

**DEVELOPMENT OF SMALL-SIZED TRAVEL ENTERPRISES
AS AN INNOVATIVE ORGANIZATION**

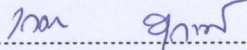
Kittikan Kanchanakhua

**A Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of
Doctor of Philosophy (Integrated Tourism Management)
The Graduate School of Tourism Management
National Institute of Development Administration
2017**


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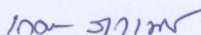
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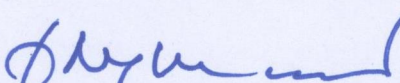
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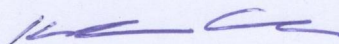
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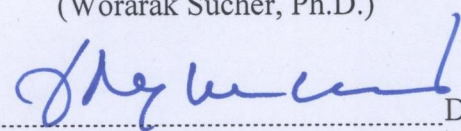
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ABSTRACT

Title of Dissertation	Development of Small-Sized Travel Enterprises as an Innovative Organization
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The objectives of this study are as follows: 1) investigate and develop the innovative organization indicators for small-sized travel enterprises; 2) investigate the relationships of innovative organization indicators for small-sized travel enterprises; and 3) obtain the guidelines for developing small-sized travel enterprises as an innovative organization. This study apply Balanced Scorecard (BSC) concept, in order to enhance factors influential to performance and sustain competitiveness of organizational innovativeness.

The populations used for this study are management executives at the rate of one officer per one organization from all levels with at least 3 years working experience in small-sized travel enterprises, registered with Tourism Business and Guide Registration Office, Department of Tourism. A survey questionnaire has been conducted to investigate the relationship of factors that influence small-sized travel agencies innovativeness. The 400 questionnaire were collected throughout Thailand. Analyses of the data based on descriptive statistic to analyze frequency, percentage, mean, and standard deviation. Inferential statistics was used to make judgment of the probability and examine statistical hypothesis, and compare the means. Correlation and regression were used to test the variance.

Major findings can be summarized as follow: When considering each area of variables for factors that promote the innovative organization, there were four variables that had a positive influence and could be used to predict the performance of small-sized travel agencies in Thailand sorted by descending order as follows: 1)

organizational innovation in the tourism business, 2) human capital innovation in the tourism business, 3) strategic innovation in the tourism business, and 4) leadership innovation in the tourism business, and organizational innovation in the tourism business had the highest positive influence. However, creativity innovation in the tourism business and teamwork innovation in the tourism business had no influence on the performance of small-sized travel agencies in Thailand.

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CHAPTER 1

INTRODUCTION

1.1 Background and Significance of the Study

Tourism has become a major industry contributing the most revenue in Thailand. It has generated employments and distributed incomes to all related associates, directly and indirectly. In the year 2016, the tourism sector contributed 2.51 trillion baht to the Thai economy and there were 32,573,545 travelers who visited Thailand with an average annual growth rate rising to 8.86 percent compared to the year 2015. Domestic travelling has been increasing continually with the number of Thai travelers at 148.03 million per time and contributed 869,510.63 million baht to the Thai economy (Ministry of Tourism and Sports, 2016).

Tourism Authority of Thailand has forecasted that the number of Thai and international tourists including tourism's contribution would be growing even larger in the year 2017 which is relevant to the forecast of World Tourism Organization :UNWTO that said the trend of tourism growth during the year 2010-2020 shall become averagely 3.8 percent per year by having various supporting factors such as India and China's economic expansion, steady low oil price including a growing number of low-cost airlines in different regions causing domestic and international airfares affordable leading to a higher demand of travelling. Consequently, International Air Transport Association: IATA has expected that international transportation during the year 2014-2019 should be expanded averagely 3 percent per year.

In addition, there are numerous positive factors that promote the tourism sector and related businesses to grow, such as domestic and international transport systems which include neighboring countries in the ASEAN and CLMV. Moreover, there are tourism support measures from the government, such as tax reduction for tourists and entrepreneurs and visa waiver for visitors. In 2017, the Cabinet has

approved the exemption of tourist visa for Cambodia Laos, Myanmar, Vietnam (CLMV) and China, and the tourists from these countries can stay in Thailand up to 90 days due to the government's marketing promotion for tourists who come for medical tourism, which matches the main demography of the world that is becoming an aging society.

From the above information, it can be concluded that tourism trend in Thailand has a continual growing potentiality. However, travel and tourism organizations or operators which most likely are small enterprises (SE) have to realize about threats from foreign operators doing business in Thailand and protect themselves from cutting prices down among tour operators and travel enterprises resulting in quality and standard of service as well as causing bad reputation reflecting travel enterprises that need to close down exceedingly every year. The information from Department of Tourism and Sports revealed that in September of 2016, there were new 530 applications of the tourism business license with 304 applications of license cancellation. In November of 2016, there were 185 new applications of the business license with 142 applications of license cancellation. In December 2016, 199 new operators applied for the tourism business license while the number of those who applied for license cancellation was 102. From the information dated on 30 September 2016, it revealed that the total number of operators was at 11,130 and on 31 December 2016, the existing operators were down to 10,603. It can be noticeable that there is a decrease of tourism operators significantly.

Today, small and medium enterprises (SMEs) account for 95 percent of Thailand enterprises. The total number of enterprises is 2,765,986 with more than 80 percent of the total employment of the business sectors in the country. Therefore, SMEs play an important role in creating jobs and generating revenues and is a foundation of larger business development and improving the country's economy. SMEs GDP in the year 2015 rose to 5,559,534 million baht or 41.1 percent of the country's GDP. Small and Medium Enterprises (SMEs) cover manufacturing industries, wholesale and retail businesses, and service sectors. Criteria of categorization of industries are various but regularly depend on the number of employees (employment size), capital investment, and asset value, amount of sales or income of a company. Ministry of Industry defines SME for service industry as

1) For small enterprise; enterprises with employees of up to 50 or with assets of up to 50 million baht.

2) For medium enterprise; enterprises with 51-200 employees or with assets of no less than 50 million baht and up to 200 million baht.

With regards to the above criteria, business operators in tourism are most likely categorized in a small enterprise (SE) because an establishment of tourism business or application for the tourism business license does not need a high investment. Department of Tourism and Sport determines security deposit for operating tourism business in 4 types according to areas of tourism operation as follows: 1) Specific 10,000 baht, 2) Domestic 50,000 baht, 3) International (inbound) 1000,000 baht, and 4) International (outbound) 200,000 baht. The security deposit can be redeemed when the tourism business license is cancelled. Moreover, tourism business operations most likely obtain resources from outside such as accommodations, restaurants, souvenirs shops, vehicles, and tourist attractions in which there is no need to invest by themselves.

Therefore, tourism organizations have been newly operated at all times. An important point is that when a tourism business operator starts the business, how the business can be able to exist in a stable manner. Nowadays, as it is widely known, changes occur rapidly and influence globally. It is an age of advanced technology and science. The world economy is currently turned to knowledge-based and creative economy (Weerawut Watjanapooka & Athitaya Arunsrisophon, 2010). It is a globalization with an increase of business competitors both domestic and international. Hence, tourism operators need to increase capacity of organizations to be capable enough to compete sustainably and to rise above competitors. Developed countries give importance to innovation as it is considered a crucial factor that drives an organization to be a successful one (Tsai, 2001). A study of Hult, Hurley, and Knight (2004) found that organizational innovation can contribute to a change in overall operation of an organization and is a component of success giving rise to competitive advantage of the organization.

Consequently, innovation plays a key role in business and economy of Thailand. It can be seen that the government recognizes the major role of innovation and introduces it in the 12th National Economic and Social Development Plan

implemented during 2017-2021. The data on the competitiveness of nations-World Competitiveness Ranking provided by International Institute of Management Development (IMD) revealed that Thailand's world competition ranking had been at the 30th world ranking position from the total of 59 countries since the year 2012 and the latest data revealed that Thailand's world competitiveness ranking rose to the 28th from the total of 61 countries which was slightly different. Thailand has been falling down to a loss of labor cost advantage and cannot compete with other countries having advanced technology and innovation capability as well as creative approach. Therefore, the government has a policy to develop innovation and apply it to be a factor driving the development in all dimensions so as to elevate the country's capacity in all aspects. Creating creativity and innovation through the application of technology are pointed out to promote new value-added products and service. Furthermore, the government determines a strategy and tactical plan to promote and develop SME in elevating productivity, technology, and innovation, exploits the value of innovations for commercial advantage, encourage promotion for SME innovation products which correspond to Thailand 4.0, a new economic model aiming to turn country into a smart one, that brings about national development towards stability, prosperity, and sustainability. The major parts of Thailand 4.0 are business incubation and cluster development driven by innovation such as changing traditional SMEs to smart SMEs, and traditional services to High Value Services.

In relation to a review of literatures, it can be seen that innovation is a key factor to increase business capacity in being able to create competitive advantage in a knowledge-based economy where knowledge, creativity, and innovation are major factors in adding more value to products and services (Keerati Yosyingyong, 2009) which corresponds to Kan Trakulhoon (2008) who mentioned that innovative organization was an important strategy in pushing business to grow sustainably. In terms of product development, service, type of business, working process, and human resources at all levels of development; innovation is considered a tool that an organization can use to create a competitive advantage (Hult, Snow, & Kandemir, 2003). Innovation can be a major factor that helps an organization to gain success (Tsai, 2001). Creating new innovation continually can be a survival strategy and the key to sustainable business. Ahmed (1998) defined the meaning of innovation as a

process of trading full of economic value or competition. It was something new about creativity on products, process, and trading.

In addition, many scholars have given definitions of innovation in different aspects, therefore; there are considerable variables affecting innovation. However, when the variables are considered and ranked in order of the most topics that the scholars are likely to mention about components of “innovative organization”, the first six ranks are selected and consisted of: 1) Organization innovation, 2) Human capital innovation, 3) Strategy innovation, 4) Leadership innovation, 5) Creative innovation, and 6) Teamwork innovation. Hence, there are major factors and necessary indicators leading an enterprise to be an innovative organization full of capacity and competitive ability and be an advantage both in domestic and international levels in a sustainable manner under the circumstances of intense competition and rapid change and can correspond to the government’s policy following the National Economic and Social Development Plan and SMEs Development Plan. This policy is very essential in developing the country’s economic system to move forward in the same direction. Then, it is necessary to conduct a study about a development model of factors affecting innovative organization of small-sized travel enterprises in Thailand.

1.2 Research Questions

- 1) What factors are considered necessary to indicate being an innovative organization of small-sized travel enterprises in Thailand?
- 2) Which level of relationship of innovative organization indicator do the small-sized travel enterprises in Thailand belong to?
- 3) What are the guidelines for developing small-sized travel enterprises in Thailand as an innovative organization?

1.3 Research Objectives

- 1) To investigate and develop the innovative organization indicators for small-sized travel enterprises.

2) To investigate the relationships of innovative organization indicators for small-sized travel enterprises.

3) To obtain the guidelines for developing small-sized travel enterprises as an innovative organization.

1.4 Expected Results

1) Travel and tourism enterprises can apply the factors that indicate innovative organization and the research results to learning about the strength and weakness of the organizations and develop the organizations to be innovative with competitive advantage in a sustainable manner.

2) To be a supply of data for small-sized tour operators and service industry to develop capacity of organizations and move forward to be medium and large-sized enterprises.

3) Travel and tourism associations in different levels/Department of Tourism can bring the research results to study and develop personnel in the field of tourism for the betterment of knowledge and understanding, elevate quality and standard of travel and tourism enterprises to be ready for intense and changeable competition.

4) To be scholarly data in enhancing knowledge about assessment and development for organization to become innovative organization.

1.5 Scope of the Study

The researcher determined a scope of the study with the following major components:

1.5.1 Content Scope

1) Focus on a study of a development model of factors indicating innovative organization of small-sized travel enterprises in Thailand so as to obtain a research framework from the data gathered from the literature review and develop indicators of innovative organization and bring results to develop the capacity of organizations, elevate the quality standard and enhancing competitive capability in a sustainable manner.

2) To study the relationships of innovative organization indicators of small-sized travel enterprises in Thailand based on the research framework as well as obtain the innovative organization indicators of small-sized travel enterprises in Thailand according to the theories of Thai and foreign scholars. In addition, this study examined the Balanced Scorecard (BSC) to select the innovative organization elements that enhance organizational performance and to design a standardized, accurate and reliable questionnaire through the considerations of the advisor, experts and the trials which could be used to assess and measure effectively and could show the importance and relationship of each factor and indicate innovative factors that small-sized travel enterprises should develop to enhance their own operational performance.

1.5.2 Population Scope

Population in this research study were executive management officers at all levels holding working experience at least 3 years in small-sized travel enterprises in Thailand with employees up to 50 or with assets of up to 50 million baht and operated at least 3 years. The data were acquired from Tourism Business and Guide Registration office and Tourism Council of Thailand.

1.5.3 Area Scope

The areas for this study were major tourist attraction cities in Thailand chosen from cities with the highest record of tourism license application and the highest number of travelers visiting throughout the year according to the statistical record analysis from Operations Center for Tourism Business Registration, Guide and Tour Operators, Department of Tourism. The ranking was in order of the first six highest records as follow: 1) Bangkok, 2) Phuket, 3) Chiang Mai, 4) Chonburi, 5) Nakhon Ratchasima, 6) Phra Nakhon Si Ayutthaya (Visitor statistics from 7 April 2008 to 31 August 2015 and visitor statistics by region from January 2015 to February 2017, Department of Tourism).

1.5.4 Time Scope

Period of data collection: 3 months from July to September.

1.6 Specific Terms

1.6.1 Indicator

Indicator means a component or factor that is used to contribute to value or a state or level of something in a certain period of time. An indicator shall stipulate empirical data or statistics that can be compared as a measurement or indicator whether operations process and performance can be accomplished or not.

1.6.2 Innovation

Innovation means “a new thing established from knowledge and creativity beneficial to economy and society” (National Innovation Agency, 2006). Innovation means new ideas and method of doing something that never exists before or developing, modifying existing things better and when it is applied in operations, it can enhance the efficiency and effectiveness of work.

1.6.3 Innovative Organization

Innovative organization means an organization that promotes and supports innovation created by personnel in the organization to be corresponded to every division, department and all parts of the organization with a sharing goal of developing the organization to be innovative organization, full of capacity and increase capability with a competitive advantage to survive under the circumstances of rapid changes in a sustainable manner.

1.6.4 Small-Sized Travel Enterprises

Small-sized travel and tourism enterprise means an enterprise that is registered by Tourism Business and Guide Registration Office with employees up to 50 and with assets of up to 50 million baht.

1.6.5 Management Executives in Travel and Tourism Organization

Management executives in travel and tourism organization mean permanent employees holding management position such as managing director, committee, general manager, division or department manager, assistant division or department

manager, chief of division or department, and assistant chief of division or department.

1.6.6 Balance Scorecard

Balance scorecard (BSC) means organization appraisal by implementing not only financial indicator because it is not enough for evaluation in organization so, it's a technique of 360 degree evaluation dimension focusing on four perspectives of balance, which are customer perspective, financial perspectives, management perspective and learning/growth perspective.

CHAPTER 2

LITERATURE REVIEW, CONCEPTUAL FRAMEWORK AND RELATED RESEARCH

In this chapter, the researcher conducts relevant literature analysis through theories, books, textbooks, academic papers, research papers and online database. The results related to this research are that the study on development model of innovative organization indicators in small travel enterprises enables us to comprehend body of knowledge comprising relevant sciences. The indicator model development is integrated from several dimensions in order to obtain new body of knowledge. This is beneficial to Thailand's tourism industry and is able to expand to other industries where an organization desires to make itself become an innovative organization as well as one of the core competencies of the organization for sustainable competitive advantage. The consequence of topics is as follows:

- 2.1 Innovation
- 2.2 Key performance indicator (KPI)
- 2.3 Balanced scorecard (BSC)
- 2.4 Small and medium enterprise (SME)
- 2.5 Competitive advantage
- 2.6 Related research
- 2.7 Characteristics of innovative organization

2.1 Innovation

Nowadays, global organizations and entities are well aware of innovation because they realize that innovation is organization culture. Building innovative organization or any aspects including goods, services, management and operation process enables them to grasp business competitive advantage. Organizations can

adapt themselves in line with changing global context and their visions toward sustainable future. The globalization trend forces organizations to compete not only in their own country or region but also in the global level, as we can see innovation competition among global companies like Microsoft and Samsung. The leading global companies focus on research and development and services beyond customer's expectations. This concept is providing unique and innovative goods and services to add value to their goods and services. Countries spending massive budgets on innovation research and development include England, United States of America, South Korea, Singapore, China and Japan, proving that they are emphasizing on innovation. They can create innovative goods and services, management procedures and novel working methods. As a result, they have growing international customers, step forward to economic leader with competitive advantage and competency and obtain large market share at the same time.

Innovation is a critical strategy adopted by several organizations to create new operation methods and provide novel things for adding value and attracting customers by utilizing existing resources (Drucker, 2002; Parker, 1978). Innovation, therefore, is significant to business competition because it is not only empowering organization competencies but also “basic necessity of organization”. Any organization without innovation lacks competitiveness and eventually disappears from industry the same as Charles Darwin's natural selection (Moore, 2006). Hence, the basic concept of innovation is positive improvement for changing things in better way.

2.1.1 Definitions and Scope of Innovation

The Royal Institute Dictionary B.E. 2542 defines “innovation” as “novel things or anything different from original one, it may be, among other, concepts, methods or equipment”. Whereas, the National Innovation Agency defines innovation in its 2012 annual report that “innovation is new things derived from knowledge and creative thought beneficial for economy and society”, resulting in enhancement of economic competitive competency and quality of living of Thai society on par with global society. Meantime, the definition is adapted from the previous version in 2004 that innovation is learning production, learning management and utilization of new idea for the benefits of economy and society as well as production of product and

service, new production process, technology improvement, technology distribution and technology utilization impacting economy and society. Apart from broader definition, the National Innovation Agency gives definition of innovation in economic term that innovation is an application of a new idea or utilizing existing things in new forms or creating new things obtained from knowledge and creative idea for benefits of economy and society. Likewise, Somwang Witayapanyanon (2008), innovation is defined as creating new things including product, working process, business model which one has never done before or existing things that an organization has never used it, by applying knowledge, creative idea, technology and management together with innovation culture promotion to achieve efficient changes and benefits.

Furthermore, Ganter and Heckter (2014) stated that innovation is not confined only to develop new products or production processes but, also extends to the company's organizational structure, administrative process, and managerial practice. In addition, Swierezek and Ha (2003) stated that innovation and creativity are the inherent conditions of the role of entrepreneurship and its trend reflects that company supports new ideas, experimentation, and the creative process that may cause new products, process, or technological processes. Innovation is also refers to an adoption of an internally generated or purchased device, system, policy, program. Process, product, or service that is new to the adoption organization (Zaltman, Duncan & Holbek, 1973; Daft, 1978; Damanpour & Evan, 1984; Weerawardena, 2003) defined innovation as the application of ideas that are new to the firm to create added value, either directly for the enterprise or indirectly for the customers, regardless of whether the newness and the added value are embodied in products, processes, work organization or management, or marketing systems. Likewise, Coppey, Keegan, and Emler (1998) stated that innovation is a particular form of change characterized by the introduction of something new, may relate to a product, service or a technology or it may involve the introduction of new managerial or administrative practices or change in other elements of the organization. Ultimately, innovation brings about beneficial change.

The innovative organization is practice with creative idea triggering innovation, using a person with creative idea and member of organization as input into good environment, which means good human resources management, good

organization structure and good organization culture, resulting in goods and services and new working methods Robins (2003). Meantime, Chaiyos Reungsuwan (1978), innovation means new practice which is different from the old way which may derive from new invention or improvement from old things. In addition, it has been tested and improved until it has been proven that it is practical, finally driving system to desired goals efficiently. Kolter (1994) considers that innovation is a process derived from creative idea making an idea to service, product and operation methods. Jones and Tilley (2003), gives importance to innovative organization that it develops performance of organization. Innovation is a new idea development which may gain from various sources including customers and competitors. It focuses on development of product or service technology or existing process to new technology with better quality, while seeking new methods for reducing costs of production technology and materials.

National Science and Technology Development Agency (1998), innovation is production, learning and utilization of new idea for economic and social benefits. The idea is new to an organization or economic unit which may be public agency, industry or country.

The innovation causes expansion and development of products and services in related market, new production and distribution and changes in management and skills of personnel to enhance competitiveness, research and development and use new technology as technological innovation which is a major part of innovation. An application, however, must consist of changes in production, management and distribution. This concept is relevant to Porter (1990) that innovative organization is a critical factor for making organization performance. The innovative organization does not cover only new product technology; it also includes change of existing operation technology to new operation technology. Organization endeavors to create opportunities and conditions leading to innovation by bringing organization to address complicated market demands, creating quality rules at excellent level and considering competitors as trigger for innovative organization development.

Innovation is adopting new idea as goods, services or value added process directly relevant to creativity. However, it is impossible to merely transform creativity to innovation because innovation needs other components e.g. production process and

new services (Amabile, Conti, Coon, Lazenby, & Herron, 1996). Innovation in term of economics means five aspects of form or product: new product, new production method, new market, new material source and new organization operation (Schumpeter, 1934). Similarly, Gibbons (1997), company or organization innovation means adapting new idea to a company in various forms including product, production process, service form, management, operation, system and marketing activity.

Rogers (1962), who invents theory of diffusion of innovation theory, says that innovation is an idea which an individual perceives as new. In this term, innovation is a new idea. Additionally, Rogers and Shoemaker (1971) describes that innovation is knowledge, practice or material which an individual perceives as new for itself, even though such thing has been adapted or practiced for a period. If it is new to any person, it is deemed as innovation.

The Innovation Development Fund (2002) clarifies that innovation is the ability to apply knowledge, creativity, skill and technological experience for developing and producing new products. The new production process or service addresses overall market demands including technology improvement, technology diffusion, technology application and industrial and engineering product design and using training system for innovation creation. Moreover, Morton (1971) explains that innovation is renewal so it is improving old things and developing competencies of personnel, agency or organization. Innovation does not eradicate old things. It, however, improves and modifies things. Department of Industrial Promotion (2000) describes that innovation is creating extinguished product and service different to existing ones in market with combination of two things namely strength of product and service and comprehension in gap which no one has ever discovered.

Pan-art Chairat (2000) indicates that root of innovation is innovare in Latin which means to do new things. Thus, definition of innovation in economic term is adapting a new idea or utilizing an existing one in new way to make economic benefits. In another word, it is doing different from others by applying changes around oneself as opportunity and convey it to new idea for benefit of oneself and society. In term of entrepreneur, Drucker (1985) clarifies that innovation is a significant tool for seeking benefits and opportunities from changes to create business

and service different from competitors. Innovation is presented through training, learning capability and practice. Furthermore, Charoon Wongsayan (1977) explains that the definition of innovation is divided into two levels. In general, innovation means an effort, whether it is successful at any level, to bring new things to change existing things. For the other level, behavioral science studies origin, characteristic, process and impact to a related person. Innovation thus means things that bring changes successfully and extensively until it has been widely practiced.

Luecke and Katz (2003) defines that “innovation means an introduction of new things or methods compiling or synthesizing knowledge into new value product, process or service. It comprises of creativity and practice from exceptional idea of individual staff to make new things. More importantly, creativity is adapting a new idea into real practice for improving goods and services provided to customers or specifying better and more efficient process for an organization”.

Refer to the literature review and related documents, it is concluded that “innovation” means new creation of product, service, management process, marketing activity, strategy, human resources management both new things and things developed from the existing ones. It enables to reduce costs and add value to an organization in one dimension or various dimensions which aims to enhance competitiveness and competencies and sustainably survive in the midst of rapidly changing global economy.

2.1.2 Significance of Innovation

Innovation is a critical strategy for building competitiveness since an organization is able to constantly provide new products, services and working processes for customers. It includes ability to present new things in terms of new product, new service, new process, new system, new communication and new technology for customers faster than competitors. The working process enables an organization to create things that anyone is unable to imitate. It is beneficial to an organization, for example, survive in rapidly developing world in the future, sophisticated growth, worthy returns, value added to existing things and practice, economical cost, easier and faster working process, living organization, fun working, having different creative solutions, and adding more value to physical and an abstract

asset. Moreover, innovation enables an organization to protect its intellectual property from competitors (Pasu Decharin, 2004).

Hence, creative work in innovative organization has been widely popular. IBM, General Motor, Samsung, Apple, Microsoft, Toyota, Sony and Honda are participating in a competition to become a leader in innovation. Even in a country level, British, South Korean, Canadian and Australian governments announce that they are innovative countries. Being innovative organization is the latest trend that one who achieves it first will become a successful leader. On the other hand, any organization that fails to develop innovation, will be obsolete or eventually defunct. Therefore, each public and private organization should actively focus on innovative organization (Chai Na Pol Akarasupaset, 2007).

Sane Chuyto (2005) studies on innovation and finds that innovation is critical to an organization as shown in figure 2.1

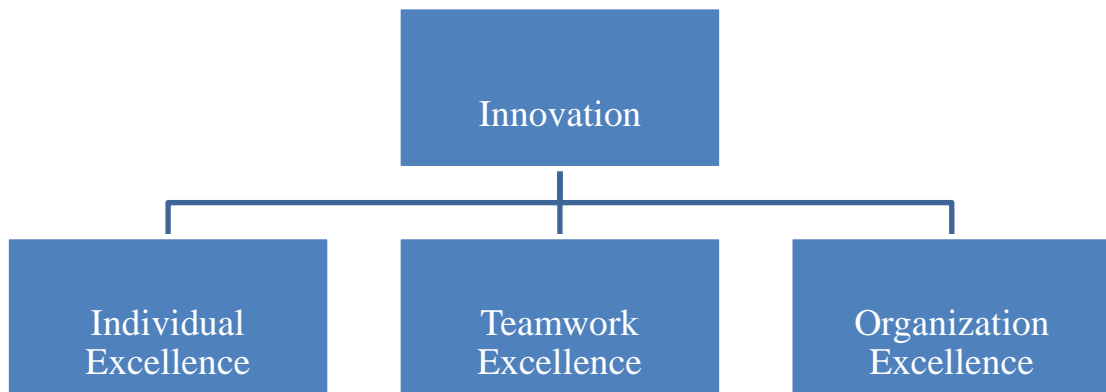


Figure 2.1 Significance of Innovation to Organization

1) Individual excellence: an idea of individual creates innovation. The learning promotion and training allows an individual to have the right thinking process, critical thinking and creative thinking to obtain innovation.

2) Teamwork excellence: encouraging participatory learning is important. Brainstorming and teamwork lead to learning and innovation.

3) Organization excellence: an application of modern organization theory causes innovation e.g. learning organization, intelligent organization, strategic

organization, 3I (information, intelligent, idea) organization and research and development organization.

Innovation is a significant strategy to an organization to enhance competencies and competitiveness. Several organizations determine innovation as one of the core competencies. Business competition depends on capability of the organization to build its competitiveness based on knowledge, technology, creativity and innovation leading to development of products and goods addressing customer demands. Furthermore, Theerayut Watanasupachoke (2005, p. 17) says that innovation plays more important role and becomes a factor for success of an organization. Executives increasingly recognize significance of innovation and creativity. When innovation has been promoted and developed efficiently, it will lead to real competitiveness and worth for investment.

As innovation is significant as mentioned above, organizations focus on an application of innovation with their organizations with different aims and objectives that vary to each organization. The objectives of innovation creation and application are concluded as follows: (Vorapat Pucharoen, 2007; Kash, 1989; Sherwood, 2001)

- 1) To improve product and service quality;
- 2) To develop new product;
- 3) To create new market;
- 4) To develop product range, for instance, product diversity
- 5) To minimize production cost and labor cost
- 6) To develop production process
- 7) To reduce material use, environment destroy and energy
- 8) To replace existing product and service
- 9) To comply with regulations, standards and laws
- 10) To create better and various working methods
- 11) To create new application or process

Similarly to Poosadee Polsaram (1998, p. 23) explains that innovation plays a significant role to the operation in two aspects:

- 1) Competitive advantage: Kuczmarski explains that innovation builds business advantage in four aspects:

(1) Radical leapfrogging: a company wins its competitors by developing new products. Customers learn what benefits they receive which are different from other companies. They perceive application, emotion, physical characteristic or efficient products better than competitors;

(2) Benefit differentiation: innovation advantage aims to create values for product by developing product and creating uniqueness which always causes strengths and advantages;

(3) Market share stimulation: advertisement, sales promotion, changed distribution and pricing, product line expansion and product improvement contribute to bigger market share.

2) Causes satisfaction to shareholders, employees and customers. When all of them are satisfied, profits will definitely increase.

At present, innovation is critical to an organization in the sea of fierce global competition. To enhance competencies, efficiencies and competitiveness, an organization has to improve and change its product, service, working process and management by applying innovation as a tool for achieving innovative organization.

2.1.3 Types of Innovation

Innovation is divided into several types based on objectives of application as follows:

Innovation is categorized into the following two main types by Chesbrough (2003)

1) Incremental innovation: incremental innovation utilizes existing technology or things by improving existing things or creating new things.

2) Radical innovation: novel innovation disrupts existing technology.

On the other hand, The National Innovation Agency (2005) divides types of innovation in accordance with use objectives:

1) Product innovation is a commercial product improved or newly created in the market. The innovation may be new to the world, country, organization or oneself. The product innovation is divided into two types: 1) tangible product or goods, for instance, new car models, plasma, LCD, LED TV screen and computer; 2) intangible product or service, for example, natural conservation package, internet service and specific consultancy.

2) Process innovation is changing means or methods of production or service in different forms, for instance, allowing customers to participate in production. Meantime, the process innovation is categorized into two types: 1) technological process innovation is capital goods used in production process. Unit of real capital or material goods is improved in accordance with technological change which enables product increase. For example, industrial robot, a production innovation, is process innovation when it is used by an automobile factory. 2) organizational process innovation is a process increasing efficiency and proficiency of organization management by trial and error method and learning from doing and without mere reliance with research and development, for instance, Just In Time (JIT), Total Quality Management (TQM, Lean Management, reorganization focusing on quality, fast and efficiency.

3) Management innovation: organization needs management knowledge for organization restructuration which requires participation of employees leading to new ideas and creativity to address customer demands and profitability.

4) Service innovation relates to new service rendering derived from new creation or improvement.

5) Business model innovation relates to change in business operation which can add more value.

6) Marketing innovation is developing new market by improving product and packaging design, promotion or price.

7) Organization innovation is change in business structure. The business model is an innovation emphasizing in enhancement of organization management competency.

Likewise, Innovative organization is divided into three types according to Panu Limanon (2006):

1) Product innovation: it has constant innovation and development of product. The major components are product development and design focusing on customer benefits, co-creation of customers as well as value chain management which will cause commercial effect.

2) Process innovation: creating more efficient process needs technology, process and technique, application of new idea, method or process resulting in production process and working more efficient and productive.

3) Management innovation: organization has to apply management knowledge for improving working and organization structure to make creativity and promote new ideas for addressing customer demand, generating income and returning profit to organization.

Regarding to Keerati Yotyingyong (2009) , innovative organization is categorized into six types.

1) Business innovation: it alters organization operation to address globalization context, customer demand and satisfaction, survival and competitiveness of an organization.

2) Strategy innovation: it is change in vision, mission, values, goal, belief and organization restructuring to determine new direction of organization operation and drive sustainable growth as well.

3) People innovation: it develops appropriate skills and knowledge of personnel for practicing their duties under innovation process.

4) Process innovation: it is improving production method or practice different from existing one to enhance efficiency and effectiveness and reduce production cost comprising technological process innovation and organization process innovation.

5) Product/ service innovation is creating new goods and services or improving existing goods and services or combining new goods with existing goods to propose value and benefit to customer. It considers value chain management in each unit which causes commercial effect.

6) Marketing innovation is developing new market focusing on packaging, distribution channel, marketing communication, product or service delivery to customers and forecasting and evaluating customer demands.

Types of innovation are diversified due to perspectives of scholars or experts. However, expectations or goals of innovation creation are similar that it needs development, improvement and change in various dimensions to enhance proficiency, goods or services and competitiveness of organization. It is an endeavor to make things better.

2.1.4 Source of Innovation

Theerayut Watanasupachoeck (2006) explains that source of innovation comes from two sources namely:

1) Internal invention: organization generally establishes research and development (R&D) department and recruits skilled persons to invent new things or improve goods and services. Value innovation has been gradually created when it is triggered by using organization culture as a mechanism driving staffs to alert and create new ideas for organization.

2) Knowledge exchange and external innovation or open innovation: open new ideas from outside driven new ideas rapidly and diversely. It may cause less cost than own development. An organization may hire external agency which has more proficiency or cooperate with an agency with creative personnel to invent innovation regarding to their strengths. Key techniques for developing, exchanging, learning and obtaining innovation from external source or open innovations are:

(1) Purchase new technology or idea from external organization. It may purchase existing innovation or outsource external organization for developing technology.

(2) Cooperation with other organizations to exploit skills and resources for jointly developing with organization's personnel.

(3) Invest and/ or acquire small organization with high potential to use its strength for future development.

(4) Establish knowledge center as a center for exchanging information and ideas in broader scope as well as allow experts having roles in presenting new ideas and inventing innovation from their strengths.

Furthermore, Sukitti Earrncharoen (2004) says that innovation, source of new and diversified goods or services, comes from various perspectives:

1) Firm vision: it is new in an organization's vision but it's not new in the market. The product has not been made by the company but it has been modified. The purpose of vision is easily acceptable from consumers. It takes less cost for entering into market, for example, Taiwanese or Chinese products imitate products of Japan or America.

2) Product vision considers behaviors of consumers who ongoing seek novelty by focusing on unique features of product. Meanwhile, the innovation product is divided into three types:

(1) Sustaining innovation improves existing goods to address and make loyal consumers feel enthusiastic. It, however, does not change consumer behavior on using such product, for example remote control and television, special formula of toothpaste, motor of new car models including electric, hydropower or electromagnetic.

(2) Sustaining and flow innovation is similar to clause (1) but it has little impact to consumer behavior. New product is presented to improve weak points of product or penetrate into gap, for instance, plasma/ LCD/LED television, computer, smart phone.

(3) Inconsistent and abrupt innovation is bringing in products for better living that consumers have to change behaviors to adjust themselves with new products. For example, portable computer device with built in communication e.g. internet, wireless and Wi-Fi.

3) Market vision mainly emphasizes on consumers. If any consumer feels that a product is new to oneself and never seen before, it is called market innovation. It is required that the new product is relatively rare in market compared to old market or not widely recognized because it has been shortly introduced to market, for instance, 3D marketing and mobile phones with more features.

4) Consumer vision changes product features but from consumer vision it is changed in point of view of consumer towards product. The product is presented through media or marketing strategy. In fact, innovation product is based on same source which is human brain that keeps imagine.

In fact, Keerati Yotyingyong (2009) considers that innovation comes from 4 sources:

1) Internal Invention

- (1) Innovation derived from goods and services provider
- (2) Innovation derived from materials producer or owner

2) External invention

- (1) Innovation derived from customers or consumers

(2) Innovation derived from external organization with more proficiency

In addition to that, West (1992, pp. 46-79) divides innovation into the following 9 types in accordance with innovation creation.

- 1) Sector creating innovation focuses on changing materials to better things.
- 2) Performance extending innovation emphasizes on improving operation to gain competitiveness.
- 3) Technological reorganization focuses on application of technology for success.
- 4) Brand innovation gives importance to brand building to promote marketing position.
- 5) Process innovation is any change in process to build new potential to an organization.
- 6) Design innovation focuses on product design in four dimensions: image, user friendly, usage effectiveness and cost control.
- 7) Reformulation is an innovation adjusting only the part of structure but component remains the same with the purpose of quality increase.
- 8) Service innovation improves quality of services by focusing on development of service provider proficiency in 3 aspects including speed, accuracy and credibility.
- 9) Packaging innovation focuses on packaging convenient for use, storage and cost reduction.

2.1.5 Innovation Development of Organization

Degraff and Quinn (2006) states that innovative organization means development of working process, idea, design, product or others resulting from research at organizational and personal level with or without purpose. In other words, it is compilation, alteration and creativity towards new creation in accordance with desired aims. The most difficult thing in building innovative organization is obstruction within an organization. Several organizations though have new process, they do not achieve because it is unable to drive an idea throughout the whole process.

However, an organization with good structure and coordination process has ability to create innovative organization. Likewise, Gee and Chaplin (1976) explains that innovative organization starts from knowledge base within an organization, which size and application are factors expediting new knowledge. Moreover, Drucker (2002) states that process of building innovative organization starts from analysis on new opportunity depending on different context in each period. Effective innovative organization must be simple, with clear goals and based on knowledge. Apart from personal genius, whether innovation is successful, time spent on specific development, diligent, patience and commitment of organization are essential factors.

Equally important, Hall (1994) states that innovative organization is: 1) business activities occur in an organization; 2) an organization does new things that they have never done before. Such action is technological change that has never happened in business. Thus, it is named innovation; 3) innovation means more than technological change. Innovative organization comprises all activities leading to changes and technological interaction. Building or changing technology considers not only technical change but also focuses on other related factors including marketing factors considering appropriateness and timing of technology development, financial factors analyzing feasibility and break-even point.

Meanwhile, Luecke and katz (2003) describes that innovative organization means components or synthesis of original knowledge and relevant things to increase value of product, process or service. Thus, level of innovative organization is divided into two types: 1) incremental innovation: it is developed from the existing things to gain better process and 2) radical innovation is inventing technology or method that has never existed before. Meantime, scope of radical innovation is clearly specified as new methods resulting in different operation of an organization and causing knowledge development at least five times or reducing cost over 30 percent. Radical innovation requires larger amount of investment and more risk compared to incremental innovation but its result and competitiveness are much higher.

However, Innovative organization is differently defined by many scholars, experts and organizations. For organizational innovation, experts and researchers give definition as an organization with creative novel things for business purpose. Holder and Matter (2008) explain that the innovative organization is an organization with

constant innovation creation. The innovation does not cover only product and service innovation but also includes operations relevant to organization development. In addition, McGregor (2008) clarifies that innovative company is an organization with capability of innovation creation for market resulting in successful business. Similarly, Robert (1995) describes that innovative organization is an organization seeking methods to improve its existing properties and resources with less benefit and product to increase returns and products.

Despite that, the level of innovation development is divided into three levels as follows: 1) individual innovation development; 2) department innovation development; and 3) organization innovation development. The guidelines for development in each level are: (Sane Chuyto, 2003)

1) Individual innovation development is developing individual excellence. It is important to make an individual keeping develop its own idea to create innovation or new invention. The idea includes 10 methods of thinking:

- (1) Critical thinking
- (2) Initiative thinking
- (3) Creative thinking
- (4) System thinking
- (5) Integrative thinking
- (6) Application thinking
- (7) Synthesis thinking
- (8) Comparative thinking
- (9) Strategic thinking
- (10) Conceptual thinking

2) Department innovation development is developing individuals in the same unit or plan. It is important to build team excellence by making a team as team learning and team thinking all the time. The atmosphere of critical thinking should be promoted. The learning center gives team members opportunity to exchange their thoughts and synthesize political, economic, social and environmental conditions, sports, customers, competitors and technology. As more communication is more learning.

3) Organization innovation development is making organization excellent by focusing on learning organization, wisdom organization, thinking organization, innovation organization and intelligent organization. Changing organization behavior to innovation, intelligent organization and invention is a philosophy and policy of organization. In modern textbook, triple I organization comprising intelligence, idea management and effective information management are significant factors for supporting more excellent organization. As a result, an organization has more competencies compared to others.

According to Harvard Business School (2003) and Sherwood (2001), the innovation process is process or procedure making innovation in an organization. The innovation process consists of five procedures:

- 1) Idea generation
- 2) Opportunity recognition: an analysis to find business opportunity.
- 3) Idea evaluation: a selection of progressive idea
- 4) Idea development: change an idea to practical guideline.
- 5) Commercialization: Apply idea to production process or actual practice in an organization.

Development of innovation in an organization is one of significant factors affecting progress of each organization and make good quality of living for personnel. Apart from knowledge, it is basic factor for economy and society. The innovation development is social capital leading to intellectual property and foundation for innovation creation and coordination in terms of knowledge exchange, experience and skill. It is applied to replace competition. Consequently, new way for present business development is co-competition.

2.1.6 Guideline for Organization's Innovation Development

Innovation development needs active cooperation and support from all stakeholders. Executives should support fund and policy including preparedness in structure, process and culture to enable innovation development. Furthermore, innovation creation should be given opportunity to develop and invent innovation continuously. Personnel in an organization should keep practicing and developing knowledge and creativity as well as think out of the box to gain a different idea.

Personnel in the human resources department should organize activity or project encouraging individual to express innovative idea which is benefit to individual and organization.

For example, The National Innovation Agency (2005) suggests a guideline for innovation development as follows:

- 1) Change should be considered as common circumstance. Change is challenge rather than problem.
- 2) Reliability is very significant. Executives have to support personnel when good project fails or faces obstacles.
- 3) Make work in daily life dynamic and fun.
- 4) Each staff should have same ideas on which way their organization is going forward to and which strategy brings them to their goals and how their responsibilities help organization to achieve goals and how individual participates to achieve goals.
- 5) Conducting annual plan and budget is an opportunity to make an innovation rather than increase chaos to an organization.
- 6) Individual and each unit in organization should have high flexibility and adaptation to evolving circumstance. The existing operation plan must correspond to solutions without effect to core values and goals of organization.
- 7) Most tasks should be challenging and the responsible person must have proficiencies. They are proud of their tasks and works involved in creativity.
- 8) Information flowing among units should be independent and there is cooperation across units and within units formally and informally.
- 9) Mistakes and obstacles should not be concealed; however, it is a critical lesson.
- 10) Attempt means test and results may not be in line with plan.
- 11) Decision should take short time and be flexible.
- 12) Provide opportunity for individual and team to freely choose what to do at certain level, though it is quite difficult in action.
- 13) Pay attention to knowledge, skill, belief, process, comment and challenge.

14) Focus on basic factors of innovation creation including time, fund, skill and knowledge.

Additionally, Vrakking (1990) explains that an organization with potential of innovation management can create innovation to propose values to its customers and address marketing demands at forthwith. It builds competitiveness and business growth in long term for organization. The National Innovation Agency (2004) describes that innovative organization has two different meanings: organization as innovation source or organization supporting innovation of individual who use several factors for creating innovation. Meanwhile, Keerati Yotyingyong (2009) summarizes that innovative organization is a new idea of organization management for adjusting attributes or behaviors of organization, which have never happened before, to address globalization. Knowledge and innovation are core factors for adding value and developing quality goods and services to address demands and satisfactions of customers and survival and competitiveness of organization in free market. Also, Ekvall (2002) explains that innovative organization is an organization with ability to adjust itself for existence in changing business environment by implementing development of products, services, processes, systems, structures and policies.

Simultaneously, Tidd, Bessant, and Pavitt (2001) clarify that innovative organization is an organization integrating various components for working together to strengthen environment for innovation penetrating throughout organization. Sunje and Pasic (2003) say that innovative organization is a new form of organization under the concept of Mintzberg and Westley (1992) which was first invented after the Industrial Revolution and later widely accepted in society since it is suitable for dynamic and complicated external environment. It creates difference resulting from high level innovation leading to competitiveness and existence of organization. In a nutshell, innovative organization is an organization with capability to create innovation with systematic and environmental management and eventually add value and competitive advantage for organization constantly and sustainably.

Moreover, several public and private sectors and scholars suggest attributes and criteria of innovative organization in different models as follows:

Thailand Productivity Institute and National Science and Technology Development Agency have cooperated to study guideline of the national quality

award. Afterwards, the Office of the National Economic and Social Development Board recognizes significance of the award and then includes it in the National Economic and Social Development Plan. The criteria of national quality award for excellent organization are divided into 7 categories and 18 indicators as follows:

Category 1: Organization leadership

- 1) Organization leadership of executives
- 2) Broader social responsibility and supervision

Category 2: Strategic planning

- (1) Strategic planning
- (2) Covey strategy to implementation

Category 3: Customer focus

- 1) Customer engagement
- 2) Customer voice

Category 4: Measurement, analysis and knowledge management

- 1) Measurement, analysis and improvement of organization performance
- 2) Information, knowledge and information technology management

Category 5: Personnel focus

- 1) Personnel engagement
- 2) Environment of personnel

Category 6 process management

- 1) Work system
- 2) Work process

Category 7: Result

- 1) Product result
- 2) Customer focus result
- 3) Finance and market result
- 4) Personnel focus result
- 5) Process effectiveness result
- 6) Leadership result

Meanwhile, National Innovation Agency promotes entrepreneurs to implement innovation in business with the purpose of enhancing competitiveness and potentiality. The total innovation management award is presented to entrepreneurs

who are able to operate business in accordance with the criteria of the Agency. Details and criteria of the award are as follows:

- 1) Leadership
- 2) Strategy
- 3) People
- 4) Knowledge
- 5) Processes
- 6) Results

The criteria for total quality management are similar to criteria for evaluation of innovative organization:

- 1) Leadership
- 2) Strategic planning
- 3) Customer focus
- 4) Information and analysis
- 5) People management
- 6) Process management

Beside, Schumpeter (1975) explains that innovation means new compositions or new characteristics with economic values for commercial use. New combinations or degree of novelty of innovation comprise of five elements:

- 1) New product or new attribute of old product
- 2) New process introduced to industry
- 3) New market
- 4) Change in organization
- 5) New development of material source or inputs

The economic value of innovation has been implemented for commercial purpose in two forms:

- 1) Technological innovation means improvement of product or process with application of technology clearly proven in a certain period.
- 2) Non-technological innovation, for example, new marketing strategy, new management technique and new structure and organization.

According to Keerati Yotyinyong (2009) , innovative organization is categorized into six types.

1) Business innovation: it alters organization operation to address globalization context, customer demand and satisfaction, survival and competitiveness of an organization.

2) Strategy innovation: it is change in vision, mission, values, goal, belief and organization restructuring to determine new direction of organization operation and drive sustainable growth as well.

3) People innovation: it develops appropriate skills and knowledge of personnel for practicing their duties under innovation process.

4) Process innovation: it is improving production method or practice different from existing one to enhance efficiency and effectiveness and reduce production cost comprising of technological process innovation and organization process innovation.

5) Product/ service innovation is creating new goods and services or improving existing goods and services or combining new goods with existing goods to propose value and benefit to customer. It considers value chain management in each unit which causes commercial effect.

6) Marketing innovation is developing new market focusing on packaging, distribution channel, marketing communication, product or service delivery to customers and forecasting and evaluating customer demands.

Certainly, Kan Trakulhoon (2008) explains that innovative organization comprises of:

1) Inno-people, it determines pattern of personnel for adjusting new organization culture to become innovation culture supporting and promoting working environment. The attributes of employee under such culture consist of five elements namely dare to initiate, dare to speak and listen, dare to think out of the box, dare to risk and do and dare to learn.

2) Inno-leader, it specifies structure of executive attributes to build 3 elements of leadership which are, change leadership, supporter and change manager as role model for employees and personnel in organization. This stimulates learning environment.

3) Inno-customer relationship management (CRM) is adding value to each purchasing transaction by implementing the most efficient supply management.

The benefits of innovation application is recognizing when customer orders products with organization.

The above mentioned operation will result in other aspects of innovation:

- 1) Product and service innovation
- 2) Process innovation
- 3) Business model innovation

Nevertheless, Christiansen (2000) concludes guidelines for building innovative organization as follows:

- 1) Vision and strategy
- 2) Competence management
- 3) Goal
- 4) Organization structure
- 5) Communication system and information management
- 6) Decision method
- 7) Incentives
- 8) Personal management system
- 9) Evaluation method
- 10) Culture

Thereafter, Tidd, Bessant, and Pavitt (2001) concludes components of innovative organization building:

- 1) Share vision, leadership and will to innovation
- 2) Appropriate organization structure
- 3) Key individual
- 4) Stretching training and development
- 5) High involvement in innovation
- 6) Effective teamwork
- 7) Creative climate
- 8) External focus
- 9) Extensive communication
- 10) Learning organization

Afterward, Nutthee Jitsawang describes that innovative organization builds six internal and external components:

- 1) Vision and strategy to innovative organization
- 2) Culture supporting innovation
- 3) Process and practice facilitate innovation creation
- 4) Leader team commits to innovative organization
- 5) Teamwork for innovation creation
- 6) Promote creativity and innovation

In the same way, Higgins (1995) conducts a questionnaire by integrating 7S organization management with innovation concept to evaluate innovation level named “ organization innovation quotient inventory” , which composes of following components:

- 1) Organization strategy
- 2) Organization structure
- 3) Organization system
- 4) Leader pattern
- 5) Personnel
- 6) Value jointly created in organization
- 7) Organization skill

Moreover, Becker (1964, pp. 298-300) divides innovation into three types:

- 1) Product innovation means making new product or improving currently existing product or combining existing product into new product.
- 2) Process innovation
- 3) Marketing innovation relates to packaging, distribution channel or forecast and evaluation on consumer demands.

In summary, Pasu Decharin describes characteristics of innovative organization that:

- 1) Have obvious direction and strategy for developing organization becoming innovation organization. That is, determine strategy focusing on innovation and effect of external environment change to organization
- 2) Create organization culture emphasizing value and innovation
- 3) Commitment of executives
- 4) Flexible organization structure at appropriate level stimulating innovation in organization

5) Personnel responsible for roles under innovation process including leaders, supporters and personnel in organization

6) Teamwork as innovation likely created by cooperation of individuals from different foundations

7) Develop personnel with required knowledge and skill suitable for inventing innovation

8) Focus on working environment and atmosphere

9) Relate to external factors since sometimes innovation is created from linking thoughts from outside to inside

All in all, Quinn (1991) studies seven core qualifications supporting successful innovation:

1) Atmosphere and vision: how innovation created in organization, it is important that high ranked executives must recognize innovation and manage with value and atmosphere promoting people to create innovation as have well as clear practical vision and goals

2) Orientation to the market: Innovation creation must consider marketing feasibility, particularly customer oriented. In large innovative organization, managers, first and foremost, seek and solve problems to customers.

3) Small flat organization: innovative organization should be small flat organization and small team project with 6-7 personnel, diversified skill and proper number helps members having engagement and internal communication. Small flat organization enables working process faster.

4) Multiple approaches: it is impossible to expect when innovation occurs, technology or application methods may accomplish in innovation creation or otherwise. Organization has to support multiple approaches or have several options for creating and developing product or project to prevent failure and attract employees to involve and invent. In addition, organization must improve information quality because it is a crucial tool for decision.

5) Development shoot-outs: organization should develop constantly and rapidly to discover prototype of product or innovation for making decision. It reduces risk in selecting options for analysis of marketing demand. It is suggested to use parallel approaches for the purpose of cost reduction as it is possible to accomplish and shorten development time.

6) Interactive learning: organization must have environment or atmosphere promoting and supporting innovation. It encourages employees to learn and exchange knowledge among each other across divisions or with different external organizations such as customers, partners and suppliers. The knowledge gained from this activity becomes material or tool for creating innovation.

7) Skunk works: employees have freedom for thought and decision different from bureaucracy working. This kind of work accelerates approval or direction, opened communication and opportunity for new invention. Team has high level of group identity and loyalty to what they are doing.

Altogether, Kuczmarski (2003) considers that significant components of innovation comprise of:

- 1) Executives with good and supporting attitudes.
- 2) Chief technology officer (CIO) commits to innovation creation.
- 3) Agree to strategies on new product making.
- 4) Balance between new product making and supporting technology.
- 5) Customers drive process development.
- 6) Establish cross functional teams to develop new products.
- 7) Encourage people participating in new product with award.
- 8) Create culture and innovation values
- 9) Evaluate system and innovation

Notwithstanding, White and Bruton (2007) explains that application of innovation strategy relates to following components or factors:

- 1) Organization structure
- 2) Job creation and relationship of employees
- 3) Decision
- 4) Communication
- 5) Organization culture
- 6) Employee motivation

However, to be innovative organization, Shapiro (2006) describes that an organization must have five capabilities:

- 1) Strategies and customers
- 2) Measurement and performance

- 3) Process and infrastructure
- 4) People with entrepreneurs
- 5) Technology

Beside, Ahmed (1998) states that accomplishment of innovation creation in organization has to commence from the following factors:

- 1) Flexible organization structure
- 2) Leader's commitment and participation in innovation support
- 3) Create challenging atmosphere and confidence in action
- 4) Freedom of thought
- 5) Focus on future and ready to cope with changes
- 6) Create reliable and trustworthy atmosphere
- 7) Build appreciation atmosphere
- 8) Support cross functional teams within organization
- 9) Create and communicate success stories
- 10) Give proper rewards
- 11) Take time for innovation and training

Further, Von Stamm (2008) gives an opinion that innovative organization consists of the following key components:

1) Strategies and visions are obviously specified on how organization will be in the future.

2) Leadership as leaders has to support and promote innovation, commitment and development environment to enable invention and cooperation and also tolerate to failure. This type of leader should be found in all levels starting from high ranked leaders.

3) Process should be used for supporting innovation culture. However, if the process is used for control, it will become an obstacle.

4) Organization culture is critical for driving a leader's behavior which is supported by tools and works of personnel. Challenged current situation, cooperation, test and learning from failure are signals of innovation culture.

5) Physical environment of work plays an important role in supporting behavior for creating innovative organization. Change in working environment is a true signal of permanent change.

6) External factors are significant to innovative organization in two points:

- (1) Understanding in operation context
- (2) Link with influence external factors

In addition, Katz (2006) says that organization has to support creativity of employees to develop innovative organization, in which organization must comprise the following components:

- 1) Determined direction and strategy promoting creativity and innovation
- 2) Culture that supports creativity and innovation
- 3) Leaders in organization should focus and support creativity and innovation
- 4) Organization that promotes creativity and innovation
- 5) Creative employees and team
- 6) Employee reward system
- 7) Recruitment system for selecting personnel suitable for innovation creation
- 8) Broad communication channel
- 9) Knowledge management

On the other hand, Vrakking (1990) finds that components of innovation management in organization include 4 factors:

1) Technological resource management: organization has to conduct technology assessment to verify appropriateness and compatibility of new technology affecting organization skills and technological technology at present and future.

2) Human resources management: as employees are innovation creator, organization has to study or provide training for employees to link knowledge with creativity and entrepreneurship for creating innovation. At the same time, organization should make employees commitment to organization by applying career management system. Successful organization has to maintain knowledge and challenge as well as make team-composition to bring in diversity of thought, skill, proficiency and working experience. Organization must have culture which is core value focusing on work accomplishment and support among each other. In addition, it

should have reasonable internal regulations and structure as well as leaders who are able to take a risk and motivate team. Upon appropriate organization culture, innovation behavior and effective performance are likely accomplished.

3) Organizational conditions: the process of innovation is directly relevant to organization state and condition. Innovation creation relates to vision, strategy and organization structure.

(1) Vision is main condition for innovation management. It needs vision reflecting prominent aspiration to create innovation.

(2) Organization strategy: it is necessary to develop clear strategy under general policy with purpose and business operation.

(3) Organization structure should promote innovative potential. Organization should restructure in line with organization way. The adhocracy is flexible structure suitable for innovation development which requires speed, control and quality.

Apart from internal factor management, understanding environment and market is very important. Innovation plan is very significant to competition and it is necessary to contemplate how far or how difficult to complete it. Organization must learn what customers need most and subsequently address them. External condition, politics and economy are indicators for innovation management.

4) Operational guidance: most organizations lack plan and budget for creating innovation in the long term leading to failure in innovation creation. Organization thus has to pay serious attention to budget management and project planning and selection. Moreover, control is very important for innovation creation, particularly budget, time and speed as weapon. Time is a new factor that relates directly with flexibility because innovation has been created all the time from timeframe.

2.2 Key Performance Indicators

Key Performance Indicators (KPIs) are implemented for quality measurement and evaluation or guideline for regulation as well as quality and standard enhancement to increase potential, effectiveness and efficiency for organization.

However, KPIs must have quality and reflect what is to be evaluated accurately. The results can be applied for improvement. Several experts explain about KPIs as follows:

Yuthana Saethiew (2004) states that KPIs correspond with evaluation system because KPIs tell us the position of measured things and then assessor has to compare the results with specific criteria to prove whether the position is good. Consequently, he makes suggestions or determines what to do further. The design of KPIs mostly focuses on the part significant to organization. KPIs mean we want to measure and evaluate only the important things, in which items relevant to organization strategy are the most important. Meantime, Witaya Suharitdamrong (2005) indicates that we must have goals before conducting any measurement or evaluation. To have goals, we must firstly measure status or state of ourselves or current process. Goals look like common announcement that explains which achievement company needs. Normally, they are incomes, sales and profits. Afterwards, the goals are converted into measurement criteria. Information and activities in organization have relationship and link to others in the whole of business process and value chain. Organization evaluation and KPIs are beneficial when we as designers are able to specify or determine relationship with other indicators or KPIs correctly to find relationship between inputs and results from the process. Importantly, we can improve, control and design new business process from results of KPIs and trial adjustment of components in process.

Indicator means performance indicator used as guideline for appraisal, monitor, quality improvement and development accomplishment evaluation. Since there are several dimensions of quality, it is quite difficult to merely implement one indicator; and effectiveness evaluation of organization also has various dimensions. It is necessary to select appropriate indicators. However, Somkiet Pothisat (1998) recommends that indicators must be possessed of:

- 1) Accuracy and specific
- 2) Sensitivity to measured things
- 3) Difficulty of data compilation and record
- 4) Indicator of core activities

Similarly to Taksapol Thamrangsi (2004) indicates limitation of indicator that “good indicators” have to consist of:

- 1) Sensitive enough to tell the change. If situation is change but the result is the same, it is not a good indicator.
- 2) Specific to change
- 3) Simple measurement and use appropriate resources
- 4) Understandable communication.

Criteria for key performance indicators (KPIs) are as follows:

- 1) Congruence with visions, missions, objectives and strategies of organization
- 2) Include financial and non-financial indicators
- 3) Able to obviously control and verify performance of individual or organization
- 4) Able to measure results
- 5) Not only is it a tool for controlling or measuring results, but also monitors changing situation.
- 6) Understandable for anyone

Likewise, Pantip Dhamasaro et al. (1998) define indicators as variables for measuring changes, indicating status or reflecting performance. They correlate with standard criteria which is used for measurement of performance, achievement, results as well as indication of problems, planning and appraisal whether they are in line with objectives and goals. The indicators are not a goal for development but they are a tool for examining accomplishment results.

2.2.1 Indicator Building

Methods for building indicator include selection component variables for determining indicators, specifying component variable weight and variable combination. The details are explained by Boonchai Sreesathidnarakul (2000) in three core methods:

- 1) Pragmatic reduction, there are two methods: 1) Select a number of existing variables and then contemplate appropriateness for use. The representative indicators are used for building indicators through this method; and 2) Combine

correlated variables in one group to minimize variables. The variables clearly indicate attributes of situation. However, this method depends on individual who conducts selection or combination, which may result in bias and weak point.

2) Theoretical method considers a number of variables selected in accordance with theory. The weight of variables is determined regarding to significance of variables. Afterwards, indicators are calculated according to mathematic methods. Two principles are required to create indicators under theory for the purpose of obtaining good and correct indicators.

1) Selecting the component variables is to find appropriateness of indicators. First, it is required to study attributes of state in which indicators are used for indicating innovative organization. It may be a document study or expert consensus. The data gained from this step is used for selecting component variables. Then, the component variables are implemented for specifying indicators. In case variables have several components, the research has to minimize variables to avoid problems on confounding variables because they cause difficulty in result translation. Minimizing variables may be combining correlated variables or selecting only one variable from correlated variables. Meantime, comment of experts or calculation of variable correlation may be used for selecting which variable has high level of correlation.

2) Defining the weight of variables is conducted by following three methods:

(1) Use expert comments for defining weight of variables. The weight of each variable may be equal or unequal depending on the importance of each variable. The weight variable may be defined in different levels, for instance, 1-5 or 1-7 or 1-10. Defining variable weight may be subject to researcher's discretion or expert's discretion.

(2) Contemplate period and expense for defining variable weight. For example, defining variable weight of doctoral degree is heavier than variable weight of undergraduate degree because it takes more time and expense for obtaining doctoral degree compared to the latter.

(3) Defining variable weight by applying existing proven standard criteria.

3) Employ empirical method for building indicators. It is similar to theoretical method but variable weight definitions are different. Defining variable weight in accordance with theory underlines importance of variables by applying expert's comments or other methods. Meanwhile, empirical method is application of statistical methods including factor analysis and cluster analysis.

The steps of indicator selection and comment congruence are:

1) Select indicators with purpose of obtaining indicators as initial frame related with criteria and component of attributes of innovative organization through analysis and synthesis of domestic and foreign books, textbooks, research papers, academic articles and other media.

2) After synthesis, group indicators to find appropriate indicators as guideline for appraisal of innovative organization of small tour agencies in Thailand. They are used for preparing questionnaire and proposing to advisor for comments and improvement.

3) Submit initial adjusted questionnaire to five experts asking for comments and suggestions. Afterwards, find congruence of experts' comments. The quartile range of distribution of experts' comments is calculated.

4) Amend the questionnaire regarding to five experts' comments. For finding validity of contents, it is tested with the sample group comprising of 30 cases, which are different from the actual sample group used in this research. The reliability of questionnaire is 0.96, which means that this questionnaire is reliable in accordance with the criteria and is possible to be used with the actual research population.

2.2.2 Types of Indicator

According to Somkiet Bothisat, the indicators are divided into four types:

- 1) Structure indicator is input or resources quality indicator.
- 2) Process indicator is activity or work in process indicator to achieve goals of organization.
- 3) Outcome indicator. Outcome means key performance of organization.
- 4) Client satisfaction indicator measures satisfaction of clients in various aspects.

Furthermore, Pornsaran Rungcharoenkitchakul (2005) says that it is possible to use five indicators with all types of business because they are KPIs under new economic competition and wide framework suitable for separating into sub-objectives:

1) Achieve financial performance. Financial performance is the most critical indicator for business because shareholders seek the utmost returns from investment. In addition, achieving financial performance is the most important factor for survival and sustainable growth of business. The successful business is able to make profits constantly. That is, it can generate more income and control expenses at the lowest level while still having the ability to produce satisfied products and services for customers. Hence, business should maximize income, control expenses and enhance efficiency to gain more profits.

Indicators of financial performance achievement include:

- (1) Net profit margin
- (2) Earnings per share
- (3) Return on assets (ROA)
- (4) Return on equity (ROE)
- (5) Economic value added (EVA)
- (6) Corporate value reflected in stock price

Achievement measurement should compare between businesses in the same industry. Learning from competitors or similar business helps business have long term goals, what success to achieve, how to maintain its competitiveness and which strong points should it have.

2) Meet customer needs. The profits of business rely on the ability of business to address customer demand in the long term. Customer satisfaction is a major indicator for business success. Business, thus, should consider customer demands before profits. If business focuses only on profits, they will lose their customer base and eventually fail to succeed. Business with potential growth has always been focusing on customers.

However, satisfaction measurement is unclear compared to financial figures because there are no certain standards. To learn whether customers are satisfied with the product or service, we should not wait until the customer is lost. Business should monitor surrounding factors including customer sensitivity, service

and timeliness. Customer sensitivity is recognition of customer desire and forecast that customers need changes for better things. Awareness to sensitivity will lead to satisfied service because customers receive what they prefer. It is an active operation rather than waiting for complaints or problems. Large organizations always have division responsible for marketing research and employ experts on customer relationship to make good understanding and forecast trend of customer needs. Business should constantly be aware of necessity of development and improvement of service quality because customers expect better services all the time. A method used for measuring how good business address customer needs is gap analysis. It compares what customers obtain from products or services and their expectations. Also, efficiency measurement on service speed and time affects customer satisfaction. Application of modern technology enables business to reach its goals. The measurement should specify time, cost and quality balanced with each activity.

3) Building quality products and services. Under severe competition, quality of products and services play more critical role because expectation of customer is very high and there are many choices. Quality management therefore is an important foundation. Successful business has to keep improving quality in each procedure of production and service process to address customer needs and improve efficiency. This enables higher sales and lower costs at the same time.

4) Encourage innovation and creativity in business. Change is inevitable as customer taste in goods and services have been changing. Competitors have been finding ways to grab marketing share. Organization and employees have to find new working methods to enable higher productivity and efficiency. New technology has been developed all the time. The only way to keep business alive and competitive is new innovation and readiness to change. Successful organization should have organization culture promoting innovation to prevent decline phase.

Executives therefore should adjust and change though business still looks progressive. Creativity leads to new innovation, however, how to measure success is quite difficult. As a result, we have to measure outcomes such as number of new goods or services introduced to the market, sales or profits increase and changes in operation process resulting in higher efficiency. In addition, cooperation and enthusiasm of employees to propose creativity is one of indicator too.

5) Gain employee commitment. Any successful organization comprises of employees who love what they are doing, feeling proud and commit to work and organization and work with care and dedication. Organization should promote employees to have opportunity to do wholeheartedly or have a model or a project that provides employees opportunity to involve in making decision. Support training and continue learning by giving reward or incentive. Empower employees to work and make decisions as well as have more responsibility.

Measuring achievement may use performance appraisal to check whether employees can perform in line or beyond expectation. Workforce utilization is measured by observing employees' behavior and productivity per head as well as compared with other departments or organizations. Too many or too few workforce may cause disadvantage to the operation, for instance, if workforce is too late compared to work, though productivity per head is at high level but work period is too long. Employees feel tired and efficiency is deteriorated. Moreover, employees are less satisfied to work. Furthermore, organization should balance workforce with job to allow each employee work with their best and be committed to work. Employee turnover and absenteeism are indicators showing commitment and responsibility to work.

According to theories on KPIs, KPIs or performance indicator is a tool implemented for measurement or evaluation of organization performance. There are many methods for defining indicators. KPIs are implemented together with appraisal system because indicators tell us the status of what we measure. Afterwards, it is the duty of the appraiser to compare the outcomes with criteria whether the status is good and propose comments. Moreover, we measure only significant outcomes. It is necessary to build indicators for measurement significant or complicated outcomes. If it is insignificant, the indicators are less in proportion. KPIs thus mean measurement and appraisal of significant things, in which the most important are things related to strategies.

2.3 Concept of Balanced Scorecard

2.3.1 Background of Balanced Scorecard

Balanced scorecard is a widely accepted and adapted modern management tool. The concept originated from Robert S. Kaplan, an accounting professor from Harvard Business School and David K. Norton, a management consultant. Both studied the factors behind the stock market crash of 1987 (Black Monday). They found that the majority of organizations in the United States implement only financial indicators. Financial indicators are inadequate for efficient organization appraisal. Thus, they introduced four perspectives for organization appraisal comprising financial perspective, customer perspective, internal process perspective and learning and growth perspective (Pasu Decharin, 2004, p. 21). Organization will gain extensive information to make balance in all aspects and able to manage itself efficiently.

2.3.2 Definitions of Balanced Scorecard

Educational dictionary of the Royal Institute Dictionary defines balanced scorecard as “an appraisal technique focusing on four perspectives of balance, which are customer perspective, financial perspectives, management perspective and learning innovation perspective, by developing accomplishment indicators of each perspective for communication, operation and quality appraisal of organization” (Royal Institute, 2008, p. 38)

Danai Tianput (2001, p. 24) describes that balanced scorecard is a tool indicating whether business is successful or how to improve business practice, similar to fever thermometer.

Alongkorn Meesutha (2002, p. 123) clarifies that balanced scorecard is several perspectives used for specifying strategy operation and management at all levels, connecting objectives, plan, project or activity and measurement or appraisal with organization strategy.

Sripen Sapmonchai (1998, p. 37) states that balanced scorecard allows executives to see overall business clearly and speedy. The financial indicators measure outcomes in organization and performance indicators measure future performance. Also, it involves in customer satisfaction, operation process in organization and innovation of organization.

Refer to above definitions, in conclusion, the balanced scorecard means organization appraisal by implementing not only financial indicator because it is not enough for evaluating or forecasting achievement efficiently.

Therefore, balanced scorecard has been developed, implemented and widely accepted from global business organizations. Meantime, there are four perspectives including financial perspective, customer perspective, internal process perspective, and learning and growth perspective.

However, organization culture of each company is different due to its society and duties. To utilize this concept for operation of each organization, it is necessary to consider specific details or features of each organization with different visions, missions, objectives, customers or stakeholders, products, service process and appraisal, among others.

2.3.3 Details of Perspectives of Balanced Scorecard

Balanced scorecard comprises of four perspectives namely financial perspective, customer perspective, internal process perspective and learning and growth perspective with organization visions and strategies as center. Each aspect consists of four components:

- 1) Objective is what the organization desires or achieves in each aspect.
- 2) Indicators or key performance indicators (KPIs) are indicators of objective in each aspect. Indicators are tool for measuring whether organization achieves the objective in each aspect.
- 3) Target is goal or figure to achieve by the organization for each perspective.
- 4) Initiatives conducted by the organization to achieve its goals. It is, however, not an action plan. It is an initial plan, project or activity to achieve goals.

Kaplan and Norton's (1996) concept is in specific order but balanced scorecard is flexible concept. For example, it is not necessary to fix with four perspectives (Kaplan and Norton's (1996) initial four perspectives are financial, customer, internal process and learning and growth, respectively). An organization may have other perspectives based on the philosophy and foundation of each organization.

Moreover, the order of perspectives may vary. It is not necessary to stick with the order of financial, customer, internal process and learning and growth depending on the philosophy and foundation of organization. For instance, the most significant objective non-profit organization is learning and growth rather than financial perspective. The financial perspective may come last as supporting perspective for learning and activity in organization. (Krisanee Mahawiroon, 2003, pp. 28-33).

2.3.4 Benefits Gained from Implementation of Balanced Scorecard

Implementing balanced scorecard enables organization to conduct performance and potential appraisal from diversified perspectives in accordance with its context. Balanced scorecard users in each organization sometimes focus only fulfilling four perspectives but they neglect the point that though the four perspectives are completed, the balance may not be created. The goals of balanced scorecard are balance between:

- 1) Objective in short term and long term
- 2) Measurement in financial and non-financial
- 3) Indicator for lagging and leading
- 4) Internal and external perspective

Once an organization can balance all perspectives, it will gain benefits from balanced scorecard including:

- 1) Seeing clearly the organization's visions
- 2) Agreed and accepted by all ranks of executives
- 3) All divisions perform in accordance with plan
- 4) Framework for determining operation throughout the organization
- 5) Appropriately allocate budgets and resources for each activity
- 6) Integrate strategy plans of each division in organization's business plan
- 7) All strategies correspond to each other and are able to measure both team and individual

2.3.5 Process of Developing and Conducting Balanced Scorecard

The process of conducting balanced scorecard comprises of the following procedures:

- 1) Strategic analysis: SWOT analysis to clearly specify direction and strategy of organization
- 2) Stipulate visions and strategies as strategic themes
- 3) Conduct analysis and specify how many perspectives of balanced scorecard should the organization have and how each perspective correlates to others (Kaplan and Norton's, 1996) initial four perspectives are financial, customer, internal process and learning and growth, respectively).
- 4) Conduct strategy map by specifying key objectives under each perspective. To achieve visions and strategies, organization has to consider which objective to achieve.
- 5) Executives have to agree and confirm strategy map.
- 6) Stipulate details of objectives in each perspective including indicators, current database, goals and initiatives. This procedure can be divided into sub topics:

- (1) Conduct indicators
- (2) Specify goals based on current database
- (3) Conduct initiatives to achieve goals
- (4) When plan or initiatives are completed, it is transferred to lower ranked executives to conduct action plan in accordance with working plan or main project as well as determine indicators for high ranked executives.

However, balanced scorecard is flexible principle. Kaplan and Norton's (1996) concept is in specific order but balanced scorecard is flexible concept. For example, it is not necessary to fix with four perspectives Kaplan and Norton's (1996) initial four perspectives are financial, customer, internal process and learning and growth, respectively. An organization may have other perspectives based on the philosophy and foundation of each organization. Moreover, the order of perspectives may vary. It is not necessary to stick with the order of financial, customer, internal process and learning and growth depending on the philosophy and foundation of organization. For instance, the most significant objective of non-profit organization is learning and

growth rather than financial perspective. The financial perspective may come last as supporting perspective for learning and activity in organization.

2.3.6 Advantages of Implementing Balanced Scorecard

- 1) Improve organization performance
- 2) Whole organization focuses on organization strategies and use balanced scorecard as a tool for practice
- 3) Adjust organization and culture by applying KPIs and goals as tools for adjusting employees' behavior
- 4) Each employee understands and perceives background of work and how his/ her work affects others and organization

2.3.7 Cautions and Opinions on Conducting Balanced Scorecard

- 1) Executives should fully support balanced scorecard.
- 2) All individuals in organization have to acknowledge and support implementing balanced scorecard as it involves everyone.
- 3) It is necessary to witness results of implementing balanced scorecard instantly after using for a period of time because it affects morale of employees.
- 4) Balanced scorecard should not be used as a tool for finding fault with employees.
- 5) Balanced scorecard should not be a project with specific period because it should be implemented continuously and adjusted from time to time in line with changing situations.
- 6) Indicators and goals should not be too simple or difficult.
- 7) Implementing new tools in organization may face resistance from executives or some employees.
- 8) It is not recommended applying balanced scorecard with remuneration system. The balanced scorecard should be settled first.
- 9) Executives sometimes determine weight of objectives or indicators to prioritize each factor. However, they should bear in mind that weight is only a tool for communication with everyone to understand significance of each factor. If an

organization wastes time with such weight, it will cause misleading from desired objectives.

10) Executives and related parties should always bear in mind that conducting balanced scorecard is only hypothesis. It can be adjusted and amended all the time.

Regarding to Pasu Decharin (2004), implementing balanced scorecard in an organization will reasonably cause changes in various aspects. Executives thus should prepare organization to be ready for implementing balanced scorecard to ensure that the implementation process runs smoothly. Things to prepare are:

- 1) Executives initiate changes
- 2) Executives create atmosphere of change
- 3) Executives clearly communicate with all employees
- 4) Executives actively implement balanced scorecard
- 5) Prepare information system in organization

2.4 Concepts of Medium and Small Enterprises

Medium and small enterprises play significant roles to country development because it is major factor driving GDP, generating revenues and jobs and distributing revenues to all sectors. Thai government therefore established the Office of Small and Medium Enterprise Promotion in 2002 corresponding with the five-year national economic and social development plan. Every five years, the plan of small and medium enterprise promotion is created and currently it is the fourth plan for 2017-2021. At present, Thailand has 2,736,744 SMEs comprising 586,958 juristic persons and 2,079,276 natural persons. Out of 586,958, there are 576,457 small enterprises and 10,501 medium enterprises. And, out of 2,079,276, there are 2,076,956 small enterprises and 2,311 medium enterprises. According to statistics, most of them are small enterprises and there are only 12,812 enterprises. It implies that small enterprise is unable to step forward to medium enterprise mainly due to lack of competitiveness and innovation.

According to the Organization of Economic Co-operation and Development (OECD), the definition of SMEs is “independent small and medium enterprise and it

is not branch or subsidiary which employs small number of employees. Generally, SMEs employ no more than 50 staffs” However, criteria and category of SMEs may vary in different countries. For example, definitions of SMEs in the United States of America and European Union separately are an enterprise that employs less than 500 staffs and 250 staffs, respectively (Cavusgil & Knight, 2015)

Refer to the Small and Medium Enterprises Promotion Act, B.E. 2543 (2000), the Code of Revenue and ministerial regulations of the Ministry of Industry, “ enterprise” means manufacturer, service provider, retailer, wholesaler or other operations. “Medium and small enterprise” means an enterprise with employment, fixed assets or paid registered capital in accordance with following criteria:

Table 2.1 Refer to the Small and Medium Enterprises Promotion

Types of business	Employment (persons)		Fixed assets (million baht)	
	Small enterprise (no more than)	Medium enterprise	Small enterprise (no more than)	Medium enterprise
Manufacturer	50	51-200	50	51-200
Wholesaler	25	26-50	50	51-100
Retailer	15	16-30	30	31-600
Service Provider	50	51-200	50	51-200

According to information in the table, small and medium enterprise covers three major business groups: 1) manufacture includes agriculture, industry and mining; 2) trade includes retail and wholesale; and 3) service includes several activities which SMEs in travel industry belongs to this group. In conclusion, small enterprise in this study means tour agency located in Thailand that employs no more than 50 staffs and fixed assets no more than 50 million baht.

In case employment of any enterprise falls to scope of small enterprise but fixed assets belongs to scope of medium enterprise and vice versa, the less amount of employment or fixed assets is used as criteria.

2.4.1 Definitions and Significance of SMEs in Thailand

In Thailand, the ministerial regulations on number of employment and fixed assets of SMEs, B.E. 2545 (2002) published by virtue of the Small and Medium Enterprises Promotion Act, B.E. 2543 (2000). The definitions of enterprise are as follows:

1) Manufacture means any type of industrial operation. Manufacture means processing materials to new product by implementing machine or chemicals whether it is made by hand or machine. It also includes simple agricultural produce processing in line with industrial criteria, community enterprise and family industry.

2) Service means education, health, entertainment, transportation, construction, real estate, hotel and accommodation, restaurant, catering, beverage, rental entertainment media and recreation, personal service, family service, service for business, repair, tourism and related business.

3) Wholesale and retail means trading service. Wholesale means selling new or used products to retailers, industrial users, commercial users, institutions, professional users and wholesalers. Retail means selling without processing new or used products to end users for consumption or utilization in family. In addition, trade includes broker or agent, gas station and cooperative.

This study focuses on small tour agencies in Thailand which is in line with scope of service business. Most of them contain entrepreneurship as they establish business with operation planning and operating all aspects on their own. They undertake risks which may happen anytime and aim to gain profits from operation.

The basic characteristics of small entrepreneurs are as follows:

Innovation, it is adaptation of new ideas or utilization of existing things in new form for economic benefits or does different from others. Innovation is categorized as follows:

- 1) Process innovation
- 2) Creativity

- 3) Skill based development
- 4) High commercial potential

It is important to consider the following properties for success of entrepreneurs.

- 1) Commitment to success
- 2) Self confidence
- 3) Clear business idea
- 4) Systematic business plan
- 5) Exact control of finance
- 6) Targeted marketing
- 7) A step ahead of competitors
- 8) Management support
- 9) Cooperation skill
- 10) Clear company structure

2.4.2 Characteristics of Small and Medium Enterprise

The USA Committee for Economic Development (CED) defines characteristics of SMEs as that it must consist of at least two out of four characteristics (Katanyu Hiransomboon, 2002, pp. 1-2):

1) Independent management: entrepreneurs or owners operate their business by using their own labor and management skills. Though family members, friends, or small number of employees help them, most of the decisions are made by the entrepreneurs rather than professional management regardless of the type of sole proprietorship, partnership or limited company.

2) Limited capital: the capital source comes from the entrepreneurship or financing from a small group. SMEs generally start from small size production or trade which requires less capital. A part of gained profits is used as working capital so they can expand their business bit by bit.

3) Scope of SMEs business is limited to specific area. However, many SMEs expand their network regionally, domestically or internationally through trade rights.

4) Small size of SMEs has limited impact to industry. SMEs have small sales volumes compared to the whole industry or market share is relatively low. The number of employees and assets are less compared to overall industry.

2.4.3 Development of SMEs

Strategies for SMEs development (Kaewan Atiphothi, 1999) are as follows:

- 1) Develop all sectors of production process. The information is linked to address rapidly changing market needs.
- 2) Specific proficiency because SMEs are small and they cannot do everything by themselves.
- 3) SMEs entrepreneurs should connect a network throughout operation line. For instance, tourism related entrepreneurs should establish a network ranging from restaurants, hotels and tour agencies.
- 4) There should be transparency in management, responsibility to partners and financial institutions and propose true information.

Referring to the above statements, it is concluded that SMEs play significant role to social and economic development as it is a mechanism driving economy growth. Promoting and developing quality, proficiency and competitiveness of small enterprises to become medium enterprises with sustainability will definitely enhance national society and economy. Thus, business has to adapt or step ahead its competitors. An idea of innovative organization that applies creativity or other components for adding values to goods, services, management and process is widely used and accepted around the world.

2.5 Building Competitiveness

2.5.1 Definitions of Competitiveness

Refer to literature review; definitions of competitiveness are as follows:

Fuller (2004, p. 65), competitiveness means a status which enables a business to make profits higher than competitors by making difference to products, specific market, distribution channel and positioning itself differently from competitors.

Despite that, Barney (1986), outcome derived from value creating strategies beyond competitors is competitive advantage while competitors are unable to implement same strategies in the same period. As a result, competitive advantage will be sustainable as far as competitors are unable to imitate outcome, benefit or value arising out of strategies created or determined by the organization.

In addition, The National Innovation Agency (2017), competitiveness is a factor used for comparing capability or proficiency of an organization with competitors. Developing competitiveness ahead of competitors is a goal each country or organization desires to achieve. Competitiveness is capability of business growth compared to competitors. Productivity and innovation are factors for gaining competitiveness.

Furthermore, Somyot Nawikarn (2005, p. 45), competitiveness means an organization has something that competitors do not have or do better than other companies or do something that other companies are unable to imitate. The competitiveness is critical component to success and survival of organization in long term.

Sane Tiya (2001, p. 104), competitiveness means capability of organization to operate its business better than other organizations. That is, it able to make profits higher than industrial standard or create value more than competitors.

Regarding to the above definitions, competitiveness means business operation builds competitiveness through strategies that enable the business to have an advantage on performance, market shares, profits and technologies or become a leader.

Porter (1998) says that building critical strategies of competitiveness comprises of:

- 1) Cost strategy: business implements measures for cost reduction to take advantage of competitors. Supply chain management, including new technologies for communication with suppliers and distribution center is applied for lower pricing.

- 2) Differentiate strategy: Production in the past is mass production in accordance with seller's needs. Nowadays, customer needs are more diversified.

3) Niche or focus strategy: as customer needs are different, it is important to address needs of different customer groups.

Competitiveness strategy is foundation for each organization. In term of innovation, there are five aspects:

1) Research and development is origin of innovation. Each country has different systems and policies on research and development. Some, for example, Finland accomplishes as private companies jointly conduct research with university. The research has been developed for commercial use e.g. Nokia mobile phone or LINUX operating system.

2) New product development: feasibility of new product is an important factor that organization has to consider carefully because only 10% of new products survive in the first few years and merely 3-4% continues to succeed after the first few years.

3) Modern production: production is significant to organization. Apart from delivering products to consumers, quality of products is very important. Techniques of quality production include:

(1) Total quality management: Deming cycle has been widely implemented for improving quality with P-D-C-A.

(2) Benchmark

(3) Six sigma is a management with application of statistics to allow the least errors in the production process.

4) Technology transfer and collaboration as technology transfer is significant to innovation development and improvement.

(1) Turn key technology acquirement: Seller transfers knowledge, equipment and knowledge in production process to buyer. For example, TOT public company limited acquires turn key technologies from experienced companies such as USA's Nymex or German's Siemens for installment of telephone network.

(2) Modify foreign products, improve existing products, reassemble parts for study system and improve new ones. During World War II, Japan reassembled parts and studied so they can rapidly develop technology and now China also adopts similar model.

(3) Deploy persons to visit and study abroad because technology transfer is insufficient and lack of workforce in science and technology.

(4) Publishing knowledge through media and academic papers is not successful because Thai people do not have adequate English skill and translation proficiency is relatively low.

5) Commercialization process. The process of bringing innovation to market is critical for the organization. It is important to develop marketing technology product. An organization shows answer on what to do, what goal of research and development should be attained, which product to be developed and which technology to be used. Both internal and external communication must have efficiency. Apply customer relation management (CRM) for building customer relationship.

In addition, it is crucial to plan on intellectual property right, including patent, copyright, trademark and trade secret. Intellectual property is significant to innovative product. Determination for good strategies for creating innovation will lead to competitiveness and eventually enable a country to have competitiveness with other countries

Equally important, Thanachai Yomchinda (2002, p. 20) states that components of competitiveness comprise of efficiency, quality, innovation and customer responsiveness. All four aspects have been assessed and inspected all the time to take advantage from competitors. Meantime, the process of assessment and inspection are required together with general environment analysis, industrial analysis, competition analysis and strength and weakness analysis. In addition, analysis of competition position, for example, cost, resources utilization, marketing operation process, manufacturing and human resources development is conducted as information for determining strategies:

Organization should assess business competitiveness as follows:

1) Financial factor is capability of financial management. Enterprise should assess and compare with competitors on financing ability in short term and long term, financial liquidity, capital cost, profitability, financial activity, investment opportunity and tax advantage.

2) Marketing factor means ability to access and entice customers to select goods and services. Enterprise should assess and compare with competitors on marketing ability including marketing mix forecast, marketing share and consumer behavior, new product development and product improvement to enable products acceptable or different from competitors, analysis product is in which stage of product

cycle, ability for promotion and advertisement as well as support morale to employees.

3) Production and operation factor means efficiency in processing inputs to outputs of organization and improvement of business productivity, for example, factory layout or working flowchart, technology, material management, warehouse control, quality management and sub-contractor. Enterprise has to compare production status with competitors, for example, research and development, planning and production control, support employee morale, manufacturing engineer, design quality, quality of production process, production cost reduction and customer responsiveness, among others, to learn efficiency and potentiality of transforming new technology to new product for generating revenue.

4) Human Resources factor is contemplating critical points for building competitiveness through human resources, for example, personnel recruitment, performance appraisal, incentive system, personnel rotation or absent and labor relationship. Capability of personnel who have skill, knowledge and proficiency suitable for competition will enable business to take advantage of competitors. The factors of human resources required for assessment including skill, quality, job change and absence, labor cost, and efficiency and effectiveness of human resources policy.

5) Organization and management factor involves in organization and management capability such as communication network, organization structure, objective level, practice or regulations and capability of team or management. Management capability is important foundation for success of organization, which is measurement of organization's core policy, performance of high ranked and mid ranked executives, resources implementation, organization structure, communication system, efficiency of information system, and application of new technology.

2.5.2 Success Factor for Competitiveness

Each organization definitely needs competitiveness ahead of competitors. The success factors to gain competitive advantage are as follows:

2.5.2.1 Differentiation: to gain competitiveness with differentiation, business has to create products or services different from others to add more value for

customers. Differentiation is basic foundation of success, excluding price factor. Creating prominent features and desirable characteristics of products or services bring in customer loyalty because they have less choices and less feeling to price. The business gains higher profits without cost reduction. However, products with high price are not suitable with mass market so the market share is quite relatively low. Following features are part of differentiation methods:

- 1) Product features different physical characteristics and product efficiency such as mobile phone display two screens at the same time.
- 2) After-sales service is differentiation in term of facilitation and quality of services which are decision factors for purchasing such as department stores attract customers by providing maintenance service at any branch nationwide.
- 3) Desirable image is foundation of fashion products, for example, outfits are placed by designer to build product image.
- 4) Technological innovation as technology advance is competitive advantage for expanding scope of business.
- 5) Reputation is a key factor for selling products.
- 6) Manufacturing consistency is a key factor for assembling business as it has to coordinate with other units for manufacturing finished products as well as controlling manufacturing process by applying statistics and quality control technique.
- 7) Status symbol, for instance, price of a car are higher than a house because it is more than vehicle.

2.5.2.2 Cost leadership aims to gain the highest effectiveness. The cost strategy applies lower cost compared with competitors, but it may not be the lowest cost, to become cost leader. Executives have to maintain characteristics of products and services required by consumers. The factors involved in seeking low cost are:

- 1) Economies or diseconomies of scale depend on quantity of manufacturing, the more of manufacturing quantity, the less of unit cost.
- 2) Learning and experience effects as any activity is reduced because of economy from working experience and learning.
- 3) Cost of key resource inputs as cost of value chain activity involved in key resource inputs which each competitor has different costs.

4) Linkage with other activities in the company or industry value chain, when cost of an activity has been affected by other activities, cost will decrease depending on good cooperation of activities.

5) Sharing opportunities with other organizational or business units within the enterprise. Different product lines or business units can jointly use procurement process, warehouse and distribution facilities.

6) Benefits of vertical integration are combining activities with sellers, manufacturing factors and brokers leading to negotiation power and economical cost in manufacturing and distribution.

7) Timing conditions is associated with first-movers' advantages and disadvantages. Sometimes, the first brand entering into market can maintain its brand advantage with lower cost compared to late movers. If technology has been developed so fast, the late buyers can buy cheaper products.

8) Percentage of capacity utilization as the more the capacity utilization is, the less is the unit cost.

9) Strategic choices and operating decision as cost increase or decrease depends on operating decision as follows: 1) Increase or decrease of product quantity or diversity 2) Increase or decrease of services provided to buyers 3) Increase or decrease of operating characteristics and product quality 4) Increase or decrease of wages and benefits compared to competitors in the same industry 5) Increase or decrease of distribution channel and length of delivery time to customers 6) How much incentives for employees compared to competitors. 7) Increase or decrease of material properties

10) Quick response means flexible response to customer needs such as new products and product improvement. Slow response possibly causes customers to choose other options. Advantages of quick response are: 1) Developing new products is a visible quick response. The company with new products can take advantage of competitors who take slower actions. 2) Customized products as company can make customized products by adding new manufacturing technology. 3) Improving existing products is constant and quick improvement 4) Delivery of ordered products 5) Adjusting marketing efforts 6) Answering customer questions

11) Marketing focus means narrowly defined market or niche segment which focuses on only one part of the market and unable to take competitive advantages. It, however, focuses on specific market affecting operation capability of company.

2.6 Related Research

Woottipong Pakdeelao (2011) studies on attributes of innovative organization with aims to find attributes of innovative organization reflected in modern management context. This is applied as organization development guideline. The study is a qualitative research. The questionnaire is conducted with experts from the national innovation agency, scholars and practitioners in organizations which obtained innovation award. The case study comprises of five companies which were awarded as Thailand's most innovation companies namely Bumrungrad International Hospital, Advanced Info Service, Pruksa Real Estate Public Company Limited, Siam Cement Public Company Limited, and Central Pattana Public Company Limited.

The findings found out that attributes of innovative organization consist of visions, strategies and goals, organization structure, human resources management, reward and recognition, communication, knowledge and information management, resources, assessment, leadership, personnel, network, culture and core value.

Niti Rattanaprichavej (2010) studies on performance of small and medium enterprise (SME) from the perspective of learning and innovative organization with the purpose of developing conceptual framework of relationship of learning and innovative organization. Afterwards, test the conceptual framework to study influence and correlation between variables affecting performance development. In addition, questionnaire is used to compile data from population which comprises of small and medium enterprises in intensive labor industries including food and beverage, gems, textile and apparel, and furniture totaling 208 organizations. And, conduct interview with stakeholders and scholars.

The findings reveal that innovative organization directly influences toward performance of organization. Subsequently, learning organization directly influences toward innovative organization and organization network has direct influence to

learning organization. Meanwhile, learning organization has indirect influence to organization performance and organization network has indirect influence to innovative organization as well. The informants give suggestions that organization should integrate learning organization by building organization network as key resource for driving learning organization. It should focus on learning organization by building innovative organization to enhance its performance.

Kongkarn Wachirapanang (2006) studied on the development of assessment tools for innovative public organization. It aims to determine key factors of innovative public organization. The research consists of three public agencies including Department of Corrections, Vehicle Registration and Tax Standard Bureau of Department of Land Transport and unnamed agency. It is found that the Department of Corrections is visible innovative organization as it has all factors of innovative public organization at high level and statistical significant difference with another public agency without innovation. Meantime, the results of questionnaire together with plan, project activity or operation prove the factors of innovative public organization at certain level.

Sunee Piromprameth (2008) conducted a survey of innovative organization. It surveyed initial situations of innovative organization. The results show that methods of each organization are associated to each other. Organizations have systematical change. They use external factor and customer demands as innovation source. They establish goals to create new products or services and always seek new concept. In addition, they determine indicators and conduct appraisal in accordance with those indicators. They cooperate with external organizations and employ personnel who have management capability. Some factors found in most of organizations include decision decentralization to operation level, sustainable learning organization and innovation classification for appropriate resource allocation. Meanwhile, the factor mostly unfound in most of organizations is shortening supervision line.

Aronong Rothwattanabul (2011) conducted a research on model of innovative leader with purposes of examining components and attributes of innovative leader in industrial private organization, studied guideline for developing innovative leader and model of innovative leader. The findings proved that changing external context affects direction and strategy adaptation and forces leaders to develop more innovations to

take competitive advantage and sustainable growth. Also, the internal context of organization culture and internal atmosphere affect the role of leaders. The learning organization and knowledge management system with clear process and application of technology for building knowledge base and learning promotion are positive factors to innovation development. The appropriate organization structure is cross functional team. Human resources development system with good management and buddy, project assignment, authorization positively affects innovative leader development.

Jutathip Intarruangsrri (2006) studied indicators of innovative organization of the nurse division of central hospital. It aimed to study indicators of innovative organization of nurse division of central hospital. The methodology consists of two steps. First, study and analyze documents to stipulate conceptual framework. Second, study indicators of innovative organization of nurse division of central hospital by applying Ethnographic Delphi Futures Research (EDFR) from 16 experts. Subsequently, implement Microsoft Excel for data analysis including median, mode, discrepancy of mode and interquartile range and then sort indicators of innovative organization from median ranging from the high level or above and associated with experts ($Md > 3.50$, $IR < 1.50$). The period of compiling data from experts is 227 days. The summary of findings:

Components of innovative organization of the nurse division of central hospital comprise of six components: organization management, personnel, marketing, service recipients, working process and products/ services.

2.7 Indicators of Innovative Organization

According to the results of literature review including books, documents, research papers and articles reveal empirical evidence that “innovation” is an option for organization or even economical leading countries with high potentiality and competitiveness because it enables cost reduction and add value to products and services or working process to build sustainable business and survive in the midst of change. The researcher thus compiles concepts and theories relevant to innovative organization from experts and institutions. The key components consist of six groups with four sub-components as follows:

1) Innovative organization consists of four sub-components: organization structure, organization management, operation process, and organization culture.

2) Human resources innovation composes of four sub-components: personnel management, recruitment system, personnel development and entrepreneurship.

3) Strategic innovation composes of four sub-components: strategy planning, organization visions, missions and goals, marketing strategy and financial and budget strategy.

4) Leadership innovation consists of four sub-components: leadership, leader model, commitment of executives and participation support of executives.

5) Creativity consists of four sub-components: creativity promotion, reward and incentive, learning management and information technology system.

6) Teamwork composes of four sub-components: teamwork, innovation participation, cross functional teams and communication and communication system.

Table of key components to indicators of innovative organization stated and referred by others:

Table 2.2 Key Components to Indicators of Innovative Organization Stated and Referred

No.	Author	Organization's Performance					
		1) Financial	2) Customer	3) Internal Process	4) Learning and growth		
		Organizational innovation	Human capital innovation	Strategic innovation	Leader innovation	Creativity innovation	Teamwork innovation
		1	2	3	4	5	6
1.	Kan Trakoonhun (2008)	√	√	√		√	
2.	Kirati Yosyingyong (2009)	√	√	√		√	
3.	Jarin Arsasongtham (2003)			√	√		
4.	Chai Na Pol Akarasupaset, (2007)	√		√		√	
5.	Danai Tienput (2001)	√	√	√	√	√	√
6.	Teerayut Wattanasupachok (2005)	√	√	√	√	√	
7.	Somwang Wittayapanyanon (2008)	√				√	
8.	Norawat Chutivong, and Nathasit Gedsri (2010)		√		√	√	√
9.	Natee Jitsawang (2007)	√	√	√	√	√	√
10.	Pasu Dejarint, 2004	√	√	√		√	√
11.	Panu Limmanon (2006)	√		√		√	√
12.	Rak Worakijpotatorn (2004)	√		√			
13.	Woottipong Pakdeelao (2011)	√	√	√	√	√	√
14.	Sane Chuyto (2005)	√	√	√			
15.	National Innovation Agency (2005)	√	√	√	√	√	√
16.	National Science and Technology Development Agency (1998)	√	√	√		√	
17.	Adair (1996)	√			√	√	√
18.	Ahmad (1998)	√	√	√	√	√	√
19.	Avlontis (1994)	√		√		√	
20.	Baker (2002)	√		√	√	√	√

Table 2.2 (Continued)

No.	Author	Organization's Performance					
		Organizational innovation	Human capital innovation	Strategic innovation	Leader innovation	Creativity innovation	Teamwork innovation
		1	2	3	4	5	6
21.	Beam and Radford (2002)	√	√	√		√	
22.	Bernstein and Singh (2006)	√			√	√	√
23.	Behn (1995)	√		√	√	√	√
24.	Christiansen (2000)	√	√	√			√
25.	Cook (2002)	√				√	√
26.	Damanpour and Wisschnevsky (2006)	√					√
27.	Dundan (2002)	√	√	√		√	√
28.	Denton (1999)	√	√	√	√	√	√
29.	Degraff and Quinn (2006)	√				√	√
30.	Dobni (2006)	√	√	√	√	√	√
31.	Ekvall (2002)	√	√				
32.	Gibbons (1997)	√		√		√	
33.	Goffin and Mitchell (2005)	√		√		√	√
34.	Greenberg (2005)	√			√	√	
35.	Guan and Ma (2003)	√	√	√		√	
36.	Hurley and Hult (1998)	√		√			√
37.	Hamel (2000)	√		√			√
38.	Harvard Business School (2003)	√		√	√	√	√
39.	Hay Group (2005)			√	√	√	√
40.	Higgins (1995)	√	√	√	√	√	√
41.	Hjalager (2002)	√	√	√		√	
42.	Holder and Matter (2008)	√	√	√	√	√	√
43.	Jamrog, Vicker, and Bear (2006)	√	√	√	√	√	√
44.	Katz (2006)	√	√	√	√	√	√

Table 2.2 (Continued)

No.	Author	Organization's Performance					
		1) Financial	2) Customer	3) Internal Process	4) Learning and growth		
		Organizational innovation	Human capital innovation	Strategic innovation	Leader innovation	Creativity innovation	Teamwork innovation
		1	2	3	4	5	6
45.	King and Anderson (2002)	√	√		√	√	√
46.	Kotler (1994)	√				√	
47.	Kuczmarski (2003)			√	√	√	√
48.	Lee Yuan-Duen and Huan Ming Chang (2008)	√	√	√		√	
49.	Lueeke and Katz (2003)	√				√	√
50.	Quinn (1991)	√	√	√	√	√	√
51.	Reichstein and Salter (2006)	√				√	
52.	Tucker (2008)	√		√	√		
53.	Selwyn (1964)			√	√	√	
54.	Schumpeter (1996)	√		√		√	
55.	Shapiro (2006)		√	√		√	
56.	Sherwood. (2001)	√	√	√	√	√	√
57.	Swierezek and Ha (2003)	√				√	
58.	Tidd and Pavitt (2005)	√				√	
59.	Tidd, Bessant, and Pavitt (2001)	√	√	√	√	√	
60.	Von Stamm (2008)	√		√	√	√	
61.	Vracking (1990)	√	√	√			√
62.	Weerawardena (2003)	√		√			
63.	West (1992)	√		√		√	
64.	White and Braton. (2007)	√	√			√	√
65.	Zalman, Duncan, and Holbek (1973)	√		√			
Total		59	32	49	29	53	36

CHAPTER 3

METHODOLOGY

This research study was based on quantitative research through questionnaires. It was focused on a study of a development of small-sized travel and tourism enterprises in Thailand as an innovative organization and aimed to 1) investigate and develop the innovative organization indicators for small-sized travel enterprises; 2) investigate the relationships of innovative organization indicators for small-sized travel enterprises; and 3) obtain the guidelines for developing small-sized travel enterprises as an innovative organization.

The research methodology was defined as follows:

- 3.1 Research Framework
- 3.2 Research Methodology
- 3.3 Quantitative Research
- 3.4 Instruments for Data Collection
- 3.5 Data Analysis
- 3.6 Scope of the study
- 3.7 Operational Definitions

3.1 Research Framework

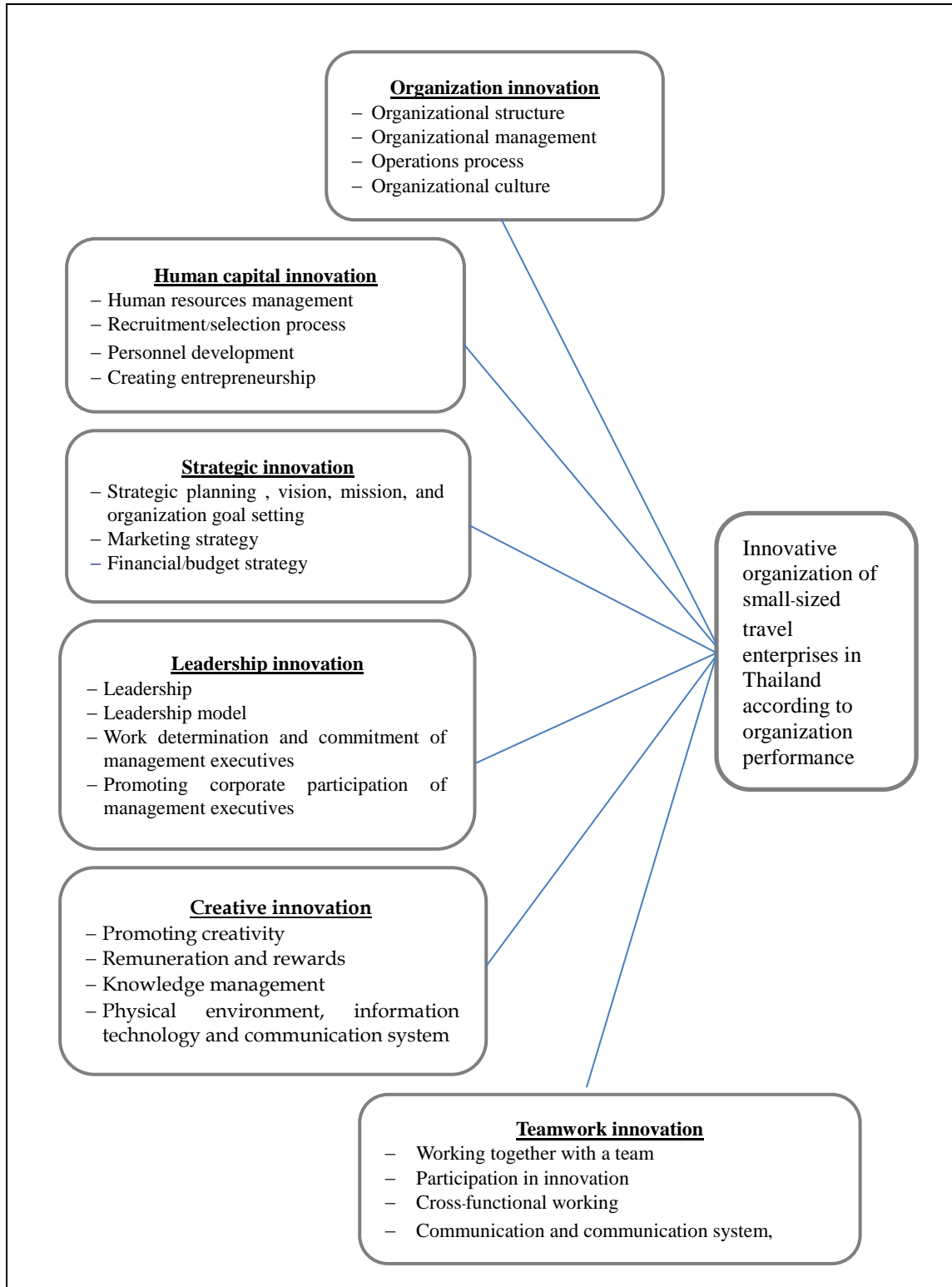


Figure 3.1 Research Framework

3.2 Research Methodology

This study was started with a document research by studying the conceptual framework and theories, scholar articles, and other related researches about innovation and innovative organization in order to create a research framework as shown in figure 3.1. An analysis and synthesis were made on various factors to see what components of the factors shaped up an innovative organization. From a review of literatures, the researcher found 6 aspects of indicators that were expected to bring about a development of innovative organization. The following aspects were: 1) Organization innovation 2) Human capital innovation 3) Strategy innovation 4) Leadership innovation 5) Creative innovation 6) Teamwork innovation. In each aspect, there were factors affecting innovative organization from the most cited indicator according to the literatures review as follow:

3.2.1 Organization Innovation is composed of organizational structure, organizational management, operations process, and organizational culture with the following list of references: Kan Trakoonhun (2008), Kirati Yosyingyong (2009), Chai Na Pol Akarasupaset, (2007), Danai Tiewanput (2007), Theerayut Watanasupachoke (2005), Somwang Witayapanyanon (2008), Nutthee Jitsawang (2007), Pasu Decharin, 2004, Panu Limmanon (2003), RakWorakijpotatorn (200), Woottipong Pakdeelao (2011), Sanae Chuyto (2005), National Innovation Agency (2005), National Science and Technology Development Agency (1998), Adair (1996), Ahmad (1998), Avlontis et. al. (1994), Baker (2002), Beam and Radford (2002), Bernstein and Singh. (2006), Behn (1995), Christiansen. (2000), Cook (2002), Damanpour and Wisschnevsky (2006), Dandon (2002), Denton (1999), Degraff (2006), Dobni (2006), Ekvall (2002), Gibbons (1997), Goffin and Mitchell (2005), Greenberg (2005), Guan and Ma (2003), Hurley and Hult (1998), Hamel (2000), Harvard Business School (2003), Higgins (1995), Hjalager (2002), Holder and Matter (2008), Jamrog, Vicker, and Bear (2006), Katz (2006), King and Anderson (2002), Kotler (1994), Lee and Chang (2008), Lueeke and Katz (2003), Quinn (1991), Reichstein and Salter (2006), Trucker (2008), Shapiro (2006), Sherwood (2001), Swierezek and Ha (2003), Tidd and Pavitt (2005), Tidd et al. (2001), Von Stamm

(2008), Vrakking (1990), Weerawardena (2003), West (1992), White and Braton (2007), Zalman, Duncan, and Holbek (1973).

According to the literature review of over 65 papers, it shows that the organizational innovation is a big factor that was most discussed, it was mention 59 times. After content analysis, the researcher extracted four sub-factors under this topic, i. e. organizational structure, organizational management, operations process, and organizational culture, as shown in Figure 3.2

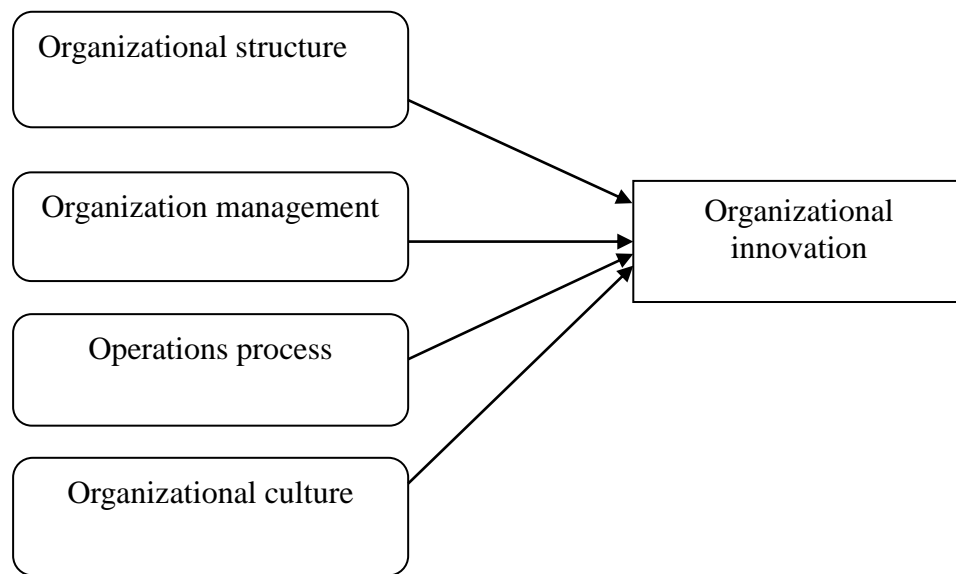


Figure 3.2 Factors of Organizational Innovation

3.2.2 Creative Innovation is composed of promoting creativity, remuneration and rewards, knowledge and physical environment management, information technology and communication system with a list of references as follow: Kan Trakoonhun (2008), Kirati Yosyingyong (2009), Chai Na Pol Akarasupaset (2007), Danai Tianput (2007), Theerayut Watanasupachoke (2005), Somwang Witayapanyanon (2008) Norawat Chutiwong (2010), Nutthee Jitsawang (2007), Pasu Decharin (2004), Panu Limmanon (2003) Woottipong Pakdeelao (2011), National Innovation Agency (2005), National Science and Technology Development Agency (1998), Adair (1996), Ahmad (1998), Avlontis et al. (1994), Baker (2002), Beam and Radford (2002), Bernstein and Singh (2006), Behn (1995), Christiansen (2000), Cook (2002), Dandon

(2002), Denton (1999), Degraff and Quinn (2006), Dobni (2006), Gibbons (1997), Goffin and Mitchell (2005), Greenberg (2005), Guan and Ma (2003), Harvard Business School (2003), Hay Group (2005), Higgins (1995), Hjalager (2002), Holder and Matter (2008), Jamrog, Vicker, and Bear (2006), Katz (2006), King and Anderson (2002), Kotler (1994), Kuczmarski (2003), Lee and Chang (2008), Lueeke and Katz (2003), Quinn (1991), Reichstein and Salter (2006), Selwyn (1964), Schumpeter (1966), Shapiro (2006), Sherwood (2001), Swierezek and Ha (2003), Tidd and Pavitt (2005), Tidd et al. (2001), Von Stamm (2008), West (1992), White and Braton (2007)

Second, the creative innovation is a big factor that was rank in second place discussed, it was mention 53 times. Therefore, after content analysis, the researcher extracted four sub-factors under this topic, i.e. promoting creativity, remuneration and rewards, knowledge management, and physical environment, information technology and communication system, as shown in Figure 3.3

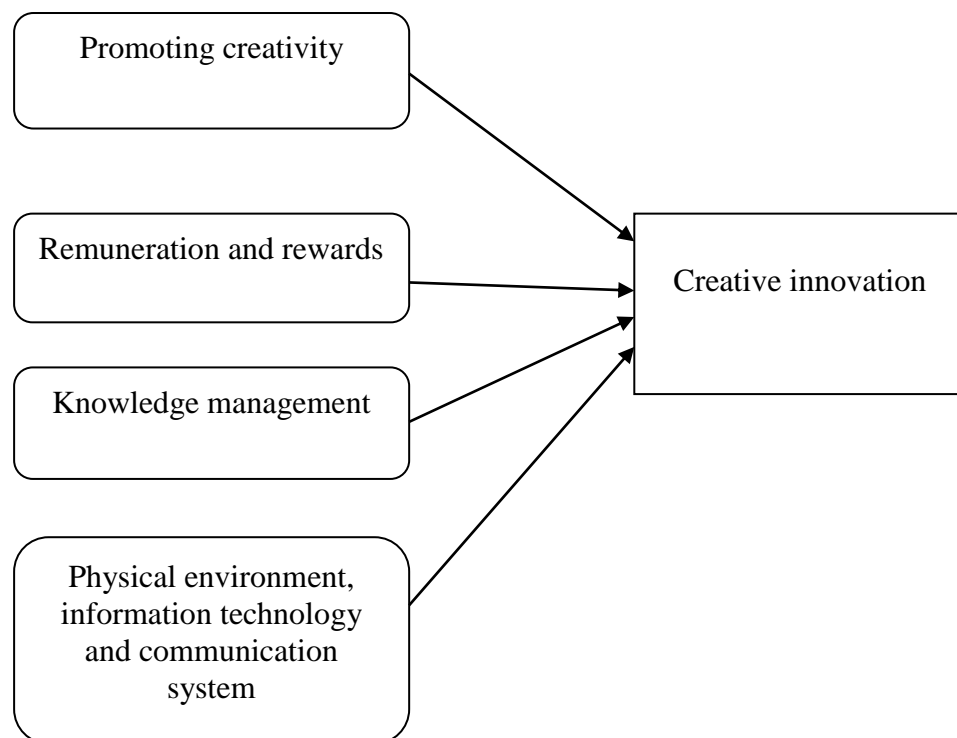


Figure 3.3 Factors of Creative Innovation

3.2.3 Strategy Innovation is composed of strategic planning, vision, mission, an organization goal setting, marketing strategy, and financial/ budget strategy with a list of references as follow: Kan Trakoonhun (2008) , Kirati Yosyingyong (2009), Jarin Arsasongtham (2005), Chai Na Pol Akarasupaset (2007), Danai Tieanput (2007), Teerayut Wattanasupachok (2005), Nutthee Jitsawang (2007), Pasu Decharin (2004) , Panu Limmanon (2003) , Rak Worakijpotatorn (2003) , Woottipong Pakdeelao (2011) , Sanae Chuyto (2005) , National Innovation Agency (2005) , National Science and Technology Development Agency (1998) , Ahmad (1998), Avlonti et al. (1994), Baker (2002), Bean and Radford (2002), Behn (1995), Christiansen (2000), Dandon (2002), Denton (1999), Dobni (2006), Gibbons (1997), Goffin and Mitchell (2005), Guan and Ma (2003), Hurley and Hult (1998), Hamel (2000) , Harvard Business School (2003) , Hay Group (2005) , Higgins (1995) , Hjalager (2002), Holder and Matter (2008), Jamrog, Vicker, and Bear (2006), Katz (2006), Kuczmarski (2003), Lee and Chang (2008), Quinn (1991), Trucker (2008), Becker (1964), Schumpeter (2008), Shapiro (2006), Sherwood (2001), Tidd et al. (2001), Von Stamm (2008), Vrakking (1990), Weerawardena (2003), West (1992), Zalman, Duncan, and Holbek (1973)

Third, the strategic innovation is a big factor that was rank in third place discussed, it was mention 49 times .Therefore, after content analysis, the researcher extracted four sub-factors under this topic, i.e .strategic planning, establishment of organization' s vision, mission, and goal setting, marketing strategy, and financial/budget strategy, as shown in Figure 3.4

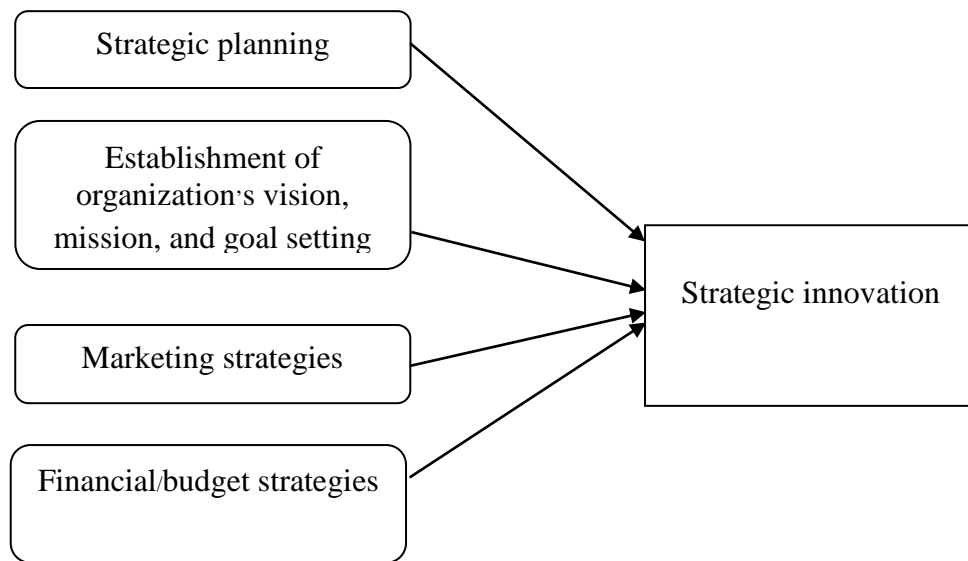


Figure 3.4 Factors of Strategic Innovation

3.2.4 Teamwork and Organizational Innovation is composed of working together with a team, participation in innovation, cross-functional working, communication and communication system with a list of references as follow: Danai Tieanput (2007), Norawat Chutiwong (2010), Natee Jitsawang (2007), Pasu Decharin (2004), Wuthipong Pakdilao (2011), National Innovation Agency (2005), Adair (1996), Ahmad (1998), Baker (2002), Bernstein and Singh (2006), Behn (1995), Christiansen, (2000), Cook (2002), Damanpour and Wisschnevsky (2006), Dandon (2002), Denton (1999), Degraff (2006), Dobni (2006), Goffin and Mitchell (2005), Hurley and Hult (1998), Hamel (2000), Harvard Business School (2003), Hay Group (2005), Higgins (1995), Holder and Matter (2008), Jamrog, Vicker, and Bear (2006), Katz (2006), King and Anderson (2002), Kuczmarski (2003), Lueeke and Katz (2003), Quinn (1991), Sherwood (2001), Tidd et al. (2001), Vrakking (1996), White and Braton (2007)

Fourth, the teamwork innovation is a big factor that was rank in fourth place discussed, it was mention 36 times .Therefore, after content analysis, the researcher extracted four sub-factors under this topic, i. e . working together with a team, participation in innovation, cross-functional working, communication and communication system, as shown in Figure 3.5

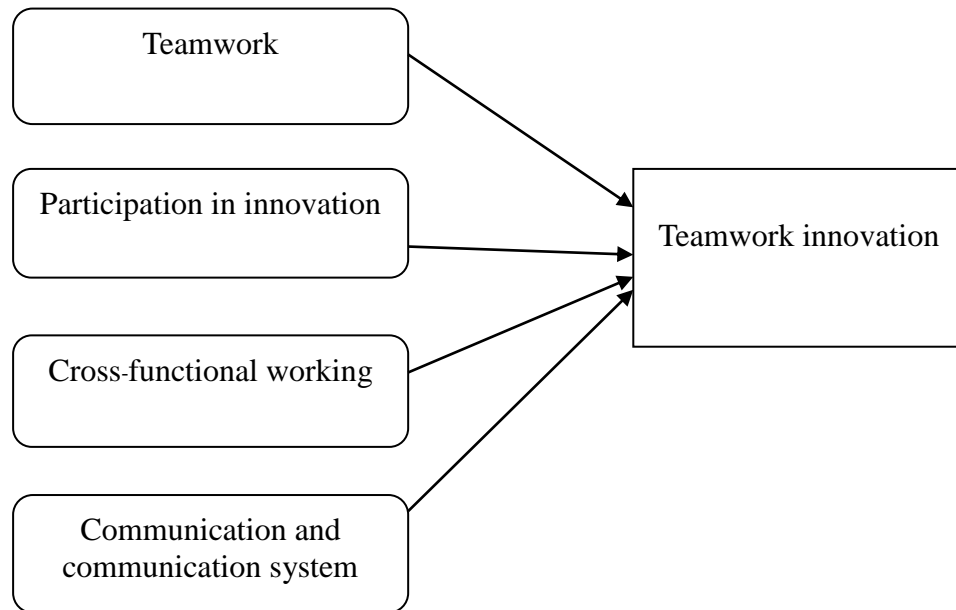


Figure 3.5 Factors of Teamwork Innovation

3.2.5 Human Capital Innovation is composed of human resource management, recruitment/ selection process, personnel development, and creating entrepreneurship with a list of references as follow: Kan Trakulhoon (2008), Keerati Yotyingyong (2009) , Danai Tienput (2007) , Teerayut Wattanasupachok (2005) , Norawat Chutivong and Nathasit Gerd Sri (2010) , Natee Jitsawang (2007) , Pasu Dejarint (2004) , Woottipong Pakdeelao (2011) , Sane Chuyto (2005) , National Innovation Agency (2005) , National Science and Technology Development Agency (1998) , Ahmad (1998) , Beam and Radford (2002) , Christiansen (2000) , Dundan (2002) , Denton (1999) , Dobni (2006) , Ekvall (2002) , Guan and Ma (2003) , Higgins (1995) , Hjalager (2002) , Holder and Matter (2008) , Jamrog, Vicker, and Bear (2006) , Katz (2006) , King and Anderson (2002) , Lee and Chang (2008) , Quinn (1991) , Shapiro (2006) , Sherwood (2001) , Tidd et al. (2001) , Vrakking (1990) , White and Braton (2007)

Fifth, the human capital innovation is a big factor that was rank in fifth place discussed, it was mention 32 times .Therefore, after content analysis, the researcher extracted four sub-factors under this topic, i. e . human resources management, recruitment/selection process, personnel development, and creating entrepreneurship, as shown in Figure 3.6

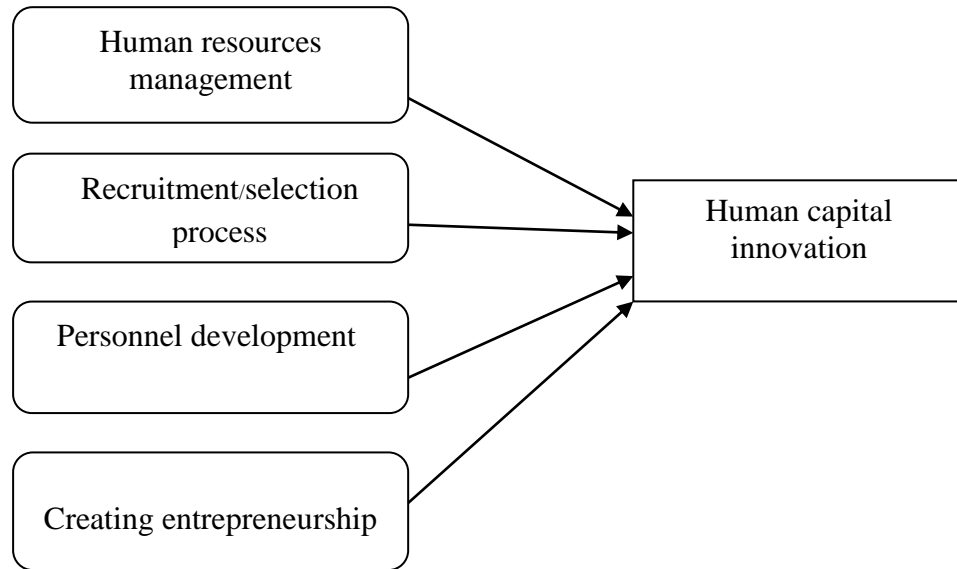


Figure 3.6 Factors of Human Capital Innovation

3.2.6 Leader Innovation is composed of leadership, leadership model, work determination commitment of management executives, and promoting corporate participation of management executives with the following list of references: Jarin Arsasongtham (2003), Danai Tienput (2007), Teerayut Wattanasupachok (2005), Norawat Chutivong and Nathasit Gerdri (2010), Natee Jitsawang (2007), Woottipong Pakdeelao (2011), National Innovation Agency (2005), Adair (1996), Ahmad (1998), Baker (2002), Bernstein and Singh (2006), Behn (1995), Denton (1999), Dobni (2006), Greenberg (2005), Harvard Business School (2003), Hay Group (2005), Higgins (1995), Holder and Matter (2008), Jamrog, Vicker, and Bear (2006), Katz (2006), King and Anderson (2002), Kuczmarski (2003), Quinn (1991), Trucker (2008), Becker (1964), Sherwood (2001), Tidd et al. (2001), Von Stamm (2008)

Sixth, the leader innovation is a big factor that was rank in last place discussed, it was mention 29 times .Therefore, after content analysis, the researcher extracted four sub-factors under this topic, i.e .leadership, leadership model, work determination and commitment of management executives, and promoting corporate participation of management executives, as shown in Figure 3.7

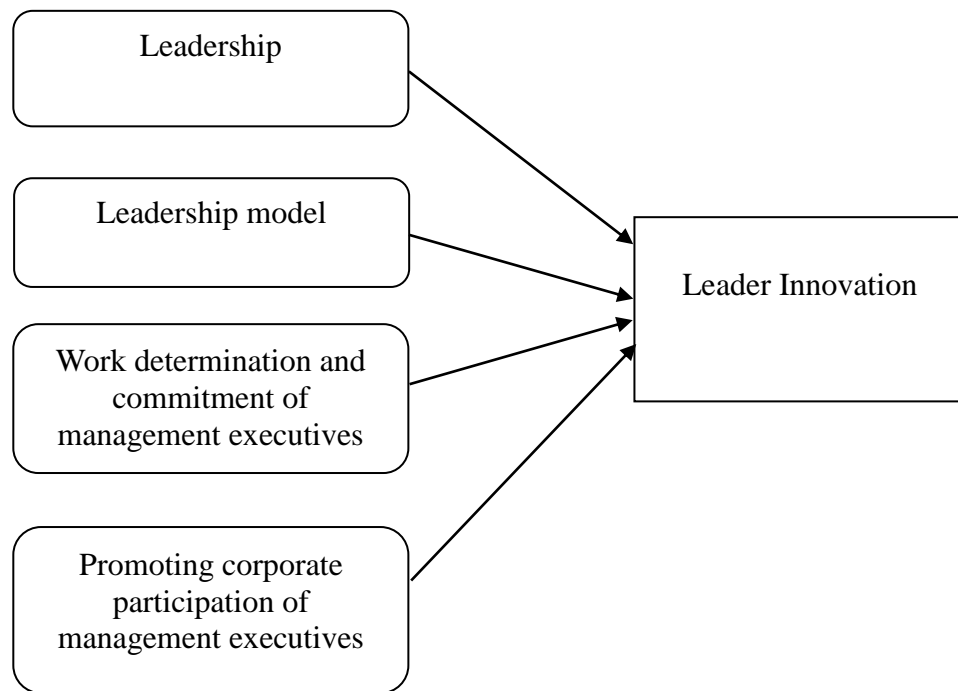


Figure 3.7 Factors of Leader Innovation

According to the literary review and content analysis and synthesis, it can be concluded that the biggest to the smallest factors discussed in terms of the composition of innovation organizations are organizational innovation, creative innovation, strategic innovation, teamwork innovation, human capital innovation, and leadership innovation, respectively. However, the number of these factors related to the development as an innovative organization according to the above-mentioned order cannot indicate or confirm that they are important to small-sized travel enterprises in Thailand in the same order. Therefore, the researcher then used these extracted data to create a questionnaire in order to see how these major and minor factors are important and relevant to each other and what factors promote the innovative organization that can positively affect the performance in the context of small-sized travel enterprises in Thailand.

3.3 Quantitative Research

3.3.1 Population and Sampling

Population in this research were management executives from all levels with at least 3-year-working experience in small-sized travel enterprises in Thailand registered with Tourism Business and Guide Registration Office, Department of Tourism, and were taken from a total of 8,593 enterprises and the size of the sampling group who were given questionnaires was determined by purposive sampling method.

By setting the criteria for the selection of small-sized travel enterprises to screen them into the sample with the following criteria: population having the qualifications corresponding to the research objectives were selected among management executives from enterprises having been in operation not less than 3 years, with up to 50 employees and with assets of up to 50 million baht. After setting the criteria, the sample was selected by convenience sampling method. The researcher defined the characteristics of small-sized travel enterprises and the qualifications of questionnaire respondents as detailed above.

The reason is that the company can operate for at least 3 years. It shows that they have the ability to manage with a reason that the companies with at least 3 years of business operations are likely to have their management ability and experience together with improved development and problem-solving skills as well as it could be expected that these companies have already obtained a return on their investment. In addition, it could be seen that they are stable more or less and are expected to be competitive, potential and profitable in order to be in a competitive market environment.

Moreover, the job positions and working experiences of the respondents were initially given because the researcher was confident that executives with at least 3 years of experience in the travel agency business have knowledge and experiences in many fields, including innovation, management system, and organizational culture. Therefore, they are knowledgeable persons who can provide correct and actual feedbacks, which would make the research more reliable.

Yamane (1967) formula was used to calculate the sample size. Determination of significance level was set at 0.5 with a margin of error of 5 percent.

Taro Yamane formula for calculating sample size is described as follow:

$$n = \frac{N}{1 + Ne^2}$$

where n means sample size
 N means population size
 e means the error of sampling.

$$\begin{aligned} \text{where } n &= \frac{8,593}{1 + 21.48} \\ n &= 382.2 \end{aligned}$$

Thus, using the formula, 383 respondents were needed to complete the questionnaires. However, in order to have more reliable data, the researcher then collected data from 400 respondents and divided the sample group into 6 according to the number of travel companies and visitor statistics in each region and arranged them in descending order as follow:

Table 3.1 Number of Travel Enterprises

No.	Province	Number of travel enterprises	Percentage	Number of questionnaire
1.	Bangkok	4106	48	192
2.	Phuket	2567	30	120
3.	Chiang Mai	791	9	36
4.	Chon Buri	745	9	36
5.	Nakhon Ratchasima	216	2.5	10
6.	Ayutthaya	133	1.5	6

3.4 Instruments for Data Collection

The researcher determined characteristics and the method in developing research instruments with the following factors to consider:

1) An instrument of quantitative research for data collection was a questionnaire and the procedure for the development of the instrument was described as follow:

(1) Studying theories, conceptual frameworks, documents, and related researches concerning innovation and collecting data from books, academic papers, journals, scholarly articles, electronic data, research papers both domestic and international to learn about conceptual framework and theories about innovation. Next, content analysis which analyzed synthesized and summarized the data taken as a conceptual framework corresponding to the research objectives, followed by the designed questionnaires under the topic of “Factors promoting the innovative organization and operational performance for the development of small-sized travel enterprises in Thailand as an innovative organization”, creating question items and submitted to the dissertation advisor for consideration. The questionnaires were composed of 3 parts as details given as follow:

Part 1: Personal data

It consisted of questions regarding personal information of respondents. The questionnaires consisted of a simple check list.

Part 2: It consisted of questions about innovative organization of travel and tourism enterprises; 5 point response Likert scale questionnaires were used and the criteria of the scoring of individual rating scale were:

Strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strongly disagree	1

Part 3: Consists of suggestion given by the respondents. The questions were open-ended which required more thought and more than a simple one-word answer. The respondents could freely answer according to their opinion on how to enhance the

efficiency and competitive advantage of small-sized travel enterprises by using innovation in various aspects.

When the questions were considered primarily by the advisor, verification of construct validity was implemented by 5 senior experts who verified the appropriateness of applying the theories to define the component structures of the questionnaire and consider whether they were related and how well they could represent the measured characteristics. Validity is the degree to which a measure precisely represents the correct and accurate instrument (Hair et al., 2010). Thus, the validity testing of measurement in this research is accurately confirmed with the concept or construct of study. Next, the results received from the experts were assessed for content validity using the index of item-objective congruence.

Next, the approved questionnaires were distributed to a pilot group consisting of 30 respondents, chosen throughout the country and of which would not be included in the sample population of this research. The reliability was tested for stability and consistency, using Cronbach's alpha coefficient to indicate how well the items are positively correlated to one another. It is computed in terms of the average inter-correlations among the items measuring the concept (Sekaran, 2003, p. 307). However, the reliability of the questionnaire must be pre-tested. Sekaran (2003) suggested that the Cronbach's alpha less than 0.60 is considered to be poor, those in the 0.70 range are acceptable, and those above 0.80 are considered to be good. The closer the reliability coefficient gets to 1.0, the better it is. Data received from the questionnaires were analyzed to verify the reliability. The Cronbach's alpha value of this study was satisfactory as the Cronbach's coefficient $\alpha = 0.986$ was greater than 0.80, which means that the pilot study has a good reliability level and the questionnaires could be used in the study. Then, the questionnaires were distributed to a sample group who were different from the group in the pilot study process so as to collect data again from small-sized travel enterprises in Thailand.

3.5 Data Analysis

The data analysis in this research study was done by a data analysis software based on descriptive statistic to analyze frequency, percentage, mean, and standard

deviation. Inferential statistics was used to make judgments of the probability and examine statistical hypothesis, and compared the means. Correlation and Regression were used to test the variance.

Correlation analysis is used to test correlation among all variables and provide a correlation matrix that shows the inter-correlations among all variables for the initial analysis. In this research, Pearsons' correlation matrix were used to measure the correlation and direction between two variables, in which a coefficient with a value between 1 to -1, it indicates higher correlation, if value is near 0, it indicates no relationship, and if the correlation is 0.8 or higher, it means this data may result in a multicollinearity problem (Hair, Black, Babin, & Anderson, 2010).

Variance inflation factor is applied to test the severity of multicollinearity between independent variables and Pearson's correlation. It measures how much the variance of an estimated regression coefficient is increased as a result of collinearity. Variance inflation factor values should be smaller than 10 to indicate that the associations among independent variables are not problematic. Meanwhile, if the variance inflation factor is equal to or greater than 10, problems with multicollinearity are severe (Burns & Burns, 2008; Hair et al., 2010; Stevens, 2002).

Multiple regression analysis is used to test the conceptual model. The regression equation generated is a linear combination of the independent variables that best explain and predict the dependent variables. Therefore, it is appropriate to examine the relationships between dependent variables and independent variables of which all variables are categorical and interval data (Hair et al., 2010).

3.6 Scope of the Study

- 1) Focus on a study of a development model of factors indicating innovative organization of small-sized travel enterprises in Thailand so as to obtain a research framework from the data gathered from the literature review and develop indicators of innovative organization and bring results to develop the capacity of organizations, elevate the quality standard and enhancing competitive capability in a sustainable manner.

2) To study the relationships of innovative organization indicators of small-sized travel enterprises in Thailand based on the research framework as well as obtain the innovative organization indicators of small-sized travel enterprises in Thailand according to the theories of Thai and foreign scholars. In addition, this study examined the Balanced Scorecard (BSC) to select the innovative organization elements that enhance organizational performance and to design a standardized, accurate and reliable questionnaire through the considerations of the advisor, experts and the trials which could be used to assess and measure effectively and could show the importance and relationship of each factor and indicate innovative factors that small-sized travel enterprises should develop to enhance their own operational performance.

3) Period of data collection: 3 months from July to September.

3.7 Operational Definitions

1) Indicator

Indicator means a component or factor that is used to contribute to value or a state or level of something in a certain period of time. An indicator shall stipulate empirical data or statistics that can be compared as a measurement or indicator whether operations process and performance can be accomplished or not.

2) Innovation

Innovation means “a new thing established from knowledge and creativity beneficial to economy and society” (National Innovation Agency, 2006). Innovation means new ideas and method of doing something that never exists before or developing, modifying existing things better and when it is applied in operations, it can enhance the efficiency and effectiveness of work.

3) Innovative Organization

Innovative organization means an organization that promotes and supports innovation created by personnel in the organization to be corresponded to every division, department and all parts of the organization with a sharing goal of developing the organization to be innovative organization, full of capacity and increase capability with a competitive advantage to survive under the circumstances of rapid changes in a sustainable manner.

4) Small-sized Travel enterprise

Small-sized travel and tourism enterprise means an enterprise that is registered by Tourism Business and Guide Registration Office with employees up to 50 and with assets of up to 50 million baht.

5) Management Executives in Travel and Tourism Organization

Management executives in travel and tourism organization mean permanent employees holding management position such as managing director, committee, general manager, division or department manager, assistant division or department manager, chief of division or department, and assistant chief of division or department.

6) Balance Scorecard

Balance scorecard (BSC) means organization appraisal by implementing not only financial indicator because it is not enough for evaluation in organization so, it's a technique of 360 degree evaluation dimension focusing on four perspectives of balance, which are customer perspective, financial perspectives, management perspective and learning/growth perspective.

CHAPTER 4

RESEARCH RESULTS

This research titled " Development of small-sized travel and tourism enterprises as an innovative organization" was aimed to 1) investigate and develop the innovative organization indicators for small-sized travel enterprises; 2) investigate the relationships of innovative organization indicators for small-sized travel enterprises; and 3) obtain the guidelines for developing small-sized travel enterprises as an innovative organization. This study was a quantitative research and used a questionnaire as its instrument. The results of this study can be summarized as follows:

4.1 General characteristics of respondents

4.2 Investigation and development of innovative organization indicators for small-sized travel enterprises in Thailand

4.3 Relationships of innovative organization indicators for small-sized travel enterprises in Thailand

4.4 Guidelines for developing small-sized travel enterprises in Thailand as an innovative organization

In this research, the following symbols were used to represent the statistical values investigated:

Symbols that represent statistical values

Adjusted R^2	means	Adjusted coefficient of determination
B	means	Regression coefficient of predictor variables as raw score
β	means	Standardized regression coefficient
df	means	Degree of freedom
N	means	Sample size
p	means	Statistical significance level
R	means	Multiple correlation coefficient

R^2	means	Coefficient of determination
R^2 change	means	Changed coefficient of determination
S.D.	means	Standard deviation
Std. error	means	Standard error of regression coefficient of predictor variables
SE_{est}	means	Standard error of estimate
Sig.	means	Probability calculated from statistics used to test the hypothesis
SS	means	Sum of squares
t	means	T statistic used to test the hypothesis
*	means	Value with statistical significance level of 0.05
**	means	Value with statistical significance level of 0.01
\bar{x}	means	Mean
Symbols that represent variables		
Y1	means	Financial performance
Y2	means	Customer performance
Y3	means	Internal process performance
Y4	means	Learning and growth performance
TotalY	means	Total efficiency

4.1 Personal Information of Respondents

Four hundred questionnaires were collected from the management members of small-sized travel enterprises located in main tourist areas of Thailand, i.e. Bangkok, Phuket, Chiangmai, Chonburi, Phra Nakhon Si Ayutthaya, and Nakhon Ratchasima, and all of which were complete and could be used in data analysis. The researcher will present the analysis of personal information of these respondents in nine subgroups as follows: 1) Gender, 2) Age, 3) Education, 4) Work experience, 5) Location of organization, 6) Salary or income, 7) Job position, 8) Number of full-time employees, and 9) Value of fixed assets.

4.1.1 Gender of Respondents

Table 4.1 Gender of Respondents

Gender	Frequency	Percentage
Male	213	53.2
Female	187	46.8
Total	400	100.0

According to Table 4.1, most respondents were male accounted for 53.2%, followed by female accounted for 46.77%.

4.1.2 Age range of Respondents

Table 4.2 Age Range of Respondents

Age range (years old)	Frequency	Percentage
21 - 25	89	22.3
26 - 30	107	26.7
31 - 35	104	26.0
36 - 40	71	17.7
41 - 45	25	6.3
46 and over	4	1.0
Total	400	100.0

According to Table 4.2, most respondents were 26-30 years old accounted for 26.7%, followed by 31-35 years old accounted for 26.0%, 21-25 years old accounted for 22.3%, 36-40 years old accounted for 17.7%, 41-45 years old accounted for 6.3%, and 46 years old or over accounted for 1.0%, respectively.

4.1.3 Education of Respondents

Table 4.3 Education of Respondents

Education	Frequency	Percentage
Below bachelor's degree	67	16.8
Bachelor's degree	278	69.5
Master's degree	55	13.7
Doctoral degree	0	0.0
Total	400	100.0

According to Table 4.3, most respondents graduated a bachelor's degree accounted for 69.5%, followed by below bachelor's degree accounted for 16.8%, and master's degree accounted for 13.7%, respectively, and no one graduated a doctoral degree.

4.1.4 Work Experience of Respondents

Table 4.4 Work Experience of Respondents

Work experience (years)	Frequency	Percentage
3 - 5	142	35.5
6 - 8	133	33.3
9 - 11	79	19.7
More than 11	46	11.5
Total	400	100.0

According to Table 4.4, most respondents had 3-5 years of work experience accounted for 35.5%, followed by 6-8 years accounted for 33.3%, 9-11 years accounted for 19.7%, and more than 11 years accounted for 11.5%, respectively.

4.1.5 Location of Respondent's Organization

Table 4.5 Location of Respondent's Organization

Location (province)	Frequency	Percentage
Bangkok	192	48.0
Phuket	120	30.0
Chiangmai	36	9.0
Chonburi	36	9.0
Phra Nakhon Si Ayutthaya	6	1.5
Nakhon Ratchasima	10	2.5
Total	400	100.0

According to Table 4.5, the organizations of most respondents were located in Bangkok accounted for 48.0% followed by Phuket accounted for 30.0%, Chiangmai and Chonburi equally accounted for 9.0%, Nakhon Ratchasima accounted for 2.5%, and Phra Nakhon Si Ayutthaya accounted for 15%, respectively. A list of respondents' organizations is presented in Appendix A

4.1.6 Salary/Income of Respondents

Table 4.6 Salary/Income of Respondents

Salary/income (Baht per month)	Frequency	Percentage
Below 15,000	112	28.0
15,001 - 25,000	120	30.0
25,001 - 35, 000	104	26.0
35, 001 - 45,000	42	10.5
More than 45,000	22	5.5
Total	400	100.0

According to Table 4.6, most respondents had a salary/income of 15,001-25,000 Baht per month accounted for 30.0%, followed by below 15,000 Baht per month accounted for 28.0%, 25,001-35,000 Baht per month accounted for 26.0%, 35,001-45,000 Baht per month accounted for 10.5%, and more than 45,001 Baht per month accounted for 5.5%, respectively.

4.1.7 Job Position of Respondents

Table 4.7 Job Position of Respondents

Job position	Frequency	Percentage
Middle-level employee (supervisor or assistant supervisor)	307	76.7
High-level employee (general manager, section or department manager, or assistant section or department manager)	93	23.3
Total	400	100.0

According to Table 4.7, most respondents were a middle-level employee accounted for 76.7%, followed by high-level employee accounted for 23.3%.

4.1.8 Number of Full-time Employees in Respondent's Organization

Table 4.8 Number of Full-time Employees in Respondent's Organization

Number of full-time employees	Frequency	Percentage
Below 50	400	100.0
51 and over	0	0
Total	400	100.0

According to Table 4.8, the number of full-time employees in all respondents' organizations was below 50 employees accounted for 100.0%.

4.1.9 Value of Fixed Assets of Respondent's Organization

Table 4.9 Value of Fixed Assets of Respondent's Organization

Value of fixed assets (million Baht)	Frequency	Percentage
No more than 50	400	100.0
More than 50 but no more than 200	0	0
Total	400	100.0

According to Table 4.9, the value of fixed assets of all respondents' organizations was no more than 50 million Baht accounted for 100.0%.

4.2 Investigation and Development of Innovative Organization Indicators for Small-Sized Travel Enterprises in Thailand

The researcher collected data by means of desk research and literary review, including documents, textbooks, books, academic and research articles, online databases and research papers, for synthesis and analysis, which were then chosen as innovative organization indicators for small-sized travel enterprises in Thailand. Innovation is something new generated from the use of knowledge and creativity to create something useful and enable innovative organizations or agencies to have more efficient and effective systems. Maximizing the use of existing resources can provide a competitive advantage for the travel enterprises to generate more efficiency in their internal processes or offer of new travel products and services, which will be able to meet customer satisfaction increasingly.

According to the study, the innovative organization indicators for small-sized travel enterprises in Thailand can be classified into 6 areas as follows: 1) organizational innovation in the tourism business, 2) Human capital innovation in the tourism business, 3) Strategic innovation in the tourism business, 4) Leader innovation in the tourism business, 5) Creativity innovation in the tourism business, and 6) Teamwork innovation in the tourism business, as detailed below.

Organizational innovation in the tourism business refers to a creation of changes in business structures, operations, mechanisms, marketing processes and business models by focusing on increasing the ability to manage and administrate the organization based on the knowledge of the services and management to improve the organization. It also focuses on bringing decision-making authority to practice, making existing personnel competent, and giving priority to build both internal and external partnerships and networks, providing an environment conducive to create the innovations of the business, and cultivating the innovative organization as part of the organizational culture. Therefore, this organizational innovation in the tourism business consists of four sub-indicators: organization structure, organization management, process of operations, and organizational culture.

Human capital innovation in the tourism business refers to a process and method of recruiting personnel as part of the organization, including personnel development and management to create entrepreneurship for all personnel. The organization can nurture potential employees to have innovative ideas and actions. Human is considered an important and valuable resource to provide the organization with competitive advantage over its competitors as well as to push the organization to reach its established goals. Therefore, human capital innovation in the tourism business consists of four sub-indicators: personnel management, recruiting/selection system, personnel development, and creation of entrepreneurship.

Strategic innovation in the tourism business refers to the way to think of and develop new strategies by focusing on offering different values from its competitors to customers so that the business can obtain stable and sustainable success. The organization needs to always offer new things to the market, including a design of new work processes. Having this strategic innovation starts from a new perspective and the organizations needs to create guidelines to ensure that it will be successful or have competitive advantage by using innovation as the main driver. Therefore, strategic innovation in the tourism business consists of four sub-indicators: strategic planning, establishment of organization's visions/missions/goals, marketing strategies, and financial/budgetary strategies.

Leader innovation in the tourism business refers to the leaders in the tourism business, including primary, middle or senior executives, who need to clarify the

organization's innovative goals to their personnel, lead to create an organizational innovation, be dedicated to protecting and supporting the good ideas of employees, motivate and encourage employees to be creative and innovative, and allocate resource to support the operations of employees. It consists of four sub-elements: leadership, leader styles, dedication of the executives, and support of participation of executives.

Creativity innovation in the tourism business refers to a result of innovation that must be something "useful", especially in favor of a broader or larger picture than just new inventions, processes, products and services; rather, it must also integrate creative or new ideas. This creativity innovation is associated with other innovations of the organization because the organization where its people are encouraged to think of and express the creation of innovations in the tourism business will bring the success of tourism business with a sustainable competitive advantage. It consists of four sub-indicators: promotion of creativity, giving of incentives/rewards, knowledge management of innovations, and physical environment, information system and technology.

Teamwork innovation in the tourism business refers to practices that promote and support the teamwork where all staff members have the same goal to enhance the efficiency and effectiveness of the work management. Working together to plan and implement the innovations can provide an opportunity to work across different fields and exchange their knowledge and experience, including communication management and communication systems, in order to enhance the functionality and innovations. Therefore, teamwork innovation in the tourism business consists of four sub-indicators: teamwork, participation in innovations, and work across different fields, and communication and communications systems.

According to the investigation of relevant documents, concepts, theories, articles and research papers, the innovative organization indicators for small-sized travel enterprises in Thailand (both major and minor indicators) can be summarized as shown in Table 4.10 below.

Table 4.10 Innovative Organization Indicators for Small-Sized Travel enterprises in Thailand

Innovative Organization Indicators for Small-Sized Travel Enterprises in Thailand	
1. Organizational innovation in the tourism business	1.1 Organization structure 1.2 Organization management 1.3 Process of operations 1.4 Organizational culture
2. Human capital innovation in the tourism business	2.1 Personnel management 2.2 Recruiting/selection system 2.3 Personnel development 2.4 Creation of entrepreneurship
3. Strategic innovation in the tourism business	3.1 Strategic planning 3.2 Establishment of organization's visions/missions/goals 3.3 Marketing strategies 3.4 Financial/budgetary strategies
4. Leader innovation in the tourism business	4.1 Leadership 4.2 Leader styles 4.3 Dedication of the executives 4.4 Support of participation of executives
5. Creativity innovation in the tourism business	5.1 Promotion of creativity 5.2 Giving of incentives/rewards 5.3 Knowledge management 5.4 Physical environment, information system and technology
6. Teamwork innovation in the tourism business	6.1 Teamwork 6.2 Participation in innovations 6.3 Work across different fields 6.4 Communication and communications systems

4.3 Relationships of Innovative Organization Indicators for Small-Sized Travel Enterprises in Thailand

As for the presentation of the research results in this section, the researcher collected the data by questionnaires in order to investigate the relationships of innovative organization indicators for small-sized travel enterprises in Thailand. These innovative organization indicators were analyzed to determine their mean (\bar{x}) and standard deviation (SD). The research results will be presented in three parts as follows:

4.3.1 Factors that promote the innovative organization for small-sized travel enterprises in Thailand

4.3.2 Relationships of innovative organization indicators for small-sized travel enterprises in Thailand

4.3.3 Influence of innovative organization towards performance of the organization

The meaning of different levels of comments is as follows:

Mean of 4:21 - 5:00 represents highest agreement.

Mean of 3:41 - 4:20 represents high agreement.

Mean of 2.61 - 3.40 represents moderate agreement.

Mean of 1.81 - 2.60 represents low agreement.

Mean of 1.00 - 1.80 represents lowest agreement.

4.3.1 Factors that Promote the Innovative Organization for Small-sized Travel enterprises in Thailand

Table 4.11 Comments on the Factors that Promote the Innovative Organization

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
1. Organizational Innovation in the Tourism Business				
1)	Innovative organization has a flexible organizational structure and can adapt quickly to current conditions.	4.10	.776	High
2)	Innovative organization has a development of structure and mechanism conducive for new managements.	4.10	.697	High
3)	Innovative organization has a simple organizational structure with more horizontal operating systems than vertical ones, which encourages its efficiency.	4.10	.677	High
4)	Structure of innovative organization fosters collaboration from senior executives to lower-level employees.	4.08	.715	High
5)	Management style of innovative organization is based on employee participation that promotes creativity of new things.	4.03	.727	High
6)	Management system of innovative organization places great emphasis on building alliances and networks to promote innovations.	4.05	.697	High
7)	Management of innovative organization provides employees with freedom, mobility and sufficient time to create innovations.	4.02	.751	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
2. Organizational Innovation in the Tourism Business				
8)	Operating processes in innovative organization support innovation culture, i.e. there are operations that create innovations constantly.	4.13	.726	High
9)	Innovative organization changes its operating processes, business arrangements and service patterns that are different from traditional ones in order to increase its efficiency and capability of the operations.	4.11	.779	High
10)	Innovative organization changes its way or method of operating the business and services that is different from original ones, which is deemed an innovation in the organization.	4.12	.796	High
11)	Innovative organization offers something new and better for consumers and itself by applying technology to get a competitive advantage with strengths of better, faster, more modern or cheaper operations.	4.09	.830	High
12)	Innovative organization develops operating process innovations, such as reduction of steps in operating processes, change in duties, responsibilities and nature of work, or sending of various data, which is deemed an innovation in the organization.	4.13	.829	High
13)	Organizational culture of innovative organization encourages its employees to dare to think and risk and to admit any error or failure of the operations resulting from innovations.	4.09	.783	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
3. Organizational Innovation in the Tourism Business				
14)	Organizational culture of innovative organization encourages its employees to see the importance and value of innovations.	4.04	.847	High
15)	Organizational culture and value of innovative organization promote and are consistent with its vision on innovations.	4.07	.745	High
16)	Organizational culture of innovative organization supports the diversity and accepts the differences of ideas.	4.15	.732	High
17)	Innovative organization needs to develop its operations and social environment to support innovations, such as promotion of learning and sharing and activities organized to promote relations.	4.16	.732	High
	Total	4.09	.559	High
4. Human Capital Innovation in the Tourism Business				
18)	Innovative organization should have a way to recruit personnel with knowledge and ability of innovation and creativity.	4.12	.706	High
19)	Innovative organization should have a way and channel to recruit diverse personnel who are consistent with the creation or development of innovations based on the established criteria as well as with its manpower plan.	4.15	.737	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
5. Human Capital Innovation in the Tourism Business				
20)	Innovative organization should test the personality, expression attitude or socializing of candidates because it needs employees who can work as a team.	4.17	.686	High
21)	Innovative organization should have an exam of creative skills and ideas to screen personnel who can solve problems and create innovations.	4.07	.797	High
22)	Innovative organization should encourage and support education, training events, meetings and seminars for its employees at all levels to develop their skills in creativity and innovation continuously.	4.12	.701	High
23)	Innovative organization should develop its personnel through on-the-job training and ask existing employees to provide their advice to new personnel to build relationships with current personnel so that communication and acculturation can be quickly done.	4.17	.747	High
24)	Innovative organization should assign its employees to rotate their job positions so that their knowledge, competence and skills to work and create innovations can be improved.	4.10	.764	High
25)	Innovative organization defines innovation as part of criteria of performance evaluation.	4.10	.761	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
6. Human capital innovation in the tourism business				
26)	Innovative organization develops its personnel who are assigned to attend training events and seminars regarding their work in order to enhance their participation and learning from each other's ideas as well as to generate their good creativity.	4.11	.697	High
27)	Innovative organization develops talent personnel to utilize their highest potential that can be transmitted to their colleagues.	4.10	.753	High
28)	Innovative organization recognizes the importance of its personnel as valuable human resource.	4.01	.757	High
29)	Innovative organization can retain its potential and creative personnel with it.	4.02	.751	High
30)	Personnel in your organization are versatile and can work instead of their coworkers if the organization has lost other personnel.	4.06	.747	High
31)	Management members of innovative organization promote and encourage their personnel to work better as well as need to facilitate organizational changes.	4.06	.791	High
32)	Innovative organization has a human capital management system that focuses on the capacity of its employees.	3.91	.954	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
7. Human Capital Innovation in the Tourism Business				
33)	Innovative organization encourages and supports its employees to take proactive actions, such as enthusiasm in the development of new products, services or work processes to create innovations and lead the market.	4.04	.799	High
34)	Innovative organization provides an opportunity for its employees to participate in creating a new business that is related to current organization or in recovering current business.	4.09	.749	High
35)	Innovative organization serves as the center of the stimulation and development to enhance the potential, capacity and skills in Innovation.	4.09	.675	High
36)	Innovative organization gives priority to its employees with entrepreneurial and managerial skills.	4.13	.687	High
37)	Employees in the innovative organization must have the ability to motivate themselves.	4.09	.744	High
38)	Most personnel in the innovative organization are committed to innovations.	4.10	.766	High
	Total	4.09	.423	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
8. Strategic innovation in the tourism business				
39)	Innovative organization must plan its innovation strategies based on an analysis of economic, social and environmental conditions and business-related factors.	4.21	.683	Highest
40)	Innovative organization must plan and change its strategies regularly so that it can adapt itself in the constantly changing environment.	4.22	.689	Highest
41)	Innovative organization plans its strategies by focusing on the innovation achievement that is in line with its strategic plan.	4.12	.688	High
42)	Innovative organization defines a strategic plan to create innovations in order to improve the efficiency of its work and customer services.	4.13	.707	High
43)	Innovative organization defines consistent and practicable visions, mission and goals to become an obvious innovative organization.	4.07	.804	High
44)	Innovative organization communicates its visions, mission and goals of organization development to all employees.	4.13	.704	High
45)	You accept and define the organization's visions, mission and goals of innovation as your goals and direction of work.	4.06	.754	High
46)	Everyone in the innovative organization has a common goal to create innovations and commitment to work according to the organization's goals and direction.	4.01	.761	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
9. Strategic innovation in the tourism business				
47)	Innovative organization's marketing is customer-oriented by giving its priority to meet the needs and satisfaction of its customers and providing its employees with the opportunity to meet their customers so that customers' ideas and problems can be solved and created as innovation.	4.08	.711	High
48)	Innovative organization's marketing focuses on the future and sees the importance of monitoring the trends or changes in different areas in the future so that the organization can adjust its marketing strategies, such as developing a new market by improving the work procedures or operations or designing new products/services to suit such trends or changes.	4.22	.761	High
49)	Innovative organization's marketing is of new style by finding new customers and offering new technology or service strengths in order to create a competitive advantage.	4.19	.759	High
50)	Innovative organization introduces its assessed new ideas to create product or service innovations in order to meet or resolve customer's the needs or problems quickly.	4.11	.771	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
10. Strategic Innovation in the Tourism Business				
51)	Innovative organization introduces new ideas from external sources or business partners and other organizations to exchange and learn innovation perspectives or approaches and to design new marketing strategies.	4.10	.733	High
52)	Innovative organization tests its new products or services with target customers so that the results can be used to create marketing innovations.	3.97	.839	High
53)	Innovative organization should plan and allocate the budget that is sufficient to promote its innovation operations.	4.05	.692	High
54)	Innovative organization increases its innovation investments, such as budget for research and development of innovations and modern tools and technologies, in order to achieve innovation goals.	4.13	.690	High
55)	Innovative organization has various forms of rewards to those who participate in creating innovations.	4.04	.672	High
	Total	4.10	.406	High
11. Leader Innovation in the Tourism Business				
56)	Organization leader realizes the importance, commitment and support of activities where its employees' creativity and innovations are encouraged.	4.11	.651	High

Table 4.11 (Continued)

No.	Factors that promote the innovative organization	\bar{x}	S.D.	Meaning
57)	Innovative leader in the innovative organization has innovation visions, goals and strategies.	4.14	.693	High
58)	Innovative leader in the innovative organization urges employees to exhibit their innovation behaviors.	4.08	.694	High
12. Leader innovation in the tourism business				
59)	Leader in the innovative organization is able to build and strengthen the motivation and coaching as well as provide innovation advice and creative feedback that can display an interesting picture of innovations in the future so that employees work more efficiently.	4.22	.713	High
60)	Leader in the innovative organization is patient to and fights the problems and obstacles and sacrifices personal interest for common good.	4.13	.690	High
61)	Leader in the innovative organization has a participatory management style where employees are allowed to perform innovation work.	4.11	.689	High
62)	Leader is knowledgeable and able to manage innovations.	3.98	.732	High
63)	Leader is able to communicate clearly about innovations.	4.06	.693	High
64)	Leader has a flexible management style to lead the team to achieve the objectives.	4.02	.865	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
13. Leader Innovation in the Tourism Business				
65)	Leader in the innovative organization treats employees as a more important human resource than just employees.	4.09	.769	High
66)	Leader in the innovative organization supports the creation of new ideas within the organization.	4.10	.719	High
67)	Leader in the innovative organization leads the organization by actions rather than words and can inspire and stimulate creative thinking.	4.08	.662	High
68)	Leader in the innovative organization is committed to training and developing personnel as well as regularly promotes and participates in the organization's innovation activities, such as organizing a brainstorming meeting.	4.09	.745	High
69)	Leader in the innovative organization focuses on the importance of commitment towards common missions.	4.16	.697	High
70)	Leader in the innovative organization demonstrates the determination to complete the work as scheduled.	4.08	.676	High
71)	Leader at each level in the innovative organization provides work advice and guidance to employees individually.	4.05	.748	High
72)	Leader in the innovative organization tries to find new solutions and supports the solving of previous problems through new methods and ideas.	4.15	.759	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
14. Leader Innovation in the Tourism Business				
73)	Leader in the innovative organization protects and is accountable for performance of subordinates.	4.09	.761	High
74)	Leader allows personnel in the innovative department to get involved in exchanging their knowledge and experience with other personnel in different fields on a regular basis.	4.14	.737	High
75)	Leader in the innovative organization prioritizes and recognizes new ideas that are helpful in developing work efficiency.	4.10	.713	High
	Total	4.10	.394	High
15. Creativity Innovation in the Tourism Business				
76)	Employees in the innovative organization can spend their working time to discover and create new ways to work.	3.95	.871	High
77)	Innovative organization should provide time to its employees to perform special innovation work and activities in addition to their routine operations.	4.10	.728	High
78)	Innovative organization should have external networks, such as customers, business partners or stakeholders in the tourism industry, so that its employees can exchange their innovation ideas, knowledge and techniques.	4.12	.662	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
16. Creativity Innovation in the Tourism Business				
79)	Innovative organization urges anyone to give their creative comments freely.	4.08	.693	High
80)	Innovative organization promotes the exchange of information and opinions between employees in different fields.	4.00	.699	High
81)	Employees in the innovative organization are not reprimanded when they offer new ideas, although such ideas may not be successful.	4.11	.694	High
82)	Innovative organization encourages its employees to have open conversations and discussions to share their views and find conclusions together.	4.05	.645	High
83)	Innovative organization positively motivates its personnel who create innovations, such as increasing their compensation or promotion when they can create a new method, product or service that is useful to the organization and recognizing them as a good model for other employees.	4.14	.733	High
84)	Innovative organization evaluates its employees' performance based on the criteria that are clear, fair and consistent with their compensation.	4.09	.752	High
85)	Innovative organization has various forms of rewards, both monetary and non-monetary forms.	4.11	.776	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
86)	Innovative organization should establish a center of data and information regarding inventions and innovations to exchange knowledge, provide textbooks and academic documents, and pull out work experience or knowledge of experts and talent employees as knowledge that can be easily kept, disseminated and accessed by all employees.	4.28	.786	High
17. Creativity Innovation in the Tourism Business				
87)	Innovative organization allows its employees to fully use their knowledge, competence and creativity in their operations.	4.06	.737	High
88)	You can easily search for information necessary for your work within the innovative organization.	4.10	.686	High
89)	Innovative organization encourages its employees to share their information and knowledge to each other both formally and informally.	4.16	.698	High
90)	Innovative organization provides physical facilities that promote the exchange of ideas and creativity, including internal environment with an atmosphere of learning and creating new ideas.	4.12	.718	High
91)	Departments in the innovative organization have an atmosphere of friendship and harmony that promotes its innovative organization.	4.07	.736	High

Table 4.11 (Continued)

No.	Factors that promote the innovative organization	\bar{x}	S.D.	Meaning
92)	Innovative organization often has modern technologies that support innovation work.	4.10	.705	High
93)	Innovative organization makes a difference from its competitors by using more modern technologies than them.	4.10	.763	High
	Total	4.10	.402	High
18. Teamwork Innovation in the Tourism Business				
94)	Departments in the innovative organization are efficient because everyone collaborates in their operations.	4.12	.731	High
95)	Personnel in the innovative organization learn different areas of work from their colleagues to support their teamwork as well as get good help from their colleagues and relevant departments when there are problems in their operations.	4.21	.691	High
96)	Departments in the innovative organization can resolve the problems and conflicts within their groups effectively.	3.90	.958	High
97)	Employees in the innovative organization are aware that everybody in their organization must be harmonious.	4.08	.706	High
98)	Innovative organization provides an opportunity for its personnel to participate in establishing innovation policies.	4.14	.734	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
99)	Innovative organization distributes its authority to make personnel get involved in creating innovations.	4.09	.691	High
100)	Innovative organization should encourage everyone to participate in the success or decision-making on innovations.	4.11	.656	High
101)	Innovative organization often changes its work processes so that new innovations can be discovered.	4.08	.680	High
19. Teamwork Innovation in the Tourism Business				
102)	Personnel in the innovative organization participate in developing new products/ services that are different from existing products or services, which results in higher efficiency and effectiveness.	4.10	.681	High
103)	Innovative organization allows its employees to exchange their operations with other colleagues and to coordinate across different departments conveniently with simple and practicable procedures of internal coordination.	4.13	.728	High
104)	Innovative organization allows all employees to have access and participate in the innovation development project.	4.09	.780	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
105)	Innovative organization contacts or coordinates with different sections/ departments within the organization efficiently, which can have positive impact on innovations.	4.00	.737	High
106)	Innovative organization allows and assigns its employees to cross-functional job rotation so that they can learn the work of other departments they are interested in.	4.01	.764	High
107)	Innovative organization supports the operations across different fields by establishing rules and regulations that facilitate such operations.	4.08	.787	High
20. Teamwork Innovation in the Tourism Business				
108)	When any department in the innovative organization has inadequate personnel or needs cooperation from other departments, the organization can send personnel from other fields of work to help and support.	4.11	.781	High
109)	Innovative organization encourages an open communication to introduce new knowledge for development of products and services.	4.15	.785	High
110)	Innovative organization must clearly communicate its visions, policies, objectives and direction of becoming a completed innovative organization to its employees.	4.15	.771	High

Table 4.11 (Continued)

No.	Factors that Promote the Innovative Organization	\bar{x}	S.D.	Meaning
111)	Innovative organization has various communication forms and channels that are accessible by its employees.	4.13	.749	High
112)	Innovative organization should have various channels to get suggestions from its employees and will not be negatively affected.	3.90	1.139	High
113)	Innovative organization spreads the information on creativity and innovations both inside and outside the organization quickly and timely.	4.00	.977	High
114)	Innovative organization encourages the exchange of useful information through effective communication channels between all workers.	3.99	.923	High
21. Teamwork Innovation in the Tourism Business				
115)	Innovative organization continuously focuses on the work to exchange information that is diverse and beneficial between those involved in the organization.	4.09	.830	High
Total		4.07	.439	High

According to Table 4.11, the comments of small-sized travel enterprises in Thailand on the factors that promote the innovative organization as a whole were at a high level: mean of strategic innovation in the tourism business was 4.10, mean of leader innovation in the tourism business was 4.10, mean of creativity innovation in the tourism business was 4.10, mean of organizational innovation in the tourism business was 4.09, mean of human capital innovation in the tourism business was

4.09, and mean of teamwork innovation in the tourism business was 4.07. When considering each item individually, it was found that “Innovative organization should establish a center of data and information regarding inventions and innovations to exchange knowledge, provide textbooks and academic documents, and pull out work experience or knowledge of experts and talent employees as knowledge that can be easily kept, disseminated and accessed by all employees” was the factor that promotes the innovative organization at most with a mean of 4.28, which is under the creativity innovation in the tourism business. The majority of the factors that promote the innovative organization had a mean at a high level ($\bar{x} = 3.90 - 4.17$), while the factors that promote the innovative organization at least with a mean of 3.90 were “Innovative organization should have various channels to get suggestions from its employees and will not be negatively affected” and “Departments in the innovative organization can resolve the problems and conflicts within their groups effectively”, which are under the teamwork innovation in the tourism business.

4.3.2 Relationships of Innovative Organization Indicators for Small-sized Travel enterprises in Thailand

Table 4.12 Comments about Efficient Innovative Organization’s Impact on Organization’s Performance

No.	Organization’s Performance	\bar{x}	S.D.	Meaning
1. Financial Performance				
116)	Innovative organization affects growth and sales increase.	4.10	.697	High
117)	Innovative organization affects reduction of costs and expenses.	4.10	.676	High
118)	Innovative organization affects growth of net profits.	4.05	.697	High
	Total	4.08	.527	High

Table 4.12 (Continued)

No.	Organization's Performance				\bar{x}	S.D.	Meaning
2. Customer Performance							
119.	Innovative organization	affects	customer satisfaction increase.		4.17	.686	High
120.	Innovative organization	affects	marketing share expansion.		4.11	.697	High
121.	Innovative organization	affects	reduction of customer complaints.		4.09	.675	High
	Total				4.12	.480	High
3. Internal Process Performance							
122.	Innovative organization	affects	speed of launching travel products/services.		4.21	.683	Highest
123.	Innovative organization	affects	speed of resolving customer complaints.		4.22	.689	Highest
124.	Innovative organization	affects	speed of all operations in the organization.		4.12	.688	High
125.	Innovative organization	affects	a change in travel products/services based on customer needs		4.13	.690	High
126.	Innovative organization	affects	enforcement of safety regulations and warranty.		4.04	.672	High
	Total				4.14	.447	High
4. Learning and Growth Performance							
127.	Innovative organization	affects	employee satisfaction increase.		4.13	.689	High

Table 4.12 (Continued)

No.	Organization's Performance	\bar{x}	S.D.	Meaning
128.	Innovative organization affects employee turnover rate.	4.11	.689	High
129.	Innovative organization affects better performance of employees.	4.08	.662	High
	Total	4.10	.494	High
	Grand total	4.11	.376	High

According to Table 4.12, the comments of small-sized travel enterprises in Thailand about efficient innovative organization's impact on organization's performance as a whole were at a high level with a mean of 4.11, and mean of internal process performance was 4.14, mean of customer performance was 4.12, mean of learning and growth performance was 4.10, and mean of financial performance was 4.08. When considering each item individually, the small-sized travel enterprises in Thailand believed that the innovative organization results in better performance with a mean as a whole at a high level ($\bar{x} = 4.04 - 4.22$). "Innovative organization affects speed of resolving customer complaints" had the highest mean of 4.22, while "Innovative organization affects speed of launching travel products/services" had a mean of 4.21, "Innovative organization affects customer satisfaction increase" had a mean of 4.17, and "Innovative organization affects enforcement of safety regulations and warranty" had the lowest mean of 4.08.

4.3.3 Influence of Innovative Organization Towards Performance of the Organization

Table 4.13 Correlation Coefficients of Factors that Promote the Innovative Organization

	X1	X2	X3	X4	X5	X6
(X1) Organizational innovation	1					
(X2) Human capital innovation	.614**	1				
(X3) Strategic innovation	.567**	.737**	1			
(X4) Leader innovation	.545**	.732**	.726**	1		
(X5) Creativity innovation	.554**	.695**	.731**	.767**	1	
(X6) Teamwork innovation	.587**	.755**	.737**	.742**	.784**	1

Note: ** $p < 0.01$

Table 4.14 Correlation Coefficients of Factors that Promote the Innovative Organization and Performance of Small-sized Travel enterprises in Thailand

	X1	X2	X3	X4	X5	X6	Y1	Y2	Y3	Y4	TotalY
(X1) Organizational innovation	1										
(X2) Human capital innovation	.614**	1									
(X3) Strategic innovation	.567**	.737**	1								
(X4) Leader innovation	.545**	.732**	.726**	1							
(X5) Creativity innovation	.554**	.695**	.731**	.767**	1						
(X6) Teamwork innovation	.587**	.755*	.737**	.742**	.784**	1					
(Y1) Financial performance	.859**	.557**	.485**	.491**	.475**	.527**	1				
(Y2) Customer performance	.421**	.747**	.558**	.560**	.564**	.563**	.381**	1			

Table 4.14 (Continued)

	X1	X2	X3	X4	X5	X6	Y1	Y2	Y3	Y4	TotalY
(Y3) Internal process performance	.544**	.612**	.847**	.622**	.638**	.622**	.469**	.481**	1		
(Y4) Learning and growth performance	.474**	.590**	.580**	.732**	.580**	.572**	.435**	.489**	.531**	1	
(TotalY) Total efficiency	.752**	.809**	.789**	.776**	.726**	.736**	.754**	.756**	.789**	.794**	1

Note: * $p < 0.05$ and ** $p < 0.01$

According to Table 4.13, 4.14 the correlation coefficients between each area of variables that promote the innovative organization were between .545 and .784 and all of which had a positive relationship with a statistical significance of 0.01. The factors that promote the innovative organization in terms of creativity innovation (X5) and teamwork innovation (X6) had the highest relationship with a correlation coefficient of .784 while the factors that promote the innovative organization in terms of organizational innovation (X1) and leader innovation (X4) had the lowest relationship with a correlation coefficient of .545.

Moreover, the factors that promote the innovative organization had a relationship with the performance of small-sized travel enterprises in Thailand with a statistical significance of 0.01. The human capital innovation in the tourism business (X2) had the highest correlation coefficient of (0.809), followed by strategic innovation in the tourism business (X3) with a correlation coefficient of (0.789) and leader innovation in the tourism business (X4) with a correlation coefficient of (0.776), respectively.

4.3.3.1 Analysis of multiple correlation coefficients to obtain determination values of variables that promote the innovative organization on the performance of small-sized travel enterprises in Thailand

Table 4.15 Stepwise Multiple Regression Analysis of Factors that Promote the Innovative Organization on the Performance of Small-sized Travel Agencies in Thailand

R	R²	Adjusted R²	SE_{est}	Durbin-Watson
.910	.828	.827	.156	2.118

Note: Predictors: (Constant), Inno HUMAN, InnoORG, InnoSTRATEGY, InnoLEADING Dependent Variable: totalY

According to Table 4.15, the coefficient of determination (R^2) was at a high level of 0.828, which indicates that factors that promote the innovative organization had a positive influence on the performance of small-sized travel enterprises in Thailand. The determination variables for factors that promote the innovative organization could commonly predict the performance of small-sized travel enterprises in Thailand up to 82.8 percent with a standard error of estimate (SE_{est}) of 0.156 and Durbin-Watson of 2.118, which is between 1.5 and 2.5 indicating an independent error.

Table 4.16 Variability of Factors that Promote the Innovative Organization on the Effective Performance of Small-sized Travel Enterprises in Thailand

Variability source	SS	df	Mean square	F	Sig.
Regression	46.766	4	11.692	475.424	.000
Residual	9.693	395	.025		
Total	56.549	399			

Note: Predictors: (Constant), InnoHUMAN, InnoORG, InnoSTRATEGY, InnoLEADING Dependent Variable: totally

According to Table 4.16, there were at least three independent variables for factors that promote the innovative organization, which influence the performance of small-sized travel enterprises in Thailand with a statistical significance of 0.01. It can be concluded that factors that promote the innovative organization had a linear relationship with the performance of small-sized travel enterprises in Thailand.

Table 4.17 Stepwise Multiple Regression Analysis of Factors that Promote the Innovative Organization on the Performance of Small-sized Travel Agencies in Thailand

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. error	Beta (β)		
(Constant)	.443	.088		5.044	.000
Organizational innovation (X1)	.222	.018	.330**	12.144	.000
Human capital innovation (X2)	.228	.032	.256**	7.214	.000
Strategic innovation (X3)	.229	.032	.247**	7.234	.000
Leader innovation (X4)	.219	.032	.229**	6.811	.000

Note: Dependent Variable: totalY

**p < 0.01

According to Table 4.17, when considering each area of variables for factors that promote the innovative organization, four variables that could be used to predict the performance of small-sized travel enterprises in Thailand with a statistical significance of 0.01 included human capital innovation in the tourism business (Beta = 0.256), organizational innovation in the tourism business (Beta = 0.330), strategic innovation in the tourism business (Beta = 0.247), and leader innovation in the

tourism business (Beta = 0.229), and organizational innovation in the tourism business had the highest positive influence, while creativity innovation in the tourism business and teamwork innovation in the tourism business had no influence on the performance of small-sized travel enterprises in Thailand.

In conclusion, the variables of innovative organization that could best predict the performance of small-sized travel enterprises in Thailand were organizational innovation in the tourism business, human capital innovation in the tourism business, strategic innovation in the tourism business, and leader innovation in the tourism business, respectively, and all of which could commonly predict the performance of small-sized travel enterprises in Thailand up to 82.8 percent with a standard error of estimate (SE_{est}) of 0.156.

4.3.3.2 Analysis of multiple correlation coefficients to obtain best determination variables for factors that promote the innovative organization on the performance of small-sized travel enterprises in Thailand (by area)

1) Factor of innovative organization on financial performance

Table 4.18 Stepwise Multiple Regression Analysis of Factor that Promotes the Innovative Organization on the Financial Performance

Factor that promotes the innovative organization in equation	Financial Performance				
	B	Std. error	Beta (β)	t	Sig.
(Constant)	.775	.100		7.773	.000
Organizational innovation (X1)	.808	.024	.859**	33.485	.000
	R	R ²	Adjusted R ²	SE _{est}	
	.859	.738	.737	.270	

Note: Dependent Variable: Y1

**p < 0.01

According to Table 4.18, the factor that promotes the innovative organization and could be used to predict the financial performance with a statistical significance of 0.01 was organizational innovation in the tourism business (Beta = 0.859) with a coefficient of determination (R^2) of 0.738. Therefore, the factor that promotes the innovative organization had a positive influence on the financial performance at a relatively high level and could commonly predict the financial performance up to 73.8 percent with a standard error of estimate (SE_{est}) of 0.270.

In conclusion, the variable of innovative organization that could best predict the financial performance was organizational innovation in the tourism business.

2) Factor of innovative organization on customer performance

Table 4.19 Stepwise Multiple Regression Analysis of Factor that Promotes the Innovative Organization on the Customer Performance

Factor that promotes the innovative organization in equation	Customer Performance				
	B	Std. error	Beta (β)	t	Sig.
(Constant)	.664	.155		4.280	.000
Human capital innovation (X2)	.847	.038	.747**	22.423	.000
	R	R²	Adjusted R²	SE_{est}	
	.747	.558	.557	.319	

Note: Dependent Variable: Y2

** $p < 0.01$

According to Table 4.19, the factor that promotes the innovative organization and could be used to predict the customer performance with a statistical significance of 0.01 was human capital innovation in the tourism business (Beta = 0.747) with a coefficient of determination (R^2) of 0.558. Therefore, the factor that promotes the innovative organization had a positive influence on the customer

performance at a relatively high level and could commonly predict the customer performance up to 55.8 percent with a standard error of estimate (SE_{est}) of 0.319.

In conclusion, the variable of innovative organization that could best predict the customer performance was human capital innovation in the tourism business.

3) Factor of innovative organization on internal process performance

Table 4.20 Stepwise Multiple Regression Analysis of Factors that Promote the Innovative Organization on the Internal Process Performance

Factors that promote the innovative organization in equation	Internal Process Performance				
	B	Std. error	Beta (β)	t	Sig.
(Constant)	.261	.122		2.148	.032
Strategic innovation (X3)	.873	.035	.794**	24.815	.000
Organizational innovation (X1)	.074	.026	.093**	2.912	.004
	R	R ²	Adjusted R ²	SE _{est}	
	.851	.724	.722	.235	

Note: Dependent Variable: Y3

**p < 0.01

According to Table 4.20, the factors that promote the innovative organization and could be used to predict the internal process performance with a statistical significance of 0.01 were strategic innovation in the tourism business (Beta = 0.794) and organizational innovation in the tourism business (Beta = 0.093) with a coefficient of determination (R^2) of 0.724. Therefore, the factors that promote the innovative organization had a positive influence on the internal process performance at a relatively high level and could commonly predict the internal process performance up to 72.4 percent with a standard error of estimate (SE_{est}) of 0.235.

In conclusion, the variables of innovative organization that could best predict the performance process were strategic innovation in the tourism business and organizational innovation in the tourism business, respectively.

4) Factor of innovative organization on learning and growth performance

Table 4.21 Stepwise Multiple Regression Analysis of Factors that Promote the Innovative Organization on the Learning and Growth Performance

Factors that promote the innovative organization in equation	Learning and Growth Performance				
	B	Std. error	Beta (β)	t	Sig.
(Constant)	.254	.178		1.431	.153
Leader innovation (X4)	.845	.051	.674**	16.690	.000
Organizational innovation (X1)	.095	.036	.107**	2.653	.008
	R	R²	Adjusted R²	SE_{est}	
	.738	.545	.542	.334	

Note: Dependent Variable: Y4

**p < 0.01

According to Table 4.21, the factors that promote the innovative organization and could be used to predict the learning and growth performance with a statistical significance of 0.01 were leader innovation in the tourism business (Beta = 0.674) and organizational innovation in the tourism business (Beta = 0.107) with a coefficient of determination (R^2) of 0.545. Therefore, the factors that promote the innovative organization had a positive influence on the learning and growth performance at a relatively high level and could commonly predict the learning and growth performance up to 54.5 percent with a standard error of estimate (SE_{est}) of 0.334.

In conclusion, the variables of innovative organization that could best predict the learning and growth performance were leader innovation in the tourism business and organizational innovation in the tourism business, respectively.

4.3.3.3 Summary of analysis of innovative organization on all four performances

Table 4.22 Stepwise Multiple Regression Analysis of Factors that Promote the Innovative Organization on all Four Performances

Variables	Finance		Customer		Internal process		Learning	
	β	Sig.	β	Sig.	β	Sig.	β	Sig.
Organizational innovation (X1)	.859**	.000	-	-	.093**	.004	.107**	.008
Human capital innovation (X2)	-	-	.747**	.000	-	-	-	-
Strategic innovation (X3)	-	-	-	-	.794**	.000	-	-
Leader innovation (X4)	-	-	-	-	-	-	.674**	.000
R	.859		.747		.851		.738	
R ²	.738		.558		.724		.545	
Adjusted R ²	.737		.557		.722		.542	
SE _{est}	.270		.319		.235		.334	

Note: **p < 0.01

- means no influence

According to Table 4.22, the factors that promote the innovative organization had a positive influence on all four performances of small-sized travel enterprises in Thailand, i.e. financial performance, customer performance, internal process performance, and learning and growth performance.

The variable of innovative organization that could predict the financial performance with a statistical significance of 0.01 was organizational innovation in the tourism business (Beta = 0.859).

The variable of innovative organization that could predict the customer performance with a statistical significance of 0.01 was human capital innovation in the tourism business (Beta = 0.747).

The variables of innovative organization that could predict the internal process performance with a statistical significance of 0.01 were strategic innovation in the tourism business (Beta = 0.794) and organizational innovation in the tourism business (Beta = 0.093).

The variables of innovative organization that could predict the learning and growth performance with a statistical significance of 0.01 were leader innovation in the tourism business (Beta = 0.674) and organizational innovation in the tourism business (Beta = 0.107), as shown in Figure 4.1 below.

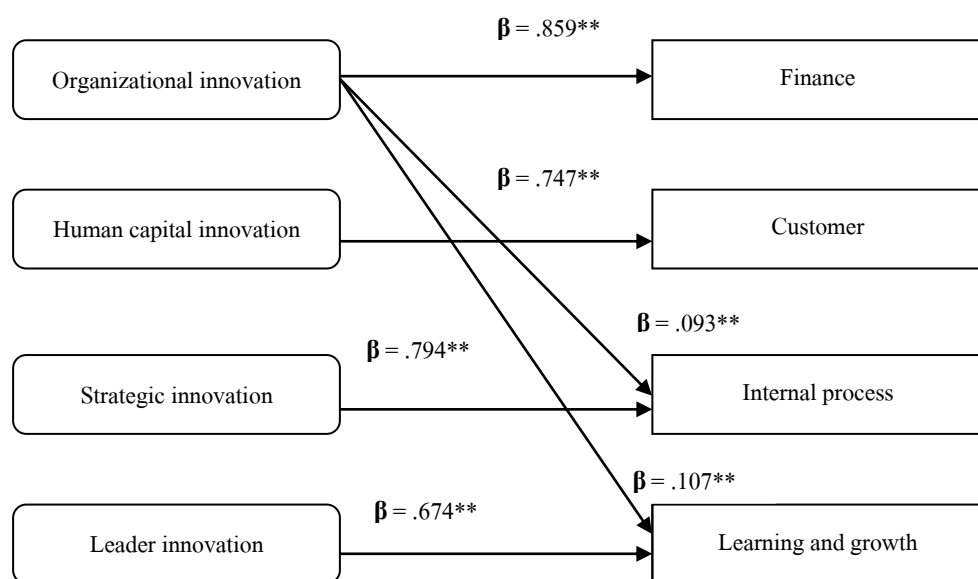


Figure 4.1 Factors that Promote the Innovative Organizations with an Influence on Performance of Small-sized Travel Enterprises in Thailand

4.3.3.4 Summary of analysis of relationships of innovative organization indicators for small-sized travel enterprises in Thailand

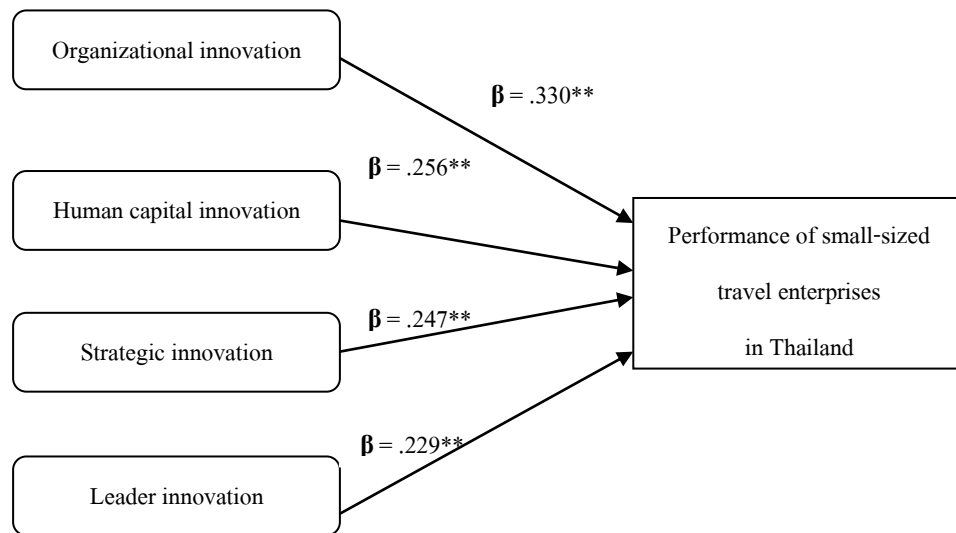


Figure 4.2 Factors that Promote the Innovative Organizations with an Influence on Performance of Small-sized Travel Enterprises in Thailand

According to Figure 4.2, it can be summarized that the factor that promotes the innovative organization with the highest positive influence on the performance of small-sized travel enterprises in Thailand was organizational innovation in the tourism business, followed by human capital innovation, strategic innovation, and leader innovation, respectively.

It can be seen that the factors of innovative organization were associated with the performance of small-sized travel enterprises in Thailand. According to the comments of tourism business entrepreneurs and employees who have been experienced in tourism business for more than three years, they agreed consistently that the innovative organization had a positive influence on the financial, customer, internal process, and learning and growth performances of the travel enterprises.

4.4 Guidelines for Developing Small-Sized Travel Enterprises in Thailand As an Innovative Organization

According to the results in objectives 1 and 2, the innovative organization indicators for small-sized travel enterprises in Thailand consisted of six areas: 1) organizational innovation in the tourism business, 2) human capital innovation in the tourism business, 3) strategic innovation in the tourism business, 4) leader innovation in the tourism business, 5) creativity innovation in the tourism business, and 6) teamwork innovation in the tourism business. The results indicate that the factors that promote the innovative organization included organizational innovation in the tourism business, human capital innovation in the tourism business, strategic innovation in the tourism business, and leader innovation in the tourism business, which had a positive influence on the performance of small-sized travel enterprises in Thailand. The organizational innovation in the tourism business had the highest influence on the financial, customer, internal process, and learning and growth performances of small-sized travel enterprises in Thailand. In addition, the organizational innovation in the tourism business had an influence on the financial, internal process, and learning and growth performances, while the human capital innovation in the tourism business had an influence on the customer performance, the strategic innovation in the tourism business had an influence on the internal process performance, and the leader innovation in the tourism business had an influence on the learning and growth performance. To be consistent with the results of quantitative research and literature, the researcher would now like to suggest four guidelines for developing small-sized travel enterprises in Thailand as an innovative organization as follows:

4.4.1 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of organizational innovation in the tourism business

4.4.2 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of human capital innovation in the tourism business

4.4.3 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of strategic innovation in the tourism business

4.4.4 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of leader innovation in the tourism business

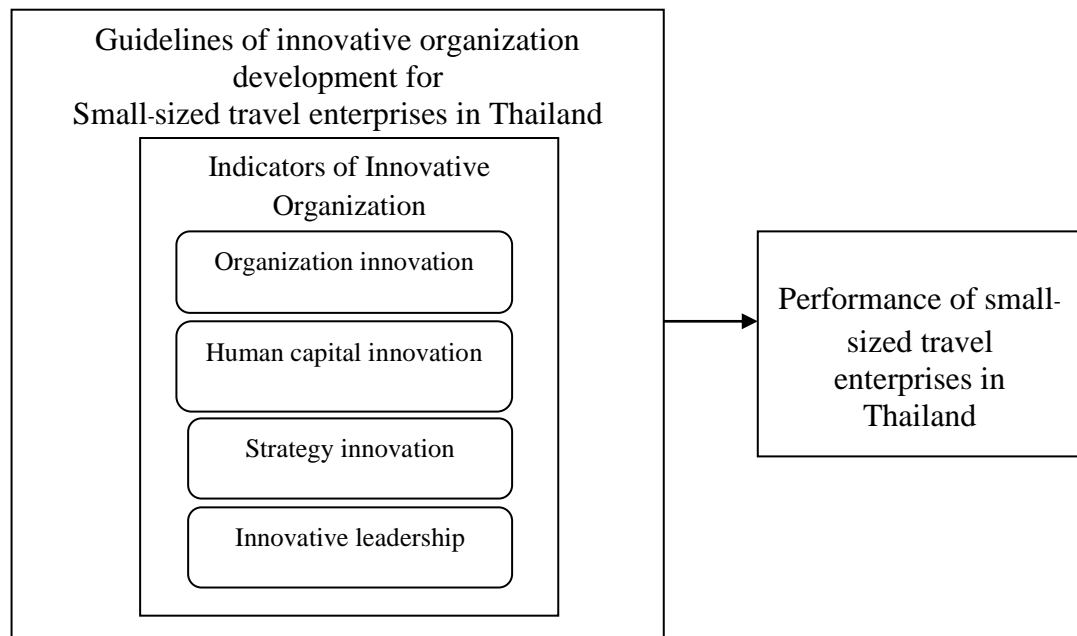


Figure 4.3 Guideline of Innovative Organization Development Small-Sized Travel Enterprises in Thailand According to Organizational Performance

4.4.1 Guideline for Developing Small-sized Travel Enterprises in Thailand as an Innovative Organization in Terms of Organizational Innovation in the Tourism Business

Organizational innovation in the tourism business is involved with changing the operations of the organization into a new form, including organizational structure, administration, processes and culture, to produce value-oriented results to the organization, such as optimization of production of products and services and increase in financial value of the organization.

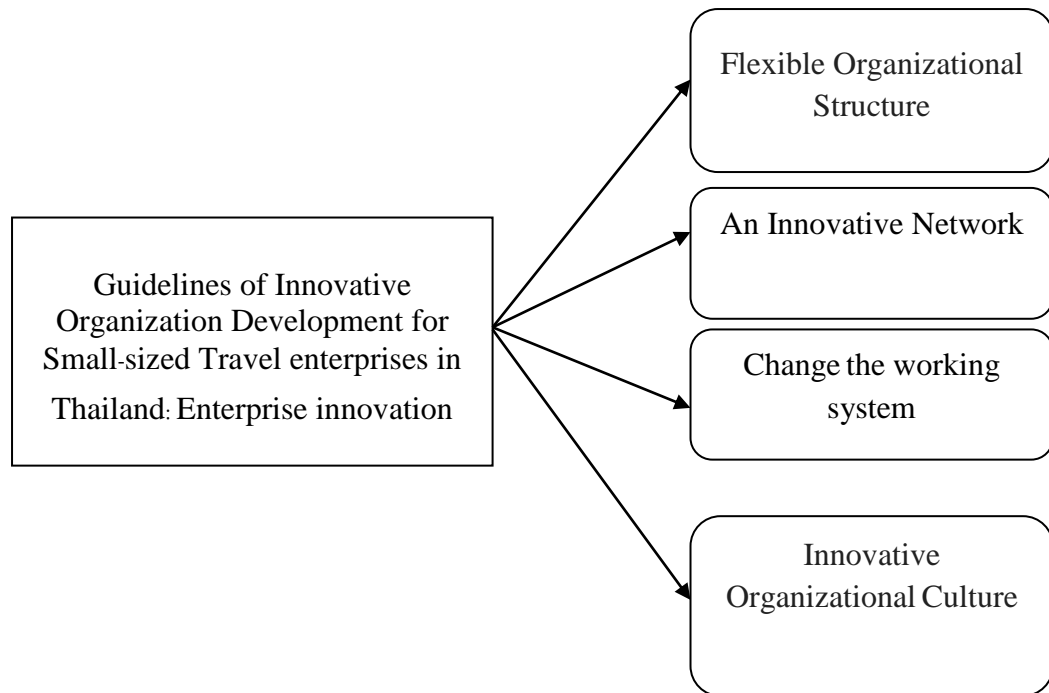


Figure 4.4 Guidelines of Innovative Organization Development for Small-Sized Travel Enterprises in Thailand: Enterprise Innovation

In the development of organizational innovation, when looking back at the researcher's summary of most discussed sub-variables with content analysis to define the conceptual framework of the research, it appears that there are four sub-variables expected to promote the innovative organization, including flexible organizational structure, innovative network, change in working system, and innovative organizational culture, and each of which also contains several internal variables that discuss the features of innovative organization. However, based on the results of the study by statistical analysis, all factors in the research framework significantly contributed to the promotion of innovative organization.

As such, the researcher would like to present questions from the questionnaire that are consistent with the development as an innovative organization in terms of organization innovation that has a positive influence on operational performance as detailed as follow.

1) Innovative organization has a flexible organizational structure and can adapt quickly to current conditions. (\bar{x} Mean = 4.10)

2) Management system of innovative organization places great emphasis on building alliances and networks to promote innovations. (\bar{x} Mean = 4.05)

3) Innovative organization develops operating process innovations, such as reduction of steps in operating processes, change in duties, responsibilities and nature of work, or sending of various data, which is deemed an innovation in the organization. (\bar{x} Mean = 4.13)

4) Organizational culture of innovative organization supports the diversity and accepts the differences of ideas. (\bar{x} Mean = 4.15)

However, the researcher would like to recommend the guidelines for developing small-sized travel enterprises as an innovative organization in terms of organization innovation as follows:

1) Travel agency structure should be flexible, dexterous and suitable for creating the behavior of organizational innovation as well as be conducive to good cooperation from both management-level and operation-level employees. In addition, the organization must accept the change in organizational structure according to the changing situation.

2) The organization should focus on building networks and alliances that promote the development of organizational innovation by building relationships with external agencies that are both directly and indirectly involved and are believed by the organization that they are able to create or lead the innovations. In addition, this also includes building partnerships with customers to enhance the ability to meet their needs through innovative organization.

3) The organization should change or update the work practices of its employees and work systems as well as adopt new technologies in various processes, such as work processes within the organization and design, development and delivery of products and services, including tools, techniques/methods, and software. Employees should understand the needs of their customers and encourage new ways to manage such needs. Kaplan and Norton (1996) stated that firm must improve intra-working procedures to support the objectives of financial and customer perspective in order to success, firm must improve process of value delivery to customer and process of innovation.

4) The organization should cultivate its organizational culture to its employees who then understand, follow and dare to think and express their new ideas and practices that may promote the more efficient work systems of the organization. The management members should begin with organization innovation-stimulating activities and encourage their employees to feel that the organizational culture is to create an innovative organization by pushing and rewarding employees who initiate new concepts, methods or products and services in order to set an example of appreciating the culture of innovative organization. Meanwhile, everyone must accept the differences of opinions.

4.4.2 Guideline for Developing Small-sized Travel Enterprises in Thailand as an Innovative Organization in Terms of Human Capital Innovation in the Tourism Business

Human is a valuable resource in creating the success of the organization, especially the tourism industry as a service industry. Therefore, human is an important cog in producing income for the organization and in impressing its customers. Human with tourism-related knowledge, competence, skills, expertise and experiences can thus improve value to the services even more. In particular, if the organization develops its human capital as an innovative leader, this will enhance the effectiveness and efficiency of the organization, whether the reward is monetary or not.

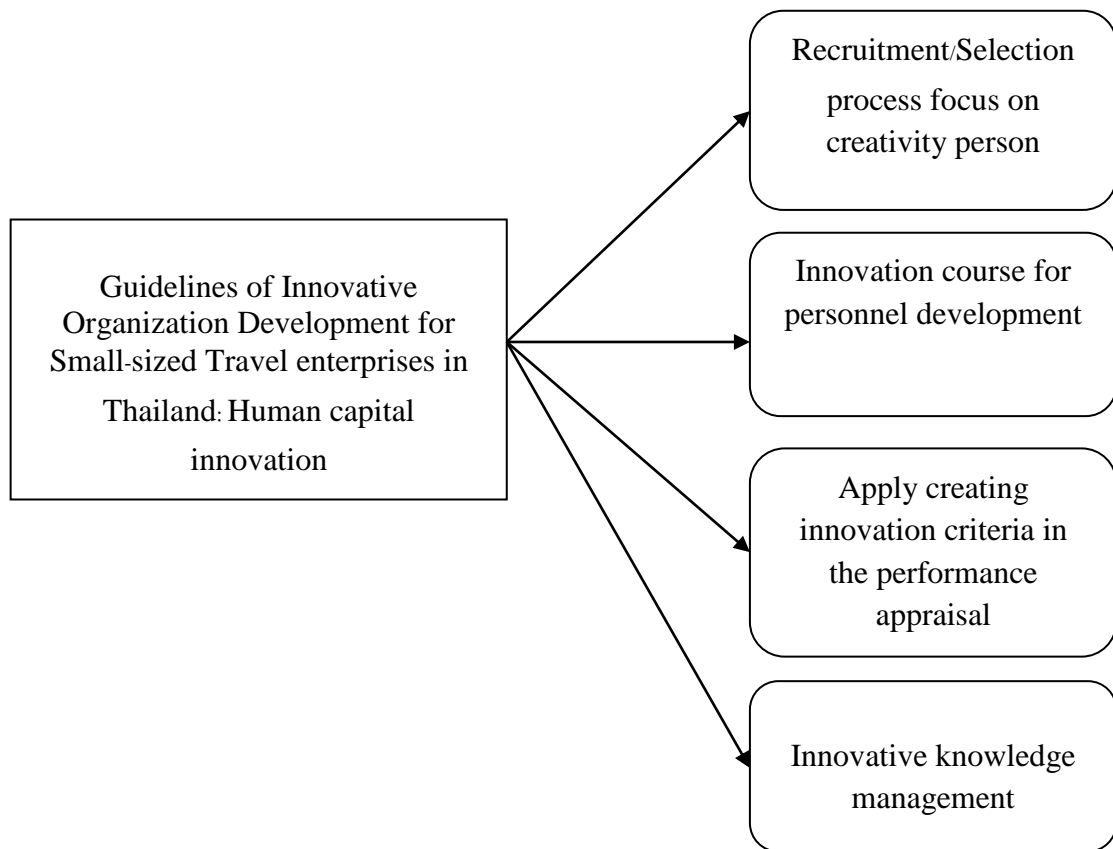


Figure 4.5 Guidelines of Innovative Organization Development for Small-Sized Travel Enterprises in Thailand: Human Capital Innovation

Furthermore, in the development of human innovation, when looking back at the researcher's summary of most discussed sub-variables with content analysis to define the conceptual framework of the research, it appears that there are four sub-variables expected to promote the innovative organization, including recruitment/ selection process focus on creativity person, innovation course for personnel development, apply creating innovation criteria in the performance appraisal and innovative knowledge management, and each of which also contains several internal variables that discuss the features of innovative organization. However, based on the results of the study by statistical analysis, all factors in the research framework significantly contributed to the promotion of innovative organization.

Thus, the researcher would like to present questions from the questionnaire that are consistent with the development as an innovative organization in terms of human capital innovation that has a positive influence on operational performance as detailed below.

1) Innovative organization should have a way and channel to recruit diverse personnel who are consistent with the creation or development of innovations based on the established criteria as well as with its manpower plan. (\bar{x} Mean = 4.15)

2) Innovative organization should encourage and support education, training events, meetings and seminars for its employees at all levels to develop their skills in creativity and innovation continuously. (\bar{x} Mean = 4.12)

3) Innovative organization defines innovation as part of criteria of performance evaluation. (\bar{x} Mean = 4.10)

4) Innovative organization should establish a center of data and information regarding inventions and innovations to exchange knowledge, provide textbooks and academic documents, and pull out work experience or knowledge of experts and talent employees as knowledge that can be easily kept, disseminated and accessed by all employees. (\bar{x} Mean = 4.28)

However, the researcher would like to recommend the guidelines for developing small-sized travel enterprises as an innovative organization in terms of human capital innovation as follows:

1) The organization should adjust its system of personnel recruitment and selection by using the innovation, creativity or problem-solving skills as a criterion for selection of new personnel. New employees who are able to think of and express their different thoughts, talents and potentials can become an innovation leader and inspire existing personnel to come across old ideas. In addition, this adjusted system will also help integrate the innovations into current work and sale of tourism products or services as well as reduce the cost of developing new employees as an innovation leader.

2) The organization should provide new human capital training and development courses at all skill levels that are appropriate and conducive to become an innovative individual, which includes both in-house and public courses. These courses should be involved with creating and applying the innovations to produce

competitive advantage for the organization as well as designed to build the knowledge, skills and abilities that are different from existing courses. Moreover, these courses should focus on enabling personnel to learn new things and be eager to find more knowledge and adjust or change their ideas or behaviors. The organization needs to develop its personnel continuously, not just short-term courses, because innovation skill is something that must be continuously practiced.

3) The organization's human capital development system should define the innovation or expression of different approaches or entrepreneurship as a criterion for personnel performance evaluation or an indicator of career advancement, which will motivate its personnel to more develop themselves according to the standards required by the organization. Meanwhile, there should be a system of retaining this talent human capital by praising, recognizing and giving worth and valuable rewards to these personnel who have innovation potential that is helpful in developing the performance of the organization.

4) There should be innovation-related knowledge management within the organization so that it can extract and transfer knowledge, skills, expertise or experiences rooted in potential personnel into their colleagues in order to become a truly innovative organization. Since the innovations can occur due to corporation of diverse individuals, the organization should have an innovation team and create an environment for sharing and exchanging knowledge and ideas to each other, and support and promote the development of organization to become an innovative organization.

4.4.3 Guideline for Developing Small-sized Travel Enterprises in Thailand as an Innovative Organization in Terms of Strategic Innovation in the Tourism Business

A strategic planning is involved with establishing the direction of the organization and serves as a work foundation for employees to achieve their common goals. The strategy of the organization needs to meet its external environment that is always changing so that it can survive and grow steadily. The guideline is as follows:

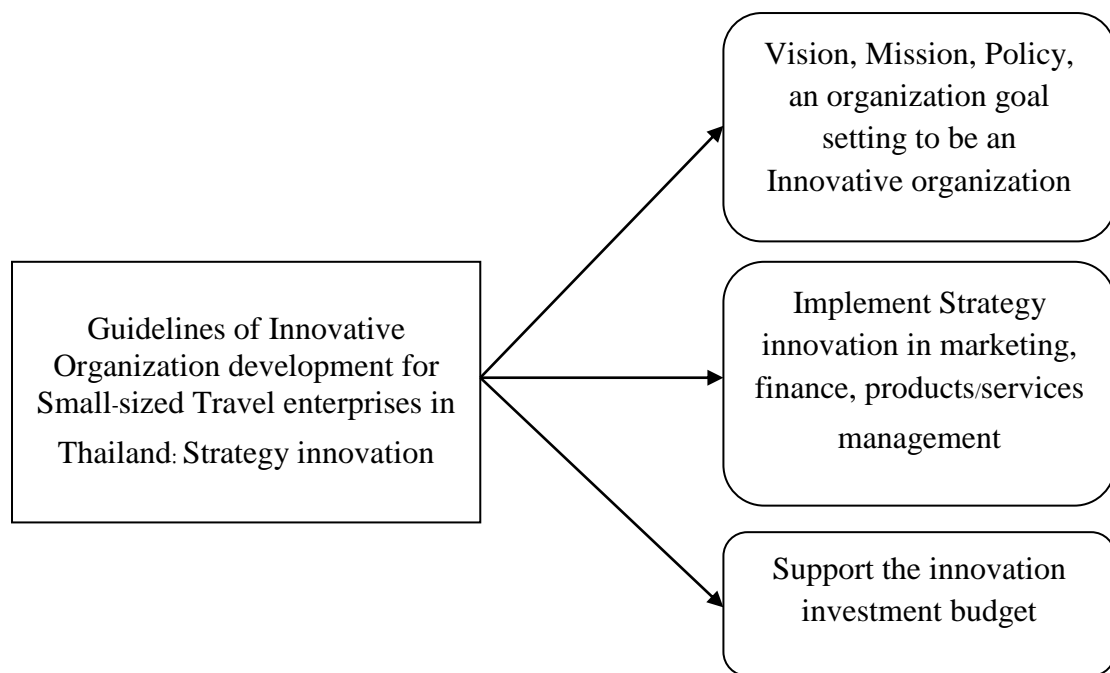


Figure 4.6 Guidelines of Innovative Organization Development for Small-Sized Travel Enterprises in Thailand: Strategy Innovation

In addition, the development of strategic innovation, when looking back at the researcher's summary of most discussed sub-variables with content analysis to define the conceptual framework of the research, it appears that there are three sub-variables expected to promote the innovative organization, including vision, mission, policy, and organization goal setting to be an innovative organization, implement strategy innovation in marketing, finance, products/ services management, and support the innovation investment budget, and each of which also contains several internal variables that discuss the features of innovative organization. However, based on the results of the study by statistical analysis, all factors in the research framework significantly contributed to the promotion of innovative organization.

As such, the researcher would like to present questions from the questionnaire that are consistent with the development as an innovative organization in terms of strategic innovation that has a positive influence on operational performance as detailed below.

1) Innovative organization defines consistent and practicable visions, mission and goals to become an obvious innovative organization. (\bar{x} Mean = 4.07)

2) Innovative organization's marketing focuses on the future and sees the importance of monitoring the trends or changes in different areas in the future so that the organization can adjust its marketing strategies, such as developing a new market by improving the work procedures or operations or designing new products/services to suit such trends or changes. (\bar{x} Mean = 4.22)

3) Innovative organization increases its innovation investments, such as budget for research and development of innovations and modern tools and technologies, in order to achieve innovation goals. (\bar{x} Mean = 4.13)

However, the researcher would like to recommend the guidelines for developing small-sized travel enterprises as an innovative organization in terms of strategic innovation as follows:

1) The organization executives need to clearly define the organization's vision, mission, policy and goal of representing it as an innovative travel agency. Importantly, the communication must be done between management members and employees at all levels to lead to a common understanding of this goal because personnel drive the organization forward. In addition, this strategy will also guide the personnel to perform their duties according to the direction of the organization.

2) All departments in the organization should be encouraged to apply innovation strategies or technologies in their operations. Marketing, financial and product or service managements should be intervened with the use of innovations, which should be developed into new work practices and production approaches that can reduce costs or expenses of the organization, satisfy and meet customer demands, and resolve customer problems.

3) The organization should support special budgets for innovation investment or creation, including budget for training and development, budget for research on innovation, and budget for modern tools, equipment and technologies, which will help facilitate to become an innovative organization.

4.4.4 Guideline for Developing Small-sized Travel enterprises in Thailand as an Innovative Organization in Terms of Leader Innovation in the Tourism Business

Innovative organization is an organization that needs a leader who is visionary, generous and able to motivate and encourage employees to have creativity and support the differences of opinions. In other words, the executives should have an innovative leadership. The guideline is as follows:

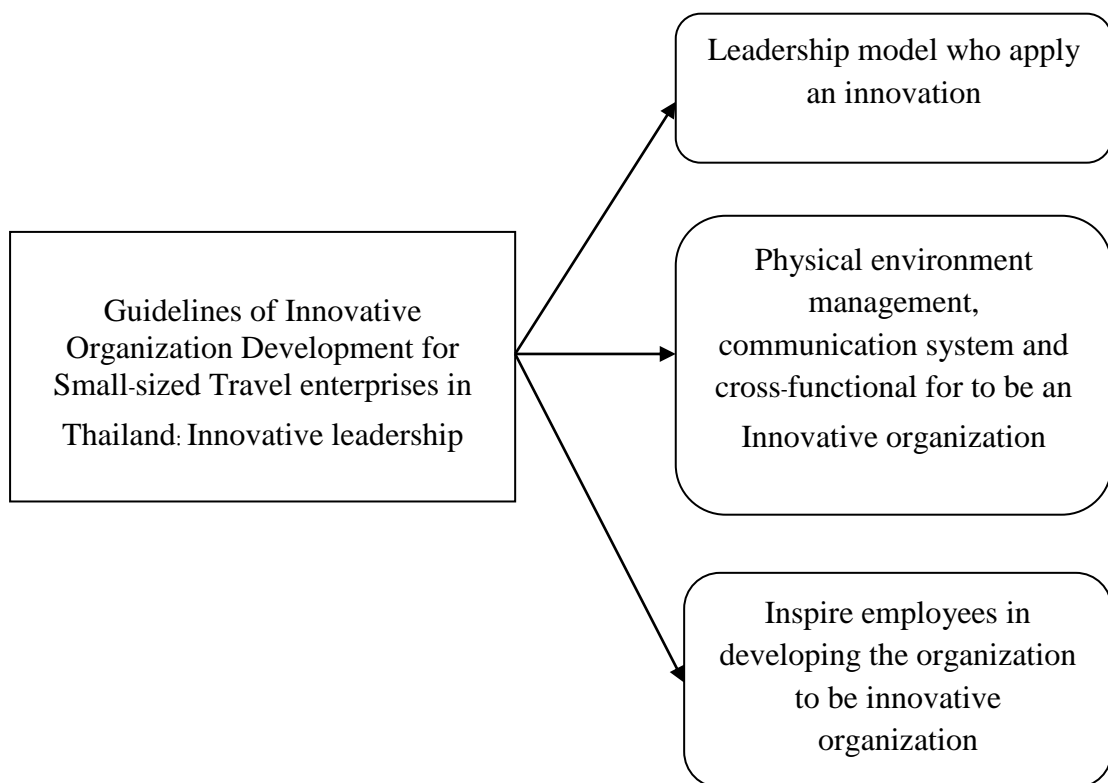


Figure 4.7 Guidelines of Innovative Organization Development for Small-Sized Travel Enterprises in Thailand: Innovative Leadership

Nevertheless, the development of leadership innovation, when looking back at the researcher's summary of most discussed sub-variables with content analysis to define the conceptual framework of the research, it appears that there are three sub-variables expected to promote the innovative organization, including leadership model who apply an innovation, physical environment management, communication system

and cross-functional for to be an innovative organization, Inspire employees in developing the organization to be innovative organization, and each of which also contains several internal variables that discuss the features of innovative organization. However, based on the results of the study by statistical analysis, all factors in the research framework significantly contributed to the promotion of innovative organization.

As such, the researcher would like to present questions from the questionnaire that are consistent with the development as an innovative organization in terms of leadership innovation that has a positive influence on operational performance as detailed below.

1) Leader in the innovative organization has a participatory management style where employees are allowed to perform innovation work. (\bar{x} Mean = 4.11)

2) Leader in the innovative organization is able to build and strengthen the motivation and coaching as well as provide innovation advice and creative feedback that can display an interesting picture of innovations in the future so that employees work more efficiently. (\bar{x} Mean = 4.22)

3) Innovative organization provides physical facilities that promote the exchange of ideas and creativity, including internal environment with an atmosphere of learning and creating new ideas. (\bar{x} Mean = 4.12)

However, the researcher would like to recommend the guidelines for developing small-sized travel enterprises as an innovative organization in terms of leadership innovation as follows:

1) The organization leader should be a model of expression and work that focuses on the use of innovations and that is committed and dedicated and gives priority of changing the organization as an innovative organization. The leader needs to demonstrate the seriousness and usefulness of being an innovative organization so that personnel in the organization act accordingly and willingly. Moreover, the leader should be accountable for the work of subordinates because initiating a new thing may have some mistakes. Therefore, if the leader is not accountable for such mistakes, the personnel will not dare to think of or take any new actions other than original ones.

2) The organization leader should support for providing an environment that is conducive to knowledge exchange and learning, teamwork and innovations, which is deemed a truly learning organization for innovations. Arrangement of workplace, work systems, and even various rules should correspond to an innovative organization. In addition, communication channels should be open and all employees to show their potential. Employees should also be supported to work across different fields in order to integrate or expand their ideas and knowledge. Furthermore, work techniques and processes should be transferred to create new forms of travel products or services.

3) The organization leader should have various leadership styles, including directing, instructing and participatory styles, because the innovative organization needs a leader who is brave to lead to a change as well as who dares to accept subordinates' comments. Moreover, the leader should be a person who has the ability to inspire and motivate employees to have innovative leadership as well.

In summary, to develop small-sized travel enterprises in Thailand as an innovative organization, the organization should focus on developing organizational innovation in the tourism business, human capital innovation in the tourism business, strategic innovation in the tourism business, and leader innovation in the tourism business. With these four areas of development, the small-sized travel enterprises in Thailand will be developed as an innovative organization where their financial, customer, internal process, and learning and growth performances can be enhanced. Moreover, the organization can also have higher competitiveness, keep pace with the dynamics of globalization, and steadily grow and thrive in the highly competitive tourism industry.

This study created a research framework based on over 65 papers related to factors that promote innovative organization and extracted 6 major variables and 24 sub-variables. However, when such framework was used to create a questionnaire regarding factors contributing to the innovative organization that affect the company's performance and after data collection from 400 small-sized travel enterprises nationwide, the results indicate that 4 major factors had a positive influence on the performance as discussed earlier. However, such initial conceptual framework led to variables that are expected to influence general innovative organizations.

Therefore, to illustrate the difference of innovation in the manufacturing and service sectors, especially in small-sized travel enterprises in Thailand, the researcher gave the following observations:

1) Most small-sized travel enterprises do not have many employees in their organizations and there are only employees working in key positions, such as managing director/ business owner, domestic/ international tour manager, accounting/ financial staff, marketing manager/ salespersons, and administrator. According to the nationwide data collection, there are many companies where one employee works for more than one position. On average, the companies in Bangkok have around 7-15 employees while companies located in other main tourist destinations used as the sample in this study, including Phuket, Chiang Mai, Chon Buri, Nakhon Ratchasima, and Ayutthaya, have about 3-7 employees as they want to control the cost as low as possible but still meet the quality criteria specified. Therefore, one employee in these companies works for more than one position with a slightly higher salary than the standard, but it is still more economical compared to hiring two employees. Thus, when a small number of employees is employed, organizational innovation might be difficult to be established due to the lack of diversity of ideas.

2) New product or service innovations rarely exist and most travel enterprises usually imitate each other because they do not have enough capital to conduct surveys to create new tourism routes; thus, it is difficult to distinguish existing products or services available in the market. As such, they turn to do a price war and each of which competes with each other in discounting to scramble market share. In addition, the Red Ocean competition causes many small-sized travel enterprises to close down because it is necessary to reduce costs in other areas, which may also lower the quality and standard of products or services and, as a result, the customers are not satisfied and do not come again. Moreover, consumer behavior changes by using the price in making purchase decisions; for example, they buy a product or service in the last minute to get the cheapest price but get the same product or service as customers who buy at its full price. This causes travel enterprises to have more difficulty in working.

3) Small-sized travel enterprises need to rely more on stakeholders from outside their organization, such as car rental companies, hotels, restaurants, souvenir shops, naturally occurred and manmade tourist attractions, and freelance guides, and all of which are not necessary to be owned by these travel enterprises. However, the problem is that they cannot control the quality and standard by themselves. These external factors are difficult to control, and when any of which have some errors, such as broken cars, not delicious foods, unclean hotel rooms, or poor guides, most customers will put the blame on everything on the travel enterprises.

CHAPTER 5

CONCLUSION, DISCUSSION AND SUGGESTIONS

This research titled " Development of small-sized travel and tourism enterprises as an innovative organization" was aimed to 1) investigate and develop the innovative organization indicators for small-sized travel enterprises; 2) investigate the relationships of innovative organization indicators for small-sized travel enterprises; and 3) obtain the guidelines for developing small-sized travel enterprises as an innovative organization. In Chapter 5, the following four sections will be presented:

- 5.1 Conclusion of research results
- 5.2 Discussion on research results
- 5.3 Suggestions from research results
- 5.4 Suggestions for further research

5.1 Conclusion of Research Results

The questionnaires were collected from the population of this study that included four hundred middle-level and high-level management members from four hundred small-sized travel enterprises in Thailand registered with the Division of Tourism Business and Guide Registration. The location of the province where the respondents' organization is located was used to collect data by taking into account the highest numbers of travel enterprises and tourists in each region, which were significantly correlated. Most small-sized travel enterprises were located in Bangkok, followed by Phuket, Chiangmai, Chonburi, Phra Nakhon Si Ayutthaya, and Nakhon Ratchasima, respectively. Most respondents were a middle-level employee (supervisor or assistant supervisor), male, 26-30 years old, bachelor's degree, 3-5 years of work experience, salary/income of 15,001-25,000 Baht per month, and working in an organization with less than 50 full-time employees and with no more than 50 million Baht of fixed assets.

The results of this research according to three objectives mentioned above can be summarized as follows:

5.1.1 Investigation and Development of Innovative Organization

Indicators for Small-sized Travel Enterprises

According to the research and literature review, the innovative organization indicators for small-sized travel enterprises in Thailand can be classified into 6 areas as follows:

- 1) Organizational innovation in the tourism business consists of four sub-indicators: organization structure, organization management, process of operations, and organizational culture.
- 2) Human capital innovation in the tourism business consists of four sub-indicators: personnel management, recruiting/selection system, personnel development, and creation of entrepreneurship.
- 3) Strategic innovation in the tourism business consists of four sub-indicators: strategic planning, establishment of organization's visions/missions/goals, marketing strategies, and financial/budgetary strategies.
- 4) Leader innovation in the tourism business consists of four sub-elements: leadership, leader styles, dedication of the executives, and support of participation of executives.
- 5) Creativity innovation in the tourism business consists of four sub-indicators: promotion of creativity, giving of incentives/ rewards, knowledge management of innovations, and physical environment, information system and technology.
- 6) Teamwork innovation in the tourism business consists of four sub-indicators: teamwork, participation in innovations, working across different fields, and communication and communications systems.

5.1.2 Investigation of Relationships of Innovative Organization

Indicators for Small-sized Travel Enterprises

The data were collected from questionnaires to investigate the factors that promote the innovative organization and the relationships of innovative organization

indicators for small-sized travel enterprises in Thailand. These innovative organization indicators were analyzed to determine their mean (\bar{x}) and standard deviation (SD). According to previous chapter, the results were presented in three parts: 1) factors that promote the innovative organization for small-sized travel enterprises in Thailand, 2) relationships of innovative organization indicators for small-sized travel enterprises in Thailand, and 3) influence of innovative organization towards performance of the organization.

5.1.2.1 Factors that Promote the Innovative Organization for Small-Sized Travel Enterprises in Thailand

According to the analysis of questionnaires by computer program, the comments of small-sized travel enterprises in Thailand on the factors that promote the innovative organization as a whole were at a high level. The mean of strategic innovation in the tourism business was highest, followed by those of leader innovation in the tourism business, creativity innovation in the tourism business, organizational innovation in the tourism business, human capital innovation in the tourism, and teamwork innovation in the tourism business, respectively. When considering each item individually, it was found that “Innovative organization should establish a center of data and information regarding inventions and innovations to exchange knowledge, provide textbooks and academic documents, and pull out work experience or knowledge of experts and talent employees as knowledge that can be easily kept, disseminated and accessed by all employees” was the factor that promotes the innovative organization at most, which is under the creativity innovation in the tourism business.

The factors that promote the innovative organization at least (but they were still at a high level) were “Innovative organization should have various channels to get suggestions from its employees who will not be negatively affected” and “Departments in the innovative organization can resolve the problems and conflicts within their groups effectively”, which are under the teamwork innovation in the tourism business.

5.1.2.2 Relationships of Innovative Organization Indicators for Small-Sized Travel Enterprises in Thailand

The comments of small-sized travel enterprises in Thailand about innovative organization’s impact on organization’s performance as a whole were at a

high level. This indicates that the innovative organization will enhance various performances of the organization. When arranging by relationship order, the highest to lowest values were as follows: internal process performance, customer performance, learning and growth performance, and financial performance, respectively. When considering each item individually, the innovative organization affects speed of resolving customer complaints at most, affects speed of launching travel products/services, and affects customer satisfaction increase. Innovative organization affects enforcement of safety regulations and warranty at least.

5.1.2.3 Influence of Innovative Organization Towards Performance of the Organization

When considering each area of variables for factors that promote the innovative organization, there were four variables that had a positive influence and could be used to predict the performance of small-sized travel enterprises in Thailand sorted by descending order as follows: 1) organizational innovation in the tourism business, 2) human capital innovation in the tourism business, 3) strategic innovation in the tourism business, and 4) leader innovation in the tourism business, and organizational innovation in the tourism business had the highest positive influence. Creativity innovation in the tourism business and teamwork innovation in the tourism business had no influence on the performance of small-sized travel enterprises in Thailand.

In conclusion, the variables of innovative organization that had a positive influence and could best predict the performance of small-sized travel enterprises in Thailand were organizational innovation in the tourism business, which had a positive influence on financial, learning and growth, and internal process performances, human capital innovation in the tourism business, which had a positive influence on customer performance, strategic innovation in the tourism business, which had a positive influence on internal process performance, and leader innovation in the tourism business, which had a positive influence on learning and growth performance, respectively.

Therefore, as it is possible to predict that organizational innovation, strategic innovation and leader innovation have a positive influence on the performance of small-sized travel enterprises in Thailand, it is advisable to focus on

developing the organization as an innovation organization based on the priority mentioned above, especially the development of organizational innovation as the main factor that positively affects three performances, i.e. learning and growth, finance and internal process.

5.1.3 Guidelines for Developing Small-sized Travel Enterprises in Thailand as an Innovative Organization

Four guidelines for developing small-sized travel enterprises in Thailand as an innovative organization should be based on developing factors that promote the innovative organization that can best enhance the performance of the organization, which is consistent with the results in objectives 1 and 2, and can be summarized as follows: 1) guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of organizational innovation in the tourism business, 2) guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of human capital innovation in the tourism business, 3) guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of strategic innovation in the tourism business, and 4) guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of leader innovation in the tourism business.

5.1.3.1 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of organizational innovation in the tourism business is involved with changing the ideas and operations of the organization into a new form to add value and worth to the organization. What should be improved includes that the organization structure should be flexible and conducive to creative cooperation, the organization should build its networks with stakeholders, customers and relevant parties who can develop the organization's innovations, and the organization should use modern tools or technologies as well as encourage its employees to have a new way of thinking to meet the needs of customers. In addition, management members should promote innovation as an organizational culture and demonstrate that the offer of new ideas, trial and error, and acceptance of different ideas are important to achieve the organizational innovation.

5.1.3.2 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of human capital innovation in the tourism business is based on the concept that human is a valuable resource in creating the success of the organization, especially the tourism industry as a service industry. Therefore, human is an important cog in producing income for the organization and in impressing its customers. Human with tourism-related knowledge, competence, skills, expertise and experiences can thus improve value to the services even more. In particular, if the organization develops its human capital as an innovative leader, this will enhance the effectiveness and efficiency of the organization. The guideline begins with personnel recruitment, selection, development, management, evaluation and allocation of monetary and non-monetary compensations. Employees should be allowed to choose the form of such compensations according to the budget and their different needs. Moreover, with knowledgeable and talent employees in the organization, there should be a knowledge management to extract, keep, transfer and share such knowledge and expertise rooted in potential personnel into other employees within the organization.

5.1.3.3 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of strategic innovation in the tourism business is based on the concept that a strategic planning is involved with establishing the direction of the organization and serves as a work foundation for employees to achieve their common goals. The organization executives need to clearly define the organization's visions, missions, policies and goals, encourage all departments in the organization to apply innovation strategies or technologies in their operations, and support special budgets for innovation investment or creation. The strategy of the organization needs to meet its external environment that is always changing so that it can survive and grow steadily.

5.1.3.4 Guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of leader innovation in the tourism business is based on the concept that innovative organization is an organization that needs a leader who is visionary, generous and able to motivate and encourage employees to have creativity and support the differences of opinions. In other words, the executives should have an innovative leadership, serve as a model of expression

and work that focuses on the use of innovations, and be committed and dedicated and give priority of changing the organization as an innovative organization. In addition, the organization leader should support in providing an environment that is conducive to knowledge exchange and learning, teamwork and innovations as well as should have various leadership styles because various areas of skills are necessary in changing the organization as an innovative organization.

In summary, to develop small-sized travel enterprises in Thailand as an innovative organization, the organization should focus on developing organizational innovation in the tourism business, human capital innovation in the tourism business, strategic innovation in the tourism business, and leader innovation in the tourism business. With these four areas of development, the small-sized travel enterprises in Thailand will be developed as an innovative organization where their financial, customer, internal process, and learning and growth performances can be enhanced. Moreover, the organization can also have higher competitiveness, keep pace with the dynamics of globalization, and steadily grow and thrive in the highly competitive tourism industry.

5.2 Discussion of Research Results

According to this research, the researcher would now like to discuss the results regarding guidelines for developing small-sized travel enterprises as an innovative organization. The statistical data indicate many components of innovative organization depending on the opinions of commentators and on the context and dimension of the analysis. However, the researcher classified various variables to create indicators based on concepts and theories that are similar and in the same direction under suggestions of Thai and foreign scholars until obtaining indicators that suit the context of small-sized travel enterprises as an innovative organization as mentioned earlier. By the use of computer program for data analysis through descriptive statistics, percentage, mean, frequency and standard deviation, determination of relationships, and multiple regression analysis from questionnaire titled “Factors that promote the innovative organization for small-sized travel enterprises in Thailand to enhance their performance.”, it was found that there were

four indicators or factors that are associated with the innovative organization features of small-sized travel enterprises in Thailand with an influence on performance of the organization, i.e. Organizational innovation, human capital innovation, strategic innovation, leader innovation, as follows:

5.2.1 Discussion on the Guideline for Developing Small-sized Travel Enterprises as an Innovative Organization in Terms of Organizational Innovation in the Tourism Business

According to the research, the organizational innovation is the main factor that influences three of four performances, i.e. finance, internal process, and learning and growth. The sub-variables within organizational innovation include organizational structure, organizational management, operating processes, and organizational culture and were mentioned by some people. Panu Limmanon (2006) said that the organizational structure is associated with innovations because it requires cooperation from senior executives to lower-level employees and must therefore have be consistent and appropriate to promote innovations happen efficiently. Similarly, Schermerhorn, Hunt, and Osborn (2003) stated that the best organization will not be at a standstill, but it always needs to create new innovations for its operations. The success of an innovative organization depends on its organizational structure and cooperation of its members. Moreover, the creation of networks and partnerships that are potential and able to create innovations with business partners and customers in order to enhance competitiveness and meet customer demands is also important. Reichstein and Salter (2006) focused on the importance of product and process innovations and suggested that the process innovations take place to help in boosting productivity and are associated with new management model. Organizational innovation is not only related to technical aspects of the work, but it is also concerned with organizational management. In addition, Christiansen (2000) discussed a way of creating an innovative organization in terms of organizational structure that organizational structure can affect important areas, i.e. organization's operation, attention and communication. A flat organization with fewer levels of command, flexibility and loose supervision provides its employees with high freedom, which is more appropriate to create innovations than an organization with higher levels of

command. Moreover, an organization with cross-functional teams where team members are diverse with differences of views and ideas encourages its employees to generate new ideas and innovations.

Furthermore, the concept of developing an organizational innovation described above is consistent with Drucker (2002), Parker (1978), Kotler (1994), Robins (2003), Somwang Wittayapanyanon (2008), and Chaiyos Ruangsuwan (1978) who suggested that organizational innovation is involved with restructuring business management and operation process to create new products, services or business models that are useful and lead to better quality and efficiency of performance. These new things in this context, including new products, work process or culture, may be something that no one has done before or that other organizations have already done, but the organization never did it before. Organizational innovation is not necessary to occur within the organization, but may come from other sources such as customers, business partners, rivals or business alliances, which are some stakes with the organization. The main objective is to enhance the competitiveness of the organization.

Therefore, the guideline for developing small-sized travel enterprises in Thailand as an innovative organization in terms of organizational innovation in the tourism business presented above is consistent with the approaches to optimize three areas of performance, i.e. finance, internal process, and learning and growth, because it provides small-sized travel enterprises in Thailand with more potential and competitiveness so that they can manage themselves to obtain the sustainable innovation achievement, adapt themselves to the highly competitive and changing circumstances due to many impacts around the world, and create an innovation culture to themselves and their employees.

In addition, the concept of the balanced scorecard (BSC) created by Kaplan and Norton (1996) is to measure the organization around 360 degrees that is based on the measurement and can lead to the organization's uniqueness as well as focus on what is important to the success of the organization. It is measured in both monetary and non-monetary terms. The results of this study found that organizational innovation will help small-sized travel enterprises to earn more based on their revenue generated by new products or services and from existing and new customer bases. The

increase in revenue can be attributed to the lower costs due to the use of innovation, not by reducing the quality of goods or services. On the other hand, the use of innovation to reduce operating costs is also a way to add value to a product or service from a customer perspective. For example, the use of social media in marketing and online transactions can save time and money and facilitate the customers because the trend of doing transactions through a computer or smart phone has been increasing rapidly. Another example of using innovation in travel enterprises is Pocket Wi-Fi service when customers travel both domestically and internationally in order to meet the needs and lifestyle of today's customers.

Moreover, organizational innovation also influences the performance of internal process, learning and growth. As for learning and growth, organizational innovation will help develop the knowledge and work skills for employees. It can also be enhanced by the development of functional systems so that employees are satisfied with their work and have a positive attitude towards the organization. In addition, the turnover rate of employees can be reduced because when they are happy to work, they will have loyalty and become valuable human resources to their organization forever.

Finally, as for performance of internal process, organizational innovation will help encourage various processes within the organization proceed effectively, rapidly and accurately as well as the organization can meet its customer needs in a timely manner. It also creates good coordination of the whole system within the organization.

5.2.2 Discussion on the Guideline for Developing Small-sized Travel Enterprises as an Innovative Organization in Terms of Human Capital Innovation in the Tourism Business

According to the analysis of relationship between innovations and performances, the human capital innovation influences customer performance, which indicates that employees who have knowledge, proficiency, expertise, experiences and potential for innovations are a very valuable resource to the organization, especially in the tourism business that relies on people, they serve as an important cog to impress the customers and quickly and correctly fix the problems and needs of customers who will then have loyalty to the organization. Many scholars therefore see the importance of human resource as a valuable resource to the organization. For

example, Martins and Terblanche (2003) said that for the 21st century, the most valuable asset of an organization is its employees who apply their knowledge and competence to their work. The organization executives should recognize that the better performance or turnover of the organization results from employees. Therefore, it is necessary to develop the potential of employees in every aspect and retain them, especially those who are classified as a valuable human resource of the organization. Similarly, the Department of Industrial Promotion (2000) commented on the human capital that every organization requires people to drive its business and will have quality if its human resource is efficiently allocated and managed. This begins with recruiting new employees into the organization, planning manpower appropriately, selecting competent employees who are appropriate to the work, enhancing their potential through training and development of work-related knowledge, and also taking into account the personnel who are going to retire by providing various types of rewards to motivate them to have working goals, including career advancement. Keerati Yosyingyong (2009) said that human capital innovation is involved with developing personnel to have knowledge and skills that are appropriate and conducive to perform their duties properly under innovation processes. The Enterprise Innovation Centre Spring Singapore (2006) discussed the organizational innovation in terms of human that the whole management of human capital resource needs to focus on organizational innovation strategy, selection of potential personnel, promotion of employees to engage in innovations, training and development, creation of working environment for employees, and acceptance and rewarding for employees who produce innovation-related benefits to the business.

It can be said that human resource or human capital is very important to the organization because it can generate different experiences, impression and good rapport to the customers. However, many organizations often find difficulty in retaining these valuable personnel. Therefore, travel enterprises in Thailand should consider their human resource system to obtain employees who have innovation capabilities or who are likely to become a great innovator. This begins with manpower planning, recruitment, selection, training and development to increase employees' potential (especially innovation skills) and encourage employees to possess entrepreneurship. After these employees have good potential, the

organizations should be able to retain these personnel through various methods, including assessment, monetary and non-monetary compensations, extra motivation, career advancement planning, and long-term plan after retirement. In addition, the organizations should also deploy an innovation-related knowledge management system by extracting, keeping and distributing knowledge, skills and experiences related to innovation and other areas embedded in the personnel throughout the organization.

Similarly, Morton (1971), Sane Chuyto (2005), Keerati Yotyingyong (2009), Kan Trakulhoon (2008), and Varaking (1991) agreed that one element that is critical to developing the organization into an innovative organization is innovation of human capital. The results from this study demonstrate that individuals with knowledge are an invaluable resource to the organization and are a factor that promotes the customer performance. Therefore, small-sized travel enterprises in Thailand should give priority to the proper development of their human resources so that their employees can work appropriately based on their roles under the process of creating a culture of innovation. The organizations should encourage their employees to dare initiating, thinking, speaking, listening, taking risks, learning and linking the creativity and entrepreneurship to create innovation within the organization.

Therefore, if small-sized travel enterprises can proceed as mentioned above, their personnel can be truly invaluable resources. As a result, it can cause higher customer performance because it is well known that the tourism industry can maintain its existing customer base if its personnel can impress their customers who come to buy products or services repeatedly together with long-term gains and acquisition of new customers who perceive information on personnel skills and capacities. In addition, the organization's operational performance and competitive capacity can increase due to most effective advertising by word of mouth from existing customers. Consequently, the organization has a stable increase in market share and its competitors are difficult to imitate.

5.2.3 Discussion on the Guideline for Developing Small-sized Travel Enterprises as an Innovative Organization in Terms of Strategic Innovation in the Tourism Business

Strategic innovation positively affects the internal process performance of the organization because the organization's strategy is regarded as organization's operating foundation. When travel enterprises wish to include the innovations into their organization's strategic plan and to become an innovative travel agency, they need to clearly define their visions, missions, goals and policies in a practicable way as well as to explain all staff members to have a consistent understanding. Rak Worakitpotathon (2004) discussed that management innovation is involved with improving or changing the organization both in terms of basic concepts and business methods in accordance with the changing business environment with the main purpose for strategic, marketing and operational benefits. Panu Limmanon (2006) cited that innovation management requires a strategy and tactic to provide the organization with a competitive advantage if it has a continuous management strategy.

In Addition, Keerati Yotyingyong (2009) commented on the strategic innovation of the organization that it is involved with changing its visions, missions, values, goals and beliefs to determine the new direction of the organization and to drive a sustainable growth. Similarly, Pasu Dejarint (2004) stated that an innovative organization must have a clear strategic direction by focusing on the innovation and learning the impact of changes in the external environment that will affect the organization. In addition, Vrakking (1990) studied an innovative organization and found that one factor that is an element of innovation management in the organization is the organization's conditions with sub-factors involved with the organization's visions and strategies. Visions are the main condition to manage innovation and the organization needs a vision that represents its pronounced desire for innovation. The strategies should be clear under general policies so the goals and business practices should be specified. Moreover, Katz (2006) suggested that organizations need to encourage their employees to be creative, to develop as an innovative organization and the determination of direction and strategies that promote creativity and innovation is one of the key elements. This is in line with Von Stamm (2008) and Natee Jitsawang (2007) who agreed that strategies and visions must not be

ambiguous. Therefore, the required or desired goals of the organization in the future must be clear on how to take actions so that the organization can become an innovative organization.

Nevertheless, Christiansen (2000) described the guideline for creating an innovative organization in terms of strategy that an organization can become an innovative organization if it focuses on the innovations at all levels. Therefore, the organization must have a strategy that involves innovations seriously in the long term, which promotes and encourages new ideas as well as allocates necessary resources for innovations. An organizational strategy that gives priority to innovations will enable its personnel to have innovative ideas and can be divided into three levels: organization-level strategy, business unit-level strategy, and responsibility-level strategy. Once various strategies have been defined to all departments by the organization, the organization needs to have a budget to support for achieving the goal of becoming an innovative travel agency.

In Conclusion, it can be seen that the strategic innovation that must be developed for small-sized travel enterprises should start from including the foundation of innovation into the organization's visions, missions and goals. In addition, the organization must communicate its visions, missions and goals of innovation across its own organization to ensure that all personnel in all segments have the same understanding and can then implement such principle in the same direction and coordinate with each other continuously and rapidly, whether in terms of organizational structuring, marketing, products / services, operation processes, or other management tasks. Similarly, Tidd et al. (2001) said that an innovative organization is an organization where various elements are integrated to strengthen an environment that innovation permeates throughout the organization. Hall (1994) also cited that the innovation is more than a technological change, but it consists of all the actions that will lead to change. So, an innovative organization needs to focus on other associated issues, such as marketing or financial factors, to consider whether it is appropriate and worthwhile for investment. This comment is consistent with the results of this study because the results of the current study found that strategic innovation should be given a budget to support investment in innovation substantially. It can be seen that the organizational innovation and strategic innovation are factors that will enhance the performance of internal process and strengthen the organization from within its

structure. This can result in increased competitiveness and it is difficult to be imitated by competitors.

5.2.4 Discussion on the Guideline for Developing Small-sized Travel Enterprises in Thailand as an Innovative Organization in Terms of Leader Innovation in the Tourism Business

Leader innovation in the tourism business influences the learning and growth performance of the organization, which indicates that a good leader can help grow the organization and creating a learning organization and an innovative travel agency. Therefore, a leader with leadership can lead the organization and people effectively. Hay Group (2005) discussed the leadership in the innovative organization that prevalent leadership that will be successful in the innovations within the organization is involved with a leader who is authorized to provide a clear direction and vision, who focuses on a relationship aimed at helping achieve internal harmony, who participates in producing engagements and ideas, and who serves as a coach by focusing on the development of the individuals in the long run. Promoting the success of innovations can increase the level of direction, empowerment, participation and teamwork. Kuczmarski (2003), Katz and Ralph (2006), Kirati Yosyingyong (2009) provided their comments on leadership in the innovative organization in the same direction that the organization leader should see the importance and foster the creativity and innovation, while innovation executives must have the attitude, support and promotion for generating new innovations as well as have a commitment and involvement to innovations.

In addition, Von Stamm (2007) mentioned the leader styles in the innovative organization that the organization leader needs to support and promote the innovations and be committed wholeheartedly to developing an environment that encourages employees to dare to experiment, search, cooperate and be patient with the failures. This leader style should be available at all levels, especially top leader who should be the first. Similarly, Holder and Matter (2008) suggested that a leader or executive must find new ideas of employees and encourage them to create new ideas on a regular basis. Tidd, Bessant, and Pavitt (2001) proposed a concept regarding elements to create an innovative organization in terms of leadership that the

organization leader plays an important role in the change because the leader needs to clearly communicate and generate the perception of visions, objectives and strategies as well as to distribute and encourage all employees to participate in. Therefore, the top executives need to have their commitment and participation in the change, which will lead to the innovations within the organization. There are many leader styles, but a good leader should use leadership principles that suit the employees and changing circumstances.

Afterward, leadership innovation consists of three factors that should be considered together: 1) style of leadership that can lead innovation into practice, 2) leader who can inspire employees at all levels to develop their organization as an innovative organization, and 3) other elements that will help foster an innovative organization easier, such as physical environment that supports and facilitates the development of innovation, effective and open communication system that accepts all comments or suggestions, and opportunity to work across different functions to create knowledgeable employees with new skills, perspectives, creativity and relationships across departments together. These factors can provide long-term benefits in retaining the organization's personnel and reduce the turnover rate. It also saves the budget of human resources, whether personnel recruitment, selection or development.

Meanwhile, Kan Trakulhoon (2008) discussed that leadership innovation is involved with defining the characteristics of management-level employees so that there are three leadership styles: change leader, change supporter, and change manager, and all of which must serve as a model for employees, which will stimulate organizational learning. In the Same Way, Quinn (1991) discussed seven main features that support the success of innovation. A good leadership in innovative organizations is that senior executives must recognize the value of innovation and that there must be a value-based management style with a supportive atmosphere where personnel in the organization are encouraged to create innovation. In addition, the leader must have clear visions and realistic objectives for innovation within the given time limit. Nevertheless, Natee Jitsawang (2007), Kuczmarski (2003), Ahmed (1998), Katz (2006) discussed the leadership innovation in the same direction that the leader in innovative organizations needs to have a variety of leadership forms that must be

chosen to use as appropriate to different employees. In addition, the leader must have the determination to lead the organization into an innovative organization with good attitude, support and participation in creating the innovation.

Thus, it can be seen that leadership innovation based on a leader with knowledge, skills, ability, knowledge and awareness of the importance of the move towards an innovative organization plays a key role and can contribute positively to the performance of learning and growth for the organization. When the leader leads the organization properly according to the process of developing as an innovative organization, it will also encourage employees to have more knowledge and ability as well as enhance competitive capabilities. As such, the organization will have more potentiality, efficiency and effectiveness with higher profit. Finally, the employees will be satisfied with positive attitude to innovation, which in turn creates valuable human resource, value and reputation of the organization. The organization will be able to grow steadily and sustainably.

5.3 Suggestions from the Research

According to the results and observations found in this study, the researcher would like to conclude the suggestions as guidelines for operating small-sized travel enterprises based on the innovation that enhances operational performance as detailed below.

1) According to the research, organizational innovation, human capital innovation, strategic innovation, and leadership innovation are correlated with the operational performance. Therefore, if organizations want to develop innovations to improve their operational performance, they must pay attention to the development of organizational innovation, human capital innovation, strategic innovation, and leadership innovation.

2) Initially, the main indicators of innovative organization for these travel enterprises were extracted into six aspects: organizational innovation, human capital innovation, strategic innovation, leader innovation, creativity innovation, and teamwork innovation. However, after data were collected and analyzed, it was found that there were two main variables, i. e. creativity innovation and teamwork

innovation, which had no influence on the performance of small-sized travel enterprises in Thailand. Therefore, it indicates that this research creates a contribution and reveals that the variables widely discussed and referred to by scholars cannot be abided by forever because most scholars in this study were foreigners who may have different views from the context of Thailand. There is also no theory or study that directly determines innovative organization indicators based on balanced evaluation and performance of the organization for small-sized travel enterprises in Thailand.

3) This research can be used as guidelines for developing small-sized travel enterprises in Thailand as an innovative organization, which may lead to the development and improvement of performance, potential and competitiveness for organizations so that these small-sized travel enterprises in Thailand have a sustainable competitive advantage amid intense competitions at national, regional and international levels. Thus, the results of this research generate a theoretical contribution and can be used to create new knowledge through a transfer of new knowledge analyzed, synthesized and extracted from this research. Moreover, the results of this research provide a practical contribution for travel business entrepreneurs to determine the ways of their management and business operations across multiple dimensions.

4) The study found that small-sized travel enterprises in Thailand rarely have new innovations of their products, services or working processes. New things or empirical innovations in most organizations are often associated with technologies, such as the use of online media to increase sales channels, for communication and for other marketing reasons, but there are a very small number of new or creative itineraries or services based on their own innovations. Most companies use the imitation of other companies because they think it is fast with existing markets. As a result, there is a concentration on competitions in the same market and the bargaining power thus falls into the consumers who are likely to buy a travel package from any company and they can go the same places, eat the safe foods, and sleep in the same hotel level.

In addition, there is also a system of consumer protection from government so customers often choose to buy from a company with cheaper price and more reliability by checking from the Division of Tourism Business and Guide Registration, Department of Tourism, or from the Internet.

Therefore, the suggestion is that small-sized travel enterprises should create their own innovation of new travel routes or styles by finding a way to add value and tourist experience, such as linking with the history of travel routes, communities and local wisdoms or creating a compelling story to make a difference. In addition, tourists should be provided an opportunity to have co-experience in tourism activities by modifying the method of presentation to prospective customers to see and want to experience the company's offers. Also, there should be new tourism programs to accommodate the growing population groups, such as elderly people or tourists who have specific needs. However, customers tend to use online media and the companies therefore need to use more online media as a way to conduct marketing communications around the world quickly and at low cost. There should also be presentations in English in order to communicate to a wider audience.

5) In terms of policy, small-sized travel enterprises should have a policy to develop cooperation by building networks and partnerships with stakeholders for integration and development of innovations together. To do this, there should be business agreements that are clear and fair to all parties in order to strengthen and increase their competitiveness sustainably based on the principle of good governance. In addition, this will enlarge the overall perspective of the tourism industry that contributes to creativity, enriches the value, and creates a difference in order to establish the innovation within the value chain. Moreover, this partnership can also reduce errors of external factors that are difficult to control because this cooperation between networks can change external into internal factors that can be easily and partly accessed and controlled by the companies. Moreover, the incorporation of integrated network parties also increases their bargaining power and positively affects the business as a whole.

5.4 Suggestions for Future Research

The results of this study can be used as guidelines for future research as follows:

1) Although there were two variables that had no influence on the performance of the organization, i.e. creativity innovation and teamwork innovation, they are very important to the innovations and should have an influence on the innovative organization of small-sized travel enterprises in Thailand. However, according to data analysis, these variables had no influence on the innovative organization of small-sized travel enterprises in Thailand possibly because the criteria or indicators constructed from concepts or theories of scholars who are mostly foreigners may be inconsistent with the context and organizational culture of travel enterprises in Thailand. Therefore, in further research, it is advisable to investigate the variables that have an indirect effect or the undiscovered variables on why main variables, i.e. creativity innovation and teamwork innovation, have no influence on the performance of the organization.

2) This research was conducted only with small-sized travel enterprises in Thailand because these small-sized travel enterprises are numerous and should be developed to increase their competitiveness and grow as a medium-sized company. Further research should use the same conceptual framework to investigate medium-sized and large-sized travel enterprises so that the research results of three sizes of travel enterprises are compared to determine their relationships and create new knowledge as well as that the result of further research can have more completeness and dimensions.

3) The next research should investigate the variables associated with the innovations that affect the sustainability of the tour companies of various sizes because such sustainability is a long-term goal of both travel enterprises and other businesses.

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APPENDICES

APPENDIX A

QUESTIONNAIRE

Explanation

1) This questionnaire is part of the collection of research data to find the factors necessary for the development of small-sized travel agencies as an innovative organization and to investigate the relationships of various factors that influence the organization's operational performance, and these evaluation criteria are used with innovation variables. Your answers will not negatively impact or damage you, the organization or other people. The researcher will use this information to develop travel agencies as an innovative organization as well as to find ways to enhance the sustainable potential and competitiveness for travel agencies.

2) There are 4 parts in this questionnaire as follows:

Part 1 Terminology

Part 2 Personal Information of Respondents

Part 3 Questionnaire

Part 4 Suggestions

3) Please ask management members at all levels in your organization to answer all questions according to their actual comments. The answers of all respondents will be very valuable to this research and beneficial for travel agencies, academic papers, and other relevant sectors.

Thank you for your kind cooperation

Section 1 Terminology

1) Innovation

Innovation mean “a new thing established from knowledge and creativity beneficial to economy and society” (National Innovation Agency: 2006) Innovation means new ideas and method of doing something that never exists before or developing, modifying existing things better and when it is applied in operations, it can enhance the efficiency and effectiveness of work.

2) Innovative Organization

Innovative organization means an organization that promote and support innovation created by personnel in the organization to be corresponded to every division, department and all parts of the organization with a sharing goal setting in developing the organization to be innovative organization full of capacity and increase of capability competitive advantage and can survive under the circumstances of rapid change in a sustainable manner.

3) Organizational Innovation in Tourism Business

Organizational innovation in tourism business means creating a change in business structure, practices or mechanisms and may include processes, marketing and business models. It focuses on increasing the management and administration capabilities, which requires knowledge in the field of service and management to improve management within the organization. In addition, the decision-making power will be decentralized into practice by encouraging personnel to be competent and establishing alliances and networks both inside and outside the organization. Moreover, there should be an environment conducive to innovations.

4) Human Capital Innovation in Tourism Business

Human capital innovation means processes and procedures for personnel recruitment, selection, development, management and establishment of entrepreneurship for all employees, and all of which can be put together as the potential of employees of the organization that is deemed an important and valuable resource for the organization that will eventually gain competitiveness over its competitors. It is an

important factor that will push the organization to reach the goals. However, the problem is that how many people in your organization are thinkers or take part in creating new innovations that contribute to customer satisfaction because many organizations often limit people who are creative thinkers or who are responsible for developing new products or services.

5) Strategic Innovation

Strategic innovation means a way to think and develop new strategies. The occurrence of this strategic innovation starts from new perspectives in considering various strategies. This can be achieved by focusing on building rather than meeting customer needs or capturing non-customer people rather than existing customers in the industry.

6) Leadership Innovation

Leadership innovation means that leaders must make clear what their organization needs and must be committed to protecting and supporting good ideas of their employees. In addition, leaders must have the ability to motivate and incentivize employees to be creative and innovative as well as must allocate resources to support the work of their employees.

7) Creative Innovation

Creative innovation means that the results coming out of that innovation must be something "useful" especially beneficial in a wider or greater picture than just being new inventions, processes or products and services. Rather, new creativity or new ideas must be merged together, which may lead to innovation.

8) Teamwork Innovation

Teamwork innovation means working to promote and support the teamwork, participation in innovation, working across functions, and communication systems that can enhance the efficiency and potentiality in working and creating innovation.

Section 2 Personal Information

Direction: Please mark ✓ into ☐ according to your status

1. Gender
 - ☐ 1. Male
 - ☐ 2. Female
2. Age

<input type="radio"/> 1. 21 - 25 Years old	<input type="checkbox"/> 4. 36 - 40 Years old
<input type="radio"/> 2. 26 - 30 Years old	<input type="checkbox"/> 5. 41 - 45 Years old
<input type="radio"/> 3. 31 - 35 Years old	<input type="checkbox"/> 6. More than 45 Years old
3. Level of education
 - ☐ 1. Under graduated
 - ☐ 2. Bachelor's degree
 - ☐ 3. Master's degree
 - ☐ 4. Higher than Master's degree
4. Working experiences
 - ☐ 1. 3 - 5 Years
 - ☐ 2. 6 - 8 Years
 - ☐ 3. 9 - 11 Years
 - ☐ 4. More than 11 Years
5. Firm location
 - ☐ 1. Bangkok
 - ☐ 2. Phuket
 - ☐ 3. Chiang mai
 - ☐ 4. Chonburi
 - ☐ 5. Phra Nakhorn Sri Ayutthaya
 - ☐ 6. Nakhorn Ratchasima
6. Salary per month
 - ☐ 1. Less than 15,000 Baht
 - ☐ 2. 15,001 – 25,000 Baht
 - ☐ 3. 25,001 – 35,000 Baht
 - ☐ 4. 35,001 – 45,000 Baht
 - ☐ 5. More than 45,000 Baht

7. Current position

- ☐ 1. Middle level management officer (Supervisor or assistant supervisor)
- ☐ 2. Executive management officer (Managing Director, General manager, Department manager, Assistant manager or equivalence position)

8. Number of current employees

- ☐ Less than 50
- ☐ More than 50

9. Firm assets

- ☐ Up to 50 Million baht
- ☐ More than 50 Million baht but not over 200 Million baht

Section 3 Questionnaire

Direction: Please state your opinion by marking ✓ into 5 points response Likert scale questionnaire according to the criteria of the scoring of individual rating scale below

Strongly agree = 5

Agree = 4

Neutral = 3

Disagree = 2

Strongly disagree = 1

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
Organizational innovation in the tourism business						
1.	Innovative organization has a flexible organizational structure and can adapt quickly to current conditions.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
2.	Innovative organization has a development of structure and mechanism conducive for new managements.					
3.	Innovative organization has a simple organizational structure with more horizontal operating systems than vertical ones, which encourages its efficiency.					
4.	Structure of innovative organization fosters collaboration from senior executives to lower-level employees.					
5.	Management style of innovative organization is based on employee participation that promotes creativity of new things.					
6.	Management system of innovative organization places great emphasis on building alliances and networks to promote innovations.					
7.	Management of innovative organization provides employees with freedom, mobility and sufficient time to create innovations.					
8.	Operating processes in innovative organization support innovation culture, i.e. there are operations that create innovations constantly.					
9.	Innovative organization changes its operating processes, business arrangements and service patterns that are different from traditional ones in order to increase its efficiency and capability of the operations.					
10.	Innovative organization changes its way or method of operating the business and services that is different from original ones, which is deemed an innovation in the organization.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
11.	Innovative organization offers something new and better for consumers and itself by applying technology to get a competitive advantage with strengths of better, faster, more modern or cheaper operations.					
12.	Innovative organization develops operating process innovations, such as reduction of steps in operating processes, change in duties, responsibilities and nature of work, or sending of various data, which is deemed an innovation in the organization.					
13.	Organizational culture of innovative organization encourages its employees to dare to think and risk and to admit any error or failure of the operations resulting from innovations.					
14.	Organizational culture of innovative organization encourages its employees to see the importance and value of innovations.					
15.	Organizational culture and value of innovative organization promote and are consistent with its vision on innovations.					
16.	Organizational culture of innovative organization supports the diversity and accepts the differences of ideas.					
17.	Innovative organization needs to develop its operations and social environment to support innovations, such as promotion of learning and sharing and activities organized to promote relations.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
Human capital innovation in the tourism business						
18.	Innovative organization should have a way to recruit personnel with knowledge and ability of innovation and creativity.					
19.	Innovative organization should have a way and channel to recruit diverse personnel who are consistent with the creation or development of innovations based on the established criteria as well as with its manpower plan.					
20.	Innovative organization should test the personality, expression attitude or socializing of candidates because it needs employees who can work as a team.					
21.	Innovative organization should have an exam of creative skills and ideas to screen personnel who can solve problems and create innovations.					
22.	Innovative organization should encourage and support education, training events, meetings and seminars for its employees at all levels to develop their skills in creativity and innovation continuously.					
23.	Innovative organization should develop its personnel through on-the-job training and ask existing employees to provide their advice to new personnel to build relationships with current personnel so that communication and acculturation can be quickly done.					
24.	Innovative organization should assign its employees to rotate their job positions so that their knowledge, competence and skills to					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
	work and create innovations can be improved.					
25.	Innovative organization defines innovation as part of criteria of performance evaluation.					
26.	Innovative organization develops its personnel who are assigned to attend training events and seminars regarding their work in order to enhance their participation and learning from each other's ideas as well as to generate their good creativity.					
27.	Innovative organization develops talent personnel to utilize their highest potential that can be transmitted to their colleagues.					
28.	Innovative organization recognizes the importance of its personnel as valuable human resource.					
29.	Innovative organization can retain its potential and creative personnel with it.					
30.	Personnel in your organization are versatile and can work instead of their coworkers if the organization has lost other personnel.					
31.	Management members of innovative organization promote and encourage their personnel to work better as well as need to facilitate organizational changes.					
32.	Innovative organization has a human capital management system that focuses on the capacity of its employees.					
33.	Innovative organization encourages and supports its employees to take proactive actions, such as enthusiasm in the development of new products, services or work processes to create innovations and lead the market.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
34.	Innovative organization provides an opportunity for its employees to participate in creating a new business that is related to current organization or in recovering current business.					
35.	Innovative organization serves as the center of the stimulation and development to enhance the potential, capacity and skills in innovation.					
36.	Innovative organization gives priority to its employees with entrepreneurial and managerial skills.					
37.	Employees in the innovative organization must have the ability to motivate themselves.					
38.	Most personnel in the innovative organization are committed to innovations.					
Strategic innovation in the tourism business						
39.	Innovative organization must plan its innovation strategies based on an analysis of economic, social and environmental conditions and business-related factors.					
40.	Innovative organization must plan and change its strategies regularly so that it can adapt itself in the constantly changing environment.					
41.	Innovative organization plans its strategies by focusing on the innovation achievement that is in line with its strategic plan.					
42.	Innovative organization defines a strategic plan to create innovations in order to improve the efficiency of its work and customer services.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
43.	Innovative organization defines consistent and practicable visions, mission and goals to become an obvious innovative organization.					
44.	Innovative organization communicates its visions, mission and goals of organization development to all employees.					
45.	You accept and define the organization's visions, mission and goals of innovation as your goals and direction of work.					
46.	Everyone in the innovative organization has a common goal to create innovations and commitment to work according to the organization's goals and direction.					
47.	Innovative organization's marketing is customer-oriented by giving its priority to meet the needs and satisfaction of its customers and providing its employees with the opportunity to meet their customers so that customers' ideas and problems can be solved and created as innovation.					
48.	Innovative organization's marketing focuses on the future and sees the importance of monitoring the trends or changes in different areas in the future so that the organization can adjust its marketing strategies, such as developing a new market by improving the work procedures or operations or designing new products/services to suit such trends or changes.					
49.	Innovative organization's marketing is of new style by finding new customers and offering new technology or service strengths in order to create a competitive advantage.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
50.	Innovative organization introduces its assessed new ideas to create product or service innovations in order to meet or resolve customer's the needs or problems quickly.					
51.	Innovative organization introduces new ideas from external sources or business partners and other organizations to exchange and learn innovation perspectives or approaches and to design new marketing strategies.					
52.	Innovative organization tests its new products or services with target customers so that the results can be used to create marketing innovations.					
53.	Innovative organization should plan and allocate the budget that is sufficient to promote its innovation operations.					
54.	Innovative organization increases its innovation investments, such as budget for research and development of innovations and modern tools and technologies, in order to achieve innovation goals.					
55.	Innovative organization has various forms of rewards to those who participate in creating innovations.					
Leader innovation in the tourism business						
56.	Organization leader realizes the importance, commitment and support of activities where its employees' creativity and innovations are encouraged.					
57.	Innovative leader in the innovative organization has innovation visions, goals and strategies.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
58.	Innovative leader in the innovative organization urges employees to exhibit their innovation behaviors.					
59.	Leader in the innovative organization is able to build and strengthen the motivation and coaching as well as provide innovation advice and creative feedback that can display an interesting picture of innovations in the future so that employees work more efficiently.					
60.	Leader in the innovative organization is patient to and fights the problems and obstacles and sacrifices personal interest for common good.					
61.	Leader in the innovative organization has a participatory management style where employees are allowed to perform innovation work.					
62.	Leader is knowledgeable and able to manage innovations.					
63.	Leader is able to communicate clearly about innovations.					
64.	Leader has a flexible management style to lead the team to achieve the objectives.					
65.	Leader in the innovative organization treats employees as a more important human resource than just employees.					
66.	Leader in the innovative organization supports the creation of new ideas within the organization.					
67.	Leader in the innovative organization leads the organization by actions rather than words and can inspire and stimulate creative thinking.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
68.	Leader in the innovative organization is committed to training and developing personnel as well as regularly promotes and participates in the organization's innovation activities, such as organizing a brainstorming meeting.					
69.	Leader in the innovative organization focuses on the importance of commitment towards common missions.					
70.	Leader in the innovative organization demonstrates the determination to complete the work as scheduled.					
71.	Leader at each level in the innovative organization provides work advice and guidance to employees individually.					
72.	Leader in the innovative organization tries to find new solutions and supports the solving of previous problems through new methods and ideas.					
73.	Leader in the innovative organization protects and is accountable for performance of subordinates.					
74.	Leader in the innovative organization protects and is accountable to the importance of commitment.					
75.	Leader allows personnel in the innovative department to get involved in exchanging their knowledge and experience with other personnel in different fields on a regular basis.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
Creativity innovation in the tourism business						
76.	Employees in the innovative organization can spend their working time to discover and create new ways to work.					
77.	Innovative organization should provide time to its employees to perform special innovation work and activities in addition to their routine operations.					
78.	Innovative organization should have external networks, such as customers, business partners or stakeholders in the tourism industry, so that its employees can exchange their innovation ideas, knowledge and techniques.					
79.	Innovative organization urges anyone to give their creative comments freely.					
80.	Innovative organization promotes the exchange of information and opinions between employees in different fields.					
81.	Employees in the innovative organization are not reprimanded when they offer new ideas, although such ideas may not be successful.					
82.	Innovative organization encourages its employees to have open conversations and discussions to share their views and find conclusions together.					
83.	Innovative organization positively motivates its personnel who create innovations, such as increasing their compensation or promotion when they can create a new method, product or service that is useful to the organization and recognizing them as a good model for other employees.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
84.	Innovative organization evaluates its employees' performance based on the criteria that are clear, fair and consistent with their compensation.					
85.	Innovative organization has various forms of rewards, both monetary and non-monetary forms.					
86.	Innovative organization should establish a center of data and information regarding inventions and innovations to exchange knowledge, provide textbooks and academic documents, and pull out work experience or knowledge of experts and talent employees as knowledge that can be easily kept, disseminated and accessed by all employees.					
87.	Innovative organization allows its employees to fully use their knowledge, competence and creativity in their operations.					
88.	You can easily search for information necessary for your work within the innovative organization.					
89.	Innovative organization encourages its employees to share their information and knowledge to each other both formally and informally.					
90.	Innovative organization provides physical facilities that promote the exchange of ideas and creativity, including internal environment with an atmosphere of learning and creating new ideas.					
91.	Departments in the innovative organization have an atmosphere of friendship and harmony that promotes its innovative organization.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
92.	Innovative organization often has modern technologies that support innovation work.					
93.	Innovative organization makes a difference from its competitors by using more modern technologies than them.					
Teamwork innovation in the tourism business						
94.	Departments in the innovative organization are efficient because everyone collaborates in their operations.					
95.	Personnel in the innovative organization learn different areas of work from their colleagues to support their teamwork as well as get good help from their colleagues and relevant departments when there are problems in their operations.					
96.	Departments in the innovative organization can resolve the problems and conflicts within their groups effectively.					
97.	Employees in the innovative organization are aware that everybody in their organization must be harmonious.					
98.	Innovative organization provides an opportunity for its personnel to participate in establishing innovation policies.					
99.	Innovative organization distributes its authority to make personnel get involved in creating innovations.					
100.	Innovative organization should encourage everyone to participate in the success or decision-making on innovations.					
101.	Innovative organization often changes its work processes so that new innovations can be discovered.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
102.	Personnel in the innovative organization participate in developing new products/ services that are different from existing products or services, which results in higher efficiency and effectiveness.					
103.	Innovative organization allows its employees to exchange their operations with other colleagues and to coordinate across different departments conveniently with simple and practicable procedures of internal coordination.					
104.	Innovative organization allows all employees to have access and participate in the innovation development project.					
105.	Innovative organization contacts or coordinates with different sections/ departments within the organization efficiently, which can have positive impact on innovations.					
106.	Innovative organization allows and assigns its employees to cross-functional job rotation so that they can learn the work of other departments they are interested in.					
107.	Innovative organization supports the operations across different fields by establishing rules and regulations that facilitate such operations.					
108.	When any department in the innovative organization has inadequate personnel or needs cooperation from other departments, the organization can send personnel from other fields of work to help and support.					

No.	Statements	Opinion Levels				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
109.	Innovative organization encourages an open communication to introduce new knowledge for development of products and services.					
110.	Innovative organization must clearly communicate its visions, policies, objectives and direction of becoming a completed innovative organization to its employees.					
111.	Innovative organization has various communication forms and channels that are accessible by its employees.					
112.	Innovative organization should have various channels to get suggestions from its employees and will not be negatively affected.					
113.	Innovative organization spreads the information on creativity and innovations both inside and outside the organization quickly and timely.					
114.	Innovative organization encourages the exchange of useful information through effective communication channels between all workers.					
115.	Innovative organization continuously focuses on the work to exchange information that is diverse and beneficial between those involved in the organization.					
Financial Performance						
116.	Innovative organization affects growth and sales increase.					
117.	Innovative organization affects reduction of costs and expenses.					
118.	Innovative organization affects growth of net profits.					

No.	Statements	Opinion Levels				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		5	4	3	2	1
Customer Performance						
119.	Innovative organization affects customer satisfaction increase.					
120.	Innovative organization affects marketing share expansion.					
121.	Innovative organization affects reduction of customer complaints.					
Internal Process Performance						
122.	Innovative organization affects speed of launching travel products/services.					
123.	Innovative organization affects speed of resolving customer complaints.					
124.	Innovative organization affects speed of all operations in the organization.					
125.	Innovative organization affects a change in travel products/services based on customer needs					
126.	Innovative organization affects enforcement of safety regulations and warranty.					
Learning and Growth Performance						
127.	Innovative organization affects employee satisfaction increase.					
128.	Innovative organization affects employee turnover rate.					
129.	Innovative organization affects better performance of employees.					

Suggestions

[illegible]

APPENDIX B

LIST OF SENIOR EXPERT

1. Associate Professor Dr. Pichaphob Panphae
 - Lecturer at Master of Business Administration Program Rajamangala University of Technology Lanna
2. Poramet Boonnumsirikij, Ph.D.
 - Lecturer of Tourism Department, Business Administration Faculty Ramkhamhaeng University
3. Ardchawin Jaikaew, Ph.D.
 - Committee of M.M. and Ph.D. in Management
4. Supaporn Prasongthan, Ph.D.
 - Associate Dean (Quality Assurance) Faculty of Humanities Kasetsart University
5. Mr. Peerapong Tanvittayanont
 - President of Sogo World Travel co.,Ltd.

BIOGRAPHY

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ACADEMIC BACKGROUND

BA. Tourism Industry, Suan Dusit Teacher
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MS. Human Service, Murray State University,
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CURRENT POSITION

Lecturer at Kasem Bundit University.