THE INFLUENCE OF ORGANISATIONAL CULTURE AND ENTREPRENEURIAL ORIENTATION ON ORGANISATIONAL PERFORMANCE: ORGANISATIONAL INNOVATION AS A MECHANISM IN THAILAND SMES

Wuttipong Krobbuaban, Northern College
Kanyamon Kanchanathaveekul, Suan Sunandha Rajabhat University
Wannaporn Buddhapoompitak, Suan Sunandha Rajabhat University
Chatchawan Phudthonamochaia, Suan Sunandha Rajabhat University
Boonthong Uahiranyanona, Southeast Asia University

ABSTRACT

The aim of the current research is to examine the influences of Organizational Culture (OC) and Entrepreneurial Orientation (EO) on Organizational Innovation (OI) and Organizational Performance (OP) in Small And Medium-Sized Enterprises (SMEs) in tourism-supporting creative industries in Thailand. Questionnaires were distributed to 170 managers and owners of SMEs by purposive sampling method. For analysis of data, Partial Least Squares-Structural Equation Modeling (PLS-SEM) was performed. Findings showed that EO and OC significantly affect innovation, which then has an impact on performance. However, innovation does not significantly impact performance, nor does it have a mediating effect between EO and OP. Many indicators that reflected OI analyzed the innovation issue in this research. Future studies can explore other types of innovation. Both the government and the entrepreneur must develop advanced technical support and advice organizations to promote better performance.

Keywords: Organizational Culture, Entrepreneurial Orientation, Organizational Performance, Organizational Innovation, SMEs

INTRODUCTION

In any country, SMEs are needed to contribute to poverty alleviation, employment and economic development (Beck, Ayyagari & Demirguc-Kunt, 2007; Jermsittiparsert & Rungsrisawat, 2019), making it known as a means of development for the country, particularly developing ones. A reason for this is the aid provided by entrepreneurship and innovation activities, which improve competition and increase productivity (Saengchai, Mitprasat & Jermsittiparsert, 2019; Chetthamrongchai & Jermsittiparsert, 2020). Owing to greater flexibility and the ability to adapt to ups and downs in businesses, SMEs are more innovative. Despite the fact that SMEs are more likely to form and fail, they largely lead to employment growth (Maksimov, Wang & Luo, 2017). Even though studies have been done investigating how SMEs contribute to economic development (Ndiaye, Razak, Nagayev & Ng, 2018), not much studies have been done in creative industry, such as advertising, fashion, film, live-events, media and music (Rowley & Marcella, 2015) in relation to the emerging culture (Salerno & Boccella, 2016).

A number of researches have examined how entrepreneurial activities are influenced by organizational culture (OC) (Cherchem, 2017) but not much study examined how OI is affected by

1532-5806-24-S1-82

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

both OC and EO. Innovation activities involve the initiation of new and difficult to reproduce ways for management, production, goods, service, advertising and technology (Pihkala, Konsti-Laakso & Kraus, 2012). OI therefore plays an important role in stimulating OP, especially in the creative industries of the local community. The OP reflects the possibility of increasing intention of tourists for purchasing their products. Managers must therefore strengthen an OI by making every effort, such as provide trainings for employees, creating and modifying new products and by generating ideas and supporting the initiatives of employees. With respect to this, both innovation and EO are needed for developing specific ideas in tourism-supporting local creative industries.

On the basis of the notion of creative industry, this study revisits the importance of these sectors in Thailand, whose economy is growing rapidly (Grünhagen & Terry, 2017). When compared to developed countries, the creative industry of developing ones is mostly based on craft and therefore traditional craft dominates the creative industries in Thailand. Furthermore, the features of Thailand's local economies and technology continue to develop. In such a context, entrepreneurship activities seem to be not an opportunity but a necessity. There are more than 1430 islands and a lot of distinct ethnic and language groups in Thailand. This cultural background and distinctiveness can lead to more opportunity for creative industry to uncover alongside the vast domestic market (68.02 million). Thanks to its considerable potential, "Creative Economy Development Plan 2025" has been launched by the Thailand Ministry of Tourism and Creative Economy *via* a strategy for long-term development. Application and games development, visual-communication design, architecture and interior designing, product design, video animation, fashion, film, craft, photography, cooking, advertising, publishing, music, fine arts, television, radio and performing are the 16 subsectors of development of creative industry in Thailand. By selling handicraft products, such as embroidery, the creative industry gains tourist attraction.

There are so many perspectives on the idea of organizational culture from the owners of SMEs who feel that if their business can satisfy their everyday needs, they need not make innovative initiatives, leading to better performances. As small and medium-sized businesses produce handmade goods, the companies cannot substitute the equipment's for advanced technology as it decreases the product value. The unique nature of the handmade items that connects to cultural and traditional values should be offered by SMEs. Employees who could not understand the OC tend to rely on the desire of the higher authority of the organization. It therefore causes employee creativity to be hindered, which ultimately also makes the company's future mission uncertain. The government is also concerned with the development of Bangkok's creative industry. The government's dominant position in improving this field is expected to encourage leaders and owners of SMEs to boost their performance.

Through a favorable response, the government given greater attention to improving the creative industry innovation of SMEs in many ways, like providing trainings to improve the owner's ability to run business, product-development trainings, promotional events or other initiatives which will contributes to increasing performance both financially and non-financially. Since different trainings are offered by the government for encouraging innovativeness of SMEs in West Sumatera, the managers of these enterprises feel the need to improve the innovation of the firm, thus affecting the performance. The urgent need for this study was focused on whether efforts towards innovation, like support by government, were compatible with EO and OC in order to encourage innovation of SMEs. In brief, it must be examined whether the OI activities carried out in SMEs to promote their performance in the West Sumatera has been efficient or not. In spite of the increasing awareness of the need for innovation, not much studies have been done that investigates its efficacy in improving OP in the tourism supporting creative industries of small and medium-sized enterprises. Hence, in order to bridge the gap, the current research will study the effect of OC and EO on OI and OP in small and medium-sized enterprises.

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

REVIEW OF LITERATURE

Conceptualization of Entrepreneurial Orientation

An individual creating a business that includes initiating innovation (new process and products) is known as entrepreneur (Krasniqi & Hashi, 2011). Innovation, creativity, risk taking, versatility and development have been used to describe entrepreneurship. EO includes behaviors, measures, types of decision making and methods impacting companies that introduce new or current goods or services into markets (Auer, Walter & Ritter, 2006).

There are three dimensions of EO. The first is innovativeness. It concerns practice and encourages innovation, creativity and the improvement of concepts by experiments (Dess & Lumpkin, 1996). Pro-activeness, the second dimension is referred to as the processes of ways in which one seeks and get the opportunity that is probably not linked with his current business operation. It is even concerned with introducing new brands or products and ways to eliminate those that are in their last stages (Venkatreman, 1989). Pro-activeness considers the value of entrepreneurial initiatives. By being able to predict changes in demand (Dess & Lumpkin, 2001), and actively participating to shape the environment (Kauranen, Kraus & Reschke, 2011), a company is able to develop competitive enhancement. Risk-taking, which is the last dimension, explains the instability that occurs as a result of entrepreneurial behaviors. These behaviors imply how the project objectives can be accomplished by offering a substantial amount of assets.

Conceptualization of Organizational Culture

OC is the pattern of values; belief and learned ways to deal with the experience which evolved based on the history of the organization and continues to be reflected in its member's actions and behavior (Ogbonna, 1992). Haffar, Al-Karaghouli, Djebarni & Gbadamosi (2019) described OC as a framework of what is essential (common values) as well as how things really work (belief systems) which correlate with individuals in the organization, organizational structure, and control mechanisms for creating standards of behavior within organizations. OC has been explained by a four-model approach (Hofstede, 2011). In the first model, culture is defined as a learned thing, which explains that the individuals of an organization develop OC and then pass it on to the individuals who join the organization. In the second model, culture is viewed as a belief system, where values and belief are shared by individuals of an organization which help recognize and give them a sense of an entity through rules of conduct. The third approach is culture as a strategy which explains that the development of a strategy is seen as a cultural activity and thus must be addressed as a strategic decision. Fourthly, culture is seen as the programming of the mind, and it is the mind's mutual programming that is capable of distinguishing individuals into different categories.

Conceptualization of Organizational Innovation

Innovation, as described by Porter (2011), is an effort of establishing competitive advantage by finding innovative ways to compete in business and bring it to market. Any new change or development made in the industry, even if it already exists in other firms is known as innovation (Smallbone & North, 2000). Pullan, De Weerd-Nederhof, Groen, Song & Fisscher (2009) claimed that the internal characteristics, including policy, method and organisation are essential in making the decision about developing the types of innovation. By developing and improving existing goods and service, conventional strategy focuses on gradual innovation. On the other hand, radical innovation is promoted by technology strategy and by emphasizing on recent

1532-5806-24-S1-82

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

technologies.

Conceptualization of Organizational Performance

Growth has been regarded a measure of OP and is correlated with achieving financial targets. The company's turnover is the most common indicator of growth, addressing tax issues, while the amount of staff is another indicator of growth, addressing employment concerns. Both indicators are interrelated within the framework of SMEs and are used in organizations because of their simplicity and visibility (Bruijn & Mahemba, 2003). Three factors have been identified by Fadahunse (2012) that will affect OP of small and medium-sized enterprises. The first is the characteristics of the entrepreneur. Personal traits such as education, experience, motivation, age ethnicity and gender may be responsible for contributing to the company's growth. For instance, the owners of SMEs establish a company that best suits their level of education and experience, thus increasing their chances to grow. The next factor is the characteristics of the organization (such as location, ownership form, and age, size) which are based on decisions taken while the business was initiated. Companies that operate in one sector could grow faster than others. Business operating in one segment may expand more rapidly than others (Fadahunse, 2012). The last factor contributing to growth is the business management practice/strategy, which is linked to the organizational management behaviors.

Development of Hypotheses

Entrepreneurial orientation is defined as a pattern of behavior that functions on a firm basis. If the EO focus is inclined towards innovation, the organization will pursue and handle innovation in its operations relative to those companies where entrepreneurs are not much innovative and carry out the work better than their rivals. EO is able to stimulate the process of innovation. A lot of studies have revealed a positive relation between innovation and EO (Bluedorn & Barringer, 1999; Hafeez, Shariff & bin Mad Lazim, 2012). EO is referred to as a company's potential to engage in active, innovative and risk-prone projects (Dess & Lumpkin, 2001). In addition, Alegre & Fernández-Mesa (2015) claimed that EO that reflects administrative attitude will improve performance if executives can raise their innovation and learning capabilities. Hence, it can be said that innovation is a component of EO. Likewise, a relationship between EO and OP has been affirmed by literature (Hafeez et al., 2012). Hence, based on the past studies, the following hypotheses are formulated:

Hypothesis1: Entrepreneurial orientation has a positive and significant influence on organizational innovation.

Hypothesis2: Entrepreneurial orientation has a positive and significant influence on organizational performance.

OC can successfully promote teamwork, knowledge sharing, ideas and experience. OC encourages all employees in an organization to participate in the process of innovation. This helps in developing creativity amongst them. Cultures intended to increase creativity and establish appropriate environment are characterized by creativity, versatility, ability to adapt to fluctuating circumstances (Szczepańska-Woszczyna, 2014). In his study, Hadian (2017) suggested OC to be a powerful instrument for enhancing OP. Some of the benefits of OC contribute to enhance OP, employee contentment and increased problem-solving skills. Jiménez-Jiménez, Naranjo-Valencia & Sanz-Valle (2016) their study found that OC fosters both innovation and OP. Therefore, the following hypotheses are postulated:

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

Hypothesis3: Organizational culture has a positive and significant influence on organizational innovation.
Hypothesis4: Organizational culture has a positive and significant influence on organizational performance.

The correlation between innovation and OP has been reported by various studies (Hafeez et al., 2012). Innovation is seen as a crucial component for growth of business and a key element in maintaining competitiveness for longer period of time. After conducting a study on 168 Spanish companies, Jiménez-Barrionuevo, García-Morales, and Gutiérrez-Gutiérrez (2012) concluded that organizational innovation has a positive effect on OP. The study also revealed transformational leadership style is held responsible for OP and OI towards OP. Acar & Kalmuk (2015) investigated organizational learning capability as a mediator between OI and the OP with a strategic method. Additionally, a framework has been offered by Hafeez, et al., (2012) on the basis of resource-based view theory of SMEs in Pakistan and concluded that OI is able to act as a mediator which influences the impact of EO and OP. Song, Shan & Ju (2016) also claimed that innovation mediates the relationship between EO and performance. Hence, the following hypotheses are proposed:

Hypothesis5: Organizational innovation has a positive and significant influence on organizational performance.
Hypothesis6: The relationship between entrepreneurial orientation and organizational performance is mediated by organizational innovation.

METHODOLOGY

Sample and Data Collection

For testing the hypotheses between the reflective variables, quantitative research method has been used. Cross-sectional method was used for collecting data from participants where questionnaires were distributed to managers and owners of small and medium-sized enterprises in Bangkok, particularly to the tourism-supporting creative industries. Offline field survey and purposive sampling method was used to find samples in order to make sure that the data collected correctly represents the organization. 170 participants were contacted, and all of the data have been used for analysis (100 percent response rate).

Measurement of Variables

Five (5) point Likert type scale ranging from 1 -"strongly disagree" to 5 -"strongly agree" was used to measure all the constructs. The three dimensions- innovativeness, pro-activeness and risk taking were used to measure EO (Anokhin, Morgan, Kretinin & Frishammar, 2015). Seventeen (17) items have been used to measure OC from the scale by Shehu and Mahmood (2014). For measurement of OI, a six (6) items scale has been used that is taken from Aichouche & Bousalem (2016) study. OP was assessed by four (4) items based on the scale by Selden & Brewer (2000).

Following verification of the measurement model, the theoretical model was evaluated using partial least squares structural equation modelling (PLS-SEM). PLS makes virtually no assumptions of data distribution, as opposed to other statistical methods. PLS latent construct modelling method is suggested as it permits contribution of all the variance indicators to the composite score of the variable (Chin, Marcolin & Newsted, 2003). For testing the mediating effect in the current research, it has been prompted by Gaskin and Lowry (2014) that the PLS method determines the hypotheses results *via* bootstrap method that occurred recursively for improving the estimation of the model.

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

RESULTS AND DISCUSSIONS

Participant's Demographic Profile

Table 1 provides the demographic information of the participants. Most of the participants of the study were females (66 percent) and most of them had been above 41 years of age (63.49 percent). Some of the participants also had other sources of income apart from being an entrepreneur. However, majority of the participants were purely entrepreneurs (76.5 percent) and some had other occupations. In terms of education, 49 percent contributed to the majority completing senior high school and with respect to the income, maximum of them had above 8M IDR (30.5 percent).

Table 1
DEMOGRAPHIC PROFILE

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	68	34
	Female	132	66
Age	20-30	22	11
	31-40	51	25.5
	41-50	58	28.99
	50 above	69	34.5
Occupation	College student and entrepreneur	5	2.5
	Civil servant and entrepreneur	18	9
	Entrepreneur	153	76.5
	Fisherman/Farmers and entrepreneur	4	2
	Others	20	10
Education	Elementary school	16	8
	Junior high school	22	11
	Senior high school	98	49
	Graduate academy	18	9
	College (S1)	42	21
	Postgraduate (S2)	4	2
Income	Less than Baht. 2.000.000	35	17.5
	Baht. 2.000.000-Baht. 4.000.000	50	25
	Baht. 6.000.001-Baht. 8.000.000	30	15
	Baht. 4.000.001-Baht. 6.000.000	24	12
	Above Baht. 8.000.000	61	30.5

Testing Data Normality

The multivariate normality of data needs to be tested and reported despite PLS being a non-parametric test. Skewness and kurtosis (additional descriptive statistics) must range from -1.0 to 1.0 to ensure normality (Alananzeh, Tarhini & Algudah, 2018; Pallant, 2013). As shown in Table 2, kurtosis value of OC and OP did not fall in the normal range, indicating asymmetry in distribution.

Table 2
RESULTS OF MULTIVARIATE NORMALITY TEST

Construct	Skewness	Kurtosis	Normal
Entrepreneurial orientation	-0.379	0.932	Yes
Organizational Culture	0.152	1.712	No
Organizational Innovation	-0.588	0.848	Yes

1532-5806-24-S1-82

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

Organizational Performance	-0.189	2.101	No

Measurement Model Assessment

In order to test the validity of measures, Confirmatory Factor Analysis (CFA) was performed. For assessment of Convergent Validity (CV), the parameters are Average Variance Extracted (AVE), outer loading and Composite Reliability (CR) (Hair Jr, Hult, Ringle & Sarstedt, 2017). Moreover, CV measures if the indicators of the construct actually measure the constructs of the study. AVE indicates the total variance in the latent variables' indicator, while CR reflects consistency of the study constructs. As shown in Table 3, many reflective indicators in this study have been deleted, due to the values of AVE and outer loadings not meeting the criterion of thumb rule of 0.70. Once the lower outer loadings have been deleted, the values of CR must be taken into consideration. Discriminant validity was tested, using criterion of Fornell & Larcker for identifying if the correlation scores of the indicators of the own construct is more than other constructs in the model.

Table 3
MEASUREMENT OF INSTRUMENT WITH CFA (CV)

Variables	Outer Loading	CR	AVE
Entrepreneurial orientation (EO)		0.871	0.587
Innovativeness			
IN1	0.919	0.799	0.663
IN2	0.760		
IN3	Deleted		
IN4	Deleted		
Pro-activeness			
PA1	0.877	0.876	0.823
PA2	0.880		
PA3	Deleted		
Risk-taking			
RT1	0.855	0.880	0.756
RT2	0.936		
RT3	0.934		
Organizational Culture		0.871	0.523
OC1	0.863		
OC2	0.847		
OC3	0.896		
OC4	Deleted		
OC5	Deleted		
OC6	Deleted		
OC7	Deleted		
OC8	Deleted		
OC9	Deleted		
OC10	0.913		
OC11	0.900		
OC12	0.898		
OC13	Deleted		
OC14	Deleted		
OC15	Deleted		
OC16	Deleted		
OC17	0.850		
Organizational Innovation		0.898	0.649
OI1	Deleted		

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

OI2	0.843		
OI3	0.802		
OI4	0.854		
OI5	0.853		
OI6	0.804		
Organizational Performance		0.850	0.668
OP1	Deleted		
OP2	0.829		
OP3	0.888		
OP4	0.782		

As shown in Table 4, AVE's square root of every variable is more than the highest correlations of other variables, confirming discriminant validity.

Table 4
DISCRIMINANT VALIDITY (FORNELL-LARCKER CRITERION)

Constructs	Innovativeness	OC	OI	OP	Proactiveness	Risk-taking
Innovativeness	0.819					
OC	0.061	0.732				
OI	0.029	0.459	0.787			
OP	0.148	0.371	0.324	0.813		
Pro-activeness	-0.067	0.165	0.572	0.291	0.912	
Risk-taking	0.275	0.112	0.277	0.304	0.456	0.875

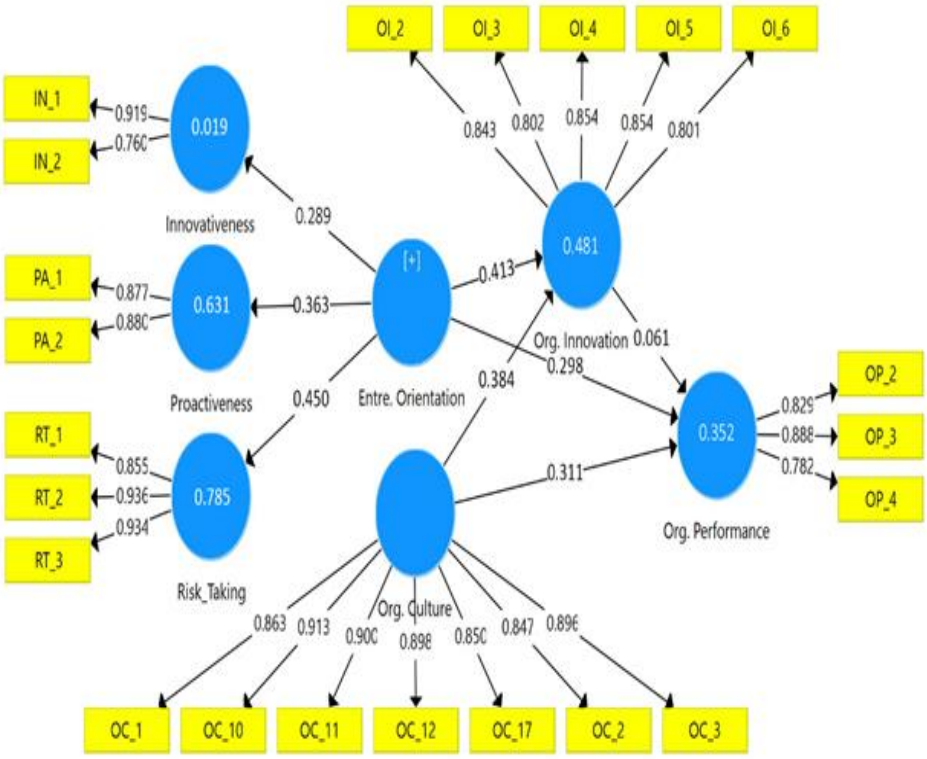

FIGURE 1
RESULTS OF MEASUREMENT MODEL

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

As illustrated in Table 5, the second-order construct EO is reflected by innovativeness, pro-activeness and risk-taking (first-order constructs). The current research uses the first-order construct's weights. Furthermore, for checking the instrument's validity, exploratory factor analysis (EFA) is also used.

Table 5
LOWER ORDER COMPONENTS WEIGHTS AND T-VALUES BASED ON HIGHER ORDER COMPONENTS

HOC	LOC	Weights	*t*-values
Entrepreneurial Orientation	Innovativeness	0.142	1.115
	Pro-activeness	0.782	20.512**
	Risk-Taking	0.885	49.209**

The results of Kaiser–Meyer–Olkin of Sampling Adequacy (KMO-MSA) are shown in Table 6. The research instrument's value is 0.829, which is greater than the criterion (0.5) (Hair Jr et al., 2017), hence the instrument is convenient. By considering the values of factor loading, EFA is conducted.

Table 6
RESULTS OF KMO AND BARLETT'S ANALYSIS

Sampling Adequacy of Kaiser–Meyer–Olkin measures	0.829
Bartlett's test of sphericity	
Approximate Chi-Square	2088.999
Df	267
Significance	0.000

As shown in Table 7, the values of most of the instruments factor loading are more than 0.5. The ones with factor loading of less than 0.5 were not used for further analysis (IN3, IN4, PA3, OC5, OC6, OC8, OC10, OC11, OC12, OC13, OC14, OC15, OC16, CULT17, OP1, and OI1).

Table 7
MEASUREMENT OF INSTRUMENT USING EFA

	Component					
	1	**2**	**3**	**4**	**5**	**6**
IN1						0.862
IN2						0.881
RT1			0.844			
RT2			0.765			
RT3			0.867			
PA1	0.623					
PA2	0.576					
OC1		0.736				
OC2		0.883				
OC3		0.715				
OC4		0.561				
OP2					0.611	
OP3					0.878	
OP4					0.795	
OI2	0.543					
OI3	0.829					
OI4	0.871					
OI5	0.833					
OI6	0.505					

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

Structural Model Assessment

For testing the hypotheses, Smart PLS 3.0 by bootstrapping method with 5000 resamples have been used. By using explained variance (R^2) the proposed model's predictive power has been assessed, prior to testing the hypotheses. R^2 values were used to determine how the predictor constructs elucidated the corresponding variable. The dependent constructs are categorized into substantial, moderate and weak, where $R^2 \geq 0.67$, $R^2 = 0.33$ and $R^2 \leq 0.19$ respectively.

EO predicts 1.90 percent of innovativeness, 63.1 percent of pro-activeness, and 78.5 percent of risk-taking with R^2 values of 0.018 (weak), 0.631 (moderate) and 0.785 (substantial). Finally, OI predicts 35.2 percent of the OP with a moderate R^2 value of 0.352. Furthermore, Table 8 displays the statistical results of hypotheses' significance testing. It presents the structural model for assessing the link between the variables. Hair, Ringle & Sarstedt (2011) assessed the structural model by significance levels and standardized path coefficient.

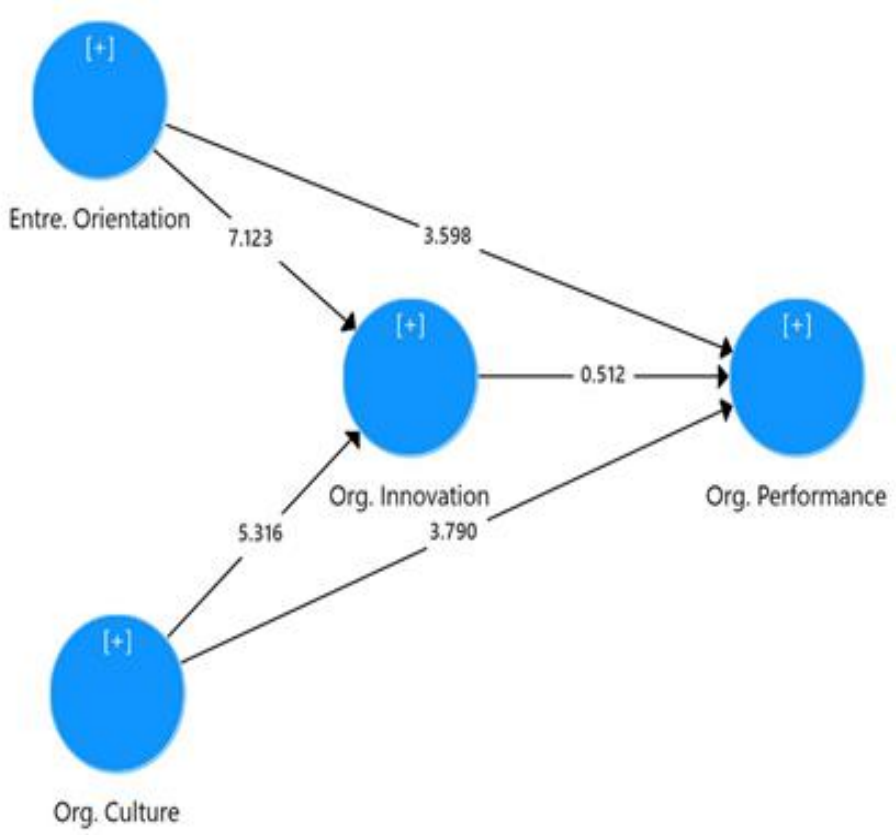

FIGURE 2
RESULTS OF STRUCTURAL MODEL

Hypothesis1 and hypothesis 2 confirmed that EO (comprising of innovativeness, pro-activeness and risk-taking) has a positive and significant influence on OI (β=0.413; t=7.123; p<0.001) and OP (β=0.298; t=3.598; p<0.001). Hypothesis 3 and hypothesis 4 confirmed that OC has a positive and significant influence on OI (β=0.384; t=5.316; p<0.001) and OP (β=0.311; t=3.790; p<0.001). Hypothesis 5 predicted that OI affects OP, but according to the result (β=0.061; t=0.512; p<0.001), the hypothesis is not supported. Hypothesis 6 posited that OI mediates the effect of EO and OP. However, results reveal that the hypothesis is not supported (β=0.463; t=0.482; p<0.001). Thus all hypotheses, except hypotheses 5 and 6 were supported.

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

Table 8 RESULT OF HYPOTHESIS TESTING				
Hypotheses	**Relationship**	**Beta**	***t*-value**	**Decision**
Hypothesis 1	EO → OI	0.413	7.123	Accepted
Hypothesis 2	EO → OP	0.298	3.598	Accepted
Hypothesis 3	OC → OI	0.384	5.316	Accepted
Hypothesis 4	OC → OP	0.311	3.790	Accepted
Hypothesis 5	OI → OP	0.061	0.512	Rejected
Hypothesis 6	EO→OI→OP	0.463	0.482	Rejected

From the findings, it can be said that EO and OC strongly affects innovation in SMEs, indicating that SME's executives possessing strong entrepreneurial and innovative characteristics have a substantial impact towards innovativeness and hence boost performance. On the other hand, the insignificant results while examining the influence of OI on OP, and the mediating role of OI between EO and OP suggests that OI efforts that involve shareholders of tourism-supporting SMEs creative industries in Bangkok do not impact the performance of SMEs.

DISCUSSION

Four out of the six proposed hypotheses produced significant results, whereas two were not significant. The hypotheses that had been accepted imply that OC has an influence on OI and OP. Unlike findings of past research by Ali, Kan & Sarstedt (2016); Jurksiene & Giniuniene (2015) and Ali, et al., (2016), OP does not affect OI on SMEs' tourism-supporting creative industries in Bangkok. OI also do not act as a mediator in between EO and OP. On the contrary, past research by Hafeez, et al., (2012) who had confirmed that OI mediates between EO and OP. The current research thus explains that EO and OC improve organizational innovation which in turn has an impact on the performance.

Based on the outcomes, EO possessing innovativeness dimension should be able to affect the market with leadership and applied technology. The dimension of pro-activeness in EO should promote the response of SMEs to the strategy and actions of their competitors. Dimensions of risk-taking in EO should be capable of driving organizational performance as the enterprise can accept the transitions and ambiguity. Companies having an EO and good OC must be able to promote innovation in the organization. SMEs performance is not being influenced by OI which is still being sought by tourism-supporting creative industries in Bangkok. Training received to increase the innovation of SMEs is not yet completely efficient in promoting OP. Given the fact that innovation enhancing practices already have commenced, like improving design and quality of product and materials, the performance of SMEs is still not completely boosted. There could be many reasons for this, such as the need to improve work process which do not use technology and are handmade, the urge to preserve the individuality of traditional designs. As per one of the measures of OI, it has been revealed that there are not much training that employees must undergo; thus limiting the chances of creating new products and modifying them and in turn affecting the market performance in selling them because of lack of creativity. Also, the SMEs innovative activities in establishing relationship with suppliers are not strong. This collaboration may create more opportunity for entrepreneurs in selling their goods at better prices and thus enhance SMEs performance. The lack of government funding for collaboration policies is one of the major constraint encountered by Thailand's creative sector of SMEs (Suttipun & Arwae, 2020). While, in order to promote success, the government as the SMEs' associates should provide the entrepreneurs with the requisite socio technological support so that they can more confidently engage in innovative methods. The dependence on traditional and outdated styles of operating companies also needs to be decreased by entrepreneurs; dependency on existing form of goods should also be lessened. In order to strengthen

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

their business procedures, they must adopt emerging technology and innovative approaches and invest more on promotional campaigns to encourage product innovation (Abimbola, 2001). In addition, in administrative and marketing policies, innovation strategies must be pursued in order to obtain a greater competitive advantage and better firm performance.

CONCLUSION

The current research studied the influences of organizational culture, entrepreneurial orientation, organizational innovation and organizational performance in tourism-supporting small and medium-sized enterprises' creative industries in Bangkok, Thailand. The sub-sector of crafts had been selected for the study because of its ability in being able to gain tourist attraction by their traditional products. Field survey was done by distributing questionnaires to 170 participants. For analysis of data, PLS-SEM was conducted.

Theoretical and Practical Implications

The theoretical implications contribute to the originality of the empirical studies that merged an established empirical evidence by expanding the theoretical paradigm of prior studies that explores the impact of EO towards OI (Alegre & Fernández-Mesa, 2015; Hafeez et al., 2012) and the effect of OC towards OI and hence influence the performance (Jiménez-Jiménez et al., 2016; Xiu, Shahzad & Shahbaz, 2017; Zhang & Gopalakrishnan, 2017). Since there are not much in-depth studies done in Thailand SMEs, a framework has been created in the current research which studies the effects of both EO and OC towards OI and OP. The government and the entrepreneur both must develop advanced technical support and advice organizations to promote better performance. The uniqueness of the culture also can be used in small and medium-sized enterprises and contribute to OI.

Limitations and Future Research Directions

A number of limitations have been in this study which would be beneficial for future researchers. The study was carried out only in Bangkok. Future studies could be conducted on other provinces or tourist destinations as well, and then the outcomes can be compared. In addition, theoretically, the strategic orientation construct also represents the learning and business orientations; however, this research solely focused on EO. Hence it may be suggested that these factors be studied more comprehensively. Finally, numerous indicators that reflected OI assessed the innovation issue in this research. Future studies can explore other types of innovation, like innovations of marketing, product, process, technological and research and development in their model for analyzing how they impact OP.

REFERENCES

Acar, A.Z., & Kalmuk, G. (2015). The mediating role of organizational learning capability on the relationship between innovation and firm's performance: A conceptual framework. *Procedia-Social and Behavioral Sciences, 210*(1), 164-169.

Aichouche, K., & Bousalem, R. (2016). Presenting a model of critical success factors for organizational innovation in Algerian Pharmaceutical Company. *Paper presented at the 2016 International Conference on Digital Economy (ICDEc).*

Alananzeh, O., Tarhini, A., & Algudah, O. (2018). The effect of promotional mix on hotel performance during the political crisis in the Middle East. *Journal of Hospitality and Tourism Technology, 9*(1), 33-49.

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

Alegre, J., & Fernández-Mesa, A. (2015). Entrepreneurial orientation and export intensity: Examining the interplay of organizational learning and innovation. *International Business Review, 24*(1), 148-156.

Ali, M., Kan, K.A.S., & Sarstedt, M. (2016). Direct and configurational paths of absorptive capacity and organizational innovation to successful organizational performance. *Journal of Business Research, 69*(11), 5317-5323.

Anokhin, S., Morgan, T., Kretinin, A., & Frishammar, J. (2015). The dark side of the entrepreneurial orientation and market orientation interplay: A new product development perspective. *International Small Business Journal, 33*(7), 731-751.

Auer, M., Walter, A., & Ritter, T. (2006). The impact of network capabilities and entrepreneurial orientation on university spin-off performance. *Journal of Business Venturing, 21*(4), 541-567.

Beck, T., Ayyagari, M., & Demirguc-Kunt, A. (2007). Small and medium enterprises across the globe. *Small Business Economics, 29*(4), 415-434.

Bluedorn, A.C., & Barringer, B.R. (1999). The relationship between corporate entrepreneurship and strategic management. *Strategic Management Journal, 20*(5), 421-444.

Bruijn, E.J.D., & Mahemba, C.M. (2003). Innovation activities by small and medium-sized manufacturing enterprises in Tanzania. *Creativity and Innovation Management, 12*(3), 162-173.

Cherchem, N. (2017). The relationship between organizational culture and entrepreneurial orientation in family firms: Does generational involvement matter? *Journal of Family Business Strategy, 8*(2), 87-98.

Chetthamrongchai, P., & Jermsittiparsert, K. (2020). Entrepreneurial orientation and the SMEs performance in Thailand: The mediating role of strategic orientations. *Journal of Security and Sustainability Issues,* 9(M), 348-361.

Chin, W.W., Marcolin, B.L., & Newsted, P.R. (2003). A partial least squares latent variable modeling approach for measuring interaction effects: Results from a Monte Carlo simulation study and an electronic-mail emotion/adoption study. *Information Systems Research, 14*(2), 189-217.

Dess, G.G., & Lumpkin, G.T. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review, 21*(1), 135-172.

Dess, G.G., & Lumpkin, G.T. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle. *Journal of Business Venturing, 16*(5), 429-451.

Fadahunse, A. (2012). The growth of small businesses: Towards a research agenda. *American Journal of Economics and Business Administration, 4*(1), 105-115.

Gaskin, J., & Lowry, P.B. (2014). Partial Least Squares (PLS) Structural Equation Modeling (SEM) for building and testing behavioral causal theory: When to choose it and how to use it. *IEEE Transactions on Professional Communication, 57*(2), 123-146.

Grünhagen, M., & Terry, A. (2017). *Franchising in Southeast Asia: Prerequisites, progress and prospects*. In Handbook of research on franchising, 451. Edward Elgar Publishing.

Hadian, D. (2017). The relationship organizational culture and organizational commitment on public service quality; perspective local government in Bandung, Indonesia. *International Review of Management and Marketing, 7*(1), 230-245.

Hafeez, M.H., Shariff, M.N.M., & Lazim, B.M.H. (2012). Relationship between entrepreneurial orientation, firm resources, SME branding and firm's performance: is innovation the missing link? *American Journal of Industrial and Business Management, 2*(4), 153-159.

Haffar, M., Al-Karaghouli, W., Djebarni, R., & Gbadamosi, G. (2019). Organisational culture and TQM implementation: investigating the mediating influences of multidimensional employee readiness for change. *Total Quality Management & Business Excellence, 30*(11-12), 1367-1388.

Hair, J.F., Ringle, C.M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory and Practice, 19*(2), 139-152.

Hair Jr, J.F., Hult, G.T.M., Ringle, C., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM).* Sage publications.

Hofstede, G. (2011). Dimensionalizing cultures: The Hofstede model in context. *Online Readings in Psychology and Culture, 2*(1), 2307-0919.1014.

Jermsittiparsert, K., & Rungsrisawat, S. (2019). The supply chain management and information sharing as antecedents of operational performance: A case of SMEs. *Humanities and Social Sciences Reviews, 7*(2), 495-502.

Jiménez-Barrionuevo, M.M., García-Morales, V.J., & Gutiérrez-Gutiérrez, L. (2012). Transformational leadership influence on organizational performance through organizational learning and innovation. *Journal of Business Research, 65*(7), 1040-1050.

Jiménez-Jiménez, D., Naranjo-Valencia, J.C., & Sanz-Valle, R. (2016). Studying the links between organizational culture, innovation, and performance in Spanish companies. *Latin American Journal of Psychology, 48*(1), 30-41.

Jurksiene, L., & Giniuniene, J. (2015). Dynamic capabilities, innovation and organizational learning: Interrelations and impact on firm performance. *Procedia-Social and Behavioral Sciences, 213*(1), 985-991.

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.

Kauranen, I., Kraus, S., & Reschke, C.H. (2011). Identification of domains for a new conceptual model of strategic entrepreneurship using the configuration approach. *Management Research Review, 34*(1), 58-74.

Krasniqi, B.A., & Hashi, I. (2011). Entrepreneurship and SME growth: Evidence from advanced and laggard transition economies. *International Journal of Entrepreneurial Behavior & Research, 17*(5), 456-487.

Maksimov, V., Wang, S.L., & Luo, Y. (2017). Reducing poverty in the least developed countries: The role of small and medium enterprises. *Journal of World Business, 52*(2), 244-257.

Ndiaye, N., Razak, L.A., Nagayev, R., & Ng, A. (2018). Demystifying Small and Medium Enterprises'(SMEs) performance in emerging and developing economies. *Borsa Istanbul Review, 18*(4), 269-281.

Ogbonna, E. (1992). Managing organisational culture: Fantasy or reality? *Human Resource Management Journal, 3*(2), 42-54.

Pallant, J. (2013). *SPSS Survival Manual*. New York: McGraw-Hill Education.

Pihkala, T., Konsti-Laakso, S., & Kraus, S. (2012). Facilitating SME innovation capability through business networking. *Creativity and Innovation Management, 21*(1), 93-105.

Porter, M.E. (2011). *Competitive advantage of nations: creating and sustaining superior performance* (Vol. 2). Simon and schuster.

Pullan, A., De Weerd-Nederhof, P., Groen, A., Song, M., & Fisscher, O. (2009). Successful patterns of internal SME characteristics leading to high overall innovation performance. *Creativity and Innovation Management, 18*(3), 209-223.

Rowley, S., & Marcella, M. (2015). An exploration of the extent to which project management tools and techniques can be applied across creative industries through a study of their application in the fashion industry in the North East of Scotland. *International Journal of Project Management, 33*(4), 735-746.

Saengchai, S., Mitprasat, M., & Jermsittiparsert, K. (2019). How the adoption of sustainable technology affects the organizational performance of SMEs in Thai sports industry. *Journal of Human Sport and Exercise, 14*(5), S2157-S2171.

Salerno, I., & Boccella, N. (2016). Creative economy, cultural industries and local development. *Procedia-Social and Behavioral Sciences, 223*(1), 291-296.

Selden, S.C., & Brewer, G.A. (2000). Why elephants gallop: Assessing and predicting organizational performance in federal agencies. *Journal of Public Administration Research and Theory, 10*(4), 685-712.

Shehu, A.M., & Mahmood, R. (2014). The relationship between market orientation and business performance of Nigerian SMEs: The role of organizational culture. *International Journal of Business and Social Science, 5*(9), 159-168.

Smallbone, D., & North, D. (2000). The innovativeness and growth of rural SMEs during the 1990s. *Regional Studies, 34*(2), 145-157.

Song, M., Shan, P., & Ju, X. (2016). Entrepreneurial orientation and performance: Is innovation speed a missing link? *Journal of Business Research, 69*(2), 683-690.

Suttipun, M., & Arwae, A. (2020). The influence of sufficiency economy philosophy practice on SMEs' performance in Thailand. *Entrepreneurial Business and Economics Review, 8*(2), 179-198

Szczepańska-Woszczyna, K. (2014). *The importance of organizational culture for innovation in the company.* Paper presented at the Forum Scientiae Oeconomia.

Venkatreman, N. (1989). Strategic orientation of business enterprises: The construct, dimensionality, and measurement. *Management Science, 35*(8), 942-962.

Xiu, G., Shahzad, F., & Shahbaz, M. (2017). Organizational culture and innovation performance in Pakistan's software industry. *Technology in Society, 51*(1), 66-73.

Zhang, H., & Gopalakrishnan, S. (2017). Client dependence and vendor innovation: The moderating role of organizational culture. *Industrial Marketing Management, 66*(1), 80-89.

Citation Information: Krobbuaban W., Kanchanathaveekul, K., Buddhapoompitak, W., Phudthonamochaia, C., & Krobbuaban, W. (2021). The influence of organisational culture and entrepreneurial orientation on organisational performance: Organisational innovation as a mechanism in Thailand SMEs. *Journal of Management Information and Decision Sciences, 24*(S1), 1-14.