategy (NCDS)			
NCDS1	1		0.571
NCDS2	0.895	16.486	0.602
NCDS3	1.088	16.207	0.585
NCDS4	1.128	17.617	0.674
NCDS5	1.166	17.284	0.653
NCDS6	1.104	15.542	0.544
NCDS7	1.143	17.887	0.692
NCDS8	1.200	17.269	0.642
Specific needs (NCSN)			
NCSN1	1		0.715
NCSN2	0.921	18.647	0.591
NCSN3	1.048	19.478	0.625

<b>Dimensions and Items</b>	<b>Estimate</b>	<b>C.R.</b>	<b>R<sup>2</sup></b>
NCSN4	0.972	16.545	0.502
NCSN5	0.864	17.507	0.543
NCSN6	0.983	16.470	0.499
<b>Few competitors (NCFC)</b>			
NCFC1	1		0.716
NCFC2	0.772	18.702	0.612
NCFC3	1.051	22.829	0.787
NCFC4	0.923	19.074	0.628
NCFC5	0.844	18.678	0.611
<b>Charge premium price (NCCP)</b>			
NCCP1	1		0.722
NCCP2	0.934	20.646	0.672
NCCP3	1.041	22.293	0.735
NCCP4	0.879	20.196	0.654
NCCP5	0.856	19.98	0.645
NCCP6	0.875	17.205	0.531
<b>Having growth potential (NCHG)</b>			
NCHG1	1		0.629
NCHG2	1.14	18.596	0.659

<b>Dimensions and Items</b>	<b>Estimate</b>	<b>C.R.</b>	<b>R<sup>2</sup></b>
NCHG3	1.182	19.802	0.722
NCHG4	1.242	19.873	0.723
NCHG5	1.057	17.695	0.612
<b>Niche Strategic Implementation (NS)</b>			
Content of Niche Strategy (NSCN)			
NSCN1	1		0.688
NSCN2	1.00	18.608	0.599
NSCN3	1.034	18.398	0.589
NSCN4	1.035	21.357	0.715
NSCN5	1.021	20.316	0.672
NSCN6	1.077	19.378	0.632
NSCN7	0.865	17.476	0.549
Niche Firm Structure (NSNF)			
NSNF1	1		0.678
NSNF2	1.038	20.49	0.695
NSNF3	1.054	21.515	0.739
NSNF4	1.016	20.807	0.708
NSNF5	1.122	21.138	0.723
NSNF6	1.203	21.24	0.727

Dimensions and Items	Estimate	C.R.	R <sup>2</sup>
Human Resource (NSHR)			
NSHR1	1		0.504
NSHR2	1.308	16.262	0.685
NSHR3	1.355	15.303	0.605
NSHR4	1.331	15.344	0.610
NSHR5	1.215	15.673	0.636
Innovation Technology (NSIT)			
NSIT1	1		0.710
NSIT2	0.908	19.272	0.603
NSIT3	1.089	19.481	0.612
NSIT4	0.896	16.503	0.489
NSIT5	1.079	19.824	0.625
NSIT6	0.959	20.672	0.659
NSIT7	1.067	22.628	0.733
Communication (NSC)			
NSC1	1		0.687
NSC2	0.898	20.547	0.680
NSC3	0.971	22.061	0.746
NSC4	0.97	21.235	0.713

<b>Dimensions and Items</b>	<b>Estimate</b>	<b>C.R.</b>	<b>R<sup>2</sup></b>
NSC5	0.936	18.587	0.588
NSC6	0.909	20.008	0.657
<b>Management Control (NSMC)</b>			
NSMC1	1		0.577
NSMC2	1.195	17.376	0.640
NSMC3	1.26	17.255	0.635
NSMC4	1.274	17.932	0.677
NSMC5	1.161	18.237	0.696
NSMC6	1.347	18.025	0.683
NSMC7	1.358	17.919	0.673
NSMC8	1.341	17.578	0.650
<b>Evaluation and Reward(NSER)</b>			
NSER1	1		0.717
NSER2	0.901	20.656	0.656
NSER3	0.957	21.357	0.683
NSER4	1.081	22.831	0.731
NSER5	0.917	21.543	0.690
NSER6	0.880	21.858	0.702
NSER7	0.888	20.788	0.662

Dimensions and Items		Estimate	C.R.	R <sup>2</sup>				
NSER8		0.869	20.156	0.637				
NSER9		0.986	23.285	0.754				
NSER10		1.078	23.193	0.750				
NSER11		0.992	19.843	0.625				
NSER12		1.041	23.859	0.766				
Niche Performance(NPP)								
NPP1		1		0.697				
NPP2		0.932	19.281	0.629				
NPP3		1.070	22.557	0.764				
NPP4		0.898	18.779	0.608				
NPP5		0.834	18.413	0.592				
NPP6		0.909	18.211	0.583				
NPP7		1.024	20.547	0.682				
<b>Absolute Model Fit Indices</b>								
Model	$\chi^2$	$\chi^2/df$	GFI	AGFI	NFI	CFI	RMSEA	RMR
overall	8,695.248	2.354	.933	.924	.847	.904	.058	.059

\* t test were significant as  $p < 0.05$ , \*\* t test were significant as  $p < 0.001$



#### 4.6.6 Path Analysis

Path analysis is a statistical based method based on regression analysis. Path analysis studies about the relationship between causal variables (Lleras, 2005). It is, based on diagrams and structural equations of the diagrams as the basis for analyzing and explaining the relationship of cause variables to effect variables in both size and direction. Israëls, (1987; p.74) stated about this kind of analysis that *“Path analysis may be considered as a system of regression analyses for quantitative variables”*. Wright, (1921) introduced path analysis by adapting and improving from the regression analysis but path analysis could explain more detail than normal regression. Researchers can also use path analysis to explain the relationship in both direct and indirect relationships. The coefficient value between each variable in path analysis is explained by the signs and magnitude of the parameters. Path analysis is a causal analysis when researchers want to study the cause of different phenomena that came might be influenced from some variables (Kozak and Kang, 2006). In other words, path analysis could help the researchers to find out if the dependent variable (or endogenous variable) that they want to study is caused by the influence of what independent variables and how much the independent variable has influence on the dependent variable. Researchers must rely on the knowledge and theories to analyze path analysis from the structure model in order to develop and analyze the proposed hypotheses by creating a diagram showing the causes that influence what they are studying. For this research, path analysis was done and showing in the diagram (Figure 10). The result of path analysis will explain the path coefficient between each variable. If the endogenous variable was influenced by the exogenous and to be sure that, there is no direct or indirect effect from the wrong variable in the model.



Path analysis of the overall structural model that summarize in Table 43, showing the path diagram outcome of overall structural model which consist of direct, indirect and total effects of both exogenous variables on the endogenous variables. The result and strength of the relationship between each variable that mentioned in the hypothesis was reported by the sign and magnitude of the parameter. The statistical data was provided to report the direction of how strength of the relationship. Referring to the criteria from Cohen, (2004) that suggested about the path coefficients, firstly if the value of path coefficients was equal or more than 0.50, that could indicate to be a strong path coefficients effect. However, if the value is less than 0.2 then it is considered as a small effect. Lastly, if the value was between 0.21 - 0.49, for this case the path coefficients is considered as a medium effect. This research is used this criterion to analyze path coefficients.

Table 36: Path Analysis of the Overall Structural Model (N = 420)

\*As the t-value is greater than 1.96, the path coefficient is significant at  $p < 0.05$  level.

\*\*As t-value is greater than 2.58, the path coefficient is significant at  $p < 0.001$  level or better.

According to the overall structural model of this research. The result from SEM analysis shown that there were in total 2 latent variables in this study (niche characteristic and niche strategy implementation). According to the SEM, the exogenous variables (niche characteristic) is significant because it is impact on the other two endogenous variables which are niche strategic implementation and niche strategy performance. The path coefficients present the direct impact from the exogenous variable to both endogenous variables, following the criteria that have been mentioned in the previous part of this research. Both niche strategic implementation and niche strategy performance as an endogenous variable was impacted by exogenous variables (niche characteristic). While niche characteristic has a positive moderating effect to niche strategic implementation (0.947), niche performance has a strong effect from niche strategic implementation at (0.715) but niche characteristic has a slightly positive impact on niche strategy performance at the standard coefficient of (0.219).

According to the result of the overall structural model, all the direct effect from niche strategic implementation were significant at  $p < 0.05$  level but the direct effect from niche characteristic to nice strategy performance was not significant. The result and details about this insignificant will be explained in the next section.

The R2 values or sometime called Squared multiple correlations or R square) is the estimate relationship between endogenous latent variable. It is a number of the

variance which impacted by the exogenous latent variables and the value should be significant. (Janadari et al, (2016; p. 191) stated that R square is used “to predict the power of the standard path coefficient of each relationship between exogenous and endogenous variable”. Hair et al, (2010) stated that R Square can be the indicator to inform that model variable is good or not. According to criteria of R square from Cohen (1988), the figure presented that the value of R<sup>2</sup> at 0.01 is considered as low explanation impact. The value of R square at 0.09 is considered as moderate or middle explanation impact. While if the value of R square is more than 0.25 then it is indicated that the explanation impact is high. In this research, the R square was analyzed and the R square values of niche strategic implementation is 0.855 while R square value of niche strategy performance is 0.897. Which according to the criteria as mentioned earlier then both variable are having strong explanatory impacts.

#### 4.6.7 Results of Hypothesis

According to the results from the path analysis. The hypothesized relationships between every latent variable in the conceptual framework were tested to find the value and check if the latent variable will be qualified. The overall structural model will present only the significant paths because the insignificant path will be counted as an unqualified variable and there were dropped during the structural equation modeling (SEM) process. Following the results from Table 43 showing that there is only 1 exogenous variables in this model. It is a niche characteristic (7 dimensions) and there were another 2 endogenous variables of niche strategic implementation (7 dimensions) and the niche strategic performance (1 dimensions). The results of 4 hypotheses were presented

The first hypothesis that proposed was, there is a positive relationship between niche characteristic and niche strategic implementation. Resulted shown that the first hypothesis is significantly supported. This result was showing that the niche characteristic is having a significantly affect to the implementation of the small niche firms. According to Dalgic and leeuw, (1994) who stated about any small company and having limit of budget and other resources to compete with the bigger companies. This authors suggested small companies to apply niche strategy into their organization whether they are a new company that just opened or they are the old company. Because to following niche strategy is the way for small company to survive by find the smaller market that was not served by the big companies yet. To facilitate the implementing of

niche strategy to be effective, owner or management of small company must prepare their organization to have the specific characteristic that match with niche strategy and it will increase a chance of success in their business (Akbar et al, 2017; Carroll, 1985; Gordon, 2011).

The 7 characteristics of niche strategy that proposed in this research consists of small size companies, unique resources, differentiation strategy, response specific needs, few competitors, charge premium price and having growth potential. These characteristics were received by the review of several literatures on the niche strategy and niche strategic implementation in the organization. Niche firms can use these characteristics to review their organization, if they have proper characteristics to pursue niche strategy or not. Moreover, if any niche firms could provide a suitable characteristic, it could offer a positive relationship with the niche strategy implementation in their organization as mentioned and supported in this hypothesis.

The second hypothesis was proposed as there is a positive relationship between niche characteristic and niche strategy performance. The result shown that the second hypothesis was significantly supported. Which could be explained that if niche firm is having suitable niche characteristic with their company, it could help and generate the positive performance for the niche firm. Niche strategy is an approach that suitable for small companies to survive and compete with the bigger competitor or dominant firms in the industry. Niche strategy focus on offering a high quality products and services to the specific group of customers. Niche customers are mostly the group of people who would like to explore or try the new or high quality products that match with their specific needs and it was not served by other companies or mass products. As niche customers are having a specific need, then the company that would like to serve the niche customers require some specific knowledge, skill or innovation that different from other competitors. This research found that to be successful for niche strategy that can provide a specific, differentiated and high quality products from other competitors, Niche firms must have a certain characteristic that suitable and fit with niche strategy. There were 7 niche characteristics niche strategy that proposed in this research consists of small size companies, unique resources, differentiation strategy, response specific needs, few competitors, charge premium price and having growth potential, that niche firm need to concern. These characteristic could help niche firm to understand and prepare themselves to become a company that is ready to apply niche strategy and having a chance to be successful.

There are many studies that found successful in performing niche strategy in the organization. For instance, Tamagnini and Tregear, (1998) studied about the retail meat in UK that facing a problem with a lower price and high competition until they almost



close the company. Later on owner has changed to produce a high quality and premium meat to serve a niche customer who like to consume the high quality products and ready to pay higher than the mass market prices. Finally, the company could generate more business than before and having a very positive performance. The reasons of change to be niche and successful because the owner started that changing plan by preparing the organization have the suitable characteristic of niche firm namely a small size firms that having a unique resources and making a high quality products and services with different from other competitor. Moreover, to serve these specific niche customers is having fewer competitor than a mass market and they can charge a higher price for this specific and specialized products. Huh and Singh, (2007) has done their research about Families travelling with a disabled member in US because nobody would like to focus this group of customers before due to many obstacles and risky to invest. Results of this studies show a very positive performance and high growth potential for this market especially after they were supported by the Americans with Disabilities Act. But authors suggested that niche firm that would like to serve this very specific niche customer must have the special characteristic such as small company because they were not so many disable people who always travelling yet, but niche firms has to become a specialized to produce a differentiated or unique program for disable people. As they were a very few companies who can do this task and serve this customer then they were a very few competitors. In the same time niche firms that can serve this niche customer can charge a higher price than more normal mass products and services. To conclude this section, the second hypothesis was supported and emphasized the important of having a suitable characteristic for niche firms could help the niche firms to be more successful and having a positive performance as they expected (Hezar et al., 2006; Bantel, 1997; Cândido & Santos, (2015).

The third hypothesis that proposed in this research was, there is a positive relationship between niche strategic implementation and niche strategy performance. Resulted of this hypothesis shown that the third hypothesis was significantly supported. Positive performance is one of the most important goal of any companies. To be successful and having good performance for niche strategy. Niche firms must be concerning about the implementation of niche strategy in their organization. Since niche strategy by its concept is the approach of small companies that having a limited resource to survive during the high competition environments. Many companies know and understand about this concept and already prepare their organization for applying niche strategy. However, some companies faced so many problems to implement niche strategy into their organization (Huh and Singh, 2007; Tamagnini and Tregear, 1998; Stiver, 2009). In this research has reviewed many journals and academic paper about the implementation of niche strategy into the organization. According to the studied and literature review, researcher proposed a 7 elements of niche strategy implementation for small niche firms. They are consisting of content of content of niche strategy, organizational structure, human resource in niche firms, communication in niche firm, management style, innovation and technology and rewards and control in niche firm.



These 7 elements could be able to remind the owner and management to prepare their organization to be ready for niche strategy implementation. Since this hypothesis is significant supported then it could be able to confirm that if niche firms could be able to prepare the suitable implementation elements for niche firm, they could bring a great chance to niche firm to be successful and having a positive performance.

**Table 37: Summary of Research Hypotheses (N = 420)**

<b>Hypothesis</b>	<b>Resulted</b>
-H1: There is a positive relationship between niche characteristic and niche strategic Implementation	<b>Supported</b>
H2: There is a positive relationship between niche characteristic and niche strategy performance	<b>Supported</b>
-H3: There is a positive relationship between niche strategic Implementation and niche strategy performance	<b>Supported</b>

#### **4.6.8 Mediating Effects Result**

A mediating effect is the study of relation between independent variable and dependent variable by having the third variable at the middle. The third variable between independent variable and dependent variable is called the mediator. Günalan and Ceylan, (2015) stated that in mediation analysis there should be at least 3 significant relations. Firstly, the significant relation between independent variable and the mediator, second significant relation is the mediator and dependent variable and the third one is the significant relation between independent variable and dependent variable. However, when the relation between independent variable and dependent variable is controlled or intervened by the third variable or mediator the previous significant relation of both independent and dependent variables should not be significant or reduced. MacKinnon et al, (2007) also mentioned about the mediating effect that there is a transmission of the effect between independent and dependent variable.

There are two kinds of the third or middle variables between independent variable and dependent variable. There are the moderator variable and mediator variable. Both middle variable plays the different role in the model. Kim et al, (2001) studied about the different between these two variable and found that mediating

variable is a variable that is in the causal sequence between two variables (X-M-Y), whereas moderating variable is a variable that is not in a causal sequence between two variables. Baron and Kenny (1986) added their statement that “whereas moderator variables specify when certain effects will hold, mediators speak to how or why such effects occur.”

The mediating effect in this research was examined and proposed in the mediating effect hypotheses. The relationship between the independent variables (niche characteristic) and the dependent variable (niche strategic performance) is affected by the mediating variable (niche strategic implementation). According to Baron & Kenny, (1986) recommended that the direct link between the independent and dependent variables must be significant in the mediation effect analysis of classic causal step. This research also established the mediator variables by following 3 conditions which are the significant relation impact between independent variable and the mediator, the significant relation impact between mediator and dependent variable and the last one is the significant relation impact between independent variable and dependent variable. To examine a mediating effect, this research used bootstrap resampling method and Sobel test to evaluate validity of the indirect effects of niche strategic implementation in the mediation models (Hayes, 2017).

#### **4.6.8.1 Mediating Effect of Niche Strategic Implementation on Niche Strategy Performance**

The dependent variable in this research is the niche strategy performance, and having niche characteristic being as an independent variable in the model. The second order variables of seven items of niche strategic implementation was used to measure the mediating effect in the structure model. The seven items consist of content of niche strategy, organizational structure, human resource in niche firms, communication in niche firm, management style, innovation and technology and rewards and control in niche firm. Table 42 present the mediating effect of niche strategic implementation between niche characteristic and niche strategic performance. The result shows that is significant ( $\beta=0.219$ ,  $p=0.05$ ). Moreover, the result was also showing that niche strategic implementation has partially mediated the relationship between niche characteristic and niche strategic performance. According to the hypothesis 4 proposed that “niche strategic Implementation mediate the relationship between niche characteristic and niche strategy performance”. Therefore, Hypothesis 4 was supported by the empirical data.

**Table 38: Mediation Test**

<b>Mediating effects</b>	<b>Direct effect without mediator</b>	<b>Direct effect with mediator</b>	<b>Results</b>	<b>Support</b>
<b>NC → NS → NP</b>	<b>.219 (p=.05)</b>	<b>.677 (p=.05)</b>	<b>partial mediation</b>	<b>H4 Supported</b>

#### 4.7 Summary

At the end of chapter four, the finding and result of the research was presented sample. This research is the quantitative research, then the data analysis was done based on the quantitative analysis technics of the collected data. The data analysis started by the examination of causal relationship of all latent variables which includes niche characteristic, niche strategic implementation and niche strategic performance. The sample data from small niche firms in the hospitality industry in Thailand was advance statistically analyzed by using of exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). The two latent variables was presented in the niche characteristic and niche strategic implementation. Niche characteristic variable consists of seven items of small size companies, unique resources, differentiation strategy, response specific needs, few competitor, charging premium price and having growth potential. The niche strategic implementation also consists of seven items, there are content of niche strategy, organizational structure, human resource in niche firms, communication in niche firm, management style, innovation and technology and rewards and control in niche firm.

Moreover, the confirmatory analysis (CFA) was also used to establishing the concept of each variable. The structural relationship between each latent variables was also examined in order to verify the quality of latent variables and the result shown that every latent variable passed the standard criteria. Major factors affecting of both niche characteristic and niche strategic implementation to niche strategic performance were found through structural equation modeling (SEM). Result shown that every hypothesis was significantly supported and having a positive effect to the performance of niche firms. Lastly, the mediating effects between independent and dependent variables (niche

strategic implementation and niche strategic performance of the organization) was also examined. All of these findings and results, including the conclusion, implication, limitations, and recommendation will be discussed in the following chapter.



## **Chapter 5**

### **Discussion and Contribution**

#### **5.1 Chapter Introduction**

Chapter 5 is the last chapter that will be the conclusion of the whole research following the previous chapters, which presented the literature review, research methodology and result of data analyses. The finding of the research are concluded and discussed about whether or not it has the relationship and linkage to the research background, research gaps, research question, research objective and hypothesis. The discussions are presented to explain the details for the supported hypotheses and provide some demonstration for the unsupported hypotheses. Limitation of this research are discussed to be the information for the next research that would like to study about niche strategy firm to perceive and avoid any mistake that occurred during the conducting this research. Lastly, the implementations and recommendation of this research are explained to inform the beneficial of this study and how can we use this information and knowledge to improve and develop the quality of niche strategy

#### **5.2 Conclusion and Discussion**

The first research objective is to study the characteristic of niche strategy. This research also intends to investigate the relationship between niche-strategy characteristics and niche strategic implementation. According to Santini et al., (2014) which defined niche strategy as the best solution to solve the problem of high competitions and over crowded by focusing on the differentiation and serving a small and specific group of customers. Given that small and mediums sized enterprises have low budget for their marketing (Thilmany, 2012), niche strategy focusing on particular target customers should help the small-sized firms to serve their customers better than the competitors. In accordance with the definition of niche strategy suggested by Parrish et al, (2006), niche strategy firms need strategies to differentiate themselves from other firms to offer different products and services that satisfy customers' needs. The differentiation of products and services could help niche-strategy small firms to compete with large-sized companies in the hyper-competition markets (Paschke, 2009). Thus, the first niche strategy characteristic of this research is the small size of the niche-strategy firms.

Niche-strategy companies are doing business aiming to be different and unique (Dalgic and Lueew, 1994). Dinis, (2011) expressed that uniqueness of niche products and services is the resources that existing only in some particular regions and they are

difficult or impossible to imitate. Thilmany, (2012) stated that unique resources are the core competency of the companies that could help niche strategy companies to create a sustainable competitive advantage. Jensen et al, (2014) conducted the research about niche strategy firm in the formula one racing suggested that successful niche strategy firms are the companies that could be able to combine a unique resource to support a types of their organization. The unique resources of niche strategy firm must be matched with the type of business, which will help to increase the capability of the organization and lead to the great performance of the companies (Poole, 2009). Therefore, the second niche strategy characteristics of this research is the ownership of unique resources.

Phillips and Peterson, (2001) suggested that success of differentiation of niche strategy could differentiate products and services from competitors and enhance the customer satisfactions. Allen, (2007) found that differentiation of niche products could be able to increase the satisfactions of customers and generate positive results to the companies. Porter, (1980) called niche strategy as a focused differentiation strategy which could indicate that niche firms need to be able to find the specific needs of their customers, and offer the different and high quality products which could help niche firms to be successful. Manning, (2022) emphasized that the differentiation of niche products and services is one of the main factors that help to reframing success and increasing a value of niche-strategy firms. Therefore, differentiation strategy is the third niche-strategy characteristic of this study.

Responding to specific needs is one of the significant characteristic of niche strategy (Dalgic and Leeuw, 1994) because niche strategy is the approach that focus on the small group of customers that having a specific needs and there were overlooked or ignored from the bigger companies to serve. Dalgic and Leeuw, (2015) stated that specific needs of niche customers could be able to fulfill by the companies that understand their needs and be able to produces a high quality products and services to serve these specific needs which was ignored from other companies. Mohebalian et al, (2012) studied about the niche markets in the United States stated that if niche strategy firms can offer the products and services to satisfy the specific needs of customers that may lead to a more competitive position in the marketplace. Hence, responding to specific needs is one of the niche-strategy characteristics of this study.

The next characteristic of niche-strategy firms proposed by this research is that these firms compete with few competitors. According to Toften and Hammervoll, (2009) suggested that niche strategy firms are doing their business in the focused marketing with having a few customers and few competitors. Niche-strategy firms are successful from certain economies through specialization which there are not many companies



could be a specialist (Kotler, 2003). To become a niche strategy firms, owner or management needs to consider the ability of their organization. Small companies with limited resources may face difficulties when producing similar products as the large-sized companies or as strong market position competitors (Hietala, 2017). Hence, owner and management of small-sized firms should identify the markets that have few numbers of competitors (Meyer and Wagner, 2013). O'Donnell et al, (2002) stated that customers with specific needs requires uniqueness of products and services tend to prevent new competitors entering into the markets. Therefore, the number of competitors should be lower than those of the mass markets. Consequently, few competitors is the one of the niche-strategy characteristics of this study.

Premium price is the six proposed characteristic of niche-strategy firm, as the small-sized firms applying niche strategy tend to offer specialized and high quality products and services (Kotler, 2003). These firms can charge high price of their products and services. Friedman et al, (2008) stated that even niche strategy firms are doing the business in the small market and having a small market share, but they will spend lower cost of advertising but can charge the premium price from their niche customers. Schaefers, (2014) found that small niche firms could be successful by pursuing niche strategy and to benefit from charge the higher price than other competitors could. Islam, (2020) also supported that charging a premium prices is one of the very significant factors of niche strategy and niche strategy firms is beneficial from the ability to charge a higher price than other competitors because they could be able to offer a different products and services to the small and specific group of their customers. Doyle, (2002) suggested that to be able to charge a premium price, niche-strategy firms need to offer a superior customer value via a high quality products which are different from other rivals. Thus, the premium price is one of the significant niche characteristics of this research.

The last niche-strategy characteristic of this research is growth potential. Niche strategy, focuses on service the small group of customers by offering a high quality products and services that different from other companies in the same market. To be successful of pursuing niche strategy, owner and management of small niche firms must be sure that the market has an opportunity to grow. Akbar et al (2017) stated that even niche market is small but it has a sufficient size to be profitable, no/limited competition, growth potential. Abrar et al, (2009) found that pursuing niche strategy could help small companies to be successful because they have good margin of profit and growth potential for the future. Rogerson and Rogerson, (2021) found that niche-strategy firms have a great potential to grow their businesses. Therefore, this research suggests that the growth potential is considered as one of the niche-strategy characteristic.

Niche characteristics are important factors for any companies that would like to apply niche strategy in their organization. Especially the more and clear characteristic of niche-strategy firms will help companies to be different or unique and avoid the high competition with large companies. The difference and uniqueness of products and services could help the small niche-strategy firms to be able to charge a higher price than other competitors and simultaneously small niche firms could have a fewer competitors in the same business. According to these reasons, the suitable niche characteristic of niche-strategy firms will offer opportunities of making more profit which leading to have a positive performance to the companies.

The second research objective is to investigate relationship between niche characteristics and the niche strategic implementation. The result of the first hypothesis indicated that niche-strategy characteristics positively affect niche strategic implementation. The result was consistent with many studies. Tuitjer, (2022) found that characteristic and activities of niche firms, including the different way of operating business and networking with other partners could bring success to niche firms and help business to grow. Schot and Geels, (2008) stated that the internal development via an experiment and innovation are very significant elements for niche firms to be success. Moreover, the small size of niche-strategy firms, which is one of the niche-strategy characteristics, can help the owners or management team to communicate, manage and make the decision faster especially in the changing business environment. Small-size niche strategy firms tend to have a flexible and informal organizational structure including the involvement of management to support the work of their employee (Meyer and Wagner, 2013). This should bring about a good relationship between management and employees, which develop trust in the organization.

The effective plan and management of niche strategy characteristics can enhance the implementation of niche strategy. Hezar et al., (2006) suggested that when they are a few competitors in the same market, niche firms could implement their strategy by focusing on producing a high quality products and services to serve their specific customer needs, rather than produce a high volume and lower price. That high quality products and services could generate a higher price than other competitors, which link to a higher profits and positive performance of the companies (Islam, 2020; Abrar et al, 2009). The focus of high quality products and services by having a few competitors and charging premium price, which bring success to niche firms, could support the implementation of niche strategy by attracting a high quality staffs to join the companies and companies have a chance to offer a good reward to their employees. The small size and focusing on the different or uniqueness could assist niche-strategy firms to easily adapt or change their way of operation to follow their customers (Tuitjer, 2022). Owners and managements could communicate to their employees fast and

directly especially when the structure of niche firms are informal and relationship between managements and employees are close to each other (Echols and Tsai, 2005).

Having a growth potential, is one of the niche strategy characteristics that reflects the growth opportunities of niche firms. Result shown that niche strategy is having a high growth potential. Because, even niche-strategy firms have small group of customers who have a specific needs but niche market is still growing and sustainable because this market is overlooked or ignored by the large companies (Kotler, 2003; Akbar et al, 2017). Niche customers satisfy with any companies that could provide the high quality products and services as they requested and always support (Abrar et al, 2009). Therefore, owners, managements and employees could be confident of implementing niche strategy into their organization because growth potential is the characteristic of niche firm that support the niche strategic implementation to be implementing with fully potential.

The third research objective is to investigate relationship between niche characteristics and the niche strategy organizational performance. The result of the second hypothesis indicates that niche characteristics positively affect niche strategy organizational performance. The first characteristic of niche-strategy firms is small size of business applying niche strategy. Toftenand and Hammervoll, (2013) stated that niche strategy firms are mostly small size firms with limited resources, but they focus on high quality products and services to serve a small and specific group of customers. This can result in the success of niche-strategy businesses. Ebben and Johnson, (2005) suggested that size of the firms is one of the influence factors of organizational performance. They describe that the small size of niche strategy can influence small niche-strategy firms performance positively. Maleewat and Banjongprasert, (2022) indicated that small size of niche-strategy firms can help companies to gain competitive advantage in their businesses. In addition, the small size of niche firms offers the flexibility in operation. This also facilitates the change adaptation in the organization, which can meet the changes in customer requirements to serve new and specific customers' needs.

The result also demonstrated the significant role of unique resources, one of the proposed niche-strategy characteristics, in improving the niche-strategy performance. Tuitjer (2022) suggested small-size niche strategy firms focusing on the uniqueness of niche products and services can become the successful businesses. The unique products and services of small niche firms will help the companies to be unique and could be easily noticed and perceived by their customers then they could be able to increase an opportunities of positive performance to niche firms. O'Donnell et al, (2002) found that if small niche-strategy firms want to be successful, that must have their unique resources to gain competitive advantage. These unique resources could be tangible or intangible

resources such as unique skills of their employee; personal networking of owner or management, superior resources and company competencies, even some companies offered their uniqueness via the completed services than other competitors. Therefore, this research suggested that the unique resources could lead to the positive performance of their organizations.

Phillips and Peterson, (2001) found that the differentiation strategy of small niche firms is very important and owner or management must specify clearly how their product will be distinctive. Parrsih et al, (2006) stated that differentiation strategy is one of the keys to success that niche-strategy firms need to pursue. Because niche-strategy firms are mostly smaller than mass companies, thus small niche firms could not complete with the high volume of products or lower prices. On the other hand, they need to look for any strategies to differentiate themselves from other competitors. These differentiation strategies could be done via price, product, marketing, distribution or other services. However, it would be the important factor that makes small niche companies to be different and outstanding for their customers. Following this information, this research concluded that differentiation strategy of niche firms have a positively affect to niche strategy organizational performance

Maleewat and Banjongprasert, (2022) found that niche customers are mostly the small group that have a specific needs which are ignored or overlooked by the large companies. It might be because their needs are very specific. Niche customers required the specialized companies to offer which it is not worth for the large companies to invest. However, small niches firms could grasp these opportunities and offer the specific and high quality products and services to these customers. Allen et al, (2012) suggested that customers in niche marketing are the small group of people who have a specific set of needs, which are different from other customers. They look for the specific products and services that match which their needs and it was not offered in the mass market. These reasons could offer a great chance of positive performance for small niche firms to increase their profit and also customer royalty if they could response for these specific needs of niche customers. Therefore, this research suggested that the response to specific needs of niche customers could lead to the positive performance of the organization.

Few number of competitors in niche market is another key to success of small niche firms. According to Toften and Hammervoll, (2009) which studied about the internationally oriented niche firms, suggested that niche marketing focused on the small group of customers, and then there would be in the same time of having small group of competitor as well. These few competitors offer a good opportunity for small niche firms to serve their customers easier and having fewer competitions in the

business. Small niche firms could focus on offering a high quality products and services to serve the specific needs of their niche customers rather than focusing on the competitions with their rivals. Greve, (2000) has conducted his research about the niche strategy in Tokyo Banking business; found that the level of competition is one of the important factors that influence the decision making of investment for niche-strategy firms. Because niche-strategy firms are smaller than large companies in the mass market, then owner are or management of small niche firms should find the market that having low competition and compete with few competitors could offer more opportunity to be successful in their business. Cao et al, (2018) also found that, in order to be successful in niche marketing, small niche firms need to find the market that having fewer competitors to perform their business because it could have more chance to reach the customers and avoid direct completion with the large companies. Therefore, this research suggested that few competitors could offer the positively affect to niche strategy organizational performance.

Another characteristic of niche strategy that having a positive effect to niche strategy organizational performance is charging premium price. Friedman et al, (2008) studied about the niche strategy of small niche firm in the internet resonance marketing. They found that, niche customers are a small group which having a specific needs but they are willing to pay a premium for any companies that could provide high quality products and services that are exactly what they want rather than settle for a product that is adequate. This premium price could help to increase the profit and bring success to small niche firms. Islam, (2020) conducted her research about the leisure based tourism industry in Bangladesh and found that the premium price that small niche strategy firms charge their customer because they are the best satisfaction companies to those particular needs of niche customers. In addition, this premium price could help to increase the profit and having higher market share. Even niche market is small but small niche companies could make more profits and successful performance (Kotler, 2003). Papulova and Papulova, (2006) studied about the niche strategy in competitive advantage of small and medium enterprise in Slovakia and presented that small niche firms must be able to understand their customer, finding their needs and serve it. Any companies that can serve these particular needs the best could charge a higher price and niche customers are willing to pay. Small niche firms can benefit from this higher price and the loyalty from their customers. According to this information, this research suggests that charging a premium price could offer the positively affect to niche strategy organizational performance.

Growth potential of niche strategy firms is the important characteristic of niche strategy that could have a positive effect to the niche strategy organizational performance. Cao et al, (2018) studied the effect of niche market opportunities on Internationalization degree and International performance in China, mentioned about



the significant of growth potential for small niche firms. They mentioned that, even niche market is small, have lower demand and it was often neglected by the large firms in the same industry, but niche market and niche customers are having a growth potential because more customers will focus on the high quality of products and services that can serve their specific needs. Small niche firms need to be able to capture the increasing number of niche markets that have emerged as the degree of specialization in the market and provide a high quality products and services to the market. These specific requirements could increase the profits and bring positive result to the companies. Abrar et al, (2009) conducted her research about niche market and innovation in organic textile by a developing country, suggested that niche market is a small and specific market that having more opportunities and can grow in the future. These growth potential is one of the significant factors that attract small niche firms to increase their ability of producing a high quality products and services because the potential of growing could help small niche firms to have a higher sale volume and receiving higher margin of profit. Therefore, this research suggested that the growth potential could bring more success to small niche firms, which lead to the positive performance of their organization in the long run.

The forth research objective is to investigate relationship of niche strategic implementation to the niche strategy organizational performance. This objective aims to find the specific niche strategic implementation of companies that apply niche strategy in their organization and having a positive effect to the niche-strategy organizational performance. This study intends to explore the relationship between niche strategic implementation and niche-strategy organizational performance proposed as the third hypothesis. The result of the third hypothesis was statistically supported. It could indicate that niche-strategic implementation positively affect niche strategy organizational performance. Moreover, it is consistent with many previous and existing studies.

Content of niche strategy is the first strategic implementation of niche strategy in this research. Douglas, (2016) stated that clear information of niche strategy and clear identification including the flexibility of the content of niche strategy will help small niche firms to be successful and sustainable. O'Donnelle et al, (2002) stated that clear definition of niche strategy could help everyone to understand their roles and duties which could help to support and increase the quality of work in the small niche firms and lead to the positive performance of the organization. Santini et al, (2014) suggested that there is a positive relationship between the definition and information of niche strategy in the organization and resources choices of the companies. The clear and



accurate content of niche strategy could help small niche-strategy firms to be able to provide and allocate the suitable resources to conduct their business, which could finally bring more success to the companies.

Niche organizational structure is another important factor of niche strategic implementation. Ebben and Johnson, (2005) suggested that organizational structure of small niche-strategy firms must be matched and having a congruence which other factors such as content of niche strategy, technology of the organization and operating process. The congruence of organizational structure with other significant factors of the niche strategy implementation could generate a great success to the small niche firms. Terziovski, (2010) found that decentralized, flexible and informal structure of small niche-strategy firms encourage a higher speed of work and other decision making of the organization (Audretsch et al, 2021). Therefore, this research suggested that the niche organizational structure is one of the important factors of niche strategic implementation that having a positive effect to the performance of the companies.

The next niche strategic implement in this research is the human resources. Hietala, (2017) stated that human resources are one the most important elements that help companies to reach efficiency and effectiveness in strategy implementation especially in small niche firms that having a limited of human resources then ever employees must be well recruited, trained and maintained. If small niche firms have high quality employee and offer the efficient training to upgrade their knowledge and skills, they can generate a great result and lead to positive performance of the companies. Audretsch et al, (2021) emphasized that the specific or specialized knowledge and skill labors are the valuable asset of small niche -strategy firms. High quality employees will be the important source of radical innovations that will be the key to success of small niche firm to compete with the large companies in the same industry. Finally, these specific or specialized knowledge and skill employees will help the small niche firm to generate a positive, strong and sustainable performance. Hence, this research concluded that human resources in small niche strategy firms is one of the important factors of niche strategic implementation that having a positive effect to the performance of the companies

One of the very important niche strategic implementation in this research is the communication in niche firm. Allen et al, 2012 found that communication is the first ranking of the niche strategic implementation in small niche-strategy firms. It is considered as the most important factors that help every stakeholder in the organization to understand the goal and objective of niche strategy. The result of highly understand the role and duties via efficient communication will eventually help to bring big success

and positive performance to small niche firms. Abrar et al, (2009) found that even the innovation will be the very important tools of small niche firm to compete with the large companies but the really key to success of distributing the innovation to every stakeholder in the organization is the communication. The successful of communication will increase the level of understanding and bring successful and positive performance to the companies. Robinson et al, (2011) stated that the successful of top down communication and decision-making would help to increase the performance of niche firms to be successful. Therefore, this research suggested that the communication in small niche-strategy firms is one of the very important factors of niche strategic implementation that having a positive effect to the niche strategy organizational performance.

Management style is the important factor of niche strategic implementation that influence the organizational performances. Thilmany, (2012) stated that management style for niche strategy firms are very important because when the small companies are operating in with niche strategy. Due to the small size and limited resources of small niche-strategy firms, the decision making from owner and management are the important tasks to perform. Most of the time, creative management tend to be successful for niche strategy and lead companies to be successful and having positive results. Edwards et al, (2006) emphasized that the most suitable management style in the small niche firm is participative style because it will help to encourage employee to participate in every activities. This management style focuses on the good relationship among everyone on the organization, some small niche companies treat their employee as a family member. These participative styles help the organization to be productive, having a good relationship among staffs member, which will lead to the increasing of productivities and positive performance of the organization. Therefore, this research suggested that management style is one of the important factors of niche strategic implementation that having a positive effect to the performance of the companies.

Innovation and technology are one of the important niche strategic implementation factors of small niche-strategy firms. Allen et al, (2012) found that innovation and technology stand in the very high rank of important niche strategy implementation. They suggested that to be more efficient in niche marketing strategy, small niche-strategy firms should rely on the extensive use of information and technology, and they should have an efficient technology for our niche industry. Small niche firms that focuses on a specific technological niche, and stimulates learning processes for further development and use of the new technology will having a high opportunity to be successful. Quitzau et al, (2012) found that the use of technology to

solve any problems could help a lot in developing our niche business. They suggested that, to gain more competitive advantage and success, small niche firms must be able to create room for innovation and possess some niche technologies which have so far escaped the attention of the big competitors of our industry. Thus, this research suggested that innovation and technology are considered as one of the niche strategic implementations that positively affect niche strategy organizational performance.

The last factors of niche strategic implementation that influence the niche strategy organizational performance in this research are evaluations and rewards. Maleewat and Banjongprasert, (2022) found that evaluation and reward in small niche firms are very important factors that could be able to evaluate the efficiency of small niche-strategy firms and help to motivate employees to generate a good performance. Which later on, these efficiency and great motivation of receiving a reward will help employees to perform a high quality job and lead to the good performance of the companies. Regeer et al., (2016) suggested that the evaluation system of small niche firms support the process of continuous reflection on niche strategy that enable continual readjustments the organization to maintain the quality and high standard. While Bowen, (2004) found that a good reward system can motivate and help to drive niche strategic implementation to be successful and having positive performance. Accordingly, this research concluded that evaluations and rewards in small niche strategy firms is one of the important factors of niche strategic implementation that having a positive effect to the performance of the companies

Lastly, this research proposed that niche strategic implementation mediates the relationship between niche characteristic and niche strategy performance. The result of the third hypothesis was statistically supported. And it was consistent with Spillan et al, (2018) that owner and management of small niche-strategy firms need to provide the suitable characteristics of niche organization to apply niche strategy in their companies because the suitable characteristics would be the significant fundamentals of the organization to be ready and support the niche strategy implementation. Since the characteristics of niche firms is proper and ready, then the implementation of niche strategy would be done with full potential which finally it will bring great successful and positive performance to the organization. Hence, this research concluded that niche strategic implementation is the significant mediator that support and encourage the relationship between niche characteristic and niche strategy performance in small niche strategy firms that could bring success and have a positive effect to the performance of the niche-strategy firms in the long run.

### **5.3 Research Implications**

Niche strategy implementation is the very challenging stage of applying niche strategy into the organization. Many companies in Thailand is small and categorized as a SME business. Then to apply niche strategy for their organization is very beneficial and promising. Niche strategy will support the small company that having limit of budget, technology and other resources to compete with the bigger players in the same industry. Niche strategy focus on how to produce the high quality of products and services that different from other competitor in the mass market and serve to the small group of customers that having very specific needs. The more specific needs is the more opportunities for niche company to serve and conduct their business as well. As niche customers or niche market are sometimes quite small then there are not so many or none of the big company that could offer these specific products and service due to the cost of operation for small volume and specific products and services are high. On the other hand, this is a good chance for small companies to grasp this group of customers and serve their specific needs.

#### **5.3.1 Managerial Implications**

The first implication of this research is the practical implication, which could refer to any companies or organizations that applying niche strategy into their companies. Some companies that did not apply niche strategy into their organization yet but would like to do it in the future. According to the content in research that focus on the implementation niche strategy in the small niche firms, it would be beneficial for many organizations especially in Thailand because most of the companies in Thailand either in the hospitality industry or other industries, they are small size firms and having quite limit or resources such as budget, technology and others. Then the implication and result of this research would be able to indicate the significant points of the pursuing niche strategy into their organization and how to successfully implement niche strategy as well. According to one of the characteristic of niche strategy that mentioned in this research such as small size firm, differentiated products and services, having few competitor. These characteristics will encourage small companies whether in Thailand or also around the world could find the way to increase their capability and efficiency to complete with the bigger players in the same industry. Moreover, it might be able to help their companies to improve their organization performance as well.

### **5.3.2 Theoretical Implications**

According to the literature review of niche strategy in the organization from several authors; Hezar et al., 2006; Bantel, 2006; Jess, 2022; Jain, 2005; Dalgic and Leeuw, 2015; Honeyman et al, 2006; Sorenson et al, 2006; Knight, 2006; Hezar et al, 2006; Huh and Singh, 2007; Hammervoll et al, 2014; Stiver, 2009; Thilmany, 2008. There were so many useful information and theoretical about how to be successful with niche strategy. Many authors studies about the characterisitcs of niche strategy firm while many authors researched about the implementation of niche strategy in the organization. The niche strategy performance of the niche firms was also focused and studies from a lot of researchers. However, the result of this research that focus on 3 constructs of niche strategy which are the niche characteristic of company, niche strategy implementation and the niche performance, could be able to offer the updated information and theory about niche strategic implementation.

This research has collected the characteristics of niche firms that was studies and investigated by many authors and group it together as one factor of the organization who would like to pursue niche strategy. The implementation of niche strategy included several factors to pursued and encourage the owner or top management of niche firm to compile their organization to be ready and follow the concept of the niche strategic implementation. Lastly the niche performance shows both the financial performance and none financial performance that niche emphasized the good result of pursuing niche strategy that mentioned in the theory of niche strategy to helps smaller players to complete with the bigger players.

Importantly for the academic and theoretical including researcher because this study presented the concept of each factors of the implementation of niche strategy that could help to explain the details of each factors. Moreover, this research presented the measurement models of these 3 constructs, niche characteristic of company, niche strategy implementation and the niche performance. The measurement scale could be the reference for the next study about this topic. This study also presented the concept of each factors that could help to explain the details of each factors.

### **5.4 Limitations and Recommendations for Future Research**

Even the results of this study offered a new knowledge and inform about niche strategy implementation in the small niche firm. Anyway, there are some limitations and problems that occurred during the conducting of this research. However, it would be good to be the information for the next researcher who would like to conduct the research about niche strategy implementation especially niche strategy implementation



to build on more cases and more information to increase the quality of research in this field.

The first limitation is the limitation of the research that has studied this topic by using only quantitative research. The quantitative studies of niche strategic implementation offer an interesting and useful information about how to implementation niche strategy into the small size firms by using the questionnaire to collect the data from a person that work in the small niche firms in the hospitality businesses. Many respondents gave their answers by filling the questionnaire, before that score was statistically calculated to find the answer for the research question and research objectives. However, to conduct only the quantitative research could be a limit for this topic because some of the respondents could not offer their opinion about this topic as they preferred, due to the limitation of the questions that quite strict with the questions in the questionnaire. As researchers has reviewed the previous literatures and academics books before the questionnaire was developed and use to collect the data. To study this topic with qualitative research could offer a chance for respondents to add and offer more information about niche strategy implementation in their organization. Researchers could receive more opinion from other perspectives, which could help the researchers to receive more interesting information for their studies in the future.

Second limitation is the scope of study because this thesis has studied the niche strategic implementation in the small size firms in the hospitality industry in Thailand. Even the hospitality industry is one of the significant industry for Thailand including several countries to generate the revenue to the countries. Most of the companies in the hospitality industry are small and having limited of resources, which is matched and suitable for these companies to apply niche strategy in their organizations. Moreover, this research found a positive performance of the niche strategy implementation in the small niche firm in the hospitality industry in Thailand as mentioned the objectives of the research. However, in term of academic studies, the more sample from other industries are also interesting to study the niche strategy implementation with other industries, in order to receive more information about niche strategy implementation and help to expand the beneficial of this topic to help other ore business in the future.

This research studies the strategy implementation of niche strategy in the small niche firm in Thailand. Due to, there are many of the small companies in Thailand that having limit of resources and could not compete with other competitors. These small firms are being in so many industries. It could produce so many works and income to Thailand population. Therefore, to improve this business sector to be more productive, that could be the way to help improving the quality of the people and the support the



economics of the whole country. As this research use quantitative method by focusing on the in the small size firms in the hospitality industry in Thailand. Then researchers would like to recommend to next researchers to use the qualitative methods to investigate and collect the data in this topic to get more details that could help to understand the niche strategic implementation clearly or may be the new factors could be found to develop this topic to be more robust in the future. Lastly, researcher recommended the next research to study niche strategy implementation in other business or other industry, in order to expand the scope of this research to the other industries or other countries and receive more information about the implementation of niche strategy in the future.



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**APPENDIX**



**Table of analysis of the correspondence of the questionnaire to the indicators on the topic  
Niche Market Penetration Strategies and Niche Marketing Strategies  
For Small Businesses in the Hospitality Industry: An Empirical Review**

**Explanation:** We invite qualified persons to consider whether the questionnaire created is it consistent with the specified indicators? By considering the weight as follows

**-1** means that the test is not consistent with the specified learning indicators/effects.

**0** means not sure if the test corresponds to the specified learning indicators/effects or not.

**+1** means ensuring that the test is consistent with the specified learning indicators/effects.

indicator s/ learning outcome s	Exam item	Scores Expert Opinion					total	IOC	Result
		Person 1	Person 2	Person 3	Person 4	Person 5			
Small size company	<b>Small size company</b>								
	1_Our company is small or specialized firm with relatively few customers	1	1	1	1	1	5	1.00	Passed
	2. Based on niche strategy, our small company offers small production volumes, focuses on a few customers and avoiding market with many competitors or dominant competitor.	1	1	1	1	1	5	1.00	Passed
	3. Family members working in our company are active in the owner-managed businesses, taking on roles such as general management, supervision, accounting, cleaning and	1	1	1	0	1	4	0.80	Passed

	catering.								
	4. The smallness of our niche company represents an important contributor to the achievement of competitive advantage	1	1	1	1	1	5	1.00	Passed
	5. Our small company can compete successfully in markets dominated by much larger companies	1	1	1	1	1	5	1.00	Passed
	6. Based on niche strategy, our company works with a concept of "Big fish in small pond (to be powerful only because there are not many competitors	1	0	1	1	1	4	0.80	Passed
Unique resources	<b>Unique resources</b>								
	1. Our company has something unique such as innovative to create a niche product/service	1	1	1	1	1	5	1.00	Passed
	2. Our company has unique resources such as the quality of human capital, patents, tacit knowledge, networks and so forth are pertinent to a firm's success.	0	1	1	1	1	4	0.80	Passed
	3. Our company possess and uses unique resources and	0	1	1	1	1	4	0.80	Passed

	skills that are valued in a limited marketplace.								
	4. Our company has distinct resources and competences that can meet specialized requirements of target segment.	1	1	1	1	1	5	1.00	Passed
	5. Unique resources such as superior personnel, customer service, alliances with established marketing partners are one of our company's core competencies	0	1	1	1	1	4	0.80	Passed
Focused different iation strategy	<b><u>Focused differentiation strategy</u></b>								
	1. Our company follows a focused differentiation strategy to achieve a sustainable competitive advantage. (Porter, 1980; Porter, 1985)	1	1	1	1	1	5	1.00	Passed
	2. Our focused differentiation strategy focuses on providing services with attributes that are highly valued by our customers such as quality or	1	1	1	1	1	5	1.00	Passed

dependability of the services.									
3. Our focused differentiation strategy achieves superior quality as we know the requirements of customers better than our competitors	1	1	1	1	1	5	1.00	Passed	
4. Our focused differentiation strategy serves as a way to increase competitiveness.	1	1	1	1	1	5	1.00	Passed	
5. Based on focused differentiation strategy, we company compete on service uniqueness instead of competing on cost.	1	1	1	1	1	5	1.00	Passed	
6. Based on focused differentiation strategy, we focus on brand loyalty of customers with a lower sensitivity to price	1	1	1	1	1	5	1.00	Passed	
7. Based on focused differentiation strategy, we try to be unique in a way that is valued and important for our customers.	1	1	1	1	1	5	1.00	Passed	
8. Our focused differentiation strategy is	1	1	1	1	1	5	1.00	Passed	

	supported by heavy investment in research, product or service design, and marketing so that we can be differentiated by types of technology, or the quality of customer services.								
Specific needs	<p><b>Specific needs</b></p> <p>1. Our company attempts to deliver value to a specific need of our consumers who share similar demands in order to address the specific needs of the selected segment.</p> <p>2. Our company fulfils a specific need of our customers in contrast to the mass market</p> <p>3. Our company understand and meet the specific needs of a (relatively) small group of customers.</p> <p>4. Our company considers a well-defined small market consisting of a small group of customers with similar characteristics and specific</p>	1	1	1	1	1	5	1.00	Passed
		1	1	1	1	1	5	1.00	Passed
		1	1	1	1	1	5	1.00	Passed
		0	1	1	1	1	4	0.80	Passed



	needs or overlooked and underserved needs.								
	5. Our customers are characterized by a specific demand that can be satisfied merely by an adjusted, unique and highly differentiated offer.	1	1	1	1	0	4	0.80	Passed
	6. Our specialized service created specifically to serve the needs of our niche customers.	1	1	1	1	1	5	1.00	Passed
Few competitors	<b>Few competitors</b>								
	1. Our niche markets are fairly small and attract few competitors - zero, one, or possibly two.	1	1	1	1	0	4	0.80	Passed
	2. Our company has a limited market consisting of a few customers and competitors.	0	1	1	1	0	3	0.60	Passed
	3. Our company focus on a few customers and avoid marketing with many competitors or a dominant competitor.	0	1	1	1	1	4	0.80	Passed
	4. Our company has no real competitors, or focuses on	1	1	1	1	0	4	0.80	Passed

	markets which have been ignored by other companies.	0	1	1	1	1	4	0.80	Passed
	5. Our company avoid competition/ confrontation with larger competitors and to devote our energy to serving a unique market.	0	1	1	1	1	4	0.80	Passed
Charge premium price	<b>Charge premium price</b>								
	1. Our company is able to charge a premium price for differentiated services and consumers are willing to pay these premium prices.	0	1	1	1	0	3	0.60	Passed
	2. Our customers with a distinct set of needs pay a premium price because we best satisfy their needs.	0	1	1	1	0	3	0.60	Passed
	3. Our company must continue to differentiate our services from our competitors in order to expect a premium price.	0	1	1	1	0	3	0.60	Passed
	4. Our company offers high value services and charge a premium price	0	1	1	1	0	3	0.60	Passed
	5. High quality of our services are reflected in their premium price.	0	1	1	1	1	4	0.80	Passed
	6. Our company focus on	0	1	1	1	1	4	0.80	Passed

	the needs of a particular group of customers by adapting the services offerings accordingly which requires higher costs, necessitating obtaining a premium price.								
Having growth potential	<p><b>Having growth potential</b></p> <p>1. Based on niche strategy, our company has size, profit, and growth potential market.</p> <p>2. Our relatively small niche market can offer growth potential for organization.</p> <p>3. Our company has sufficient size, sufficient purchasing ability, profitable potential and growth potential market.</p> <p>4. Our company identifies the market with the highest growth potential.</p> <p>5. Our niche company is viable, accessible, and displaying growth potential.</p>	1	1	1	1	1	5	0.60	Passed
		0	1	1	1	1	4	0.80	Passed
		0	1	1	1	0	3	0.60	Passed
		1	-1	1	1	1	3	0.60	Passed
		1	0	1	1	0	3	0.60	Passed

Content of Niche Strategy	<b><u>Content of Niche Strategy:</u></b>									
	1. Our company has a clear information about niche strategy.	1	1	1	1	1	5	1.00	Passed	
	2. The aim of niche strategy in our company is clearly identified	1	1	1	1	1	5	1.00	Passed	
	3. Our organizational niche strategies is participatory and flexible for implementation.	1	1	1	1	1	5	1.00	Passed	
	4. Our niche strategy is more flexible and adaptable to changing environments	1	1	1	1	1	5	1.00	Passed	
	5. Our organizational niche strategy could be adjusted to circumstances and take advantage of opportunity.	1	1	1	1	1	5	1.00	Passed	
	6. Our organizational niche strategy focuses on the flexibility and the ability to customize services to our clients	1	1	1	1	1	5	1.00	Passed	
	7. The niche strategy in our company is consistent with the overall strategic direction of the company.	1	0	1	1	1	4	0,80	Passed	

Niche Firm Structure	<b><u>Niche Firm Structure</u></b>								
	1. Organizational Structure of our company has a high degree of flexibility	1	1	1	1	1	5	1.00	Passed
	2. Our manager informs the work processes to team members and giving a chance for employees to discuss when any trouble occurred during the process	1	1	1	1	1	5	1.00	Passed
	3. We share authority between superordinates and subordinates in our organization.	1	1	1	1	1	5	1.00	Passed
	4. Our company has decentralized structure by consists of several strategic business units or working units.	1	1	1	1	1	5	1.00	Passed
	5. The organizational structure of our company is decentralized authority structure.	1	1	1	1	1	5	1.00	Passed
	6. Our company uses collaborative decision-making	1	1	1	1	1	5	1.00	Passed

Human Resources	<b>Human Resources</b>								
	1. Our employees perform in various functions and activities in the company	1	1	1	1	1	5	1.00	Passed
	2. Our employees possess more fungible skills for their work and position	1	1	1	1	1	5	1.00	Passed
	3. Our employees are specialists in their field and always develop and continuously improve their skills.	1	1	1	1	1	5	1.00	Passed
	4. Our company has a training program for the existing employees to learn new skills.	1	1	1	1	1	5	1.00	Passed
	5. Our company has a highly skilled and creative product/service development team.	1	1	1	1	1	5	1.00	Passed



Innovation and Technology	<b><u>Innovation and Technology</u></b>								
	1. To be more efficient in niche marketing strategy, our company relies on extensive use of IT	1	1	1	1	1	5	1.00	Passed
	2. We have an efficient technology for our niche industry	1	1	1	1	1	5	1.00	Passed
	3. We use technology to solve our problems and become more tailor-made to our needs, and that helped a lot in developing our niche business,	1	1	1	1	1	5	1.00	Passed
	4. Our company is innovative not only in terms of technology, but also in terms of other competitive factors such as style, design, and marketing.	1	1	1	1	0	4	0.80	Passed
	5. Our company possesses some niche technologies which has so far escaped the attention of the big competitors of our industry.	0	1	1	1	0	3	0.60	Passed
	6. Top management always encourages and helps our employee to plan, allocate	1	1	1	1	1	5	1.00	Passed

	resources and organize to create a new innovation to gain competitive advantage. 7. Our company focuses on a specific technological niche, and stimulates learning processes for further development and use of the new technology.	1	1	1	1	1	5	1.00	Passed
Communication	<b>Communication</b> 1. Niche strategy is communicated clearly right from the start of the working process, so that all employees are aligned in the same direction.	1	1	1	1	1	5	1.00	Passed
	2. Every staff in the organization perceived the direction the organization is going and what are the objectives.	1	1	1	1	1	5	1.00	Passed
	3. Our Management communicates the right information, goal, value and attributes of products/services and the goals of the company to every staffs.	1	1	1	1	1	5	1.00	Passed

	4. The niche strategy communication between management and employees in our company is done throughout the entire company.	1	1	1	1	1	5	1.00	Passed
	5. Our company use multiple modes of niche strategy communication (e.g top-down, bottom up, formal, informal, internal, external, one-time and continuous communication.	1	1	1	1	1	5	1.00	Passed
	6. Our company provides multiple channels to facilitate niche strategy communications within our company. (Echols & Tsai, 2005).	1	1	1	1	1	5	1.00	Passed
Management Involvement	<b>Management Involvement</b>								
	1. Management team focuses on capability of our employees especially the potential staffs.	1	1	1	1	1	5	1.00	Passed
	2. Management team involves employees to have an overall niche strategy understanding among the organization.	1	1	1	1	1	5	1.00	Passed

3. Top management tries to pursue staffs at all level to involve in niche strategic	1	1	1	1	1	5	1.00	Passed
4. Top management knows employees involving in niche strategy very well and always help the poorly performing staff to change their ways.	1	1	1	1	1	5	1.00	Passed
5. Company and management provides sufficient support to every employee involving in niche strategy.	1	1	1	1	1	5	1.00	Passed
6. Top management choose the most suitable style of control for niche strategy implementation and makes sure that all employees thoroughly understand this system in the same way.	1	1	1	1	1	5	1.00	Passed
7. Our management facilitate employees in niche strategy rather than to control them.	1	1	1	1	1	5	1.00	Passed
8. Our management sometimes uses the permissive management style.	1	1	1	1	1	5	1.00	Passed

Niche strategy evaluation on System	<b><u>Niche strategy evaluation System</u></b>								
	1. Individual performance is used to evaluate our staff performance in the company.	1	1	1	1	0	4	0.80	Passed
	2. Our company evaluation system aims to support the process of continuous reflection on niche strategy that enable continual readjustments.	1	1	1	1	1	5	1.00	Passed
	3. We have a clear and explicit job description for staff involving niche strategy.	1	0	1	1	1	4	0.80	Passed
	4. Management and every employee involving niche strategy in our company participate in the same evaluation process.	1	0	1	1	1	4	0.80	Passed
	5. Evaluation process helps to define the goal, assess and encourage our staffs on their performance to reach the goals of niche strategy.	1	1	1	1	1	5	1.00	Passed
	6. Our evaluation process is aligned the knowledge, skills, and abilities of	0	1	1	1	1	4	0.80	Passed

	employee involving niche strategy.								
Reward System	<b>Reward System</b>								
	1. Reward systems in our company is appropriated for employees involving niche strategy.	1	1	1	1	1	5	1.00	Passed
	2. A good reward system can motivate and help to drive our niche strategy implementation performance.	1	1	1	1	1	5	1.00	Passed
	3. A good reward system can help to retain our employees to implement niche strategy at their best and stay with the organization.	1	1	1	1	1	5	1.00	Passed
	4. Our reward system provides a powerful means of implementing our niche strategy.	1	1	1	1	1	5	1.00	Passed
	5. Position reward strategy is used in our company.	1	1	1	1	1	5	1.00	Passed
	6. A position reward alternative encourages employees involving niche strategy to take	1	1	1	1	1	5	1.00	Passed



	responsibility for greater job depth.								
Niche	<b><u>Niche Performance</u></b>								
Perform	1. The effective implementation of niche strategy brings about increased competitiveness.	1	1	1	1	1	5	1.00	Passed
ance	2. The effective implementation of niche strategy leads to increased market shares.	1	1	1	1	1	5	1.00	Passed
	3. The effective implementation of niche strategy generates higher purchase frequency.	1	1	1	1	1	5	1.00	Passed
	4. The effective implementation of niche strategy result in increased growth possibilities.	1	1	1	1	1	5	1.00	Passed
	5. The effective implementation of niche strategy brings about customer loyalty.	1	1	1	1	1	5	1.00	Passed
	6. A strong use of a niche marketing strategy in our company generates higher sales.	1	1	1	1	1	5	1.00	Passed

	7. A strong use of a niche marketing strategy in our company increases profit.	1	1	1	1	1	5	1.00	Passed
	Total score	82	92	99	98	86	457	90.2	Passed

Signature.....  
 (.....นิธิรัฐ มาลีวัตร.....)  
 Researcher

**ตารางวิเคราะห์ความสอดคล้องของแบบสอบถามกับตัวชี้วัด ในหัวข้อ**  
**กลยุทธ์การเจาะตลาดเฉพาะกลุ่มและการใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่ม**  
**สำหรับธุรกิจขนาดเล็กในอุตสาหกรรมบริการ: การตรวจสอบเชิงประจักษ์**

**คำชี้แจง** เรียงเชิญท่านผู้ทรงคุณวุฒิพิจารณาว่าแบบสอบถามที่สร้างขึ้น สอดคล้องกับตัวชี้วัดที่กำหนดหรือไม่ โดยการพิจารณาให้น้ำหนักดังนี้

- 1 คือ แน่ใจ ว่าข้อสอบถาม ไม่สอดคล้อง กับตัวชี้วัด/ผลการเรียนรู้ที่กำหนด
- 0 คือ ไม่แน่ใจ ว่าข้อสอบถาม สอดคล้อง กับตัวชี้วัด/ผลการเรียนรู้ที่กำหนดหรือไม่
- +1 คือ แน่ใจ ว่าข้อสอบถาม สอดคล้อง กับตัวชี้วัด/ผลการเรียนรู้ที่กำหนด

ตัวชี้วัด/ ผลการ เรียนรู้	ข้อสอบข้อที่	คะแนนความเห็นของผู้เชี่ยวชาญ					รวม	IOC	สรุปผล
		คนที่1	คนที่2	คนที่3	คนที่4	คนที่5			
<b>บริษัท ขนาดเล็ก</b>	1. บริษัทของเรามีขนาดเล็ก และเป็นบริษัทที่มีความชำนาญเฉพาะทาง (อัลจิกและลิอู, 2537, คเจล และ ทรอนด์, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
	2. ตามกลยุทธ์เฉพาะกลุ่ม บริษัทขนาดเล็กของเรามีจำนวนสินค้าและบริการที่จำกัด โดยมุ่งเน้นไปที่กลุ่มลูกค้าเป้าหมายจำนวนน้อยที่ชัดเจน และหลีกเลี่ยงการตลาดที่มีคู่แข่งจำนวนมาก หรือคู่แข่งที่โดดเด่น (ฟ้าซาลและคณะ, 2560)	1	1	1	1	1	5	1.00	ใช้ได้
	3. สมาชิกในครอบครัวของเจ้าของกิจการ มีบทบาทในการดำเนินธุรกิจ เช่น เป็นเจ้าของ เป็นผู้บริหาร โดยมีบทบาทหน้าที่เช่น ผู้จัดการทั่วไป หัวหน้างาน บัญชี ดูแลแผนกทำ ความสะอาดและการจัดเลี้ยง เป็นต้น (อลิสันและริวันดา, 2547)	1	1	1	0	1	4	0.80	ใช้ได้
	4. ความเล็กของบริษัทเฉพาะทางของเราเป็นส่วนสำคัญของความได้เปรียบในการแข่งขัน (อลิสันและริวันดา, 2547)	1	1	1	1	1	5	1.00	ใช้ได้
	5. บริษัทขนาดเล็กแบบเฉพาะทางของเรา สามารถแข่งขันในตลาดที่มีบริษัทขนาดใหญ่กว่าที่โดดเด่นได้	1	1	1	1	1	5	1.00	ใช้ได้

	อย่างมีประสิทธิภาพ (ฟ้าซาลและคณะ, 2560)								
	6. ตามกลยุทธ์เฉพาะกลุ่ม บริษัทของเรา ทำงานด้วยแนวคิด "ปลาใหญ่ในบ่อเล็ก" (นั่นคือ มีอำนาจในการแข่งขันเพราะมีคู่แข่งจำนวนไม่มาก) (ชูดาหรี, 2557, ฟ้าซาลและคณะ, 2560)	1	0	1	1	1	4	0.80	ใช้ได้
<b>ทรัพยากรที่ไม่เหมือนใคร</b>	1. บริษัทของเราเมืองคิประกอบบางสิ่งที่ไม่เหมือนใครเช่น นวัตกรรมในการสร้างผลิตภัณฑ์/ บริการที่คิดค้นใหม่ (เวดแอนดส์สตีเวน, 2548)	1	1	1	1	1	5	1.00	ใช้ได้
	2. บริษัทของเรามีทรัพยากรที่ไม่เหมือนใคร เช่น คุณภาพของทรัพยากรมนุษย์ สิทธิบัตร ความรู้เชิงลึกในโรงงาน เครือข่าย และอื่นๆ ที่เกี่ยวข้องกับความสำเร็จของบริษัท (วาสดิลี และ ทอม, 2557).	0	1	1	1	1	4	0.80	ใช้ได้
	3. บริษัทของเราครอบครอง และใช้ประโยชน์จากทรัพยากรและทักษะที่เป็นเอกลักษณ์ขององค์กร ซึ่งมีคุณค่าในตลาดเฉพาะกลุ่มเป็นอย่างมาก (โทพเทมและแฮมเมอร์โฟล, 2553; คเจล และ ทรอนด์, 2553).	0	1	1	1	1	4	0.80	ใช้ได้
	4. บริษัทของเรามีทรัพยากรและความสามารถในการแข่งขันที่ชัดเจนซึ่งสามารถเป็นไปตามข้อกำหนดเฉพาะของกลุ่มเป้าหมายได้ (ฮาเมลและพรายาลาด, 2533; คเจล และ ทรอนด์, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
	5. ทรัพยากรที่ไม่เหมือนใครเช่น บุคลากรที่มีคุณภาพเหนือกว่า การบริการลูกค้า พันธมิตรที่มีหุ้นส่วนทางการตลาด เป็นหนึ่งในความสามารถทางแข่งขันหลักของบริษัท (ดอร์น, 2550)	0	1	1	1	1	4	0.80	ใช้ได้
<b>กลยุทธ์การสร้างความแตกต่างเฉพาะด้าน</b>	1. บริษัทของเราทำตามกลยุทธ์การสร้างความแตกต่างเฉพาะด้านเพื่อไม่มี ข้อได้เปรียบด้านการแข่งขันที่ยั่งยืน (พอร์เตอร์, 2523; พอร์เตอร์, 2528)	1	1	1	1	1	5	1.00	ใช้ได้
	2. กลยุทธ์การสร้างความแตกต่างเฉพาะด้านของเรา มุ่งเน้นไปที่การ								

ให้บริการด้วยคุณลักษณะที่ลูกค้าให้คุณค่าอย่างมาก เช่น คุณภาพหรือความน่าเชื่อถือของบริการ (คิม, 2540)	1	1	1	1	1	5	1.00	ใช้ได้
3. กลยุทธ์การสร้างความแตกต่างเฉพาะด้านของเรา ทำให้เรามีคุณภาพที่เหนือกว่า เนื่องจากเรารู้ความต้องการของลูกค้าดีกว่าคู่แข่งรายอื่นๆ (ดอยล์, 2545)	1	1	1	1	1	5	1.00	ใช้ได้
4. กลยุทธ์การสร้างความแตกต่างเฉพาะด้านของเรา เป็นหนึ่งในวิธีในการเพิ่มความสามารรถในการแข่งขัน (โรนัลด์, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
5. ตามกลยุทธ์การสร้างความแตกต่างเฉพาะด้าน บริษัทของเราแข่งขันด้วยเอกลักษณ์ทางการบริการที่เป็นเลิศแทนที่จะเน้นการเพิ่มต้นทุน (โรนัลด์, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
6. ตามกลยุทธ์การสร้างความแตกต่างเฉพาะด้าน เรามุ่งเน้นไปที่ความภักดีต่อแบรนด์ของลูกค้ากับองค์กร ซึ่งค่อนข้างจะมีความอ่อนไหวต่อราคาต่ำ (โรนัลด์, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
7. ตามกลยุทธ์การสร้างความแตกต่างเฉพาะด้าน เราพยายามที่จะสร้างเอกลักษณ์ในลักษณะที่มีคุณค่าและความสำคัญสำหรับลูกค้าของเรา (อี หัวและไห่ หมิง, 2554)	1	1	1	1	1	5	1.00	ใช้ได้
8. กลยุทธ์การสร้างความแตกต่างเฉพาะด้านของเราได้รับการสนับสนุนโดยการลงทุนอย่างมากในด้านการศึกษาวิจัย การออกแบบผลิตภัณฑ์หรือบริการ และการตลาด เพื่อให้เราจะได้มีความแตกต่าง ด้วยประเภทของเทคโนโลยี หรือคุณภาพในการบริการลูกค้า (คูมาร์ และซูบรามาเนียน, 2541)	1	1	1	1	1	5	1.00	ใช้ได้

<b>ความ</b> <b>ต้องการที่</b> <b>เฉพาะเอ</b> <b>ระจง</b>	1. บริษัทของเราพยายามที่จะส่งมอบคุณค่าต่อความต้องการที่เฉพาะเจาะจงของลูกค้าของเรา ซึ่งมีความต้องการคล้ายคลึงกัน เพื่อตอบสนองความต้องการเฉพาะของกลุ่มเป้าหมาย (แบกซ์เตอร์, 2550)	1	1	1	1	1	5	1.00	ใช้ได้
	2. บริษัทของเราช่วยเพิ่มความต้องการเฉพาะกลุ่มของลูกค้าของเรา ซึ่งแตกต่างจากตลาดมวลชน (ซานีและซาลาซามิ, 2535)	1	1	1	1	1	5	1.00	ใช้ได้
	3. บริษัทของเราเพิ่มความเข้าใจ และสามารถทำตามความต้องการของกลุ่มลูกค้าขนาดค่อนข้างเล็ก และเฉพาะกลุ่ม (โรนัลด์, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
	4. บริษัทของเราคำนึงถึงตลาดขนาดเล็กที่ชัดเจน ซึ่งประกอบด้วยกลุ่มลูกค้าขนาดเล็ก ที่มีลักษณะคล้ายคลึงกัน และมีความต้องการที่เฉพาะเจาะจง หรือความต้องการที่ถูกมองข้าม และได้รับการตอบสนองที่ไม่เพียงพอ (อัลจิกและลีฮู, 2549; แชนเดอร์และแซนเดอร์, 2546)	0	1	1	1	1	4	0.80	ใช้ได้
	5. ลูกค้าของเราถูกกำหนดลักษณะโดยความต้องการเฉพาะเจาะจงที่สามารถตอบสนองได้ด้วยข้อเสนอที่ได้รับการปรับเปลี่ยน ไม่ใช่ใคร และแตกต่างอย่างมาก (ตราโก, 2556)	1	1	1	1	0	4	0.80	ใช้ได้
	6. บริการแบบเฉพาะเจาะจงของเราสร้างขึ้นเป็นพิเศษเพื่อตอบสนองต่อความต้องการของลูกค้าเฉพาะกลุ่มของเรา (แซนเดอร์และแซนเดอร์, 2546)	1	1	1	1	1	5	1.00	ใช้ได้



<b>คู่แข่ง จำนวน น้อย</b>	1. ตลาดเฉพาะกลุ่มของเรามีขนาด ค่อนข้างเล็ก และดึงดูดคู่แข่งจำนวน น้อย (คอตเลอร์, 2542)	1	1	1	1	0	4	0.80	ใช้ได้
	2. บริษัทของเรามีตลาดที่จำกัด ประกอบไปด้วยลูกค้าและคู่แข่ง จำนวนน้อย (อัลจิกและลีอูว, 2537; คเจด และ ทรอนด์, 2552)	0	1	1	1	0	3	0.60	ใช้ได้
	3. บริษัทของเรามีมุ่งเน้นไปที่ลูกค้า จำนวนน้อย และหลีกเลี่ยงการตลาด ที่มีคู่แข่งจำนวนมาก หรือคู่แข่งที่ โดดเด่น (เฮซาร์ และคณะ, 2549)	0	1	1	1	1	4	0.80	ใช้ได้
	4. บริษัทของเราไม่มีคู่แข่งที่แท้จริง และเรามุ่งเน้นไปที่กลุ่มตลาดซึ่ง บริษัทต่างๆอาจมองข้าม (เทฟฟิค และมาร์แทน, 2537)	1	1	1	1	0	4	0.80	ใช้ได้
	5. บริษัทของเราหลีกเลี่ยงการ แข่งขันในการเผชิญหน้ากับคู่แข่งชั้น รายใหญ่ และทุ่มเทพลังไปที่การทำ การตลาดเฉพาะกลุ่ม (เจน, 2528)	0	1	1	1	1	4	0.80	ใช้ได้
<b>ราคา ค่าธรรมเนียม</b>	1. บริษัทของเราสามารถเก็บ ค่าบริการได้ในราคาที่ค่อนข้างสูง สำหรับบริการที่แตกต่าง และลูกค้า ยินดีจะจ่ายค่าธรรมเนียมเหล่านี้ (มาร์ค, 2551)	0	1	1	1	0	3	0.60	ใช้ได้
	2. ลูกค้าที่มีชุดความต้องการที่ ชัดเจน จะยินดีจ่ายค่าธรรมเนียม เพราะเราสามารถเติมเต็มความ ต้องการของพวกเขาได้ดีที่สุด (คอต เลอร์, 2549)	0	1	1	1	0	3	0.60	ใช้ได้
	3. บริษัทของเราจะต้องรักษาการ ให้บริการที่มีคุณภาพ และ ความ แตกต่างไปจากคู่แข่งของเราต่อไป เพื่อให้สามารถที่จะเก็บค่าบริการที่ ค่อนข้างสูงได้เช่นเดิม (พอร์เทอร์, 2528)	0	1	1	1	0	3	0.60	ใช้ได้
	4. บริษัทของเรา ให้บริการที่มีคุณค่า สูงและสามารถเก็บค่าธรรมเนียมที่ ค่อนข้างสูงได้เช่นกัน (คอตเลอร์, 2546)	0	1	1	1	0	3	0.60	ใช้ได้
	5. คุณภาพที่สูงของบริการของเรา ถูกสะท้อนมาในราคาของสินค้าและบริการ (วาลส์ไ้และแอนเจลา, 2541)	0	1	1	1	1	4	0.80	ใช้ได้

	6. บริษัทของเรามุ่งเน้นไปที่ความต้องการของกลุ่มลูกค้าที่เฉพาะเจาะจง โดยการปรับเปลี่ยนบริการที่เสนอตามที่ลูกค้าต้องการ ซึ่งทำให้มีต้นทุนสูงขึ้น และจำเป็นต้องเก็บค่าธรรมเนียมสูงขึ้น (คเจล และ ทรอนด์, 2552)	0	1	1	1	1	4	0.80	ใช้ได้
<b>การมีศักยภาพในการเติบโต</b>	1. ตามกลยุทธ์เฉพาะกลุ่ม บริษัทของเรา มีขนาด กำไร และตลาดที่มีศักยภาพในการเติบโต (ฟาสาลและคณะ, 2560)	1	1	1	1	1	5	0.60	ใช้ได้
	2. ตลาดเฉพาะกลุ่มที่ค่อนข้างเล็กของเรา สามารถทำให้องค์กรมีศักยภาพในการเติบโตได้ (เซฟเฟอร์, 2557)	0	1	1	1	1	4	0.80	ใช้ได้
	3. บริษัทของเราขนาดที่เพียงพอ, มีความสามารถในการซื้อของลูกค้าที่เพียงพอ, มีศักยภาพในการทำกำไรและมีตลาดที่มีศักยภาพในการเติบโต (เทฟฟิค และมาร์เทน, 2537)	0	1	1	1	0	3	0.60	ใช้ได้
	4. บริษัทของเรา มุ่งเน้นไปยังตลาดที่มีศักยภาพในการเติบโตสูงสุด (เอรินและคณะ, 2549)	1	-1	1	1	1	3	0.60	ใช้ได้
	5. บริษัทเฉพาะกลุ่มของเรา มีความสามารถในการดำเนินงานได้เข้าถึงกลุ่มลูกค้าได้ และมีศักยภาพในการเติบโต (วาสโกและแอนเจลา, 2541)	1	0	1	1	0	3	0.60	ใช้ได้
<b>เนื้อหาของกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม:</b>	1. บริษัทของเรา มีข้อมูลที่ชัดเจนเกี่ยวกับการดำเนินกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม (ราเฟิร์ต และคณะ, 2545)	1	1	1	1	1	5	1.00	ใช้ได้
	2. เป้าหมายกลยุทธ์การเจาะตลาดเฉพาะกลุ่มในบริษัทของเรา มีการระบุไว้อย่างชัดเจน (โอกูมัส, 2546)	1	1	1	1	1	5	1.00	ใช้ได้
	3. กลยุทธ์การเจาะตลาดเฉพาะกลุ่มด้านองค์กรของเรา เปิดโอกาสให้ทุกคนมีส่วนร่วมและมีความยืดหยุ่นในการดำเนินการ. (หยาง และคณะ, 2553, คีธ, 2546; อัมบุกาลา, 2552; เคียวราย, 2554)	1	1	1	1	1	5	1.00	ใช้ได้

	4. กลยุทธ์การเจาะตลาดเฉพาะกลุ่มของเรา มีความยืดหยุ่น และสามารถปรับให้เข้ากับสภาพแวดล้อมที่มีการเปลี่ยนแปลงได้ดีกว่า (ดูรันด์ และ คิวเดอรอย, 2544; โมซาโควสกี, 2536; เฟลแฮม, 2543)	1	1	1	1	1	5	1.00	ใช้ได้
	5. กลยุทธ์การเจาะตลาดเฉพาะกลุ่มในองค์กรของเรา สามารถปรับให้เข้ากับสถานการณ์ และใช้ประโยชน์จากโอกาสที่มีได้เป็นอย่างดี (โจฮัน และ แฟรงก์, 2551)	1	1	1	1	1	5	1.00	ใช้ได้
	6. กลยุทธ์การเจาะตลาดเฉพาะกลุ่มด้านองค์กรของเรา เน้นความยืดหยุ่นและความสามารถในการปรับแต่งบริการ ให้เข้ากับลูกค้า (ไค และ เปอ เซเทอร์, 2550)	1	1	1	1	1	5	1.00	ใช้ได้
	7. กลยุทธ์การเจาะตลาดเฉพาะกลุ่มในบริษัทของเราเป็นไปตามทิศทางด้านกลยุทธ์โดยรวมของบริษัท (โอคุมัส, 2546)	1	0	1	1	1	4	0,80	ใช้ได้
<b>โครงสร้างบริษัทเฉพาะกลุ่ม</b>	1. โครงสร้างองค์กรของบริษัทของเรา มีความยืดหยุ่นในระดับที่สูง (ไค และ เปอ เซเทอร์, 2550)	1	1	1	1	1	5	1.00	ใช้ได้
	2. ผู้จัดการของเรา แจกกระบวนการทำงานให้แก่สมาชิกทีม และให้โอกาสผู้ปฏิบัติงานในการปรึกษาหารือเมื่อเกิดปัญหาในระหว่างกระบวนการ (คเจล และ ทอห์น, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
	3. เรามีการกระจายอำนาจ ระหว่างผู้บังคับบัญชาและผู้ใต้บังคับบัญชา ในองค์กรของเรา (เฟร, 2555)	1	1	1	1	1	5	1.00	ใช้ได้
	4. บริษัทของเรามีโครงสร้างแบบกระจายอำนาจ โดยประกอบไปด้วยหน่วยธุรกิจทางกลยุทธ์ และหน่วยงานอื่น ๆ หลายฝ่าย (เทฟพิค และ ลีอู, 2537)	1	1	1	1	1	5	1.00	ใช้ได้
	5. โครงสร้างองค์กรของบริษัทเรา เป็นโครงสร้างแบบกระจายอำนาจ (จอห์น อี. และ คณะ, 2551)	1	1	1	1	1	5	1.00	ใช้ได้
	6. บริษัทของเราใช้การตัดสินใจแบบร่วมมือกัน (มาร์เชส, 2544) (จอห์น อี. และ คณะ, 2551)	1	1	1	1	1	5	1.00	ใช้ได้

<b>ทรัพยากรบุคคล</b>	1. พนักงานของเราทำหน้าที่และกิจกรรมหลากหลายในบริษัท (โคคีย์ บี และ สเตด, 2548)	1	1	1	1	1	5	1.00	ใช้ได้
	2. พนักงานของเรามีทักษะที่ทดแทนกันได้สำหรับการทำงานและตำแหน่ง (ไซเรนสัน และคณะ, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
	3. พนักงานของเราเป็นผู้เชี่ยวชาญในสาขาของตน และมีการพัฒนาอยู่เสมอ รวมถึงมีพัฒนาการทางทักษะอย่างต่อเนื่อง (คเจล และ ทรอนด์, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
	4. บริษัทของเรามีโปรแกรมฝึกอบรมสำหรับลูกจ้างปัจจุบันเพื่อเรียนรู้ทักษะใหม่ๆ (เจ. เดวิด และ ไชม์ส, 2554)	1	1	1	1	1	5	1.00	ใช้ได้
	5. บริษัทของเรามีทีมพัฒนาผลิตภัณฑ์และบริการที่มีทักษะสูงและมีความคิดสร้างสรรค์ (อี หัวและไห่ หมิง, 2554)	1	1	1	1	1	5	1.00	ใช้ได้
<b>ทรัพยากรอื่นๆ</b>	1. การที่จะทำให้อายุการใช้งานตลาดเฉพาะกลุ่ม ให้มีประสิทธิภาพมากขึ้น บริษัทของเราพึ่งพาการใช้เทคโนโลยี สารสนเทศอย่างกว้างขวาง (โค เอ โอลเซน และเปอ เซเทอร์, 2550)	1	1	1	1	1	5	1.00	ใช้ได้
<b>นอกเหนือจากทรัพยากรบุคคล</b>	2. เรามีเทคโนโลยีที่มีประสิทธิภาพสำหรับอุตสาหกรรมเฉพาะกลุ่มของเรา (โค เอ โอลเซน และเปอ เซเทอร์, 2550)	1	1	1	1	1	5	1.00	ใช้ได้
	3. เราใช้เทคโนโลยีเพื่อแก้ไขปัญหาและปรับเปลี่ยนให้เข้ากับความต้องการในการดำเนินงานของเรา ซึ่งช่วยในการพัฒนาธุรกิจเฉพาะกลุ่มได้อย่างมาก (วาสดิลี และ ทอม, 2557)	1	1	1	1	1	5	1.00	ใช้ได้
	4. บริษัทของเรามุ่งเน้นด้านนวัตกรรมใหม่ๆ ไม่เพียงแต่ในแง่ของเทคโนโลยี แต่รวมไปถึงปัจจัยในการแข่งขันอื่นๆ เช่น สไตล์ของบริษัท การออกแบบและการตลาด (โรนัลด์, 2549)	1	1	1	1	0	4	0.80	ใช้ได้

	5. บริษัทของเรามีเทคโนโลยีเฉพาะกลุ่มบางอย่าง ซึ่งยังไม่มีคู่แข่งรายใหญ่ในอุตสาหกรรม ให้ความสนใจ (เทพพิศ และมาร์เทน, 2537)	0	1	1	1	0	3	0.60	ใช้ได้
	6. ผู้บริหารระดับสูง คอยส่งเสริมและช่วยเหลือพนักงานของเราในการวางแผน มอบหมายทรัพยากร และจัดระเบียบเพื่อสร้างนวัตกรรมใหม่ สำหรับประโยชน์ในการแข่งขันอยู่เสมอ (นิคلاس, 2557)	1	1	1	1	1	5	1.00	ใช้ได้
	7. บริษัทของเรามุ่งเน้นไปที่เทคโนโลยีเฉพาะกลุ่ม และจะกระตุ้นกระบวนการเรียนรู้ในองค์กรอยู่เสมอ เพื่อการพัฒนาและการใช้เทคโนโลยีใหม่ต่อไป (มาจ-บริท และคณะ, 2555).	1	1	1	1	1	5	1.00	ใช้ได้
<b>การสื่อสาร</b>	1. กลยุทธ์การเจาะตลาดเฉพาะกลุ่มได้รับการสื่อสารอย่างชัดเจนตั้งแต่เริ่มต้นกระบวนการทำงาน เพื่อที่พนักงานทั้งหมดจะดำเนินการไปในทิศทางเดียวกัน (มาโจลิน และคณะ, 2551)	1	1	1	1	1	5	1.00	ใช้ได้
	2. เจ้าหน้าที่ทุกคนในองค์กรรับรู้ทิศทางและวัตถุประสงค์ขององค์กร (นิคلاس, 2557)	1	1	1	1	1	5	1.00	ใช้ได้
	3. ผู้บริหารของเรา สื่อสารข้อมูลเป้าหมาย คำนิยม และคุณสมบัติของผลิตภัณฑ์และบริการ รวมถึงเป้าหมายของบริษัท ต่อพนักงานทุกคนได้อย่างถูกต้อง (ไรนัลด์, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
	4. ได้มีการสื่อสารกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม ระหว่างผู้บริหารและลูกจ้างในบริษัทของเราอย่างทั่วถึงทั้งบริษัท (มาร์ค, 2551)	1	1	1	1	1	5	1.00	ใช้ได้
	5. บริษัทของเราใช้การสื่อสารกลยุทธ์การเจาะตลาดเฉพาะกลุ่มในหลายรูปแบบ (ตัวอย่างเช่น การสื่อสารจากบนลงล่าง จากล่างขึ้นบน เป็นทางการ ไม่เป็นทางการ ภายในภายนอก ครั้งเดียว และต่อเนื่อง) (แอน และ เวนพิน, 2548; โอคูมัส,	1	1	1	1	1	5	1.00	ใช้ได้

	2546) 6. บริษัทของเขา มีช่องทาง หลากหลายในการส่งเสริม การ สื่อสารกลยุทธ์การเจาะตลาดเฉพาะ กลุ่มภายในบริษัทของเรา (แอน เวนพิน, 2548)	1	1	1	1	1	5	1.00	ใช้ได้
<b>ความ เกี่ยวข้อง ของ ผู้บริหาร</b>	1. ผู้บริหารมุ่งเน้นการพัฒนา ความสามารถของลูกจ้าง โดยเฉพาะ อย่างยิ่งพนักงานที่มีศักยภาพ (มาร์ค, 2551)	1	1	1	1	1	5	1.00	ใช้ได้
	2. ทีมผู้บริหารส่งเสริมให้พนักงานมี ส่วนร่วมในการทำความเข้าใจกล ยุทธ์การเจาะตลาดเฉพาะกลุ่ม โดยรวมทั่วทั้งองค์กร (โรนัลด์, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
	3. ผู้บริหารระดับสูงพยายามให้ พนักงานทุกระดับมีส่วนร่วมในกล ยุทธ์เฉพาะกลุ่ม (เจ. เดวิด และไมมีส์ , 2554)	1	1	1	1	1	5	1.00	ใช้ได้
	4. ผู้บริหารระดับสูงรู้จักพนักงานที่ เกี่ยวข้องกับกลยุทธ์การเจาะตลาด เฉพาะกลุ่มเป็นอย่างดี และคอย ช่วยเหลือพนักงานที่ผลงานไม่ดีให้ เปลี่ยนแปลงวิธีการของตนอยู่เสมอ (อิกเนสและโรบิน, 2539)	1	1	1	1	1	5	1.00	ใช้ได้
	5. บริษัทและผู้บริหารให้การ สนับสนุนที่เพียงพอต่อพนักงานทุก คนเกี่ยวกับกลยุทธ์การเจาะตลาด เฉพาะกลุ่ม. (เอรินและคณ, 2549)	1	1	1	1	1	5	1.00	ใช้ได้
	6. ผู้บริหารระดับสูง เลือกรูปแบบที่ เหมาะสมที่สุดสำหรับการควบคุม การใช้กลยุทธ์การเจาะตลาดเฉพาะ กลุ่ม และทำให้แน่ใจว่าพนักงานทุก คนเข้าใจระบบนี้ในลักษณะเดียวกัน โดยครอบคลุม (คิม, 2540)	1	1	1	1	1	5	1.00	ใช้ได้
	7. ผู้บริหารของเราช่วยเหลือ พนักงานเกี่ยวกับกลยุทธ์การเจาะ ตลาดเฉพาะกลุ่ม แทนที่จะควบคุม พนักงาน (มาโจลิน และคณ, 2551).	1	1	1	1	1	5	1.00	ใช้ได้
	8. บางครั้งผู้บริหารของเราใช้ รูปแบบการจัดการแบบ อนุญาตให้	1	1	1	1	1	5	1.00	ใช้ได้



	พนักงานมีอำนาจตัดสินใจเอง (มาโจลิน และคณะ, 2551).								
<b>ระบบการประเมินผลกลยุทธ์</b>	1. ผลการปฏิบัติงานส่วนบุคคล ถูกนำมาใช้เพื่อประเมินผลการปฏิบัติงานของพนักงานในบริษัทของเรา (คิม, 2540)	1	1	1	1	0	4	0.80	ใช้ได้
<b>การเจาะตลาดเฉพาะกลุ่ม</b>	2. ระบบการประเมินผลของบริษัทของเรา มีเป้าหมายในการส่งเสริมการสะท้อนผลงาน เกี่ยวกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม อย่างต่อเนื่อง รวมทั้งช่วยให้มีการปรับปรุง แก้ไขอย่างต่อเนื่อง (บาร์บารา และคณะ, 2559)	1	1	1	1	1	5	1.00	ใช้ได้
	3. เรามีคำอธิบาย หน้าที่การปฏิบัติงาน ที่ชัดเจน และเปิดเผยสำหรับพนักงานทุกคน ที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม (โคทีย์ บี. และ สเลด, 2548)	1	0	1	1	1	4	0.80	ใช้ได้
	4. ผู้บริหารและพนักงานทุกคนที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่มในบริษัทของเรา จะเข้าร่วมในกระบวนการประเมินผลเดียวกัน (บาร์บารา และคณะ, 2559)	1	0	1	1	1	4	0.80	ใช้ได้
	5. กระบวนการประเมินผลการปฏิบัติงาน ช่วยในการ ระบุความต้องการ ประเมินผลงาน และส่งเสริมให้พนักงานของเรา มีผลงานตามเป้าหมายของกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม. (บาร์บารา และคณะ, 2559)	1	1	1	1	1	5	1.00	ใช้ได้
	6. กระบวนการประเมินผลของเรา สอดคล้องกับความรู้ ทักษะและความสามารถของพนักงานที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม (ไมเคิลและดอน, 2554)	0	1	1	1	1	4	0.80	ใช้ได้

	พนักงานมีอำนาจตัดสินใจเอง (มาโจลิน และคณะ, 2551).								
<b>ระบบการประเมินผลกลยุทธ์</b>	1. ผลการปฏิบัติงานส่วนบุคคล ถูกนำมาใช้เพื่อประเมินผลการปฏิบัติงานของพนักงานในบริษัทของเรา (คิม, 2540)	1	1	1	1	0	4	0.80	ใช้ได้
<b>ตลาดเฉพาะกลุ่ม</b>	2. ระบบการประเมินผลของบริษัทของเรา มีเป้าหมายในการส่งเสริมการสะท้อนผลงาน เกี่ยวกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม อย่างต่อเนื่อง รวมทั้งช่วยให้มีการปรับปรุง แก้ไขอย่างต่อเนื่อง (บาร์บารา และคณะ, 2559)	1	1	1	1	1	5	1.00	ใช้ได้
	3. เรามีคู่มือนโยบาย หน้าที่การปฏิบัติงาน ที่ชัดเจน และเปิดเผยสำหรับพนักงานทุกคน ที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม (โคทีย์ บี. และ สเลด, 2548)	1	0	1	1	1	4	0.80	ใช้ได้
	4. ผู้บริหารและพนักงานทุกคนที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่มในบริษัทของเรา จะเข้าร่วมในกระบวนการประเมินผลเดียวกัน (บาร์บารา และคณะ, 2559)	1	0	1	1	1	4	0.80	ใช้ได้
	5. กระบวนการประเมินผลการปฏิบัติงาน ช่วยในการ ระบุความต้องการ ประเมินผลงาน และส่งเสริมให้พนักงานของเรา มีผลงานตามเป้าหมายของกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม. (บาร์บารา และคณะ, 2559)	1	1	1	1	1	5	1.00	ใช้ได้
	6. กระบวนการประเมินผลของเรา สอดคล้องกับความรู้ ทักษะและความสามารถของพนักงานที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม (ไมเคิลและดอน, 2554)	0	1	1	1	1	4	0.80	ใช้ได้

<b>ระบบการให้รางวัล</b>	1. ระบบการให้รางวัลในบริษัทของเรา มีความเหมาะสมสำหรับพนักงานที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่ม (อี-หัวและให้-หมิง, 2554)	1	1	1	1	1	5	1.00	ใช้ได้
	2. ระบบการให้รางวัลที่ดีสามารถจูงใจและช่วยขับเคลื่อนการใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มของเรา (โบเวน, 2547)	1	1	1	1	1	5	1.00	ใช้ได้
	3. ระบบการให้รางวัลที่ดีสามารถช่วยรักษาพนักงาน ในส่วนของการใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มให้ปฏิบัติหน้าที่อย่างสุดความสามารถ และอยู่กับองค์กรต่อไป (โบเวน, 2547)	1	1	1	1	1	5	1.00	ใช้ได้
	4. ระบบการให้รางวัลที่ดี และเหมาะสมเป็นเครื่องมือที่ทรงพลังในการใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มของเรา (กรอสและไฟร์ดแมน, 2547)	1	1	1	1	1	5	1.00	ใช้ได้
	5. บริษัทของเราใช้กลยุทธ์การให้รางวัลตามตำแหน่ง และหน้าที่ความรับผิดชอบ ของพนักงานแต่ละคน (ให้-หมิงและอี-หัว, 2548)	1	1	1	1	1	5	1.00	ใช้ได้
	6. ตัวเลือกในการให้รางวัลตามตำแหน่ง ส่งเสริมให้พนักงานที่มีส่วนเกี่ยวข้องกับกลยุทธ์การเจาะตลาดเฉพาะกลุ่มมีความรับผิดชอบกับงานในเชิงลึกมากขึ้น (อี-หัวและให้-หมิง, 2554).	1	1	1	1	1	5	1.00	ใช้ได้
<b>ผลงานเฉพาะกลุ่ม</b>	1. การใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มที่มีประสิทธิภาพนำมาซึ่งความสามารถในการแข่งขันที่มากขึ้น (เอฟราทและไซแอม, 2555; ซาฮิน, 2557; คเจล และ ทรอนด์, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
	2. การใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มที่มีประสิทธิภาพ นำไปสู่การมีส่วนแบ่งทางการตลาดที่มากขึ้น (เอฟราทและไซแอม, 2555; คเจล และ ทรอนด์, 2553; เอริน, 2553)	1	1	1	1	1	5	1.00	ใช้ได้

3. การใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มที่มีประสิทธิภาพ ทำให้ความถี่ในการซื้อ และใช้บริการของลูกค้าสูงขึ้น (กเจส และ ทรอนด์, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
4. การใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มที่มีประสิทธิภาพ ทำให้องค์กรของเรามีโอกาสในการเติบโตค่อนข้างสูง (กเจส และ ทรอนด์, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
5. การใช้กลยุทธ์การเจาะตลาดเฉพาะกลุ่มที่มีประสิทธิภาพ นำมาซึ่งความภักดีของลูกค้าในการใช้บริการของเรา (อี หัวและไพ่ หมิง, 2554; มาร์ค, 2551)	1	1	1	1	1	5	1.00	ใช้ได้
6. การใช้กลยุทธ์ทางการตลาดเฉพาะกลุ่มที่เข้มงวดในบริษัทของเรา ทำให้มียอดขายที่สูงขึ้น (กเจส และ ทรอนด์, 2553)	1	1	1	1	1	5	1.00	ใช้ได้
7. การใช้กลยุทธ์ทางการตลาดเฉพาะกลุ่มที่เข้มงวด และจริงจังในบริษัทของเรา ทำให้มีกำไรสูงขึ้น (ตอยล์, 2545; โรนัลด์, 2549; กอทเลอร์, 2546)	1	1	1	1	1	5	1.00	ใช้ได้
<b>คะแนนรวม</b>	82	92	99	98	86	457	90.2	ใช้ได้

ลงชื่อ..........ผู้วิจัย  
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