Small and medium sized enterprises (SMEs) are positively associated with future growth in many developing countries (Beck, Demirguc-Kunt & Levine 2005). Especially, in Thailand, SMEs play a very significant role in the Thai economy. It accounted for a majority of national gross domestic products (GDP) or around 42.35 percentages in 2011 (OSMEP, 2014). However, in recent years, SMEs have confronted with many difficulties. For example, an intense competition among the new businesses is expected when ASEAN Economic Community (AEC) has been implemented in 2015. Moreover, several businesses suffered a great deal from the Thai political instability in 2014. Thus, many organizations have attempted to find ways to create differentiate products as well as provide new services that could increase the organizational effectiveness. As a consequence, innovation has been deployed as one of the important strategies to enhance profit for the organizations.

This study aims to propose the conceptual framework that derived from Hurley & Hult (1998) and Amabile et al. (1996). Nevertheless, the proposed conceptual framework in this study is intended to be explored in the future to confirm the determinant factors of organizational culture that lead to innovation. Second, the typology of innovation focused in this paper is defined as any kind of innovation (product, process, services, etc.) that relate to any aspect of the operation that generates a positive outcome for an organization. Lastly, this study intended to explore the determinant factors of organizational culture that lead to innovation in the context of the Thai SMEs in which the authors believe could be able to add to the existing knowledge of HRD field.

**Keywords:** Organizational culture, small and medium sized enterprises (SMEs), innovation
In recent years, Thai organizations, particular, Thai small and medium-sized enterprises are facing with a more serious competition. A number of advanced technologies driven by the larger companies as well as by the multinational corporations have been drastically increasing. Those organizations essentially have more competitive advantage to compete in the world market than the Thai organizations.

In particular, Thai SMEs have encountered challenges due to shortage of fund, skills, technology and the less access to information (Chittithaworn, Islam, Keawchana, & Yusuf, 2010). One of the strategies to enhance competitiveness and sustain businesses is through creativity and innovation. It is believed that innovation helps the organizations to be able to serve customer needs and stay ahead in competition (Cooper, 1996; Thomas, 1995). Thus, it is important for SMEs to look for the means to increase their capability of creativity and innovation.

Prior studies have found that organizational culture is a major factor for the success of the organization (Schein, 1992) and organizational culture is also found to have a positive influence on innovation (Tushman & O’Reilly, 1997). Although several studies have contributed to the knowledge of innovation (Davenport & Prusak, 1998), the influences of organizational cultures on innovation and empirical study are still limited in this area (Becheikh et al., 2006; Oldham &Cummings, 1996).

It calls for the empirical study on organizational culture and innovation in order to add to the existing knowledge in the field of HRD. Furthermore, majority of the research have been conducted in the western context where the culture and other elements are different to the context of Thailand. As a consequence, it is considered important to explore the determinant factors of organizational culture influence to creativity and innovation in the Thai SMEs which is the context that has still been underexplored (Rujirawanich, Addison, & Smallman, 2011).

To provide the standpoint of the study, first, this study aims to propose the conceptual framework that derived from Hurley & Hult (1998) and Amabile et al. (1996). However, the proposed conceptual framework in this study is intended to be explored in the future to confirm the determinant factors of organizational culture lead to innovation.

Second, the typology of innovation focused on this paper is defined as any kind of innovation (product, process, services, etc.) related to any aspect of the operation that generates a positive outcome for an organization. Lastly, this study intended to explore the determinant factors of organizational culture lead to innovation in the context of Thai SMEs which the authors believe could be able to add to the existing knowledge of HRD field.
Study Purposes and Research Questions

This research aims to explore the concepts of innovation in small and medium-sized enterprises (SMEs) and to investigate the determinant factors of organizational culture that foster and impede innovation in small and medium-sized enterprises (SMEs) in Thailand. The research questions guiding this study are as follow.

1) What are the concepts and perception of innovation in small and medium-sized enterprises (SMEs) in Thailand?

2) What are the determinants factors of organizational culture that foster and impede innovation in small and medium-sized enterprises (SMEs) in Thailand?

3) How the determinants factors of organizational culture foster and impede innovation in small and medium-sized enterprises (SMEs) in Thailand?

Innovation

In today's globalization, innovation has been widely recognized as an important strategy to create the successfulness for the organizations (Drucker, 1999; Egan, 2005; Mumford, Hester, & Robledo, 2012). Egan (2005) pointed out that a turbulence environment forces an intensified competition among firms. The companies need to find ways to survive through differentiate their products from others. In line with Egan, many studies have found that innovation is the key factor lead to organizational success (Damanpour, 1991, Drucker, 1999; Fabling & Grimes, 2007; Thornhill, 2006). In order to gain more understanding into innovation study, the next section devoted to the explanation of its definition.

Drucker (1985) defined innovation as the way to utilize new resources or existing resources in order to enhance organizational wealth. Further, Kuniyoshi and Tadao (1988) defined innovation as a process of transforming new ideas into new products or services that create profit gaining for enterprises. In line with Kuniyoshi and Tadao (1988), Dehoff, Jaruzelski, and Kronenberg (2005) pointed out that innovation is the process of developing products and services which have not yet been released to the market.

From the aforementioned definitions regard to innovation, the authors defined innovation as the development of an idea into products, services, or processes that is new and useful to the market in order to serve customer’s demand as well as create profit for the organizations.
Small and medium sized enterprises (SMEs)

Small and medium sized enterprises (SMEs) are positively associated with a future growth in many developing countries (Beck, Demirguc-Kunt & Levine 2005). Especially, in Thailand, SMEs play a very significant role in Thai economy. It accounted for a majority of national gross domestic products (GDP) or around 42.35 percentages in 2011(OSMEP, 2014). However, in recent years, SMEs have confronted with many difficulties, for example, an intense competition among the new businesses when ASEAN Economic Community (AEC) has been implemented in 2015, and a political instability in 2014. Thus, many organizations have attempted to find ways to create a differentiate products as well as provide new services that could increase the organizational effectiveness. As a consequence, innovation has been deployed as one of an important strategy to enhance the profit for the organizations.

Organizational culture

Organizational culture has been suggested from many scholars to have a positive and negative relationship with creativity and innovation (e.g. Martin, 2002; Martins, Martins & Terblanche, 2004; Hill, 2007). In order to gain more insight into the determinant factors of organizational culture lead to innovation, the authors briefly concluded the definitions of organizational culture as follows.

Schein (1987) suggested that organizational culture is the basic assumptions that a group developed through learning in order to handle with the problems. Furthermore, this pattern has to be validated before it has been taught to new members. In addition to this, Martin (2002, p. 330) defined organizational culture as “patterns of interpretation composed of the meanings associated with various cultural manifestations, such as stories, rituals, formal and informal practices, jargon, and physical arrangements” Further, Hill (2007) defined organizational culture as a norm or values that shared within the organizations. In conclusion, this study defined organizational culture as values or norms that derived from members of the groups and shared among their members within the organizations.

Burns and Stalker in 1961 are the first scholars who contributed on the study of organizational culture (McLean, 2005). In their study, organic organizations and mechanistic organizations are described. The authors suggested that organic organizations are formed to deal with unpredictability and instability in organizations effectively than mechanistic organizations.
In addition, in 1996 Amabile and associates suggested a measurement related to work environment that support and impede innovation called KEYS. There are eight dimensions in this assessment include organization encouragement, supervisory encouragement, work group support, freedom, sufficient resources, challenging work, organizational impediments, and workload pressure.

Similar to Amabile and associates, Isaksen, Lauer, and Ekvall (1999) proposed the instrument called the Situational Outlook Questionnaire (SOQ). Nine dimensions include challenge/involvement, freedom, trust/openness, idea time, playfulness/humor, conflict, idea support, debate, and risk-taking have been suggested influence to innovation.

As aforementioned that organizational culture has been widely recognized as important factors lead to innovation (Schein, 1992). A stream of research has contributed to this area, for example, the study of “The Role of Cultural Barriers in the Relationship between Open-Mindedness and Organizational Innovation” from Hernández-Mogollon, Cepeda-Carrión, Cegarra-Navarro and Leal-Millán (2010). The authors concluded that it is important for the organization to provide an appropriate environment to foster organizational innovation because it links to new product and service.

Similar to this, Ford and Chan (2002) imply that organizational factors such as incentives, reward, social network, and management support are relevant to create innovation within an organization. In addition, variables such as learning and development, participative decision-making, support and collaboration, power sharing, status differentials, communication and tolerance for conflict and risk (Hurley & Hult, 1998) has been found to affect organizational innovativeness. The determinant factors of organizational culture that have an influence toward innovation from reviewing the literatures are summarized as shown in Table 1.

*Table 1*
Determinant Factors of Organizational Culture Lead to Innovation

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Research Framework

This conceptual framework of determinants of organizational culture lead to creativity and innovation is developed based on the literature review and theoretical framework purposed by Hurley & Hult (1998) and Amabile et al (1996). Therefore, there might be more determinants factors.
that influence innovation which have not mentioned in the below conceptual framework. The further steps of literature review and confirmation of the conceptual framework could broaden the study perspective.

![Conceptual Framework](image)

*Figure 1. Proposed conceptual framework of determinants of organizational culture leads to innovation. Author adaptation from Hurley & Hult (1998) and Amabile et al. (1996).*

**Research Design and Methodology**

In order to understand the contributing factors of organizational culture that contribute to innovation, mixed method will be adopted in this study. In addition, to gain more insight into each cluster of the study, a case study will be deployed as Yin (1984, p.13) suggested that “case studies are an appropriate method when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context”.
In conclusion, both quantitative through questionnaire survey and the qualitative through semi-structure interview will be employed to investigate 30 Thai SMEs in Bangkok and metropolitan areas in Thailand.

The authors gain a corporation from Thailand National Innovation Agency (NIA) to assist with sampling process. The case companies will be randomly selected based on NIA database from the following criteria: 1) number of employees – based on SMEs classification, at least 16 to 200 persons (OSMEP, 2011); and 2) location – with the time limitation, the authors will selected companies that located in Bangkok and metropolitan areas.

Managers and employees will be interviewed to gain an in-depth understanding of the business characteristics and organizational culture that have contributed to creativity and innovation of the firm. Furthermore, the anticipated sample sizes for this study will be set at 30 participants. 20 participants from different companies will be recruited to participate in an individual interview. After the initial data has been analyzed, the researcher will conduct two additional focus-group interviews from another 10 participants from different company by dividing into 5 participants in each group to gain more understanding on important aspects.

The research was based on both primary and secondary data to manage the research. Primary data will be collected from an individual interview and a focus-group interview. Secondary data will be collected from books, journal, research papers, and company documents. Furthermore, as this study is attempting to explore the determinants of organizational culture that influence innovation, a semi-structure interview with open-ended questions and a focus-group will be appropriate for acquiring the primary data for this study.

The interview questions will be categorized into 5 main general sections as follows; 1) perceived meaning of innovation; 2) past projects or activities related to innovation; 3) the factors that lead to innovation from participants’ point of view; 4) the factors that inhibit innovation from participants’ point of view; and 5) suggestions and recommendations. The questions will be finalized by HR experts and a pilot study will be launched before conduct an individual interview and focus-group. The interview will be take place at the participants’ office or the place that most convenience for them. The interview will take around 60 to 120 minutes in duration. Confidentiality will be strictly concerned in this study. All participants will be asked for permission to allow the researchers to record the interview. All audiotapes, transcripts and notes will be saved in researchers’ computer and will be set a password.
The trustworthiness that guides this study will be based on Lincoln and Guba’s (1985) trustworthiness criteria include a) credibility; b) transferability; c) dependability; and d) confirmability (Lincoln & Gaba, 1985, p. 301-327). Triangulation in acquiring the data will be applied in this study in order to gain the information from variety of sources. Further, the researchers will apply the bracketing technique during conducting in interviews to eliminate preconceptions and biases that might arise. Lastly, ethical consideration will be strictly followed by the ethical guidelines of the American Psychological Association (APA).

**Conclusion and Implications for HRD**

This study proposed the conceptual framework of organizational culture that lead to innovation based of the past literature. This study about creativity and innovation is significant in several ways. First, it adds the knowledge of the determinant factors of organizational culture that influence to innovation in the HRD field.

Second, the case study companies in this study will be the Thai small and medium-sized enterprises (SMEs) where the context has still been underexplored. Lastly, HRD practitioners could gain an in-depth understanding of various determinants factors influence creativity and innovation. It allows the practitioners to see another aspect of the context that has not very much been shed light on. It could broader the perspective of HRD practitioners to gain more ideas of what are the problems inhibiting the creativity among Thai small and medium-sized enterprises (SMEs) as well as how to create culture of innovation among the Thai SMEs.

**References**


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