

## Organizational innovation and firm success: evidence from interior design business in Thailand

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**Keywords:**

Organizational Innovation, New Product Development, Product differentiation, Customer response, Sustained Competitive Advantage, Firm Success

**Abstract**

*The purpose of this study was to examine the effect of organizational innovation on firm success. The author improved a novel component of organizational innovation: innovation climate, process innovation, management innovation and team innovation. Data were collected from 194 interior design businesses in Thailand by questionnaire mail survey and key informants were managing directors and managing partners. The statistic which was used to analyze was the regression. The results of this study process innovation have significant positive influence on organizational outcomes and firm success. Organizational outcomes had significant positive influence on firm success.*

**1. Introduction**

In the present business era, most of the organizations are facing challenges by the rapid changes in technological innovations, and globalization that has created competition in the present times (Mumford and Gustafson, 1988). In present, a competitive business has been increasing rapidly. Both the product and the service make organizations need to continuously adjust the strategy so that they can maintain competitive advantage. And the streams of rapid changes that occur directly affect to adjust strategic management of the organization unavoidable. Currently many organizations have to focus on innovation and the innovation that is not limited to the development of new products to provide a new service innovation and creativity.

Organizational development towards an innovative organization is the use of innovation management, which is about the invention and how to change the pattern, including the new enterprise management system which has an effect on resulting in the production of the product design. And the services of the organization are more effective. The nature of innovation management has a direct relationship with policy, organizational structure and management system form in the organizational (Gopalakrishnan and Damanpour, 1997; Cooper, 1998).

Innovation has been accepted as critical factor of organization's success in the global context of competition that lead to increasing financial benefits, enhancing manufacturing, their processes' improvement and increasing customer satisfaction. (Bowen et al, 2010; Cho and Pucik, 2005).

Innovation is a key component of the current business. There is a saying that Innovate or Die or if lack of innovation, Let him die alone (Peter F. Drucker), which is the heart of innovative business process and it represents the initiative. The initiative brings them the benefits. The innovation process is essential to the organization to survive and grow further. Thus, innovation is too essential for the organizations to ignore in order to drive innovation to success. Organizations need the leaders with expertise in the application of the ideas in the strategies and have overall perspective at the same time.

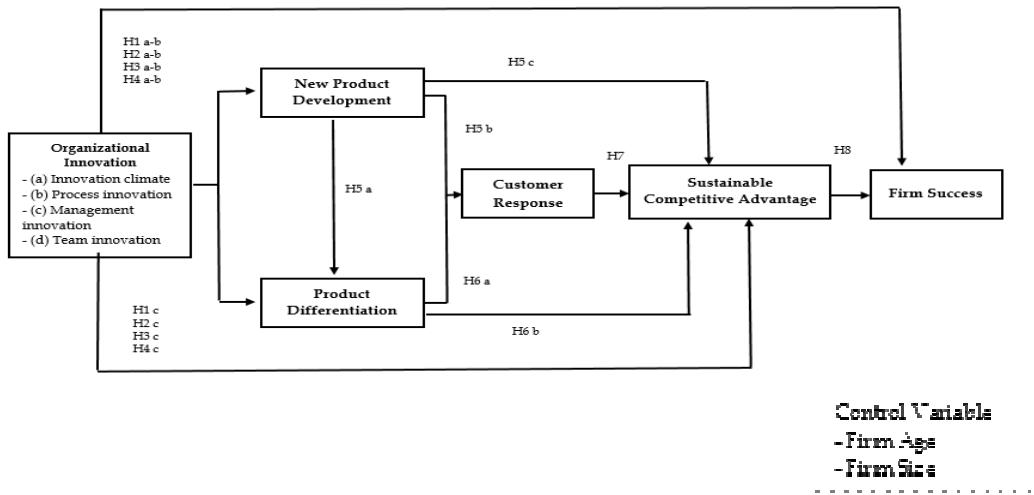
The purpose of this study was to examine the effect of organizational innovation on firm success. It also helped the organization to provide the guidance in appropriate practices that may be useful to adopt.

The main points of this study were structured as follows. First, the researcher reviewed relevant literatures and provided hypotheses development of all constructs. Second, the researcher described the methodology including; data collection procedure and measurement, measure validation, and statistical technique. Third, the researcher discussed the results of the study. Fourth, the researcher described the contributions and directions for future research. Finally, the researcher concluded the research.

**2. Literature Reviews and Hypothesis Development**

This paper mainly examine the relationships between organizational innovation focus on the Innovation Climate, Process Innovation, Management Innovation and Team Innovation by a passing New product development and Product differentiation to contribute towards creating a sustainable competitive advantage in the firm success. Finally, all the variables mentioned above will affect the operations of the organizations to be

efficient and sustainable competitive advantage in competition with other organizations and research model presents the relationship of the mentioned above, as shown in Figure 1



**Figure1: Relationship Model of Organizational Innovation and Firm Success**

## 2.1 Organizational Innovation

Gibbons (1997) has the meaning of the word "innovation" in the level of organizations or company that means bringing new ideas into the company whether the product manufacturing process includes a service management model for operational management and marketing activities of the company.

Organizational innovation is described as formation of novel, important and useful products or services in organizational environment (Woodman et al., 1993; Gumusluoglu and Ilsev, 2009). Van de Ven and Engleman (2004, p. 51), "innovation is defined as the development and implementation of new ideas by people who over time engage in transactions with others within an institutional order." Therefore, an innovation is a new idea that can be a recombination of old ideas, a scheme that defies the current order, or a unique formula or approach perceived as new by the individuals involved Creativity that has been described as the emergence of novel ideas; innovation can be described as implementation of those ideas (Zornada, 2006).

Organizational innovation has focused primarily on identifying environmental and organizational conditions that facilitate or inhibit innovation adoption (Damanpour and Schneider 2006; Kearney, Feldman, and Scavo 2000; Kimberly and Evanisko 1981; Moon and deLeon 2001; Rivera, Streib, and Willoughby 2000; Walker 2008). Rogers (1995) defines the organizational innovation adoption process as follows: Agenda-setting first starts the innovation adoption process in organizations. There is the specific need or problem in the organization that is identified and a suitable innovation as one means of coping with the problem is searched. At the second stage (matching) the organization's problem is matched with a suitable innovation, to see how well they fit.

Organizational innovation viewed as a result of interaction between strategy and structure with organizational culture and climate as intervening variables; structure leads to stability and continuity, while strategy is necessary to achieve innovative direction and radical change—while some organizational cultures and climates are more likely to promote stability, others are needed to facilitate creativity and innovation (Nystrom, 1990). Organizational innovation has been always conceptualized according to many perspectives, subject to different interpretations within different strands of literature. Conventionally, organizational innovation is regarded to encompass the generation, development, and implementation of new ideas or behavior (Damanpour, 1991).

Thus, a positive link exists between organizational innovation and organizational performance (Zahra et al., 2000; Zaltman et al., 1973), or between different aspects of organizational innovation (e.g., innovation design or speed, flexibility) and organizational performance (Calantone et al., 2002; Capron, 1999; Danneels and Kleinschmidt, 2001; Gopalakrishnan, 2000; Hall and Bagchi-Sen, 2000).

In this work, the definition of organization innovation means the organization that has been changed by the introduction of new concepts, new processes used to work. The restructuring new work processes as well as its use in the management of the organization to build a sustainable competitive advantage and firm success.

### **Innovation Climate**

Researchers give some attention to climate for creativity and climate for innovation in the psychological literature. Although researchers often use climate for creativity to explain condition that support the creation of new ideas, they use climate for innovation to explain condition that supports the creation and implementation of new ideas (Janssen, 2003; Mathisen and Einarsen, 2004). Improving the organization climate for creativity and innovation can promote effective problem solving in an organization and often increases its productivity and competitiveness (Carayannis and Chanaron, 2007).

Tesluk et al. (1997) proposed that an organization's innovation climate is the policy, actual practice, and operating regarding individual knowledge. Objectives are clearly expanded to new product development, creativity, services, and procedures in order to achieve innovation. Sarros, Cooper and Santora (2008) climate entails the degree of support and encouragement an organization that provides its employees to take initiative and explore innovative approaches, which predicts the actual degree of innovation in the organization (p. 146). Ussahawanichakit (2007) stated that to understand the importance of innovation, it becomes an important factor used to develop core of strategies in operation.

In this work, the definition of Innovation climate refers to the organization that has innovation climate for employees the freedom to work and make decisions on the job by having target in the collaboration to invent includes a novel method of working. There are clear practical guidelines to help make operations more efficient and successful.

**Hypothesis 1: The higher the climate innovation is, the more likely that organization will gain greater new product development, (b) product differentiation (c) sustainable competitive advantage, and (d) firm success.**

### **Process Innovation**

Process innovation is defined as developing a new or substantially enhance production process by a way of new equipment or reengineering of operational process (He and Wong, 2004; Wong and He, 2003). Process innovation has an internal center, and the customers are end-users within the organizations who use and work with the new process (Damanpour and Gopalakrishnan, 2001). Process innovation thus seeks improvement to or redesign of business processes with a view for boosting customer satisfaction and organizational efficiency and efficacy (Harrington, 1991).

Process innovation offers many competitive advantages (Skinner, 1984; Lauenstein and Skinner, 1980). Process innovation has been defined as an intentional attempt to bring change and/or new methods of arranging work structures, processes or procedures in organizations, as well as changes in individual and group behaviors and roles (Damanpour, 1987; West and Farr, 1989). Organizations adopt process innovations for many different reasons: to protect or improve their performance and to respond for changes in the external environment (Sisaye and Bienberg, 2009).

In this work, the definition of process innovation is process innovation at work that is always new. The organization has encouraged employees to attend training in the development process that is always new. The company has invested in the development and process improvements that are always available to help organizations achieve competitiveness and have operated successfully.

**Hypothesis 2: The higher the process innovation is, the more likely that organization will gain greater new product development, (b) product differentiation (c) sustainable competitive advantage, and (d) firm success.**

### **Management Innovation**

Birkinshaw et al. (2008, p. 829) define management innovation as "the generation and implementation of a management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals". Management innovation described an important part of a company's innovative performance (Jacob and Groizard, 2007; Volberda, Van Den Bosch, and Heij, 2013). It can make sustainable competitive advantages that lead to economic success (D'Amato and Roome, 2009; Hamel, 2006; Wu, 2010), and it can determine an industry through the extend of new ideas (Vaccaro et al., 2012)

Management innovation is the introduction of a new structure, process, system, program, or practice in an organization or its units (Evangelista and Vezzani, 2010; Lam, 2005; Whittington et al., 1999; Zahra et al., 2000). Management innovation, therefore, refers to the creation or adoption of management processes, practices, structures or techniques that are novel to the company and affect its performance in terms of innovation, productivity and competitiveness (Birkinshaw et al., 2008; Volberda et al., 2013). Management

innovation also relies on the whole organizational system with valuable, rare, inimitable, and non-substitutable resources (Barney, 1991; Teece, Pisano, & Shuen, 1997; Wernerfelt, 1984).

In this work, the definition of management innovation is the application of modern management techniques and a focus on education and understands about the changes, occurring both inside and outside the organization. The great of management innovation has administration that is the potential of modern and successful implementation.

**Hypothesis 3: The higher the management innovation is, the more likely that organization will gain greater new product development, (b) product differentiation (c) sustainable competitive advantage, and (d) firm success.**

#### Team Innovation

Team innovation has been defined as the intentional advise and application within a role, group or organization, of ideas, processes, products or procedures, new to the relate, unit of adoption, designed to significantly benefit the individual, the group, or wider society (De Dreu and West, 2001). The integration of the abilities and advantages of heterogeneous members through teamwork can be used to effectively find out environmental changes and customer needs, improve employee understanding of the situation, and find out possible results that were unexpected before managing, thus it is making important contributions to the organization (Ragazzi et al., 2002).

Team innovation refers to “the intentional introduction and application, within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, the organization or wider society” (West and Farr, 1990, p. 9). Groups must be able to maintain and strengthen themselves if they are going to innovate (Lewicki and Witchoff, 2000; Tjosvold, 1991; West, 2002).

In this work, the definition of team innovation is organizations that have teamwork encourage employees to participate in the formulation of common policies, and integration of technical processes together. The system focuses on the involvement of employees in order to allow the service efficiently.

**Hypothesis 4: The higher the Team innovation is, the more likely that organization will gain greater new product development, (b) product differentiation (c) sustainable competitive advantage, and (d) firm success.**

#### 2.2 New Product Development

New product development has been considered a key factor for preempting competition (Clark and Fujimoto, 1990) and a primary source of organizational renewal (Dougherty, 1992). Among the possible approaches to innovation, the development of new products and new services occur as one of the areas of greatest interest (Molina-Castillo and Munuera-Alemaña, 2009; Craig and Moores, 2006; Lempres, 2003; Swink, 2002; Harmsen et al., 2000) because it allows businesses to receive, when successfully carried out, an important competitive advantage (Berg and Einspruch, 2009; Cormican and O’Sullivan, 2004).

Many researchers agree with Porter’s assertion concerning innovation, particularly with the notion that new product development is essential to both firm success and survival (Wessel, 2004). Ahuja (2001) described innovativeness as a measure of whether a new product was a dead-end or served as a basis for future innovations. Thus, the innovativeness of a new product becomes an important component in sustainable competitive advantage (Wessel, 2004).

In this work, the definition of new product development is organizations has to improving, change and develop products through research and development process with the use of an advanced technology. Product development continues to date, to offer new products to market and respond to the needs of the target customers; including creating a sustainable competitive advantage.

**Hypothesis 5: The higher the new product development is, the more likely that organization will gain greater product differentiation, (b) customer response (c) sustainable competitive advantage, and (d) firm success.**

#### 2.3 Product Differentiation

Bearden et al (2004) has the opinion that a certain product offered differently or the attribute of product is perceived differently compared to the product which is offered by the competitor, including in it, the price. Webster (2002; 104-105), expressed the present product offered having different feature from the standard which is offered in a competition, which is correlated with the market segmentation, where the difference is well communicated. Sometimes product differentiation refers to changing consumer perceptions as much as actual product characteristics, as Browning and Zupan (2003) note.

In this work, the definition of product differentiation is organizations that are developing a product that is different from the competition. The product has a distinctive variety when comparing with other companies in the same business. And respond customer needs and build lasting competitive advantage.

**Hypothesis 6: The higher the product differentiation is, the more likely that organizational will gain greater customer response and (b) sustainable competitive advantage.**

#### 2.4 Customer Response

Customer response reflects the state changes that a consumer experiences – either temporally or on a more permanent basis - as a result of exposure to a marketing communication (Zavrsnik and Jerman). Customer response modeling aims at finding active customers from the customer base who will respond to a firm's marketing activities. (Schweidel and Knox, 1913).

In this work, the definition of consumer response is the organization has developed products and services to customer requirements with the information you need and listening to customer feedback and improvement troubleshooting is always to create a sustainable competitive advantage.

**Hypothesis 7: The higher the product differentiation is, the more likely that organization will gain greater sustainable competitive advantage.**

#### 2.5 Sustainable Competitive Advantage

Barney (1991) has come the closest to a formal definition by offering the following: "A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (italics in original)" (p. 102). Barney (1991) says that not all firm resources hold the potential of SCAs; instead, they must have four attributes: rareness, value, inability to be imitated, and inability to be substituted. Porter (1990) advises that firms create competitive advantage by considering new ways to conduct activities in the value chain for delivering superior value to customers, which is an act of innovation.

In this work, the definition of sustainable competitive advantage is organizations that have improved product and service to modernize and quality. Including goods and services that are new to market and quality. The feedback from customers because the product that meets customer needs enables organizations to operate efficiently and successfully.

**Hypothesis 8: The higher the sustainable competitive advantage is, the more likely that organization will gain greater firm success.**

### 3. Research Methods

#### 3.1 Sample Selection and Data Collection Procedure

In this study, the data include interior design business in Thailand. The samples of interior design business in Thailand from the database are obtained from the database of the internet. The data were collected from 194 interior design business in Thailand. The questionnaire was evaluated by an academic professional in terms of content validity and face validity. A mail survey process via questionnaire was used for data collection and response rate was equal 20.42%.

#### 3.2 Measurements

Most measurements in this study are measured on a five-point Likert scale, ranging from '1 = strongly disagree' to '5 = strongly agree'. The measurements of dependent, independent, and control variables are discussed as follows:

##### Independent Variables

*Innovation Climate (IC)* is measured by a four-item scale, and it is defined as to give employees the freedom to work and make decisions on the job by having target in the collaboration. To invent includes a novel method of working.

*Process Innovation (PI)* is measured by a five-item scale, and it is defined as an organization that has encouraged employees to attend training in the development of new process always. The company has invested in the development and process improvements are always available to help organizations achieve competitiveness.

*Management Innovation (MI)* is measured by a five-item scale, and it is defined as the application of modern management techniques and a focus on education and understands about the changes that incur both inside and outside the organization.

*Team Innovation (TI)* is measured by a five-item scale, and it is defined as a teamwork that encourages employees to participate in the formulation of common policies and integration of technical processes together.

### Consequent variables

*New Product Development (NP)* is measured by a six-item scale, and it is defined as organizations that have to improve, change and develop products through research and development process with the use of an advanced technology.

*Product Differentiation (PD)* is measured by a five-item scale, and it is defined as a product that has a distinctive variety when comparing with other companies in the same business.

*Consumer Response (CR)* is measured by a four-item scale, and it is defined as organization has developed products and services to customer requirements with the information you need and listening to customer feedback and improvement troubleshooting.

*Sustainable Competitive Advantage (SC)* is measured by a four-item scale, and it is defined as firms create competitive advantage by considering new ways to conduct activities in the value chain for delivering superior value to customers, which is an act of innovation. Porter (1990).

*Firm Success(FS)* is measured by a five-item scale, and it is defined as ability to manage of business such as the growth rate of sales volume, market share, continual business growth etc. and it is congruent with a dynamic environment and an important factor which is a variety of activities (Persson, 2004).

### Control Variables

*Firm age* may affect the capacity to adjust, and redefine a firm's strategy (Zahra et al., 2007). It was measured by the number of employees currently registered in firms.

*Firm size* may affect by the number of employees that has been working full time (Christmann 2000; Hong and Zhu, 2006).

## 4. Methods

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 and Berstein, 1994). In this study, convergent validity was tested by the factor loading, each construct should be greater than the 0.40 cut-off and all factors are statistically significant (Nunnally and Berstein, 1994).

Variable	Factor Loadings	Cronbach's Alpha
Innovation Climate (IC)	0.67-0.80	0.691
Process Innovation (PI)	0.62-0.80	0.83
Management Innovation (MI)	0.62-0.83	0.75
Team Innovation (TI)	0.67-0.87	0.84
New Product Development (NP)	0.72-0.87	0.60
Consumer Response (CR)	0.71-0.84	0.86
Product Differentiation (PD)	0.76-0.88	0.81
Sustainable Competitive Advantage (SC)	0.76-0.88	0.83
Firm Success(FS)	0.69-0.86	0.86

**Table 1: Result of Validity and Reliability Testing of Pretest**

### Statistical Techniques

$$\text{Equation 1: } NP = \beta_0 + \beta_1 IC + \beta_2 PI + \beta_3 MI + \beta_4 TI + \beta_5 Fage + \beta_6 Fsiz + \varepsilon_1$$

$$\text{Equation 2: } PD = \beta_7 + \beta_8 IC + \beta_9 PI + \beta_{10} MI + \beta_{11} TI + \beta_{12} Fage + \beta_{13} Fsiz + \varepsilon_2$$

$$\text{Equation 3: } SC = \beta_{14} + \beta_{15} IC + \beta_{16} PI + \beta_{17} MI + \beta_{18} TI + \beta_{19} Fage + \beta_{20} Fsiz + \varepsilon_3$$

$$\text{Equation 4: } FS = \beta_{21} + \beta_{22} IC + \beta_{23} PI + \beta_{24} MI + \beta_{25} TI + \beta_{26} Fage + \beta_{27} Fsiz + \varepsilon_4$$

$$\text{Equation 5: } PD = \beta_{28} + \beta_{29} NP + \beta_{30} Fage + \beta_{31} Fsiz + \varepsilon_5$$

$$\text{Equation 6: } CR = \beta_{32} + \beta_{33} NP + \beta_{34} PD + \beta_{35} Fage + \beta_{36} Fsiz + \varepsilon_6$$

$$\text{Equation 7: } SC = \beta_{37} + \beta_{38} CR + \beta_{39} NP + \beta_{40} PD + \beta_{41} Fage + \beta_{42} Fsiz + \varepsilon_7$$

$$\text{Equation 8: } FS = \beta_{43} + \beta_{44} SC + \beta_{45} Fage + \beta_{46} Fsiz + \varepsilon_8$$

## 5. Results and Discussion

Table 2 demonstrates the descriptive statistics and correlation matrix for all variables. According to the concern of multicollinearity among independent variables, Variance Inflation Factors (VIF's) were used to prove this problem. The range of VIFs is from 1 to 10, which is below the cut-off value of 10 as recommended by Hair et al., (2006). Thus, it can be concluded that the multicollinearity varies and may affect the weights of the explanatory variables in the model which is not a serious problem in this study.

Variables	IC	PI	MI	TI	NP	PD	CR	SC	FS	F age	F size
Mean	3.89	3.96	3.94	4.18	4.02	3.88	3.96	4.04	3.78	4.00	4.21
S.D.	0.57	0.59	0.55	0.50	0.59	0.52	0.47	0.52	0.62	0.56	0.59
IC	1										
PI	.657**	1									
MI	.570**	.709**	1								
TI	.628**	.602**	.632**	1							
NP	.304**	.507**	.442**	.282**	1						
PD	.278**	.414**	.370**	.264**	.745**	1					
CR	.392**	.538**	.407**	.335**	.536**	.539**	1				
SC	.382**	.503**	.413**	.339**	.654**	.683**	.768**	1			
FS	.388**	.516**	.495**	.425**	.574**	.621**	.549**	.663**	1		
F age	-.118	-.076	-.007	-.144*	.014	-.070	-.108	-.080	-.082	1	
F size	.003	.003	.125	-.061	.179*	.063	.013	.088	.083	.259**	1

\*\*\* p&lt;.01, \*\* p&lt;.05

Table 2

**Descriptive Statistics and Correlation Matrix**

Table 3 shows the results of regression analysis for 8 equations. The results indicate the relationship between organizational innovation dimensions, new product development, product differentiation, customer response, sustainable competitive advantage and firm success.

independent variables	Dependent Variable							
	Model 1 NP	Model 2 PD	Model 3 SC	Model 4 FS	Model 5 PD	Model 6 CR	Model 7 SC	Model 8 FS
<b>Direct Effect</b>								
Innovation Climate (IC)	-0.60 (0.88)	-0.015 (0.095)	0.065 (0.090)	-0.006 (0.087)				
Process Innovation (PI)	0.462** (0.097)	0.322*** (0.105)	0.394*** (0.099)	0.304** (0.096)				
Management Innovation (MI)	0.161 (0.096)	0.161 (0.103)	0.079 (0.098)	0.197 (0.095)				
Team Innovation (TI)	-0.51 (0.089)	-0.28 (0.096)	0.009 (0.091)	0.119 (0.088)				
New Product Development (NP)					0.756** (0.049)	0.326** (0.090)	0.157 (0.063)	
Product Differentiation (PD)						0.293** (0.089)	0.274** (0.062)	
Consumer Response (CR)							0.533** (0.049)	
Sustainable Competitive Advantage (SC)								0.657** (0.055)
Firm Success(FS)								
<b>Control Variables</b>								
Firm Age (FA)	-0.010 (0.133)	-0.0134 (0.143)	-0.134 (0.136)	0.128 (0.132)	-0.137 (0.103)	-0.166 (0.127)	-0.033 (0.086)	-0.080 (0.117)
Firm Size (FS)	0.315 (0.131)	0.116 (0.141)	0.190 (0.134)	0.164 (0.130)	-0.111 (0.102)	-0.087 (0.127)	0.080 (0.085)	0.072 (0.115)
Adjusted R <sup>2</sup>	0.278	0.164	0.248	0.292	0.357	0.327	0.327	0.268
Maximum VIF	2.536	2.536	2.536	2.536	1.109	2.295	2.186	1.086

\*p&lt;0.1, \*\*p&lt;0.05, \*\*\*p&lt;0.01. a Beta coefficient with standard error in parenthesis

Table 3 Results of Regression Analysis

For the Organizational Innovation dimensions, the results show that Innovation Climate (IC) have not significant positive influence on new product development ( $\beta_1 = -0.60$ ,  $p>0.05$ ), product differentiation ( $\beta_8 = -0.015$ ,  $p>0.05$ ), sustainable competitive advantage ( $\beta_{15} = 0.065$ ,  $p>0.05$ ) and firm success ( $\beta_{22} = -0.006$ ,  $p>0.05$ ). Thus, hypotheses 1a, 1b, 1c and 1d are not supported.

The second dimension of Organizational Innovation, Process Innovation (PI) has a significant positive influence on new product development ( $\beta_2 = 0.462$ ,  $p<0.05$ ), product differentiation ( $\beta_9 = 0.322$ ,  $p<0.01$ ), sustainable competitive advantage ( $\beta_{16} = 0.394$ ,  $p<0.05$ ) and firm success ( $\beta_{23} = 0.304$ ,  $p<0.05$ ). Thus, hypotheses 2a, 2b, 2c and 2d are supported.

Management Innovation does not have significant positive influence on new product development ( $\beta_3 = 0.161$ ,  $p>0.05$ ), product differentiation ( $\beta_{10} = 0.161$ ,  $p>0.05$ ), sustainable competitive advantage ( $\beta_{17} = 0.079$ ,  $p>0.05$ ) and firm success ( $\beta_{24} = 0.197$ ,  $p>0.05$ ). Thus, hypotheses 3a, 3b, 3c and 3d are not supported.

The last dimension, Team Innovation has not significant positive influence on new product development ( $\beta_4 = -0.51$ ,  $p>0.05$ ), product differentiation ( $\beta_{11} = -0.28$ ,  $p>0.05$ ), sustainable competitive advantage ( $\beta_{18} = 0.009$ ,  $p>0.05$ ) and firm success ( $\beta_{25} = 0.119$ ,  $p>0.05$ ). Thus, hypotheses 4a, 4b, 4c and 4d are not supported.

The effect of organizational outcomes is on firm success. The result found that new product development has a significant positive influence on product differentiation and customer response ( $\beta_{29} = 0.756$ ,  $p < 0.05$ ;  $\beta_{33} = 0.326$ ,  $p < 0.05$ ), but sustainable competitive advantage is not significant ( $\beta_{38} = 0.157$ ,  $p > 0.05$ ). **Thus, hypotheses 5a and 5b are supported, but hypothesis 5c is not supported.** In addition, product differentiation has a significant positive influence on customer response and sustainable competitive advantage ( $\beta_{34} = 0.293$ ,  $p < 0.05$ ;  $\beta_{40} = 0.274$ ,  $p < 0.05$ ). **Therefore, hypotheses 6a and 6b are supported.**

And, customer response has a significant positive influence on sustainable competitive advantage ( $\beta_{38} = 0.533$ ,  $p < 0.05$ ), **hypothesis 7 is supported.** Sustainable competitive advantage has a significant positive influence on firm success ( $\beta_{44} = 0.657$ ,  $p < 0.05$ ) and **hypothesis 8 is supported.**

## 6. Contributions and Direction for Future Research

### 6.1 Theoretical Contribution

This study was intended to provide and a clearer understanding of the relationships between dimensions of organizational innovation and new product development, product differentiation, customer response, sustainable competitive advantage and firm success interior design business in Thailand. According to organizational innovation, the results show some dimensions of organizational innovation are not related to new product development, product differentiation, customer response, sustainable competitive advantage and firm success. Thus, further research is needed to confirm this model and reconceptualize the relationship of some dimensions of organizational innovation and new product development, product differentiation, customer response, sustainable competitive advantage and firm success.

### 6.2 Managerial Contribution

This research provides the first empirical evidence that organizational use novel constructs of organizational innovation that could be significant new product development, product differentiation, customer response, sustainable competitive advantage and firm success. It can lead to firm success. Subsequently, firms will increase their sustainable competitive advantage and firm success.

## 7. Conclusion

The purpose of this study was to examine the effect of organizational innovation on firm success. The result indicated that one of four dimensions of organizational innovation had a significant positive influence on organizational outcomes and organizational outcomes had a significant positive influence on firm success.

This study had a limitation in the measurement there was not in-depth interview from firm's practitioners. As a result, some constructs did not have significant influences. Future research may also investigate other variables to extend the relationships among organizational innovation, new product development, product differentiation, customer response, sustainable competitive advantage that affect firm success.

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