Corporate Entrepreneurship Characteristics and Organizational Innovativeness of Large Enterprises in Thailand

Piyaporn Aeimtitiwat

ABSTRACT

Thailand, even after the financial crisis of 1997, was facing the problem of long run competitiveness. Therefore, to succeed in the global marketplace, Thai enterprises must learn how to innovate and develop new businesses to be better and faster than their competitors. Corporate entrepreneurship (CE) is recognized as a potentially viable means for promoting and sustaining corporate competitiveness in the long-term. However, since limited research exists concerning CE in developing countries, this paper represents an initial effort in this area. Thus, the purpose of this study is to investigate the significance that CE has on the organizational innovativeness of large enterprises in Thailand. This research operated under the theoretical framework established by Quinn’s landmark article, “Managing innovation: Controlled chaos” published in the Harvard Business Review in 1985, that there are six major characteristics present in a large corporation that are successful contributors for developing organizational innovativeness. Those characteristics are atmosphere and vision, orientation to the market, small flat organizations, multiple approaches, interactive learning, and skunk works. Relatedness to current business and firms’ nationality whether they are MNCs or Thai firms were set as moderating variables. The study also seeks to know whether there is any difference in CE characteristics associated with organizational innovativeness between large enterprises in developed and developing countries. Our sample was drawn from 110 large enterprises of listed companies in the stock exchange of Thailand within eight major industries. The result signifies that there are four characteristics of CE which significantly correlate to organizational innovativeness of large enterprises in Thailand, -- atmosphere & vision, orientation to the market, interactive learning and skunk works. Moreover, organizational innovativeness of large enterprises in developed countries significantly differs from those in developing countries. Lastly, relatedness to current business relates to organization innovativeness. Thus, developing a concept of CE in Thailand may be one solution to build up growth based on efficiency, which would be competitive in the long run.

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INTRODUCTION

Today, the macroeconomic environment has started to recover to various degrees but many firms are still struggling to turn their performance around. How can managers of these firms as well as their international investors and lenders encourage these turnarounds? According to Morris & Kuratko (2002), the answer is and always will be sustainable competitive advantage. The challenge for organizations in today's marketplace is to build competitive advantage.

Much discussion on the East Asian crisis has focused on financial problems, however the financial problem might be only symptomatic of the real (Kittiprapas, 2000). Actually, there are deep-rooted problems of the structure of the Thai economy such as the problem of weak competitiveness and inefficiency as Krugman (1994) has pointed out. The problem of competitiveness tends to support Krugman's (1994) argument that Asia's sustainable growth had arisen from the more intensive use of inputs (i.e., cheap labor and raw materials) and mobilization of resources rather than from increases in efficiency. Increased efficiency of labor would come from improved management or technological knowledge, which would underline sustainable and dynamic growth. Krugman (1994) argues that rapidly growing East Asian economies show little evidence of improvement in efficiency and technological progress, but instead rapid of inputs.

Thailand, even before the crisis, was facing the problem of long run competitiveness (Kittiprapas, 2000). If it is true that the Asian economic growth has built up on higher use of inputs from resource mobilization rather than technical progress and efficiency, then it is already time to address this weakness. This can only be accomplished through continuous innovation and the creation of new ideas. Building a country's long run competitiveness and increasing efficiency would lead to a more sustainable growth of the Asian region (Kittiprapas, 2000). Chalamwong (1998) pointed out that in order to maintain the strength and dynamism of the Thai economy, aside from the gradual reform of the political system, the non-political sectors, especially business sectors must play a key role in finding effective solutions to the bottlenecks faced by the country. The strengths of the non-political sectors must be put to work in a hurry to build up public confidence since the Thai economy has begun to slow down for the first time in so many years.

Therefore, to succeed in the global marketplace for new goods and services, Thai firms must learn how to innovate and develop new businesses better and faster than their competition. To do this they require a special entrepreneurial strategy—one that is much different from the traditional strategy of Thai business—to achieve the maximum advantage in global competition. According to previous studies, CE should be recognized as a key factor in today's increasingly competitive, global economy. CE is also important to a firms' long-term competitiveness (Hitt et al., 1999). Developing a concept of CE in Thailand will be one solution to build up growth based on efficiency instead of utilizing inputs and mobilizing resources spatially, which would not be sustainable in the long run. However, since limited research exists concerning CE in developing countries, this paper represents an initial effort in this area.

In general, CE can be a significant emerging area in both strategic and entrepreneurial management. Research in CE will make a stronger contribution to scholars and practitioners in both fields of strategic management and entrepreneurship in developing their knowledge and managerial practices. Results of this study will significantly contribute better understanding about characteristics of organization, specifically in a developing country like Thailand in developing organizational innovativeness, which will lead to long-term competitive advantages in the global market. Thus, developing a better understanding of how organizational innovativeness is critically important, not only to those starting new innovations, but also to society as a whole.
LITERATURE REVIEW, CONCEPTUAL FRAMEWORK AND HYPOTHESES

This research project was designed to investigate the significance that corporate entrepreneurship has on the organizational innovativeness of large enterprises in Thailand. This study operated under theoretical framework established by Quinn (1985). Throughout the paper, we make the assumption which is supported by the evidence provided by Quinn’s landmark article, “Managing innovation: Controlled chaos” published in the Harvard Business Review in 1985, that there are six major characteristics present in a large corporation that are successful contributors for developing organizational innovativeness. Those characteristics are atmosphere and vision, orientation to the market, small flat organizations, multiple approaches, interactive learning, and skunk works. Proper control variables were industry size, age and sector. Moreover, relatedness and un-relatedness to current businesses were set as moderating variables as well as MNCs and Thai firms. Conceptual framework of this paper is presented as follow:

Figure 1.1: A Model of Corporate Entrepreneurship Characteristics and Organizational Innovativeness of Large Enterprises in Thailand

<table>
<thead>
<tr>
<th>Corporate Entrepreneurship (CE) Characteristics</th>
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<tbody>
<tr>
<td>• Atmosphere &amp; Vision</td>
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<td>• Orientation to the Market</td>
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<td>• Small &amp; Flat Organizations</td>
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<td>• Multiple Approaches</td>
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Atmosphere & Vision

The first characteristic of CE in developing a successful internal venture is corporate ‘atmosphere and vision’. According to Quinn (1985), they mean that innovative companies have a clear-cut vision of an innovative company and the support necessary to sustain it. The entrepreneur’s vision must be permeated throughout the organization in order for employees to understand the company’s direction and share in the responsibility for its growth (Kuratko & Hodgetts, 2004). Continuous innovation occurs largely because a few key executives have a broad vision of what their organizations can accomplish for the world and lead their enterprises toward it (Quinn, 1988; Hurley & Hult, 1998). These arguments suggest:

Hypothesis 1a: Organizational innovativeness is positively related to the presence of a (clear) vision to create innovation in the organization.

Strong support from companies is required to sustain their vision. Scholars have recognized that the top management has a significant role in creating an atmosphere wherein employees are encouraged to experiment (Seshadri & Tripathi, 2006). According to them, even if the top management wants to create an innovative and intrapreneurial organization, there is a need for intrapreneurs within the system who could execute the process of intrapreneurial innovation. These evidences suggest:

Hypothesis 1b: Organizational innovativeness is positively related to organizational atmosphere.
Organizational innovativeness is the characteristic of being small and flexible, with strong market orientation and the willingness to take risks.

Small & Flat Organization

From Quinn’s perspective, small flat organizations are represented by the way innovative companies keep the total organization flat and project teams small. Initiation is primarily the domain of autonomous individuals or very small groups in the entrepreneurial firm (Burgelman, 1984). Previous studies indicate that corporations must keep venture business groups small (Alterowitz & Zonderman, 1988). Because it is difficult for people to focus simultaneously on too many goals, many larger firms create “multiple companies within the companies” (Quinn, Baruch & Zien, 1997). Successful innovators establish cross-functional project teams which consist from 5 to 500 people, depending on the challenge (Parsons, 1992). According to Du Pont Review (1988), companies can build a first commercial plant that is small and flexible, then, put together a lean dedicated entrepreneurial team with a single clear leader. These evidences suggest:

Hypothesis 2: Organizational innovativeness is positively related to the organization’s degree of market orientation.

Multiple Approaches

Multiple approaches are indicated by the paralleled development of several projects encouraged by innovative managers (Quinn, 1985). According to Quinn (1979), for every success there are hundreds of failures. In his later research, Quinn (1985) supports that one cannot be sure at first which of several technical approaches will dominate a field. Almost every entrepreneur has experienced at least one failure before establishing a successful venture (Hisrich, 1986). Du Pont Review (1988) also indicates that successful ventures manage uncertainty with flexible planning. Thus, innovative managers of almost all large scale innovative companies consciously encourage the paralleled development of several projects within the companies. The old ideas can be a primary source of multiple approaches as well. Old ideas can become powerful solutions to new problems if innovative companies are skilled at seeing analogies (Hargadon & Sutton, 2000). Therefore, we hypothesize:

Hypothesis 4: Organizational innovativeness is positively related to the number of parallel projects that an organization is pursuing.

Interactive Learning

From Quinn’s perspective, interactive learning means that learning and investigation of ideas cuts across traditional functional lines in the organization within an innovative environment. Parsons (1992) indicated that innovative companies show a key characteristic of innovating across all their functions and innovate up and down the business system with their suppliers and distributors. Rothwell et al. (1974) and Freeman (1982), among others, have shown that innovative firms co-operate with outside scientific and technical establishments and make deliberate efforts to survey externally generated ideas. Study by Avlonitis et al. (1994) stipulates the benefits to be gained from the co-operation of a firm with research institutes and universities and from the prompt consideration of innovative ideas. Therefore, we hypothesize:

Hypothesis 5: Organizational innovativeness is positively related to the existence of inter-functional teams and inter-functional processes in the organization.

Skunk Works

Finally, Quinn indicates that skunk works are required in every highly innovative enterprise by using groups that function outside traditional lines of authority. This eliminates bureaucracy, permits rapid turnaround, and instills a high level of group identity and loyalty. Dess & Lumpkin (2005) stated that one method that companies can use to effectively foster CE via autonomy includes using “skunkworks” to
Encourage independent thought and action. To help managers and other employees set aside their usual routines and practices, companies often develop independent work units called “skunkworks.” The term is used to represent a work environment that is often physically separate from corporate headquarters and free of the normal job requirements and pressures. Skunkworks are often used to encourage creative thinking and brainstorming about new venture ideas. Drucker (1985) supports that the new entrepreneurial has to be organized separately from the old and existing. The best, and perhaps the only, way to avoid killing off the new by sheer neglect is to set up the innovative project from the start as a separate business. The reason why a new, innovative effort is best set up separately is to keep away from the burden it cannot yet carry. The Du Pont Review of 1988 also suggests companies to keep the venture separate from the established business. According to Block & MacMillian (1993), if focus of attention is important for the venture’s success, a high degree of separation will be needed. Top management can give a small group of highly committed and ask them to create a new business for the corporation- but outside the corporation (Farrell, 2001). Therefore, we hypothesize:

**Hypothesis 6:** Organizational innovativeness is positively related to the existence of groups that function outside traditional lines of authority in the organization.

**Relatedness vs. Un-relatedness to Current Business**

Relatedness refers to ‘the degree to which business units support or complement each other’s business activities, particularly marketing and production’ (Davis, Robinson JR, Pearce II, & Park; 1992). According to Davis and others, relatedness is the mechanism by which businesses capture synergies that can enhance their competitive advantage relative to competitors. Related diversification presumably allows the corporate center to exploit the interrelationships that exist among its different businesses (SBUs) and so achieve cost and/or differentiation competitive advantages over its rivals (Markides & Williamson, 1994). Moreover, the strategy of related diversification enables firms to exploit economies of scope (Porter, 1987; Teece, 1982). This means that the corporate center of a firm operating in two strategic business units (SBUs) can exploit any synergies between the two (for example, in manufacturing or distribution) to achieve cost or differentiation advantages or both over an undiversified rival. As Hill and colleagues articulated, “resource sharing and skill transfers enable the diversified firm either to reduce overall operating costs in one or more of its divisions, and/or to better differentiate the products of one or more of its divisions, thus, enabling a higher price to be charged” (Hill et al., 1992). Thus, we hypothesize:

**Hypothesis 7a:** Under low relatedness of CE activities to current business, organizational innovativeness will be negatively related to the characteristics of corporate entrepreneurship.

**Hypothesis 7b:** Under high relatedness of CE activities to current business, organizational innovativeness will be positively related to the characteristics of corporate entrepreneurship.

**Thai Firms (DCs) vs. MNCs**

The U.S. Bureau of Economic Analysis (BEA), part of the Department of Commerce, defines the MNC as being a firm based in one country (the “parent”) with at least a 10 percent equity interest in a firm located in a second country (the “affiliate”) (Hipple, 1990). In addition, Birkinshaw (1995) defines a MNC as a corporation operating in multiple countries. According to Egelhoff (1991), MNCs are probably the most complex form of organization in widespread existence today. Operating across products and markets, nations and cultures, they face problems and situations far more diverse than even the largest domestic firms. With the increasing globalization of business, a rapidly growing level of economic activity now depends upon this form of organization. The key determinant of successful expansion is the extent to which a firm optimally matches its resources with the environmental contingencies (Lambkin & Day, 1989). In general, the size of MNCs is greater than that of purely domestic corporations (DCs). MNCs have also a higher proportion of future growth opportunities than that of DCs (Jawon, 1997). In addition, corporate international diversification theory posits that multinational corporations (MNCs) should have lower risk and higher financial leverage than purely domestic corporations (DCs). Another important stream of research in foreign direct investment (FDI) sees the MNC as an efficient transfer agent of resources (Hennart, 1982).

In the middle and late 1980s, foreign direct investment in Thailand increased more than seven times over the period. Low wages, progressive reductions in trade barriers, and years of conservative macroeconomic management resulting in low inflation and a stable exchange rate made the Thai economy an ideal host for a flood of foreign investment in the late 1980s. This situation led to increasing the number of MNCs operating businesses in Thailand. However, Hodgetts & Luthans (1994) indicate that a major challenge of doing business internationally is to adapt effectively to different cultures. Cultures can affect the way companies do business, perhaps most important, cultures affects how people think and behave. More over, a study by Lee & Peterson (2000) identified the major cultural factors behind the success or failure of entrepreneurship, suggesting that cultures with a strong entrepreneurial orientation will experience more entrepreneurship and assist their global competitiveness. Thus, we hypothesize:

**Hypothesis 8a:** Atmosphere & vision will be...
significantly different between MNCs and Thai firms.  

Hypothesis 8e: Small & Flat organization will be significantly different between MNCs and Thai firms.  

Hypothesis 8d: Multiple approaches will be significantly different between MNCs and Thai firms.  

Hypothesis 8c: Interactive learning will be significantly different between MNCs and Thai firms.  

Hypothesis 8b: Skunk Works will be significantly different between MNCs and Thai firms.  

Hypothesis 8a: Organizational innovativeness will be significantly different between MNCs and Thai firms.

Organizational Innovativeness  
As suggested by Schumpeter (1961), innovativeness is the focal point of entrepreneurship and an essential entrepreneurial characteristic. According to Rogers & Shoemaker (1971), innovativeness is “the degree to which an individual is relatively earlier in adoption of an innovation than other members of his social system.” Midgley & Dowling (1978) has advanced definition of innovativeness as “the degree to which an individual is receptive to new ideas and makes innovation decisions independently of the communicated experience of others.” Parson (1992) explained that innovativeness is “the power to capture ideas and commercialize value to the customer time and again, continually for years.” Accordingly, innovativeness can be simply described as a propensity to innovate (Wolfe, 1994). Innovation is described by Roger (1995) as “an idea practice, or object that is perceived as new to an individual or another unit of adoption” while innovativeness is “the degree to which an individual or another unit of adoption is relatively earlier in adopting new ideas than other members of a system.” Pitt, Bertgon & Morriss (1997) define innovativeness as “a need for business concept to be designed around a unique or novel product, service, or process”. Moreover, innovativeness refers to “…the notion of openness to new ideas as an aspect of a firm’s culture” (Hurley & Hult, 1998). Innovativeness is present when the implementation of new ideas, products, or processes is encouraged and present when continuous improvement through creativity and ingenuity is encouraged (Hult et al., 2002).

RESEARCH METHODOLOGY  
To collect primary data, questionnaires were initially designed for pilot study to contain at least 20 firms or equivalent to approximately 4.25% of the samples needed. Among these 20 samples, full coverage of major industry sectors was allocated. After that, the lists of self-administered questionnaires were sent to 470 chief executives of large enterprises which are all listed companies in the Stock Exchange of Thailand (SET). The questionnaires asked for their perceptions on CE characteristics and organizational innovativeness in their enterprises. Respondents are asked for their opinions about the previous years’ overall corporate innovativeness and their overall innovativeness relative to leading competitors. That was a one-time mailing without pre-notification or follow-up. There was also no attempt to survey multiple respondents within individual firms. Additionally, secondary data from both public and private sources such as Thai government agencies, Thai publications, and corporate websites were collected in order to fulfill missing data in returned questionnaires, together with the support of literatures/reports.

General information about demographic data on the characteristics of the respondents’ enterprise, including size, age, and type of industry, were collected by using open-ended questions. A five-point Likert scale (5 = strongly agree to 1 = strongly disagree) is designed to examine how strongly subjects agree or disagree with statements on a 5-point scale, indicating varying degrees of agreement, was used to obtain information about CE characteristics and organizational innovativeness.

The survey was conducted in May 2006 and completed in July 2006. The data was analyzed by using the SPSS program. This research uses factor analysis and multiple regression techniques to analyze the effect of six characteristics as independent variables on organizational innovativeness of large enterprises in Thailand. The relationship between the organizational innovativeness and relatedness to current business and the firm’s nationality as both moderators were also investigated.

ANALYSIS AND RESULTS
Thirty-eight responses were received from the initial mailing within first week. Three questionnaires were returned due to wrong address. In order to generate additional responses, a follow-up mailing was sent in the second week to 432 non-responding companies. Forty-three responses were obtained additionally in the second week. More attempts were made in the third week by telephone calling to the rest of non-responding firms. After making an appointment, last thirty four questionnaires were collected by hand and via e-mailing. As a result, a total of 115 responses were received. These numbers accounted for a total response rate of 24.5 percent from selected sample. However, five of these responses were excluded from the analysis, either as a result of missing data (3 cases) or due to late arrival (2 cases), thus reducing the effective sample to 110 cases or accounts for 23.4 percent response rate. The majority of the respondents in this research are Thai enterprises (accounting for 80%) while MNCs are the minority (accounting for 20%) Some blank information about company profiles were fulfilled by secondary data from company websites and annual reports.
DISCUSSION

Firm Size

Among all respondents, the largest company is PTT Public Company Limited which has a total revenue of THB 960,803 million or approximately equivalent to US 24,000 million. The second largest company is Thai Oil Public Company Limited with a total revenue of THB 252,898 million or USD 6,322 million. The third largest company is the Siam Cement Public Company Limited with a total revenue of THB 234,595 million or USD 5,865 million. Then followed by Thai Airways International Public Company Limited (THB 166,519 million or USD 4,163 million), Advanced Info Service Public Company Limited (THB 93,139 million or USD 2,328 million), Krung Thai Bank Public Company Limited (THB 57,702 million or USD 1,443 million), and Kasikornbank Public Company Limited (THB 50,367 million or USD 1,259 million). Compared to large corporations in USA, the largest one is Exxon Mobil with a total revenue of USD 339,938 million. The second largest company is WalMart Stores with a total revenue of USD 315,654 million. The third largest company is General Motors with a total revenue of USD 192,604 million. So, US companies such as Cisco Systems and Coca-Cola, which have a total revenue of USD 24,000 million or equivalent to the top largest Thai respondent in this study, are ranked in the position range of 83-90. According to Fortune, the top 500 companies have a total revenue ranged from USD 3,960 million to USD 339,938 million. However, Fortune top 1,000 companies have minimum revenues of USD 1,428 million. Therefore, in this study there are only four Thai respondents whose total revenue can be ranked within the top 500 largest US companies while another three Thai firms can be additionally ranked within the top 1,000 largest US companies.

CE Characteristics

The first purpose of this study is to investigate what CE characteristics of large enterprises in Thailand are associated with developing successful organizational innovativeness. Appropriate characteristics of CE that fit with large enterprises in Thailand are the expected findings in this study. The result signifies that there are four characteristics of CE which significantly correlate to organizational innovativeness of large firms in Thailand. The four mentioned aspects are ‘atmosphere & vision’, ‘orientation to the market’, ‘interactive learning’ and ‘skunk works’ (p-value = .012 < .05). Moreover, these four characteristics of CE can explain 91.0% of the organization innovativeness. The study also finds that another two characteristics of CE which are ‘small & flat organization’ and ‘multiple approaches’ are not significantly associated with organizational innovativeness (p-value = .129 > .05). Those two characteristics that are not found in large enterprises in Thailand are discussed as follows:

Small & Flat organization: The reason why large firms in Thailand may not have small and flat organizations could be explained by Hofstede's empirical studies about multinational cultures in the early 1980's. According to Hofstede (1980), organizations in low power distance countries such as the USA will generally be decentralized and have flatter organizational structures, which support Quinn’s findings about CE characteristics. These organizations will also have a smaller proportion of supervisory personnel, and the lower strata of the work force will often consist of highly qualified people. By contrast, organizations in high power distance countries such as Thailand will tend to be centralized and have tall organizational structures, which do not support Quinn’s hypothesis. These organizations will have a large proportion of supervisory personnel, and the people at the lower levels of the structure will often have low job qualifications. Kanter (1983) and Russell & Russell (1992) note that formal, bureaucratic methods of control associated with organizational structure are ineffective in managing entrepreneurial activities given the uncertainties inherent in innovation. Moreover, Case & Singer (1997) indicates that flat organizations cause problems too. People are competitive by nature, and they need some way to keep score because that motivates them to excel. Hierarchical organizations provided clear career paths, which did just that. In a flat organization, almost everybody is at the same level, so what have the top performers got to aspire to? The answer is not much and that gives them little incentive except to perform at the level of the average. In a hierarchy there are always fewer jobs at the top of the pyramid than at the bottom, so there was a weeding out, a natural selection if you will, that sorted out the best people for the top positions.

Multiple approaches: According to Hofstede (1980), individuals in a high uncertainty avoidance culture such as Thais are concerned with security in life (as opposed to willingness to take risks) and believe in experts and their knowledge (as opposed to generalists and common sense). Countries with high uncertainty avoidance cultures such as Thailand have a great deal of structuring of organizational activities, more written rules, less risk-taking by managers, lower labor turnover, and less ambitious employees. On the contrary, low uncertainty avoidance societies such as USA have organization settings with less structuring of activities, fewer written rules, more risk-taking by managers, higher labor turnover, and more ambitious employees. This could be the reason why large firms in Thailand do not support multiple approaches in their organizations. Top management in Thai firms may have no willingness to take risks from too many solutions. Multiple approaches which may lead to increasing cost, manpower, and lead time are undesirable for Thai firms. More over, failure of projects may be considered as a mistake in Thai enterprises.
Thai Firms vs. MNCs

Since Quinn’s (1985) previous research was conducted in the developed countries like the USA, the second purpose of this study is to investigate whether there are any similarities or differences in CE characteristics associated with developing successful organizational innovativeness between large enterprises in developed countries and developing countries. The result signifies that there is a significant difference of CE characteristics in regard to ‘interactive learning’ between large enterprises of developed and developing countries (p-value = .004 < .05). The reasons are discussed as follow:

Interactive learning Hofstede (1980) explained that developed countries with a high GNP such as the USA have higher individualism, while developing countries with a low GNP such as Thailand have higher collectivism. Thorelli & Sentell (1982) found that many Thais from all walks of life, at all ages, and of both genders were affected by the opinions of others and the desire to identify with reference groups. Lee & Green (1991) found that for collectivists, the subjective norm (a weighted average of a person’s beliefs that specific relevant others approve of his behavior or not, and his motivation to comply with those others) is more important than a person’s own attitude toward certain behavior in predicting the intention to behave. In contrast, for Americans, the person’s own attitude toward the behavior is more important than the subjective norm. Thus, the effect of this cultural dimension in associated with interactive learning characteristics can be measured.

On the contrary, the result shows that there is no significant difference of CE characteristics in regard to ‘atmosphere & vision’ (p-value = .080 > .05), ‘orientation to the market’ (p-value = .096 > .05), ‘small & flat organizations’ (p-value = .530 > .05), ‘multiple approaches’ (p-value = .593 > .05) and ‘skunk works’ (p-value = .274 < .05) between large enterprises in developed countries and large enterprises in developing countries. The analysis results also show that there is a significant difference in ‘organizational innovativeness’ between large enterprises of developed countries and developing countries (p-value = 0.000 < .05). These different results may be affected by the different organizational culture between Thai firms and MNCs from developed countries.

It was also found that most innovativeness in large Thai enterprises frequently occurs in the stage of new products/services development within exiting company divisions or business units rather than internal and external new ventures. Tanathorn(2006) comments that Thailand usually has process/procedure innovativeness rather than new products/ventures innovativeness at this moment. According to Tanathorn’s experience, he found that lack of technology is the most important barrier for firms in Thailand to develop new ventures or new products.

Moreover, this result shows that the growth rate of revenues generated by external and internal new ventures compared to the total company growth are very low, with zero percent growth in the majority of large Thai enterprises. However, Vozikis, Bruton, Prasad & Merikas (1999) argue that accounting measures, including sales growth and operating income, present a short-term view of the firm’s performance since they are calculated on a year-to-year basis. This is in contrast to the practical situation that the benefits from entrepreneurial activity are experienced over a long period. Furthermore, accounting-based measures are not theoretically tied to the entrepreneurial nature of the firm they are measuring, because it is not clear from accounting measures whether the performance results were due to the entrepreneurial activities of the firm or were produced by some other actions. Thus, longer period of financial operation should be requested in future research. However, non-financial measures may be more proper to measure innovativeness performance in shorter period.

Relatedness vs. Un-relatedness to Current Business

Finally, due to the strong impact from competitive dynamics in business surroundings nowadays, there may be many moderating factors that influence the success of organizations in developing countries like Thailand. Thus, the third objective of this study is to examine factors that influence the similarity or difference between characteristics of CE in developing and developed countries by selecting the ‘relatedness’ or ‘un-relatedness’ of their organizational innovativeness activities to current businesses as a key moderating variable in this research design. Our research finds that there is a relationship between relatedness to current business and organization innovativeness. The result could be described that large enterprises in Thailand usually support new organizational innovativeness activities which relate to current businesses due to benefits from economies of scales.

IMPLICATIONS

The financial problem may not be the real problem of the East Asian crisis (Kittiprapas, 2000). In case of Thailand, even before the crisis, she was facing the problem of long run competitiveness. If it is true that Asian economic growth has built up on higher use of inputs from resource mobilization rather than technical progress and efficiency as Krugman (1994) has pointed, then, it is already time to address deep-rooted problems of the structure of the economy, i.e., the problem of weak competitiveness and inefficiency out. The challenge for organizations in today’s marketplace is to build competitive advantage. This can be accomplished through continuous innovation and the creation of new ideas. Building a country’s long run competitiveness and increasing efficiency would lead to more sustainable growth of the Asian region. Thus, developing a
concept of CE in Thailand will be one solution to build up growth based on efficiency instead of utilizing inputs and mobilizing resources spatially, which would not be sustainable in the long run. However, CE is expected to be a new concept in Thailand and maybe in other developing countries. Study about CE in Thailand will make a stronger contribution to academic knowledge and managerial practices preparation in the early stage.

As Drucker (1985) mentioned, for the existing business to be capable of innovation, it has to create a structure that allows people to be entrepreneurial. It has to devise relationships that center on entrepreneurship. However, the creation of CE activity can be difficult since it involves radically changing traditional forms of internal organizational behavior and structural patterns (Morris & Kuratko, 2002). Therefore, studying about structures of entrepreneurial organization is necessary for researchers and practitioners in business implication. By comparing with the Western characteristics of CE, specific recommendations are offered for management implication to help managers of firms in developing countries successfully develop their organizational innovativeness performance when significant similarities or differences are found. After exploring the CE characteristics of large enterprises in Thailand, our study suggests that they should improve their corporate characteristics in the following aspects: atmosphere & vision, small & flat organization, multiple approaches and skunk works in order to better develop their organizational innovativeness. In other words, large enterprises in Thailand can improve their competitive advantages to compete in the global market.

Moreover, we suggest that Thai enterprises may needs more improvements than MNCs operating in Thailand since our research found a significant difference in organizational innovativeness between large enterprises of developed countries and large enterprises of developing countries. It could be easily understood that MNCs can share the same vision and worldwide policy with headquarters in developed countries. They can also use standardization in operational procedures and technological know-how. According to Hult & Ketchen (2001), innovativeness was found to be a very important factor in development a positional advantage of the MNCs.

LIMITATIONS AND FUTURE RESEARCH

This study has a few limitations that need to be addressed as well as directions for future research. Firstly, CE is still a quite new concept in Thailand nowadays. Therefore, many Thai enterprises may not be familiar with this concept. However, speaking about innovativeness instead may be more easily understood by Thai executives. Secondly, we did not explore more factors which can influence the similarity or difference in organizational innovativeness between large enterprises of developed countries and developing countries, besides relatedness or unrelatedness to current business. Thirdly, measuring organizational innovativeness through the performance of new ventures within the past five years also presents special difficulties since new ventures performance, especially for financial indicators like sales growth, may be limited by time consuming. New businesses have only a short history and are usually not expected to show much profit during the early years (McDougall, Robinson, Jr., DeNisi, 1992). As Peter Drucker (1982) mentioned that innovative companies do not expect returns in the short run. More over, Biggadike (1979) found that new ventures normally take eight years on the average to reach profitability and ten to twelve years before their ROI equals that of mature businesses. Thus, companies may take longer period to see the results of new ventures. Moreover, the results show that it’s quite rare for large enterprises in Thailand to develop external new ventures within the past 5 years. A number of new ventures creation may be affected by the time period relating to economic situations as well.

Fourthly, to measure internal ventures performance by using accounting measures, including sales growth and operating income, present a short-term view of the firm’s performance since they are calculated on a year-to-year basis. This is in contrast to the practical situation that the benefits from entrepreneurial activity are experienced over a long period. Furthermore, accounting-based measures are not theoretically tied to the entrepreneurial nature of the firm they are measuring, because it is not clear from accounting measures whether the performance results were due to the entrepreneurial activities of the firm or were produced by some other actions. Fifthly, this research adopted a questionnaire with 64 questions which mostly require in-depth information. Too many numbers of questions as well as the difficulty of questions create a low response rate at the beginning of this research. Without the follow-up efforts, the response rate would have been much lower. Lastly, the sample size of this research covers only 470 large enterprises operated in Thailand and registered in the Stock Exchange of Thailand in 2005. There are more populations of large enterprises in Thailand not included in the sample. Thus, the results may not represent the real picture of the total population.

Future research can further investigate the characteristics of CE for both MNCs and DCs in other developing countries, especially with a different context from the eastern countries like Thailand. For example, developing countries in Latin America, Middle East, or Africa could be explored in the next stage to compare with the results of this study. This will enhance the CE research in to the direction of globalization. More factors that influence the
difference or similarity of CE characteristics in association with developing successful organizational innovativeness, especially culture should be further studied. In other words, the relationship between CE, organizational innovativeness and organizational cultures should be further explored in future research. Hofstede's (1980) cultural dimensions or other cultural dimensions associated with entrepreneurial behaviors such as Trompenaars’ need for achievements, locus of control, risk-taking, innovativeness, and proactiveness can be included as moderators in future research about CE and innovation.

There are many dependent variables which can be affected by CE characteristics. Besides the performance of organizational innovativeness, financial performance associated with new ventures in terms of sales revenue, profit and loss, market share, ROI, etc. can be deeply explored. Moreover, the relationship between CE and the pursuit of new opportunity exploitation in large Thai firms are worth for further investigation. On the contrary, innovativeness in Thai SMEs as the real entrepreneurs is also important for future study. Additionally, since there are two main types of new ventures: those intended to function as a separate company and those created within a large company (Digman, 2006), future research can further study about new venture performance of a ‘separate company type.’ Finally, entrepreneurship is a multifaceted phenomenon comprising of at least three underlying dimensions: innovativeness, risk-taking, and pro-activeness. Thus, the relationship between CE characteristics and the other two variables: risk-taking and pro-activeness as well as the pursuit of opportunities exploitation of large enterprises in Thailand could be further studied in the future.

CONCLUSION

Our study signifies that four characteristics of CE which are atmosphere & vision, orientation to the market, interactive learning and skunk works significantly correlate to organizational innovativeness of large firms in Thailand. On the contrary, two characteristics of CE which are small & flat organization’ and multiple approaches are not significantly associated with their organizational innovativeness of large enterprises in Thailand. It seems that large enterprises in Thailand may lack of some entrepreneurial characteristics. The organizational structure of firms in Thailand may have a high level of authorization which leads to problems in communication. They may not split internal divisions or cross sectional teamwork to be smaller and flexible. Moreover, they may not encourage several prototype projects to pursue in parallel with many options or cannot be recycled in the future. Fortunately, large firms in Thailand may have a clear-cut vision to create innovation in the organization. Moreover, the surrounding atmosphere of these firms may sufficiently support innovativeness in the organization. Lastly, the new projects team-work of Thai firms may receive full authority assignment as well as freedom to work away from their head office.

In general, our research concludes that large enterprises in developed countries and developing countries have different degrees of organizational innovativeness. This different performance is a result of different CE characteristics found in some aspects as well as different organizational cultures between Thai firms and MNCs from developed countries. It was also found that most innovativeness in large Thai enterprises frequently occurs in the stage of new products/services development within exiting company divisions or business units rather than internal and external new ventures. Additionally, most of the large enterprises in Thailand that start internal and external new ventures earn none of the revenue growth from new ventures compared to current business.

Thus, findings of this study provide important practical implications for business practitioners in Thailand. As we have seen many large but very aggressive companies such as Motorola, Hewlett-Packard, 3M, and Sony achieve a high degree of innovativeness (Peters, 1988; Waterman, 1987), large Thai firms who would like to become entrepreneurs and would like to develop successful organizational innovativeness should study the concept of CE and how to apply with their firms, starting from a step of training to vision change. Moreover, the concept can be implied to the Thai government sector to launch educational campaigns for promoting more successful CE characteristics and organizational innovativeness in Thailand.

In conclusion, the results of this study will significantly contribute a better understanding about the characteristics of CE of large enterprises in Thailand in developing successful organizational innovativeness, which will lead to future long-term competitive advantages in the global market. Thus, developing a better understanding of how organizational innovativeness succeeds is critically important, not only to those starting new innovations, but also to society as a whole.

REFERENCES


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