

ศักยภาพการจัดการการปรับเปลี่ยนเชิงกลยุทธ์และความยั่งยืนขององค์กร:
การตรวจสอบเชิงประจักษ์ธุรกิจอิเล็กทรอนิกส์และ
เครื่องใช้ไฟฟ้าในประเทศไทย

STRATEGIC TRANSFORMATIONAL MANAGEMENT CAPABILITY AND FIRM
SUSTAINABILITY: AN EMPIRICAL STUDY OF ELECTRONIC AND
ELECTRICAL APPLIANCE BUSINESSES IN THAILAND

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การวิจัยเรื่องศักยภาพการจัดการการปรับเปลี่ยนเชิงกลยุทธ์และความยั่งยืนขององค์กร:
การตรวจสอบเชิงประจักษ์ธุรกิจอิเล็กทรอนิกส์และเครื่องใช้ไฟฟ้าในประเทศไทย มีวัตถุประสงค์
หลักของงานวิจัยนี้คือเพื่อสำรวจอิทธิพลของสมรรถนะการวางแผนการดำเนินงานเชิงรุก การมุ่งเน้น
โครงสร้างองค์กรแบบยืดหยุ่น ศักยภาพนวัตกรรมการจัดการสมัยใหม่ การประยุกต์ใช้กลยุทธ์ธุรกิจ
เชิงพลวัต และการมุ่งเน้นการประยุกต์ใช้เทคโนโลยีในการบริหารจัดการต่อการปรับปรุงการ
ปฏิบัติงานที่มีคุณค่าและการพัฒนากระบวนการใหม่ การเก็บรวบรวมข้อมูลโดยใช้แบบสอบถาม
จำนวน 167 คนของธุรกิจอิเล็กทรอนิกส์และเครื่องใช้ไฟฟ้าในประเทศไทย และอัตราตอบกลับคืน

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26.17% การมุ่งเน้นการประยุกต์ใช้เทคโนโลยีในการบริหารจัดการมีผลกระทบมากที่สุดต่อการปรับปรุงการปฏิบัติงานที่มีคุณค่าและการพัฒนากระบวนการใหม่ นอกจากนี้การประยุกต์ใช้กลยุทธ์ธุรกิจเชิงพลวัตมีผลกระทบอย่างมากต่อการพัฒนากระบวนการใหม่ งานวิจัยนี้อาจเป็นประโยชน์สำหรับนักวิชาการ กรรมการผู้จัดการและคู่ค้าและผู้ที่ต้องการจะประสบความสำเร็จในการกำหนดนโยบายของบริษัท

คำสำคัญ: การจัดการการปรับเปลี่ยน, ศักยภาพการจัดการการปรับเปลี่ยนเชิงกลยุทธ์; ธุรกิจอิเล็กทรอนิกส์และเครื่องใช้ไฟฟ้า

ABSTRACT

The objective of this research was to investigate the influence of proactive operational planning competency, flexible organization structure focus, modern management innovation capability, dynamic business strategy application, and managerial technological implementation orientation on valuable practice improvement and new process development. The data was collected from the survey of 167 electronic and electrical appliance businesses in Thailand. The response rate was 26.17%. The finding suggested that managerial technological implementation orientation had the most significant impact on the valuable practice improvement and the new process development. Moreover, dynamic business strategy application had the most significant impact on the new process development. This research may be useful for scholars, managing directors and partners, and also those who would like to succeed in formulating firm's policies.

Keywords: Transformational management, Strategic transformation, Electronic and electrical appliance businesses

1. Introduction

Nowadays, businesses and economic environments have higher competitions and more rapid changes than before. The competitions and changes make the firms create new ways to drive the businesses by learning, communication with and development from the dynamic environment. The

changes in the process organization vary according to frequencies, scopes and depths, related to production and market dynamics suggesting that their only constant is the persistence of changes in the production processes and their management (Keren, West & Mannan, 2002). Therefore, in the environment of changed business competitions, a transformation or an attempt of effective management is needed so that every firm is effective in competition and survival (Shobaki, Amuna & Naser, 2016). The process of change is a phenomenon that occurs in the nature of a large and small, profit or non-profit, and industrial or academic organization. Every organization has always changed in different ways. Organizations are facing volatile environments combined with keen competitions, faster technological changes, diverse workforce, explicit and tacit knowledge arrival, and globalization (Uddin, Fan, & Das, 2017).

Because of the change of organization strategies for improving organizational management and suiting the changing environment, the strategies have to bring about the organizational management to reach the goal. Moreover, understanding of changing of people and the leader's performance on participation of people in the organization are necessary to lead the organization to have the effective management. In addition, the leader must carefully manage the organization with necessary skills. In this research, dynamic capability is applied to explain the ability of firms to adapt themselves to changing environments. Furthermore, dynamic capability is applied to describe the relationships between independent variables and consequences. The sample is the electronic and electrical appliance business which has not merely played an important role in Thailand's economy as the main growth driver, but also made Thailand a Southeast Asia's electrical and electronics manufacturing hub. There were several researches employing these variables and some had a few dimensions. Some gaps were found in those researches; therefore, the researcher studied the variables by integrating them to create five new dimensions which can be the whole view of the firm's strategic management in various perspectives. Consequently, in order to bridge the research gaps, this

research study sought to investigate “how strategic transformational management capability has an effect on valuable practice improvement, a new process development, firm performance and firm sustainability,” by choosing the electronic and electrical appliance businesses in Thailand as the sample of this research.

2. Research Objectives

There are two objectives of this research. The first objective is to investigate the influence of strategic transformational management capability on valuable practice improvement, and a new process development. The other objective is to examine the impact of valuable practice improvement and a new process development on firm performance.

Literature review and hypotheses development

This research is an interesting phenomenon related to factors that associate with the strategic transformational management capability. It is based on the concept shown in Figure 1 below.

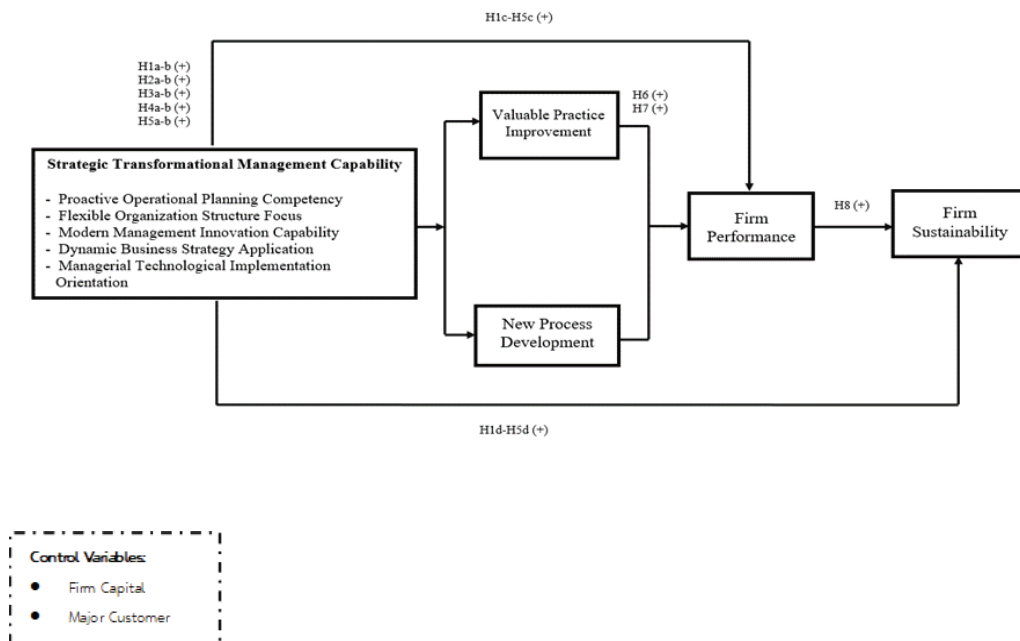


Figure 1: Conceptual Model of Dimensions of Strategic Transformational Management Capability

1.1 Proactive operational planning competency

The operational planning comprises a one-year period which is derived from tactical planning, contributes to realization of the planned strategy, is more detailed, more concrete, and performed continuously (minimally) at the level of business units, including the production processes as well (Shobaki, Amuna & Naser, 2016). Proactive operational planning competency refers to having the ability to research and analyze competitive situations at present and in the future in order to develop policies and working directions for more efficient performance (Golec, 2015). Thus, the hypothesis is provided as follows:

Hypothesis 1: The higher the proactive operational planning competency is, the more likely that firm will gain greater (a) valuable practice improvement, (b) a new process development, (c) firm performance, and (d) firm sustainability.

1.2 Flexible organization structure focus

The flexible organization means an organization that is ready to respond to social changing all the time, and it has operational agility to gain profits effectively. The flexible organization structure focus refers to the ability to integrate and combine working together by operation horizon, and it can provide successful management (Sopelana et al., 2014). Therefore, the hypothesis is provided as follows:

Hypothesis 2: The higher the flexible organization structure focus is, the more likely that firm will gain greater (a) valuable practice improvement, (b) a new process development, (c) firm performance, and (d) firm sustainability.

1.3 Modern management innovation capability

Management innovation is the introduction of management processes, structures and practices that are new to companies and important to create a new process to improve performance (Bezdrob & Sunje, 2014). Modern management innovation capability refers to an ability to support employee in creating and

improving their working techniques continuously using implementation techniques and new arrangements in firms (Volberda et al., 2013). Accordingly, the hypothesis is provided as follows:

Hypothesis 3: The higher the modern management innovation capability is, the more likely that firm will gain greater (a) valuable practice improvement, (b) a new process development, (c) firm performance, and (d) firm sustainability.

1.4 Dynamic business strategy application

The analysis of business strategy is thus at the intersection of market competition and a firm's efforts to secure persistently superior performance via investments in better management and organization (Yang, Kueng & Hong, 2015). Dynamic business strategy application is defined as the ability to establish working procedure and direction by integrating operational tactics systematically to improve performance to be more effective (Teece, 2010). Consequently, the hypothesis is provided as follows:

Hypothesis 4: The higher the dynamic business strategy application is, the more likely that firm will gain greater (a) valuable practice improvement, (b) a new process development, (c) firm performance, and (d) firm sustainability.

1.5 Managerial technological implementation orientation

Technology is a crucial factor in supporting an organization by emphasizing the ability in technological implementation. The advancement of information technology helps today's enterprises in managing business processes and collecting data in organization systems that can be a potential source of information (Relich & Pawlewski, 2017). Managerial technological implementation orientation refers to emphasizing the importance of allocation of budget to technology investment by

supporting technology education and it can provide effective schema development. Therefore, the hypothesis is provided as follows:

Hypothesis 5: The higher the managerial technological implementation orientation is, the more likely that firm will gain greater (a) valuable practice improvement, (b) a new process development, (c) firm performance, and (d) firm sustainability.

1.6 Valuable Practice Improvement

Great strategic management affects practicing improvement and performance. Organizations create new and various operations from transformational management which is well-related to different situations (Abma & Baur, 2014). Valuable practice improvement refers to the development of operational planning, using various techniques and procedures consisted of situations (Gehman, Trevino & Garud, 2013). Therefore, the hypothesis is proposed as below:

Hypothesis 6: The higher the valuable practice improvement is, the more likely that firm will gain greater firm performance.

1.7 New process development

A new process development is a crucial process in maintaining a company's competitive position and succeeding in dynamic markets (Relich & Pawlewski, 2017). The new process development refers to improvement of procedure schema and operation including using modern technology (Frishammar et al., 2013). Therefore, the hypotheses is provided as follows:

Hypothesis 7: The higher the new process development is, the more likely that firm will gain greater firm performance.

1.8 Firm performance

Firm performance is working results which can reach the goal and objective, and it is continuously set to point out the marketing, financial and non-financial effectiveness (Chai-Amonphaisal & Ussahwanitchakit, 2010). The firm performance is

as the combination of profits, sales, or revenues (Kacmar et al., 2006). Therefore, the hypothesis is provided as follows:

Hypothesis 8: The higher the firm performance is, the more likely that firm will gain greater firm sustainability.

1.9 Firm sustainability

Firm sustainability is concerned with the ability to meet the current needs of the two organizations and their stakeholders while being able to meet the future needs of the stakeholders (Dyllick & Hockerts, 2002). The firm sustainability refers to the organization which is conspicuous among its competitors because of its financial status and stable performance, and it is able to operate effectively under unstable situations (Yu & Zhao, 2014).

3. Research Methods

1. Sample Selection and Data Collection Procedure

The electronic and electrical appliance businesses in Thailand were selected as the samples in this research. The list of samples was obtained from the online database of website (<http://www.dbd.go.th>) lists of the electronic and electrical appliances at business data warehouse, the Department of Business Development, Thailand, 2017. Data were generated employing a key-informant survey design. Therefore, questionnaires were mailed to managing directors or managing partners of each firm, as the key informants. The data were collected from 167 firms. Non-response bias was tested by comparing early to late respondents, product types of business, industrial categories, business locations, number of employees, operational capital, operating periods, firm average revenue per year and major customers. The results derived from the test revealed that there was no significant difference between early and late respondents as recommended by Armstrong & Overton (1977).

2. Variables Measurement

The questionnaire was employed in the data collection process in order to investigate independent variables together with the consequences. They were measured by using a five-point Likert scale questionnaire, ranging from 1 (strongly disagree) to 5 (strongly agree). The details of each variable are presented as the following.

3. Validity and Reliability

The researcher used Cronbach's alpha to test the reliability of the measurement. Coefficient alpha indicates the degree of internal consistency among items in questionnaires that should be greater than 0.70 (Nunnally & Berstein, 1994). In this research, factor loading value of each construct were between 0.796-0.976 and higher than the cut-off 0.40. Meanwhile, the Cronbach Alpha coefficients were between 0.771 and 0.857 and higher than the standard score of 0.70 (Hair et al., 2010). Thus, all measures seemed to produce the internally consistent results. It meant that these measures were accepted both the validity and reliability for further analysis.

4. Statistical Techniques

The ordinary least squares (OLS) regression analysis is used to investigate the hypothesized relationships of consequent and regarding strategic transformational management capability.

4. Research Results

Table 1 shows that all correlations are less than 0.80 and between 0.478-0.771, $p < 0.01$. In addition, VIF is 3.014, which is lower than the cut-off score of 10 (Hair et al., 2010). Thus, the results indicate no multicollinearity problems in this research.

Table 1: Descriptive Statistics and Correlation Matrix

	POPC	FOSF	MMIC	DBSA	MTIO	VPI	NPD	FP	FSUS
Mean	4.102	4.111	4.086	4.033	4.003	3.960	3.934	3.905	3.926
S.D.	.563	.590	.617	.583	.651	.625	.643	.644	.633
POPC									
FOSF	.595***								
MMIC	.698***	.664***							
DBSA	.591***	.544***	.614***						
MTIO	.544***	.555***	.771***	.672***					
VPI	.478***	.556***	.574***	.572***	.557***				
NPD	.562***	.538***	.655***	.577***	.672***	.720***			
FP	.518***	.580***	.649***	.574***	.655***	.623***	.683***		
FSUS	.509***	.521***	.527***	.563***	.570***	.573***	.663***	.770***	
FC	.101	.097	.022	.077	.080	.064	-.002	.026	.147
MC	.090	.002	-.007	.003	-.035	-.007	.047	.023	.091

p < 0.10 **p < 0.05, *p < 0.01

The results of regression analysis are explained in Table 2 and 3.

Table 2: Results of Regression Analysis

Independent Variables	Dependent Variables			
	VPI	NPD	FP	FSUS
Proactive Operational Planning Competency (POPC)	0.014 (0.078)	0.136* (0.070)	0.063 (0.070)	0.102 (0.078)
Flexible Organization Structure Focus (FOSF)	0.167** (0.082)	0.045 (0.075)	0.168** (0.073)	0.134 (0.082)
Modern Management Innovation Capability (MMIC)	0.130 (0.111)	0.224** (0.102)	0.160* (0.100)	-0.011 (0.112)
Dynamic Business Strategy Application (DBSA)	0.229*** (0.085)	0.108 (0.078)	0.156** (0.076)	0.233*** (0.085)
Managerial Technological Implementation Orientation (MTIO)	0.188* (0.104)	0.327*** (0.096)	0.304*** (0.093)	0.254** (0.105)
Firm Capital (FC)	-0.065 (0.133)	0.037 (0.123)	-0.135 (0.139)	0.046 (0.134)
Major Customer (MC)	-0.025 (0.240)	0.125 (0.220)	0.067 (0.213)	0.268 (0.240)
Adjusted R ²	0.315	0.423	0.450	0.310
VIF	3.014	3.014	3.014	3.014

Beta coefficients with standard in parentheses. ***p<0.01, **p<0.05, *p<0.1

Table 3: Results of Regression Analysis

Independent Variables	Dependent Variables	
	FP	FSUS
Valuable Practice Improvement (VPI)	0.209*** (0.079)	
New Process Development (NPD)	0.255*** (0.094)	
Firm Performance (FP)		0.741*** (0.051)
Firm Capital (FC)	0.150 (0.116)	0.094 (0.106)
Major Customer (MC)	-0.062 (0.206)	0.249 (0.189)
Adjusted R ²	0.469	0.548
VIF	2.760	1.017
Beta coefficients with standard in parentheses. ***p<0.01, **p<0.05, *p<0.1		

5. Discussion

The results indicate that the proactive operational planning competency is positively significant in relation to new process development. Organization can achieve operation excellence by bringing improvement in the process of operation (Ojha, 2015). Therefore, the operation planning positively influences operational improvement and the new process (Thome, Scavarda, Fernandez & Scavarda, 2012).

Thus, Hypothesis 1b is accepted.

Second, the results reveals that flexible organization structure focus has a positive significant effect on valuable practice improvement and firm performance. Flexibility is essential in strategic planning because it is a valuable process which leads to practical improvement in an organization (Ionescu, Cornescu & Druica, 2012). This is consistent with Nadkarni & Naraynan (2007) who found that organizational flexibility has a direct operation of the organization that affects a long-term performance. *Hypothesis 2a and 2c are accepted.*

Third, the results illustrate that modern management innovation capability has a positive significant effect on a new process development and firm performance. This is consistent with Bezdrob & Sunje (2014) who found that management innovation, the introduction of management processes, structures and practices that are new to companies, are important to create new processes to improve performance. *Hypothesis 3b and 3c are accepted.*

Fourth, dynamic business strategy application has a positive effect on four outcomes: among valuable practice improvement, firm performance, and firm sustainability. This is consistent with Bozkurta, Kalkanb, & Arman (2014) who stated that strategy is the outcome of decisions made to lead an organization in respect to environments, structures and processes that affect its organizational performance. *Hypothesis 4a, 4c and 4d are accepted.*

Fifth, the research reveals that managerial technological implementation orientation is significant and positively associated with valuable practice improvement, a new process development, firm performance, and firm sustainability. From a perspective of production strategy, technology is often seen as a source of core strategic competence for improving the reliability and attractiveness of products and/or reducing manufacturing costs (Garrido-Vega et.al. 2015). Stock & Tatikonda (2004) identified when an organization brings external technology integration to the organization, it plays an important role in many operational activities, including new product development, new process development, and operational improvement. *Hypothesis 5a, 5b, 5c and 5d are accepted.*

According to Table 3, the results indicate that valuable practice improvement has a strong and positive effect on firm performance. The finding is consistent with Jaca, Viles, Mateo, & Santos (2012) who found that improvement practices have been positively correlated with competitive advantage and firm performance. *Thus, Hypothesis 6 is accepted.*

Seventh, the results indicate that new process development has a strong and positive effect on firm performance. Therefore, a new process for development through evaluating concepts with the use of relevant performance such as the cost and time of a NPD project or the potential profit from a product can improve firm performance (Relicha & Pawlewski, 2017). Thus, *Hypothesis 7 is accepted.*

Finally, the analyses indicate that firm performance has a strong and positive effect on firm sustainability. The sustainability has evaluated the role played by the approach of sustainability in driving initiatives adopted by firm managers and the ability of opportunities created by the firm as a result of these initiatives to drive superior performance (Gupta & Kumar, 2013). *Thus, Hypothesis 8 is accepted.*

Conclusion and Suggestion

This research examines the relationships among strategic transformational management capability (proactive operational planning competency, flexible organization structure focus, modern management innovation capability, dynamic business strategy application, and managerial technological implementation orientation) on firm sustainability. Particularly, managerial technological implementation orientation and dynamic business strategy application are essential components to increase performance. Also interestingly, this research provides a better understanding of how the firm can encourage the strategic transformational management capability. Furthermore, managing directors or managing partners should concentrate more on the importance of allocation of budget to technology investment, and implementation of modern technology continuously by supporting employees' learning and understanding on modern technology, which ultimately leads the firm to enhancement of their performances. Managers should place importance on setting strategies which suit any business situations so that it can contribute to the organization's higher performance. Additionally, the future research should consider external factors that may affect independent variables. Future research may use both quantitative and qualitative methods, or, mixed

methods such use combining with conducting an in-depth interview the managing director or managing partner of firm for seeking the other aspects of constructs and more perspective of other aspects of research.

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