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The Effects of Network Capability and the Distribution on Firm Performance of Hotel Businesses in Thailand*

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Abstract

Purpose: The aim of this research is to study 1) the effects of internal factors (technological capability and entrepreneurial orientation) that affect Thailand's hotel business network capability. 2) the effects of external factors (government policy and trust relationship) that affect Thailand's hotel business network capability. 3) the impact of network capability on the firm performance. 4) the moderating effect of absorptive capacity between network capability and firm performance. **Research design, data and methodology:** The test model collected data from a mail survey of 164 hotel businesses in Thailand. The correlation and multiple regression were adopted to analyze and test the proposed hypotheses. **Results:** Interestingly, technological capability, entrepreneurship orientation, and trust relationship have a direct impact on network capability. However, network capability still does not have a significant relationship with firm performance in all dimensions. Surprisingly, the absorptive capacity does not have a moderating effect on the relationship of network capability on firm performance of hotel businesses in Thailand. **Conclusions:** This research found that the hotel business should focus on analyzing the external and internal environment as it affects network building, which will guide the creation of strategies for further increasing hotel distribution channels and competitive advantage.

Keywords: Network Capability, Firm Performance, Competitive Advantage, Distribution, Hotel

JEL Classification Code: M15, L86, L83

1. Introduction

In the highly competitive and ever-changing business environment, products, service, capital, workforce, technology, culture, and regulations are important factors for business operations. These factors have both positive and negative effects for businesses especially concerning structure, culture, processes, and strategy. Therefore, these businesses have to adapt continuously to ensure survival and achieve success in their business. The main factor leading to business success is the capability to find an efficient way to prepare for change occurrence.

This highly competitive environment leads into the complexity of business operations. Therefore, the business owner has to develop and adapt to a new approach of his/her business by using modern management techniques that are flexible, and focus on networking building to ensure growth and survival of his/her business. One way to increase negotiation power is the capability to create a strong businesses network. Good networking leads to a competitive advantage and a better performance of each business. Therefore, there are more business networking organizations being set up in the present. Examples of such organizations include a network of tour agencies "An

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ASEAN packaged tour instead of Thailand only tour by creating a network with tour agencies around ASEAN"; a network of financial businesses "CIMB Thai bank provides service network with outbound banks for business matching, stock trading etc." Therefore, understanding and leveraging changes in the business environment is essential to sustainable success. Therefore, businesses need to analyze, improve and update current tourism distribution trends that will enable the development of technology and bookings. According to Dieck and Fountoulaki (2018) also argued that local hotel distribution channels and tourism situations should be studied in order to be able to conclusion that as generalizability because country's hotel distribution management is different (Ibrahim et al., 2022). Therefore, the hotel distribution channels need to be continuously carried out regularly in various destinations because distribution channels change rapidly. There are changing of technology changes, hotel distribution channels with different geographic and travel scenarios that are managed is unique depending on the social context. The importance contexts are fosters innovation, proactivity, and risk-taking attitudes, understanding the network configuration of the tourism supply chain for studying and successfully managing the tourism supply chain (Pezenka & Weismayer, 2020).

Following the reasons above, this research aims to study the network creation ability effect on business operations. Moreover, the objective of this research is consistent with the research question of "How does network creation ability effect businesses performance?".

Hotel business is a type of business that relies on organized based tourism the most. North of Thailand is particularly a very popular point of interest to foreign tourists. Thailand in general has numerous lands and sea-based tourism locations as well as attractive culture throughout many provinces. The Gross Domestic Product (GDP) in the hotel and restaurant area is about 920 billion baht or about 5.6 percent of total value. Moreover, there is a comparative advantage in terms of hotel room price as well as affordable cost of living. Furthermore, comfortable and superior transport options compared to other ASEAN countries and the high continuous growth rate of tourist arrivals to Thailand provide another advantage. The above is hotel business supporting factors receiving interest from investors in the sector.

However, recently the service and tourism businesses have significantly declined in comparison with last year's performance because of Covid-19. Although the Thai government has been implementing a strategy to decrease lock-down policies, the tourism related businesses such as hotel business, tour agency business, and spa business were still ordered closed during this period or were merely partly open. For example, hotels that mostly cater to foreign

customers were allowed to open for business towards the end of the year. A few entrepreneurs began to deal with Thai customers and seminar groups instead of foreign customers, which target market is expected to recover in about one to three years. Furthermore, some of the hotels with focus on Thai customers received bookings from government organizations.

Due to external environment changes, the hotel businesses face more challenging problems. Hence, the entrepreneurs have to learn to adapt and find approaches to develop themselves for survival and competitiveness. There are many factors which affect the success of Thai hotel businesses such as network creation competency, environment adaptation, and strategy creation to be able to face the continuous changing of business environment. All of these factors have direct effect on the success of hotel businesses. Based on the reasons above, this research aims to study the relationship of the network creation competency on the firm performance of Thai hotel businesses. Therefore, the main objectives of this study include 1) the effects of internal factors (technological capability and entrepreneurial orientation) that affect Thailand's hotel business network capability. 2) the effects of external factors (government policy and trust relationship) that affect Thailand's hotel business network capability. 3) the impact of network capability on the firm performance. 4) the moderating effect of absorptive capacity between network capability and firm performance. The result of this study will lead to be a guideline for administrators or strategic performers of hotel businesses to further increase their efficiency and effectiveness.

2. Literature Review and Hypotheses Development

2.1. Network Capability

The issue of networking capacity has been debated for a long time. The research presented provides evidence that business networking is fundamental to competitive advantage which has been defined by academics as follows: Dyer and Singh (1998) defined networking as a fundamental strategy to benefit everyone involved. Johnsen et al. (2000) identified it as the ability to build relationships. The organization will benefit from the opportunity of business relationship. Ritter and Gemünden (2003); Tyler (2001) argued that networking capacity is the ability of organizations to create, consolidate, and take advantage of the relationships that exist between organizations. Blomqvist and Levy (2006) said that the ability to create networks is to build a relationship based on trust and good communication between each other. Walter et al. (2006) defined networking capacity as the ability to initiate,

maintain, and take advantage of partner relationships. In conclusion, the ability to build networks is an activity that organizations can leverage to initiate, develop, and manage relationships between businesses. This creates substantial benefits for the organization. Walter et al. (2006) describes the usefulness of resource-based theory in networking and suggest that the ability to build networks consists of four dimensions that include: coordination, relationship skills, partner knowledge, and internal communication. Each dimension has the following meaning: Coordination is the link between one organization to another organization to support interrelationships and effectiveness (Gert & Peter, 2009). Relationship skills are skills that are important in building relationships between organizations and individuals. It includes communication abilities, personality, empathy, conflict management skills, emotional stability, decision-making, and collective action (Walter et al., 2006). Partner knowledge is the management of information about the structure of business partners by creating an understanding of the business of the partners both in terms of the structure and business information of the partners (Walter et al., 2006). Internal communication: Internal communication is an important part of interoperability. Internal communication is the creation of cooperation between each other, consisting of sharing strategic information, resources, and awareness from all employees in the organization. This will be useful in the development of potential between partners. Communication is an effective method of clearly transferring knowledge within an organization. This is important for building a competitive advantage (Kale et al., 2000).

2.2. Technological Capability

Technological capability is the ability to add elements of all technology used in industry including the assessment selecting the technology that needs improvement (Tyler, 2001). Networking capacity is usually found to be consistent with the ability to focus on the technology. The ability to network is especially useful when dealing with technological competence (Ritter & Gemünden, 2003; Tyler, 2001) and from a manufacturer's perspective. Activities arising from the specific relationship implemented in the operation help to achieve efficiency and effectiveness (Möller & Törrönen, 2003). Furthermore, from the work of Huan et al. (2010) technological competence has an effect on increasing the ability to build networks. Modern technology will help to make networking easier. In this study, it was selected technological capability because it is an internal environment that is critical to network building. A study by Peng and Luo (2000) indicated that technological capability would be fundamental to a positive impact on success. The combination of technology and

network capabilities was a key factor in the company's strategy. The findings indicate that the interaction between technology and networking capabilities increases the likelihood that new ventures choose globally oriented strategies. Thus, a review of the previous literature can explain the relationship between technological capability and networking capacity as follows:

H1: Technological capabilities are positively correlated to a) coordination b) relational skills c) partner knowledge d) internal communication.

2.3. Entrepreneurial Orientation

Entrepreneurial orientation is a pattern of behavior in work, process management and decision. It has been classified into different dimensions, namely, risk-taking, which is the courage to take risks with the unknown. Dare to use a lot of assets to start a business. Innovating is being innovative about new products, services, and new technologies, and pioneering is the ability and willingness to create something new for yourself (Matsuno et al., 2002). The entrepreneurship orientation is a marketing focus perspective and learning organizational culture (Dimitratos & Plakoyiannaki, 2003; Matsuno et al., 2002; Slater & Narver, 1995) which brings to the vision and operational norms for risk-taking decisions, Innovation and Pioneering. Therefore, an entrepreneurial orientation can lead to networking, acquiring appropriate knowledge, and absorbing these into the organization that leads to better performance (Sapienza et al., 2005; Zahra, 2005). Oviatt and McDougall (2005) and Zahra (2005) found that entrepreneurial orientation will be what drives both the learning ability of the robots and the enhancement of networking capabilities that will ultimately result in better results. In this study, it was selected entrepreneurial orientation as it is the internal environment that is critical to networking. In previous research, it was found that dimensions of entrepreneurial orientation consisted of innovativeness, proactiveness, and risk taking. It's important to be a source of networking and competitive advantage (Zahra, 2005). Past research has been able to explain the relationship between entrepreneurial orientation and networking capacity:

H2: Entrepreneurship orientation is positively correlated to a) coordination b) relational skills c) partner knowledge d) internal communication.

2.4. Government Policy

Government policy is a very important influence, especially in the increase of technology on the economy and more innovation (Chen et al., 2006). More support from

government policies gives organizations more resources to build, corporate activities, and support for better business operations that act as guidelines to build competitiveness, which includes government policies. Furthermore, it will be used to expand the capabilities of the organization in terms of networking and expand the network to more groups (Mian, 1996). Dechang et al. (2012) found that more support from government policies would be highly beneficial and able to build networks more broadly. In this study, it was found that government policy is an important external environment to support the use of resources in various fields. The government has set policies to promote business in areas such as innovation, marketing and investment in order to compete in the international market, able to grow efficiently and sustainably as well as to encourage the creation of new entrepreneurs and build network of entrepreneurs also (Lin et al., 2012). Therefore, from the research involved, the issue of government policy advocacy has been proposed as a potential for networking capacity that leads to the following proposals:

H3: Government policy positively correlates with a) coordination b) relational skills c) partner knowledge d) internal communication.

2.5. Trust Relationship

Trust relationship is a trusting between organizations that is important to reduce the occurrence of opportunistic behavior. In addition, it is the emergence of close relationships between organizations. It is of utmost importance in order for an organization to achieve a successful inter-organizational coordination (Geyskens et al., 1998). Researchers believe that trust can enable an organization to produce effective results. This allows for the exchange of business information and knowledge transfer between organizations (Tjosvold & Wong, 2000). Trust gives organizations a competitive advantage in the marketplace (Wong & Tam, 2000). Marchington and Vincent (2004) said that when the exchange of knowledge management and technology gives organizations access to resources, organizational performance is obtained by leveraging networking capabilities to build trust relationships. Luo (2003) found that trust increases and persists in organizations when the benefits are passed from one organization to another. This is likely to be rewarding in the short term. Chan and Liebowitz (2006) argues that reliable relationships between businesses can lead to better networking synergies and will cause a competitive advantage of the network. A study of the external business environment revealed that trust relationship is an important variable because it creates a positive effect on the interaction between companies in responding to market opportunities. Then, competitive advantage's resulting support in the

business to receive good returns for each other to seek benefits. Therefore, based on the context of strategic competition of business, mutual trust awareness of benefits influences the networking creation and business cooperation. (De & Vandenbempt, 2005). Thus, a review of past research can explain the relationship as follows:

H4: Trust relationship is positively related to a) coordination b) relational skills c) partner knowledge d) internal communication.

2.6. Firm Performance

Firm performance is the result of an organization's performance on investments over time. Ireland et al. (2001) suggested that networking will give organizations access to technology, information, resources, and acquisition of new capabilities from partners. Networking is related to corporate resources. If the organization can acquire resources, it can create a competitive advantage that will result in a good performance. Moreover, knowledge of partners and relationship building skills will enable organizations to find suitable partners that correlate with the organization's capabilities and resources. In order to generate good performance, Song et al. (2010) propose that internal communication is a guideline for leveraging strategic information that gives the organization a competitive advantage. Walter et al. (2006) explain that networking capability is one of the key factors in achieving good performance. Additionally, researchers (Dess & Robinson, 1984; Hart & Banbury, 1994; Naman & Slevin, 1993; Palmatier et al., 2007; Venkatraman & Ramanujam, 1987) have determined that organizational performance is measured by: sales growth, repeat customer purchase, market share, and the return on investment (ROI), which networking increases the performance in these dimensions. Therefore, from the review of the past literature, the relationship between networking and performance can be explained as follows:

H5: Coordination has a positive correlation with firm performance.

H6: Relationship skills have a positive correlation with firm performance.

H7: Partner knowledge has a positively correlation with firm performance.

H8: Internal communication has a positive correlation with firm performance.

2.7. Absorptive Capacity

Absorptive capacity refers to the ability of an organization to recognize new information, absorb, and apply the knowledge gained. Cohen and Levinthal (1990)

conducted individual, group, organizational, and organizational studies which found that this absorbcency can be a medium to enhance the impact of the relationship between networking and performance capabilities. This correlation between networking capacity and absorbcency is important for knowledge sharing within the organization, which makes it easier to access new knowledge. Consequently, the absorption will affect the organization and performance. This is based on the level of organizational units that are capable of absorbing new knowledge. Therefore, the organization will acquire new knowledge. However, it will not increase the performance and innovation of the organization, if an organization does not have the capacity to absorb that knowledge. Wenpin (2001) argues that the ability to absorb affects the organization's operations. Moreover, assimilation capacity has the potential to be a variable between networking and organizational performance due to the relationship between networking and knowledge absorption that will result in knowledge sharing between organizations. This creates knowledge in the network and will result in better performance. Therefore, from the previous literature review, the relationship between networking and absorption capacity can be explained as follows:

- H9:** Absorptive capacity influences the relationship between coordination and performance.
- H10:** Absorptive capacity influences the relationship between relationship skills and performance.
- H11:** Absorptive capacity influences the relationship between partner knowledge and business performance.
- H12:** Absorptive capacity influences the relationship between internal communication and performance.

Based on the concepts mentioned above, this study presents the relationship of networking capacity as shown in Figure 1.

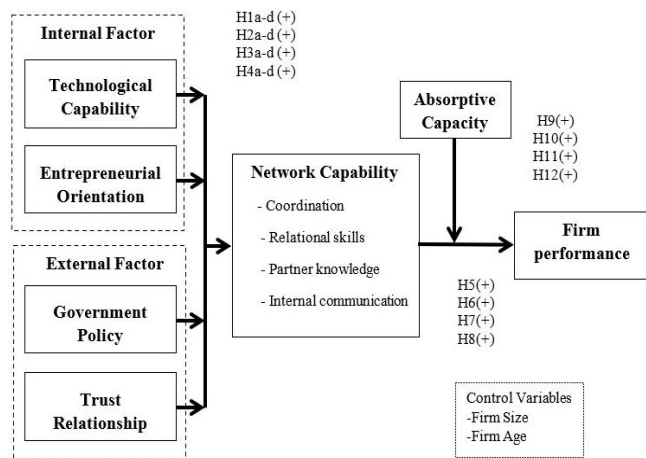


Figure 1: Conceptual Framework

3. Research Methods

3.1. Sample Selection and Data Collection Procedure

In this research, the population used in this study was hotel business operators in Thailand, totaling 10,657 hotels. The sample group in this study was obtained from the Taro Yamane table, where the number of hotel business operators in Thailand was 10,657 hotels at a 5% error of 391 people. Therefore, the sample of 400 hotel business people was collected by using a stratified random sampling method. The total completed and usable surveys were 164 according to Boonlua and Phankasem (2016), the response rate must be approximate 20%. Finally, to test potential and non-response bias and to detect and consider possible problems with non-response errors, the assessment and investigation of non-response-bias was centered on a comparison of first and second wave data as recommended by Armstrong and Overton (1977). The t-test statistics were used to test the difference between early and late responses in various firm characteristics which consist of the business type, location of firm, capital investment or operation capital, and average sales revenues per year; the results did not find any significant differences between the two groups. Thus, non-response bias does not pose a significant problem for this study.

The measurement process involved multiple item development for measuring each construct in the conceptual framework. Moreover, the measurement of each construct in the conceptual framework was established from the definition for measuring, and all variables gained from the survey are measured by a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The variable measurements of the independent variable, dependent variables, moderating variables, and control variables.

3.2. Methods

Factor analysis was firstly utilized to assess the underlying relationships of a large number of items and to determine whether they can be reduced to a smaller set of factors. The factor analysis was conducted separately on each set of the items representing a particular scale due to limited observations. With respect to the exploratory factory analysis, this analysis has a high potential to inflate the component loadings. Thus, a higher rule-of-thumb, a cut-off value of 0.40, was adopted (Nunnally & Bernstein, 1994). All factor loadings are greater than the 0.40 cut-off and are statistically significant. The reliability of the measurements was evaluated by Cronbach alpha coefficients. In the scale reliability, Cronbach alpha coefficients are greater than 0.70 (Nunnally & Bernstein, 1994). The scales of all measures appear to produce internally consistent results; thus, these

measures are deemed appropriate for further analysis because they express an accepted validity and reliability in this study. Table 2 presents the results for both factor loadings and Cronbach alpha for multiple-item scales used in this study.

Table 2: Results of Measurement Validation

Item	Factor Loading	Cronbach Alpha
Technological Capability	0.827 – 0.930	0.950
Entrepreneurial Orientation	0.701 – 0.870	0.918
Government Policy	0.870 – 0.951	0.742
Trust Relationship	0.795 – 0.861	0.894
Coordination	0.857 – 0.917	0.962
Relational skills	0.836 – 0.912	0.876
Partner knowledge	0.792 – 0.821	0.833
Internal communication	0.810 – 0.903	0.837
Absorptive Capacity	0.821 – 0.943	0.908
Firm Performance	0.799 – 0.874	0.958

3.3. Statistical Techniques

The multiple regression analysis is used to test and examine all hypotheses following the conceptual model. Then, the aforementioned variables play significant roles in explaining the research relationships. Because all dependent variables, independent variables, moderating variable, and the control variables in this study were neither nominal data nor categorical data, multiple regression is an appropriate method for examining the hypothesized relationships. With the interest of understanding the relationships in this study, the research model of these relationships is depicted as follows:

$$\text{Equation 1: } CD = \beta_{01} + \beta_1TC + \beta_2EO + \beta_3GP + \beta_4TR + \beta_5FS + \beta_6FA + \epsilon_1$$

Table 3: Descriptive Statistics and Correlation Matrix

	TC	EO	GP	TR	CD	RS	PK	IC	AC	FP
MEAN	3.84	4.28	1.73	3.31	3.46	3.95	3.76	3.57	3.64	4.14
S.D.	0.71	0.53	0.71	0.59	0.61	0.74	0.66	0.62	0.65	0.51
TC										
EO	.718**									
GP	.060	.187**								
TR	.659**	.625**	.144							
CD	.382**	.405**	.367**	.362**						
RS	.522**	.513**	.345***	.536**	.579**					
PK	.621**	.656**	.705***	.467***	.549**	-.024				
IC	.385**	.489**	.511**	.524**	.546**	.473**	.547***			
AC	.658**	.445**	.461**	.521***	.555***	.485**	.470**	.585**		
FP	.495**	.486**	.612**	.572**	.611**	.624**	.556***	.570**	.487**	
FA	-.084	.071	.052	-.011	.057	.064	-.109	-.075	.036	-.036
FS	.120	.066	.115	.043	.080	.144	.103	.066	.161	.095

*** p < 0.01, ** p < 0.05, *p < 0.1

Table 4: Results of Regression Analysis

$$\text{Equation 2: } RS = \beta_{02} + \beta_7TC + \beta_8EO + \beta_9GP + \beta_{10}TR + \beta_{11}FS + \beta_{12}FA + \epsilon_2$$

$$\text{Equation 3: } PK = \beta_{03} + \beta_{13}TC + \beta_{14}EO + \beta_{15}GP + \beta_{16}TR + \beta_{17}FS + \beta_{18}FA + \epsilon_3$$

$$\text{Equation 4: } IC = \beta_{04} + \beta_{19}TC + \beta_{20}EO + \beta_{21}GP + \beta_{22}TR + \beta_{23}FS + \beta_{24}FA + \epsilon_4$$

$$\text{Equation 5: } FP = \beta_{05} + \beta_{25}CD + \beta_{26}FS + \beta_{27}FA + \epsilon_5$$

$$\text{Equation 6: } FP = \beta_{06} + \beta_{28}RS + \beta_{29}FS + \beta_{30}FA + \epsilon_6$$

$$\text{Equation 7: } FP = \beta_{07} + \beta_{31}PK + \beta_{32}FS + \beta_{33}FA + \epsilon_7$$

$$\text{Equation 8: } FP = \beta_{08} + \beta_{34}IC + \beta_{35}FS + \beta_{36}FA + \epsilon_8$$

$$\text{Equation 9: } FP = \beta_{09} + \beta_{37}CD + \beta_{38}AC + \beta_{39}(CD*AC) + \beta_{40}FS + \beta_{41}FA + \epsilon_9$$

$$\text{Equation 10: } FP = \beta_{10} + \beta_{42}RS + \beta_{43}AC + \beta_{44}(RS*AC) + \beta_{45}FS + \beta_{46}FA + \epsilon_{10}$$

$$\text{Equation 11: } FP = \beta_{11} + \beta_{47}PK + \beta_{48}AC + \beta_{49}(PK*AC) + \beta_{50}FS + \beta_{51}FA + \epsilon_{11}$$

$$\text{Equation 12: } FP = \beta_{12} + \beta_{52}IC + \beta_{53}AC + \beta_{54}(IC*AC) + \beta_{55}FS + \beta_{56}FA + \epsilon_{12}$$

4. Results and Discussion

The descriptive statistics and correlation matrix for all variables exhibits in table 3. With respect to potential problems relating to multicollinearity, variance inflation factors (VIFs) were used to grant information on the extent to which non-orthogonality among independent variables inflates standard errors. The VIFs range from 1.116 to 1.203, is well below the cut-off value of 10 recommended by Hair et al. (2017) meaning that the independent variables are not correlated with each other. Therefore, there are no substantial multicollinearity problems confronted in this study.

Independent	Dependent Variable
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Variables	Model 1	Model 2	Model 3	Model 4
	CD	RS	PK	IC
TC	.126** (.063)	.255*** (.076)	.149* (.076)	.116** (.047)
EO	.138** (.062)	.225*** (.076)	.179** (.075)	.115** (.047)
GP	.063 (.063)	.092 (.078)	-.028 (.076)	-.058 (.048)
TR	.306*** (.058)	.235*** (.076)	.231*** (.074)	.156*** (.047)
FS	-.264 (.169)	-.199 (.204)	.182 (.204)	.076 (.128)
FA	.123 (.152)	.028 (.185)	.205 (.184)	-.197 (.115)
Adjust R ²	.27	.61	.90	.31

*** p < 0.01, ** p < 0.05, * p < 0.1

Table 4 presents the results of OLS regression analysis of the relationships among technological capability, entrepreneurship orientation, government policy, trust relationship and network capability in the dimension of coordination, relational skills, partner knowledge, and internal communication. The results reveal that technological capabilities is positively correlated to a) coordination b) relationship skills c) partner knowledge d) internal communication (b1=0.126, p<0.05; b7=0.255, p<0.01; b13=0.149, p<0.1; b19=0.116, p<0.05). Thus, Hypothesis 1a - 1d is supported. The result of this study is consistent with any researchers (Huan et al., 2010; Möller & Törrönen, 2003; Ritter & Gemünden, 2003) who have revealed that technological capabilities were significantly positively related to a) coordination b) relationship skills c) partner knowledge d) internal communication.

Furthermore, entrepreneurship orientation is positively correlated to a) coordination b) relationship skills c) partner knowledge d) internal communication (b2=0.138, p<0.05; b8=0.225, p<0.01; b14=0.179, p<0.05; b20=0.115, p<0.05). Hence, Hypothesis 2a - 2d is supported consistently with previous studies of many researchers (Dimitratos & Plakoyiannaki, 2003; Matsuno et al., 2002; Oviatt & McDougall, 2005; Sapienza et al., 2005; Slater & Narver, 1995; Zahra, 2005;). Furthermore, trust relationship is positively related to a) coordination b) relationship skills c) partner knowledge d) internal communication (b4=0.306, p<0.01; b10=0.235, p<0.01; b16=0.231, p<0.01; b22=0.156, p<0.01). Therefore, Hypothesis 4a - 4d is supported relatively with the study of Geyskens et al. (1998); Luo (2003); Marchington and Vincent (2004); Tjosvold and Wong, (2000); Wong and Tam (2000). Surprisingly, government policy does not positively correlate with a) coordination b) relationship skills c) partner knowledge d) internal communication in the context of hotel business in Thailand during the Covid-19 situation. Hence, Hypothesis 3a - 3d is not supported.

Table 5: Results of Regression Analysis

Independent Variables	Dependent Variable			
	Model 5	Model 6	Model 7	Model 8
	FP	FP	FP	FP
CD	-.021 (.100)			
RS		.016 (.081)		
PK			.015 (.083)	
IC				.079 (.131)
FS	.073 (.215)	.084 (.214)	.078 (.213)	.077 (.213)
FA	-.220 (.193)	-.225 (.192)	-.221 (.193)	-.211 (.193)
Adjust R ²	.90	.90	.97	.70

*** p < 0.01, ** p < 0.05, * p < 0.1

Table 5 present the results of OLS regression analysis of the relationships among networking (coordination, relationship skills, partner knowledge, internal communication) and performance. The results reveal that during Covid-19 situation, networking does not have a positive correlation with firm performance. Therefore, Hypothesis 5 - 8 is not supported.

Table 6: Results of Regression Analysis

Independent Variables	Dependent Variable			
	Model 9	Model 10	Model 11	Model 12
	FP	FP	FP	FP
CD	.146 (.082)			
RS		.136 (.078)		
PK			.229 (.081)	
IC				.194 (.079)
AC	.378 (.067)	.266 (.055)	.237 (.079)	.272 (.084)
CD*AC	.122 (.066)			
RS*AC		.082 (.085)		
PK*AC			.008 (.085)	
IC*AC				.033 (.081)
FS	.041 (.225)	.063 (.162)	.128 (.152)	.155 (.141)
FA	-.155 (.134)	.159 (.144)	-.159 (.144)	.122 (.156)
Adjust R ²	.25	.31	.29	.22

*** p < 0.01, ** p < 0.05, * p < 0.1

Table 6 present the results of OLS regression analysis of the moderating effect of absorptive capacity between coordination, relational skills, partner knowledge, and

internal communication, with firm performance. The results reveal that absorptive capacity is not the moderate effect on the relation of coordination, relational skills, partner knowledge, and internal communication, with firm performance in the context of hotel businesses in Thailand. Hence, Hypothesis 9-12 is not supported. These can be explained by the absorption capacity, which is the ability of an organization to perceive new information to be absorbed and apply the knowledge gained; one possible way might be to search for knowledge sources outside the organization. This would only be successful by the efforts to seek knowledge. If the effort has a level of frequency and speed, it is more likely that will not be a moderator between network capability and organizational performance. Depending on the approach chosen to access any particular data resource, one has to invent novel methodology that may difficult to access. Moreover, the acquiring new sources of knowledge can increase costs.

5. Contributions and Directions for Future Research

5.1. Theoretical Contributions and Directions for Future Research

The proposes of this study an increased understanding of the effect of network capability on firm performance of hotel businesses in Thailand. For further progress in the theoretical field, this research attempted to concentrate on the above-mentioned relationships of hotel businesses in Thailand. Thus, there is a need for further research, as it is obvious that a shift to a variety of samples from other sectors is necessary in order to achieve a precise and reliable framework offering.

5.2. Managerial Contributions

This research also helps administrators to justify and identify the key components that may be more critical in the performance of hotel businesses in Thailand, especially during the Covid-19 situation. From a managerial and practical contribution, many important insights can be gained from this research. This research can facilitate the administrators, particularly in hotels based in Thailand, to perceive how their organization can complete the firm performance of their business by using network capability to achieve firm performance. These results confirm that technological capability, entrepreneurship orientation, and trust relationship have become an important topic for network capability in the hotel sector, which is consistent with the empirical evidence of this study. However, Covid-

19 is not a normal situation for firms to improve performance, including hotel businesses in Thailand.

6. Conclusion

This paper discusses the effects of network capability on firm performance of hotel businesses in Thailand during the Covid-19 situation. The aim of this research is to study 1) the effects of internal factors (technological capability and entrepreneurial orientation) that affect Thailand's hotel business network capability. 2) the effects of external factors (government policy and trust relationship) that affect Thailand's hotel business network capability. 3) the impact of network capability on the firm performance. 4) the moderating effect of absorptive capacity between network capability and firm performance. The test model collected data from a mail survey of 164 hotel businesses in Thailand. Interestingly, technological capability, entrepreneurship orientation, and trust relationship have a direct impact on network capability. Still, these firms cannot have an improved performance during the Covid-19 situation. However, network capability still does not have a significant relationship with firm performance in all dimensions. Surprisingly, the absorptive capacity during the Covid-19 situation does not have a moderating effect on the relationship of network capability on firm performance of hotel businesses in Thailand. This study provides a model to describe the current situation of the hotel business by considering the networking environment. They found that businesses should focus on technology adaptation because today's hotel IT systems not only help increase efficiency in management, but also help hotels for increasing revenue. Moreover, in terms of entrepreneurship, these should focus on developing the ability of the executives along with the ability of the organization, as well as promoting and focusing on the development of networking even more. Because, it is a tool that plays a role for and it is important to create an advantage over competitors. In addition, networking is an important strategy in increasing hotel distribution channels and competitive advantage and is the main goal of hoteliers. However, based on uncontrollable covid situation, these are the results in many fluctuations such as unable to increase performance.

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