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usiness Performance Success by Local Thai Firms Applying Innovation Management and Social Media

ความสำเร็จของธุรกิจท้องถิ่นด้วยการจัดการนวัตกรรมและการประยุกต์ใช้สื่อสังคมออนไลน์

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บทคัดย่อ

การวิจัยครั้งนี้มีวัตถุประสงค์ประการแรก เพื่อศึกษาวิธีการวัดความสำเร็จของธุรกิจท้องถิ่น และประการที่สอง เพื่อศึกษาปัจจัยที่สัมพันธ์กับความสำเร็จของธุรกิจท้องถิ่น โดยใช้วิธีการวิจัยเชิงคุณภาพ ในลักษณะของการศึกษาปรากฏการณ์วิทยา รวบรวมข้อมูลด้วยการสัมภาษณ์เชิงลึกจากผู้ให้ข้อมูลหลัก คือ ผู้ประกอบการที่มีประสบการณ์ในธุรกิจขนมหวาน และบุคคลที่เกี่ยวข้องกับธุรกิจดังกล่าวในจังหวัดเพชรบุรี วิเคราะห์ข้อมูลด้วยวิธีการพรรณนาวิเคราะห์และการประยุกต์ใช้แนวคิดทฤษฎีที่เกี่ยวข้องเพื่อการอธิบายปรากฏการณ์ ผลการวิจัยพบว่า ประการแรก ความสำเร็จของธุรกิจท้องถิ่นวัดได้จากการสร้างตราสินค้าองค์การ การประเมินมูลค่ากิจการ การตระหนักถึงและปริมาณธุรกรรมทางธุรกิจ และความผูกพันต่อองค์การของพนักงาน และประการที่สอง ปัจจัยที่สัมพันธ์กับความสำเร็จของธุรกิจท้องถิ่นประกอบไปด้วยการจัดการนวัตกรรม(สิ่งแวดล้อมองค์การ การจัดการทรัพยากรมนุษย์ องค์การการเรียนรู้และการจัดการสิ่งแวดล้อมการเรียนรู้ และการสร้างนวัตกรรมเชิงสร้างสรรค์) และ

การประยุกต์ใช้สื่อสังคมออนไลน์ (การชั้นนำยุคสมัย การรักษาฐานลูกค้า และการสร้างการตระหนักรู้ในตราสินค้า นอกจากนี้ผู้ประกอบการธุรกิจท้องถิ่นควรเลือกการสร้างนวัตกรรมเชิงสร้างสรรค์ในผลิตภัณฑ์ เพื่อเป็นแนวทางไปสู่การสร้างความสำเร็จทางธุรกิจอย่างยั่งยืน อย่างไรก็ตาม ในบรรดาผู้ประกอบการส่วนใหญ่เชื่อว่าความรู้ใหม่ ๆ ไม่สามารถพัฒนาควบคู่ไปกับภูมิปัญญาดั้งเดิมได้ และแรงจูงใจในการพัฒนานวัตกรรมจะมาจากภายนอกเท่านั้น

คำสำคัญ: การจัดการนวัตกรรม การประยุกต์ใช้สื่อสังคมออนไลน์ ธุรกิจท้องถิ่น ความสำเร็จของธุรกิจ

Abstract

The objectives of this research were firstly, to study how to measure the Business Performance Success of local Thai firms and secondly, to study the factors related to Local Thai Firm Performance Success. This research used the qualitative method and analyzed based on phenomenology methodology. Data were collected using In-depth Interviews with the key informants: the experienced dessert business entrepreneurs and the other people related to these business operations in Petchburi Province. Then, the narrative data was analyzed and applied to the literature reviews to explain the occurrences. The research found that 1) the Business Performance Success of local Thai firms valued by Corporate Brand, Enterprise value, Recognition and Measurement of Business Transaction and Employee Engagement and, 2) the factors that related to Local Thai Firms Performance Success composed of Innovation Management Factors (Organization, Environment, Human Resource Management, Learning Organization and Knowledge, Environment Management and Creative Innovation) and Applying Social Media Factors (Lead Generation, Customer Retention and Brand Awareness), the most important factors were Innovation Management and Applying Social Media Factors. Moreover, the local business entrepreneurs chose Product Creative Innovation as a main approach to enhance sustainable success of a business operation. Most of them thought that the new knowledge did not match the traditional ideas and that the Inspiration for innovation development came from the outside in.

Keywords: Innovation Management, Applying Social Media, Local Firm, Business Performance Success

Introduction

More than 30 years ago almost all local small and medium Thai enterprises, like all traditional firms, ran their business based on past experience and accumulated knowledge. Through the years few firms have shown performance success, a large number have gone out of business while others turned to other businesses. The remainder continue to have normal profits but an uncertain turnover. One major reason that explains this phenomenon is innovation rejection because of the idea that creative innovation development cannot go together with the former ideas on doing business. From the literature review, the related researches showed that the incentive to develop innovation came from customer demand, lack of information and government support of results, or business development against innovation change. A small proportion of local firms used the innovation development approach and achieved performances success. Moreover, applying social media was accepted as the means, and the end resulted in Local Firm Performance Success. This study aims to examine Innovation Management and Applying Social media Factors that relate to Local Firm Performance Success.

Research Objectives

The objectives of this research are

- To study how to measure the Business

Performance Success of local Thai firms.

- To study the Innovation Management and Social Media factors that related to local Thai Firm Performance Success.

Scope of the Study

- Area scope: The field study, located in Petchburi Province, Thailand, focused on dessert business firms.

- Population scope: Because of using a qualitative method in this study, the key informants were the experienced dessert business entrepreneurs and other people related to these business operations.

- Time period scope: The research study was conducted for six months from November 2013 to April 2014.

Literature Review

Knowledge management strategies, innovation, and organizational performance (Al-Hakim, Shahizan, 2013: 58-71)

The results show that knowledge management strategies had a statistically significant and directly positive effect on innovation and organizational performance. Most outstandingly, the results indicate that knowledge management strategies had a significantly positive statistic effect on organizational performance through the partial mediation effect of innovation. Originality /

value - Conclusions of the present study may help academics and managers in implementing knowledge management strategies in order to enhance innovation and improve organizational performance.

Knowledge management, innovation and firm performance (Darroch, 2005: 101-115)

This paper presents knowledge management as a coordinating mechanism. Empirical evidence supports the view that a firm with a knowledge management capability will use resources more efficiently and so will be more innovative and perform better. This sample slightly over-represented larger firms. Data were also collected in New Zealand. As with most studies, it is important to replicate this study in different contexts. Knowledge management is embraced in many organizations and requires a business case to justify expenditure on programs to implement knowledge management behaviors and practices or hardware and software solutions. This paper provides support for the importance of knowledge management to enhance innovation and performance. This paper is one of the first to find empirical support for the role of knowledge management within firms.

Measuring the success of a performance measurement system in Thai firms (Rompho and Boon-itt, 2012: 548-562)

Based on the study's findings, success of PMS was categorized into two aspects:

design success and implementation success. Using CFA the empirical data demonstrate a good fit with the proposed measurement model.

Research limitations / implications - The results of this study are based on the opinions of managers and therefore their accuracy is open to question. Adding non-managerial perspectives might demonstrate another picture.

Practical implications - The findings could well be useful for managers in any organization. They can assist the manager in judging whether or not the company's PMS is successful according to the discovered criteria. Use of these criteria could lead to better decision-making in the design and implementation of a PMS framework in any organization.

Originality / value - This study enhances the body of knowledge by defining what a successful PMS means to managers in Thai firms. The results of this study can be applied to any country, but perceptions of what is important could vary from country to country.

The impact of technology selection on innovation success and organizational performance (Hao, Yu, 2011: 361-371)

The results indicate that a company's technology selection has no direct impact on innovation success; technology selection has a significant positive impact on technological capability and technology management

capability, which, in turn, has a significant positive impact on innovation success; innovation success has a significant positive impact on organizational performance.

The relationships among environmental turbulence, information technology convergence, strategic innovation management and overall firm performance: A cross-border case (Garibay and Julio, 2008)

Statistical analysis of the empirical data yielded the following: (1) The importance of corporate leaders' involvement in technology-based decisions in turbulent, technology-intensive industries and hence the importance of bridging the three typical gaps confronted by Information Technology managers: the information gap, the semantic gap, and the objectives/value gap. (2) The innovation focus of corporate leaders and Information Technology managers in San Diego County, where inventions of new proliferating technologies are expected to emerge, should be one of the critical determining factors of firms' future success. (3) Performance on Information Technology Convergence Issues is higher when a firm's usage level of convergence increases. (4) A firm's usage level of convergence increases when the levels of Information Technology Aggressiveness and Information Technology Responsiveness are higher. (5) Corporate leaders and Information Technology managers with high levels of involvement in

planning technology changes will react more positively to the changes than individuals with low levels of involvement. (6) When environmental turbulence associated with technological issues, innovative service delivery strategies implemented through strategic aggressiveness, and required responsiveness of organizational capability are aligned in an organization, performance on convergence issues is expected to be optimal.

Factors influencing SMEs adoption of social media marketing (Mohd, et al., 2014: 119-126)

Social media marketing usage and adoption as a new communication tool by organizations and SMEs is increasing globally and offers unique opportunities for small and medium enterprises and marketing researchers to undertake research that will have an impact. The purpose of the paper is to review the academic literature on factors that drive social media marketing adoption in SMEs and organizations. The topic enables others to establish a balanced picture of the current state of global social media marketing adoption research. It also offers a useful means to analyze the kinds of research that need to be pursued to make additional research progress in the related area of social media marketing.

Factors influencing social media adoption and frequency of use: an examination of Facebook, Twitter, Pinterest and Google+

(Sago, 2013: 1-14)

Social media has become an important venue for marketers to reach their audiences. Understanding factors that influence the adoption and frequency of use of social media services can assist marketers in selecting the social media to use and how to best structure their social media content. This research examined factors impacting the adoption and frequency of use of various social media services – Facebook, Twitter, Pinterest and Google+ – among undergraduate university students 18 to 23 years old. The findings included the positive relationship between frequency of use of social media and its ease of use, enjoyment and perceived usefulness.

Methodology

- Area selection: This qualitative research was based on a phenomenology methodology. The research aimed to study Innovation Management and Applying Social media Factors related to the Local Firms' Performance Success. The key informants were experienced dessert business entrepreneurs and other people connected to this business operation in Petchburi Province, which is a traditional and well-known dessert shopping place in Thailand.

- Source of information: The primary research data was collected from the key informants; 25 entrepreneurs, 75 people who

lived near these shops, and 130 dessert shop customers. In-depth interviews and narrative analysis were used as tools. In addition, the researcher also gathered secondary source data from a literature review such as researches, books and academic articles.

Research Tools

The researcher used research guidelines by doing In-depth Interviews to collect data from key informants. Research guidelines are composed of descriptive questions, structural questions, comparative / contrast questions, direct and cross-check questions. In narrative analysis, the researcher took notes and recorded all comments by the informants and related people. This two-way data must be checked in 3 forms as below,

- Creditability: accepted by readers. The conclusions were drawn from real evidence. All of the participants and people connected to the business operations must accept the result.

- Fitness: tested by experts. The research was found appropriate in the context of general relevancy. Business management experts could test if the methodology met the research objectives.

- Audit ability: by using the triangulation method, any researcher could have similar testing outcomes. This same result was resched by other researchers who used previous data.

Data Analysis

Data analysis can be classified in two forms;

- Daily analysis: detailed analysis of innovation management and applying of social media by local Thai firms in current situations.
- Overview analysis: analysis summarization of objective results.
- Domain analysis: content analysis for each objective.
- Taxonomy analysis: identification analysis; how to measure local Thai firm performance success.
- Componential analysis: classification analysis; what are the factors that related to the local Thai firm performance success.
- Theme analysis: conclusion analysis; how to create a beneficial approach based on the research result.

Results

How to measure the Business Performance Success of Local Thai Firms?

There are a lot of conceptual approaches to measuring business performance success, but for a qualitative field survey it could be concluded that the entrepreneurs agreed with their customers about how to evaluate the business performance success in a variety of dimensions that are consistent with a Corporate

Brand Success Valuation Approach (Ruenrom, 2013: 171), except that Employee Engagement derives from the facts.

In Management terms:

- Corporate Brand in Marketing is indicated by customers' reliability and acceptance of each product;
- Enterprise value in Finance reflects the efficiency of capital funding and investments that result in a high value for the firm;
- Recognition and Measurement of Transaction in Accounting is revealed in the form of positive net cash flow.
- Employee Engagement in Human Resource is shown by employee loyalty for the organization.

In Thai dessert shop firms, some entrepreneurs, especially the older generation, concentrated on Corporate Brand, followed by Employee Engagement as measurements for business performance success, but the trend is changing gradually to Enterprise Value and Recognition and Measurement of Transaction.

The reason for the Corporate Brand thought was that the traditional entrepreneurs emphasized the use of strategies for maintaining their well-known brands. They tried to expand marketing channels to nearby places and change to new packaging for sales promotion. However, their goods were the same products,

the mass production resulted in goods without quality and devalued their original identity. One major thing the entrepreneurs didn't do, was to change their product to an alternative and different product. and also did not arrange marketing events for promoting their goods. The traditional entrepreneurs were satisfied with their old style products.

The 2 factors that related to Local Thai Firms' Performance Success.

All participants had a variety of ideas about the meaning of "Innovation Management". A compilation of the viewpoints could be divided into four groups:

- Innovation Management as Invention Management
- Innovation Management as Technology Management
- Innovation Management as Marketing Management
- Innovation Management as Knowledge Management

Among these groups the old generation entrepreneurs thought that technology management came first and would cost more money to make changes, and most of them thought that the new knowledge could not mesh with the traditional-style thinking. However, the new generation, including most customers, considered that marketing

management would lead to firm changes because the inspiration for innovation development came from the outside.

Innovation management in the opinions of the participants would reach the desired target based on five criteria such as: establishing strategic planning, efficient process and sufficient resources, innovative organization management, network connection and a knowledge management system, all of which is in line with Lueangpirom (2012: 179-182).

Summarizing the meanings and compositions of Innovation Management, the local entrepreneurs together approved the idea that one major factor affected their business performance success, which was the Innovation Management Factor composed of 4 sub-factors: Organization Environment, Human Resource Management, Learning and Knowledge Management Organization, and Environment and Creative Innovation (Wootirong, 2014: 81).

Creative Innovation (Wootirong, 2014: 82) covered Innovative dimensions in Strategy, Organization, People, Product, Process and Marketing. Among these types of Creative Innovations, each entrepreneur could choose one or more to develop in his dessert business. Based on group discussion, the local business entrepreneurs chose Creative Product Innovation as a main approach to enhance sustainable success of their business operations.

The young blood entrepreneurs commented that Creative Innovation required four behavioral skills that related to their customers such as questioning, observation, interaction and testing. Linking these skills to the entrepreneurial concept while confronted with the current challenging circumstances and risk exposures might give impetus to a new business idea.

Apart from the Innovation Management Factor, there was another factor that couldn't be overlooked for business development today; the Applying of Social Media Factor. This factor resulted in business performance success in at least three aspects; Firstly, Increase of Brand Awareness. Secondly, it Generated More Leads and, finally, Increased Customer Retention, factors that replicate the ideas of how to measure social media by Kelly Nichole (2012: 13)

- *Increase Brand Awareness*: A common goal for social media could reach more target people at a significantly lower cost than traditional marketing channels, therefore brand awareness and brand recall among buyers who might not have known about local firms before should be increased.

- *Generate More Leads*: Most firms want to have more business coming through the door. Social media can effectively generate more leads for their business. A leader is

someone who has expressed the value of their products and has provided contact information at some point in the sales process.

- *Increase customer Retention*: The entrepreneurs can use social media as an instrument to keep existing customers happy. This does two things, it provides better service and it increases revenues through repeat business from serviced customers.

Most of the participants agreed with the provision of a framework to measure levels of social media success in the three ways that accord with Kelly Nichole (2012: 3-4)

- 1) Return on influence: the measure of how a firm's influence delivers a positive return to the firm.

- 2) Return on conversation: the measure of how participating in the conversation around the brand, products, and competition delivers a return to the firm.

- 3) Return on engagement: the value that driving engagement from social media users brings to the firm.

The issues about the applying social media factors were noted from the researcher's participation / observation notes during the stakeholders' conversation about the business performance success in the technological change era.

Discussion

Research study process discussion

The research process was successful because of having a clear framework & scope, it used several kinds of instruments, conducted the research by efficient methods, such as using checking of facts and data by triangulation, and had the results approved by people involved in the research. Anyone can use this research methodology to study other cases with a similar context.

Research result discussion

How to measure the Business Performance Success of local Thai firms ?

There were too many approaches to explain the Business Performance Success of local Thai firms, but when the participants linked the two factors: 1) Innovation Management, and 2) Applying Social Media with business

performance success, it gave only one answer, the Business Performance Success Model. This research result was consistent with the Corporate Brand Success Valuation Model in financial marketing terms. The Business Performance Success Model could indicate “Successful Performance” in four dimensions as mentioned above.

The 2 factors that related to Local Thai Firm Performance Success.

From the Literature Reviews; Innovation Management concepts, Social Media Measurement, Corporate Brand Success Valuation, Related Researches, and the conclusion from this qualitative research methodology, the researcher synthesized the conceptual framework of factors that related to Local Thai Firm Performance Success in the figure below.

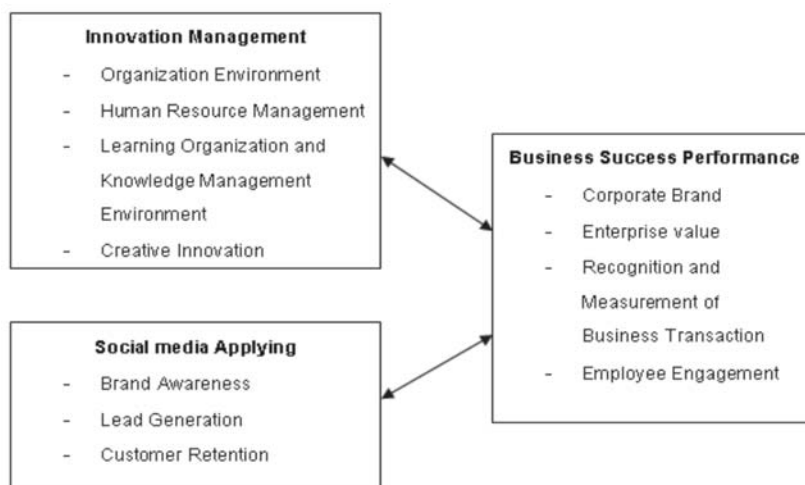


Figure 1 The conceptual framework of the factors related to Local Thai Firm Performance Success

Based on the above figure, the relationship between both sides, Innovation Management and Applying Social Media on the one side and Business Performance Success on the other, there is a two-way correlation. This was the main finding that contrasted to earlier research results. Another discovery was the involvement between Applying Social Media and Business Performance Success. These are the solutions for the present-day situation.

Many well-known local firms that succeeded in the old days can no longer grow or expand their business. They have to change their mindset and vision for doing business; otherwise they will join the downsizing firms or have to turn to other businesses.

However, one of the reasons on which this research agreed with the grand entrepreneurs' ideas, that it is important to push forward from being well-known local products, from specialization to generalization, such as the case with OTOPs approach in Thai style, raises a serious question in my mind. The result with Thai OTOP is that the product identity has decreased absolutely. The question in my mind is why do Japanese OTOPs fully maintain their local product style without deterioration.

On top of that, the last finding that was discussed found no more than 35 percent of the local firms involved in this research case willing to use creative innovation for business development by themselves, without support

from the local government officers or any other industrial network. The result was an unsystematic implementation of innovation learning and exploitation.

Conclusion and Recommendation

Conclusion

The research results showed that if the dessert business entrepreneurs want to have a successful business performance in the future, they should pay attention to two important factors; innovation management and applying social media. The lessons learned from this research indicated that the entrepreneurs must take into consideration stakeholder cooperation and social environmental changes.

Recommendation

The research has suggested that the innovation management policy for the creative and successful business performance should include not only the support to create innovations, but also the promotion of knowledge transfer and innovation assistance from external networks for innovations, and that it be a required, necessary condition for local firm incorporation.

As regards the next research, the interested researcher is advised to keep studying how to determine suitable innovation management strategy for sustainable business performance success of the local firms and

what is an effective evaluation instrument for that strategy. Another useful research is the study about diverse sources of innovation knowledge that could apply to the local business firm.

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