



# An Examination of the Niche-strategy Content and Structure of the Small Firms in the Hospitality Industry: The Impact on Niche-strategy Organizational Performance

Nitirat Maleewat<sup>1\*</sup> and Jantima Banjongprasert<sup>2</sup>

<sup>1\*,2</sup>Silpakorn University International College, Thailand

(Received: December 27, 2021; Revised: March 27, 2022; Accepted: March 30, 2022)

## Abstract

A niche marketing strategy is one of competitive strategies used to compete with other businesses in the same sector. Numerous businesses invest considerable time and effort in formulating strategies. Their initiatives, however, fail to materialize during the execution phase. Strategy execution has a high failure rate so that it is vital to address this management difficulty. According to prior studies, the content of a niche strategy and the organizational structure of a niche business are critical elements in strategy execution and it was a gap that this research aims to fulfil. A self-administered questionnaire was used to collect the data from the sample of 405 respondents including individuals who work in niche-oriented hospitality businesses in Thailand (hotels, restaurants, travel agency companies, and spa enterprises) because hospitality industry is an important industry which generate a lot of income for Thailand but it has a limit of information about niche strategy implementation for this industry. Structural equation modeling (SEM) is used to analyze the data. The results indicate that the content of niche strategy and the structure of niche oriented firms have positive effects on organizational performance. Moreover, human resource management fully mediates the association between the niche strategy's content and the structure of niche-oriented corporations to organizational performance. This study contributes to the strategic management and hospitality sector by demonstrating that niche strategy firms should prioritize the content of their niche strategy, their niche-oriented firm structure, and human resource management in order to enhance their performance.

**Keywords:** 1) niche strategy 2) the content of niche strategy 3) niche firm structure 4) human resources for niche firms 5) niche strategy organizational performance

---

<sup>1\*</sup> Lecturer, Department of International Business Administration; E-mail: nitirat.m@live.com (Corresponding Author)

<sup>2</sup> Assistant Professor, Department of Marketing; E-mail: banjongprasert\_j@silpakorn.edu

## Introduction

Research on niche strategy have been studied by several authors (Dalgic and Leeuw, 1994, pp. 39-55; Shani and Chalasani, 1992, pp. 33-42; Porter, 1980, pp. 30-41). Many studies focus on the customer collection and market segmentation (Webster, 2005, pp. 4-6; Kotler, 2003, pp. 64-71), but there are little research on the implementation process of niche strategy and niche strategy application in the organization. This article fills this gap by focusing on niche strategy implementation especially in the small firms in the hospitality industry in Thailand because this is one of the most important industry to generate an income for the country, which should result in superior performance but they are facing a lot of barrier to implement niche strategy which lead to the lower performance as it should be. Several authors attempted to define the definition of niche marketing but it appears to be no broadly accepted conceptual of niche market (Akbar, et al, 2017, pp. 172-183), however it could find the similarity characteristics of this kind of marketing (Toften and Hammervoll, 2010, pp. 736-753). Existing definition of niche marketing comprises “the small position firm which operating in the profitable homogenous segmentation which has been ignored by other competitors (Dalgic and Leeuw, 1994, pp. 39-55). So the definition of niche marketing firm in this research is the small and specialized firms with having unique skills, technology and resources which is different and difficult for the competitor to imitate. Niche firms produce a different products and services to serve needs of their specific group of customers who

accepted to pay the premium price and having a growth potential for the future.

Niche marketing strategy is a competitive positioning (Echols and Tsai, 2005, pp. 219-238) for small companies who has a limit of resources when comparing with other competitors in the same industry. It is a push market approach (Parrish, Cassil and Oxenham, 2006, pp. 694-707) for small firms to develop their product and find the suitable clients. Niche company needs to find the way to compete and process their business if they want to survive and success, which niche marketing strategy would be one of those formats. Shani and Chalasani (1992, pp. 33-42) stated that niche marketing strategy could be started from both bottom-up or top-down approach but it must be fully supported from the whole organization to perform niche strategy together and practice in the same direction. To be successful niche firms must be cleared about their strategy and inform everyone to align in the same direction (Rapert, Velliquette, Garretson, 2002, pp. 301-310), moreover the structure of niche firm must be fitted with their core strategy in order to support the specific work process and help create positive performance (Mintzberg, 1983, pp. 623-634).

Niche strategy is a competitive approach for small firm to compete with the bigger players. As they are having limited of resources, to compete with the price is not the way to resume the business. Differentiation and focus on specific need of customer which is not served from other competitors is a content for this strategy (Doyle, 2000, pp. 299-311). Niche strategy is also matched for small firm



in term of informal structure, highly flexible and decentralized. This kinds of structure will encourage the innovation and creativity of employee to perform with a higher speed than robust and real formal structure which having more process and control.

### **Research Objectives**

The main objective of this paper is to investigate how content of niche strategy and niche firm structure in the hospitality industry help to improve niche strategy organizational performance of human resources management of niche firms.

### **Theoretical Background**

#### **Content of Niche Strategy**

Niche marketing strategy was called in several name such as focus strategy, differentiation strategy, micromarketing strategy (Chen and Hsieh, 2005, pp. 155-163; Parrish, Cassil and Oxenham, 2006, pp. 694-707) and also used with “market segmentation” “target marketing” “micromarketing” “regional marketing” “focused marketing” and “concentrated marketing” (Dalgic and Leeuw, 1994, pp. 39-55; Linneman and Stanton, 1992, pp. 43-51). Even niche companies aware of how important to formulate the robust content of niche strategy and try to follow that strategy but there is also the problem about implementation of niche strategy (Crittenden and Crittenden, 2008, pp. 301-309). How can the company put niche strategy into practice and getting involvements in the daily life working of the organization, including how are they going to encourage all staffs members to understand organizational niche strategy in the same way and doing in the

same direction to produce a quality niche products to serve their specific group of customers as they focus. The content of niche strategy for small firm must be clear information (Rapert, Velliquette, Garretson, 2002, pp. 301-310) and could identify the part of each person. Yang, et al., (2010, pp. 268-284) found that competitive niche strategy should be participatory, flexible and adaptable for the changing environment (Durand and Coeurderoy, 2001, pp. 471-494; Bamiatzi and Kirchmaier, 2014, pp. 259-284). The content of niche strategy in this research will focus on the clearly information and focus about niche strategy and how the company identify this strategy throughout the niche organization encouraging every stakeholders to perform their task in the same direction.

#### **Niche Firm Structure**

The main objective of any organizations in the business is to reach the goal that they hoped, planned and expected (Lunenburg, 2012, pp. 1-8). To be successful organization must be able to align the elements of strategic implementation process together such as strategy, structure and organizational behavior (Brinkschröder, 2014, pp. 1-9). Since a famous thesis from Chandler (1962, pp. 1-10) stated that “structure follows the strategy”. Rumelt (1982, pp. 359-369) could found the positive relationship between strategy and structure that influences performance. Organizational structure is the formal configuration between individual and group in the organization and it is one of the main elements of resource allocation which are tasks, responsibility and authority (Galbraith, 1987, pp. 343-357; Greenberg, 2011, pp. 271-327). The simple structure

is suitable for small niche firm which running the business by dominating chef executive or owner manager because it is quite highly informal structure and accomplish the tasks via directly supervisor from management with low control (Miller, 1996, pp. 519-543). According to the study of several literatures explain the characteristic of niche organizational structure to be a simple structure and decentralized, sharing authority to their employee to perform their job and having the flexibility structure to solve the urgent problem and feedback but owner and management will always involve to assist or making decision when never they need. This research definite the structure of niche firm as a combination of philosophy for niche organizational form of strategy and niche organizational activities (Ahmady, Mehrpour and Nikooravesh, 2016, pp. 455-462) via the sharing of power and authority in the niche organization.

### **Human Resources Management of Niche Firm**

The niche firms mostly are specialized in their field but the size of company is relatively small to medium (Toften and Hamervoll, 2010, pp. 736-753; Dalgic and Leeuw, 1994, pp. 39-55). Most companies have limited resources and small number of staffs. Kotey and Slade (2005, pp. 16-40) studied about the formal human resources management (HRM) practices of small niche firm in Australia descripted the definition of micro firms is the organization which having 5 workers while small firms have 5 to 19 workers and the medium firm is the firm with having up to 199 workers. To be successful of niche strategy

implementation, the niche employee must have unique or specific knowledge and skills, moreover they should be able to perform a multifunctional tasks (Sorenson, et al., 2006, pp. 915-936). Human resource manager in niche firm will find a qualified staffs since the recruiting process and provide effective training program to update their employee knowledge, in the same time they will encourage their staffs to the have more creativities and innovation (Hsieh and Chen, 2011, pp. 11-32).

Lastly manager will monitor and always support their subordinate in the friendly way rather than control. Training program is also important to keep employee updated and develop their knowledge and skills in order to create new products and services including innovation (Chen and Hsieh, 2005, pp. 155-163). Resources in niche firm is having both human and non – human resources but in this research will study in the part of human resources by focusing on niche firm stimulate the multifunctional skills and provide training program to develop their employee in order to perform their tasks with full potential.

### **Niche Strategy Organizational Performance**

Positive performance is one of the top goals of every organization and this topic has been studied in strategy research long time ago (Spillan, et al., 2018, pp. 427-449). Rapert, Velliquette, Garretson (2002, pp. 301-310) stated that good strategy must be clear and concise (Okumus, 2003, pp. 871-882) to encourage and facilitate employees to act and perform a good performance and avoiding the position of “stuck at the middle” (Porter, 1980, pp. 30-41) which will be the setback of excel-



lent performance. For niche firms, the strategy is clear of focusing and differentiating on the specific group of clients who has specific needs which is not serving by others competitors and big company in the same industry (Schot and Geels, 2008, pp. 537-554; Dalgic and Leeuw, 1994, pp. 39-55; Toften and Hammervoll, 2009, pp. 1378-1391).

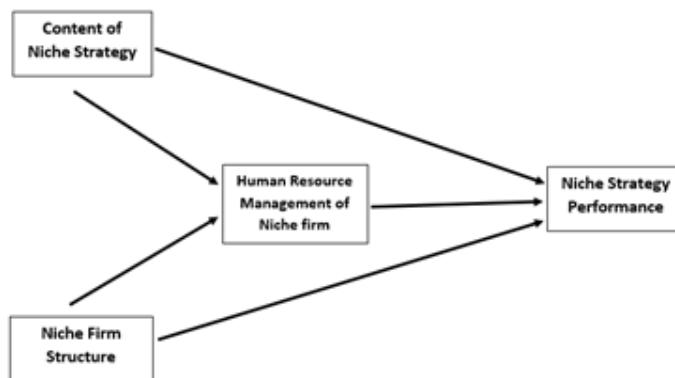
Performance measurement is the issued that most of authors concern. Spillan, et al., (2018, pp. 427-449) selected sales growth to measure firm performance in niche oriented global business in 3 industries (manufactury, hospitality and service) of 4 countries (Mexico, China, Turkey and USA). Allen (2006, pp. 70-103) measured the performance of niche by focusing on the increasing of profit and market share. There are also several factors to measure the great performance of the firms such as receiving higher market share, having more profit, customer loyalty, higher purchase rate and growth possibility (Toften and Hammer-voll, 2013, pp. 272-285; Assadinia, 2014, pp. 27-67; Hsieh and Chen, 2011, pp. 11-32; Doyle, 2000, pp. 299-311; Kotler, 2003, pp. 64-71). As this research aims to study niche strategy in the hospitality industry then we measure the per-

formance of niche strategy firm based on the scope of our study and literature review with 7 elements which are increased competitiveness, increased market shares, increases profit, generates higher sales, higher purchase frequency, customer loyalty and growth possibilities. These 7 elements will be dived into 2 group of finance and non-finance performances.

### Conceptual Framework and Research

#### Hypothesis

Based on the research objective, the conceptual framework and hypotheses are formed to determine how niche strategic performance could be influenced by the content of niche strategy and niche firm structure. The research also intend to explore another factor which is human resource management in niche firm that mediate between these variable and effect to the successful performance of niche organization. The following conceptual framework in Picture No. 1 depicts the relationship between Content of niche strategy and niche firm structure to niche strategy performance by the mediating effect of human resources management of niche firm.



Picture No. 1 The conceptual framework of this research

Relationship between content of niche strategy and human resource management of niche firm. Niche marketing strategy is the superior approach for small and specialized firm to gain the competitive advantage (Toften and Hammervoll, 2010, pp. 736-753) and focus on the small and specific group of customer to serve then limited resources would not be the disadvantage for this case but those resources must be specific and unique (Bamiatzi and Kirchmaier, 2014, pp. 259-284), most importantly if it is difficult for the competitors to imitate that would be the key to succeed. Robert, et al., (2012) mentioned that most companies adopt a niche marketing strategy because of their resources are highly limited. Kotey and Slade (2005, pp. 16-40) found that strategic orientation in niche firm reflect the human resource practice to be more productive. The close relationship between employer and employees replaces formal controls and reduces the need for detailed documentation and increase employee efficiency. Hsieh and Chen (2011, pp. 11-32) found that the good content of strategy has a positive relationship to employee to perform their task with full potential. By these literature reviews, the first hypothesized was developed as:

- H1: There is a positive relationship between content of niche strategy and human resource management of niche firm.

Relationship between niche firm structure and human resource management of niche firm. Characteristic of niche firm structure is to be a high degree of flexibility and applying decentralized approach by consists of several strategic business units or working

units (Dalgic and Leeuw, 1994, pp. 39-55). This characteristic of niche structure giving a chance for employees to consult and discuss with their supervisor easily when any trouble occurred during the process (Toften and Hammervoll, 2010, pp. 736-753). Lunenburg (2012, pp. 1-8) stated that the structure in niche firms help to share authority between superordinate and subordinates in our organization. Unique skill and knowledge and Mutiple skills are the special characteristic of niche employee that human resources department must concern during the recruiting process. Then, the simple structure of small niche firm with high skill and specialized employee will encourage the flow of authority from owner or top management to be effective and help employee to receive higher skills in order to produce the great quality products and services for their customers (Mintzberg, 1983, pp. 623-634). As an outcome of above discussion, the following hypothesis is presented;

- H2: There is a positive relationship between niche firm structure and human resource management of niche firm.

Relationship between content of niche strategy and niche strategy performance. Niche firms focus on the differentiation strategy to gain competitive advantage and superior performance (Bamiatzi and Kirchmaier, 2014, pp. 259-284) then owner and management need to align everyone in the company to aware of company strategy, goal and objective. The content strategy is the ongoing process of transforming business objectives and goals into a plan via many components which are firm structure, organization process and manage-



ment style (Wagner, 2002, pp. 103-120). The content for niche strategy must be clearly from the beginning. It must contain goal, objective including plan of action and pass to everybody in the organization to perceive, understand and action in the same direction. (Rapert, Vel-liquette, Garretson, 2002, pp. 301-310). The clearly strategy will help employee to perform their tasks easier and having less mistake while niche management will always support and help when their employee needed rather than just control them. Andrews, et al., (2006, pp. 52-63) found the influencing of strategic content of organization performance while Echols and Tsai (2005, pp. 219-238) concluded that clearly niche strategy and differentiation help to improve the performance of the firm. Following these literature reviews the hypothesis is proposed:

- H3: There is a positive relationship between content of niche strategy and niche strategy performance.

Relationship niche firm structure and niche strategy performance. Structure of the niche organization are simple and having high flexibility (Miller, 1986, pp.233-249; Durand and Coeurderoy, 2001, pp. 471-494; Mosakowski, 1993, pp. 819-839). This kind of structure will assist the niche firm to be fast and agilely in order to produce their specific goods and services. Decentralized approach were used widely in niche firms (Spillan, et al., 2018, pp. 427-449) because it offers a chance for all employee to make their own decision quickly and share authority between superordinates and subordinates in our organization. (Lunenburg, 2012, pp. 1-8). This suitable structure for

niche will be able to encourage the positive performance for the organization and keep their potential of competitive advantage. Miller (1986, pp. 233-249) found the structure of the firm which match with other parts of the organization will influence the performance of the firm to be promising. Therefor this research will study that relationship niche firm structure and niche strategy organizational performance through the following hypothesis;

- H4: There is a positive relationship between niche firm structure and niche strategy performance

Relationship between human resource management of niche firm and niche strategy performance. Resources in niche firm are limited but to gain the competitive advantage that limited resources must be special and unique or difficult for the competitors to follow or copy. This research focuses on human resources. The specific characteristic of human resources or employees for niche firm are multi-skills and specialist because niche firms are in principle quite small and having only few staff. To keep the level of high quality and build on new innovation to increase customer satisfaction, owner or top management provide training programs for their employee to update their skills. Some niche companies are doing the training via product/service development team (Hsieh and Chen, 2011, pp. 11-32). To this end, the sixth hypothesis in this research was developed:

- H5: There is a positive relationship between human resource management of niche firm and niche strategy performance.

### Mediating effect

A number of studies have attempted to investigate the mediating role of human resource. Hsieh and Chen (2011, pp. 11-32) stated that firms that use of focus strategy approach or niche strategy must retain the experience and specialized employees to be with the firms by giving a suitable reward and other motivation methods because they would be the important component to retain the competitive advantage and positive performance (Chen and Hsieh, 2005, pp. 155-163). Structure of the organization is very important factor of every organizations especially in term of coordinating mechanisms, location of power and flow of authority (Mintzberg, 1983, pp. 623-634). Niche firms are in principle quite small and specialized then the structure of the firms have a high degree of flexibility and decentralized approach (Olsen and Saetre, 2007, pp. 37-58; Toften and Hammervoll, 2010, pp. 736-753). This structure gives a chance for owner or top management to share power and authority to their staff members easily. The high degree of flexibility and decentralized of niche firm structure is beneficial and encouraging employees to perform their tasks fully potential. On the other hand, any mistakes that happen during the work process, niche employees would be able to contact and discuss with superordinate immediately to solve those problems (Toften and Hammervoll, 2013, pp. 272-285). Many studies (Olsen and Saetre, 2007, pp. 37-58; Toften and Hammervoll, 2010, pp. 736-753; Mintzberg, 1983, pp. 623-634) on the relationship between content of niche strategy and niche firm structure

to niche strategy performance by the mediating of resource allocation were reviewed and developed to be sixth and seventh hypothesis:

- H6: Human resources management of niche firm mediate the relationship between content of niche strategy and niche strategy performance

-H7: Human resource management of niche firm mediate the relationship between niche firm structure and niche strategy performance

### Research Methodology

#### Data Collection

This research applied a widely used minimum sample size estimation method in SEM, which is the 10-times rule method (Hair, Ringle and Sarstedt, 2011, pp. 139-152). Thus, the sample size of this study is 405 staffs (both management and employee levels) who work in small niche-strategy hospitality firms. The sampling technique is purposive sampling method. This research applies quantitative method by using questionnaire which were developed from several previous study of niche strategy implementation to collect the data (Rapert, Velliquette, and Garretson, 2002, pp. 301-310; Dalgic and Leeuw, 1994, pp. 39-55; Okumus, 2003, pp. 871-882; Yang, et al., 2010, pp. 268-284; Olsen and Saetre, 2007, pp. 37-58; Toften and Hammervoll, 2010, pp. 736-753; Marchese, 2001, pp. 130-132; Spillan, et al., 2018, pp. 427-449). Questionnaires both online and paper versions were sent to the small size firms applying niche strategy in the hospitality industry which are hotels, restaurants, travel agents and other businesses such as spa businesses and car rental companies. The chosen



small niche-strategy company follows the criteria of SMEs of Thailand that small companies are the firms that have less than 50 employees. As the hotels are one of the sample businesses of this study, the standard of Hotel Act, B.E.

2547 (2004) was used. The hotels applying niche strategy with less than 50 guest rooms were selected to collect the data. Table No. 1 shows the descriptive Information of samples in this research.

**Table No. 1** Demographic Profile of Samples (n=405)

Demographics	Frequency	%
<b>Sex</b>		
Male	137	33.8
Female	268	66.2
<b>Age</b>		
Less than 20	-	0.0
21 – 30 years old	265	65.4
31 – 40 years old	92	22.7
41 – 50 years old	34	8.4
51 and over	14	3.5
<b>Education Level</b>		
High school	0	0
Bachelor's Degree	374	92.3
Master's Degree	29	7.2
Doctoral Degree	2	0.5
<b>Period of working in the company:</b>		
Less than 1 year	30	7.4
1 – 2 years	89	21.9
2 – 3 years	88	21.8
4 – 5 years	112	27.7
More than 5 years	86	21.2
<b>Characteristic of job:</b>		
As management or Business owner	32	7.9
Being manager or Supervisor	109	26.9
They are operating personnel who must meet and serve customers.	198	48.9
Being an operating staff, don't have to meet with customers	66	16.3
<b>Type or nature of your business:</b>		
Hotel Business	202	49.9
Restaurant business	102	25.2

Demographics	Frequency	%
Tourism business	84	20.7
Other business services such as spa, Thai massage, shuttle service, car rental	17	4.2

### Descriptive Statistics Result

The demographic profiles of the 405 sample respondents were females accounting for 268 (66.2%) and males accounting for 137 (33.8%). In addition, the average age was between 21 – 30 years old are 265 (65.4%), between 31 and 40 years old, accounting for 92 (22.7%), aged between 41-50 years old accounted for 34 (8.4%), lastly aged over 51 years old accounted for 14 (3.5%). The education level was bachelor's degree (374: 92.3%), master's degree (227: 56%) while doctoral degree (2: 0.5%). Characteristic of job in the company describes as management or business owner (32:7.9%), being manager or supervisor (109: 26.9%), operating personnel who must meet and serve customers (198: 48.9%) and staffs that being an operating staff which don't need to meet with customers (66: 16.3%). Period of working in the small niche firms of the respondents was less than 1 year (30: 7.4%), between 1 - 2 years (89: 21.9%), 2 - 3 years (88: 21.8%), 4 - 5 years (112: 27.7%), more than 5 years (86: 21.2%). Types or the nature of business was divided into hotel business (202: 49.9%), restaurant business (102: 25.2%), tourism business (84: 20.7%) and other business services such as spa, thai massage, shuttle service and car rental (17: 4.2%).

### Result

The findings of this research have been reported by Table No. 5 about the Direct-In-

direct-Total Effect from The SEM in term of how the content of niche strategy and niche firm structure of the small business impact on niche strategy organizational performance by the mediator from human resources and SEM for the variables associated with the content of niche strategy and niche firm structure of the small business impact on niche strategy organizational performance by the mediator from human resources.

### Construct Reliability, Convergent Validity, Discriminant Validity

The average variance extracted (AVE) and composite reliability (CR) of all measurement scales should be higher than 0.50 and 0.70, respectively. Following Fornell and Larcker (1981, pp. 382-388) the discriminant validity should be lower than the square root of AVE (Asadi et al., 2019, pp. 513-532). Standardized factor loading for all variables should be higher than the recommended value of 0.50 (Hair Jr., Babin and Krey, 2017, pp. 163-177). Table No. 2 shows construct reliability and convergent validity of content of niche strategy ( $\alpha=.872$ , AVE=.639, CR=.689), niche firm structure ( $\alpha=.909$ , AVE=.720, CR=.752), human resource management ( $\alpha=.882$ , AVE=.669, CR=.712), and niche strategy performance ( $\alpha=.850$ , AVE=.868, CR=.876). All factor loadings were between .67 and .89. Finally, the reliability of all variables and the convergent validity were accepted. Additionally, Table No. 3 shows the discriminant validity result.

**Table No. 2** Construct Reliability and Convergent Validity Result (n=400)

Construct and Items	Factor Loading	Cronbach's Alpha	AVE	CR
Content of Nice Strategy		.872	.639	.689
NSCN1	.83			
NSCN2	.77			
NSCN3	.80			
NSCN4	.83			
NSCN5	.81			
NSCN6	.82			
NSCN7	.74			
Niche Firm Structure		.909	.720	.752
NSNF1	.84			
NSNF2	.86			
NSNF3	.86			
NSNF4	.86			
NSNF5	.82			
NSNF6	.85			
Human Resource Management		.882	.669	.712
NSHR1	.71			
NSHR2	.91			
NSHR3	.81			
NSHR4	.81			
NSHR5	.84			
Niche Strategy Performance		.850	.868	.876
NPP	.93			
NPRS	.94			

**Table No. 3** Discriminant Validity

Constructs	NSCN	NSNF	NSHR	NP
NSCN	0.7998			
NSNF	0.7870	0.8486		
NSHR	0.7962	0.8243	0.8185	
NP	0.8296	0.8700	0.8400	0.9320

Note: values in italics represent the square root of AVE

### Structural Equation Model

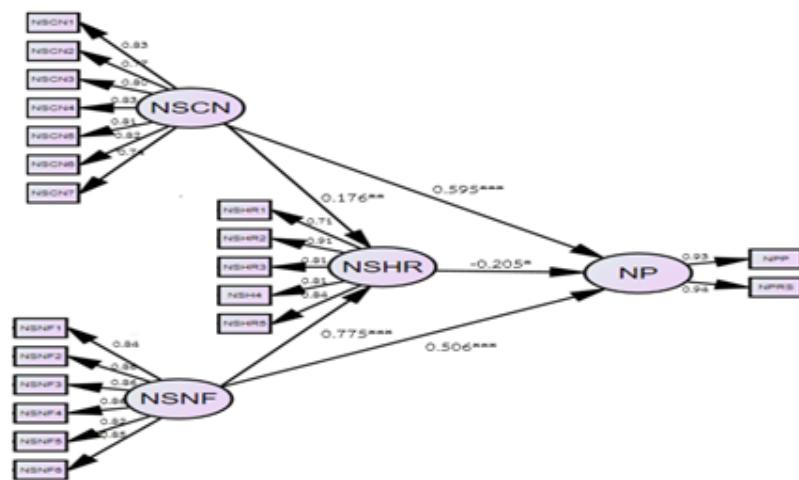
Structural equation modeling was used to test the overall fit of the structural model, which investigated the outputs for hypothesis testing. According to Hair Jr., Babin and Krey (2017, pp. 163-177), the criteria of model fit should have  $\chi^2/\text{df} \leq 3.00$ ,  $\text{GFI} \geq 0.90$ ,  $\text{CFI} \geq 0.90$ ,  $\text{NFI} \geq 0.90$ ,  $\text{AGFI} \geq 0.90$ ,  $\text{RMSEA} \leq 0.07$ , and  $\text{RMR} \leq 0.08$ . This is a criterion of good fit value that can statistically accepted. Table No. 4 demon-

strates the model fit indices; firstly, the initial model showed moderate fit ( $\chi^2=1507.264$ ,  $\chi^2/\text{df}=9.135$ ,  $p=.000$ ,  $\text{GFI}=.764$ ,  $\text{CFI}=.826$ ,  $\text{NFI}=.809$ ,  $\text{AGFI}=.699$ ,  $\text{RMSEA}=.142$ ,  $\text{RMR}=.261$ ). After modification the model showed good fit ( $\chi^2=299.746$ ,  $\chi^2/\text{df}=1.947$ ,  $p=.000$ ,  $\text{GFI}=.948$ ,  $\text{CFI}=.986$ ,  $\text{NFI}=.971$ ,  $\text{AGFI}=.907$ ,  $\text{RMSEA}=.005$ ,  $\text{RMR}=.018$ ). The results shown in Table No. 4 and Picture No. 2 present the structural equation modeling model results.

Table No. 4 Absolute Model Fit Indices

Model	Absolute Model Fit Indices							
	$\chi^2$	$\chi^2/\text{df}$	GFI	CFI	NFI	AGFI	RMSEA	RMR
Criteria	-	$\leq 3.00$	$\geq 0.90$	$\geq 0.90$	$\geq 0.90$	$\geq 0.90$	$\leq 0.07$	$\leq 0.08$
Initial model	1507.264	9.135	.764	.826	.809	.699	.142	.261
Final model	229.746	1.947	.948	.986	.971	.907	.005	.018

Note:  $\chi^2$  = chi-square,  $\chi^2/\text{df}$  = relative chi-square, GFI = goodness of fit index, CFI = comparative fit index, NFI = normed fit index, AGFI = adjusted goodness of fit statistic, RMSEA = root mean square error of approximation, RMR = root mean square residual



Picture No. 2 Structural Equation Model Result

### Hypothesis Results

Seven hypothesis results are shown in Table No. 5. The first hypothesis proposed that there is a positive relationship between content of niche strategy and human resource management of niche firm. The first hypothesis

is significantly supported, which can explain that content of niche strategy has an influence on human resource management in niche firm in order to provide a suitable employee to implement niche strategy. This refers that if the content of niche strategy is clearly identify,



participatory and flexible for implementation then human resource manager would be able to provide the suitable employee to be in charge of each positions. The second hypothesis proposed that there is a positive relationship between niche firm structure and human resource management of niche firm. It is significantly supported, describing the structure of niche firms should be flexible and sharing authority to staffs member to perform their task and make decision. Clearly job description will assist human resources department to inform employee, how to execute their tasks and decentralized structure and support from management is the element to help increasing the quality of staff members. The third hypothesis proposed that there is a positive relationship between content of niche strategy and niche strategy performance, the third hypothesis is also significantly supported, which indicates if small niche firm could inform a clearly niche strategy to everyone in the company since the beginning. It will help to align every stakeholders to implement niche strategy into the same path and having focus on producing a good quality of products and

services for their specific customers. The fourth hypothesis proposed that there is a positive relationship between niche firm structure and niche strategy performance. The fourth hypothesis is significantly supported, which implies that the suitable niche firm structure such as clearly job description, highly flexibility and sharing authority are the significant element to encourage the niche strategy implementation to be successful and increase positive performance of the niche firm. Lastly the fifth hypothesis proposed that there is a positive relationship between human resource management of niche firm and niche strategy performance, the fifth hypothesis is also significantly supported, which indicates small niche firms have limited human resources. Every staff members need to perform the multifunctional level and occupy unique or specific skills. Manager should support their staff by providing training program to update and improve the quality of their staffs. The high skills employee will be able to implement niche strategy successfully and help to increase positive performance to the company.

**Table No. 5** Hypothesized Relationship Results

Hypothesized relationship	Results	P-value
H1: There is a positive relationship between content of niche strategy and human resource management of niche firm.	supported	0.006
H2: There is a positive relationship between niche firm structure and human resource management of niche firm.	supported	0.001
H3: There is a positive relationship between content of niche strategy and niche strategy performance.	supported	0.001
H4: There is a positive relationship niche firm structure and niche strategy performance	supported	0.001

Hypothesized relationship	Results	P-value
H5: There is a positive relationship between human resource management of niche firm and niche strategy performance	supported	0.018
H6: Human resources mediate the relationship between content of niche strategy and niche strategy performance	supported	0.049
H7: Human resource management of niche firm mediate the relationship between niche firm structure and niche strategy performance	supported	0.038

**Mediating effects of human resource management for niche firm, content of niche strategy, niche firm structure and niche strategy performance**

Table No. 6 illustrates the results of the mediating variables of hypothesis 6 which proposed that human resources mediate the relationship between content of niche strategy and niche strategy performance, and also hypothesis 7 that proposed human resource management of niche firm mediate the relationship between niche firm structure and niche strategy performance. The results supported both hypothesis and show that human resource management of niche firm fully mediates the relationship between content of niche strategy and niche strategy performance and also niche firm structure and niche strategy performance. This means that human resource management of niche firm plays an important role as a support element to increase the quality of niche strategy implementation process to achieve higher

performance (Kotey and Slade, 2005, pp. 16-40). The findings demonstrate that small niche firms should concentrate on improvement of human resource management. Firstly, niche firm owner and management must concentrate on the quality of their employee, since recruiting process, retaining and training their staffs. Human resource manager should recruit new employee who has a unique or specific skills, giving a clear information about niche strategy of the company including job description. Moreover niche companies have to offer a specific training program to maintain the quality of employee and encourage the creativity and innovation. If niche firms has a good process to manage their human resources, it will help to generate positive performance to the company. Finally, this empirical finding shows that human resource management in niche firm is the one of meaningful aspects of content of niche strategy and niche firm structure that affects niche strategy performance.

**Table No. 6** Mediating Effect Results

Mediating effect	IV-M-DV		Mediation type
	direct	indirect	
NSCN → NSHR → NP	.595 (p=0.001)	-0.036 (p=.001)	Full mediation
NSNF → NSHR → NP	.506 (p=0.001)	-0.159 (p=.038)	Full mediation

**Note:** NSCN: The content of niche strategy; NSNF: Niche firm structure; NSHR = Human resource management in niche firm; NP: Niche strategy performance

**Table No. 7** Total effect, Direct effect and Indirect effect of every hypothesis

Indirect effect	Path	Path coefficient	SD	t-value	P-value
<b>Total effect</b>					
NSCN → NP		0.559	0.074	2.584	0.010
NSNF → NP		0.347	0.086	1.931	0.052
<b>Direct effect</b>					
NSCN → NSHR		0.176	0.080	2.769	0.006
NSCN → NP		0.595	0.092	7.181	0.001
NSNF → NSHR		0.775	0.060	10.811	0.001
NSNF → NP		0.506	0.085	4.307	0.001
NSHR → NP		-0.205	0.076	-2.365	0.018
<b>Indirect effect</b>					
NSCN → NP		0.033	0.091	1.035	0.049
NSNF → NP		0.135	0.083	1.107	0.038

### Conclusion and Discussion

According to the result from data analysis of the structural equation model SEM, it is an evident that organizational structure and human resources are directly impacted by the content of niche strategy and the consistency of these 3 variables will provide the positive performance for small niche firms in the hospitality industry in Thailand. The result also indicated that niche strategy is the beginning of the process to define the structure of the organization to be flexible and having the decentralized approach to apply in the company. Structure of niche should be simple and flexible because it would stimulate the flow of power and authority to their employee to performance their tasks with full potential. To be competitive niche firms need to occupy the unique resource or skills that could not be imitated easily from their competitors. Human resources in niche firms must have a

multiple skills and be the specialized for their field because company is small and could not provide many staffs. The training program from management, training department or owner will be provided to update and improve employee's skills together with on the job training program (Hunger and Wheelen, 2010, pp. 116-119). Finally, this research has demonstrated that the variables associated with content of niche strategy has a strong direct effect on organizational structure and human resources including organizational performance. The result also shown the positive indirect effect of content of niche strategy to organizational performance by the mediator effected of niche organizational structure and human resources. All of these variables has a positive effect on organizational performance which consistency with other researches in this field and could help to distribute the new information for small niche firms in the hospi-

tality industry in Thailand to improve the level of their niche strategy implementation and lead to the higher performance as mentioned in the objective of the research.

### Recommendation

A niche strategy must be clearly specified and adaptable for execution, according to the findings of this study, even though many factors indicated a positive relationship, additional dimensions should be focused on and evaluated to strengthen the robustness of this research area., since a specialized strategy's content corresponds with the company's broader strategic aim. OKumus (2003,

pp. 871-882) Human resource management in niche enterprises should make greater effort to attract experts in their industry and continually grow and continuously upgrade their abilities. Toften and Hammervoll (2010, pp. 736-753). The research on niche strategic implementation is still in its early stages. It should be added to the body of literature on this topic in other industries to receive more data and perspectives on the implementation of niche strategies and to aid in the exploration of the various factors that affect the positive performance of niche firms, including determining whether any new factors are involved in this process.

### Bibliography

Ahmady, G. A., Mehrpour, M. and Nikooravesh, A. (May 2, 2016). Organisational Structure. In **3<sup>rd</sup> International Conference on New Challenges in Management and Organization: Organization and Leadership** (pp. 455-462). Dubai: Procedia - Social and Behavioral Sciences.

Akbar, F., Omar, A., Wadood, F. and Wan Yusoff, W. Z. B. (2017). Niche marketing strategy framework for SMEs: A conceptual framework. **SSRN**, 2999227, 172-183.

Allen, R. M. (2006). **Increasing the economic competitiveness of the U.S. Textile industry: An investigation of Niche market strategies**. Master thesis, M.S., North Carolina State University, North Carolina.

Andrews, R., Boyne, G. A. and Walker, R. M. (2006). Strategy content and organizational performance: An empirical analysis. **Public administration review**, 66(1), 52-63.

Asadi, S., Abdullah, R. and Jusoh, Y. Y. (September 5-6, 2019). An Integrated SEM-Neural Network for Predicting and Understanding the Determining Factor for Institutional Repositories Adoption. In **Intelligent Systems and Applications: Proceedings of the 2019 Intelligent Systems Conference (IntelliSys) Volume 2** (pp. 513-532). London: Springer International Publishing.

Echols, A. and Tsai, W. (2005). Niche and performance: The moderating role of network embeddedness, **Strategic Management Journal**, 26(3), 219–238.

Assadinia, S. (2014). **Niche marketing strategy and export performance in SMEs**. Doctoral dissertation, Ph.D. B.A., Leeds University Business School, England.

Bamiatzi, V. C. and Kirchmaier, T. (2014). Strategies for superior performance under adverse conditions: A focus on small and medium-sized high-growth firms. **International Small Business Journal**, 32(3), 259-284.



Brinkschröder, N. (2014). **Strategy implementation: Key factors, challenges and solutions.** Bachelor thesis, B.M.S., University of Twente, Netherlands.

Chandler, A. D. (1962). **Strategy and structure: Chapters in the history of the industrial empire.** United States of America: Massachusetts Institute of Technology.

Chen, H. M. and Hsieh, Y.H. (2005). Incentive reward with organizational life cycle from competitive advantage viewpoint. **Human Systems Management**, 24(2), 155-163.

Crittenden, V. L. and Crittenden, W. F. (2008). Building a capable organization: The eight levers of strategy implementation. **Business Horizons**, 51(4), 301-309.

Dalgic, T. and Leeuw, M. (1994). Niche marketing revisited: concept, applications and some European cases. **European Journal of Marketing**, 28(4), 39-55.

Doyle, P. (2000). Value-based marketing. **Journal of Strategic Marketing**, 8(4), 299-311.

Durand, R. and Coeurderoy, R. (2001). Age order of entry, strategic orientation and organizational performance. **Journal of Business Venturing**, 16(5), 471-494.

Fornell, C. and Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics. **Journal of Marketing Research**, 18(3), 382-388.

Galbraith, J. R. (1987). Organization design. In J. W. Lorsch (Eds.), **Handbook of organizational behavior** Englewood Cliffs (pp. 343-357). NJ: Prentice Hall.

Greenberg, J. (2011). Organizational justice: The dynamics of fairness in the workplace. In S. Zedeck (Ed.), **APA handbook of industrial and organizational psychology, Vol. 3. Maintaining, expanding, and contracting the organization** (pp. 271-327). Washington, DC: American Psychological Association.

Hair, J. F., Ringle, C. M. and Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. **Journal of Marketing Theory and Practice**, 19(2), 139-152.

Hair Jr., J. F., Babin, B. J. and Krey, N. (2017). Covariance-Based Structural Equation Modeling in the Journal of Advertising: Review and Recommendations. **Journal of Advertising**, 46(1), 163-177.

Hotel Act. (2004). **Industrial Intelligence Unit.** Retrieved from <https://www.industry.go.th/en/home:Ministry%20of%20Industry%20Thailand>.

Hunger, J. D. And Wheelen, T. (2010). **Essentials of strategic management** (5<sup>th</sup> ed.). Upper Saddle River: Pearson Education, Inc.

Kotler, P. (2003). **Marketing Management** (11<sup>th</sup> ed.). Upper Saddle River: Prentice-Hall.

Kotey, B., and Slade, P. (2005). Formal Human Resource Management Practices in Small Growing Firms. **Journal of Small Business Management**, 43(1), 16-40.

Linneman, R. E. and Stanton, J. L. (1992). Mining for Niches. **Business Horizons**, 35(3), 43-51.

Lunenburg, F. C. (2012). Organizational structure: Mintzberg's framework. **International journal of scholarly, academic, intellectual diversity**, 14(1), 1-8.

Miller, D. (1986). Configurations of strategy and structure: Towards a synthesis. *Strategic management journal*, 7(3), 233-249.

Miller, D. and Shamsie, J. (1996). The resource-based view of the firm in two environments: The Hollywood firm studios from 1936 to 1995. *Academy of Managerial Journal*, 39(3), 519-543.

Mintzberg, H. (1983). A Note on the Unionization of Professionals from the Perspective of Organization Theory. *Industrial Relations Law Journal*, 5(4), 623-634.

Mosakowski, E. (1993). A resource-based perspective on the dynamic strategy-performance relationship: An empirical examination of the focus and differentiation strategies in entrepreneurial firms. *Journal of management*, 19(4), 819-839.

Olsen, K. A. and Saetre, P. (2007). IT for niche companies: is an ERP system the solution?. *Information Systems Journal*, 17(1), 37-58.

Okumus, F. (2003). A framework to implement strategies in organizations. *Management Decision*, 41(9), 871-882.

Porter, M. E. (1980). Industry structure and competitive strategy: Keys to profitability. *Financial analysts journal*, 36(4), 30-41.

Parrish, E. D., Cassil, N. L. and Oxenham, W. (2006). Niche market strategy for a mature market place, *Marketing Intelligence & Planning*, 24(7), 694-707.

Rapert, M. I., Velliquette, A. and Garretson, J. A., (2002). The strategic implementation process Evoking strategic consensus through communication. *Journal of business research*, 55(4), 301-310.

Schot, J. and Geels, F. W. (2008). Strategic niche management and sustainable innovation journeys: theory, findings, research agenda, and policy. *Technology Analysis & Strategic Management*, 20(5), 537-554.

Spillan, J. E., Parnell, J. A., Koseoglu, M. A. and Akdeve, E. (2018). Strategic capabilities, niche strategy orientation and performance: a four-nation assessment. *International Journal of Business Performance Management*, 19(4), 427-449.

Toften, K. and Hammervoll, T. (2009). Niche firms and marketing strategy: An exploratory study of internationally oriented niche firms. *European Journal of Marketing*, 43(11/12), 1378-1391.

Toften, K. and Hammervoll, T. (2010). Niche marketing and strategic capabilities: an exploratory study of specialised firms. *Marketing Intelligence & Planning*, 28(6), 736-753.

Toften, K. and Hammervoll, T. (2013). Niche marketing research: status and challenges. *Marketing Intelligence & Planning*, 31(3), 272-285.

Rumelt, R. P. (1982). Diversification strategy and profitability. *Strategic management journal*, 3(4), 359-369.



Shani, D. and Chalasani, S. (1992). Exploiting niches using relationship marketing. *Journal of consumer marketing*, 9(3), 33-42.

Sorenson, O., McEvily, S., Ren, C. R. and Roy, R. (2006). Niche width revisited: organizational scope, behavior and performance. *Strategic Management Journal*, 27(10), 915-936.

Wagner, E. (2002). Steps to creating a content strategy for your organization In B. Brandon (Eds.), *Best of the eLearning guild's learning solutions: Top articles from the eMagazine's first five years* (pp. 103-120). San Francisco: Pfeiffer.

Yang, H., Yeung, J. F., Chan, A. P., Chiang, Y. H. and Chan, D. W. (2010). A critical review of performance measurement in construction. *Journal of Facilities Management*, 8(4), 269-284.

Hsieh, Y. H. and Chen, H. M. (2011). Strategic fit among Business Competitive Strategy, Human Resource Strategy, and Reward System. *Academy of Strategic Management Journal*, 10(2), 11-32.

Webster, F. E. (2005). Back to the future: integrating marketing as tactics, strategy, and organizational culture. *Journal of Marketing*, 69(4), 4-6.