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FOREWORD

It is my great pleasure and honor to present the fourth volume of *International Journal of Business Development and Research* (IJBDR). It has been created to provide academics and practitioners a platform for exploration of new ideas, concepts, systems and practices in the areas of business innovation, applied technologies, and industrial & organizational management right across the world. The world is changing; there is a continuation of needs in exploring new ideas. For this, we must hear from individuals who are dynamic in professional management, business development and research. Theory and practice are interrelated, and we need to bridge the gaps.

This issue covers the areas of real situations of business development and existing practices in a numerous areas such as: Corporate Governance, Entrepreneur Success, Knowledge Management System, Merger and Acquisition, Resource Orchestration, Social Enterprise, Social Network Competence, Strategic Entrepreneurship, Synergistic Mergers Theory, and Value Creation.

We hope that the research featured here will set up new milestones. We have had an overwhelming response from very eminent editors and researchers globally to support as editorial team. I look forward to make these endeavors very meaningful. Let me take this opportunity to express my appreciation and indebtedness for the contribution of authors and editorial board members to the journal. Their work, either by contributing articles, reviewing them or by working as a board member, has framed the journal leading to accomplishment of its goal.

Editor-in-chief

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A Process for Developing Knowledge Management System in a Social Enterprise

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ABSTRACT

Knowledge has been considered as one of the most valuable assets in the organization. To manage knowledge effectively, knowledge management systems have been applied in order to promote the administration and collaboration of knowledge to increase efficiency and productivity. This research aims to analyzed the knowledge activity chain and propose a process for developing knowledge management system for a social enterprise in Thailand. An in-depth interview and group interview are conducted to understand the characteristics of social enterprise and to obtain requirements for designing a knowledge management system in the organization. According to the result, the development process of knowledge management system consists of four main parts: 1) KMS enablers, 2) KMS analysis, 3) KMS design and application, and 4) KMS evaluation. This development process is analysed regarding the case study social enterprise. The result can be a guideline for implementing a knowledge management system to obtain competitive advantages and improve performance in the social enterprise.

Keywords: Knowledge Management, Knowledge Management System, Social Enterprise, and System Design.

1) INTRODUCTION

Knowledge has been playing an important role as a very significant resource for both individual and organization. How to manage knowledge to improve efficiency and facilitate knowledge innovation in the enterprise has become an important issue in the past few decades (Kuanjiu, Peng, & Lei, 2008; Li Feng, 2008). Knowledge management (KM) is a systematic approach to ensure the full utilization of the knowledge base of an organization (Han & Park, 2009). In order to create value and to increase a sustainable competitive advantage, KM transforms information, data and intellectual assets into value, and facilitates the application and development of organizational knowledge (Goh, 2006; Patil & Kant, 2014). Knowledge Management System (KMS) has developed as an information technology (IT) –enable tool to support KM and organizational activities in attaining business needs and objectives (Li Feng, 2008; Matayong & Mahmood, 2012). KMS provides several benefits such as reducing loss of intellectual capital form people leaving the company, reducing costs, increasing productivity, increasing employee satisfaction, and achieving a competitive advantage (Knapp, 1998; Yen-Ching, Jen-Yin, & Te-Chun, 2010). In order to successfully implement KM and KMS, organizational factors, individual factors, knowledge management capability and organizational performance are extremely important perspectives to KM and KMS adoption (Yen-Ching et al., 2010).

This research examined KM and KMS in a social enterprise through a case study. The missions of this case study social enterprise are to improve social and economic development, to preserve the environment, and to support local art and culture. The organization promotes sustainable development utilizing learning environment. Therefore, KM and KMS are one of the major concerns in order to increase the performance and competitive advantages. In the current situation, there is a document management system to store knowledge categorized by folder name. Knowledge is normally kept in many forms such as text files, presentation files, pictures, and video clips without systematically classifying. It is difficult for users to search for the knowledge that they would like to obtain. Moreover, sometimes knowledge that is stored in the system is duplicated which makes users more confused. Consequently, in order to handle with these issues, the social enterprise needs to have KMS to help the organization manage knowledge effectively, and to obtain competitive advantages.

This paper aims to analyze and design KMS for a social enterprise focusing on the development process, which is one of the most essential processes to achieve

the organization's goal. The social development process consists of 4 main steps: general preparation, in-depth preparation, development, and release (Noonpakdee & Phothichai, 2015). The knowledge activity chain is presented and the system related to development process is analyzed and designed. The development process for KMS is proposed to be a guideline for implementing a knowledge management system in the social enterprise.

The rest of this paper is organized as follows. In Section 2 , the literature review of social enterprise, knowledge management, knowledge management system, and success factors for implementing the system are provided. Section 3presents the research process. The knowledge activity chain is described in Section .4The development process of KMS implementation is explained in Section 5. Finally, Section 6concludes the paper.

2) REVIEW OF LITERATURE

2.1) Social Enterprise (SE)

Enterprises are usually classified according to two criteria: ownership (public or private) and objectives (for profit or not-for-profit). According these criteria, social enterprises (SE) are characterized as private, not-for-profit enterprises (Roh, 2016). Social enterprise (SE) refers to non-profits that operate businesses both to raise revenue and to develop the social missions of their organizations (Zainon et al., 2014). SEs have to support their their economic mission as well as social and environmental missions (Olofsson, Hoveskog, & Halila, 2018) in order to provide sustainable development of the economy by solving social problems and creating public value (Gurvits, Nikitina-Kalamae, & Sidorova, 2015). Broadly defined as the use of nongovernmental, market-based approaches to address social issues, SEs often provide a source of revenue for many types of socially oriented organizations and activities. In many cases, this revenue contributes to the self-sufficiency and long-term sustainability of organizations involved in charitable activities (Roh, 2016). Although descriptions of SE vary in the literature, four repetitive themes are notable as Hybrid aims, Hybrid financing, Use of business methods, and Innovation identity (Szijarto, Milley, Svensson, & Cousins, 2018). Most social enterprises operate in developing countries where resources are limited. The typical operational mode of these enterprises is to reach out to underprivileged people and enable them with the necessary resources (Devarapalli & Figueira, 2015).

2.2) Knowledge Management (KM)

The studies of Knowledge management (KM) in organizations have been undertaken since 1980s (Sokhanvar, Matthews, & Yarlagadda, 2014). Knowledge management aims to improve the organization's innovation capability and efficiency and to achieve the value of knowledge assets (Guodong, Wenshun, Jianping, Zhifang, & Meng, 2010), and has been regarded as a critical factor for organizational performance (Nonaka & Takeuchi, 1995). Knowledge management can be implied as the management of intellectual assets with emphasis on unique resources and their essential functions (Ying-liang & Bo, 2008). Narrow sense of the knowledge management is primarily the management of knowledge itself; however, general sense of the knowledge management includes not only the management of knowledge, but also the management of various resources and intangible assets relating to knowledge. These include the entire process management about the knowledge organization, knowledge infrastructure, knowledge assets, knowledge activities and knowledge staff (Guodong et al., 2010; Zhang, 2007).

Knowledge management consists of processes that facilitate the application and development of organizational knowledge, in order to create value and to increase and sustain competitive advantage (Patil & Kant, 2014). Different scholars have identified different processes for knowledge management (Allameh, Zare, & davoodi, 2011) such as: 1) Knowledge Capturing 2) Knowledge Creation 3) Knowledge Transferring and 4) Knowledge Reusing (Sokhanvar et al., 2014). Based on Lawson (2003), knowledge management is divided into six different processes: 1) Knowledge creation 2) Knowledge capture 3) Knowledge organization 4) Knowledge storage 5) Knowledge dissemination 6) Knowledge application. Knowledge management could be a knowledge activity chain composed of four links of the knowledge interrelated and reinforced each other: 1) Acquisition and processing of knowledge 2) storage and accumulation of knowledge 3) share and exchange of knowledge 4) application and innovation of Knowledge (Guodong et al., 2010). Knowledge management cycle is summarized in three main aspects: 1) Knowledge management which is the management of knowledge resources in the organization, the core of the managed object is knowledge 2) Optimize the process in the cycle of creation which are organization, sharing, studying, application and innovation 3) Culture, management, and technology which are the key elements during the implementation of enterprise knowledge management (Ying-liang & Bo, 2008). Knowledge sharing is one of the most important process in knowledge management. However, there are many employees who are unwilling to share

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knowledge that they have acquired (Chow, Deng & Ho, 2000). Employees feel scared to share their valuable knowledge will make others have an upper hand (Razak, Pangil et al. 2016). There are a lot of studies related to intention and motivation for knowledge sharing (Kukko 2013, Hwang, Lin et al. 2018).

2.3) Knowledge Management System (KMS)

Knowledge Management System (KMS) has been verified to be one of the most significant information technology (IT) systems to support organizational activities in achieving business needs and objectives (Matayong & Mahmood, 2012). KMS is an effective system to improve the level of knowledge management and is the core competitive power of enterprises. KMS is used to facilitate the application of knowledge. Its main module includes knowledge creation, acquisition, access, dissemination and sharing, application and innovation. It establishes platforms which supports each step of the comprehensive knowledge management process (Ying-liang & Bo, 2008). In other word, KMS is a system that includes components of IT, repository, users, processes which use and generate knowledge, knowledge culture, and KM initiatives related to the goals (Lusa & Sensuse, 2011).

KMS could improve the business excellence and contribute to company a competitive advantage if it is properly implemented and fully comprehended and adapted by users (Matayong & Mahmood, 2012). KMS makes knowledge available to experts from individual to individual, and can also provide innovative and creative mechanisms to maximize the intellectual potential of the enterprise to improve decision in organizations (Yuena, Yangeng, & Qun, 2012). The impacts of KMS in organization have been repeatedly studied in terms of its adoption, acceptance, diffusion and implementation (Matayong & Mahmood, 2012).

Knowledge management capability can be promoted by knowledge creation, knowledge organization and knowledge transfer process. KMS can improve the knowledge management capability and organizational performance indirectly through supporting KM processes (Weihe & Yi, 2012). Han and Park (2009) developed a process-centered KMS which is classified into 3 parts: 1) project management sub-system based on process knowledge 2) Knowledge management sub-system for maintaining task support knowledge 3) Infrastructure sub-system which supports the above two sub-systems. Faris, Totaro, and Corallo (2011) proposed a framework for supporting the product development process which identifies four main layers:1) Knowledge workers

layer 2) Representation layer 3) Knowledge management services 4) Knowledge repositories layer. These layers include functionalities and system services which forms the backbone that supports the knowledge management system. Debowski (2006) developed a framework for planning and implementing a new KMS consists of six phases: 1) justifying the need for a KMS 2) identifying the KMS requirements 3) clarifying the custom specification 4) system selection 5) pilot study 6) full implementation.

2.4) Success factors of implementing KM and KMS

Several success factors for KM implementation have been studied for the sustainable success of an organization or a business (Abbaszadeh, Ebrahimi, & Fotouhi, 2010; Anggia, Sensuse, Sucahyo, & Rohajawati, 2013). Based on a comprehensive review of the literature, and interviews with both academics and practitioners, Abbaszadeh et al. (2010) proposed a set of success factors for KM implementation which have been identified as: Top management support and leadership, Organizational culture, IT infrastructure, Training and education, Strategic planning, Resources, Processes and activities, and Human resource management. The study found that three factors, namely "top management support and leadership", "strategic planning" and "resources" are driver factors and need serious attention, because any action on these three driver factors will have an effect on the other factors.

For KMS, factors influencing KMS utilization in organizations can be categorized into organizational, individual and technical factors (Oyefolahan & Dominic, 2011). Regardless of the availability of technology, knowledge workers' motivation and commitment regularly determine the success or failure of KMS. Knowledge workers' motivation and commitment play a critical role in enabling sharing of tacit and explicit knowledge (Stenmark, 2001). KMS user motivation needs to be understood in terms of the KMS user's degree of self-determination of behavior pertinent to use, sharing, renewal, or creation of knowledge (Malhotra & Galleta, 2003). It can be concluded that successful implementation of a KMS depends on the technical (technology) and nontechnical aspects (socio). Socio technical is a perspective about the combination and interaction of social factors and technological factors. The development of social structure cannot be separated from the influence of technology. And information technology and social structures affect each other and complement each other (Lusa & Sensuse, 2011).

3) RESEARCH PROCESS

This study employed a case study approach in analyzing and designing KMS in a social enterprise in Thailand. This case study is chosen since it is one of the oldest social enterprise in Thailand which has been established for more than 45 years. Therefore, a lot of knowledge has been created. As illustrated in Figure 1, the research process consists of literature review, empirical study, and analysis.
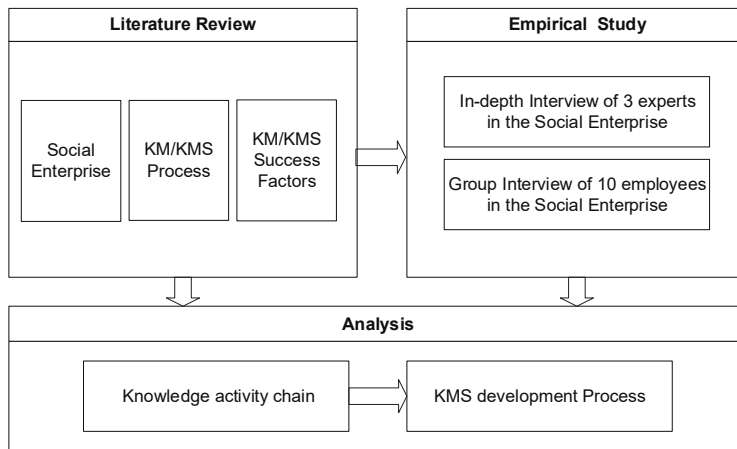
Figure 1: Research Process

The initial stage involves an extensive literature review to understand the process of implementing KM and KMS. The success factors related to KM and KMS implementation are also considered. Furthermore, the documents related to the social enterprise are studied especially the social development process. Then, the next stage is an empirical study which involves in-depth interview and group interview. Interviewees were selected carefully on the basis of their professional background and expertise. Three interviewees are experts of the social enterprise, and ten interviewees are employees whose works related to development process, KM, and KMS. The aim of the interview is to understand the organization structure and culture, to verify the development process, and to obtain the requirements. The final stage involves analyzing the interview's results, and requirements. The interview results are analyzed by Coding and describing data. Subsequently, the data is connected, interrelated, and finally, interpreted. The knowledge activity chain of the SE is investigated. The development process is proposed and analyzed regarding the characteristic of this case study SE.

4) KNOWLEDGE ACTIVITY CHAIN

According to literature review, the knowledge activity chain (Guodong et al., 2010) is applied in the study which comprises: 1) acquisition and processing of knowledge 2) storage and accumulation of knowledge 3) share and exchange of knowledge 4) application and innovation of Knowledge. The interviews are conducted to understand the characteristics of social enterprise based on the knowledge activity chain. Figure 2 illustrates specific details of each process in the activity chain which are obtained from the interviews. The proposed KMS for the case study SE is also included in the knowledge activity chain.

4.1) Acquisition and processing of knowledge

Acquisition and processing of knowledge is the primary process of knowledge management because the knowledge is generally not readily available; therefore with this process, required knowledge is collected from both from internal and external sources through existing documents or experts.

In the social development process, knowledge is captured from knowledge workers by employees in the knowledge preparation section. The development process consists of four main steps: general preparation, in-depth preparation, development, and release (Noonpakdee & Phothichai, 2015). According to the in-depth interview, these four steps are verified by experts in the social enterprise. Initially, general preparation is performed to build a team that will coordinate with relevant parties and stakeholders, and to make sure that the ideas generated will be the fundamental for discussions with the communities. In-depth Preparation is employed to ensure that the community members are ready to get involved in the development. The development process aims to build confidence and to motivate local people. Finally, the release stage focuses on the subsequent processes to make sure that the communities are self-sufficient and can continue with their own development. Knowledge from four steps of development process is identified and processed.
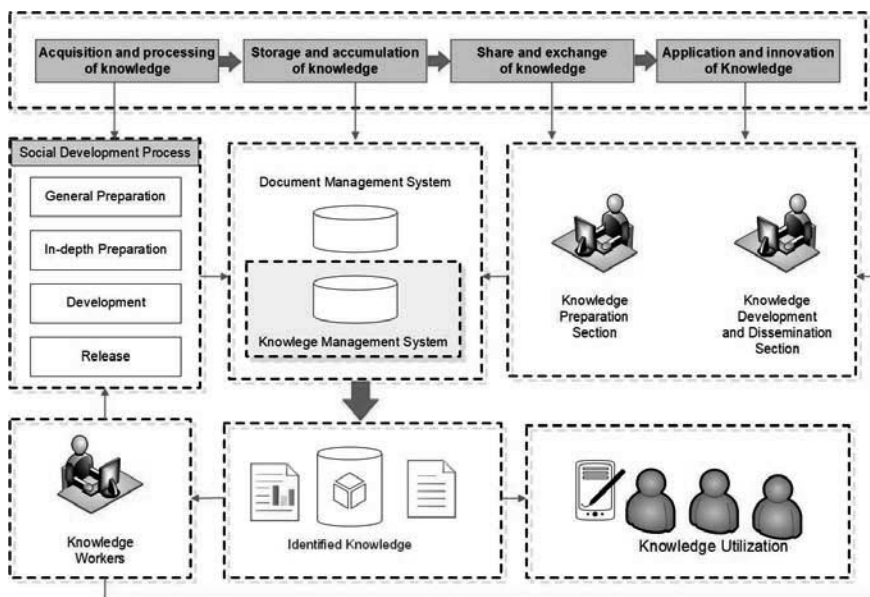
Figure 2: Knowledge activity chain in the social enterprise

4.2) Storage and accumulation of knowledge

After knowledge is acquired and processed, the knowledge is stored and accumulated in this stage.   In the social enterprise, there is a document management system to store knowledge categorized by folder name, and sometimes knowledge is duplicated. Knowledge is normally kept in many forms such as text files, presentation files, pictures, and video clips without systematically classifying. If the social enterprise implements KMS, knowledge kept in the storage would be organized and easy to be utilized in the future.

4.3) Share and exchange of knowledge

The third step, knowledge is shared and exchanged among employees in the organization. In the social enterprise, employees in knowledge development and dissemination section are responsible for knowledge sharing process. With KMS, knowledge sharing would be done effectively. The employees in this section will be responsible for supporting the use of technology for KMS, and facilitating users' motivation to share knowledge.

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4.4) Application and innovation of knowledge

The fourth step, the application and innovation of knowledge is the core environment of knowledge management. Knowledge is utilized by employees and knowledge workers in the organization.

To apply KMS for social development process, the application which is designed in the previous work (Noonpakdee & Phothichai, 2015) consists of four main features: 1) Content Management System 2) Community of Practice system, 3) Learning Management System, and 4) Analytics and Virtualization. This KMS application is confirmed by experts and employees in the organization. Each module help user apply and innovate knowledge effectively.

5) KMS DEVELOPMENT PROCESS

After analyzing knowledge activity chain, KMS should be developed to support the process in the knowledge activity chain. To implement KMS successfully, the development process of KMS is proposed as illustrated in Figure 3. According the literature reviews and the interviews, the development process consists of four phases: KMS enablers, KMS analysis, KMS design and application, and KMS evaluation. KMS enablers motivate KMS implementation to be accomplished. Then, the process moves to analysis, design, and evaluate.

5.1) KMS enablers

KMS enablers are influencing factors that can facilitate KMS in the organization. According to the literature reviews and interviews, four key KM/KMS and organizational efficiency enabling factors are identified. They are Organization, Data, People, and Infrastructure.

The organization factors are organization structure and organization culture. The structure of an organization can be the formal relationships and allocation of activities and resource among employees. In this social enterprise, organization structure is divided into social development department, business department, and KM department. KM department includes knowledge preparation section and knowledge development and dissemination section which support KM/KMS process. Moreover, the social enterprise has an effective organizational culture that provides a suitable environment for knowledge exchange and supports the knowledge activities. KM and KMS is highly supported from top management in the organization.

Data factor is one of the most significant enabling factors for KMS. Data can be transformed to information and knowledge. In this study, data comprise knowledge content and knowledge structure. The social enterprise creates a lot of intellectual contents; however, the contents are not systematically organized, and knowledge structure is not standardized. KMS ensures users can efficiently retrieve knowledge on a particular topic.

People related factors are also significant. The factors are knowledge or skill of the employees, training and education, and motivation. According to the analysis, the employees are motivated to share knowledge since they are proud to support the enterprise to improve social development in the community.

Infrastructure is necessary for knowledge management performance in the organization. In this research, infrastructure is composed of Hardware, Software, Network, Database, and Security. Infrastructure helps creating KMS through providing knowledge repositories and methods for retrieving knowledge, and providing the communication and services between users, processes, and applications. The social enterprise provides appropriate infrastructure at the main office. However, when working in the community, there are some issues of network connection. Some smart devices need to be provided for knowledge workers to record some information and take some pictures. Some application related to KMS could be developed for these smart devices. Appropriate technical infrastructure should be developed to search, capture, and retrieval and represent knowledge by using a common network structure, and standardizing hardware and software in the organization.

5.2) KMS Analysis

In KMS analysis phases, firstly, the need for a KMS in the organization is needed to be justified since KMS is not essential for all business. Then, KM/KMS and business strategy need to be aligned. Initially, the justification for introducing a KMS needs be carefully investigated. KMS should obviously contribute to the corporate strategy. The existing systems and their interaction with the proposed system need to be considered, so that the implementations of change are enthusiastically understood.

When analyzing the existing process and existing system, file servers and document management system are employed to store knowledge in the organization. There are some issues of the standard when storing knowledge.

Users apply their own experiences when captured knowledge and keep it in document forms such as text files, presentation files, pictures, and video clips without systematically organizing. Therefore, when designing KMS, a template needs to be applied according to knowledge categories so that the knowledge can be searched and used in specific events. The designed KMS is aligned with business strategy and goal.

5.3) KMS Design and Application

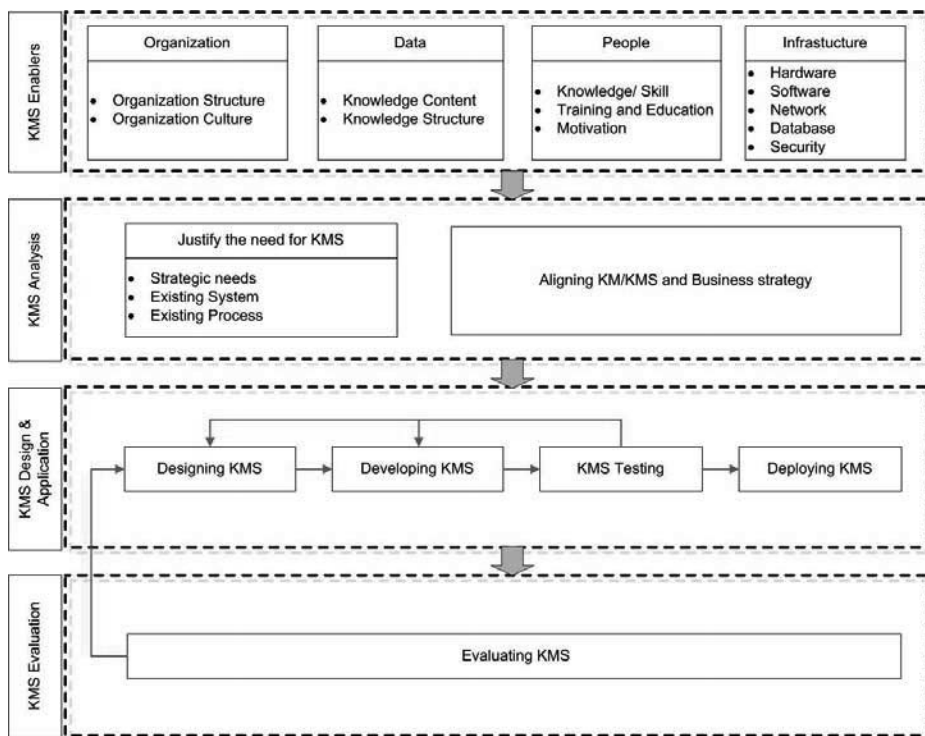*Figure 3: A development process of KMS in a social enterprise*

This phase consists of designing KMS, developing KMS, KMS testing and deploying KMS. According to the analysis (Noonpakdee & Phothichai, 2015), KMS is designed to have four modules: Knowledge Management Module, Community of Practice (CoP), Learning Management System (LMS), and Analytics and Visualization. The system allows users to add, modify, organize,

and delete knowledge or some information which is captured from their work. It also provides procedures to manage workflow from each stages of the development process. Knowledge sharing and discussion are promoted though webboard and blog in CoP module. Platform for learning environment is provide by facilitating the management, tracking, testing, communication, registration process, and scheduling. Furthermore, the design system provides analysis on all aspects of development process. The concept of designing KMS is verified by users in the organization. After finish designing KMS, KMS is developed and tested to ensure that the system is complied with its specified requirements. In testing stage, the process can be back to designing and developing until the testing is accepted.

5.4) KMS Evaluation

This evaluation phase ensures whether the KMS meet its requirements and the system solve the organization's problems. After KMS evaluation, the process might return to KMS design and application phase.

6) CONCLUSION

The purpose of this research is to analyze and propose the process for developing KMS for a social enterprise in Thailand. The proposed process for developing KMS consists of four main parts: 1) KMS enablers, 2) KMS analysis, 3) KMS design and application, and 4) KMS evaluation. Regarding KMS enablers, knowledge in the organization is developed continuously and systematically. The organization culture and infrastructure support the development of KM and KMS since social enterprise creates a lot of knowledge, and has to manage the knowledge effectively. Moreover, the employees in the organization have motivation and are eager to share knowledge.

For KMS analysis, according to existing system and existing process, the social enterprise employs document management system and file servers to handle knowledge management. However, there are some issues of categorizing, standardizing, searching, and utilizing knowledge in the existing system. KMS is highly needed in the organization to solve these issues and to help manage knowledge effectively. The social development process and business strategy are aligned with KMS design.

In KMS design and application, the design of KMS is verified by users and experts. The proposed KMS application modules corroborate social development

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process in the enterprise. The process of developing, testing, and deploying are studied to ensure the successful KMS design and application. Finally, KMS evaluation is proposed to guarantee the agreement of KMS requirements and the solution of organization's problems.

KMS in a SE is different from one in other businesses because in other businesses, there are many employees who are unwilling to share knowledge, but in SE the employees have motivation and are eager to share knowledge. The employees realized that the knowledge that they have shared would benefit to the community. This make KMS enablers progress efficiently which supports the further steps of developing KMS. The concerns regarding KMS development in this SE are infrastructure and people in KMS enablers. For infrastructure, the knowledge workers have to work in some remote areas which might have internet connection issues. Some smart devices and specific applications need to be provided. Regarding people, although the employees are willing to share knowledge, the training and education should be offered for using some devices and KMS application.

In this research, it should be noted that the empirical data for this study was collected only from one social enterprise focusing on the development process. However, the case study social enterprise has been established for many years and it can be considered a suitable case to study the development process. In common case, KMS process may be more extensively generalized. Future research should study more social enterprises and KMS design practices. Other processes in the social enterprise should be considered and analyzed. The recent technology such as cloud computing and data analytics could be studied for system implementation. Furthermore, the KMS prototype might be developed to let users obtain a better understanding of the proposed KMS.

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Development of Loyalty Model for Hotel Business in Siem Reap, Cambodia

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ABSTRACT

The tourism industry, especially hotel business, is lately considered as a vital business building up the tourism complex framework. During the previous decade, it is also one of the speediest developing businesses in Cambodia. The competitiveness of business sector demands hotel business owner consistently re-establishes and enhance themselves to satisfy the customers. In this regard, the attention to service quality from the customer's point of view is marked as the most significant elements, choosing the accomplishment of business in tourism and hotel areas. The purpose of this study is to examine the relationship of the factor of service quality, customer satisfaction and customer loyalty in Cambodia hotel business and to develop the Customer loyalty model in the Cambodia hotel business. This quantitative study was started by reviewing the literature to formulate the questionnaires a data collection tool. The questionnaire consists of three parts – Part I of the respondent profile, Part II included five dimensions of service quality model, and Part III consisted of customer satisfaction and customer loyalty. Both Part I and II have 32 items measured by 5-point Likert scale ranked from 1 (Strongly Disagree) to 5 (Strongly Agree). The respondents were International tourists visiting and staying in Siem Reap hotels. Out of 450 distributed questionnaires, the samples were 400 (89% response rate). The data were analyzed using descriptive statistic and structural equation modeling. The findings, based on SEM analysis, show that the four dimensions of service quality were found to have the positive relationship with customer satisfaction. Interestingly, empathy is the only service quality dimension that was found no relationship with customer satisfaction. Finally, customer satisfaction has a significant influence on customer loyalty.

Keywords: Customer Loyalty, Customer Satisfaction, Hotel Business, Service Quality, and Siem Reap.

1) INTRODUCTION

Cambodia is one of the world's wonderful tourism destinations, famous for its extraordinary World Heritage and diversity of cultures, landscapes, and wildlife. Beginning at magnificent structures of tropical beaches and coral reef in the coastal area, dense equatorial forests with mighty waterfalls and further, Cambodia is a world into itself. Furthermore, Cambodia named tourism sector as Green Gold—a systematic and intertwined sector at both international, regional, and national levels has proudly progressed and has been considered as the main priority sector for socioeconomic development, contributing to creating jobs, improving living standards, bolstering the growth of GDP, making trade balance stable, and alleviating poverty. Cambodia received around 3.6 million visitors in 2012, around 4.2 million visitors in 2013, and evidently about 4.5 million visitors in 2014 with a 7% change compared to the 2012 (MOT, 2015). Moreover, overall tourism receipt has enlarged quickly from 2.2 to 2.7 billion USD in between 2012 and 2014, which has added more than 27% to Cambodian Gross Domestic Product (GDP) and makes works for over five hundred thousand direct labors and also indirect labor for the other hundreds of thousands of people (WTTC, 2015).

A large portion of the current studies principally investigated the impact between the quality of service and customer satisfaction only, but not yet attempted to connect with customer loyalty (Mostaghel, 2006; Markovic & Jankovic, 2013; Rao & Sahu, 2013; Keshavarz & Ali, 2015). Liang (2008) suggests that loyalty has become essential beyond the past decades due to increasing of competition with relevant industries. Moreover, Peppers and Roger (2001 cited in Donnelly, 2009) stated that "building customer loyalty is very important as it not only results in customers staying with a service provider for longer, but they also consume more from the service providers". Therefore, customer loyalty is very significant in the service industry, especially hotel business because when there is a loyalty from customers to the business, it would make the business more profitable from reducing marketing cost, increase in sales, and reduce operational cost (Bowen & Chen 2001).

However, there is still the absence of adequate study in the topic like the effect of quality service and customer satisfaction on customer loyalty. And, this is rare in literature in Cambodia context, especially, studies on Cambodia hotel industry sector are not found. As a result, this was noted as a very potential gap in the study. Consequently, the effect of quality service and customer satisfaction on customer loyalty for Cambodia hotel business is exceptionally important to be achieved in that gap. Therefore, in order to identify solutions for dealing with the

gap, this study was conducted. This study is generally targeted to recognize the significant relationship between the service quality and customer satisfaction and develop the customer loyalty model via the effect of customer satisfaction on customer loyalty.

2) LITERATURE REVIEW

This section provided a review of the previously published empirical research that related to the main theoretical framework of this study, which illustrated the components contributing to developing the customer loyalty model: service quality, customer satisfaction, customer loyalty, and research hypotheses.

2.1) Service Quality

In Business research, service quality has been defined as an essential factor in keeping business competitive. Moreover, service quality is not only made the customer satisfaction, but it also constructs a customer loyalty in term of return to visit again, recommend to others and spread positive word of mouth (Canny, 2013). There are the various definitions of service quality and generally share the same outline. The most common definition of service quality is the discrepancy between customer's perceptions and expectations of the service offered by the company (Parasuraman et al., 1988).

In the tourism industry, the study of service quality turns into a main field of interest due to this industry generally engaging with the human-oriented service. The most well-known model that has been used by many scholars to investigate and analyze the framework of service quality and tourist satisfaction in the tourism industry, named SERVQUAL. SERVQUAL model was originally developed by Parasuraman and others (1985) to assess the perceptions and expectation of customer on the service provided through ten dimensions consist of reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the client, and tangible. Later on, the ten dimensions of service quality were compressed into five dimensions by Parasuraman and others (1988) and simplified version of SERVQUAL model, called Service Quality model, including reliability, assurance, tangible, empathy, and responsiveness), was exhibited by Zeithaml and other (2009). Due to this research is related to the hotel industry and tourism sector is one part of the service industry, hence the researcher uses the RATER Scale to measure impact and relationship between service quality on customer satisfaction and customer loyalty of international tourists in the hotel industry in Siem Reap City.

2.2) Customer Satisfaction

Customer satisfaction is a critical topic for both scholars and managers because a high level of customer satisfaction prompts to an expansion in repeat support among current clients and insists client recruitment by improving the company marker status. Numerous scholars conceive that customer satisfaction as a person's feeling of joy or disappointment coming from contrasting a perceived performance of service (or result) in connection to their pre-purchaser desires (Kolter & Keller, 2012; Oliver, 1981). Zeithaml and others (1996) conceptualized customer satisfaction as interaction-particular significance that depended on consumer's experience on a detail service confront. Furthermore, others believe customer satisfaction is aggregate support on the general assessment of encounter service (Jones & Suh, 2000; Johnson, Anderson & Fornell, 1995). These stress the reality that customer satisfaction depends on involvement with the service provided and also the result of service. Moreover, if the performance of perceived service has surpassed the expectations of customers, can lead to the customer satisfaction (Lin, 2003). Hence, Hu and others (2009) define customer satisfaction as "a cognitive or affective reaction that emerges in response to a single or a prolonged set of service encounter". According to Bala (2013) mentioned that satisfaction of customers is the equivalent of their experienced condition coming from balancing a perceived service performed in connection with their expectations.

There is the various measurement of customer satisfaction in service and marketing literature. For example, it is considered to be a single dimension build and evaluated it by measuring complete sensation of the customer in a direction to the service provided (Cronin & Taylor, 1992). In contrast, this single item neglects to catch the extravagance of the construct customer satisfaction (Hu et al., 2009 cited in Ali, 2015). Many other studies in the hospitality industry have developed and adopted hotel attributes or multi-item scale to evaluate customer satisfaction. Moreover, many scholars employed various items to assess the general satisfaction of customers with the provided service, respectively (Westbrook & Oliver, 1981; Pandey & Joshi, 2010; Ali, 2015; Olorunniwo et al., 2006; Osman & Sentosa, 2013). The majority of researchers concurs that satisfaction is a complex evaluative process towards numerous experiences, thusly, it should be measured using multi-item scales (Ali, 2015). Based on the above literature, customer satisfaction is measured as five items in this study for its ease of use and empirical support.

2.3) Customer Loyalty

The definitions of loyalty have emerged in a huge amount of literature. It has pulled distinct opinions under various researchers supported in their research. Furthermore, Loyalty has become important over the past decades because of increased competition within the respective industries (Liang, 2008). Moreover, many organizations conclude loyalty to have a similar meaning and have developed strategic marketing and advertising efforts around creating a connection between the organizations and their customers. Customer loyalty has been described by Oliver (1997) as the customer's deep commitment to patronize or re-purchase a favored service/product regularly in the future, along these lines creating same-brand or same-brand-set purchasing, despite situational impacts, and marketing efforts having the potential to cause switching behavior. The huge number of scholars considers loyalty as a multi-dimensional concept, and most of the studies measure loyalty results using behavioral loyalty and attitudinal loyalty (Chitty et al., 2007; Kandampully & Suhartanto, 2003). The behavioral loyalty dimension refers to a customer's behavior on actual repeat to purchase and for a specific service or product over time (Parasuraman et al., 1988; Zeithaml et al., 1996; Bowen & Shoemaker, 1998). Attitudinal dimensions, on the other hand, refer to a customer's intention to repurchase and recommend the service or product to their friends and relatives, which are good indicators of a loyal customer (Getty & Thompson, 1994; Reichheld, 2003; Khan, 2009). Correspondingly, Jani and Han (2011) and Ali (2015) include four items to measure behavior intention – intend to continue visiting, consider as a first choice, positive word of mouth, and the willingness of recommending. Several researchers (Zeithaml et al., 1996; Kandampully & Suhartunto, 2003; Akbar & Parvez, 2009; Ali, 2015) pointed out that five items would be regarded for measuring loyalty contained: saying positive about the company, recommending the company to others, intending to revisit this business in the future, considering the company as the first choice in the future, and doing more business with company in the future.

3) HYPOTHESES DEVELOPMENT

In the extremely competitive tourism industry, quality service has been defined as the main variables to keep up competitiveness in the hotel business. Moreover, the appropriate service quality is not only planned to create customer satisfaction, but it also improves the image of the hotel, separates the hotel from others and builds the loyalty customer to perform a particular post-visit, for example, repeat visit and say something positive. In spite of numerous meanings of service

quality, normally the various meanings of service quality have the same layout. The service quality, then again, has turned into an incredible indicator of results, for example, customer satisfaction (Atilgan, Akinci & Aksoy, 2003). Research on service quality turns into an important problem in tourism industry, especially in hospitality sectors, due to these businesses essentially engaging in with people-oriented service conveyance (Akbaba, 2006). Very broadly utilized instruments that have been studied by numerous scholars to investigate the concepts of quality service and customer satisfaction in the service industry where service quality model, including reliability, assurance, tangible, empathy, and responsiveness (Parasuraman et al., 1988; Zeithaml et al., 2009). These five dimensions were recently examined by Canny (2013) Minh and others (2015), and the researchers verified the positive impact of these five dimensions of customer satisfaction. Therefore, the hypotheses are proposed as:

1. Hypothesis 1 (H1): There is a positive relationship between the reliability dimension of service quality and customer satisfaction.
2. Hypothesis 2 (H2): There is a positive relationship between assurance dimension of service quality and customer satisfaction.
3. Hypothesis 3 (H3): There is a positive relationship between the tangible dimension of service quality and customer satisfaction.
4. Hypothesis 4 (H4): There is a positive relationship between empathy dimension of service quality and customer satisfaction.
5. Hypothesis 5 (H5): There is a positive relationship between responsiveness dimension of service quality and customer satisfaction.

Customer satisfaction has considered as a great attention in services marketing due to the satisfaction connects from purchase to post-purchase phenomena such as the change in attitude, repurchase, loyalty and positive word-of-mouth (Fornell et al., 1996). A number of researchers have also recognized the important impact of satisfaction and loyalty of the customer in the hotel business. For instance, Kandampully and Hu (2007) study hotel image management to retain customer loyalty. They contend that customer satisfaction is directly associated with their loyalty. And, this customer loyalty is the significant component of behavioral intentions. They also mentioned that service quality and customer satisfaction, build hotel's image. Similarly, Osman and Sentosa (2013) study the mediating effect of trust on customer satisfaction and customer loyalty in Malaysian rural tourism among local and foreign tourists. They found that customer satisfaction has a positive and significant direct effect on customer loyalty. Additionally, Keshavaz and Ali (2015) study the evaluation of service quality on tourist loyalty by the mediating role of tourist satisfaction in Malaysian hotels. They argue that

tourist satisfaction should be considered into models designed to understand the determinants of tourist loyalty. And, tourist loyalty requires being considered in conjunction with tourist satisfaction when delivering and designing the services, at the same time as the satisfaction of tourist requires being improved and increased to motivate tourist loyalty in high levels. Hence, the last hypothesis is proposed:

Hypothesis 6 (H6): Customer satisfaction has a significant positive influence on customer loyalty.

The research model can be seen in Figure 1, which described from the proposed hypotheses of the study regarding the above discussion on the dimension of service quality, customer satisfaction, and customer loyalty.

Service Quality
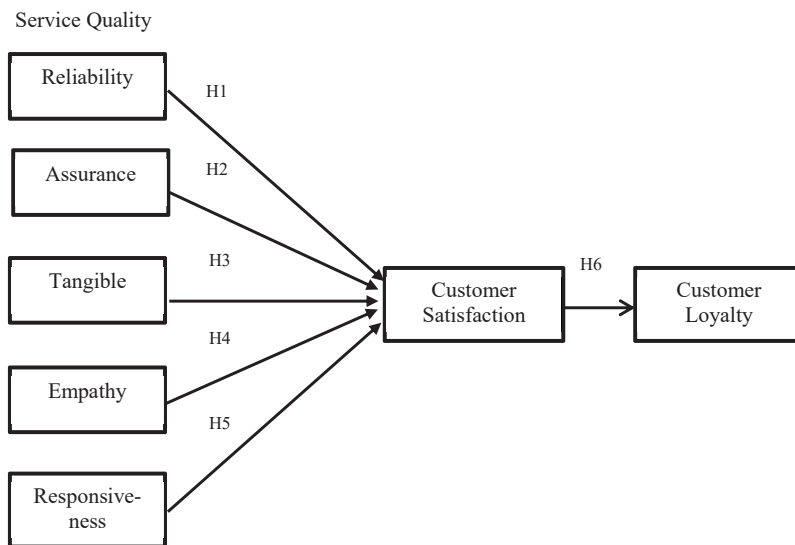
Figure 1: Conceptual Framework

4) RESEARCH METHODOLOGY

4.1) Measurement Design

Based on the literature review, a self-administered questionnaire that available in the English language was constructed to collect data from the hotel in Siem Reap. The survey instrument consisted of three parts, namely part (I), (II), and (III), in order to measure socio-demographic, five dimensions of service quality, customer satisfaction, and customer loyalty. Part (I) measured participants' socio-demographic characteristics, such as gender, country of origin, age, education, occupation, income, status, and length of stay. Part (II) comprises of five dimensions of service quality (reliability, assurance, tangible, empathy, and responsiveness) with 22 statements which adjusted for the hotel business from Parasuraman and others (1988) and Zeithaml and others (2009). Part (III) comprises of 10 statements assessed customer satisfaction and customer loyalty. Customer satisfaction is measured using five items adapted from (Olorunniwo, Hus, & Udo, 2006; Osman and Sentosa, 2013). In order to measure customer loyalty, the five items adapted from (Zeithaml et al., 1996; Kandampully & Suhartunto, 2003; Akbar & Parvez, 2009; Ali, 2015). Furthermore, a five-point Likert scale, ranging from "1= strongly disagree" to "5= strongly agree" is used in the study. Moreover, the questionnaire was delivered to three experts (two from Academicians and one from Practitioners) to check the content validity. According to Kumar (2011), Items with an IOC index higher than 0.5 were considerable. Where, the acceptable value of Cronbach's alpha must be greater than 0.7 (Yoon, Lim, & Park, 2012). Therefore, the questionnaire received an IOC value from 0.66 to 1 and the Cronbach's alpha values were counted with the outcomes of each construct between 0.726 to 0.914 and hence illustrating that the questionnaire of the study had high reliability.

4.2) Data Collection

Data for this research will be collected through questionnaires in English language and allocated to international tourists who are age 18 years old up at the six selected hotels in Siem Reap as to minimize the error-incomplete questionnaires. According to statistic report of Ministry of Tourism, the total number of international tourists in Siem Reap is 2,124,863 (MOT, 2015). In order to determine the proper sample size of this study, the formula of Yamane will be employed and therefore the total amount of sample size accounted for 399.9 or approximately 400 of respondents will be conducted in this study.

4.3) Data Analysis

The quantitative approach will be used to analyze; hence, the data of this study are analyzed by using descriptive statistical analysis of the Statistical Program for Social Science (SPSS) for calculation of the completed data from the respondents. And, the confirmatory factor analysis (CFA) is employed to examine the measurement model and to test the quality of data including reliability and construct validity. After that, structural equation modeling was estimated to test the relationship among constructs and the path structure of the latent model. Moreover, the model was tested and modified based on the analysis of path coefficients and modification.

5) RESULTS

5.1) Descriptive Analysis

Table 1. Descriptive statistics of the respondents (n=400)

Measure	Option	Frequency	Percentage (%)
Gender	Male	227	56.8
	Female	173	43.3
Country of Origin	Americas	79	19.8
	Asia & the Pacific	195	48.8
	European	120	30.0
	Middle East & Africa	6	1.5
Age	18 – 30 years old	198	49.5
	31 – 40 years old	124	31.0
	41 – 50 years old	35	8.8
	> 50 years old	43	10.8
Education	Bachelor degree	341	85.3
	Master degree	51	12.8
	Others	8	2.1
Night Stay	1-2 Nights	105	26.3
	3-4 Nights	248	61.1
	More than 4 Nights	47	12.0

After data cleaning, the total sample size was 400. Table 1 shows that International tourists were not much difference between male and female with 56.8 (227) and 43.3 (173) respectively. In the same table, the country of origin of respondents is divided into different regions: Americas, Asia & the Pacific, European, and Middle East & Africa account for 19.8%, 48.8%, 30%, and 1.5% respectively. Most of the respondents are 49.5% are between 18 and 30 years old and 85.3% of them are bachelor degree. In terms of their stay in Siem Reap, the majority of them (61.1%) spend between 3 and 4 nights, 26.3% spend between 1 and 2 nights. Only 12% stay longer than 4 nights.

5.2) Measurement Model

Measurement models examine how well-observed variables are connected to their hidden latent variables (Bryne, 2010). In this study, a measurement model was estimated using the maximum likelihood estimation method. CFA is examined to note how the research model fit to the data collected from the samples and construct reliability and validity (Anderson & Gerbing, 1988). Therefore, a confirmatory factor analysis (CFA) is employed to confirm the factor loadings of the seven constructs introduced with 32 items. Modification and deletion were conducted for some of the indices with lower factor loading and the results were illustrated in table 2. Thus, there are 7 items (RE2, AS7, EM15, EM16, RES19, CS27, and CL32) of the constructed model were removed from the analysis due to low factor loading (less than 0.5). The remaining 25 items showed a good fit to data. Specifically, the Chi-square ($\chi2$) is significant at 0.5 level. The Chi-square ($\chi2$) of the measurement model was 657.099 (df=257, p-value=.000). And, the relative Chi-square ($\chi2$/DF) value of 2.557 (less than 3) illustrates the acceptable fit of the data as suggested by Hair and others (2010). Other fit indices evidenced that the measurement model of the research fit with the data including (NFI) = .905; (CFI) = .940; (TLI) = .930 (NFI, CFI, TLI all > .90); and (RMSEA) = .062 (<.08). Although (GFI) = .880 was not much improved, but it was quite close to 0.9, which was acceptable for the purpose of this study. As shown in Table 2, t-values for standardized factor loadings of the items ranging from 6.251 to 13.015, found to be significant (p <0.01). The standardized factor loading ranged from 0.568 to 0.915. According to Fornell and Larcker (1981) and Hair and others. (2010) suggested that an acceptable value for Composite Reliability (CR) should be greater than 0.7 and the AVE is above 0.5 but we can accept 0.4 due to Fornell and Larcker mentioned that if AVE is less than 0.5, but CR is higher than 0.7, the convergent validity of the construct is still adequate. In this study, CR estimates ranging from 0.769 to 0.901 greater than the critical value of 0.7, indicating it was the satisfactory estimation. The average

variances extracted for all the constructs ranges between 0.477 to 0.696. These indicate that the measurement of all constructs has good convergent validity. Therefore, the measurement model is reliable and meaningful to test the further analyses.

Discriminant validity can be tested through the formula of Fornell and Larcker (1981) and it is supported when AVE of a construct is greater than the square of the correlation (Hair et al., 2010). Moreover, Gaski and Nevin (1985) mentioned that there are two criteria of test the discriminant validity, such as Correlation coefficient between the two dimensions of smaller than one, and the correlation coefficient of the two dimensions less than the individual Cronbach's Alpha reliability coefficient, it means two dimensions have discriminant validity.

Table 2 Validity and reliability of constructs

Construct	Items	Loading	t-value	AVE	CR
Reliability (RE)	RE1	0.703	11.595		
	RE3	0.657	12.079	0.477	0.784
	RE4	0.677	12.169		
	RE5	0.723	11.649		
Assurance (AS)	AS6	0.709	11.309		
	AS8	0.711	11.654	5.27	0.770
	AS9	0.757	11.107		
Tangible (TA)	TA10	0.723	12.029		
	TA11	0.733	12.055	0.613	0.863
	TA12	0.805	10.950		
	TA13	0.862	9.100		
Empathy (EM)	EM14	0.568	13.015		
	EM17	0.772	10.501	0.551	0.782
	EM18	0.857	7.420		
Responsiveness (RES)	RES20	0.637	12.406		
	RES21	0.702	11.588	0.529	0.769
	RES22	0.829	8.141		
Customer Satisfaction (CS)	CS23	0.761	12.658		
	CS24	0.915	8.514	0.696	0.901
	CS25	0.915	8.587		
	CS26	0.728	12.933		
Customer Loyalty (CL)	CL28	0.703	11.918		
	CL29	0.868	6.251	0.502	0.798
	CL30	0.637	12.591		
	CL31	0.596	12.885		

Note: $\chi 2$= 657.099, df = 257, p-value = .000, RMSEA = .062, NFI = .905, CFI = .940, GFI = .880, TLI = .930

Table 3: Discriminant validity of the constructs

	Correlation of the Constructs						
	RE	AS	TA	EM	RES	CS	CL
Reliability (RE)	0.690						
Assurance (AS)	0.836	0.726					
Tangible (TA)	0.615	0.707	0.783				
Empathy (EM)	0.743	0.690	0.687	0.742			
Responsiveness (RES)	0.786	0.764	0.671	0.743	0.727		
Customer Satisfaction (CS)	0.650	0.726	0.683	0.606	0.664	0.834	
Customer Loyalty (CL)	0.538	0.532	0.492	0.411	0.568	0.770	0.709

Table 3 showed the correlations of the construct models in this study. All of the inter-correlations are significant at $p < 0.01$. As mentioned by Gaski and Nevin (1985) the discriminant validity of this study is existed, due to the correlation coefficient of all constructs range between 0.690 to 0.834 is smaller than one and it is also less than the individual Cronbach's Alpha. Furthermore, the AVE of the study is greater than the square of inter-correlations so the discriminant validity has been supported (Hair et al., 2010).

5.3) Structural Model and Hypotheses Testing

When completed reliability and validity were testing in the CFA measurement model, the next stage is structural equation modeling is employed to test the hypotheses about the relationship between five dimensions of service quality, overall customer satisfaction, and customer loyalty. The outcomes from the final measurement model were used to assess structural model that tested the significant relationships of the study. The final result of the proposed model with path coefficient and the p-value is exhibited in Figure 2. Moreover, out of six hypotheses, five were statistically significant as shown in Table 5.
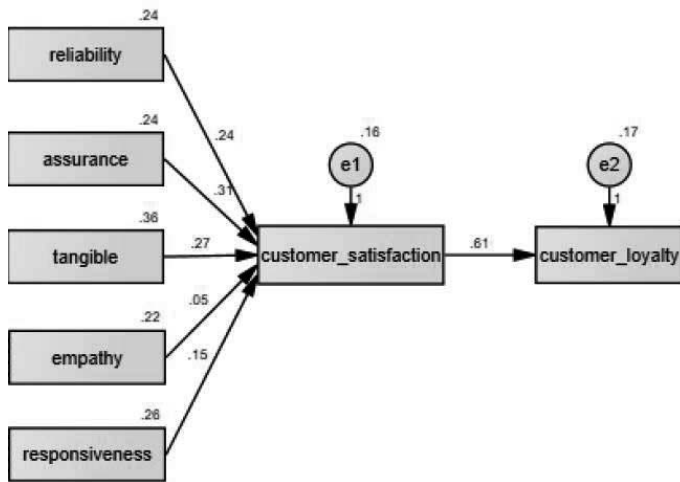
Note: ** p <.05; *** p <.01

Figure 2: Structural equation modeling result

A structural model was estimated to examine the seven hypotheses indicated that $\chi2$ is 7.004 with the degree of freedom of 5 and relative chi-square ($\chi2/DF$ = 1.401) with p-value = .220. Other goodness of fit indices, including NFI = .995, CFI = .999, GFI = .995, TLI = .994, and RMSEA = .032, revealed that the model fit is a reasonable presentation of the data (shown in Table 4).

Table 4: Model Goodness of fit

Measure	Acceptable	Final Structural Model	source
$\chi2/DF$	≥3 (Good Fit of Model) ≥5 (Acceptable of Model)	1.401	
RMSEA	≤0.05 (Good Fit of Model) ≤0.08 (Acceptable of Model)	0.032	(Hu & Bentler, 1995)
CFI	≥0.9	0.999	(Hair et al., 2010)
GFI	≥0.9	0.995	(Kline, 2010)
TLI	≥0.9	0.994	
NFI	≥0.9	0.995	

In this study, the value of χ2/DF was 1.401 and is hence highly acceptable. The value of the CFI was 0.999, nearly 1, in this model and is highly acceptable. Following the value of goodness of fit index (GFI) was 0.995, which shows the overall degrees of freedom in the specified model. And, the values of the normed fit index (NFI) and the Tucker-Lewis index (TLI) were 0.995 and 0.994, respectively, which all are the acceptable range. The value of model fit in this study is larger than 0.9 that is considered a good indicator of a good fit (Hu & Bentler, 1995; Hair et al., 2010; Kline, 2010). Furthermore, the value of the root means square error of approximation (RMSEA) was 0.032, which is acceptable.

As a result of the analysis, 5 hypotheses were supported: (H1) there is a positive relationship between the reliability dimension of service quality and customer satisfaction ($\beta = 0.24$, $p = 0.000$). (H2) there is positive relationship between assurance dimension of service quality and customer satisfaction ($\beta = 0.305$, $p = 0.000$). (H3) there is positive relationship between the tangible dimension of service quality and customer satisfaction ($\beta = 0.271$, $p = 0.000$). (H5) there is positive relationship between the responsiveness dimension of service quality and customer satisfaction ($\beta = 0.153$, $p = 0.011$). (H6) customer satisfaction has significant influence on customer loyalty ($\beta = 0.610$, $p = 0.000$). However, one hypothesis was rejected: (H4) there is no positive relationship between the empahty dimension of service quality and customer satisfaction ($\beta = 0.046$, $p = 0.437$). The summary of the findings is shown in Table 5.

Table 5: Hypotheses testing

Hypotheses	Paths	(β Score)	p-value	Result
H1	Reliability → Customer Satisfaction	0.24	0.***	Supported
H2	Assurance → Customer Satisfaction	0.305	0.***	Supported
H3	Tangible → Customer Satisfaction	0.271	0.***	Supported
H4	Empathy → Customer Satisfaction	0.046	0.437	Unsupported
H5	Responsible → Customer Satisfaction	0.153	0.011**	Supported
H6	Customer Satisfaction → Customer Loyalty	0.61	0.***	Supported

** p <.05; *** p <.001

6) DISCUSSION AND IMPLICATION

This research is discussed based on the relationship of service quality dimensions on customer satisfaction and the impact of customer satisfaction on customer loyalty. The result of the study illustrates that the four dimensions of service

quality, including assurance, tangible, reliability and responsiveness, can examine the relationship with customer satisfaction in the hotel business in Siem Reap. However, empathy is the only dimension that is no relationship with customer satisfaction. Moreover, the customer satisfaction has a significant influence on customer loyalty.

The first and the most important dimension of customer satisfaction in this study was Assurance. The result indicated that the relationship of assurance of customer satisfaction is statistically significant of 0.001, which similar to previous researchers such as Arokiasamy (2014), Hossain (2012), and Juwaheer (2004). Guests require safety for their transitions with the hotel. Hotel employees have an important role in building trust because delivering service is closely related to the service provision. In the service quality business, it is essential to employ the right person for the right position. So, hotel business in Siem Reap should create a recruitment process to hire staffs with advanced qualification and providing continuous training course and development program on latest technologies and changing trend in customers' needs and wants for enhancing employees' skills, knowledge, and behavior is one of helpful ways for hotel to satisfy customers and also is a critical strategic move to stay on top of the competition and increase customer satisfaction because they need staffs who have professional skills and knowledge to perform the services. Moreover, assurance could possibly be a crucial marketing strategy in the Siem Reap hotel business. Therefore, Hoteliers can use this strategy to receive and keep for a last long relationship.

Next, tangible revealed to be the second dimension of significant relationship to customer satisfaction in Siem Reap hotel business, Cambodia. This dimension has statistically significant at 0.001, which in accordance with Karunaratne and Jayawardena (2010). Therefore, hoteliers should put more effort to ensure that their place has modern equipment and physical materials that are outwardly appealing to their clients. Moreover, the hotel management must focus on the essential of the neat appearance of the staff during the working hours. Once again, the hotel should contribute on equipment and physical facilities to make sure that those tangible factors are adequate in term of quantity and quality.

In this study, the reliability is the third dimension of service quality is found a significant relationship on customer satisfaction following assurance and tangible, with the statistically significant at 0.001, which consistent with Hossain (2012), Minh and others (2015), and Markovic and Jankovic (2013). Guests really want the hotel to provide the services at the time it promised correctly and dependably. In order to handle with the reliability of hotel service quality hotelier

should consider in improving staff capability along with the information communication technology in hotel operation because the efficient and reliable technologies can perform a key role in building confidence in customers such as it could improve the operations of their facilities, enable them to better comprehend and deal with their customers (before, during and after their stay), also allow them to understand their competition better, additionally reduce cost (such as those aimed at energy saving),and booking tools for hotel to keep the correct record of guest booking. Therefore, hotelier should take advantage of new technology or renew focus on technology to improve the guest experience and hotel operations via various technology trends in the hotel industry, for example, hotel's mobile app or hotel's special device that allow the guest to experience with self-check-in and checkout, ordering food or beverage, suggesting special dishes, managing reservation, planning an itinerary or taxi booking, and so on (Maruti Techlabs, 2018).

As expected, the fourth dimension of service quality is responsiveness that has confirmed the positive relationship with customer satisfaction toward hotel business in Siem Reap, Cambodia with significant at 0.05, which corresponded with Arokiasamy (2014) and Minh and others (2015). Hotel business in Siem Reap should think about improving their employees' responsiveness capacities into their service operation. So, it is important to contribute to human resource and also set up a good working condition system. For instance, if the staffs have good or positive feeling toward the hotel, they will devote to the hotel in view of their responsibilities. In different words, when staffs have the positive mind about their firm; they probably motivate clients with their believing by performing, communication, and behavior with the client and so on.

However, the result of the study also illustrated that there is no positive relationship between empathy and customer satisfaction in the context of Cambodia hotel industry. Data explains that hotel business in Siem Reap, Cambodia are insufficient sincere to give individual attention to the guest needs. This result finding disagrees with previous researchers including Minh and others (2015) and (Tuan & Linh, 2014). They found that empathy was the most influence service quality positively related to customer satisfaction. Furthermore, they mentioned that hotel business can significantly enhance their customer satisfaction level if they may better deliver their empathy. However, the result of the study is consistent with Markovic and Jankovic (2013) and Ayesha and others (2012) that empathy has no positive relationship with customer satisfaction. Therefore, hotelier should arrange special course to improve effective communication to their staffs.

In this study, customer loyalty was confirmed to have positively influenced by the customer satisfaction with statistically significant at 0.001, which consistent with Akbar and Parvez (2009), Ryu and Han (2010), and Keshavarz and Ali (2015) who studied on the impact of service quality and customer satisfaction on customer loyalty. Since accomplishing customer satisfaction is turned out to be one of the essential objectives of most tourism businesses, especially hotel business today, expanding guest satisfaction is accepted will create more benefits and bringing down marketing consumptions. Hoteliers should consider the role of customer satisfaction acted in developing customer loyalty. It is instinctively expected that if customers are satisfied with their service experience within the hotel, they are additionally eager to return to the hotel, spread positive word of mouth, and recommend to the people they know (Keshavarz & Ali, 2015). Moreover, building customer loyalty is not a marketing program, but also a business strategy that could assist to improve sales for a certain period. This is indeed that the need to improve the market share of customer and customer loyalty in the hotel business (Alrousan & Abuamoud, 2013). The proximity of well-defined rules to develop marketing strategies with loyalty in any given industry is incredibly preferred to hoteliers enable to get more the competitive advantage in the hotel industry.

Figure 3 illustrates the managerial implication that proposed for this study in order to develop customer loyalty model and to apply in practice for obtaining the competitive advantage for the hotel business in Siem Reap, Cambodia. The researcher would like to describe the procedure of managerial implication that hotel business should concern in implementing in their business strategies. Firstly, the researcher has been analyzed to define the problems and challenges. Next, the development of customer loyalty model has been proposed in this study via reviews of literature on five dimensions of service quality model, customer satisfaction, and customer loyalty. Thirdly, the quantitative method was analyzed in response the two objectives of the study via using confirmatory factor analysis and structural modelling equation. After that, the findings of the study illustrate that assurance dimension of service quality has strongest positive relationship with customer satisfaction and following by tangible, reliability, and responsiveness respectively. And, the customer satisfaction has significant influence on customer loyalty. As a result, there are only five hypotheses, including four factors of service quality can be used to examine the customer satisfaction and customer satisfaction can be used to develop the customer loyalty in the hotel business in Siem Reap, Cambodia. Therefore, If there is highly increasing or enhancing of the four factors of service quality, the hotel business

will gain higher customer satisfaction and it will bring to achieve the business competitive advantage via the loyalty of customers. The result contributes to academic study of objective 1 & 2 and the propose model testing, and to tourism business for the hotel business policy on competitive advantage strategy via human resource management and marketing management. Finally, the result has developed the customer loyalty model for implementing on hotel business in Siem Reap, Cambodia will be achieved the fruitful outcomes in the coming future.

7) LIMITATION AND RECOMMENDATION FOR FUTURE RESEARCH

The present study has several limitations that should be acknowledged. Firstly, the nature of the sampling area under the study cannot be generalized to the whole of the hospitality industry in Cambodia as six selected hotels (ranging from three to five-star hotel) in a single city was examined and the sample size of 400 is rather small; significantly for SEM, which cannot be concluded for International Tourists who staying in Siem Reap, Cambodia. In order to enhance the generalizability of the result findings, future research should employ larger sample size and conduct study the nationwide.

Second, the measurement of service quality adopted from Parasuraman and others (1985), called Service Quality model which has been massively studied in the past two decades. Therefore, future studies should use a more comprehensive operationalization of service quality in the future research, such as LODGQUAL (Getty &Thompson, 1994), HOLSERV (Mei et al., 1999), and others dimension of service quality, including hotel ambience and staff courtesy, food and beverage product, staff presentations and knowledge, reservation services, and overall value for money (Amin et al., 2013).

Finally, this study only focuses on interpreting the perception of international tourist via quantitative methods. Thus, it's very suggested if the future study can develop the similar research by combining quantitative and qualitative methods, which the findings can be compared and standardized to enhance the academic study of hospitality research in terms of service quality, tourist satisfaction and customer loyalty at the various tourism industry.

8) CONCLUSION

A number of international tourists visiting Cambodia, especially Siem Reap, are increasing. It is extended by the initiatives taken by the Cambodian government to promote Cambodia as the top destination for tourists (MOT, 2012). As a result, hotels have remarkably increased in figure all over Cambodia (Siem Reap, Phnom Penh, and Sihanoukville) causing this as one of the main segments of the tourism industry (MOT, 2015). Up till now, in spite of its growing significance, the hotel has been ignored by many scholars (Line & Runyan, 2012).

Therefore, the purpose of this study is to focus on hotel industry and investigate the relationship between service quality, customer satisfaction, and customer loyalty at Siem Reap city. There are two objectives as set below: 1) to examine the relationships of the factor of service quality, customer satisfaction, and customer loyalty in the hotel business, and 2) to develop the Customer loyalty model in the Cambodia hotel business.

Five variables of the service quality model, including reliability, assurance, tangible, empathy, and responsiveness are identified and used to examine the relationship between customer satisfaction and customer loyalty. The quantitative approach is employed in the study and the questionnaire is developed from literature reviews on the operational definitions of the five variables of service quality, customer satisfaction, and customer loyalty. For data collection, the questionnaire is distributed by the researcher to international tourists who are the guest of the selected hotel in Siem Reap City, Cambodia. Therefore, the total questionnaires used for the data analysis were 400 questionnaires.

The result findings state that there are four out of five dimensions of service quality have the positive relationship with customer satisfaction, and customer satisfaction has significant influence on customer loyalty in Siem Reap hotel business. Interestingly, empathy is the only one dimension of service quality that has no relationship to customer satisfaction.

Overall, hotel businesses in the competitive environment require taking into account to customer loyalty which it is drawn by the service quality and customer satisfaction. Particularly, hoteliers must concentrate on improving the assurance at the first priority and following by tangible, reliability, and responsiveness to gain customer satisfaction. Thus, achieving customer satisfaction is believed to create more revenue for the hotel business and also lead to receiving the customer loyalty which is able to obtain the competitive advantage for competing with others hotel business regionally and internationally.

The diagram contains the following text blocks:

- Problem Statement: There is remain restricted the practice of such structures in assessing quality service on customer satisfaction and customer loyalty of hotel business in Cambodia.
- Objective of study:
  1. To examine the relationship of factor of service quality, customer satisfaction, and customer loyalty in Cambodia hotel business.
  2. To develop the Customer loyalty model in the Cambodia hotel business.

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New Model of Loyalty Model for Hotel Business in Siem Reap, Cambodia

Assurance
Tangible
Reliability
Responsivenes
Customer Satisfaction
Customer Loyalty

Quantitative Data Analysis
- Confirmatory Factor Analysis (Objective 1)
- Structural Equation Modelling (Objective 2)

A. Academic Literature
- Objective 1 & 2
- Model Testing
B. Tourism Business
- Hotel business policy on competitive advantage strategy via human resource management and marketing management

Factors can be used to develop customer loyalty model in Siem Reap hotel business, Cambodia
- Reliability dimension (H1)
- Assurance dimension (H2)
- Tangible dimension (H3)
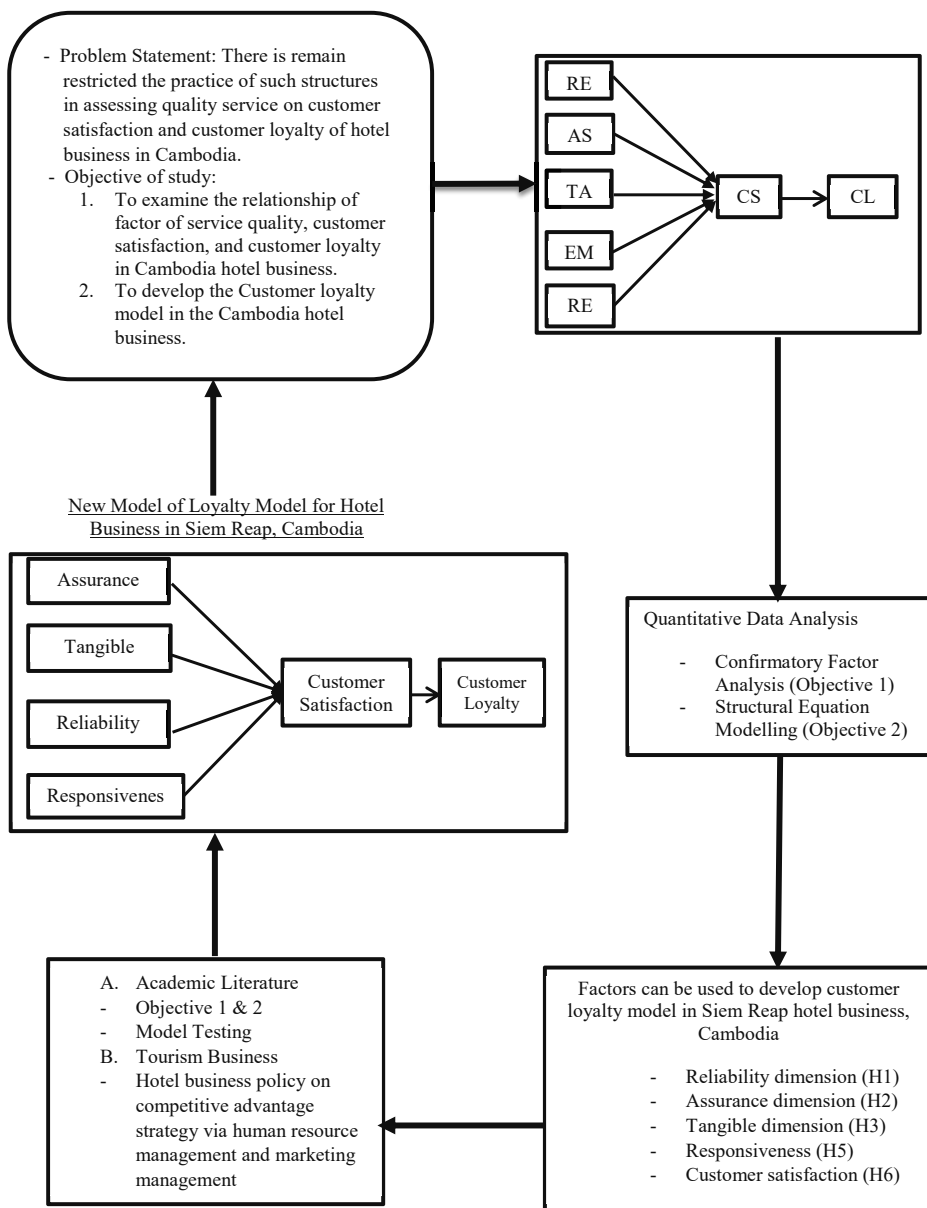- Responsiveness (H5)
- Customer satisfaction (H6)

Figure 3: Managerial implication diagram

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Mediating Effect of Corporate Governance in Creating Value for Merger and Acquisition Strategy

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ABSTRACT

Merger and acquisitions (M&A) is currently well-known for being an action undertaken by management in order to expand organizational capability and improve competitive market position for value creation. The activities showed rapidly increase in the emerging market economies as compared to advanced economies. Thus, the value creation and maximization of shareholders' wealth of firms can be anticipated and created by sound management system, good human resource management functions and stronger organizational structure. However, good corporate governance should be promoted to ensure an effective anticipation for better value creation in organizations. The proposition of corporate governance structure in merger and acquisition strategy has been developed by two leading mergers and acquisitions efficiency theories namely; (i) Disciplinary Mergers Theory and (ii) Synergistic Mergers Theory. Both theories leads to improve organizational performance of new management structure and enhance the establishment of market size. Unfortunately, the agency conflict occurred in the organization due to inefficiencies of managers could provide an inclusive impact on the reduction of share price. Therefore, well-governed institutions could exponentially increase the growth of the M&A companies, as it has more resources of combining their expertise, assets and market share, thus leads to more opportunity in the market for growth. Good governance structure could also increase market power, thus is likely to generate more opportunities for firms' profitability, as well as will help increase shareholder value.

Keywords*: Corporate Governance, Disciplinary Mergers Theory, Merger and Acquisition, Synergistic Mergers Theory, and Value Creation.*

1) INTRODUCTION

Value creation and wealth of shareholders of firms can be anticipated and created through mergers and acquisition strategy. In order to strengthen and maintain the competitive position in a global market, mergers and acquisitions are ordinarily being used for the firms to constitute attractive business strategies that adopted and utilized among organization today. Thus, mergers and acquisitions strategy plays as a role to expand organizational capability and improve competitive market position. This strategy is widely implemented by firms as a relatively fast and efficient way to expand new markets and incorporate new technologies (Schuler & Jackson, 2001). This is because firms need to encounter the highest qualities and efficiencies in the market for them to growing fast, future-ready, adaptable and flexible. If not, it is virtually impossible to be competitive in today's global economy. It is contrary in past decade where the factors that driven to merger and acquisition are anticipated to intensify the need for large economies of scale, deregulation, globalization, expanding markets, risk spreading and need for rapid response to market conditions.

Merger is a combination of two or more firms and create a new entity where the assets and liabilities of firm (merging firm) are vested in another company (merged firm) (Vazirani, 2015). Mergers activity can be practiced either part of firm's operation and system or fully merged where each other agreed to develop a new identity. Thus, merging entity will lose its identity and its shareholders become shareholders of the merged firm (Desai, 2010). Whereas acquisition is when the firm buys another one and manages it consistent with the acquirer's needs. Normally, the acquirer buys most or all of the target firm's ownership shares in order to control the target firm. Hence, as stated by Seo & Hill (2005), merger and acquisition involved with the changes of organizational, integrating most or all parts of the original organizations' functions and activities. Naturally, the merger and acquisition activities involves fairly with the high risk (Park et al., 2013; Chang and Cho, 2017). This is because the successful acquisition of external knowledge technology alliances is not easy. The success and failure of merger and acquisition can be determined by many reasons either external or internal or may be both. It is based on how the management strategically plans to manage the integration after dealing in merger and acquisition.

Recently, the studies in mergers and acquisitions have receiving attention from the scholars (Lebedev et al., 2015; Young et al., 2014; Peng, 2012) in and out of emerging economies. This is due to the actively increasing undertaking of mergers and acquisitions among the firms based in emerging economies are

outside of their domestic markets. The evidence can be seen when emerging markets overtook developed markets both in terms of sales and purchases of foreign acquisitions, reached for 56% from US$2.4 trillion, amounted to US$1.12 trillion of the total cross-border transactions in 2013; the highest undertaking amount since 2011 (Thomson Reuters, 2017). The main drive of usage of M&A strategy through cross-border acquisitions is to support the company-acquirer to expand, grow and achieve strategic corporate goals, thus improve the financial performance (Gaughan, 2005). As for economies of scale, it relates to decreases in unit costs of a product as the profit function that happens through the raised in firms' size, and producing a large number of outputs. The motives certainly boost the value of the firms through the process of diversification in acquisitions (Alexandridis et al., 2017; Kishimoto et al., 2017).

2) MALAYSIAN PERSPECTIVE

Merger and acquisition is not an alien matters in Malaysia. Since early 1990s, Malaysia firms aggressively involved deal in cross-border merger and acquisition (Sinkovics et al., 2014; Nordin et al., 2015, Rahim et al., 2016). As developing country, Malaysia also experienced rapid growth through transforming itself from an agriculture-based economy to an industrial-based economy (Rahim et al., 2016). Due to that Malaysia has been established as target of foreign direct investment from developed nations as compared to the other Asian developing countries (Nordin et al., 2015). Additionally, the economy in Asian countries also showed fast growing and plays important roles in the international trade and global investment (Rahim et al., 2016). Thus, the expectation of high numbers of cross-border merger and acquisition will be involved the firms from Asian countries.

In relation to the increasing of cross-border merger and acquisition, insurance industry in Malaysia is promoted to exercise the merger and acquisition. This matter is mentioned by the former Governor of the Central Bank of Malaysia *(Bank Negara Malaysia)* Tan Sri Dato' Seri Ali Abdul Hassan Sulaiman (1999) due to economy recession. Insurance companies should refocus their attention on the other pressing issues confronting them. They also should consolidate and position themselves for more liberalized market. Due to the statement given by Tan Sri Dato' Seri Ali Abdul Hassan Sulaiman, in year 2014, there are four insurers change the insurance industry landscape by encouraging mergers. This is because in June 30, 2013, two new acts have introduced by Bank Negara Malaysia which are Financial Services Act 2013 and Islamic and Financial Services Act 2013. There are:

i. AMMB Holding Berhad sold insurance and takaful to American insurer which is Metlife Incorporation for RM812 million called as AM-Metlife Assurance Berhad.
ii. Canada's Sun Life Financial Incorporation joined with Khazanah Nasional Berhad to buy CIMB Aviva for RM1.8 billion. Now called as Sun Life Malaysia Assurance Berhad.
iii. DRB Hicom Berhad sold Uni Asia Life Assurance Berhad for RM518 milion to Prudential Insurance Corporation of America and Bank Simpanan Nasional.
iv. Sanlam Limited (South African Financial Services Group) negotiates with Zurich Financial Services Group to acquire 40% stake in MCIS Zurich Insurance Berhad. But the deal not has been firmed up yet.

Through the experience in insurance industry, human resource department was succeed in providing proactive and responsive on human capital and apart from that they can maintained staff harmony level of productivity. On the other hand, a good corporate governance should be promoted in order to make sure an effective human resource, management system and corporate responsibility. Therefore, Bank Negara Malaysia has formulated a prudential framework of good corporate governance for insurance industry.

3) ISSUES

There are various issues that can be highlighted from the merger and acquisition activities. The first issue is poor of financial performance and rising non-performing loan happened in Asian financial crisis 1997-98 (Lai et al., 2015). The crisis caused many entrepreneurs and firms unable to acquire adequate funding from banks to support their business operations. Apart from that the smaller local banks also unable to sustain losses due to non-performing loans and reducing operating profit. Therefore, the Central Bank of Malaysia *(Bank Negara Malaysia)* was taking an action to force merger in year 2000 in order to consolidate and restructure local banks to reduce insolvency risk and increase capital adequacy. Thus, it will strengthen the financial position of local banks.

Second issue is when the second round of global financial crisis in year 2008 happened, Malaysia was badly hit due to reduction in commodities prices, decline in international trade activities, migration of foreign funds from share market, rising unemployment rate and economic recession. Due to that reason, United State and European countries are the first to consider the idea of mergers and

acquisitions. The next issue is cross-border merger and acquisition actually will lead to cultural different. Previously, there are many cases happened due to the differentiation of culture such as Daimler-Benz AG and Chrysler (1998), Renault and Nissan (1999), Daimler Chrysler Mitsubishi (2000) and Fiat and Chrysler (2009). It is supported by Schuler and Jackson (2001) from one of the results of Watson Wyatt's survey where cultural compatibility is most common 'bottleneck' affecting the integration process.

The third issue is related to the human side of mergers and acquisitions need to give an attention by the firms. If not they are going to face either success or fail after the integration process. This issue is actually neglected focus of the top management's attention. The last issue is lack of evidence to prove the effectiveness of merger and acquisition in improving efficiency and financial performance. Even though many studies done on the effect of mergers and acquisitions that increased the shareholders' wealth, but the results are still inconclusive.

The above issues clearly explain that even though the corporate governance and firm performance has been widely studied in the financial literature (Brown and Caylor, 2006), the analysis of the effect of corporate governance on value creation within the merger and acquisition context is much more limited. Thus, this paper aims to provide a theoretical discussion on how value creation from merger and acquisitions activities has evolved more recently in light of the role of corporate governance that plays an important part in the value creation.

4) LITERATURE REVIEW

Past studies were investigated the mergers and acquisition in banking industry and automobile industry due to the crisis in 1998 and 2008. Currently, researchers give more attention to the others industry especially in the international merger and acquisition that involve with the value creation of the integration process. On the other hand, the marketing aspect will enhance the performance of the firms where Sinkovics et al., (2014) assessed that the successful of marketing integration and enhancement of the mergers and acquisitions' performance of the firms caused by collaboration, interaction, marketing synergy and realignment of marketing resources. This research is focused on Malaysia and Indonesia firms. It found that Malaysian and Indonesian firms prefer not to rush into the post-merger integration process. The firms have reduced the liability of foreignness and increased mergers and acquisitions success through potentially superior capabilities to coordinate and synthesize acquired resources and capabilities.

Moreover, Aik et al., (2014) were mentioned about the focus on examined the real long-term gains of horizontal merger and acquisition activities in Malaysia and also the overrun effects of merger and acquisition activities in non-merging firms. It is happened because in free-market economies, management of firms regularly looks for strong profit from merger and acquisition in order to create value and increase shareholders' wealth for merging firms. In this study, they found that overruns occur in a weird environment of the Malaysian market when horizontal mergers and acquisitions reduce the number of competing firms in the market. For the public listed companies, Rahim et al. (2014) examined the short-run performance of Malaysian acquiring firms listed on Bursa Malaysia. They found that six specific determinants and macroeconomic variables are parallel with the hypothesized statements and contribute to the shareholder value creation of firms in cross-border mergers and acquisitions. The variables includes board size, market-to-book value, liquidity, firm age and growth of sales.

In addition, Noordin et al. (2015) investigated the effect of macroeconomic factors on the wealth effects of international merger and acquisitions by Malaysian multinational companies (MNCs) and level of the economic development of a target country. The factors considered are foreign economic condition and gross national product. In this study, they found that MNCs prefer to conduct foreign investment activities in developed markets, when the international acquisitions would obtain higher wealth gains to bidders in developing countries. They also claim that the transfer of knowledge and technology becomes the main motive on why the Malaysia MNCs favor to involve in the international operation of developed countries. However, study done by Lai et al. (2015) measured the ratio analysis to look at the ability of Malaysia local bank to achieve the target of improving their overall financial performance and level of efficiency after the merger and acquisition. The Data envelopment analysis (DEA) approach was used to analyze the financial rations where the results indicate that there are no significant improvement in overall financial performance for both pre and post-merger decisions.

In the other countries, Halkos & Tzeremes (2013) examined the efficiency levels of eighteen Greek banks and forty-five potential mergers and acquisitions for the period from 2007 to 2011. They applied a bootstrapped DEA using based model in short-run operating efficiency gains. From the study, they found that a year before and a year after the beginning of the Greek fiscal crisis, the majority of the potential mergers and acquisitions under examination would be unable to generate efficiency gains. Abbas et al. (2014) also examined the study on mergers and acquisition among banks in Pakistan by analyzing on the situation of pre- and

post-merger and acquisition. In their study, they had assessed the impact of merger and acquisition on the financial performance of banks in Pakistan. They used the financial statement analysis (FSA) by State Bank of Pakistan from 2006 to 2011. Performance fifteen financial ratios were used and they found insignificant difference between pre- and post-merger and acquisition performance of banks.

Moreover, small and medium enterprises (SMEs) also get involved in mergers and acquisitions activities. Arvanitis & Stucki (2015) investigated Swiss SMEs and the impact of mergers and acquisitions on different measures of economic performance and innovation. Out of five factors measured, three factors are significant towards the effects of firm's performance in mergers and acquisitions. The three factors are sales growth, growth of value added per employee and sales of innovative products in Swiss SMEs. In addition, the research also focused on airlines industry. In a study conducted by Lenartowicz et al. (2013) showed that there are thirty-nine airlines firms in European countries (EU) were used to examine the patterns of airline merger and acquisition activities in full service and low cost carrier (LCC). They tried to identify if there are any differences in merger activity between the airline types through Braxton and BCG analysis. They found that mergers of LCCs are largely the same as mergers between full service carriers. In the analysis of Braxton and BCG, it showed that only two EU LCCs which are Ryanair and easyJet which had strong strategic positions across the market they serve. Meanwhile, the point of analysis (POA) showed that from seven EU LCCs, easyJet and Vueling have the most similar business models and best strategic fit for a potential merger.

Consequently, human resource aspect also should give attention when firms involved in merger and acquisition activities. According to Krug, Wright & Kroll (2015) in a case study on automobile industry, there are high executive turnover that leads to lower performance in acquired firms. They claimed that acquisitions lead to higher-than-normal executive turnover shortly after an acquisition. The executive turnover may have positive or negative performance outcomes depending on each acquisition's characteristic objectives. Therefore, the retention of executives especially more tenured ones will leads to higher post-acquisition performance. Due to that Schuler & Jackson (2001) supported that success or failure of mergers and acquisitions is rely on attention or neglected human resource issues. They concluded that an attention to managing human resource will lead to success in mergers and acquisitions.

5) THEORIES – CORPORATE GOVERNANCE AND VALUE CREATION

The two leading mergers and acquisitions efficiency theories are the Disciplinary Mergers Theory (Mandelker, 1974) and Synergistic Mergers Theory (Chatterjee, 1986). Disciplinary Mergers Theory suggests that mergers and acquisitions discipline target firms' managers who pursue objectives other than profit maximization. Managers who do not maximize profits presumably would focus attention on goals rather than profitability. Since this difference in focus can come at the expense of operating efficiency, a firm's performance may suffer. However, poor performance does not go unnoticed. This is because opportunistic buyers may observe the poor performance accompanied by good assets and discipline the poorly performing plant by acquiring it. Thus, the disciplinary theory suggests that acquiring firms merge with poorly performing targets and improve their performance as new management realizes the full potential of a target's assets. This phenomenon highlights the importance of good corporate governance in relations to high value creation. The theory explains that when the corporate power is exercised wisely; the opportunities for value creation will be fully leveraged. For companies, firm's leaders must continually monitor the operations, and make appropriate adjustments, thereby providing high value creation (Lyons, 2014).

Synergistic Mergers Theory holds that firm managers achieve efficiency gains by combining an efficient target firm with their business and then improving the target's performance. Buyers recognize specific complementarities between their business and target firm. Thus, even though the target firm is already performing well, it should perform even better when it is combined with its complementary counterpart which is the buyer firm itself. The Synergistic theory implies that target firms perform well both before and after mergers. In other word, theories of mergers and acquisitions are not mutually exclusive. A firm could gain market power and consequently building an empire to provide a more efficient business management of firms that has been targeted as potential acquisitions. The phenomenon explains the importance of value creation. The merger and acquisition also would be able to provide extensive initiatives which may change the organizational structure of the company extensively. Although corporations should act in the interest of its shareholders it is important to recognize that the objectives of managers may differ from that of shareholders as managers' act, as other people, in their self-interest (Rappaport 1999). Consequently, companies that create the most value, providing them with access to the financing they need to grow, thus support the value creation accordingly (Page, 2005).

Furthermore, Alexandridis et al. (2017) found that the trends in all conventional dimensions of corporate governance are consistent with significant improvements in the corporate governance practice. The developments in corporate governance drive the positive relationship between internal control and incentive alignment mechanisms. Such developments certainly can exercise an influence on the good quality of corporate governance practices, particularly in investment decisions and firms' value creation potentials. The findings could clearly explain that the existence of sound corporate governance environment have the potential to raise optimal investment decisions that cater for shareholder value creation.

In extending the discussion about the role of corporate governance within the context of mergers and acquisitions, it is also important to highlight on the agency conflicts within companies. Fundamentally, the agency conflicts can be solved through the mergers and acquisitions decision. For instance, when the managers have created inefficiencies, the performance of stock price drop. The presence of inefficiencies, therefore, provides the opportunity for an outsider to buy assets at a discount, thus bring the assets up to full value. Hence, the company may a variety of preferences to reduce the risk from investment projects through the mergers and acquisitions decisions. As described by Casu et al. (2016) and Hitt et. al (1991), due to the diversification of risk, the problem of lack of investment in high-risk investment type can be reduced. In short, these reasoning leads us to the following model proposition (Figure 1).
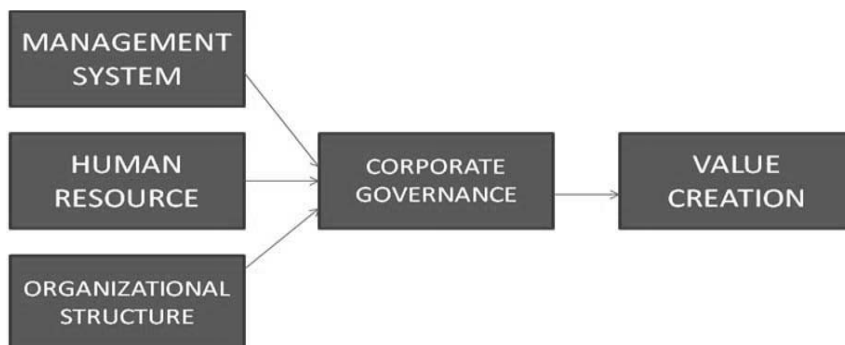

Figure 1: Model Proposition

From the figure 1, the independent variables are management system, human resource and organizational structure. Corporate governance plays a role as a mediating effect between management systems, human resource and

organizational structure that can support achieve the value creation of firms. The survival of M&A companies lies in the good corporate governance structure. Thus far our consideration of corporate governance has considered the impact on value creation of the M&A companies. At this juncture, we need to consider the implications of corporate governance on value creation in these firms.

6) RECOMMENDATION

The proper benchmarking standards against the cross-border mergers and acquisitions give benefit to the firms in order to measure the successful of post-merger activities. Apart from that collaboration and interaction through sharing can focus attention on existing strengths in pre-merger stage and remove duplicate resources in the combined firms. Furthermore, firms need to promote good corporate governance and restructuring the organizational structure in order to be competitive. Effective HR is important in order to sustain the competitive advantage especially new comers industry. Further research should consider the corporate governance as mediating variable in order to ensure the smooth of business activities and create values to the customers. The segregation of responsibilities between management, shareholders and board of directors (BODs) as important mechanism in corporate governance helps to align management's goals with those of the stakeholders in order to sustain and develop a healthy company through value creation. More importantly, it represents the management systems, structure and processes where enable the management team to direct and control firm operations in order to increase performance of the M&A companies.

7) CONCLUSION

The literature on the value of bank mergers and acquisitions indicates clearly that on average there is no statistically significant gain in value or performance from merger activity. On average, acquired firm shareholders gain at the expense of the acquiring firm. This is documented over the course of many studies covering different time periods and different locations. Even more disturbing where the market is unable to accurately forecast the ultimate success of individual mergers. Yet mergers continue. Indeed, the mergers wave shows no sign of abating and there is increasing evidence of a similar move in all over the country especially and partly in the emerging economies.

Mergers and acquisitions is not a management fad but strategic choice for organizations to survive and prosper. The truth may be that we do not understand

what exactly is going on in the process of industry consolidation. Well-governed institution will add another brick in the wall to support a sound and stable economy. Here, the importance of corporate governance must be emphasized as it could enhance and accomplish merger and acquisition processes.

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Resource Orchestration and Young Entrepreneur Success: Moderating Role of Social Network Competence

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ABSTRACT

Involvement of young generation in entrepreneurship industry has risen rapidly. This is because this industry provides unlimited wealth which will be beneficial not only for individual satisfaction but also for business growth and social development. To succeed, young entrepreneurs need to organize their business resources properly, strategically and innovatively. At the same time, it is also argued that the entrepreneurs' resources orchestration is insufficient in contributing to success without the social network competence strategies. To achieve this aim, quantitative method approach via cross-sectional survey strategy was conducted. 134 usable questionnaires were collected and analyzed using Statistical Package for Social Science (SPSS) and PLS-SEM. The result of the empirical investigation found that resource orchestration has significant relation toward success. For moderating effect, social network competence only moderate the relationship between resource orchestration and organizational success. While the relationship between resource orchestration with individual and environmental success was not significantly moderated by social network competence. The outcome of this research will contribute to the body of knowledge in entrepreneurship study perspective as well as guiding the young entrepreneur to become successful in their business endeavor.

Keywords: Entrepreneur Success, Resource Orchestration, Social Network Competence, Strategic Entrepreneurship, and Young Entrepreneur.

1) INTRODUCTION

Since the emergence of the industrial revolution, entrepreneurial activity has gone phases of advancement which lead to the era of innovation and advanced entrepreneurship (Trimi & Berbegal-Mirabent, 2012). In the Malaysian context, there are a number of initiatives have been implemented to increase the level of innovation among entrepreneurs. Starting from the sixth Malaysia Plan (RMK-6), increased focus on entrepreneurship through incentives offered to existing entrepreneurs to redouble its efforts in the global market as well as promote and attract a new generation to get into this field. Because of that, a lot of development program have been organized by Malaysian government for entrepreneurs in cooperation with the private and non-private organizations (Fatimah, Aznarahayu, & Nasina, 2014). Recently, in Malaysia, entrepreneurial activity has become another contributor to economic growth and it has the potential to become a significant industry in the future.

Meanwhile, the efforts of young people towards entrepreneurship during the economic crisis are highly praised by the government and society. Involvement of Malaysian people in the entrepreneurship sector is rapidly increasing. Surprisingly, there are huge numbers of participation among those who aged less than 40 years old, where it can be categorized as youth or young entrepreneurs. This is because entrepreneurial activity can attract them to participate directly which able to give profitable returns while giving them the opportunity to turn their dreams into reality. However, many of the businesses operated by young entrepreneurs are still less successful and the failure rate remains high. It was argued by Jaffar (2010) where there are only about 20% of the entrepreneurs in Malaysia survives and successful, although there are many of the people enter this markets every year. As reported by Central Bank of Malaysia (2016), the average number of bankruptcies among companies in Malaysia from 1998 to 2015 were 1250, where 948 of them are young people (The Star Online, 2015). This proved that the success rates among young entrepreneurs in Malaysia are still at a low level, and did not reach the target.

Researchers, Hitt, Ireland, Sirmon, and Trahms (2011) identified that the most important part for entrepreneurs to survival or growth their businesses are resources. Business success especially among young entrepreneurs has been linked to the business resources where traditionally, there is significance relationship between resources and entrepreneur's success (Amran et al., 2015; Sirmon, Gove, & Hitt, 2008). Managing resources effectively from various sources is crucial for business, as well as achieving success. As such, managing

business resources have thereby become a vital issue that creates challenges for young entrepreneurs and business practitioners (Hitt et al., 2011). On the other hand, young entrepreneurs also must know how to bring contact into their business to strengthen business performance. Supported study by Abod (2014) proved that managing the resources well and able to conduct business relation can impart legitimacy on business growth and create new ventures (Nowiński & Rialp, 2015). This is the main challenge faced by young entrepreneurs in Malaysia to maintain their business where the government and society should take action to ensure their success in entrepreneurship industry (Abod, 2014). Hence, this industry provides unlimited wealth which will be beneficial for individual satisfaction, business growth and also for social development (Hitt et al., 2011). Because of that, there are needs for further study to determine the relationship between resources orchestration and young entrepreneur's success in Malaysia with social network competence as moderating factor.

2) LITERATURE REVIEW

2.1) Resource Orchestration and Young Entrepreneur's Success

According to Greene, Brush, and Brown (2015), every business needs the right resources to ensure the sustainability of their business. The diversity of resources is required especially for small business, where it can be obtained in various ways. Several researchers in this field have their own perceptions regarding to the business resources. For example, Ummi Salwa (2001) argued that the resource can be identified in some form. In business contexts, the most commonly used of resources are land, labor and capital. While, previous research by Hoffer and Schendel (1978) found that the combination of capabilities and availability of resources are the main part of resource profile. As study by Chandler and Hanks (1994), good business strategy is to combine the capabilities of resource management with a combination of existing resources where they are able to stabilize the business and eventually led to success.

The beginning of resource study comes from resource-based view theory. This theory support the entrepreneur's action based on resources for competitive advantage, business growth and sustainability. As reviewed by Chirico, Sirmon, Sciascia, and Mazzola (2011), this action will lead to success. Moreover, Barney and Arikan (2001) states that every resource has the advantages of each. It must be properly managed to ensure that the resource is an advantage in overcoming the competitive business activities. If the business resources are well orchestrated, it can realize the desire of young entrepreneurs to succeed in their careers

(Morrow, Sirmon, Hitt, & Holcomb, 2007; Sirmon et al., 2008). To become successful entrepreneurs, Amran et al. (2015) stressed that, young entrepreneurs need to organize their business resources properly, strategically and innovative. This type of process called resource orchestration. From that, it is clearly state the role of resource orchestration can increase the performance of the business. Young entrepreneurs need to plan what needs to be done to ensure that their business resources have an impact on their self-development, organization and the surrounding community (Hitt et al., 2011; Ndofor, Sirmon, & He, 2011).

Previous study by Zott (2003) revealed that although every business or organization has the same resources, it still depends on how they utilize those resources. Besides, it is important to know the level of resource orchestration among young entrepreneurs and how they control the resources for succeed. It is because the success of high performance will not be achieved if resources are inadequate (Sirmon & Hitt, 2009). Therefore, resource orchestration can affect the success of entrepreneurs based on their resources and ability to take advantage of it (Sirmon, Hitt, Arregle, & Campbell, 2010; Sirmon, Hitt, Ireland, & Gilbert, 2011). Combining all the different resources will lead or contribute to success and also can develop economic performance of the country (Amran et al., 2015; Crook, Ketchen, Combs, & Todd, 2008). The achievement of young entrepreneur's success refers to individual success, organizational success and environmental success. Individual success is refers to owner or entrepreneur self-achievement (Hitt et al., 2011). The second part of achievement of success is organizational success which refers to business growth and profitability (Gorgievski, Ascalon, & Ute, 2011). While the environmental success refers to the achievement of a certain level of environmental objectives which beneficial to society or mean that their business is accepted by surrounding community (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010). From that, this study posits the following hypotheses between the resource orchestration and entrepreneur success:

1. H1a: There is significant relationship between resource orchestration and individual success.
2. H1b: There is significant relationship between resource orchestration and organizational success.
3. H1c: There is significant relationship between resource orchestration and environmental success.

2.2) Moderating Role of Social Network Competence on Resource Orchestration and Young Entrepreneur's Success

According to Ngoma and Ntale (2014), young entrepreneurs can improve their abilities and achieving a competitive advantage in the international level via networking. In individual and businesses context, network can provide relationships, promote trusts, and also build contacts. Every organization needs networks to enlarge their business and market shares (Vasilchenko & Morrish, 2011). As supported, social networking help the organization or business to well manage resources, access to finance, fulfill personal achievement, improve profitability, introduce new product or new market and also achieve strong economic security (Ngoma & Ntale, 2014). While in social context, the role of networks can help entrepreneurs or business to promote for the economic development, fulfill economic necessity, exploit business opportunity and also contribute to the welfare of the community (Ngoma & Ntale, 2014). From that, it is clearly showed that the role of networking will be beneficial not only for entrepreneurs themselves, but also for their business and communities. The importance of network relationships in identifying opportunities and in internationalization of firms is well recognized (Johanson & Vahlne, 2011; Sandberg, 2012). Some researchers have used the term of agents in identifying the meaning of network. When two agents meet the different areas, they will be shared and exchanged opinions with each other (Chetty & Agndal, 2007; Granovetter, 2005). With that, there was a relationship for mutual assistance in ensuring the business continues to grow. The stronger the relationship, there will be stronger the ability of a business to survive (Hite & Hesterly, 2001).

Moreover, the role of network as moderating variable has been widely used in social science and entrepreneurship study (Ngoma & Ntale, 2014). Entrepreneurs need a network because they want to expand and simplify the management of business activities. According to Freeman (2012), networking has been defined as tool or references that can provide a competitive advantage, particularly small businesses, where the presence of the network can help entrepreneurs to cover their weakness in facing competition with other entrepreneurs. There are a few numbers of scholars found that business performance is highly dependent on the industrial network (Choi, Kim, & Lee, 2010; Elfring & Hulsink, 2003; Greve, 2003; Lee, Tsang, & Hom, 2001). Young entrepreneur's performance can be improved by their business network. Not only increase business income, but increased the motivation to be successful entrepreneurs. It is because; "networking or network relationships will lead to superior performance" (Ritter & Gemünden, 2004)

Accordingly, the efficiency of a business social network can evaluate the ability of entrepreneurs to expand their industrial network with external parties. They need the support of suppliers, consultants, competitors, customers, government agencies and social media in improving the quality of their business to ensure the sustainability of their business. Previous study by Dyer and Singh (1998) also confirmed that the business profits will be increase, economic environment in surrounding community will be develop and self-satisfaction will be higher if the entrepreneurs have proper social networking. From that, there are various scholars has agreed that the role of network competence can be used as moderating factors toward firms' performance (Parida, Westerberg, & Frishammar, 2012; Stam, Arzlanian, & Elfring, 2014; Zhang & Swanson, 2014). From that, it can be concluded that the impact of resource orchestration on entrepreneur success will be stronger if young entrepreneurs has strong relationship with external parties which would be beneficial to the growth of their business. Therefore, the stronger social network competence the stronger the relationship between resource orchestration and young entrepreneur's success. As such, the sub-hypotheses had been derived as below:

1. H2a: The role of social network competence will enhance the relationship between resource orchestration and individual success.
2. H2b: The role of social network competence will enhance the relationship between resource orchestration and organizational success.
3. H2c: The role of social network competence will enhance the relationship between resource orchestration and environmental success.

3) METHODOLOGY

3.1) Population and Sampling

Focus of this study includes the involvement of young generation in entrepreneurship especially in Malaysia. This study measures the young entrepreneur's success based on their achievement of goals and objectives or business success. The categories of success are individual success, organizational success and environmental success (Berrone et al., 2010). From that, the unit analysis is refers to individual drawn from the website provided by Perbadanan Usahawan Malaysia Berhad (PUNB) where the population of this study are young entrepreneur's success with age range between 15 to 40 years old who have operated their own business at least 3 years and above (Gadenne, 1998; Hansen & Wernerfelt, 1989; Jonsson & Lindbergh, 2013). From that, this study used the

survey questionnaires to collect the data from the selected sample in Malaysia. There are 134 of the respondents from PUNB were collected through quantitative study where descriptive-correlation research was employed as it is the most appropriate method for this study. The details of research flow and variables involved will be explained based on the findings of this current study (Creswell, 2013).

3.2) Instrumentation

The questionnaires based on likert scale have been selected which applied the 5-point scale. According to the past studied by Hatinah, Rosli, and Nik Nor Hasimah (2015), Nor Hidayah, Norchahaya, and Marinah (2014), Rosli and Norshafizah (2013) and Sefiani (2013) on success performance, the measurement scale used for questionnaire was 5-point scale. Adopted from that study, the format of the scale for this study is between 1="Strongly disagree" or "strongly unimportant"; to 5="Strongly agree" or "strongly important" which also suggested by Sekaran and Bougie (2013).

3.3) Data Analysis Techniques

This study used both SPSS version 22 and PLS-SEM 2.0 M3 (Henseler, Hubona, & Ray, 2016; Ringle, Wende, & Will, 2005) to analyze the data collected. The preliminary analysis, such as the detection and treatment of missing data, outliers and linearity assumption was done with SPSS. While PLS-SEM was used based on the reasons that it offers several advantages in predicting significant relationship with small sample size, types of variables used, model complexity and place minimum requirement on data normality. Hence, PLS analysis technique was used for the assessment of the measurement and structural model in this study.

4) FINDINGS

4.1) Characteristics of the Respondent's Profile

Frequency analysis was done to measure the representatives of the data used in this study. The characteristics of the respondent's profile examined in this study include their gender, age, level of education, types of business, average yearly business profit, duration of business, and types of industry. Majority of the respondents are male (59%) and the rest are female (41%). The respondents age are between 18 to 21 years old (2.2%), 22 to 25 years old (6.75%), 26 to 30 years

old (47.8%) and 31 to 35 years old (43.3%), where the majority of the respondents hold first degree of bachelor (53%), followed by diploma (35.1%), certificate (6.7%), secondary school (3%) and master level (2.2%). Most of them run their business as a sole proprietorship (75.4%), in consumer services industry (21.6%), retail (18.7%), wholesale (16.4%), guest services (15.7%), and etc. Hence, the most of the respondents have been doing business for more than 3 to 5 years (65.7%) with average yearly business profit between RM3,001 to RM50,000 (35.8%).

4.2) Assessment of the Measurement Model

4.2.1 Convergent Validity

The measurement model was tested for convergent validity through factor loadings, composite reliability (CR) and average variance extracted (AVE) (Hair, Black, Babin, & Anderson, 2013).

Table 1: Results of Convergent Validity

Constructs (N=134)	Items	Loadings	AVE	CR
Resource Orchestration (RO)	RO1	0.8913	0.7037	0.8767
	RO2	0.8214		
	RO3	0.8013		
Social Network Competence (SNC)	SNC1	0.6862	0.5692	0.7979
	SNC4	0.7763		
	SNC5	0.7962		
Individual Success (IS)	IS1	0.7399	0.5553	0.8330
	IS3	0.7884		
	IS4	0.7471		
	IS5	0.7029		
Organizational Success (OS)	OS1	0.8563	0.5432	0.8234
	OS2	0.5987		
	OS3	0.8026		
	OS5	0.6610		
Environmental Success (ES)	ES1	0.7100	0.5906	0.8118
	ES2	0.7718		
	ES4	0.8198		

Note. Composite reliability (CR) = Square of the summation of the factor loadings)/ {(square of the summation of the factor loadings) + (square of the error variances)}. Average variances extracted (AVE) = (summation of the square of the factor loadings)/ {(summation of the square of the factor loadings) + (summation of the error variances)}

Based on Table 1, for factor loadings, the cut-off criterion of 0.5 is to be considered as a strong factor loading coefficient (Hair, Black, Babin, & Anderson, 2010; Hulland, 1999). In this case, all items are exceeding 0.5 where the items below 0.5 have been deleted. In addition, Table 1 also shows the composite reliability values construct range from 0.7979 to 0.8767. These exceeded the recommended value of 0.70 (Chin, 1998; Hair, Money, Samouel, & Page, 2007). The value of AVE also exceeded the recommended value of 0.50 (Hair et al., 2007) which range from 0.5432 to 0.7037 and these proves the constructs expected to be related within each other's.

4.2.2 Discriminant Validity

Different from the convergent validity, discriminant validity is concerned about the uniqueness of a construct, whether the phenomenon captured by a construct is unique and not represented by the other constructs in the model (Hair et al., 2013). Discriminant validity in this study was assessed by using Fornel-Larcker criterion. This was done by comparing the square root of the AVE values with latent variable correlations (Fornell & Larcker, 1981). Table 2 shows the details of this analysis.

Table 2: Results of Discriminant Validity

Constructs	RO	SNC	IS	OS	ES
Resource Orchestration (RO)	**0.8389**				
Social Network Competence (SNC)	0.4442	**0.7545**			
Individual Success (IS)	0.4562	0.5679	**0.7452**		
Organizational Success (OS)	0.4767	0.6764	0.6749	**0.7370**	
Environmental Success (ES)	0.4983	0.5506	0.7071	0.5337	**0.7685**

Note: Values in the diagonals represent the squared root of average variance extracted while the other entries (off diagonals) represent the variable correlations.

From Table 2 above, the result of the discriminant validity revealed that the square root of AVE for all the constructs presented in the diagonal indicates the highest value (RO = 0.8389) and the lowest value (OS = 0.7370). All the values of the square root of AVE for all the constructs are greater than the off-diagonal coefficient values or the elements in the corresponding rows and/or columns. Thus, it is evidenced in this study that discriminant validity is achieved.

4.3) Assessment of the Structural Model

In this section of the report, the structural model and the result of the test of hypotheses are presented. The hypotheses of this study were tested by examining the path coefficients (β) through structural equation modeling using Partial Least Squares (PLS) approach. The path coefficients generated by PLS provide an indication of the relationships and can be used similar to the traditional regression coefficients. PLS path modeling multiple regression approach was used to test the main effects and also the moderating effects using the bootstrapping technique in PLS. For the main effects, the path modeling in this study was conducted using PLS bootstrapping techniques using 134 cases and 5000 bootstrapped samples in testing the hypotheses of the current study (Chin, Marcolin, & Newsted, 1996). Results of the analysis are depicted in Table 3.

Table 3: Results of Direct Relationship

Hypotheses	Path Coefficient	Beta	Std. Error	T-value
H1a	RO → Individual Success (IS)	0.2540	0.1147	2.2152*
H1b	RO → Organizational Success (IS)	0.2195	0.0953	2.3044*
H1c	RO → Environmental Success (ES)	0.3161	0.0852	3.7087*

*Note: * P<0.05, Indicates the item is significant at 5% significant level, t-value greater than 1.645 (one-tailed).*

The path coefficients were estimated using t-statistics. The significance level of the t-value was assessed by a one-tailed distribution (Chin et al., 1996; Churchill & Lacobucci, 2009; Henseler et al., 2016) where the significance level of t-value is at 0.05, greater or equal to 1.645. The result of the hypotheses testing of the direct relationship revealed that all the variables possess a t-value above the critical value of 1.645 (5% significance level, one-tail test). From that result, it is argued that resource orchestration has direct effect toward individual success, organizational success and environmental success.

Moderation or interaction effect implies that a variable M known as a moderator influences the strength and/or the direction of the relationship between the independent variable (refer to X) and the dependent variable (refer to Y). According to Baron Reuben and Kenny (1986), the role of moderating variable can be test using statistical measure of the relationship between the independent variable and the dependent variable under the influence of the moderator. Based on the moderating effect, it is argued that social network competence will moderate the relationship between resource orchestration and entrepreneur's

success (individual, organizational and environmental success). Table 4 provided the results of the analysis.

Table 4: Summary Results of Moderating Effects

Hypotheses	Path Coefficient	Beta	T-value	Decision
H2a	RO*SNC → IS	0.9231	1.204	Not Supported
H2b	RO*SNC → OS	1.328	2.367*	Supported
H2c	RO*SNC → ES	0.0549	0.072	Not Supported

*Note: * P<0.05, Indicates the item is significant at 5% significant level, t-value greater than 1.645 (one-tailed).*

Based on the findings, there are the significant moderation relationship was found between social network competence as a moderator on the relationship between resource orchestration and organizational success. Meanwhile, there are no significant relationship was found between social network competence as a moderator on the relationship between resource orchestration and individual success, and environmental success. From that, it can be argued the role of networking will give better impact toward the relationship between resource orchestration young entrepreneur's performance, as well as organizational success. As supported by Ngoma and Ntale (2014) and Vasilchenko and Morrish (2011), social network competence will help entrepreneurs to well manage resources, as well as enhance business performance for more profitability, productivity, gaining high returns, introduce new products and also enlarge business market share.

4.3.1 Effect Size (F²)
The effect size f2 is the extent to which the examined path changes the explaining power of the endogenous construct (Cohen, 1988). In determining the effect size, Cohen F2 value was used and calculated with the formula provided below by Cohen (1988):

$$F^2 = \frac{R^2\ Included - R^2\ Excluded}{1 - R^2\ Included}$$

Based on the guidelines provided by Cohen (1988), f2 values of 0.02, 0.15 and 0.35 respectively represent small, medium and large effect of the exogenous constructs on the endogenous constructs. Chen et al., (2003) provided that those relationships with small effect sizes are as well important statistically with the other medium effect size as all effect sizes have their own peculiarity in

influencing the dependent variable and therefore should be considered. The effect size is shown in Table 5 below.

Table 5: Effect Size of the Hypothesized Relationships

Path Coefficient	R^2 Included	R^2 Excluded	Effect Size (F2)	Rating
RO → IS	0.377	0.328	0.3930	Large
RO → OS	0.495	0.462	0.0000	None
RO → ES	0.384	0.305	0.1707	Small
RO*SNC → IS	0.377	0.396	0.0218	Small
RO*SNC → OS	0.495	0.535	0.0860	Small
RO*SNC → ES	0.384	0.385	0.0210	None

4.3.2 Predictive Relevance (Q2)

The extracted cross validated result determines the predictability of the endogenous constructs and thus, reveals the model quality. Hair et al., (2013) affirmed that Q2> 0 in a reflective endogenous variable indicates the model predictive relevance while a value of Q2< 0 indicates the lack of predictive capability of the model. Therefore, it can be concluded in Table 5 that the model has a good predictive relevance.

Table 6: Construct Cross validated Redundancy Value

Total	SSO	SSE	1 – SSE/SSO
Individual Success	536	426.015	0.2225
Organizational Success	402	272.821	0.3213
Environmental Success	402	312.569	0.2225

Note. SSO-Sum of square of Observations; SSE – Sum of Squares of Prediction Errors; while Q2 value = 1-SSE/SSO.

5) DISCUSSION

Hypothesis 1a which posited the significant relationship between resource orchestration and individual success was supported by the findings of this study. This is similar to the previous study of Chirico *et al.* (2011), Hitt *et al.* (2011), Holcomb, Holmes, and Connelly (2009) and Sleptsov and Anand (2008) who all found that resource orchestration is significant to individual success among entrepreneurs. As such, the more entrepreneurs are committed to manage their business resources properly, strategically and innovatively, the better their achievement based on individual success. Thus, this study proved that there are significant relationship between resource orchestration and individual success.

Hypothesis 2b which posited the significant relationship between resource orchestration and organizational success was supported by the findings of this study. This is similar to the previous study of Amran et al. (2015), Chirico *et al.* (2011), Hitt *et al.* (2011), Loskyll, Heck, Schlick, and Schwarz (2012) and Sirmon and Hitt (2009) who all found that resource orchestration is significant to organizational success among entrepreneurs. As such, the more entrepreneurs are committed to manage their business resources properly, strategically and innovatively, the better their achievement based on organizational success. Thus, this study proved that there are significant relationship between resource orchestration and organizational success. While hypothesis 3c which posited that resource orchestration would positively influence environmental success was supported by the findings of this study. This is similar to the previous study of Baumol and Strom (2007), Calas, Smircich, and Bourne (2009), Eikenberry and Kluver (2004), Hitt (2005) and Rindova, Barry, and Ketchen (2009) who all found that resource orchestration is significant to environmental success among entrepreneurs. As such, the more entrepreneurs are committed to manage their business resources properly, strategically and innovatively, the better their achievement based on environmental success. Thus, this study proved that there are significant relationship between resource orchestration and environmental success.

The second objective is to investigate the moderating effect of social network competence on the relationship between resource orchestration and individual, organizational and environmental success. One of the three moderating hypotheses, (H2b) was found in this study to be significant. Specifically, the significant moderation relationship was found between social network competence as a moderator on the relationship between resource orchestration and organizational success. In order to pursue the achievement of the third objective of this study, hypothesis H2b which posited that social network competence would moderate the relationship between resource orchestration (RO) and organizational success (OS) was tested. The implication of the result is that one standard deviation increase in social network competence would not only impact resource orchestration but would also increase the impact on the relationship between RO and OS from. It means that when resource orchestration is combining with networking, the resultant effect will be an increase in the organizational success of entrepreneurs. This result is supported by Zain and Ng (2006) who reiterated that the development of resource orchestration among entrepreneurs should be seen as advantage to achieve better performance, as well as success. Meanwhile, there are two of the hypothesized moderating effects of social network competence (H2a and H2c) were found not to be significant.

Specifically, these are the moderating effect of social network competence on the relationship between resource orchestration and individual success; and the relationship between resource orchestration and environmental success. According to Zhang and Swanson (2014), it was argued that the entrepreneurs will be more success based on individual success if resources orchestration has been supported by social network. However, the result as indicated by the findings of this relationship showed that young entrepreneurs did not need supported by social network competence to be more success on individual success. Although it has been proved by Ritter and Gemünden (2004) that superior business performance can be achieve through networking, but the role of social network competence did not give moderate impact toward individual success. For hypothesis 2c, supported by Amran et al. (2015) proved that entrepreneurs can still achieved environmental success although their development of resource orchestration did not moderate by social network competence. From that report, it can be concluded that young entrepreneurs can still achieve their organizational and environmental success without supporting from networking.

6) CONCLUSION

As conclusion, the question of why some young entrepreneurs are very successful and some are not, is very difficult to answer and have long been debated in a developing country. There are lacks of strong evidence in supporting this approach where it is still unclear factors that make these young entrepreneurs more successful than their counterparts. Studies on young entrepreneurship success are still not much evidence to support where the earlier studies on entrepreneur's success are related to general issues of entrepreneurship. Based on that, the aim of this paper is to examine the relationship between resource orchestration and young entrepreneur's success, and also moderating effects of social network competence. The used capability of entrepreneurs in utilizing resources and able to develop networking will effect towards successful performance are synonyms with the previous study of resource-based theory by Barney and Arikan (2001) and sociological theory by Reynolds (1991). It is because, the development of different resources or factors will leads to business growth and successful in advanced and emerging nations. Current research will significantly in contributing the body of knowledge and useful in many ways. For example, the important of resource orchestration and social network competence in relationship towards successful entrepreneurs, especially young entrepreneurs should not be taken for granted. Resources are a heart of business life. If the resources are well organized, entrepreneurs will sustain their business for long

duration. A thorough understanding of how young entrepreneurs will become successful is important, because this will lead to the development of new tools, such as (1) tools for business to improve their innovation and growth processes and, (2) tools for governments to develop new policies to support and direct country's economic growth. Hence to the government transformational program can be achieved through fulfilling the national key results areas that relates to entrepreneurship nation. In addition, through the investigation of the moderating role of social network competence on the relationship between resource orchestration and entrepreneur's success, this study will benefit the practitioners such as business practitioners, business' owners, and policy makers by signaling the reconsideration of the effect of social network competence on the relationship between resource orchestration and entrepreneur's success in order to assist entrepreneurs in achieving better performance.

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