

# STRATEGIC ORGANIZATIONAL FLEXIBILITY CAPABILITY AND BUSINESS SURVIVAL: AN EMPIRICAL INVESTIGATION OF TOUR BUSINESSES IN THAILAND

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**Abstract:** Strategic organizational flexibility capability has been viewed as a key success factor of organization strategy in performing in fluctuating business environments. Drawing on dynamic capability theory, the objective of this study was to investigate the relationship between strategic organizational flexibility capability and business survival through the mediating role of organizational adaptation, organizational excellence, organizational value creation, and business performance. The results were derived from a survey of 335 tour businesses in Thailand. The hypothesized relationships among variables are examined by using ordinary least square (OLS) regression analysis. Results suggest that organizational outsourcing orientation and strategic linkage concentration have the most influence on organizational adaptation, organizational excellence, and organizational value creation. Moreover, the contributions of theoretical and managerial, conclusion and suggestions for future research are also discussed.

**Keywords:** Strategic organizational flexibility capability, Organizational outsourcing orientation, Business alliance capability, Inter-organizational teamwork concern, Strategic linkage concentration, Organizational adaptation, Organizational excellence, Organizational value creation, Business performance, Business survival.

## 1. Introduction

Since the 1970s, business environmental changes have been increasing because of rapid and unpredictable change in globalization and information technologies. Changes in global information technologies are important driving forces for why customers change their desires quickly. These preference changes, which make product life cycles shorter and drive market

Wu (2010) the increase of environmental dynamism has forced firms to be flexible and concentrate on defending and improving their competitive position. Therefore, the firm must achieve its capability by managing its people, processes, and structures through organizational strategy to achieve competitive advantage and superior performance in complex environments (Li et al., 2011).

Flexibility has received much interest from business researchers and practitioners as the source of competitive advantage because it reflects ability in responding and conforming to new or changing situations (Genchev & Willis, 2014). Flexibility also contributes to organizational change and adaptability of some organizations when the environment changes. An organization is expected to deploy proper strategy for its successful adjustment. The organization managers have to decide how to adapt in changing environmental conditions by allowing flexibility to operate (Nadkarni & Herrmann, 2010). Moreover, Evans (1991)

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competition, are increasing and severe (Dwyer et al., 2014). According to Zhou &

describes strategic flexibility as a tendency and the ability to do something rather than the original intention in response to changes in external environment. Similarly, strategic flexibility is the way to change and adapt quickly through constant and new thinking over the current strategy (Sanchez, 1995). It indicates the resources or capability that each organization had, or used, which was not enough to maintain a competitive advantage. Thus, the issue of flexibility is of interest by many researchers on how to strategically pursue new capabilities in new ways.

Based on the literature of management research, most research in strategic flexibility has focused on two main aspects: (a) organizations internal structure for allocating their resource deployment and competitive advantage, and (b) the diversity and frequency in shifts of the patterns of resource deployment (Sharma, Sushil & Jain, 2010). However, there are a few research articles which investigated the strategic organizational flexibility capability and its outcome. From the literature review, these issues are focused on the research gaps. The advantage of strategic organization flexibility capability is that managers are able to use the organization's strategy to accomplish business survival in a changing environment.

Furthermore, this paper explores the four dimensions of strategic organization flexibility capability (a) organizational outsourcing orientation, (b) business alliance capability, (c) inter-organizational teamwork concern, and (d) strategic linkage concentration which are based on strategic organizational flexibility capability as one dynamic capability of the firm through which firms confront change. The new dynamic capabilities focus on the ability of the firm's managers to orchestrate quickly and reconfigure externally-sourced competences (Shuen & Sieber, 2010). This model explains how organizations managers integrate, build and reconfigure

internal and external talent into new capabilities that meet the rapidly changing environment (Teece, Pisano & Schuen, 1997; Roberts & Stockport, 2009). Therefore, the key purpose of this paper is to examine the relationship of strategic organizational flexibility capability and business survival.

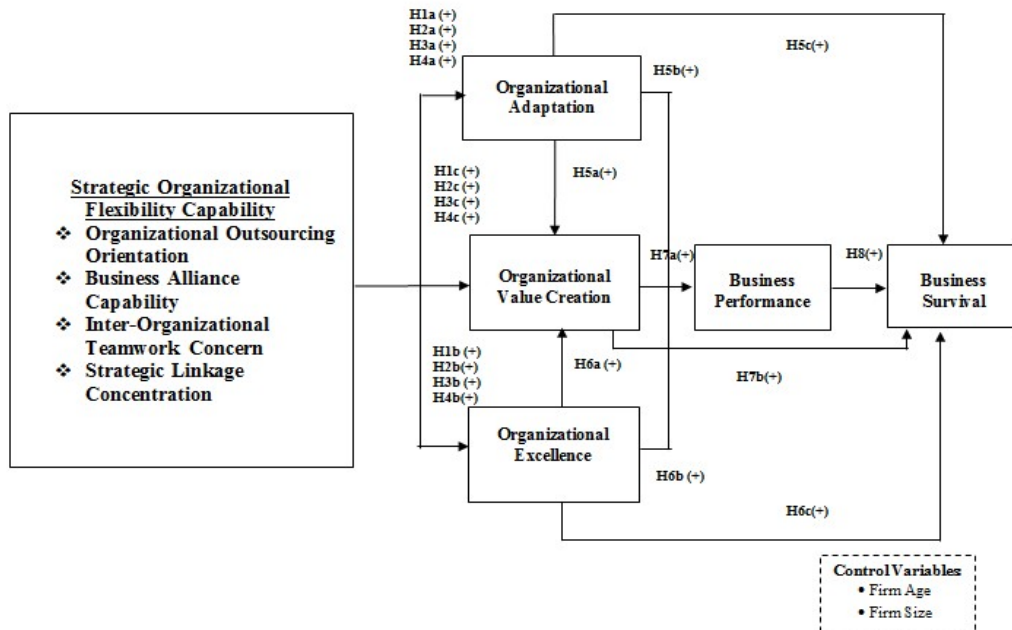
## 2. Literature Review

The relationship model of strategic organizational flexibility capability and its consequences are shown in Figure 1 below. Firm age and firm size are control variables that may affect the relationship among these variables. The definition and hypothesis development in this research, which are proposed to be a positive association between strategic organizational flexibility capability and its consequences, are detailed.

### *Strategic Organizational Flexibility Capability*

By 2004, according to Dreyer and Gronhaug (2004) the topic of flexibility had been used widely in several disciplines such as in manufacturing management, economics, strategic management, and IT management. There are a number of reviews of definitions and typologies of flexibility that present a range of ideas. Evans (1991) considered flexibility as a means of adaptability for occasional and permanent adjustment to change. Flexibility is the organization's ability to respond to an increasing variety of customer expectations without excess cost, time, organizational disruption, and performance losses (Zhange, 2006). As, Sharma, Sushil and Jain (2010) suggested, flexibility was defined as the quality of responding to change or conforming capability to new situations. Flexibility is a multi-dimensional concept with demanding agility and ability. It is associated with change, newness, and innovation that are linked with robustness and elasticity. Specifically, flexibility in the management

**Figure 1: A Conceptual Framework**



literature is incorporated into the strategic processes of any organization, and becomes very important at various levels (i.e. strategic, tactical, and operational) in all the perspectives of the organization (Roberts & Stockport, 2009).

In this research, strategic organization flexibility capability is defined as the ability to adjust the organizational change promptly under the direction of an organization's administration and management. Flexibility also includes application in administration and management to adapt resources and abilities within the organization for the changing environment (Evans, 1991; Sanchez, 1995; Burnes, 1992; Lou, 2000). Flexibility explains how organizations integrate, build and reconfigure internal and external talent into new capabilities that meet the rapidly changing environment (Nadkarri & Narayanan, 2007). The strategic organization flexibility capability is focused on the ability of the firm to orchestrate quickly and reconfigure externally-sourced competences (Shuen & Sieber, 2010).

The authors of this paper, explore four dimensions of strategic organization flexibility capability. These four dimensions are development base on

modern organization management that has an organizational structure looking like a web, flat, and horizontal. The links connect employees, suppliers, customers, partners, and external contractors in numerous forms of coordination for sharing resources and having interdependence to enhance competitive environment dynamism (Cincog & Akogan, 2013).

### **-Organizational Outsourcing Orientation (OOO)**

Outsourcing has an increasing role in business. It has also been adopted rapidly in strategic areas to compete in a global business environment (Kroes & Ghosh, 2010). The concept of outsourcing is described by Que'lin and Duhamel (2003) as the operation of the firm in shifting a transaction governed from the internal to an external supplier in a long-term contract. In this research, organizational outsourcing orientation refers to the use of external capability in an organization's operations. Outsourcing enhances the efficiency of cost which increases the operation for higher advantages. External capability includes skills, knowledge, and superior ability from outside the organization (Varadarajan, 2009; Whitaker, Mithas & Krishnan, 2011).

Accordingly, organizational outsourcing orientation causes the effective resource management that provides a source of competitive advantages. The firm not only develops strategies based on its core knowledge and capabilities, but also works to restructure, bundle, and leverage its external partnerships to create value in dynamic environments (Mukherjee, Gaur & Datta, 2013). Organizational outsourcing orientation can reduce costs, improve cost structures, and provide greater capacity of flexibility (Nellore & Soderquist, 2000), and spread and share the risks of business (Wu & Park, 2009). In summary, organizational outsourcing orientation will have positive effect on organizational adaptation, organizational excellence, and organizational value creation. Therefore, the first hypotheses are as follows:

**H1:** *Organizational outsourcing orientation will have a positive influence on (a) organizational adaptation, (b) organizational excellence, and (c) organizational value creation.*

#### ***-Business Alliance Capability (BAC)***

Today one can observe that more and more companies decide to establish business alliances in all kinds of relationships with one or few potential market partners (Das & Rahman, 2010). Business alliances are an important tool for achieving and maintaining competitiveness in unpredictable business environments (Elmuti, Abou-Zaid & Jia, 2012). In this research, business alliance capability refers to the ability to seek potential business that has desirable qualifications for an organization's demand to cooperate as a business alliance. Such agreement contributes to an organization's operation and objectives as stated (Parkhe, 1991; Varadarajan & Cunningham, 1995).

To be successful as an alliance partner depends on the partnership's ability to behave by the commitments of relationships and adjustments on the part of the collaboration for continued value

creation and the alliance governance to support the alliance performance (Pittino, Angela & Mazzurana, 2012). Included is the role of cooperative work within a team and efficient coordination (Zoogah et al., 2011). In turn, this leads the firm to have a competitive advantage and superior performance. Hence, business alliance capability will have a positive influence on organizational adaptation, organizational excellence, and organizational value creation. These ideas lead to posit the following hypotheses.

**H2:** *Business alliance capability will have a positive influence on (a) organizational adaptation, (b) organizational excellence, and (c) organizational value creation.*

#### ***-Inter-Organizational Teamwork Concern (ITC)***

Teamwork is a work setting the two or more people are mutually accountable for achieving common tasks goals that are associated with organizational objectives, and perceive themselves as a social identity. Moreover, teamwork has a set of flexible and adaptive behavior characteristics, cognitions, and attitudes by members who are willing to work with other members (Baker, Day & Salas, 2003). In this research, inter-organizational teamwork concern refers to the organization's ability to collaborate with other organizations. This concern emphasizes human resources in terms of knowledge, capability and attitude. Teamwork enhances the ability to collaborate with other organizations for various benefits in maximum yields (Chen, Donahue & Klimoski, 2004).

The benefit of inter-organizational teamwork concern includes increased workplace productivity, service quality, a reduced management structure, and organizational effectiveness (Bryk & Schneider, 2002). Based on the discussion, inter-organizational teamwork concern increases cooperation, interdependence,

and maintains added-value between organizations (Costa, 2003). Inter-organizational teamwork concern engenders tactical sharing, information, and knowledge that enable an organization to have flexibility, and can become successful in competition (Misener & Doherty, 2013). As aforementioned, inter-organizational teamwork concern is posited to a positive influence on organizational adaptation, organizational excellence, and organizational value creation. Thus, the hypotheses are proposed as follows:

**H3:** *Inter-organizational teamwork concern will have a positive influence on (a) organizational adaptation, (b) organizational excellence, and (c) organizational value creation.*

#### **-Strategic Linkage Concentration (SLC)**

The companies facing environmental conditions need to simultaneously adopt behaviors intended to gain and sustain competitive advantage (Barney, 2011). The researchers pay attention to the significance of building, protecting, and sustaining competitive advantage through analysis, and organizational planning in long-term vision (Mayfield & Mayfield, 2008). In this research, strategic linkage concentration refers to the ability to incorporate the administrative policy into organizational management and the process of strategic formulation. The linkage is involved with the consolidation of resources, personal, and operational processes in order to achieve a long-term good (Venkatraman, 1989; Grant, 1991).

In addition, strategic linkage capability can cause a firm's ability to reconfigure resources and coordinate processes to face environmental changes (Gibson & Birkinshaw, 2004). The firm has a tendency towards the initiation and implementation of different innovations types, such as technological, administrative, product, and process (Jeong, Pae & Zhou, 2006). The firm has an ability to deal with shortages in

inventory, responses to customers in short-term fluctuation demands, and solving problems that occur in production by reason of product modification (Sinkovics & Roath, 2004). Hence, strategic linkage concentration will have a positive influence on organizational adaptation, organizational excellence, and organizational value creation. These ideas lead to posit the following hypotheses.

**H4:** *Strategic linkage concentration will have a positive influence on (a) organizational adaptation, (b) organizational excellence, and (c) organizational value creation.*

#### **-Organizational Adaptation (OAD)**

The business environment has radically changed in fast-moving, turbulent and unpredictable times (Hatum & Pettigrew, 2004). These changes need a firm to adjust itself and seek for ways to react quickly to change conditions, and gain an advantage over their competitors (Palanisamy, 2003). In this research, organizational adaptation refers to the application of learning and integration of techniques and technology into an organizational operation. Adaptation causes continual modification and development in a work process to react with the changing environment. This will increase the organization's efficiency to survive and succeed in the market (Iven, 2005; Taylor et al., 2008).

Organizational adaptation has increasingly received academic attention. It is assumed to be the most important major aspect that can be considered as a company-specific skill for enhancing firms' competitiveness (Dreyer & Gronhaug, 2004). Also, it becomes the most important factor in achieving competitive advantage that concerns preconditions for successful business (Tuominen, Rajala & Moller, 2004). As well, previous studies have supported that organizational adaptation affects new product development (Yi, Yuan & Zelong, 2009), a firm's success

(Johnson et al., 2003). As aforementioned, organizational adaptation will have a positive influence on organizational value creation, business performance, and business survival. Hence, the hypotheses are proposed as follows:

**H5:** *Organizational adaptation will have a positive influence on (a) organizational value creation, (b) business performance, and (c) business survival.*

#### **-Organizational Excellence (OEX)**

Competition in the business world is increasing more than in the past (Wangner, 2010). Competition causes many firms to aggressively seek superior ways of working. Organizational excellence is considered a long-term process and is concerned with key strategic-issue operations based on best operational process, with the management showing evidence of superior standards over the competitors (Reijers & Liman Mansar, 2005). In this research, organizational excellence refers to the operational process in using resources with an economical approach. Excellence makes operations to achieve the determined plan with efficiency. The goals of organizational excellence are aimed at achievement and advantage over the competitors (Reijers & Liman Manser, 2005; Jirawuttinunt & Ussahawanitchakit, 2011).

Organizational excellence is a long-term process and is concerned with key strategic-issue operations based on best operational process, with the management evidencing superior standards over the competitors. The excellent process can support the firm to improve production processes. That is, it can produce goods rapidly and can organize efficient planning of production (Reijers & Liman Mansar, 2005). Absolutely, organizational excellence helps firms to complete their operational goal performance (Gordon, Loeb & Tseng, 2009), reduce costs (Sousa & Voss, 2002), reduce waste, improve efficiency, and profitability (Sila & Ebrahimpour, 2005). Hence, organizational

excellence will have a positive influence on organizational value creation, business performance, and business survival. These ideas lead to posit the following hypotheses.

**H6:** *Organizational excellence will have a positive influence on (a) organizational value creation, (b) business performance, and (c) business survival.*

#### **-Organizational Value Creation (OVC)**

The term *value creation* refers to the way to achieve and retain a competitive advantage with a process consisting of a set of activities starting with the design and development of what is going to be produced, and of the interaction between consumer and company in creating value. The superior value for customers is important for business success (Nasution & Mavondo, 2008). In this research, organizational value creation refers to the formulation of an organization's innovative creation in terms of product and operational processes. Organizational value creation enables the organization to respond to needs and to create satisfaction among customers and stakeholders (Bourguignen, 2005; Wikstorm, 1996).

The previous literature represents that firms emphasis on creating and delivering a better value to offer to their customers and stakeholders over their competitors, and which should obtain positional advantage, satisfaction (Blocker et al., 2011), loyalty, and intention to repurchase, leading to long-term competitive advantage (Troilo, Luca & Guenzi, 2009). This research proposes that organizational value creation will have a positive effect on business performance and business survival. Therefore, the hypotheses are posited as follows:

**H7:** *Organizational value creation will have a positive influence on (a) business performance, and (b) business survival.*

#### **-Business Performance (BPF)**

Measuring firm performance has long been a source of challenge for managers and researchers (Mouzas, 2006). This approach is also significant for a researcher, to attract their attention, and to have an understanding of the factors that influence a firm's capability to retain customers and achieve goals. Moreover, many researchers expose important insights for the understanding of the factors influencing a firm's success. In this research, business performance refers to the overall outcome of corporate performance that achieves the goal with efficiency. Performance can be evaluated by both financial performance and non-financial performance (Venkatraman & Ramanujam, 1986; Lahiri et al., 2009).

Business performance is complicated, with a firm's emphasis on success, which includes organizational capability concerning a variety of activities, providing characteristics that correspond with a dynamic environment (Santarelli & Vivarelli, 2007). Therefore, the firms were more likely to survive in business environments, using such measure as the growth rate of sales volume, market share, and continuous business growth (Eckert & West, 2008; Sapienza et al., 2006). As a result, this research proposes that business performance will have a positive influence on business survival. Therefore, the hypothesis is posited as follows:

**H8:** *Business performance will have a positive influence on business survival.*

#### **-Business Survival (BSV)**

Organizational survival depends on not only a function of economic performance but also a firm's own initiation of performance. Firm survival refers to the ability of management in an uncertain competitive environment during a period of time of stability (Persson, 2004), sustainable economic growth, and long-term business (Schwartz, 2009). In this research, business survival refers to the result of the organization's performance in

managing the competitive environment after uncertain conditions for a certain period of time. It yields business stability and economic growth to the business in sustainable and long-term periods (Persson, 2004; Schwartz, 2009).

### **3. Research Methodology**

#### *-Data Collection*

In this research the authors selected the outbound tourism business in Thailand as the population and sample. This is obtained from the databases of the following agencies from the database of the Bureau of Tourism business and Guide Registration office, and the Department of Tourism. Four main reasons for selecting the outbound tourism business are started as following. Firstly, the outbound tourism business faces changes of society, economic and politic of each country such as facing tourism law barriers (e.g. local tour guide) of each country in their operation. Secondly, the tour businesses are normally small to medium sized, so they often have limited of economic and human resources. Subsequently, they tend to find out quickly how to deal with these problems of change as well as still gain a higher profit and market share than competitors which are the basic goals of running a business. Thirdly, the tourism industry is the important industry in the world. It is high value service business that has created a large numbers of employment opportunities and yields effect on the social and economic development. Finally, participation in the ASEAN Economic Community: AEC mean that travel for business or leisure will grow. It is resulting to the liberalization of travel services and intra-ASEAN tourism will grow up together, but at the same time it is highly possible that the outlook for future competition will be even more as customers are more diverse, a number of competitors are increasing.

The self-administered questionnaires were the main research instrument. The items of the questionnaires were initially designed based on previous studies

(Neuman, 2006). The manager directors, and share managers of outbound tour businesses in Thailand are key informants. Each questionnaire package included of a cover letter that was used to introduce the objective and the important of the research. Moreover, a letter from the university is also attached to confirm that the researcher came from the cited academic institution and to ask the key informant for cooperation from the participants. All participants are offered a free copy of the summary results as a non-monetary incentive if they completed and returned the valid questionnaire (Sittimalakorn & Hart, 2004). For ensuring confidentiality, the completed questionnaires are directly sent back to the researcher by the prepared returned envelopes. In the first stage, the completed questionnaire was answered and returned to the researcher in the first two weeks after the questionnaire was sent. After that, the telephone to remind the participant was used as the follow-up method that conducted to remind them to complete the questionnaire and to increase the response rate. The details of the questionnaire send out and the calculated response rate are presented.

A total population of 2,518 firms is selected from the database of agencies mentioned above. Accordingly, the appropriate sample size under the 95% confidentiality rule will be 345 firms (Krejcie & Morgan, 1970). Based on previous business research, a mail survey response rate is approximately 20%, without an appropriate follow-up procedure (Aaker, Kumar & Day, 2001). Therefore, a total of 1,725 firms of the outbound tourism business is an appropriate sample size. After twelve weeks, 94 surveys were undeliverable because some firms were no longer in business or had moved to unknown addresses. Thereby, the valid sample size remains as 1,631 firms. In summary, the total of 335 completed questionnaires were received. The effective response rate was approximately 20.53% ( $335 \times 100 / 1,631$ ).

#### - Measurement of Variables

The measure of developmental procedures are relevant to multiple items adjusted for measuring each construct in the conceptual model due to the abstraction of the construct. Variables were measured from the definition and adapted from prior literature, by using five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Consequently, the contents of variable measurements are comprised of the dependent variable, the independent variables, and the controlled variables described below.

##### -Dependent Variable

*Business survival (BSV).* Business survival was measured by the result of the organization performance in managing the competitive environment after the uncertain condition for a certain period of time. It yielded business stability and economic growth to the business in sustainable and long-term period (Persson, 2004; Schwartz, 2009). This construct was developed from the definition, literature review, and adapted from Persson (2004), and Limpsurapong and Ussahawanitchkit (2011) which includes a six-item scale.

##### -Independent Variables

*Organizational outsourcing orientation (OOO).* Organizational outsourcing orientation was measured by the use of external capability in organization's operations. Outsourcing enhances efficiency of cost which increases the operation for higher advantages. External capability includes skills, knowledge, and superior ability from outside the organization (Espino-Rodriguez & Robina, 2005; Varadarajan 2009; Whitaker, Mithas & Krishnan, 2011). This construct was developed from the definition, literature review, and adapted from Tuntrabundit and Ussahawanitchakit (2010) which used a five-item scale.

*Business alliance capability (BAC).* Business alliance capability was measured



by the ability to seek potential business that has desirable qualifications to organization's demand to cooperate as a business alliance. Such agreement contributes to organization's operation and objectives as stated (Parkhe, 1991; Varadarajan & Cunningham, 1995). This construct is developed from the definition, literature review, and adapted from Chuebang and Ussahawanitchakit (2008) which includes a five-item scale.

*Inter-organizational teamwork concern (ITC).* Inter-organizational teamwork concern was measured by the organization's ability to collaborate with other organizations. This concern is emphasized on human resources in term of knowledge, capability and attitude. Teamwork enhances ability to collaborate with other organization for various benefits in the maximum yields (Baker, Day & Alas, 2003; Chen, Donahue & Klimoski, 2004). This construct is developed from the definition and literature yielding a four-item scale.

*Strategic linkage concentration (SLC).* Strategic linkage concentration was measured by the ability to incorporate the administrative policy into organizational management and the process of strategic formulation. The linkage is involved with the consolidation of resources, personal, and operational process in order to achieve long-term good (Venkatraman, 1989; Grant, 1991). This construct was developed from the definition and literature yielding a five-item scale.

*Organizational adaptation (OAD).* Organizational adaptation was measured by application of learning and integration of techniques and technology into organizational operation. Adaptation causes continual modification and development in work process to react with changing environment. Organizational adaptation is associated with an increase of the organization's efficiency to survive and

succeed in the market (Taylor et al., 2008; Iven, 2005). This construct is developed from the definition and literature resulting a four-item scale.

*Organizational value creation (OVC).* Organizational value creation was measured by the formulation of organization's innovative creation in terms of product and operational process. This enables the organization to respond to needs and to create satisfaction among customers and stakeholders (Bourguignon, 2005; Wikstorm, 1996). This construct is developed from the definition, literature review, and adapted from Bourguignon (2005) which used a five-item scale.

*Organizational excellence (OEX).* Organizational excellence was measured by the operational process on using resources with economical approach. Excellence makes operation achieve the determined plan with efficiency. The goals of organizational excellence are aimed at achievement and advantage over the competitors (Reijers & Liman Manser, 2007). This construct is developed from the definition and literature using a four-item scale.

*Business performance (BPF).* Business performance was measured by the overall outcome of the corporate performance that achieves the goal with efficiency. Performance can be evaluated by both financial performance and non-financial performance (Venkatraman & Ramanujam, 1986; Lahiri et al., 2009). This construct was developed from the definition, literature review, and adapted from Phokha and Ussahawanitchakit (2011) which used a four-item scale.

#### *-Control Variables*

*Firm size (FIS).* Firm size was measured by the number of full time employees in a firm averaged over the current year (Lahiri et al., 2009). The difference in firms' size will cause scale-

related heteroscedasticity problems (Chuwiruth & Ussahawanitchakit, 2013). Therefore, without the reference of a firm's size, the absolute strategic organizational flexibility capability may not reflect its real firm's capability.

*Firm age (FLA).* Firm age may influence the firm's performance, and older firms benefit from accumulated experience (Leiblein et al., 2002). Therefore, firm's performance may be affected by their age. Firm age was measured by subtracting the year of firm establishment from the year of current study as suggested by Lahiri et al., (2009).

#### *-Method*

The researcher collected the data by using a mailed survey questionnaire. In order to create truthfulness and credibility, this research used two academic experts for reviewed the instrument and adjusted it to the best possible scale measure. Following this further, the pre-test method is appropriately conducted to establish the validity and reliability of a questionnaire. In this case, 30 observations from outbound tourism firms, excluding in the sample, are employed in the pre-test procedures.

Factor analysis was conducted on the entire assessment tool and reliability analysis was conducted on each scale. The results are shown below in Table 1, the

findings of factor loading are 0.420 – 0.937 that exceeds 4.0 and Cronbach's alpha coefficients are 0.703 – 0.869 which exceeds the acceptable cut-off score 0.7 (Hair et al., 2010). It can be concluded that the construct validity and internal consistency of each scale meets or exceeds minimum requirements in this research.

#### *-Statistical Techniques*

The basic assumptions of regression analysis using the ordinary least squares method (OLS), the outlier, normality, linearity, autocorrelation, and homoscedasticity, were tested. Moreover, Variance inflation factors (VIF's) are used to test for the harshness of multicollinearity between the independent variables and the outcomes of regression analysis offer evidence that the VIF values should be smaller than 10. Furthermore, the results of an investigation for the correlation matrix of an investigation for the correlation matrix of all construct found the associations between the independent variables are lower than 0.80 which mean that each independent variable is not correlated with all other independent variables at a high level. Hence, the initial assumption assumes that there are not multicollinearity problems. In line with hypothesis testing, the ordinary least squares (OLS) regression analysis is used to test all hypotheses in a conceptual model.

**Table 1:** Results of measure validation

Variables	Factor Loadings	Cronbach's Alpha
Organizational Outsourcing Orientation (OOO)	.633-.746	.727
Business Alliance Capability (BAC)	.460-.859	.703
Inter-Organizational Teamwork Concern (ITC)	.636-.822	.730
Strategic Linkage Concentration (SLC)	.420-.878	.737
Organizational Adaptation (OAD)	.813-.868	.865
Organizational Excellence (OEX)	.594-.872	.789
Organizational Value Creation (OVC)	.495-.892	.763
Business Performance (BPF)	.710-.889	.813
Business Survival (BSV)	.565-.937	.869

Regression analysis is appropriate to investigate the relationships among

constructs which are based on data qualified as interval and categorical scales.

Thus, 7 statistical equations are depicted as shown below.

$$\begin{aligned}
Eq1: OAD &= \alpha_{01} + \beta_1 OOO + \beta_2 BAC + \beta_3 ITC + \beta_4 SLC + \beta_5 FIA + \beta_6 FIS + \varepsilon_1 \\
Eq2: OEX &= \alpha_{02} + \beta_7 OOO + \beta_8 BAC + \beta_9 ITC + \beta_{10} SLC + \beta_{11} FIA + \beta_{12} FIS + \varepsilon_2 \\
Eq3: OVC &= \alpha_{03} + \beta_{13} OAD + \beta_{14} OEX + \beta_{15} FIA + \beta_{16} FIS + \varepsilon_3 \\
Eq4: OVC &= \alpha_{04} + \beta_{17} OOO + \beta_{18} BAC + \beta_{19} ITC + \beta_{20} SLC + \beta_{21} FIA + \beta_{22} FIS + \varepsilon_4 \\
Eq5: BPF &= \alpha_{05} + \beta_{23} OAD + \beta_{24} OEX + \beta_{25} OVC + \beta_{26} FIA + \beta_{27} FIS + \varepsilon_5 \\
Eq6: BSV &= \alpha_{06} + \beta_{28} OAD + \beta_{29} OEX + \beta_{30} OVC + \beta_{31} FIA + \beta_{32} FIS + \varepsilon_6
\end{aligned}$$

#### 4. Results and Discussion

Table 2 shows the descriptive statistics and correlation matrix for all variables. With respect to potential problems relating to multicollinearity, *Correlation analysis* was applied to examine a bivariate-correlation, to explore the relationships between variables, and to check for the presence of multicollinearity. In this research, the results of the correlation analysis show that the inter-correlation

coefficient are 0.342-0.746, which is lower than the standard of 0.80 (Hair et al., 2010).

Moreover, *Variance inflation factor (VIF's)* was applied to examine the multicollinearity between the independent variables. The results also point out that the maximum value of VIF is 2.783, which is smaller than the cut off value of 10 (Hair et al., 2010). Therefore, both correlation and VIF are not substantial multicollinearity problems were encountered.

Table 3 presents the results of OLS regression analysis of the relationships between each dimension of strategic organizational flexibility capability and its consequences. First of all, the results indicate that organizational outsourcing orientation is significant and positively related to three outcomes: organizational adaptation (H1a:  $\beta_1 = 0.208$ ,  $p < 0.01$ ), organizational excellence (H1b:  $\beta_7 = 0.212$ ,  $p < 0.01$ ), and organizational value creation (H1c:  $\beta_{17} = 0.115$ ,  $p < 0.10$ ). Nowadays, outsourcing is not only the form of transaction cost perspective but also the form of transformational perspective. Transformational outsourcing focuses on creating value to align with the business processes that are changed to align with strategic goals. The firm should establish cooperation with outsourcing partners by

**Table 2:** Descriptive statistics and correlation matrix

Variables	OOO	BAC	ITC	SLC	OAD	OEX	OVC	BPF	BSV	FIA
Mean	3.69	3.90	3.87	4.16	3.97	3.82	3.93	3.66	3.67	N/A
S.D.	0.67	0.60	0.65	0.49	0.62	0.69	0.60	0.67	0.67	N/A
BAC	.535***									
ITC	.531***	.661***								
SLC	.360***	.356***	.452***							
OAD	.411***	.360***	.403***	.471***						
OEX	.386***	.342***	.377***	.378***	.701***					
OVC	.360***	.395***	.420***	.417***	.646***	.746***				
BPF	.421***	.396***	.445***	.376***	.509***	.563***	.731***			
BSV	.413***	.427***	.439***	.346***	.550***	.571***	.702***	.828***		
FIA	-.111**	-.168***	-.086	.010	.025	.035	.032	-.010	-.034	
FIS	-.099	-.042	-.058	-.039	-.002	.043	-.005	-.018	-.006	.325***

Note: \*\*\*  $p \leq 0.01$ , \*\*  $p \leq 0.05$ , \*  $p \leq 0.10$

**Table 3:** Results of regression analysis

Independent Variables	Dependents Variables						
	OAD (Eq1)	OEX (Eq2)	OVC (Eq4)	OVC (Eq3)	BPF (Eq5)	BSV (Eq6)	BSV (Eq7)
<b>OOO</b>	<b>.208***</b> (.057)	<b>.212***</b> (.060)	<b>.115*</b> (.059)				
<b>BAC</b>	.077 (.065)	.085 (.068)	<b>.161**</b> (.066)				
<b>ITC</b>	.102 (.066)	.118 (.069)	<b>.147**</b> (.068)				
<b>SLC</b>	<b>.323***</b> (.052)	<b>.220***</b> (.055)	<b>.251***</b> (.054)				
<b>OAD</b>				<b>.241***</b> (.050)	.058 (.054)	<b>.155**</b> (.056)	
<b>OEX</b>				<b>.578***</b> (.050)	<b>.685***</b> (.058)	.032 (.064)	
<b>OVC</b>					.012 (.063)	<b>.580***</b> (.060)	
<b>BPF</b>							<b>.828***</b> (.031)
<b>FIA</b>	.121 (.100)	.122 (.104)	.161 (.102)	.033 (.076)	-.064 (-.080)	-.125 (.082)	-.064 (.066)
<b>FIS</b>	.047 (.109)	.141 (.114)	.013 (.112)	-.077 (.084)	-.010 (.089)	.035 (.091)	.042 (.073)
<b>Adjusted R<sup>2</sup></b>	<b>.295</b>	<b>.229</b>	<b>.260</b>	<b>.588</b>	<b>.531</b>	<b>.505</b>	<b>.684</b>
<b>Durbin-Watson</b>	<b>2.067</b>	<b>1.839</b>	<b>1.691</b>	<b>1.701</b>	<b>2.134</b>	<b>1.871</b>	<b>1.975</b>
<b>Maximum VIF</b>	<b>2.073</b>	<b>2.073</b>	<b>2.073</b>	<b>1.972</b>	<b>2.783</b>	<b>2.783</b>	<b>1.118</b>
<i>Note:</i> *** $p \leq 0.01$ , ** $p \leq 0.05$ , * $p \leq 0.10$							

customers (Mazzawi, 2002). The firm has an emphasis on outsourcing orientation which can obtain benefits from the outside and in achieving organizational goals. It is necessary for improving the firm's core knowledge base, innovation and learning for value creation (Mukherjee, Gaur & Datta, 2013). The organizational outsourcing orientation can reducing costs, improving cost structures, increasing a competitiveness of the firm, providing the greater capacity of flexibility (Nellore & Soderquist, 2000), spreading and sharing risks of business (Wu & Park, 2009). **Thus, hypotheses 1a, 1b and 1c are supported.**

In addition, it is found that business alliance capability is significantly and positively related to organizational value creation (H2c:  $\beta_{18} = 0.161$ ,  $p < 0.05$ ). These results demonstrate that business alliance is an organizational strategy in which an organization's capability to partnership between organizations that may contribute numerous types of resources to an alliance and share in the created entity outcome (Barney, 2011). According to Kozyra (2000), the firms use the business alliance capability with the main reason to reducing the cost of research and development, access to a complementary technology/

resource, learning know-how and the technological advances of the partner, and access to new markets/customers. **Therefore, hypothesis 2c is supported.** However, it is not significantly related to organizational adaptation ( $H2a:\beta_2 = 0.77, p > 0.10$ ), and organizational excellence ( $H2b:\beta_8 = 0.085, p > 0.10$ ). The business alliance capability may be a problem that caused the failure. According to Hess and Rothaermel (2011) provide the key that influences in making a business alliance is to choose a partner that promotes endurance in the value chain of the company. In addition, the firms try to develop a long-term partner relationship with reliability for the success of the business alliance (Hsu & Tang, 2010). However, business alliance may be has problem partner opportunism that is acknowledged as a significant threat to alliance survival and success (Das & Rahman, 2010). The partner opportunism may affect the justice process towards cooperation outcome both in finance and workflow (Lou, 2008). **Thus, hypotheses 2a and 2b are not supported.**

Moreover, the findings suggest that inter-organizational teamwork concern has significant relationships with organizational value creation ( $H3c:\beta_{15} = 0.147, p < 0.05$ ). Baker, Day and Salas (2003) suggested that, teamwork is a set of flexible and adaptive behavior characteristic, cognitions and attitudes, by members who are willing to work with other members, to desire coordination of collective interdependent action, and teamwork that involves clear communication. Team members are needed for coordination and interdependence to achieve a common goal (Cuesen, Schruijer & Boros, 2005). The inter-organizational teamwork concern increases cooperation, interdependence, and maintains the added value between organizations (Costa, 2003). **Therefore, hypothesis 3c is supported.** Nevertheless, it has not significant relationships with organizational adaptation ( $H3a:\beta_3 = 0.102, p > 0.10$ ), and organizational excellence ( $H3b:\beta_9 = 0.118,$

$p > 0.10$ ). On this account, the potential personnel difference such as competence, knowledge, skill and ability may affects directly teamwork's operating results difference (McClough & Rogelberg, 2003). As well as, the members are not prepared to work together as a team. They do not have to develop a relationship to each other intimately before. It makes a commitment work together differently that is an obstacle to the delivery of teamwork (Greenberg & Baron, 2003). **Thus, hypotheses 3a and 3b are not supported.**

As well, the result reveals that strategic linkage concentration is significantly and positively associated with organizational adaptation ( $H4a: \beta_4 = 0.323, p < 0.01$ ), organizational excellence ( $H4b:\beta_{10} = 0.220, p < 0.01$ ), and organizational value creation ( $H4c:\beta_{20} = 0.251, p < 0.01$ ). Additionally, the company have analyzed business environment for determined vision, strategic planning, and strategic implementation for creating, protecting, positioning, and sustaining competitive advantage (Mayfield & Mayfield, 2008). The organization should use their capability to improve access development in all aspects to combine resources, personnel, and processes; or the ability to use existing resources to achieve results, can measure up to efficiency and effectiveness (Gibson & Birkinshaw, 2004). The strategic linkage capability can cause a firm's ability to reconfigure resources, coordinate processes, and effectively to face with business environmental (Zhou et al., 2008). The firm can adopt new technologies for improved customer benefits that are relative to existing products (Zhou et al., 2005). Moreover, the firms can offer a new service that value-added related to the firm's existing products to new markets and new customers (Grawe, Chen & Daugherty, 2009). **Thus, hypotheses 4a, 4b, and 4c are supported.**

Besides, it was found that organizational adaptation is significantly and positively related to organizational value creation ( $H5a:\beta_{13} = 0.242, p < 0.01$ ),

and business survival ( $H5c: \beta_{28} = 0.155, p < 0.01$ ). As well as, the evidence of previous studies which found that the firm need to adjust themselves and seek for the ways to respond business environment changes quickly to gain competitive advantage over their competitors (Palanisamy, 2003). Likewise, Leonidou, Palihawadana and Chari (2011) suggested that organizational adaptation is as an ability of the firm to respond to business environmental change by adjusting internal such as, structure, operational, and strategy in order to succeed and survive. **Therefore, hypotheses 5a and 5c are supported.** However, it has not significant on business performance ( $H5b: \beta_{23} = 0.058, p > 0.10$ ). The possible reason maybe, if the firms can modify organization's ability to keep pace with the changing environment, the firm may be successful. The result of the organizational adaptation often happens in the long term. The firm should determine the strategy of the organization that will require a trade-off between short-term and long-term (Dernbach, 2003). **Thus, hypothesis 5b is not supported.**

Also, the result indicates that organizational excellence is significantly and positively related to organizational value creation ( $H6a: \beta_{14} = 0.578, p < 0.01$ ), and business performance ( $H6b: \beta_{24} = 0.685, p < 0.01$ ). In addition, the organizational excellence considers a long-term process with strategic-issue operations based on best operational process (Ritchie & Dale, 2000). The firm's management determines the operational process such as strategic management, allocation of people to work, competitive improvement, and the amount of resources used to transform inputs into outputs and providing value to customers (Jirawuttinunt & Ussahawanitchakit, 2011). Absolutely, the organizational excellence helps firms to complete their business goals, and increase the firms' performance (Gordon, Loeb, & Tseng, 2009). **Therefore, hypotheses 6a and 6b are supported.** However, it is not significant on business survival ( $H6c: \beta_{29}$

$= 0.032, p > 0.10$ ). The possible reason maybe, the current environment change causes the resource that firm occupy cannot determine competitive advantage than competitors ever before. The rapid of technological change and more convenient access to technology is impacting the resource and capability of the firm to create a competitive advantage shortening (Armstrong & Shimizu, 2007). Furthermore, the innovation imitation from a competitor will make organization's innovation be not different anymore for customer satisfaction (Semadeni & Anderson, 2010). **Thus, hypothesis 6c is not supported.**

Furthermore, the analyses indicate that organizational value creation is significantly and positively related to business survival ( $H7b: \beta_{30} = 0.580, p < 0.01$ ). The organizational value creation is as the capability of a firm to create customer service, launch a good product, receive a good perception from the customer, and respond to the requirement of stakeholders (Bourguignon, 2005). As well, organizational value creation is as the important success factor of a firm's capability to deliver better customer value than the competitors. The product quality and service quality are the platforms that support value-based prices (Naumann, 1995). The firms are emphasized to create and deliver a better value offering for their customers and other stakeholders than their competitors should obtain positional advantage, satisfaction, loyalty, and intention to repurchase leading to long-term competitive advantage and firm performance (Blocker et al., 2011). **Hence, hypothesis 7b is supported.** However, it is not significant on business performance ( $H7a: \beta_{25} = 0.012, p > 0.10$ ). The possible reason maybe, the organizational value creation is the firm's ability to achieve the objective and goal with high competitive will decrease profitability of their firms. The firm focuses to gain the competitive advantage than competitor with value creation that must more expenses money

for an activity. The activity might decrease profitability of firms (Park, Park & Zhang, 2003). **Thus, hypothesis 7a is not supported.**

Finally, the finding indicates that business performance is significantly and positively related to business survival ( $H8:\beta_{33} = 0.828, p < 0.01$ ). This is consistent with Lahiri et al. (2009) who mentioned that both financial and non-financial measurement are often used to measure business performance. As well as, to measure of business performance achieve overall firm objectives that focus on four types namely: financial, customer, internal business process, and learning and growth (Chalathrawat & Ussahawanitchakit, 2009). Moreover, business performance is a firm's success comprising of an organization's capability in response to customer demands and the adaptation capabilities in environmental change (Gao, 2010). Business performance is complicated with a firm's focus on success which includes organizational capability concerning a variety of activities providing characteristics as corresponding with a dynamic environment (Santarelli & Vivarelli, 2007). Therefore, the firms were more likely to survive in business environments that had a time such as the growth rate, market share, and continuous business growth (Eckert & West, 2008). **Thus, hypothesis 8 is supported.**

## 5. Contributions

### *-Theoretical Contribution*

This research makes three contributions. In the first place, this research provided an explicit understanding on the relationship between strategic organizational flexibility capability and business survival. Moreover, strategic organizational flexibility capability has expanded the understanding of new ideas methods which allow a business to achieve competitive advantage. Secondly, this research present four dimensions of strategic organizational flexibility capability, namely, (a) organizational

outsourcing orientation, (b) business alliance capability, (c) inter-organizational teamwork concern, and (d) strategic linkage concentration. Lastly, this research is a contribution to theory by expanding the use of dynamic capability theory. The dynamic capability s theory was applied for developing four dimensions of strategic organizational flexibility capability and to describe the relationships between strategic organizational flexibility capability and the consequence variables. Additionally, dynamic capabilities explain how firms are confident competitive advantage in the situation of dynamic environmental conditions. Firms must rely on their capability to create, maintain and renew these resources for sustainable competitive advantage. In addition, dynamic capability perspective focuses on the firm using resource advantage to fit to the event and time (Eisenhardt & Martin, 2000). In this research, dynamic capability is applied to describe the ability of an organization for achieving a competitive advantage in a dynamic environment. Strategic organizational flexibility capability considers the ability of an organization to adapt continuously through the use of specific resources and capabilities in response to dynamic environmental changes over time. Organizations are capable of continuously developing, creating, integrating, and concurrently renewing, both internally and externally, to the rapidly changing environment, contribute to successful implementation, including organizational adaptation, organizational value creation, organizational excellence, business performance, and business survival. The dynamic capability explains how firms are confident competitive advantage in the situation of dynamic environmental conditions by creating, maintaining, and renewing resources for sustainable competitive advantage.

### *-Managerial Contributions*

The research results have managerial implications for practitioners who are responsible for strategic planning in capability development of organizational. Firstly, this research helps the firm executives to identify and justify the key components of strategic organizational flexibility capability that may be more crucial in a severely competitive. The findings of this research suggest components of strategic organizational flexibility capability which are the key components for enhancing the outcomes. Lastly, the executives should concentrate on organizational outsourcing orientation and strategic linkage concentration, because it is the important factors for strategic organizational flexibility capability. As well, organizational outsourcing orientation is the use of external capability (such as, skills, knowledge, and superior ability from outside the organization) in organization's operations that enhances efficiency of cost which increases the operation for higher advantages. Likewise, strategic linkage concentration is the ability to incorporate the administrative policy into organizational management and the process of strategic formulation. The linkage is involved with the consolidation of resources, personal, and operational process in order to achieve long-term good.

## 6. Future Research Directions

The results of this research indicate that the need for further research is apparent. Firstly, this research was collected data only from tour business in Thailand, so future research should be to investigate the effect of strategic organizational flexibility capability and business survival in the different business groups from other service sector such as hotel business, cosmetic business, and organizer business in order to confirm the result findings, to verify the generalizability, and increase the level of reliability. Lastly, this research used questionnaires to collect the data and was explored through cross-sectional survey.

Therefore, further research may be developed longitudinal data and/or mixed methods designed to observe strategic organizational flexibility capability that have an effect on business survival.

## 7. Conclusion

Strategic organizational flexibility capability has been the main key success factor in execution under vacillating business environments. The objective of this research is to examine the relationship between strategic organizational flexibility capability and business survival through the mediating influences organizational adaptation, organizational excellence, organizational value creation, and business performance. In additionally, this research applies dynamic capability theory to develop all of four dimensions of strategic organizational flexibility capability and to describe the relationships between strategic organizational flexibility capability and its consequences. Besides, the model is empirically tested by using data collected by mail survey of the 335 tour businesses in Thailand using questionnaire. The key informants are manager directors and share managers. Indeed, the descriptive statistics, correlation, and Ordinary Least Squares (OLS) regression analyses are utilized to examine to prove the proposal of 8 hypotheses.

The results reveal that organizational outsourcing orientation and strategic linkage concentration have a positive influence on organizational adaptation, organizational excellence, and organizational value creation. Besides, business alliance capability and inter-organizational teamwork concern have a positive influence on organizational value creation. Interestingly, the organizational adaptation has a positive influence on organizational value creation and business survival. As well, the organizational excellence has a positive influence on organizational value creation and business performance. Likewise, the organizational value creation has a positive influence on



business survival. And, business performance has a positive influence on business survival. The contributions of theoretical and managerial, and suggestions for future research are also discussed.

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