

**A COMPARISON OF PERCEIVED ORGANIZATIONAL EFFECTIVENESS  
BETWEEN CHINESE AND THAI RURAL ENTERPRISES**



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## ABSTRACT

Abstract of thesis submitted to the Graduate School of Maejo University in partial fulfillment of the requirements for the degree of Master of Business Administration in Business Administration

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BETWEEN CHINESE AND THAI RURAL ENTERPRISES

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Along with the development of rural commodity economy and the emergence of large numbers of surplus rural labourers, households engaging in one or more trades or in specialised professions sprang up in Chinese villages and towns. In the process of development from primary to secondary and tertiary industries, and in the transformation from a natural to commodity economy, village and township enterprises are playing a leading role.

Rural enterprise development has been a key mechanism to build rural economy and wealth and it is the direct result of rural industrialisation, a concept which has become increasingly important in the context of most developing countries.

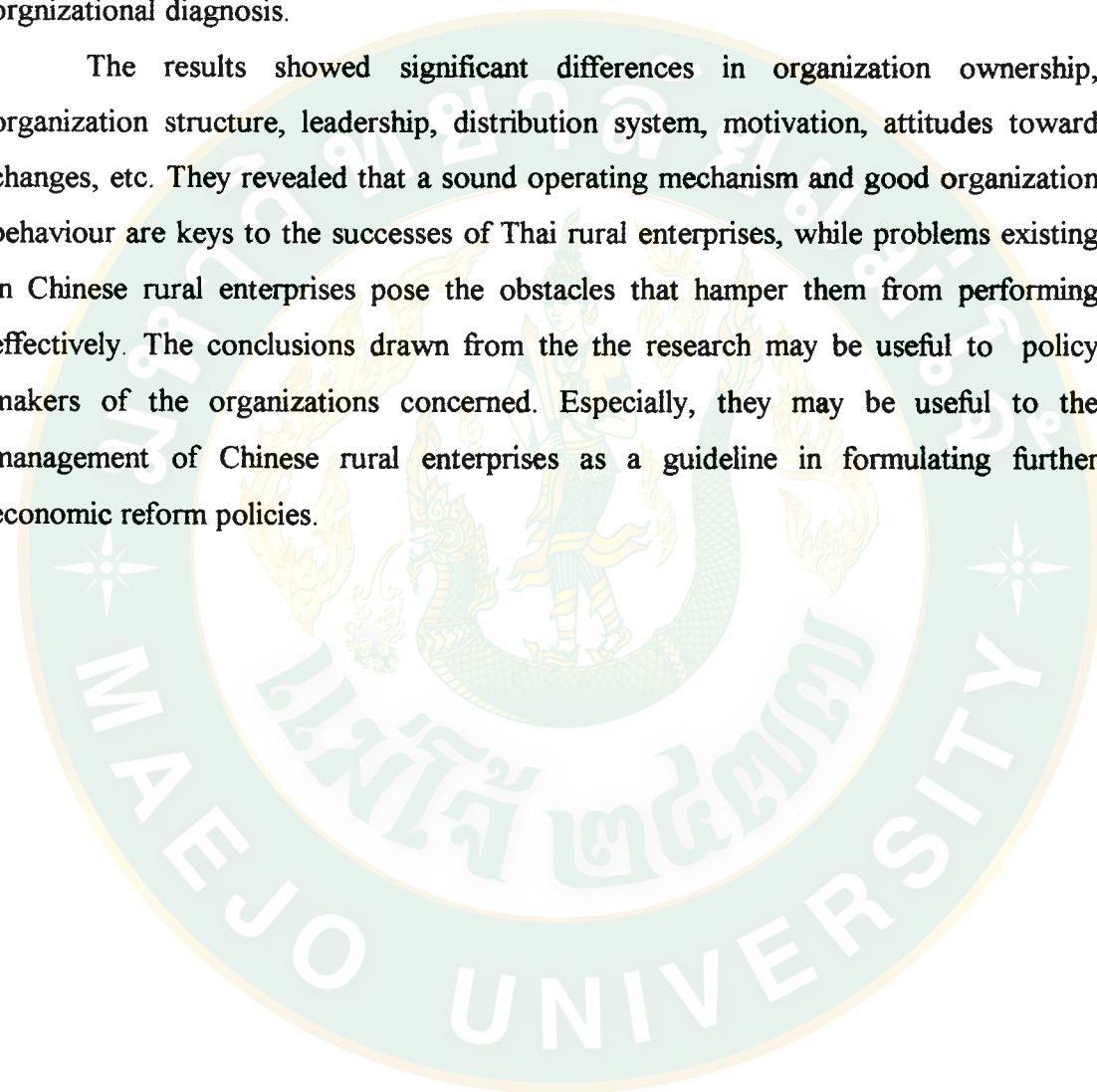
Being also a less developed country, Thailand will be also paying much more attention to rural development in the new century. How rural enterprises in different countries can adapt themselves to the rapid changing, highly uncertain environment through organizational development is becoming a hot issue.

This study was conducted to find differences in organizational effectiveness between rural enterprises in China and Thailand.

This research was an empirical one, using the proposed model to evaluate the different attributes or determinants in the model, to reveal the organizational effectiveness differences between the two countries' rural enterprises.

Four comparisons were done between the CREs and TREs based on research design: background information, environmental influence, functional analysis and organizational diagnosis.

The results showed significant differences in organization ownership, organization structure, leadership, distribution system, motivation, attitudes toward changes, etc. They revealed that a sound operating mechanism and good organization behaviour are keys to the successes of Thai rural enterprises, while problems existing in Chinese rural enterprises pose the obstacles that hamper them from performing effectively. The conclusions drawn from the the research may be useful to policy makers of the organizations concerned. Especially, they may be useful to the management of Chinese rural enterprises as a guideline in formulating further economic reform policies.



## บทคัดย่อ

บทคัดย่อวิทยานิพนธ์ เสนอต่อบัณฑิตวิทยาลัย มหาวิทยาลัยแม่โจ้ เพื่อเป็นส่วนหนึ่งของ ความสมบูรณ์แห่งปริญญาบริหารธุรกิจมหาบัณฑิต สาขาวิชาบริหารธุรกิจ

### การเปรียบเทียบการรับรู้ถึงประสิทธิผลขององค์กรระหว่างธุรกิจชนบทจีนและไทย

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ผลจากการพัฒนาเศรษฐกิจบนพื้นฐานของผลิตผลจากชนบท และจากการที่เกิดแรงงานส่วนเกินในชนบท ทำให้ครัวเรือนทั้งในระดับหมู่บ้านและระดับเมืองได้เข้าไปเกี่ยวข้องกับการค้าขาย หรือมีอาชีพเฉพาะด้านอย่างใดอย่างหนึ่งเพิ่มขึ้นเรื่อยๆ ในกระบวนการพัฒนาอุตสาหกรรมจากระดับครัวเรือน ไปสู่อุตสาหกรรมขนาดกลางและขนาดใหญ่ ตลอดจนการเปลี่ยนแปลงระบบเศรษฐกิจจากการพึ่งพิงทรัพยากรตามธรรมชาติไปสู่ระบบเศรษฐกิจที่พึ่งพิงผลิตผลจากชาวชนบท ทำให้กิจการธุรกิจในระดับหมู่บ้านและระดับเมือง มีบทบาทอันสำคัญต่อการพัฒนาเศรษฐกิจมากยิ่งขึ้น

การพัฒนากิจการธุรกิจในชนบทเป็นกลไกสำคัญอย่างหนึ่ง ในการพัฒนาเศรษฐกิจและเพิ่มพูนความมั่งคั่งให้แก่ชาวชนบท เป็นผลพวงโดยตรงจากการพัฒนาอุตสาหกรรมในชนบทแนวความคิดดังกล่าวนี้ ได้ทวีความสำคัญขึ้นเรื่อยๆ ในบริษัทของประเทศกำลังพัฒนาทั้งหลาย

ในฐานะที่เป็นประเทศกำลังพัฒนา ประเทศไทยก็ได้ให้ความสำคัญต่อการพัฒนาชนบทในศตวรรษใหม่นี้ด้วยเช่นกัน ประเด็นที่ได้รับความสนใจเป็นอย่างมากในขณะนี้ก็คือ ประเด็นการปรับตัวของประเทศกำลังพัฒนาทั้งหลาย ซึ่งมีบริษัทที่แตกต่างกันไปในแต่ละประเทศจะสามารถพัฒนาองค์กรให้ทันต่อการเปลี่ยนแปลงและความไม่แน่นอนของสภาพแวดล้อมได้อย่างไร

การศึกษานี้จึงมุ่งที่การค้นหาคำแตกต่าง ระหว่างธุรกิจชนบทในประเทศไทยและสาธารณรัฐประชาชนจีน ในแง่ของประสิทธิผลขององค์กร

การวิจัยครั้งนี้เป็นการวิจัยเชิงประจักษ์ โดยใช้ตัวแบบที่พัฒนาขึ้นจากทฤษฎีองค์กรต่างๆ เป็นหลักในการประเมินคุณลักษณะหรือข้อพิจารณาที่แตกต่างกันในการจัดการองค์กรธุรกิจชนบทให้เกิดประสิทธิผลระหว่างประเทศทั้งสอง

การเปรียบเทียบได้จัดทำขึ้นใน 4 หัวข้อหลัก ได้แก่ ข้อมูลพื้นฐานขององค์กรปัจจัยแวดล้อมที่มีอิทธิพลต่อการดำเนินการขององค์กร การวิเคราะห์องค์ประกอบของงานและการวิเคราะห์โครงสร้างองค์กร

ผลจากการวิจัยชี้ให้เห็นว่าธุรกิจชนบทในประเทศไทยและจีนมีความแตกต่างกันในด้านรูปแบบการเป็นเจ้าของกิจการ โครงสร้างองค์กร รูปแบบภาวะผู้นำ ระบบการกระจายสินทรัพย์ระบบการจูงใจ และทัศนคติต่อการเปลี่ยนแปลง เป็นต้น

ผลการศึกษานี้สะท้อนให้เห็นว่า กลไกการดำเนินงานและพฤติกรรมในองค์กรที่ดีคือเงื่อนไขสู่ความสำเร็จที่มีประสิทธิผลในธุรกิจชนบทไทย ในขณะที่ธุรกิจชนบทจีนมีปัญหาในปัจจุบันดังกล่าวซึ่งเป็นอุปสรรคต่อการดำเนินการให้เกิดประสิทธิผล ผลสรุปที่ได้จากการศึกษานี้อาจเป็นประโยชน์ต่อผู้วางนโยบายในระดับองค์กรและจะเป็นประโยชน์อย่างยิ่งต่อผู้บริหารธุรกิจชนบทในประเทศจีนในการที่จะใช้เป็นแนวทางในการวางนโยบายฟื้นฟูเศรษฐกิจต่อไปในอนาคต

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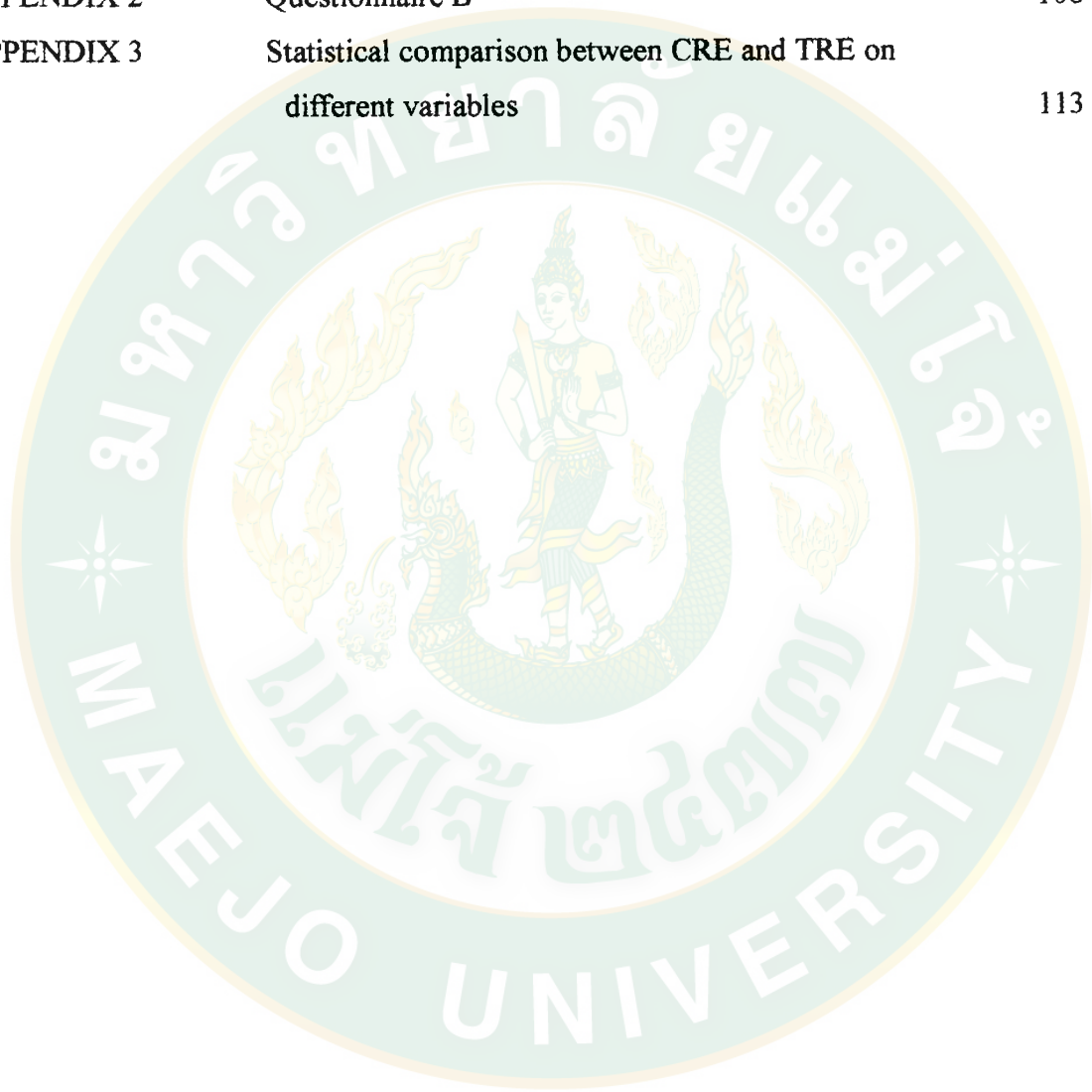
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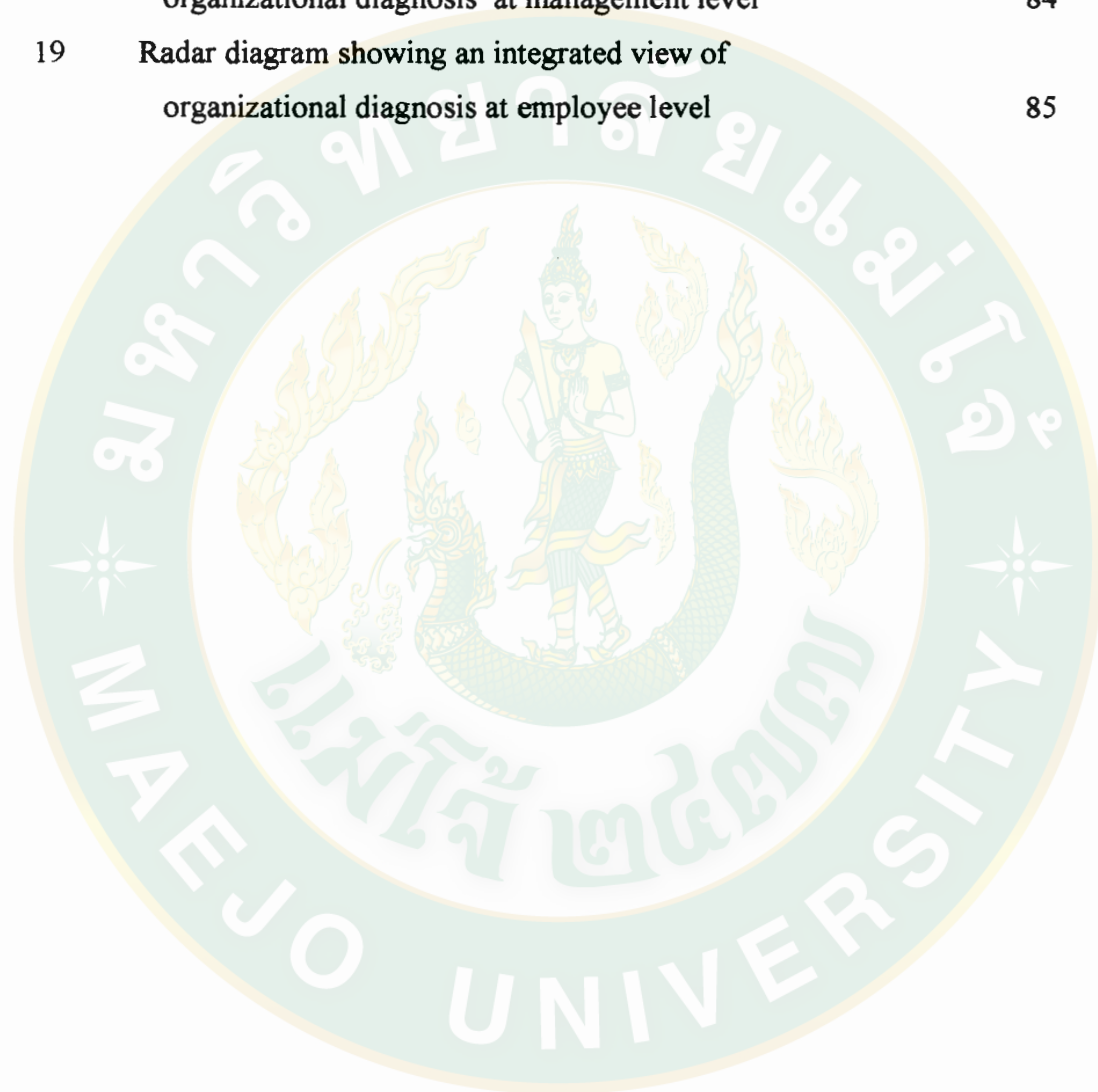
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# CHAPTER I

## INTRODUCTION

### **Context of the Problem**

Organisations live in an ever-changing environment and their survival depends on their ability to adapt to new demands and opportunities. Over the last ten years or so managers have gained more experience with, and more confidence in the management of change. The reality is that the stability which seemed to characterise the corporate world in the 1950s and 1960s has given way to increased and global competition, technological innovation and change, limited resources, deregulation, privatisation of public sector organisations and change in much more besides.

All these facts facing the organizations are interrelated and changing rapidly, making a highly uncertain and chaotic environment for all kinds of organizations, in manufacturing and service industries in both the public and private sectors. Therefore, in order to be more competitive and perform effectively, organizations should be streamlined, nimble, and more responsive to external demands. Organization development (OD), a series of planned systematic changes introduced into an ongoing organization, is playing an increasing key role in helping organizations to change themselves. These changes, typically referred to as interventions, are designed to improve the effectiveness of the organization and to help it respond to a changing environment. It is helping organizations to assess themselves and their environments and to revitalize and to rebuild their strategies, structures, and processes. OD is also helping organizational members to go beyond surface changes to transform the underlying assumptions and values governing their behaviors.

The coming century is an era with opportunities and changes for all countries and enterprises (Rao and Lin 1990). Thus, China, one of the largest agricultural countries to the world and a country which has adopted reform and an open door program, is now putting forward the strategic ideal of "stability without agriculture, poverty without industry, and inactivity without commerce" Recognizing the significance of agriculture, the Chinese government decided to put its full efforts

into the development of agriculture to the next century. Along with the development of a rural commodity economy and the emergence of large numbers of surplus rural laborers, households engaging in one or more trades or in specialized professions sprang up in Chinese villages and towns. Chinese peasants, who could never escape from the land before, now can find freedom from work behind the plow if they choose to.

In the transformation from a natural to commodity economy, rural enterprise (R.E.) is playing a leading role. Thus, helping these rural enterprises to recognize and implement the organization change and development needed to cope with these future changes and seize opportunities is becoming a key task and research focus.

### **Significance of the Problem**

In contrast to the traditional pattern of economic development characterized by industrialization concentrated in the urban sector, many countries have recently experienced a period of decentralization of industrial development, and concurrently the diversification of their rural economies. (OECD, 1986)

Rural industrialization represents a concept, which has become increasingly important in the context of most developing countries. There are many reasons for this rapid increase in the attention of Third world Governments to rural industrialization. One of the more important reasons concerns the emergence of a primate city or a few highly industrialized cities in a particular country. This phenomenon has serious implication on the pattern of income distribution particularly among various regions in a country. The differences in the level of economic and social activities between big industrialized cities and the rest of the country has attracted people into big cities and thus created numerous social and economic problems.

Another important aspect of rural industrialization is that it represents a process, which can positively contribute to better distribution of development benefits. Rural industrialization can also be looked at as a means to reduce employment problems in less developed areas of the country. It can, of course, contribute to better utilization of the existing labor force particularly in the

agricultural sector, which has been the dominant sector in the most developing countries.

Agriculture is the most important primary industry in China. Agriculture and its related fields absorb almost 80% of the total labor force. And about 80% of the total population live in rural areas.

Rural areas in China have been going through a period of major institutional reform and economic development since 1978. It is commonly known that the Chinese government has initiated rural reform and programs with an emphasis on two major strategies. The first emphasis involves a new system of incentives, or the family production contract responsibility system, through which individuals can generate foods and farm income for their households; The second emphasis involves rural enterprises (township and town enterprises), private enterprises which are allowed to set up and be run privately by farm households. Under the new policy, farm families are able to begin micro and small enterprises and sell their products freely in the markets. As a result, the economic system has developed and rural industrialization has been rapid in many areas of China.

Rapid rural industrialization has occurred in China during the 1980s. From 1978 to 1990, the number of rural enterprises firms increased from 790 thousand to 7.22 million, the number of employees increased from 17.34 million to 55.72 million, and the total gross output value of rural industry, in terms of current prices, increased from Y38.5 billion to Y709.7 billion. Consequently, the share rural enterprises play in China's total industrial sector rose from 9.1 percent to about 29.8 percent in terms of gross output, and from 28.5 percent to 46.3 percent of the total industrial labor force in this period (China State Statistics Bureau, 1992). The rapid expansion of rural enterprises in China is widely believed to be the Instrument for rural industrial sector development and economic growth.

There are still many problems faced by Chinese rural enterprises. With greater market competition, the challenges facing rural enterprises are being more and more magnified. Many deep-seated problems stick their chins out bit by bit, the two greatest being unclear equity ownership; and unclear rights and responsibilities between government and enterprise functions. The competitive power of many products is decreasing as a result of these problems. All of this leads to a lower

effectiveness and lower motivation among employees. Many administrators observantly feel the unprecedented difficulties that are facing them.

How to face this new challenge? What is the way out? Researchers thought that adapting to the changing environment and increasing the vital force by reforming, depending on technology to develop the organization and earning benefit from administration would be the answer.

Although there have been many problems with R.E. in China, they have been successful and showed great comprehensive economic and social benefit.

Thailand, a close neighbor to China, is also an agricultural country. Agriculture is more important than any other sector of the economy in Thailand's economic and social structure. This is to be seen not only in the proportion it occupies of the GDP (1990:12%), but particularly in its significant position in the employment sector: circa 65% of the total work force is employed in agriculture (FAO,1993). This means that agriculture, which has been the backbone of the Thai economy will remain the backbone for many years to come.

Thailand' industrial sector is just being developed and in many ways the country is not ready for full-scale industrialization as it lacks experienced qualified personnel, raw materials, technology and know-how. If the country is to become a NIC (Newly industrialized country), it therefore makes sense to base this industrialization on agriculture to start with.

With the introduction of rural development as one of the prime development objectives in Thailand, increasing attention has been focused on the issues related to the utilization of rural labor. Rural industries have gained new emphasis as a valuable supplement to agricultural development in rural areas. Rural development has therefore been interpreted as a process of transforming the structure of economic activities from agricultural to nonagricultural sectors.

Although China and Thailand are very different in size, there are many similarities between the two countries. They are both agricultural countries, with more than half of the total population engaging in agriculture (see table 1), they are both developing countries and both are trying to realize the industrialization in agricultural sector. They are very near to each other, and have similar cultural backgrounds. Their

business relationship has existed for centuries and has expanded and developed over the past several decades since official diplomatic relations were instituted.

**Table 1** Indicators of economic development in emerging markets

Country	GDP per capita	Percentage of rural population in 1992	Percent of total employment(1990-1992)		
			Agriculture	Industry	Service
China	2100	72	73	14	13
Thailand	5900	77	67	11	22

**Note:** Human development report of the world development report, 1995

### Statement of the Problem

Rural enterprises, as one of the important organizations in agricultural countries, play an important role in providing productive employment and earning opportunities. They are widely recognized as a powerful instrument for economic growth and balanced sectional development in rural community. It has become an important research concern in development economics and has become a hotly debated topic among policy makers.

Facing complex global competition, both China and Thailand recognize the importance of the industrialization of agriculture. How should the rural enterprises be invigorated through organization development? What are the differences between Chinese and Thai rural enterprises, based on the similar culture background? What can they learn from each other's successful experience in reaching the highest organizational effectiveness and what lessons can they learn from each other.

For several decades, scholars paid more attention to study the rural enterprises' specific function such as production, market efficiency, income equity, and finance, etc. Few studies were conducted to assess the RE's organizational effectiveness integrating all functions as a whole through a systematic approach.

And few such studies done before from the aspect of comparing the RE's

OE in two countries with similar background. China and Thailand, possessing the similarity in terms of economy structure and developing strategy, are worthy to be focused to have a comparison in this field.

This study could improve the rural enterprise managers in understanding the importance of organizational effectiveness and suggest a systematical approach for organizations to assess themselves and their environments and revitalize and rebuild their strategies, structures, and processes. It will provide a series of basic information for the managers in both countries to learn from each other's successful experience reaching the highest organizational effectiveness and draw lessons from each other's bad experience. And it will build an initial database for potential investors who are interested in Thailand and/or China rural markets.

### **Objectives of the Study**

Given the above background, this study seeks to find the difference of organizational effectiveness of rural enterprises between China and Thailand, specifically, the objectives of the study are:

1. To describe the organizational behavior of rural enterprises in both countries
2. To compare the organizational effectiveness of rural enterprises in both countries
3. To examine the similarities and differences.
4. To identify some main factors that influence the organizational effectiveness in each country

### **Scope and Limitation of the Study**

Organization Development (OD) is a continuous process with serial phases and viz. Problem recognition, entry, data collection and diagnosis, feedback action planning, method, one can see the management and behavior difference and problem solving potential.

industries. In this study, the type of industries will be Processed food industries (such as Rice mills, Food and Fruit Canning, Slaughter house.) and agricultural raw material based industries (Such as Tapioca mill, Gunny Bag Mill, Wood Products).

Furthermore, OD is a broad topic, but due to the constraints of time and data collecting, this study mainly concentrates on organizational effectiveness of both countries' rural enterprises.

One limitation to this research is that since it is based in Henan Province, China and Chiang Mai province, Thailand only and limited companies are interviewed, the study might not fully reflect the current overall situation of the current Chinese and Thai rural enterprises.

Another limitation might be that some of the managers or employees might not have enough knowledge to understand well about some part of the questionnaires. They may not be willing to ask questions in order to make things clear when they answer the questionnaires. So the information collected may not fully reflect the facts.

### **Definition of Terms**

***Rural area:*** It is difficult to give a distinct definition of rural and urban. In this study, villages and rural towns of a few thousand or more inhabitants are included in the rural area, because their primary functions include agricultural processing, marketing, various other agro-based activities, and the provision of goods and service to the rural population. In this study the areas that outside Chiang Mai and Zhengzhou downtown are in the research scope.

***Rural labor:*** By definition, the "rural population" is frequently confines to those persons living in farm households and in the small village settlements. Accordingly, the "Rural labor" in this study refers to the labor among rural population

***Rural enterprise(RE):*** Rural enterprise is defined here to refer to small town and village owned by townships and villages or private groups and individuals . It is distinguished from state-owned enterprises and the factories operated at provincial and county levels, which are usually situated in larger towns and cities. It is also distinguished from private industries in those urban areas. Urban industry generally draws its labor force from urban residents and has little direct impact on

rural employment. By contrast, rural industrial enterprises mainly hire villagers. The enterprises, which provide productive employment and earning opportunities for rural farmers, can be divided into two types, viz. agriculture based industries and non-agriculture based industries. Normally they are small- medium sized and owned by local residents .The availability of raw materials and local labor force are powerful determinants of the potential growth of the enterprises.

Organization Development: Organization development (OD) is a system wide application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization' s effectiveness.

Organizational effectiveness: The term organizational effectiveness refers to the concept of organizational success, or organizational performance. Basically, it is an indication of how well the organization is doing, is it doing what it ought to do, or is it doing the best that it can.





## CHAPTER II

### REVIEW OF RELATED LITERATURE

#### **A View of Researches Done about Rural Enterprises**

CRE (Chinese rural enterprise) is defined by equity ownership of the enterprise. They are owned collectively by rural governments, or privately by rural households and by any joint investment of government and farm households. In general, rural enterprises are referred to as township-level enterprises, village-level enterprises or private enterprises, with location in rural areas. Based on rural industrial structure system, rural enterprises are classified into two main types including rural industry enterprise and rural agro-industry enterprise. In Thailand, TRE( Thai rural enterprises) is defined as the enterprises which are located in the rural area. The role of rural small-scale industries in providing productive employment and earning opportunities has recently emerged as an important research concern in development economies and has become a hotly debated topic among policy makers and international donor agencies (Enyinna and Carl, 1988)

Enyinna and Carl (1988) contended through analyzing the evidences from Asian countries' development of rural small industries that rural industries and other rural non-farm activities appear to provide a source of primary or secondary employment for 30-50% of the rural labor force in developing nations. Consequently, in terms of employment, non-farm activities are quantitatively an important component of rural economy that should not be overlooked in the design of rural development policies or programs.

It has been observed by Islam (1993) that rural farm families of populous South and Southeast Asian countries devote a considerable portion of their time to non-farm activities for employment and income. The contribution of non-farm employment to total employment varies from 40% in a predominantly agricultural village in central Thailand to as high as 89% in rained fed village in the Punjab region of Pakistan.

Enyinna and Carl (1997) agreed, based on the evidence available from national census and various regional surveys, that non-farm activities provided an important source of primary rural employment in developing countries. In the vast majority of the fourteen developing countries, one-fifth or more of the rural labor force is primarily engaged in non-farm activities. Indeed, in Sierra Leone, where a detailed rural household survey was recently undertaken, non-farm income was found to provide 36 percent of rural household income.

The promotion of rural industries was highlighted during recent decades in the economic policies of particular Asian countries with serious problems of surplus rural labor. Specific agencies were commonly established at the central and/or local levels in these countries. Examples are the Khadi and Village Industries Corporation in India, and the central Rural Income Promotion Committee in South Korea. South Korea even enacted a "Rural Income Promotion Law" and many rural industrialization promotion zones were then set up (UN, ESCAP, 1990).

In view of the magnitude of equity and employment objectives in comparison between rural industry and urban large-scale industry, the growing realization is that the large-scale urban industrialization strategies of the 1960s generally failed to solve the problems of underemployment and poverty. Moreover, empirical research has begun to demonstrate that small rural manufacturing enterprises have been substantially unreported in official publications and that these small firms might be more effective vehicle for meeting a country's growth and equity objectives than their large-scale urban counterparts (Enyinna and Carl, 1979).

One crucial issue, on which there has been a divergence of opinion, is whether the demand for these activities increases as rural incomes increase. Hymer and Resnick (1969) have argued that rural industrial activities produce inferior goods, that is, that the demand for them would be expected to decline as rural income rises. Mellor (1976), Enyinna and Carl (1979), and International Labor Office Missions (1972, 1974), on the other hand, have contended that there is a strong, positive relationship between income and demand for these activities.

Another related issue is whether there are strong backward and forward linkages between rural activities and other sectors of the economy, particularly agriculture. Hirschman (1958) has contended that linkage between agriculture and

other sectors are quick weak, while others, such as Mellor (1976) and Johnston and Peter (1975), have argued that the linkages between rural industries and agriculture, in particular, are or could be potentially very strong.

In spite of the importance of this topic, there have been few analytical or empirical studies of small rural industries. The World Bank (1978), for example, recently concluded, "there is little evidence" on many of important characteristics of these activities. As a result, policy makers and planners charged with the formulation of policies and programs to assist rural small-scale industry in the Third World are often forced to make decisions that "unencumbered by evidence"

In China, the development of rural industry, stimulated by the "Great Leap Forward" strategy during the 1950s, was the subject of considerable research by Chinese scholars. Some practical policy issues concerned mainly with the relationship between agricultural development of rural industry and socialism, attracted much research attention until the early 1980s. When food production was insufficient, most research was engaged in the field of agricultural development.

The rapid growth of the 'five small industries' in the late 1960s attracted much attention of foreign scholars. Early full-length works were Perkins et al. (1977), Sigurdson (1977), and Wong (1982). During the 1980s, when China's rural industry expanded tremendously, Enos (1984), and Griffin (1984) studied examples. Subsequently, a major advance was made in the joint research conducted by Chinese institutions and the World Bank, based on systematic data collection in 1986-1987 in four provinces located in Jiangsu, Anhui, Jiangxi and Guangdong (Byrd and Qingsong, 1990).

After the early years of the 1980s, more and more research focused on concrete, policy-oriented issues affecting rural industry, including its relation to agriculture and urban public industry, taxation, financing, etc. Significant work was conducted in 1986 by the Development Research Institute under the State Council Rural Development, based on this work covered many important aspects of rural industry, including asset formation, operating characteristics and their macro-impacts on agricultural production (Zhou and Hu, 1987); the credit requirements of rural enterprises and issues (Zhou, Qiao and Hu, 1990); resource allocation efficiency

(Jianbo,1990);and community governments' involvement in rural enterprise administration and management(Qiu,1990).

It should also be noted by Jiyuan and Biling that most prominent role of rural industrialization is to create employment opportunities in earning income for the farm households (Chen and Hu, 1994). Their study indicated that the incremental investment for each additional worker place created over the past decade has been 2,000 Yuan in rural enterprises and 10,000 Yuan in large-scale industrial enterprises located urban areas.

### **Organization Development (OD)**

#### **The Definition of Organization Development**

Organization development is an evolving mixture of science and art. It is both a professional fields of social action and scientific inquiry. The practice of OD covers a wide diversity of activities, with seemingly endless variations upon them.

BENNIS (1969) defined that organization development (OD) is a response to change, a complex educational strategy intended to change the beliefs, attitudes, values, and structure of organizations so that they can better adapts to new technologies, markets, and challenges, and the dizzying rate of change itself.

BECKHARD (1969) pointed out that organization development (OD) is an effort (1) planned (2) organization wide, (3) managed from the top, (4) to increase organization effectiveness in the organization's processes using behavioral science knowledge.

BEER, M. (1980) believes that organization development (OD) is a general strategy or approach to organizational change that can employed to analyze and diagnose the sources of organizational problems and to develop and implement action plans for their solution.

SASHKIN and MORRIS (1984) defined that organization development (OD) actually includes a diverse set of approaches and techniques for making changes in and through behavioral processes. All OD activities, however, seem to have two aims in common: (1) to solve problems so that they stay solved, and (2) to help people

in organizations learn how to solve problems and adapt to changes more effectively. Although a number of conceptions of OD exist, with considerable overlap among them, the following definition given by Swierczek F.W. (1989) incorporates the most current views: Organization development (OD) is a system wide application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization's effectiveness.

### **Monitoring Performance, Measuring Effectiveness**

As we see that OD is a system wide application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes. All organization development efforts are to improve organizational effectiveness and to improve organization health with the ability to remain effective. Thus, the concept of effectiveness lies in the heart of organization development (Mullins, 1989), It can be chosen as a pinpoint and theoretical foundations for the assessment model formulation which aims to detect the problems and possible solutions with organization performance.

### **Organization Effectiveness**

There are several major orientations towards effectiveness that reflect the perspective from which one view organizations. One point view is the societal perspective. Here the concern is how the organization performs its functions and impacts on the large system of which it is part (Bauer, 1966; Dierkes and Bauer 1973; Ginzberg ET al., 1976). A second view is the managerial perspective, which concerns about how well the organizations identify, and solve relevant problems, to provide services and products, and make best use of available resources (Seashore and Yuchtman 1967; Price 1968; Katz and Kahn 1966). A third view is the individual perspective. In the context, effectiveness is the degree to which the organization has a positive impacts on the well being of individuals both inside (Davis and Cherns 1975; Warr and Wall 1976) and outside (Katz, et al., 1975) of its boundaries.

According to Carnal's (1990) definition, efficiency comprises achieving existing objectives with acceptable use of resources, Effectiveness means efficiency plus adaptability. The effective organization is both efficient and able to modify its goals as circumstance change. This definition will be accepted in this study.

### **Need to Assess Effectiveness**

All organization development efforts are to increase effectiveness in organization's performance and to improve organization health with the ability to remain effective. Thus, an evaluation of effectiveness can be a cornerstone to help the people detect the existing problems and possible solutions. We need to assess effectiveness for two reasons. First, identifying sources of ineffectiveness might lead us to restructure or reorganize in order to improve. Second, in effective organizations present a tougher context in which to implement technological, product or service changes. We are often involved in both (Carnal, 1990). We need to introduce new technology and discover that progress will be impeded by lack of in-house expertise and by poor attitudes to change. Part of our preparation for the new technology involves bringing in the expertise (whether by forming new department, through secondments or transfers or by hiring consultants). Also involved may be a training program designed to introduce the people to the new technology carefully.

Dealing with sources of ineffectiveness as part of the implementation of change provides us with two advantages. First, it will allow us to implement change more effectively, and more speedily. Second, it will make future changes easier to implement because the organization will have become more adaptable. A positive experience of change, properly exploited by all those involved, leave the people more capable of handling future change. Following Itami (1987), this means that the organization has developed its invisible assets. Invisible assets are the knowledge base forms, which all employees operate. To quote Itami (1987). Invisible assets are the real source of competitive power and the key factors in corporate adaptability for the three reasons: they are hard to accumulate, they are capable of simultaneous multiple uses, and they are both inputs and output business activities.

### **Major Organizational Effectiveness Model:**

Reviewing the literature, there are 17 major organization effectiveness model exist. While some models represent a priori theoretical statements, many are base upon or at least related to empirical research. Typically, such models suggest that effectiveness is a function of several specific factors found in organizations. A representative sample of 17 of these models is summarized as following, in which the various models are compared as to (1) the primary evaluation criteria used in the models; (2) the type of model, that is, whether it is normative or descriptive; (3) the purported generalizability of the criteria; and (4) the base for selecting the criteria.

Since there is no common model for people to detect the organizational effectiveness, this research study will formulate a simple model to be used as organizational effectiveness assessment, also since the criteria shown in the following table are the most important and common ones used in the existing 17 major model, they will be embedded into the model formulated in following chapter.

**Table 2** Evaluation Criteria in Multivariate Models of Organizational effectiveness

Study and Primary Evaluation Criteria	Type of Measure	Generalizability of Criteria	Deviation of Criteria
Georgopoulos and Tannenbaum(1957) Productivity, Flexibility, Absence of Organizational strain	N	B	Ded; followed questionnaire study
Bennis(1962) Adaptability, Sense of identity, Capability to test reality	N	A	Ded; no study
Brake and Mouton(1964) Simultaneous achievement of high production-centered and high people-centered enterprise	N	B,R	Ded; no study
Caplow(1964) Stability, Integration, Voluntarism, Achievement	N	A	Ded; no study
Katz and Kahn (1966) Growth, Storage, Survival, Control over environment	D	A	Ind; based on review of empirical study
Lawrence and Lorsch(1967) Optimal balance of integration and differentiation	N	B	Ind; based on study of 6 firms
Ytchtman and Seashor(1967) Successful acquisition of scarce and valued resources, Control over environment	N	A	Ind; based on study of insurance agencies
Friedlander and Pickle(1968) Profitability, Employee satisfaction, Societal value	D	B	Ded; followed by study of small business
Price(1968) Productivity, Conformity, Morale, Adaptiveness, Institutionalization	D	A	Ind; based on review of 50 published studies
Mahoney and Weizel(1969) General business model productivity-support-utilization, Planning, eligibility, Initiative and model Reliability, Corporation, Development	N	B,R	Ind; based on study of 13 organizations



**Table 2** Continued

Schein(1970)				Ded; no study
Open communication, Flexibility, Creativity, Psychological commitment	N	A		
Mott(1972)				Ded; followed questionnaire study of several organizations
Productivity, Flexibility, Adaptability	N	A		
Ducan(1973)				Ded; followed by study of 22 decision units
Goal attainment, Integration, Adaptation	N	A		
Gibson ET (1973)				Ind; based on review of earlier model
Short run Productivity Efficiency, Satisfaction Intermediate Adaptivness, Development Long-run Survival	N	A		
Negandhi and Reimann(1973)				Ded; followed by study of Indian organizations
Behavioral index Manpower acquisition ,Employee satisfaction, Manpower retention, Interpersonal relations, Interdepartmental relations, Manpower utilization Economic index Growth in sales,Net profit	N	B		
Child(1974,1975)				Ded; followed by study of 82 British firms
Profitability, Growth	N	B		
Webb(1974)				Ind; based on study of religious organizations
Cohesion, Efficiency, Adaptability, Support	D	C		

**Notes:** N: Normative models, D: Descriptive model

A: All organization; B: Business organization; C: Religious organizations;

R: R&D laboratories

Ded: Deductive, Ind: Inductive

## **A Proposed Model for Assessing Organizational Effectiveness**

Since there is no dominant theory of organisations, different theoretical perspective will lead to different constructive specifications of organizational effectiveness. The summary of 17 major organizational effectiveness models indicates this point. Under this condition, in order to provide an easy way to assess organizational effectiveness, a model based on Carnall's assessment (1990) has been developed. In this study, two kinds of questionnaires have been used, which are Questionnaire A and B.

The proposed model consists of three parts:

- 1.Environment influence
- 2.Functional analysis
- 3.Organizational diagnosis

(See figure 1).

### **1. Environment Influence:**

The business environment consists of all factors external to an organization that can affect the organization's business activities. These factors are largely uncontrollable, although marketers can influence some of them.

All organizations face the difficult task of identifying the important elements of the business environment for their organization, assessing current and likely future changing environments. This task has become increasingly difficult in recent years as many elements of the business environment change rapidly and unpredictably.

In order to compare the organizational effectiveness of rural enterprises of the two countries, the influence of different business environment on the organizations have to be concerned .

Only the managers will assess the environmental influence on the organizational effectiveness and it was conducted in the first part of questionnaire A.

(See table 3 and appendix 1)

## **2. Functional Analysis:**

Any organization's functions can be categorized into five main sectors (key elements) namely: people, finance, marketing, operation/service, and corporate/business development. An effective organization is the one that achieves its major performance objectives, so that in order to determine whether an organization is effective or not, we can measure and assess how well these elements supports the company's objectives. To fulfill this statement, some items under each sectors/elements were considered. Only managers will conduct the functional analysis and it was the second part of questionnaire A. (See table 4 and appendix 1)

## **3. Organizational Diagnosis:**

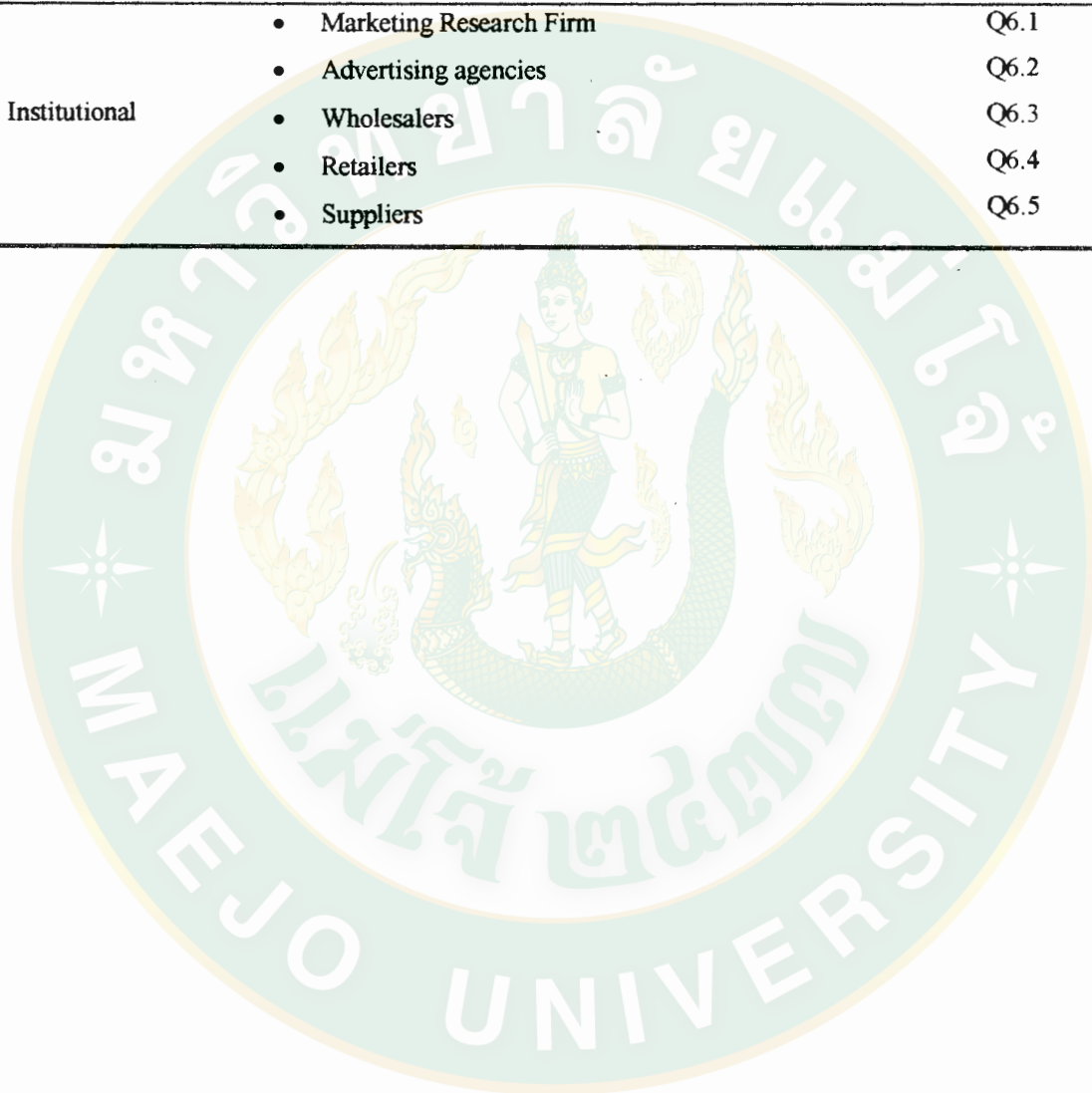
There are 52 questions in this part and both managers and employees will answer them. The questions are put together in a mass and random way in order to get more reliable answers. It is the third part of questionnaire A and whole part of questionnaire B. (See table 5 and appendix 1 and 2)

**Table 3** Determinants of environment influence by the different questions in the questionnaire.

Elements	Items	Question No.
Economic	• Transportation facilities	Q1.1
	• Communication facilities	Q1.2
	• Information availability	Q1.3
	• Water and electricity	Q1.4
	• Education and Sanitary	Q1.5
	• Interest stability	Q1.6
	• Exchange rate stability	Q1.7
	• Income distribution	Q1.8
Political/legal	• Business legislation	Q2.1
	• Government tax policy	Q2.2
	• Credit policy	Q2.3
	• Investment policy	Q2.4
	• Relationship with local government	Q2.5
	• Price policy of raw material	Q2.6
	• The extent of the government's intervention	Q2.7
	• Democratic political system	Q2.8
Social and Cultural	• Religion	Q3.1
	• Beliefs and attitudes	Q3.2
	• Customs	Q3.3
	• Measure of value	Q3.4
	• Interests	Q3.5
	• Work ethics	Q3.6
	• Consumerism	Q3.7
	• Emphasis on Health and Fitness	Q3.8
	• Desire for convenience	Q3.9
Technological	• Technological support from the government	Q4.1
	• Related government research institution	Q4.2
	• New technologies	Q4.3
	• R&D expenditure	Q4.4
	• Pace of technological change	Q4.5

**Table 3** Continued

Natural	• Availability of Raw Material	Q5.1
	• Pollution	Q5.2
	• Energy Costs	Q5.3
	• Government Environment Protection	Q5.4
Institutional	• Marketing Research Firm	Q6.1
	• Advertising agencies	Q6.2
	• Wholesalers	Q6.3
	• Retailers	Q6.4
	• Suppliers	Q6.5



**Table 4** Determinants of functional analysis by different questions in the questionnaire:

Elements	Items	Question No.
People	• Relationships between individuals and enterprise regarding:	Q1.1
	Pay	Q1.1.1
	Promotion	Q1.1.2
	Training and development	Q1.1.3
	• Performance improvement	Q1.2
	• Skills, training and experience of personnel	Q1.3
	• Organization policy in selection and placement of employees	Q1.4
Finance	• Organization relationship with trade unions	Q1.5
	Extent to which human resources to be considered strategically	Q1.6
	• Process of budget preparation	Q2.1
	• Level of involvement of key staff in budget preparation	Q2.2
	• Extent of consistency between individual divisional and overall organizational budgets	Q2.3
	• Extent to which financial budgets and strategic plans are compatible	Q2.4
	• Effectiveness of management control information in terms of accuracy, relevance and timeless	Q2.5
	• Attitude of managers to management control in formation	Q2.6
Marketing	• Extent to which managers take corrective action to remedy problems of ineffective control	Q2.7
	• Extent to which feedback from the management information system is used to motivate improved performance	Q2.8
	• Contribution of each product/service group to sales and profit	Q3.1
	• Market position of each product or service group	Q3.2
	• Extent to which organization competitors in	Q3.3
Marketing	Price	Q3.3.1
	Quality/Service	Q3.3.2
	Delivery	Q3.3.3
	• Quality and extent of knowledge of competitors	Q3.4
	• Use made of market research and its impact on product development	Q3.5

Table 4 Continued

	• Level of cooperation between marketing and operation/service	Q4.1
	• The extent to which information received from marketing, finance is useful for managing this function	Q4.2
Operation/	• Management understanding of long-run trends in costs and performance	Q4.3
Service	• Extent to which management are able to control the cost	Q4.4
	• Level of inventory in relation to output and sales	Q4.5
	• Adequacy, age and state of repair of plant and equipment	Q4.6
	• Flexibility of use of plant, equipment and facilities	Q4.7
	• Level of investment compare to the average for the inventory	Q4.8
	• Organization's investment in Development	Q5.1
	• Ability of the organization to respond quickly to market or competitive Pressures	Q5.2
Corporate/	• Organization's ability to exploit new Products	Q5.3
business	• Extent to which the organization Pursues opportunities	Q5.4
dev't	• Integration of development with market operations, finances, design, etc.	Q5.5
	• Extent to which the organization is able to exploit outside sources for development purpose	Q5.6

**Table 5** Determinants of Organizational Diagnosis by the Different Questions in the Questionnaire:

Area	Statements	Question No.
Key Task/Goals (4 questions)	• I understand the objectives of this organization.	Q1
	• The goals and objectives of this organization are clearly stated.	Q8
	• I feel motivated by the work I do.	Q16
	• Its employees understand the priorities of this organization.	Q25
Structure (6 questions)	• The organization of work here is effective.	Q2
	• Jobs and lines of authority are flexible	Q9
	• The way in which work tasks are divided is sensible and clear.	Q18
	• There is a constant search for improving the way we work.	Q26
	• The way the work structure in this organization is arranged produces general satisfaction.	Q33
	• The organization is always striving for the forming of its unique structure.	Q49
People Relationships (6 questions)	• Managers will always listen to ideas and easy to talk with.	Q3
	• I can always talk to someone at work and it is easy to get help if I have a work related problem	Q10
	• My relationship with other members of my work group is good	Q19
	• We cooperate effectively in order to get the work done	Q27
	• Conflicts of views are resolved by solutions, which are understood and accepted.	Q34
	• The customs and tradition of the employees are respected	Q52
Motivation (8 questions)	• I am encouraged to develop my full potential.	Q4
	• The salary that I received is equal to the job I perform	Q11
	• There are opportunities for promotion and increased responsibility in this organization.	Q20
	• Encouragement and recognition is given for all jobs and tasks	Q28
	• All individual work performance is reviewed against agreed standards.	Q35
	• Encouragement was given for the employees to participate in the strategy formulating.	Q47
	• Continuous education, professional retraining and on-the-job training have been encouraged.	Q48
	• Employees will always do what is right for the customers	Q51



**Table 5 Continued**

Support (7 questions)	• My immediate boss has ideas that are helpful to me in my work.	Q5
	• I have all the information and resources I need to do a good job.	Q12
	• This organization sets realistic plan.	Q21
	• Department work well together to achieve good performance.	Q29
	• Other departments are helpful to my own whenever necessary.	Q36
	• The working conditions provided by the organization is safety and convenience.	Q41
	• Strongly TQC was carried out; the quality conscious is strong	Q43
Management Leadership And Communication (6 questions)	• The management style adopted by the senior management is helpful and effective.	Q13
	• My boss regularly reviews performance.	Q22
	• This organization's management team provides effective and inspiring leadership.	Q30
	• My boss's management style helps me in the performance of my own work.	Q37
	• Recruitment is open and equal to everyone; priorities were given to those who are with high quality.	Q40
	• Communications seem good within this organization.	Q42
Attitudes towards Changes (6 questions)	• The goals and objectives of this organization are clearly stated	Q8
	• We constantly review our methods and introduce improvement.	Q14
	• There are occasions when I would like to be making changes in my job.	Q23
	• This organization has the capacity to change.	Q31
	• Creativity and initiative are encouraged.	Q38
	• Advanced and appropriate technologies have been used in order to give the organization a competitive advantage.	Q45
Performance (7 questions)	• We achieve our objectives in time.	Q7
	• Results are attained because people are committed to them.	Q15
	• People are cost conscious and seek to make the best use of resources.	Q24
	• The work we do is always necessary and effective.	Q32
	• People are always concerned to do a good job.	Q39
	• The productivity is fairly high in this organization.	Q44
	• In this organization, business law or the ethical code of the profession is always followed.	Q50

## **Conceptual Framework of the Study**

For several decades, scholars paid more attention to study the rural enterprises' specific function such as production, market efficiency, income equity, and finance, etc. Few studies were conducted to assess the RE's organizational effectiveness integrating all functions as a whole through a systematic approach and few such studies done before from the aspect of comparing the RE's OE in two countries with similar background. China and Thailand, possessing the similarity in terms of economy structure and developing strategy, are worth to be focused to have a comparison in this field.

The following is the conceptual framework of the study. Based on the model, three comparisons were done between two countries' rural enterprises which are related to environmental influence on the REs , functional analysis and organizational diagnosis.

### **Research Hypotheses**

1. There are no differences of organizational effectiveness between Chinese and Thai REs.
2. There are no differences between Chinese and Thai REs in terms of environment influence, functional analysis and organizational diagnosis.

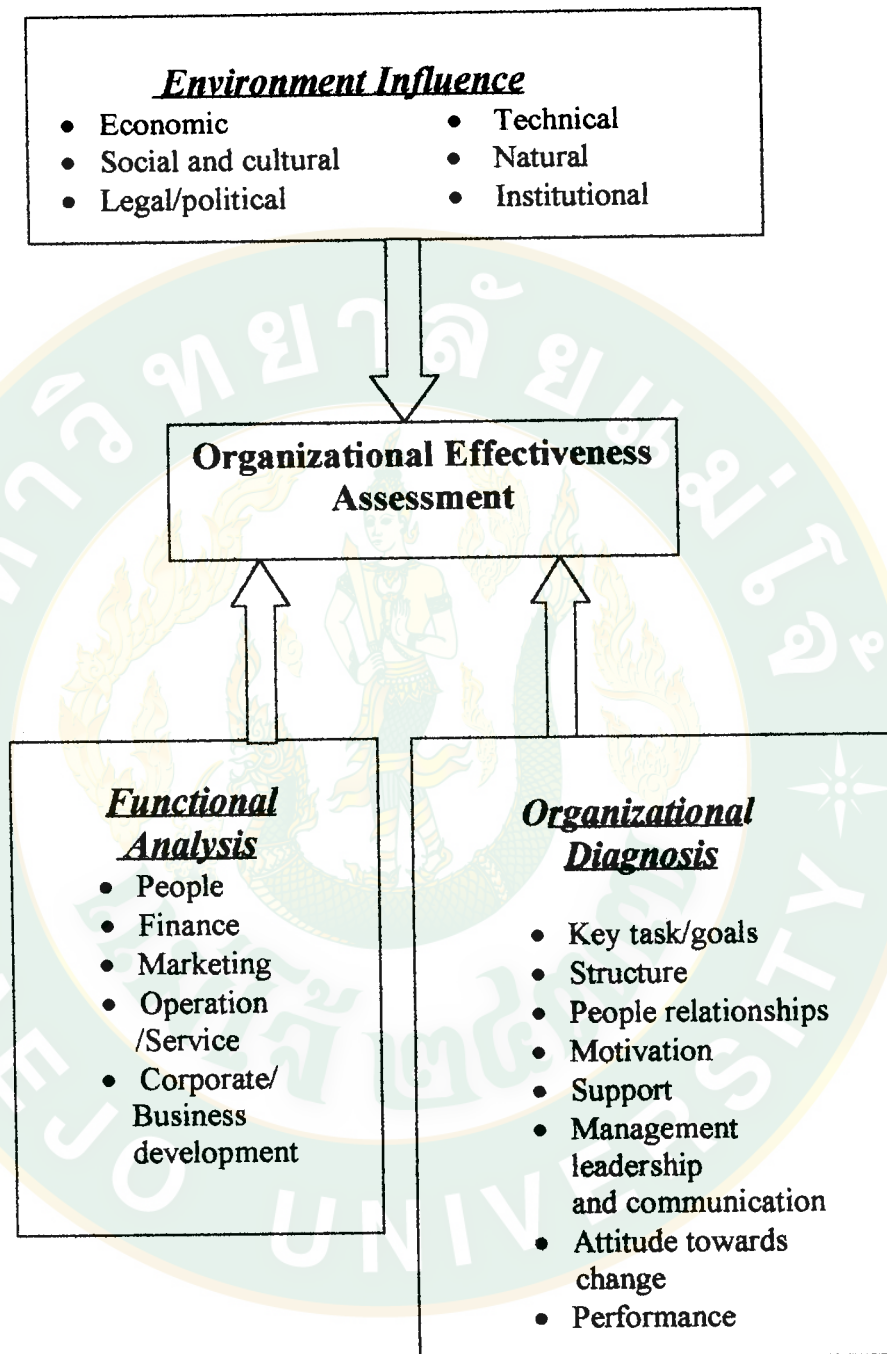


Figure 1 Conceptual Framework

## CHAPTER III

### RESEARCH METHODOLOGY

#### **Research Design**

This research study is an empirical one, using the proposed model to evaluate the different attributes or determinants in the model, to reveal the differences of the organizational effectiveness between the two countries' rural enterprises.

Based on the proposed model, the questionnaires were designed. There are two kinds of questionnaires: questionnaire A, for managers, questionnaire B, for employees. Questionnaire A consists four parts namely environmental influences, functional analysis, organization diagnosis and demography. Questionnaire B consists organizational diagnosis and demography, which are the same as part three and four of questionnaire A.

Under this design, there are four kinds of comparisons in this study:

- (1) Comparison of environmental influences on the organizational effectiveness responded by employers from China and Thai rural enterprises;
- (2) Comparison of functional analysis responded by managers from China and Thai rural enterprises;
- (3) Comparison of organizational diagnosis responded by managers from Chinese and Thai rural enterprises;
- (4) Comparison of organizational diagnosis responded by employees from Chinese and Thai rural enterprises.

In order to obtain more reliable information, more than one kind of data collection methods, namely, personal interview and self-administered questionnaire were carried in this study.

The approach taken in this survey is using a rating scale of the extent to which performance are typed by certain characteristics of effective performance criteria related to organizational effectiveness.

### **Data Collection**

Data used for this study was derived from two main sources:

(1).Primary data described from questionnaires and supplemented by interview.

(2).Published information was obtained from government institutions, journals and other reports.

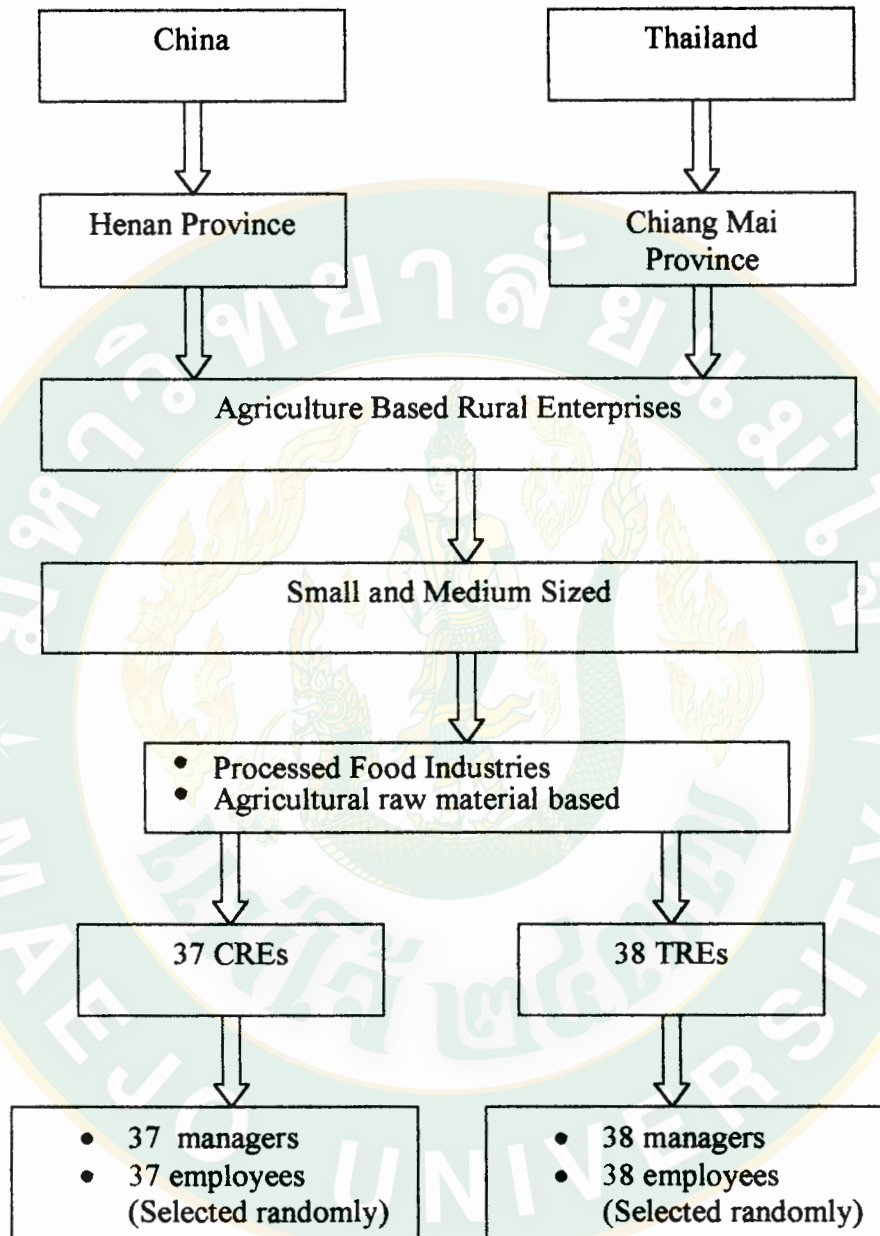
### **Sampling Procedure**

Rural enterprises are divided into two main groups, namely, agriculture based industries and non-agriculture based ones. Originally, rural industries started with the agriculture based ones. Along with the rapid growth path of agricultural growth and diversification, non-agriculture based industries started to appear. But most of the rural industries are still agriculture-based industries. Because the non-agriculture-based industries are much different with the agriculture based ones in both countries, so the study will concentrate on non-agriculture based rural enterprises in order to find the differences of organizational effectiveness between the similar groups.

In order to select more comparable industries from both countries, small and medium sized enterprises were selected for this study because most of the rural industries are small. Due to the difference of labor source, the small and medium sized enterprises were defined by registered capital. Companies with a registered capital less than 100 million Baht (25 million Yuan) but more than 5 million Baht (1.25 million Yuan) were the target group of this study.

Thirty seven and thirty eight REs were selected from China and Thailand respectively, most of them are dealing with food processing or based on agricultural raw materials . One manager and one employee from each rural enterprise were asked to answer the questionnaires. They were respond to questionnaire A and questionnaire B respectively.

The sampling procedure is summarized in Figure 2.



**Figure 2** Summary of Sampling Procedure in This study

In order to make the data collection procedure more convenient, the enterprises were chosen from Henan Province, China and Chiang Mai Province, Thailand.

Since this is an empirical study, the organizational effectiveness of the RE is actually a perceived one. So, selecting the right respondents is very important. There were two kinds of respondents during the data-collecting period, one is the manager, and the other is the employee. In order to get the overall view of the organization and if it is possible, chief managers were preferred rather than the specific department managers such as production managers, financing managers, etc. As for the employees, the first line workers are preferred to employees who are working in the office because they are the main body of the organization and how well they do their work is directly related to the organizational effectiveness.

### Statistical Analysis

Since there are several different parts in the questionnaire, in this study, three patterns of scoring were used:

(1). The responses on environment influence and functional analysis score were obtained on a five-point scale containing categories as follows:

Categories	Scoring
Fully supports corporate objectives.	5
Adequately supports corporate objectives.	4
Does not support corporate objectives.	3
Makes achieving corporate objective difficult.	2
Makes achieving corporate objective very difficult.	1

(2). The scoring for organizational diagnosis was score on a five point scale comprising the categories of:

Categories	Scoring
Strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strongly disagree	1

(3). The questionnaire on demography score in the following manner:

1. Job position:

- President/general manager---1;
- Vice-president/executive vice-president---2;
- Associate vice-president/assistant vice-president---3;
- Division manager/chief ---4;
- Department manager/head---5;
- Associate/assistant division/department manager---6;
- Supervisor---7;
- Professional / specialist/ technical---8;
- Others---9.

2. Job function:

- Production/manufacturing---1;
- Sales/marketing ---2;
- Finance/accounting---3;
- R&D ---4;
- Purchasing---5;
- Management information---6;
- Quality control---7;
- Maintaining ---8.

3. Length of stay:

- 6 months-2yrs---1;
- 3-4 yrs---2;
- 5-10 yrs ---3;



- 11-15yrs ---4;
- 16-20yrs---5;
- 21-25yrs ---6;
- more than 25yrs---7.

4.Monthly salary:

- Less than \$45(Y350, B1700) ---1
- \$45-\$65(Y350-500, B1700-2500)---2
- \$65-\$85(Y500-700, B2500-3500)---3
- \$85-\$100(Y700-800, B3500-4000)---4
- \$100-\$120(Y800-1000, B4000-4500)---5
- \$120-\$140(Y1000-1200, B4500-5300)---6
- \$140-\$160(Y1200-1300, B5300-6000)---7
- \$160-\$180(Y1300-1500, B6000-7000)---8
- \$180-\$220(Y1500-1800, B7000-8500)---9
- \$220-\$300(Y1800-2500, B8500-12, 000)---10
- \$300-\$400(Y2500-3200, B12, 000-15,000)---11
- More than \$400(Y3200, B15, 000)---12

5.Other reward:

- Bonus---1
- Entertainment expense---2
- Representation fee---3
- Stock ownership 4
- Transportation expense ---5
- Others---6

6.Education:

- Secondary school---1
- Technical or vocational ---2
- Diploma or certificate---3
- Some university graduation---4
- University graduate---5
- Some master' level education---6
- Master degree---7

Doctoral degree---8

7. Marriage status:

Single---1;

Married ---2.

8. Sexual status:

Male ---1;

Female---2.

In this study, the score for each elements/areas are worked out in the way of: Summing up all the mean score of the statement under each element/area in which all statement and sub-statement have the equal weights, and then divided by the numbers of the statement. The average score is what we need regarding this element/area.

Since the study is focused on explaining the differences among the certain criteria relating to effectiveness evaluation by Chinese and Thai rural enterprises. So, in order to show the differences between the determined attributes relative to the elements and areas in the assessment model. This study will use a directly perceived way---Radar Diagram. A radar diagram has numbers of branches, each of which stands for an element or area. The length of each branch corresponds to the assessment scale. In this study, each branch will have five units of length. The assessment points of Chinese and Thai rural enterprises were positioned on each branch and then connected to form a closed net. This illustrates the perceived results.

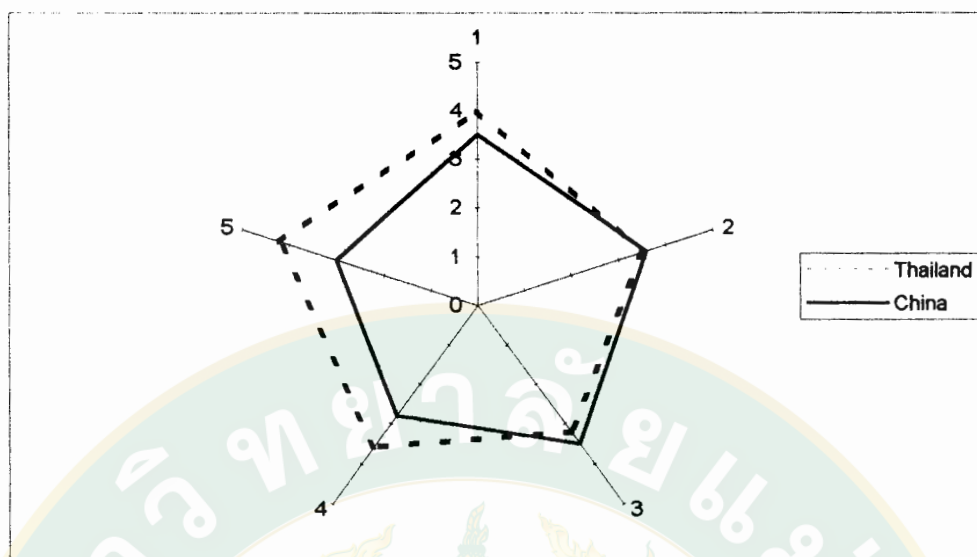
The software of statistics namely SPSS were used in the study.

### **Location of the Study**

The study was carried out in Henan Province, China and Chiang Mai Province, Thailand.

### **Duration of Study**

August 1998---November 1999



**Figure 3** Radar Diagram for Comparing the Organizational Effectiveness

In order to have a complete picture to help the necessary analysis, radar diagram is carried in this study. The Radar Diagram looks like the figure above, this diagram is a directly perceived way to show differences between attributes or determinants relative to the elements or areas in the assessment model. It has a number of branches, each of which stands for an element/area. The length of the branches corresponds to the scale. If the indicators are well chosen and properly measured, the area defined by relative scores against the indicators represents the effectiveness of the rural enterprises. In this study, each branch is five units long.

The usage of this diagram is : first find the position of Chinese and Thai rural enterprises regarding each elements/factors on the branch, then connect these points to form a closed-net which was the perceived result. This is only an analytical framework to help us to get an integrated idea. For the further detail, please refer in the later part of this study.

There were totally four radar diagrams for showing integrated view of

1) Environmental influence, 2) functional effectiveness, 3) organizational effectiveness at management level and 4) organizational effectiveness at employee level.

## CHAPTER IV RESULTS AND DISCUSSION

### **Brief Introduction to REs in China and Thailand**

**The Main Characteristics of the two Countries' REs are as follows.**

#### **1. Typical REs in China**

In the process of development from primary to secondary and tertiary industries, and in the transformation from a natural resource extraction to commodity producing economy, REs are playing a leading role. They attracted much attention from the government and many studies have been done about them. Main characteristics of CREs can be seen from the definition given by Chinese researchers. Rural enterprises in China are defined by equity ownership of the enterprises, owned collectively by rural governments, or privately owned by rural households and by any joint investment of government and farm households. In general, rural enterprises are referred to as township-level enterprises, village-level enterprises or private enterprises, with location in rural areas. Based on rural industrial structure system, rural enterprises are classified into two main types including rural industry enterprise and rural agro-industry enterprise. (Kang Yunhai, 1995)

The features about Chinese REs can be seen from the definition above . The Ownership or property right is quite complicated compared with the Thai REs. The managers are mostly chosen or named by higher authority. But in this study, these points were not focused .

The reason REs are found in rural area is because the labor there is cheap and raw material is easy to access. No matter what kind of RE it is, the structure of them is similar. Most of them have imitated the organization structure of the bigger administrative institutions. Another feature is business field in which they are engaging. Along with the opening of the market, more and more REs are moving to non-agriculture based industries. This makes the RE industry type very diverse. One more important characteristic about CRE is its size. Under the support of the

government, CREs have grown very rapidly since 1984. Among the best run industries, there are many REs which are very large.

## **2. Typical REs in Thailand**

The first major characteristic in most studies on Thai rural enterprises is that there is strong relationship between agriculture and rural enterprises. Another interesting characteristic of the Thai REs concerns industry type. Normally the largest concentration in an industry in a province usually relates to agricultural raw materials availability in that province. Available evidences also suggests that provincial industry has expanded in such a way that it leads to greater utilisation of forward and backward linkages. For example, in a province where marine fishery products are available, industries in that province appear to expand in a vertical manner covering boat construction and repair, machine shop, ice factories, processing industries up to cold storage and refrigerated transportation.

The factors affecting decisions to locate industry outside Greater Bangkok is hardly influenced by government tax incentives. Nor was cheap labour a significant factor in the process of decision making. Industries move to the rural areas either because of the need for agricultural materials or because the owners are the rural residents. (Santikarn, 1980, p.3)

As of the ownership and management, business functions are not formally or clearly departmentalised. The manager typically makes decisions, directs, and controls his own business without specialised staff services. (Sanguanruang, 1978,p.58) A large number of these industrial entrepreneurs are also concurrently engaged in trade activities. As indicated in Sanguanruang, et al; That " Being a trader offers several advantages for starting up one's own business, i.e., marketing experience, being well versed in the tricks of the trade, business contacts, and probably most important, the opportunity to accumulate capital or to have accesses to capital funds." (Sanguanrung et al, 1978,p.78)

## **General Definition**

Actually, RE is a new terminology of China rural economy and it is the product of rural industrialization. It is called "Village and township enterprises" in China. While in Thailand, businesses are divided into large, medium and small ones by either their registered capital or employee numbers. The so-called REs are actually within the small and medium business scope in this research.

In order to keep the consistence of the samples from both countries and make them comparable. Rural enterprises are then defined here to refer to small town and village industry owned by townships and villages or private groups and individuals. It is distinguished from state-owned enterprises and the factories operated at provincial and county levels, which are usually situated in larger towns and cities. It is also distinguished from private industries in those urban areas. Urban industry generally draws its labor force from urban residents and has little direct impact on rural employment. By contrast, rural industrial enterprises mainly hire villagers. The enterprises, which provide productive employment and earning opportunities for rural farmers, can be divided into two types, viz. agriculture based industries and non-agriculture based industries. Normally they are small-medium sized and owned by local residents. The availability of raw materials and local labor force are powerful determinants of the potential growth of the enterprises.

Based on this definition, samples were selected and three comparisons have been done to show the differences of their organisational effectiveness

## **Result Analysis**

The results of this research have been presented in four parts:

1. Background information
2. Comparison of environment influence
3. Comparison of functional analysis
4. Comparison of organizational diagnosis

The comparisons of environment influence and functional analysis between

the two countries' REs have been done only at the management level. The comparison of organizational diagnosis was done at both management level and employee level.

## Background Information

For the effective responds by the managers and employees from both TRE and CRE , the demographic characteristics of the respondents are set out in the following figures.(for details, refer to table 35 in Appendix 3).

### 1. Job Position

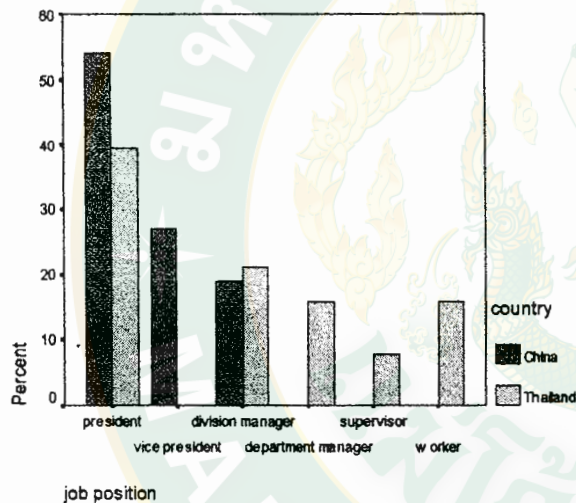


Figure4 Demographic characteristics of the respondents in terms of job position at management level

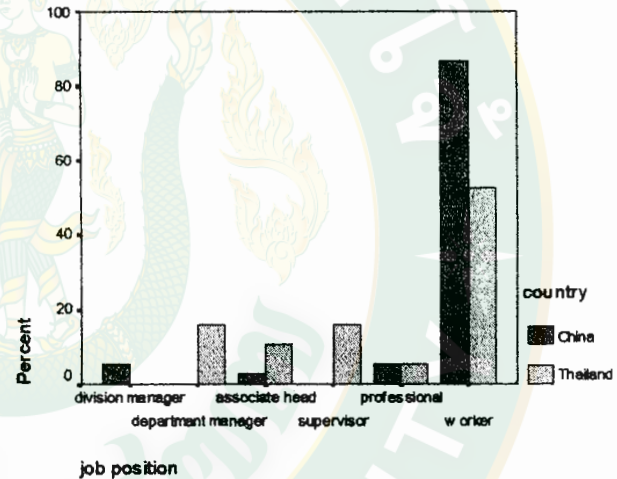


Figure 5 Demographic characteristics of the respondents in terms of job position at employee level

Figures 4 and 5 show the demographic characteristics of the managers and employees from TREs and CREs. The figures revealed that about 54.1% of the respondents from CRE are presidents, 27% are vice presidents and 18.7% are division managers. While in Thailand, there are 39.5% respondents are presidents, 21.1% division managers and 7.9% supervisors. These show that the information was given, as expected, by the upper management level who know the companies well.

Most of the employees who participated in the survey from both China and Thailand are front line workers. And most of their jobs are related to product manufacturing. This is essential because knowing how the main body of the factories,

the front line workers officiate the assignment assigned by their upper management is the prerequisite of the study.

## 2. Job Function

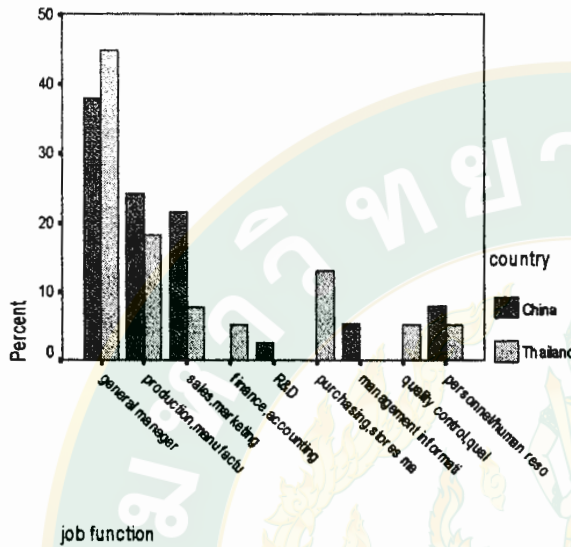


Figure 6 Demographic characteristics of the respondents in terms of job function at management level

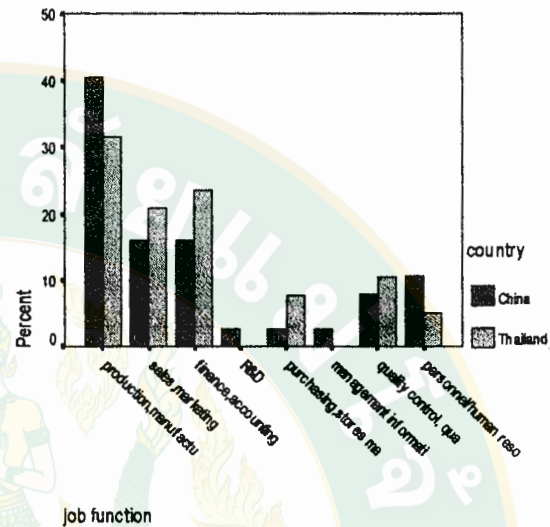


Figure 7 Demographic characteristics of the respondents in terms of job function at employee level

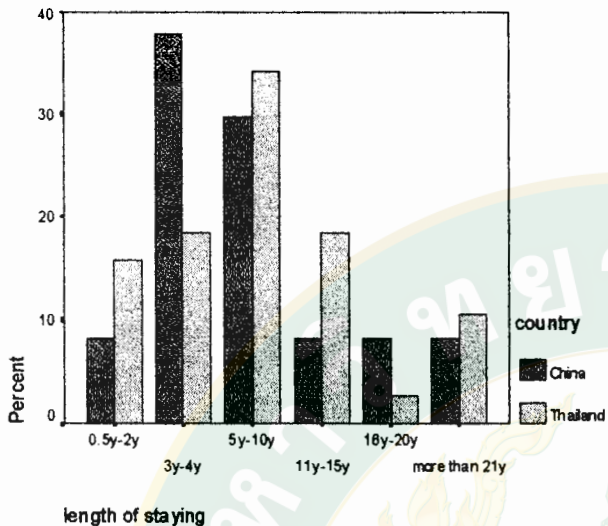
As of job function, figure 6 shows that, in China, about 62.1% of the manager respondents are doing the general management or in charge of production, manufacturing and industrial engineering while in Thailand about 63.1% of the manager respondents are doing the same things and figure 7 shows that most of the employee respondents are engaging in production. This statistic is important to the research because the front-line managers understand the ongoing situation very well in their daily management. They are the most suitable and reliable people who are able to evaluate the organizational effectiveness of their factories.

## 3. Job Tenure

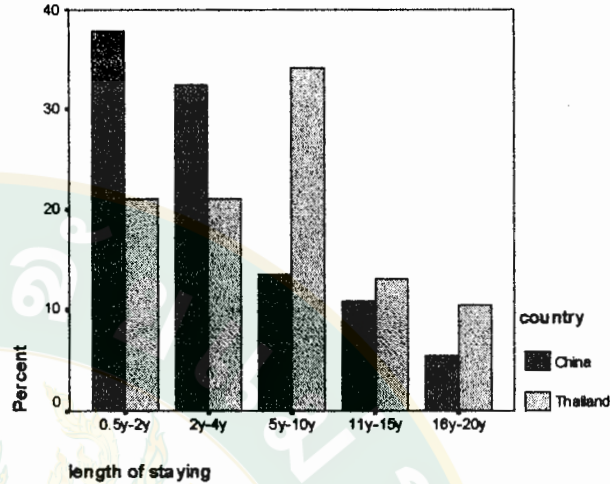
As of the job tenure, most of the interviewed Thai managers have a longer working career than those from China. Figure 8 and 9 show that about 34.2% of the managers and the same percentage employees in Thailand stay in the enterprises for



about 5-10 years while about 37.8% CRE managers stay in the enterprises for only about 3-4years. About 37.8% employees stay in the enterprises for about 0.5-2 years.

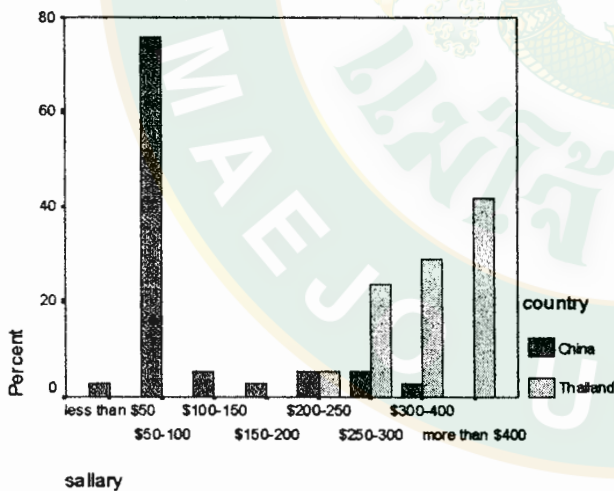


**Figure 8** Demographic characteristics of the respondents in terms of job tenure at management level

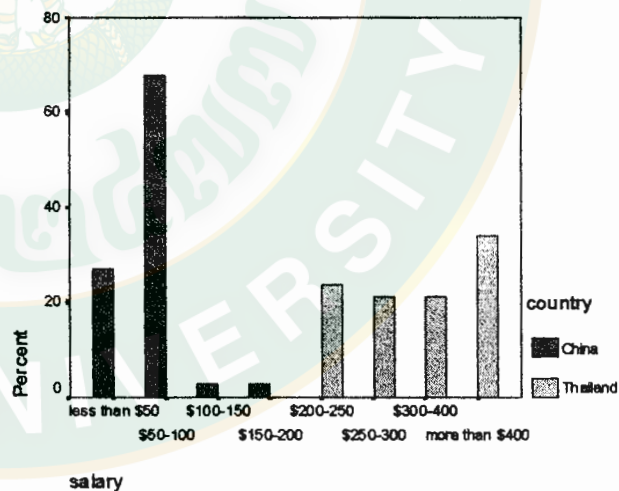


**Figure 9** Demographic characteristics of the respondents in terms of job tenure at employee level

#### 4.Salary



**Figure 10** Demographic characteristics of the respondents in terms of salary at management level



**Figure 11** Demographic characteristics of the respondents in terms of salary at employee level

It is obvious that both CREs managers and employees get lower salary than the TREs managers and employees. Figure 10 and 11 show that about 75.7% CRE

managers and 67.6 CRE employees got only \$50-100 per month while about 71% TRE managers and 34.2% TRE employees can get more than \$400 per month.

**5. Monetary Reward**

Table 35 (see Appendix 3) revealed that both CRE managers and employees get almost no monetary reward. More than 90% of the participants get only monthly salary. While almost every TRE manager and employee can get some kind of monetary reward, more or less.

**6. Education**

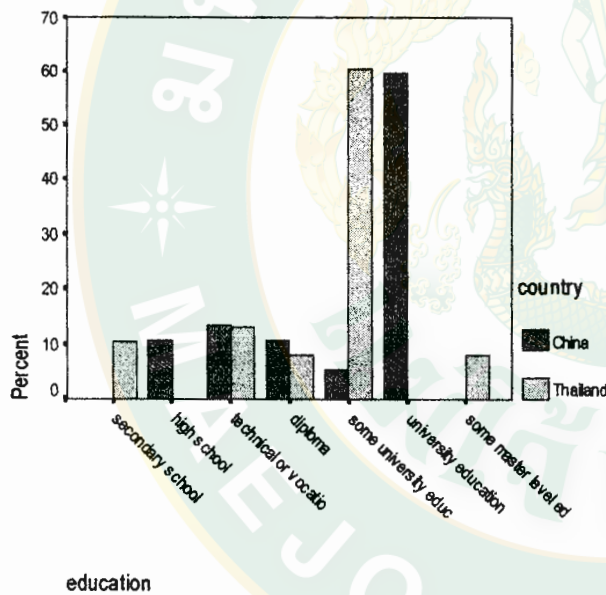


Figure 12 Demographic characteristics of the respondents in terms of education at management level

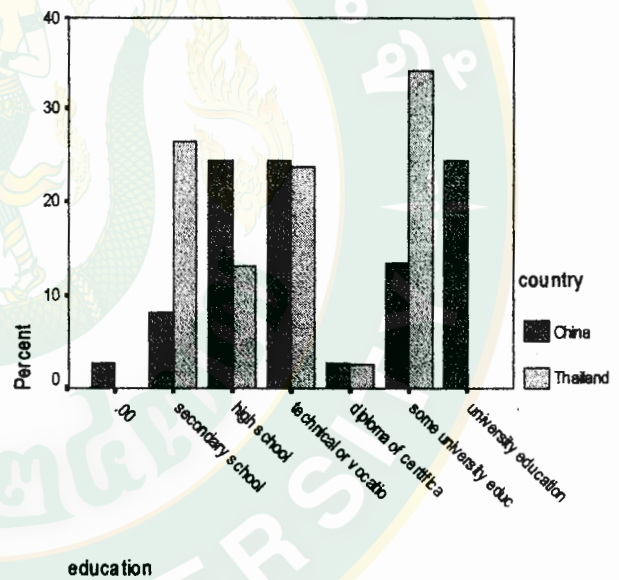


Figure 13 Demographic characteristics of the respondents in terms of education at employee level

The data shows that the education level of the managers of both CRE and TRE are almost the same. About 59.5% CRE managers are university graduates and about 60.5% of the TRE managers got some kind of university education. But as of the employees, there are more university educated employees in CREs. Figure 13 also shows that TREs lack intermediate educated workers.

## 7. Sex and Marriage

The majority of the managers and employees in TREs and CREs (71.1%,55.3% and 64.9%,62.2% respectively) are male and about 76.3%, 55.3% and 89.2%,54.1% respectively are married. There are no much difference regarding to marriage status and sexual status(refer to table 35 in appendix 3).

### Environment Influence

According to the proposed model, the environment influence was only conducted at the management level because only the management level people are concerning more about the external factors which might have influence on the business than the employees who need only to do what they are assigned to do. The aim of this part is to determine whether the business environments have influences on the organizational effectiveness in both countries' rural enterprises or not.

#### 1. Economic Environment

**Table 6** Statistical Comparison between CRE and TRE at management level on Eco-environment

Eco-environment	CRE manager		TRE manager		T-value	P-value
	Mean	Std Dev	Mean	Std Dev		
Transportation facilities	4.2703	.8383	4.3684	.7857	-.523	.602
Communication facilities	4.3514	.6332	4.4737	.6872	-.801	.426
Information availability	4.4324	.6888	4.2895	.7679	.848	.399
Water and electricity	4.2162	.9170	4.2895	.8977	-.350	.728
Education and sanitary	4.0000	.7454	4.1053	.9238	-.544	.588
Interest stability	3.5946	.7249	3.6842	1.0931	-.419	.676
Exchange rate stability	3.5676	.7280	3.5000	1.1330	.308	.759
Income distribution	4.0811	.4932	3.8158	1.0617	1.394	.169
Average mean score	4.0642	.3444	4.0658	.6555	-	-

Referring to table 6 above, the data shows that the economic environment is quite similar regarding to the related items studied. Although the economic

environment in two countries are not absolutely the same, one conclusion derived from the managers is that regarding to the items surveyed, the economic environment in both countries are comparatively supportive to their business objectives.

## 2. Political/legal environment

**Table 7** Significant differences of the statistical comparison between CRE and TRE at management level on political/legal environment

Political/legal environment	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Government tax policy	3.5135	0.8699	3.8947	0.9238	-1.839	.070
Credit policy	3.4865	0.9894	3.7632	1.0249	-1.189	.238
Investment policy	3.7568	0.9251	3.6053	1.1280	.635	.527
Relationship with local government	4.0000	0.8498	4.1579	0.7176	-.870	.387
Price policy of raw materials	3.8108	1.1015	4.0000	0.9005	-.815	.418
Government's intervention	2.8649	1.0045	3.5789	1.1771	-2.823	.006**
Democratic political system	3.7838	0.5838	3.8684	1.0442	-.432	.665
Average mean score	3.6284	.4746	3.8322	.7232	-	-

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

Table 7 shows that there is only one significant difference among the eight items of political and legal environment .

In order to understand this, the property rights of CRE and TRE should be concerned. As of CRE, the property belongs to the collective sector or community sector. Although now they are reforming, most of them are still unchanged. The party members of the county will act as the representative of the organization to decide how to use the capital, what kind of product should they produce and whom should they do business with. The manager will be selected from the village or appointed by the county leaders. The profit will also be allocated by the leaders of the county or village. Most of it was spent on political activities. Although the nominal owner of the

enterprise is the whole village, as the stockholder, the villagers actually have no vested right but become the subordinate. These are the most important problems exist in CRE---unclear equity ownership and unclear authority and responsibilities between government and enterprise functions. Actually the more the government intervene to the organization, the more problems occur and thus makes the enterprises can not run the business very efficiently.

While in Thailand, property right is very clear. They are mostly privately owned and were managed by the owner. Usually the ownership and leadership are consistent. They don't have much trouble with the local government. But in the past the government was frequently urged to intervene in certain markets by participating in actual transactions so as to prop up pertinent prices somewhat. Despite several series of actions undertaken, the government was never successful in realising the objectives of intervention. Instead, those attempts generated not only wasteful outlays but also hazardous scandals. It is thus not surprising to find that at present the Thai government has halted all interventions by means of actual transactions for the purpose of price support. Alternatively, the government extends concessional credits to farmers so that they attain additional flexibility in timing with regard to market entrance. Without too much intervention from the government, the enterprises can be run freely and fewer conflicts will be occurred. Thus, the organisational effectiveness will be higher.

### **3. Social and Cultural Environment**

Table 8 shows that among the nine items, five of them show significant difference which indicate the different social and cultural environment between the two countries. The causes of these difference which are somewhat complicated are shown below.

**Table 8** Significant differences of the statistical comparison between CRE and TRE at management level On social/cultural environment

Social and cultural environment	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Religion	3.1622	0.5534	3.7895	0.8433	-3.818	.000**
Beliefs and attitudes	3.1351	0.5355	3.9211	0.7491	-5.237	.000**
Custom	3.3784	0.5452	3.8421	0.7176	-3.145	.002**
Measure of value	3.7297	0.7321	3.6842	0.8089	.255	.799
Hobby	3.3243	0.7474	3.5000	0.9795	-.871	.386
Work ethics	4.0541	0.8481	3.9737	0.8216	.417	.678
Consumerism	3.7027	0.9962	3.7105	1.0110	-.034	.973
Health and fitness	3.5946	0.9267	4.1053	0.6893	2.702	.009**
Desire for convenience	3.7568	0.7229	4.1316	0.7041	-2.275	.026*
Average mean score	3.5375	.3827	3.8509	.5608	-	-

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

### 3.1 Religion

As we know that Buddhism is the national religion as well as the core of Thai Culture. More than 90% of Thai ethnic group were adherents of Buddhism. The order of Buddhist monks is a major social institution, and the yellow robe worn by its members carries high prestige. Ideally all males should join the order in early adulthood, and in fact the majority become monks or novices at least for a short period.

While in China, One of the early acts of the Chinese Communist party after it gained control in 1949 was to officially eliminate organized religion. Only until 1982, the constitution allows residents freedom of religious belief, and protects legitimate religious activities. Since then many temples, churches, and mosques have reopened.

So, actually religion is not so important in people's daily life in China as in Thailand. Most of the people, especially the youth, believe in atheism rather than any religion. They are taught in the school that "if you want to have a better future, the only way is to keep challenging yourself. Do not depend on anybody else". This makes them enjoying in hard working and never give up and makes them pay much attention to their career success and prestige rather than an easy life.

Due to believing in Buddhism, Thai people are more obedient and easy to cooperate with comparing to Chinese. This will of course have effects on employees' relationship with the managers and among themselves and subsequently influence the organizational effectiveness. More details were give in section four when the organizational diagnosis were compared.

### **3.2 Beliefs and Attitude**

In China, in terms of beliefs, one very important thing which have effects on organizational effectiveness is people's belief on "Conflict resolution". It is believed that any conflict should preferably be undertaken through negotiation rather than legal action. A common Chinese saying is " if there is a problem, lets talk it over, do not resort to harsh actions" and the maintenance of long term relationships may depend upon the trust development through the skillful resolution of commercial disputes.

As of attitude of live, which is also related to this study, is that Chinese people place great emphasis on avoiding "lose face". In general terms, "face" refers to personal reputation, and the Chinese will use various face saving techniques to protect their image and prestige to prevent social embarrassment. For example, they will often use a mediator to serve as a go-between in particularly difficult negotiations. This attitude makes the " guan xi" very important when they run business. In order to keep their friends "face", they have to do something, which might harm their own profits, like sell their products to their friends at a very low price. It has both good and bad effects on the business and always very costly to retain good "guan xi" in business cycle so this also heavily influences the organizational effectiveness.

In Thailand, "Mai Ben Lai" (no problems), " Jai yen yen" (be patient) and "Mai dong si ries" (do not be serious) are some very popular used words by Thai people. These simple sentences clearly show Thai people's living attitude. They are very tolerant and never want to be greedy. They would accept the fact, no matter it is good or bad, more easily than the Chinese.

Under the Buddhism environment, Thai people believe in fate and so called otherworldliness and like to do goodness for others and do not fight for anything, which also wanted by the others because they want to go to the great beyond after death. This belief makes the relationship among people easily to deal with. The different beliefs and attitude make CREs and TREs' relationship with outsiders (supplier, governor, etc.) very different. CRE's managers have to spend much time on dealing with the relationship with its upper authority and supplier and these are usually very costly. While for TRE's managers, they don't have these kinds of problems. These differences also cause the different of organizational effectiveness.

### 3.3 Custom

It seems that custom has nothing to do with organizational effectiveness. But actually it does. As of Chinese people, they get used to have a nap after lunch. This need drives them to go back home during lunchtime, and come back again in the afternoon. Most of the enterprises still allow two hours or more for lunchtime in order to satisfy people's need. But this actually harms the efficient of work. A job, which can be done in the morning, will be deferred to the afternoon. Suppliers or customers who want to meet the managers have to come very early in the morning, although they have to wait until in the afternoon. Workers start to prepare go back home from 11 o'clock in the morning and might come back after two o'clock. This severely reduces the work efficient and harms the organizational effectiveness.

As of Thai people, they don't have the problems above but they do have so many holidays and ceremonies. Many employees will take part in the activity first and then tell the employer what was happened later. Especially on the big holidays, they will take the days off automatically no matter how much work are waiting for them, if the employer want to keep them working, they have to pay extra money.



### 3.4 Emphasis on health and fitness, Desire for convenience

Chinese people are tougher and more diligent. With the historical reason, most Chinese people are still desire only for dress warmly and eat their fill. Especially nowadays when the unemployment rate is so high. So, they don't have spare time and money to care about fitness and convenience.

## 4. Technological Environment

Table 9 shows that Thailand got a higher average mean score than China regarding to Technology environment. But in terms of technology support from the government, they are significantly different and CRE got a more supportive score than TRE does.

**Table 9** Significant difference of the statistical comparison between CRE and TRE at management level on technological environment

Technological Environment	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Technology support from the government	4.0811	0.7218	3.5526	1.0319	2.575	.012*
Related government research institution	3.8919	0.6986	3.6053	1.0790	1.369	.176
New technologies	4.1892	0.8445	3.8947	0.9526	1.415	.161
R&D expenditure	3.7838	1.0037	3.6316	1.0246	.650	.518
Pace of Technological change	3.6757	1.0555	3.7895	1.0944	-.458	.648
Average mean score	3.1014	.6221	3.9868	.6626	-	-

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

In China, most of the REs' ownership is collective. They are indirectly controlled by the local government and also because they are the main tax contributor to the local government. So they have more opportunity to get support from the local

government.

Since the majority of Thailand's rural enterprises comprise small-scale industries (see table 36 in appendix3), the technological requirements of these industries are not high. Unfortunately, there is no information available for rural industry. Nevertheless, the pattern of source of technology in rural areas is expected to be similar to small industry as a whole i.e., mostly from own design. Direct purchase of foreign technology is found to be low even for large-scale industry. Another interesting point is the very small portion in all sizes of industries, which benefited from government assistance in terms of technology. (Kosit Panpiemras,1988). According to the data , a conclusion "the support that TRE got from its government is very little" could be drawn . But since the most of the REs are privately owned and don't depend on the government support and also because the Thai economy is free, the government support seems indifferent to the organizational effectiveness.

### 5. Natural Environment

**Table 10** Significant difference of the statistical comparison between CRE and TRE at management level on natural environment

Natural environment	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Availability of Raw material	4.2432	0.6833	4.3421	0.7807	-.583	.562
Pollution	2.4324	0.8988	3.9474	0.8036	-7.700	.000**
Energy cost	2.4595	0.8365	3.9474	0.8989	-7.416	.000**
Government environment protection	3.2703	1.1217	3.7105	1.0631	-1.745	.085
Average mean score	3.1014	.6221	3.9868	.6626	-	

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

Table 10 shows that there are two significant differences regarding to the

following items:

### **5.1 Pollution**

The data reveals that TREs got higher score(3.95) regarding to both items, which means that the pollution doesn't make them feel difficult when they produce their product and the energy cost doesn't bother them too much.

China's past two decades of rapid economic growth, urbanisation, and industrialization have been accompanied by steady deterioration of the environment. The concentration of both air and water pollutants are among the highest in the world, causing damage to human health and lost agricultural productivity, and major Chinese cities have particulate and sulphur levels from two to five times World Health Organization (WHO) and Chinese standards. Soil erosion, deforestation, and damage to wetlands and grasslands have resulted in deterioration of China's national ecosystems and pose a threat to future agricultural sustainability.(1998,New star publisher)

As of the RE themselves, being ignorant of environmental protection and impatient to shake off poverty, these enterprises have become the major culprits in environmental pollution, and waste of resources and energy. During the Eighth five-year plan period, the amount of pollutants discharged by the township enterprises grew sharply to more than half of the country's total.

According to the updated report by Chinese water resource bureau, about 78% fresh water doesn't meet the standard microorganism containing scale. 50% of the underground water is polluted and 40% of the water resources are not drinkable. About 10 million hectare irrigated field was polluted by so called "three wastes"--- waste water, waste gas and waste residue. (1997,Ma Wen guang)

### **5.2 Energy Cost**

As of the energy cost, CRE also got bad score (2.45) which means it makes the organization difficult to reach their objectives.

There are many causes for the high-energy cost:

#### **5.2.1 Infrastructure bottlenecks**

The investment in transport, telecommunications, and energy has lagged behind that in industry, resulting in chronic shortages of transport services and

increased urban congestion. Transport shortages in turn contribute to power shortages, since coal accounts for 70 percent of China's power generation and is mostly transported by rail through the country. (Encanta, 1996)

### 5.2.2 Energy distribution system

In China, the supply of power resource, mostly coal, is put on rations. It is admeasured to the SOE( state owned enterprises) according to a quota. Within the limitation, the SOE can purchase coal with a comparatively low price, the so-called rationing price. But for other units which are not state owned, they have to buy it with a market price, which is normally higher than the rationing price. REs are not SME so they have to purchase coal through the market with a higher price.

### 5.2.3.Obsolete facility

Since most of the CREs are still using the old equipment which are actually obsolete. These facilities are normally very energy consuming.

Due to the reasons above, the energy cost in CREs are higher.

## 6. Institutional Environment

**Table 11** Significant differences of the statistical comparison between CRE and TRE at management level on institutional environment

Institutional Environment	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Marketing research firm	4.0270	0.6449	3.4474	1.0577	2.874	.006**
Advertising agencies	3.9459	0.5747	3.4737	1.0840	2.366	.021*
Wholesalers	3.8919	0.6139	3.9474	0.8683	-.319	.751
Retailers	3.7838	0.6723	3.8684	1.0442	-.416	.679
Suppliers	4.0270	0.6449	4.2632	0.5332	-1.449	.152
Average mean score	3.9351	.3917	3.8	.7612	-	-

**Notes:** P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

Table 11 shows that there are two significant differences among the five

items studied:

### **6.1 Marketing Research Firms**

The data shows that CREs got higher scores than TREs regarding to Marketing research firms (MRF) which means that MRFs in China are more supportive to the corporate objectives of the organization.

The reasons caused the differences are from the following aspects:

Most of the CREs are still production-oriented and their managers are normally appointed by superior authority. Most of them lack of the knowledge concerning of the current markets and the ongoing business especially in the free economy market which is a very new thing in China. Therefore, the full information from the external MRF are required.

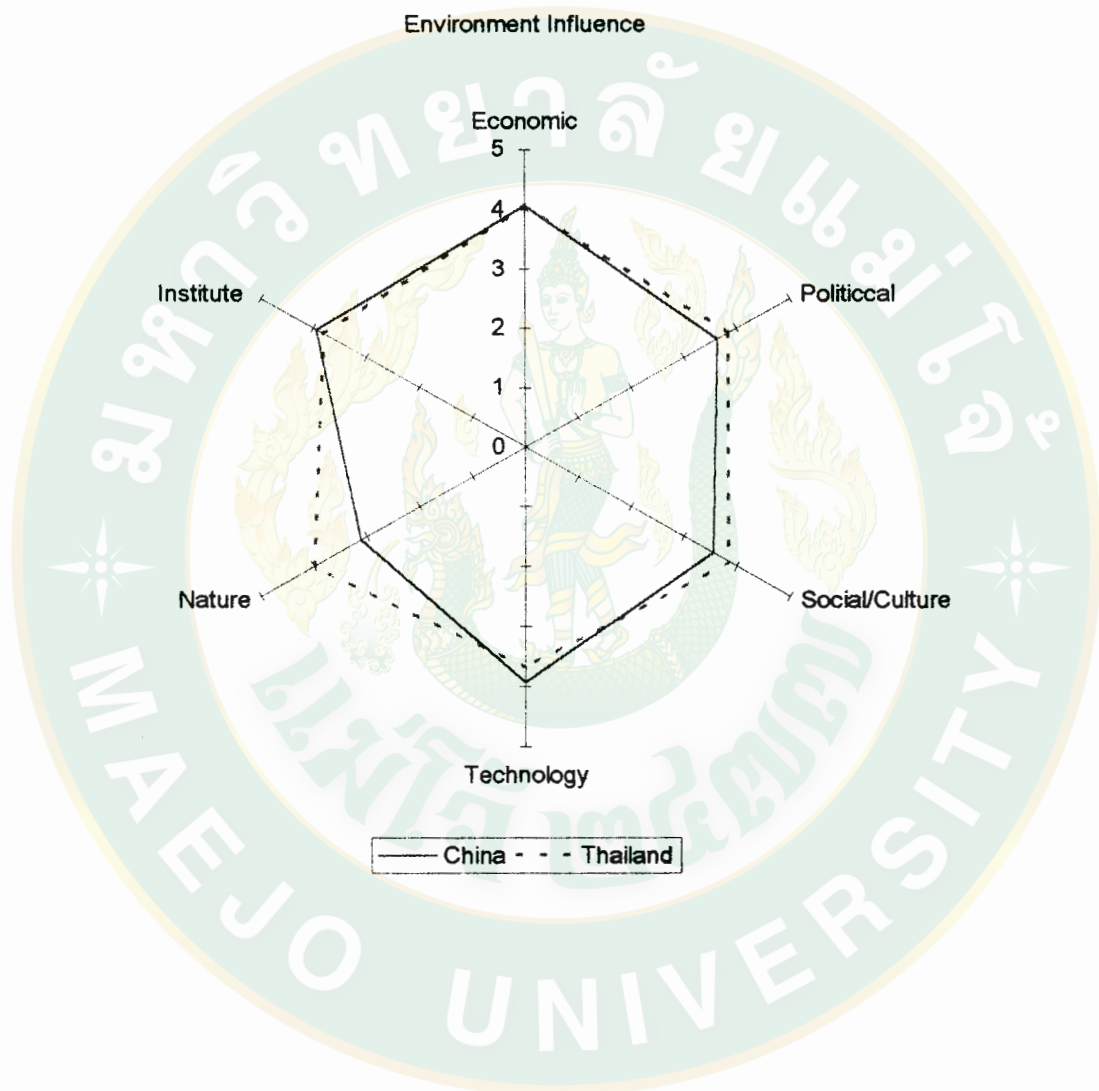
Since most of TREs grown up from a small family business and managers are normally the owners. so they are the survivals of the fittest and know well about the markets. Due to the outdated information systems in Thailand, TREs have to depend more on their own know-how about marketing.

### **6.2 Advertising Agency**

In China the market is less segmented than that of in Thailand. Free economy is just implementing in China for few years. People still don't know what is going on with the market. To illustrate, if this year strawberry is selling well, then everybody will grow strawberry for selling next year. Thus cause the price very low and they can't earn any profit. As of REs, there are too many similar industries which produce less differentiated products in one places, such as fodder industries in Henan, the duplicated enterprises with narrow extend of business cause the very high competition among the enterprises and intensive marketing, selling activities are needs, thus make them very dependent on advertisement.

While Thai market is more segmented. With the broad extent of business and the differentiated products, competition among business is not too high. TREs then would prefer to pay more attention on their internal management, such as QC and cost control.

## 7. Radar Diagram



**Figure 14** Radar diagram showing an integrated view of environment influence

## Functional Analysis

According to the proposed model, the functional analysis was only conducted at the functional level---management level. The aim of this part was to determine whether there are differences between CRE and TRE regarding the attributes or determinants under five factors namely people, finance, marketing, operation/service and corporation/business development, to what extent are they supportive to the corporate objective.

### 1. People

**Table 12** Significant differences of the Statistical Comparison between CRE and TRE at management level on People

People	CRE manager		TRE manager		T-Value	P-Value	
	Mean	Std Dev	Mean	Std Dev			
The relationship between individual and the enterprise regarding the development of	Pay	4.0270	.6866	4.4474	.6017	-2.822	.006*
	Promotion	3.8919	.7373	4.2105	.8107	-1.779	.079
	Training	4.1892	.7393	4.2632	.7947	-.417	.678
	Performance	4.1081	.7373	4.3421	.6271	-1.482	.143
The skill, training and experience of personnel	4.3514	.7894	4.3684	.5413	-1.09	.913	
The organization's policy in respect of selection and placement of employees	4.0811	.7218	4.1842	.6516	-.650	.518	
Relationship with trade unions represented within the enterprise	3.8378	.7643	3.9737	.8538	-.725	.471	
Human resources be considered strategically when making strategic decision	4.2432	.6833	3.8684	1.0947	.1773	.080	
Average mean score for people	4.1676	.6266	4.1421	.6054	-	-	

**Notes:** P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

In table 12, it is found that regarding each item under the factor of people,

there are only one item having significant difference.

Individual's effectiveness is an independent part of the organizational effectiveness. Making the individuals satisfy with their job is the prerequisite for the overall effectiveness of the organization.

In China, although CRE is the outcome of free economy, under the product economy system, for a long time, people get used to "eating from one big pot". CREs were not the independent economic entities which are responsible for profit and loss. They were just the attached organization to superior administrative authorities. Since one important political mission of the REs is to absorb the surplus labor in rural area. People know very well that once one is assigned a job, he/she will be in employment for whole life or at least the period when the RE still can survive no matter how his/her performance is. Pay has no direct link with the worker's performance. Nowadays, this situation got changed a bit, "distribution according to work" started to be carried out in most of the RE now, but since the organization's property rights are still not very clear, the result is not very satisfying.

While in Thailand, employees come to work for some certain employers. They will sign a kind of contract with the employers every certain period. The length of staying in that RE depends on both the payments from the boss and the performance of the employee. If the employees are satisfied with the salary, they will try their best to perform well in order to be kept there for longer time. If the salary were not very attractive, the employees would quit the job. So the payment is a very effective motivation mean in TRE but not in CRE.

## **2. Finance**

Table 13 shows that the mean score of CRE and TRE are almost the same which means that in terms of finance, the differences among the items stated in the table are not significant.

It's obvious that organizational aims, objectives, targets are often expressed in financial terms and measured in terms of profitability. Results are measured in financial terms. According to Argyris(1986) budgets are accounting techniques designed to control costs through personality expression and may also be used as a



pressure device.

These results reveal a picture that in both CRE and TRE, they have well-developed budget system, the managers take active and positive attitude to the management control of information and the process of budget preparation is supportive to the company's objective.

**Table 13** Statistical Comparison between CRE and TRE at management level on Finance

Finance	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
The process of budget preparation	4.1351	.5355	4.2368	.8198	-.638	.526
The level of involvement of key staff in budget preparation	4.0811	.5466	3.9737	.9149	.619	.538
Consistency of divisional budget and overall budget	3.9730	.8329	4.0000	.9005	1.017	.312
The extent to which financial budgets and strategic plans are compatible	4.2432	.7229	4.0789	.7844	1.228	.202
The effectiveness of management control information in terms of accuracy, relevance and timeless	4.0270	.9276	4.1579	.9161	-.262	.794
The attitude of managers to management control information	3.9459	.7798	4.2368	.7862	-1.078	.285
The extent to which managers take corrective action to remedy problems of ineffective control	4.0000	.6667	4.1579	.6789	-1.405	.164
Feedback from management system used to motivate improved performance	4.1081	.5669	3.8158	.4565	-.334	.732
Average mean score	4.0642	.4494	4.0822	.5690	-	-

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

### 3. Market

According to 14 below, it is found that the items relate to marketing in CRE and TRE are also not very different except "Market position of each product/service group"

**Table 14** Significant differences of the statistical comparison between CRE and TRE at management level on Market

Market	CRE manager		TRE manager		T-Value	P-Value	
	Mean	Std Dev	Mean	Std Dev			
Contribution by each group's top sales and profit	4.1622	.9578	4.2368	.7510	-.376	.708	
Market position of each product/service group	4.5135	.7311	4.0526	.8683	2.483	.015*	
Extent to which organization compete in	Price	4.4054	.6438	4.1316	.9056	1.506	.136
	Quality/service	4.3243	.5799	4.2368	.8833	.506	.615
	Delivery	4.1081	.5669	4.1053	.9238	.016	.987
Quality and extent of knowledge of competitors	4.0811	.6402	4.1053	.8941	-.134	.893	
The use of market research and its impact on product development	4.0541	.8147	3.9211	1.1242	.585	.560	
The use of advertisement	3.9189	.4932	3.6842	1.1649	1.131	.262	
Average mean score for marketing	4.1682	.4729	4.0263	.7894	-	-	

**Notes:** P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

Table 14 shows that the market position of each product/service group is much more supportive to the organisation's objectives than that in TRE. (CRE: 4.5135; TRE 4.0526). In another word, knowing each product's market position is more important in CREs than in TREs.

The reason is that in general, TREs, run in free economy, are more market-oriented while, CREs, run in planed economy for long time and just change to be run into free economy, are comparatively less market-oriented. Actually, most of them are still production-oriented. Consequently, the market in Thailand is better segmented than in China. In the well-segmented markets, market demand and product differentiation plays an important role. As a result, the competition of one certain product will be decreased. While in China, without caring so much of the market demand and with the less differentiated products, the competition of each certain kind of product is very high.

#### **4. Operations/Service**

Table 15 contains the results of functional analysis on operational/service between CRE and TRE. Overall speaking, TREs have better record than CREs for most of the items and it got a high mean score.

Among the items mentioned in the table, only one of them shows significant difference that's "The level of inventory in relation to output and sales"

In terms of inventory level, In China, an integrated market system is still not formed. Raw material supplying and finished product distribution channel is not very available to all RE due to the poor infrastructure. For the RE which is located in remote area, the best way is to purchase as much raw material as they can afford and keep them for later use because they are not sure whether they can still buy the same thing in the same place on the same price again or not.

While in Thailand, a comparatively integrated supply and distribution channel is formed. The managers don't have to have a very big inventory and also because, they are the owner and will directly suffer a loss whenever the cost is going up, so they would spend more energy on controlling the cost.

**Table 15** Significant differences of the statistical comparison between CRE and TRE at management level on operations/service

Operations/service	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Level of co-operation between marketing and operation/service	4.2432	.6833	4.2105	.7036	.204	.839
The extent to which the information received from marketing, finance is useful for managing this function	4.0000	.8165	4.1579	.6378	-.935	.353
Management understanding of long-run trends in costs and performances	4.0000	.7454	4.2105	.7036	-1.258	.212
The extent to which management are able to control costs	4.0270	.8656	4.2895	.7679	-1.390	.169
The level of inventory in relation to output and sales	3.7297	.8383	4.2632	.7235	-2.953	.004*
The adequacy, age and state of repair of plant and equipment	4.0000	.5774	4.0789	.7491	-.512	.610
The flexibility of use of plant, equipment and facilities	3.7838	.8211	4.0526	.8683	-1.377	.173
The level of inventory compared to the average for the industry	3.8108	.7393	3.8684	.9911	-.285	.777
Average mean score	3.9493	.4502	4.1414	.5957	-	-

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

### 5. Corporate/Business Development

In Table 16 below, it is found that referring to the factor of corporate/business development, all items shown high mean score, which means that the items under the factor in TREs are more supportive to the corporate objectives than CREs.

Among the six items, two items shown here have significant difference.

Easily speaking, if one enterprise wants to pursue an opportunity for product improvement or to exploit outside sources for development purpose, they must have a prerequisite---capital. With sufficient money, they can both pursue any good opportunity and exploit outside sources. If opposite, they will have problem of running the business very effectively.

As of CREs, one of the most difficult problems facing them is the shortage of capital. Without enough money, no matter how good the opportunity is and how attractive the outside source is, they can't do anything.

The reasons why this problem exists are:

(1). Financial support from the government is not enough. As everybody knows that agriculture is the base of China's national economy, the government should invest more on it. But in fact every year the increased investment in agriculture are mostly consumed by the political activities organised by the agriculture departments.

(2). Lack of self-financing and social financing. As an industry, agriculture should be able to do its own self-financing. But due to the poor village-level economy, self-financing will often be transferred to the farmers. In this way, farmers' burden will be increased and cause so much complaining and stop the process on its middle-way. The worst is that, even like "Hope project", "Culture project" can get social financing support, but as of agriculture, such a big industry, it's so difficult to find any social funding.

(3). The credit loan input to agriculture system is not enough. Although the increased rate of loan lent by agriculture bank is set to 10% annually, along with the deepening of agricultural industrialisation in rural area, it's still not enough. (1998, Wei Anyi)

Since the government always supports agriculture loans and the interest rate couldn't be changed too much which means the banks can't raise the rate too high. And also because agriculture in China is still depending on the weather and it's hard to forecast weather the farmer will get a good harvest or not. (1998, Wei Anyi)

Due to the reasons above, it is difficult for the CREs to get enough money to support their new product development or pursue some out side source.

While in Thailand, the government established the Bank for Agriculture

and Agricultural Co-operatives (BAAC). The nation-wide network of evenly scattered BAAC offices has provided a large number of farmers with access to credit of reasonable amounts. Moreover, a good portion of these credits is available on concessional terms. So, comparatively, TREs will have more chance to catch opportunities and exploit outside resources.

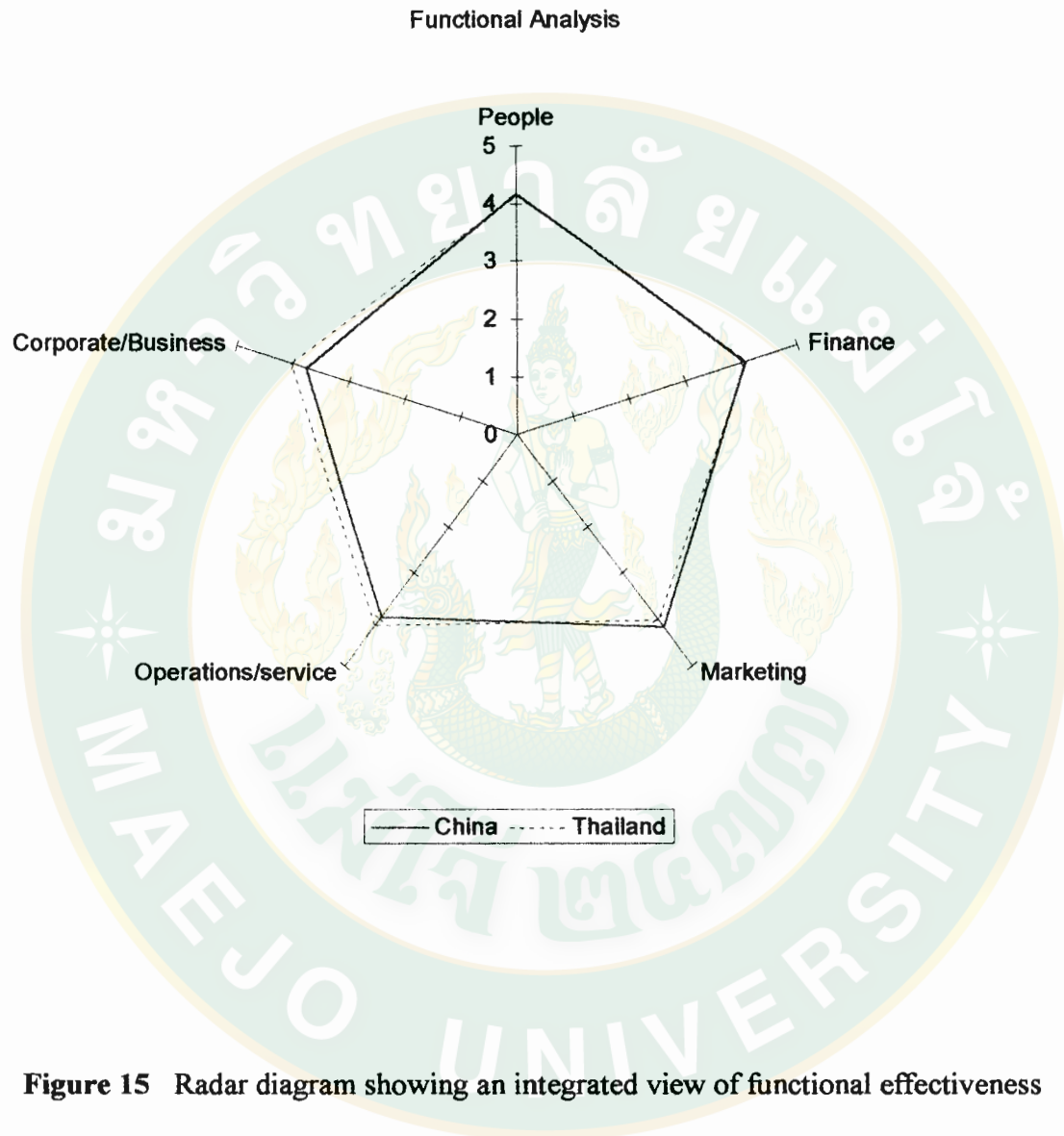
**Table 16** Significant differences of the statistical comparison between CRE and TRE at management level on corporate/business development

Corporate/ Business Development	CRE manager		TRE manager		T- Value	P- Value
	Mean	Std Dev	Mean	Std Dev		
The organisation's investment in development	3.9459	.7798	3.9474	1.0120	-0.007	.995
The ability of the organization to respond quickly to market or competitive pressures	3.8108	1.0498	3.8947	.9526	-.363	.718
The organisation's ability to exploit new products	3.8108	.9672	4.0526	.7693	-1.200	.234
The extent to which the organization pursues opportunities for product/service improvement	3.7297	1.0179	4.2368	.6752	-2.536	.014*
The integration of development with market, operations finance, design, etc.	3.7297	1.1217	4.0526	.7333	-1.471	.146
The extent to which the organization is able to exploit outside sources for development purposes	3.5405	.8691	4.0000	.7711	-2.423	.018*
Average mean score	3.7613	.6833	4.0307	.7175	-	

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

## 6. Radar Diagram



**Figure 15** Radar diagram showing an integrated view of functional effectiveness

## Organizational Diagnosis Analysis

In this part, according to the proposed model, 52 questions were grouped and designed under eight areas namely: key task/goals, structure, people relationships, motivation, support, management leadership and communication, attitude towards change and performance. Comparisons have been carried out at two levels vis a vis CRE managers and TRE managers, CRE employees and TRE employees regarding each factor.

### 1. Key Task/Goals

**Table 17** Significant differences of the statistical comparisons between CREs and TREs at Management level on Key task/ Goals

Key Task /Goal	CRE manager		TRE manager		T- Value	P- Value
	Mean	Std Dev	Mean	Std Dev		
I understand the objectives of this organization	4.4865	.5067	4.5000	.5575	-.110	.931
The goals and objectives of this organization are clearly stated	4.1351	.7514	4.1842	.8005	-.274	.785
I feel motivated by the work I do	4.1622	.7643	4.2368	.6752	-.449	.655
The priorities of this organization are understood by its employees	3.7297	.9617	4.2368	.7510	-2.549	.013*
Average mean score	4.1284	.4773	4.2895	.5280	-1.385	.170

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE



**Table 18** Significant differences of the statistical Comparisons between CREs and TREs at employee level on Key task/ Goals

Key Task/Goal	CRE employee		TRE employee		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
I understand the objectives of this organization	4.0000	.8498	4.1842	.6919	-1.031	.306
The goals and objectives of this organization are clearly stated	3.8919	.7740	4.1579	.7543	-1.507	.136
I feel motivated by the work I do	3.5946	.8963	4.1842	.5123	-3.485	.001*
The priorities of this organization are understood by its employees	3.8649	.7134	4.0526	.6554	-1.187	.239
Average mean score	3.8378	.5110	4.1447	.4673	-2.715	.008*

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

Table 17 and 18 show the managers and employees have different option in terms of the two items listed above.

As of managers, they have different opinion in terms of "The priorities of this organization are understood by its employees", TRE got a higher score (TRE: 4.23&CRE: 3.72) and shows significant difference while as of employees, they have different opinion in terms of "I feel motivated by the work I do." again TRE got a higher score (TRE: 4.18&CRE: 3.59) and shows significant difference.

In order to understand the difference, the following aspects can be explained:

(1). Since CREs function as an attachment to some superior units and the managers are supervised by the leaders from the village or other upper management level. The performance of the management is usually not the major standard to select the manager, there are still some political and personal ("guan xi") factors which can influence the election.

Getting used to planned economy, CRE managers are used to follow the assigned task by the superior management. Doing something against the government

will threaten their position. Under such a situation, whether they understand the priorities of the organization or not doesn't bother them, they need only to understand their superior authority. This opinion is irresponsible and harm to the organisational effectiveness is the direct result.

(2) While the TREs' managers are mostly the owner, they know clearly what the priorities of their organization is and will work hard to achieve it, this will definitely raise the organizational effectiveness.

(3). And another very important reason is that the income for the CREs employees is so low, according to Table 35 in appendix 3, the average salary of CREs' employees is only about \$50 which is too low comparing with the one which is about \$250 of the TREs' employees. And also, Thai employees will have more chance to get extra monetary rewards (Referring to table 35 in appendix 3) but most of the Chinese Employees have only salary, some even can not get the sole salary in time due to the problems of the enterprises.

Under such a condition, of course the CREs' employee doesn't feel motivated by their work. It is no surprising the organizational effectiveness will be low if the employee is not motivated by their work.

## **2. Structure**

Table 19 and 20 show that there are many differences between the two REs regarding to structure.

Table 19 shows 2 significant differences which are related to "the flexibility of jobs and lines" and "the structure arranged of the organization". Table 20 shows 3 significant differences which are related to "the flexibility of the jobs and lines", "the way the tasks are divided" and "the "organisation's culture uniqueness".

**Table 19** Significant differences of the comparison between CREs and TREs at the management level on structure

Structure	CRE manager		TRE manager		T- Value	P- Value
	Mean	Std Dev	Mean	Std Dev		
Jobs and lines of authorities are flexible	3.7027	1.0505	4.4474	.6017	-3.754	.000**
The way in which work tasks are divided is sensible and clear	3.8378	.8338	4.1842	.8336	-1.799	.076
There is constant search for ways of improving the way we work	4.0270	.6003	4.3158	.7748	-1.807	.075
The way the structure is arranged produced general satisfaction	3.4324	.8347	4.2895	.7318	-4.732	.000**
The organization is always striving for the forming of its unique culture	3.8649	.7875	4.1842	.6919	-1.867	.066
Average mean score	3.7883	.3802	4.2851	.5654	-4.476	.000**

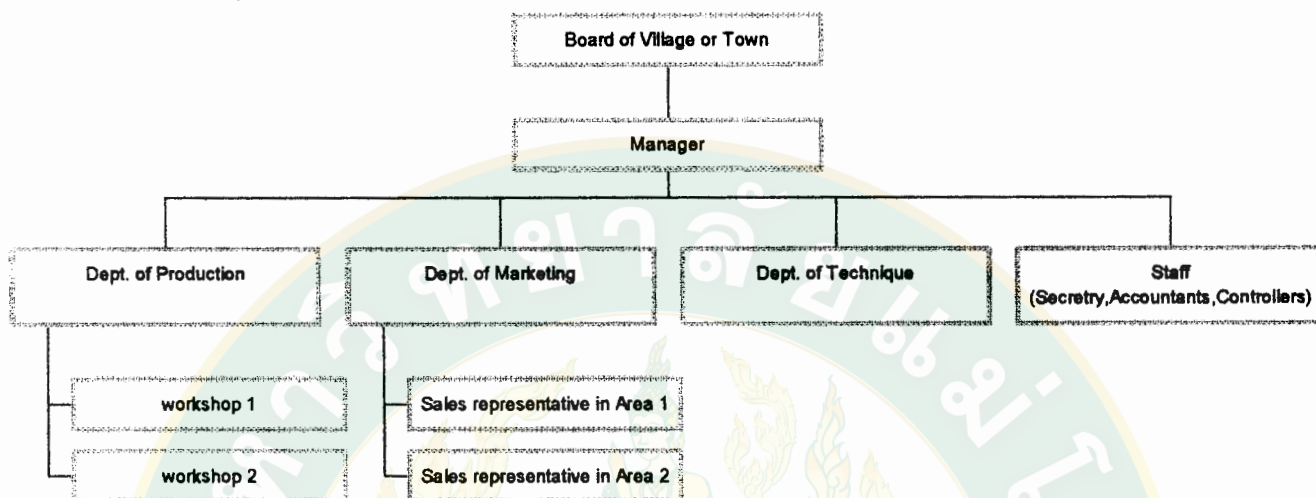
**Table 20** Significant differences of the comparison between CREs and TREs at the employee level on structure

Structure	CRE employee		TRE employee		T- Value	P- Value
	Mean	Std Dev	Mean	Std Dev		
The organization of work here is effective	3.5946	.9267	3.9737	.7529	-1.947	.055
Jobs and lines of authorities are flexible	3.4865	.9316	4.2105	.7036	-3.805	.000**
The way in which work tasks are divided is sensible and clear	3.6757	.8516	4.0789	.8817	-2.014	.048*
There is constant search for ways of improving the way we work	4.0270	.7633	4.2895	.6111	-1.646	.104
The way the structure is arranged to produce general satisfaction	3.6486	.7156	4.1053	.6893	-2.815	.006
It is always striving for the forming of its unique culture	3.4595	.9005	3.9474	.9285	-2.309	.024*
Average mean score	3.6486	.5469	4.1009	.5250	-3.654	.000**

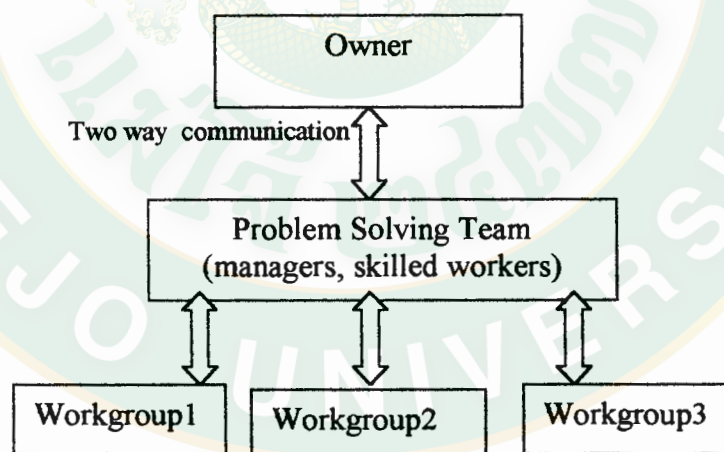
Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

In order to make it easy to understand, the following charts were designed to show the basic organizational structures of both REs:



**Figure 16** Common organizational structure of CREs



**Figure 17** Common organizational structure of TRES

Figure 16 and 17 show that the general characteristics of CREs and TRES on organizational structure are as follows:

**Table 21** Comparison of the common characteristics of CRE and TRE on organizational structure

Items	CRE	TRE
CEO	Named by superior authority	Owner
Ways of arranged the structure	Arranged the divisions or departments follow the bigger industry's style and then select the heads later from the village area. Open recruitment is not popular.	Recruit only the ones they need
Employee numbers	More	Less
Departmentalisation	Higher	Lower
Specialisation	Higher	Lower
Formalization	Higher	Lower
Communication among dept.	Lower	Higher

**Notes:** The surveyed CREs are all in the same range of the registered capital.

Based on the structures and characteristics, the reaction to the external and internal changes by CREs and TREs are different.

When the external environment changes such as market demand changes, with an agile structure, TREs are able to adapt themselves more easily. While, the CRE managers will feel "the organization of work here is not effective" and "jobs and lines of authorities are not flexible". And the employee will feel the job specialisation is not effective. Further more, since most CREs are following other bigger industries' structure style, it is very often that a CRE ignores, or noticed but fails to cultivate a suitable enterprise culture in their units.

When the internal problems changes such as problems encountered by the workers during the process, TRE managers are able to know the situation quicker than CREs' managers are because the communication channel of TRE is more practical. So, the CRE managers will feel that " the structure in this organization is not arranged to produce the general satisfaction".

### 3. Human Relation

Human relation is a big concern within the organization. Comfort and harmonious relationship can motivate the people with the sense of "be enterprise as a home" which give them the inspirations to contribute to the organization. Tense relationship between the people will less the motivation by the individuals to work and thus less their performance effectiveness.

Table 22 presents the comparison between CREs and TREs at management level on people relationship that the difference being highly significant at 0.05 level.

**Table 22** Significant differences of the comparison between CREs and TREs at the manager level on people relationship

People relationship	CRE manager		TRE manager		T-Value	P Value
	Mean	Std Dev	Mean	Std Dev		
Managers will always listen to the ideas and easy to talk with	4.0270	.6866	4.4211	.6831	-2.491	.015*
I can always talk to someone at work and it's easy to get help	3.8378	.8979	4.4737	.5569	-3.696	.000**
My relationships with other members of my work group are good	4.0000	.5774	4.5263	.6035	-3.860	.000**
We co-operate effectively in order to get the work done	3.8378	.6877	4.3684	.6747	-3.373	.001**
Conflicts of views are resolved by solutions which are understood and accepted	3.7568	.7960	4.2895	.6939	-3.092	.003**
The customers and tradition of the employees are respected	4.0000	.6667	4.4474	.6017	-3.052	.003**
Average mean score	3.9099	.4187	4.4211	.4662	-4.991	.000**

**Table 23** Comparison between CREs and TREs at the employee level on people Relationship

People relationship	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Managers will always listen to the ideas and easy to talk with	3.5405	.9887	4.0789	.7121	-2.700	.009**
I can always talk to someone at work and it's easy to get help if I have a work related problem	3.7027	.9087	4.3158	.7016	-3.276	.002**
My relationships with other members of my work group are good	4.1622	.5534	4.2105	.6220	-.355	.723
We co-operate effectively in order to get the work done	4.0541	.6644	4.0789	.8181	-.144	.886
Conflicts of views are resolved by solutions which are understood and accepted	3.8378	.8338	4.0526	.8683	-1.092	.278
The customers and tradition of the employees are respected	3.8919	.7373	4.2105	.6220	-2.025	.047*
Average mean score	3.8649	.3765	4.1579	.4946	-2.881	.005**

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

The different relationships among working people in both REs affect the research result. The followings worth concerning:

1) The villagers collectively own CREs and their managers are selected or named by superior authority and there are no proper standards for the employees to evaluate their job performance. Getting used to bureaucracy, the managers thought they are somewhat officialdoms and don't care about their subordinates so much and "don't always listen to the ideas, therefore not easy to talk with." But since Chinese people already get used to "officialism", the employees don't care it so much as long

as the managers can still make some merit to the enterprise. Both CRE managers and employees believe that bureaucracy is not a fatal error to the organizational effectiveness.

Comparing with CREs, TRE employers and managers agree that their bosses are very "easy to talk with and always listen to the ideas". This result may relate to the ownership of the organization. Since most TREs are privately owned family business, the managers, usually the owners themselves, should be kindly to their employees in concerns of their own business success.

2) The second statement, "I can always talk to someone at work and it's easy to get help if I have a work related problem" , also raise difference between the two sides.

This is something related to job specialisation. CREs' organizational structure is arranged, imitating the bigger enterprises such as SOE or IJV, before they know what they really need. They try to specialise the jobs, but it is not always easy to trace any little responsibility to a certain person. So, problems will be handed over from one to another. This phenomenon is called "kicking a ball" in Chinese administration.

3) As of "My relationships with other members of my work group are good" and "we cooperate effectively in order to get the work done". Both countries' employees have the same opinion but managers don't.

Referred to the structure of both countries' REs, we know that, CREs' managers are working more independently, while TRE managers working as a team. Less of communication among the head of different department in CREs will easily cause misunderstanding and make their relationship worse.

4) In TRE, they have a problem solving team comprising the owner, the managers or heads and the skilled workers. They strive for making improvement under a profit-chasing incentive. Problems and conflicts will be discussed face-to-face until the reasonable solutions are found out.

In CRE, managers or head of each department are working independently and report to superior authority. Many problems are sent to the top management level. However, due to the lack of the first-hand information, possibly, wrong or unreasonable decisions are made.



5) "The custom and tradition of employees" in TREs are respected well than in CREs. This is something related to culture. Generally, Thai people are very respectful and this makes the relationship among people better than Chinese.

#### **4. Motivation**

Table 24 , contains the result of the comparison between CREs and TREs at management level. Among the eight questions, there are six of them showing significant differences.

In Table 25, it is also found that there are much significant differences .The results from table 24 and 25 show that both CREs and TREs managers and employees have very different opinion regarding to motivation issue. TREs got a higher mean score than CREs, which means in TREs, motivation is more supportive to the corporate objectives than in CREs.

It can be observed from the table that the mean score of " All individual work performance is reviewed against agreed standards." of CREs is the lowest. This can be the key reason, which causes so much differences in terms of motivation between CREs and TREs.

In CREs, there is no proper standards to evaluate people's performance and there are less communication between the administrative level and employee level thus it is difficult to give right reward to the right person unless the one is very outstanding among so many people.

**Table 24** Significant differences of the comparison between CREs and TREs at the manager level on motivation

Motivation	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
I am encouraged to develop my full potential	3.8919	.9656	4.4211	.7581	-2.644	.010**
The salary that I received is equal to the job that I perform	3.5405	.9005	4.1316	.8438	-2.934	.004**
There are opportunities for promotion and increased responsibility	4.0541	.7433	4.2368	.7862	-1.034	.305
Encouragement and recognition is given for all jobs and tasks	3.4595	.9308	4.0789	.7491	-3.179	.002**
All individual work performance is reviewed against agreed standards	2.9189	1.089	4.2368	.8198	-5.929	.000**
Encouragement were given for the employees to participated in strategy formulating	3.6216	.9531	4.2895	.6538	-3.547	.001**
Continuous education, professional retraining and on-the-job training have been encouraged	4.0000	.7071	4.2105	.6641	-1.329	.188
It is expected that employees will always do what is right for the customers and the public	3.7838	.7504	4.4474	.6450	-4.111	.000**
Average mean score	3.6588	.4971	4.2566	.5797	-4.788	.000**

**Table 25** Significant differences of the comparison between CREs and TREs at the employee level on motivation

Motivation	CRE manager		TRE manager		T-Value	P- Value
	Mean	Std Dev	Mean	Std Dev		
I am encouraged to develop my full potential	3.5135	.9609	4.1842	.5626	-3.676	.001**
The salary that I received is equal to the job that I perform	3.6486	.7534	3.7895	.8433	-.762	.449
There are opportunities for promotion and increased responsibility	3.5135	.9013	3.8684	.8111	-1.794	.077
Encouragement and recognition is given for all jobs and tasks	3.2432	.8630	4.1316	.6226	-5.101	.000**
All individual work performance is reviewed against agreed standards	3.1081	.9364	3.9211	.5873	-4.490	.000**
Encouragement were given for the employees to participated in strategy formulating	3.3514	.9492	4.0789	.8817	-3.441	.001**

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

## 5. Support

Presently, specialisation and co-ordination are the two major characteristics for the modern production system. Without the mutual supportive among the individual, team and organization, any production activities could be hampered.

Table 26 and 27 show many significant differences regarding to "support" between the two countries' REs. One can see that TREs are more capable to set realistic plans. In order to fulfil this plan and achieve good performance, departments can cooperate well in order to achieve the goal congruence. As mentioned before, in TREs, there are some kind of working group, boss will concern more about their

product quality and any problems occurred because the profit or loss is directly related with him. In order to be more competitive and also the concerns with survival, TQC was carried out, the quality consciousness is strong in TREs. Furthermore, in order to increase the performance effectiveness, the safety convenient working conditions were provided.

**Table 26** Significant differences of the comparison between CREs and TREs at the manager level on support

Support	CRE manager		TRE manager		T-Value	P- Value
	Mean	Std Dev	Mean	Std Dev		
My immediate boss has ideas that are helpful to me in my work	3.8378	.9578	4.2895	.7318	-2.854	.006**
I have all the information and resources I need to do a good job	3.4054	.8647	4.1579	.6378	-5.029	.000**
This organization sets realistic plan	4.0270	.6449	4.1316	.6226	-1.452	.151
Department work well together to achieve good performance	3.5405	1.0164	4.2895	.6111	-3.784	.000**
Other departments are helpful to my own department whenever necessary	3.2973	.9388	4.1842	.6516	-4.595	.000**
The working conditions provided by the organization is safety and convenience	3.8108	.8110	4.0000	.6975	-2.612	.011*
TQC was carried out, the quality conscious is strong in this organization	3.6757	.8836	4.3421	.5340	-4.728	.000**
Average mean score	3.6564	.4862	4.1992	.4363	-5.821	.000**

**Table 27** Significant differences of the comparison between CREs and TREs at the employee level on support

Support	CRE employee		TRE employee		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
My immediate boss has ideas that are helpful to me in my work	3.6216	.9818	4.2895	.7318	-3.346	.001**
I have all the information and resources I need to do a good job	3.2973	.9087	4.1579	.6378	-4.736	.000**
This organization sets realistic plan	3.6486	.7534	4.1316	.6226	-3.030	.003**
Department work well together to achieve good performance	3.8108	.7760	4.2895	.6111	-2.972	.004**
Other departments are helpful to my own department	3.5135	.7682	4.1842	.6516	-4.073	.000**
The working conditions is safety and convenience	4.0000	.7454	4.0000	.6975	.000	1.000
TQC was carried out, the quality conscious is strong	3.8108	.8768	4.3421	.5340	-3.159	.002**
Average mean score	3.6718	.5344	4.1992	.4363	-4.688	.000**

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

## 6. Management Leadership and Communication

Essentially, management leadership is a relationship through some performs influence the behaviour of other people. The leader-follower relationship is reciprocal and effective leadership is a two way process. Leadership is related to motivation, the process of communication and the activities of the groups.

Table 28 and 29 shows more different idea between the two types of REs regarding to "management leadership and communication within the organization".

**Table 28** Significant differences of the Comparison between CREs and TREs at the manager level on Management leadership and Communication

Management leadership and communication	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
The management style is helpful and effective	3.9189	.6823	4.2105	.7766	-1.726	.089
Performance is regularly reviewed by my boss	3.9189	.8293	4.2105	.8433	-1.509	.135
Management team provides effective and inspiring leadership	3.8649	.7514	4.2895	.7318	-1.867	.066
My boss's management style helps me in my performance	3.5676	.9292	4.2632	.7235	-3.623	.001**
Recruitment is open and equal	3.7027	1.0505	5.3684	6.6309	-1.509	.136
Communication seem good	3.7568	.7960	4.4474	.6017	-4.246	.000**
Average mean score	3.7883	.5071	4.4474	1.2180	-3.044	.003**

**Table 29** Significant differences of the Comparison between CREs and TREs at the employee level on Management leadership and Communication

Management leadership and communication	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
The management style adopted by the senior management is helpful and effective	3.7568	.7229	4.1316	.7771	-2.161	.034*
Performance is regularly reviewed by my boss	3.8378	1.0412	4.0789	.7491	-1.154	.252
Management team provides effective and inspiring leadership	3.7568	.8630	4.1316	.8438	-1.902	.061
My boss's management style helps me in my performance	3.7297	.6519	4.2632	.6445	-3.563	.001**
Recruitment is open and equal	3.4595	.9308	3.9474	.7693	-2.477	.016*
Communication seem good	3.6216	.8612	4.3158	.6619	-3.920	.000**
Average mean score	3.6937	.5436	4.1447	.5372	-3.614	.001**

Notes: P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

In China, most of the enterprises still adopt Chinese management style---despotism that means making decision autocratically and lack of proper communication with the employees. This easily causes the gap between leaders and the followers and misunderstanding happens very often and then led to low management effectiveness.

In TREs, recruitment is open and equal to everyone, priorities were given to those who with high quality. This measure , on one side, will benefit for the optimum of the human resources, on the other side, will give the pressures to the individuals to be more responsible for their job. Since most of the TREs are private owned , the boss will definitely use the more qualified personnel in order to make as much profit as they can. While, in CREs, recruitment is not open to the outside, priorities were given to the villagers or the one who has some “guan xi” with the leaders no matter they are qualified or not.

### 7. Attitude toward Change

**Table 30** Significant differences of the comparison between CREs and TREs at the manager level on attitude toward change

Attitude toward Change	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
The goals and objectives are clearly	4.1351	.7514	4.1842	.8005	-1.726	.089
We constantly review our methods and introduce improvement	3.8108	.7393	4.3684	.6334	-1.509	.135
There are occasions when I would like to be make changes in my job	3.3784	1.0633	4.3158	.7748	-1.867	.066
It has the capability to change	3.5405	1.0164	4.2895	.6538	3.623	.001**
Creativity and initiative are encouraged	4.2162	.7504	4.2632	.6851	-1.509	.136
Advanced and appropriate technologies have been used	3.5946	.9267	4.0789	.8181	-4.264	.000**
Average mean score	3.7793	.4844	4.2500	.5652	-3.044	.003**

**Table 31** Significant differences of comparison between CREs and TREs at the employees level on attitude toward change

Attitude toward Change	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
The goals and objectives of this organization are clearly stated	3.8919	.7740	4.1579	.7543	-1.507	.136
We constantly review our methods and introduce improvement	3.7838	.7865	4.1053	.6893	-1.884	.064
There are occasions when I would like to be make changes in my job	3.0270	.8329	4.0000	.6975	-5.491	.000**
This organization has the capability to change	3.5946	.8320	4.0263	.7529	-2.358	.021*
Creativity and initiative are encouraged	3.9189	.6402	4.0789	.5393	-1.172	.245
Advanced and appropriate technologies have been used	3.7297	.7691	4.0789	.7121	-2.041	.045*
Average mean score	3.6577	.4713	4.0746	.5018	-3.707	.000**

**Notes:** P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

There are a wide range of forces acting upon organisations and which make the need for change inevitable. These forces of change can be summarised under five broad headings: changing technology; knowledge explosion; rapid product obsolescence; changing nature of the workforce; and quality of work life.

Despite the potential positive outcomes, change is often resisted at both the individual and the organizational level. Resistance to change-or the thought of the implications of the change-appears to be a common phenomenon. People are naturally worry of change. Many people have an uneasy mood-a suspicious that change is out of control. So facing the change, facing the uncertainty. Attitude towards the change can reflect the capacity to managing the change.

The tables above show that TREs have more capability to change and because TREs are mostly privately owned and small in size, they won't use so advanced technology to satisfy the limited market demand so "Appropriate



technology have been used in order to give the organization a competitive advantage" in TRE.

While in CREs , more dated facilities are still in use. With limited capital resource , it is difficult for them to replace the old machines. With the old technology, more labor is needed, plus the huge organizational structure, all of these make the work effectiveness very low and difficult to meet the change of the market demand.

## 8. Performance

**Table 32** Significant differences of Comparison between CREs and TREs at the Manager level on Performance

Performance	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
We achieve our objective in time	3.5405	.7672	4.2368	.7510	-3.972	.000**
Results are attained because people are committed to them	3.5135	.6921	4.5000	.6472	-6.378	.000**
People are cost conscious and seek to make the best use of resources	3.2973	1.1753	4.1842	.9258	-3.636	.001**
The work we do is always necessary and effective	3.6486	.7534	4.3421	.7453	-4.007	.000**
People are always concerned to do a good job	4.0541	.9112	4.3421	.7081	-1.531	.130
The productivity is fairly high	3.6216	.9235	4.3684	.6747	-3.990	.000**
Business law or the ethical code of the profession is always followed	4.0270	.6866	4.3158	.6619	-1.854	.068
Average mean score	3.6718	.4712	4.3195	.5411	-5.532	.000**

**Note:** P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

**Table 33** Significant differences of the comparison between CREs and TREs at the employee level on performance

Performance	CRE manager		TRE manager		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
We achieve our objective in time	3.5676	.6028	4.1316	.5287	-4.304	.000**
Results are attained because people are committed to them	3.6757	.7092	4.2368	.6752	-3.510	.001**
People are cost conscious and seek to make the best use of resources	3.5405	.9602	4.1053	.7983	-2.773	.007**
The work we do is always necessary and effective	3.6757	.7837	4.2368	.6752	-3.325	.001**
People are always concerned to do a good job	3.9730	.7988	4.2632	.5543	-1.832	.071
The productivity is fairly high in this organization	3.5676	.9586	4.2632	.6011	-3.753	.000**
In this organization, business law or the ethical code of the profession is always followed	4.0270	.8971	4.0526	.7693	-.133	.895
Average mean score	3.7181	.4943	4.1842	.4719	-4.177	.000**

**Note:** P\*\*<0.01 P\*<0.05

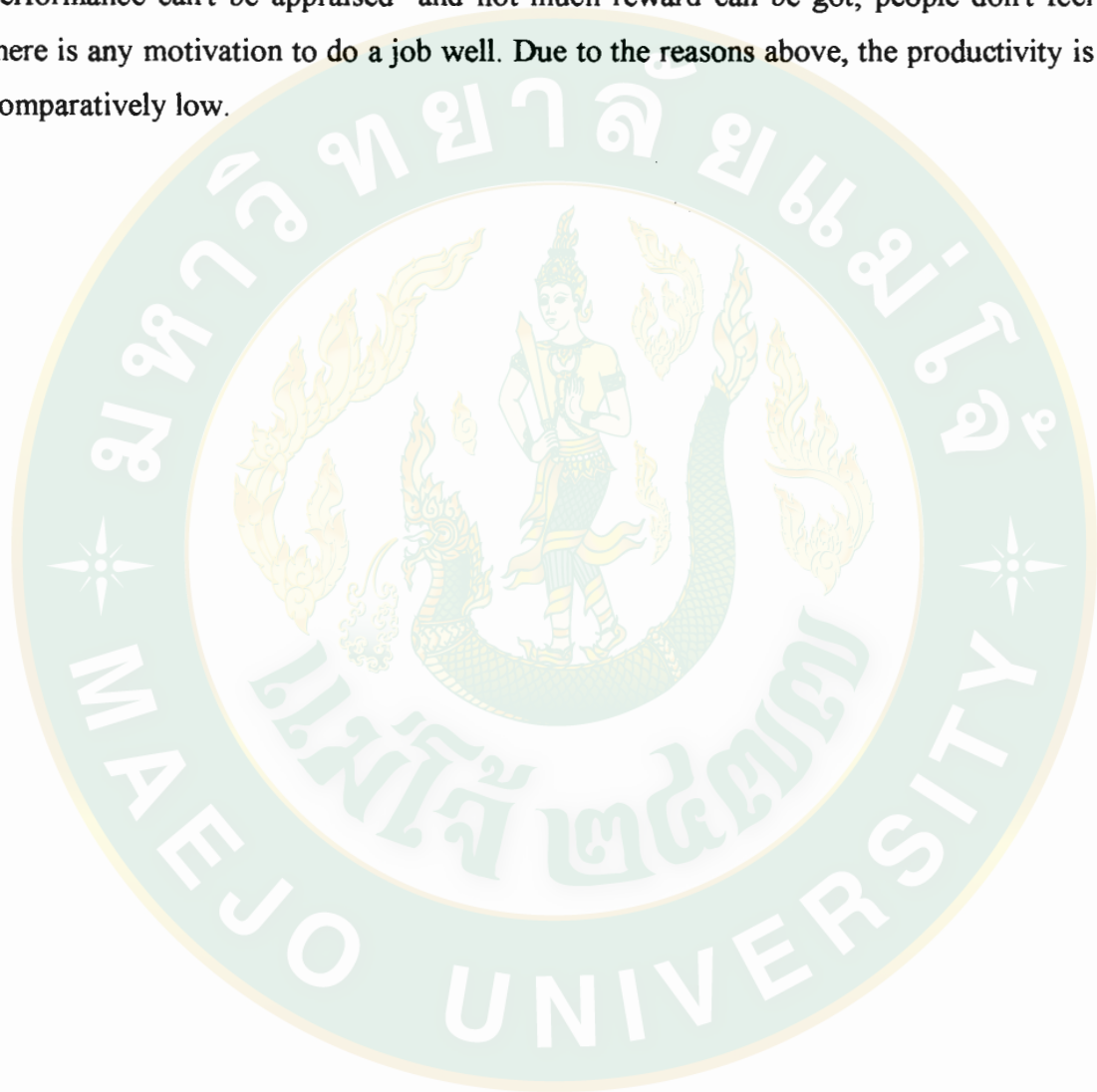
N=37 from CRE versus N=38 from TRE

Every work organization is concerned with being effective. Upon the attainment of its aims and objectives rest the success and ultimate survival of the organization. An effective organization is the one which achieve its objective in time while maintaining high quality of work life, meaning people are satisfied with their job and commitment to the job.

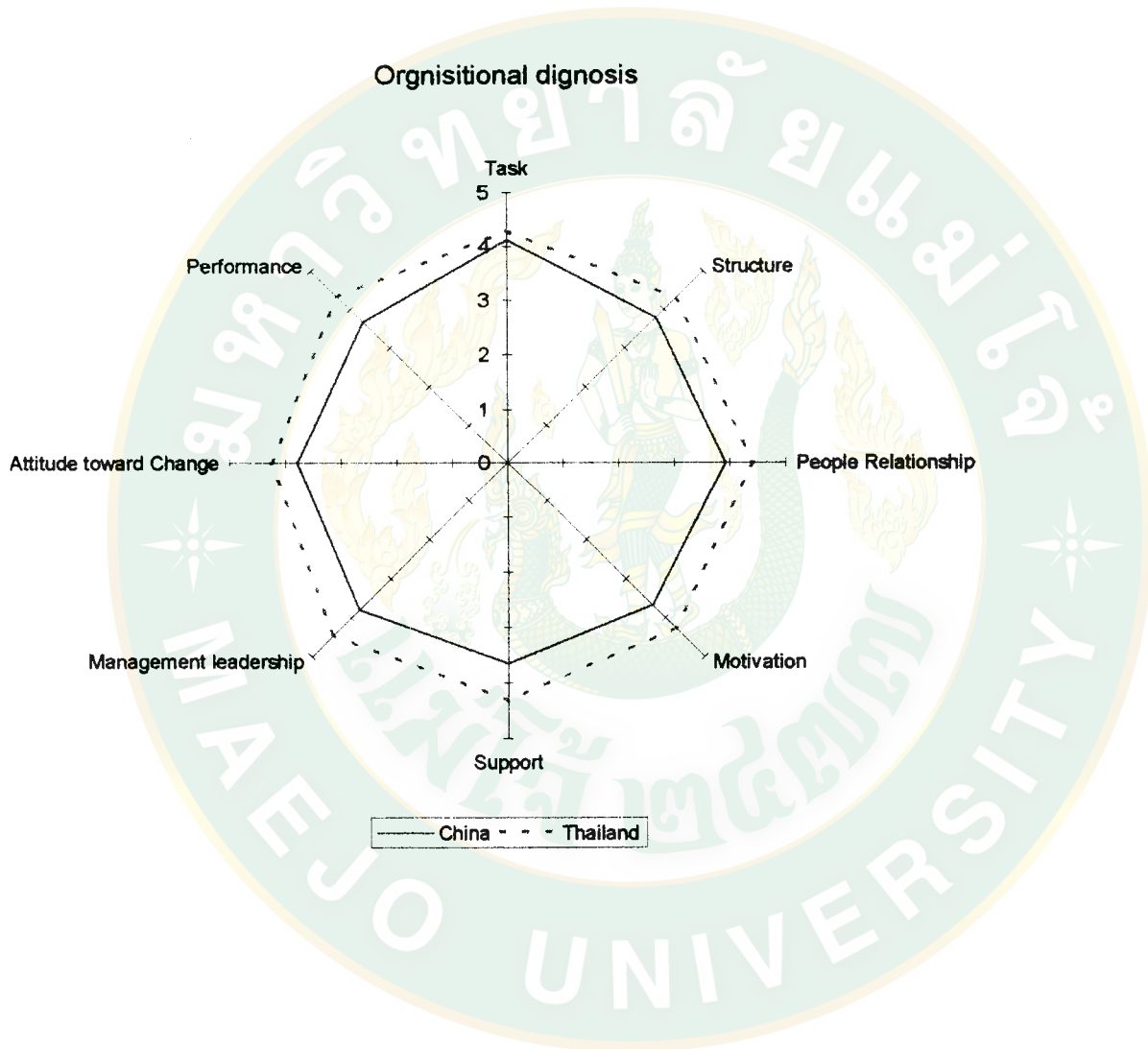
This section is actually the result of the foregoing sections. If every of the foregoing section are supportive to the objective of the organization, the performance here will follow a rational line to do be well.

The mean score shows that CREs got comparatively lower score for every

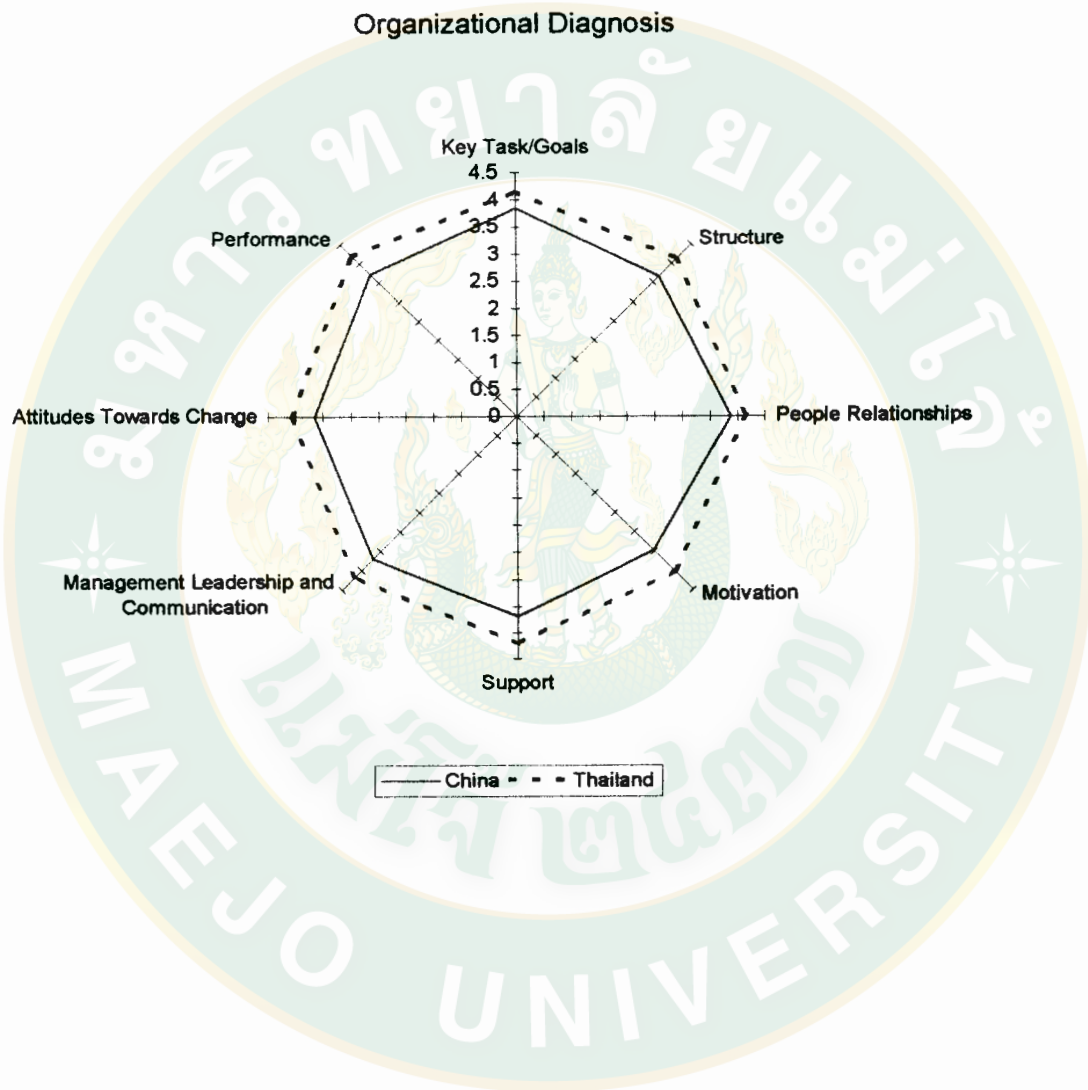
question, this means that the performance of CREs is not as supportive to their objectives as the one of TREs because CREs do not have a clear goal for everybody to reach and the employees don't feel they are also the owner of the organization and don't feel they have any responsibility of lowering the cost. Without the clearer assignment of work, some work is not necessary to be done. Since the employees' performance can't be appraised and not much reward can be got, people don't feel there is any motivation to do a job well. Due to the reasons above, the productivity is comparatively low.



## 9. Radar Diagram



**Figure 18** Radar diagram showing an integrated view of organizational effectiveness at management level



**Figure 19** Radar Diagram showing An Integrated View of Organizational effectiveness at Employee Level

## CHAPTER V

### SUMMARY, CONCLUSION, IMPLICATION, AND RECOMMENDATIONS

The overall objective of this research was to compare the organizational effectiveness of rural enterprises between China and Thailand. In chapter four, the organizational behavior of rural enterprises in both countries were described and compared based on the mean score of organizational effectiveness.

#### Summary of the Study

This research study has been based on the fact that to survive and grow in today's competitive, turbulent changing environment, firm, industries and the nation at the large have to rely heavily on organizational change and development to adapt and cope with the change effectively. Through the analysis of the surveyed REs, various conclusions can be drawn. In the final analysis (see table 34) where data used was obtained from managers rather than employees because only managers responded to all the questions) one can find, overall, TREs performed more effectively than CREs, on each attribute or determinant section including environmental influence, functional analysis and organizational diagnosis.

For environmental influence and functional analysis, TREs got a better score, but the results show that they are not significantly different ( $P\text{-value} > 0.05$ ).

The comparison of organizational diagnosis between the two countries' REs shows a significant difference ( $P=0.000 < 0.05$ ). Thus the total organizational effectiveness of both CRE and TRE differ significantly ( $P=0.004 < 0.05$ ) and TREs show a better total performance records than CREs which rejects the first hypothesis .

**Table 34** Statistical Comparison of Organizational Effectiveness between CREs and TREs

Sections	CREs(N=37)		TREs(N=38)		T-Value	P-Value
	Mean	Std Dev	Mean	Std Dev		
Environmental						
Influence	3.7200	.2797	3.8785	.5332	-1.618	.111
Functional Analysis	4.0158	.3795	4.0861	.5682	-0.632	.530
Organizational						
Diagnosis	3.7646	.3837	4.3259	.5069	-5.417	.000**
Total OE	3.8335	.2802	4.0969	.4545	-3.030	.004**

**Note:** P\*\*<0.01 P\*<0.05

N=37 from CRE versus N=38 from TRE

### Conclusions of the Study

The result analysis in chapter four shows that there are many significant differences between CREs and TREs in terms of environmental influences, functional analysis and organizational diagnosis which reject the second hypothesis. Sound operating mechanisms and good organization behavior are key factors in performance, while the problems with CREs shown in the analysis are the reason why most of them didn't performed as well as TREs. These differences can be expressed in following aspects:

#### Management Leadership System and Leadership Style

In TREs, the private owners manage the enterprises. In order to make the best profit on their investments, the owners decide all major issues relating to the enterprises and responsible for the enterprises' interests. They are in charge of the daily affairs. If it is necessary, they will try to use their own family members for the management in order to cut the administrative cost. They will hire some medium level managers only when it is necessary. Under this leadership system, each manager has

clear authorities and responsibilities.

In CREs, the managers (in China they were called cadre) were appointed by the superior authorities, with the traditional concepts, one can go for higher position even if he is in poor performance. As a result, bad social mood "connection" (in Chinese 'Guan xi') have been spread.

In TREs, the relationship between the employers and the employees are interdependent. Employees would quit their job whenever they didn't feel comfortable with their leader's management style. This is something related to the culture. Whenever there are conflicts occur, Thai people prefer to leave it there and go away from the problems. They always say "Chang man ter" which means, "let it be" when people encounter troubles. As a result, management will always try to let the individuals feel to be motivated involving in the enterprises' management and decision-making in order to encourage them to work well.

### **Organization Structure**

Most CREs have imitative setting of organization structure like some superior administrative institutions, thus huge organization structure has been formed and much people within these organization than it is really needed especially the administrative level. Many people come through "guan xi". This caused many departments to have overlapped duties which are blurred, leading to low efficiency and the bad phenomenon of "disputing over trifles each other". The improper structure of CREs made the communication among managers and employees difficult thus cause misunderstanding and bad relationship among them, which consequently reduce the organizational effectiveness.

Since TREs are mostly private owned, in order to maximize the benefit of the organization, the management level will always be concerned about the cost. They always followed the principle of only necessary position being created and the principle of fewer employees but the best. Responsibility, authority and personal benefit have been integrated. According to the external market changes and its product and production characteristics, streamlined organization structure have been constructed in according with less management level and efficient management teamwork which is



most suitable for their development.

### **Labor and Personnel System**

In CREs, most of the employees come from rural areas and managers are appointed by superior authorities. The people from the villages, which own the REs, have priorities to be hired first no matter whether they are qualified or not. There are no clear selection criteria in most CREs, Recruitment of CREs is limited to a certain area where the factory is located and superior authorities normally name the leaders of the REs. These give chances to people who like to go "back door ", so the "back door" and "connection" phenomenon still existing in most CREs in hiring and firing of the employees. "

While for TREs, as the enterprises are independent economic equities, the enterprises got autonomous right of their own and independent decision-making power to recruit the managerial and technical personnel according to their own criteria. They can make policies on selection and replacement.

### **Distribution System**

In TREs, the employees' income is set based on their job post and equal to their performance. Bonus distribution has been used as more effective motivation mean, which thoroughly discards the egalitarianism.

In CREs, although "distribution according to work" is a very popular distribution system with the mechanism of motivating and self-restriction, without a integrated job specification system and proper evaluation system, it doesn't work well in most of CREs and the phenomena of " eating from one big pot" till exists.

### **Ownership**

"Unclear property right" is always the main problem of REs in China. It is the direct cause of "Iron rice bowl" and "eating from big rice pot" which are the main obstacles in rationalizing the distribution system in REs.

TREs are the enterprises are independent economic entities with self-managing and self-operation function, and they are fully responsible for their profit or loss, they owned by the investment parties or families, this may be the greatest difference of TREs from CREs which are most still the attached organizations to the superior administrative authorities. Although there are some private owned enterprises, most of the CREs now are collective, village owned, or township enterprises. The relationship between the TREs and the state is very clear, just the economic one. From the point view of the state, the duties of the enterprises are those following the business law or the ethical code of profession, pay taxes. As a result, the enterprise cast off the intervention from the administrative authorities. They can put all their efforts on business operation and adapt to the changing environment autonomously.

### **Recommendations and Implementation:**

Organization development is a system-wide effort to introduce planned change. It is a data based activity. After data collection, analysis and diagnosis, the result will lead to a series of interventions, activities, or programs aim at resolving problems and increasing organizational effectiveness.

Through this study, some lessons came up that the successful operation by TRE is due to their sound operating mechanism and good organization behavior as mentioned before. Based on the factors that caused the differences found, some recommendations as strategic guidelines in helping CRE to improve its organizational effectiveness have been proposed:

#### **Recommendations for CREs:**

1. Clear the property right. This is the prerequisite of all the other solutions, which will increase the organizational effectiveness.
2. Reconstruct the organization
3. Establishing proper human resources management system, implement Management by Objectives (MBO).
4. Enhancing the quality consciousness

5. Enforcing the reasonable and profitable vertical and horizontal integration, or conglomeration among various REs to build the co-operation and conjunction mutually involving different industry categories in a broad geographical area.

#### **Implementation-How to Realize the above Recommendations:**

Based on the recommendations above, the details of the implementation might be as following:

1. In order to "clear the property right". CRE should smash some main obstacles like "iron rice bowl". With the carrying out of principle of "distribution according to work", individuals in REs should gradually build the sense of responsibility of "earning by contributing". In order to reach this goal, currently, some of the REs in China start to use joint-stock partnerships. This can be a good solution.
2. In order to "reconstruct the organization". CRE should shortening the levels of management and establishing the streamlined organization structure according to product or production characteristics construct highly efficient organization management system and effective command chain.
3. By "establishing proper human resource system", CREs should plug up the "back door", built a fair competition system, open the recruitment equally to everyone, and give the priorities to those that have high quality and put the right people on the right job.

Being strict with labor discipline and corresponding evaluation and examination system, clear reward regulations. Emphasizing the application of behavior sciences, emphasizing human based management and encourages teamwork.

4. In order to "enhance the quality consciousness". CREs might adopt relatively advanced and appropriate technologies and process techniques, carrying out total quality control policy.

5. In order to "enforcing the reasonable and profitable vertical and horizontal integration". CREs should commonly adopt and apply the advanced management know-how and marketing technique. Emphasizing on market research, know more about market fragmentation. Establish market-orientation among managers and employees. Avoiding producing the similar simple product duplicate.

### **Recommendations for the Chinese Government Side:**

1. Shifting the management style from direct intervenes to indirect control.
2. Simples the relationship between the organization and the local government. The relationship between the local government and enterprises should be economic one. More decision-making power such as production, pricing, distribution of goods, the hiring, firing, promotion, and compensation of workers should give to the enterprises.
3. Establishing and perfecting market mechanism Market are the medium for economic activities. The state should, through adjusting the market status and via the market, convey the signals to enterprise to guide them activities. Help them to understand what the real meaning of "marketing" is.
4. Improving and setting up social security system and developing the service industry.

Setting up social security system and developing the service industry are the most effective way to solve structural problem and make it possible for enterprise to mainly concentrate on its economic activities. The state should set up unemployment pension and retirement or old-ageing pension, etc and also develop service industry to absorb a number of redundant personnel and relief enterprise's heavy burden.

5. Establishing and perfecting necessary economic laws and regulations
6. Establishing and perfecting necessary laws and regulations to protect the environment in rural areas.
7. Increase the means of transportation in rural areas.

### **Recommendations for TREs:**

According to the analysis results, TREs run more effectively than CREs. But that doesn't mean that TREs are perfect. Actually, they also have problems. Several recommendations are then listed here based on the study, attempting to help TREs to further the improvement of their organizational effectiveness

1. Implement scale economy.
2. Call for the reasonable vertical and horizontal integration, or conglomeration among various REs to build the co-operation and conjunction mutually involving different industry categories in a broad geographical area.
3. Adopt more advanced and appropriate technology.
4. Being more information and market-oriented.

### **Implementation-How to Realise the above Recommendations:**

1. In order to use scale economy, CREs might want to increase its size, both registered capital and employee number.
2. In order reach "conglomeration" and establish a vertical and horizontal integrated system. TREs could share their information system. Since most of the TREs are privately owned, they all have their own supply and distribution system and have to spend much on market research. If they can contact more with each other, sharing information and supply-distribution system then big cost can be saved.
3. To be market orientation is not an easy thing. Thailand is of very attractive culture. With this advantage, TREs have done a lot on local product, which is in the right direction. But the problem exist is not how to produce the product but what kind of product should they produce and to whom. According to this study (referring to table 4-10), REs do not know much about their product position in the market. In order to do so, TREs should pay more attention on the market, try to obtain enough information about

their customers and market before making any decision.

### **Recommendations for Thai Government:**

1. Thailand should pay much more attention on primary, secondary, vocational, and higher education. (Refer to table 4-1, Education).
2. Update information system.
3. Redesign the marketing and distribution system, reduce the dependence on Bangkok as the only market and industrial centre. Establish some more business research institute such as Department of industrial Promotion or market agency outside Bangkok. They should mainly served as market information collectors and problems solvers, which means function as consultant.
4. Subsidize the cost of industrial production for REs (in the economy recession now, decrease tax imposed on REs might be more plausible) while imposing some measures to add cost to the same industries located in Bangkok. In this way, Thai can reduce the great degree of dependence on Bangkok for simple things such as repair and maintenance of machinery and other technical know-how.
5. Efficiently and effectively use the money got from the World Bank. Build a proper audit system and supervise the implementing unit.

### **Recommendations for Further Studies**

1. This research used perceived information from participants. Bias could be exist and affects the results. A further study could be taken to compare REs with other kinds of enterprises in the same country and more objective data could be used due to the same economic environment.
2. This study did not address the issue of how to improve management, but was limited to an attempt at identification of differences contributing to performance. Further research should be undertaken to identify how this might be accomplished.

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## Appendix 1

### Questionnaire A

#### Organizational Effectiveness Assessment (To be filled by managers)

This questionnaire is to be used as part of the master degree' research study " Comparison of Perceived Organizational Effectiveness Of Chinese and Thai Rural Enterprises" Please give the appropriate answers to each question. There are Four parts contained in this questionnaire.

#### Part 1. Enviromental Influence:

The following environmental influence questionnaire has six sections that deal with six elements, viz. economic environment, social and cultural environment, political/legal environment, technological environment, natural environment and institutional environment.

All the six factors are from the external of the organization. Since they are uncontrollable by the organization, the changes of the business environment can create either market opportunities or threats. They may have either positive or negative effects on your organization's operation.

Each section comprises a checklist of questions to consider and assess how well each support the company' corporate objectives. Responses can be recorded as ticks or in note form. Score responses as follows:

- 5 fully supports corporate objectives
- 4 Adequately supports corporate objectives
- 3 does not support corporate objectives
- 2 Making achieving corporate objectives difficult
- 1 Making achieving corporate objectives very difficult

<b>1.Economic Environment</b>	5	4	3	2	1
1.1 Transportation facilities	---	---	---	---	---
1.2 Communication facilities	---	---	---	---	---
1.3 Information availability	---	---	---	---	---
1.4 Water and Electricity	---	---	---	---	---
1.5 Education and Sanitary	---	---	---	---	---
1.6 Interest stability	---	---	---	---	---
1.7 Exchange rate stability	---	---	---	---	---
1.8 Income distribution	---	---	---	---	---
 <b>2. Political/legal Environment</b>					
2.1 Business Legislation	---	---	---	---	---

2.2 Government tax policy for the Organization	---	---	---	---	---
2.3 Credit policy	---	---	---	---	---
2.4 Investment policy	---	---	---	---	---
2.5 Relationship with local government	---	---	---	---	---
2.6 Price policy of raw materials	---	---	---	---	---
2.7 The extent of the government's intervention to the organization	---	---	---	---	---
2.8 Democratic political system	---	---	---	---	---

### 3. Social and Cultural Environment

3.1 Religion	---	---	---	---	---
3.2 Beliefs and attitudes	---	---	---	---	---
3.3 Customs	---	---	---	---	---
3.4 Measure of value	---	---	---	---	---
3.5 Interests	---	---	---	---	---
3.6 Work ethics	---	---	---	---	---
3.7 Consumerism	---	---	---	---	---
3.8 Emphasis on Health and Fitness	---	---	---	---	---
3.9 Desire for Convenience	---	---	---	---	---

### 4. Technological Environment

4.1 Technology support from the government	---	---	---	---	---
4.2 Related government research institution	---	---	---	---	---
4.3 New technologies	---	---	---	---	---
4.4 R&D expenditure	---	---	---	---	---
4.5 Pace of Technological change	---	---	---	---	---

### 5. Natural Environment

5.1 Availability of Raw Material	---	---	---	---	---
5.2 Pollution	---	---	---	---	---
5.3 Energy Costs	---	---	---	---	---
5.4 Government Environmental Protection	---	---	---	---	---

### 6. Institutional Environment

6.1 Marketing Research Firm	---	---	---	---	---
6.2 Advertising agencies	---	---	---	---	---
6.3 Wholesalers	---	---	---	---	---
6.4 Retailers	---	---	---	---	---
6.5 Suppliers	---	---	---	---	---

## Part 2. Organization Functional Analysis

The following functional analysis questionnaire has five sections that deal with key elements within the organization, viz. People, marketing, finance, operations/service and business/corporate development. Each section comprises a checklist of questions to consider and assess how well each support the company's operate objectives. Responses can be recorded as ticks or in note form. Score responses as follows:

5. Fully supports corporate objectives.
4. Adequately supports corporate objectives.
3. Does not support corporate objectives
2. Marks achieving corporate objectives difficult.
1. Makes achieving corporate objectives very difficult.

### 1. People

	5	4	3	2	1
1.1 The relationship between individuals and the enterprise regarding :					
Pay	_____	_____	_____	_____	_____
Promotion	_____	_____	_____	_____	_____
Training and development	_____	_____	_____	_____	_____
Performance improvement	_____	_____	_____	_____	_____
1.2 The skills, training and experience of personnel	_____	_____	_____	_____	_____
1.3 The organization's policy in respect to selection and placement of employees	_____	_____	_____	_____	_____
1.4 The organization' s relationship with trade unions represented within the enterprise	_____	_____	_____	_____	_____
1.5 The extent to which human resources are considered strategically when formulating and implementing strategic decision	_____	_____	_____	_____	_____

### 2. Finance

2.1 The process of budget preparation	_____	_____	_____	_____
2.2 The level of involvement of key staff in budget preparation	_____	_____	_____	_____
2.3 The extent to which financial budgets	_____	_____	_____	_____

- and strategic plans are compatible \_\_\_\_\_
- 2.4 The extent to which financial budgets and strategic plans are compatible \_\_\_\_\_
- 2.5 The effectiveness of management control information in terms of accuracy, relevance and timeless \_\_\_\_\_
- 2.6 The attitude of managers to management control information \_\_\_\_\_
- 2.7 The extent to which managers take correct action to remedy problems of ineffective control \_\_\_\_\_
- 2.8 The extent to which feedback from the management information system is used to motive improved performance \_\_\_\_\_

### 3. Marketing

- 3.1 The contribution of each product/service group (division, unit) to sales and profit. (N.B. You may wish to tackle the question for each group, division or unit.) \_\_\_\_\_
- 3.2 The market position of each product or Service group (Market share, growth, Maturity) \_\_\_\_\_
- 3.3 The extent to which this organization competes in Price  
Quality/Service  
Delivery \_\_\_\_\_
- 3.4 The quality and extent of our knowledge of competitors \_\_\_\_\_
- 3.5 The use made of market research and its impaction product development \_\_\_\_\_
- 3.6 The use of advertisement \_\_\_\_\_

### 4. Operations/service

- 4.1 The Co-operation between marketing and operations/service \_\_\_\_\_
- 4.2 The extent to which the information received from marketing, finance is useful for managing this function \_\_\_\_\_
- 4.3 Management understanding of long run trends in costs and performance \_\_\_\_\_
- 4.4 The extent to which management are able \_\_\_\_\_

- to control costs \_\_\_\_\_
- 4.5 The level of inventory in relation to output and sales (and the relationship between raw material, work-in-process and finished goods, stock) \_\_\_\_\_
- 4.6 The adequacy, age and state of repair of plant and equipment \_\_\_\_\_
- 4.7 The flexibility of use of plant, equipment and facilities \_\_\_\_\_
- 4.8 The level of investment compare to the average for the industry \_\_\_\_\_

### 5. Corporate/business

- 5.1 The organization's investment in development \_\_\_\_\_
- 5.2 The ability of the organization to response Quickly to the market or competitive Pressures \_\_\_\_\_
- 5.3 The organization's ability to exploit new products \_\_\_\_\_
- 5.4 The extent to which the organization pursues opportunities for product/service improvement \_\_\_\_\_
- 5.5 The integration of development with market operations finance, design \_\_\_\_\_
- 5.6 The extent to which the organization is able to exploit outside sources for development purses(e.g. Joint ventures) \_\_\_\_\_

### Part 3: Organizational Diagnosis

Assess how far you agree or disagree with the following statements as they Apply to you within your company, using five degree-scale, and circling the appropriate one:

- |   |                       |
|---|-----------------------|
| 5 | Strongly agree(SA)    |
| 4 | Agree(A)              |
| 3 | Neutral(N)            |
| 2 | Disagree(D)           |
| 1 | Strongly disagree(SD) |

1. I understand the objectives of this organization.

SA    A    N    D    SD

2. The organization of work here is effective.

A    A    N    D    SD

3. Managers will always listen to ideas and easy to talk with.  
SA A N D SD
4. I am encouraged to develop my full potential  
SA A N D SD
5. My immediate boss has ideas that are helpful to me in my work  
SA A N D SD
6. This organization keeps its policies and procedures relevant and up-to-date.  
SA A N D SD
7. We achieve our objectives in time.  
SA A N D SD
8. The goals and objectives of this organization are clearly stated.  
SA A N D SD
9. Jobs and lines of authority are flexible.  
SA A N D SD
10. I can always talk to someone at work and it's easy to get help if I have a work related problem.  
SA A N D SD
11. The salary that I receive is equal to with the job that I perform.  
SA A N D SD
12. I have all the information and resources I need to do a good job.  
SA A N D SD
13. The management style adopted by senior management is helpful and effective.  
SA A N D SD
14. We constantly review our methods and introduce improvement.  
SA A N D SD
15. Results are attained because people are committed to them.  
SA A N D SD
16. I feel motivated by the work I do.  
SA A N D SD
17. I get a feeling of personal satisfaction from doing my job well.  
SA A N D SD
18. The way in which work tasks are divided is sensible and clear.  
SA A N D SD
19. My relationships with other members of my work group are good.  
SA A N D SD
20. There are opportunities for promotion and increased responsibility in this organization  
SA A N D SD
21. This organization sets realistic plans.  
SA A N D SD
22. Performance is regularly reviewed by my boss.  
SA A N D SD
23. There are occasions when I would like to be to make changes in my job.  
SA A N D SD
24. People are cost conscious and seek to make the best use of resources.  
SA A N D SD



25. The priorities of this organization are understood by its employees.  
SA A N D SD
26. There is a constant search for ways of improving the way we work.  
SA A N D SD
27. We co-operate effectively in order to get the work done.  
SA A N D SD
28. Encouragement and recognition is given for all jobs and tasks in this organization.  
SA A N D SD
29. Departments work well together to achieve good performance.  
SA A N D SD
30. This organization's management team provides effective and inspiring leadership.  
SA A N D SD
31. This organization had the capacity to change.  
SA A N D SD
32. The work we do is always necessary and effective  
SA A N D SD
33. The way the work structure in this organization is arranged produces general satisfaction.  
SA A N D SD
34. Conflicts of views are resolved by solutions which are understood and accepted.  
SA A N D SD
35. All individual work performance is reviewed against agreed standards.  
SA A N D SD
36. Other departments are helpful to my own department whenever necessary.  
SA A N D SD
37. My boss' management style helps me in the performance of my own work.  
SA A N D SD
38. Creativity and initiative are encouraged  
SA A N D SD
39. People are always concerned to do a good job.  
SA A N D SD
40. Recruitment is open and equal to everyone, but the priorities is given to the people who with high quality.  
SA A N D SD
41. The working conditions provided by the organization is sage and convenience  
SA A N D SD
42. Communications seem good within this organization.  
SA A N D SD
43. TQC was carried out ,the quality conscious is strong in this organization.  
A A N D SD
44. The productivity is fairly high in this organization  
A A N D SD
45. Advanced and appropriate technologies have been used in order to give the organization competitive advantage.  
SA A N D SD
46. I have considerable opportunity for independence and freedom in how I do my job.

- SA A N D SD  
47. Encouragement were given for the employees to participate in the strategy formulation and decision-making.
- SA A N D SD  
48. Continuous education, professional retraining and on-the-job training have been encouragement.
- SA A N D SD  
49. The organization is always striving for the forming of its unique culture.
- SA A N D SD  
50. In this organization, business law of the ethical code of the profession is always followed.
- SA A N D SD  
51. It is expected that employees will always do what is right for the customer and the public.
- SA A N D SD  
52. The customs and tradition of the employees are respected.
- SA A N D SD

#### Part 4. Demographic

##### 1. What is your job position?

- (1) President/General Manager/Chief Executive/Managing Director
- (2) Vice-president/Executive Vice-president
- (3) Associate Vice-president/assistant Vice-president
- (4) Division Manager/Chief
- (5) Department Manager/Head
- (6) Associate/Assistant Division /Department Manager/Head
- (7) Supervisor
- (8) Professional/Specialist/Technical
- (9) others

##### 2. What are your job function?

- (1) General Manager
- (2) Production, Manufacturing or Industrial Engineering
- (3) Sales, Marketing
- (4) Finance, Accounting
- (5) R&D
- (6) Purchasing, Stores Maintenance
- (7) Management Information, Statistics, Data Processing
- (8) Quality Control, Quality Assurance
- (9) Personnel /Human Resources

##### 3. How long have you been serviced in this company?

- (1) 6 months-2years
- (2) 3years-4years
- (3) 5years-10years
- (4) 11years-15years
- (5) 16years-20years

(6)21years-

**4.What is the monthly salary?**

- (1)less than \$45(Y350,B1700)
- (2)\$45-\$65(Y350-500,B1700-2500)
- (3)\$65-\$85(Y500-700,B2500-3500)
- (4)\$85-\$100(Y700-800,B3500-4000)
- (5)\$100-\$120(Y800-1000,B4000-4500)
- (6)\$120-\$140(Y1000-1200,B4500-5300)
- (7)\$140-\$160(Y1200-1300,B5300-6000)
- (8)\$160-\$180(Y1300-1500,B6000-7000)
- (9)\$180-\$220(Y1500-1800,B7000-8500)
- (10)\$220-\$300(Y1800-2500,B8500-12,000)
- (11)\$300-\$400(Y2500-3200,B12,000-15,000)
- (12)more than \$400(Y3200,B15,000)

**5.Do you receive other monetary reward?**

- (1)Bonus
- (2)Entertainment Expense
- (3)Representation Fee
- (4)Stock Ownership/Car
- (5)Transportation Expense
- (6)Other/Specify

**6.What is highest level of education?**

- (1)Secondary School
- (2)Technical or Vocational
- (3)Diploma of Certificate
- (4)Some University education
- (5) University graduate
- (6)Some master' slevel education
- (7)master' sdegree/post-Master' seducation
- (8)Doctoral Degree

**7.Are you?**

- (1)Single
- (2)Married

**8.Are you ?**

- (1)Male
- (2)Female

## Appendix 2

### Questionnaire B

#### Organizational Effectiveness Assessment (To be filled by employees)

This questionnaire is to be used as part of the master degree's research study " Comparison of organizational effectiveness between Chinese and Thai Rural Enterprises" Please give the appropriate answers to each questions. There are two parts contained in this questionnaire.

#### Part 1.Organizational Diagnosis

Assess how far you agree or disagree with the following statements as they apply to you within your company, using five degree-scale, and circling the appropriate one:

- |    |                       |
|----|-----------------------|
| a. | Strongly agree(SA)    |
| b. | Agree (A)             |
| c. | Neutral(N)            |
| d. | Disagree (D)          |
| e. | Strongly disagree(SD) |
- 1.I understand the objectives of this organization.  
SA    A    N    D    SD
  - 2.The organization of work here is effective.  
A    A    N    D    SD
  - 3.Managers will always listen to ideas and easy to talk with.  
SA    A    N    D    SD
  - 4.I am encouraged to develop my full potential  
SA    A    N    D    SD
  - 5.My immediate boss has ideas that are helpful to me in my work  
SA    A    N    D    SD
  - 6.This organization keeps its policies and procedures relevant and up-to-date.  
SA    A    N    D    SD
  - 7.We achieve our objectives in time.  
SA    A    N    D    SD
  - 8.The goals and objectives of this organization are clearly stated.  
SA    A    N    D    SD
  - 9.Jobs and lines of authority are flexible.  
SA    A    N    D    SD
  - 10.I can always talk to someone at work and it' seasy to get help if I have a work related problem.  
SA    A    N    D    SD
  - 11.The salary that I receive is equal to with the job that I perform.  
SA    A    N    D    SD
  - 12.I have all the information and resources I need to do a good job.

- SA A N D SD  
13. The management style adopted by senior management is helpful and effective.  
SA A N D SD
14. We constantly review our methods and introduce improvement.  
SA A N D SD
15. Results are attained because people are committed to them.  
SA A N D SD
16. I feel motivated by the work I do.  
SA A N D SD
17. I get a feeling of personal satisfaction from doing my job well.  
SA A N D SD
18. The way in which work tasks are divided is sensible and clear.  
SA A N D SD
19. My relationships with other members of my work group are good.  
SA A N D SD
20. There are opportunities for promotion and increased responsibility in this organization  
SA A N D SD
21. This organization sets realistic plans.  
SA A N D SD
22. Performance is regularly reviewed by my boss.  
SA A N D SD
23. There are occasions when I would like to be able to make changes in my job.  
SA A N D SD
24. People are cost conscious and seek to make the best use of resources.  
SA A N D SD
25. The priorities of this organization are understood by its employees.  
SA A N D SD
26. There is a constant search for ways of improving the way we work.  
SA A N D SD
27. We co-operate effectively in order to get the work done.  
SA A N D SD
28. Encouragement and recognition is given for all jobs and tasks in this organization.  
SA A N D SD
29. Departments work well together to achieve good performance.  
SA A N D SD
30. This organization's management team provides effective and inspiring leadership.  
SA A N D SD
31. This organization had the capacity to change.  
SA A N D SD
32. The work we do is always necessary and effective  
SA A N D SD
33. The way the work structure in this organization is arranged produces general satisfaction.  
SA A N D SD
34. Conflicts of views are resolved by solutions which are understood and accepted.  
SA A N D SD

35. All individual work performance is reviewed against agreed standards.  
SA A N D SD
36. Other departments are helpful to my own department whenever necessary.  
SA A N D SD
37. My boss's management style helps me in the performance of my own work.  
SA A N D SD
38. Creativity and initiative are encouraged  
SA A N D SD
39. People are always concerned to do a good job.  
SA A N D SD
40. Recruitment is open and equal to everyone, but the priorities is given to the people with high quality.  
SA A N D SD
41. The working conditions provided by the organization are safe and convenient  
SA A N D SD
42. Communications seem good within this organization.  
SA A N D SD
43. TQC(Total Quality Control) was carried out , quality consciousness is strong in this organization.  
A A N D SD
44. Productivity is fairly high in this organization  
A A N D SD
45. Advanced and appropriate technologies have been used in order to give the organization competitive advantage.  
SA A N D SD
46. I have considerable opportunity for independence and freedom in how I do my job.  
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47. Encouragement was given for the employees to participate in the strategy formulation and decision-making.  
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48. Continuous education, professional retraining and on-the-job training have been encouragement.  
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49. The organization is always striving to form its own unique culture.  
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50. In this organization, business law of the ethical code of the profession is always followed.  
SA A N D SD
51. It is expected that employees will always do what is right for the customer and the public.  
SA A N D SD
52. The customs and traditions of the employees are respected.  
SA A N D SD

## Part 2. Demographic

### 1. What is your job position?

- (1) President/General Manager/Chief Executive/Managing Director
- (2) Vice-president/Executive Vice-president
- (3) Associate Vice-president/assistant Vice-president
- (4) Division Manager/Chief
- (5) Department Manager/Head
- (6) Associate/Assistant Division /Department Manager/Head
- (7) Supervisor
- (8) Professional/Specialist/Technical
- (9) others

### 2. What are your job function?

- (1) General Manager
- (2) Production, Manufacturing or Industrial Engineering
- (3) Sales, Marketing
- (4) Finance, Accounting
- (5) R&D
- (6) Purchasing, Stores Maintenance
- (7) Management Information, Statistics, Data Processing
- (8) Quality Control, Quality Assurance
- (9) Personnel /Human Resources

### 3. How long have you been serviced in this company?

- (1) 6 months-2years
- (2) 3years-4years
- (3) 5years-10years
- (4) 11years-15years
- (5) 16years-20years
- (6) 21years-

### 4. What is the monthly salary?

- (1) less than \$45(Y350,B1700)
- (2) \$45-\$65(Y350-500,B1700-2500)
- (3) \$65-\$85(Y500-700,B2500-3500)
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- (6) \$120-\$140(Y1000-1200,B4500-5300)
- (7) \$140-\$160(Y1200-1300,B5300-6000)
- (8) \$160-\$180(Y1300-1500,B6000-7000)
- (9) \$180-\$220(Y1500-1800,B7000-8500)
- (10) \$220-\$300(Y1800-2500,B8500-12,000)
- (11) \$300-\$400(Y2500-3200,B12,000-15,000)
- (12) more than \$400(Y3200,B15,000)

5. Do you receive other monetary reward?

- (1) Bonus
- (2) Entertainment Expense
- (3) Representation Fee
- (4) Stock Ownership/Car
- (5) Transportation Expense
- (6) Other/Specify

6. What is highest level of education?

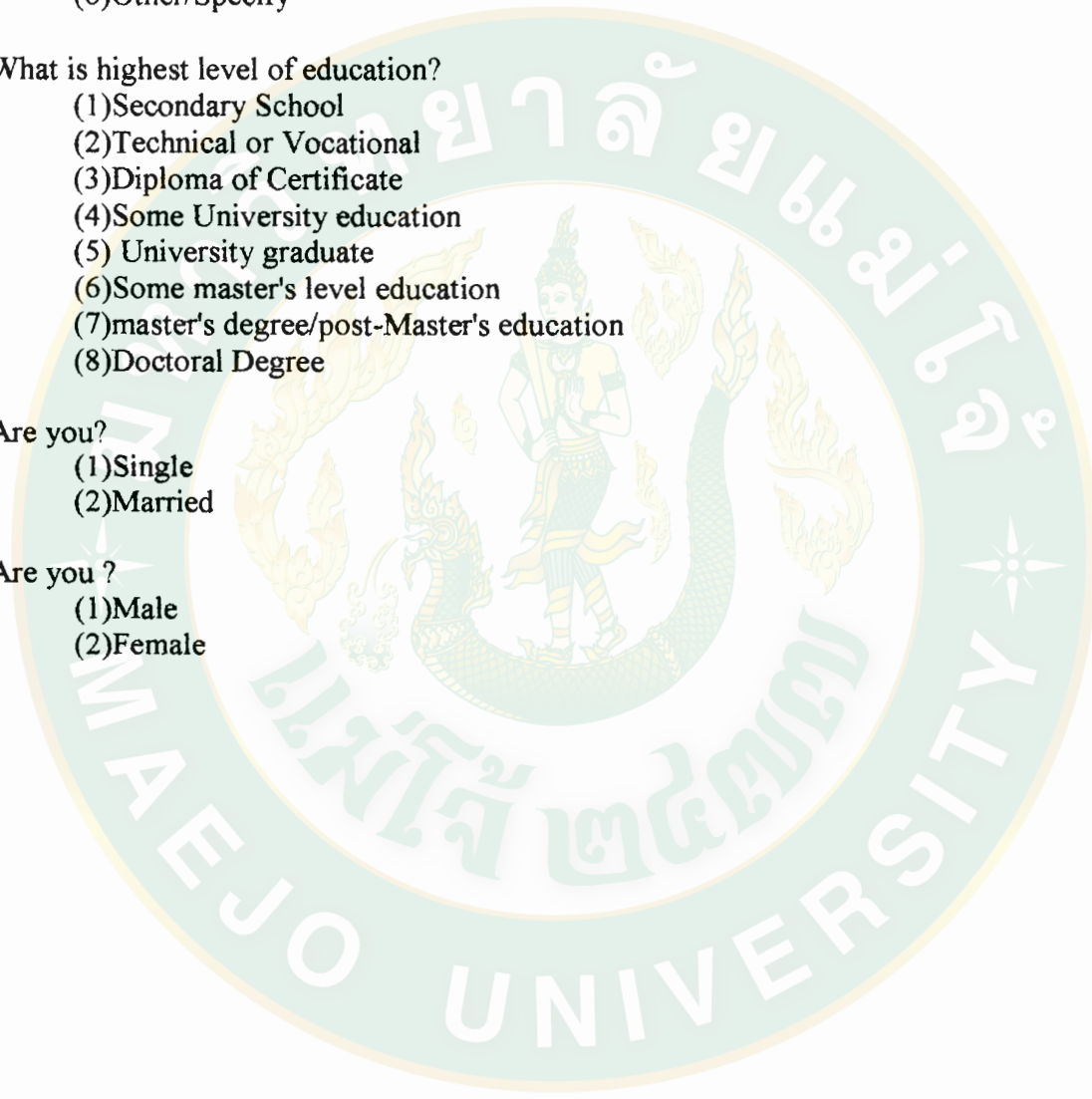
- (1) Secondary School
- (2) Technical or Vocational
- (3) Diploma of Certificate
- (4) Some University education
- (5) University graduate
- (6) Some master's level education
- (7) master's degree/post-Master's education
- (8) Doctoral Degree

7. Are you?

- (1) Single
- (2) Married

8. Are you ?

- (1) Male
- (2) Female





## Appendix 3

Table 35 Demographic characteristics of the respondents participating in the survey

Demographic Characteristic	CRE N=37				TRE N=38			
	Managers		Employees		Managers		Employees	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
<b>1. Job position</b>								
President	20	54.1	-	-	15	39.5	1	2.6
Vice President	10	27.0	-	-	-	-	-	-
Associate Vice-president	-	-	-	-	-	-	-	-
Division manager	7	18.9	2	5.4	8	21.1	2	5.3
Associate head	-	-	1	2.7	-	-	4	10.5
Department manager	-	-	-	-	6	15.8	8	21.1
Supervisor	-	-	-	-	3	7.9	7	18.4
Professional	-	-	2	5.4	-	-	1	2.6
Workers	-	-	32	86.5	6	15.8	15	39.5
<b>2. Job function</b>								
General manager	14	37.8	-	-	17	44.7	3	7.9
Production, manufacturing or industrial engineering	9	24.3	15	40.5	7	18.4	9	23.7
Sales, marketing	8	21.6	6	16.2	3	7.9	8	21.1
Finance, accounting	-	-	6	16.2	2	5.3	9	23.7
R&D management	1	2.7	1	2.7	-	-	-	-
Purchasing, stores maintenance	-	-	1	2.7	5	13.2	3	7.9
Management information, statistics, data processing	2	5.4	1	2.7	-	-	-	-
Quality control, quality assurance	-	-	3	8.1	2	5.3	5	13.2
Personnel/HR	3	8.1	4	10.8	2	5.3	1	2.6
<b>3. Job Tenure</b>								
0.5-2ys	3	8.1	14	37.8	6	15.8	8	21.1
3-4ys	14	37.8	12	32.4	7	18.4	8	21.1



**Table 35 Continued**

7. Sex								
Male	24	64.9	23	62.2	27	71.1	21	55.3
Female	13	35.1	14	37.8	11	28.9	17	44.7
8. Marriage								
Single	4	10.8	17	45.9	9	23.7	17	44.7
Married	33	89.2	20	54.1	29	76.3	21	55.3

**Table 36 Percentage distribution of source of technology used in production by size of Employment**

Source	Size of Employment			Total
	Small*	Medium**	Large***	
1. Purchased technique from foreign countries	3.3	9.1	14.6	5.5
2. Imitation of foreign technique without modification	17.5	13.6	18.8	16.9
3. Modified foreign technique	18.4	20.4	10.4	19.3
4. Assisted by foreigners	5.4	6.9	18.8	4.2
5. Own design	53.6	44.3	27.1	50.4
6. Advised by government agencies	1.8	5.7	10.3	3.2
Total	100.0	100.0	100.0	100.0

\* less than 50 persons

\*\* 50-199 persons

\*\*\* 200 persons and over

Source: 1988, Kosit Panpiemras; Saeng et al., Table 3.30

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