Impact of Management Innovation on the Achievement of Strategic Implementation

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Abstract

- The achievement of strategic implementation of municipalities in Thailand is affected by many factors including management innovation. The objectives of this study are; first, is to examine the degree of management innovation; second, is to examine the degree of the achievement of strategic implementation, and; third, is to investigate the impact of management innovation on the achievement of strategic implementation. The target of this is the municipalities in Trang Province, Thailand. The total sample is 200 of administrative officials who were working in municipalities in Trang Province. Stratified Random Sampling was used as a surveying technique. Descriptive statistics, for example, mean, and standard deviation were employed to analyze the data. In addition, the relationship between variables was analyzed by Pearson correlation. Linear regression analysis was used as appropriate statistical tool to test the hypothesis. The results showed that the degree of management innovation occurred at the moderate level in overall and for five aspects**.** The results also show that the achievement of the strategic implementation is at the moderate level in overall and for four aspects. Finally, the study found that there was a significant positive impact between management innovation and the achievement of the strategic implementation of municipalities.

Keywords: Achievement, Management Innovation**,** Strategy Implementation, Municipality

Introduction

In recent years, organizations have been faced rapidly of many changes, for example, technology, competition, and expectations. The development of information and communication technology has led the world to a globalized era. Various countries must be affected by important currents such as the Global Market Economy, a knowledge-based society and the democratic and good governance. Not only the private sectors, but also the governments have to face the changes by improving their management among the competitions.

Balanced Scorecard or BSC was developed by Robert S. Kaplan and David P. Norton in 1992. BSCs are used extensively in business and industry, government, and nonprofit organizations worldwide. The concept of balanced scorecard has evolved beyond the simple use of perspectives and it is now a complete system for managing strategy. BSC was dived into four perspectives as; Financial, Customer, Internal Process, and Organizational Capacity. A positive

outcome of using a balanced scorecard is that it makes performance in various goals. For New public management approach, BSC was emphasized to assess strategic implementation in government (Lorsuwannarat, 2007; Decharin, 2003a) due to tools for administrators. Balanced Scorecard was considered by the Office of the Public Sector Development Commission (OPDC) in order to accomplish strategic implementation and evaluate performance in the federal and local governments of Thailand. This study applies Balanced Scorecard to measure the achievement of strategy implementation as organizational performance which involves of four perspectives 1) Effectiveness, 2), Service Quality, 3) Competency of Servants, and 4) Innovation (OPDC, 2006).

In Thailand, the Thailand 4.0 policy is moving the country into the era of improvement both public and private sectors to the big changes. The improvement of operational strategy which focuses on proactive action strategies is required by strengthens participation from all sectors. The roles of government organizations have been emphasized to facilitate the growth firms, business, and economic system. In addition, it supports social development in order to continue increasing well-being of the people. Thus, innovation in government organizations especially proactive innovation management is extremely important. However, government organizations have limited operations and lack of resources, for example, budget, technology, and human resources. It challenges to achieve the government's accomplishment.

Management innovation is the key factor of successful organizations. The implementation of new management practices, processes and structures has transformed the way many functions and activities work in organizations. Management innovation introduces something new, which in practice means things like coming up with ideas, developing, prioritizing and implementing them, as well as putting them into practice, for example through initiation of new products, or new internal processes. Innovation processes consist of new ideas, technology application, and customer satisfaction. According to Hughes (2003), the definition of innovation is to apply new methods after the experiment or has been developed step by step from 1) Invention, 2) Development, and 3) Implement. Management innovation is the development and presentation of new products. It develops technology or methods as well as improving existing products for better quality and efficiency, creating, developing, or making significant changes (Namburi, 2019). The key is for innovation activities to be aligned with your strategy. The results of innovations are positive in terms of the enhancement of efficiency, effectiveness, citizens' satisfaction and citizens' trust in public services (Khalid & Sarker, 2019). Thus, innovation is simply one of the

means to achieving your strategic goals. In addition, some studies confirmed that managerial innovation has gained increased performance. The organizations' growth is due to increase management innovation that will drive organizational performance. Management innovation has positive effects on organizational renewal and performance. (Mol & Birkinshaw (2009); Zhang, Khan, Lee, & Salik (2019); Khosravi, Newton, & Rezvani (2019). Thus, this study aims to examine the impact of management innovation on the achievement of strategic implementation. Innovative methods introduced in public administration are implied by the private sector. The availability of digital information of the public administration for citizens, about its representatives as well as about the financing of public administration has greatly improved over the period (Papcunová, 2018).

Although the private sector plays an important role in driving the economy, the government, especially the local government organization is also important in terms of supporting by various policies or improvements its works that will facilitate and provide fast service to enhance the ability to compete administration of local government organizations under the current changes. Thus, this study focused on the impact of management innovation on the strategic achievement of municipalities.

Research Question

This study pursues to ask the following research questions:

1) What is the degree of management innovation in municipalities?

2) What is the degree of the achievement of strategic implementation of municipalities?

3) What is impact of management innovation on the achievement of strategic implementation of municipalities?

Research Objectives
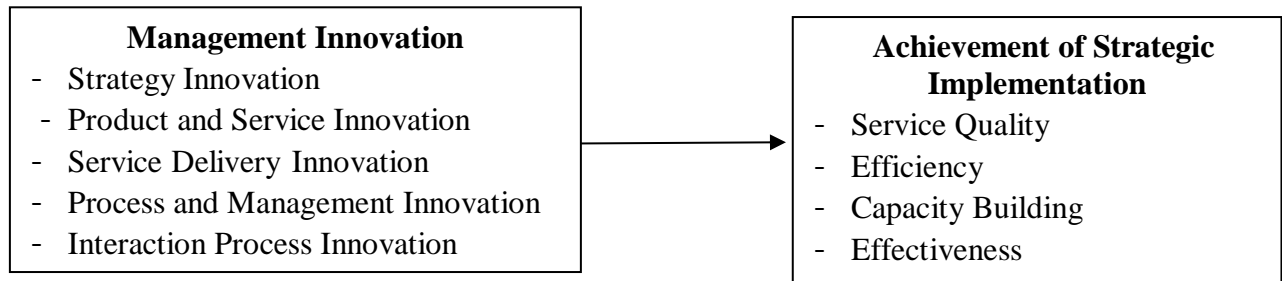
The objectives of this study are.

1) To examine the degree of management innovation of municipalities.

2) To examine the degree of the achievement of strategic implementation of municipalities.

3) To examine the impact of management innovation on the achievement of strategic implementation of municipalities.

Conceptual Framework

This study examines the impact of management innovation on the achievement of strategic implementation of municipalities which is illustrated in Figure 1. The conceptual framework is

based on the context of management innovation and strategic management. In this study, management innovation is considered the major independent variable which consists of five dimensions whereas the dependent variable is the achievement of strategic implementation which measured by Balanced Scorecard instrument (BSC).

Management Innovation	**Achievement of Strategic Implementation**
- Strategy Innovation - Product and Service Innovation - Service Delivery Innovation - Process and Management Innovation - Interaction Process Innovation	- Service Quality - Efficiency - Capacity Building - Effectiveness

Figure 1 Conceptual Framework of the Study

Significant of the Study

The contributions of the study are to: 1) Integrate the concept of management innovation and strategic implementation in order to test the conceptual framework which will be helpful for further comprehensive empirical research in the future, 2) Apply the Balanced Scorecard to test the achievement of strategic implementation in municipality and, 3) Improve administrative capability through improvements in management innovation and strategic implementation in municipality.

Hypothesis

The following hypothesis is postulated to test the impact of management innovation on the achievement of strategic implementation.

H1: Management innovation has a positive impact on the achievement of strategic implementation of municipalities.

Research Methodology

Research Design

This study employs quantitative method by using questionnaires to collect data from the respondents. The measurement consists of three parts as:

Part 1: Demographic Data of the respondents for example, gender, age, position, and workplace.

Part 2: Management innovation used in municipalities which consists of five dimensions as; Strategy Innovation, Product and Service Innovation, Service Delivery Innovation, Process and Management Innovation, and Interaction Process Innovation.

Part 3: Achievement of strategic implementation of municipality. This study used Balanced Scorecard adapted by the Office of the Public Sector Development Commission (2007) as a tool. It consists of four perspectives as; Service Quality, Efficiency, Capacity Building, and Effectiveness.

In the survey, respondents were asked to assess on a 5-point scale (5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly Disagree).

Population

The target group of this study is administrative officials who were working in municipalities in Trang Province which consists of one *Nakhon* (city) municipality, one *Muang* (town) municipality, and 22 *Tambon* (sub-district) municipalities (Table 1).

Sample Size

The sampling technique is based on the Proportional Stratified Random Sampling by the type of municipality, as shown in Table 1. A total sample size is 200 respondents. The sample size of the three groups of municipality as determined by proportional stratified sampling is shown in Table 1. The proportional stratified sample is the composite of the samples taken from each group. Elements for the stratified sample are selected by simple random sampling of the three groups.

Table 1 Sample Size of Administrative Officials

Type of Municipality	Number	Administrative Official	Total
Nakhon Municipality (City Municipality)	1	35	18
Muang Municipality (Town Municipality)	1	25	13
Tambon Municipality (Sub-district Municipality)	22	330	169
Total	24	390	200

Source: Trang Provincial Office for Local Administration, 2018

Data Collection Processes

The data were collected via research assistants and online questionnaires. The tryout of 30 questionnaires was tested while 220 questionnaires were distributed to the target population.

Validity and Reliability of the Measurement

The researcher has reviewed the relevant literature and definitions of the research related terms and produced a questionnaire. The content validity of the study was evaluated by the academic experts in management science. In addition, this study employed Cronbach's Alpha coefficient to test reliability of the measurements. All two measurements show adequate levels of internal reliability. The results are presented in Table 2.

Table 2 Reliability of the measurement

Variable	Items	Cronbach's Alpha
Management Innovation	**27**	**0.78**
- Strategy Innovation	6	0.79
- Product and Service Innovation	6	0.82
- Service Delivery Innovation	5	0.75
- Process and Management Innovation	5	0.80
- Interaction Process Innovation	5	0.78
Achievement of Strategic Implementation	**22**	**0.81**
- Service Quality	6	0.79
- Efficiency	5	0.86
- Capacity Building	5	0.81
- Effectiveness	6	0.82

Data Analysis Techniques

This research employed descriptive statistics in order to analyze the data. To measure the relationship between independent and dependent variable, this research used Pearson Correlation Coefficient. In addition, Linear Regression was conducted to test the hypothesis of the study.

Findings

The respondents of administrative officials in 24 municipalities in Trang Province were collected. The findings are followed.

Demographic Data of the Respondents

The findings of the study show that the majority of the respondents are female (56.4%). Most of them are between the age of 30 and 40 years old (46.6%) and had a bachelor degree (74.2%). Descriptive statistics also show that the majority of respondents were mostly directors of the division (78.5%) with less than 10 years in work position (48.4%). In addition, it is noted that the majority were working in *Tambon* municipality (60%)

The Degree of Management Innovation in Municipalities in Trang Province

The first objective of this study is to investigate the degree of management innovation of municipalities. The findings show that the degree of management innovation used in

municipalities is at the middle level in 5 dimensions and overall (Mean=3.10, SD=0.63). The respondents emphasized in 'Product and Service Innovation' (Mean=3.32, SD=0.74), followed by 'Strategy Innovation' (Mean=3.29, SD=0.79), and 'Interaction Process Innovation')Mean=3.06, SD=0.71) which shown in Table 3

Table 3 Management Innovation in Municipalities

Dimension	Mean	SD.
- Strategy Innovation	3.29	0.79
- Product and Service Innovation	3.32	0.74
- Service Delivery Innovation	3.01	0.65
- Process and Management Innovation	2.82	0.69
- Interaction Process Innovation	3.06	0.71
Total	**3.10**	**0.63**

The Degree of Achievement of Strategic Implementation

The second objective of the study is to assess the degree of the achievement of strategic implementation of municipalities. The results show that the majority of the respondents emphasized in four dimensions and overall at the middle level)Mean=3.09, SD= 0.58). The respondents emphasized in 'Service Quality')Mean=3.23, SD=0.72), followed by, 'Efficiency')Mean=3.11, SD= 0.78), and 'Capacity Building')Mean=3.06, SD=0.68) which shown in Table 4.

Table 4 Achievement of Strategic Implementation in Municipalities

Dimension	Mean	SD.
- Service Quality	3.23	0.72
- Efficiency	3.11	0.78
- Capacity Building	3.06	0.68
- Effectiveness	2.98	0.71
Total	3.09	0.58

The Impact of Management Innovation on the Achievement of Strategic Implementation of Municipalities

The third objective of the study is to examine the impact of management innovation on the achievement of strategic implementation of municipalities. The findings in Table 5 and Table 6 revealed all five dimensions of management innovation are significantly associated with the achievement of strategic implementation with the strength of the positive relationship ranges from r=0.323 to r=0.409 at the 0.01 level. The highest correlation is presented between 'Product and Service Innovation' and the achievement of strategic implementation, while the lowest correlation is between Strategy Innovation and the achievement of strategic implementation. The overall

management innovation is significantly correlated with the achievement of strategic implementation with the strength of the positive relationship of 0.376. The results revealed that the correlation coefficient indicates a small but definite relationship (Hair *et al.*, 2006). Thus, it is obviously to approve that the correlation between management innovation and the achievement of strategic implementation is significant and weak relationship. Linear regression analysis confirmed that the significance of the predictor (management innovation) had a correlation with the achievement of strategic implementation. This study concluded that the predictor variable (β = 0.375, t = 5.473, p< .01) created a positive correlation with the achievement of strategic implementation. Thus, the hypothesis H1 was supported.

Table 5 Pearson Correlation Coefficient between Management Innovation and Achievement of Strategic Implementation

Dimension	1	2	3	4	5	6	7
1. Strategy Innovation	1						
2. Product and Service Innovation	0.789**	1					
3. Service Delivery Innovation	0.580**	0.613**	1				
4. Process and Management Innovation	0.717**	0.812**	0.652**	1			
5. Interaction Process Innovation	0.752**	0.671**	0.580**	0.831**	1		
6. Management Innovation	0.690**	0.712*	0.747**	0.621**	0.775**	1	
7. Achievement of Strategic Implementation	**0.323****	**0.409****	**0.401****	**0.358****	**0.379****	**0.376****	1

**correlation in significant at the 0.01 level*

Table 6 Results of Linear Regression Analysis on Management Innovation with the Achievement of Strategic Implementation

Coefficients					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**T**	**Sig.**
1 (Constant)	1.720	.217		6.802	.000
Management Innovation	.375	.054	.376	5.473	.000

Dependent Variable: *Achievement of Strategic Implementation.* ***p < .01***

Discussion

The first objective of this study is to examine the degree of management innovation used in municipalities. The results of this study confirmed that the degree of management innovation in overall and also five dimensions are at the middle level. It is implied that management innovation used in municipalities is not outstanding. The officials usually work with the routine works. They do not improve technology or methods as well as improving existing products for better quality and efficiency. It is also noted that the respondents emphasized 'Product and Service Innovation' in primary management innovation. Product and service innovation produces sufficient or sustained competitive advantage and growth. It also creates greater customer value and increase customer satisfaction. Thus, the officials should try to meet customers' requirements and respond to their expectations with the higher levels of service quality. The result implied that capabilities of the municipality are needed to improve in order to achieve management innovation. They required the personal skills, various technology systems, and management tools. In addition, the changes in work attitude and create a work climate for accordance with the use of management innovation is essential for administrative officials. The findings of this research are similar to the previous studies of Christiansen (2000), and Namburi (2019).

The second objective of this study is to assess the degree of achievement of strategic implementation of municipalities by using Balanced Scorecard (BSC). The finding showed that the degree of achievement of strategic implementation of municipalities in overall and also four perspectives are at the middle level. It is noted that the importance of strategic implementation has been emphasized not much by the administrative officials of municipalities. Thus, officials have to realize the benefits of using BSC to measure the achievement of strategic implementation. In addition, the respondents highlighted 'Service Quality' as the main aspect. That was clearly notice that they are confident with providing their service to people. Public organization is established to service people and provide quality service to gain people's satisfaction. Thus, service quality will be the key to improve organizational performance and competency for the public sector. The findings of this research are similar to the previous studies of Chen, Yamauchi, Kato, Nishimura and Ito (2010), and Chansuebthew, Phakdeewong, and Khocheklang (2010).

The third objective of the study is to examine the impact of management innovation on the achievement of strategic implementation of municipalities. The results revealed that the correlation between management innovation and the achievement of strategic implementation is

significant and weak. The findings implied that the officials have an awareness of the importance of improving management innovation and its effect on their performance. Therefore, increasing management innovation effects the achievement of strategic implementation. The findings of this research are similar to the previous studies of Nanthapreecha (2012), Mol & Birkinshaw (2009), Zhang, Khan, Lee, & Salik (2019), and Khosravi, Newton, & Rezvani (2019).

Limitations and Future Research Directions

This study has several limitations. Firstly, this study focuses on the respondents from local governments, especially, officials who were working in the municipalities. Secondly, the data of this study were collected by questionnaires from the respondents via research assistants and online survey. Finally, the respondents in quantitative research design were asked to transfer their opinions about the issues given in the questionnaire into numbers using the Likert scale. The answers of the respondents might be influenced by their biased perceptions. Therefore, future research might use some qualitative instruments such as interviews or focused groups to gather data from the respondents. In addition, the future research could be conducted using other organization with various types of innovation variables.

Conclusion

This study aims to examine the impact of management innovation on the achievement of strategic implementation of municipalities. The results showed that management innovation has a positive impact on the achievement of strategic implementation. The results are useful for academic research, public governments, and other organizations to understand better and improve management innovation,   and the achievement of strategic implementation.

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