

## Research Article

# THE EFFECTS OF CRITICAL FACTORS ON ORGANIZATIONAL CHANGE OF THAI GARMENT FIRMS

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## ABSTRACT

The objectives of this study are to investigate the level of organizational change in Thai garment firms together with examining the critical factors affecting organizational change. How Thai garment firms take change actions in strategies and plans, work processes, organizational structure, and organizational culture are also explored for better understanding of change implementation. The mixed method research design is employed by in-depth interviews together with the surveys. The samples are 344 garment firms in Thailand. The results reveal that the overall organizational change of Thai garment firms is moderate level. Organizational culture appears to be more remarkable altered than other components, following by organizational strategies and plans, work processes, and organizational structure, respectively. The stepwise multiple regression indicates that, among five critical factors which positively affect organizational change implementation of Thai garment firms, employee participation has the greatest contribution following by international trade policies, sense of urgency for change, economic situations, and technology advancement. Several change actions are implemented, for example, the revision of prior paternalistic management culture to the professional management style, the shift on manufacturing and investment plans by relocating production bases to CLMV countries and the modification of marketing strategies with product differentiation as well as the alteration of targeted market to niche market instead of mass market. The findings of this study benefits not only individual garment firms but also Thailand garment industry to design appropriate strategies for responding uncertainty and managing change in an effective way.

**Keywords:** organizational change, Thai garment firms, critical factors, change implementation

## INTRODUCTION

Nowadays the environment of an organization is not only unstable but also more complex as a result that most organizations need to respond with high adaptability. The forces of change may unpredictably come from the various factors either inside or outside organization. When organizational actors recognize that the alteration takes organizations into the chaos, they have the responsibility to seek for the solutions of transforming any parts or overall of organization to the new conditions which will lead to the improvement for the main purpose that the organizations could survive as long as possible. Textile and garment industry is one of the important manufacturing and trade industries generating a large of employments as well as encouraging a growth rate of economic development in Thailand for many years. Its success came from several competitive advantages during such a period of time in the way that Thailand had numerous cheap labors together with the export quotas. The investment in the textile and garment factories, then, tremendously flowed from Japan, Korea, Taiwan, Hong Kong that had transferred their local labors to higher value industries such as electronics, and automotive industries (Siy & Carrillo, 2007). From the aforementioned provisions at that time, Thai

textile and garment businesses earned favorable benefits that accounted for 2-3% of the country's gross domestic product during 2006-2012 (Thailand Textile Institute, 2012). Nevertheless, as time passed, Thai textile and garment manufacturers inevitably confronted many difficult challenges such as the termination of quota system (since 2005), increasing wages, the fluctuation of global economic situation with financial crises and intensifying competition. The export to the main customer countries particularly US, Europe, and Japan drastically dropped due to decrease in consumption. Moreover, China and India have become to be the new challenging competitor countries that gain more competitive advantages from plentiful relative low wage labors together with new technology development. In this regard, Thai government and guru in textile and garment industry concurrently agree that Thai textile and garment firms need to adapt themselves and develop their businesses to enhance better performance.

Based on the Open-System theory that the organization continually interacts with the environment in which it stays, the adaptation of organization may be unplanned or planned change. Having known in general, unplanned change is usually originated from external

circumstances meanwhile planned change involves the intended actions to improve in some parts or overall of an organization by managerial power (Burke, 2008; Zhang, 2011; Kuhn, 2000). In this regards, the internal drivers or organizational factors have also been the starting point of organizational change as well as having an effect on the success or the failure of organizational change implementation. Besides the origination of organizational change, the alteration in each organization could occur in different levels and within some or all components of the organization. According to (Kimberly & Nielsen, 1975) study, change can be classified into three levels; first-order, second-order, and third-order change. The degree of variation will link to which mental model, relationship, communication, participation, responsibility, and context of an organization must change (Meynell, 2008). To consider the conceptualization of organizational change, (Burns, 2009) offered a framework of change by determining the speed of change and the scale of change. For the speed of change, some change takes extensive times to accomplish the desired results such as organizational culture change, whereas the structure of an organization can be taken place within a day. In term of the scale of change, a large-scale organizational change usually occurs due to chaos environment while

a smaller-scale alteration typically appears in stable environment.

This study, hence, attempts to investigate the organizational change implementation particularly the alteration in strategy and plan of the organizations, organizational structure, work process, and organizational culture in case of garment enterprises in Thailand. The critical factors affecting organizational change in Thai garments are also examined in order to identify which internal or external factors are the determinants driving change practices.

## RESEARCH OBJECTIVES

The objectives of the study are specified as follows:

1. To explore how Thai garment firms implement change in the particular parts of the organizations; hence strategy and plan, organizational structure, work processes, and organizational culture
2. To examine the critical factors affecting organizational change implementation and also determine those influential power on organizational change in case of Thai garment firms
3. To provide suggestions for the managements of the organization to develop a strategy for effectively managing change

## RESEARCH BENEFITS

The findings of this study will result several benefits for the organizations, particularly Thai garment firms, and for key persons who manage change in the organizations. To understand the critical factors driving organizational change will help the organizations to design appropriate change strategies and implement it effectively. In addition, for Thai government or related public sectors, the results of this study could be utilized to formulate policies and guidelines that contribute garment firms in Thailand to improve their capabilities as well as strengthen their competitiveness.

## RESEARCH SCOPE

This study does not focus on the outcomes of organizational changes but addresses to examine the level of ongoing organizational change and the critical factors affecting the organizational change. The targeted organizations of this study focuses on garment business which is downstream industry of textile and garment sector. It is because the number of Thai garment entrepreneurs is very much greater than the business of upstream and midstream as the proportion of clothing mills approximately accounted for 55% of total firms in this industry (Thailand Textile Institute, 2012). The composi-

tion of organization that is investigated includes 4 elements which are strategies and plans, organizational structure, work processes, and organizational cultures. The level of organizational change is profoundly measured in each component. Regarding to the investigation into the critical factors affecting organizational change, we categorize candidate factors into two main dimensions. Firstly, the internal or organizational factors consist of sense of urgency for change, communication for change, and employee participation. Secondly, contrasting to internal issues, economic situations, the related trade policies especially international trade issues, technology advancement, and competition circumstances are determined as the external or environmental factors of the business. In conclusion, the research tries to find out the effects of critical factors on organizational change in Thai garment companies.

## CONCEPTUAL FRAMEWORK

The conceptual framework illustrates the relationship between critical factors driving change, here the independent variables, and organizational change, which is the dependent variable of this study. The linkage of these variables will be testified to prove their causal relationship. The candidate critical factors are derived from literature reviews along with the

in-depth interviews between the researcher and the gurus and entrepreneurs in Thailand textile and garment industry. There are both factors inside and outside organization. The internal factors consist of sense of urgency for change, communication for change, and

employee participation. The external factors encompass with economic situations, government policies especially trade policies, technology advancement, and competition circumstances. The conceptual framework is displayed as the figure below.

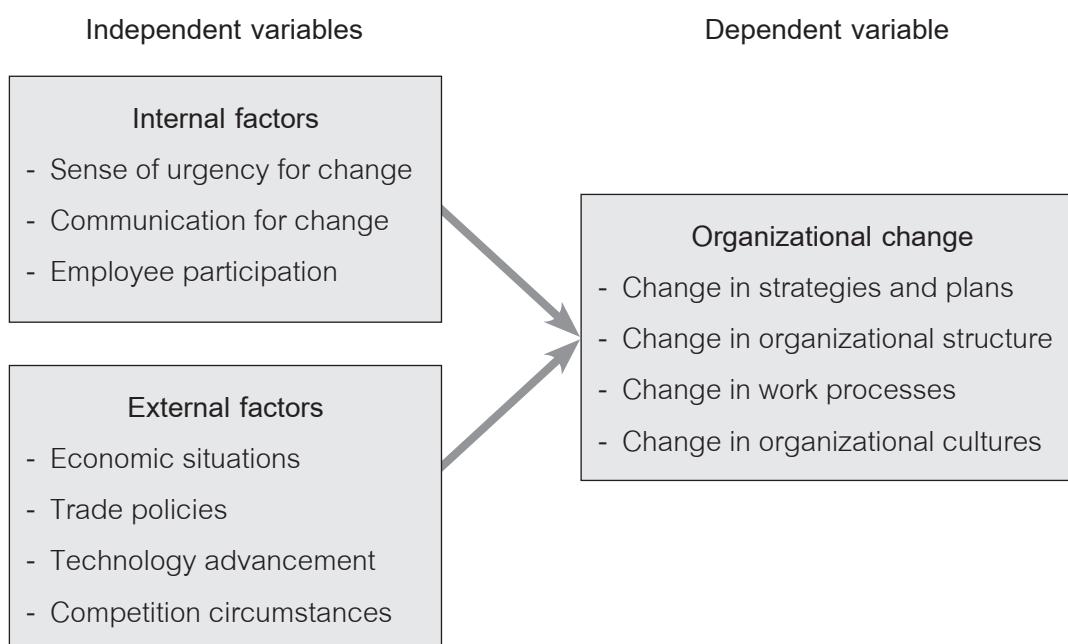


Figure 1 Conceptual framework of the study

Referring to the second objective of this study, the research hypotheses are that each of internal and external factors namely sense of urgency, communication for change, employee participation, economic situations, related trade policies, technology advancement and competition circumstances positively affect the organizational change of Thai garment companies.

## METHODOLOGY

The research design is a mixed method which combines qualitative and quantitative study. As the target population is Thai garment firms, the unit of analysis is the organizational level. In the phase of qualitative research, in-depth interviews are employed to gather the data such as how the organizations shape change process and which factors encourage

successful change implementation. Content analysis is used to scrutinize and decipher the insight information. The ethical consideration of this study is that the respondents have voluntarily decided to participate on their own willingness. For quantitative research, the five-point Likert measures are developed to collect data of the level of organizational change and critical factors influencing on change implementation. To evaluate the quality of measurements, factor analysis is performed to confirm construct validity and also categorize the groups of variables. By determining the highest factor loadings that exceed than 0.40, the measures could be grouped into 7 variables namely sense of urgency for change, communication for change, employee participation, economic situations, international trade policies, technology advancement, and competition. The Cronbach's Alpha coefficients are analyzed to consider the stability of the measures in the questionnaire. The alpha coefficients that have ranged between 0.70 to 0.95 indicate this research instrument is highly reliable. The samples of this study are 344 garment firms. Both descriptive and inferential statistics are used to analyze the quantitative data. Arithmetic mean, and standard deviation are calculated to describe the level of organizational change and the importance of factors driving change. The level of change

and importance of determinant factors is interpreted by the aggregated mean scores as 1.00-1.80 referring to most slightly change/important, 1.81-2.60 referring to slightly change/important, 2.61-3.40 referring to moderately change/important, 3.41-4.20 referring to strongly change/important, and 4.21-5.00 referring to most strongly change/important. Afterwards, multiple regression analysis is performed to examine which factors significantly affect the organizational change.

## RESEARCH RESULTS AND DISCUSSION

Organizational change taking place in Thai garment firms

This part will demonstrate the results of qualitative study. The main purpose of this method is to delve into the phenomena of organizational change in Thai garment businesses including the significant factors driving them to change. In order to visualize how Thai garment firms take change into actions, seven participants who have been the top managements or employee assigned by the executives of the garment businesses are carried on face-to-face interviews. The respondents were asked to elaborate how their organizations implement change. Particular components of the organization involving strategy and plan, organizational structure, work process, and organizational culture are

examined how change actions had been performed. The details of significant change efforts are summarized as follows.

Changes in strategy and plan – There are many factors influencing garment businesses to change their strategies and plans. Due to labor intensive production, available labors with low wages is essential for the garment businesses. As the problem of labor shortage and continually increasing labor wage in Thailand, it definitely affects the variable cost leading to negative impact on the Thai garment business's competitiveness. From this reason, Thai garments particularly large-scale factories need to change the manufacturing strategies and investment plans by transferring their production bases to neighboring countries having abundant relatively low wage labors especially Cambodia, Myanmar, Laos PDR, and Vietnam. Such a production base relocation also benefits Thai manufacturers to gain GSP privilege for exportation from those countries to USA and Europe meanwhile Thailand is canceled the GSP due to the specification of the World Bank that indicated Thailand has been an upper-middle income country (Thai Visa Team, <http://www.thaivisa.com/forum/topic/789725-eu-cuts-thailands-gsp-privileges-due-to-trade-policy-changes/>). Another significant change in corporate strategy is the modification of

marketing strategy. As a result of trade liberalization together with China's great economic reform from socialism to capitalism, garment sector experienced rapid growth by the increase of new garment manufacturers in many countries, particularly in China. With numerous labors and government support, China's garment sector has so highly competitive advantage that it becomes the world's potentially largest manufacturing country. The overwhelming of relative low priced garment products of China has created the greater competition in global market. In order to avoid violent rivalry, some garment entrepreneurs, including Thai garment businesses, attempt to strengthen their competitiveness by enhancing quality of products together with creating product differentiation and brand image instead of focusing on a large quantity of sales with pricing competition. The selling channel strategy increasingly turns to modern channels particularly online shops instead of in-store retail shops. Also, the targeted customer is changed from mass market to niche market in order to escape from 'the Red Ocean'. Furthermore, as a result of Thailand government policy that encourages Thai entrepreneurs to create business network and collaboration, the strategy of business partnership is becoming more attention. The cluster policy was launched

and come into effect since September 16, 2015 (Eco change Magazine, year 11, Vol.1, October–December, 2015) in order to promote many industrial sectors. For textiles and garments, it is one of the targeted clusters that the government promotes and gives contribution. The aim of business cluster is to encourage level of support and cooperation among vertical and horizontal business within the same areas. This approach is different from the conservative concept that companies who offer the same or similar products are identified to be competitors. Most Thai garment businesses agree with the policy and establish the garment cluster; such as the Phetkasem Cluster Textile association, by incorporating garment firms which produce and offer both the same or different categories of product for the purpose of enhancing collaboration by sharing information, knowledge, and productive resources. Today such collaborations between businesses are accepted to be the effective strategy to enhance the negotiation power.

As the changes on strategies and plans involving production base movement, marketing strategy modification, and building business partnership, it can be concluded that environmental context; particularly international trade agreement (such as trade liberalization), competition circumstances (such as the numbers of competitor and pricing competition),

and government policy (such as cluster policy), have significant influences on change actions of Thai garment companies.

Change in organizational structure – Since the export boom in the earlier period of time that stimulated tremendous growth for Thailand garment industry, garment manufacturing firms appeared to be a large-scale size to serve a huge volume of orders. Nevertheless, economic recession of the main buyer countries particularly USA, Europe, and Japan had resulted to a sharp drop of garment imports. Furthermore, after the end of quota system along with the emerging of new competitive-advantage manufacturing countries, such as China, India, Bangladesh, etc., that have numerous low wage labors had put more serious pressures on Thailand garment exports in the way of losing some purchase orders. Hence, to remain business operation, most Thai garment firms need to downsize their organizational structure to fit the slumping demands. In addition, when the second generations inherited the family business, the young blood managers concern to develop organizational performance to respond the changing business environment. Some firms decided to expand business line beyond a garment manufacturer by integrating the functions of a garment trader into the previous organizational structure. Normally,

garment traders act as intermediaries between manufacturers and buyers; here wholesalers or retailers. It is unnecessary for traders to have their own products. The garment traders could be also a supplier acquiring raw materials to manufacturers or providing finished products to retailers. Then, they connect backward and forward linkages in a supply chain. Due to the additional functions of a trader, some Thai garment enterprises add a new department into the existing organizational structure, otherwise they set up the subsidiary firm to handle the new tasks. Some employees were transferred from the parent company, combined with the new employees that are recruited by the subsidiary firm. During the process of transformation, the managements communicated the reasons and objectives of changes to employees in order to make better understandings.

Change in work processes – As the transition of production concept to marketing concept together with rapidly changing of consumer behaviors, Thai garment industry strives to upgrade its products to have more value with fashionable design. Moreover, many businesses concern to the importance on creating brand image value by initiating identical attribute and developing product differentiation. Consequently, garment manufacturers need to adjust their manufacturing

system from a large bulk production of similar style of garments to small lots of various clothing styles to meet a variety of consumer preferences. Even though such a production approach does not reach economies of scale, the firms may get more margins per unit from higher prices that consumers are willing to pay if they are satisfied on emotional value they obtain. Another change implementation in work procedure of Thai garment firms, due to the advancement of technology, involves to the adoption of modern sewing machinery and information technology (IT). Both medium and small-sized garment firms stated that hi-tech equipment could generate high quality products with shortening production period as a result that the products are more speedily accessible to market. Moreover, the advancement of IT especially social media application such as Facebook, Line, and Instagram, etc., plays vital role for supporting business operation. For examples, computer program helps in designing patterns of dress, social media contributes online promotion of products, customer database and employee profiles.

Change in organizational culture – As the proposition of organizational science scholars, change in organizational culture could not be easily seen. However, we are able to observe such changes from organizational

members' values, assumptions, visible behaviors and artifacts (Schein, 1992). Because most garment businesses usually started up in the form of family business, the management style generally appeared to be directly close supervision from top management, centralization of power and authority as well as mistrust of outsiders (Lussier & Sonfield, 2004). This resulted to the manner of attitudes, values, norms, and behaviors that employees had formed their activities at workplace. They were accustomed to complying the owner's orders and having no ideas to share. From in-depth study, we found that the roles of leader appear to be the crucial factor driving change in organizational cultures. The changes begin when the subsequent-generation managements proceed the business succession. The prior style of paternalistic management culture has been revised to professional management style. Human capital is more greatly concerned than earlier, then human resource development such as training programs are employed to elevate employees' potentials and performance. Employee participation is emphasized by creating the opportunities for subordinates to express their ideas as well as suggest the other alternatives in solving problems. The organizational members have positive reactions to the change practices and recognize the importance on change implementation when

the change messages are communicated to them. Despite the fact that everyone prefers to maintain the status quo, most employees in Thai garment firms have higher degree of sense of urgency for change than earlier and incline to give the cooperative to implement change. They believe change initiatives will boost up the business performances and bring prosperity and success to the firm.

The results of qualitative research lead us to profoundly know the phenomena of organizational change implementation in Thai garment companies and the important factors that drive change actions in each part of the organization. By content analysis together with classifying the most remarkable issues, it is found that the factors outside organization especially economic situations, relevant trade policies, technology advancement, and competition circumstances appear to be the critical factors affecting organizational change. Meanwhile, the internal factors supporting change actions address to creating sense of urgency for change, communication for change, and employee participation in change process. Despite the fact that qualitative method can provide us the vivid picture of ongoing organizational change, quantitative study with the measurement in numerical scales tells us more precisely about the magnitude of change and the influential power

of such specific factors affecting change. Therefore, the quantitative method was combined to support the confirmation. With quantitative data, the hypotheses were proposed and the statistical analysis was performed to verify the relationship between causes and effects, hence, generally called as independent and dependent variables. The next section displays the results of the quantitative research.

### Results of qualitative study

General characteristics of studied Thai garment firms

Of 344 Thai garment firms, most of them are small-scale organizations having less than 50 employees (78.2%). The majority have run their business for more than 10 years (33.1%). Regarding to their types of garment, most have been manufacturing men's and/or women's wears (58.4%). For the target market, almost 8/10 have focused on domestic customers (78.2%).

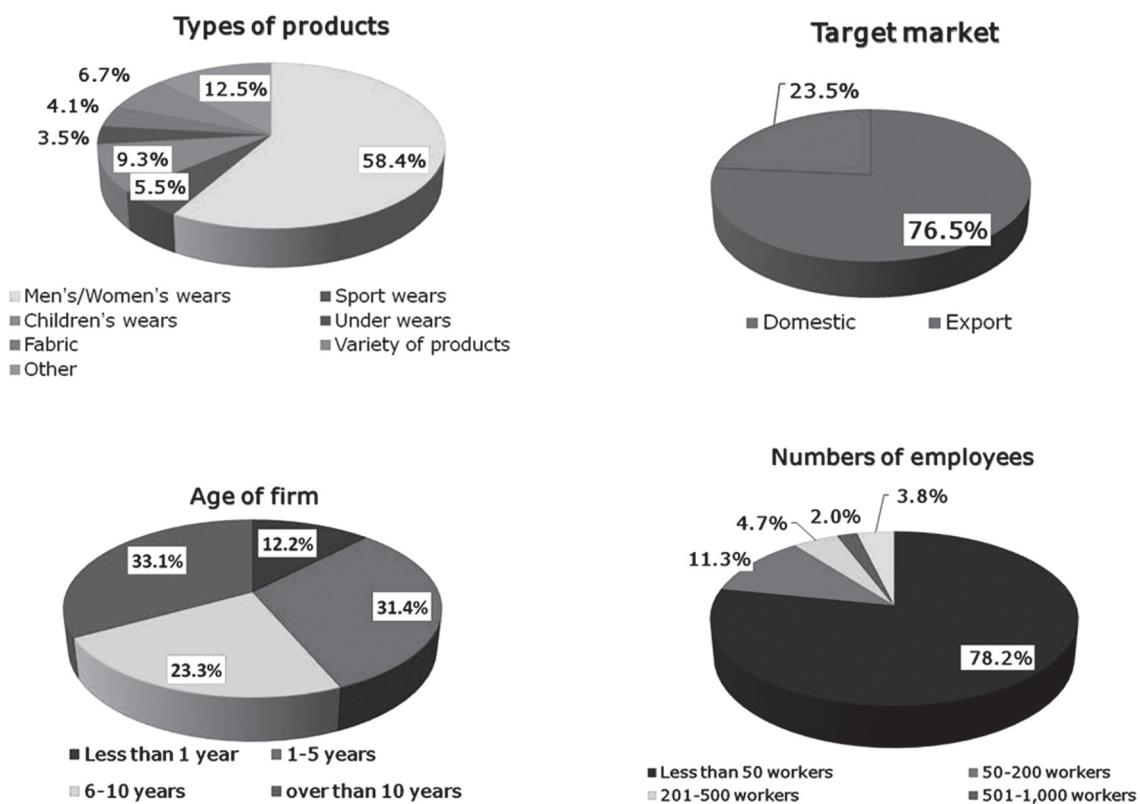


Figure 2 General characteristics of studied Thai garment firms

### Organizational change implementation

The results from quantitative study indicates that the overall organizational change of Thai garment firms is moderate level ( $\bar{X} = 3.25$ ). Considering into four components of the organizations, it is found that organizational culture, despite that its change is measured at moderate level, appears to be more remarkably altered than other components ( $\bar{X} = 3.38$ ). Change in organizational strategies and plans ( $\bar{X} = 3.31$ ), work processes ( $\bar{X} = 3.17$ ), and organizational structure ( $\bar{X} = 2.98$ ) are also subsequently rated at moderate level. Having looked into each component of the organizations, firstly, in term of strategy and plan, the interesting issue of change action is that the firms had immediately modified their plans and strategies when the situation changed ( $\bar{X} = 3.46$ ). Furthermore, the change strategies had been taken place in every section of the firm ( $\bar{X} = 3.36$ ). Secondly, regarding to organizational structure, it is apparently seen that the Thai garment firms had transformed their organizational structures to respond the new desired state ( $\bar{X} = 3.03$ ). Thirdly, for change action in work process, it is found that new technology for manufacturing had been adopted to respond changing situations ( $\bar{X} = 3.03$ ). Finally, the shift on organizational culture is that most employees

faithfully believe that change would bring prosperity and success to the firm in the future ( $\bar{X} = 3.60$ ).

### Critical factors affecting organizational change implementation

As stated before that the key factors affecting organizational change were classified into 2 sides; the internal and external factors, there have been 3 internal factors consisting of sense of urgency for change, communication for change, and employee participation whereas 4 external factors relate to economic circumstances, international trade policies, technology advancement, and competition. In measuring the level of importance, the results show that sense of urgency for change seems to be the internal factor that is more important than other factors with the mean score at high level ( $\bar{X} = 3.60$ ). Next, the importance of communication for change ( $\bar{X} = 3.33$ ) and employee participation ( $\bar{X} = 3.31$ ) are subsequently rated at moderate level. In turn, the external factor which has been more crucial than other factors is competition circumstance that the aggregated mean score ranged into high level ( $\bar{X} = 3.78$ ). Other factors pertaining to technology advancement ( $\bar{X} = 3.35$ ), economic situations ( $\bar{X} = 3.31$ ), and international trade policies ( $\bar{X} = 3.07$ ) appear to be important at moderate level.

The effects of critical factors on organizational change implementation

To examine which factors affecting organizational change implementation together with testing the research hypotheses, the stepwise multiple regression analysis is utilized. All predictor variables, herein, internal and external factors are put into the model with the organizational change implementation as the criterion variable. Determining the p-value of the t-test for each predictor variable, there have been five predictor variables that

significantly contribute to the model. The internal factors which influence on the organizational change implementation of Thai garment firms are sense of urgency for change and employee participation meanwhile the external factors driving change involve economic factors, international trade policies, and technology advancement. In other words, communication for change and competition are excluded because they do not contribute to the model.

Table 1 Regression coefficients of model predicting organizational change implementation of Thai garment firms

Variables	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
Constant	.261	.175	-	1.494	.136
Employee participation	.218	.040	.274	5.402	.000
Trade policies	.180	.039	.231	4.561	.000
Sense of urgency for change	.203	.047	.205	4.313	.000
Economic situations	.176	.044	.197	3.999	.000
Technology advancement	.115	.042	.134	2.732	.007

Dependent variable = Organizational change implementation

F = 69.461 Sig. = .000 R<sup>2</sup> = .578 Adjusted R<sup>2</sup> = .569

As shown in table 1, based on the beta weight (Standardized coefficients), it indicates that there are positive relationships between all predictive variables and criterion variables. Among the five variables, employee participation has the greatest contribution ( $\beta = .274$ ), followed by international trade policies ( $\beta = .231$ ), sense of urgency ( $\beta = .205$ ), economic factors ( $\beta = .197$ ), and technology advancement ( $\beta = .134$ ), respectively. The value of  $R^2$  represents that the variation of organizational change implementation could be explained by all five independent variables at 57.8%. The overall model is significant with  $F (5,259) = 69.461, p < .05$ .

### Research Conclusions

Garment business had played the important role for Thailand's economy by generating a large sum of foreign exchanges and creating many positions of employments for a long period of time. That was before the termination of quota trade systems with the emerging of new potential competitors. When things have rapidly changed, whatever the reasons are, it is essential for organizations, even garment corporates in Thailand, to adapt themselves in order to survive and to be more effective (Durmaz, 2007). The objectives of this study are to explore how Thai garment firms implement change within organizations including examine the critical factors affecting

organizational change implementation in Thai garment firms and also provide suggestions for the managements of the organization to develop a strategy for effectively managing change. The research design is mixed method which combines qualitative and quantitative study. Firstly, the results from qualitative study visualized that how Thai garment firms had implemented changes as well as what critical factors that contributed organization to change. The notable parts of the organization that were affected from both external and internal factors specifically appear to be strategy and plan, organizational structure, work process, and organizational culture. In term of changes in strategy and plan, large-scale garment manufacturers mostly modified their investment plans and manufacturing strategy in the aspect of moving their production bases to neighboring countries particularly Cambodia, Laos PDR, Myanmar, and Vietnam in order to gain benefits from numerous relative low wage labors together with GSP privilege exportation. In addition, the marketing strategies have been significantly altered from pricing competition to product differentiation with brand value creation. The targeted market is also shifted from mass to niche market. Strategic business alliances are more increasingly concerned as a result that many garment firms having similar business model and types of product

incorporated as a garment cluster to enhance collaboration and power of negotiation. For organizational structure changes, most garment firms need to downsize their organizations along with reorganizing division of works to improve their efficiency. Some manufacturers try to extend their mission across vertical business line by integrating garment trading. Regarding to work processes, the manufacturing system has been shifted from a large bulk of same-styled products to a variety of fashionable styles in small lot production. Furthermore, IT and social media applications have been applied for managing customer database and broadening selling channels. Last but not least, the alteration of organizational cultures, the employees together with the high-level managements has changed their mindsets from paternalistic management culture to modern professional management culture. The human capital and employee participation have been emphasized for the success of business operation. The organizational members' beliefs on change are noticeably shifted that change efforts will lead the organization to achieve success and prosperity. When considering the critical factors driving change, it is found that government policies especially relevant trade policies, competition circumstances and

economic factors are significant factors affecting organizational change whereas sense of urgency for change, communication for change, and employee participation appear to be the essential determinant supporting change implementation within organizations. Apart from qualitative study, the results from quantitative research reveal that the overall organizational change and change occurring in each component of Thai garment organizations appear to be moderate level. Change in organizational cultures seems to be more remarkably altered than other components of the organization, following by change in organizational strategies and plans, work processes, and organizational structure, respectively. By stepwise regression analysis, the critical factors affecting organization change implementation of Thai garment companies also consist of both internal and external factors. In case of external factors, it is proved that economic situations, trade policies, and technology advancement have significantly positive effects on organizational change meanwhile the factors inside the organizations consisting of employee participation and sense of urgency for organizational change are important drivers for change implementation.

## Discussion

Regardless of public or private sector, organizations inevitably encounter changes. This study provides the pictures of alteration and the critical factors driving organizations to implement changes in case of garment companies in Thailand. From qualitative study, the candidate internal and external factors driving change were determined and brought into the quantitative analysis. Among several critical factors, the internal issue especially employee participation appears to be stronger power to support the organizational change implementation in Thai garment firms than other factors. This result is consistent with the study of many scholars which indicated that positive attitudes and participation of employees are one of the essential factors leading to the eventual success of an organizational change program (Covin & Kilmann, 1990; Coetsee, 1999; Eby et al., 2000). Not all change practices, but most of them could not be accomplished if the organizational members do not accept and support them (Piderit, 2000). However, due to the fact that any change situations are the challenges and opposition to the status quo (Kerber & Buono, 2005), most organizations fail to implement change because of insufficient sense of urgency (Johnson, 2009). Thus, to create sense of urgency is also important to support

change implementation in Thai garment businesses. As the affirmation of Thai garment entrepreneurs, the change resistance is quite low and most organizational members concern and accept change initiatives to perform the new manufacturing system and expand business line to be a garment trader otherwise the business will lose competitiveness if they are unchangeable. Also, the owner and executives of garment firms thought that it is essential to readjust their employees' attitudes and working behaviors to improve effectiveness in order to survive among increasingly fierce competition. This finding supports the argument of scholars and practitioners which stated that it is helpful to get a sense of people's awareness of the drivers of change (Auster, Wylie & Valente, 2005). If an organization is already aware of the need for change, it may not have a lot of work to do to convince people in the organization that change is needed. In other words, if the organization is not aware for change, to create sufficient awareness is needed before moving forward. Communication is another vital factor for effective implementation of organizational change (DiFonzo & Bordia, 1998). However, the result in this study showed that communication did not have statistically significant effect on the organizational change. This point is inconsistent with the results of qualitative

study indicating that the new generation executives of Thai garment firms recognize the importance of communication for organizational change. In general, giving information of the change rationale and transitional process to employees at all levels is essential (Lim, 2008). Hence, the employees of Thai garment firms have been informed the change practices before starting the implementation as the managements' intentions to make better understandings of change and also get the acceptance. This point provides support to the notion that the greater level of information sharing and communication to organizational members is carried out, the higher degree of cooperation emerges as well as negative attitudes and resistance to change decrease (Kotter & Schlesinger, 1979). The reasons why communication factor did not statistically significant affected organizational change of Thai garment companies should be that most garment businesses in Thailand were usually established as small and medium sized firms that have not many numbers of employees. Then, it is comfortable to communicate messages of change actions to employees either formal or informal ways. The circulation of information within a small organization is easier and more rapid than in a large-scale organization. Although the quantitative result did not confirm the influence of communication,

the managements should not overlook the role of communicating message for change.

On the opposite side of internal factors, there are several critical external factors that force organizations to change. In case of garment enterprises in Thailand, it is found that economic situations, government policies particularly international trade policies, and technology development had been driving factors of organizational change. Even though these external factors are uncontrollable, the managements could establish organizational readiness to cope these changes. For garment businesses, the government policies especially related trade policies seem to be more influential pressure on organizational change than other issues. This finding is consistent with Singleton's (1997) mention that "There is a battery of factors the government can and must tackle that will drive the development and the competitiveness of the textile/apparel industry in a developing country". "Government can play a significant role in enhancing the degree of quality and complexity of a nation's comparative advantages (e.g. improving workers' skill sets, generating domestic demand for national brand apparel products, improving infrastructures, etc." (Watchrave-sringkan et al., 2010). Indeed, government policies may initiate supportive or antagonistic impact on garment businesses. For years,

Thailand government policies had been launched to promote textile and garment industry, for examples the investment promotion policies by Thailand Board of Investment (BOI), the establishment of Thailand Textile Institute (a non-profit organization under private-public cooperation to promote efficient development of Thai textile and apparel industry) (Watchravengkan et al., 2010), the international trade agreement (such as AFTA and FTA) (Thailand Textile Institute, n.d.), the campaign of Bangkok Fashion City, and the development of garment cluster policy (Thailand Textile Institute, 2016), including the trading agreement on ASEAN Economic Community. In contrast, the policy of minimum wage rate increase seemed to be a threat to garment businesses. The role of government is, therefore, very critical driving factor to Thai garment firms to change. Besides related public policies, economic situations are generally known as the key contextual factor influencing organizational performances. As the study of Millington (1994), long-term interest rate, unemployment, and inflation were the economic factors having the greatest impact on business failure. Like other manufacturing sectors, economic downturn in Thailand during a past decade as well as financial crisis in foreign buyer countries, particularly USA, Europe, and Japan, resulted to the decline of consumption

and drop of Thailand garment businesses' sales and earnings. Therefore, Thai garment businesses need to manage organizational change in order to survive. As Robbins (2005) presented the six major reasons for organizational transition, one of the external driving forces is technology. Many companies need to keep up with overwhelming speedily technological changes in order to bring a considerable advantage with it (Majewska-Button, 2010). Similarly, garment companies in Thailand struggle to adopt modern manufacturing equipment such as hi-tech sewing machines to improve productivity together with using IT technology to increase the flow of information. This point affects most garment firms to change some part of working procedures, functions, and duties of individuals. As qualitative and quantitative studies, these three external factors; namely trade policies, economic situations, and technology advancement, are approved to be the critical driving factors influencing garment companies to implement change. However, there is only one external factor regarding competition circumstances that insignificantly affected organizational change in the regression model. In this case, the result of quantitative study is not concurrent with the conclusion of the qualitative study and other academic perspectives. Generally, competition has

perpetually changed for today businesses (Robbins, 2005). If an organization remains passive and provides sluggish reactions to competitors, the customers are likely to fade away and a business will eventually disappear from the market (Majewska-Button, 2010). Nowadays Thai garment firms inevitably encounter giant high performance competitors particularly garment manufacturers in China. From this reason, most garment businesses struggle to effectively deal with change for their survivals. However, the reason why Thai garment firms are not likely to worry competing with China could be explained that the market positioning focuses on different customer segments. With numerous cheap wage but not high-quality skill of labors, a large-scale production and competitive low price strategy cause products of China have low-quality product image. The main targeted market, then, is low-end market. Meanwhile, Thai garment entrepreneurs attempt to create product and brand value proposition by high quality product differentiation. Therefore, to discover the alternative change solutions help the organization to continue business.

In conclusion, understanding the impact of critical factors on organizational change can help managers and change agents handle the unexpected incidents with appropriate managerial actions. Also, this

findings are beneficial to the organizations, particularly, garment firms in Thailand, to generate preparedness for changing effectively.

#### SUGGESTIONS AND RECOMMENDATIONS

The findings of this study benefit not only individual garment enterprises but also garment industry of Thailand to design appropriate strategies for responding uncertainty and managing change in an effective way. The suggestion is that the managements of Thai garment firms should understand both inside and outside context of the organization before starting management practices. The organization's contexts are never stable, but how to effectively handle the changing circumstances is more significant. In case of Thai garment businesses, the managers must keep on developing not only working systems but also human capitals. According to the research results, it is remarkable that the factors inside organizations are very crucial for successful change implementation. The implication is that before initiating changes, the managements of the organizations should firstly create sense of urgency for change for the purpose of getting acceptance from organization's members and also alleviating change resistance. Communicating the messages of change that the reason behind,

the objectives, and change initiatives, then, should be thoroughly generated to organizational members. Afterwards, the managements should create opportunities and channels for all levels of organizational members to involve in change processes. For the issues outside organizations, even though the external contexts are unable to control, the organizations can perform with preparation to efficiently respond changes. To update the related circumstances particularly economic situations, the phenomenon of competition, and technology development will help the organizations to have preparedness in order to reduce risks and alleviate the negative impacts that may occur. Additionally, as the research findings indicate government plays the important role to the operation of Thai garment businesses, the suggestion is that the government should develop the proactive policies particularly trade policies that support the garment and textile export. Also, the related government agencies should develop the policies and regulations that encourage and facilitate the transition of garment businesses to upgrade their work standard and capability for higher competitiveness.

Since this study only focuses on examining the organization change of Thai garment firms, it will be interesting if further researches extend the study to the

organizational change in other industry, which exists within different contexts. More other organizational factors and environment issues should be determined in order to extend our knowledge on significant driving factors which utilize the change management. Such investigation will not only be beneficial for developing change strategies but also enhancing the generalizability of conceptualization.

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