

**IMPACT OF TRANSFORMATIONAL LEADERSHIP,
ORGANIZATIONAL CREATIVITY AND ORGANIZATIONAL
INNOVATION ON SME PERFORMANCE IN THAILAND**

Peerawut Sirisak

**A Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of
Doctor of Public Administration
School of Public Administration
National Institute of Development Administration
2015**

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ABSTRACT

Title of Dissertation	Impact of Transformational Leadership, Organizational Creativity and Organizational Innovation on SME Performance in Thailand
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Degree	Doctor of Public Administration
Year	2015

The objectives of the study were 1) to examine transformational leadership, organizational creativity organizational innovation and performance of SMEs, 2) to identify the factors influencing the success of SMEs, 3) to find out the impact of transformational leadership, organizational creativity and organizational innovation on performance of SMEs, and 4) to reveal the performance level of creative, technological and innovative industry, agriculture and agro - processing industry, service and tourism industry, and retail and wholesale business. Both quantitative research and qualitative research were conducted. A questionnaire was employed to collect the data in quantitative research and the total of 323 questionnaires (32.3%) was returned. The questionnaire was tested for its validity, reliability, and discrimination value before it was used. Also, the goodness-of-fit of the model was tested by LISREL Program, including the analysis of direct and indirect influence of the structural equation modeling. It was found that 1) transformational leadership positively influenced SME performance through organizational creativity and organizational innovation; 2) transformational leadership indirectly had a positive relationship with SME performance through organizational creativity, 3) transformational leadership indirectly had a positive relationship with SME performance through organizational innovation, 4) transformational leadership directly had a positive relationship with SME performance, 5) organizational creativity directly had a positive relationship with organizational innovation and

indirectly had a positive relationship with SME performance through organizational innovation, 6) organizational creativity directly had a positive relationship with organizational innovation, 7) organizational creativity indirectly had a positive relationship with SME performance through organizational innovation, 8) organizational creativity directly had a positive relationship with SME performance, and 9) organizational innovation directly had a positive relationship with SME performance. In the qualitative research, in-depth interviews of 8 SME owners or heirs were conducted to use the data to supplement the data from the quantitative research.

ACKNOWLEDGEMENTS

The author would like to express his sincere thanks to his major advisor, Professor Dr. Nisada Wedchayanon, for her valuable advice, encouragement, and guidance in making this dissertation a successful one. I also wish to extend my thanks and appreciation to all the committee members, Professor Dr. Supachai Yavaprabhas (Dissertation Chairman), Assistant Professor Dr. Kasemsarn Chotchakornpant (Co-Advisor), for their thoughtful comments and suggestions.

My grateful thanks also go to the Department of Information and Technology for the Office of Small and Medium Enterprises Promotion and entrepreneurs of small-and medium-sized enterprises for their valuable information and support. And special thanks are extended to my wife, Photcharaporn, for taking care of our children, Photcharapailin and Pimpaytai, and to my mother, Rassamee, and my mother-in-law, Samruay, for their encouragement throughout my entire educational period.

I also would like to thank Mr. Apichart Chompoo-iem the librarian from the Library and Information Center, NIDA, and Professor Dr. Natchaya Chalaysap for their reviewing and formal editing, which contributed to the finishing stage of this dissertation.

Peerawut Sirisak

April 2016

TABLE OF CONTENTS

	Page
ABSTRACT	iii
ACKNOWLEDGEMENTS	v
TABLE OF CONTENTS	vi
LIST OF TABLES	ix
LIST OF FIGURE	xi
CHAPTER 1 INTRODUCTION	1
1.1 Statement and Significance of the Problem	1
1.2 Research Questions	3
1.3 Research Objectives	4
1.4 Scope of the Study	4
1.5 Definition of the Terms	5
1.6 Organization of the Study	8
CHAPTER 2 SMALL AND MEDIUM ENTERPRISES-SMEs	10
2.1 Past and Present Conditions of Thai Small- and Medium-Sized Enterprises (SMEs)	10
2.2 Role and Importance of Small-and Medium-Sized Enterprises (SMEs) for Thailand's Economy	13
CHAPTER 3 REVIEW OF RELATED LITERATURE	14
3.1 Concepts and Theories of Organizational Effectiveness and Organizational Performance	14
3.2 Leadership	28
3.3 Organizational Creativity	47
3.4 Organizational Innovation	52
3.5 Previous Research	56

CHAPTER 4 RESEARCH METHODOLOGY	64
4.1 Qualitative Research	65
4.2 Quantitative Research	86
CHAPTER 5 RESULTS	88
5.1 General Characteristics of the Sample	88
5.2 Statistics of Independent Variables	94
5.3 Statistics of the Dependent Variables	107
5.4 Coefficient Correlation between Observed Variables	114
5.5 Discrimination Index and Reliability of Each Question Items of the Observed Variables	116
5.6 Validity and Reliability of Variables	118
5.7 Congruence Model Testing	120
5.8 Analysis of Direct and Indirect Effects on the Structural Equation Modeling	125
CHAPTER 6 QUALITATIVE RESULTS	135
6.1 Results	135
6.2 Basic Information of the SMEs	136
6.3 The Factors Enabling the Enterprises to Become Larger Ones	138
6.4 The Results of Transformational Leadership	148
6.5 Influence of Transformational Leadership on Organizational Performance	155
6.6 Influence of Transformational Leadership on Organizational Creativity	155
6.7 Influence of Transformational Leadership on Organizational Innovation	156
6.8 Influence of Organizational Creativity on Organizational Performance	156
6.9 Influence of Organizational Creativity on Organizational Innovation	157
6.10 Influence of Organizational Innovation on Organizational Performance	157
6.11 Conclusion	158

CHAPTER 7 SUMMARY, DISCUSSION AND RECOMMENDATION	160
7.1 Summary of the Research Results	160
7.2 Discussion	161
7.3 Usefulness of the Study	169
7.4 Limitations of the Study	171
7.5 Recommendations for Further Research	172
7.6 Summary	173
 BIBLIOGRAPHY	 174
APPENDICES	191
Appendix A Questionnaire (In English)	192
Appendix B Questionnaire (In Thai)	203
Appendix C In-Depth Interview List (In English)	215
Appendix D In-Depth Interview List (In Thai)	219
BIOGRAPHY	223

LIST OF TABLES

Tables	Page
3.1 Criterion for Measuring Organizational Effectiveness	18
3.2 Financial Performance Measures: Examples, Benefits, and Drawbacks	22
4.1 Variables, Operational Definitions, and Indicators	74
4.2 The Results of Testing the Validity and Reliability of the Questionnaire with 30 Samples	83
4.3 Indicators of the Goodness-of-Fit of the Model	85
5.1 General Information of the Respondents	90
5.2 General information of the Small- and Medium-Sized Enterprises	91
5.3 Role or Position of the Respondents in the Small-and Medium-Sized Enterprises	93
5.4 Types of Leadership of the Respondents	94
5.5 Mean, Standard Deviation, Skewness, and Kurtosis of the Manifest Variables of Transformational Leadership	95
5.6 Level of Opinion on the Indicators of Transformational Leadership	97
5.7 Mean, Standard Deviation, Skewness, and Kurtosis of the Manifest Variables	100
5.8 Mean Scores of the Indicators of Organization Creativity	102
5.9 Mean, Standard Deviation, Skewness, and Kurtosis of the Variables	104
5.10 The Statistics of Organizational Innovation	105
5.11 Growth of the Overall Performance of SMEs	108
5.12 Profitability of the Overall Performance of SMEs	109
5.13 Growth of the Overall Performance of SMEs Classified by the Type of Industry/Business	111

5.14 Mean, Standard Deviation, Pearson Coefficient Correlations of the Informants	115
5.15 Discrimination and Reliability of Questions on Transformational Leadership	116
5.16 Discrimination and Reliability of Questions on Organizational Creativity	117
5.17 Discrimination and Reliability of Organizational Innovation Variables	118
5.18 Standardized Factor Loading, Average Variance Extracted, and Construct Reliability of Latent Variables	119
5.19 The Model Congruence Testing Index (Before the Modification of Structural Equation Modeling)	121
5.20 The Model Congruence Index (After the Modification of the Structural Equation Modeling)	124
5.21 The Analysis of Effects on the Structural Equation Modeling	127
5.22 The Results of the Hypothesis Testing	133
6.1 Basic Information of In-Depth Interview from the Enterprises	136
6.2 The Factors Enabling the Enterprises to Become Larger Ones	139

LIST OF FIGURE

Figure	Page
3.1 The Model of Full Range Leadership: Optimal Profile	41
3.2 Components of Creativity	50
4.1 Conceptual Framework of the Impact of Transformational Leadership, Organizational Creativity, and Organizational Innovation on Organizational Performance	67
5.1 The Structural Equation Modeling of the Causal Relationship of Transformational Leadership, Organizational Creativity, Organizational Innovation and Organizational Performance (Before Structural Equation Modeling Modification)	123
5.2 The Structural Equation Modeling of the Casual Relationship of Transformational Leadership, Organizational Creativity, Organizational Innovation and Organizational Performance (After the Modification of Structural Equation Modeling)	128
5.3 The Structural Equation Modeling of the Causal Relationship of Transformational Leadership, Organizational Creativity, Organizational Innovation and Organizational Performance (After the Modification of the Structural Equation Modeling)	129

CHAPTER 1

INTRODUCTION

1.1 Statement and Significance of the Problem

Running businesses in today's complex and competitive environment in different countries has become very challenging, as it involves volatility and severe competition all the time due to changes in the economy, society, and politics. Such changes are important factors affecting business in terms of either surviving or being closed down. Additionally, "rapid economic, social, demographic, technological changes have made industries and various types of organizations in Asian countries encounter many crises "(Ulrich, 2010: 1). There have been more and more trade agreements at all levels, leading to more complexity of global trade due to different terms and regulations of each country and non-tariff trade barriers. As a member of the ASEAN Economic Community (AEC) since 2015, Thailand has benefited from the reduction of trade barriers within the region on the one hand. On the other hand, the competitive advantages of Thai small- and medium-sized enterprises (SMEs) become fewer because of high competition. (Office of Small and Medium Enterprises Promotion, 2011: 3-6).

The afore-mentioned changes inevitably has had an impact on the small- and medium- sized enterprises in Thailand, leading to many challenges caused especially by external factors that are not easy to deal with, such as the sluggish world economy. How can small- and medium-sized enterprises have a competitive advantage when competing with other small-, medium- and large- sized enterprises inside and outside the country? Also some important internal factors that challenge Thai SMEs are the minimum wage of 300 baht a day, the ability to develop products and services, technology development, and innovation.

In the face of the challenges mentioned above, if small-and medium- sized enterprises cannot improve their businesses, it will be very hard to compete in the

global arena (Nisada Wedchayanon, 2011: 41), especially in the Asia Pacific region and the ASEAN Economic Community (AEC). Therefore, Thai small- and medium-sized enterprises need to improve their effectiveness and efficiency in the management of all activities in the way that creates more flexibility to cope with changes from the external environment, to improve the product and service quality, to reduce costs and to use the intellectual capital to the fullest extent (Castka, Bamber, Sharp and Belohoubek, 2001: 123). So that they can survive sustainably, small- and medium-sized enterprises need "to be adaptive, creative, and innovative (Beerel, 2009: 18) because global competition is increasing and customers are exposed to more choices. Customers need speedy service, goods and service quality, valuable innovation (Holbeche, 2005: 5; Nisada Wedchayanon, 2011: 40), flexibility, and customer responsiveness (Holbeche, 2005: 5). Further, the ability to manage changes that occur constantly is essential for business success (Holbeche, 2005: 5) in the future.

Small-and medium-sized enterprises are one of the important elements for the economic growth in many countries, including Thailand. "For countries around the world, small- and medium-sized enterprises are crucial to their economy through the provision of goods and services" (Antony and Bhattacharyya, 2010: 3). Therefore, relevant agencies in both the public and the private sectors have collaborated to promote and support small-and medium-sized enterprises which generate an enormous amount of revenue for the country and contribute to higher employment. SMEs are also a tool to alleviate the poverty of the people (Office of Small and Medium Enterprises Promotion, 2011: B-1) and the foundation of social and economic development.

Thus, the situation calls for a leader who has a capability that can solve problems and make decisions for the organization as well. Apart from the fact that small- and medium-sized enterprises need leadership, the organization itself must also be creative and innovative. They must have unique identity and must continuously be developed to be more efficiently responsive to quick change in the market. This will lead to creative solutions and build confidence amongst employees, customers, and other stakeholders of the organization, which will result in higher employee satisfaction, organizational productivity, and higher profits. The quality of leadership is considered as a key factor to meet these challenges (Ulrich, 2010: 1).

In spite of the increasing complexity and competitiveness of today's business world, it appears that small-and medium-sized enterprises can still survive and sustain themselves in business. This has made the researcher decide to find out the factors contributing to the success of small-and medium-sized enterprises and causal relationships between (impact of?) transformational leadership, creativity, innovation, and organizational performance of SMEs in Thailand. The empirical research studies on the influence of transformational leadership, organizational creativity, and organizational innovation on performance of small-and medium-sized enterprises were found to be somewhat limited. So far, there has not been much research to prove that transformational leadership can enhance the creativity and innovation of the company and this has led to the question concerning what factors make small- and medium-sized enterprises survive in their current businesses. The purpose of this dissertation is to provide a body knowledge that can benefit the community, practitioners and those that will become entrepreneurs in small-and medium-sized enterprises in the future. Furthermore, this research will be useful for creating a competitive advantage for SMEs to compete both nationally and globally and to grow rapidly and sustainably in the economic, political, and social environment.

1.2 Research Questions

Due to the fact that the Thai economy has slowed down, while competition is free and severe and that Thailand and other countries in Southeast Asia will soon united and become the ASEAN Economic Community (AEC), the Thai government and SMEs have joined hands for human resource and organizational development in order to be more efficient and more effective. The author has raised the question of which factors have impacted the operation of small- and medium-sized enterprises. A set of questions are given below.

1.2.1 What are the levels of transformational leadership, organizational creativity, organizational innovation, and performance of small-and medium-sized enterprises (SMES)?

1.2.2 What factors lead to the success and sustainability of small- and medium-sized enterprises in a constantly changing environment?

1.2.3 What are the impact of transformational leadership, organizational creativity, and organizational innovation on the performance of small-and medium-sized enterprises?

1.2.4 What are the levels of organizational performance of small-and medium-sized enterprises in creative, technological and innovative industry, agriculture and agro - processing industry, service and tourism industry, and retail and wholesale business?

1.3 Research Objectives

The objectives of this study on the impact of transformational leadership, organizational creativity, and organizational innovation on the performance of the small- and medium-sized enterprises in Thailand are as follows:

1.3.1 To find out the levels of transformational leadership, organizational creativity, organizational innovation, and organizational performance of small- and medium-sized enterprises.

1.3.2 To identify the factors that lead to the success and sustainability of small- and medium-sized enterprises in a constantly changing environment.

1.3.3 To examine the impact of transformational leadership, organizational creativity, organizational innovation on the performance of small- and medium-sized enterprises.

1.3.4 To reveal the levels of organizational performance of small- and medium-sized enterprises in creative, technological and innovative industry, agriculture and agro - processing industry, service and tourism industry, and retail and wholesale business.

1.4 Scope of the Study

This research included small-and medium-sized enterprises as the units of analysis. The researcher conducted in-depth interviews of SME business owners or heirs or top-level executives, whose decisions can influence the implementation of strategies, policies or plans of the organization.

The population in this study included 47,163 small- and medium-sized enterprises in creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism industry, and retail and wholesale in Bangkok, Nonthaburi, Nakhon Pathom, Pathum Thani, Samut Prakan, Samut Sakhon, Samut Songkhram, Phra Nakhon Sri Ayutthaya, Chon Buri and Chachoengsao provinces. The total sample size was 1,000 organizations. The simple random sampling was used to select the sample to prove hypotheses, rather than to represent the studied population. The tools in this study consisted of a questionnaire and an interview form designed based on related theories, the conceptual framework, and operational definitions. Both quantitative and qualitative researches were conducted.

The cross-sectional quantitative research collected that data from the sample of business owners or heirs or senior executives of small- and medium-sized enterprises by using a questionnaire. The letters of request for permission were sent to business owners or heirs of 17 successful small- and medium-sized enterprises to seek permission for interviewing them by the School of Public Administration, National Institute of Development Administration (NIDA) to business owners or heirs or senior executives of small- and medium-sized enterprises in 1,000 organizations. The qualitative research aimed to get in-depth information to supplement to the quantitative data. The letters of request were sent by the School of Public Administration, National Institute of Development Administration (NIDA).

1.5 Definitions of the Terms

The following are the operational definitions of the key terms:

1.5.1 Small- and medium- sized enterprises are firms in the manufacturing business, the service business, the wholesale business, the retail business or other businesses specified in the Government Gazette and in the Small- and Medium-Enterprises Promotion Act of B.E. 2543, Provision 3.

1.5.2 Organizational performance is the latest performance of a small and medium enterprise that is measured by growth and profitability.

1) Growth is increase in performance of small- and medium-sized enterprise in terms of the sales volume of products or services and market share.

2) Profitability is return on the financial performance of a small- and medium-sized enterprise in terms of Gross Profit Margin, Net Profit Margin, and Operating Profit Margin.

1.5.3 Transformational leadership means the behavior of a business owner or a heir or a top-level executive of a small-and medium-sized enterprise that influences and inspires the followers to achieve the goal beyond expectation. He will develop the followers' capability to be leaders, assist and support them to have an opportunity for career advancement and leadership development (Bass and Riggio, 2006: 3). Transformational leadership is measured by four measurable elements: 1) idealized influence, 2) inspirational motivation, 3) intellectual simulation, and 4) individualized consideration. Each element is defined as follows:

1) Idealized influence means that the leader behaves in ways that result in his being a role model to the followers. He is admired, respected and trusted by them. They will think that they are like the leader and consider him as their role model. The leader will encourage his followers to develop special capabilities, persistence and determination. The leader with idealized influence will dare to take risks and are firm in his idea rather than do things arbitrarily. He will do only the right thing with high morality and ethical standards (Bass and Riggio, 2006: 6)

2) Inspirational motivation means that the leader behaves in ways that motivate and inspire those around them by clearly providing objectives, goals and job challenges to the followers. They will stimulate them to have a team spirit. The leader will encourage the followers to imagine the desirable future outlook. He will clearly communicate his expectation to them so that they can fulfill the assignment and to be committed to common vision and goal (Bass and Riggio, 2006: 6).

3) Intellectual simulation means that the leader stimulates his followers to be creative and innovative by identifying the problems, formulating hypotheses and approaching old situations with new solutions. The followers are encouraged to search new methods and approaches to work, and their ideas will be not criticized only because they differ from the leader's (Bass and Riggio, 2006: 7).

4) Individualized consideration means that the leader pays special attention to each individual's needs for achievement and growth by acting as a coach or mentor. His followers or colleagues will be supported and developed to have a

higher potential level. The leader will accept individual differences. Such a leader will assign the followers tasks as a means of developing them. Assigned tasks are monitored to see whether the followers need additional direction or support and to assess their progress (Bass and Riggio, 2006: 7).

1.5.4 Organizational creativity is the way to link ideas and views together to find new things so as to create alternatives. The resulting in adding value to an individual, a group, an organization or a society (Bessant and Tidd, 2007: 40; 2011: 156). Organizational creativity is composed of measurable elements: 1) expertise 2) creative thinking skill, and 3) motivation.

1) Expertise means everything that a person perceives and can act within a broad scope of each individual's work. Expertise includes knowledge and technical capabilities that are available in the individual's own discipline. (Amabile, 1999: 5)

2) Creative thinking skill means the way or approach to find a solution to the problem. It is also an ability to develop the existing idea into a new idea. Such a skill comes from an individual's personality and the way he or she thinks and acts (Amabile, 1999: 5).

3) Motivation. The motivation may be extrinsic or intrinsic. Extrinsic motivation stems from external factors. Leaders often use money as an incentive to motivate the followers. In Amabile's point of view, money is not only one thing that encourages employees to be enthusiastic. In her research on creativity, she studied students and colleagues and the results showed that intrinsic motivation that came from interest, job satisfaction and job challenge, not from pressure outside, had more influence on creativity than extrinsic motivation. (Amabile, 1999: 6-7).

1.5.5 Organizational innovation means "something new that arises from the use of knowledge and creativity and benefits the economy and the society. It also means creation of a new product, a new manufacturing process and a service as well as conducting business in a new way to make differences and to add value, which will raise economic competitiveness. (National Innovation Agency, 2012: 6). Organizational innovation is composed of two measurable elements: 1) product innovation and 2) process innovation

1) Product innovation means change in products and services that organizations offer to customers" (Bessant and Tidd, 2007: 13; 2011: 9-20).

2) Process innovation means change in production and delivery methods. (Bessant and Tidd, 2007: 13, 2011: 19-20).

1.6 Organization of the Study

Chapter 1 contains the statement and significance of the problem, research questions, research objectives, scope of the study, definitions of terms, and dissertation structure.

Chapter 2 describes the general state of small-and medium-sized enterprises, the past and the present situations of SMEs, roles and importance of SMEs to the Thai economy.

Chapter 3 concerns the review of related literature, theories and research related to the study. It begins with explaining the concepts and theories related to organizational effectiveness, organizational performance. Next, recent theories or concepts of the factors affecting organizational performance, i.e., leadership, organizational creativity, and organizational innovation, were reviewed. Then, the previous research in foreign countries and in Thailand, the scope of the study, the conceptual framework, a diagram showing the relationship between variables, hypotheses and summary are presented in that order.

Chapter 4 presents the research methodology, quantitative research method, population and sampling, construction of the quantitative research instrument, framework of the study, hypotheses, operational definitions and measurement, construction of a questionnaire, testing the research instrument, data collection, analysis of quantitative data, qualitative research method, creating and checking the quality of the interview form, target population for qualitative research, instrument for qualitative research, qualitative data collection, qualitative data analysis.

Chapter 5 is concerned with the research results, basis statistics that describe the background of the sample, independent variables, and dependent variables, Correlation Coefficient between manifest or measurable variables, discrimination value and reliability value of individual questions of each manifest variable, testing of validity and reliability, measuring of a goodness-of-fit of the model, and analysis of direct and indirect influence of the structural equation model.

Chapter 6 covers the qualitative research, findings, basic information of enterprises, factors contributing to the success of enterprises or enabling them to become large-scale enterprises, findings about transformational leadership, influence of transformational leadership on organizational performance, influence of transformational leadership on organizational creativity, influence of transformational leadership on organizational innovation, impact of organizational creativity on organizational innovation, impact of organizational innovation on organizational performance, and summary.

Chapter 7 presents summary of the findings, discussion, usefulness of the study, limitations of the study, recommendations for further research, and summary.

CHAPTER 2

SMALL AND MEDIUM ENTERPRISES–SMEs

2.1 Past and Present Conditions of Thai Small-and Medium-Sized Enterprises (SMEs)

Since 1987, foreign investors, such as Japan and South Korea, have increased their capital investment in the industrial sector in Thailand. The number of industrial estate development projects has risen as well as the emergence of new industries i.e. automotive, electronics, retail and wholesale business, innovation and technology, agriculture and agro-processing. This has affected the growth of SMEs and caused significant social and economic changes in the country. There have been a number of labor migrations from agriculture industry to manufacturing and trade and service industries. SMEs have begun to play an important role in the Thai economy. It has made a contribution to the growth of the SMEs, which have been more evenly distributed to the regions and localities across the country.

Nonetheless, Thai SMEs previously conducted the business with advantages of the labor costs, and resources available within the country rather than the ability to improve the quality of human resources, creativity, innovation and technology, and research and development to develop products and services to higher quality and greater value. This has possibly given SMEs today obstacles to competing with countries with the advantage of cheap labor such as China, Vietnam etc. Moreover, when considering the structural system, SMEs still have had some restrictions on the efficiency of the personnel-both skilled and unskilled labor, especially specific skills, language skills, ability to access funding resources and markets, and innovation and technology skills. Other shortcomings are unclear direction and goals in developing SMEs; non-united partnership between the public and the private sectors; lack of creativity, innovation and technology to develop products that were unique and in line

with market demand, etc. (The Office of SMEs Promotion: OSMEP, 2011: 3-2, 3-3) the integration of the ASEAN Economic Community (AEC), has created an awareness amongst Thai entrepreneurs in manufacturing, trade and service sectors because a single production base and a common market in ASEAN will effect change in business operation and trade competition. Such change will create business opportunities to potential and competitive entrepreneurs; meanwhile, it will result in business restrictions and obstacles to entrepreneurs who lack of the ability to compete. Many SMEs today are not capable to develop itself well enough to compete with other competitors within the country and overseas. The Office of SMEs Promotion (OSMEP) has set the SMEs Promotion Plan to be in conjunction with the relevant plans and strategies such as the 11th National Economic and Social Development Plan (2012-2016); the governmental policies for economic recovery from the global financial crisis recession; the strategy for the creation of a knowledge-based economy; the improvement of productivity and efficiency; the strategic plans by related ministries, the readiness of the public and the private sectors (The Office of SMEs Promotion: OSMEP, 2011: 5-6). In the latest SMEs Promotion Plan (2012-2016), the 3rd edition, strategies have been formulated to promote capability of SMEs to compete with other competitors within the country and overseas. Such strategies display an important aspect related to this study: enhancing competitiveness using technology, organizational innovation, as well as organizational creativity. The related strategies were summarized below.

Strategy 1: Enhancing Competitiveness of SMEs

Various conditions of economy, trade, society, and technology have been changed dramatically. SMEs that used to have advantages have to develop and strengthen their business operation in order to survive in today's competition. Hence the strategic plans are formulated to enhance competitiveness of SMEs as follows:

- 1) Increasing productivity and efficiency in business operation by analyzing and evaluating business potential. This strategy provides an insight into the business capability, which can be used to improve and develop operational efficiency i.e. reducing production costs and increasing productivity.

- 2) Promoting the building of business alliances and SMEs clusters in order to strengthen SMEs, to escalate their competitiveness and to reinforce existing clusters amongst the public and the private sectors as well as other related sectors.

3) Developing products and services of SME to correspond to market demands by technology, organizational innovation, wisdom, and cultural capital. The government should encourage SMEs to use creativity by providing consultancy, experts, and financial supports for SMEs entrepreneurs to develop their products and services.

4) Upgrading the quality of products and the services of SMEs to international standards, continuously improving quality and standards of products and services, elevating the level of production and services to international standards, and establishing professional certification and benchmarking in trade and service industries.

5) Creating marketing opportunities and marketing channels to SMEs.

Strategy 2: Supporting and Developing Enabling Factors Favourable to Business Operation of SMEs

The strategic plan involves the optimization of the technology and innovation service unit, intellectual property, quality standards, and promoting SMEs to thoroughly access services; encouraging SMEs to utilize sciences and technology, research and development, and intellectual property in business operation by providing knowledge, funds, privileges, and information for SMEs; and quantitatively and qualitatively enhancing potential of the unit that provides technology and innovation services.

Strategy 3: Reinforcing the Potential of Thai SMEs in Relation to International Economy

SMEs need to be linked together to cope with globalization and to keep up with the international economy. However, promoting SMEs to build a business operation network with foreign countries requires a focus on providing SMEs with some knowledge and understanding of the international trade situation particularly under the AEC Agreement; encouraging SMEs to improve their business operation to get ready to face an increasing competition within the country and overseas; emphasizing developing the SMEs' potential to extend their trade and investment opportunities; and enhancing the building of cooperative networks with foreign businesses. Strategies for increasing SME potential were summarized as follows:

1) Promoting SMEs to prepare themselves to enter free trade and investment; and building a body of knowledge to create awareness in international trade situations which affect many businesses.

2) Developing the potential of SMEs to conduct business internationally; building SMEs' knowledge and skills to run business and to make investment internationally; including creating opportunities to expand the market to foreign countries.

3) Building partnerships between Thai SMEs and those in foreign countries; creating a network of cooperation with foreign businesses, especially in ASEAN, to establish business alliances and initiate supply chain linkages regionally and globally (OSMEP, 2011).

2.2 Role and Importance of Small-and Medium-Sized Enterprises (SMEs) for Thailand's Economy

SMEs are a key element of the advancement and the economic growth of Thailand. They create income and employment and act as a tool to solve the poverty problem in the country (OSMEP, 2011: 1). SMEs have played a major role as a foundation of Thailand's economy and the society. Because of a great number of SMEs in Thailand, they significantly generate the value added to the national economy. According to the SMEs situation report in 2014 by the Office of SMEs Promotion (OSMEP), there were a total of 2,763,997 SMEs in Thailand, representing 97.16% of the overall enterprises in the country during the end of 2013. They considerably generated the Gross Domestic Product (GDP). The GDP value of Thai SMEs stood at 4,454,939.6 million baht, a 3.8% increase compared to the previous year, which was 37.4% of the GDP. Whilst the value of SMEs exports was 1,761,818.87 million baht worth or 25.50% of the total export value, the value of SMEs imports stood at 2,369,222.26 million baht, or 30.91% of the total import value. Furthermore, SMEs have contributed immensely to the employment of the country. They generated employment for 11,414,702 people by the end of 2013, representing 80.96% of the total employment of the country.

CHAPTER 3

REVIEW OF RELATED LITERATURE

The main purpose of this chapter is to review theories of organizational effectiveness and organizational performance, definitions of organizational effectiveness and organizational performance, the concepts of organizational effectiveness and organizational performance, the concepts of evaluation of organizational effectiveness and organizational performance evaluation, the concept of full range leadership, with focus on transformational leadership, the concept of organizational creativity, and the concept of organizational innovation. All the concepts were reviewed to have a good understanding of the related literature and to determine independent and dependent variables. In addition, previous research studies inside and outside Thailand were reviewed to examine the relationship between variables, to prove transformational leadership theory and to find out the relationship between variables and indicators in order to define the scope of the study, to determine the population and sampling, to formulate the framework of the study, to draw the path of the relationship, and to form hypotheses.

3.1 Concepts and Theories of Organizational Effectiveness and Organizational Performance

Organizational performance has been reviewed to determine the indicators of this dependent variable in accordance with the research objectives and the context of small and medium-sized enterprises. It is necessary to understand the definitions of organizational effectiveness and organizational performance first. After that the concepts of organizational effectiveness and organizational performance and the concept of evaluation of organizational effectiveness and evaluation of organizational performance will be presented.

3.1.1 Definitions of Organizational Effectiveness and Organizational Performance

Organizational effectiveness and organizational performance have several meanings. It is therefore necessary to consider the organization to be studied case by case. Performance is one of the indicators of the organization's effectiveness. Richard, Devinney, Yip and Johnson, 2009: 722) says,

Organizational effectiveness is broader and captures organizational performance plus the plethora of internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

Accordingly, it can be said that performance is part of the organization's effectiveness.

3.1.2 Concepts of Organizational Effectiveness and Organizational Performance

Murphy, Trailer and Hill (1996: 16) reviewed empirical research on entrepreneurship conducted during 1987-1993 and found that "three criteria popularly used to select articles to be published in journals were: 1) it must be an empirical research report; 2) The study must have organizational performance as a dependent variable; and 3) The sample must consist of small enterprises and/or new entrepreneurial ventures".

Therefore, it can be concluded that empirical research focusing on the performance of entrepreneurship, with the performance of small and medium-sized enterprises as a dependent variable, was important and thus was very popular among scholars.

The meaning of organizational performance is different from organizational effectiveness. Richard et al. (2009: 722) said,

Performance is one type of effectiveness indicators. Organizational performance encompasses three specific areas of firm outcomes: a) financial performance (profits, return on assets, return on investment, etc.); b) product market performance (sales, market share, etc.); and c) shareholder return (total shareholder return, economic value added, etc.).

In the literature review of their study of organizational effectiveness and organizational performance, Murphy et al. (1996: 15) found that many studies on performance measurement or evaluation were based on organizational theory and strategic management. One outstanding scholar who studied organizational theory was Robbins (1990: 7) who explained that organizational theory is:

the discipline that studies the structure and design of organizations. Organization theory refers to both the descriptive and prescriptive aspect of the discipline. It describes how organizations are actually structured and offers suggestions on how they can be constructed to improve their effectiveness. Organizational theory focuses on the behavior of organizations and uses a broader definition of organizational effectiveness. Organizational theory is concerned not only with employee performance and attitudes but with the overall organization's ability to adapt and achieve its goals.

3.1.3 Concept of Organizational Effectiveness and Organizational Performance Evaluation.

The review of the concept of organizational effectiveness and organizational performance evaluation shows that there are many evaluative approaches, depending on the purpose of evaluation of individual researchers. Before 1980 Pharani Kirtiputra (1986: 185) mentioned three approaches to the evaluation of organizational effectiveness and organizational performance.

The first approach was the goal approach. This approach used an “ends” model to analyze organizational effectiveness. Important thinkers were Georgopoulos

and Tannenbaum (1957: 534-540) who claimed that the measurement of effectiveness should be based on means and ends of the organization (Pharani Kirtiputra, 1986: 185)

The second approach was the system-resource approach. The scholars who introduced this approach were Yuchtman and Seashore (1967: 377-395), who attempted to avoid some weaknesses and defects of evaluating organizational effectiveness without considering the organizational goals. The system-resource approach was based on the notion that an organization was an open system which was related to the environment in exchange and competition. For this reason, organizational effectiveness referred to the ability of an organization in seeking profits from the environment in order to secure scarce and valuable resources. An organization was the most effective when it could maximize the profit at the negotiating position and optimized resource procurement (Pharani Kirtiputra, 1986: 186).

Both approaches, however, used only one criterion in evaluating organizational effectiveness and organizational performance. In contrast, the last approach used the multiple criteria to measure organizational effectiveness. This approach was widely accepted by scholars who evaluated an organization. Important thinkers were Mahoney and Weitzel (1969: 362) who used such criteria to evaluate organizational performance in terms of 1) productivity and efficient performance (by measuring output); 2) nature of organization, such as organizational climate, supervisory style and organizational capacity for performance; 3) production behaviors, such as cooperation, planning, initiation, reliable performance. Gibson, Ivancevich and Donnelly (1973: 37) reviewed previous research and found that indicators of organizational effectiveness included the following variables: 1) productivity or production 2) efficiency 3) satisfaction 4) adaptiveness, and 5) development. Steers (1977: 8) proposed a remarkable model which used the following variables as indicators of organizational efficiency: 1) organizational characteristics, which consisted of organizational structure and technology; 2) environmental characteristics, which consisted of the internal environment (or organizational atmosphere) and the external environment; 3) employee characteristics, which consisted of organizational attachment and job performance; 4) policy and administration” (Pharani Kirtiputra, 1986: 187-188), which consisted of strategic goal-setting, resource acquisition and

utilization, creating a performance environment, communication processes, leadership and decision-making, organizational adaptation and innovation (Steers, 1977: 8). One of the thinkers that were most recognized for their concept of evaluating organizational effectiveness and organizational performance was Campbell (1977: 36-41), who studied and collected criteria for evaluating organizational effectiveness as shown in Table 3.1

Table 3.1 Criterion for Measuring Organizational Effectiveness

1. Overall Effectiveness	16. Planning and Goal Setting
2. Productivity	17. Goal Consensus
3. Efficiency	18. Internalization of Organizational Goals
4. Profit	19. Role and Norm Congruence
5. Quality	20. Managerial Interpersonal Skills
6. Accidents	21. Managerial Task Skills
7. Growth	22. Information Management and Communication
8. Absenteeism	23. Readiness
9. Turnover	24. Utilization of Environment
10. Job Satisfaction	25. Evaluations by External Entities
11. Motivation	26. Stability
12. Morale	27. Value of Human Resources
13. Control	28. Participation and Shared Influence
14. Conflict/Cohesion	29. Training and Development Emphasis
15. Flexibility/Adaptation	30. Achievement Emphasis

Source: Campell, 1977: 36-41.

According to Robbins (1990: 51), an organization may be effective or ineffective when all the afore-mentioned items are used as criteria to evaluate

organizational effectiveness. These items may not be able to measure every organization. Some items may be more important than others and some criteria may be relatively independent of others criteria. Because the term organizational effectiveness have no definite definition. (Campbell, 1977: 15; Robbins, 1990: 51) Those who conducted research on organizational effectiveness had to define their own operational definition clearly and suitably for the context of the studied organization.

After 1980 Venkatraman and Ramanujam (1986: 803) who described some way to measure business performance specified 3 domains of business performance for measurement: financial performance, business performance, and organizational effectiveness. They conceptualized the narrowest framework of business performance.

In measuring financial performance, emphasis should be placed on simple financial indicators based on the outcome that reflect the achievement of the economic goals of the organization. These indicators are sales growth, profitability (as seen in such ratios as return on investment, return on equity, return on sale, earning per share, etc.)

Apart from the indicators of financial performance, a broader conceptualization of business performance also included the indicators of operational performance, such as market share, introduction of a new product, product quality, and marketing effectiveness, manufacturing value-added and other measures of technological efficiency within the domain of business performance (Venkatraman and Ramanujam, 1986: 804)

It has been widely accepted by management and consultants of different organizations that “market share is a factor that affects the profitability, which is, in turn, an indicator of performance” (Buzzel, Gale and Sultan, 1975: 97; Venkatraman and Ramanujam, 1986: 804)

Later Robbins (1990: 53-68) developed 4 approaches to studying organizational effectiveness. They were 1) the Goal-Attainment Approach; 2) the Systems Approach; 3) the Strategic-Constituencies Approach; and 4) the Competing-Values Approach. The first approach evaluates the ends rather than the means, with the assumptions that the organization is deliberately and rationally established with the goal-seeking entities. To say how effective the organization is, it is necessary to efficiently evaluate the level of goal achievement of the organization. But the use of goals to evaluate organizational effectiveness implies that other assumptions must be reliable. (Pichai

Rattanadilok Na Phuket, 2009: 49) The second approach focuses on the factors that make the organization sustainable, e.g. capability of the organization to secure resources and retain the state of being a social organization and successful interaction with the external environment, with the assumption that an organization is composed of sub-units that are related to each other. If the performance of a sub-unit is not good, this will negatively affect the performance of the whole organization (Robbins, 1990: 58). The third approach proposes that an effective organization is one that can serve the needs of different groups under the environment that supports the continuous survival of the organization (Robbins, 1990: 62). The assumption is that an organization is a political arena where different interest groups compete for power to perfectly control the resources (Robbins, 1990: 63) and the organization can survive in a long run if it satisfies the influential group (Pichai Rattanadilok Na Phuket, 2009: 58). The last approach employs the criteria that measure organizational effectiveness. Such criteria are return on investment, market share, product or service innovation, and job security. However, which criteria to use depends on who the evaluator is and what benefit is derived from the evaluation (Robbins, 1990: 62). The assumption is that there is no best criterion in evaluating organizational effectiveness, and that there is no single goal that everyone agrees upon or that receives consensus of all organizational members. Therefore, this approach is subjective and the goal that the evaluator chooses to study is based on values, preferences, and interests of the evaluator himself. (Robbins, 1990: 68).

However, there have not been many studies of organizational effectiveness that used multiple criteria (Robbins, 1990: 50-51). Most employed general measures, e.g. work quality and work morale, or more specific factors, such as accident rate or absenteeism. This suggested that organizational effectiveness implied different viewpoints of scholars. Some criteria might not be in accordance with each other. For instance, efficiency meant to use resources to get the highest benefit, while flexibility or adaptation would be possible in case of surplus value. There were many criteria for evaluation of organizational effectiveness proposed by Campbell (1977: 15) because many types of organizations were evaluated which reflected different interests of the evaluators. The criteria the researchers chose to evaluate organizational effectiveness aimed to reflect the value rather than the effectiveness of the evaluated organization.

Campbell's 30 criteria for evaluating organization effectiveness might not be able to use for all organizations. Some might be important for one organization but unimportant to another. For example, the turnover rate might be important for business enterprises but unimportant to public organizations because the latter had a low rate of turnover due to high job security.

Murphy, Triler and Hill (1996: 16) found that articles published in different journals in 1987-1993 indicated that efficiency, growth and profitability were popular for organizational performance measurement. In the literature related to business operators the number of studies using these factors for measurement was 30, 29 and 26, respectively.

In the opinion of Gomez-Mejia, Berrone and Franco-Santos (2010: 266), the management had two choices: 1) paying attention to only monetary information, or 2) paying attention to both monetary and non-monetary information.

1) Monetary information: referring to

- (1) a piece of information expressed as a monetary unit - original
- (2) a ratio resulting from mathematical manipulations of information expressed in monetary units; or
- (3) a piece of information resulting from a ratio that includes a piece of information expressed in a monetary unit and non-monetary unit (Morisette, 1996: 12 cited in Gomez-Mejia et al. (2010: 266)

2) Non-monetary information: referring to

- (1) Qualitative information
- (2) Information that shows non-monetary units or
- (3) Information resulting from mathematical manipulations or ratios of pieces of information expressed in monetary units (Franco-Santos, 2007: 124; Morisette, 1996: 13 quoted in Gomez-Mejia et al. (2010: 266)

Table 3.2 Financial Performance Measures: Examples, Benefits, and Drawbacks

	Examples	Benefits	Drawbacks
Monetary dimension			
accounting measurement relies on financial data in report of profit and loss, balance and cash flow	Profitability measures e.g. net income, operational income, gross income; growth measures e.g. sales growth, liquidity; efficiency measures e.g. asset rotation, net income per employee, sale volume per employee	1. The manager acknowledges change. Measurement of the proportion of change in company value 2. Concreteness. Inspection needs to be done 3. Cost effectiveness because the company must follow the accounting standard 4. In accordance with the responsibility of different levels of management within the organization. 5. Management in due time	1. Accounting measurement will consider only the past performance the without taking future performance into account 2. Pay attention to short-term performance 3. External environment highly influences the measurement 4. The result of measurement depends on the form of monetary information selected for calculation that the management can handle 5. Having a portion of the company value which is not accounted for by accounting measurement

Table 3.2 (Continued)

Examples		Benefits	Drawbacks
Economic value added adapted from accounting measurement	income that remains, return on investment in the form of cash flow, economic value added	6. Understandable because the company spends time and money on training its managers rather than on how to understand them (not necessary in how to achieve them)	
		7. Able to use for both public and private organizations.	
		1. Relationship between change in measurement and change in market value supposed to have a higher value than the relation- ship between change in accounting measurement and change in marketing value.	1. Paying attention to the past performance, not showing the real economic performance of the company. 2. Especially the economic value added may not be correct and may depend on management, which is difficult to understand and the expense is high.

Table 3.2 (Continued)

Examples		Benefits	Drawbacks
Market measurement (Measurement of market value of the company)	Return on shareholders and marketing value added.	2. Believing that the indicators of the direct value can be constructed and destroyed. 3. Timeliness (for listed companies) 4. Accurate 5. They are objective 6. Having cost-effectiveness	3. Market value measurement can be found in listed companies only 4. Being affected from external factors and indirectly influenced by top management (through keeping the information confidential) 5. Market value does not reflect the performance. Future expectation highly influence measurement 6. Market price evaluation is not complete, not reflecting the real value of the organization

Table 3.2 (Continued)

	Examples	Benefits	Drawbacks
Non-monetary dimensions			
operation measures (in the light of performance together with operation in the organization)	Quality of goods; quality of service; number of new goods; period of time between planning and production; operational effectiveness	1. Consisting of outlook 2. Able to use in both public and private organizations 3. If used together with financial measurement it can account for the proportion of change in the company's value	1. High cost of developing and maintaining some dimensions e.g. a survey of work morale of the employees 2. Able to control the measurement better and do not go through an audit process they can be subject to manipulation.
Customer measurement (on the basis of inter- action with customers of the organization)	Keeping the customers; customer satisfaction; marketing effectiveness; knowing the brand; response to the customers	Giving information about the the results of an action High level of measurement capability 1. Able to touch intangible	1. Increasing the complexity in the motivation system 2. More difficult to understand than financial measurement It is likely, for example, to interpret

Table 3.2 (Continued)

	Examples	Benefits	Drawbacks
People measures (on the basis of the performance together with human capital of the organization)	job satisfaction; skills of the employees; work morale of the employees; number of the employees; turnover rate; absenteeism		other people 3. Difficult to estimate the appropriate time 4. Less accurate than financial measures 5. Less concrete (objective) than financial measures

Dubbs and Hamilton (2007); Kmiecik, Michna and Meezynska (2012) mentioned several methods for evaluating “growth” (Dubbs and Hamilton, 2007: 312 and Kmiecik, Michna and Meezynska, 2012: 709) of small and medium-sized enterprises. They are “employment, assets, market share, physical products, profitability” (Dubbs and Hamilton, 2007: 312; Kmiecik, Michna, and Meezynska, 2012: 709). Moreover, many researchers have used a concrete evaluation method for the analysis of organizational performance. (Freel and Robson, 2004: 562; Kmiecik, Michna and Meezynska, 2012: 709). It is difficult to have the single best evaluation method because the evaluation of organizational performance by using such indicators as employment, income growth and profitability do not go in the same direction (Kmiecik, Michna and Meezynska, 2012: 709). For this reason, many scholars have suggested the use of multiple growth evaluation in investigating organizational performance because it is difficult to choose the single best method to measure the business growth (Dubbs and Hamilton, 2007: 312; Freel and Robson, 2004: 562; Kmiecik, Michna and Meezynska, 2012: 709). Organizational performance can be considered in the light of the outcomes of human resource management, i.e. absenteeism, turnover (Dyer and Reeves, 1995: 661; Singh, Darwish, Costa and Anderson, 2012: 656), job satisfaction, commitment, etc. (Singh, Darwish, Costa and Anderson, 2012: 656), or organizational outcomes, i.e., productivity, quality, service (Dyer and Reeves, 1995: 661; Singh, Darwish, Costa and Anderson, 2012: 656), efficiency, customer satisfaction (Singh, Darwish, Costa and Anderson, 2012: 656). Besides, Singh et al. (2012: 656) said that organizational performance could be measured in the context of financial indexes, namely, profits, sale volume, return on assets or investment or capital market outcomes, i.e. market share, stock price, and growth. But organizational performance in the eyes of Singh, Darwish, Costa and Anderson (2012: 656) and Panayides (Photis, 2006: 469) is that market share, profitability, sale volume growth, return on investment and the overall performance are better indicators. Weinzimmer, Michel and Franczak (2011: 65) mentioned that there were three indicators for financial performance measurement in the literature of creativity and/or innovation are of 3 forms: revenue growth, profit growth and return on assets (ROA).

In this study, the researcher chose to examine organizational performance as dependent variable in the context of growth factors and profitability of SMEs only (Murphy et al., 1996: 16). The narrower framework of organizational performance would result in a meaningful comparison (Richard Devinney, Yip and Gerry, 2009: 722) for the studied organizations. This was because organizational evaluation in terms of the effectiveness might not be suitable in the context of SMEs which now had weaknesses in the technological development capability and processes.

3.2 Leadership

The study of leadership is based on the study of organizational behavior which have been studied by a large number of scholars. For example, Robins (1990: 7) explains organizational behavior as a discipline that emphasizes behaviors of people in organization, and, in a narrower scope, the attitude and the performance of the employees, such as employees' productivity, absenteeism, turnover, jobs satisfaction, etc.

Wright and Noe (1996: 5) define organizational behavior (OB) as "actions and interactions between people and groups of people in an organization."

Daft (2001: 32) defines organizational behaviour as

Organizational behavior is the micro approach to organizations because it focuses on the individuals within organizations as the relevant units of analysis. OB examines concepts, such as motivation, leadership style, and personality, and it concerns with cognitive and emotional differences among people within organizations.

Daft and Marcie (2007) and Daft (2012: 348-404) define organizational behavior as

an interdisciplinary field dedicated to the study of human attitudes, behavior, and performance in organizations. It draws concept from many disciplines, including psychology, sociology, cultural anthropology, industrial engineering, economics, ethics and vocational counseling, as well as the discipline of management.

The details of organizational behavior will be given later when the concept of leadership is presented. The next section begins with the definitions of leadership and ways to study it. After that, details about the full range leadership theory and analytical levels of leadership theory will be described.

3.2.1 Definitions of Leadership

Leadership is “a topic of many social science studies in the twentieth century, although there is no universal agreement of its definition (Yukl, 2002: 1; House and Javidan, 2004: 15)”

According to Bass (1990: 11) there are a variety of meanings of leadership. Many people had attempted to determine the framework of the study of leadership. For decades, many researchers studying leadership have faced a problem of conceptualizing the term leadership. In the literature on leadership, Rost (1993 quoted in Bass and Bass, 2008: 15) revealed that of all the 587 papers studied, there were more than 221 definition of leadership.

Burns (1978: 19), a leading scholar in leadership, defines it on the basis of the objective as follows “leaders are inducing followers to act for certain goals that represent the values and the motivations-the wants and needs, the aspirations and expectations of both leaders and followers.”

Later Bass (1990: 11-18) collected the definitions of leadership, as shown below.

- 1) Leadership as a focus of group processes.
- 2) Leadership as personality and its effects.
- 3) Leadership as the art of inducing compliance.
- 4) Leadership as the exercise of influence.
- 5) Leadership as an act or behavior.
- 6) Leadership as a form of persuasion.
- 7) Leadership as a power relation.
- 8) Leadership as an instrument of goal achievement.
- 9) Leadership as an emerging effect of interaction.
- 10) Leadership as a differentiated role.

11) Leadership as the initiation of structure.

12) Leadership as a combination of elements.

Kotter (1990: 5) defines leadership as “one who determines the direction by setting vision for the future, putting the right man in the right job, building motivation and inspiration in order to attain the suitable goal and to move in the right direction.”

Stoner and Freeman (1992: 472) and Stoner, Freeman and Gilbert (1995: 470) define leadership as an “the process of directing and influencing the task-related activities of group members”

Lussier and Achua (2007: 6) and Achua and Lussier (2010: 6; 2013: 6) define leadership as “an influencing process of leaders and the followers to fulfil the organizational goal by means of change”.

Beerel (2009: 64) defines leadership as a relational activity “where an individual(s) guide(s) or direct(s) others (followers) to attain an objective or goal.”

Hughes, Ginnett and Curphy (2009: 6) define leadership as “a process of influencing an organized group toward accomplishing its goals”.

Ulrich (2010: 3) says that leadership is not only an individual or the top management of an organization. Leadership is efficiency that is exchanged throughout the organization. People working in businesses at the national level or low-level managers can be leaders. Individuals who are responsible to complete the work by explaining and suggesting proper behaviour to others can be considered as leaders.

Northhouse (2010: 3; 2012: 6; 2013: 5) defines leadership as a “process by which a person influence other people to achieve a common goal.”

According to Gill (2011: 9), leadership means having a way to persuade others to accomplish work so well that people involved can clearly see the future prospect, the target or the commitment, along with acceptable values and an easy-to-understand strategy that all can get involved in”.

While many people attempted to define the term leadership, Northhouse introduced a framework that most people regonized. His framework reflected what leadership was (Northhouse, 2009: 1-3; 2012: 3-5). The framework encompasses the following:

1) “Leadership as a trait. This means that each individual brings to the table certain qualities that influence the way he or she leads.”

2) “Leadership is conceptualized as ability. A person who has leadership ability is able to be a leader—that is, has the capability to lead. While the term ability frequently refers to a natural capacity, ability can be acquired.”

3) Leadership is a skill. Leadership is competency developed to achieve the goal.

4) Leadership is a behavior. It concerns how a person behaves to lead others in different situations. Research on leadership shows that a leader has two types of behaviour: task behavior and process behavior. A leader will use task behavior to have work done, while he will use process behavior to make other people feel warm with other group members and happy in the situations they are in.

5) Leadership is relations. Leadership focuses on the communication between the leader and the followers not on the unique traits of the leader, leadership relations is a process of cooperation between the leader and the followers (Rost, 1991 quoted in Northhouse, 2009: 3; Northhouse, 2012: 5).

Although there is no definite definition of leadership that are accepted by all. In the researcher’s opinion, leadership is a leader’s traits, behavior, skill, ability or efficiency and relations between the leader and others. It is a process to achieve the goal through verbal persuasion and to influence others to attain the established objectives and goals.

3.2.2 Approaches to Leadership

In the literature review, there are many approaches to study leadership. Five major approaches from the past until present are the trait approach to leadership, the behaviour approach to leadership, the individualized approach, the contingency approaches to leadership, and the contemporary leadership approach.

The first approach, the trait approach to leadership, believes that a person who has leadership differs in traits from a person without leadership. The approach compares the traits of effective and ineffective leaders (Stoner and Freeman, 1992: 473-474; Stoner, Freeman and Gilbert, 1995: 471-472).

The second approach is the behavior approach. This approach believes that a person with leadership will have different behaviors from a person without leadership. The studies and models based on this approach are the Leadership behavior approach

by Lewin, Lippett and White, Ohio State studies, University of Michigan studies and the Managerial Grid, etc. (Stoner and Freeman, 1992: 474-479; Stoner, Freeman and Gilbert, 1995: 473-480; Daft, 1999: 72-78; 2008: 46-49; 2011: 42-47).

The third approach is the individualized approach. This approach believes that a leader will develop the united relationship with his individual subordinates or group members. The leader will determine the way to deal with the group members and the way the group members will respond to the leader. The theories based on this approach are the Vertical Dyad Linkage Model, Leader-member Exchange (LMX), and Partnership Building (Daft, 2011: 47-51).

The fourth approach is the contingency approach. The assumption of this approach is that it is not uncommon that no specific trait of leadership is suitable for effective leaders and no form of leadership is effective in all situations. The theories based on this approach are Hersey and Blanchard's Situational Leadership, Fiedler's Contingency Model, Path-Goal Theory, etc. (Stoner and Freeman, 1992: 482-486, Stoner, Freeman and Gilbert, 1995: 480-484; Daft, 1999: 93-106; 2008: 64-79; 2011: 58-73).

The fifth approach is the contemporary leadership approach which is popular at present. One theory based on this approach is Full Range Leadership Model (FRLM).

3.2.2.1 Trait Approach

In 1948 Stogdill (quoted in Daft, 1999: 65; 2008: 38; 2011: 35) reviewed the literature of more than 100 research studies on the trait approach and found that a successful leader had six traits, i.e., general intelligence, initiative, interpersonal skills, self-confidence, drive for responsibility and personal integrity. In 1999 Daft stated that initially, attempts were made to understand the success of leadership by focusing on the personal traits of the leader, or by describing the characteristics of the leader, such as, intelligence, honesty, self-confidence and appearance.

Research in the earlier 20th century based on the trait approach studied mainly successful leaders. So this approach is also called the Great Man Approach. The assumption of this approach is that only some people are born to be leaders. In other words, people who will be leaders in the future are naturally destined. (Daft,

1999: 65; 2008: 38; 2011: 34). Besides, Daft (1999: 66-69; 2008: 38; 2011: 36-39) also state that some important characteristics a leader has to possess were optimism and self-confidence, sincerity, reliability, and drives. The leader should look at things positively and expect that everything will turn out good. Many surveys have indicated that optimism is the most often found characteristic of top-level executives, and self-confidence will make the leader confident in using scrutiny in making decisions, expressing opinions and showing capability. The leader who is self-confident is aware of his positive image. When he showed his ability to others, he will be respected and accepted by the followers, making his work challenging. The confident leader can motivate the followers to fulfill the missions in the future. Honesty and reliability are the characteristics of effective leaders. One characteristic of ethical leaders is being honest to others, customers, stakeholders and the public. Ethical leaders can retain respect and trust of others. Both honesty and reliability are the basis for trust between the leader and others. Drives are high-level motivation that made the leader be determined, have the driving force and ambition to achieve the goal. Ambition will make the leader define challenging goals and have some initiative to achieve the set goal (Daft, 1999: 66-69; 2008: 39-42; 2011: 36-39).

The afore-mentioned characteristics of a leader contribute to the organizational success. The leader who lacks intelligence, initiatives, responsibility, ethics, and reliability cannot get trust from others in leading them to success. Effective leaders can succeed even when the situation is full of obstacles, while inefficient and ineffective leaders cannot. Although the situation facilitates their work, they are likely to experience a failure. Good and effective leaders can go through the obstacles and solve all the problems successfully, enabling the organization to survive.

3.2.2.2 Behavior Approach

According to Daft (1999: 69; 2008: 43-44; 2011: 40), the behavior approach explains that anyone who has the right behavior can be a good leader and that behavior can be learnt and rapidly trained, so all people can be taught and trained have leadership. Among the early research studies that were based on the behavior approach were the study by Lewin et al. at the University of Iowa, the study conducted by Ohio State University and the study by University of Michigan. Also,

the concept of the leadership network by Blake and Mouton at University of Texas was based on this approach.

1) Leadership behavior approach by Lewin, Lippett and White
Lewin, Lippett and White (1939: 271-301 quoted in Daft 1999: 69; 2008: 44; 2011: 40) studied leadership by dividing types of leadership into two: autocratic leadership and democratic leadership.

The first type tends to have centralization of power and authority because a person is in the designated position that controls rewarding and compelling. The second type of leadership will assign authority to others, support participation, and rely on the subordinates' knowledge to complete the work and their subordinates' respect as well. (Daft, 1999: 69; 2008: 44; 2011: 40)

A comparative study of the performance of the student group that used the autocratic leadership and that of the student group that used democratic leadership revealed that the autocratic leadership group would have high performance only when the group members were directed during the work. However, they were not satisfied with the autocratic leadership and the negative feeling came up frequently. Meanwhile, the democratic leadership group had good performance and the group members had a positive attitude toward the leader, at any time-work time or not work time (Daft, 1999: 69; 2008: 44; 2011: 40)

Later Tannenbaum and Schmidt (1958: 95-101 quoted in Daft 1999: 69-71; 2008: 44; 2011: 40-41) based their study on the leadership behavior approach and pointed out that leadership behavior could reflected a different degree of the employees' participation. Leadership could be of autocratic type with the superior as the center or democratic type with the subordinates as the center or a mixed type, depending on the environment of each organization. An efficient leader would adjust his behavior to suit the organization.

2) A study by Ohio University

The researchers at Ohio University conducted a survey of leadership behavior by using a questionnaire which focused on examples of specific dimensions of leadership behavior. The data were collected from 150 employees at different companies. Two types of leadership behavior were evaluated: consideration and initiating structure (Pichai Rattanadilok Na Phuket, 2005: 175)

(1) Consideration The leader will care for what the subordinates' do, and will respect to their ideas and feelings. The leader and the subordinates will establish mutual trust. The leader often admires the subordinates, listens to their problems and seeks opinions from them before making decisions on important matters (Daft 1999: 72; 2008: 46; 2011: 42)

(2) Initiating Structure The leader mainly focuses on work by directing the subordinates to achieve work. He is determined to work hard and will carefully set a plan to accomplish the goal efficiently. (Daft, 1999: 72; 2008: 46; 2011: 42)

3) A study of Michigan University

The researchers at Michigan University classified leadership behaviors into two types: employee-centered and job-centered.

The employee-centered leadership will give importance to the subordinates' needs by giving them support and convenience in working together to benefit all parties and by trying to reduce the conflicts, while the job-centered leadership will control the activity with the emphasis on efficiency on control of the costs and on preparation of the work schedule to achieve the goals effectively. In short, he emphasizes goals and work structure. (Daft, 1999: 73-74; 2008: 48; 2011: 44)

4) Leadership Grid Model's Blake and Mouton at the University of Texas at Austin

Blake and Mouton (1985 quoted in Daft, 1999: 75-78; 2008: 48-49; 2011: 45-46) at the University of Texas at Austin proposed the two-dimensional leadership theory called the leadership grid model. Both researchers analyzed the findings of the study by Ohio State University and one by Michigan University and integrated them with the leadership behavior approach. They then classified management into 5 types: impoverished management, country club management, middle-of-the-road management, authority-compliance management, and team management.

(1) Team management (9, 9). Team management is an efficient form of management and is the most often used because the organizational members work together well to complete the work (Daft, 1999: 75-76; 2008: 49; 2011: 45).

(2) Country club management (1, 9). The leader will give more importance to the organizational members than the success of the work (Daft, 1999: 75-76; 2008: 49; 2011: 45).

(3) Authority-compliance management (9, 1). The leader will give importance mainly to operational efficiency (Daft, 1999: 75-76; 2008: 49; 2011: 45).

(4) Middle-of-the-road management (5, 5). The leader will pay attention to people and work at a moderate level (Daft, 1999: 75-76; 2008: 49; 2011: 45).

(5) Impoverished management (1, 1). The leader lacks the philosophy of leadership. He will make the least effort to promote a good relationship between him and subordinates or to be successful in work.

Although the leadership grid model presents a framework for understanding the behavior leadership approach, it does not give any new concrete information to get rid of the ambiguity of the term leadership because it has little evidence to support the conclusion that the 9,9 pattern is the best leadership form in all situations. (Pichai Rattanadilok Na Phuket, 2552: 178)

3.2.2.3 Individualized Approach

According to Daft (2011: 47), the supporters of the individualized approach believe that the leader will develop a united relationship with individual subordinates or group members. The leader will determine how to behave to the group members and how the latter can respond to the leader. Three models / theories that are based on this approach are as follows:

1) Vertical dyad linkage model. This model focuses on the importance of the dyad relationship between the leader and each group member. The quality of relationship between the leader and each follower is different in the degree of mutual trust, respect and commitment (Daft, 2011: 48). Generally, there are two types of relationships: in-group and out-group. The in-group is a group the members of which will evaluate the performance of the top leader and develop a close relationship with him. The followers will assist the leader who plays an important role in the organization (Daft, 1999: 81; 2008: 53; 2011: 48-49). The members will have more influence over each other and will give good cooperation to the leader and have

a chance to get a reward and more responsibilities (Daft, 1999: 81; 2008: 54). In contrast, in the out-group, the relationship between the leader and the subordinates is likely to be negative and the leader exercises formal power, forcing the subordinates to do the work (Daft, 1999: 81-82; 2008: 54).

2) The second model is Leader-Member Exchange (LMX). The leader will build an exchange relationship with the in-group members who have similar characteristics to him, such as the background, interest, and value, and with the members who have high capability and high interest in their work.

A study revealed that the quality of the exchange relationship between the leader and the in-group members was higher (Daft, 2008: 54; 2011: 49).

3) The third model is partnership building. The leader will give importance to the development of a positive relationship with all the subordinates. In this way, the leader will look at each subordinate freely and pay attention to each of them differently in a positive way (Daft, 1999: 82; 2008: 55; 2011: 50).

3.2.2.4 Contingency Approach

The contingency approach explains that there is no single best form of leadership that will be successful in all situations. An efficient leader must have suitable behavior and style of leadership suitable for each situation (Daft, 1999: 93-94; 2008: 64; 2011: 58). Important theories that are based on this approach are Fiedler's Contingency Model, Hersey and Blanchard's Situational Theory, and Path-goal Theory.

1) Fiedler's Contingency Model

The assumption of this model is adjustment of the leadership style to fit the organizational situation in order to accomplish the work (Daft, 1999: 94; 2008: 66; 2011: 60). The evaluation of the leadership style can be made by asking the leader to think of the co-worker that he can work with the least well or the so-called the "least preferred co-worker (LPC)". The questionnaire contains 16 questions and 8 questions require opposite answers to the other 8 questions. Fiedler's contingency model classifies leadership into two types: relationship-oriented leadership and task-oriented leadership. The first type of leadership will build mutual trust with the subordinates, make them respect him and he listen to their needs. The second type will motivate subordinate to accomplish the work. The leader will set the

clear direction and the work standard. Fiedler believes that if the leader answers the questionnaire about the person he likes the least in a positive way, he will be a relationship-oriented leader who cares for the feeling of other people. In contrast, if the leader gives a low score to the item, it means that he has a negative attitude toward other people and cares for the work more than the relationship with others. He is considered a task-oriented leader (Daft, 1999: 95; 2008: 68; 2011: 62).

2) Hersey and Blanchard's Situation Theory

Hersey and Blanchard developed the situation theory based on the leadership grid model (Daft, 1999: 99; 2008: 71; 2011: 65). This model gives importance to the characteristics of the followers as an important element of the situation, which later will determine the effective leadership behavior (Daft, 1999: 99; 2008: 71; 2011: 65). The theory explains that the leader can use one of the 4 leadership styles, or a mixture of the relationships between people and work. Whether a leadership style is suitable depends on the readiness of the followers. The important substance of this theory is the leader will consider the readiness of the followers and choose the style suitable for their readiness. The styles consist of: 1) Telling style. It is to be used when the followers are ready at a low level. The leader will tell the followers what to do, how to do it and when to do it. 2) Selling style. This style will be used when the followers are ready at a moderate level. It will be efficient if the followers are poorly educated and lack work experience but have confidence, ability, and ambition to learn. The leader not only sets the direction for work but also has the followers seek more information so they can clearly understand the work procedure instead of telling them how to do the work. 3) Participating style. This style will be used when the followers are ready at a high level, and will be efficient when the followers have good education, skills and experiences necessary for work but may not feel confident in their ability and want advice or direction for work. The leader will advise the followers about the development and will give them assistance as necessary. 4) Delegating style. This style will be used when the followers are ready at a very high level. It will be very efficient when the followers are well educated, have a lot of experience and are ready to be responsible for their work. The leader only sets a general goal and delegates the authority to them appropriately (Daft, 1999: 99; 2008: 71-73; 2011: 65-67).

However, Pichai Rattanadilok Na Phuket (2009) mentioned that some scholars criticized Hersey and Blanchard's situation theory, saying that it was similar to the leadership grid model. But Hersey and Blanchard insisted that they were different. They argued that the leadership grid model emphasized of products and people, which were attitudinal dimensions, but the situation theory emphasized work and relations. Although both of them claimed so, the difference between both theories was only very little, Another problem was that Hersey and Blanchard's model still lacked enough scientific evidence to support the theory because it received little attention from researchers to prove the theory (p. 185). There were also problems of ambiguity and inconsistency of the model and a problem of research methodology to test the theory. (Robbins, 2005: 343).

3) Path-Goal Theory

Apart from the contingency model, other recognized leadership theory is the path-goal theory developed by House (1977: 321). According to the path-goal theory, it is the leader's responsibility to motivate the subordinates to achieve the personal goal and the organizational goal. A good leader will try to make it clear to the followers about the remuneration which will be increased, so that the followers will see the value and want to get it. The path-goal theory has an assumption that the leader can adjust his behavior to suit each situation (Daft, 1999: 102-103; 2008: 75; 2011: 69-70). The four types of leadership under this theory are 1) Supportive leadership. The leader will emphasize the followers' well-being and personal needs. 2) Directive leadership. The leader will state clearly what he expects the followers to do. 3) Participative leadership. The leader will consult with the subordinates when he makes important decisions. 4) Achievement-oriented leadership. The leader will set a clear and challenging goal for the followers (Daft, 1999: 102-104; 2008: 75-76; 2011: 70-71).

3.2.2.5 Contemporary Leadership Approach

A contemporary leadership approach that is popular at present is the full-range leadership model (FRLM)

Full-range Leadership Model

The full-range leadership model is a new paradigm of leadership that widely interests scholars (Bass and Riggio, 2006: 3). In the 1970s, Burns (1978: 4) proposed a conceptual framework for transactional leadership and transformational

leadership. Transactional leadership exercised his leadership through social change. Burns (1978) gave an example of a politician offering something in exchange for other things, such as creating employment in exchange for votes or giving a supportive fund during election campaigns. The exchange will be made in the group with a good relation between the leader and the followers, especially the people's group, the parliament and, political parties (Burn, 1978: 4; Bass, 1985: 11; Bass and Riggio, 2006: 3). In the business sector, transactional leadership will offer a reward in the form of money when an organizational member can reach the set productivity or will not give a monetary reward if the organizational member cannot reach the set productivity or goal. (Bass and Riggio, 2006: 3). In contrast, transformational leadership is more complex and more dynamic. The leader will find out the needs of the followers. In addition, the leader will try to respond to their needs better, so that they will feel committed to the organizational work. (Burn, 1978: 4), building an inspiration for the followers to be more successful than expected, and developing the followers' leadership by helping them to move up the career path through delegation of power and support of the goals and the objectives of individual followers, the leader himself, the group, and the organization (Bass and Riggio, 2006: 3).

Bass (1985) conceptualized leadership. Initially, he developed a new leadership theory based on Burn's transformational leadership and transactional leadership, and charismatic leadership proposed by House (1977) who in turn based his idea on the charismatic leadership proposed by Weber (1924/1947). Bass called what he proposed a paradigm of transformational leadership and transactional leadership. He believed that what he proposed greatly shifted the paradigm in the study of leadership (Pichai Rattanadilok Na Phuket, 2552: 197). His theory consisted of two main factors: transformational leadership and transactional leadership.

The transformational leadership is composed of three components: 1) charismatic leadership, 2) individualized consideration, 3) intellectual stimulation. The transactional leadership is composed of 2 components: 1) contingent reward and 2) management-by-exception (Pichai Rattanadilok Na Phuket, 2009: 197)

Later in the 1990s, Bass and Avolio (1994), developed a new leadership theory that was consistent with the social reality related to leadership. The new model was called the "full range leadership model" (FRLM). The model divides leadership into three types: transformational leadership, transactional leadership, and laissez-faire leadership (Pichai Rattanadilok Na Phuket, 2552: 198). See Figure 3.1

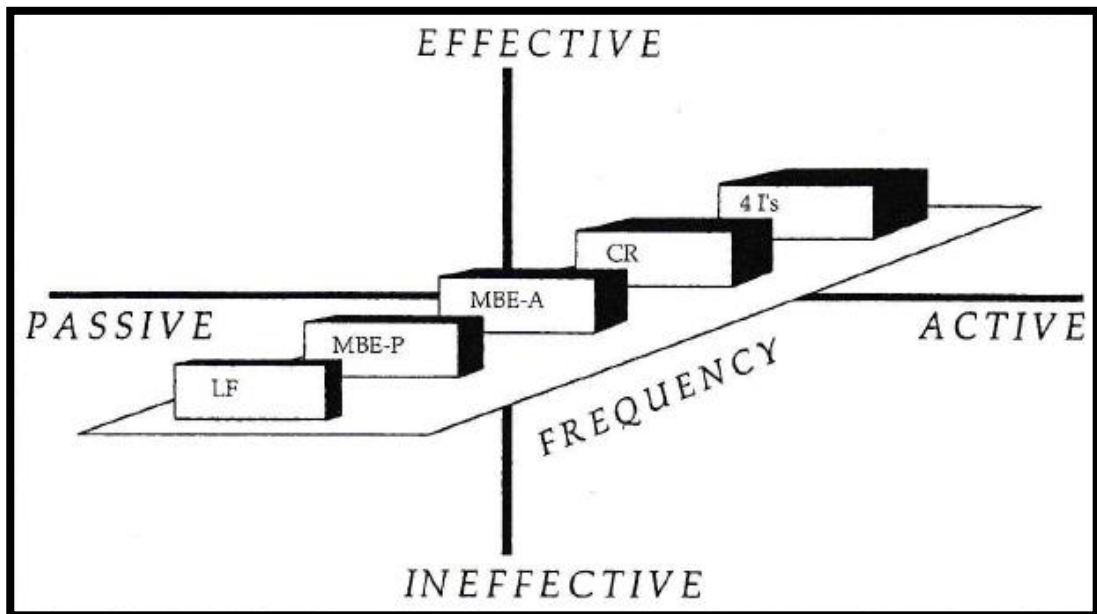


Figure 3.1 The Model of Full Range Leadership: Optimal Profile

Source: Bass and Riggio, 2006: 9.

3.2.3 The Model of Full Range Leadership

The full range leadership model classifies leadership into three types: transformational leadership, transactional leadership, and laissez-faire leadership. The concept of the full range leadership model is summed up below.

3.2.3.1 Transformational Leadership

According to Bass and Riggio (2006: 5), transformational leadership will do what he proposed for the followers and the colleagues more than what has been agreed on or what has been determined to exchange. The leader will do everything to achieve goal at a higher level than determined.

In the viewpoint of Bass and Riggio (2006: 6-7), transformational leadership is composed of 4 components: 1) idealized influence, 2) inspirational motivation, 3) intellectual stimulation, 4) individualized consideration.

Many research studies have supported the idea that transformational leadership is the most efficient at all levels of the organization and between organizations (Avolio, 2011: 49).

1) Idealized Influence Bass and Riggio (2006: 6) explain that idealized influence as follows:

Transformational leaders behave in ways that allow them to serve as role models for their followers. The leaders are admired, respected, and trusted. Followers identify with the leaders and want to emulate them; leaders are endowed by their followers as having extraordinary capabilities, persistence and determination. In addition, leaders who have a great deal of idealized influence are willing to take risks and are consistent rather than arbitrary. They can be counted on to do the right thing, demonstrating high standards of ethical and moral conduct.

2) Inspirational motivation. Bass and Riggio (2006: 6) explain the term inspirational motivation, saying that

Transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers' work. Team spirit is aroused. Leaders get followers involved in envisioning attractive future state; they create clearly communicated expectations that followers want to meet and also demonstrate commitment to goals and the shared vision.

3) Intellectual stimulation. Bass and Riggio (2006: 7) explain the term intellectual stimulation, saying that

Transformational leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. Followers are encouraged to try new approaches, and their ideas are not criticized because they differ from the leaders' ideas.

4) Individualized consideration. Bass and Riggio (2006: 7) explain the term individualized consideration, saying that

Transformational leaders pay special attention to each individual follower's needs for achievement and growth by acting as a coach or mentor. Followers and colleagues are developed to successively higher levels of potential. Delegated tasks are monitored to see if the followers need additional direction or support and to assess progress.

To sum up, transformational leadership can motivate the followers to accomplish the work at a higher level than expected. (Bass, 1985: 20). Transformational leadership is positively related to job satisfaction and effectiveness (Bass, 1985: 219).

3.2.3.2 Transactional Leadership

In the full range of leadership model, in addition to 4 components of transactional leadership, there are several components of transactional leadership and laissez-faire leadership (Bass and Riggio, 2006: 7). Bass and Riggio (2006: 8) explain transactional leadership as follows:

Transactional leadership occurs when the leader rewards or disciplines the follower, depending on the adequacy of the follower's performance. Transactional leadership depends on laying out contingencies, agreements, reinforcement, and positive contingent rewards or the more negative active or passive forms of management-by-exception (MBE-A and MBE-P).

1) Contingent Reward

Antonakis, Avolio and Sivasubramaniam (2003: 265) talked about the components of contingent reward saying that the leader would give importance to the clear role and necessity of working and will give a material or psychological reward (contingent award) to the followers in exchange for the fulfillment of contractual obligations

Bass and Riggio (2006: 8) state that contingent reward is reasonably effective in motivating others to achieve higher levels of development and performance, although not as much as any of the transformational components. Contingent reward leadership involves the leader assigning or obtaining follower agreement on what needs to be done with promised or actual rewards offered in exchange for satisfactorily carrying out the assignment. A sample contingent reward item is ‘The leader makes clear what one can expect to receive when performance goals are achieved.’

2) Management-by-Exception

Bass and Riggio (2006: 8) explain the term management-by-exception as follows:

This corrective transaction tends to be more ineffective than contingent reward or the components of transformational leadership. The Management-by-Exception may be active (MBE-A) or passive (MBE-P). In active MBE, the leader arranges to actively monitor deviances from standards, mistakes, and errors in the follower’s assignments and to take corrective action as necessary. MBE-P implies waiting passively for deviances, mistakes, and errors to occur and then taking corrective action. Active MBE may be required and effective in some situations, such as when safety is paramount in importance. Leaders sometimes must practice passive MBE when required to supervise a large number of subordinates who report directly to leaders. Sample MLQ items for management-by-exception are “The leader directs attention toward failures to meet standard” (active) and “The leader takes no action until complaints are received” (passive).

Avolio (2011: 50-51) compared transactional leadership and transformational leadership as follows:

Transactional leaders can get the job done, but they do not focus like transformational leaders in developing followers to lead. Their attention to performance is very important to optimizing existing performance systems but not to optimizing change and development. Transformational leadership involves the process whereby leaders develop followers into leaders.

3.2.3.2 Laissez-faire Leadership

According to Bass and Riggio (2006: 8-9),

laissez-faire leadership is the avoidance or absence of leadership and is, by definition, most inactive, as well as most ineffective according to almost all research on style. As opposed to transactional leadership, laissez-faire represents a nontransaction. Responsibilities of leadership are ignored. Authority remains unused. A sample laissez-faire item is “The leader avoids getting involved when important issues arise.”

Sosik and Jung (2010: 10) state that laissez-faire leadership will show no leadership because there is no transactional leadership between the leader and the followers. He is not interested in the issues raised by others. Laissez-faire leadership is the least interested in the relationship between the performance and the job satisfaction.

Avolio (2011: 55) defines laissez-faire as the behavior of those individuals in a group who, in the extreme, do not care what happens, avoid taking responsibility, cannot make up their minds, are satisfied to sit and wait for others to take the necessary initiative imposed by the tasks at hand.

To sum up, full range leadership is composed of transformational leadership, transactional leadership, and laissez-faire leadership. Transformational leadership will serve as a good role model and will receive respect and trust from the subordinates. The leader will have a motivation skill and build inspiration by setting clear goals and objectives so that everybody can work to achieve them. Besides, the leader will give importance to and be interested in the career development of

individual followers. If any subordinate can satisfactorily attain the goal and objective, he or she will be awarded a reward. On the other hand, laissez-faire leadership does not play the role of leadership and sometimes avoids making a decision. However, full range leadership will promote creativity and innovation within the organization, which supports continuous research and development in response to rapid change efficiently and effectively. This will build confidence and commitments to the customers, employees and other stakeholders of the organization, which will contribute to the highest success of the business, employees' job satisfaction and high work morale, and the overall high profitability of the organization.

3.2.4 Levels of Analysis of Leadership Theory

Lussier and Achua (2007: 14) and Achua and Lussier (2010: 13; 2013: 17) state that levels of analysis are useful way for classifying theories and research on leadership. Lussier and Achua point out those levels of analysis of leadership theories are individual, group and organization levels.

1) Individual level of analysis. The analysis at this level focuses on the individual leader and his relationship with individual followers. This process is called a “dyadic process”, in which the leader and the followers influence each other (Achua and Lussier, 2010: 13-14; 2013: 17; Lussier and Achua, 2007: 15)

2) Group level of analysis. The analysis at this level focuses on the relationship between the leader and the collective group of followers. This process is called a “group process”, which concerns how the leader can bring about the effectiveness of the group. (Achua and Lussier, 2010: 13-14; 2013: 17; Lussier and Achua, 2007: 15)

3) Organizational level of analysis. The analysis at this level focuses on the organizations so it is called an “organization process” The long-term performance of an organization depends on its efficiency in adapting to the environment. Acquiring resources is necessary for the organization's survival and the organization can use the process of transformation in producing goods and services efficiently. Most of the latest research studies have focused on the organizational level of analysis with consideration of how top-level management influences organizational performance. (Achua and Lussier, 2010: 13-14; 2013: 17; Lussier and Achua, 2007: 15)

3.3 Organizational Creativity

Studies of creativity have been made for more than a decade (Kyvik, Zhang and Romeo-Martinez, 2012: 350-351). Creativity is a key factor to the success and survival of an organization (West and Sacramento, 2012: 359). In the environment of high competition, many executives realize that for the organization to be competitive, all employees must be enthusiastic to do their work and to show creativity. (Mumford, Scott, Gaddis and Strange, 2002: 705 quoted in Shalley and Zhou, 2008: 147).

In discussing creativity, Luecke (2012: 17-18) commented that

unfortunately, top managers hardly show creativity in inventing innovation, although they should be the first who know well the marketing opportunity of innovation. Besides, it is the senior leader who must play a part in inventing innovation because they have an authority to make decisions and to allocate resources. They must follow technology and understand the market. He must listen to ideas discussed among the subordinates. Especially, they must build on organizational atmosphere that stimulate and promote experiments and accept errors at a certain level. They must rid of hesitation and facilitate their employees to invent innovations in the organization. They must tackle daily work problems. All these are challenging to business leaders at present.

The content of the following part concerns the review of literature and related research on creativity. The part begins with definitions of creativity, followed by details of the elements of creativity, the conceptualization of creativity; and factors or the environment that contribute (s) to creativity.

3.3.1 Definitions of Creativity

Woodman, Sawyer and Giifin (1993: 306) define organizational creativity as creating processes, work procedures, ideas, by individual organizational members working together in a complex social system.

Shalley and Zhou (2008: 4) say that creativity is both outcome and process to produce creative work. Individuals will participate in a clear process to have more creativity.

Organizational creativity in terms of process concerns a thinking process that produces continuous innovation and solutions as well as new practical alternatives. (Basadur, 2004: 104) In addition, Shalley and Zhou (2008: 5) state that

In general creativity is considered novelty. Apart from the viewpoint of newness, there are differences in creative works between psychological literature and organizations. In psychological literature, researchers determine that the result of a creative idea will lead to brainstorming on agility, elasticity and original ideas.

Bessant and Tidd (2007: 40; 2011: 156) define creativity as the linkage of ideas in many ways and many viewpoints to search for new things as alternatives to increase the value of a person, a group of people, an organization or society.

Other scholars define creativity in different ways. For example, Leucke (2012: 244) defines it as follows:

Creativity came from the Latin root “creates”, which means “growth” as a result of human action or a new thinking process or a new method to solve problems. But innovation is a word in the word family of creativity. Innovation is a process of using creativity to develop useful things, such as goods, services, processes, business forms or work procedures. Therefore, creativity contributes to innovation.

Mumford, Hester and Robledo (2012: 4) give five meanings of creativity:

- 1) Creativity is a form of works that a person or a group of people create.
- 2) Creativity is creative works resulting from problem-solving (Marcy and Mumford, 2007: 126; Mumford, Hester and Robledo, 2012: 4) and is an activity derived from creativity.

3) Brophy (1998: 199; Mumford, Hester and Robledo, 2012: 4) considers creative problem-solving as a form of high-level awareness.

4) Creativity is a form of high-level knowledge and understanding that enables us to make a right decision.

5) Creativity is a level of problem solving that may occur at the individual, the group or the organizational levels.

Soriano de Alencar (2012: 87) describes creativity as follows:

At the organizational level, creativity is an important factor for motivation. It contributes to the organization's success and is a key factor to the survival of many organizations in the age of globalization when there is high competition and rapid change. Such a factor enables organizations to develop innovations continuously and use the existing resources efficiently, especially the creativity of human resource.

Guilford (1950: 444-454) and Mumford, Hester and Robledo (2012: 4) state that creativity is related to creating a new idea". However, it is not easy to have a new idea, although it may significantly influence creativity. Creativity is creating high quality works with originality and good problem-solving (Besemer and O'Quin, 1999: 287; Christaans, 2002: 41; Mumford, Hester and Robledo, 2012: 4)

To conclude, creativity is to have a new idea, while innovation is transforming the idea into a new product or service. In this sense, innovation is putting the result of the creative idea to use. So creativity is part of the innovative process (Alves, Marques, Saur and Marques, 2007: 28).

3.3.2 The Three Components of Creativity

Amabile (1999: 4) states that creativity is composed of three components: expertise, creative thinking skill and motivation (Figure 3.2)

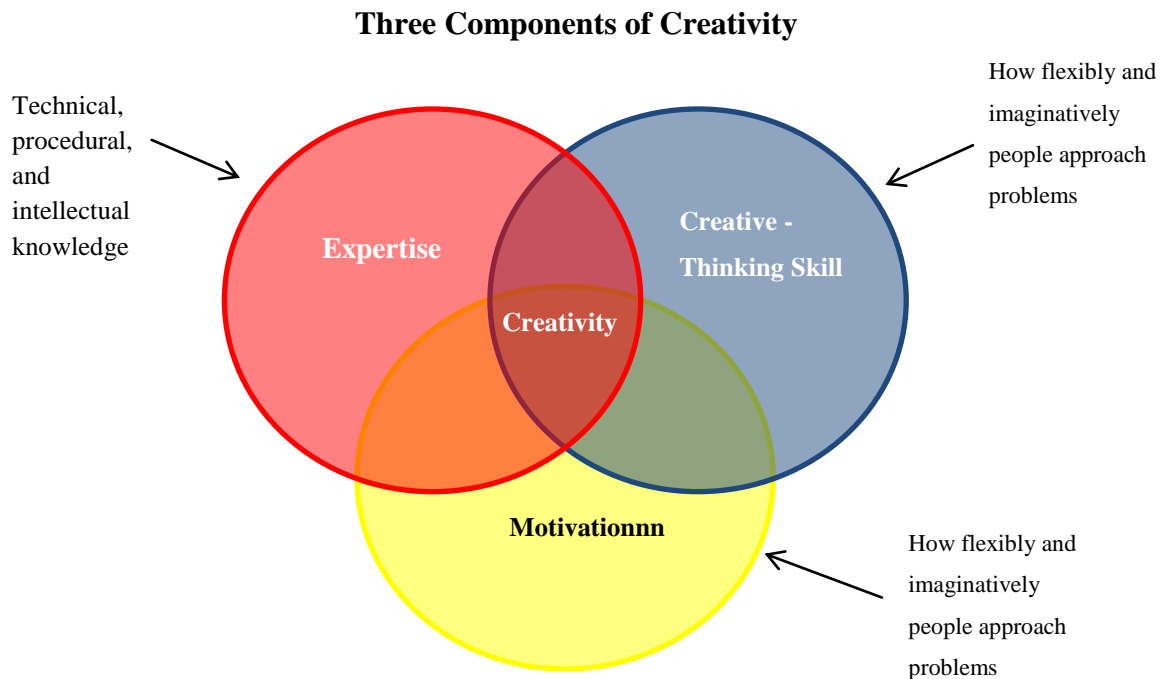


Figure 3.2 Components of Creativity

Source: Amabile, 1999: 5.

3.3.2.1 Expertise

Expertise means everything that an individual knows and can act within the wide scope of his/her work; including technical knowledge and ability in his/her field of study (Amabile, 1999:5)

3.3.2.2 Creative Thinking Skill

Creative thinking skill is a way a person uses to understand the problem and to find some way to solve it. It is an ability to use the existing idea to develop a new idea. Such a skill comes from that person's personality and the way he or she thinks and acts (Amabile, 1999: 5)

3.3.2.3 Motivation

Amabile (1999: 6-7) mentions that motivation may be extrinsic or intrinsic. Extrinsic motivation stems from external factors. The leader often uses money as motivation, for example. In his opinion, money is not the only thing that can make employees eager to work. Amabile's research on creativity with students and colleagues as the sample groups revealed that intrinsic motivation stemmed from

interest, job satisfaction, and job challenge, not from external pressure and that internal motivation influenced creativity more than external motivation.

3.3.3 Conceptualization of Creativity

According to Shalley and Zhou (2008: 12-13), Amabile's creativity model (1988, 1996) has three components: domain-relevant skills, creativity relevant process-original, and task motivation.

1) Domain-relevant skills include factual knowledge and expertise in the defined domain. Such skills are acquired by training and formal and informal education, including one's motor abilities, perception, and cognition.

2) Creativity-relevant processes. In the past, creativity-relevant processes were called the creativity-relevant skills. The processes include tacit knowledge and explicit knowledge of strategies for developing creativity, an appropriate cognitive styles and work styles for producing creative ideas.

3) Work motivation. Work motivation includes an individual's attitude toward the work and perception on his own motivation to complete that work.

3.3.4 Factors or the Environment Affecting Creativity

Amabile, Conti, Coon, Lazenby and Herron (1996: 1158-1162) and Stamm (2008: 2) indicate that the environment that affects creativity encompasses

1) Support of creativity, which means the flow of disclosed information and support of new ideas at all organizational levels by top management through office heads directly to the work group.

2) Independence or freedom, which includes independence in daily work, sense of belonging of an individual and self-control.

3) Resources, which include material, information and resources available for work.

4) Pressure. Pressure includes negative pressure due to overwork load and positive pressure from challenges.

5) Organizational obstacles affecting creativity including conversation and conflicts within the organization.

Adair (2011: 382-383) points out that the important environmental factors that lead to creativity are

- 1) Recognition and admiration. Creative people will pay special attention to encouragement and admiration.
- 2) Freedom to do what one has special interest. Creative people will work most efficiently if they have an opportunity to choose what to do within the scope of work, problem, or chance.
- 3) Conversation with colleagues. Creative people love talking with their colleagues to get some ideas.
- 4) People with creativity will work well for an organization that supports its employees to take risks.

In this research, the researcher chose to study creativity in the context of three components of creativity, which were expertise, creative thinking skill and motivation proposed by Amabile (1999: 4). The studied organizations were small and medium-sized enterprises.

3.4 Organizational Innovation

Innovation is an important factor that enables an organization to survive sustainably. It is a key driver which adds value and increases competitiveness, growth and profitability (Goodman and Dingli, 2012: 167). Organizational innovation has received attention from many researchers for a long time. (Khan, Rehman and Fatima, 2009: 679). It is regarded as a crucial basis for developing new goods and services which are important and beneficial to the organization. (Gumuslouglu and Ilsev, 2009: 464); Khan, Rehman and Fatima, 2009: 679). Innovation is important to all types of business. Large-scale and small-scale enterprises, want to survive sustainably. For small-scale enterprises, innovation not only manifests new technological development but the efficiency of the organization, which provides an opportunity to make differences in work. In addition, innovation in small-scale business indicates growth and improves profitability of its major business that contributes to the economic growth and employment (Vennet, 2002 quoted in Martin, 2012: 277). Besides, innovation is considered as a key factor that influences the

organization's survival in the present and the future business (Martins and Terblanche, 2003: 64; Westwood and Low, 2003: 236; Rujirawanich, Addison and Smallman, 2011: 1265). Especially, small and medium-sized enterprises have attempted to create innovations efficiently (Cakar and Erturk, 2010: 326). However, the review of literature on previous empirical research indicated that most studies were interested in investigating large-scale organizations listed in the stock exchange, so not many studies of small-scale organizations were found (Gudmundson, Tower and Hartman, 2003: 3). Innovation has been widely discussed in future organizational management. Many executives point out the importance of innovation as a factor that enables the organization to be competitive. Therefore, it is necessary for organizations to systematically create innovations (Skarzynski and Gibson, 2008)

Luecke (2012: 9) discussed innovation as follows:

Innovation affects society and the daily life of people of all ages. It has so much influence that historians and archeologists have named different ages of human history based on the innovation of each age, such as Stone Age, Bronze Age, Iron Age, Industrial Age, Digital Age, etc. The names of these ages were given on the basis of technology used to create innovations. Actually, innovation has a broader meaning than technology. We have seen the outcomes of innovation in several human developments for many centuries, such as religions, architecture, military strategies, medicine, agriculture and arts.

Moreover, Luecke (2012: 11) added:

Although innovation has been developed since the fifteenth century, very few people used this term before the nineteenth century. Today, this term is regularly used and is a university course or a higher education program. It is used as a research topic, is written in a full book and appears in many journal articles. Innovation is recognized as a stimulus for economic progress and competitiveness of a country. The government and business leaders call for innovations and financially support projects that promote creation of more innovations.

The content of the following part concerns the review of related literature and previous research on innovation. It begins with definitions of innovation, followed by its types and characteristics of innovators.

3.4.1 Definitions of Innovation

The definition of innovation that is widely accepted is given by the Organization for Economic Cooperation and Development (OECD)'s Oslo Manual (OECD, 2005: 46) "An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations."

Rogers (2003: 12, 36, 137) defines innovation as ideas, practices or objects which are acknowledged as new by an individual or an organization that will put them to use.

According to, Rogers (2003: 12) , whether an individual perceives something is new depends on his or her reaction to that thing. If the individual thinks that thing is new, it is an innovation. The newness of an innovation is not only related to new knowledge but it can also be expressed in the form of knowledge, persuasion or decision to use it.

West (2002: 356-357) and West and Sacramento (2012: 360) state that creativity is development of a new idea, whereas innovation is application of the new idea.

Adair (2011: 343) gives the meaning of innovation by saying that innovation is a process derived from creativity, innovation or discovery, with attention to the thinking pattern. Innovation covers the whole process of applying the new idea.

The National Innovation Agency (2012: 6) defines innovation as follows:

Innovation is a new thing that comes from the use of knowledge and creativity and is socially and economically useful. Innovation is a key strategy that different countries use to create new products, new production processes and new services, new dimensions of business operation which can make differences and add value, leading to the

rising of economic competitiveness and upgrading of the quality of life of the national society to match the world society.

Luecke (2012: 22) gives the definition of innovation below:

Innovation comes from Latin. The word “nova” means “new” but people in general seem to understand that innovation means introduction of a new thing in a new way. A good definition of innovation is materialization, combination and/or synthesis of existing knowledge to get a new valuable and important product, process or service.

3.4.2 Types of Innovation

Bessant and Tidd (2007: 13; 2011: 19-20) mention that there are several types of innovation, but in their opinion, there are only 4 dimensions of change.

1) Product innovation. Product innovation is change in goods and services offered by the organization, such as a new car design, a new home entertainment system.

2) Process innovation. Process innovation is change in the way to produce goods and to deliver them, such as change in the production method or in equipment for making cars.

3) Position innovation. Position innovation is change in the context of the product and the service introduced, such as fashion products and brands. For example, Haagen Dazs got a new market for its ice-cream with adults as the target group.

4) Paradigm innovation. Paradigm innovation is change in the way of thinking as the organization wants to, such as change to low cost airlines.

3.4.3 Characteristics of Innovators

Adair (2011: 380-381) says that a person with creativity or innovation should have special traits as follows: 1) Sharp intelligence, including the ability to analyze, to collect and to remember information; 2) High independence, self-sufficiency and self-

management; 3) Being talkative or talking a little. Creative thinkers tend to have a partly introvert and partly extrovert personality; 4) Having freedom in scrutiny; 5) Having a tendency to express truth clearly and being interested in what others do not see the value or do not notice; 6) Having great interest; 7) Paying special attention to or love taking risks; 8) Having curiosity and an ability to notice things, and being a good listener; 10) Having truly creativity; 11) Being able to cite many opinions, especially obviously conflicting opinions.

In this study the researcher chose to examine only organizational innovation in the context of product innovation and process innovation. The organizations to be studied were small-and medium-sized enterprises (SMEs) because most scholars or researchers have studied or have been interested in these two types of innovation.

3.5 Previous Research

The purpose of this section is to describe how the researchers applied the theory of transformational leadership, organizational creativity, organizational innovation and organizational performance in Thailand and in foreign countries.

The review of many previous studies indicates that transformational leadership, organizational creativity, and organizational innovation are related to the performance of small and medium enterprises. The details are as follows:

3.5.1 Research in Foreign Countries

Leadership is related to and is important to organizational performance. Many studies on leadership and organizational performance are briefly stated below.

Over the past two decades, there were many studies on leadership and organizational performance in different contexts. It was found that transformational leadership was positively related to the performance of companies in the U.S.A. and the North America Continent, (e.g. LeBrasseur, Whissel and Ojha (2002: 160), in Russia (Elenkov, 2002: 475), and in South Korea (Jung and Sosik, 2002: 313). Such a positive relationship was found in the private sector (e.g. Hater and Bass, 1988: 698-700), and in the public sector (e.g. Wofford, Whittington and Goodwin, 2001: 196-211 and Bass and Riggio, 2006: 48). Besides, transformation leadership had a positive

relationship with the performance of the subordinates in the unit of analysis at the individual and the organization levels. Schaubroeck, Lam and Cha, (2007: 1020-1021) collected mediators of the relationship between transformational leadership and performance on their research. More than 300 research studies collected the data by using the Multifactor Leadership Questionnaire (MLQ) to test transformational leadership and transactional leadership. Transformational leadership has received attention in every country, institution and organization, but it is more prevailing in public organizations and low-level employees (Hughes, Ginnett and Curphy, 2009: 649), Therefore, leadership is considered one of the most important factors that contribute to the success or the failure of the organization (Bass and Bass, 2008: 11). Most studies found that transformational leadership was related to organizational performance (Lowe, Kroeck and Sivasubramaniam, 1996: 394; Parry and Procter-Thompson, 2003: 394) rather than transactional leadership. Howell and Avolio (1993: 891-902) studied the relationship between transformational leadership and performance of business enterprises by using a sample of 78 top executives from 4 different levels at large-sized financial institutions in Canada. During the study period, there was very high competition among financial institutions. The research tool was adapted from the multifactor leadership questionnaire (MLQ) to measure the three components of transformational leadership, i.e. charisma, intellectual stimulation and individualized consideration. Business performance was measured by considering the objectives that the management achieved that year, which was calculated in the form of percentage of the achieved objectives. The achievement was measured whether it was at the expected level, a high level, or an excellent level. It was found that leadership with individualized consideration, intellectual stimulation and charisma significantly had a positive effect on the performance of the business entity rather than leadership that used management by exception and leadership that used contingent rewards. Judge and Piccolo (2004: 760) concluded from their study that transformational leadership significantly affected the performance of business entities. They examined 87 case studies to find out the influence of transformational leader on organizational performance. Leadership was measured by using a questionnaire to find out the perception of organizational members. It was found that transformational leadership was positively related to six variables, namely 1) the follower's job

satisfaction, 2) the follower's satisfaction with the leader, 3) the follower's motivation, 4) the leader's performance, 5) the performance of the group or the organization, and 6) the leader's effectiveness. Meta-research also indicated that transformational leadership was related to organizational performance (Lowe, Kroeck, and Sivasubramaniam, 1996: 412; Bass, Avolio, Jung and Berson, 2003: 207).

According to Avolio (2011: 58), some recent studies that focused on different processes by which transformational leadership influenced organizational performance were conducted by Bass, Avolio, Jung and Berson (2003: 207-218) Schaubroeck, Lam and Cha (2007: 1020-1030). Other research studies found that transformational leadership affected such variables as performance (Bass and Riggio, 2006: 48-50), creativity (Bass and Riggio, 2006: 53-54), the follower's satisfaction (Bass and Riggio, 2006: 41-43) and commitment (Bass and Riggio, 2006: 36-37). A study of 357 universities lecturers in Thailand revealed that all the components of transformational leadership and two components of transactional leadership, i.e. contingent reward and management by exception (active), were positively related to organizational outcome. Kittiphat Suwannachin (2003: 98) and Waldman, Javidan, and Varella (2004: 355-380) studied CEOs from 69 companies in the U.S.A. and Canada and found that charisma and intellectual stimulation of transformational leadership which were tested by the multifactor leadership questionnaire (MLQ) were related to strategic change and organizational performance. Rowold and Heinitz (2007: 121-133) studied a sample of 220 employees in large-scale transport companies in Germany and found that transformational leadership was related to the employee performance and the company's profit. When MLQ was employed to test the behaviors related to transformational leadership and transactional leadership, it was found that leadership behavior was related to his effectiveness, such as the subordinates' satisfaction, motivation and performance (Oke, Munshi and Walumbwa, 2009: 66). Transformational leadership could significantly predict organizational effectiveness better than transactional leadership and laissez-faire leadership (Hughes, Ginnett and Curphy, 2009: 650). Therefore, it can be concluded leadership greatly influences and plays a key role in organizational effectiveness and organizational performance. It is thus worth studying and understanding.

In the SMEs context, leadership of top executives is a key factor in enhancing the effectiveness of SMEs. It is related to innovation and organizational performance in terms of growth and profitability (Matzler, Schwarz, Deutinger and Harms, 2008: 147-148). From the literature review, it can be concluded that the components of transformational leadership significantly affects organizational performance.

Many research studies on the relationship between leadership and creativity have confirmed that leadership is related to creativity. One of them was conducted by Mumford, Scott, Gaddis and Strange (2002: 706) who explained that leadership play a role in promoting his followers to have creativity and to develop it into useful goods or services. Hughes, Ginnett and Curphy (1999: 249) state that creativity is related to the effectiveness of leadership. Agars, Kaufman, Deane and Smith, (2012: 275) conclude that transformational leadership is an important factor that leads to creativity and organizational innovation. The study of 163 managers and employees in the Research and Development Department in 43 small-and micro-level software development companies in Turkey found that transformational leadership was significantly related to creativity at the individual and the organizational levels (Gumusluoglu and Ilsev, 2009: 461). Sosik, Kahai and Avolio (1998: 112-113) states that transformational leadership can make the followers to have creativity through inspirational motivation, intellectual stimulation, and individualized consideration. Jung, Chow and Wu (2003: 526) conducted a survey of leadership and found that it affected organizational creativity. Finally, Oke, Munshi and Walumbwa (2009: 68) confirm that the leadership style will promote the behavior of creativity.

Based on the literature review on the relationship between leadership and organizational innovation, it is generally accepted that leadership plays a key role in decision-making on innovation and organizational creativity. (Llorens Montes, Ruiz Moreno and Garcia Morales, 2005: 1159; Kriengsak Panuwatwanich, Stewart and Mohamed, 2008: 410). According to Jaskyte (2002: 30), many theorists and researchers conclude that leadership is the most important factor that affects innovation. Similarly, Elenkov and Manev (2009: 366) found that visionary transformational leadership of foreign top executives was significantly related to the rate of organizational innovation and product-market innovations of organizations in the context of multi-cultures. Moreover, Bass and Avolio (1994: 6) and Paulus,

Dzindolet and Kohn (2012: 339) state the leadership style that supports innovation is transformational leadership because the leader inspires his followers with common vision and has high expectation from the followers. He promotes and supports the followers to find new methods, and he gives importance to the individual followers. Jung, Wu and Chow (2008: 582) studied CEOs of 50 electronic and telecommunication companies in Taiwan and found a positive relationship between transformational leadership and organizational innovation. Finally, a survey of 296 managers in the telecommunication business sector in Pakistan found that transformational leadership had a significantly positive effect on organizational innovation (Khan, Rehman and Fatima, 2009: 678-684).

The literature review on the relationship between organizational creativity and organizational performance reveals that it is generally accepted that organizational creativity and innovation are necessary and important to the growth and the performance of the organization (Mumford, Hester and Robledo, 2012: 4). From the interviews of 1,541 top executives from 60 countries and 33 types of industry, it was found that creativity was the most important trait of leadership that would bring about business success in the future. (IBM, 2010: 8 quoted in Weinzimmer, Michel and Franczak, 2011: 62). Organizational creativity is often used in the industrial sector. Many empirical studies have found an empirical relationship which proves that organizational creativity influences organizational performance. Organizational creativity affects organizational performance at various levels, but it is the organization's ability to stimulate creativity that has an effect on organizational performance (Weinzimmer, Michel and Franczak, 2011: 62).

Regarding the relationship between organizational creativity and organizational innovation, Alves, Marques, Saur and Marques (2007: 28) state that efficiency in organizational creativity is necessary for innovative ability and organizational survival in the competitive environment at present. Organizational creativity, innovation and development of new products were significantly related. Rasulzada and Dackert (2009) conducted a survey of 95 employees in the hi-tech industry and performed the path analysis by using the LISREL program. They found a significant relationship between organizational creativity and innovation and mental well-being of individuals. Shalley, Zhou and Oldham (2004: 932) and Zhang and Bartol (2010:

107) insist that the employees' creativity contributes to organizational innovation, effectiveness, and survival.

Lastly, the literature review of the relationship between organizational innovation and organizational performance indicates that most researchers think that innovation has played an important role for a long time and it continuously plays a more important role in the success and survival of the organization (Gudmundson, Tower and Hartman, 2003: 2; Martins and Terblanche, 2003: 64; Rujirawanich, Addison and Smallman, 2011: 1264). Mention (2012: 2) said that "innovation was an important basis of organizational performance and was a main mechanism of productivity and economic growth (e.g. Griffith, Huergo, Mairessem and Peters, 2006: 483-498)". Kmiecik, Michna and Meczynska (2012: 709) said that organizational innovation was a basic factor that enabled the organization to get competitive edge and to have better performance. Besides, there were a lot of research that studied the relationship between innovation and organizational performance in large-sized companies (Hult, Hurley and Knight, 2004: 429; Tien-Shang and Hsin-Ju, 2005: 331) and SMEs (Freel and Robson, 2004: 561-575; Hernandez-Espallardo and Delgado-Ballester, 2009: 470-471; Oke, Burke and Myers, 2007: 737; Kmiecik, Michna and Meczynska, 2012: 709). Mumford, Hester and Robledo (2012: 7) stated that actually organizational creativity and innovation were necessary for the economic success of the organization. Eisenhardt and Tabrizi (1995: 84-85) confirmed that having new products on the market significantly affected the financial performance of hi-tech companies. Geroski, Machin and Van Reenan (1993: 198) and Mumford, Hester and Robledo (2012: 7-8) reported that the study of 721 companies in the United Kingdom revealed that the rate of organizational innovation was related to profitability at a higher level. A study of 168 companies in Spain indicated that organizational innovation had a positive effect on organizational performance (Garcia-Morales, Jimenez-Barrionuevo and Gutierrez-Gutierrez, 2012: 1040-1050). Low, Chapman and Sloan (2007: 879-891 quoted in Niti Rattanaprechavej, 2010: 105) conducted a quantitative study on the relationship between innovation and marketing and organizational performance. The researchers sent the questionnaires to SMEs in the southern part of Sydney and the total of 73 questionnaires were returned. The data were analyzed by using correlation coefficient. It was concluded that both innovation and marketing had a significant effect on organizational performance. In the study, the

indicators for organizational performance were financial efficiency such as profitability, return on investment, etc.

3.5.2 Previous Research in Thailand

1) In the study of the relationship between leadership style and high performance of 35 listed companies in Thailand, it was found that leadership style was positively related to high performance of large-, medium-and small-scale listed companies when both financial performance and non-financial performance were measured (Panitee Karnsomdee, 2010: 205).

2) In the study of the relationship of the structural equation modeling of leadership, corporate culture and organizational effectiveness of schools under the control of Bangkok Metropolitan Administration (BMA), a questionnaire was used to collect the data and the total of 1,959 complete questionnaire were returned from 384 schools. The reliability of the questionnaire was 95% and the reliability range was 1.7% when the population of 435 schools was used as the basis for calculation. It was found that leadership, corporate culture and organizational effectiveness were positively related to each other and that leadership positively influenced organizational effectiveness. Also, 82.10% of the variance of organizational effectiveness could be explained or predicted by leadership and corporate culture. (Pongthep Chandasuwan, 2011: 4)

3) In the study of the relationship of leadership style, cultural value related to work and organizational outcome of higher-education institutions in Thailand by using the multifactor leadership questionnaire (MLQ) to measure transformation leadership and transactional leadership, the total of 359 questionnaires were returned from the educational personnel members of colleges and universities. It was found that the three dimensions of transformational leadership and two dimensions of transactional leadership, i.e., contingent reward and management-by-exception had a positive relationship with organizational outcome (Kittiphat Suwannachin, 2003).

4) In the study of the relationship of transformational leadership, transactional leadership, and laissez-faire leadership and the outcome variables of extra effort, effectiveness and satisfaction with female top executives in the public and the private sectors in Thailand, the multifactor leadership questionnaire (MLQ)

developed by Bass and Avolio was used to measure transformational leadership and transactional leadership. The total of 150 questionnaires filled out by female of top executives in Thailand was returned. It was found that transformational leadership affected all the three afore-mentioned variables more than transactional leadership and laissez-faire leadership. The results of the study of the sample group in Thailand were different from those of the study of the sample group in the U.S.A. In Thailand, transactional leadership had a positive (not negative) relationship with extra effort, effectiveness, and satisfaction and was related to corporate culture in terms of high power distance and high collectivism (Rospimol Chirametakorn, 2001: 105-107).

5) The study of leadership and an operational approach for local administrators in the context of change entitled “Leadership of the leader of the local administrative organization” found that, the dimensions of transformational leadership, i.e., idealized influence, inspirational motivation, intellectual stimulation and individualized consideration, and the dimensions of transactional leadership i.e., contingent reward and management-by-exception (active) leadership had a positive relationship with the effectiveness of the local administrative organization whereas management-by-exception (passive) leadership and laissez-faire leadership were negatively related to its effectiveness (Pichai Rattanadilok Na Phuket, 2009: 85).

6) In the study of transformational leadership and performance outcome of multi-national companies in Thailand, the relationship between transformational leadership and transactional leadership, and the subordinates’ extra effort, perception of the leader’s effectiveness and job satisfaction were tested. It was found that some variables of transformational leadership were positively related to performance outcome. Having idealized influence can account for variance best, followed by the subordinates’ special attention to work, perception of the leader’s effectiveness, and job satisfaction, respectively. However, individualized consideration positively influenced job satisfaction. As for transactional leadership, contingent reward positively influenced job satisfaction, while the dimensions of transformational leadership, i.e., management-by-exception (active) and management-by-exception (passive) had a negative influence over job satisfaction (Pichate Srisilpsophon, 1999: 85)

CHAPTER 4

RESEARCH METHODOLOGY

This chapter deals with methodology to conduct this research. It concerns research design; population and sampling; instruments, i.e., a questionnaire which was checked for its quality and an interview form; data collection method; and data analysis techniques. Both quantitative and qualitative studies were conducted. The questionnaire was employed to collect quantitative data on concepts and causal relationship of transformational leadership, organizational creativity and organizational innovation that had influence over the performance of SMEs. In-depth interview was used to collect the data from the samples selected by purposive sampling. The qualitative data were expected to help to complete the data from quantitative research. (Suchart Prasith-rathsint and Kanikar Sookasame, 2008: 16). Malinowaki (1967 quoted in Suchart Prasith-rathsint and Kanikar Sookasame, 2008: 67) explained that in-depth interview was an important method to gather concepts, attitudes, views, and experiences of each individual in the target population with special characteristics. It was usually useful to collect the data from population with special characteristics (Suchart Prasith-rathsint and Kanikar Sookasame, 2008: 69).

In this research in-depth interview and observation were employed to collect the data from small- and medium-sized enterprise owners who were so successful that their businesses could grow from small-sized to medium-sized enterprises and from medium-sized businesses to large-sized businesses. The letter seeking their permission to interview was sent to 17 business owners of SMEs in order to gather information for the dissertation to partially fulfill the requirement of the School of Public Administration, National Institute of Public Administration (Suchart Prasith-rathsint and Kanikar Sookasame, 2008: 9). The data from the qualitative research would supplement the data from the quantitative research to get a complete picture that could explain the causal relationship of transformational leadership, organizational creativity, organizational innovation, and performance of SMEs.

In this chapter, the methodology is divided into two parts. The details are as follows:

4.1 Quantitative Research

4.1.1 Population and Sampling

4.1.2 Construction of the Instrument for Quantitative Research

4.1.3 Framework of the Study and Hypotheses

4.1.4 Operational Definitions and Measurement

4.1.5 Construction of the Questionnaire

4.1.6 Testing of the Research Instrument

4.1.7 Data Collection for Quantitative Research

4.1.8 Analysis of Quantitative Data

4.2 Qualitative Research

4.2.1 Creating and Checking the Quality of the Interview Form

4.2.2 The Target Population for Qualitative Research

4.2.3 Instrument for Qualitative Research

4.2.4 Data Collection for Qualitative Research

4.2.5 Analysis of Qualitative Research

4.1 Quantitative Research

4.1.1 Population and Sampling

The population in this study was 47,163 SMEs in the creative technology and innovation industry group, the agriculture and agriculture processing industry group, the retail and wholesale business group, the service business and tourism group in Bangkok, Nonthaburi, Nakhon Pathom, Pathum Thani, Samut Prakan, Samut Sakhon, Samut Songkhram, Phra Nakhon Si Ayutthaya, Chon Buri and Chachoengsao provinces.

This research was a cross-sectional study. The data were collected only one time and only SME performance in 2014 was studied in comparison with that in 2013.

The unit of analysis was small- and medium-sized enterprises. Since the unit of analysis was an entity, not a person, so it could not fill out the questionnaire. It was the business owner or the heir or the top executive of each organization who answered questions in the questionnaire.

The size of the sample was calculated by using the structural equations modeling devised by Hair, Black, Babin and Anderson (2010: 662) who proposed that the number of samples should be in the range of 100-400, depending on the complexity of the model and the characteristics of the basic measurement model. In this study the researcher used 1,000 samples selected by simple random sampling.

4.1.2 Construction of the Instrument for Quantitative Research

4.1.2.1 Related concepts, theories and research were studied. They were measurement of organizational performance; full-range leadership, which included transformational leadership, transactional leadership, and laissez-faire leadership; organizational creativity, and organizational innovation.

4.1.2.2 A questionnaire was used as an instrument to collect the data about the causal relationship of full-range leadership, organizational creativity and organizational innovation which had an effect on performance of SMEs. The questionnaire was divided into 7 parts. The first part concerned the background information of the respondents, i.e., first name, last name, sex, age, the highest educational level, role and job title. The second part sought information about the organization, such as type of business registration, type of business group, type of industry, permanent assets, and number of the employees. The third part concerned the organizational structure and organization administration, such as the authority and role in routine management, role and responsibility of the authority. Part 4-7 dealt with the organizational performance (in 2014 in comparison with the performance in 2013). The questions required the respondents to choose one of the 7 levels of organizational performance; decrease of more than 10%, decrease between 5-10%, decrease of below 5%, no change, increase below 5%, increase between 5-10%, and increase of more than 10%. As full-range leadership which was composed of transformational leadership, transactional leadership, and laissez-faire leadership, organizational creativity, and organizational innovation, the respondents were required to choose one of the 7 levels as follows:

1	means	agrees least
2	means	agrees very little
3	means	agrees rather little

4	means	agrees moderately
5	means	agrees rather strongly
6	means	agrees strongly
7	means	agrees most

4.1.3 Framework of the Study and Hypotheses

The framework of the impact of transformational leadership, organizational creativity, and organizational innovation on organizational performance was shown in Figure 3.3 below.

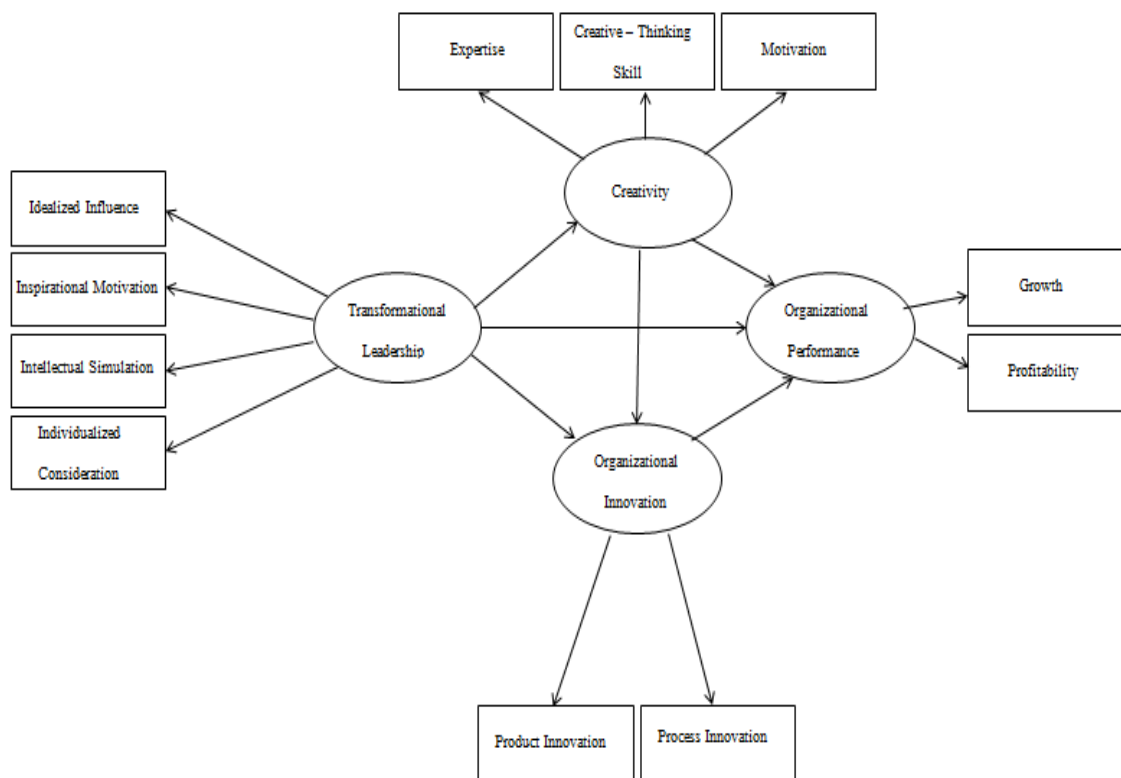


Figure 4.1 Framework of the Impact of Transformational Leadership, Organizational Creativity, and Organizational Innovation on Organizational Performance

The following hypotheses concerned the impact or effect of transformational leadership, organizational creativity and organizational innovation on the performance of SMEs.

H1: Transformational leadership indirectly has a positive effect on the performance of SMEs through organizational creativity and organizational innovation.

Transformational leadership will do all he can to achieve higher performance than targeted (Bass and Riggio, 2006: 5). The leader will develop the capability of his followers. He will be perseverant and determined to complete his work (Bass and Riggio, 2006: 6). He will motivate and inspire his followers by setting clear objectives, goals and job challenges. He will communicate his own expectation clearly for the followers to work to achieve the goal and common vision. (Bass and Riggio, 2006: 6). Transformational leadership indirectly influences the performance of SMEs because the leader motivates, stimulates and supports the follower to have perseverance to use creative thinking to produce innovation and new goods to serve the customer needs. (Bass and Riggio, 2006: 7). Therefore,

H1a: Transformational leadership indirectly has a positive relationship with the performance of SMEs through organizational creativity.

The leader who supports and promotes innovation is said to be transformational leadership because he inspires his followers by having common vision and encourages them to find a new method to do the work. Besides, transformational leadership will create the climate for innovation (Jung, Chow and Wu, 2003: 529; Jung, Wu and Chow, 2008: 584). Therefore,

H1b: Transformational leadership indirectly has a positive relationship with the performance of SMEs through organizational innovation.

H2: Transformational leadership directly has a positive relationship with the performance of SMEs

Transformational leadership will motivate, inspire and stimulate the followers in the organization to agree with him and to devote their time and effort to work to fulfill the vision, the strategy, and the desirable goal. Leadership is one of the most important factors that bring about the success or the failure of the organization (Bass and Bass, 2008: 11).

H3: Organizational creativity directly has a positive relationship with organizational innovation and indirectly has a positive relationship with the performance of SMEs through organizational innovation.

It is generally accepted that creativity and innovation are necessary for the growth and the performance of an organization (Mumford, Hester and Robledo, 2012: 4). The organization's capability in creativity is necessary for its capability in innovation and for its survival. In the current world of competition, creativity, innovation and development of new products are significantly related (Alves et al., 2007: 28). Similarly, Woodman et al. (1993: 306) state that creativity is a factor that affects organizational innovation, which, in turn, brings about the value to the society through better products, technology and services, and community products in Thailand (Waleeporn Thanathikom, 2005: 115; Karun Pratoom and Gomon Savatsomboon, 2012: 1064). At the organizational level, creativity is an important factor for innovation. It brings about the organization's success and is also a key factor for survival of many organizations in the globalization age in which there is high competition and great change. Such a factor makes different organizations develop innovation continuously and use the existing resources efficiently, especially the creativity of human resource (Soriano de Alencar, 2012: 87). Moreover, Rasulzada and Dackert (2009) studied 95 employees in the hi-tech industry and the path analysis of the LISREL program was used to analyze the data. It was found that there was a significant relationship between perceived organizational creativity, innovation, and mental well-being of individuals. Shalley, Zhou and Oldham (2004: 933) and Zhang and Bartol, 2010: 107) confirmed that creativity of the employees partly contributed to organizational innovation, effectiveness and survival of the organization. Therefore,

H3a: Organizational creativity directly has a positive relationship with organizational innovation.

H3b: Organizational creativity indirectly has a positive relationship with the performance of SMEs through organizational innovation.

H4: Organizational creativity directly has a positive relationship with the performance of SMEs.

Interviews of 1,541 top executives from 60 countries and 33 industries revealed that creativity was the most important special trait of leadership that contributed to the business success (IBM, 2010: 8; Weinzimmer, Michel and Franczak, 2011: 62).

H5: Organizational innovation directly has a positive relationship with the performance of SMEs.

Most researchers consider that innovation has played a key role in the success and survival of organizations for a long time. It continues to do so and will be increasingly important for the organization's success and survival (Gudmundson, Tower and Hartman, 2003: 2; Martins and Terblanche, 2003: 64; Rujirawanich, Addison and Smallman, 2011: 1264). Likewise, Mention (2012: 2) states that innovation is a key foundation of organizational performance and a main mechanism of productivity and economic growth (e.g. Griffith, Huergo, Mairesse, Peters, 2006: 483-498). Kmiecik, Michna, and Meczynska (2012: 709) say that the basic reason for an organization to have an organizational innovation is to have a competitive edge and better performance. Studies of large-sized companies (Hult, Hurley, Knight, 2004: 429; Tien-Shang and Hsin-Ju, 2005: 331) and SMEs (Freel and Robson, 2004: 561-575; Hernandez-Espallardo and Delgado-Ballester, 2009: 470-471; Oke, Burke and Myers, 2007: 737; Kmiecik, Michna, and Meczynska, 2012: 709) found a significant relationship between innovation and organizational performance. Therefore, it was concluded that innovation was a key factor that affects organizational performance. Mumford, Hester and Robledo (2012: 7) stated that creativity and innovation were actually necessary for the economic success of an organization. Eisenhardt and Tabrizi (1995: 84-85) confirmed the statement with evidence that having new products on the market significantly affected the financial performance of hi-tech companies. Geroski, Machin, and Van Reenan (1993: 198) and Mumford, Hester and Robledo (2012: 7-8) studied 721 companies in the United Kingdom and found that the rate of innovation of the company was related to its profitability. The study of 168 companies in Spain revealed that organizational innovation positively affected organizational performance (Garcia-Morales, Jimenez-Barrionuevo and Gutierrez-Gutierrez, 2012: 1040-1050).

4.1.4 Operational Definitions and Measurement

After the literature review and the formulation of the framework of the study and hypotheses which reflect the details of the dependent and the independent variables, the next step is to describe the components, the operational definitions and

the measurement of the variables. The variables in this study are transformational leadership, organizational creativity, organizational innovation, and performance of SMEs. All of them are latent variables that cannot be directly measured. However, they can be indirectly measured by using manifest variables or measurable variables which are indicators of the latent variable. The indicators are the answers to specific questions in the questionnaire or can be derived from observation (Hair, et al., 2010: 632).

4.1.4.1 Organizational Performance (OP)

Organizational performance is one of the variables that are important for research on administration (Richard et al., 2009: 718). The latent variable “performance of SMEs” in this research consists of two manifest variables or measurable variables: growth (GR) and profitability (PF)

Growth means increase in sales and service volume (sales growth) due to the operation of SMEs and increase in the market share (market share growth). In their study, Murphy et al. (1996: 17) found that in the papers published in different journals during 1987-1993 measures of organizational performance in terms of growth that were the most popular were sales growth, personnel growth and market share growth, with the measurement frequency of 23, 5 and 2 times respectively.

In this research, the researcher chose only two manifest variables, i.e., sales growth and market share growth. Personnel growth was not considered since personnel growth in SMEs was difficult to measure because of the frequent change in the number of the employees.

Profitability means return from financial operation, which is composed of the net profit margin, growth profit margin, and operating profit margin. Murphy et al. (1996: 17) found that the popular measures for performance measurement was return on equity (ROE) (9 times), return on assets (ROA) (9 times), net profit margin (8 times), gross profit margin (7 times), operating profit margin (5 times). In this research the researcher chose 3 manifest variables to measure profitability-net profit margin, gross profit margin, and operating profit margin-because unlike large-scale enterprises or enterprises listed in the Stock Exchange of Thailand, it was difficult to measure return on equity and return on assets of SMEs, and also because if the return on equity and the return on assets were measured, it was likely that the number of returned questionnaires, which was at a low rate, would have been much lower.

4.1.4.2 Transformational Leadership

Transformational leadership (TL) refers to the leader who stimulates and inspires the followers to complete the work beyond expectation and who develops the followers' leadership by giving them an opportunity to grow and by responding to their needs at a higher level. The leader may delegate his authority and will support the goal and the objectives of individual followers, of the leader, of the groups and of the organization (Bass and Riggio, 2006: 3). Transformational leadership consists of 4 manifest variables: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Idealized influence means the leader is a role model for the follower. He is admired, respected and trusted by the followers. The follower will think that they themselves are like the leader and consider him as a role model. The leader will make the followers have extraordinary capabilities, persistence, and determination, dare to take risks, and be firm. Instead of doing as they wish, the leader will do what is right with a high ethical and moral standard (Bass and Riggio, 2006: 6).

Inspirational motivation means the leader motivates and inspires people around him to do what he wants by setting clear objectives, goals and work challenges for them. The leader will stimulate others to have a work spirit in team working. He will stimulate others involved to imagine the interesting future outlook. He will communicate his own expectations clearly to enable others to achieve the goal and to have commitments and common visions. (Bass and Riggio, 2006: 6).

Intellectual stimulation means the leader will stimulate the followers to be perseverant in using creativity to devise new innovations by formulating hypotheses, identifying the problem and solving old problems in a new way. In other words, the leader will encourage the followers to seek a new approach (Bass and Riggio, 2006: 7).

Individualized consideration means that the leader gives a special attention to the need to succeed and to grow of individual followers. He will play the role of a trainer or a coach. The followers or colleagues will be developed to have high potential. The leader will accept the differences of individuals. He will develop the followers by following up the assignment to find out if the followers know the direction or need more support in order to progress in work (Bass and Riggio, 2006: 7).

4.1.4.3 Organizational Creativity

Organizational creativity (CR) refers to the creative thinking in an organization that enables it to have new ideas. It is composed of 3 manifest variables: expertise, creative thinking skill, and motivation (Amabile, 1999: 4).

Expertise means everything that a person knows and can do within a broad scope of an individual's work, including technical knowledge and ability that an individual has in his field of study (Amabile, 1999: 5).

Creative thinking skill means the personality and the way of thinking of an individual to find a way to understand the problems and to solve them. It is an ability to combine the existing ideas into a new idea (Amabile, 1999: 5).

Motivation refers to external motivation (that is, the leader uses money as a motivation) and internal motivation stemming from interest, job satisfaction, and work challenge (Amabile, 1999: 6-7).

4.1.4.4 Organizational Innovation

Organizational innovation (OI) means socially and economically useful new things resulting from the use of knowledge and creativity. It is creation of new products, production processes, and new services, including running business in a new dimension that makes differences and adds value, leading to the revising economic competitiveness (The National Innovation Office, 2012: 6). Organizational innovation is composed of two manifest variables: product innovation and process innovation.

Product innovation means change and development of new goods and services that an organization offers to its customers (Bessant and Tidd, 2007: 13; 2011: 19) to make differences and to add value to its goods and services.

Process innovation means change in the production method, in goods and service delivery (Bessant and Tidd, 2007: 13; 2011: 19), and in the development of production process or service process by using modern technology.

Table 4.1 Variables, Operational Definitions, and Indicators

Variable	Operational Definition	Indicator
Performance of SMEs	Performance of SMEs consisting of financial and non-financial dimensions	
Growth (Matzler et al., 2008: 147-148, Goodman and Dingli, 2012: 167)	Increase in sales volume of goods or services as a result of the operation of SMEs	1) sales growth
	Increase in market share	2) growth of market share (Murphy et al., 1996: 17)
Profitability (Matzler et al., 2008: 147-148, Goodman and Dingli, 2012: 167)	Return on financial operation	3) Gross profit margin
	Gross profit margin indicates profitability of the company (sales volume minus the cost of a product or a service.	4) Net profit margin
	The high value indicates that the company has an ability to earn an income and to control the production cost or the cost of material purchase.	5) Operating profit margin (Murphy et al., 1996: 17)

Table 4.1 (Continued)

Variable	Operational Definition	Indicator
Transformational leadership	<p>Net profit margin indicates the operational efficiency of the company in making profits after deducting the costs, including all the taxes. The high ratio indicates that the company has high profitability.</p>	
	<p>Operating profit margin indicates the sale efficiency of the company in making profits after deducting the costs and the overall expense. The higher outcome, the better.</p>	
	<p>A leader who stimulates and inspires the followers to finish the work with a higher outcome than expected and who develops the followers' capability to have leadership by helping them to have an opportunity to grow. He develops their leadership in response to the high-level needs of the</p>	

Table 4.1 (Continued)

Variable	Operational Definition	Indicator
	Followers by delegating his power to them and by supporting the goal and objective of individual followers, of the leader, of the group, and the organization (Bass and Riggio, 2006: 3) Transformational leadership consists of 4 manifest or measurable variables: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.	
Idealized influence	A leader who behaves as a role model for the followers and who is admired, respected and trusted by them. The followers think that they are like the leader and regard the leader as a good model. The leader will help increase the followers' special ability,	1) The leader is a role model for the employees. 2) The leader is admired, respected, and trusted by the employees.

Table 4.1 (Continued)

Variable	Operational Definition	Indicator
	Perseverance and determination, courage to take risks and fairness. Instead of doing whatever they like, the leader will do only what is right with high ethics and morality only what is right with high ethics and morality (Bass and Riggio, 2006: 6).	3) The leader does only the right thing.
Inspirational motivation	A leader who motivates and inspires others around him by setting clearly the goal, objectives, and challenges. The leader will stimulate others to have a spirit in team working. He will urge others.	4) The leader will build the inspiration for the employees. 5) The leader will set a clear goal and objectives for the employees. 6. The leader will clearly communicate his expectation to the employees.
Intellectual stimulation	The leader will pay special attention to individual followers' needs to succeed and to grow. He will play a role of a trainer or a	7. The leader stimulates and encourages the employees to seek a new method or approach.

Table 4.1 (Continued)

Variable	Operational Definition	Indicator
Individualized consideration	coach. His followers and colleagues will be developed to upgrade their potential. The leader will accept individuals' differences. He will develop the followers by following up the assignment to learn whether the followers know the direction or need further support in order to see the work progress (Bass and Riggio, 2006: 7)	8) The leader stimulates the employees to have creativity and use it to create innovations.
	The leader will pay close attention to the desire to succeed and to grow of each follower. He will play a role of a trainer or coach. The followers or co-workers will be developed to possess high potential. The leader will accept the differences of individuals. He will develop the followers by following up the assignment so as to	9) The leader gives importance to the employees' success and growth 10) The leader acts as a trainer or a coach for the employees.

Table 4.1 (Continued)

Variable	Operational Definition	Indicator
Organizational creativity	Know followers by following up the assignment so as to know whether the followers want to know the direction or need additional support in order to evaluate the work progress (Bass and Riggio, 2006: 7)	
	Consisting of 3 manifest variables: expertise, creative thinking skill, and motivation (Amabile, 1999: 4)	
Expertise	It is the personality and the way of thinking and doing of a person in order to understand the problems and to solve them. It is a combination of the existing ideas into a new one (Amabile, 1999: 5).	11) The personnel of the organization has technical knowledge and ability in their own field.
Creative thinking skill	Personality and the way a person thinks and acts to find a way to understand the problem	12. The personnel has an efficiency in creativity.

Table 4.1 (Continued)

Variable	Operational Definition	Indicator
Motivation	and to solve it. It is an ability to combine the existing ideas into a new idea. (Amabile, 1999: 5).	13) The leader has creativity and dares to make decisions.
	The leader uses money as external motivation, while internal variable stems from the follower's interest, job satisfaction, and work challenge (Amabile, 1999: 6-7)	14) Giving a reward for creativity. 15) The employee is interested in the work and is so satisfied with it that he or she always wants to create a new product or service.
Organizational innovation	A new thing resulting from the knowledge and creativity which is economically and socially useful. It is to create a new product, a new process or a new service, including running business in a new dimension to make differences and to add value, leading to the rising economic competitiveness.	

Table 4.1 (Continued)

Variable	Operational Definition	Indicator
Product innovation	Change and development of new goods and services that an organization offers to its customers (Bessant and Tidd, 2007: 13; 2011: 19) in order to make differences and add value to its good and services	16) The capability of the organization in creating and developing new products. 17) Increase in types of goods and services that make differences and add value.
Process innovation	Change in the production method and delivery of goods and services (Bessant and Tidd, 2007: 13; 2011: 19). Development of the production process and service process by the use of modern technology.	18) The capability of the organization in developing the production process and service process by the use of modern technology

4.1.5 Construction of the Questionnaire

In this research, the researcher adapted the questions on transformational leadership created by Bass and Riggio (2006: 6-9) to use in his questionnaire. Bass was the initiator of paradigm shift in studying leadership. He, together with Riggio, developed the full range leadership model in 2006. It was the latest leadership model. Besides, the researcher added more questions that he himself posed on the basis of the definition of the full range leadership. With regard to organizational creativity, the researcher adapted questions created by Amabile (1999: 4-7), an important thinker in organizational creativity, that developed an organizational creativity model with three components. The researcher also added more questions of his own based on the definitions of creativity. As for organizational innovation, the researcher adapted questions created by Bessant and Tidd (2007: 13; 2011: 19) who were among the new generation of thinkers in organizational innovation and entrepreneurship. Moreover, the researcher added more questions of his own based on the definitions of organizational innovation given by a number of scholars.

4.1.6 Testing of the Research Instrument

The purpose of testing the research instrument was to confirm the validity and reliability of the indicators. The testing consisted of two steps as follows.

4.1.6.1 Testing of the Validity of the Indicators

1) Content validity. The testing of content validity began with posing questions for each variable based on the operational definitions derived from related theories and concepts. After that 5 experts on organizational management and human resource management were asked to check the content validity of each item in the questionnaire and their comments were used to revise the questions to make sure that they were clearly written and reflected what the researcher intended to measure (Pornpen Petsuksiri, 1998: 21). The Index of Item Objective Congruence (IOC) showed that the questions were consistent with the objectives of the study ($\bar{x} = 0.88$, the maximum value = 1.00, and the minimum value = 0.20). The questions with IOC ≥ 0.50 or more were considered suitable. That is, most experts considered that the questions were congruent with the objectives. Any question with IOC ≤ 0.50 would be deleted.

2) Reliability test. After the revision of the questionnaire as suggested by the experts in organizational management and human resource management, the questionnaire was tried out with 30 business owners or heirs or top executives of SMEs who were not in the sample group and Cronbach's alpha coefficient was calculated to test the reliability of the questionnaire. The minimum reliability coefficient that was generally acceptable was .70 (Hair et al., 2010: 125). The results of the test were shown in Table 4.3. To sum up, each variable had the reliability coefficient that met the criteria, with the overall Cronbach's alpha coefficient at 0.986. Finally, the questionnaire with acceptable validity and reliability was employed to collect the data from the research sample group.

Table 4.2 The Results of Testing the Validity and Reliability of the Questionnaire with 30 Samples

Variable	Question item	Number of questions	Cronbach's alpha coefficient
Idealized influence	1-4	4	0.942
Inspirational motivation	5-9	5	0.952
Intellectual stimulation	10-12	3	0.978
Individualized consideration	13-20	8	0.982
Expertise	21-23	3	0.980
Creative thinking skills	24-26	3	0.977
Motivation	27-31	5	0.973
Product innovation	32-36	5	0.976
Process innovation	37-41	5	0.985
Total	1-41	41	0.986

4.1.7 Data Collection

This research was a mailed survey. The questionnaires were sent to the respondents by mail and the respondents were asked to return them to the researcher by mail. However, the review of literature indicated that most research studies had a low rate of questionnaire returns. Especially the number of questionnaires sent to SMEs was usually returned at a low rate, which might affect the data analysis. Accordingly, the researcher planned to use the self-administered survey and/or telephone interview survey (Pichit Pitaktepsombati, 2010: 168) if the rate of returned questionnaires was below 30%. This was to avoid the problem of poor population representation (Pichit Pitaktepsombati, 2010: 169)

The unit analysis of this research was an organization. The researcher sent the questionnaires to 1,000 SMEs. The totals of 323 questionnaires, or 32.3%, were returned.

4.1.8 Analysis of Quantitative Data

The quantitative data of the research on the effect of transformational leadership, organizational creativity and organizational innovation on the performance of SMEs were analyzed by using structural equation modeling (SEM) of the LISREL program and SPSS program (Statistical Package for the Social Sciences for Windows). The data analysis was divided into three steps as follows:

Step 1: Basic statistical analysis. The descriptive statistics, i.e., percentage, minimum, maximum, mean (\bar{x}), standard deviation (S.D.), skewness, and kurtosis, were employed to describe the data.

Step 2: Analysis of the correlation coefficient of manifest variables and the reliability of the questions for each manifest variable and the discrimination value. The generally agreed upon lower limit for Cronbach's alpha is .70. (Hair et al., 2010: 125). After that the validity and reliability of the questionnaire were tested using the average variance extracted (AVE), the value of which had to be 0.5 or higher (Hair et al., 2010: 709) and construct reliability (CR) had to be 0.7 or higher (Hair et al., 2010: 709-710).

Step 3: Testing of the goodness of fit (GOF) of the model, analysis of the relationship between the variable in the structural equation modeling to test the

hypotheses, to compare between the studied model and the theoretical model and to find out the direct and the indirect influence of the structural equation modeling.

Structural Equation Modeling (SEM)

In the study, the researcher used the LISREL program for statistical analysis. The statistics to measure the goodness-of-fit between the empirical model and the theoretical model were shown in Table 4.2.

Table 4.3 Indicators of the Goodness-of-fit of the Model

Indicator	Level of acceptance
1. chi-square, degree of freedom	p-value > 0.05
2. χ^2 / df	value < 2.00
3. Root Mean Square Error of Approximation (RMSEA)	Below 0.05 = good fit (Suchart Prasith – rathsint et al., 2551: 212)
4. Goodness-of-Fit Index(GFI)	Above 0.90 (Hair et. al, 2010: 667)
5. Adjusted Goodness of Fit Index (AGFI)	Above 0.90 is a criterion to judge whether the model has good fit or not (Suchart Prasith-rathsint et al., 2551: 218)
6. Standardized Root Mean Square Residual (SRMR)	Below 0.05 indicates the acceptable fit (Suchart Prasith-rathsint et al., 2551:217)
7. Non-Normed Fit Index (NNFI) or Tucker-Lewis Index (TLI)	Above 0.90 and nearer to 1 indicates good fitness (Suchart Prasith-rathsint et al., 2551: 219-220)
8. Comparative Fit Index (CFI)	Above 0.90 (Hair et. al, 2010: 721; (Suchart Prasith-rathsint et al., 2551:: 220)

If it was found that the studied model was not a good fit with the empirical model, the researcher would readjust the parameter value in the model and test the result of the Modification Indices (MI). The MI indicators would indicate whether the researcher should add or delete any parameter in the model so that it would have a good fit with the empirical data.

4.2 Qualitative Research

The researcher conducted qualitative research to gather additional information to explain or confirm the data from the quantitative research. The process was detailed below.

4.2.1 Creating and Checking the Quality of the Interview Form

The researcher created an interview form as a research instrument to collect qualitative data. The steps were as follows:

4.2.1.1 The interview form was created based on related theories and the framework of the study. The questions sought the interviewees' opinions on the effect of transformational leadership, organizational creativity and organizational innovation on the performance of SMEs and the factors affecting the success of SMEs, enabling them to survive sustainably in the environment that was changing all the time.

4.2.1.2 The researcher asked the dissertation advisor to check the correctness and the completeness of the interview form.

4.2.1.3 The interview form was revised as suggested by the dissertation advisor. After revision, it was handed in to the advisor to check again before using it to collect the data.

4.2.2 The Target Population for Qualitative Research

In the qualitative research, the target population was the business owners or the heirs of successful business enterprises that grew from small-sized enterprises to medium-sized enterprises and finally to large-sized enterprises. A letter of request for interview was sent to 17 business owners or their heirs to collect the information to use in the dissertation to partially fulfill the doctoral degree at the School of Public Administration, National Institute of Development Administration. Only 8 business owners or their heirs permitted the researcher to interview them. They were the Chairman of the Board of Directors of Pranda Group (Mr. Preeda Tiasuwan), the Managing Director of Yothaka International Co., Ltd (Mr. Suwan Kongkhuntien), the Managing Director of Techno-Sell (Frey) Co., Ltd. (Miss Chanapa Saisamorn), the

President of Sahathai Terminal Co., Ltd. (Ms. Sauwakun Karuchit), the Chief Financial Officer of Mon Logistics Group, (Miss Sirimon Usap), the Managing Director of Thann-Oryza (Mr. Thitipat Supatranond), the Managing Director of Ouay Un Dispensary Co., Ltd. (Mr. Chanun Somboonvechakarn), and the Managing Director of the Thai Molten Bag and Film Limited Partnership (Dr. Surat Areerat).

4.2.3 Instrument for Qualitative Research

The in-depth interview was used to collect the data from the target group of business owners or their heirs. The purpose of the in-depth interview was to seek their opinions on the effect of transformational leadership, organizational creativity, and organizational innovation on the success of SMEs, enabling them to survive sustainability in the environment which was changing all the time. The derived in-depth information would be used to supplement the analytical results of the quantitative research.

4.2.4 Data Collection for Qualitative Research

The researcher used a structured interview form to collect the data from the target group of business owners or their heirs. They were normally very busy with their daily work, so they were not free at the same time. Because of this other data collection methods, such as a small group seminar and focus group discussion, might not be suitable. The interview time for each key informant lasted 60-120 minutes. During the interview, the researcher recorded the data by hand and with a tape-recorder, including observations to get in-depth information for the research.

4.2.5 Analysis of Qualitative Research

- 1) The recorded data from the in-depth interviews of business owners or their heirs or top executives were analyzed and the main points were summed up.
- 2) The data were classified into groups or types on the basis of the common characteristics of the data.

CHAPTER 5

RESULTS

This chapter presents the results of the study and the general characteristics of the population as well as the sample of the study. The instruments of the study were tested for their validity and reliability. The data were analyzed and their hypotheses were tested to find out the relationship between variables. The results of this study are presented in the following order:

- 5.1 General Characteristics of the Sample
- 5.2 Statistics of Independent Variables
- 5.3 Statistics of the dependent variable
- 5.4 Coefficient correlation between observed variables
- 5.5 Discrimination Index and Reliability of Each Question Items of the Observed Variables
- 5.6 Validity and Reliability of Variables
- 5.7 Congruence Model Testing
- 5.8 Analysis of direct and indirect effects on the structural equation modeling

5.1 General Characteristics of the Sample

The researcher sent the questionnaires by mail to the respondents who were owners, heirs, or top-level managers of small- and medium-sized enterprises in 4 types of industry or business specified in the Third Small and Medium Enterprises Promotion Plan (2012-2016). The participants were 1,000 enterprises in creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism industry, and retail and wholesale business in Bangkok, Nonthaburi, Nakhon Pathom, Pathum Thani, Samut Prakan, Samut Sakhon, Samut Songkhram, Phra Nakhon Sri Ayutthaya, Chon Buri and Chachoengsao provinces. In data collection, the School of Public Administration, National Institute of

Development Administration (NIDA) sent a letter to introduce the researcher and to clarify the objectives of the study. The researcher sent to the respondents, the letter and an envelope with a stamp and his address on it so that the questionnaires could be returned to the researcher.

In the study the unit of analysis was at an organizations level, and respondents were owners, or heirs, or top-level managers of SMEs.

Out of 1,000 organizations, 323 (32.3%) returned the questionnaires. This was considered good when comparing to other related studies (Niti Rattanaprichawej, 2010: 69; Arham and Muenjohn, 2012: G. 35; O' Reagan, Ghobadian and Sims, 2005: 50).

5.1.1 General Information of the Respondents

The general information of the respondents was collected from those who were managers and were in a position to make decisions in the small- and medium-sized enterprises. Table 5.1 showed gender, age, education, and role or position in the enterprises.

1) Gender: About 58.2 per cent of the respondents were male. Male managers a little bit outnumbered female ones in SMEs.

2) Age: The majority of the respondents were 31-40 years old (38.4%), followed by 41-50 years old (24.5%), and 21-30 years old (18.3%). The respondents whose age was more than 50 years old accounted for only 14.6%. These percentages reflected SME entrepreneurs were people in the new generation.

3) Education: About 75.9% of the respondents graduated with a Bachelor's degree, and about 19.5 per cent possessed a higher degree. About 2.4 per cent of the respondents had a lower education than a Bachelor's degree. Therefore, they were supposed to have a good knowledge in management.

4) Role or position: About 55.5 per cent of the respondents were both the owners and top level managers of the enterprises. About 25.4 per cent were both the heirs and top level managers of the enterprises, whereas 20.7 per cent were top level managers. In some SMEs, lower level managers (3.4%) were assigned to answer the questionnaire. However, about 96.6% of the respondents held a top-level managerial position in the enterprises.

Table 5.1 General Information of the Respondents

Demographic Characteristic	Frequency	Per cent
Gender		
Male	188	58.2
Female	135	41.8
Age		
21 - 30 years old	59	18.3
31 - 40 years old	124	38.4
41 - 50 years old	79	24.5
51 - 60 years old	37	11.5
61 - 70 years old	10	3.1
N/A	14	4.3
Education		
Secondary	4	1.2
Vocational certificate	4	1.2
Bachelor's degree	245	75.9
Master's degree / doctoral degree	63	19.5
Role and position		
Owner and top-level manager	163	50.5
Heirs and top-level manager	82	25.4
Top-level manager	67	20.7
Other	11	3.4

5.1.2 The General Information of the SME Samples

The general information of the studied small- and medium-sized enterprises that the researcher collected from the respondents included type of business registration, type of business, type of industry, fixed asset value, and the number of personnel. See Table 5.2.

1) Type of business registration: It was found that 277 enterprises were registered as limited companies (85.8%), followed by 40 enterprises as limited partnerships (12.4%).

2) Type of business: It was found that 119 enterprises were in the service business (36.8%); followed by 106 enterprises in manufacturing business (32.8%). 52 in retail business and 45 in wholesale business (16.1% and 13.9% respectively).

3) Type of industry: About 31.6 per cent, or 102 enterprises, were the service and tourism business. About 28.2 per cent, or 91 enterprises, represented the retail and wholesale business. About 26.6 per cent, or 86 enterprises, were in the creative, technological and innovative industry. About 13.6 per cent, or 44 enterprises, were in agricultural and agro-processing industry.

4) Fixed asset value: The initial fixed asset value of the enterprises in this study was in congruence with the criteria imposed by the Ministry of Industry. The fixed asset value of most of the enterprises (67.2%) was worth 1-30 million baht. About 19.2 per cent of the enterprises possessed the fixed asset value of 31-50 million baht. Moreover, the minority of the enterprises (4.3%) possessed the fixed asset value of 100 million baht.

5) Number of personnel: Most of the enterprises (39.6%) had 1-15 employees, followed by 16-25 employees (21.4%). However, only 6.5% had 101-200 employees. It could be said that most of the enterprises in the sample were small-sized enterprises.

Table 5.2 General Information of the Small- and Medium-sized Enterprises

Characteristics	Frequency	Per cent
Type of registered business		
Limited companies	277	85.8
Limited partnership	40	12.4
Other	5	1.5
N/A	1	0.3

Table 5.2 (Continued)

Characteristics	Frequency	Per cent
Business Group		
Manufacture	106	32.8
Wholesale	52	16.1
Retail	45	13.9
Service	119	36.8
N/A	1	0.3
Industry Group		
Creative, Technological and Innovative	86	26.6
Retail and wholesale	91	28.2
Agriculture and agro-processing	44	13.6
Service and tourism	102	31.6
Fixed Asset		
1-30 million baht	217	67.2
31-50 million baht	62	19.2
51-60 million baht	8	2.5
61-100 million baht	21	6.5
101-200 million baht	14	4.3
N/A	1	0.3
Number of employees		
1 - 15	128	39.6
31 - 50	41	12.7
51 - 100	5	9.3
100 - 200	1	0.3

5.1.3 Role or Position of the Respondents in the Small-and Medium-sized Enterprises

The role and the position of the respondents in the enterprises were as follows (See table 5.3):

1) The majority of the respondents were the owners of the enterprises (57.3%), 19.5% were the heirs, 21.7% were top level managers and 1.5% had other roles and positions. To conclude, most of the respondents were the SME owners who played a very important role in management.

2) The main role of most respondents were planning (84.8%), followed by production management and control (70%), setting strategies and policies (67.2%), budgeting (64.4%), human resource management (57.6%), organizing (51.4%), and procurement (46.1%). The findings indicated that the main roles of the respondents were planning, production management and control rather than procurement management.

Table 5.3 Role or Position of the Respondents in the Small- and Medium-sized Enterprises

Characteristics	Frequency	Per cent
Role and position in routine management		
Owner of the enterprise	185	57.3
Heir of the enterprise owner	63	19.5
Top-level manager of the enterprise	70	21.7
Other role and position	5	1.5
Main responsibilities in the enterprise		
Planning	274	84.8
Production management and control	226	70.0
Setting strategies and making decisions	217	67.2
Budgeting	208	64.4
Human resource management	186	57.6
Organizing	166	51.4
Procurement management	149	46.1

5.2 Statistics of Independent Variables

This study focused on investigating the leadership of 323 respondents who were owners, heirs, or top-level managers of SMEs, to find out what type of full range leadership of they possessed: transformational leadership or transactional leadership, or laissez faire leadership.

Table 5.4 indicated that nearly all of the owners, heirs or top-level managers of the enterprises were transformational leadership (93.81%). Only a few were transactional leadership (4.33%) and laissez faire leadership (1.86%), respectively.

Table 5.4 Types of Leadership of the Respondents

Type of Leadership	Frequency	Per cent
Transformational leadership	303	93.81
Transactional leadership	14	4.33
Laissez-faire leadership	6	1.86

Furthermore, a small number of respondents (less than 30) mentioned that they possessed transactional leadership and laissez-faire leadership; whereas a large number of them stated that they had transformational leadership. Because of the small number of transactional leadership and laissez-faire leadership, it was not possible to statistically analyze the data regarding these two types of leadership. In other words, only transformational leadership could be analyzed. The results of the analysis were as follows:

5.2.1 Transformational Leadership

Transformational leadership in this study was a latent variable that consisted of 4 manifest variables. These variables were idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. There were 4 questions for idealized influence, 5 questions for inspirational motivation, 3 questions for intellectual stimulation, and 8 questions for individualized consideration. There were 20 questions in total. The results of the statistical analysis were shown in Table 5.5.

Table 5.5 Mean, Standard Deviation, Skewness, and Kurtosis of the Manifest Variables of Transformational Leadership (n = 303)

Components of Transformational Leadership	Total number of Questions	(\bar{X})	S.D.	Skewness	Kurtosis	Results
Idealized Influence	4	5.81	0.84	-0.31	-0.66	High
Inspiration motivation	5	5.98	0.81	-0.61	-0.31	High
Intellectual stimulation	3	6.01	0.91	-0.61	-0.52	High
Individualized consideration	8	6.00	0.80	-0.57	-0.48	High

5.2.1.1 Idealized Influence: According to the table 5.5, most of the respondents had the idealized influence at a high level ($\bar{x} = 5.81$), while Table 5.6, indicated that all the items of the idealized influence was at a high level as well, (\bar{x} was between 5.45 and 6.04). The devotion of the leader of the small- and medium-sized enterprise for the sake of the organization as well as for communities was found to be at the highest level ($\bar{x} = 6.04$), following by the trustworthiness of employees towards the leaders ($\bar{x} = 5.67$, and the leader's ability to inspire and motivate the employees to work to achieve the goals of the organization ($\bar{x} = 5.66$), respectively.

5.2.1.2 Inspirational motivation: Table 5.5 showed the inspirational motivation was at a high level ($\bar{x} = 5.98$). This result was in congruence with the information in Table 5.6 which indicated that all the items that measured the inspirational motivation were 5.64-6.18. Specifically, Inspiration of employees to work in teams had the highest mean score ($\bar{x} = 6.18$), followed by setting clear and challenging objectives and goals ($\bar{x} = 6.04$), and he clearly communicating with the employees and explaining the expected outcomes to them ($\bar{x} = 5.83$).

5.2.1.3 Intellectual stimulation: Table 5.5 indicated that intellectual stimulation was at a high level ($\bar{x} = 6.01$). In Table 5.6 all the indicators of the intellectual stimulation were at a high level ($\bar{x} = 5.90$ - 5.93). That is, most respondents were leaders that encouraged the employees to regularly participate in any related self-development training ($\bar{x} = 5.93$), followed by stimulating the employees to regularly find new ways to work ($\bar{x} = 5.91$).

5.2.1.4 Individualized consideration: Table 5.5 showed that individualized consideration was at a high level ($\bar{x} = 6.00$). In Table 5.6, which shows the details of individualized consideration. All the indicators were at a high level ($\bar{x} = 5.72$ - 6.08). Most respondents encouraged their employees to fully utilize their knowledge as well as their work ability ($\bar{x} = 6.08$), followed by paying attention to the employees' success and put an emphasis on encouraging them to develop their work skills and competency ($\bar{x} = 6.00$), providing the skilled employees with opportunities to advance in their careers ($\bar{x} = 5.99$).

Table 5.6 Level of Opinion on the Indicators of Transformational Leadership

Questions	Level of opinion										
	Min	Max	Mean	S.D	1	2	3	4	5	6	7
Idealized influences											
The subordinates consider me as a role model.	1	7	5.45	1.171	0.3	1.9	0.9	18.3	27.6	30.3	20.7
I show my leadership that gains trust from the subordinates.	1	7	5.67	1.079	0.3	0.6	0.9	11.5	29.1	31.6	26.0
I can lead the subordinates to work in a way that can achieve the organizational objectives and goals.	2	7	5.66	1.081	0.0	0.9	1.5	11.5	27.9	32.8	25.4
I sacrifice myself for the sake of the organization and surrounding communities.	2	7	6.04	1.100	0.0	1.5	0.6	6.5	19.8	26.9	44.6
Inspirational motivation											
I can inspire the subordinates to work.	1	7	5.64	1.142	0.3	1.2	1.9	11.1	26.6	34.1	24.5
I have techniques to motivate the subordinate to work to attain the organizational objectives and goals.	2	7	5.66	1.107	0.0	0.9	2.2	12.1	25.4	33.7	25.7
I clearly set challenging objectives and goals for the subordinates.	1	7	6.04	1.108	0.3	0.9	0.9	7.4	17.3	28.5	44.6

Table 5.6 (Continued)

Questions	Level of opinion											
	Min	Max	Mean	S.D	1	2	3	4	5	6	7	
I stimulate the subordinates to have a spirit in team-working	1	7	6.18	1.142	1.2	0.6	0.9	4.6	13.3	26.9	52.3	
I clearly communicate and explain my work expectations to the subordinates so that they can achieve them.	2	7	5.83	1.033	0.0	0.9	0.9	7.1	26.9	33.4	30.7	
Intellectual stimulation												
I encourage the subordinates to constantly search a new way to work.	2	7	5.91	1.078	0.0	0.9	1.2	6.8	25.7	27.6	37.5	
I promote the subordinates to use creativity to devise innovations constantly.	1	7	5.90	1.053	0.3	0.3	1.2	7.4	23.2	32.8	34.7	
I urge the subordinates to attend training courses to develop themselves all the time.	1	7	5.93	1.070	0.3	0.6	0.6	8.0	22.0	31.3	37.2	

Table 5.6 (Continued)

Questions	Level of opinion										
	Min	Max	Mean	S.D	1	2	3	4	5	6	7
Individualized consideration											
I give importance to the subordinates' success and growth.	2	7	6.00	1.043	0.0	0.9	0.6	5.9	23.5	282	40.9
I encourage the subordinates to upgrade their skills, knowledge, ability and competency.	1	7	6.00	1.051	0.3	0.9	0.0	6.8	20.7	31.6	39.6
I give an opportunity to the subordinates with a good knowledge and ability to move up the career path.	2	7	5.99	1.059	0.0	1.2	0.3	7.1	20.7	30.7	39.9
The subordinates consider me as a role model.	2	7	5.93	1.085	0.0	1.2	0.6	8.0	22.3	29.7	38.1
I promote the subordinates to use their knowledge and ability to the full extent.	2	7	6.08	0.997	0.0	0.6	0.6	5.0	2.1	29.4	43.3
I play a role of a coach or a mentor to the subordinates.	2	7	5.74	1.231	0.0	0.9	2.8	13.3	26.0	18.3	38.7
I sacrifice myself and my time to teach and give advice to the subordinates.	1	7	5.75	1.256	0.9	0.6	3.1	9.9	25.7	22.6	37.2
I evaluate the work progress of the subordinates.	1	7	5.72	1.124	0.3	0.6	2.2	10.5	24.5	34.4	27.2

Note: Rating Scale: 1=strongly disagree, 2=slightly disagree, 3=disagree, 4=neutral, 5=agree, 6=slightly agree, 7=strongly agree

5.2.2 Organizational Creativity

Organizational creativity was a latent variable which consisted of 3 manifest variables. These were expertise (3 questions), creative thinking skills (3 questions), and motivation (5 questions). There were 11 questions in total. The result of statistical analysis was shown in Table 5.7

Table 5.7 Mean, Standard Deviation, Skewness, and Kurtosis of the Manifest Variables (n = 303)

Organizational Creativity	Total number of Questions	(\bar{X})	S.D.	Skewness	Kurtosis	Results
Expertise	3	4.81	1.72	-0.21	-0.16	Moderate
Creative thinking skill	3	4.81	1.28	-0.12	-0.42	Moderate
Motivation	5	5.60	0.83	-0.15	-0.70	High

In order to achieve the objectives of the organization, innovation was creatively invented. An organization (enterprise) internally and externally gave an emphasis on employing expertise, creative thinking skills and motivation to bring about organizational creativity. With regard to organizational creativity, most respondents strongly agreed that the leader needed to support the employees to propose new ideas ($\bar{x} = 5.93$), followed by the fact that the leader needed to encourage the employees to think outside the box when it came to problem-solving ($\bar{x} = 5.89$). The results of data analysis in Table 5.7 were presented as follows:

5.2.2.1 Expertise: Table 5.7 revealed that expertise was at a Moderate ($\bar{x} = 4.81$). More detailed analysis in Table 5.8 indicated that the mean score of the indicators of expertise was at a moderate level ($\bar{x} = 4.17$ -4.81). This meant that the employees (personnel) were able to apply their knowledge and expertise into their job at a moderate level ($\bar{x} = 4.81$). Next, came the mean score of the statement that the employees possessed skills and abilities in their field ($\bar{x} = 4.78$) followed by the statement that the employees had an understanding and knowledge about their field ($\bar{x} = 4.71$).

5.2.2.2 Creative thinking skill: Table 5.7 showed that the creative thinking skill was at a moderate level ($\bar{x} = 4.81$). Similarly, when it came to more detailed analysis, as shown in Table 5.8, the indicators of creative thinking skill had a means of between 4.77 and 4.79. This meant that most of the employees were able to find ways to problems and discover new ways to work ($\bar{x} = 4.79$), followed by the fact that they were creative and capable of integrating and synthesizing their knowledge to create innovations ($\bar{x} = 4.77$) and the fact that they were able to come up with new ideas. ($\bar{x} = 4.77$)

5.2.2.3 Motivation: In Table 5.7, motivation was at a high level ($\bar{x} = 5.60$). More detailed analysis was shown in Table 5.8. The indicators of motivation were at a moderate to a high level ($\bar{x} = 5.00$ - 5.93). This meant that the respondents supported and encouraged the employees to propose new ideas most ($\bar{x} = 5.93$), followed by stimulating them to think outside the box when it came to problem-solving ($\bar{x} = 5.89$) and paid attention to the creativity of the employees ($\bar{x} = 5.87$) respectively. Next, the personnel are integrated in and satisfied with constantly creating new products / services. ($\bar{x} = 5.02$) The statement that was at a moderate level was “Money is given as a reward to motivate the employees to initiate new things ($\bar{x} = 5.00$)

Table 5.8 Mean Scores of the Indicators of Organization Creativity

Questions	Level of opinion										
	Min	Max	Mean	S.D	1	2	3	4	5	6	7
Expertise											
The personnel have knowledge and understanding of their field of studies.	1	7	4.17	1.246	0.6	0.4	10.8	26.0	32.2	19.2	7.1
The personnel have technical skills and ability in their own field.	2	7	4.78	1.230	0.0	4.3	9.6	25.1	34.1	18.3	8.7
The personnel are able to apply their knowledge to work useful for the organization.	2	7	4.81	1.269	0.0	5.3	7.7	26.9	30.0	20.4	9.6
Creative thinking skills											
The personnel have creativity, can integrate and synthesize knowledge to create innovations.	1	7	4.77	1.333	0.6	3.4	12.1	28.2	24.8	19.5	11.5
The personnel can think of and find new a way to solve problems and can search for alternatives.	1	7	4.79	1.321	0.3	3.7	11.5	28.2	26.3	18.0	12.1
The personnel are able to develop the existing idea into a new idea.	1	7	4.77	1.316	0.6	3.4	11.5	28.8	25.4	19.5	10.8

Table 5.8 (Continued)

Questions	Level of opinion											
	Min	Max	Mean	S.D	1	2	3	4	5	6	7	
Motivation												
The subordinates are supported and promoted to present new ideas.	1	7	5.93	1.090	0.3	0.0	0.9	8.7	21.1	29.4	38.7	
Money is given as a reward to motivate the employees to initiate new things.	1	7	5.00	1.355	2.2	0.9	8.7	22.3	29.4	22.3	13.9	
The leader is interested in and pays attention to the subordinates' creativity.	2	7	5.78	1.094	0.0	0.6	1.5	9.3	22.9	31.1	34.4	
The leader stimulates the subordinates to think out-of-the-box in handling problems.	1	7	5.89	1.074	0.3	0.3	1.2	8.0	23.2	32.5	34.1	
The personnel are interested in and satisfied with constantly creating new products/services.	1	7	5.02	1.327	0.6	2.8	7.7	24.1	27.6	22.3	24.6	

Note: Rating scale: 1=strongly disagree, 2=slightly disagree, 3=disagree, 4=neutral, 5=agree, 6=slight agree, 7=strongly agree

5.2.3 Organizational Innovation

Organizational innovation was a latent variable which consisted of 2 manifest variables. They were product innovation and process innovation. There were 5 questions for each of them or 10 questions in total. The result of the statistical analysis was shown in Table 5.9

Table 5.9 Mean, Standard Deviation, Skewness, and Kurtosis of the Variables
(n = 303)

Organizational Innovation	Total number of Questions	(\bar{X})	S.D.	Skewness	Kurtosis	Results
Product innovation	5	5.23	1.22	-0.26	0.35	High
Process innovation	5	5.24	1.39	-0.51	0.39	High

The respondents perceived that their organizations gave an emphasis on innovation for the purpose of being competitive and sustainable at a high level ($\bar{x} = 5.23$). Both Product innovation and process innovation were found to be at a high level ($\bar{x} = 5.23$ and 5.24 , respectively).

1) Product innovation: In Table 5.10, the components of product innovation was at a moderate to a high level ($\bar{x} = 4.99$ - 5.45). This meant that the organization could creatively produce and develop new products and services at a high level ($\bar{x} = 5.45$), followed by the fact that the organization also regularly produced new products and services ($\bar{x} = 5.29$). In comparison with last year, the organization's products and services increased at a high level ($\bar{x} = 5.04$).

2) Process innovation: In Table 5.9, process innovation was at a high level ($\bar{x} = 5.24$). In a similar manner, Table 5.10, showed that the components of process innovation was at a high level ($\bar{x} = 5.03$ - 5.28). In other words, the organization supported the development of the process of goods/service production by using modern technologies, thus adding value and importance to its goods and services had the highest mean ($\bar{x} = 5.28$), followed by the fact that the organization had new technologies that were useful for developing goods and services ($\bar{x} = 5.29$).

Table 5.10 The Statistics of Organizational Innovation

Questions	Level of opinion										
	Min	Max	Mean	S.D	1	2	3	4	5	6	7
Product innovation											
The organization frequently produces new goods/services for the market.	1	7	5.29	1.575	2.5	4.0	5.3	15.2	27.9	14.9	29.7
The organization has creativity and develops new goods and services for the market.	1	7	5.45	1.464	0.9	3.4	4.3	16.4	24.8	18.0	31.6
Compared to the previous year, my organization has more distinctive goods/services.	1	7	5.04	1.346	0.3	4.3	5.0	23.5	33.7	15.5	17.0
Compared to the previous year, my organization has more goods/services that add value to the organization.	1	7	5.03	1.382	1.2	3.7	5.0	23.5	32.2	17.0	16.7
Compared to the previous year, my organization changes goods/services to increase the value for the organization and customers.	1	7	4.99	1.373	0.6	4.6	5.9	23.5	31.9	17.3	15.5

Table 5.10 (Continued)

Questions	Level of opinion										
	Min	Max	Mean	S.D	1	2	3	4	5	6	7
Process innovation											
The organization has new technologies that are useful for developing goods and services.	1	7	5.26	1.580	1.9	5.0	5.6	17.3	24.5	26.4	28.8
The organization always uses new tools and technology in goods/services delivery.	1	7	5.23	1.621	2.5	5.0	5.0	18.6	23.8	15.8	28.5
The organization supports the development of the process of goods/service production by using modern technologies, thus adding value and importance to its goods and services.	1	7	5.28	1.541	1.9	4.0	5.3	18.3	24.5	17.6	27.9
Compared to the previous year, my organization has changed to a new production method and tools to add value to the organization and customer.	1	7	5.03	1.443	1.2	3.7	7.1	22.9	29.7	16.4	18.0
Compared to its competitors, my organization has better process innovation.	1	7	5.06	1.444	1.2	3.7	6.2	25.4	24.8	19.2	18.2

Note: Rating scale: 1=strongly disagree, 2=slightly disagree, 3=disagree, 4=neutral, 5=agree, 6=slightly agree, 7=strongly agree

5.3 Statistics of the Dependent Variable

Another objective of this study was to investigate the overall performance level of creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism industry, retail and wholesale business. In order to clearly show the overall performance of the small- and the medium-sized enterprises, comparison was made to find out the difference in performance between the year 2013 and the year 2014. See Tables 5.11-5.12.

5.3.1 Growth

Even though there was economic recession in 2013, the enterprises could moderately grow. That is, 207 SMEs (64.1%) earned more revenue, whereas 99 of them (30.6%) earned less revenue. In addition, only 6 enterprises (5%) earned the same amount of revenue. With regard to the market share growth, in spite of economic recession, 179 enterprises (55.4%) gained more market share. However, only 89 enterprises (27.5%) gained less market share, and 53 enterprises (16.4%) had the same market share. The market share of 26.9% of the SMEs has increased less than 5%, while 21.7% had the market share growth of between 5-10%.

5.3.2 Profitability

Table 5.12 showed that 200 (61.9%) of the small- and the medium-sized enterprises could gain more gross profit margin last year. Of this percentage, there were 92 enterprises (28.5%) whose gross profit margin increased 5 - 10%. About 77 enterprises (23.8%) earned the gross profit margin of less than 5%, 88 enterprises (27.3%) had the gross profit margin decrease, and 44 enterprises (13.6%) had the gross profit margin decrease less than 5%. Moreover, 33 enterprises (10.2%) earned the same gross profit margin as the previous year.

As for the net profit margin, 197 enterprises (61%) earned more net profit margin, while 89 enterprises (27.6%) earned the net profit margin of less than 5%, and 76 enterprises (23.5%) gained the net profit margin of 5 – 10%. However, the net profit margin of 90 enterprises (27.9%) decreased, and 35 enterprises (10.8%) earned the same net profit margin.

In the same fashion, 191 enterprises (59.1%) earned more operating profit margin, 81 enterprises (25.1%) earned the operating profit margin of less than 5%, only 86 enterprises (26.5%) had the operating profit margin decrease, and 45 enterprises (13.9%) earned the same operating profit margin.

It could be summarized that in 2014 the management of transformational leadership influenced the overall SME performance both in terms of growth and profitability. The performance in 2014 was better than in 2013 despite the world economic recession.

Table 5.11 Growth of the Overall Performance of SMEs

Items	Details	No. of Enterprises	Per cent
Sale revenue growth	Decrease more than 10%	15	4.6
	Decrease between 5-10%	24	7.4
	Decrease less than 5%	60	18.6
	No change	16	5.0
	Increase less than 5%	105	32.5
	Increase between 5-10%	71	22.0
	Increase more than 10%	31	9.6
	Not respond	1	0.3
Market share growth	Decrease more than 10%	10	3.1
	Decrease between 5-10%	24	7.4
	Decrease less than 5%	55	17.0
	No change	53	16.4
	Increase less than 5%	87	26.9
	Increase between 5-10%	70	21.7
	Increase more than 10%	22	6.8
	Not respond	2	0.6

Table 5.12 Profitability of the Overall Performance of SMEs

Items	Details	No. of Enterprises	Per cent
Gross profit margin	Decrease more than 10%	16	5.0
	Decrease between 5-10%	28	8.7
	Decrease less than 5%	44	13.6
	No change	33	10.2
	Increase less than 5%	77	23.8
	Increase between 5-10%	92	28.5
	Increase more than 10%	31	9.6
	Not respond	2	0.6
Net profit margin	Decrease more than 10%	16	5.0
	Decrease between 5-10%	28	8.7
	Decrease less than 5%	46	14.2
	No change	35	10.8
	Increase less than 5%	89	27.6
	Increase between 5-10%	76	23.5
	Increase more than 10%	32	9.9
	Not respond	1	0.3
Operating profit margin	Decrease more than 10%	14	4.3
	Decrease between 5-10%	26	8.0
	Decrease less than 5%	46	14.2
	No change	45	13.9
	Increase less than 5%	81	25.1
	Increase between 5-10%	75	23.2
	Increase more than 10%	35	10.8
	Not respond	1	0.3

This study showed the level of overall performance of SMEs in each type of industry/business. The overall performance was shown in Table 5.13, which illustrated comparison of the growth in terms of sale revenue, market share, and profitability i.e., gross profit margin, net profit margin, and operating profit margin).

In terms of growth, the sale revenue growth of service and tourism industry increased at a high rate of (71%), followed by sale revenue growth of creative, technological and innovative industry (70%). However, the lowest sale revenue growth belonged to agriculture and agro-processing industry (48%). Furthermore, the creative, technological and innovative industry gained an increase in market share growth (66%), whereas the lowest market share growth belonged to the agriculture and agro-processing industry (40%).

As far as profitability was concerned, gross profit margin, net profit margin, operating profit margin of the service and tourism industry increased at a high level (67%, 67% and 65%, respectively), followed by those of the creative, technological and innovative industry (61%, 64% and 60%, respectively). The agriculture and agro-processing had the lowest gross profit margin, net profit margin, operating profit margin (56%, 46% and 46% respectively).

In conclusion, the agriculture and agro-processing industry's growth (i.e., sale revenue growth and market share growth), and profitability (i.e., gross profit margin, net profit margin, and operating profit margin) were all found to be at the lowest level, which implied that the industry had the highest operating cost and employed more labor; but use few technologies and innovations.

Table 5.13 Growth of the Overall Performance of SMEs Classified by to Type of Industry/Business

Items	Details	Creative, Technological, Innovative		Agriculture and Agro Processing		Retail and Wholesale		Service and Tourism	
		No.	%	No.	%	No.	%	No.	%
Sale revenue growth	Decrease more than 10%	5	5	3	7	4	8	1	1
	Decrease between 5-10%	12	11	1	2	3	6	7	6
	Decrease less than 5%	13	12	16	36	9	17	22	19
	No change	2	2	3	7	7	13	4	3
	Increase less than 5%	36	34	15	33	18	35	36	31
	Increase between 5-10%	18	17	5	11	9	17	39	34
	Increase more than 10%	20	19	2	4	2	4	7	6
Market share growth	Decrease more than 10%	3	3	1	2	3	6	3	3
	Decrease between 5-10%	8	7	4	9	3	6	8	7
	Decrease less than 5%	16	15	13	29	7	13	19	16
	No change	13	12	9	20	10	19	21	18
	Increase less than 5%	33	31	11	25	14	27	29	24
	Increase between 5-10%	21	20	6	13	13	25	30	25

Table 5.13 (Continued)

Items	Details	Creative, Technological, Innovative		Agriculture and Agro Processing		Retail and Wholesale		Service and Tourism	
		No.	%	No.	%	No.	%	No.	%
Gross profit margin	Increase more than 10%	16	15	1	2	2	4	8	7
	Decrease more than 10%	6	6	4	9	3	6	3	2
	Decrease between 5-10%	12	11	1	2	6	12	9	8
	Decrease less than 5%	15	14	9	20	7	13	13	11
	No change	8	8	6	13	5	10	14	12
	Increase less than 5%	23	22	10	22	12	23	32	27
Net profit margin	Increase between 5-10%	28	26	13	29	18	35	33	28
	Increase more than 10%	14	13	2	2	1	2	14	12
	Decrease more than 10%	6	6	3	7	3	6	3	2
	Decrease between 5-10%	8	8	7	16	5	10	8	7
	Decrease less than 5%	15	14	9	20	8	15	14	12
	No change	9	8	5	11	7	13	14	12
	Increase less than 5%	29	27	9	20	17	33	34	29

Table 5.13 (Continued)

Items	Details	Creative, Technological, Innovative		Agriculture and Agro Processing		Retail and Wholesale		Service and Tourism	
		No.	%	No.	%	No.	%	No.	%
Operating profit margin	Increase between 5-10%	25	24	10	22	8	15	33	28
	Increase more than 10%	14	13	2	4	4	8	12	10
	Decrease more than 10%	5	5	3	7	2	4	3	3
	Decrease between 5-10%	8	7	6	13	5	10	7	6
	Decrease less than 5%	16	15	8	18	8	15	14	12
	No change	14	13	7	16	7	13	17	14
	Increase less than 5%	25	24	10	22	19	37	27	23
	Increase between 5-10%	24	23	9	20	8	15	34	29
	Increase more than 10%	14	13	2	4	3	6	16	13

5.4 Coefficient Correlation between Observed Variables

Table 5.14 showed the coefficient correlation between observed variables of transformational leadership, organization creativity, and organizational innovation and organizational performance. The coefficient correlation of each observed variables was in the range of 0.059-0.897 at the significant level of 0.01-0.05. Growth and profitability had the highest correlation, whereas idealized influences and expertise had the lowest correlation.

Table 5.14 Mean, Standard Deviation, Pearson Coefficient Correlations of the Informants

Observed Variables	1	2	3	4	5	6	7	8	9	10	11
1 I_Iflu	1.000										
2 I_Mov	.823**	1.000									
3 I_Sti	.554**	.640**	1.000								
4 I_Consi	.634**	.710**	.832**	1.000							
5 Cr_Ex	.059	.123*	.101	.189**	1.000						
6 Cr_Ct	.104	.185**	.188**	.227**	.851**	1.000					
7 Cr_Mov	.455**	.581**	.561**	.635**	.462**	.514**	1.000				
8 Innoprod	.202**	.261**	.268**	.301**	.342**	.385**	.423**	1.000			
9 Innoproc	.203**	.247**	.242**	.290**	.278**	.329**	.371**	.845**	1.000		
10 Growth	.218**	.272**	.278**	.331**	.236**	.297**	.376**	.552**	.546**	1.000	
11 Profit	.207**	.256**	.263**	.303**	.203**	.253**	.311**	.500**	.498**	.897**	1.000
Mean	5.81	5.98	6.01	6.01	4.80	4.80	5.60	5.23	5.24	4.59	4.64
S.D.	0.84	0.81	0.91	0.80	1.17	1.27	0.83	1.22	1.36	1.50	1.61

Note: ** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

5.5 Discrimination Index and Reliability of Each Question Items of the Observed Variables

The data collected from the informants were tested by the reliability of each question item of each observed variable in order to find out their correlations. Corrected Item-total Correlation and Cronbach's alpha were found in order to verify the internal consistency reliability.

Table 5.15 Discrimination and Reliability of Questions on Transformational Leadership

Observed variables	Variables in each component	Corrected Item-Total Correlation	Cronbach's alpha
Idealized influence	II1	0.761	0.862
	II2	0.807	
	II3	0.754	
	II4	0.532	
Inspirational motivation	IM1	0.757	0.899
	IM2	0.809	
	IM3	0.759	
	IM4	0.741	
	IM5	0.683	
Intellectual stimulation	IS1	0.884	0.954
	IS2	0.948	
	IS3	0.877	
Individualized consideration	IC1	0.828	0.922
	IC2	0.817	
	IC3	0.835	
	IC4	0.784	
	IC5	0.843	
	IC6	0.640	
	IC7	0.625	
	IC8	0.626	

Table 5.15 illustrated that discrimination and reliability of idealized influence were at 0.532-0.807 and 0.862 respectively. The discrimination and reliability of inspirational motivation were at 0.683-0.809 and 0.899 respectively. The discrimination and reliability of intellectual stimulation were at 0.877-0.948 and 0.954 respectively. Moreover, the discrimination and reliability of individualized consideration were 0.625-0.843 and 0.922 respectively. These indicated that the discrimination and reliability of transformational leadership were at a high level.

Table 5.16 Discrimination and Reliability of Questions on Organizational Creativity

Observed variables	Variables in each component	Corrected Item-total Correlation	Cronbach's alpha
Expertise	E1	0.936	0.966
	E2	0.940	
	E3	0.907	
Creative thinking	CT1	0.924	0.973
	CT2	0.964	
	CT3	0.939	
Motivation	M1	0.562	0.790
	M2	0.520	
	M3	0.736	
	M4	0.695	
	M5	0.423	

In Table 5.16 analysis, discrimination and reliability of expertise were at 0.907-0.940 and 0.966, respectively. The discrimination and reliability of creative thinking skill were 0.924-0.964 and 0.973 respectively. In addition, the discrimination and reliability of motivation were at 0.423-0.736 and 0.790 respectively. These meant that the discrimination and reliability of the organizational creativity were at a high level.

Table 5.17 Discrimination and Reliability of Organizational Innovation Variables

Observed variables	Variables in each component	Corrected Item-total Correlation	Cronbach's alpha
Product innovation	PDI1	0.753	0.926
	PDI2	0.773	
	PDI3	0.871	
	PDI4	0.813	
	PDI5	0.834	
Process innovation	PCI1	0.910	0.948
	PCI2	0.870	
	PCI3	0.893	
	PCI4	0.814	
	PCI5	0.805	

In Table 5.17 discrimination and reliability of product innovation were at 0.753-0.871 and 0.926, respectively. The discrimination and reliability of process innovation were at 0.805-0.910 and 0.948, respectively. Thus, it could be concluded that the discrimination and reliability of questions on organizational innovation were at a high level.

5.6 Validity and Reliability of Variables

Convergent validity and reliability of the variables were tested by using standardized factor loading and average variance extracted (AVE) with a higher level than 0.50. The AVE was also utilized to explore the discriminant validity of the questionnaire. In addition, the construct reliability (CR) was at higher than 0.70.

Table 5.18 showed standardized factor loading, AVE, CR. The standardized factor loadings of the all questionnaire were higher than 0.50, and most items were at higher than 0.70. Likewise, the AVE of each aspect of the questionnaire was higher than 0.50. It could be said that the convergent validity of the questionnaire was very good. That is to say, the standardized factor loading of organizational performance was very good (0.90-0.99). Overall, the standardized factor loading of the manifest

variables was at the highest level (0.99). The standardized factor loading of transformational leadership was good (0.73-0.92). The highest standardized factor loading of individualized consideration was 0.92. Furthermore, the standardized factor loading of organizational creativity was 0.54-0.96. The highest standardized factor loading of creative thinking skills was 0.96. In addition, the standardized factor loading of organizational innovation was very good (0.90-0.94), the highest standardized factor loading of product innovation was 0.94. Overall, the standardized factor loading was higher than 0.5, which was appropriate.

As far as the discriminant validity was concerned AVE of organization performance, organizational innovation, transformational leadership and organizational creativity were 0.899, 0.694, 0.665, and 0.845, respectively. Overall, the standardized factor loading of these latent variables were higher than 0.50.

The construct reliability of organization performance, organizational innovation, transformational leadership and organizational creativity were 0.946, 0.900, 0.849, and 0.916, respectively. Overall, the standardized factor loading of these latent variables were higher than 0.70. The results of statistical analysis of validity and reliability of the latent variables showed that the validity and reliability were suitable (Hair et al., 2010: 709-710).

Table 5.18 Standardized Factor Loading, Average Variance Extracted, and Construct Reliability of Latent Variables

	Results	Transformational Leadership	Organizational Creativity	Organizational innovation
Growth	0.99			
Profitability	0.90			
Idealized		0.73		
Influence				
Inspirational		0.81		
Motivation				
Intellectual		0.86		
Stimulation				

Table 5.18 (Continued)

	Results	Transformational Leadership	Organizational Creativity	Organizational innovation
Individualized Consideration		0.92		
Expertise			0.88	
Creative Thinking Skills			0.96	
Motivation			0.54	
Product Innovation				0.94
Process Innovation				0.90
AVE	0.899	0.694	0.665	0.845
CR	0.946	0.900	0.849	0.916

5.7 Congruence Model Testing

After the testing of the validity and reliability, the congruence model was tested. This structural equation modeling was used to find out whether the model can be congruent with the observed data or not (Suchart Prasith-rathsint, Kanikar Sookasame, Sopit Pongsaree and Thanomrut Prasithimet, 2008: 206). The structural equation modelling was adjusted because there was no congruence between the model and the collected empirical data, as seen from Chi-Square, which showed that the difference between observed interaction variation and evaluated interaction variation was 306.74 and the Degree of Freedom was 38 (P-value = 0.0000) ($p > 0.05$). These results were considered unacceptable, as the relative Chi-square was 8.07. This value was higher than the accepted value of 2.00. When the congruence model and other Goodness of Fit (GOF), which included Root Mean Square Error of Approximation (RMSEA), were used to verify the error of approximation of lower accepted measured value, it was found that RMSEA was 0.15. This value was higher than the given

criterion (0.05), which signified that this value was not congruent. Furthermore, another test Comparative Fit Index (CFI) was used. The value of congruence of Chi-square CFI was increased to 0.90, which was lower than the accepted criterion, which should be higher than 0.90 (Hair et al., 2010: 721; Suchart Prasith-rathsint et al., 2008: 220). When the Goodness-of-Fit Index (GFI), the index measured variations and the interaction variations were considered to see if the model could explain the interaction variation metric, it was found that Parameter value was 0.84, which was lower than the accepted criterion (0.90) (Hair et al., 2010: 667). This measured model was thus suitable when compared to prior parameter measurement. Moreover, the Adjusted Goodness-of-Fit Index (AGFI) was modified by the freedom of the model, which should be in the range of 0 and 1. Suchart Prasith-rathsint et al. (2008: 218) maintained that the AGFI value of more than 0.90 meant that the model was congruent. This study found that the AGFI value was 0.73, which was lower than the criterion. In addition, the Standard Root Mean Square Residual (SRMR) was 0.13, which was higher than 0.10. This indicated that SRMR was not congruent with the data collected (Hair et al., 2010: 668). The Nonnormed Fit Index (NNFI) was 0.85, which was lower than 0.90. Suchart Prasith-rathsint et al. (2008: 219) stated that the nearer NNFI value = 1, the better fit the data was. Hence, this data was not congruent.

Table 5.19 The Model Congruence Testing Index (Before the Modification of Structural Equation Modeling)

Index	Degree of acceptance	Measured value
1. Chi-square/Degree of freedom	$p > 0.05$	0.00
2. Relative Chi-square/Degree of Freedom	< 2.00	8.07
3. Root Mean Square Error of Approximation (RMSEA)	< 0.05 means good fit (Suchart Prasith-rathsint et al., 2008: 212)	0.15
4. Goodness-of-Fit Index (GFI)	> 0.90 (Hair Jr. et al., 2010: 667)	0.84

Table 5.19 (Continued)

Index	Degree of acceptance	Measured value
5. Adjusted Goodness-of-Fit Index (AGFI)	>0.90 is the criteria used for measuring if it is a good fit. (Prasith-rathsint et al., 2008: 218)	0.73
6. Standard Root Mean Square Residual (SRMR)	<0.10 means that this number was acceptable. (Hair Jr. et al., 2010: 668)	0.13
7. Nonnormed Fit Index (NNFI)	>0.90, the nearer NNFI value = 1, the better fit the data was. (Prasith-rathsint et al., 2008: 219-220)	0.85
8. Comparative Fit Index (CFI)	>0,90 (Hair Jr. et al., 2010, p. 721; Prasith-rathsint, et al., 2008: 220)	0.90

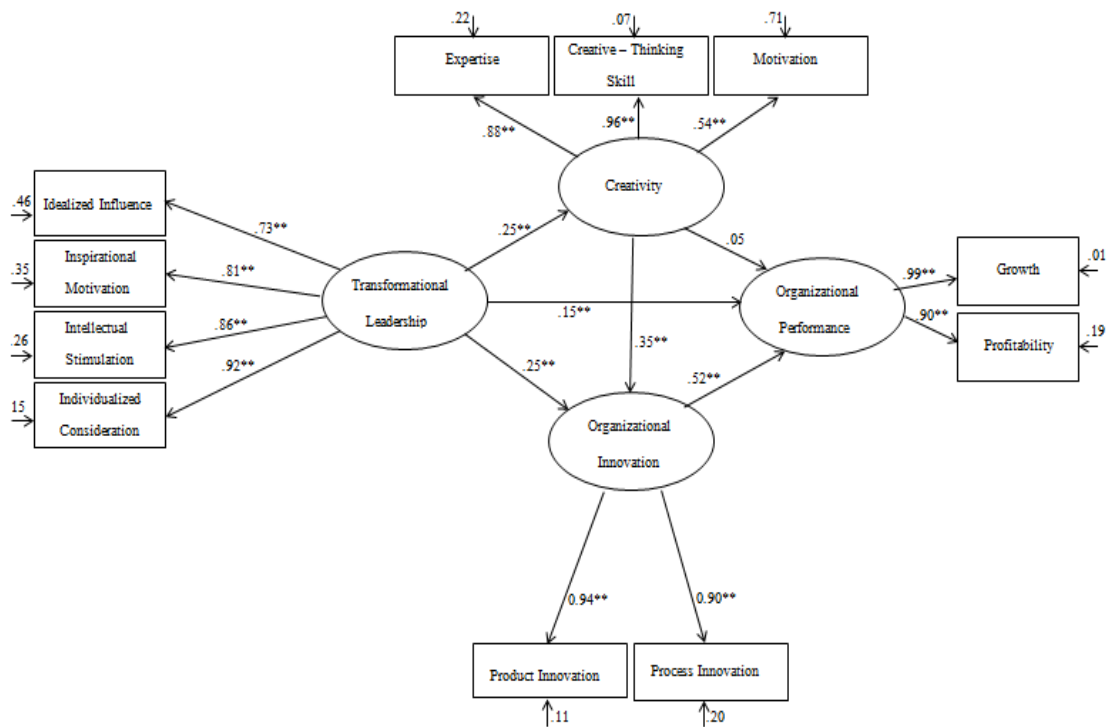


Figure 5.1 The Structural Equation Modeling of the Causal Relationship of Transformational Leadership, Organizational Creativity, Organizational Innovation, and Organizational Performance (Before Structural Equation Modeling Modification)

Note: Chi-Square goodness of fit = 790.21 df = 120 $p = 0.0000$ $\chi^2 / df = 6.59$ RMSEA = 0.13
GFI = 0.79 AGFI = 0.69 SRMR = 0.12 NNFI = 0.86 CFI = 0.89

After the congruence model was modified based on the empirical data, it was good fit. In other words, the model was more congruent with the empirical data. This was considered from Chi-Square, which showed that the difference between observed interaction variation and evaluated interaction variation was 41.17 and the degree of freedom was 29 (P-value = 0.6649) ($p > 0.05$). This meant that the difference between observed interaction variation and evaluated interaction variation in the structural equation modeling was low. The difference was not statistically significant, which indicated that the measured model could be used to evaluate the needed parameter value. Furthermore, the relative Chi-Square was 1.419, which was less than 2.00. The Root Mean Square Error of Approximation (RMSEA), which was another Goodness

of Fit, was also used to verify the error of approximation of the lower accepted measured value. It was found that RMSEA was 0.037, which was lower than the criterion (0.05). This was good fit (Suchart Prasith-rathsint et al., 2008: 212). Another index was the Comparative Fit Index (CFI), which indicated the increased congruence of Chi-square. CFI was 1.00, which was higher than the accepted criterion of 0.90 (Hair et al., 2010: 721; Suchart Prasith-rathsint et al., 2008: 220). When the Goodness-of-Fit Index (GFI) which measured variations and interaction variations were considered to see if the model could explain the interaction variation metric, it was found that the parameter value was 0.98, which was higher than the accepted criteria (0.90) (Hair et al., 2010: 667). Moreover, the Adjusted Goodness-of-Fit Index (AGFI) was modified by the freedom of the model, which should be in range of 0 and 1. Suchart Prasith-rathsint et al. (2008: 218) maintained that if AGFI value was more than 0.90, the model was good fit. This study found that AGFI was 0.94, which was higher than the criterion. In addition, the Standard Root Mean Square Residual (SRMR) was 0.055, which was lower than 0.10. This indicated that the model was good fit with the collected data (Hair et al., 2010: 668). The Nonnormed Fit Index (NNFI) was 0.99, which was higher than 0.90. Suchart Prasith-rathsint et al. (2008: 219-220) stated that the nearer the NNFI value to 1, the better fit the data was. Hence, the data was very good fit. Moreover, CFI was 1.00, which was higher than 0.90. This indicated that the data was relatively good fit at a high level (Hair et al., 2010: 721; Suchart Prasith-rathsint et al., 2008: 220). See Table 5.20.

Table 5.20 The Model Congruence Index (After the Modification of the Structural Equation Modeling)

Index	Degree of acceptance	Measured value
1. Chi-square / Degree of freedom	$p > 0.05$	0.066
2. Relative Chi-square / Degree of Freedom	< 2.00	1.419

Table 5.20 (Continued)

Index	Degree of acceptance	Measured value
3. Root Mean Square Error of Approximation (RMSEA)	<0.05 means good fit (Suchart Prasith-rathsint et al., 2008: 212)	0.037
4. Goodness-of-Fit Index (GFI)	>0.90 (Hair Jr. et al., 2010: 667)	0.98
5. Adjusted Goodness-of-Fit Index (AGFI)	>0.90 is the criteria used for measuring if it is a good fit. (Suchart Prasith-rathsint, et al., 2008: 218)	0.94
6. Standard Root Mean Square Residual (SRMR)	<0.10 means that this number was acceptable. (Hair Jr. et al., 2010: 668)	0.055
7. Nonnormed Fit Index (NNFI)	>0.90, the nearer NNFI value = 1, the better fit the data was. (Suchart Prasith-rathsint, et al., 2008: 219)	0.99
8. Comparative Fit Index (CFI)	>0.90 (Hair Jr. et al., 2010, p. 721; Suchart Prasith-rathsint, et al., 2008: 220)	1.00

5.8 Analysis of Direct and Indirect Effects on the Structural Equation Modeling

The structural equation modelling was used to explain the degree of direct effect (DE), indirect effect (IE), and total effect (TE) of independent variables on the dependent variable; as seen in Table 5.12. It was found that the transformational leadership had a total effect on organizational creativity at the level of 0.62. Transformational leadership also had a total effect on organizational innovation at the

level of 0.37, whereas transformational leadership had a positive direct effect on organizational innovation at the level of 0.26. Furthermore, transformational leadership had a positive indirect effect on the organizational innovation at the level of 0.11. Therefore, it could be concluded that organizational creativity was a mediating variable which influenced organizational innovation. Transformational leadership had a total effect on organizational performance at the level of 0.30. This indicated that transformational leadership played an important role in organizational performance. Meanwhile, organizational creativity had a direct effect only on organizational innovation at the level 0.18 and on organizational performance at the level of 0.53. The fact that only transformational leadership had a direct effect on organizational creativity at the level 0.62 meant that it had the highest influence on the casual relationship.

The study also found that transformational leadership could clarify the variance of organizational creativity (38%). Transformational leadership and organizational creativity were able to account for organizational innovation (15%). In short, transformational leadership, organizational creativity and organizational innovation could have an impact on organizational performance (13%).

Table 5.21 The Analysis of Effects on the Structural Equation Modelling

Dependent Variables	R ²	Effects	Independent Variables			
			Transformational Leadership	Creativity	Organizational Innovation	Organizational Performance
Creativity	0.38	DE	0.62**	-	-	-
		IE	-	-	-	-
		TE	0.62**	-	-	-
Organizational innovation	0.15	DE	0.26**	0.18**	-	-
		IE	0.11**	-	-	-
		TE	0.37**	0.18**	-	-
Organizational performance	0.13	DE	0.14**	0.04	0.53**	-
		IE	0.16**	0.10	-	-
		TE	0.30**	0.14	0.53**	-

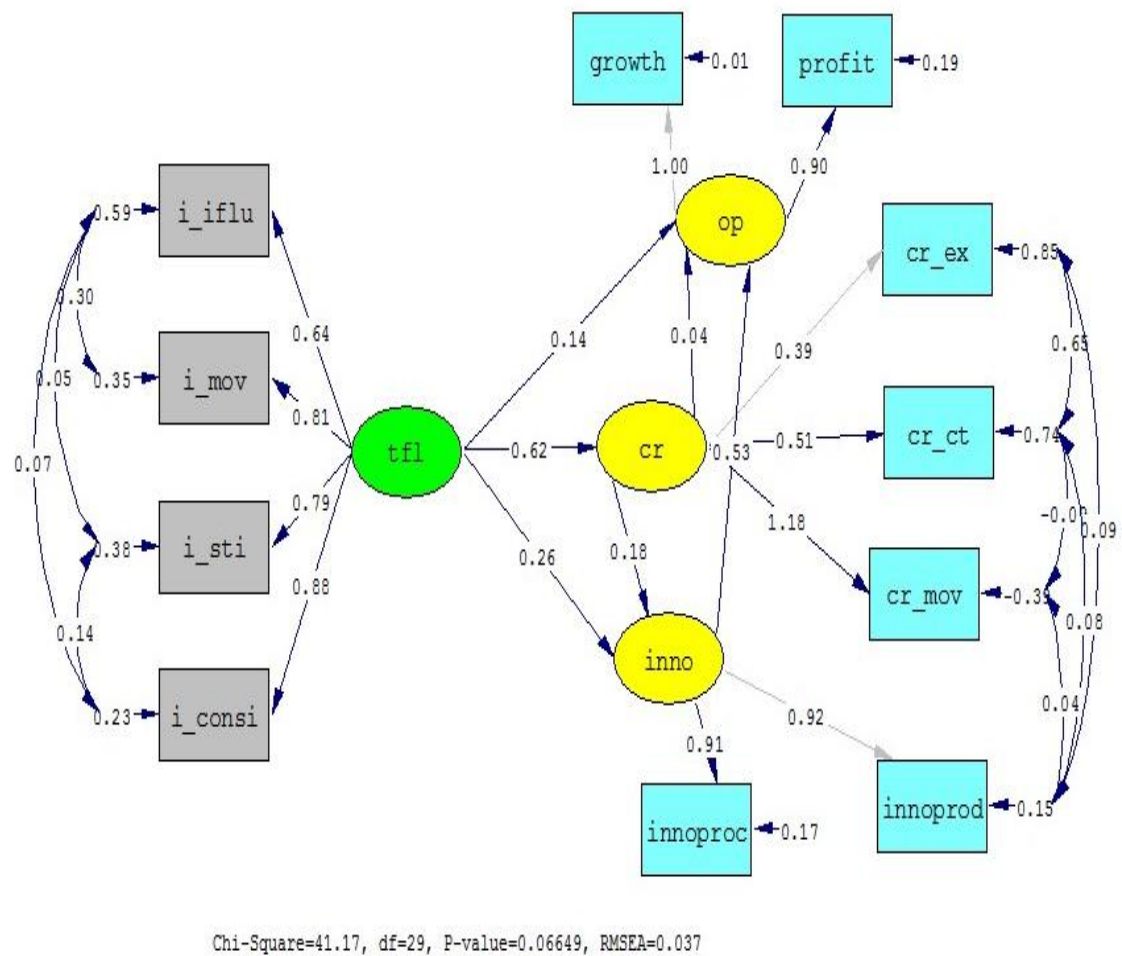


Figure 5.2 The Structural Equation Modeling of the Casual Relationship of Transformational Leadership, Organizational Creativity, Organizational Innovation, and Organizational Performance (After the Modification of Structural Equation Modeling)

Note: Chi-square goodness of fit = 41.17 df = 29 P-value = 0.06649 $\chi^2/df = 1.42$
 RMSEA = 0.037 GFI = 0.98 AGFI = 0.94 SRMR = 0.055 NNFI = 0.99 CFI = 1.00

The results of the path analysis illustrated the impact of transformational leadership, organizational creativity, and organizational innovation on organizational performance of the modified model, which showed the direct and indirect causal relationships of the variables as shown in Figure 5.3.

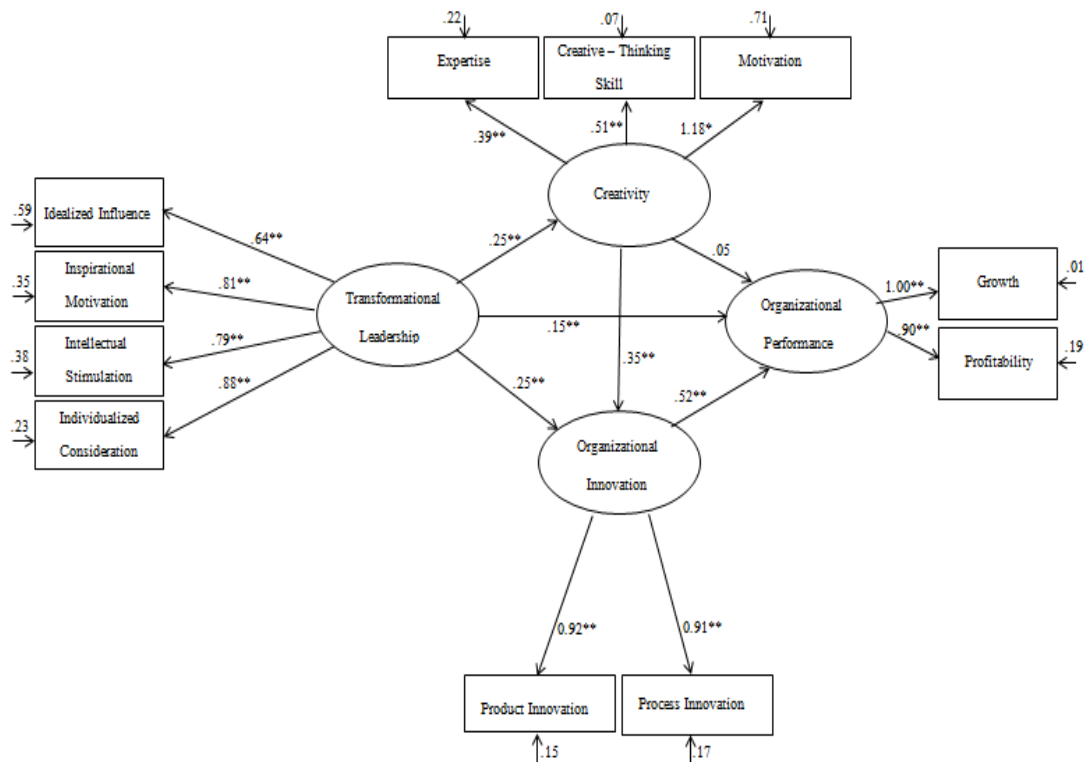


Figure 5.3 The Structural Equation Modeling of the Causal Relationship of Transformational Leadership, Organizational Creativity, Organizational Innovation, and Organizational Performance (After the Modification of the Structural Equation Modeling)

Note: Chi-Square goodness of fit = 41.17 df = 29 p = 0.06649 χ^2/df = 1.419
 RMSEA = 0.037 GFI = 0.98 AGFI = 0.94 SRMR = 0.055 NNFI = 0.99 CFI = 1.00

The data analysis and hypothesis testing (See Table 5.21) were summarized as follows:

Hypothesis 1: Transformational leadership indirectly has a positive effect on the performance of SMEs through organizational creativity and organizational innovation.

This hypothesis was supported by the data of this study with the effect size of 0.30 and was in line with the review of the literature (see Chapter 3). The results confirmed that the transformational leadership indirectly had an impact on

organizational performance, because the leader would motivate and support their employees to use their creative thinking and invent innovative products (Bass and Riggio, 2006: 7). Also, the leader played a role in promoting and supporting their employees to have organizational creativity and turn it into beneficial products or services (Mumford, et al., 2002: 706). Bass and Riggio agreed that the leader would do whatever they could to achieve the goals that the leader was believed by their employees to have extraordinary capabilities, persistence, and determination, and that the leader would use several stimulating techniques, such as setting clear objectives, goals, and challenges for work. The leader would clearly communicate his expectation that the employees need to meet and also demonstrate commitment to the goals and share vision.

Hypothesis 1a: Transformational leadership indirectly has a positive relationship with the performance of SMEs through organizational creativity.

This hypothesis was supported by the data of the study with the effect size of 0.02, and was congruent with the review of the literature (See Chapter 3). This asserted that the leader stimulated their followers develop creativity and innovation by questioning assumptions, reframing problems, and approaching old situations in new ways. Creativity was encouraged. There was no criticism of individual members' mistake in public. New ideas and creative solutions were solicited from the followers who were encouraged to try new approaches, and their ideas were not criticized only because they differed from the leaders' ideas (Bass and Riggio, 2006: 7).

Hypothesis 1b: Transformational leadership indirectly has a positive relationship with the performance of SMEs through organizational innovation.

This hypothesis was supported by the data of the study with the effect size of 0.13, and was congruent with the review of the literature (See Chapter 3). This asserted that the leader who supported the followers to develop innovation had transformational leadership. This type of leadership motivated them by sharing vision and encouraging them to think in a new way. In addition, the leadership built an atmosphere for innovation (Jugng, Chow and Wu, 2003: 529; Jung, Wu and Chow, 2008: 584).

Hypothesis 2: Transformational leadership directly has a positive relationship with the performance of SMEs.

This hypothesis was supported by the data of the study, with the effect size of 0.14, and was congruent with the review of the literature (See Chapter 3). It confirmed that transformational leadership motivated, persuaded, inspired and stimulated the followers in the organization to devote themselves to work in order to achieve organization vision and goals. The leader was considered as one of the most important factors that contributed to either the success or the failure of the organization (Bass and Riggio, 2008: 11).

Hypothesis 3: Organizational creativity directly has a positive relationship with organizational innovation and indirectly has a positive relationship with the performance of SMEs through organizational innovation.

This hypothesis was supported by the data of the study, with the effect size of 0.28 and was congruent with the review of the literature (See Chapter 3). It confirmed that organizational creativity and organizational innovation played an important role in organizational growth and performance (Mumford et al., 2012: 4). Organizational creativity and organizational innovation were necessary for organizational survival in high competition. Therefore, creativity, innovation, development of new products were significantly related (Alves et al., 2007: 28). In addition, Rasulzada and Dackert (2009) interviewed 95 high technological industries and analyzed the data by using path analysis in the LISEL program and found that there was statistically significant correlation between perceived organizational creativity and individual innovations and mental health of individual employees.

Hypothesis 3a: Organizational creativity has a positive relationship with organizational innovation.

This hypothesis was supported by the data of the study, with the effect size of 0.18 and was congruent with the review of the literature (see Chapter 3). It could be said organizational creativity was important for an organization's effectiveness and sustainability (Shalley, Zhou and Oldham, 2004: 933, Zhang and Bartol, 2010: 107).

Hypothesis 3b: Organizational creativity indirectly has a positive relationship with the performance of SMEs through organizational innovation.

This hypothesis was supported by the data of the study, with the effect size of 0.10 and was congruent with the review of the literature (See Chapter 3). It asserted that at the organizational level, creativity was considered as an important factor for

innovation, which in turn led to the organization's success. And it was also a main factor for organizational survival in this globalization era when things were considerably changing and competition was high. This factor made every organization continuously develop their innovation and use their available resources effectively, especially the human resource's creativity (Soriano de Alencar, 2012: 87).

Hypothesis 4: Organizational creativity directly has a positive relationship with the performance of SMEs.

This hypothesis was supported by the data of the study, with the effect size of 0.04, and was congruent with the review of the literature (See Chapter 3). The interviews of 1,541 chief executive officers in 60 countries and 33 industries, showed that the creativity was a special character of leadership, which was the most important element for the success of a business (IBM, 2010: 8 quoted in Weinzimmer, Michel, and Franczak, 2011: 62). Furthermore, creativity was considered a common factor for industries, as many studies found that it had an effect on organizational performance at several levels. However, it was the capability of an organization to build up the effect of creativity on organizational performance at the organizational level (Weinzimmer, Michel and Franczak, 2011: 62).

Hypothesis 5: Organizational innovation directly has a positive relationship with the performance of SMEs.

This hypothesis was supported by the data of the study, with the effect size of 0.53, and was congruent with the review of the literature (see Chapter 3). The result was in line with many studies which found that innovation increasingly played an important in organizational success and sustainability (Gudmundson, Tower and Hartman, 2003: 2; Martins and Terblanche, 2003: 64; Rujirawanich, Addison and Smallman, 2011: 1264). In the same vein, Mention (2012: 2) noted that innovation was fundamental for successful organizational performance and was the main mechanism for an organization's productivity and economic growth (e.g. Griffith, Huergo, Mairesse and Peters, 2006: 483-498). Kmiecik, Michna, and Meczynska (2012: 709) maintained that innovation helped an organization to gain advantages in competition and have better performance. Many studies found the correlation between innovation and organizational performance in large companies (Hult, Hurley and Knight, 2004: 429; Tien-Shang and Hsin-Ju, 2005: 331), and in small and medium

enterprises (Freel and Robson, 2004: 561-575; Hernandez-Espallardo and Delgado-Ballester, 2009: 470-471; Oke, Burke and Myers, 2007: 737; Kmiecik, Michna and Meczynska, 2012: 709). Thus, it could be concluded that innovation was a very important factor for organizational performance. This point was supported by Mumford et al (2012: 7) who stressed that creativity and innovation were very significant for an organization's financial success. In addition, Eisenhardt and Tabrizi (1995: 84-85) emphasized that a launching new kind of products on the market had an important effect on high-tech company's financial performance. Geroski, Machin and Van Reenan (1993: 198); Mumford et al. (2012: 7-8) investigated 721 companies in the United Kingdom and found that the rate of innovations was correlated with the high profitability of the companies. Another study which was carried out in Spain with the sample 168 companies revealed that organizational innovation had a positive effect on organizational performance (Garcia-Morales, Jimenez-Barrionuevo and Guitierrez-Gutierrez, 2012: 1040-1050).

The results of hypothesis testing were presented in Table 5.22.

Table 5.22 The Results of the Hypothesis Testing

	Hypothesis	Results
Hypothesis 1	Transformational leadership indirectly has a positive effect on the performance of SMEs through organizational creativity and organizational innovation.	Supported
Hypothesis 1a	Transformational leadership indirectly has a positive relationship with the performance of SMEs through organizational creativity.	Supported
Hypothesis 1b	Transformational leadership indirectly has a positive relationship with the performance of SMEs through organizational innovation.	Supported
Hypothesis 2	Transformational leadership directly has a positive relationship with the performance of SMEs.	Supported

Table 5.22 (Continued)

	Hypothesis	Results
Hypothesis 3	Organizational creativity directly has a positive relationship with organizational innovation and indirectly has a positive relationship with the performance of SMEs through organizational innovation.	Supported
Hypothesis 3a	Organizational creativity has a positive relationship with organizational innovation.	Supported
Hypothesis 3b	Organizational creativity indirectly has a positive relationship with the performance of SMEs through organizational innovation.	Supported
Hypothesis 4	Organizational creativity directly has a positive relationship with the performance of SMEs.	Supported
Hypothesis 5	Organizational innovation directly has a positive relationship with the performance of SMEs.	Supported

The informants of the study revealed that apart from transformational leadership, organizational creativity and, organizational innovation that had effects on the success of SME performance, other factors were, for example, economic factors, social and political conditions, marketing, capital, human resource and organizational development, staff quality, cooperation, devotion and attitude of the personnel, and organizational commitment, capability of product and service development, recruitment of employees that were intelligent, diligent, loved the organization and attentive to the organizational vision, providing new services, fast and good service, good after-sale service, utilization of modern technology, service innovation, accuracy and speed, building motivation for customers and the staff, good quality products, sincerity and honesty in customer service, not taking advantage of the customers and efficient teamwork, etc.

CHAPTER 6

QUALITATIVE RESULTS

This chapter presented qualitative research results. The data were collected from related documents and by employing in-depth interview and observation. These data were obtained from small-and medium-sized enterprises' owners or heirs who were sustainably successful in the business. Some of the enterprises' owners or heirs were rewarded from several institutes, such as Bai Po Business Awards, SME Excellent Awards, etc. They could serve as good examples and role models inspiring other SME owners or heirs to develop their capabilities of running the business.

After the School of Public Administration, National Institute of Development Administration (NIDA) sent letters requesting to 17 owners or heirs of the enterprises to permit the researcher to interview them, only 8 owners or heirs of the enterprises allowed the researcher to conduct the in-depth interview. The eight interviewees were the Chairman of the Board of Directors of Pranda Group (Mr. Preeda Tiasuwan), the Managing Director of Yothaka International Co., Ltd (Mr. Suwan Kongkhuntien), the Managing Director of Techno-Sell (Frey) Co., Ltd. (Miss Chanapa Saisamorn), the President of Sahathai Terminal Co., Ltd. (Ms. Sauwakun Karuchit), the Chief Financial Officer of Mon Logistics Group, (Miss Sirimon Usap), the Managing Director of Thann-Oryza Co., Ltd. (Mr. Thitipat Supatranond), the Managing Director of Ouay Un Dispensary Co., Ltd. (Mr. Chanun Somboonvechakarn), and the Managing Director of the Thai Molten Bag and Film Limited Partnership (Dr. Surat Areerat). The in-depth interview took approximately 1-2 hours per each interviewee. The results were detailed below:

6.1 Results

The in-depth interviews conducted with the enterprises' owners or heirs who were successful in turning their business from the small enterprises into the medium

ones, and from the small enterprises into the medium and large ones respectively revealed that there were similarities and differences in running the enterprises. That is to say, the leaders who possessed creativity, organizational innovation could achieve sustainable organizational performance.

6.2 Basic Information of the SMEs

The information from the in-depth interviews was given in Table 6.1.

Table 6.1 Basic Information of In-depth Interview from the Enterprises

Successful enterprise	Size of the enterprise	Award	Business type / organizational characteristics
Pranda Group	Large	Golden Design Awarded by World Gold Council	Manufacturer, retailer and distributor of genuine jewelry
Sahathai Terminal Co., Ltd.	Large	-	Freight services: independent harbor service (containers and warehouses available) and duty free service
Mont Logistics Group	Large	2014 Excellent Service Award	Leading logistics and transport services provider
Yothaka International Co., Ltd.	Medium	Bai Po Business Award granted by Sasin	Internationally well - known manufacturer of premium luxurious furniture made from water hyacinth

Table 6.1 (Continued)

Successful enterprise	Size of the enterprise	Award	Business type / organizational characteristics
Thann-Oryza Co., Ltd.	Medium	Bai Po Business Award granted by Sasin	Internationally well-known cosmetics manufacturer and premium Thai-brand spa
Techno-Sell (Frey) Co., Ltd.	Medium	Bai Po Business Award granted by Sasin and SME Excellent Award	Importer and distributor of Lamina films from the USA
Ouay Un Dispensary Co., Ltd.	Medium	Bai Po Business Award granted by Sasin	Herbal medicine manufacturer
Thai Molten Bag and Film Ltd.	Small	-	Manufacturer of dissolved plastic bags, plastic containers, and EVA films.

As shown in Table 6.1 SME owners or heirs who were successful in turning their business from the small enterprises into the medium ones, and from the medium and to large ones respectively, there were similarities and differences in running the enterprises. The leader who possessed creative thinking and organizational innovation received several innovative and creative awards from several institutions and were trusted by national and international customers.

6.3 The Factors Enabling the Enterprises to Become Larger Ones

The in-depth interviews of the SME owners or heirs were conducted to find out the factors enabling the enterprises to become large ones, the results were presented in Table 6.2.

Table 6.2 The Factors Enabling the Enterprises to Become Larger Ones

Factors	The results of in-depth interview							
	Yothaka	Thann-Oryza	Techno-Sell (Frey)	Ouay-Un	Pranda	Sahathai	Mon	Thai Molten
Vision	✓	✓	✓	✓	✓	✓	✓	✓
Technology			✓	✓		✓	✓	
Innovation	✓	✓	✓	✓	✓			✓
Corporate social responsibilities	✓	✓	✓	✓	✓		✓	✓
Quality	✓	✓	✓	✓	✓	✓	✓	✓
Good governance	✓		✓	✓	✓		✓	
Organizational culture			✓	✓	✓	✓	✓	
Virtue and uprightness	✓		✓	✓	✓		✓	
Making the difference	✓	✓	✓	✓				✓
Learning promotion	✓	✓	✓	✓				✓
Business and product diversity	✓	✓	✓	✓				✓
Business partnership	✓	✓	✓	✓				✓

6.3.1 Vision

According to the in-depth interview, the most important factor to successfully run a business was that the leader should have far-sighted vision which is congruent with the direction of future business operation. For example the Chairman of the Board of Directors of Pranda Group said “Leaders need to have vision and can foresee the future at least 50 or 100 years ahead. Furthermore, jewelry business can meet most women’s need.” (Preeda Tiasuwan, 2015; Interview)

Additionally, a chief financial officer of Mon Logistics Group Co., Ltd. who were a second generation heir of the company (Sirimon Usap, 2015; Interview) said,

Leaders should have a far-sighted vision in expanding a business which should basically give an emphasis on four requisites. The business should also continually develop its staff, equipment and technology as all of these are essential for the business. Therefore, the leader should have good and far-sighted vision and this will assist the business to be sustainable.

6.3.2 Quality

With regard to quality, the in-depth interview results of 8 SME owners / heirs showed that they gave importance to the quality. That is to say, an organization which focused on producing high quality and standard products, always developing the products, being fast in goods delivery could serve the needs of customers making them loyal to its brand, known as ‘brand loyalty’. As customers are always important for a business, there is a saying that ‘Customer is God’. In relation to this saying, one business owners said “the product quality should always be continually developed.” (Chanun Somboonvechakarn, 2015, Interview) Another said, “we have to make sure that our organization is always trusted by customers and that the organization should have ‘Just-in-Time’ delivery.” (Surat Areerat, 2015; Interview) And another added, “Products should have good quality which was made of high quality materials through good processing and that could be able to answer the customers’ needs.” (Thitipat Supatranond, 2015; Interview)

6.3.3 Governance

Good governance, known as good business operation principle is considered as an integral part on which most of the enterprises place an importance. It is necessary for a business to have transparency and accountability. The results of the in-depth-interview showed that Pranda Group, which was awarded as the most outstanding governance organization, had defined mission that “the organization will be run with transparency and ethics.” (Preeda Tiasuwan, 2015; Interview)

Furthermore, some enterprises’ owner and heirs expressed their thought: Leaders need to employ good governance to take care of their staff and clients and to benefit the society. (Chanun Somboonvechakarn, 2015, Interview)

Leaders are required to utilize good governance to run their business honestly and transparently. (Surat Areerat, 2015; Interview)

6.3.4 Social Responsibility

Many small and medium enterprises do hold that at present a business must be equipped with Corporate Social Responsibility (CSR). In fact, many organizations have grown and developed sustainably because they are supported by their customers. As a consequence, when the organizations make a large profit, the society should gain some benefit from them. Top level managers of several SMEs, such as Pranda Group, Techno-Sell (Frey) Co., Ltd., and Yothaka International Co., Ltd., have prioritized the issue. Mr. Preeda Tiasuwan, the Chairman of the Board of Directors of Pranda Group said,

Our company believes that in order to run the business successfully, it should have corporate social responsibility. It should focus on the following: Firstly, knowledge and educational development by providing the bilateral education system...in which the disadvantaged from provincial areas will be admitted to attend a vocational education program in Gems and Jewelry. This also includes “the pilot project of educational promotion for the disabled”, with the collaboration of the Audio Studies School to develop the deaf to enter an occupation related to gems and

jewelry, which may increase an opportunity for the disabled to find a job. Secondly, voluntariness to help the societies are promoted. The company has encouraged its executives and staff to voluntarily help the society. For example, it has organized several projects that could help improve the quality of life of the staff and the society such as Debt Reduction Project, Self-sufficiency Project, Recycling Bank aimed to make the employees realize the value of resources, Health Promotion Project, etc. The last one is that it is always adhered to the UN Global Compact that highlights four main business guidelines-Human Rights, Labor Standards, Environment Conservation and Corruption Prevention. (Preeda Tiasuwan, 2011, Global Compact Report)

The SME growth should go together with the society. Therefore, our enterprise has organized several projects which highlight social responsibilities such as donation of goods and food to Siri Wattana Cheshire Foundation, Dream maker Lamina Project, and World Protection Project which was jointly organized by Chaipattana Foundation. (Chanapa Saisamorn, 2015; Interview)

Regarding the social responsibility, our company assists the society by buying materials from villagers. It has supported and taught them handicrafts which enable them to have job opportunities so that they could earn a living and have a good quality of life. (Suwan Kong khuntien), 2015; Interview)

6.3.5 Virtue and Uprightness

From the in-depth interview, it was found that many of the enterprises have stressed the importance of virtue and uprightness when it comes to running the business. That is, they must not exploit customers' and stakeholders' interests such as suppliers, communities, etc. As some of them put it:

The enterprise should be transparently run. It should be honest with its customers and suppliers. It should build up reliance for the customers and cultivate the virtue into their staff, as this could reduce corruption. (Sirimon Usap, 2015; Interview)?

Honesty is a key to success. This means the enterprise must not exploit other people as well as the staff's interest. The enterprise should train them how to work honestly. (Chanapa Saisamorn, 2015; Interview)?

Leaders must clearly show their honesty. (Surat Areerat, 2015; Interview)

6.3.6 Diversity of Businesses, Products and Services

In order to reduce the risk of running business, the key informants mentioned that the enterprise needed to realize the importance of the diversity of business, products and services. For instance, Ouay Un Dispensary Co., Ltd has so far registered more than 100 kinds of herbs. It offers the customers more alternatives so that the enterprise can respond to the customers' needs. Chanun Somboonvechakarn, 2015; Interview)

In the same vein, Mon Logistics Group is a service provider of several kinds of products as these can assist the enterprise to weather economic crisis or some natural disasters, such as devastating flood in 2012 while other enterprises suffered from the devastating flood, as most of them did not stress the importance of business, product and service diversity.'(Sirimon Usap, 2015; Interview)

6.3.7 Organizational Culture

Each enterprise has different organizational culture which is seen as value and norm for all of the individuals to collectively observe so that the organization can be successfully run. Pranda Group, Ouay Un Dispensary Co., Ltd., Mon Transport Group, Sahathai Terminal Co., Ltd., and Yothaka International Co., Ltd. have been in business for more than 20 years. The leaders of these enterprises are proud of their organizational culture. Here is what they have stated:

If the organizational culture is not rigorous, the leader will be able to lead the organization to success only to some level. However, supposing that the organizational culture is rigorous and the leader has good leadership, the organization can successfully and continually be operated. (Preeda Tiasuwan, 2015; Interview)

Leaders should attempt to create 'one family atmosphere' in which they closely work with their staff. This may lead the staff to thinking that workplace is their second home. Consequently, the staff can carry out their jobs joyfully and they will have a good quality of life. (Chanun Somboonvechakarn, 2015; Interview)

Leaders should create a friendship and brotherhood working atmosphere rather than an employer and employee working atmosphere. (Suwan Kongkhuntien, 2015; Interview)

Leaders should take care of their employees like their family members. They should build a good relationship with them and provide them with good welfare. (Sirimon Usap, 2015; Interview)

Leaders make the workplace like home. (Sauwakun Karuchit, 2015; Interview)

6.3.8 Making Differences

Another factor which leads an organization to success is that the organization has marketing strategies that would make differences for them. This study found that some of the enterprises have different and outstanding marketing strategies. One of such enterprises with the notable marketing strategies was Yothaka International Co., Ltd., which studied, developed and produced premium luxurious furniture made of Water Hyacinth with new and stylish designs.

Our products are outstandingly designed and are premium ones. The products are exported to European market; as these the products are not available in Europe where Water Hyacinth is not easily found. In addition, Europeans see them as beautiful products. It is hypothesized that the reason why Thais do not see the beauty of these products may be that they have seen Water Hyacinth every day. (Suwan Kongkhuntien, 2015; Interview)

Furthermore, Thann-Oryza Co., Ltd has manufactured products which are labeled as high-end and premium. The prime target customers of the enterprise are high-level ones. (Thitipat Supatranond, 2015; Interview) Another company which also emphasizes the importance of making the difference was Techno-Sell (Frey) Co., Ltd., which always selects, imports, and sells high quality products with 7 years of warranty, whereas its competitors provides only 5 years of warranty. The company has employed standard technology, and it started Lamina Exclusive Shop Centre Project in 2003. (Chanapa Saisamorn, 2015; Interview)

6.3.9 Organizational Innovation

Organizational innovation is recognized as one of the most significant factors that could increase the product price and the service value. It also maximizes the enterprise's competitiveness. Therefore, many SMEs have always attempted to develop new innovations. More details regarding the SMEs' innovative development are illustrated below:

- 1) It was Thann-Oryza Co., Ltd. that utilizes Shiso's leave extracts to produce cosmetic products. The company also employs natural raw material to inventively develop organic spa product and it apply technologies for upgrading the product quality. (Thitipat Supatranond, 2015; Interview)

- 2) Ouay Un Dispensary Co., Ltd. has improved and adjusted herbal product packaging in order to be more stylish and attractive for a young generation. The company also utilizes technological innovation in order to easily find the new market. (Chanun Somboonvechakarn, 2015; Interview)

- 3) Mon Logistics Group utilizes aluminium tanks to transport oil instead of mental tanks. Even though the aluminium tanks are costly, the company

pays more attention to effectively use the tanks in the long run. (Sirimon Usap, 2015; Interview)

4) Thai Molten Bag and Film Ltd. has conducted innovative studies to develop plastic-made package, especially soluble plastic bags, which has been registered as a patent. This helps to decrease global warming. (Surat Areerat) Furthermore, some of the enterprise owners have said that:

6.3.10 Promotion of Learning and Training for Staff Development

The successful and outstanding SME leaders and the heirs need to continually promote and support their staff to participate in learning and training, especially to enhance professional capabilities. In this respect.

1) Sahathai Terminal Co., Ltd., the company does not organize only several training courses, but also set up a logistic and transporting training institute with the aim to develop its staff so that they can be ready for business growth. This institute will have completed by the year 2016. (Sauwakun Karuchit, 2015; Interview)

2) Techno-Sell (Frey) Co., Ltd. has trained its staff how to install Lamina tinted film, and one of their staff members won the reward. The project which rewards and looks for the young generation encourages the young generation to proficiently and effectively install tinted film. (Chanapa Saisamorn, 2015; Interview) In the same manner, some SME owners and the heirs are willing to encourage the staff to develop themselves through learning and training. They maintained that:

We have stressed the importance of staff development, cultivating virtue into them. We have also encouraged the staff to organize many activities which have been designed for the staff to learn the organizational culture as well as other things. (Chanun Somboonvechakarn, 2015; Interview)

We have always held training courses and activities but the staff need to translate the knowledge gained from the training and activities into practice. We also provide an opportunity for the staff to have a study tour and encouraged them to propose new ideas. (Chanapa Saisamorn, 2015; Interview)

As the staff, equipment and technology are important for running a business, they have always been developed. (Sirimon Usap, 2015; Interview)

The organization has always trained the staff to get access to new technology and a new work system. (Sauwakun Karuchit, 2015; Interview)

6.3.11 Business Partnership

Having business alliances or partnerships is of great importance for the success of many businesses. The results of this study showed that some SMEs placed the importance on having business partnerships. These enterprises were Thann-Oryza Co., Ltd., which has imported goods and, therefore, should have strong business partnership, and Thai Molten Bag and Film Ltd., most business partnerships of which were foreign companies, especially Japanese companies.

Having foreign experienced and responsible partnerships could help our business to be successful and enabled us to make things great. (Thitipat Supatranond, 2015; Interview)

Having foreign partnerships could also help us survive...the organization should have enough courage to look for a new partnership and to share some ideas, as this practice will help us to bring in innovations. (Surat Areerat, 2015; Interview)

6.3.12 Technology

Modern technology can make a business more effective and productive. This study showed that many SMEs utilized modern technology to run their business. For example, Mon Logistics Group, have used Global Positioning System (GPS) in transporting goods. Sahathai Terminal Co., Ltd., has employed new technology to help them to be have fast service in transporting goods. Pranda Group has used modern technology in making products genuine and effective. Some SME owners have expressed their ideas about new technology that:

Our executive has installed a modern software system. This is to facilitate the staff's work. This also means the staff needs to trust and depends on the system. (Sirimon Usap, 2015; Interview) New technology really affects the enterprise's performance.

The enterprise needs to utilize modern technology. Information technology helps speed up the enterprises' system. (Preeda Tiasuwan, 2015; Interview)

Using the information technology system can help the enterprise to give service faster. And the staff should clearly understand technology. The most important thing is that the enterprise needs to train the staff to use technology and to be able to develop it. (Sauwakun Karuchit, 2015; Interview)

6.4 The Results of Transformational Leadership

As far as the in-depth interview was concerned, the study revealed that as most of the successful enterprises were either a small- or a medium-sized enterprise and were, later on, developed to be either the medium- or the large-sized ones. Some leaders of these enterprises have a similar level of transformational leadership; others have a different level. Transformational leadership can play a vital role in assisting the business in achieving the enterprise's goal. This type of leadership consists of 4 components as follows:

6.4.1 Idealized Influence

One characteristics of transformational leadership is idealized influence, which can be reflected through leader's value, beliefs and virtue and uprightness. Because of these characteristics, the leader can be a good example for the staff. As a result, the staff will trust and have faith in him. Hence, when the leader shows his strong determination to achieve the organizational goal, the staff is believed to be committed to the job as well.

The Managing Director of Techno-Sell (Frey) Co., Ltd. had an outstanding transformational leadership in terms of the idealized influence. She said:

The enterprises must be adhered to virtue and honesty and must not exploit customers' interest. The leader of the enterprise must be a good example for others and his management must be based on good governance. Although the leader has fairness and transparency, the enterprise may not be successful. However, if the leader clearly shows his honesty, transparency, devotion and determination, it is very likelihood that the enterprise will be successful as he is a good example for others. This meant that the leader is cultivating virtue and uprightness, and organizational culture into the staff. (Chanapa Saisamorn, 2015; Interview)

This opinion concurred with that of the Managing Director of Yothaka International Co., Ltd and that of the Chairman of the Board of Directors of Pranda Group:

The leader must show his honesty, justice, responsibility, determination, diligence, and should serve as a good example. As a result, the enterprise can be successful. Also, the leader should not only see his staff as employees, but also view them as part of the enterprises. The leader must trust in his staff, and he must respect them and should create a brotherhood atmosphere in the workplace. (Suwan Kongkhuntien, 2015; Interview)

The leader must have a high standard of virtue and uprightness. He also must be a good example for others in the enterprise and must equally provide equipment for the staff. (Preeda Tiasuwan, 2015; Interview)

Chief Executive Officer of Sahathai Terminal Co., Ltd. viewed that:

In terms of transparency, the leader must be a good example. He must also have virtue in running the business. He should also work with his staff like one big family. He should be considerate and intimate. He should try to make the staff think that the workplace is their second home so that the staff could carry out their job happily. (Sauwakun Karuchit, 2015; Interview)

Chief Financial Officer of Mon Logistics Group has interestingly mentioned that:

The leader must be a good example for his staff and must have honesty in running the business. He should also create confidence in his customers. He should have determination and devote himself in running the business. He should be trusted by the customers, and should instill in his staff virtue, uprightness and morality. These can help reduce corruption. (Sirimon Usap, 2015; Interview)

Managing Director of Thann-Oryza Co., Ltd., who is considered new generation and sees the importance of transformational leadership in terms of idealized influence, has noted that:

I will be a good example for others in the enterprise; I will enthusiastically show my determination and devotion to helping the enterprise attain its goal. Also, I will respect my staff. (Thitipat Supatranond, 2015; Interview)

I will practice good governance, take care of the staff as if they were my family members. I have tried to build a good relationship with them. The society can gain benefits from my enterprise. I will be responsible for my job and will be a good example for my staff. (Chanun Somboonvechakarn, 2015; Interview)

I will show my personal value and I believe in honesty, transparency and good governance. (Surat Areerat, 2015; Interview)

6.4.2 Inspirational Motivation

Transformational leadership in terms of inspirational motivation can be reflected from the leader's inspiration and motivation of his staff. The leader should clearly state his vision and the objectives of the enterprise. He needs to clearly communicate his expectation so that the staff can easily follow him. Managing Director of Techno-Sell (Frey) Co., Ltd. was considered as a good example of a leader who could inspire and motivate the enterprise's staff:

As a leader, I am determined to work together with my staff; I would use my leadership to make a decision, talks to my staff based on reasoning. I will stimulate them to work as a team. I will also like make them realize the importance of communication skills. This means that a good leader must have effective communication skills, far-sighted vision, and persuasive skills and should be able to motivate and inspire the staff to achieve the enterprise's goals. (Chanapa Saisamorn, 2015; Interview)

Chief Executive Officer of Sahathai Terminal Co., Ltd. has also said,

The leader must inspire and motivate their staff. They must set clear and far-sighted goals and vision so that staff will be able to work for the enterprise effectively and productively. Also, the leader must focus on high quality products, and modern and speedy delivery. In addition, he must set clear KPIs (Key Performance Indicators) of each division. (Sauwakun Karuchit, 2015; Interview)

The Chairman of the Board of Directors of Pranda Group is considered as a leader with a far-sighted vision (50-100 years) who could inspire and motivate the enterprise's staff to work for the enterprise.

The leader of this enterprise has clearly set the enterprise's vision. He also inspires and motivates the staff to actively take part in imagining the enterprise' future foresee 50-100 years ahead so that this jewelry company can satisfy all women's needs. (Preeda Tiasuwan, 2015; Interview)

Managing Director of Ouay Un Dispensary Co., Ltd has shown his inspirational motivation skill. He clearly sets the enterprise's objectives and goals along with rewards, which could help the staff, foresee the future. (Chanun Somboonvechakarn, 2015; Interview)

Chief Financial Officer of Mon Logistics Group expressed his viewpoint regarding inspirational motivation that:

The leader should have clear vision in expanding the business based on business diversity; this is to reduce risks. Therefore, when the business runs into crisis, it can weather through it. (Sirimon Usap, 2015; Interview)

It should be noted that transformational leadership must inspire and motivate the staff to work as a team. He also needs to clearly communicate the enterprise's objectives and direction. The leader sometimes needs to make a comparison between enterprises so that the staff can have inspiration and motivation to carry out the jobs. In support of this, Managing Director of Thai Molten Bag and Film Ltd. mentioned that:

The leader needs to clearly communicate the enterprise's innovation and objectives. This can make the staff more determined and finally have faith in the enterprises. (Surat Areerat, 2015; Interview)

6.4.3 Intellectual Stimulation

Successful enterprises always stimulate, promote, and give the personnel an opportunity to use their creativity and create innovations. The enterprises also need to

support their personnel to find a new way or new working style so as to come up with more effective and productive results. Therefore, transformational leadership can often be seen in such organizations. For instance, Managing Director of Techno-Sell (Frey) Co., Ltd. was rewarded as one of the outstanding figures with good transformational leadership and intellectual stimulation.

I support and promote the organizational culture, creativity, and innovation. I will also encourage all the staff to express their thoughts and I will listen to them. I will stimulate them to have courage to think, to do and to be responsible. (Chanapa Saisamorn, 2015; Interview)

This leadership style was also found in Managing Director of Thann-Oryza Co., Ltd. who also attempted to stimulate the staff to come up with creativity and innovation. He also received an award for his organizational innovation.

Everyone in my enterprise is free to expressing his or her ideas. When some staff members propose something creative, they will be admired. That creative idea should be taken further. The leader must not be his staff; on the contrary, he must be open-minded. (Thitipat Supatranond, 2015; Interview)

I will always encourage my staff to think of something new so that they can effectively develop the enterprise's products. (Surat Areerat, 2015; Interview)

Chief Executive Officer of Sahathai Terminal Co., Ltd. has stated that 'with regard to intellectual stimulation, the staff should be given an opportunity to propose their new or creative ideas. If the leader does not support this, they will not come up with new ideas. (Sauwakun Karuchit, 2015; Interview)

In addition, Mon Logistics Group said, “As a leader, I will stimulate my staff to have creative thinking and develop their work, and I always evaluate their work. (Sirimon Usap, 2015; Interview)

6.4.4 Individualized Consideration

Leaders of successful enterprises, realize the importance of success and the growth of the staff. Therefore, every single staff member will be given an opportunity to develop themselves and they are always monitored and evaluated. Concerning individualized consideration, Managing Director of Ouay Un Dispensary Co., Ltd said that the leader assigned the staff some work, they would learn to be more responsible, but the leader must trust them. (Chanun Somboonvechakarn, 2015; Interview)

Managing Director of Techno-Sell (Frey) Co., Ltd. is considered as another good example of the leaders with individualized consideration.

The leader must stress the importance of training and must develop the staff through organizing various activities which aim to encourage the staff to learn organizational culture and upgrade their knowledge and skills. The staff must always be evaluated. Once they are assigned a task, the leader must follow up their work and evaluate them monthly with KPIs. There should be coaching and testing. Moreover, the leader must encourage them to put their knowledge into practice. (Chanapa Saisamorn, 2015; Interview)

Additionally, Chief Executive Officer of Sahathai Terminal Co., Ltd. said,

The enterprise must train the staff so that they can understand technology and work systems. The staff must be trained to increase their capabilities. Furthermore, the enterprise must train and develop the staff's skills in the enterprise's business. (Sauwakun Karuchit, 2015; Interview)

6.5 Influence of Transformational Leadership on Organizational Performance

The leader is considered an important figure for the enterprise. The study revealed that all SMEs leaders viewed that transformational leadership influenced the enterprise's performance. Managing Director of Ouay Un Dispensary Co., Ltd stated that 'With a good leadership, the enterprise's staff will be working happily. Whenever the leader sees that the staff is an integral part of the enterprise, it is believed that they can perform well.' (Chanun Somboonvechakarn, 2015; Interview) In support of this, Chief Executive Officer of Sahathai Terminal Co., Ltd. confirmed that leadership was important. The leader should carefully make a decision and in order to have good performance, the leader must make customers trust the enterprise.' (Sauwakun Karuchit, 2015; Interview) Additionally, The Chairman of the Board of Directors of Pranda Group agreed that leadership was vital for any enterprise. Unless the organizational culture is rigorous, the leader might be unable to lead the enterprise successfully.' (Preeda Tiasuwan, 2015; Interview)

6.6 Influence of Transformational Leadership on Organizational Creativity

Leadership plays a vital role in encouraging the staff to have creative thinking. The study found that the leaders of all enterprises agreed that amid high competitiveness of the business sphere, if the leader was not active enough to develop the products, the enterprise will not be capable of competing with its competitors. However, before developing any products, the leader had to take the marketing context into consideration. (Surat Areerat, 2015; Interview)

The leader must not be biased with the staff in the enterprise; instead he must be open-minded and must be able to adapt himself in every situation. (Thitipat Supatranond, 2015; Interview)

If the leader assigned the staff too much work, they would not be able to perform well and could not think creatively. Besides, the working environment also helps the staff to come up with creative thinking. Blaming them may result in hindering their creative thinking. (Chanapa Saisamorn, 2015; Interview)

If the leader does not support the staff, creativity may not occur. (Sauwakun Karuchit, 2015; Interview)

The leader must be open-minded and are ready to listen to others' opinions. (Chanun Somboonvechakarn, 2015; Interview)

6.7 Influence of Transformational Leadership on Organizational Innovation

The leadership is deemed as another factor which contributes to organizational innovation, which in turn will maintain the organization's competitive advantage. Some opinions of the key informants were reported below.

If the staff members are free to think, they may come up with new ideas. Once they can develop an innovation successfully, they may have inspiration and motivation to go further. (Chanun Somboonvechakarn, 2015; Interview)

On the one hand, without the leader with creative thinking; there will be no new innovation. (Preeda Tiasuwan, 2015, Interview) On the other hand, if the leader has creativity, it is very likely that there will be new innovation. However, this hypothesis may be invalid because it depends on types of business. (Sauwakun Karuchit, 2015; Interview)

The leader must not be biased but must be open-minded. (Thitipat Supatranond, 2015; Interview)

The leader is the one who guides and directs the enterprise's operation. Therefore, they should dare to build a new business network. In addition, a good leader must have good vision and open the floor for their staff to freely express their thoughts. (Surat Areerat, 2015; Interview)

6.8 Influence of Organizational Creativity on Organizational Performance

It is generally accepted that organizational creativity influences organizational performance. The SME owners in this study highlighted that creative thinking would help the staff to be more active and curious, leading them to applying their creative ideas to their work. (Chanun Somboonvechakarn, 2015; Interview)

If there are no creativity and inspirational motivation in the enterprise, the business may not be such prosperous. (Sauwakun Karuchit, 2015; Interview)

Creative thinking can help drive the enterprise. If there is no creativity, the enterprise will go nowhere. (Thitipat Supatranond, 2015; Interview)

6.9 Influence of Organizational Creativity on Organizational Innovation

Creative thinking of the staff in the enterprise is an important factor that gives rise to organizational innovation and success. Some of the SME owners said that:

Organizational innovation is generated by human resource. It is aimed at solving problems and taking a creative idea further. If a problem occurs, the enterprise will use creativity to solve the problem. This may lead to innovation. (Surat Areerat, 2015; Interview)

Innovation is a new thing which is derived from creative thoughts. However, most people always replicate the existing theory and take it further. (Thitipat Supatranond, 2015; Interview)

No creative thinking means no innovation. And new innovation can drive the enterprises to the next step. (Preeda Tiasuwan, 2015; Interview)

6.10 Influence of Organizational Innovation on Organizational Performance

Organizational innovation can help the enterprise maintain its competitive advantages, which lead to good organizational performance. The in-depth interview results suggested that:

The enterprises should continually be developed so that there would always have new things. (Surat Areerat, 2015; Interview) In logistic business, organizational innovation is very crucial for developing the enterprise. (Sauwakun Karuchit, 2015; Interview)

6.11 Conclusion

In this study, most of the 323 enterprises (277 SMEs) from creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism industry, and retail and wholesale business were registered as Company Limited. These SMEs realized the importance of a good image. Of 323, 102 were in service and tourism industry, 91 enterprises in retail and wholesale business. The fixed assets of each of the 217 enterprises were 1-30 million baht worth. In these enterprises, the owners played an important role in daily management. The majority of the key informants (124 persons), aged 31-40 years, which implied that a new generation increasingly becomes SME owners. With regard to education, 245 of the key informants graduated with a Bachelor's degree. This indicated that the SME owners had a higher educational level than those before them. So they should have a better understanding of how to run the business. As for daily management, the owners of 185 SMEs played a role in managing daily basis work. The main role of the owners is planning.

Most of the SME owners or heirs or top-level managers (93.81%) possessed transformational leadership at a very high level. These leaders strongly agreed that for organizational success, transformational leadership should be at a very high level.

Even though there was economic recession last year, the SMEs manage to grow. Most of them had the sale revenue growth of 64.1%. The market share growth also increased 55.4%. In terms of profitability, the gross profit margin increased 61.9%. Also 61% of SMEs experienced profit margin increase. Moreover, 59.1% of the enterprises have higher operating profit margin. Therefore, it can be conclude that the enterprises have better performance in terms of growth and profitability despite of the economic recession last year.

The goodness-of-fit testing and congruent model testing with the observed data were made to find out whether the manifest variables could explain latent variables. The statistics employed were Chi-square, Root Mean Square Error of Approximation (RMSEA), Goodness-of-Fit Index (GFI), Adjusted Goodness-of-fit Index (AGFI), Standardized Root Mean Square Residual (SRMR), Non-Normed Fit Index (NNFI), and Comparative Fit Index (CFI).

The statistical results of the testing of validity and reliability testing of the variables were shown in Table 5.18. Standardized factor loading, average variance extracted, construct reliability for use in modified structural equation modeling were used to find out the relationship of transformational leadership, organizational creativity, organizational innovation, and organizational performance. It was found that the standardized factors loading of transformational leadership was at a rather high level. The highest weight (0.88) belonged to individualized consideration; while in addition, the weight of organizational performance is at a high level, with the growth weight of (1.00). Furthermore, the average variance extracted of organizational performance, organizational innovation, transformational leadership, and organizational creativity are 0.899, 0.845, 0.694, and 0.665, respectively. The construct reliability of organizational performance, organizational innovation, transformational leadership, and organizational creativity were 0.946, 0.916, 0.900, and 0.849, respectively.

The analysis of direct and indirect effects on structural equation modeling to find out whether it was congruent with the hypothesis or not revealed that the results were in congruence with the hypotheses. Lastly, as far as the in-depth interview results were concerned, it was found that many factors contributing to successful business were the leader's vision, rigorous organizational culture, innovation development, modern and effective technology, high quality of products and services, diversity in business, products services, good and speed services, good governance, virtue, uprightness, honesty, transparency for stakeholders, corporate social responsibility, good and trusted partnership, as well as constant promotion of learning and training for staff development.

Last but not least, the owners or heirs of SMEs perceived that transformational leadership significantly influenced on organizational performance. They also saw that organizational creativity and organizational innovation influenced organizational performance.

CHAPTER 7

SUMMARY, DISCUSSION AND RECOMMENDATIONS

This chapter presents the summary of the research results, discussion, usefulness of the study, limitations of the study, and recommendations for further research.

7.1 Summary of the Research Results

The study on the impact of transformational leadership, organizational creativity, and organizational innovation on SME performance was conducted for the following four objectives: 1) to reveal the level of transformational leadership, organizational creativity, organizational innovation, and organizational performance of SMEs; 2) to identify the factors affecting the success of SMEs, enabling them to survive sustainably in the changing environment; 3) to find out the impact of transformational leadership, organizational creativity, organizational innovation on SME performance in Thailand; 4) to examine the level of performance of 4 specially important businesses, i.e., creativity, technology and innovation industry, agriculture and agricultural processing industry, retail and wholesale business, and service and tourism industry. The study was based on the concepts of transformational leadership, organizational creativity, organizational innovation and organizational performance. These concepts were included in the framework of the study of SMEs. The descriptive statistics and the structural equation modeling were used to describe the data and to test the hypotheses to find out the relationship between variables. In addition to quantitative research, qualitative research was also done to supplement the findings of quantitative study. In-depth interviews of SME business owners or their heirs were conducted to better understand the results of the hypothesis testing. The population of the study was SMEs in 4 business groups: namely, creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism

industry, and retail and wholesale business in Bangkok, Nonthaburi, Nakhon Pathom, Pathum Thani, Samut Prakan, Samut Sakhon, Samut Songkhram, Phra Nakhon Sri Ayutthaya, Chon Buri and Chachoengsao provinces. The total population was 47,163 SMEs. A representative of each SME, who was the owner or the heir or the top executive, was asked to fill out the questionnaire. The total of 323 out of 1,000 SMEs returned the questionnaires. Nine hypotheses were formulated and tested. H1: Transformational leadership indirectly has a positive relationship with SME performance through organizational creativity and organizational innovation. H1a: Transformational leadership indirectly has a positive relationship with SME performance through organizational creativity. H1b: Transformational leadership indirectly has a positive relationship with SME performance through organizational innovation. H2: Transformational leadership directly has a positive relationship with SME performance. H3: Organizational creativity directly has a positive relationship with organizational innovation and indirectly has a positive relationship with SME performance through organizational innovation. H3a: Organizational creativity directly has a positive relationship with organizational innovation. H3b: Organizational creativity indirectly has a positive relationship with SME performance through organizational innovation. H4: Organizational creativity directly has a positive relationship with SME performance. H5: Organizational innovation directly has a positive relationship with SME performance. The results of empirical analysis obviously supported H1, H1a, H1b, H2, H3, H3a, H3b, H4, and H5.

7.2 Discussion

The results of analysis of quantitative data from the returned questionnaires (32.3%) were divided into two parts for discussion. The first part discussed the level of performance of SMEs in order to reflect the picture of SME performance in the volatile and sluggish economic condition. The second part discussed the results of the analysis of the relationships of variables, or the hypothesis testing, and review of literature on the SME performance in 2014. In spite of the volatile and sluggish economic condition, the SME samples still grew to a certain extent. Most enterprises (64.1%) had a higher income; only 30.6% had a lower income. The market share of

most SMEs in the sample group (55.4%) grew despite the sluggish economic condition, while 27.5% experienced decrease in market share. As for profitability, in 2014 the gross profit of most SME samples (61.9%) increased, whereas 27.3% had lower gross profit. About 61% of the SMEs gained higher net profit and only 27.9% had lower net profit. Next, 59.1% of the SMEs gained higher operational profit margin and only 26.5% had lower operational profit margin. To sum up, in 2014 most SMEs had better performance in terms of growth rate and profitability, although the world economy and Thailand's economy were volatile and sluggish. The in-depth interviews of SME business owner or their heirs revealed that although SMEs encountered economic volatility and recession in 2014 due to external factors, such as political instability, making them unable to gain high profit as expected, the overall performance of SMEs was better because they could adjust themselves by controlling their operational costs (cost leadership).

The performance of 4 SME business groups that were given special importance in the Third SME Promotion Plan (2012-2016), consisting of creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism industry, and retail and wholesale business, were studied in details. It was found that service and tourism industry experienced the highest growth (71%), followed by creative, technological and innovative industry (70%); on the other hand, agriculture and agro-processing industry had the lowest growth (48%). Creative, technological and innovative industry had the highest growth of market share (66%); in contrast, agriculture and agro-processing industry had the lowest growth of market share (40%). Service and tourism industry had the highest increase in gross profit margin, net profit margin, and operational profit margin (67%, 67% and 65%, respectively), followed by creative, technological and innovative industry which had an increase in gross profit margin, net profit margin, and operational profit margin of 61%, 64% and 60%, respectively. On the contrary, agriculture and agro-processing industry had the lowest increase in gross profit margin, net profit margin, and operational profit margin (56%, 46% and 46%, respectively). To conclude, the growth rate of agriculture and agro - processing industry, consisting of the income growth, the market share growth, and profitability (i.e., gross profit margin, net profit margin, and operational profit margin) was lowest in all aspects. It implied that

agriculture and agro-processing industry had the highest operational cost, the lowest profit margin per unit, low productivity and high labor-intensiveness, lowest application of innovations and technology.

Next, the relationships between important variables would be discussed hypothesis by hypothesis.

7.2.1 Transformational Leadership has a Positive Relationship with SME Performance Through Organizational Creativity and Organizational Innovation.

Bass and Riggio (2006: 7) said that transformational leadership indirectly influenced SME performance because the leader would motivate, stimulate and support the followers to try to use creativity to create product innovations in response to the customer needs. This research found that transformational leadership positively influenced SME performance through organizational creativity and organizational innovation. Therefore, the hypothesis was accepted. The finding was consistent with the result of the in-depth interviews. That is, “SMEs can apply the knowledge gained from research to continuously create new products with creativity. Besides, SMEs need to have a packaging skill to make differences from others. Creativity depends on leader who has tried to create new products and find markets and communicate the idea to the personnel who are motivated by incentives, such as salary rise, bonus, welfare and other fringe benefits, etc.”

7.2.2 Transformational Leadership Indirectly has a Positive Relationship with SME Performance Through Organizational Creativity.

Many researchers found that transformational leadership was related to organizational creativity. For example, the leader played a role in promoting and supporting the organization's members and providing them with an opportunity to show off their creativity, including creating an atmosphere for them to do so. If the leader did not listen to the subordinates, they would not dare to show off their creativity. In this research the hypothesis that transformational leadership indirectly has a positive relationship with SME performance through organizational creativity was accepted. The finding was consistent with the result of the in-depth interviews.

That is, “the leader must listen to the employees’ opinions. He must not block them from expressing their views. The leader may hold a meeting of the heads of all the sections and listen to the employees’ opinions through the head of each section who presents them at the meeting.” And “if the leader puts too much workload on the employees, they will not have creativity. The work environment can promote organizational creativity as well. Condemning the employee who shows off his/her creativity is not a way to promote creativity among the organization’s employees.” In addition, “if the leader does not give any support, creativity will not take place. But if the leader agrees and does not want to gain the profit only, the employees will consider his support sustainable. They will have a sense of belonging to the organization. Therefore, leadership is not found only in the top management, it occurs at all levels.”

7.2.3 Transformational Leadership Indirectly has a Positive Relationship with SME Performance Through Organization Innovation.

Many researchers state that transformational leadership positively influences organizational innovation because it stimulates organizational members to find a new way to work, to search for innovations and to use creativity to constantly produce innovations. This research found that transformational leadership indirectly had a positive relationship to SME performance through organization innovation. The hypothesis was accepted and the finding was consistent with the result of the in-depth interviews. That is, “the leader who makes the employees have the ability and freedom to think creativity can bring about innovations because the employees will apply their creativity to produce innovations. If the employees are initially successful, they will have motivation to go on.” And “the leader will determine the role and the direction in business operation, so he must build a network or to exchange opinions with other people so as to adopt new things to develop into innovations. The leader must have good vision and give the employees an opportunity to express their ideas and present things that truly benefit the organization. He must not block the employees from expressing opinions.

7.2.4 Transformational Leadership Directly has a Positive Relationship with SME Performance.

Many researchers state that transformational leadership positively influences organizational performance. Several previous research studies found that it was significantly related to organizational performance. The leader must be a good model for the organization's members. He must possess an art of persuasion and motivation. He can build inspiration for organizational members, stimulate and promote them to work in teams to achieve work goals, objectives and expectations. Besides, the leader should act as a coach or mentor and develop organizational members to have higher potential and ability. This research confirmed the finding of previous studies that transformational leadership significantly influenced organizational performance. The hypothesis was accepted and the finding was consistent with the result of the in-depth interview of business owners or their heirs that "the leader must be a role model for team members. If the leader is not fair and transparent, the organization will not be successful. But if the leader clearly shows that he is honest and sincere and devotes himself to the organization and is willing to put his time and efforts to the teamwork to a full extent, the organization will be successful because the leader is a good example for the employees." And if the leader is good, the employees will work happily. When the leader sees the value of the employees, they will work well without being told. A good leader must inform the employees of what objective of the work is and how the work is valuable." To conclude, two measurable variables of SME performance, i.e., growth and profitability were appropriate for this research.

7.2.5 Organizational Creativity Directly has a Positive Relationship with Organizational Innovation and Indirectly has a Positive Relationship with SME Performance Through Organizational Innovation.

This research found that organizational creativity directly had a positive relationship with organizational innovation and indirectly had a positive relationship with SME performance through organizational innovation. This was due to the fact that at the organizational level, creativity was an important factor that led to innovation and to organizational success. It was a major factor that affected the survival of the organization in the globalization age when competition was high and

change was considerable. This factor, especially creativity of human resource, enables organizations to constantly develop innovations and to use available resources efficiently. (Soriano de Alencar, 2012: 87). The hypothesis was thus accepted and the finding was consistent with the result of in-depth interview of SME owners. That is, “organizational innovation comes from the personnel who express their opinions on solutions to emerging problems or organizational improvement. When an organization encounters a problem, creativity will be used to solve it. Creativity may lead to innovations, such as improvement of the product quality. At present, outstanding organizational innovation is product innovation. It is an attempt to make differences.” One SME owner said, “Innovation is a new thing that must come from creativity, but a person with creativity often lacks perseverance to study and to put his idea into practice. Most people do not invent new things. They tend to extend the existing theory.” Another business owner said, “Without creativity, there will be no innovation. Innovation enables the organization to leapfrog from one point to another.”

7.2.6 Organizational Creativity Directly has a Positive Relationship with Organizational Innovation.

The finding indicated that organizational creativity was positively related to organizational innovation. It can be concluded that when an organization promotes or supports new ideas in all organizational levels, or when the leader gives the organization’s members an opportunity and freedom to do what they are interested in, the organizational members will develop creativity continuously and efficiently, leading to new knowledge. If the employees have creativity, they will produce high quality work and will have job satisfaction and motivation to extend the existing idea or develop a new idea that results in concrete outcome for the organization. Therefore, the hypothesis was accepted and the finding was consistent with the result of the in-depth interviews. That is, “organizational innovation results from organizational members brainstorm their ideas to solve the emerging problem or to extend the idea within the organization. When a problem occurs, creativity will be used to solve it. This may result in innovations, such as product development to have a high quality product.” Some organizational leaders said, “If there is no creativity, there will be no innovation. Innovation can make the organization frog leap from one point to another.

7.2.7 Organizational Creativity Indirectly has a Positive Relationship with SME Performance Through Organizational Innovation.

The finding shows that organizational creativity indirectly had a positive relationship with SME performance through organizational innovation. Shalley, Zhou and Oldham (2004: 933) and Zhang and Bartol (2010: 107) confirmed that creativity partly contributed to organizational innovation, effectiveness and survival of the organization. Therefore, the hypothesis was accepted and the finding was consistent with the results of the in-depth interviews. That is, “organizational innovation comes from the personnel who express their opinions to solve problems or to extend the idea within the organization. When an organization faces a problem, it will use creativity to solve that problem and this perhaps can lead to innovations, such as improvement of the product quality.” At present an outstanding type of innovation in an organization is product innovation, that is, an attempt to produce goods that are different from others.

7.2.8 Organizational Creativity Directly has a Positive Relationship with SME Performance.

The finding showed that organizational creativity directly had a positive relationship with SME performance. Weinzimmer et al. (2011: 62) explain that creativity affects organizational performance at various levels but it is the capability of the organization that brings about creativity which influences organizational performance. The hypothesis was accepted and the finding was consistent with the result of the in-depth interviews. That is, creativity will drive the organization forward. If there is no creativity, the organization will be standstill, without change.

7.2.9 Organizational Innovation Directly has a Positive Relationship with SME Performance.

It is obviously seen from the analysis that organizational innovation positively influences organizational performance. The finding was consistent with previous research found in the literature review. It can be said that an organization which has creativity can create a new work process or develop new products or innovations continuously-both process innovations and product innovations. Creativity will help

improve the quality of goods or yield more efficient service and will help produce goods which are different from those of other companies. Especially, in small-and medium-sized enterprises in the creative, technological and innovative industry, innovation is very important to organizational performance because it can help increase the organization's competitiveness in the market. Obviously, continuous development of process innovation and product innovation will help improve the organization's performance-both growth and profitability-which will enable the organization to be sustainably successful. In creating organizational innovation, it is necessary to promote organizational creativity, another factor that enables the organization to develop innovation. Creativity is an important factor that contributes to organizational success and survival in the globalization age when competition was high and change was considerable (Soriano de Alencar, 2012: 87). In this research the hypothesis was accepted and the finding was consistent with the information from the in-depth interviews. That is, an organization that develops innovations continuously, especially innovations that make differences will have better performance and sustainable success. Accordingly, it is necessary for the organization to further develop innovations continuously.

The qualitative research revealed that one factor that enabled many SMEs to grow from small-sized enterprises to medium-sized enterprises and finally to large-sized enterprises was vision of the owner or the heir, which must be consistent with the direction for business operation in the future in order to be sustainably competitive. Priority should be given to quality because organizations that produce high-standard goods or services and develop their goods and services continuously will get customers' brand loyalty. In addition, services should be speedy in response to the customers' needs. An important statement is that "Customer is the God". Also, one SME owner who was granted a reward of good governance said that an organization should give importance to good governance, transparency, accountability, and corporate social responsibility (CSR). Besides, emphasis should be put on morality, ethics, honesty, and sincerity, not taking advantage of customers and stakeholders, such as communities, suppliers. All these factors will bring sustainable success to business enterprises. Business enterprises that have operated for more than 20 years will have rigorous corporate culture. Moreover, organizations should give

importance to a diversity of products and services and continuous innovation development, including continuous promotion of (or?) upgrading the employees' knowledge and skills, especially work skills. Some organizations established an educational institute to provide in-house training. Others focus on having business alliances. Several organizations use modern technology for better efficient and effective management. Most important, business operators must be determined and have a good knowledge and understanding of the business and markets inside and outside the country. The products and packaging must have unique designs. The prices must be reasonable. All the afore-mentioned factors are important for sustainable success of business enterprises.

7.3 Usefulness of the Study

7.3.1 Usefulness for SME Development

The results of the this research will give useful information for SMEs to develop themselves as the research reveals the factors contributing to SME success and growth from small-sized enterprises to medium-sized and finally to large-sized enterprises. SMEs can use the research results as a guideline for efficient and effective management and can adopt the approach to success of other SMEs as a benchmark to improve their own operation and performance. Not only the overall research results that are useful for SMEs but also the detailed finding of each variable from the quantitative research can be adopted and adapted for individual SMEs as appropriate. To conclude, transformational leadership, organizational creativity, and organizational innovation are concepts that contribute to better organizational performance, enabling an organization to survive sustainably, which in turn will positively affect the overall economic growth of Thailand and will generate income and employment to alleviate the poverty problem to a certain extent.

7.3.2 Usefulness for Public Organizations' Policy Setting

The Third Small-and Medium-Sized Enterprises Promotion Plan (2012-2016) has imposed strategies for promoting SMEs to increase their efficiency to compete with their competitors inside and outside the country. This plan emphasizes

“promoting and continuously upgrading of the quality of goods and services of SMEs to reach an international standard. It also encourages SMEs to apply sciences and technologies, research and development, and intellectual property to their business operation. This research is consistent with the plan in terms of increasing the efficiency of SMEs to compete with their competitors by using modern technology, organizational innovation, and creativity. The research is very useful for public organizations concerned in serving as a guideline for SME promotion. Especially the Office of Small and Medium Enterprises Promotion and other related organizations can set SME promotion strategies based on the results of this study. The full research report will be submitted to this Office as well.

7.3.3 Usefulness for Academic Circle

This research added more information to the body of knowledge in transformational leadership, organizational creativity, organizational innovation and organizational performance. The details were summarized below.

1) The research revealed that transformational leadership affected organizational performance. An organization needed to use transformational leadership, organizational creativity, and organizational innovation together, rather than just transformational leadership. Many previous studies found that organizational creativity and organizational innovation were mediating variables that significantly influenced the causal relationship between transformational leadership on organizational performance. In other words, they empirically influenced organizational performance. Such a finding was different from previous studies which did not give enough importance to organizational creativity and organizational innovation. Most previous studies of SMEs were based on only one theory.

2) Transformational leadership, organizational creativity, and organizational innovation were often studied in large-sized enterprises listed in the Stock Exchange of Thailand or in public organizations. The framework of this study could clearly show the impact of transformational leadership, organizational creativity, and organizational innovation on SME performance.

7.3.4 Usefulness for the National Socio-economic System

SMEs are very important as a main mechanism for the country's social and economic development. Therefore, their potential, capability, competitiveness, and long-term stability should be developed and benchmarked to find out the factors contributing to the success of SMEs or their growth to large-sized enterprises. Successful SMEs have added more value to their goods and services by using organizational creativity. They have built a business network and alliances inside and outside the country in order to raise the potential of the business group to be competitive in the market. Therefore, this research is very useful for developing and driving the economic mechanism of SMEs to achieve sustainability. SMEs should focus on organizational creativity and organizational innovation, development of goods and services by adopting modern technology, creating organizational innovation, developing organizational creativity, and raising the quality of their goods and service to meet the international standard in order to enhance their performance. SMEs are growing and deserve support and promotion by the government. They account for 99% of the total enterprises. If they develop their potential and capability continuously, Thailand's economy will grow sustainably.

7.4 Limitations of the Study

The review of related literature concerned viewpoints and research in the context of foreign countries, especially Western countries, which might be different from viewpoints and research in the Thai context.

One limitation of the study was poor cooperation from SME owners or heirs, or top-level managers. At first very few questionnaires were returned, the researcher had to conduct a self-administered survey and interviews by phone. Finally, the total returned questionnaires were 32.3% which was acceptable if one collected the data from SMEs. Another problem was the difficulty in seeking cooperation to conduct in-depth interview of some SME owners or the heirs. Although the School of Public Administration, NIDA, sent a letter of request to ask permission to interview them and to use the data for the dissertation, only 3 out of 13 SMEs gave permission to do so. The researcher had to use the snow ball technique to get more interviewees and

contact others with the help of some acquaintances who knew some SME owners. Finally, the total of 8 out of 17 SME owners to whom the letter of request for permission were sent were in-depth interviewed.

The data were collected during the period of economic recession, which affected export, and during financial crises in many countries, such as European countries, the USA and even China, which was an economic power. Thailand was also in the period of rehabilitation and reform after political turmoil and coup d'état, which negatively affected the national economy, and SMEs in particular. This might cause their poor cooperation in filling out the questionnaire.

There is also a limitation in using the findings. This study focused on SMEs in four businesses/industries specified in the Third SMEs Promotion Plan (2012-2016), which were creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism industry, and retail and wholesale business. Therefore, the research results cannot be directly used for all businesses and industries. Those who want to use them may have to apply them to suit individual contexts.

7.5 Recommendations for Further Research

1) This research was a cross-sectional study. The data were collected only one time during a short period. The results might be different from a longitudinal study which collects the data more than one time for a long period of time to compare the data collected each time. Therefore, future research should be a longitudinal study which might give different results.

2) Further research should study the effect of transformational leadership, organizational creativity, and organizational innovation on organizational performance of other SME sample groups to confirm the findings of this study. It may also study large-sized enterprises to better understand their context and to gain more information to compare with SMEs.

3) A survey should be conducted to seek opinions from the employees on the impact of transformational leadership, organizational creativity, and organizational innovation on organizational performance of large-sized enterprises. It is good to

learn the opinions of employees on transformational leadership of small-medium-and large-sized enterprises. This is one way to reduce the respondents' bias.

7.6 Summary

SMEs are a major mechanism for the growth of the world economy and Thailand's economy. They are the foundation of the social and economic development of all countries, as the number of SMEs in each country, especially Thailand, is very large. The Thai government wants to fully support SMEs, so SME promotion has been put in the urgent policy. The government also wants to stimulate the national economy by assisting SMEs in investment so as to gain financial liquidity during the economic recession, which has affected export at present. The leaders and organizational members of SMEs need to be developed to upgrade their knowledge and skills to be ready to compete with their competitors inside and outside the country. SMEs should be promoted to add value to their products and services which should be unique. SMEs should develop technology and innovations that make differences so that they will grow continuously. There are still a few studies on the impact of transformational leadership, organizational creativity, and organizational innovation on performance of SMEs, especially those in creative, technological and innovative industry, agriculture and agro-processing industry, service and tourism industry, and retail and wholesale business in Thailand, but they have received special interest in the Third SME Promotion Plan (2012-2016). To conclude, this research shows that transformational leadership, combined with organizational creativity and organizational innovation, will increase the performance of SMEs, making them experience sustainable growth and profitability.

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APPENDICES

APPENDIX A
QUESTIONNAIRE (In English)

Set #.....

QUESTIONNAIRE

ON

IMPACT OF TRANSFORMATIONAL LEADERSHIP, ORGANIZATIONAL CREATIVITY AND ORGANIZATIONAL INNOVATION ON SME PERFORMANCE IN THAILAND

Your answers will be kept confidential. They will not be disclosed to anyone.

The data from this questionnaire will be processed and reported in the form of statistics. No specific organization or person will be cited.

**Thank you for your cooperation in filling out the questionnaire and for your
contribution to the success of this research**

If you have any doubt or want to express your opinion on the response to the questionnaire, please contact Khun Peerawut Sirisak. The telephone number is 086-376-3391 and the email address is peerawut_num@yahoo.com

QUESTIONNAIRE

Part I: Personal Information of the Respondents

1.1 First name & Last name

1.2 Sex

☐ (1) Male ☐ (2) Female

1.3 Age.....years

1.4 Highest education

☐ Primary school ☐ Secondary school
☐ Vocational school ☐ Higher vocational school
☐ Bachelor's degree ☐ Beyond a Bachelor's degree

1.5 Role or position in your organization

☐ (1) Business owner and manager ☐ (2) Business owner's heir acting a manager
☐ (3) Top-level manager ☐ (4) Other (please specify).....

Part II: Information about the organization

2.1 Type of registered business

☐ company limited ☐ partnership ☐ Other (please specify).....

2.2 Which industry or business is your organization in?

☐ Creative, technological, and innovative industry
☐ Agriculture and agro-processing industry
☐ Service and tourism industry
☐ Retail and wholesale business

2.3 Assets of the organization

☐ 1- 30 million baht ☐ 31 - 50 million baht
☐ 51 - 60 million baht ☐ 61 - 100 million baht
☐ 101 - 200 million baht

2.4 Current number of the personnel of the organization

☐ 1- 15 employees ☐ 16 - 25 employees
☐ 26 - 30 employees ☐ 31 - 50 employees
☐ 51 - 100 employees ☐ 101 - 200 employees

Part III: The Organizational Structure and Management

3.1 Authority and role in routine work management

- ☐ (1) Owner
 ☐ (2) Owner's heir
☐ (3) Top-level manager
 ☐ (4) Other (please specify).....

3.2 Role and responsibility if the authority in 3.1 (more than one answer possible)

- ☐ (1) Setting the strategic policy / strategies
 ☐ (2) Planning
☐ (3) Organizational management
 ☐ (4) Human resource management
☐ (5) Budgeting
 ☐ (6) Procurement management
☐ (7) Management and control of production of goods / services
☐ (8) Other (please specify).....

Part IV: Comparison of Organizational Performance in 2013 and in 2014

Directions: Please consider the explanations of organizational performance in the table below.

Evaluation of organizational performance in 2014 in comparison with that in 2013 (items 4.1-4.5, p. 5)

Item	Factor	Formula for calculating operational performance
4.1	Percentage of sales revenue growth in 2013	$\frac{(\text{Total sales revenue in 2014} - \text{Total sales revenue in 2013}) \times 100}{\text{Total sales revenue in 2013}}$
4.2	Percentage of market share growth	$\frac{(\text{Market share in 2014} - \text{Market share in 2013}) \times 100}{\text{Market share in 2013}}$
4.3	Gross Profit Margin (%)	$\frac{\text{Profit margin} \times 100}{\text{Net sales amount}}$
4.4	Net Profit Margin (%)	$\frac{\text{Net profit} \times 100}{\text{Net sales amount}}$
4.5	Operating Profit Margin (%)	$\frac{\text{Operating profit} \times 100}{\text{Net sales amount}}$

Organizational performance in 2014 in comparison with that in 2013	Decrease more than 10%	Decrease of 5-10%	Decrease less than 5%	No change	Increase less than 5%	Increase of 5-10%	Increase more than 10%
4.1 Percentage of sales revenue growth in 2013							
4.2 Percentage of market share growth							
4.3 Gross Profit Margin							
4.4 Net Profit Margin							
4.5 Operating Profit Margin							

Part V: Full-Range Leadership

Please put a tick (✓) in the blank that best represents your character.

Full Range Leadership	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree modera -tely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
1. The subordinates consider me as a role model.							
2. I show my leadership that gains trust from the subordinates.							
3. I can lead the subordinates to work in a way that can achieve the organizational objectives and goals.							
4. I sacrifice myself for the sake of the organization and surrounding communities.							
5. I can inspire the subordinates to work.							

Full Range Leadership	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree modera -tely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
6. I have techniques to motivate the subordinate to work to attain the organizational objectives and goals.							
7. I clearly set challenging objectives and goals for the subordinates.							
8. I stimulate the subordinates to have a spirit in team-working							
9. I clearly communicate and explain my work expectations to the subordinates so that they can achieve them.							
10. I encourage the subordinates to constantly search a new way to work.							
11. I promote the subordinates to use creativity to devise innovations constantly.							
12. I urge the subordinates to attend training courses to develop themselves all the time.							
13. I give importance to the subordinates' success and growth.							
14. I encourage the subordinates to upgrade their skills, knowledge, ability and competency.							
15. I give an opportunity to the subordinates with a good knowledge and ability to move up the career path.							
16. The subordinates consider me as a role model.							
17. I promote the subordinates to use their knowledge and ability to the full extent.							

Full Range Leadership	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree modera -tely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
18. I play a role of a coach or a mentor to the subordinates.							
19. I sacrifice myself and my time to teach and give advice to the subordinates.							
20. I evaluate the work progress of the subordinates.							
21. I give a reward or praise the subordinates when they have attained the work objectives or goals.							
22. The subordinates clearly know what they will get as a reward when they have fulfilled the work objectives or goals.							
23. I show my satisfaction when the subordinates are successful in their work.							
24. I give importance to playing a clear role in giving a reward in return for the subordinates' work achievement.							
25. I always set a work standard for the subordinates.							
26. I follow up the job assigned to a subordinate whose work deviates from my established standard.							
27. I give a chance for the subordinate who has produced mistakes to correct and improve his/her work as necessary.							
28. I point out to the subordinates some way to solve problems faced they encountered.							

Full Range Leadership	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree modera -tely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
29. I will wait for the work problems or mistakes to emerge before reacting to them.							
30. I will not do anything until I have got complaints.							
31. I will wait until the work deviates from the established standard before reacting to it.							
32. I will not solve any problems until they become serious.							
33. I will not avoid responsibility but will pay attention to the outcome.							
34. I will not avoid getting involved or making a decision when a problem occurs.							
35. I am not interested in or not responsible for solving any important problems.							
36. I do not solve problems quickly when they occur.							

Part VI: Organizational Creativity

Please consider how much your organization has the following characteristics. Put a tick (✓) in the blank that describe your organization appropriately.

Organizational Creativity	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree moderat ely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
37. The personnel have knowledge and understanding of their field of studies.							

Organizational Creativity	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree moderat ely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
38. The personnel have technical skills and ability in their own field.							
39. The personnel are able to apply their knowledge to work useful for the organization.							
40. The personnel have creativity, can integrate and synthesize knowledge to create innovations.							
41. The personnel can think of and find new a way to solve problems and can search for alternatives.							
42. The personnel are able to develop the existing idea into a new idea.							
43. The subordinates are supported and promoted to present new ideas.							
44. Money is given as a reward to motivate the employees to initiate new things.							
45. The leader is interested in and pay attention to the subordinates' creativity.							
46. The leader stimulates the subordinates to think out-of-the-box in handling problems.							
47. The personnel are interested in and satisfied with constantly creating new products/services.							

Part VII: Organizational Innovation

Please consider how much your organization has the following characteristics. Put a tick (✓) in the blank that describe your organization appropriately.

Organizational Innovation	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree moderat ely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
48. The organization frequently produces new goods/services for the market.							
49. The organization has creativity and develops new goods and services for the market.							
50. Compared to the previous year, my organization has more distinctive goods/services.							
51. Compared to the previous year, my organization has more goods/services that add value to the organization.							
52. Compared to the previous year, my organization changes goods/services to increase the value for the organization and customers.							
53. The organization has new technologies that are useful for developing goods and services.							
54. The organization always uses new tools and technology in goods/services delivery.							
55. The organization supports the development of the process of goods/service production by using modern technologies, thus adding value and importance to its goods and services							

Organizational Innovation	Level of Opinion						
	Agree least (1)	Agree very little (2)	Agree rather little (3)	Agree moderat ely (4)	Agree rather strongly (5)	Agree strongly (6)	Agree most (7)
56. Compared to the previous year, my organization has changed to a new production method and tools to add value to the organization and customer.							
57. Compared to its competitors, my organization has better process innovation.							

Part VIII: An Open-ended Question

Apart from full range leadership, organizational creativity, and organizational innovation mentioned earlier, what factors do you think influence your organizational performance, making it successful, secure and sustainable?

APPENDIX B
QUESTIONNAIRE (In Thai)

ชุดที่....

แบบสอบถาม

เรื่อง

ความสัมพันธ์เชิงสาเหตุของภาวะผู้นำแบบเต็มขอบเขต ความคิดสร้างสรรค์ในองค์การ
นวัตกรรมองค์การและผลการดำเนินงานขององค์การ: ศึกษาวิสาหกิจขนาดกลางและขนาดย่อม

คำตอบของท่านจะถูกเก็บรักษาไว้เป็นความลับ ไม่เปิดเผยต่อผู้อื่นอย่างเด็ดขาด

ข้อมูลที่ได้รับจากแบบสอบถามฉบับนี้ จะถูกนำไปใช้โดยประมวลผลออกมาเป็นรายงานทางสถิติ
และจะไม่มีการอ้างอิงชื่อองค์การใดหรือบุคคลใดเป็นการเฉพาะเจาะจง

ขอขอบคุณที่ท่านได้กรุณาให้ความร่วมมือในการตอบแบบสอบถามอย่างสมบูรณ์ ซึ่งมีส่วน
ช่วยเหลือสนับสนุนให้การศึกษาวิจัยครั้งนี้สำเร็จลุล่วงไปได้เป็นอย่างดี

หากมีข้อสงสัยหรือต้องการเสนอความเห็นต่อการตอบแบบสอบถามนี้ กรุณาติดต่อคุณพีรวุฒิ ศิริ
ศักดิ์ หมายเลขโทรศัพท์ 086-376-3391 หรือที่ email: peerawut_num@yahoo.com

ส่วนที่ 1: ข้อมูลเกี่ยวกับผู้ตอบแบบสอบถาม

1.1 ชื่อ-นามสกุล

1.2 เพศ

☐

(1) ชาย

☐

(2) หญิง

1.3 อายุ (เต็ม).....ปี

1.4 การศึกษาสูงสุด

☐

ประถมศึกษา

☐

มัธยมศึกษา

☐

ปวช.

☐

ปวส.

☐

ปริญญาตรี

☐

ปริญญาตรีขึ้นไป โปรดระบุ

1.5 บทบาทหรือตำแหน่งหน้าที่ของท่านในองค์กร

☐

(1) เจ้าของและทำหน้าที่บริหารด้วย

☐

(2) ทายาทกิจการและทำหน้าที่บริหารด้วย

☐

(3) ผู้บริหารระดับสูง

☐

(4) อื่นๆ (โปรดระบุ).....

ส่วนที่ 2: ข้อมูลเกี่ยวกับองค์กร

2.1 ประเภทของการจดทะเบียนธุรกิจ

☐

บริษัท

☐

ห้างหุ้นส่วนจำกัด

☐

อื่นๆ (โปรดระบุ).....

2.2 องค์กรของท่านจัดอยู่ในกลุ่มธุรกิจประเภทใด

☐

ธุรกิจผลิตสินค้า

☐

ธุรกิจค้าส่ง

☐

ธุรกิจค้าปลีก

☐

ธุรกิจบริการ

โปรดระบุประเภทของสินค้า / บริการที่วิสาหกิจของท่านดำเนินธุรกิจ

.....

2.3 องค์กรของท่านจัดอยู่ในกลุ่มอุตสาหกรรมใด

☐

กลุ่มอุตสาหกรรมสร้างสรรค์ เทคโนโลยีและนวัตกรรม

กลุ่มธุรกิจค้าปลีกและค้าส่ง

☐

กลุ่มอุตสาหกรรมเกษตรและเกษตรแปรรูป

☐

กลุ่มธุรกิจบริการและท่องเที่ยว

2.4 สินทรัพย์ถาวรขององค์กร

☐

1- 30 ล้านบาท

☐

31 – 50 ล้านบาท

☐

51 – 60 ล้านบาท

☐

61 – 100 ล้านบาท

☐

101 – 200 ล้านบาท

2.5 จำนวนพนักงาน ณ ปัจจุบันขององค์กร

- | | |
|--------------------------------------|---------------------------------------|
| <input type="checkbox"/> 1- 15 คน | <input type="checkbox"/> 16 – 25 คน |
| <input type="checkbox"/> 26 – 30 คน | <input type="checkbox"/> 31 – 50 คน |
| <input type="checkbox"/> 51 – 100 คน | <input type="checkbox"/> 101 - 200 คน |

ส่วนที่ 3: โครงสร้างหน่วยงานและการบริหารงานขององค์กร

3.1 ผู้มีอำนาจและบทบาทการบริหารจัดการงานประจำวัน

- | | |
|--|--|
| <input type="checkbox"/> (1) เจ้าของ | <input type="checkbox"/> (2) ทายาทกิจการ |
| <input type="checkbox"/> (3) ผู้บริหารระดับสูง | <input type="checkbox"/> (4) อื่นๆ (โปรดระบุ)..... |

3.2 บทบาทหน้าที่ของผู้มีอำนาจตามข้อ 3.1 (ตอบได้มากกว่า 1 ข้อ)

- | | |
|---|---|
| <input type="checkbox"/> (1) การกำหนดนโยบายด้านยุทธศาสตร์ / วางกลยุทธ์ | <input type="checkbox"/> (2) การวางแผนงาน |
| <input type="checkbox"/> (3) การจัดองค์กร | <input type="checkbox"/> (4) การบริหารด้านทรัพยากรบุคคล |
| <input type="checkbox"/> (5) การจัดทำงานประมาณ | <input type="checkbox"/> (6) การบริหารด้านจัดซื้อ / จัดจ้าง |
| <input type="checkbox"/> (7) การบริหารและควบคุมด้านการผลิตสินค้า / บริการ | <input type="checkbox"/> (8) อื่นๆ (โปรดระบุ)..... |

ส่วนที่ 4: ผลการดำเนินงานขององค์กรในปี 2557 เมื่อเทียบกับปี 2556:

กรุณาทำเครื่องหมาย (✓) ลงในช่องที่ตรงกับข้อมูลผลการดำเนินงานขององค์กรในปี 2557 เมื่อเทียบกับปี 2556

คำชี้แจงการคำนวณผลการดำเนินงานขององค์กร

คำอธิบาย: ขอให้ท่านนำคำชี้แจงการคำนวณผลการดำเนินงานขององค์กรตามตารางด้านล่างนี้ไปประกอบการพิจารณา

ประเมินระดับผลการดำเนินงานขององค์กรในปี 2557 เมื่อเปรียบเทียบกับปี 2556 ตามข้อที่ 4.1 – 4.5 ในหน้า 5

ข้อที่	ปัจจัย	สูตรการคำนวณผลการดำเนินงานขององค์กร
4.1	ร้อยละของการเติบโตของรายได้ จาก ยอดขายที่ผ่านมามีปี 2556 (Sales Revenue Growth)	$\frac{(\text{รายได้รวมการขายสินค้าในปี 2557} - \text{รายได้รวมจากการขายสินค้าปี 2556})}{\text{รายได้รวมจากการขายสินค้าปี 2556}} \times 100$
4.2	ร้อยละของการเติบโตของส่วนแบ่ง การตลาด (Market Share Growth)	$\frac{(\text{ส่วนแบ่งการตลาดปี 2557} - \text{ส่วนแบ่งการตลาดปี 2556})}{\text{ส่วนแบ่งการตลาดปี 2556}} \times 100$
4.3	อัตรากำไรขั้นต้น (%) (Gross Profit Margin)	$\frac{\text{กำไรขั้นต้น}}{\text{ยอดขายสุทธิ}} \times 100$
4.4	อัตรากำไรสุทธิ (%) (Net Profit Margin)	$\frac{\text{กำไรสุทธิ}}{\text{ยอดขายสุทธิ}} \times 100$
4.5	อัตรากำไรจากการดำเนินงาน (%) (Operating Profit Margin)	$\frac{\text{กำไรจากการดำเนินงาน}}{\text{ยอดขายสุทธิ}} \times 100$

ผลการดำเนินงานขององค์กรในปี 2557 เมื่อเปรียบเทียบกับปี 2556	ลดลงมากกว่า 10%	ลดลงระหว่าง 5-10%	ลดลงน้อยกว่า 5%	ไม่มีการเปลี่ยนแปลง	เพิ่มขึ้นน้อยกว่า 5%	เพิ่มขึ้นระหว่าง 5-10%	เพิ่มขึ้นมากกว่า 10%
4.1 ร้อยละของการเติบโตของรายได้จากยอดขาย (Sales Revenue Growth) ที่ผ่านมามีปี 2556							
4.2 ร้อยละของการเติบโตของส่วนแบ่งตลาด (Market Share Growth)							
4.3 อัตรากำไรขั้นต้น (Gross Profit Margin)							
4.4 อัตรากำไรสุทธิ (Net Profit Margin)							
4.5 อัตรากำไรจากการดำเนินงาน (Operating Profit Margin)							

ส่วนที่ 5: ภาวะผู้นำแบบเต็มขอบเขต:

ให้ท่านทำเครื่องหมาย (✓) ในช่องว่างที่ท่านคิดว่าเหมาะสมกับตัวท่านมากที่สุด

ลักษณะภาวะผู้นำ แบบเต็มขอบเขต	ระดับความคิดเห็น						
	เห็นด้วย น้อยที่สุด (1)	เห็น ด้วย น้อย (2)	เห็นด้วย ค่อนข้าง น้อย (3)	เห็นด้วย ปานกลาง (4)	เห็นด้วย ค่อนข้าง มาก (5)	เห็นด้วย มาก (6)	เห็นด้วย มากที่สุด (7)
1. ผู้ได้บังคับบัญชาชี้แจงเป้าหมาย แบบอย่างในการปฏิบัติงาน							
2. ข้างเจ้าแสดงให้เห็นถึงการเป็น ผู้นำที่ได้รับไว้วางใจจาก ผู้ได้บังคับบัญชา							
3. ข้างเจ้าสามารถทำให้ ผู้ได้บังคับบัญชาทำงานในแนวทาง ที่นำไปสู่การบรรลุวัตถุประสงค์และ เป้าหมายขององค์กร							
4. แสดงความเสียสละของข้างเจ้า เองเพื่อประโยชน์ขององค์กรและ ชุมชนแวดล้อม							
5. ข้างเจ้าสามารถสร้างแรงบันดาลใจ ในการทำงานให้กับ ผู้ได้บังคับบัญชา							
6. ข้างเจ้ามีเทคนิคในการจูงใจให้ผู้ บังคับบัญชาทำงานบรรลุ วัตถุประสงค์และเป้าหมายของ องค์กร							
7. ข้างเจ้ากำหนดวัตถุประสงค์และ เป้าหมายการทำงานที่ท้าทายและ ชัดเจนแก่ผู้ได้บังคับบัญชา							
8. ข้างเจ้าจะกระตุ้นผู้ได้บังคับบัญชา ให้มีสปีริตในการทำงานเป็นทีม							
9. มีการสื่อสารและอธิบายสิ่งที่ คาดหวังจากการทำงานอย่างชัดเจน จากข้างเจ้าให้ผู้ได้บังคับบัญชาทราบ และปฏิบัติตาม							
10. ข้างเจ้าส่งเสริมให้ ผู้ได้บังคับบัญชาคิดค้นหาวิธีการและ แนวทางการทำงานใหม่ๆ อยู่เสมอ							

ลักษณะภาวะผู้นำ แบบเต็มขอบเขต	ระดับความคิดเห็น						
	เห็นด้วย น้อยที่สุด (1)	เห็น ด้วย น้อย (2)	เห็นด้วย ค่อนข้าง น้อย (3)	เห็นด้วย ปานกลาง (4)	เห็นด้วย ค่อนข้าง มาก (5)	เห็นด้วย มาก (6)	เห็นด้วย มากที่สุด (7)
11. ข้าพเจ้าส่งเสริมให้ ผู้ใต้บังคับบัญชาใช้ความคิด สร้างสรรค์ด้านนวัตกรรมใหม่ๆ อยู่เสมอ							
12. ส่งเสริมให้ผู้ใต้บังคับบัญชาเข้า รับการฝึกอบรมเพื่อพัฒนาตนเองอยู่ เสมอโดยการผลักดันของข้าพเจ้า							
13. ข้าพเจ้าให้ความสำคัญกับ ความสำเร็จและการเติบโตของ ผู้ใต้บังคับบัญชา							
14. ข้าพเจ้าส่งเสริมให้ ผู้ใต้บังคับบัญชาพัฒนาทักษะ ความรู้ความสามารถและสมรรถนะ ให้สูงขึ้น							
15. เปิดโอกาสให้ผู้ใต้บังคับบัญชาที่ มีความรู้ ความสามารถมี ความก้าวหน้าในหน้าที่การงานโดย การผลักดันของข้าพเจ้า							
16. ผู้ใต้บังคับบัญชาได้รับความรู้ และการศึกษาสูงขึ้นหรือฝึกอบรม เพื่อพัฒนาตนเองอยู่เสมอโดยการ ผลักดันของข้าพเจ้า							
17. ข้าพเจ้าส่งเสริมให้ ผู้ใต้บังคับบัญชาได้ใช้ความรู้ ความสามารถของตนเองอย่างเต็มที่							
18. ข้าพเจ้าแสดงบทบาทเป็นผู้ ฝึกสอนหรือ พี่เลี้ยงแก่ผู้ใต้บังคับบัญชา							
19. ข้าพเจ้าเสียสละและจัดสรรเวลา เพื่อการสอนและให้คำปรึกษาแก่ ผู้ใต้บังคับบัญชา							
20. มีการประเมินความคืบหน้าของ การทำงานจากผู้ใต้บังคับบัญชาโดย ข้าพเจ้า							

ลักษณะภาวะผู้นำ แบบเต็มขอบเขต	ระดับความคิดเห็น						
	เห็นด้วย น้อยที่สุด (1)	เห็น ด้วย น้อย (2)	เห็นด้วย ค่อนข้าง น้อย (3)	เห็นด้วย ปานกลาง (4)	เห็นด้วย ค่อนข้าง มาก (5)	เห็นด้วย มาก (6)	เห็นด้วย มากที่สุด (7)
21. ข้าพเจ้าจะให้รางวัลตอบแทน หรือยกย่องชมเชยแก่ ผู้ได้บังคับบัญชาเมื่อทำงานบรรลุผล สำเร็จตามวัตถุประสงค์หรือ เป้าหมาย							
22. มีความชัดเจนจากข้าพเจ้าว่า ผู้ได้บังคับบัญชาจะได้รับรางวัล อะไรเป็นการตอบแทนเมื่อทำงาน สำเร็จตามวัตถุประสงค์หรือ เป้าหมาย							
23. ข้าพเจ้าแสดงความพึงพอใจเมื่อ ผู้ได้บังคับบัญชาทำงานบรรลุผล สำเร็จ							
24. ข้าพเจ้าให้ความสำคัญกับการ สร้างความชัดเจนเกี่ยวกับบทบาท โดยจะให้รางวัลเป็นการแลกเปลี่ยน เมื่อทำงานตามหน้าที่บรรลุเป้าหมาย							
25. มีการกำหนดมาตรฐานการ ปฏิบัติงานของผู้ได้บังคับบัญชาจาก ข้าพเจ้าอย่างสม่ำเสมอ							
26. มีการติดตามงานที่มอบหมาย ให้แก่ผู้ได้บังคับบัญชาที่มีผลการ ปฏิบัติงานเบี่ยงเบนจากมาตรฐานที่ กำหนดไว้โดยข้าพเจ้า							
27. ข้าพเจ้าเปิดโอกาสให้ ผู้ได้บังคับบัญชาที่ทำงานผิดพลาด ได้มีโอกาสดำเนินการและปรับปรุงงาน เท่าที่จำเป็น							
28. ข้าพเจ้าเห็นแนวทางในการแก้ไข ปัญหาเมื่อผู้ได้บังคับบัญชาประสบ ปัญหาในการทำงานโดยข้าพเจ้า							
29. ข้าพเจ้าจะรอนจนกว่างานมีปัญหา หรือความผิดพลาดเกิดขึ้นก่อนที่จะ เข้าไปแก้ไข							

ลักษณะภาวะผู้นำ แบบเต็มขอบเขต	ระดับความคิดเห็น						
	เห็นด้วย น้อยที่สุด (1)	เห็น ด้วย น้อย (2)	เห็นด้วย ค่อนข้าง น้อย (3)	เห็นด้วย ปานกลาง (4)	เห็นด้วย ค่อนข้าง มาก (5)	เห็นด้วย มาก (6)	เห็นด้วย มากที่สุด (7)
30. ข้าพเจ้าจะไม่ดำเนินการใดๆ จนกว่าจะได้รับเรื่องร้องเรียน							
31. ข้าพเจ้าจะรอนจนกระทั่งงานมี ความเบี่ยงเบนจากมาตรฐานที่ กำหนดไว้ จึงเข้าไปดำเนินการแก้ไข							
32. ข้าพเจ้าจะไม่ยื่นมือเข้าไปแก้ไข ปัญหาจนกว่าปัญหาดังกล่าวจะ กลายเป็นปัญหารุนแรง							
33. ข้าพเจ้าจะไม่หลีกเลี่ยงหรือปิด ความรับผิดชอบโดยไม่สนใจว่า ผลลัพธ์จะเป็นอย่างไร							
34. ข้าพเจ้าจะไม่หลีกเลี่ยงที่จะเข้า ไปเกี่ยวข้องหรือตัดสินใจเมื่อมี ประเด็นปัญหาเกิดขึ้น							
35. ข้าพเจ้าไม่ให้ความสนใจและ รับผิดชอบต่อการใช้ปัญหาสำคัญ ที่เกิดขึ้น							
36. ข้าพเจ้าจะไม่แก้ปัญหาคับความ รวดเร็วเมื่อมีปัญหาเกิดขึ้น							

ส่วนที่ 6: ความคิดสร้างสรรค์ในองค์กร

กรุณาพิจารณาว่าองค์กรของท่านมีลักษณะในเรื่องต่อไปนี้มากน้อยเพียงใด ให้ท่านทำเครื่องหมาย
(✓) ในช่องว่างที่ท่านคิดว่าเหมาะสมมากที่สุดกับองค์กรของท่าน

ความคิดสร้างสรรค์ในองค์กร	ระดับความคิดเห็น						
	เห็นด้วยน้อย ที่สุด (1)	เห็น ด้วย น้อย (2)	เห็นด้วย ค่อนข้าง น้อย (3)	เห็นด้วย ปานกลาง (4)	เห็นด้วย ค่อนข้าง มาก (5)	เห็นด้วย มาก (6)	เห็นด้วย มากที่สุด (7)
37. บุคลากรมีความรู้ ความเข้าใจ ในสาขาวิชาชีพของตนเอง							

ความคิดสร้างสรรค์ในองค์กร	ระดับความคิดเห็น						
	เห็นด้วยน้อยที่สุด (1)	เห็นด้วยน้อย (2)	เห็นด้วยค่อนข้างน้อย (3)	เห็นด้วยปานกลาง (4)	เห็นด้วยค่อนข้างมาก (5)	เห็นด้วยมาก (6)	เห็นด้วยมากที่สุด (7)
38. บุคลากรมีทักษะและความสามารถทางด้านเทคโนโลยีในสาขาวิชาชีพของตนเองถนัด							
39. บุคลากรมีความสามารถในการนำความรู้ความเชี่ยวชาญไปใช้ในการทำงานที่เป็นประโยชน์ต่อองค์กร							
40. บุคลากรมีความคิดสร้างสรรค์สามารถบูรณาการและสังเคราะห์ความรู้ให้เกิดนวัตกรรมใหม่ๆ							
41. บุคลากรสามารถคิดและทำเพื่อหาวิธีแก้ไขปัญหาและคิดค้นทางเลือกใหม่ๆ							
42. บุคลากรมีความสามารถในการนำเอาความคิดที่มีอยู่ไปพัฒนาเป็นความคิดใหม่							
43. มีการสนับสนุนและส่งเสริมให้ผู้ได้บังคับบัญชานำเสนอความคิดใหม่ๆ							
44. มีการให้รางวัลเป็นเงินเพื่อเป็นแรงจูงใจให้พนักงานมีความคิดริเริ่มใหม่ๆ อยู่เสมอ							
45. ให้ความสนใจและเอาใจใส่ต่อความคิดสร้างสรรค์ของผู้ได้บังคับบัญชา							
46. มีการกระตุ้นให้ผู้ได้บังคับบัญชามีความคิดนอกกรอบในการจัดการกับปัญหา							
47. บุคลากรมีความสนใจและพึงพอใจที่จะคิดสร้างสรรค์ผลงานอย่างสม่ำเสมอ							

ส่วนที่ 7: นวัตกรรมองค์การ กรุณาพิจารณาว่าองค์การของท่านมีลักษณะในเรื่องต่อไปนี้มากน้อยเพียงใด

ให้ท่านทำเครื่องหมาย (✓) ในช่องว่างที่ท่านคิดว่าเหมาะสมมากที่สุดกับองค์การของท่าน

นวัตกรรมองค์การ	ระดับความคิดเห็น						
	เห็นด้วยน้อยที่สุด (1)	เห็นด้วยน้อย (2)	เห็นด้วยค่อนข้างน้อย (3)	เห็นด้วยปานกลาง (4)	เห็นด้วยค่อนข้างมาก (5)	เห็นด้วยมาก (6)	เห็นด้วยมากที่สุด (7)
48. ผลิตสินค้า/บริการใหม่ๆ ออกสู่ท้องตลาดบ่อยๆ							
49. มีความสามารถในการสร้างสรรค์และพัฒนาสินค้า/บริการใหม่ออกสู่ตลาด							
50. เมื่อเปรียบเทียบกับปีที่ผ่านมา องค์การของข้าพเจ้ามีจำนวนสินค้า/บริการที่แตกต่างเพิ่มขึ้น							
51. เมื่อเปรียบเทียบกับปีที่ผ่านมา องค์การของข้าพเจ้ามีจำนวนสินค้า/บริการที่สร้างมูลค่าเพิ่มให้แก่องค์กรเพิ่มขึ้น							
52. เมื่อเปรียบเทียบกับคู่แข่ง องค์การของข้าพเจ้ามีการเปลี่ยนแปลงสินค้า/บริการเพื่อเพิ่มมูลค่าให้แก่องค์กรและลูกค้า							
53. องค์การมีเทคโนโลยีใหม่ๆ ที่เป็นประโยชน์ต่อการพัฒนาสินค้า / บริการ							
54. องค์การมีเครื่องมือหรือเทคโนโลยีใหม่ๆ มาใช้ในการส่งมอบสินค้า/บริการอยู่เสมอ							
55. องค์การมีการสนับสนุนให้มีการพัฒนากระบวนการผลิตสินค้า/บริการโดยมีการนำเทคโนโลยีใหม่ๆ มาใช้ให้มีคุณค่าและความสำคัญยิ่งขึ้น							
56. เมื่อเปรียบเทียบกับปีที่ผ่านมา องค์การของข้าพเจ้ามีการปรับปรุงเปลี่ยนแปลงในวิธีการ							

นวัตกรรมองค์การ	ระดับความคิดเห็น						
	เห็นด้วยน้อยที่สุด (1)	เห็นด้วยน้อย (2)	เห็นด้วยค่อนข้างน้อย (3)	เห็นด้วยปานกลาง (4)	เห็นด้วยค่อนข้างมาก (5)	เห็นด้วยมาก (6)	เห็นด้วยมากที่สุด (7)
และเครื่องมือในการผลิตใหม่เพื่อเพิ่มมูลค่าให้แก่องค์กรและลูกค้า							
57. เมื่อเปรียบเทียบกับคู่แข่ง องค์กรของข้าพเจ้ามีนวัตกรรม ด้านกระบวนการที่ดีกว่า							

ส่วนที่ 8: ท่านคิดว่าปัจจัยอะไรบ้างที่มีอิทธิพลต่อผลการดำเนินงานองค์กรของท่านให้ประสบความสำเร็จมีความมั่นคงและยั่งยืน นอกเหนือจากปัจจัยภาวะผู้นำแบบเต็มขอบเขต
ความคิดสร้างสรรค์ในองค์กรและนวัตกรรมองค์การตามที่กล่าวมาข้างต้น

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APPENDIX C
IN-DEPTH INTERVIEW LIST (In English)

IN-DEPTH INTERVIEW LIST

“Full Range Leadership, Organizational Creativity, Organizational Innovation and Performance of SMEs”

In-depth Interview Guide

1. Questions on Organizational Performance
 - 1) What are the factors that make your organization have an outstanding performance and succeed? The response will serve as a useful guideline for SMEs to be sustainably successful in their businesses.
 - 2) Where do such factors come from?
 - 3) How do you deal with such factors?
 - 4) What operational problems have you encountered?
What have you done to solve them?
 - 5) What can your organization do well and can it better develop?
2. Questions on Full Range Leadership
 - 1) How is your leadership behavior?
 - 2) What do you pay special attention to?
 - 3) Which type of leadership do you think leadership in the Thai context should be? (Transformational leadership, transactional leadership, and laissez-faire leadership)
 - 4) What will you do or what activities will you arrange to get higher achievement than expected?
 - 5) What method do you use to reward your followers?
 - 6) In the past what problems did you encounter? How did you solve them?
 - 7) In daily management, for what do you use your leadership? And how?
 - 8) Do you think leadership influences the performance of SMEs or not? If so, how? What should be the attributes of leadership?

3. Questions on Organizational Creativity

- 1) What environmental factors contribute to organizational creativity?
- 2) In your opinion, what brings about organizational creativity?
 - (1) Does leadership affect organizational creativity? How?
 - (2) What are the attributes of leadership?
 - (3) Why does leadership affect organizational creativity?
- 3) Do you agree with Amabile's theory (1996) which is the basis of this study? It states that there are three components of creativity: 1) expertise, 2) creative-thinking skill, and motivation.
- 4) What are methods for stimulating organizational creativity mentioned in item 3?
- 5) To what extent is the employees' participation in organizational creativity?
- 6) Does organizational creativity affect your organizational performance? How?
- 7) Does organizational creativity affect your organizational innovation? How?

4. Questions on Organizational Innovation

- 1) In your opinion, what is organizational innovation composed of?
- 2) In your opinion, what leads to organizational innovation?
 - (1) Does leadership affect organizational innovation? How?
 - (2) What are the attributes of leadership?
 - (3) Why does leadership affect organizational innovation?
- 3) What behaviors of the employees help promote organizational innovation?
- 4) How can the employees' behaviors of producing organizational innovation be created, developed and retained?
- 5) What activities can make the employees show the behavior of producing organizational innovations?
- 6) Should leadership with efficiency and effectiveness have innovation? How?
- 7) Does organizational innovation affect organizational performance? How?

5. Questions on Others

- 1) In addition to the afore-mentioned factors, what else influences organizational performance?
- 2) What factors help your company frog-leap from a small-sized enterprise to a medium-sized enterprise and finally to a large-sized enterprise?

APPENDIX D
IN-DEPTH INTERVIEW List (In Thai)

การสัมภาษณ์เชิงลึก

“ภาวะผู้นำแบบเต็มขอบเขต ความคิดสร้างสรรค์ในองค์กร นวัตกรรมองค์กรและ
ผลการดำเนินงานของวิสาหกิจขนาดกลางและขนาดย่อม”

แนวคำถามในการสัมภาษณ์เชิงลึก (In-depth Interview Guide)

ประเด็นที่ 1 ผลการดำเนินงานขององค์กร

- สาเหตุ/ปัจจัยที่ทำให้้องค์การของท่านมีผลการดำเนินงานโดดเด่นและประสบความสำเร็จ นั่นคืออะไร? เพื่อเป็นประโยชน์และแนวทางต่อวิสาหกิจขนาดกลางและขนาดย่อมให้สามารถสร้างธุรกิจให้สำเร็จอย่างยั่งยืน
- ที่มาของสาเหตุ/ปัจจัยเหล่านั้นคืออะไร?
- มีวิธีการดำเนินงานที่เกี่ยวข้องกับสาเหตุ/ปัจจัยที่ว่านั้นอย่างไร?
- มีปัญหาการดำเนินงานอะไรเกิดขึ้นบ้าง มีการดำเนินงานเพื่อแก้ปัญหานั้นอย่างไร?
- การดำเนินงานอะไรที่องค์กรทำได้ดีและสามารถพัฒนาให้ดีขึ้น

ประเด็นที่ 2 ภาวะผู้นำแบบเต็มขอบเขต

- ลักษณะ พฤติกรรมผู้นำของท่านเป็นอย่างไร?
- ท่านให้ความสำคัญกับเรื่องใดเป็นพิเศษ?
- ท่านคิดว่าภาวะผู้นำในบริบทของไทยเป็นอย่างไร? (ภาวะผู้นำการเปลี่ยนแปลงและภาวะผู้นำแบบแลกเปลี่ยน)
- ท่านจะทำอย่างไรหรือมีการดำเนินกิจกรรมใดบ้างเพื่อให้มีการบรรลุเป้าหมายสูงกว่าที่กำหนดไว้?
- ท่านมีวิธีการอย่างไรเพื่อให้รางวัลแก่ผู้ตาม?
- ที่ผ่านมาท่านพบปัญหาและอุปสรรคอะไรบ้าง? ท่านแก้ปัญหานั้นอย่างไร?
- ในการบริหารงานประจำวันท่านใช้ภาวะผู้นำดำเนินการในเรื่องใดบ้างและใช้อย่างไร?
- ท่านคิดว่าภาวะผู้นำมีผลต่อผลการดำเนินงานของวิสาหกิจขนาดกลางและขนาดย่อมหรือไม่อย่างไร? คุณลักษณะผู้นำเช่นนี้มีลักษณะเช่นไร?

ประเด็นที่ 3 ความคิดสร้างสรรค์ในองค์กร

- 1) ท่านคิดว่าปัจจัยแวดล้อมใดที่ทำให้เกิดความคิดสร้างสรรค์ในองค์กร?
- 2) ในความคิดเห็นของท่าน อะไรที่ทำให้เกิดความคิดสร้างสรรค์ในองค์กร?
 - (1) ภาวะผู้นำมีผลต่อความคิดสร้างสรรค์ในองค์กรหรือไม่? อย่างไร?
 - (2) คุณลักษณะผู้นำเช่นนั้น มีลักษณะเช่นไร?
 - (3) ทำไมภาวะผู้นำจึงส่งผลต่อความคิดสร้างสรรค์ในองค์กร?
- 4) ท่านเห็นด้วยหรือไม่ และมีความคิดเห็นอย่างไรต่อทฤษฎีของ Amabile (1996) ที่หยิบยกมาศึกษาที่กล่าวไว้ว่าองค์ประกอบของความคิดสร้างสรรค์ 3 ประการ ได้แก่ (1) ความเชี่ยวชาญ (Expertise) (2) ทักษะในการคิดอย่างสร้างสรรค์ (Creative-Thinking Skill) และ (3) แรงจูงใจ (Motivation)
- 5) แนวคิด วิธีการดำเนินงานด้านความคิดสร้างสรรค์ในองค์กรดังกล่าวข้างต้นในข้อ 4) เป็นอย่างไร?
- 6) การมีส่วนร่วมของพนักงานในเรื่องความคิดสร้างสรรค์เป็นอย่างไร? มีวิธีการดำเนินงาน หรือกิจกรรมที่เกี่ยวกับการมีส่วนร่วมของพนักงานดังกล่าวอย่างไร?
- 7) ความคิดสร้างสรรค์ในองค์กรมีผลต่อผลการดำเนินงานขององค์กรหรือไม่? อย่างไร?
- 8) ความคิดสร้างสรรค์ในองค์กรมีผลต่อนวัตกรรมขององค์กรหรือไม่? อย่างไร?

ประเด็นที่ 4 นวัตกรรมองค์กร

- 1) ในความคิดเห็นของท่าน นวัตกรรมองค์กรประกอบด้วยอะไรบ้าง?
- 2) ในความคิดเห็นของท่าน อะไรที่ทำให้เกิดนวัตกรรมองค์กร?
 - (1) ภาวะผู้นำมีผลต่อนวัตกรรมขององค์กรหรือไม่? อย่างไร?
 - (2) คุณลักษณะผู้นำเช่นนั้น มีลักษณะเช่นไร?
 - (3) ทำไมภาวะผู้นำจึงส่งผลต่อนวัตกรรมองค์กร?
- 3) พฤติกรรมของพนักงานเช่นใดบ้างที่ช่วยส่งเสริมนวัตกรรมองค์กร?
- 4) มีวิธีการสร้าง พัฒนา และรักษาพฤติกรรมที่ว่ำนั้นอย่างไร?
- 5) มีกิจกรรมใดบ้างเพื่อที่จะทำให้พนักงานได้แสดงออกถึงพฤติกรรมที่ช่วยส่งเสริม นวัตกรรมองค์กร?
- 6) ผู้นำที่มีประสิทธิภาพและประสิทธิผลควรเป็นผู้นำที่มีนวัตกรรมหรือไม่? อย่างไร ?
- 7) นวัตกรรมองค์กรมีผลต่อผลการดำเนินงานขององค์กรหรือไม่? อย่างไร?

ประเด็นที่ 5 อื่นๆ

- 1) นอกเหนือจากปัจจัยที่กล่าวไปข้างต้น ท่านคิดว่าปัจจัยใดที่มีอิทธิพลต่อผลการดำเนินงานขององค์กร?
- 2) ปัจจัยใดที่ทำให้บริษัทฯ ของท่านก้าวกระโดดจากวิสาหกิจขนาดย่อมไปสู่วิสาหกิจขนาดกลางหรือวิสาหกิจขนาดกลางไปสู่วิสาหกิจขนาดใหญ่?

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Master of Public Administration, 1996
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Senior Human Resources Manager, DHL
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