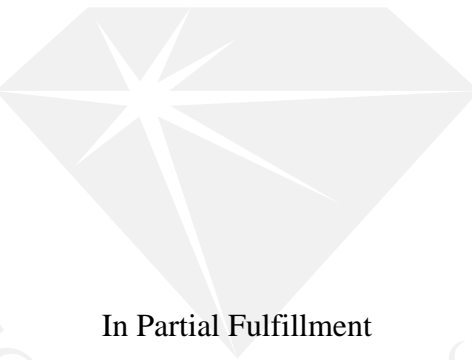


KEY DETERMINANTS FOR THAI SME'S SUCCESS: A STUDY OF THAI FOOD  
ENTREPRISES IN BANGKOK METROPOLITAN DISTRICT



KEY DETERMINANTS FOR THAI SME'S SUCCESS: A STUDY OF THAI FOOD  
ENTREPRISES IN BANGKOK METROPOLITAN DISTRICT

A Thesis Presented to  
The Graduate School of Bangkok University



In Partial Fulfillment  
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by

Shengtao Yu

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## ABSTRACT

The purposes of this quantitative research was to analyze the impacts of SMEs demographic characteristics, corporate capabilities, and entrepreneurial spirit on business success of Thai food and beverage SMEs in Bangkok Metropolitan district: (1) analyze the impact of Characteristics of Entrepreneur on SME Success, (2) analyze the impact of Corporate Capabilities on SME Success, and (3) analyze the impact of Entrepreneurial Spirit on SME Success as well. The 258 of 385 samples were selected from food & beverage owner or managers of the food and beverage shops around Suriwong road Silom road, Siam Square, Patunam, Rachaprosong, and Ramindra road prominent area in Bangkok by using purposive sampling method.

The administered questionnaire was used as an instrument to collect data. The Chi-Square and Multiple Regression analysis were employed for hypothesis testing at 0.05 level of statically significance. The research findings revealed that excluding demographic characteristic both of the entrepreneurial spirit and corporate capabilities had positive impact respectively on Thai food SMEs success.

*Keywords: Characteristics of Entrepreneur, Corporate Capabilities, Entrepreneurial  
Spirits, SMEs Success, Food and Beverage in Bangkok*



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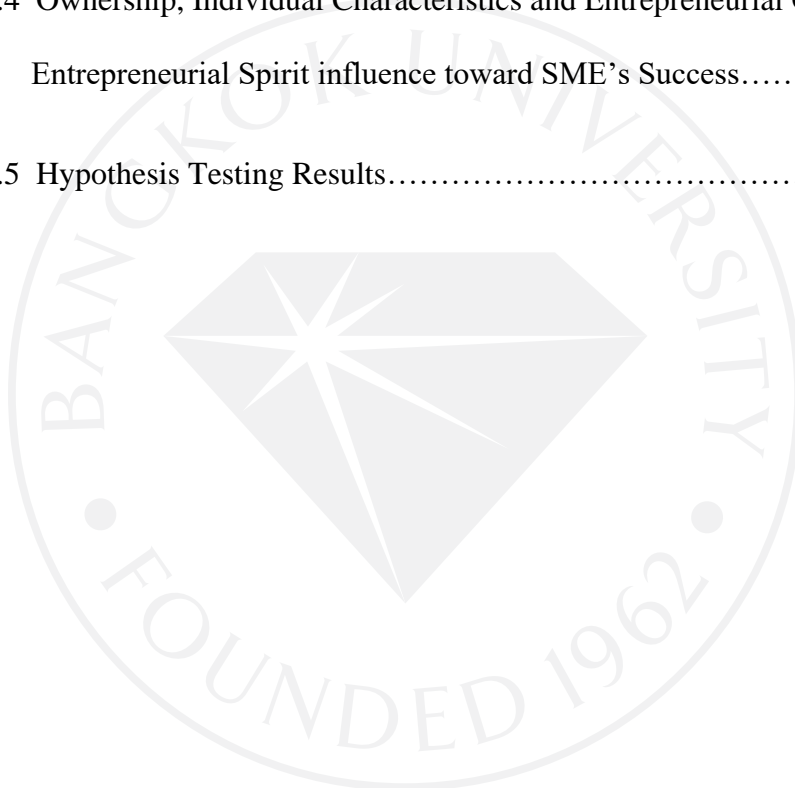
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## CHAPTER 1

### INTRODUCTION

In this chapter, the author briefly describes the background related to the subject of this research about Thai food SMEs. The statement of problem is introduced followed by the purposes of this study. In this chapter the author also provides the importance of study, rational of study, definition of terms, and scope of study.

#### 1.1. Research Background

##### 1.1.1. The roles of SMEs in Economic Development

Nowadays there are more than 98% of the global companies are small and medium-sized enterprises. Small and medium-sized enterprises (SMEs) play very important roles in economic and social development, at the same time made great contribution to promote the development of the global economy, SME also is to build an important force in world economic prosperity and social harmony (GASME, 2014). Many of the world's leading industry tycoon such as Microsoft, HP, Amazon, Yahoo and Alibaba, they are originated in SME enterprises. On December 22, 2014, the second session of Chinese international small and medium-sized enterprises in ningbo on global development, many countries leaders and international experts agree that small and medium-sized enterprises will play an important role in the global economic recovery, small and medium-sized enterprises to become the world's economic growth engine will be coming.

After the 2008 global financial crisis and the debt crisis in 2010, the difficulties faced by small and medium-sized enterprises in developing is also obvious, on a global scale, about 89% of the small and medium-sized enterprises face serious challenges, corporate profits have been falling, rising inflation pressure (GASME, 2014). Nowadays, these SMEs urgent need to promote a healthy economic recovery and sustainable development.

#### 1.1.2. Success of SMEs in Global Economy

SMEs, by number, dominate the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 95% of enterprises across the world are SMEs, accounting for approximately 60% of private sector employment (Ayyagari, Demirg-Kunt, & Maksimovic, 2011). In Thailand, The GDP value of small and medium enterprises (SMEs) in 2014 was 5,212,004 million baht or 39.6% of the country's GDP of which 27.8% belonged to small enterprises and 11.8% to medium enterprises respectively. The GDP value of SMEs expanded merely 0.2%, a slowdown compared to the 3.5% rise earlier in the year (OSMEP, 2015). Japan has the highest proportion of SMEs among the industrialized countries, accounting for more than 99% of total enterprises (EIU, 2010). More than 99% of all businesses in Japan are small or medium-sized enterprises (SMEs); they also employ a majority of the working population and account for a large proportion of economic output. While most of these companies are not as well-known as Japan's giants, they form the backbone of the service sector and are a crucial part of the manufacturing

and export supply chain (EIU, 2010). In India, according to its Ministry of Micro, Small and Medium Enterprises, had 13 million SMEs in 2008, equivalent to 80% of all the country's businesses (Ghatak, 2010). In South Africa, it is estimated that 91% of the formal business entities are SMEs (Abor & Quartey, 2010). China's registered small and medium-size enterprises (SMEs) exceeded 4.3 million in number and contributed to 58.5 percent of GDP, 50 percent of tax revenues, 68 percent of exports and 75 percent of new jobs every year, according to the China Association of Small and Medium Enterprises. Over the past few decades, these SMEs have helped China successfully position itself as the "world's factory". Many developed countries such as the United States and United Kingdom have transferred their manufacturing operations to China to gain the advantages of cost and scale of production when products are "Made in China". This positioning helped China become the world's second-largest economy at a time when the global economy was healthy (Zhou, 2012).

In OECD economies (OECD, 2011a), over 95% of firms are SMEs and micro-enterprises, accounting for some 55% of GDP. In developing countries, by contrast, over 90% of all firms outside the agricultural sector are SMEs or micro-enterprises. These firms produce a considerable part of GDP.

### 1.1.3. Key Success Factors of SMEs in Global Economy

Within any given market segment, there are key success factors (i.e. reliable delivery, low running costs). It is essential for a firm to establish what these are and

how well it compares with the closest competitors (McDonald, 2003). A key success factor is something which enables firms to clinch the business. Every industry has a number of key success factors that measure and determine success or failure (Tracy, 2007). Despite many challenges that foreign-owned SMEs face, they still manage to survive and grow in the market and sometimes even outperform local SMEs.

The management is a combination of activities such as planning, organizing, directing and controlling to achieve the objectives defined by and through the efforts of others. Hence, with this understanding, the four management functions include planning, organizing, directing and controlling. In SMEs, entrepreneurs often carry all the above management functions. In addition to the general characteristics of management, SMEs entrepreneurs' management has specific characteristics (Filion, 2007). Firstly, SMEs entrepreneurs have close relationships with employees; they are interested in training as well as motivating employees at work. Secondly, the corporate communication mechanism is usually simple, based on the relationship between individuals. Thirdly, power is centralized, i.e., the director is the decision-maker of all internal and external operations of the company. Fourthly, due to the fact that the organizational structure is not too complex, specialization in Management of SMEs is relatively low. Fifthly, the operational direction for SMEs dominates the management of a company. Thus, as an entrepreneur, he conducts general management activities, operational exploitations, and management of human resources in the company.

Several factors prevent them from realizing their full potential to make a greater contribution to the society. As part of this study, we focus on the key success factors of Thai SME entrepreneurs. Researchers have shown that success is closely linked to level of education (Staw, 1991); (Meng & Liang, 1996), experience (Zimmerer & Scarborough, 1998) and age (Sletten & Hulaas, 1998). Indarti and Langenberg (2005) also indicated that demographic factors affect the commercial success of SMEs. Demographically, age, sex, education and work experience were found to have an impact on entrepreneurial success. Well-trained people are more creative, and they are always looking for something unique (Ndubisi, Gupta, & Massoud, 2003).

#### 1.1.4. Situation of Thai SMEs

##### Strong Capability

Thailand has abundant natural resources. Thailand is the world's largest rubber producing countries, the largest sugar exporter, the sixth largest rice exporter, an exporter of canned and frozen seafood, tuna and canned fruit canned; Thailand sylvite reserves 4367 million tons, ranking first in the world. There are rich resources and superior geographical position (BOI, 2013).

Thailand improves the superior infrastructure so that Thailand's economy is a tiger with wings added. Thailand transportation developed, with seven international airports, Kunming Bangkok road by road crossing into China, the railway system has a total length of 4364 km, leading to Malaysia and Singapore. Information communication is convenient, and is the world's largest hard drive production power;

Thailand has 8 major shipping ports, including containers, storage tanks and liquid chemical terminals. Thailand signed a free trade agreement with many countries, like Australia, New Zealand, India, the ASEAN region and so on (GASME, 2008). The Office of Small and Medium Sized Enterprises Promotion (OSMEP), under the Ministry of Industry, showed that there are 2.9 million SMEs around Thailand, 99 percent of the total number of enterprises the nation has. This creates 9.7 million jobs and 3.4 trillion baht of added revenue. They produce 37.2 percent of the country's GDP and generate exports valued at 1.59 trillion baht (Witoon, 2014).

#### Weak Capability

Thailand did not put in much effort in establishing the fundamental infrastructure for the manufacturing sector in the first place. Thus, this resulted in out-of-date technology and high operating costs. The growth in the early years was achieved by self-reliance and cheap labor as business competition was not as tough as it is today. Structurally speaking, the under-performance of small and medium sized enterprises was caused by national policies that did not set clear goals and directions for developing SMEs, a lack of responsibility from the public sector, a lack of cooperation between the public and private sectors, and a lack of creativity, technology and innovation to secure their sustainable growth. By looking into individual issues that are currently being faced by SMEs, we see that they lack skilled labor, lack product brand development, lack understanding of modern business management, and lack marketing knowledge and information, as well as have low

efficiency, productivity, and access to technology to support and access financial resources (Witoon, 2014).

### Concerted Efforts for Sustainable Thai SMEs

There are two parts to measures to reinforce Thai SMEs; the government's policy and the private sector's measures. The government has come up with two plans. The Third Small and Medium-sized Enterprises Promotion Plan (2012 to 2016) comprises 4 strategic parts: create an investment atmosphere favorable to business operation; increase competitiveness; create a balance in business, social, and environmental development; and increase the potential of SMEs to take part in international economies. The second plan is the Eleventh National Economic and Social Development Plan (2012-2016), which includes the application of the Sufficiency Economy philosophy in order to promote self-reliance in terms of factors of production. The relief measures from the public sector comprises the manufacturers and personnel development plan, the technology promotion plan, the export and market plan, and the financial measures plan. These measures are carried out by key organizations like the Department of Skill Development, the Industry Promotion Department, the Office of Small and Medium-sized Enterprises Promotion, and the Thailand Productivity Institute. The key relief measures from the private sector were financial access according to MOUs signing between the Thai Chamber of Commerce, the Board of Trade of Thailand, the Thailand Tourism Council, and the Thai Credit

Guarantee Corporation (TCG). They provide special loans for needs-based solutions to more than 90,000 SMEs (Witoon, 2014).

#### 1.1.5. How to Promote Thai SMEs Growing to be Global Enterprise

Many large firms today grew from small and medium-scale enterprises. Access to the credit market is indispensable for SMEs to grow. Large firms can have easy access to credit provided they are financially sound. In the case of SMEs, such rating schemes are scarce. Due to the lack of credit rating indices, it is natural that banks perceive investment on SMEs to be risky. From the lender's point of view, it is costly to examine the financial health of each and every SME. This cost is also passed on to SMEs, thereby increasing their borrowing costs (Naoyuki, Farhad, Phadet, & Baburam, 2015).

Yoshino and Taghizadeh-Hesary (2014) propose a scheme for statistical analysis of the quality of SMEs, which could be helpful for facilitating bank financing to SMEs. Yoshino, Taghizadeh-Hesary, Charoensivakorn, and Niraul. (2015) show how a credit rating scheme for SMEs can be developed and implemented using data on lending by banks to SMEs, even when access to other financial and non-financial ratios is not available. Loan variables of SMEs from the Commercial Credit Scoring Data 2015 of the National Credit Bureau of Thailand are used for the credit risk analysis.

Given the lack of comprehensive credit rating agencies and indices for SMEs, financial institutions can employ these techniques to reduce information asymmetry



and consequently set interest rates and lending ceilings for lending to SMEs. This would reduce borrowing costs, i.e., lower interest rates for financially healthy SMEs, and even make possible lending to healthy SMEs without the need for collateral. Finally, this would help financial institutions to avoid lending to risky SMEs and would reduce banks' NPLs to SMEs.

#### 1.1.6. Rational of Study

The food industry is an important contributor to Thailand's economy. Today, Thailand is one of the world's top ten producers and exporters of processed food products. Processed food export brings in about US\$10 billion annually and comprise up to 28.3% of gross domestic product (GDP). At the same time, there are a lot of people rely on SMEs to survival and life. Its survive problems directly affect people's living standards. So the study of SMEs has great practical significance. First we can through this study know the situation of Thai SMEs, and then the study can help these Thai food SMEs find lack of itself business, and improve.

#### 1.2.Statement of Problem

Small and medium-sized enterprises (SMEs) are important to economic growth and significantly essential to generate employment. However, Thai SMEs are facing a series of external and internal factors that have significant effects on their growth. Therefore, there are challenges for them to make a greater contribution to the economy (OSMEP, 2007a); (Bank, 2009). Some of the internal obstacles that Thai SMEs are facing are deficiencies in corporate capabilities, such as, marketing,

technology and innovation, problems arising from global economic, social and environmental changes, new stipulation of international rules, change in consumer behavior, the government put many efforts in promoting SMEs, that lack of competitive advantage and the access to credit as among the greatest barriers to their operation and growth (OSMEP, 2007a); (Harvie & Lee, 2005) (Bank, 2009). Therefore, one side the purpose of this thesis is to develop Thai SMEs capability, and improve SMEs competitive force.

#### Research Questions:

In order to examine these issues, the following research questions have been raised:

1. What are the situations of Small and Medium-size enterprise (SMEs) in Thailand?
2. What are the key success factors that can promote Thai SMEs to become a well-established, large enterprise?

#### 1.3.Purposes of Study

- 1) To analyze the impact of Characteristics of Entrepreneur on SME Success.
- 2) To analyze the impact of Corporate Capabilities on SME Success.
- 3) To analyze the impact of Entrepreneurial Spirit on SME Success.

#### 1.4.Importance of Study

The result of this study can be used within two aspects which are business aspect and academic aspect. In business aspect, owner of SMEs, managers and staff can

know which key determinant is lack of itself business. I hope the result also help Thai SMEs improve competitive capability to develop. In academic aspect, the lot of study has been conducted in developed countries but there is little research on characteristic of the SMEs in countries like Thailand. I hope the result can make up shortage of the resource on relationship between Key determinants and Thai SMEs success. The result of this study also influence to owner of Thai SMEs and students

Importance to Thai food industry:

The study can help these Thai food SMEs find lack of itself business, and improve in order to continue development.

Importance to Students:

The study give students support some information, reference and findings of Thai SMEs.

### 1.5.Scope of Study

This thesis study focus on SMEs in Bangkok area, the author used the questionnaire as an instrument of survey and defined the scope of study as follow:

#### 1.5.1. Scope of Content

In this study, the author examines focus on SMEs located in Bangkok, Thailand. This study is a quantitative research based on Characteristics of Entrepreneur, Corporate Capabilities in Value Chain and Entrepreneurial Spirit with Thai SMEs success as well as related research.

### 1.5.2. Scope of Demographic, Samples and Location.

The study identified population and sample as respondents from SME owner which are located in Bangkok. Moreover, the researcher employed probability sampling method called multi-stage sampling in order to create a sampling design.

### 1.5.3. Scope of Related Variables

In this study, variables are presented accordingly to the proposed hypothesis as follow;

H1. Characteristics of Entrepreneur positively relationship SME Success

- H1.1 Demographic characteristics, Length of operation, number of employee, entry strategy and previous experience of achievement are positively relationship SME Success.

Independent variables include Characteristics of entrepreneur detailed as follow:

1. Demographic characteristics
2. Length of operation
3. Number of employee
4. Entry strategy
5. Previous experience of achievement

Dependent variable includes SME Success detailed as follow:

- SME Success

H2 Corporate Capabilities in Value Chain positively influence SME Success

- H2.1 Procurement, production, marketing, technology, HRM, financial management and R&D are positively influence SME Success.

Independent variables include Corporate Capabilities in Value Chain detailed as follow:

1. Procurement
2. Production
3. Marketing
4. Technology
5. Human Resource Management(HRM)
6. Financial Management

Dependent variables include SME Success detailed as follow:

- SME Success

H3 Entrepreneurial Spirit positively influence SME Success

- H3.1 Ownership, personal traits and entrepreneurial orientation positively influence SME Success.

Independent variables include Entrepreneurial spirit detailed as follow:

1. Ownership
2. Individual Characteristics
3. Entrepreneurial Orientation

Dependent variable include SME Success detailed as follow:

- SME Succes

### 1.6. Definition of Terms

SMEs (Small and Medium Enterprises): private enterprises that are relatively small compared to other enterprises in the same market or industry and not formed as a part of large enterprise or business groups.

In European Union, The criteria for defining the size of a business differ from country to country, with many countries having programs of business rate reduction and financial subsidy for SMEs. According to European Commission (European, 2015-06-12), the SME are the enterprises that follow this definition:

The SME are the enterprises that follow this definition

Company Category	Employees	Turnover	Balance Sheet Total
Medium-sized	<250	≤ € 50 m	≤ € 43 m
Small	<50	≤ € 10 m	≤ € 10 m
Micro	<10	≤ € 2 m	≤ € 2 m

OSMEP: The Office of the Small and Medium Enterprises Promotion (OSMEP) plays a key role in figuring out SME promotion strategies and policies and serves as a center of coordination between the public and private sectors to promote strong and sustainable SME growth. Product and service development is significant to SME competitiveness as the process will increase the value of such products or services to meet market demand.

Characteristic of Entrepreneur played an important role on ensuring the business success in SMEs. Characteristic of entrepreneur referred to length of operation

(Kristiansen, Furuholt, & Wahid, 2003b), size of SMEs (McMahon, 2001), entry strategy, and previous experience (Baum & Locke, 2004). Several previous studies found that demographic characteristics, such as age and gender, and individual background, e.g. education and former work experience, had an impact on entrepreneurial intention and endeavor, personal qualities and traits, such as self-confidence and perseverance, entrepreneurial orientation, e.g. autonomy, innovativeness, risk taking, pro-activeness, competitive aggressiveness, and motivation.

**Value Chain:** A value chain is a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market. The concept comes from business management and was first described and popularized by Michael Porter (Porter, 1985b) in his 1985 best-seller, *Competitive Advantage: Creating and Sustaining Superior Performance*.

**Corporate Capability** is defined as the ability of the enterprise to allocate resources and to exert its function of production and competition.

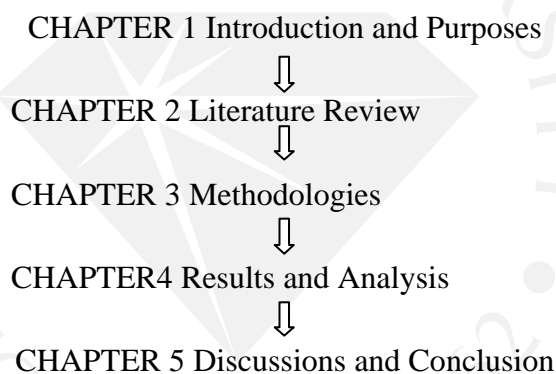
**Entrepreneurial Spirit:** The entrepreneurial spirit is a gift that inspires others to become the best they can be. From passion and positivity to leadership and ambition, here are the entrepreneurs that best define the entrepreneurial spirit.

**SME Success:** There is no universally accepted definition of SME success, which is probably one reason why it has been interpreted in many ways (Foley. & Green, 1989). Indeed, no study has to date been conducted to systematically explore and

validate what success really means to SME entrepreneurs (Ahmad, Wilson, & Kummerow, 2011). Yet, establishing a valid measure of success is essential to help identify the critical success factors for SMEs. Hence, determining what SME entrepreneurs define as success became one of the aims of the study.

### 1.7. Outline of Research Study

In order to illustrate the overall of thesis's structure, the author will simplified in a form of chart from the first chapter to the last chapter which will be the conclusion from chapter 5.



Chapter 1 - In this chapter, the author briefly describes background related to the subject of this research which is Characteristics of Entrepreneur, Corporate Capabilities in Value Chain and Entrepreneurial Spirit. The statement of problems is introduced followed by the purposes of this thesis. In this chapter the author also provides importance of study, scope of study, definition terms and outline the study.

Chapter 2 - In this chapter the author provides Theoretical Foundation which is used within this thesis. The study emphasizes Characteristics of Entrepreneur, Corporate Capabilities in Value Chain and Entrepreneurial Spirit with Thai SMEs



success as well as related research. The connection and correlation between each theory and frame work are also presented within this chapter.

Chapter 3 - In this chapter, the author explained research strategy and approaches used in this research. Methodology is proposed and reasoned as well as strategies utilized in this research. The author also provides detail about data collection.

Chapter 4 - In this chapter, the author presents the empirical study of the research along with an analysis of the empirical study. The analysis part will be conducted by using the framework of references from the second chapter and method given in the third chapter.

Chapter 5 - In this Chapter, conclusion of the thesis has been presented. The author also gives opinions and future related research.

## CHAPTER 2

### LITERATURE REVIEW

#### Introduction

Nowadays, SMEs (Small and Medium Enterprises) developed rapidly all over the world, more and more show surprising vigor and strong vitality, and it has played important roles in development of all over the world.

In developing Asia (including ASEAN), SMEs have made significant contributions over the years measured in terms of their share in: (a) number of enterprises; (b) employment; (c) production and value added; (d) GDP; (e) enterprises set up by women entrepreneurs; and (f) regional dispersal of industry, among others. The contribution of SMEs is vital in as much as they, by and large: (a) make up 80-90% of all enterprises; (b) provide over 60% of the private sector jobs; (c) generate 50-80% of total employment; (d) contribute about 50% of sales or value added; (e) share about 30% of direct total exports (Narain, 2003).

This thesis literature review roughly divided into six parts: 2.1. This is about Definition & Importance of SME, It's mainly about SMEs define in Southeast Asia and SMEs is very important for economy development. 2.2. The benefit and obstacles of SME's affecting competitiveness & Growth. 2.3. Background of Thai SMEs. 2.4. The Key determinants of Thai SMEs, the section has Characteristics of Entrepreneur,

Corporate Capabilities, Entrepreneurial Spirits and Value Chain. 2.5. SME's Success

2.6. Research Hypothesis and 2.7. Conceptual framework.

## 2.1. Definition & Importance of SME

### 2.1.1. Definition of SME

Small and medium-sized enterprises (SMEs; sometimes also small and medium enterprises) or small and medium-sized businesses (SMBs) are businesses whose personnel numbers are below certain limits. The abbreviation "SME" is used in the European Union and by international organizations such as the World Bank, the United Nations and the World Trade Organization (WTO). Small enterprises outnumber large companies by a wide margin and also employ many more people. SMEs are also said to be responsible for driving innovation and competition in many economic sectors (enterprises).

In European Union, The criteria for defining the size of a business differ from country to country, with many countries having programs of business rate reduction and financial subsidy for SMEs. According to European Commission (European, 2015-06-12), the SME are the enterprises that follow this definition:

Table 2.1: The SME are the Enterprises that follow this Definition

Company Category	Employees	Turnover	Balance Sheet Total
Medium-sized	<250	≤ € 50 m	≤ € 43 m
Small	<50	≤ € 10 m	≤ € 10 m
Micro	<10	≤ € 2 m	≤ € 2 m

In the United States, the Small Business Administration sets small business criteria based on industry, ownership structure, revenue and number of employees (which in some circumstances may be as high as 1500, although the cap is typically 500). SBA (Retrieved 2011-08-21), both the US and the EU generally use the same threshold of fewer than 10 employees for small offices.

In Thailand, Small and Medium Enterprises include three categories (SME Bank., 2012):

1. Manufacturing Business including industrial production, mining, agriculture production particularly agricultural processing
2. Trading Businesses: wholesale, retail, import, and export
3. Service Businesses: businesses supporting manufacturing, trading, Hotels and Tourist related industries, repair, transport and beauty salons, etc.

Table 2.2: Definition of Thai SMEs

Type	Small		Medium	
	No. Of Employee	Fixed Asset Excluding Land (THB Mil.)	No. of Employee	Fixed Asset Excluding Land (THB Mil.)
Manufacturing	50 or less	50 or less	51 – 200	>50 – 200
Services	50 or less	50 or less	52 – 200	>50 – 200
Wholesale	50 or less	50 or less	26 – 50	>50 – 100
Retail	50 or less	30 or less	16 – 30	>30 – 60

In ASEAN, The definition and concept of SMEs vary among member countries. There is no common agreement on what distinguishes a microenterprise (MIE) from a small enterprise (SE), a ME from a medium enterprise (ME), and a SE from a large enterprise (LE). In general, however, a MIE employs less than five full-time

equivalent employees; a SE is a firm with 5 to 19 workers in Indonesia and more than that in many other member countries; and a ME may range from 20 to 50 employees or more. Moreover, definitions and concepts used for statistical purposes can vary from those used for policy or program purposes (for example, to determine eligibility for special assistance). All but a few member countries have a definition for SMEs for statistical purposes. Many member countries also have definitions for policy purposes, and to complicate matters further. These definitions often differ from the definition used for statistical purposes, and differ by industry and policy programs (Tambunan, 2008).

Most enterprises that form this SME category are actually very small and about 70% to 80% of them employ less than five people. There are only a very small percentage of firms, typically ranging from about 1% to 4%, which have more than 100 employees. Unfortunately, there is no consistent definition of a MIE among countries. As presented in Table 2.3, some member countries have definitions on MIEs, and most of these use five employees as a cut off. In practice, most MIEs are likely to be non-employing in that they do not actually employ anyone; however, they do create jobs and income, even if only part-time jobs, for entrepreneurs. These MIEs make up the great majority of enterprises, usually comprising around 60% to 80% of all business establishments. Their contribution to employment is usually disproportionately small, and they typically contribute only about 10% to 40% of available jobs (Tambunan, 2008).

Table 2.3: Full Definitions of SME in ASEAN Member Countries

Member country	Employee	Annual Sales/turnover	Fixed assets	Invested Capital
<b>Brunei Darussalam</b>				
MIE	0-5			
SE	6-50			
ME	51-100			
<b>Indonesia</b>				
a)MIE-manufacturing, trade & service	0-4			
SE-manufacturing, trade & service	5-19			
ME-manufacturing, trade & service	20-99	< US\$ 5m	< US\$ 1m	
b)SE- manufacturing, trade & service	100	<US\$ 100,000	< US\$ 200,000	
ME-manufacturing, trade & service		US\$ 100,000 - US\$5m	< US\$ 200,000-1m	
<b>Malaysia</b>				
MIE- manufacturing & Its related services	< 5	≤ RM250,000		
SE- manufacturing & Its related services	5-50	RM250,000 - RM10m		
ME- manufacturing & Its related services	51-100	RM10m - RM25m		
MIE-service,incl.ICT & primary agriculture	< 5	≤ RM200,000		
SE-service,incl.ICT & primary agriculture	5-19	RM200,000- < RM1m		
ME-service,incl.ICT & primary agriculture	20-50	RM1m – RM5m		

(Continued)

Table 2.3(Continued): Full Definitions of SME in ASEAN Member Countries

<b>Philippines</b>				
MIE-manufacturing	$\leq 9$		$\leq 3m$	
SE- manufacturing	10-99		aboveP3m-P15m	
ME-manufacturing	100-199		aboveP15m-P100m	
<b>Singapore</b>	199		< S\$ 15m	
SME-manufacturing -services				
<b>Thailand</b>				
MIE-manufacturing	$\leq 4$			<500,000bat
SE-manufacturing & service	$\leq 50$		$\leq 50m$ bath	h <20m bath
-trading: -wholesaling	$\leq 25$		$\leq 50m$ bath	
-retailing	$\leq 15$		$\leq 30m$ bath	1-9m bath
ME-manufacturing	51-200		50-200mbath	1-9m bath
-trading:-wholesaling	26-50		50-100m bath	20-100m
-retailing	16-30		30-60m bath	bath 1-9m bath 1-9m bath
<b>Vietnam</b>				
SE	$\leq 30$			<D 1 bill.
ME	30-300			D 1 – D 10bill.
<b>Myanmar</b>				
SMEs	< 200/100	< 10m kyat		< 5m kyat
MIEs	< 9			
<b>Cambodia</b>				
SMEs	< 200			
<b>Lao PDR</b>				
SMEs	5 – 99		1,200m kip	

Note: a) not including fixed assets; b) not limits for handicrafts; c) capital outlay; d) production value; e) depends on sector; f) industrial sector.

*Source:* 1) ASEAN-EU Partenariat'97 (<http://aeup.brel.com>); (2) BPS = Central Bureau of Statistics (a) and the State Ministry of Cooperative and SMEs (b); 3) SMIDEC (2006)(Lumpur, 2006); 4) ACTETSME.ORG (Website), except for MIE is from (Allal, 1999); 5) (Sibayan, 2005); 6): (UNESCAP, 2004); others: (APEC, 2003), (Hall, 1995), and (C. Harvie & Lee, 2002a).

### 2.1.2. Importance of SME

#### Importance to Economies

The importance of SMEs to world economies is well documented (Birch, 1989). SMEs (firms with 200 or less employees) make up the largest business sector in every world economy (Culkin & Smith, 2000), and governments around the globe are increasingly promoting and supporting SME growth as part of their overall national development strategy (Abdullah & Bakar, 2000a).

Small and medium-sized enterprises become the main force of exports, Japan during economic boom in the 1960s, the proportion of small and medium-sized enterprises to export 40% - 40%, and solid foundation for Japan to become the world's trade powers. Small and medium-sized enterprises of China's export increase year by year, China's main export crafts, toys, textile, garments, provided these products mainly from small and medium-sized enterprises (SMEs). While they dominate in terms of absolute numbers, SMEs are also important because they are key drivers of employment and economic growth. At a macro level, SMEs have created the majority of new jobs in OECD countries since the 1970s (Peacock, 2004) and their collective contributions to respective GDPs (e.g. approximately 30% in Australia and New



Zealand, 51% in the UK and USA, 57% in Canada and Japan, 76% in Luxembourg) belie their individual small size (Ayyagari, Beck, & Demirguc-Kunt, 2003). At micro level, SMEs are popularly looked upon by governments as a keystone to regional economic and community regeneration.

Since the early 1980s, considerable restructuring particularly in large firms (e.g. rationalizing, downsizing, outsourcing and job exporting) has seen a general shedding of Jobs (Storey, 1994). It is primarily through the growth of SMEs that employees made redundant by large firms have been absorbed back into the work force (Frank & Landstrom, 1998). Through a multiplier effect, this employment provides income to regions which stimulates local economic activity which in turn, drives wealth and further creation of employment (Walker & Webster, 2004).

Small and medium-sized enterprises also can develop the regional economy, on some development and poor area no have large enterprises to support the local economy, only depends on the development of small and medium-sized enterprises, promoting economic development and improve the living standards of the local people.

#### Importance to People and Their Consumption

SMEs play an important role in economic growth in the OECD area, providing the source for most new jobs. Over 95% of OECD enterprises are SMEs, which account for 60%-70% of employment in most countries. As larger firms downsize and outsource more functions, the weight of SMEs in the economy is increasing. In

addition, productivity growth – and consequently economic growth – is strongly influenced by the competition inherent in the birth and death, entry and exit of smaller firms. This process involves high job turnover rates – and churning in labour markets – which is an important aspect of the competitive process and structural change. Less than one-half of small start-ups survive for more than five years, and only a fraction to develop into the core group of high performance firms which drive industrial innovation and performance. This underscores the need for governments to reform policies and framework conditions that have a bearing on firm creation and expansion, with a view to optimising the contributions that these firms can make to growth (OECD, 2000).

Small and medium-sized enterprises are mostly textile, food, small appliances and other industries, these SMEs close to our life, and make people's lives more convenient.

## 2.2. The Benefit and Obstacles of SME's Affecting Competitiveness & Growth

### 2.2.1. The Benefit and Obstacles of SME

#### Benefit of SMEs

The advantage of small and medium-sized enterprises is Flexible mode of operation, organizations cost as low, transfer in convenient and fast, they can get market information faster, timely development of the market demand of new products, and the new product occupy the market in fast. Small and medium-sized enterprises capital is small, risk is big, but the mechanism of flexible and innovative, they can use

their own advantages, active in the field of competition of fierce, so as to promote the development of the market.

### Obstacles of SMEs

Yap and Chai (2005) suggest that SMEs have smaller top management teams, which mean less functional diversity in experience. Moreover, owner-managed SMEs often favor placing family members in senior management positions over hiring outside professional managers, which can be expected to result in poor management decisions and generational transition problems (Crosetto, 2004). They also have less developed HRM practices (i.e. they are at a disadvantage for reaching the labor pool, which leads to poor recruiting, etc.) and less access to materials and financial resources. The main reason why SMEs may be weak in technical or marketing capability is the number and quality of their professional personnel.

Some factors influence growth mainly as facilitators while other act mainly as growth deterrents (Davidsson, 1989b). Some researchers mainly emphasize the negative impact of certain factors (Barber, Metcalfe, & Porteous, 1989). Institutional factors are often discussed from this perspective. For example, Davidsson and Henreksson (2002) hold that the consistency of the theoretical arguments and empirical data makes a strong case for the notion that certain institution has systematically discriminated against the growth of independent businesses. Specific institutions they investigated included, e.g., regulation of certain sectors of the economy; taxation; wage-setting institutions, and labor market legislation. Carlsson

(2002) employs a broader perspective on institutions in his comparison of technology clusters in Sweden and Ohio. The factors he investigates include the science base, mechanisms for technology transfer, density of networks, and what he calls 'entrepreneurial climate'. Again, the conclusion is that Swedish institutions have hampered firm growth.

### 2.2.2. How SME's Obstacles Affect Competitiveness & Growth of Economy

Competitiveness is an attractive concept at various levels of study, including the individual firm level, microeconomic level for industrial policies, and the macroeconomic level for the competitive positions of national economies (Nelson, 1992). According to Nelson (1992), also pointed out that the competitiveness concept involves different disciplines, such as comparative advantage and/or the price competitiveness perspective, the strategy and management perspective, and the historical and sociocultural perspectives.

SMEs are not a scaled-down version of the larger firms. Larger and SMEs firms differ from each other in terms of their organizational structures, responses to the environment, managerial styles and, more importantly, the ways in which they compete with other firms. According to Horne, Lloyd, Pay, and Roe (1992), stressed that competitiveness for small firms should be the interaction of the scope for action or growth in the business environment, the degree of access to capital resources, and the intrinsic ability of the firm to act as represented in entrepreneurship. This framework corresponds to our review of the recent literature, which distinguishes

between three key aspects leading to an SME's competitiveness, including the internal firm factors, external environment and, unique to SMEs, the influence of the entrepreneur. These factors in turn affect the performance of the firm (Horne et al., 1992).

#### Internal firm factors

The capital and resource dimension of the framework of Horne et al (Horne et al., 1992) represents the internal aspect of SME competitiveness. It is seen as one key facilitating element applied to a variety of competitive strategies. Similar internal sources have also been identified in the literature. These studies have highlighted a number of firm-specific factors such as financial, human and technological resources, organizational structures and systems, productivity, innovation, quality, productivity, image and reputation, culture, product/service variety and flexibility, and customer service.

#### External environment

The lack of market power and the turbulent nature of newly emerging markets faced by many SMEs often make them more vulnerable to external influences than larger firms. The external environment is therefore particularly influential in determining a SME's competitiveness. Representing this external aspect of competitiveness, the framework of Horne et al. (1992) highlighted the scope for action and growth, which indicates the availability of opportunities to generate increased long-term profitability inherent in the external environment. Pratten (1991)

also suggested the influences of industrial differences on the sources of competitiveness. Although the focuses of the external environment are different, these studies have shown the significant impacts of the external environment on SME competitiveness. These studies suggest an interaction between the firm and the environment. Small firms need not behave only as recipients of environmental changes, but can also actively work on the environment.

#### Influence of the entrepreneur

For an SME, the process of achieving competitiveness is strongly influenced by the key players, highlighted as entrepreneurship factors in the framework of Horne et al. (1992). Even in the literature emphasizing the internal or external sources of competitiveness, these entrepreneurial factors are also stressed. The (OECD, 1993) study has put forward the idea that the “basic role played by the owner/manager” is one of the major determinants of SME competitiveness because of the concentration of decision-making power in the owner/manager in an SME environment, consequently affecting the firm’s overall strategy. Slevin and Covin (1995) also suggested that the “total competitiveness” is positively influenced by a founder who can pay attention to the detailed operations of the business when the business is small. In sum, all of these studies imply the influential role of the entrepreneur in affecting the performance of the firm, particularly when the firm is small.

#### 2.3. Background of Thai SME

Over the past 15 years, Thailand has recovered rapidly from two major crises: the Asian financial crisis of 1997-98 and the global financial and economic crisis of 2007-09. The economy's resilience has been associated with highly competitive goods and services markets, flexible labour markets and a vibrant entrepreneurial culture. In the intervening inter-crisis period, Thailand, a middle-income country, enjoyed robust economic growth, allowing real per capita GDP to reach nearly one-fourth the OECD average in 2008. Thanks to sound macroeconomic policies, integration into international goods and services markets accelerated, spurred by knowledge transfers from abroad. In a setting of rapidly expanding market opportunities, firm creation and economic growth were strong, leading to labour shortages and large-scale labour immigration. Overall, both the rate of unemployment (1.2% in 2010) and inflation (3.4% in 2010) stayed low, while the external position posted persistent surpluses. Thailand had about 2.8 million SMEs in 2008, more than triple the number accounted for in 1997-98. Some of this increase is attributable to better measurement and monitoring of SMEs, while some are attributable to growth of SMEs.

#### 2.3.1. Thai SMEs SWOT Analysis

Chittithaworn, Islam, Keawchana, and Yusuf (2011) revealed that Thai SMEs comprises 93.8 percent of all establishments. Moreover, of the total number of SMEs that are increasingly seen as creation of new jobs and Vietnamese SMEs employ 64% of the industrial work force (Swierczek & Ha, 2003b). SMEs in Thailand play an

important role in the country's economic development. According to the National Statistical Office provided by (NSO, 2012), SMEs accounted for 76.1% of all establishments in the manufacturing sector in the year 2012. The largest numbers of SMEs concentrated in Thailand are the food and beverage sector, textiles, wearing apparel and wood products (NSO, 2012).

Thai SMEs SWOT analysis: SWOT analysis was categorized into two analyses of internal and external factors. Internal analysis is strength and weaknesses. External analysis is opportunities and threats. SWOT analysis is one of the most respected and prevalent tools of strategic planning. So, this discussed the factors that affect and influenced the success of SMEs in Thailand (Bhuiyan, 2013).

#### Internal Analysis: Strengths

Thai SMEs shares the same advantages enjoy by SMEs in other countries, which are business flexibility and a high degree of adaptability under fast-changing business conditions. The reasons include their relatively low levels of investment, technology utilization in their production lines and management skill. Other prominent characteristics include their knowledge, capability and skills in converting craftsmanship and culture into production factors of their goods and services. All of this can be summarized as follows (keng, 2012):

- SMEs are flexible and can adjust accordingly to fast-changing business and economic environments.



- With their creativity, local wisdom and body of knowledge in some fields of expertise, SMEs can utilize not much working capital to start a business.
- SMEs can be quickly and effectively produce goods and services that correctly respond to the needs of their target customers and of the niche markets, with relatively lower costs and more flexibility than large enterprises.
- Thai SMEs is running their business in an environment equipped with Government-supporting facilities and instruments. In addition, Thai society is peaceful and free of violent conflict.

#### Internal Analysis: Weakness

In the past, Thai industry's competitiveness was based on labour and natural resources advantage rather than technological strength or qualified human resources. Now numerous Thai business segments are under the "Nut-Crackers Effect," that is, they are stuck between countries with higher price competitiveness, such as China, Vietnam and Indonesia, and countries who are leaders in creating differentiation and value added to their products and services; who are strong with plenty of skilled labours, high productivity and great capability to produce high quality goods and services, such as Italy, Japan, South Korea and Taiwan. Currently, Thai SMEs is facing important problems and obstacles in competitiveness upgrading as follows (keng, 2012):

- a) Lack of awareness, knowledge, capability in management, marketing, technology & Innovation

- b) Lack of systematic business management and professionalism
- c) Lack of product design and R&D, and packaging development
- d) Lack of good governance, energy saving & environmental conservation
- e) Low quality workforces
- f) Insufficient business supporting service

External Analysis: Opportunities

- a) Paradigm of modern business management favourable to SMEs. Numerous new business management strategies, such as global outsourcing, strategic partnership or the outsourcing of non-core business to other enterprises which is increasingly popular among large enterprises, are favorable to the business operation of SMEs which are large enterprises' major sub-contractors and suppliers of parts and components. Moreover, the modern paradigm of business management also leads SMEs to enter business networking.
- b) The expansion of export markets resulting from FTA. Free trade agreements are contributing in terms of escalating trade within the agreement areas as well as with other trade blocs which deem Thailand as an important driving force to Asian markets, especially China and India. They are large markets for trade, services and investment as well as cooperation in education and human resource skill development in science and technology.

- c) New business opportunities conforming to Thai wisdom. As there are changes of world's demography, consumption preferences and pattern, Thai products and services that are based on traditional wisdom, local culture, and Thainess become appreciated in international markets. In this concern, Thai SMEs who provide goods and services for health, beauty, and recreation, as well as products and services responsive to the spiritual needs, would greatly benefit from the opening opportunity.
- d) Greater channels for business fund-raising with lower cost. Financial liberalization and financial consolidation increase international capital movement and encourage the use of a global pool of saving, which not only financially support Thai businesses but also support the upgrade of knowledge and skills of Thai SMEs. At the same time, Basel II Accord, which is recommendations on banking laws and regulations for regulators in supervising the financial institutions, recommends the reducing of risk weight for banks' exposures to SMEs and to the retail borrowers and recommends the classifying of the SMEs risk weight to a lower level than the risk weight of large enterprises. Such international standard taking effect in 2008, globally and also in Thailand, will help SMEs and retail borrowers in accessing credit from financial institutions more easily and with lower cost.
- e) Government policy that gives importance and support SMEs. Because SMEs account for 99% of total enterprises and play an increasingly important role

in employment, income generation, and exports, the government as the maker of economic development policies and directions as well as agencies conducting SMEs promotion activities has to give more importance to promoting and developing Thai SMEs (Keng, 2012).

#### External Analysis: Threats

- a) Entrance into the market system of emerging economies. The emerging economies with advantages in production cost and richness of natural resources have entered and established well in global markets as their competitiveness makes them producers of low-priced products, big magnets attracting foreign direct investment, and new resources for global outsourcing.
- b) Decrease in business competitiveness. The increase in the number of trade agreements at every level makes the world trade system more complicated while each country holds differences in agreements and regulations. Therefore, the private sector is urged to adjust and struggling to gain access to comprehensive and appropriate databases with support from the public sector. At the same time, countries taking part in sharing the benefit from the various agreements keep increasing. Consequently, competition in world's markets is rising high. Moreover, while facing rapid changes of technology, most members of Thai production sector are unable to catch up with the advanced progress. But, at the same time, their production cost becomes

higher in comparison with neighboring countries that have entered the free market with lower labour cost and richer natural resources such as China, India and Vietnam. These conditions are forcing Thai entrepreneurs to adjust in order to stay competitive.

- c) Rising burden on entrepreneurs in contributing to environment friendly production. The impact on human lives originating from the degradation of natural resources calls for producers of goods and services to be attentive and aware of the grave necessity to adopt the concepts of natural resources conservation and rehabilitation into their business. As a result, there is an extra cost incurred from production process improvement, and R&D investment.
- d) Impact from the changing global and domestic situations. The volatile oil prices, the rising trend of interest rates and inflation, the vulnerability and volatility of political situation, and the trade and investment liberalization following the rising of FTA's have sent effects onto small and medium entrepreneurs. If support is not provided to entrepreneurs to equip them with the ability to deal with changes and volatilities, they can be severely affected.

#### 2.3.2. Success Experience of Thai Enterprise

Thailand's previous economic success makes some SMEs become powerful local business enterprise. Their main played a role as a leader in economic areas of

Thailand, and made outstanding contribution for rapid development of the economy.

These successful companies have some common traits (SCB):

- a. Pay attention these companies have a common elements that they tend to do the market pioneer. They know success should to take the opportunity and risk, and explore the more possibility in the field of new business. Amata is the early pioneer of the industrial park in the development industry. Enterprises take great risk to buy a piece of suburban area, then success will transform it into excellent modern industrial park.
- b. The formation of foreign alliance is very important for the development of the enterprise group. Such cooperation can help enterprise expansion and resources available, also can improve the efficiency and remain competitive. These company also has a lack of technical ability, not only they are looking for which partner can provide experience and knowledge, but also managed to get the franchise contract, or join with advanced technology enterprises in order to seek experience and technical support. CP Group synergy with 7-eleven of Japan introduced a 7-11 convenience store chain in Thailand; 7-eleven has 7429 chain stores by the end of 2013, more than 9.2 million passenger volumes each day.
- c. The family business is a common phenomenon, however, the most of these powerful enterprise management rights will grasp in the hand of the founding family. Although some subsidiary became a listed company, but the founding family has a great deal of influence in the management of the enterprise. For

example, the company of SC has a large part of assets still held by members of the family of Shinawatra, but Vongkusolkrit family still indirectly controls a large stake in sugar kingdom. In general, as the second and third generation successor of enterprise, the family business would be expected to employ professional managers, but they will use members of the family like an indirect important management role.

- d. They will face domestic and foreign competitors on the growth and maturity of oneself enterprises. Due to the domestic market is almost saturated, and they began to implement diversification and internationalization strategy in order to looking for new competitive advantage in the international market. CK group participated in a series of international projects, such as Xayaburi hybrid energy projects in Laos; In 2012, ThaiBev as a member of TCC group successfully acquired Fraser and Neave in order to the food and beverage industry development to the Asian market. In agriculture, CP group has developed a kind of contract farming industry model, this model can let farmers access to capital and technology improve to their production. This model was proved to be very successful, make local farmers have more stable income, and enjoy a higher standard of living; Vongkusolkrit family group from a small cane sugar factory has grown into one of Asia's largest sugar factory, at the same time, the two instrument joint venture with Guangxi Nanning Sugar Company of China in order to

cooperation with the sugar refinery project. Then merger and acquisition the MSF sugar company of Australia.

- e. From 1920, the growth of small retail stores quickly for largest retail empire of Thailand, which also contains the consumption related business, for example, stores, distributors, restaurant chains, hotels and resorts. Sahapat Group pays attention to create a multi-brand strategy for different consumer goods. Over the past 60 years, Sahapat Group provides excellent products for consumer, and it won the broad consumer loyalty in the country. For example, BSC, Farmhouse, Pao detergent and the "MaMa" instant noodles of consumer recognition, and love as a commodity brand.

Since 2000, consumer communications is turning to use cell phone; telecom industry has a rapid development in Thailand. True company is an affiliated CP group of telecom companies. Until now, it has developed into one of Thailand's telecoms giant, it main focus on the mobile phone 3g, 4g technology, broadband Internet access, wireless Internet and cable television.

### 2.3.3. Key Factors of Thai SMEs Success

A study in Thailand on the success of small and medium sized enterprises identified that the understanding of the business continuity can lead the business success. Both firm internal and firm-external factors affect firm's success. Innovative product, quality, cost, reliability, and services are the key strategic dimensions in business success of Thailand. Innovative product gives added value to the customers



and it is important to achieve a suitable balance between product quality and costs.

Beside that companies must compete based on their strength and specialization which may be classified as cost leadership, differentiation, and focused. External environmental factor also plays a very important role for firm success. Social network, government support, and legality are the key strategic dimension in external environment in business success. Inter-firm cooperation, consultation, performance measurement, and flexibility may play an important role in success. Inter-firm cooperation contributes positively to gaining organizational legitimacy and to develop a desirable marketplace reputation. Cooperation also may enable the small firms to improve its strategic position, focus on its core business, enter international markets, reduce transaction costs, learn new skills, and cope positively with the rapid technological changes (Chittithaworn et al., 2011).

#### 2.3.4. Thai Food and Restaurants Industry

Prior research recorded that small and medium enterprises (SMEs) play a significant role in the Thai economy (Chittithaworn et al., 2011). Consequently, the efficiency of the small and medium enterprises is closely associated with the efficiency of the country. In Thailand, services account for the great majority of the total businesses in the various areas.

Chittithaworn et al. (2011) revealed that Thai SMEs comprise 93.8 percent of all establishments. Moreover, of the total number of SMEs that are increasingly seen as creation of new jobs (Swierczek & Ha, 2003b) and Vietnamese SMEs employ 64% of

the industrial work force. SMEs in Thailand play an important role in the country's economic development. According to statistics provided by NSO (2012), SMEs accounted for 76.1% of all establishments in the manufacturing sector in the year 2012. The largest numbers of SMEs concentrated in Thailand are the food and beverage sector, textiles, wearing apparel and wood products (Phetphairin & Thanit, November, 2013).

#### Thai food Industry

In order to strengthen the Thai food industry, the Office of Industrial Economics (2008) established a 2010-2014 master plan for the Thai food industry: with a vision for Thailand to become one of the world's leaders in the food industry and an emphasis on value and safety for consumers. The objectives lie in determining clear directions for systematic and holistic Thai food industry development, adjusting to the changing world and the social, economic, and political environments. In this way, the government and related organizations will be able to jointly set an integrative policy for the food industry, adding to the value of food exporting and Thai market shares for all food products in more concrete terms.

#### Kitchen of the World

Thailand's food and agricultural industries not only generate several billion baht a year in economic value, but also are an important part of the Thai way of life, which still is connected to "working the land". Due to the fact that the Thai food industry is a key contributor to the national economy and because of the wide diversity of

agricultural commodities and processed food items, Thailand has earned the designation of "Kitchen of the World". Indeed, Thailand is one of the world's top ten producers and exporters of food, including processed food products. Blessed with an abundance of natural resources, a year-round growing season, relatively low labor costs, and a skilled, well-educated workforce, Thailand possesses great competitive advantages in the food and agricultural arena. Around 41% of total land area in the country is used for agriculture; as a result, more than 80% of raw materials are sourced from domestic producers at low prices. This economic feature benefits immensely the Thai food processing industry. Plus, the food and agricultural industries account for as much as 28% of the country's gross domestic product and comprise over 116,000 companies (96% of which are SMEs).

#### Thai food product export

With growth in Thai food product exports, the government is set to transform Thailand into Asia's largest food trade and distribution center. The aim is to expand Thai food exports to new potential markets, particularly ASEAN, China, India, Russia and Africa.

According to the National Food Institute of Thailand, total food exported in 2013 amounted to 32.5 million metric tons worth some US\$30.3 billion, and over US\$7 billion during the first quarter of 2014. Last year exports from fisheries (canned tuna, shrimp, and fresh/dry fish) consisted of around 1.47 million metric tons valued at

almost US\$7 billion. Meat (chicken, duck, pig) consisted of 643,102 metric tons worth some US\$2.8 billion.

#### Food safety Management

Key partner in food safety management in Thailand is the National Food Institute (NFI), which assists entrepreneurs to produce items that comply with international standards. Moreover, it provides services, such as consultancy in the implementation of GMP/HACCP/ISO 9000/ISO14000/ ISO/IEC 17025 and Clean Technology Systems Risk Assessment studies, dissemination of information related to food safety regulatory laws and standards; and chemical and microbiological testing of food samples to ensure that products intended for commercial distribution are up to international regulatory standards.

#### 2.4. The Key Determinants of Thai SMEs

Success, in general, relates to the achievement of goals and objectives in whatever sector of human life. In business life, success is a key term in the field of management, although it is not always explicitly stated. Success and failure can be interpreted as measures of good or indifferent management. In business studies, the concept of success is often used to refer to a firm's financial performance. However, there is no universally accepted definition of success, and business success has been interpreted in many ways (Foley & Green, 1989).

This study attempted to identify factors that are affecting business success of small and medium enterprises (SMEs). The intention of this study is to provide the

understanding on how people should start their business by looking at all the factors affecting business success hence help to reduce the risk of failure and increase chances of success.

#### 2.4.1. Characteristics of Entrepreneur

Starting a business alone is already an enormous challenge that every entrepreneur must face. Every business is a venture. Entrepreneurs do not exactly know how business will evolve in the long run. There are only 2 outcomes, success or failure. There's no middle ground. However, entrepreneurs do not let these challenges stop them from realizing their goals for the business. Instead, these propel them to work even harder and bring out the best in every aspect of their business. Ha (2013) stated that the major challenges faced by international entrepreneurs include internal factors such as cash management, cash flow, sales and marketing, fierce competition, founders' vision and external factors like political instability, economic pressure, interest rate environment, ever-changing consumer behavior and rapid technological change. Entrepreneurs seek various ways for success but the failure rate is high.

Characteristic of entrepreneur played an important role in ensuring the business success in SMEs. Characteristic of entrepreneur referred to demographic characteristics, length of the operation, number of employee, entry strategy and previous experience.

##### 2.4.1.1. Demographic Characteristics

Several previous studies found that demographic characteristics, such as age and

gender, and individual background, e.g. education and former work experience, had an impact on entrepreneurial intention and endeavor (Islam, 2011).

### Age

Reynolds., Hay, Bygrave., Camp, and Autio (2000) found that individuals ranging from 25 to 44 years were the most entrepreneurially active. Finding from another study in India by (Sinha, 1996) disclosed that successful entrepreneur were relatively younger in age. In their study on Internet café entrepreneurs in Indonesia, (Kristiansen, Furuholt, & Wahid, 2003a) found a significant correlation between age of the entrepreneur and business success. The older (>25 years old) entrepreneurs were more successful than the younger ones. Mazzarol, Volery, Doss, and & Thein (1999) found that female were generally less likely to be founders of new business than male. Similarly, Kolvereid (1996b) found that males had significantly higher entrepreneurial intentions than females. Kolvereid (1996) found that individuals with prior entrepreneurial experience had significantly higher entrepreneurial intentions than those without such experience. Conversely, Mazzarol, et al. (1999) found that respondents with previous government employment experience were less likely to be successful founders of small-businesses.

### Gender

Research on the relationship between gender and the decision to use strategic planning is inconclusive. However, Brush and Bird (Brush & Bird, 1996) stated that firms owned or managed by males had more sophisticated planning compared to

female owned or managed businesses. Research shows that women put less emphasis on long-range, formalized strategic planning. Implicitly, women-owned ventures that put less emphasis on strategic planning will have low performance.

#### 2.4.1.2. Length of Operation

Length time in operation may be associated with learning curve. Old players most probably have learned much from their experiences than have done by new comers. Kristiansen et al. (2003b) found that length time in operation was significantly linked to business success. Moussavi (1988) in his unpublished PhD thesis stated that experience on the part of the owner/manager factor contributing to the survival of businesses. In their study of new small firms, Duchesneau and Gartner (1990) found that lead entrepreneurs in successful firms were more likely to have been raised by entrepreneurial parents, to have had a broader business experience and more prior startup experience, and to believe that they had less control of their success in business, than unsuccessful entrepreneurs. They also found that lead entrepreneurs in successful firms worked long hours, had a personal investment in the firm, and were good communicators. Moreover, successful firms were those initiated with ambitious goals, and lead entrepreneurs had a clear and broad business idea (Duchesneau & Gartner, 1990). Firms with more than one shareholder when it was set up were significantly more likely to survive (Westhead, 1995). Education and prior experience in business have been seen as critical success factors for small firms (Yusuf, 1995); (Wijewardena & Cooray, 1996).

#### 2.4.1.3. Number of Employees

Size of enterprise reflects how large an enterprise in employment terms.

McMahon (2001) found that enterprise size significantly linked to better business performance. Larger enterprises were found to have a higher level of success. The total number of enterprises in Thailand at the end of 2014 was 2,744,198, of which 2,736,744 were SMEs, or 99.73% of the total number of enterprises. They expanded 0.76% when compared to SMEs in the previous year. The number of smallest enterprises totaled 2,723,932, accounting for 99.26% of the country's total number of enterprises and 99.53% of the country's total number of SMEs. Classifying enterprises by sector, the highest number was 1,159,715 SMEs in the sectors of wholesale, retail, and automobile repair, an equivalent of 99.58% of all the country's SMEs in the sectors of wholesale, retail and automobile repairs. Secondly, there were 1,036,598 SMEs in the service sector constituting 99.28% of all the country's SMEs in the service sector. The number of SMEs in the manufacturing sector was 495,077 or 98.57% of all the country's SMEs in the manufacturing sector. In the agricultural sector, there were 32,081 SMEs or 99.26% of all the country's SMEs in the agricultural sector as shown in Table 2.4 (OSMEP, 2015).



Table 2.4: Number of Enterprises Classified by Size 2013 – 2014

Size of Enterprises	2013			2014		
	Number of Enterprises (Person)	Ratio to Total Number of Enterprises	Ratio to SMEs	Number of Enterprises (Person)	Ratio to Total Number of Enterprises	Ratio to SMEs
Small and Medium Enterprises (SMEs)	2,716,038	99.73	100	2,736,744	99.73	100
Small Enterprises (SEs)	2,716,038	99.27	99.53	2,723,932	99.26	99.53
Medium Enterprises (MEs)	12,645	0.46	0.47	12,812	0.47	0.47
Large Enterprises (Les)	6,966	0.26	-	7,062	0.26	-
Unknown	392	0.01	-	392	0.01	-
Total	2,723,396	100.00	-	2,744,198	100.00	-

Compiled by *The Office of Small and Medium Enterprises Promotion (OSMEP)*

Regarding the number of employees classified by size of enterprises and economic activity, the highest ten activities in 2014 according to TSIC 2009 2-Digit Code with the highest number of employees was in the retail trade (excluding motor vehicles and motorbikes) hiring a total of 1,693,156 people. Of this number, SMEs employed 1,621,794 people in total. Second was wholesale (excluding motor vehicles and motorbikes) hiring a total of 1,402,042 employees. Of this number, 1,264,109 were employed by SMEs. As concerns food and beverage service, there were 787,768 employees, 748,793 of which were SME employees as presented in Table 2.5 (OSMEP, 2015).

Table 2.5: Number of Employees Categorized by Size of Enterprises and the Highest

Ten Economic Activities (TSIC 2009) 2-Digit Code in 2014

TSIC 2009 2-Digit Code	Details of TSIC 2-Digit Code	S	M	SMEs	L	N A	Total
47	Retail Trade Except Motor Vehicles and Motorbikes	1,599,701	22,093	1,621,794	71,362	-	1,693,156
46	Wholesale Except Motor Vehicles and Motorbikes	1,219,104	45,005	1,264,109	137,933	-	1,402,042
56	Food and Beverage	734,905	13,888	748,793	38,975	-	787,768
68	Real Estate Activities	496,821	178,398	675,219	359,982	-	1,035,201
41	Construction	492,164	27,991	520,155	35,150	-	555,305
45	Wholesale and Retail Trade, Repair of Motor Vehicles and Motorbikes	416,748	12,834	429,582	36,594	-	466,176
10	Production of Food Products	258,227	70,186	328,413	184,442	-	512,855

(Continued)

Table 2.5 (Continued): Number of Employees Categorized by Size of Enterprises and  
the Highest Ten Economic Activities (TSIC 2009) 2-Digit  
Code in 2014

96	Other Personal Services	289,155	5,395	294,550	4,360	-	298,910
49	Land Transport and Transport Via Pipeline	250,930	33,806	284,736	41,420	-	326,156
55	Hotels	180,887	74,014	254,901	146,770	-	401,671
	Others	3,586,459	492,455	4,078,914	1,518,961	1,032	5,598,907
Total		9,525,101	976,065	10,501,166	2,575,949	1,032	13,078,147

Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

#### 2.4.1.4. Entry Strategy

The new entrepreneurs / start-up SMEs which have been operating for less than 3 years and are qualified can ask for credit guarantee from the Small Business Credit Guarantee Corporation. The guarantee for this scheme is set at THB 10,000 million and the maximum guarantee per bank is limited at THB 2 million. Apart from the financial services, another support given to the new entrepreneur is through training programs, with the new entrepreneur creation program being operated under the Department of Industrial Promotions. Although the abovementioned financial support tools are being used, some have just been newly approved and are available in limited

amount and coverage.

The GEM survey shows that Thailand has a relatively high of necessity entrepreneurship. It classifies Thai entrepreneurs who start-up a business as a result of opportunity or necessity. Opportunity entrepreneurs are those who seek to exploit a perceived business to produce income or wealth in their life. Necessity entrepreneurs are those who start-up a business due to lack realistic options for generating income or wealth. Thailand has very high level of necessity entrepreneurship, even though the majority (70 percent) of early stage entrepreneurial activity is opportunity driven, but a minority (30 percent) is necessity driven (OECD, 2011, p34). By comparison, the GEM survey presents an average for the period 2001 to 2008 of less than 4 percent for the necessity driven total entrepreneurial activity for efficiency driven economies such Thailand and less than 2 percent for innovation driven economies. However, a gender factor does not have much effect, but other factors do. This necessity entrepreneurship of Thailand is predominate amongst those with only limited education; both male and female with only some secondary education are about twice as likely to pursue entrepreneurship due to the necessity rather than opportunity (OECD, 2011, p34). Necessity driven entrepreneurship is more predominate among older entrepreneurs, aged above 35 years old. However, around 30 percent of people starting-up businesses in Thailand are not well equipped to be entrepreneurs and do not want to be entrepreneurs, but they do not have a better choice (OECD, 2011b).

Entry and exit figures give an approximation of the dynamism or churn of the

SME population. Table 2.6 shows the figures provided by OSMEP for enterprise “establishments” (births, or entries) and “dissolutions” (exits, or deaths) and the total SME population.<sup>4</sup> Given that Thailand has one of the highest levels of entrepreneurship in the world as measured by the GEM TEA it might be expected that Thai SMEs would exhibit a high level of dynamism and churn. However, entry and exit rates are actually quite low; gross births relative to the total SME population of about 2.3 million in 2006 were about 2.05%. A TEA of 20% indicates that 20% of the adult populations are involved in a new enterprise of less than 42 months’ activity. Mapping the 42-month TEA figures into an approximate annual figure by dividing by 3.5 (*i.e.* 42 months is 3.5 years), the estimated gross birth rate should be around 2.5% of total SMEs in 2006, so the reported figure from official data may understate the real churn rate.

Table 2.6: Births and Deaths of SMEs

	2005	2006	2007	2008	2009	2010
Births		46,881	40,723	42,746	41,220	38,324
Deaths		19,890	21,636	27,206	63,007	9,219
Net births		26,991	19,087	15,540	-21,787	29,105
Total SMEs	2,249,718	2,287,057	2,375,368	2,836,337	2,900,759	
Gross births ( as % SMEs)		2.05	1.71	1.51	1.42	
Net births ( as % of SMEs)		1.18	0.80	0.55	-0.75	
SME growth ( per annum as %)		1.66	3.86	19.41	2.27	

*Note:* These figures may not be reliable. OSMEP explains that the sudden rise in deaths in 2009 was

because the Department of Business Development cleared inactive enterprises off its database. It is not clear how frequently this is done or how it is managed.

*Source: OSMEP 2009 White Paper (Thai version translated).*

#### 2.4.1.5. Previous Experience of Achievement

According Baum and Locke (2004) assert, that experience is the most appropriate predictor of skills. Previous research shows that work experience increases the success of entrepreneurs and they are more likely to discover or identify new opportunities to start a business if they have prior work experience (Wech, Martin, Martin, & Dolowitz, 2009). Harada (2002) states that entrepreneurs' administrative experience and industrial knowledge help them to turnover their businesses. Furthermore, Aldrich and Martinez (2001) suggest that in order to have a successful business, a minimum amount of business knowledge is required which can be obtained through formal education, work experience or training. For SBOs with less experience, training can enhance the process of creation, development and maintenance of the entrepreneurial business which lead to success (Wech et al., 2009). In the case of minority entrepreneurs, it has been stated that education and work experience are very important factors for their success (Bates, 1995; Bowser, 1980).

Fairlie and Robb (2007) found that prior work experience in a managerial capacity and business positively contributes to the increase of small businesses' outcome. On the other hand, Baldwin and Gellatly (2003) propose that, for Canadian SMEs, the key factor contributing to the failure of the business is lack of management experience.

Storey (1994) agrees with them on that, but he also suggests that findings about sector or relevant industrial experience are equivocal. Nandram and Samsom (2006) assert that knowledge of market and business know-how is in start-up success.

#### 2.4.2. Corporate Capabilities

##### 2.4.2.1. Definition of Corporate Capabilities

Enterprise capability is defined as the ability of the enterprise to allocate resources and to exert its function of production and competition. Corporate capability refers to the total power of the enterprise in production, technology, sales, management and capital. The source of competitive advantage of the enterprise to the enterprise organizational capability and organizational capability can only come to enterprises in market competition in learning: accumulate relevant knowledge and skills and embedded into the organization, reflected in the operation process of the enterprise. The enterprise organization ability is mainly divided into three kinds: technical ability, functional ability (product development ability, production ability, marketing ability) and management ability (Bai, 2015).

##### 2.4.2.2. Corporate Capabilities

Corporate capabilities are necessary for a firm to develop core competence, and to generate a good business strategy. It is common to have many substantial differences in capabilities and resource allocation across individual companies that pursue the same strategy. Such differences could significantly affect corporate performance (Narasimhan, Jayaram, & Carter, 2001a). Some pioneer scholars refer to

corporate capabilities as a competitive strategy or corporate strategy (Andrews, 1980); (Watts, Kee Young, & Hahn, 1992) and a manufacturing task (Miller & Roth, 1994). This literature reviews the four factors of corporate capabilities: cost leadership, differentiation, innovative marketing and customer service.

#### a) Cost Leadership

In general, cost leadership requires a set of functional policies, such as aggressive construction of efficient-scale facilities, vigorous reductions of cost, tight control of cost and overhead, avoidance of marginal customers and cost minimization in all functional areas. According to Porter (1980), these policies help firms provide products at a lower cost than their competitors. To be pioneers in cost leadership, firms need to consider differentiation together with a cost-leadership strategy in providing a competitive price (Porter, 1985a).

Allen, Helms, Takeda, and White (2007a) reveal that Japanese firms far more frequently used a cost-leadership strategy (41.4 percent) than a differentiation strategy (7.6 percent). Costleadership (or cost-minimisation) strategies are used to reduce cost and tightly control overheads. Cost-leadership strategies simultaneously improve customer service as well.

Pearce and Robinson (2000) contend that the simple management structure of most SMEs is one of the traits of a cost-leadership strategy. However, Hunger and Wheelen (1999) assert that SMEs must also concentrate on deliberately developing a cost-leadership strategy, as they usually do not engage in the innovative practice that



is key to an effective differentiation strategy. A cost-leadership strategy is also crucial to SMEs' ability to produce lower-cost products with the same quality as those from large firms. However, few new entrants will be able to match the leaders' competitive advantage, which forms a barrier to entry. As a result, firms that can enter – and survive in – the market will earn an above average return on investment (Hunger & Wheelen, 1999).

b) Differentiation

Another approach to achieving competitive advantage is differentiation strategy. According to (Kim, 2006a, 2006b) differentiation strategy is part of corporate competitive capabilities (CCC), and can be defined as creating something that is perceived to be unique industry-wide (Porter, 1980, 1985a). Many firms seek to produce products that are different from those of their rivals. Differentiation can be manifested in design or brand image, technology, features, customer service, dealer network or any other pertinent dimensions. Significantly, firms often differentiate themselves using several of these dimensions at a time and by providing valuable features, rather than offering lower prices to potential buyers. This strategy also can add value to the product and therefore, the company can set a higher price, which reflects the firm's performance (Porter, 1980; Porter, 1985).

However, according to Cousins (2005), firms should focus on differentiation strategy based on supply chain management (SCM), which can allow them to achieve competitive advantage by manipulating their competencies and capabilities, and by

treating SCM as the firm's core capability. Cousins (2005) also emphasises that differentiation strategy requires a much broader and strategic view of the supply chain's role within a firm. Similarly, Marcus (Marcus, 1997) stresses that the major factor of differentiation strategy is to seek suppliers offering equivalent quality to the firm.

#### c) Innovative Marketing

In practice, SME's marketing efforts are driven by innovation. The concept of innovative marketing in SMEs is based on the recognition of engagement in marketing by managers. In general, the marketing objective for SMEs is to generate sales and profit (Charney & Libecap, 2000); (O'Dwyer, Gilmore, & Carson, 2009a).

The idea of innovation marketing was pioneered by Drucker in 1955 in the book *The Practice of Management*. In the 1989 version of the book, Drucker (Drucker, 1989) emphasizes innovative marketing, saying, "there is only one valid definition of business purpose: to create a customer...it is a customer who determines what the business is....Because it is its purpose to create a customer, any business enterprise has two – and only these two – basic functions: marketing and innovation". Thus, firms need to provide the finest "concept, tools and infrastructure to close the gap between innovation and market positioning to achieve sustainable competitive advantage" (Gardner, 1991, p. 18).

The study of (O'Dwyer, Gilmore, & Carson, 2009b) demonstrates that emergent innovative concepts such as SME image, strategic alliance and product quality are

important to the development of innovative marketing activities and practices. Using these, the mix of target markets and the quality of service to the chosen markets can be improved (Johne, 1999). It is also important for firms to assess the effectiveness of their marketing, and the technical capability and product innovation that underlie it, so they can develop their reputation, and hence gain new customers and retain existing customers (Allen, Helms, Takeda, & White, 2007b).

#### d) Customer Service

As the final element of corporate capabilities, customer service demonstrates a positive and significant impact on cognitive attitudes, repurchase intention and customer satisfaction. Moreover, it plays a major role in accomplishing customer satisfaction; it also plays a role in increasing the level of physical distribution and logistics (Innis & La Londe, 1994). As the most important feature of customer service, delivery (which covers both information and product) is highly consistent with several features of marketing differentiation strategy (Swink & Hegarty, 1998). Customer service also contributes to the supply system, as it significantly relates to all functions along the supply chain process (Stevens, 1989).

Valsamakis and Sprague (2001) study shows a positive relationship between SMEs and customers in the UK market across the supply chain process. In general, SMEs prefer to focus on customers' well-being rather than on the manufacturing of physical products. On the other hand, customer service can also be delivered through an efficient online system. According to one study of 395 SMEs in the US through the

adoption of competitive advantage through use of the internet, online ordering capabilities have a positive impact on perceived sales and online product demonstrations, and engaging customer service through email shows positive impacts on perceived net profits (Levenburg & Klein, 2006). This suggest that the adoption of online customer service is significant for SMEs, as they have limited mobility in terms of workforce, technology and other resources to retain good relationships with customers.

These four factors could be grouped into a major domain which is corporate capabilities (Kim, 2006a). The development of corporate capabilities within firms is necessary to develop a core competence, indeed to generate a good business strategy. In fact, it is common to have many substantial differences in capabilities and resources allocation across individual companies that pursue the same strategy. Such differences also could significantly affect corporate performance (Narasimhan, Jayaram, & Carter, 2001b).

#### 2.4.3. Value Chain

##### 2.4.3.1. Definition of Value Chain

A value chain is a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market. The concept comes from business management and was first described and popularized by (Porter, 1985c) in his 1985 best-seller, *Competitive Advantage: Creating and Sustaining Superior Performance*.

The concept of value chains as decision support tools was added onto the competitive strategies paradigm developed by Porter as early as 1979 (Porter. & Michael, 1979). In Porter's value chains, Inbound Logistics, Operations, Outbound Logistics, Marketing and Sales, and Service are categorized as primary activities. Secondary activities include Procurement, Human Resource management, Technological Development and Infrastructure (IFM, 2013).

In conclusion, the corporate capabilities in value chain refer to procurement, production, marketing, technology, human resource management and financial management.

#### 2.4.3.2. Procurement

SMEs face a number of constraints on their competitiveness in both public procurement markets and in commercial markets. This Guide focuses on the problems that SMEs face in public procurement. SMEs are subject to a number of constraints on their competitiveness in public procurement markets. Many of the constraints result from the relative effects of fixed costs on SMEs to conduct public procurement relative to the effects of fixed costs on large businesses. (ITC) These raw material, cost and procurement life cycle is very important for SMEs itself.

#### Raw Material:

Strengths: There is the availability of raw materials required in producing renewable energy, and leftover agricultural materials of different sorts that can be transformed into energy. Thailand's productivity of renewable energy has not reached

the fullest efficiency. Demand for renewable energy is showing a continuous increase as a result of the government's supporting policy.

Weaknesses: The price and quantity of raw materials fluctuate according to season. There is also competition over plants for making food and producing energy. The majority of factories are not located near sources of raw materials or the raw materials in the existing sources have become insufficient. Most machinery has to be imported from foreign countries. This type of business requires a great deal of financial investment and incurs risk regarding management, administration and the cost control of raw materials used to manufacture renewable energy (OSMEP, 2015).

#### Lower costs

In some cases, SMEs have lower costs than large firms, including lower labour costs and lower indirect costs such as lower overhead. Whether costs are really lower for SMEs than for large firms depends on the structure of the market and the technologies associated with production in the market.

#### Procurement life cycle

Procurement life cycle in modern businesses usually consists of seven steps by (Partners, 2011):

- Identification of Need: This is an internal step for a company that involves understanding of the company needs by establishing a short term strategy (three to five years) followed by defining the technical direction and requirements.

- **Supplier Identification:** Once the company has answered important questions like: Make-buy, multiple vs. single suppliers, then it needs to identify who can provide the required product/service (P/S). There are many sources to search for supplier and trade shows.
- **Supplier Communication:** When one or more suitable suppliers have been identified, requests for quotation, requests for proposals, requests for information or requests for tender may be advertised, or direct contact may be made with the suppliers. References for product/service quality are consulted, and any requirements for follow-up services including installation, maintenance, and warranty are investigated. Samples of the P/S being considered may be examined or trials undertaken.
- **Negotiation:** Negotiations are undertaken, and price, availability, and customization possibilities are established. Delivery schedules are negotiated, and a contract to acquire
- **Supplier Liaison:** During this phase, the company evaluates the performance of the P/S and any accompanying service support, as they are consumed. Supplier scorecard is a popular tool for this purpose. When the P/S has been consumed or disposed of, the contract expires, or the product or service is to be re-ordered, company experience with the P/S is reviewed. If the P/S is to be re-ordered, the company determines whether to consider other suppliers or to continue with the same supplier.

- Logistics Management: Supplier preparation, expediting, shipment, delivery, and payment for the P/S are completed, based on contract terms. Installation and training may also be included.
- Additional Step - Tender Notification: Some institutions choose to use a notification service in order to raise the competition for the chosen opportunity. These systems can either be direct from their e-tendering software, or as a re-packaged notification from an external.

#### 2.4.3.3. Production

The production factor of the firm is influenced by labour skills, technology and infrastructures (Bartezzaghi, Spina, & Verganti, 1997). Many small and medium size firms are able to produce more than what the market can absorb with a view to exporting the surplus. To achieve the economics of scale, the firm needs to utilise their production capacity fully so that they can spread the cost of operation (Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007). Export markets provide an opportunity for firms to expand production and benefit from economies of scale.

In terms of production, firms need to keep abreast of the competition and invest their time and resources in the process of innovation (Chin & Saman, 2004). This process involves operational routines that have to be maintained at a satisfactory level and that are the most cost effective for the firm. The overall purpose is to optimise the production levels of the firm and to maximise the profit margin. To do so, the firm has to invest in the training of its production staff, and in new technology such as new



equipment and reengineering of the production process (Zott, 2003). The short-term cost might be significant for the firm but in the long term, it will benefit them.

### Production management

Production management is a process of planning, organizing, directing and controlling the activities of the production function. It combines and transforms various resources used in the production subsystem of the organization into value added product in a controlled manner as per the policies of the organization.

E.S. Buffa defines production management as, “Production management deals with decision making related to production processes so that the resulting goods or services are produced according to specifications, in the amount and by the schedule demanded and out of minimum cost.” (Hartman) The objective of the production management is ‘to produce goods services of right quality and quantity at the right time and right manufacturing cost’.

#### Right Quality

The quality of product is established based upon the customer’s needs. The right quality is not necessarily best quality. It is determined by the cost of the product and the technical characteristics as suited to the specific requirements.

#### Right Quantity

The manufacturing organization should produce the products in right number. If they are produced in excess of demand the capital will block up in the form of

inventory and if the quantity is produced in short of demand, leads to shortage of products.

#### Right Time

Timeliness of delivery is one of the important parameter to judge the effectiveness of production department. So, the production department has to make the optimal utilization of input resources to achieve its objective.

#### Right Manufacturing Cost

Manufacturing costs are established before the product is actually manufactured. Hence, all attempts should be made to produce the products at pre-established cost, so as to reduce the variation between actual and the standard (pre-established) cost.

#### 2.4.3.4. Marketing

With an understanding of the needs and wants of current and potential customers, firms can adjust their products or services to satisfy them. This helps to improve the overall performance of the firm. The marketing of the firm covers many areas, including promotion of the products or services of the firm, product or service innovation, and setting product or service placement (Wang, Lo, & Yang, 2004). Product innovation is very important to firms in the current market environment. With high competition in every industry, firms have to stay innovative to compete.

However, the product innovation process can be quite costly (Wang, Lo & Yang 2004; Zott 2003), and the cost of product innovation will lay heavily on the

technology and human capital. By differentiating their products or services from other competitors, they can gain a greater market share and meet the needs of their customers better than other firms can (Zahay & Griffin, 2010).

With the increase in competition, especially in the retail market in the clothing and textile industry, firms need to invest more in marketing and implement an effective marketing strategy (Moore & Fairhurst, 2003). They have to try to capture the interest and loyalty of customers. In an industry such as clothing and textiles, the business environment is constantly changing, so firms need to build the capabilities that support marketing strategies (Moore & Fairhurst, 2003). This will lead to the growth of the firm and long-term survival for them in the competitive market environment.

#### Marketing Strategies (SBDC)

This section should outline your strategies for product/service mix, pricing, promotion, place/location, and positioning:

1. Product/Service Strategy – what mix of products and services will you sell and how does that best meet customer needs and how does it compare to your competitors.
2. Pricing Strategy – how will you price your products/services relative to competitors, and what impact will that have on your volume of sales.
3. Place/Location Strategy – how will the proposed or current location of your business best meet the needs of your customers and/or create an advantage over competitors.

4. Promotional Strategy – how will you promote your business and how will that make customers aware of your business and motivated to buy your products/services.
5. Positioning Strategy – what values do you want potential customers to associate with your business, and how will they set you apart from the competition.

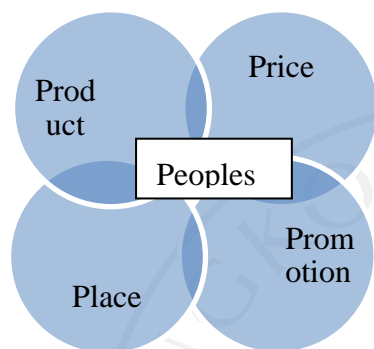


Figure 2.1: The 5 P's

#### 2.4.3.5. Technology

SMEs in developing countries tend to have low productivity and they are weak in terms of competition, as the result of using in advanced technology, not maximizing machinery utility and not improving in technology due to the limitation of funding (OSMEP, Retrieved 31-01-2010).

#### Mobile marketing & Social Media

Smart phones somehow playing an important role in marketing and all who might have smart phones are not only using it for calling and texting they are browsing, using several apps which make them tempting target. According to communication technologies agency the international communication union, there are now around 6 billion users of smart phone and other mobile devices representing nearly 90 percent

of the world's population. This is a huge business opportunity for small companies to make lots of business by creating e.g. apps or mobile websites. Some technologies which does exist nowadays, one of them in "square" it provides credit card reader that plugs into smart phone and a person can sell product straight away. Google wallet ([www.google.com/wallet](http://www.google.com/wallet)) is under developing so companies never know what they might be able to achieve from these technologies (Falls, 2012. 5).

Facebook: For the people who already have some sort of connection.

Google plus: If share similar urge then share it on google plus.

Pinterest/Instagram: All about beautiful images. Make sure it's professionally taken else it will total turn down.

Twitter: A bit mature and professional approach and can build a status and prominence.

LinkedIn: The most powerful social media channel can help to position as a serious company.

#### 2.4.3.6. Human Resource Management

Human resources and their management are an important factor contributing to firm success. In small and medium-sized businesses, human resources are usually managed by the owner, who also plays the role of the manager (Macmahon & Murphy, 1999). The owner or the manager of small and medium-sized businesses is normally in charge of the human resource management, training and development. This means that they are responsible for the skills, attitude and experience of all the

employees in the firm. However, smaller-sized firms do not pay much attention to training and development. This is because, in most cases, the owner lacks training in human resources, which means that he or she does not notice the managerial deficiencies, thereby obstructing the success and development of the firm (Macmahon & Murphy, 1999).

Human resources management relates to practice and policy necessary to execute all management tasks relating to personnel issues, especially employment/hiring, education, evaluation and rewarding of SME employees and provision of safe, ethically acceptable and just/fair environment for them. Beside others, these practices and policies are the following (Ceranac & Popovic):

- Work analysis (determination of the nature of work of each employee),
- Planning of work places and recruiting of candidates for the job,
- Selection of candidates for the job,
- Direction and education of new employees,
- Evaluation of the efficiency/output,
- Management of the employees' salaries,
- Providing incentives and benefits for employees,
- Communication with employees,
- Education and improvement of employees,
- Creation of the spirit of dedication in employees

Figure 2.2 presents the connection of the strategy of main HR processes. It is

specific connection which affects in long term employment of personnel, since this is process realized in 5 phases. So it is not important only to find per employees and hire them. This approach could have permanent negative consequences for SME.

Therefore, there is gradual approach, such as presented on the figure, which reflects in detailed preparation for hiring of new employees, as well as their gradual qualifying/training and introduction to their new job.

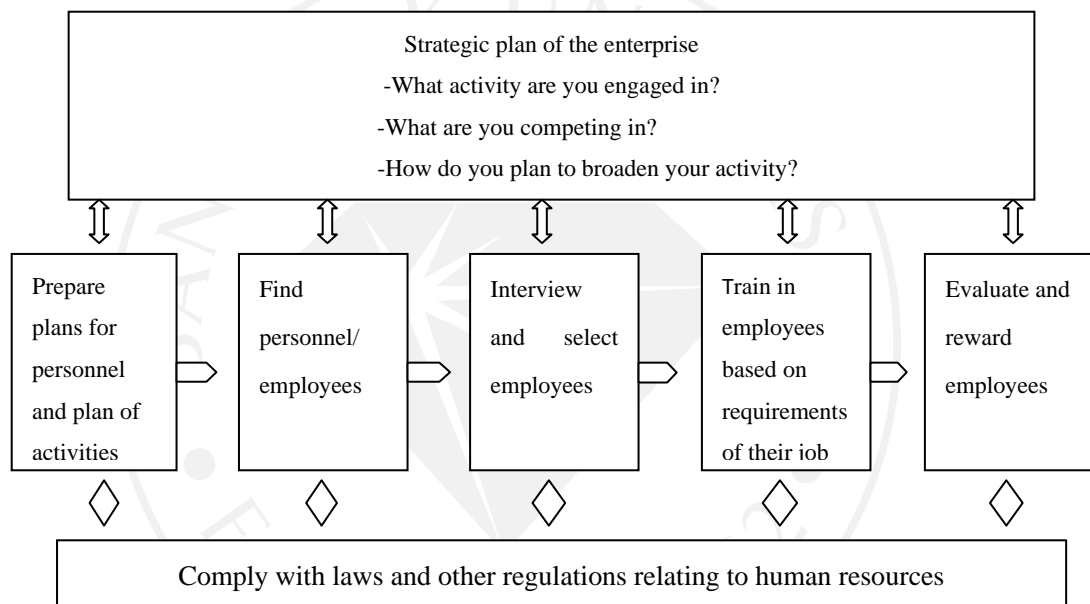


Figure 2.2: The Strategy and Main HR Processes

Planning of human resources demands constant adjustments since goals and objectives of SME can change, and development is insecure. Planning of human resources is very complex and depends on many independent factors: competition, domestic and foreign, consumer demand, new technologies, government interventions, etc. successful human resources management is increase of profit, productivity, market share, increase of the satisfaction of clients and employees and improvement

of the SME's reputation and influence. All of the stated parameters should be compared to previous situation, competition or common standards in certain activity/business in order to determine the efficiency/output of the human resources function. Monitoring of the fluctuation rate of employees, absence from work, salaries per employee, share of salaries in business costs, cost of hiring of new employee and cost of human resources management also contributes to de - termination of the influence of activities of human resources management on parameters of the successful SME operation.

#### 2.4.3.7. Financial Management

In financial aspect, many small and medium-sized enterprises want to know something knowledge about financial, establish effective practical financial policy, and change the original simple accounting mode. Small and medium-sized enterprises can undertake reasonable plans of their own money, using and distribution, can effectively control risk, improve efficiency, and promote the small and medium-sized enterprise health sustained development (xin, 2013,10).

Capital access Access to capital is obviously one of the typical obstacles to the start-up of new businesses, not least in developing economies with weak credit and venture capital institutions. Several empirical studies have concluded that the lack of access to capital and credit schemes and the constraints of financial systems are regarded by potential entrepreneurs as main hindrances to business innovation and success in developing economies (Mazzarol & Choo, 2003).



Potential sources of capital may be personal savings, extended family networks, community saving and credit systems, or financial institutions and banks. Robinson (1993) found that informal sources of credit, though with high interest rates, constitute very substantial contributions to business start-ups in developing countries, where the capital to labour ratio is normally low and small amounts of capital may be sufficient for a business startup.

Loans to SMEs increased by 67% over the 2007-13 periods. Since 2008, the share of bank loans to SMEs as a proportion of all business loans rose year after year from 26.6% in 2008 to 38.7% in 2013. Bank lending to businesses in general languished at two-thirds of the 1990s levels. While long-term lending declined somewhat year-on-year in 2013, short term lending increased by more than 60% in one year time. Short term lending made up 61.4 of all SME loans in 2013, up from 48.1% in 2012. The percentage of SME non-performing loans more than halved between 2007 (7.9%) and 2013 (3.1%).

#### SME loans authorised vs. requested

The ratio of loans authorised vs. requested rose from 71.54% (2007) to 73.1% (2010), indicating that banks were continuing to provide credit although the terms were tightening (OECD, 2015).

#### Credit conditions

Interest rates for SMEs peaked in 2011 at 8.1%, mostly because Thailand did not engage in monetary easing. Interest rate spreads between small and large enterprises

also increased from 1.2% (2007) to 2.7% (2011). In the last two years, both interest rates charged to SMEs and the interest rate spread dropped markedly. In 2013, the average interest rate for SMEs stood at 6.4% and the spread charged between large firms and SMEs narrowed to 1.3%. More importantly, the value of collateral required increased to more than five times the value of SME loans in 2011 due to extreme risk aversion on the part of banks, at remained at a similarly high level in 2012 (while data for 2013 is not yet available). However, this was not entirely unreasonable given the historic high rate of non-performing SME loans (OECD, 2015).

#### Equity financing

Scarce supplies of venture capital stifled the business momentum of innovative firms. The venture capital and private equity industry is small in Thailand and has focused on mergers and acquisitions and restructurings, rather than start-up and mezzanine finance. The Market for Alternative Investments was established in 1999. It provides a simpler and lower cost alternative to smaller firms than the Stock Exchange of Thailand (SET). As such, MAI provides an exit point for venture capital investors and facilitates capital raised by firms from institutional and sophisticated investors. As of 2010, the MAI had 62 companies listed; and the market capitalisation of MAI listings was THB 43 billion. In 2009, there were only 11 members of the Thai Venture Capital Association. In addition, the weak Thai legal system and the underdeveloped capital market made exits difficult (Scheela & Jittrapanun, 2008).

Government regulations are identified by Reynolds, Day, and Lancaster

(Reynolds, Day, & Lancaster, 2001) to be one of the top problems faced UK SMEs.

In addition to lack of financial support as abovementioned, lack of institutional support was of hindrances of SME development (Mead & Liedholm, 1998) ;  
(Swierczek & Ha, 2003a).

The Office of Small and Medium Enterprises Promotion have collected data from the Department of Business Development. This data belonged to juristic entities submitting financial statements for the year 2012. The information specifically selected for consideration covers four aspects of major financial structure: the main income of the business, cost of sales, net profits, and total asset value. The data were gathered from three sample groups of SMEs operating in different economic activities (OSMEP, 2014):

- 1 Manufacturing Sector: Category of manufacturing products made from sheet metals except machinery and equipment.
- 2 Construction Sector
- 3 Service Sector: Hotels and restaurants

According to an analysis of the financial structure, it was revealed that each group of SMEs in this study had a financial structure in accordance with the size of similar enterprises. Simply put, large enterprises had higher proportions of net profits than small and medium enterprises since they had better capital management. Furthermore, consideration of the percentile rank of income, cost of sales, net profits and total asset value showed that concentration was found in large enterprises while

most small and medium enterprises were below the average value.

#### 2.4.3.8. R & D (Research and Development)

Thailand has established many channels to provide financial incentives or support schemes for SME innovative projects. However, in 2011, Thailand spent 20,107 million THB or only 0.22 percent of GDP on R&D. About half comes from the government budget (OECD, 2011b).

The University Business Incubator (UBI) program was coordinated by the Office of Higher Education Commission and universities. The current UBI has established 9 university networks covering 56 universities around the country. About 10 university incubators can foster technology through the “Technology Licensing Office” channel, which handles technology licenses created under the universities and promotes public private partnership. Although Thailand has several incubators and networks with universities, less than half of the participating universities can provide high quality services. Connectivity and coordination among universities, R&D labs and incubators are limited and not well developed.

Thailand’s broadband infrastructure is available nationwide with high quality. In Thailand, there are several types and areas of business clusters and facilities such as science parks and industrial estates created to promote networking among companies. To date, however, Thailand has only one Science Park in operation under the management of the National Science and Technology Development Agency. It aims to be the hub for the private sector’s industrial R&D activities and provides services

ranging from technology transfer from universities and technology centers, to financial assistance and business incubation.

#### 2.4.4. Entrepreneurial Spirits

The entrepreneurial spirit refers to ownership, Individual characteristics and entrepreneurial orientation. Personal qualities and traits, such as self-confidence and perseverance, entrepreneurial orientation, e.g. autonomy, innovativeness, risk taking, pro-activeness, competitive aggressiveness, and motivation (Islam, 2011).

##### 2.4.4.1. Ownership

This category includes all those factors that are uniquely associated with the individual decision maker. These factors include variables that are a result of birth (e.g. nationality, sex, age, etc.) as well as those that are a result of the human development and socialization process (e.g. personality, attitudes, values, education, religion, employment, etc.). These factors, then, represent the sum total of the life experiences and circumstances of birth that a particular individual brings to the decision making process. In SMEs, the owners of the companies are often personality-driven and influenced by the individual values and motivations of the entrepreneur. These owners also like to play a role in the decision-making of the business (Culkin & Smith, 2000). Therefore, understanding the individual small business owner becomes as crucial as understanding the business. Some evidence exists to support a link between growth focus and the characteristics of the

owner-manager (Kotey & Meredith, 1997).

#### 2.4.4.2. Individual Characteristics

According to Cragg and King (1988); Rutherford & Oswald (2000) small business success has often been classified into three categories of antecedents: the individual characteristics of the owner-manager, firm characteristics and environmental characteristics. The individual characteristics include attributes like the age, education, managerial know-how, industry experience and social skills of the owner/manager. A research by (Charney & Libecap, 2000) found that entrepreneurship education produces self-sufficient enterprising individuals. Furthermore, they found that entrepreneurship education increases the formation of new ventures, the likelihood of self-employment, the likelihood of developing new products, and the likelihood of self-employed graduates owning a high-technology business. Also, the study revealed that entrepreneurship education of employee increases the sales growth rates of emerging firms and graduates' assets.

Similarly, Sinha (1996) who analyzed the educational background of the entrepreneur revealed that 72% of the successful entrepreneurs who had a minimum level of technical qualification, whereas most (67%) of the unsuccessful entrepreneurs did not have any technical background. She summed up that entrepreneurs with business and technical educational background are in a better position to appreciate and analyze hard reality and deal with it intuitively, which seems to play a critical role in entrepreneurial effectiveness.

#### 2.4.4.3. Entrepreneurial Orientation

Some researchers have argued that success is driven by the entrepreneurial orientation (Covin & Slevin, 1991); (Lumpkin & Dess, 1996); (Wiklund & Shepherd, 2004). According to Lumpkin and Dess (2001), the concept of entrepreneurial orientation consists of five dimensions: ① autonomy, ② innovativeness, ③ risk taking, ④ proactiveness, and ⑤ competitive aggressiveness. Autonomy is defined as an independent action by an individual or a team aimed at bringing forth a business concept or a vision, and carrying it through to completion. Innovativeness refers to the willingness to support creativity and experimentation. Risk taking means a tendency to take bold actions, such as venturing into unknown new markets. Proactiveness is an opportunity-seeking and forward-looking perspective. The fifth dimension, competitive aggressiveness, reflects the intensity of a firm's efforts to outperform the industry rivals (Lumpkin & Dess, 2001).

High performing, entrepreneurial-oriented firms are successful in exploiting business opportunities. Before opportunities can be exploited, they must be recognized. According to (Koning & Brown., 2001), the entrepreneurial orientation is positively associated with opportunity alertness. Shane (2000) has discovered that people recognized the opportunities related to the information and knowledge, they already possess. He also has noticed that entrepreneurs can and will discover opportunities through recognition rather than through search.

According Glancey, Greig, and Pettigrew (1998) have introduced a model of

entrepreneurial dynamics, revised from that suggested by (Cragg & King, 1988). The personal attributes of the entrepreneur determine the motivation and objectives, which in turn determine the firm's performance. The process is mediated through the markets in which the entrepreneur operates and the managerial practices which he or she employs. The dynamic element is incorporated by the possibility that the business success may reinforce or revise the entrepreneur's motivation and objectives. The possibility of feedback on the performance and learning from experience as an important form of entrepreneurial human capital are encompassed in the model.

In addition to the various characteristics of an entrepreneur, it is necessary to recognize also the team with which she or he works. The values and goals affect the preferences. With the context/structure it is necessary to consider not only items of technology and market, but also institutions. Life cycle refers to the stage of the development of the product or the market in which the firm is involved and the developmental stage of the firm. Under conduct are included the strategy, the organizational structure with procedure and routines, the choice of product, the search referring to the acquisition of the knowledge and the use of the external networks to compensate for the internal lack of expertise (Nooteboom, 1994).

## 2.5. SME's Success

Success, in general, relates to the achievement of goals and objectives in whatever sector of human life. In business life, success is a key term in the field of management, although it is not always explicitly stated. Success and failure can be



interpreted as measures of good or indifferent management. In business studies, the concept of success is often used to refer to a firm's financial performance. However, there is no universally accepted definition of success, and business success has been interpreted in many ways (Foley & Green, 1989). There are at least two important dimensions of success: 1) financial vs. other success; and 2) short- vs. long-term success. Hence, success can have different forms, e.g. profit; cost, sales growth, job satisfaction, launched product and service, and so on. In other words, success can be seen to have different meanings by different people (Foley & Green, 1989).

Financial success is at the heart of running a successful business. It affects every aspect, from managing cash flow and tracking business performance to developing plans that ensure that business owners can make the most of opportunities (ACCA, 2011). Successfully, growing businesses take a proactive approach to financial management and to making sure that they have the right capabilities. Financial management plays a continuous role in both day-to-day management of the business and broader strategic planning. Senior management must recognise how the needs of the business change as the business grows, and make sure that the organisation has the financial skills that will help the business look to the future (ACCA, 2011).

According to Bonnie and Liu. (2006) Managerial success factors perceived is important in their market economy. Managers in both types of firms agreed on the relative importance and presence of the following factors: work habits, teamwork, creativity, ethics, communication, leadership, and business area knowledge.

Leadership and management skills are critical success factors to entrepreneurial success. Presumably, most successful entrepreneurs are capable leaders. They cannot succeed without subordinates, and they can seldom procure assistance without reflecting an unusual degree of commitment and loyalty (Blake, 2008). Probably through strong personality or with great dreams.

Marketing is more than advertising and selling the products. Marketing addresses all aspects of growing the customer base, and the more a business knows, the more successful marketing and business will be. Friedman and Friedman (1988) proposes a framework of enterprise success, it encompasses the marketing concept, good management approaches and organizational ethics to satisfy the needs and wants of the various public organizations and customers. Marketing positioning has been traditionally one of the key competitive strategies for survival by small firms. Alam (2010) defines market orientation as an organisational culture that most effectively creates the necessary behaviors for the creation of superior value for consumers.

In conclusion, the study of SME's success refers to the financial success, managerial success and marketing success.

#### 2.5.1. Financial Success

##### Definition of financial Success

Financial success earns a substantial return on investment for the owner who risked their capital in the venture. The founders of the company, who are generally also owner, are able to create wealth for their families and security for their future, as

well as enjoy a more affluent lifestyle. They measure success by being able to provide a better life for their children than they had when they were young (Hill, 2016). Most business owners will first measure success in terms of financial factors. But, while a business needs to make a profit to survive, if the right technology and workforce are not in place, profits will be more elusive. Profits, though, are a key measure of success along with positive cash flow, a manageable debt load and a drive toward efficiency in holding down variable costs, among others. Financial success indicators may also be different from one industry to the next (Nielsen, 2016).

Cost control as one of the success mentioned by (Foley & Green, 1989). Horngren, Datar, and Rajan (2011) explained it as purpose of measuring whether and how well a company is performing compared to its expectations. Porter (1998) suggested cost control is one of three generic competitive strategies, which are for business success: cost control, differentiation, and focus. Moreover, Horngren et al. (2011) revealed this researched result which explained that cost control can be used for business sustainability through the alignment of company goals. Cost control is an important part of business operations, of course, but no one likes to have their budget cut. Underscoring the positive side of cost control is therefore an important step in helping employees understand both the immediate and long-term benefits of these strategies. Cost control aims to achieve a business objective on time and within the set budget. In other words, cost control focuses on maximizing effectiveness and

minimizing expense. Business owners can control the costs of a project by carefully planning a suitable budget (Foley & Green, 1989).

Maverick (2015) argue profitability is critical to a company's long-term survivability. A company's net profit is the revenue after all the expenses related to the manufacture, production and selling of products are deducted. Profit is goes directly to the owners of a company or to shareholders, or it is reinvested in the company. Profit, for any company, is the primary goal, and with a company that does not initially have investors or financing, profit may be the corporation's only capital. Without sufficient capital or the financial resources used to sustain and run a company, business failure is imminent. The bottom line is that no business can survive for a significant amount of time without making a profit. Maverick (2015) Knowing the present condition of any company is essential to creating a successful growth strategy. Profitability and growth go hand in hand in regard to business success. Profit is a key to basic financial survival as a corporate entity, while growth is a key to profit and long-term success.

Doub (2005) argue the define business growth as “increases in business income.” Montgomery, Carland, Carland, Cooper, and Shailendra (2003) they argue the business growth refers: jobs created, number of businesses and income. Natalia (2015) argue most managers look for short-term financial benefits cannot care the long-term income. Some owner does some risk-taking behavior in order to high short-term

income. Long-term income not only relation with business development, but also in order to satisfaction employee benefit (Natalia, 2015).

In conclusion, the entrepreneur success includes cost and operating expenses control, growth of profit, and long-term income.

#### Cost and operating expenses control

##### Cost control

AbiNader (2011) suggest the cost control, also known as cost management or cost containment, is a broad set of cost accounting methods and management techniques with the common goal of improving business cost-efficiency by reducing costs, or at least restricting their rate of growth. Businesses use cost control methods to monitor, evaluate, and ultimately enhance the efficiency of specific areas, such as departments, divisions, or product lines, within their operations.

##### Operating expenses

An operating expense is an ongoing cost for running a product, business, or system. Maguire (2008) its counterpart, a capital expenditure, is the cost of developing or providing non-consumable parts for the product or system. In business, an operating expense is a day-to-day expense such as sales and administration, or research & development, as opposed to production, costs, and pricing.

#### Growth of profit

The study considers two measures of SME performance separately: profitability and growth. While some studies of SME performance construct composite measures of a number of variables, e.g. by cluster analysis (Smith, 1999);(Reid & Smith, 2000), the present authors prefer these indicators on the grounds that SMEs may reasonably choose to target one or the other. Many other performance indicators, such as the level of productivity, are merely intermediate variables influencing one or both of the two principal variables in ways that will vary from firm to firm.

Profits are necessary for survival in the long run in a competitive environment, but SME management may choose not to grow. Long-term profitability derives from the relations between cost and revenue; it is a necessary but not sufficient condition for growth. Revenues may be held up by entry barriers and costs pushed down by management ingenuity. A low-profit firm will lack the finance for expansion, but a high-profit business may conclude the risk and rewards of expansion are inadequate. In a 'life style' SME, an owner may trade profitability today against profitability tomorrow. Dynamic pricing or sequential investment projects may require initially lower profits in order to obtain higher future pay-offs from greater market penetration. An SME manager's time preference is likely to determine the intertemporal profit trade-off (Reid & Smith, 2000).

#### Long-term income

According Staff (2012), long-term income countries or companies or individuals in their continuous, regular business activities, due to the production or delivery of the

goods or provide the services, or other activities, and access to assets or debts. Usher (1987) argue long-term income refers to regular revenue each fiscal year can be continuous, stable revenue gained.

### 2.5.2. Managerial Success

#### Definition of Managerial Success

According to (Jennings, 1995, 1997) managerial activity in small firms is categorized as an “adaptive” process that has little similarity to the classical approaches that define what managers do in more conventional terms. In their framework *The Small Firm Management Process* (Jennings, 1995, 1997), the management functions and activities that must be fulfilled by owner-managers to ensure adequate small firm performance are identified and differentiated between core, managerial and strategic levels of management functions that are unique to each organization. SMEs’ capacity to compete with large enterprises and their long-run depends entrepreneur ability to do sustainable improvements in their competitiveness (Long, 2006).

SMEs’ capacity to compete with large enterprises and their long-run depends entrepreneur ability to do sustainable improvements in their competitiveness (Long, 2006). Other studies (Watson, Hogarth-Scott, & Wilson, 1998) (Taormina & Lao, 2007) associated entrepreneurial success with continued business operations. Basic day-to-day operational systems, which include accounting, billing, collection, advertising, personnel recruiting and training, sales, production, delivery and related

systems (Flamholtz, 1995). Entrepreneurial companies tend to quickly outgrow the administrative systems available to operate them. Therefore, it is necessary to develop sufficient operational systems, on time, to build a successful organization. In contrast, large established companies might have developed overly complicated operational systems. In this case, the success of the organization depends on the business of operation (Flamholtz, 1995).

According to Kristen (2009), employee satisfaction is essential to the success of any business. Employee satisfaction is considered weighty when it comes to define success of any organization. Satisfaction of Employee is most important particularly in the service industry. The enhancement of employee satisfaction is critical because it is a key to business success of any organization. It is basic need for a company to perceive as to what employees want, desire regarding workplace environment and devotion can be enhance (Muhammad & Ahsan, 2014). Employee satisfaction is closely related to service quality and customer satisfaction which is then related to firm profitability. Service quality has a positive persuade on customer satisfaction. Besides this, firm profitability has a reasonable non-recursive effect on employee satisfaction. According to Afshan, Sadia, Khusro, and Malik (2011), employee satisfaction plays a considerable role in enhancing the firm profitability and improving operational performance of organizations and quality of goods and services. There is no doubt in it that employee satisfaction is critical to attain quality and profitability in service industry especially. Employee satisfaction impacts quality at



industry through satisfaction-quality-profit cycle. In service industry, to achieve quality and profitability at organization, employee satisfaction is fundamental and without it, service industry cannot think of being successful (Rachel, Yee, Yeung, & Edwin 2008).

According to Schumpeter (1942), the field of product portfolio and quality standards also has important effects on firm success and therefore on the company value. Product quality standard is one of four important success factors which are quality standard, design, usefulness and technological standards (Schumpeter, 1942). According to Knut, Blind, and Christiane (2003), the quality standards are measure rely on the quality of products and services. It is not only on product performance to make specific provisions, but also on product specifications, test methods and packaging, storage and transportation conditions be clearly defined. Depending on the market conditions, a company is confronted with signalling as an effective strategy to keep or expand its market share. Therefore, the company introducing good quality standard (like ISO 9000) make become a competitive advantage. According to Davis (1997), with quality standards, the management or the proprietors of a company own an instrument to control the performance of their employees. The good quality standard can makes sure that in each phase of the production or service-providing process quality is guaranteed (Docking & Downen, 1999). Quality standard can make the product and services standardization. It is conducive to stability and improves product and service quality, and promotes the sustainable development of enterprises.

It also protects personal and property safety, rational use of resources, and safeguard the interests of consumers (Sirilli & Evangelista, 1998).

In conclusion, the managerial success includes continuity of business operation, employee's satisfaction, and quality standard.

#### Continuity of Business Operation

Business continuance (sometimes referred to as business continuity) describes the processes and procedures an organization puts in place to ensure that essential functions can continue during and after a disaster. Business continuity planning (or business continuity and resiliency planning) is the process of creating systems of prevention and recovery to deal with potential threats to a company (Elliot, Swartz, & Herbane, 1999). Any event that could negatively impact operations is included in the plan, such as supply chain interruption, loss of or damage to critical infrastructure. As such, BCP is a subset of risk management (Charles, 2013).

#### Employees' Satisfaction

Employee satisfaction has been defined in many different ways. Some believe it is simply how content an individual is with his or her job, in other words, whether or not they like the job or individual aspects or facets of jobs, such as nature of work or supervision (Spector, 1997). Others believe it is not so simplistic as this definition suggests and instead that multidimensional psychological responses to one's job are involved (Hulin & Judge, 2003). Researchers have also noted that job satisfaction measures vary in the extent to which they measure feelings about the job (affective

job satisfaction) (Thompson & Phua, 2012). Or cognitions about the job (cognitive job satisfaction) (Moorman, 1993).

### Quality Standard

The World Trade Organization (WTO, 2005) agreement, the product standards have to do with the characteristics of goods or services, in particular with respect to aspects such as quality, safety, and fitness for purpose, an example is the ISO 9000 series of quality standards. Product standards often represent a quasi-regulatory means of promoting an important public policy objective, such as environmental protection, consumer safety, food quality, or compatibility between different technical norms and standards (Henson, Spencer, & Steve, 2007).

### 2.5.3. Marketing Success

#### Definition of Marketing Success

Luk (1996) study found that quite a number of entrepreneurs attributed their success mainly to their marketing management abilities. Customer loyalty is also an important outcome of successful Relationship Marketing practices (Reichheld, 1994). Moreover, Bob Czimbal. and Brooks (2010) argue that an organization's success depends on the integrity of business.

Success of any business depends on products and services. Contemporarily, successful firms put concerns of their customers or clients first. This means a continuous improvement of the quality of products and services (Hellriegel et al., 2004). Product quality is important because customers these days are more concerned

about the quality rather than the price. Equally, important client service is a key success factor because it is consistent with many other success factors. Good service involves everything that influences the client positively. By meeting the clients' expectations, entrepreneurs ensure client satisfaction (Moolman, 1996).

Customer loyalty has received a lot of attention today than ever before because of increasing global competition. It can enable firms to build and maintain long-term relationships with their customers. Thus, customer loyalty is also an important outcome of successful Relationship Marketing practices (Reichheld, 1994).

Customers are the driving force for profitable growth and customer loyalty can lead to profitability (Hayes, 2008). For a customer, loyalty is a positive attitude and behavior related to the level of re-purchasing commitment to a brand in the future (Chu, 2009). Loyal customers are less likely to switch to a competitor solely because of price, and they even make more purchases than non-loyal customers (Bowen & Shoemaker, 2003). Loyal customers are also considered to be the most important assets of a company (Blackston, 1995). It is thus essential for vendors to keep loyal customers who will contribute long-term profit to the business organizations (Tseng, 2007).

Attempt to make existing customers increase their purchases is one way to strengthen the financial growth of a company (Hayes, 2008). Furthermore, organization's financial growth is dependent on a company's ability to retain existing customers at a faster rate than it acquires new ones (Hayes, 2008). Therefore, good managers should understand that the road to growth runs through customers - not only attracting new

customers, but also holding on existing customers, motivating them to spend more and getting them to recommend products and services to the other people (Keiningham, Lerzan, Bruce, & Wallin, 2008). Customer loyalty can only be formed when customers and service supplier develop a mutual trust for and in each other. When this mutual trust is developed, the service supplier will be willing to guarantee the quality of their service and the customer will be willing to repurchase from the supplier more frequently. In addition, most researchers use the word willingness (Smith, 1998) Frederick, 2000; (Singh & Sirdeshmukh, 2000).

Bob Czimbal. and Brooks (2010) argue that an organization's success depends on the integrity of business. When an organization's reputation is damaged, there ensues a tragic loss of both customers and good employees. Organizations of all types are now taking a proactive approach to preventing problems by offering trainings about honesty and integrity. Paige (1998) argues the value of honesty in business has obvious and subtle implications. Asking who benefits from business honesty can explain why virtue is also important. Examining the negative effects of dishonest business practices provides insight into the importance of honesty. In fact, it is as helpful as looking at the benefits of business honesty. Doing what is ethical because it is the right thing to do is as essential as practicing ethical behavior for the positive consequences. Honest business practices inspire staff and customers with respect for your mission. Honest business practices build foundations of trust with colleagues, competitors, staff, customers and every other individual and entity. When employers

deal honestly with their staff, employees are motivated to drive the business forward. Creditors and investors express confidence by funding company development and consumer confidence is positive. Paige (1998) Integrity is guides our behavior. Integrity is a choice rather than an obligation. Even though influenced by upbringing and exposure, integrity cannot be forced by outside sources. Integrity conveys a sense of wholeness and strength. When we are acting with integrity we do what is right - even when no one is watching. People of integrity are guided by a set of core principles that empowers them to behave consistently to high standards. The core principles of integrity are virtues, such as: compassion, dependability, generosity, honesty, kindness, loyalty, maturity, objectivity, respect, trust and wisdom. Virtues are the valuable personal and professional assets employees develop and bring to work each day.

In conclusion, the marketing success includes product and service, business integrity, and customer loyalty.

#### Product and Service Quality

Product Quality is defined as the collection of features and characteristics of a product that contribute to its ability to meet given requirements. It is recommended that products offering value for money not only influence customer's choice behavior at the pre purchase phase but also affect their satisfaction, intention to recommend and return behavior at the post purchase phase (Dhanya Alex. & Thomas, 2010); (Parasuraman, 1988).

Service quality is the gap between what the customers want and what they actually get or perceive they are getting (Berry et al., 1988). Consequently, many companies would attempt to offer a high service quality in order to retain their customers. It has been empirically proved that high service quality motivates positive customer behavioral intention to repurchase, and in turn, promotes customer retention (Zeithaml, 2000). This implies that service quality is linked positively to customer loyalty. Actually, many studies have shown that quality is indirectly linked to repurchase intention and customer loyalty through customer perceived value (Yu, 2007); (Anderson, 1994).

### Business Honesty and Integrity

#### Honesty

Rogers and Carl (1964) argue the honesty refers to a facet of moral character and connotes positive and virtuous attributes such as integrity, truthfulness, straightforwardness, including straightforwardness of conduct, along with the absence of lying, cheating, theft, etc. Furthermore, honesty means being trustworthy, loyal, fair, and sincere. According to Zwilling (2012) the definitions of integrity include something like “the quality of being honest and morally upright.”

#### Trust

According to Morgan and Hunt (1994) argue that trust is a key construct in encouraging client retention and building successful relationships. Based on Ganesan (1994) study trust is indeed a critical component for the building of long-term

relationships between both parties to the exchange process. Peppers and Rogers (2006) claimed that when customers trust the company to act in their best interests, they will want to deal more with that company and therefore become more loyal to the company. Trust also affects commitment (Beatty, Mayer, Coleman, Reynolds, & Lee, 1996) since when there is trust in the relationship; both parties have a desire to maintain the relationship because of the confidence they have developed in each other (Dwyer, Schurr, & Oh, 1987). De Wulf and Odekerken-Schröder (2003) also revealed a significant relationship between trust and relationship commitment in a consumer setting.

#### Customer Loyalty

According to Reichheld and Sasser (1990), loyal customers are those who purchase from you repeatedly, and they are generally considered an asset to your organization. Ideally, a loyal customer will continue to purchase from you even in the face of certain challenges, such as cheaper prices offered by other companies. According to Ghavami and Olyaei (2006), truly loyal customers will continue to buy from you even after a customer service failure where their expectations are not met and they have a negative experience, such as a service not provided as specified, a broken product, or a delayed delivery. The company wanted to develop loyal customers, because it hoped that in the face of a customer service breakdown they will forgive and forget. Customer loyalty is defined as the willingness of any given



customer to purchase the company's goods or services over competitive ones available in the marketplace (Singh & Khan, 2012).

## 2.6. Summary

According to the previous study, we find out the most significant factors that affect the Business Success of SMEs, but success of SME is not a single factor to be determined, it depends on many factors' influence. The importance of SMEs to world economies is well documented (Birch, 1994). SMEs (firms with 200 or less employees) make up the largest business sector in every world economy (Culkin & Smith, 2000), and governments around the globe are increasingly promoting and supporting SME growth as part of their overall national development strategy (Abdullah & Bakar, 2000b). SMEs are also important for people's life, they can support more employment opportunities for people. SMEs want to survive in competition marketing, you must improve your enterprise's competitiveness. At the same time, SMEs should find out the benefits and obstacles of SME's and how they affect competitiveness. When you know your advantage in your enterprise, you will find a good way to success.

The above research more important is Key Factors Affecting Business Success & sustainability of SMEs. This research also emphasizes the importance of key characteristics to be important in analyzing the growth of SMEs: Characteristics of Entrepreneur, Corporate Capabilities and Entrepreneurial Spirit.

SMEs indeed face greater growth obstacles, and limited access to finance is an important one of these. Furthermore, compared to large firms and small firms are also more constrained by these obstacles. Inability to access finance may be one of the reasons why we do not see a robust correlation between SME prevalence and economic growth, since it appears that financial constraints are particularly preventing small firms from reaching their growth potential. Thus improving institutions would certainly.

SMEs play an integral role in supporting the next stage of growth in world. This requires bold policy changes to foster a more conducive environment for all businesses, and competitive markets. It also requires innovative programmes to help SMEs develop capabilities and compete effectively on a level field. This will not be an easy process, and there are challenges and issues remain to be resolved. Governments cannot do it alone, but will need to work hand in hand with the markets. There will also be benefit in getting insights and analysis from the academic and research community.

Thailand's impressive economic progress over the last ten years owes much to sound macroeconomic policies and a favorable business environment. Rising integration into international goods and service markets and flexible labour markets opened up space for a nearly unrestricted play of competitive forces. In this setting, large numbers of small enterprises were created, spurred by Thailand's traditional entrepreneurial dynamism. In a few areas, though, SME and entrepreneurship

framework conditions need improvement. Suboptimal educational outcomes are reflected in labour market mismatches (shortages of skilled labour). An underdeveloped infrastructure has retarded firm and job creation in impoverished regions. Additionally, entrepreneurial dynamism has been held back by tax complexity, cumbersome regulations, lack of financial funds, and, last but not least, by pervasive corruption. Rectifying these imbalances will help Thailand confront the rapidly rising competitive challenges from neighboring countries.

## 2.7. Research Hypothesis

### Characteristics of Entrepreneur and SME Success

Characteristic of entrepreneur played an important role on ensuring the business success in SMEs. Characteristic of entrepreneur referred to length of operation, size of SMEs, entry strategy and previous experience. Several previous studies found that demographic characteristics, such as age and gender, and individual background, e.g. education and former work experience, had an impact on entrepreneurial intention and endeavor (Islam, 2011). The study refers to demographic characteristic, length time in operation, number of employee, entry strategy and previous experience of achievement.

Demographic characteristics, such age and gender, and individual background, such as education and former work experience had significant impact on SMEs and entrepreneur (Kolvereid, 1996a); (Mazzarol, Volery, Doss, & Thein, 1999). Sinha (Samo, 2016b) disclosed that successful SME owner were relatively younger in age.

In their study on Internet café entrepreneurs in Indonesia, (Kristiansen, 2003a), (Samo, 2016b) found a significant correlation between age of the SME owner and business success. Length time in operation may be associated with learning curve. Old players most probably have learned much from their experiences than have done by new comers. (Kristiansen et al., 2003b) found that length time in operation was significantly linked to business success.

Size of enterprise reflects how large an enterprise in employment terms. McMahon (2001) found that enterprise size significantly linked to better business performance. Larger enterprises were found to have a higher level of success. (Samo, 2016a) found that individuals with prior experience had significantly higher intentions to start their own business than those without such experience. This forms the justification for the following hypotheses:

Hypothesis 1: The Characteristics of the entrepreneur positively relationship SME Success

However, these study aims to study the elements with Characteristics of entrepreneur and SME Success in order to answer the purposes of this study, therefore the next hypotheses are:

- H1.1 Demographic characteristics, Number of employee, Entry strategy and previous experience of achievement are positively relationship SME Success.

#### Corporate Capabilities in Value Chain and SME Success

Corporate capabilities are necessary for a firm to develop core competence, and

to generate a good business strategy. It is common to have many substantial differences in capabilities and resource allocation across individual companies that pursue the same strategy. Such differences could significantly affect corporate performance (Narasimhan et al., 2001a). Some pioneer scholars refer to CCC as a competitive strategy or corporate strategy (Andrews, 1980); (Watts et al., 1992) and a manufacturing task (Miller & Roth, 1994). This literature reviews the four factors of CCC: cost leadership, differentiation, innovative marketing and customer service.

Sambasivan, Abdul, and Yusop (2009) found that the elements such as, entrepreneurial role models, presence of experienced entrepreneurs, skills and knowledge of the entrepreneurs, cultural attitudes towards entrepreneurship and proximity of entrepreneurial universities are strongly correlated with the entrepreneurial culture and mindsets. The entrepreneurial supports and governmental policies are related to the business angels and risk capital availability, availability of financial resources, government influences and supports for entrepreneurship in addition to role of government policies on entrepreneurial activity. Thapa, Thulaseedharan, Goswami, and Joshi (2008) concluded that the level of education has moderate positive relationship with success of the small business firm. Supply chain integration, market cope, firm age, size of founding team, financial resources, founders marketing experience, founders' industry experience, and existence of patent protection are also instrumental for the success of SME entrepreneurs (Song, Podoynitsyna, Bij, & Halman, 2008). The opportunity of recognition skills, personal

qualities, and management skills affect venture performance through alertness and prior knowledge (Sambasivan et al., 2009). Knowledge and management capability of entrepreneurs also play an important role and need to be developed at every level.

This forms the justification for the following hypotheses:

Hypothesis 2: The Corporate Capabilities in Value Chain positively influence SME Success

However, these study aims to study the elements with Corporate Capabilities in Value Chain and SME Success in order to answer the purposes of this study, therefore the next hypotheses are:

- H2.1 Procurement, production, marketing, technology, HRM, financial management are positively influence SME Success.

#### Entrepreneurial Spirit and SME Success

These factors include variables that are a result of birth (e.g. nationality, sex, age, etc.) as well as those that are a result of the human development and socialization process (e.g. personality, attitudes, values, education, religion, employment, etc.).

These owners also like to play a role in the decision-making of the business (Culkin & Smith, 2000). Therefore, understanding the individual small business owner becomes as crucial as understanding the business. Some evidence exists to support a link between growth focus and the characteristics of the owner-manager (Kotey & Meredith, 1997).

The individual characteristics include attributes like the age, education,

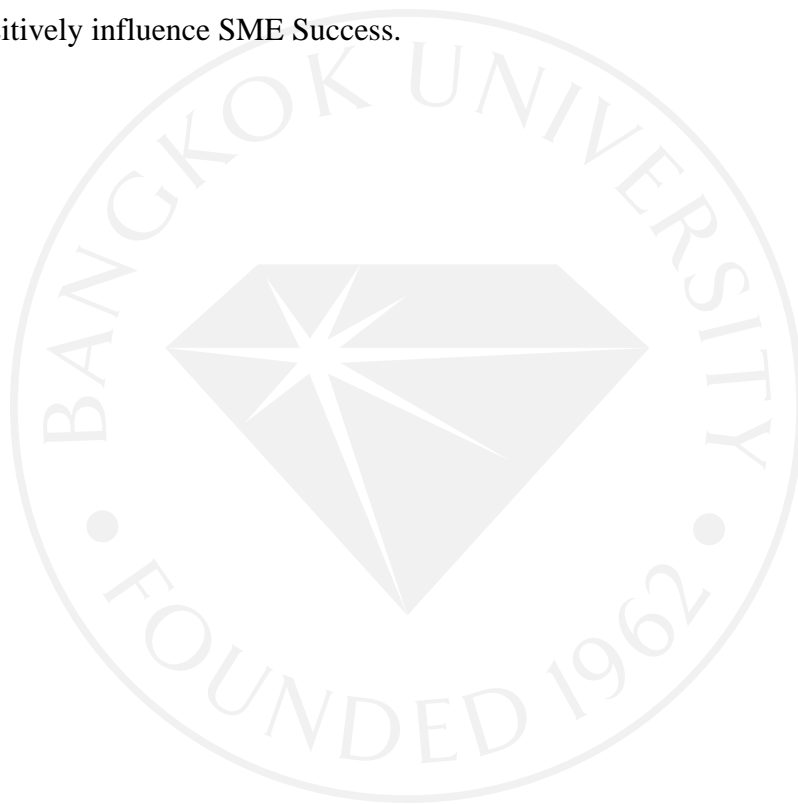
managerial know-how, industry experience and social skills of the owner/manager. A research by (Charney & Libecap, 2000) found that entrepreneurship education produces self-sufficient enterprising individuals. Furthermore, they found that entrepreneurship education increases the formation of new ventures, the likelihood of self-employment, the likelihood of developing new products, and the likelihood of self-employed graduates owning a high-technology business. Also, the study revealed that entrepreneurship education of employee increases the sales growth rates of emerging firms and graduates' assets.

Some researchers have argued that success is driven by the entrepreneurial orientation (Covin & Slevin, 1991) (Lumpkin & Dess, 1996); (Wiklund & Shepherd, 2004). According to Lumpkin and Dess (2001), the concept of entrepreneurial orientation consists of five dimensions: ① autonomy, ② innovativeness, ③ risk taking, ④ proactiveness, and ⑤ competitive aggressiveness. Autonomy is defined as an independent action by an individual or a team aimed at bringing forth a business concept or a vision, and carrying it through to completion. Innovativeness refers to the willingness to support creativity and experimentation. Risk taking means a tendency to take bold actions, such as venturing into unknown new markets. Proactiveness is an opportunity-seeking and forward-looking perspective. The fifth dimension, competitive aggressiveness, reflects the intensity of a firm's efforts to outperform the industry rivals (Lumpkin & Dess, 2001). This forms the justification for the following hypotheses:

Hypothesis 3: The Entrepreneurial Spirit positively influence SME Success

However, these study aims to study the elements with Entrepreneurial Spirit and SME Success in order to answer the purposes of this study, therefore the next hypotheses are:

- H3.1 Ownership, Individual characteristics and entrepreneurial orientation are positively influence SME Success.





## 2.8. Conceptual Framework

Storey (1994) identified key characteristics to be important in analyzing the growth of SMEs: the characteristics of the entrepreneurs; the characteristics of the SMEs; and the type of strategy associated with growth. Instead of the last component, we explore contextual elements of SME development. The theoretical framework is developed in line with these adjusted three components as depicted in Figure 1. Justification for each variable included in the model is explained in subsequent section.

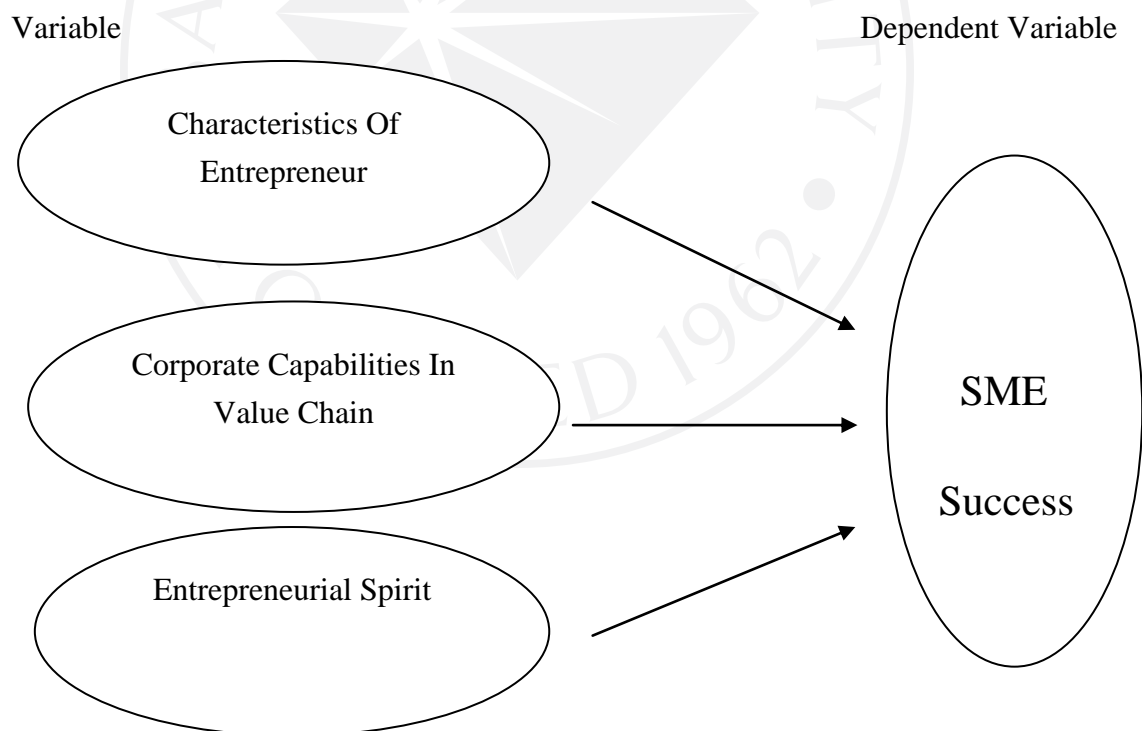


Figure 2.3: Conceptual Mode

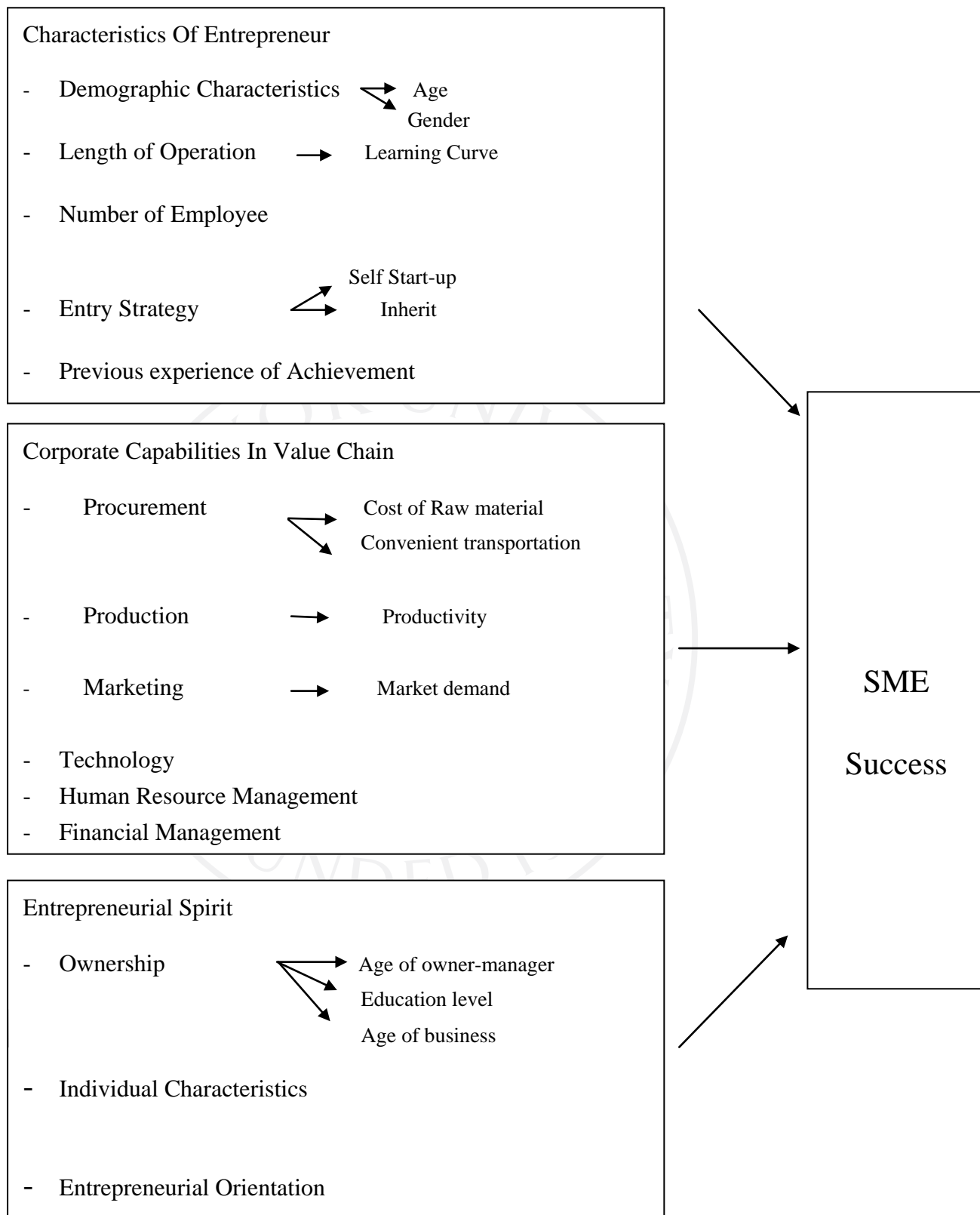


Figure 2.4: Conceptual Model

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1. Research Design

Research designs as a strategy for answering the questions or testing the hypotheses the stimulated the research in the first place (Cavana&Sekaran, 2001). This study survey and design which based on self-designed questionnaire method to answer the research question, which key Determinants influence of Thai SMEs success this study involved correlation analysis to determine the degree of relationship between the selected independent variables and the dependent variable which was SME Success.

#### 3.2. Population and Sample

The population includes SME's owner of Thai food industry where located in Bangkok, Thailand; the capital city of Thailand which has the most developed business infrastructure and the greatest number of SMEs. This study focused on Thai SMEs randomly selected Thai SMEs from 385 Thai food owners or Managers. By selecting prominent area such as department store, theater and shopping complex in Bangkok as a location for data collection process.

#### Samples and Samples Size

A quantitative, exploratory research design used a questionnaire as the primary research tool. However the population in this study is infinite population. Therefore,

the study will determine sample size by applying an equation proposed by (Pongwichai, 2009) which is the adaptation of (Yamane, 1973) at confidence level of 95% and precision levels = 0.05

$$n = \frac{1}{\left[ \frac{4e^2}{Z^2} \right]}$$

Where  $n$  = sample size  $e$  = the level of precision (in this study the author specified the level of precision = 0.05 at the confidence level of 95 %)

$Z$  = the abscissa of the normal curve that cuts off an area  $\alpha$  at the tails. The value for  $Z$  is found in statistical tables which contain the area under the normal curve.

$Z = 1.96$  (at the confidence level of 95 %)

Applied the formula

$$\begin{aligned} n &= \frac{1}{\left[ \frac{4(0.05)^2}{(1.96)^2} \right]} \\ &= 385 \end{aligned}$$

Therefore, the sample size in this study is 385 people who are the respondents from owners and managers of SMEs, which are located in Bangkok. Nevertheless, this study compares relationship of Bangkok;

### 3.3. Sampling Design

In this study, the author employed probability sampling method called multi-stage sampling. The process is proposed as follow:

#### 3.3.1. Stratified Sampling

Small Restaurants (SMEs-Small Medium Enterprises) are what most new Thai



Table 3.2: Number of Questionnaire Required from Each Brands

Number of Questionnaire Required from Each Brands.		
	(%)	QUESTIONNAIRE REQUIRED
Caf é	8%	30
Restaurants	48%	184
Fast Food	35%	133
Ice Cream & Bakery	10%	38
Total	100%	385

According to Table 9 the proportion of sample that will be used in this study are restaurant 48%, fast food 35%, Ice cream & bakery 10%, and Cafe 8%. Consequently, the total number of questionnaire which is 385 copies will be divided accordingly to the proportion above. As a result, the total questionnaire is 358 for restaurant is 184 copies, bakery & Ice-cream is 38 Copies, coffee shop is 30 copies, and fast food 133 Copies.

### 3.3.2. Accidental Sampling

Finally, the study collected data by using accidental sampling method from each groups of food and beverage business; replies back questionnaire as follow:

Restaurants 131 copies, Ice Cream & Bakery 73 copies, caf éshop 22 copies, fast food 15 copies, and invalid 17 copies in a total number of 258 questionnaires. By selecting prominent area such as Rama 4 Market village, Chamchuri square, Central silom, The

Street, Espaland, Central rama 9, Fortune mall, some stores near Soi Ari 3-10 in Bangkok as a location for data collection process.

### 3.4. Variables

In this study, variables are presented accordingly to the proposed hypothesis as follow;

H1. Characteristics of Entrepreneur relationship to SME Success.

- H1.1 Length of operation, number of employee, entry strategy and previous experience of achievement are positively influence SME Success.

Independent variables include Characteristics of entrepreneur detailed as follow:

1. Demographic characteristics
2. Length of operation
3. Number of employee
4. Entry strategy
5. Previous experience of achievement

Dependent variable includes SME Success detailed as follow:

- SME Success

H2 Corporate Capabilities in Value Chain positive influence SME Success

- H2.1 Procurement, production, marketing, technology, HRM and financial management positive influence SME Success.

Independent variables include Corporate Capabilities in Value Chain detailed as follow:

1. Procurement
2. Production
3. Marketing
4. Technology
5. Human Resource Management(HRM)
6. Financial Management

Dependent variable include SME Success detailed as follow:

- SME Success
- H3 Entrepreneurial Spirit positive influence SME Success
- H3.1 Ownership, Individual Characteristics and entrepreneurial orientation positively influence SME Success.

Independent variables include Entrepreneurial spirit detailed as follow:

1. Ownership
2. Individual Characteristics
3. Entrepreneurial Orientation

Dependent variable include SME Success detailed as follow:

- SME Success

### 3.5. Research Instrument

The study utilized questionnaire as an instrument to collect data in order to examine and identify what aspects within characteristics of entrepreneur, corporate capabilities in value chain and entrepreneurial spirit that help SMEs continues



development. The questionnaire is consists of four parts as followed;

Part1. Comprise of demographic and general information such as gender, age, work experience, enter strategy and number of employee The questions are close-ended questionnaire and the answer of each question is check list type with a total number of 5 questions.

Table 3.3: Level of Information Measurement and Criteria.

Variable	Level of Measurement	Criteria Classification
1.Gender	Nominal	1. Male 2. Female
2.age	Ordinal	1. Less than 30 2. 30-35 3. 36-40 4. 40-45 5. Over 45
3.Business experience	Ordinal	1. 1-3 years 2. 4-6 years 3. 7-10 years 4. Over 10 years
4.Number of employees	Ordinal	1. Less than 10 2. 10-15 3. 16-20 4. More than 20
5.Entry strategy	Nominal	1. Self Starter-up 2. Inheritance

Part 2. The second part is Corporate Capabilities in Value Chain, using 5-point Likert scale anchored by strongly agree to strongly disagree was applied to measure the perceived success. The items were rated by respondents on a five-point Likert scale. Questions: How are these following capabilities important to your business success?

## Corporate Capabilities in Value chain

### 1. Procurement

Contacting number of suppliers that can afford raw materials as needed.

Searching for convenient channels to order materials from suppliers.

Using convenient transportation for delivering raw material.

Bewaring of low cost of raw material.

Controlling cost of transportation for delivering raw material.

Preparing availability of raw materials as needed.

Gaining a good price when negotiating to buy materials with suppliers.

### 2. Poduction

Conducting quality assurance system for quality assessment of raw material.

Performing quality control of processing system in production.

Setting time scheduling of processing system in production.

Conducting spoilage control and contamination system.

Manufacturing the product with environment and social awareness of surrounding community.

### 3. Marketing

Conducting market and consumer demand surveys before launching the new products/services.

Recognizing continuity of change for new marketing strategies.

Developing of product continuously.

Setting price which is related to product/service quality.

Delivering service quality to customers.

Providing easy channel accessible for customers.

Informing new and current customers when launching the new products into the market.

Continuously performing and supporting relationship with surrounding community to retain customers.

#### 4. Technology

Using computer technology for servicing customers.

Using computer technology to contact and supervise employees.

Using social media, such as facebook, line, to introduce the product and your business.

#### 5. Financial planning and control

Preparing financial plan for running business.

Acquiring fund without high risk.

Avoiding debt that will be troubling the business financial status.

#### 6. Human Resource Management and Development

Developing management skills in the Enterprise Resource Planning.

Often motivating the staffs for improving their work performance.

Setting system of selection & recruitment for having the right experienced person.

Training new employees for better practice in business.

All items were rated by respondents on a five-point Likert scale, each questions scaled from Number 1 with the statement “Not Important” to number 5 with the statement “Very Important”. The weight (score) are set in each level as followed: Very Important= 5 points, Rather Important = 4 points, Average = 3 points, Less Important = 2 points, Not Important = 1 point

For the measurement analysis the author uses mean and interval class formula to calculate the range of information in each level as followed;

$$\begin{aligned}\text{Interval class} &= \text{Range (max value – min value) / Number of Interval} \\ &= (5-1) / 5 \\ &= 0.8\end{aligned}$$

Therefore, the average score can be translating as:

Average score of 4.21 – 5.00 refers to a Very Important.

Average score of 3.41 – 4.20 refers to a Rather Important.

Average score of 2.61 – 3.40 refers to an Average.

Average score of 1.81 – 2.60 refers to a Less Important.

Average score of 1.00 – 1.80 refers to a Not important.

Part 3. The part is Entrepreneurial Spirit; using 5-point Likert scale anchored by strongly agree to strongly disagree was applied to measure the perceived success. The items were rated by respondents on a five-point Likert scale. Questions: How do you consider yourself about these following when you running your business?

## Questions of Entrepreneurial Spirit

### 1. Ownership

You believe in your business experience for running your business.

You have confidence to achieve your business among any competitions.

You trust on your practical capability and decision to start your business.

You can organize your business activities appropriately.

You have strong intention to expand your business.

You always recognize about business risk and prepare a strategy for protecting your business operation.

You have strong intention to generate income and control cost for maintaining your business.

### 2. Individual Characteristics

You are a self-confidence person who always tries to make the things better.

You can contribute innovative solutions to solve your business problems by yourself.

You prefer well-prepared planning by yourself with a clear agenda and time management.

You always search new knowledge for business development by yourself.

You always recognizes about new things as new direction.

You always wants new product to serve customer's needs.

You are willing to exercise self-employment.

You are willing to adopt technology and use it for business operation.

### 3. Entrepreneurial Orientation

You control yourself to keep your business going on.

You accept innovation for running your business.

You recognize to take risk in order to accept up your business.

You run your business with proactive strategies.

You trust to makes your business competitive aggressiveness.

All items were rated by respondents on a five-point Likert scale, each questions scaled from Number 1 with the statement “Not important” to number 5 with the statement “Very Important”. The weight (score) are set in each level as followed: Very Important = 5 points, Rather Important = 4 points, Average = 3 points, Less Important = 2 points, Not Important = 1 point

For the measurement analysis the author use mean and interval class formula to calculate the range of information in each level as followed;

Interval class= Range (max value – min value) / Number of Interval

$$= (5-1) / 5$$

$$= 0.8$$

Therefore, the average score can be translating as:

Average score of 4.21 – 5.00 refers to a Very Important.

Average score of 3.41 – 4.20 refers to a Rather Important.

Average score of 2.61 – 3.40 refers to an Average.

Average score of 1.81 – 2.60 refers to a Less Important.

Average score of 1.00 – 1.80 refers to a Not Important.

Part 4. The part is SME's Success; using 5-point Likert scale anchored by strongly agree to strongly disagree was applied to measure the perceived success. The items were rated by respondents on a five-point Likert scale. Question: How do you consider about their following these action which are related to your own business success.

#### Questions of SME's Success

##### 1. Financial Success

The owner's capability to control cost and operating expenses.

The owner's capability to increase the growth of profit.

The owner's capability to increase the long term income.

##### 2. Managerial Success

The business can be runned continually.

Employees are willing to work for business success according to their satisfaction.

All processes of business operations can be achieved by quality standard.

##### 3. Marketing Success

Customers' trust on the reputations of products and services quality.

Customers' willingness to come back to buy the product.

Customers' trust on business honesty and integrity.

All items were rated by respondents on a five-point Likert scale, each questions scaled from Number 1 with the statement “Strongly Disagree” to number 5 with the statement “Strongly Agree”. The weight (score) are set in each level as followed:  
Strongly Agree = 5 points, Somewhat Agree = 4 points, Neutral = 3 points, Somewhat Disagree = 2 points, strongly Disagree = 1 point

For the measurement analysis the author use mean and interval class formula to calculate the range of information in each level as followed;

Interval class= Range (max value – min value) / Number of Interval

$$= (5-1) / 5$$

$$= 0.8$$

Therefore, the average score can be translating as:

Average score of 4.21 – 5.00 refers to a Strongly Agree.

Average score of 3.41 – 4.20 refers to a Somewhat Agree.

Average score of 2.61 – 3.40 refers to a Neutral.

Average score of 1.81 – 2.60 refers to a Somewhat Disagree.

Average score of 1.00 – 1.80 refers to a strongly Disagree.

### 3.6. Reliability and Validity Assessment

The questionnaire has been examined within two important aspects which are content validity and reliability to ensure that respondents have a common understanding of questionnaire and they can answer based on fact as well as statistical reliability of the questionnaire.



### 3.6.1. Content Validity

All questions are proposed by the review from previous works and literature but in order to ensure content validity of the questionnaire the author submitted the questionnaire to thesis advisors and qualified experts in related field which are

1. Dr. Kriroek Pinkaeo
2. Dr. Sumetee Wongsak
3. Assoc. Prof. Dr. Suthinan Pomsuwan

To prove the consistency of questions, the author use Index of Item Objective Congruence (IOC) method to calculate the consistency between the objective and content or questions and objective.

$$IOC = \frac{\sum R}{N}$$

Where :

IOC = Consistency between the objective and content  
or questions and objective.

$\sum R$  = Total assessment points given from all qualified  
experts.

N = Number of qualified experts.

The consistency index value must have the value of 0.5 or above to be accepted.

After assessment feedback result, the questions have been chosen and adapt to make sure that each question has the consistency index value more than 0.5. The assessment result of this questionnaire has the total consistency index value equal to

0.91 without any question with the value less than 0.5. See more information on Appendix A.

### 3.6.2. Reliability

The researchers launch the questionnaire to 30 samples as a pilot test to examine the reliability of the questionnaire. The reliability test for this research is processed on computer program by using Cronbach's alpha coefficient.

Table 3.4: Criteria of Reliability

Cronbach's Alpha Coefficient	Reliability Level
0.80 – 1.00	Very High
0.70 – 0.79	High
0.50 – 0.69	Medium
0.30 – 0.49	Low
Less than 0.30	Very Low

Source: Vanitbuncha. (2003) Statistical analysis: *Statistics for management and research*. Thailand: Department of Statistic Faculty of Chulalongkon University.

If Cronbach's alpha coefficient is more than 0.70, the questionnaire reliability is acceptable (Cronbach, 1951) (Olorunniwo, Hsu, & Udo, 2006). The criteria of reliability are illustrated in table 3.4.

The value of Cronbach's alpha coefficient of the 30 pre-test questionnaires is 0.955 within 59 items. As the result shown in table 3.5, the value of Cronbach's alpha for corporate capabilities, entrepreneurial spirit, and SME's success are 0.924, 0.897

and 0.908 respectively. The value of Cronbach's alpha coefficient of the 241 questionnaires is 0.971 within 59 items. As the result shown in table 3.6, the value of Cronbach's alpha for corporate capabilities, entrepreneurial spirit, and SME's success are 0.952, 0.932 and 0.902 respectively.

According to Olorunniwo et al. (2006) the acceptable value of alpha should be about 0.70. The overall Cronbach's alpha coefficient value from this questionnaire is all higher than the benchmark value of 0.70 and has the value higher than 0.90 therefore, the quality and accuracy of questionnaire is very high in reliability level and the desirability level is excellent (Cronbach, 1951; (Olorunniwo et al., 2006). As a result, all 59 items within 3 constructs are acceptable in this study based on the result of alpha value.

Table 3.5: The Result of Cronbach's Alpha Test with 30 Try-out Questionnaires

Variables	Cronbach's Alpha	Interpretation	Number of Item
All Parts	0.955	Very High	59
Corporate Capabilities	0.924	Very High	30
Entrepreneurial Spirit	0.897	Very High	20
SME Success	0.908	Very High	9

Table 3.6: The Result of Cronbach's Alpha Test with 241 Questionnaires

Variables	Cronbach's Alpha	Interpretation	Number of Item
All Parts	0.971	Very High	59
Corporate Capabilities	0.952	Very High	30
Entrepreneurial Spirit	0.932	Very High	20
SME Success	0.902	Very High	9

### 3.7. Data Collection

In this study, data used within this research comprise of two types of data which are primary data and secondary data.

#### 3.7.1. Primary Data

Ghauri, Grønhaug, and Kristianslund (1995) state that when using a special technique for collecting data the collecting data can be either primary or secondary. Bryman and Bell (Bryman & Bell, 2007) goes on by saying that primary data is information that the researcher gathers on his own, for instance by using questionnaires and tests. Primary Data are data received from questionnaire instruments that has been self-administered by sample group which are customers from SMEs that located in Bangkok. Total number of questionnaire is 385 copies consist of customers from Restaurants 184 copies, Fast food 133 copies, Ice cream & Bakery 38 Copies and Café 30 copies.

### 3.7.2. Secondary Data

Secondary data are information that has been collected, analyzed and organized throughout this thesis from the review of literature in related topics such as international journal, local journal, articles, books, research and the Internet.

Secondary data refers to the data such as literature, documents and articles that is collected by other researchers and institutions (Bryman and Bell, 2007).

### 3.8. Statistic for Data Analysis

In this study, statistical package for social science (IBM.SPSS) for Windows, version 20.0, was used to analyze the data from the completed questionnaires. Two types of data analysis were employed: descriptive analysis and multiple regression method.

**Descriptive Statistics:** Analysis by using frequency and percentage to explain demographic data which consist of gender, age, Number of employee, entry strategy and work experience.

The study used mean and standard deviation value to explain the level of Corporate Capabilities in Value Chain, Entrepreneurial Spirit and SME Success from samples group.

**Using Chi-square method :** To analyze the relationship between Characteristics of Entrepreneur and SMEs Success.

**Using Multiple Regression method:** To analyze the influence between Corporate Capabilities in Value Chain, Entrepreneurial Spirit to SME Success because it is a

statistical technique that allows us to predict someone's score on one variable on the basis of their scores on several other variables. Moreover, it will allow us to identify a set of predictor variables which together provide a useful estimate of a participant's likely score on a criterion variable.

Table 3.7: Statistic for Data Analysis used for Hypothesis Analyzing Process

Hypothesis 1	Statistic Method
H1. The Characteristics of the entrepreneur positively relationship to SME Success.	Chi-Square
H1.1. Demographic characteristics, Number of employee, Entry strategy and Previous experience of achievement are positively relationship to SME Success.	Chi-Square
Hypothesis 2	Statistic Method
H2. The Corporate Capabilities in Value Chain positively influence SME Success.	Multiple Regression
H2.1. Procurement, Production, Marketing, Technology, HRM, Financial management are positively influence SME Success.	Multiple Regression
Hypothesis 3	Statistic Method
H3. The Entrepreneurial spirits positively influence SME Success.	Multiple Regression
H3.1. Ownership, Individual characteristics and Entrepreneurial orientation are positively influence SME Success.	Multiple Regression

## CHAPTER 4

### RESEARCH FINDINGS AND DATA ANALYSIS

In this chapter, the author presents results of the research along with analysis of the data collected. The analysis part is conducted by using the statistic of food SMEs mentioned.

The results of this research will be presented within 5 parts:

Part 1: The analysis of samples of demographic data, including gender, age, business experience, number of employee, and enter type of business is interpreted by using frequency and percentage.

Part 2: The analysis of corporate capabilities samples, including procurement, production, marketing, technology, financial planning, and human resource management by using mean ( $\bar{x}$ ) and standard deviation (S.D).

Part 3: The analysis of entrepreneurial spirits samples, including ownership, individual characteristics, and entrepreneurial orientation by using mean ( $\bar{x}$ ) and standard deviation (S.D).

Part 4: The analysis of SME's Success samples, including financial success, managerial success, and marketing success by using mean ( $\bar{x}$ ) and standard deviation (S.D).

Part 5: The analytical results for hypothesis testing.

### Symbol used for Data Analysis

$\bar{X}$	is	mean value from samples.
S.D.	is	standard deviation from samples.
n	is	number of samples.
*	is	indicator of a statistically significant at 0.05 significance level
Adjusted R <sup>2</sup>	is	a modification of R-square that adjusts for the number of terms in a model.
t	is	a ratio of the departure of an estimated parameter from its notional value and its standard error.
Beta	is	the estimates resulting from an analysis carried out on independent variables that have been standardized so that their variances are 1 (Field, 2009).

#### 4.1. The Analysis of Demographic Information of Samples

Table 4.1: Frequency and Percent of samples classified by Gender.

Gender	Frequency	Percent
Male	78	32.4
Female	163	67.6
Total	241	100.0

The majority of respondents are female with total number equal to 163 respondents (67.6%) and male 78 respondents (32.4%)



Table 4.2: Frequency and Percent of Samples Classified by Age.

Age	Frequency	Percent
Less than 30	128	53.1
30-35	63	26.2
36-40	27	11.2
More than 45	23	9.5
Total	241	100.0

Most respondents age are in the range with between less than 30 years old which equal to 128 respondents (53.1%) followed by 30-35 years old 63 respondents (26.1%), 36-40 years old 27 respondents (11.2%), More than 45 years old 23 respondents (9.5%) respectively.

Table 4.3: Frequency and Percent of Samples Classified by Business Experience.

Experience (years)	Frequency	Percent
1-3	135	56.1
4-6	50	20.7
7-10	21	8.7
More than 10	35	14.5
Total	241	100.0

Most respondents business experiences are in the range between 1-3 years which equal to 135 respondents (56%), followed by 4-6 years 50 respondents (20.7%), More than 10 years 35 respondents (14.5%), 7-10 years 21 respondents (8.7%) respectively.

Table 4.4: Frequency and Percent of Samples Classified by Number of Employee.

Number of Employee	Frequency	Percent
Less than 10	104	43.2
10-15	63	26.1
16-20	25	10.4
More than 20	49	20.3
Total	241	100.0

Most respondents Number of Employee is in the range with between Less than 10 employee which equal to 104 respondents (43.2%), followed by 10-15 employee which equal to 63 respondents (26.1), More than 20 employee which equal to 49 respondents (20.3), 16-20 employee which equal to 25 respondents (10.4%) respectively.

Table 4.5: Frequency and Percent of Samples Classified by the Mode of Business Entering.

The mode of business entering	Frequency	Percent
Self Starter-up	164	68.0
Inheritance	77	32.0
Total	241	100.0

Most respondents the mode of business entering is in the rang in Self Starter-up which equal to 164 respondents (68.0%), followed by Inheritance which equal to 77 respondents (32.0) respectively.

#### 4.2. The Analysis of Corporate Capabilities by using Mean ( $\bar{X}$ ) and Standard Deviation (S.D.)

The analysis and interpretation of corporate capabilities, entrepreneurial spirit and SMEs success will use the average score to interpretation that was presented in chapter 3 as follow:

Average score of 4.21 – 5.00 refers to a Very Important.

Average score of 3.41 – 4.20 refers to a Rather Important.

Average score of 2.61 – 3.40 refers to a Average.

Average score of 1.81 – 2.60 refers to a Less Important.

Average score of 1.00 – 1.80 refers to a Not Important.

All items were rated by respondents on a five-point Likert scale. Each questions scaled from Number 1 with the statement “Not Important” to number 5 with the statement “Very Important”. The weight (score) are set in each level as followed;

Very Important = 5 points

Rather Important = 4 points

Average = 3 points

Less Important = 2 points

Not Important = 1 point

Table 5.1: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Procurement.

Procurement	Mean	Std. Deviation	Interpretation (Importance)
1. Contacting number of suppliers.	4.18	.753	Rather Important
2. Searching for convenient channels.	4.07	.845	Rather Important
3. Convenient transportation for delivering raw material.	4.11	.816	Rather Important
4. Low cost of raw material.	4.14	.923	Rather Important
5. Controlling cost of transportation.	4.12	.890	Rather Important
6. Preparing availability of raw materials.	4.37	.775	Very Important
7. Gaining a good price.	4.18	.820	Rather Important
Total	4.17	.832	Rather Important

From the data presented in table 5.1, it was shown that most owners perceived of procurement at the rather important level of importance ( $\bar{X} = 4.17$ , S.D. = 0.832).

Moreover, considering with each item of procurement, it was found that preparing availability of raw materials which was perceived as the very important of importance items ( $\bar{X} = 4.37$ , S.D. = 0.775). The other items of procurement that were perceived

at rather important level of importance included gaining a good price (  $\bar{X} = 4.18$ , S.D. = 0.820), contacting number of suppliers (  $\bar{X} = 4.18$ , S.D. = 0.753), Low cost of raw material (  $\bar{X} = 4.14$ , S.D. = 0.923), controlling cost of transportation (  $\bar{X} = 4.12$ , S.D. = 0.890), convenient transportation for delivering raw material (  $\bar{X} = 4.11$ , S.D. = 0.816), and searching for convenient channels (  $\bar{X} = 4.07$ , S.D. = 0.845), connectively.

Table 5.2: Mean (  $\bar{X}$  ) and Standard Deviation (S.D.) of Production.

Production	Mean	Std. Deviation	Interpretation (Importance)
1. Conducting quality assurance system.	4.31	.821	Very Important
2. Performing quality control.	4.30	.781	Very Important
3. Setting time scheduling.	4.07	.824	Rather Important
4. Conducting spoilage control.	4.39	.849	Very Important
5. Environment and social awareness of surrounding community.	4.29	.816	Very Important
Total	4.27	.818	Very Important

From the data presented in table 5.2, it was shown that most owners perceiving of production at the very important level of importance (  $\bar{X} = 4.27$ , S.D. = 0.818). Moreover, considering each item of production, it was found that the topic related to preparing conducting spoilage control was perceived as the very important of importance items (  $\bar{X} = 4.39$ , S.D. = 0.849). The other items of production that were perceived three items at very important level of importance and one item at rather important of importance included, conducting quality (  $\bar{X} = 4.31$ , S.D. = 0.821), performing quality control (  $\bar{X} = 4.30$ , S.D. = 0.781), environment and social awareness of surrounding community (  $\bar{X} = 4.29$ , S.D. = 0.816), and setting time

scheduling (  $\bar{X} = 4.07$ , S.D. = 0.824), connectively.

Table 5.3: Mean (  $\bar{X}$ ) and Standard Deviation (S.D.) of Marketing.

Marketing	Mean	Std. Deviation	Interpretation (Importance)
1. Conducting market and consumer demand.	4.27	.785	Very Important
2. Recognizing continuity of change	4.24	.743	Very Important
3. Developing of product continuously.	4.31	.780	Very Important
4. Setting price.	4.34	.737	Very Important
5. Delivering service quality to customers.	4.46	.790	Very Important
6. Providing easy channel accessible.	4.29	.774	Very Important
7. Informing new and current customers.	4.32	.803	Very Important
8. Continuously performing and supporting relationship with customers.	4.29	.827	Very Important
Total	4.31	.780	Very Important

From the data presented in table 5.3, it was shown that most owners perceived of marketing at the very important level of importance (  $\bar{X} = 4.31$ , S.D. = 0.780).

Moreover, considering each item of marketing, it was found that the topic related to preparing Delivering service quality to customers was perceived as the very important of importance items (  $\bar{X} = 4.46$ , S.D. = 0.790). The other items of marketing that were perceived also at very important level of importance included, Setting price (  $\bar{X} = 4.34$ , S.D. = 0.737), Informing new and current customers (  $\bar{X} = 4.32$ , S.D. = 0.803), developing of product continuously (  $\bar{X} = 4.31$ , S.D. = 0.780), Providing easy channel accessible (  $\bar{X} = 4.29$ , S.D. = 0.774), continuously performing and supporting relationship with customers (  $\bar{X} = 4.29$ , S.D. = 0.827), conducting market and consumer demand (  $\bar{X} = 4.27$ , S.D. = 0.785), and recognizing continuity of change (  $\bar{X} = 4.24$ , S.D. = 0.743), connectively.

Table 5.4: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Technology.

Technology	Mean	Std. Deviation	Interpretation (Importance)
1. Using computer technology for servicing customers.	4.14	.831	Rather Important
2. Using computer technology to contact and supervise employees.	4.03	.848	Rather Important
3. Using social media.	4.23	.924	Very Important
Total	4.13	.868	Rather Important

From the data presented in table 5.4, it was shown that most owners perceived of marketing at the rather important level of importance ( $\bar{X} = 4.13$ , S.D. = 0.868).

Moreover, considering each item of technology, it was found that the topic related to preparing using social media was perceived as the very important of importance items ( $\bar{X} = 4.23$ , S.D. = 0.924). The other items of technology that were perceived at rather important level of importance included, using computer technology for servicing customers ( $\bar{X} = 4.14$ , S.D. = 0.831), and using computer technology to contact and supervise employees ( $\bar{X} = 4.03$ , S.D. = 0.848), connectively.

Table 5.5: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Financial Planning.

Financial planning	Mean	Std. Deviation	Interpretation (Importance)
1. Preparing financial plan.	4.33	.799	Very Important
2. Acquiring fund without high risk.	4.14	.893	Rather Important
3. Avoiding debt.	4.24	.848	Very Important
Total	4.23	.846	Very Important

From the data presented in table 5.5, it was shown that most owners perceived of financial planning at the very important level of importance ( $\bar{X} = 4.23$ , S.D. = 0.846).

Moreover, considering each item of financial planning, it was found that the topic

related to preparing financial plan was perceived as the very important of importance items (  $\bar{X} = 4.33$ , S.D. = 0.799). The other items of financial planning that were perceived also at very important level of importance included, avoiding debt (  $\bar{X} = 4.24$ , S.D. = 0.848), and acquiring fund without high risk (  $\bar{X} = 4.14$ , S.D. = 0.893), connectively.

Table 5.6: Mean (  $\bar{X}$  ) and Standard Deviation (S.D.) of Human Resource Management.

Human Resource Management	Mean	Std. Deviation	Interpretation (Importance)
1. Developing management skill.	4.19	.734	Rather Important
2. Often motivating the staffs.	4.29	.774	Very Important
3. Setting system of selection & recruitment.	4.15	.767	Rather Important
4. Training new employees	4.21	.889	Very Important
Total	4.21	.791	Very Important

From the data presented in table 5.6, it was shown that most owners perceived of human resource management at the very important level of importance (  $\bar{X} = 4.21$ , S.D. = 0.791). Moreover, considering each item of human resource management, it was found that the topic related to often motivating the staffs was perceived as the very important of importance items (  $\bar{X} = 4.29$ , S.D. = 0.774). Follow by the training new employees is also perceived at very important level of importance (  $\bar{X} = 4.21$ , S.D. = 0.889). The other items of human resource management that were perceived also at rather important level of importance included, developing management skill (  $\bar{X} = 4.19$ , S.D. = 0.734), and setting system of selection & recruitment (  $\bar{X} = 4.15$ , S.D. = 0.767), connectively.

Table 5.7: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Corporate Capabilities in Value Chain.

Corporate Capabilities in value chain	Mean	Std. Deviation	Interpretation (Importance)
1.Total Procurement	4.17	.832	Rather Important
2.Total Production	4.27	.818	Very Important
3.Total Marketing	4.32	.780	Very Important
4.Total Technology	4.13	.868	Rather Important
5.Total Financial Planning	4.24	.846	Very Important
6.Total Human Resource Management	4.21	.791	Very Important
Total	4.22	.822	Very Important

From the data presented in table 5.7, it was shown that most owners perceived of Corporate Capabilities in value chain at the very important level of importance ( $\bar{X} = 4.22$ , S.D. = 0.822). Moreover, considering each item of Corporate Capabilities in value chain it was found that the topic related to Total Marketing was perceived as the very important of importance items ( $\bar{X} = 4.32$ , S.D. = 0.780). Follow by items of Corporate Capabilities in value chain that were perceived also at at very important level of importance include, Total Production ( $\bar{X} = 4.27$ , S.D. = 0.818), Total Financial Planning ( $\bar{X} = 4.24$ , S.D. = 0.846), Total Human Resource Management ( $\bar{X} = 4.21$ , S.D. = 0.791). The other items of Corporate Capabilities in value chain that were perceived at rather important level of importance included, Total Procurement ( $\bar{X} = 4.17$ , S.D. = 0.832), and Total Technology ( $\bar{X} = 4.13$ , S.D. = 0.868), connectively.



#### 4.3. The Analysis of Entrepreneurial Spirit by Using Mean ( $\bar{X}$ ) and Standard Deviation (S.D.)

The analysis and interpretation of entrepreneurial spirit will use the average score interpretation that was presented in chapter 3 as follow:

Average score of 4.21 – 5.00 refers to a Very Important.

Average score of 3.41 – 4.20 refers to a Rather Important.

Average score of 2.61 – 3.40 refers to an Average.

Average score of 1.81 – 2.60 refers to a Less Important.

Average score of 1.00 – 1.80 refers to a Not Important.

All items were rated by respondents on a five-point Likert scale. Each questions scaled from Number 1 with the statement “Not Important” to number 5 with the statement “Very Important”. The weight (score) are set in each level as followed;

Very Important = 5 points

Rather Important = 4 points

Average = 3 points

Less Important = 2 points

Not Important = 1 point

Table 6.1: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Ownership.

Ownership	Mean	Std. Deviation	Interpretation (Importance)
1. You believe in your business experience for running your business.	4.36	.689	Very Important
2. You have confidence to achieve your business among any competitions.	4.24	.697	Very Important
3. You trust on your practical capability and decision to start your business.	4.30	.738	Very Important
4. You can organize your business activities appropriately.	4.21	.713	Very Important
5. You have strong intention to expand your business.	4.26	.822	Very Important
6. You always recognize about business risk and prepare a strategy for protecting your business operation.	4.22	.762	Very Important
7. You have strong intention to generate income and control cost for maintaining your business.	4.36	.779	Very Important
Total	4.28	.742	Very Important

From the data presented in table 6.1, it was shown that most owners perceived of ownership at the very important level of importance ( $\bar{X} = 4.28$ , S.D. = 0.742).

Moreover, considering each item of ownership it was found that the topic related to You believe in your business experience for running your business and generate income and control cost were perceived as the very important of importance items ( $\bar{X} = 4.36$ , S.D. = 0.689), ( $\bar{X} = 4.36$ , S.D. = 0.779) respectively. The other items of ownership that were perceived also at very important level of importance included, your practical capability ( $\bar{X} = 4.30$ , S.D. = 0.738), expand your business ( $\bar{X} = 4.26$ , S.D. = 0.822), confidence ( $\bar{X} = 4.24$ , S.D. = 0.697), business risk and prepare a

strategy (  $\bar{X} = 4.22$ , S.D. = 0.762), and business activities (  $\bar{X} = 4.21$ , S.D. = 0.713), connectively.

Table 6.2: Mean (  $\bar{X}$ ) and Standard Deviation (S.D.) of Individual Characteristics

Individual Characteristics	Mean	Std. Deviation	Interpretation (Importance)
1. Self-confidence	4.29	.768	Very Important
2. Innovative solutions	4.17	.780	Rather Important
3. Well-prepared planning	4.26	.756	Very Important
4. New knowledge	4.37	.736	Very Important
5. New things as new direction	4.17	.725	Rather Important
6. New product	4.32	.703	Very Important
7. Exercise self-employment	4.44	.740	Very Important
8. Technology	4.35	.738	Very Important
Total	4.29	.743	Very Important

From the data presented in table 6.2, it was shown that most owners perceived of Individual Characteristics at the very important level of importance (  $\bar{X} = 4.29$ , S.D. = 0.743). Moreover, considering each item of Individual Characteristics it was found that the topic related to exercise self-employment was perceived as the very important of importance items (  $\bar{X} = 4.44$ , S.D. = 0.740). Follow by items of Individual Characteristics that were perceived also at very important level of importance include, New knowledge (  $\bar{X} = 4.37$ , S.D. = 0.736), Technology (  $\bar{X} = 4.35$ , S.D. = 0.738), New product (  $\bar{X} = 4.32$ , S.D. = 0.703), Self-confidence (  $\bar{X} = 4.29$ , S.D. = 0.768), and Well-prepared planning (  $\bar{X} = 4.26$ , S.D. = 0.756), connectively. The other items of Individual Characteristics that were perceived at rather important level of importance included, Innovative solutions and New things as new direction same mean (  $\bar{X} = 4.17$ , S.D. = 0.780), (  $\bar{X} = 4.17$ , S.D. = 0.725) respectively.

Table 6.3: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Entrepreneurial Orientation

Entrepreneurial Orientation	Mean	Std. Deviation	Interpretation (Importance)
1. You control yourself to keep your business going on	4.36	.740	Very Important
2. You accept innovation for running your business	4.32	.737	Very Important
3. Take risk	4.22	.801	Very Important
4. Proactive strategies.	4.04	.787	Rather Important
5. Business competitive aggressiveness.	4.11	.807	Rather Important
Total	4.21	.774	Very Important

From the data presented in table 6.3, it was shown that most owners perceived of Entrepreneurial Orientation at the very important level of importance ( $\bar{X} = 4.21$ , S.D. = 0.774). Moreover, considering each item of Entrepreneurial Orientation it was found that the topic related to You control yourself to keep your business going on was perceived as the very important of importance items ( $\bar{X} = 4.36$ , S.D. = 0.740). Follow by items of Individual Characteristics that were perceived also at very important level of importance include, accept innovation ( $\bar{X} = 4.32$ , S.D. = 0.737), and take risk ( $\bar{X} = 4.22$ , S.D. = 0.801), connectively. The other items ranked in rather important of importance item includes, Proactive strategies ( $\bar{X} = 4.04$ , S.D. = 0.787), and Business competitive aggressiveness ( $\bar{X} = 4.11$ , S.D. = 0.807).

Table 6.4: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Entrepreneurial Spirit

Entrepreneurial Spirit	Mean	Std. Deviation	Interpretation (Importance)
1. Total Ownership	4.28	.742	Very Important
2. Total Individual Characteristics	4.29	.743	Very Important
3. Total Entrepreneurial Orientation	4.21	.774	Very Important
Total	4.26	.753	Very Important

From the data presented in table 6.3, it was shown that most owners perceived of Entrepreneurial Spirit at the very important level of importance ( $\bar{X} = 4.26$ , S.D. = 0.753). Moreover, considering each item of Entrepreneurial Spirit it was found that the topic related to Total Individual Characteristics was perceived as the very important of importance items ( $\bar{X} = 4.29$ , S.D. = 0.743). The other items of Entrepreneurial Spirit that were perceived also at very important level of importance included, Total Ownership ( $\bar{X} = 4.28$ , S.D. = 0.742), and Total Entrepreneurial Orientation ( $\bar{X} = 4.21$ , S.D. = 0.774), connectively.

#### 4.4. The Analysis of SME's Success by Using Mean ( $\bar{X}$ ) and Standard Deviation (S.D.)

The analysis and interpretation of SMEs success will use the average score interpretation that was presented in chapter 3 as follow:

Average score of 4.21 – 5.00 refers to a Strongly Agree.

Average score of 3.41 – 4.20 refers to a Somewhat Agree.

Average score of 2.61 – 3.40 refers to a Neutral.

Average score of 1.81 – 2.60 refers to a Somewhat Disagree.

Average score of 1.00 – 1.80 refers to a Strongly Disagree.

All items were rated by respondents on a five-point Likert scale. Each questions scaled from Number 1 with the statement “Strongly Disagree” to number 5 with the statement “Strongly Agree”. The weight (score) are set in each level as followed;

Strongly Agree = 5 points

Somewhat Agree = 4 points

Neutral = 3 points

Somewhat Disagree = 2 points

Strongly Disagree = 1 point

Table 7.1: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Financial Success

Financial Success	Mean	Std. Deviation	Interpretation
1. Control cost and operating expenses	4.36	.687	Strongly Agree
2. Growth of profit	4.28	.748	Strongly Agree
3. Long term income	4.29	.736	Strongly Agree
Total	4.31	.723	Strongly Agree

From the data presented in table 7.1, it was shown that most owners perceived of Financial Success at the strongly agree level ( $\bar{X} = 4.31$ , S.D. = 0.723). Moreover, considering each item of Financial Success it was found that the topic related to control cost and operating expenses was perceived as the strongly agree level items ( $\bar{X} = 4.36$ , S.D. = 0.687). The other items of Financial Success that were perceived also at the strongly agree level included, Long term income ( $\bar{X} = 4.29$ , S.D. = 0.736), and Growth of profit ( $\bar{X} = 4.28$ , S.D. = 0.748) respectively.

Table 7.2: Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Managerial Success

Managerial Success	Mean	Std. Deviation	Interpretation
1. Runned continually	4.38	.728	Strongly Agree
2. Employees satisfaction	4.27	.752	Strongly Agree
3. Quality standard	4.31	.753	Strongly Agree
Total	4.32	.744	Strongly Agree

From the data presented in table 7.2, it was shown that most owners perceived of Managerial Success at the strongly agree level ( $\bar{X} = 4.32$ , S.D. = 0.744). Moreover, considering each item of Managerial Success it was found that the topic related to runned continually was perceived as the strongly agree level items ( $\bar{X} = 4.38$ , S.D. = 0.728). The other items of Managerial Success that were perceived also at the strongly agree level included, Quality standard ( $\bar{X} = 4.31$ , S.D. = 0.753), and the last one Employees satisfaction ( $\bar{X} = 4.27$ , S.D. = 0.752), respectively.

Table 7.3: The Mean ( $\bar{X}$ ) and Standard Deviation (S.D.) of Marketing Success

Marketing Success	Mean	Std. Deviation	Interpretation
1. Reputations of products and services quality	4.41	.743	Strongly Agree
2. Customers' willingness to come back to buy the product.	4.43	.809	Strongly Agree
3. Business honesty and integrity	4.44	.745	Strongly Agree
Total	4.43	.766	Strongly Agree

From the data presented in table 7.3, it was shown that most owners perceived of Marketing Success at the strongly agree level ( $\bar{X} = 4.43$ , S.D. = 0.766). Moreover, considering each item of Marketing Success it was found that the topic related to Business honesty and integrity was perceived as the strongly agree level items ( $\bar{X} = 4.44$ , S.D. = 0.745). The other items of Marketing Success that were perceived also at

the strongly agree level included, Customers' willingness (  $\bar{X} = 4.43$ , S.D. = 0.809), and Reputations of products and services quality (  $\bar{X} = 4.41$ , S.D. = 0.743) respectively.

Table 7.4: The Mean (  $\bar{X}$  ) and Standard Deviation (S.D.) of SME's Success

SME's Success	Mean	Std. Deviation	Interpretation
1. Financial Success	4.31	.723	Strongly Agree
2. Managerial Success	4.32	.744	Strongly Agree
3. Marketing Success	4.43	.766	Strongly Agree
Total	4.35	.744	Strongly Agree

From the data presented in table 7.3, it was shown that most owners perceived of SME's Success at the strongly agree level (  $\bar{X} = 4.35$ , S.D. = 0.744). Moreover, considering each item of SME's Success it was found that the topic related to Marketing Success was perceived as the strongly agree level items (  $\bar{X} = 4.43$ , S.D. = 0.766). The other items of SME's Success that were perceived also at the strongly agree level included, Managerial Success (  $\bar{X} = 4.32$ , S.D. = 0.744), and Financial Success (  $\bar{X} = 4.31$ , S.D. = 0.723), respectively.

#### 4.5. The Analytical Results for Hypothesis Testing

Table 8.1: Characteristics of Entrepreneur Influence toward SME's Success.

Independent Variables	Value	Sig. P Value
1. Gender	28.442	.099
2. Age	53.031	.726
3. Business Experience	63.391	.358
4. Number of Employee	52.450	.745
5. The mode of business entering	27.352	.126

Pearson Chi-Square



Dependent Variable: SME Success

\*Significant at .05 level

The results as shown in Table 8.1, showed that all of Characteristics of Entrepreneur which are Gender (Value=28.442,  $P>0.05$ ), Age (Value=53.031,  $P>0.05$ ), Business Experience (Value=63.391,  $P>0.05$ ), Number of Employee (Value=52.450,  $P>0.05$ ), and the mode of business entering (Value=27.352,  $P>0.05$ ) did not have to relationship to SME's Success.

This finding are concluded that the hypothesis SME's success related to Gender, Age, Business experience, Number of employee, and the mode of business enter was rejected.

Table 8.2: Corporate Capabilities and Entrepreneur Spirit influence toward SME's Success.

Independent Variables	B	Beta	t	Sig. P Value
1. Corporate Capabilities	.405	.383	6.274	.000*
2. Entrepreneurial Spirit	.514	.458	7.508	.000*

Dependent Variable: SME Success

Adjusted R<sup>2</sup> 0.619 df: (2), (398) F: 195.640 P=.000

\*Significant at .05 level

The results as shown in Table 8.2 revealed that the model has a prediction power 61.9% (Adjusted R<sup>2</sup>=0.619,  $p<0.05$ ) of total SME Success variance. Most important predictor variable is Entrepreneurial Spirit ( $\beta=0.458$ ,  $p<0.05$ ) which is positively influence to SME Success. While Corporate Capabilities ( $\beta=0.383$ ) is also found to be significantly and positively influence to SME's Success. The two independent

variables (Corporate Capabilities and Entrepreneurial Spirit) were statistically significant. According to H2 Corporate Capabilities was positively influence SME's Success, H3 Entrepreneurial Spirit was positively influence SME Success.

Consequently, H2, H3 were accepted because the two variables within Corporate Capabilities and Entrepreneurial Spirit have positively influence SME's Success. Furthermore, results indicated that Entrepreneurial Spirit has higher influence than Corporate Capabilities.

Table 8.3: Procurement, Production, Marketing, Technology, Financial Plan and HRM of Corporate Capabilities influence toward SME's Success.

Independent Variables	B	Beta	t	Sig. P Value
1.Procurement	.191	.208	3.319	.001*
2.Production	.169	.195	2.644	.009*
3.Marketing	.245	.257	3.334	.001*
4.Technology	-.002	-.003	-.052	.958
5.Financial Planning	.095	.121	1.774	.077
6.Human Resource Management	.067	.078	1.131	.259

Dependent Variable: SME Success

Adjusted R <sup>2</sup> 0.530 df: (6), (234) F: 46.173 P=.000

\*Significant at .05 level

The results as shown in Table 8.3 indicated that the model has a prediction power 53.00% (Adjusted R <sup>2</sup>=0.530, p<0.05) of SME's Success. Most important predictor variable is Marketing ( $\beta$ =0.257, p<0.05) which is positively influence to SME's Success. Procurement ( $\beta$ =0.208) and Production ( $\beta$ =0.195) were found to be significantly and positively influence to SME Success. The three independent

variables (Procurement, Production and Marketing) were statistically significant. The remaining independent variables (Technology, Financial Planning and Human Resource Management) did not influence SME's Success at the 0.05 significance level. From the following hypotheses; H2.1 Procurement, Production, Marketing, Technology, Financial Plan and HRM were positively influence SME's Success.

Results are revealed that only three dimensions were procurement, production and Marketing were accepted accordingly to H2.1 because the three variables have positively influence toward SME's Success. Marketing has the highest influence followed by Procurement and Production respectively. Whereas, Technology, Financial Plan and HRM were rejected accordingly to H2.1 because there were did not influences SME's Success found among both variables.

Table 8.4: Ownership, Individual Characteristics and Entrepreneurial Orientation of Entrepreneurial Spirit influence toward SME's Success.

Independent Variables	B	Beta	t	Sig. P Value
1. Ownership	.204	.205	2.989	.003*
2. Individual Characteristics	.433	.405	5.578	.000*
3. Entrepreneurial Orientation	.206	.219	3.564	.000*

Dependent Variable: SME Success

Adjusted R <sup>2</sup> 0.558 df: (3), (237) F: 101.804 P=.000

\*Significant at .05 level

The results as shown in Table 8.4 revealed that the model has a prediction power 55.80% (Adjusted R <sup>2</sup>=0.558, p<0.05) of SME's Success. Most important predictor variable is Individual Characteristics ( $\beta$ =0.405, p<0.05) which is positively influence

to SME Success. Ownership ( $\beta=0.205$ ) and Entrepreneurial Orientation ( $\beta=0.219$ ) were found to be significantly and positively influence to SME's Success. The all three independent variables (Ownership, Individual Characteristics, and Entrepreneurial Orientation) were statistically significant. According to H3.1 Ownership, Individual Characteristics and Entrepreneurial Orientation were positively influence SME's success.

Consequently, H3.1 was accepted because the three dimensions which were Ownership, Individual Characteristics and Entrepreneurial Orientation have positively influence SME's Success. Furthermore, results indicated that Individual Characteristics has higher influence than Ownership and Entrepreneurial Orientation.

Table 8.5: Hypothesis Testing Results.

HYPOTHESIS	RESULTS
H1 Characteristics of Entrepreneur in terms of Gender, Age, Business experience, Number of employee, and The mode of business enter positively relationship to SME's Success.	Unaccepted (Gender, Age, Business experience, Number of employee, and The mode of business enter are Unaccepted)
H2 Corporate Capabilities in value chain in terms of Procurement, Production, Marketing, Technology, Financial planning, and Human resource management positively influence SME's Success.	Accepted (Procurement, Production, and Marketing are Accepted)
H3 Entrepreneurial Spirit in terms of Ownership, Individual characteristics, and Entrepreneurial orientation positively influence SME Success.	Accepted (Ownership, Individual characteristics, and Entrepreneurial orientation are Accepted)

## CHAPTER 5

### DISCUSSION AND CONCLUSION

In this chapter, the study summarized the overall important aspect of this thesis along with discussion related to the results from the research and opinions for future related research.

The study of 'Key Determinants for Thai Food SME's Success in Bangkok' is a survey research conducted for beneficial purposes to SME's owners and manager related to food SME business. The result of this study can be used to improve food SME competition, to differentiate brand apart from others and to be a guideline for planning and adapting marketing strategy in order to comply with a shifting customers' demands and improve quality of the service to the brand. There are three purposes of this study.

- 1) To analyze the impact of Characteristics of Entrepreneur on SME Success.
- 2) To analyze the impact of Corporate Capabilities on SME Success.
- 3) To analyze the impact of Entrepreneurial Spirit on SME Success.

In this research, the study created theoretical foundation of the conceptual framework based on similar business settings. Concept and measurement related to characteristics of Entrepreneur, corporate capabilities, entrepreneurial spirit, and SME success have been summarized and analyzed so as to create a conceptual framework for this study. The interrelationship among characteristics of Entrepreneur, corporate

capabilities, entrepreneurial spirit, and SME success have been analyzed and explored which led to the following hypothesis.

1. The Characteristics of the entrepreneur positively influence SME Success.

1.1. Demographic characteristics, Number of employee, Entry strategy and previous experience of achievement are positively influence SME Success.

2. The Corporate Capabilities in Value Chain positively influence SME Success.

2.1. Procurement, Production, Marketing, Technology, HRM, Financial management are positively influence SME Success.

3. The Entrepreneurial spirits positively influence SME Success.

3.1. Ownership, Individual characteristics and Entrepreneurial orientation are positively influence SME Success.

Population is customers from coffee shop, fast food, restaurant, and bakery and Ice-cream located in Bangkok. Nevertheless, the population in this study is infinite population, therefore the author determine sample size by applying sample size equation at confidences level of 95% and precision levels = 0.05, samples for this study equal to 385. The study employed multi-stage sampling by using stratified sampling and accidental sampling. As for data collection the author collected data from owner or manager of restaurant 184 copies, fast food 133 copies, bakery & Ice-cream 38 copies, and coffee shop 33 copies in a total number of 385 copies. By selecting prominent area such as department store, theater and shopping complex in Bangkok as a location for data collection process.

Questionnaire created by the author has been used as an instrument to collect data.

The questionnaire has been examined within two importance aspects which are content validity and reliability. To ensure content validity of the questionnaire has been submitted to thesis advisors and three qualified experts in related field by using Index of Item - Objective Congruence (IOC) method. Reliability test was processed on computer program by using Cranach's alpha coefficient.

Data analyzing process is processed on a computer program and presented on a format of table of content along with description on each table. The study Descriptive Statistics Analysis by using frequency and percentage to explain demographic and Characteristics of the entrepreneur data. Mean and standard deviation value are used to explain the level of Corporate Capabilities, Entrepreneurial spirits and SME success from samples group. Chi-Square and Multiple Regression method has been used for hypothesis testing process and generating results in accordance with purposes of this study.

### 5.1. Conclusion

Data collected from 258 samples can be summarized as follow:

Part 1: The analysis of demographic information and Characteristics of the entrepreneur of samples

The analysis of demographic information and Characteristics of the entrepreneur indicated that the majority of samples are female age range less than 30 years old,

business experience in 1-3 years, number of employees in less than 10, and enter in business is Self Starter-up.

Part 2: The analysis of Corporate Capabilities, Entrepreneurial spirits, and SME success by using mean and standard deviation

The analysis of corporate capabilities in this study consist of six dimensions which are procurement, product, marketing, technology, financial, and human resources management are summarized as follow; according to samples' opinion regarding corporate capabilities revealed the overall attitudes of owner or manager are in very important level of importance. When analyzing in detail, production, marketing, financial planning, and human resource management are very important level, procurement, technology were rather important level. Topic related to Delivering service quality to customers in Marketing is ranked with the very important level of mean followed by availability of conducting spoilage control in Production, preparing financial plan in Financial Planning, often motivating the staffs in Human Resource Management, preparing availability of raw materials in Procurement, and using social media in Technology respectively.

In Entrepreneurial spirits which ownership, Individual Characteristics, and Entrepreneurial Orientation, the overall attitudes of samples' opinions related to Entrepreneurial spirits were ranked in very important level; Topic related to Exercise self-employment in Individual Characteristics with the highest value of mean, follow



by your business experience and strong intention to generate income in ownership, and control yourself in Entrepreneurial Orientation respectively.

In SME success which Financial Success, Managerial Success, and Marketing Success, the overall attitudes of samples' opinions related to SME success revealed the overall attitudes of owner or manager are in strongly agree level; Topic related to Business honesty and integrity in Marketing Success with the highest value of mean, follow by runned continually in Managerial Success, and control cost and operating expenses in Financial Success respectively.

Part 3: The analytical results for hypothesis testing.

According to the results, there is did not influence found between characteristics of Entrepreneur and SME Success. In addition, when analyzing in detail from each dimension, results indicated that among the five dimensions of gender, age, business experience, number of employees, and enter in business. All dimensions within characteristics of entrepreneur did not influence upon SME Success.

Finding indicated a positive influence between corporate capabilities, Entrepreneurial Spirit, and SME Success. Moreover, results revealed that value Entrepreneurial Spirit has a higher influence than corporate capabilities.

Similarly to the information presenter above, Procurement, Production, Marketing, Technology, HRM, Financial management are positively influence SME Success. However, when analyzing in detail of each dimension, results shown that among the six dimensions of corporate capabilities and SME Success, not all

dimensions inside corporate capabilities have influence upon SME Success. Only three dimensions which are Procurement, Production and Marketing have positive influence SME Success. The other three dimensions (Technology, Financial Planning and Human Resource Management) did not influence upon SME Success.

Findings also indicated the Ownership, Individual Characteristics and Entrepreneurial Orientation of Entrepreneurial Spirit influence toward SME's Success. However, when analyzing in detail of each dimension, results shown that among the three dimensions of Entrepreneurial Spirits and SME Success. All dimensions inside corporate capabilities have influence upon SME Success, and three dimensions which are ownership, Individual characteristics and entrepreneurial orientation have positively influence SME Success.

## 5.2. Discussion

The finding was shown that demographics characteristic did not affected the Thai food and beverage SMEs success. This finding was not related to the previous research. This could be explained in two aspects. First, strategy and aggressive implementation were the important factors that competitively derived the business go well (Porter, 1985a). Therefore, it was possible to run the business successfully without the limitations of sex, gender, business experience, and mode of business entry. Moreover, the success in doing business would be depended on how a business owner understand the market environments and be able to adopt business itself to meet them (Sinclair & Tinson, 2017), but not depended on demographic

characteristics like sex, gender and business experience. Many new start up or younger owners were more successful than the owners who had much more business experience (Schelfhout, Bruggeman, & Maeyer, 2016). Second, it was very easy to access the data for learning in doing business successfully. Therefore, new owners including prospective owners could have many channels and method to study by themselves. These opportunities could initiate new start-up to learn in order to gain more knowledge that would be applied to business experience, mode of business entry and other kinds of demographic characteristic (Schelfhout et al., 2016).

Since it was found that entrepreneurial spirit and corporate capabilities positively affected Thai food and beverage SMEs success, this findings were related to previous researches studies by Zehir, Can, and Karaboga (2015); Kamal, Zawawi, and Abdullah (2016); Gebhardt and Pohlmann (2013); Song et al. (2008); Kim (2006a); and Narasimhan et al. (2001a). These findings were important to new startups who needed to enter the Thai food and beverage business. Preparation of corporate capabilities was the important things. However, regarding the finding of this study, corporate capabilities that should be strongly performed were marketing; financial planning and control, and human resource management consecutively. According to the supports by government, training program with the collaboration with educational institutions to develop the SMEs corporate capabilities should be recognized to accelerate the new SMEs for their sustainable operations. Regarding the entrepreneurial spirit, this spirit could be inborn in some people, but somehow it could

be learnt from outsiders as well (Sinclair & Tinson, 2017). This idea could support the findings related to some people to achieve in their own business, and just starting their business.

In summary, people could start up their own business. Being successful in Thai food and beverage business, they should recognize about how to prepare themselves in terms of cooperate capabilities, and learn how to be good owners by considering about in shaping the direction, strategies, and aggressive implementation to gain competitive advantages for sustainable survival (Porter, 1985a).

### 5.3. Managerial Implication

In business aspect, business owners, investors, and managers can use the results from this study in which revealed that the major elements within Entrepreneurial Spirit more than corporate capabilities in this study; business owners, investors, and manager must consider the following the components as a priority focal point for SME Success and Entrepreneurial Spirit improvement.

In Entrepreneurial Spirit, since Individual Characteristics have shown to be the most important factor in contributing SME Success and Entrepreneurial Spirits; consequently Exercise self-employment, New knowledge, Technology, New product, Self-confidence, Well-prepared planning, and Innovative solutions and New things as new direction must be taken into consideration and give priority respectively. Moreover, Ownership element; such as your business experience and generate income and control cost, your practical capability and decision, strong intention to expand

your business, confidence to achieve your business among any competitions, business risk and prepare a strategy, and business activities appropriately respectively. Then Entrepreneurial Orientation element; such as You control yourself to keep your business going on, accept innovation, Take risk, Business competitive aggressiveness, and Proactive strategies respectively.

The finding from this study in which revealed that the researcher elements within Corporate capabilities such as delivering service quality to customers in Marketing dimension; preparing availability of raw materials in procurement dimension; and conducting spoilage control in production are the main components that help contributing both corporate capabilities and SME Success. Whereas, technology, financial planning, and human resource management dimension do not have influence upon both corporate capabilities and SME Success. Therefore; in order to SME Success by relying on corporate capabilities; business owners, investors, and manager must consider the following the components as a priority focal point for SME Success and corporate capabilities improvement. Since Marketing have shown to be the most important factor in contributing SME Success and corporate capabilities; consequently delivering service quality to customers, setting price, conducting market and consumer demand, recognizing continuity, developing of product continuously of change, providing easy channel accessible, Informing new and current customers, and continuously performing and supporting relationship with customers must be taken into consideration and give priority respectively. Then procurement elements such as;

contacting number of suppliers, searching for convenient channels, convenient transportation for delivering raw material, low cost of raw material, controlling cost of transportation, preparing availability of raw materials, and gaining a good price respectively. Moreover, production elements such as, conducting quality assurance system, performing quality control, setting time scheduling, conducting spoilage control, and environment and social awareness respectively.

#### 5.4. Recommendation & Future Research

There is a trend that the competition of food SME's business will become more intense in the future and there will be more food SMEs enters the business; therefore results of this study can be helpful and useful for the development of Thai Food SMEs.

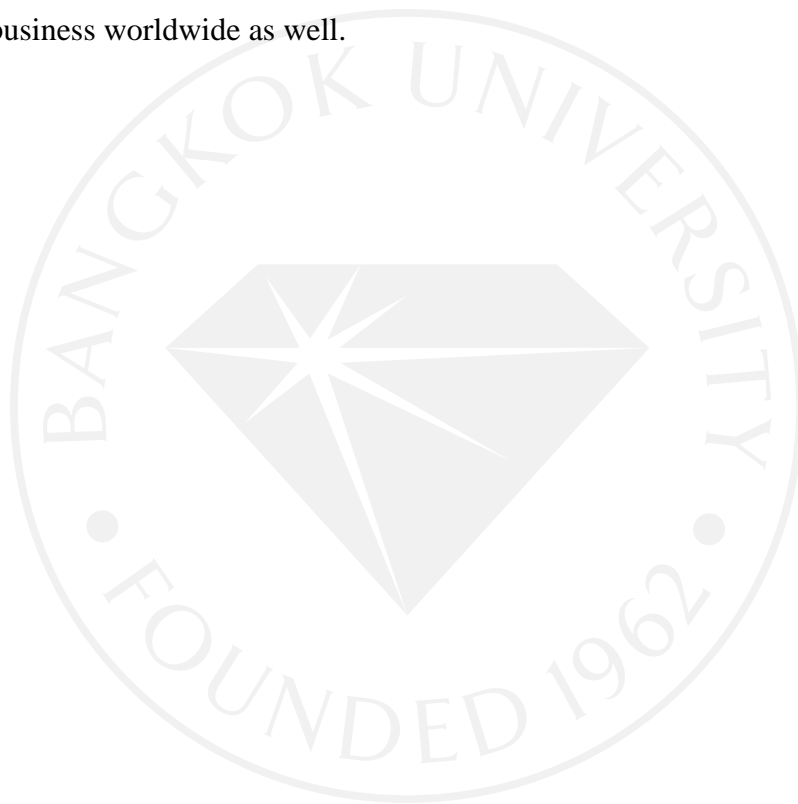
1. The selection of Food SME in this study has been limited only within Bangkok, Thailand. To be beneficial for Thai Food SME's study; future researchers could do the data collection in more areas of Bangkok or outside Bangkok.

2. Although in my study, the dimensions within corporate capabilities such as technology, financial planning, and human resource management do not have influence upon SME Success; but based on Boddy (2002) and Percetakan (2011), "financial planning, technology, and human resource management are essential for business success". Therefore, these three factors are still worth to be investigated in the future studies.

3. My research results indicate that most of the owners from my surveys are

female with an age less than 30 years old and have 1-3 years' business experience. In future research, the study can choose more senior owners as samples to investigate whether this factor has positive influence on SME Success.

4. My research results indicate that the sample of the owner of Thai food SMEs, The results of this study across different countries will be very beneficial to the food SMEs business worldwide as well.



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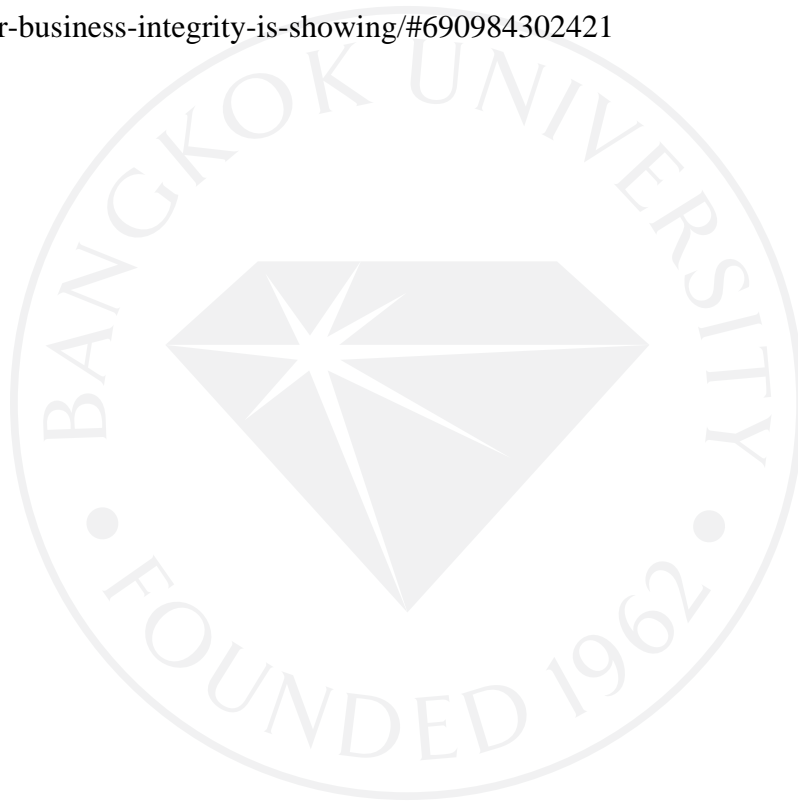
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### Appendix A: Content Validity

Index of Item Objective Congruence (IOC) is the consistency between the objective and content or questions and objective which can be calculate from the formula below.

$$IOC = \frac{\sum R}{N}$$

Where: IOC = Consistency between the objective and content or questions and objective.

$\Sigma$  = Total assessment points given from all qualified experts.

N = Number of qualified experts.

There are 3 levels of assessment point as follow:

+1 means the question is certainly consistent with the objective of the questionnaire.

- 0 means the question is unsure to be consistent with the objective of the questionnaire.

- 1 means the question is inconsistent with the objective of the questionnaire.

The consistency index value must have the value of 0.5 or above to be accepted.



Index of Item - Objective Congruence (IOC) from three experts result are as followed;

No.1	Expert 1			Expert 2			Expert 3			Total Scores $\Sigma R$	IOC $\frac{\Sigma R}{N}$	Data Analysis
	1	0	-1	1	0	-1	1	0	-1			
1	✓			✓			✓			3	1.00	Acceptable
2	✓				✓		✓			2	0.66	Acceptable
3	✓			✓			✓			3	1.00	Acceptable
4	✓			✓			✓			3	1.00	Acceptable
5	✓				✓		✓			2	0.66	Acceptable
6	✓			✓			✓			3	1.00	Acceptable
7	✓				✓		✓			2	0.66	Acceptable
8	✓			✓			✓			3	1.00	Acceptable
9	✓			✓			✓			3	1.00	Acceptable
10	✓			✓			✓			3	1.00	Acceptable
11	✓			✓			✓			3	1.00	Acceptable
12	✓				✓		✓			2	0.66	Acceptable
13	✓				✓		✓			2	0.66	Acceptable
14	✓			✓			✓			3	1.00	Acceptable
15	✓			✓			✓			3	1.00	Acceptable
16	✓			✓			✓			3	1.00	Acceptable
17	✓			✓				✓		2	0.66	Acceptable
18	✓			✓			✓			3	1.00	Acceptable
19	✓				✓		✓			2	0.66	Acceptable

(Continued)

20	✓				✓		✓			2	0.66	Acceptable
21	✓			✓			✓			3	1.00	Acceptable
22	✓			✓			✓			3	1.00	Acceptable
23	✓			✓			✓			3	1.00	Acceptable
24	✓			✓			✓			3	1.00	Acceptable
25	✓				✓		✓			2	0.66	Acceptable
26	✓				✓		✓			2	0.66	Acceptable
27	✓			✓			✓			3	1.00	Acceptable
28	✓			✓			✓			3	1.00	Acceptable
29	✓			✓			✓			3	1.00	Acceptable
30	✓			✓			✓			3	1.00	Acceptable
31	✓			✓			✓			3	1.00	Acceptable
32	✓			✓			✓			3	1.00	Acceptable
33	✓			✓			✓			3	1.00	Acceptable
34	✓				✓		✓			2	0.66	Acceptable
35	✓				✓		✓			2	0.66	Acceptable
36	✓			✓			✓			3	1.00	Acceptable
37	✓				✓		✓			2	0.66	Acceptable
38	✓			✓			✓			3	1.00	Acceptable
39	✓			✓			✓			3	1.00	Acceptable
40	✓			✓			✓			3	1.00	Acceptable
41	✓			✓			✓			3	1.00	Acceptable
42	✓			✓			✓			3	1.00	Acceptable
43	✓			✓				✓		2	0.66	Acceptable

(Continued)

44	✓				✓		✓			2	0.66	Acceptable
45	✓				✓		✓			2	0.66	Acceptable
46	✓			✓			✓			3	1.00	Acceptable
47	✓			✓			✓			3	1.00	Acceptable
48	✓			✓			✓			3	1.00	Acceptable
49	✓			✓			✓			3	1.00	Acceptable
50	✓			✓			✓			3	1.00	Acceptable
51	✓			✓			✓			3	1.00	Acceptable
52	✓			✓			✓			3	1.00	Acceptable
53	✓			✓			✓			3	1.00	Acceptable
54	✓			✓			✓			3	1.00	Acceptable
55	✓			✓			✓			3	1.00	Acceptable
56	✓			✓			✓			3	1.00	Acceptable
57	✓			✓			✓			3	1.00	Acceptable
58	✓			✓			✓			3	1.00	Acceptable
59	✓			✓			✓			3	1.00	Acceptable

$$IOC = \frac{\sum R}{N}$$

Where: IOC = Consistency between the objective and content or questions  
and objective.

$\Sigma$  = Total assessment points given from all qualified experts.

N = Number of qualified experts.

Therefore,

$$\begin{aligned} \text{IOC} &= \frac{43(1.00) + 16(0.66)}{59} \\ &= \frac{53.56}{59} \\ &\approx 0.91 \end{aligned}$$

The assessment result of questions on this questionnaire has value index of item objective congruence (IOC) equal to 0.91 with one question that has IOC index less than 0.5.

Appendix B: The results of Reliability testing with 30 try-out questionnaires.

Reliability testing (All Parts)

Scale: ALL VARIABLES

Case Processing Summary

	N	%
Valid	30	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.955	59

Item Statistics

	Mean	Std. Deviation	N
PROCURE1	4.1667	.74664	30
PROCURE2	3.9000	.88474	30
PROCURE3	4.1000	.75886	30
PROCURE4	3.9333	.86834	30

PROCURE5	3.7333	.86834	30
PROCURE6	3.9667	.92786	30
PROCURE7	4.0667	.94443	30
PRODUCAT1	3.9667	.88992	30
PRODUCAT2	4.1000	.66176	30
PRODUCAT3	4.0000	.69481	30
PRODUCAT4	4.0000	.98261	30
PRODUCAT5	3.8667	.86037	30
MARKETING 1	3.9333	.90719	30
MARKETING 2	4.1000	.71197	30
MARKETING 3	4.0667	.78492	30
MARKETING 4	4.1333	.81931	30
MARKETING 5	4.2000	.92476	30
MARKETING 6	4.1333	.81931	30
MARKETING 7	4.3000	.79438	30
MARKETING 8	4.2000	.76112	30
TECHN1	3.9667	.80872	30
TECHN2	4.0333	.71840	30
TECHN3	4.0000	.87099	30
FINANCIAL1	3.9667	.66868	30
FINANCIAL2	4.1333	.62881	30
FINANCIAL3	4.0333	.92786	30
HUMAN1	4.0667	.69149	30
HUMAN2	4.2333	.62606	30
HUMAN3	4.1667	.69893	30
HUMAN4	4.0667	.78492	30
OWNERSHIP 1	4.2333	.62606	30
OWNERSHIP 2	4.1000	.60743	30

OWNERSHIP 3	4.0667	.63968	30
OWNERSHIP 4	4.0667	.69149	30
OWNERSHIP 5	4.1333	.77608	30
OWNERSHIP 6	3.9000	.71197	30
OWNERSHIP 7	3.9333	.82768	30
INDIVIDUAL 1	3.9667	.76489	30
INDIVIDUAL 2	3.9000	.84486	30
INDIVIDUAL 3	3.8667	.81931	30
INDIVIDUAL 4	4.1000	.71197	30
INDIVIDUAL 5	4.0667	.86834	30
INDIVIDUAL 6	4.3667	.55605	30
INDIVIDUAL 7	4.4000	.67466	30
INDIVIDUAL 8	4.5667	.56832	30
ENTRE1	4.3000	.65126	30
ENTRE2	4.4333	.56832	30
ENTRE3	4.1667	.64772	30
ENTRE4	3.9333	.73968	30
ENTRE5	3.8333	.87428	30
FSUCCESS1	4.1333	.77608	30
FSUCCESS2	3.9667	.80872	30
FSUCCESS3	3.8667	.89955	30
MANSUCCESS1	3.9333	.82768	30
MANSUCCESS2	3.9667	.66868	30
MANSUCCESS3	4.0667	.73968	30

MKSUCCESS 1	4.0667	.78492	30
MKSUCCESS 2	4.0333	.96431	30
MKSUCCESS 3	4.0667	.90719	30

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PROCURE1	235.8000	566.993	.417	.954
PROCURE2	236.0667	559.168	.536	.954
PROCURE3	235.8667	562.051	.549	.954
PROCURE4	236.0333	569.413	.295	.955
PROCURE5	236.2333	564.944	.404	.954
PROCURE6	236.0000	551.862	.680	.953
PROCURE7	235.9000	559.955	.482	.954
PRODUCAT1	236.0000	554.483	.647	.953
PRODUCAT2	235.8667	571.706	.323	.954
PRODUCAT3	235.9667	574.309	.228	.955
PRODUCAT4	235.9667	558.999	.482	.954
PRODUCAT5	236.1000	562.576	.467	.954
MARKETING 1	236.0333	546.309	.831	.952
MARKETING 2	235.8667	556.947	.742	.953
MARKETING 3	235.9000	558.231	.634	.953
MARKETING 4	235.8333	558.144	.609	.953
MARKETING 5	235.7667	555.220	.604	.953
MARKETING 6	235.8333	559.247	.580	.953
MARKETING 7	235.6667	559.471	.593	.953

MARKETING 8	235.7667	558.047	.661	.953
TECHN1	236.0000	583.310	-.041	.956
TECHN2	235.9333	576.271	.162	.955
TECHN3	235.9667	570.585	.265	.955
FINANCIAL1	236.0000	560.966	.662	.953
FINANCIAL2	235.8333	570.006	.399	.954
FINANCIAL3	235.9333	555.306	.599	.953
HUMAN1	235.9000	571.059	.328	.954
HUMAN2	235.7333	566.616	.516	.954
HUMAN3	235.8000	563.131	.565	.954
HUMAN4	235.9000	564.162	.472	.954
OWNERSHIP 1	235.7333	572.754	.308	.954
OWNERSHIP 2	235.8667	576.051	.204	.955
OWNERSHIP 3	235.9000	570.714	.368	.954
OWNERSHIP 4	235.9000	575.679	.187	.955
OWNERSHIP 5	235.8333	565.661	.437	.954
OWNERSHIP 6	236.0667	559.789	.655	.953
OWNERSHIP 7	236.0333	555.757	.665	.953
INDIVIDUAL 1	236.0000	569.241	.344	.954
INDIVIDUAL 2	236.0667	560.823	.521	.954
INDIVIDUAL 3	236.1000	558.714	.594	.953
INDIVIDUAL 4	235.8667	557.844	.714	.953
INDIVIDUAL 5	235.9000	555.541	.637	.953
INDIVIDUAL 6	235.6000	574.938	.267	.955
INDIVIDUAL 7	235.5667	567.702	.442	.954



INDIVIDUAL 8	235.4000	570.179	.438	.954
ENTRE1	235.6667	560.023	.711	.953
ENTRE2	235.5333	573.154	.327	.954
ENTRE3	235.8000	574.097	.253	.955
ENTRE4	236.0333	564.240	.501	.954
ENTRE5	236.1333	555.154	.642	.953
FSUCCESS1	235.8333	557.799	.654	.953
FSUCCESS2	236.0000	554.966	.702	.953
FSUCCESS3	236.1000	551.197	.719	.953
MANSUCCESS1	236.0333	558.723	.587	.953
MANSUCCESS2	236.0000	569.862	.378	.954
MANSUCCESS3	235.9000	566.783	.427	.954
MKSUCCESS1	235.9000	562.093	.528	.954
MKSUCCESS2	235.9333	548.340	.733	.953
MKSUCCESS3	235.9000	554.162	.641	.953

Reliability testing (Corporate Capabilities in Value Chain)

Scale: ALL VARIABLES

#### Case Processing Summary

	N	%
Valid	30	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.924	30

Item Statistics			
	Mean	Std. Deviation	N
PROCURE1	4.1667	.74664	30
PROCURE2	3.9000	.88474	30
PROCURE3	4.1000	.75886	30
PROCURE4	3.9333	.86834	30
PROCURE5	3.7333	.86834	30
PROCURE6	3.9667	.92786	30
PROCURE7	4.0667	.94443	30
PRODUCA T1	3.9667	.88992	30
PRODUCA T2	4.1000	.66176	30
PRODUCA T3	4.0000	.69481	30
PRODUCA T4	4.0000	.98261	30
PRODUCA T5	3.8667	.86037	30
MARKETI NG1	3.9333	.90719	30
MARKETI NG2	4.1000	.71197	30
MARKETI NG3	4.0667	.78492	30
MARKETI NG4	4.1333	.81931	30
MARKETI NG5	4.2000	.92476	30
MARKETI NG6	4.1333	.81931	30
MARKETI NG7	4.3000	.79438	30
MARKETI NG8	4.2000	.76112	30
TECHN1	3.9667	.80872	30
TECHN2	4.0333	.71840	30
TECHN3	4.0000	.87099	30

FINANCIA L1	3.9667	.66868	30
FINANCIA L2	4.1333	.62881	30
FINANCIA L3	4.0333	.92786	30
HUMAN1	4.0667	.69149	30
HUMAN2	4.2333	.62606	30
HUMAN3	4.1667	.69893	30
HUMAN4	4.0667	.78492	30

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PROCURE1	117.3667	171.068	.562	.921
PROCURE2	117.6333	168.723	.570	.920
PROCURE3	117.4333	168.806	.670	.919
PROCURE4	117.6000	174.938	.301	.924
PROCURE5	117.8000	172.097	.428	.923
PROCURE6	117.5667	163.220	.781	.917
PROCURE7	117.4667	167.706	.573	.920
PRODUCA T1	117.5667	167.426	.625	.920
PRODUCA T2	117.4333	175.564	.376	.923
PRODUCA T3	117.5333	177.361	.257	.924
PRODUCA T4	117.5333	167.292	.564	.921
PRODUCA T5	117.6667	168.851	.582	.920
MARKETI NG1	117.6000	161.834	.864	.916
MARKETI NG2	117.4333	168.254	.749	.918
MARKETI NG3	117.4667	170.120	.580	.920
MARKETI NG4	117.4000	170.593	.530	.921

MARKETI NG5	117.3333	167.540	.593	.920
MARKETI NG6	117.4000	168.731	.620	.920
MARKETI NG7	117.2333	169.840	.586	.920
MARKETI NG8	117.3333	171.333	.536	.921
TECHN1	117.5667	181.564	.018	.928
TECHN2	117.5000	178.466	.189	.925
TECHN3	117.5333	172.326	.416	.923
FINANCIA L1	117.5667	170.323	.678	.920
FINANCIA L2	117.4000	176.593	.336	.923
FINANCIA L3	117.5000	167.776	.581	.920
HUMAN1	117.4667	176.464	.308	.924
HUMAN2	117.3000	173.321	.539	.921
HUMAN3	117.3667	171.826	.561	.921
HUMAN4	117.4667	172.464	.462	.922

Reliability testing (Entrepreneurial Spirit)

Scale: ALL VARIABLES

#### Case Processing Summary

	N	%
Valid	30	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.897	20

Item Statistics			
	Mean	Std. Deviation	N
OWNERSHI P1	4.2333	.62606	30
OWNERSHI P2	4.1000	.60743	30
OWNERSHI P3	4.0667	.63968	30
OWNERSHI P4	4.0667	.69149	30
OWNERSHI P5	4.1333	.77608	30
OWNERSHI P6	3.9000	.71197	30
OWNERSHI P7	3.9333	.82768	30
INDIVIDUA L1	3.9667	.76489	30
INDIVIDUA L2	3.9000	.84486	30
INDIVIDUA L3	3.8667	.81931	30
INDIVIDUA L4	4.1000	.71197	30
INDIVIDUA L5	4.0667	.86834	30
INDIVIDUA L6	4.3667	.55605	30
INDIVIDUA L7	4.4000	.67466	30
INDIVIDUA L8	4.5667	.56832	30
ENTRE1	4.3000	.65126	30
ENTRE2	4.4333	.56832	30
ENTRE3	4.1667	.64772	30
ENTRE4	3.9333	.73968	30
ENTRE5	3.8333	.87428	30

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
OWNERSHI P1	78.1000	65.472	.349	.897
OWNERSHI P2	78.2333	67.495	.154	.901
OWNERSHI P3	78.2667	64.547	.433	.895
OWNERSHI P4	78.2667	65.582	.298	.898
OWNERSHI P5	78.2000	62.924	.477	.894
OWNERSHI P6	78.4333	60.254	.782	.885
OWNERSHI P7	78.4000	58.800	.781	.884
INDIVIDUA L1	78.3667	62.930	.485	.894
INDIVIDUA L2	78.4333	59.220	.728	.886
INDIVIDUA L3	78.4667	61.430	.568	.891
INDIVIDUA L4	78.2333	61.771	.637	.889
INDIVIDUA L5	78.2667	60.961	.567	.891
INDIVIDUA L6	77.9667	66.861	.245	.899
INDIVIDUA L7	77.9333	62.616	.593	.891
INDIVIDUA L8	77.7667	65.013	.444	.895
ENTRE1	78.0333	61.895	.691	.888
ENTRE2	77.9000	65.128	.431	.895
ENTRE3	78.1667	65.316	.350	.897
ENTRE4	78.4000	62.110	.579	.891
ENTRE5	78.5000	59.155	.705	.886

Reliability testing (SME's Success)

Scale: ALL VARIABLES

Case Processing Summary

	N	%
Valid	30	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.908	9

Item Statistics

	Mean	Std. Deviation	N
FSUCCESS1	4.1333	.77608	30
FSUCCESS2	3.9667	.80872	30
FSUCCESS3	3.8667	.89955	30
MANSUCCESS1	3.9333	.82768	30
MANSUCCESS2	3.9667	.66868	30
MANSUCCESS3	4.0667	.73968	30
MKSUCCESS1	4.0667	.78492	30
MKSUCCESS2	4.0333	.96431	30
MKSUCCESS3	4.0667	.90719	30

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FSUCCESS1	31.9667	25.895	.656	.900
FSUCCESS2	32.1333	25.016	.743	.893
FSUCCESS3	32.2333	24.116	.764	.891
MANSUCCESS1	32.1667	25.385	.673	.898
MANSUCCESS2	32.1333	27.499	.532	.907
MANSUCCESS3	32.0333	26.930	.547	.907
MKSUCCESS1	32.0333	25.275	.733	.894
MKSUCCESS2	32.0667	23.444	.782	.890
MKSUCCESS3	32.0333	24.309	.732	.894

Appendix B: The results of Reliability testing with 241 try-out questionnaires

1. Corporate Capabilities In Value Chain

Case Processing Summary

	N	%
Valid	241	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	241	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.952	30



Item Statistics			
	Mean	Std. Deviation	N
PROCURE1	4.1826	.75268	241
PROCURE2	4.0788	.84534	241
PROCURE3	4.1120	.81643	241
PROCURE4	4.1369	.92304	241
PROCURE5	4.1245	.89038	241
PROCURE6	4.3693	.77495	241
PROCURE7	4.1784	.81988	241
PRODUCA T1	4.3112	.82072	241
PRODUCA T2	4.2988	.78126	241
PRODUCA T3	4.0664	.82396	241
PRODUCA T4	4.3859	.84929	241
PRODUCA T5	4.2905	.81565	241
MARKETI NG1	4.2739	.78508	241
MARKETI NG2	4.2448	.74318	241
MARKETI NG3	4.3154	.78005	241
MARKETI NG4	4.3444	.73715	241
MARKETI NG5	4.4606	.79024	241
MARKETI NG6	4.2905	.77370	241
MARKETI NG7	4.3237	.80300	241
MARKETI NG8	4.2946	.82685	241
TECHN1	4.1452	.83146	241
TECHN2	4.0290	.84852	241
TECHN3	4.2324	.92418	241

FINANCIA L1	4.3320	.79959	241
FINANCIA L2	4.1411	.89257	241
FINANCIA L3	4.2448	.84793	241
HUMAN1	4.1909	.73377	241
HUMAN2	4.2905	.77370	241
HUMAN3	4.1535	.76735	241
HUMAN4	4.2075	.88888	241

## 2. Entrepreneurial Spirits

### Case Processing Summary

	N	%
Valid	241	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	241	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.932	20

### Item Statistics

	Mean	Std. Deviation	N
OWNERSHI P1	4.3651	.68880	241
OWNERSHI P2	4.2448	.69689	241
OWNERSHI P3	4.3029	.73849	241
OWNERSHI P4	4.2116	.71358	241

OWNERSHI P5	4.2573	.82171	241
OWNERSHI P6	4.2199	.76197	241
OWNERSHI P7	4.3610	.77887	241
INDIVIDUA L1	4.2905	.76830	241
INDIVIDUA L2	4.1701	.78002	241
INDIVIDUA L3	4.2656	.75555	241
INDIVIDUA L4	4.3693	.73636	241
INDIVIDUA L5	4.1701	.72464	241
INDIVIDUA L6	4.3237	.70343	241
INDIVIDUA L7	4.4398	.73987	241
INDIVIDUA L8	4.3485	.73802	241
ENTRE1	4.3610	.74048	241
ENTRE2	4.3195	.73711	241
ENTRE3	4.2241	.80078	241
ENTRE4	4.0373	.78704	241
ENTRE5	4.1120	.80616	241

### 3.SME Success

#### Case Processing Summary

	N	%
Valid	241	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	241	100.0

a. Listwise deletion based on all variables in the procedure.

## Reliability Statistics

Cronbach's Alpha	N of Items
.902	9

Item Statistics			
	Mean	Std. Deviation	N
FSUCCESS1	4.3568	.68712	241
FSUCCESS2	4.2780	.74826	241
FSUCCESS3	4.2946	.73621	241
MANSUCCESS1	4.3859	.72776	241
MANSUCCESS2	4.2739	.75257	241
MANSUCCESS3	4.3154	.75286	241
MKSUCCESS1	4.4108	.74255	241
MKSUCCESS2	4.4274	.80875	241
MKSUCCESS3	4.4398	.74548	241

## 4.All Parts Variables

## Case Processing Summary

	N	%
Valid	241	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	241	100.0

a. Listwise deletion based on all variables in the procedure.

## Reliability Statistics

Cronbach's Alpha	N of Items
.971	59

Item Statistics			
	Mean	Std. Deviation	N
PROCURE1	4.1826	.75268	241
PROCURE2	4.0788	.84534	241
PROCURE3	4.1120	.81643	241
PROCURE4	4.1369	.92304	241
PROCURE5	4.1245	.89038	241
PROCURE6	4.3693	.77495	241
PROCURE7	4.1784	.81988	241
PRODUCAT1	4.3112	.82072	241
PRODUCAT2	4.2988	.78126	241
PRODUCAT3	4.0664	.82396	241
PRODUCAT4	4.3859	.84929	241
PRODUCAT5	4.2905	.81565	241
MARKETING 1	4.2739	.78508	241
MARKETING 2	4.2448	.74318	241
MARKETING 3	4.3154	.78005	241
MARKETING 4	4.3444	.73715	241
MARKETING 5	4.4606	.79024	241
MARKETING 6	4.2905	.77370	241
MARKETING 7	4.3237	.80300	241
MARKETING 8	4.2946	.82685	241
TECHN1	4.1452	.83146	241
TECHN2	4.0290	.84852	241

TECHN3	4.2324	.92418	241
FINANCIAL1	4.3320	.79959	241
FINANCIAL2	4.1411	.89257	241
FINANCIAL3	4.2448	.84793	241
HUMAN1	4.1909	.73377	241
HUMAN2	4.2905	.77370	241
HUMAN3	4.1535	.76735	241
HUMAN4	4.2075	.88888	241
OWNERSHIP 1	4.3651	.68880	241
OWNERSHIP 2	4.2448	.69689	241
OWNERSHIP 3	4.3029	.73849	241
OWNERSHIP 4	4.2116	.71358	241
OWNERSHIP 5	4.2573	.82171	241
OWNERSHIP 6	4.2199	.76197	241
OWNERSHIP 7	4.3610	.77887	241
INDIVIDUAL 1	4.2905	.76830	241
INDIVIDUAL 2	4.1701	.78002	241
INDIVIDUAL 3	4.2656	.75555	241
INDIVIDUAL 4	4.3693	.73636	241
INDIVIDUAL 5	4.1701	.72464	241
INDIVIDUAL 6	4.3237	.70343	241
INDIVIDUAL 7	4.4398	.73987	241
INDIVIDUAL 8	4.3485	.73802	241
ENTRE1	4.3610	.74048	241
ENTRE2	4.3195	.73711	241

ENTRE3	4.2241	.80078	241
ENTRE4	4.0373	.78704	241
ENTRE5	4.1120	.80616	241
FSUCCESS1	4.3568	.68712	241
FSUCCESS2	4.2780	.74826	241
FSUCCESS3	4.2946	.73621	241
MANSUCCESS1	4.3859	.72776	241
MANSUCCESS2	4.2739	.75257	241
MANSUCCESS3	4.3154	.75286	241
MKSUCCESS1	4.4108	.74255	241
MKSUCCESS2	4.4274	.80875	241
MKSUCCESS3	4.4398	.74548	241

Appendix C: The frequency and percentage

Statistics

		GENDE R	AGE	EXPERIEN CES	EMPLOY EE	HOWT O
N	Valid	241	241	241	241	241
	Missing	0	0	0	0	0

GENDER

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	MALE	78	32.4	32.4	32.4
	FEMAL E	163	67.6	67.6	100.0
	Total	241	100.0	100.0	

## EXPERIENCES

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-3	135	56.0	56.0	56.0
4-6	50	20.7	20.7	76.8
7-10	21	8.7	8.7	85.5
MORE THAN 10	35	14.5	14.5	100.0
Total	241	100.0	100.0	

## EMPLOYEE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 10	104	43.2	43.2	43.2
10-15	63	26.1	26.1	69.3
16-20	25	10.4	10.4	79.7
MORE THAN 20	49	20.3	20.3	100.0
Total	241	100.0	100.0	

## HOWTO

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Self Starter-up	164	68.0	68.0	68.0
INHERITANCE	77	32.0	32.0	100.0
Total	241	100.0	100.0	



## Appendix D: The Mean and Standard deviation

### Part 1. The Mean and Standard deviation of Corporate Capabilities

#### 1.Procurement

##### Descriptive Statistics

	N	Mean	Std. Deviation
PROCURE1	241	4.1826	.75268
PROCURE2	241	4.0788	.84534
PROCURE3	241	4.1120	.81643
PROCURE4	241	4.1369	.92304
PROCURE5	241	4.1245	.89038
PROCURE6	241	4.3693	.77495
PROCURE7	241	4.1784	.81988
Valid N (listwise)	241		

#### 2.Production

Descriptive Statistics			
	N	Mean	Std. Deviation
PRODUCAT1	241	4.3112	.82072
PRODUCAT2	241	4.2988	.78126
PRODUCAT3	241	4.0664	.82396
PRODUCAT4	241	4.3859	.84929
PRODUCAT5	241	4.2905	.81565
Valid N (listwise)	241		

#### 3.Marketing

##### Descriptive Statistics

	N	Mean	Std. Deviation
--	---	------	-------------------

MARKETING 1	241	4.2739	.78508
MARKETING 2	241	4.2448	.74318
MARKETING 3	241	4.3154	.78005
MARKETING 4	241	4.3444	.73715
MARKETING 5	241	4.4606	.79024
MARKETING 6	241	4.2905	.77370
MARKETING 7	241	4.3237	.80300
MARKETING 8	241	4.2946	.82685
Valid N (listwise)	241		

#### 4. Technology

##### Descriptive Statistics

	N	Mean	Std. Deviation
TECHN1	241	4.1452	.83146
TECHN2	241	4.0290	.84852
TECHN3	241	4.2324	.92418
Valid N (listwise)	241		

#### 5. Financial planning

##### Descriptive Statistics

	N	Mean	Std. Deviation
FINANCIAL1	241	4.3320	.79959
FINANCIAL2	241	4.1411	.89257
FINANCIAL3	241	4.2448	.84793

Valid N (listwise)	241		
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#### 6.HRM (Human Resource Management)

##### Descriptive Statistics

	N	Mean	Std. Deviation
HUMAN1	241	4.1909	.73377
HUMAN2	241	4.2905	.77370
HUMAN3	241	4.1535	.76735
HUMAN4	241	4.2075	.88888
Valid N (listwise)	241		

#### Part2. The Mean and Standard Deviation of Entrepreneurial Spirits

##### 1.Ownership

Descriptive Statistics			
	N	Mean	Std. Deviation
OWNERSHIP 1	241	4.3651	.68880
OWNERSHIP 2	241	4.2448	.69689
OWNERSHIP 3	241	4.3029	.73849
OWNERSHIP 4	241	4.2116	.71358
OWNERSHIP 5	241	4.2573	.82171
OWNERSHIP 6	241	4.2199	.76197
OWNERSHIP 7	241	4.3610	.77887

Valid N (listwise)	241		
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## 2. Individual Characteristics

Descriptive Statistics			
	N	Mean	Std. Deviation
INDIVIDUAL 1	241	4.2905	.76830
INDIVIDUAL 2	241	4.1701	.78002
INDIVIDUAL 3	241	4.2656	.75555
INDIVIDUAL 4	241	4.3693	.73636
INDIVIDUAL 5	241	4.1701	.72464
INDIVIDUAL 6	241	4.3237	.70343
INDIVIDUAL 7	241	4.4398	.73987
INDIVIDUAL 8	241	4.3485	.73802
Valid N (listwise)	241		

## 3. Entrepreneurial Orientation

Descriptive Statistics			
	N	Mean	Std. Deviation
ENTRE1	241	4.3610	.74048
ENTRE2	241	4.3195	.73711
ENTRE3	241	4.2241	.80078
ENTRE4	241	4.0373	.78704
ENTRE5	241	4.1120	.80616
Valid N (listwise)	241		

### Part3. The Mean and Standard Deviation of SME Success

#### 1.Financial Success

Descriptive Statistics			
	N	Mean	Std. Deviation
FSUCCESS1	241	4.3568	.68712
FSUCCESS2	241	4.2780	.74826
FSUCCESS3	241	4.2946	.73621
Valid N (listwise)	241		

#### 2.Managerial Success

Descriptive Statistics			
	N	Mean	Std. Deviation
MANSUCCESS1	241	4.3859	.72776
MANSUCCESS2	241	4.2739	.75257
MANSUCCESS3	241	4.3154	.75286
Valid N (listwise)	241		

#### 3.Marketing Success

Descriptive Statistics			
	N	Mean	Std. Deviation
MKSUCCESS1	241	4.4108	.74255
MKSUCCESS2	241	4.4274	.80875
MKSUCCESS3	241	4.4398	.74548
Valid N (listwise)	241		

## Appendix E:Hepothesis Testing

### Chi-Square

Characteristics of Entrepreneur influence toward SME's Success.

#### 1.Gender

##### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.442 <sup>a</sup>	20	.099
Likelihood Ratio	31.330	20	.051
Linear-by-Linear Association	1.375	1	.241
N of Valid Cases	241		

a. 23 cells (54.8%) have expected count less than 5. The minimum expected count is .32.

#### 2.Age

##### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	53.031 <sup>a</sup>	60	.726
Likelihood Ratio	62.941	60	.373
Linear-by-Linear Association	2.239	1	.135
N of Valid Cases	241		

a. 69 cells (82.1%) have expected count less than 5. The minimum expected count is .10.

#### 3.Business Experience

##### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	63.391 <sup>a</sup>	60	.358
Likelihood Ratio	59.058	60	.510
Linear-by-Linear Association	.373	1	.541
N of Valid Cases	241		

a. 70 cells (83.3%) have expected count less than 5. The minimum expected count is .09.

#### 4.Number of Employee

##### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	52.450 <sup>a</sup>	60	.745
Likelihood Ratio	61.435	60	.424
Linear-by-Linear Association	1.637	1	.201
N of Valid Cases	241		

a. 69 cells (82.1%) have expected count less than 5. The minimum expected count is .10.

#### 5.The mode of business entering

##### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.352 <sup>a</sup>	20	.126
Likelihood Ratio	28.026	20	.109
Linear-by-Linear Association	5.607	1	.018
N of Valid Cases	241		

a. 23 cells (54.8%) have expected count less than 5. The minimum expected count is .32.

#### Multiport regression

##### 1.Corporate Capabilities and Entrepreneurial Spirits toward to SME Success

##### Variables Entered/Removed<sup>a</sup>

Mode	Variables Entered	Variables Removed	Method
1			

1	TotalEntrepreneurialSpirit, TotalCorporateCapabilities <sup>b</sup>	.	Enter
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a. Dependent Variable: TotalSMESuccess

b. All requested variables entered.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.789 <sup>a</sup>	.622	.619	.34452

a. Predictors: (Constant), TotalEntrepreneurialSpirit, TotalCorporateCapabilities

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.442	2	23.221	195.640	.000 <sup>b</sup>
	Residual	28.249	238	.119		
	Total	74.691	240			

a. Dependent Variable: TotalSMESuccess

b. Predictors: (Constant), TotalEntrepreneurialSpirit, TotalCorporateCapabilities

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.445	.199		2.233	.026
	TotalCorporateCapabilities	.405	.065	.383	6.274	.000
	TotalEntrepreneurialSpirit	.514	.068	.458	7.508	.000



a. Dependent Variable: TotalSMESuccess

#### Collinearity Diagnostics<sup>a</sup>

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	Total Corporate Capabilities	Total Entrepreneurial Spirit
1	1	2.988	1.000	.00	.00	.00
	2	.008	18.812	.97	.18	.07
	3	.003	29.515	.03	.82	.93

a. Dependent Variable: TotalSMESuccess

2. Procurement, production, marketing, technology, financial, and HRM and SME Success

#### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	Total Human Resource Management, Total Technology, Total Procurement, Total Financial Planning, Total Production, Total Marketing <sup>b</sup>		Enter

a. Dependent Variable: TotalSMESuccess

b. All requested variables entered.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.736 <sup>a</sup>	.542	.530	.38230

a. Predictors: (Constant),  
TotalHumanResourceManagement, TotalTechnology,  
TotalProcurement, TotalFinancialPlanning,  
TotalProduction, TotalMarketing

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.490	6	6.748	46.173	.000 <sup>b</sup>
	Residual	34.201	234	.146		
	Total	74.691	240			

a. Dependent Variable: TotalSMESuccess

b. Predictors: (Constant), TotalHumanResourceManagement, TotalTechnology,  
TotalProcurement, TotalFinancialPlanning, TotalProduction, TotalMarketing

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.104	.202		5.478	.000
	TotalProcurement	.191	.057	.208	3.319	.001
	TotalProduction	.169	.064	.195	2.644	.009
	TotalMarketing	.245	.073	.257	3.334	.001
	TotalTechnology	-.002	.040	-.003	-.052	.958
	TotalFinancialPlanning	.095	.053	.121	1.774	.077
	TotalHumanResourceManagement	.067	.059	.078	1.131	.259

a. Dependent Variable: TotalSMESuccess

**Collinearity Diagnostics<sup>a</sup>**

Model Dimension	Eigenvalue	Condition Index	Variance Proportions						
			(Constant)	Total Procurement	Total Production	Total Marketing	Total Technology	Total Financial Planning	Total Human Resource Management
1	6.93	1.00	.00	.00	.00	.00	.00	.00	.00
2	.018	19.4	.00	.01	.01	.01	.97	.04	.00
3	.014	21.9	.74	.00	.02	.00	.02	.16	.02
4	.009	28.0	.05	.84	.12	.02	.00	.01	.09
5	.009	28.2	.13	.10	.02	.01	.01	.69	.30
6	.007	30.5	.03	.01	.43	.05	.01	.08	.57
7	.005	38.4	.04	.02	.40	.92	.00	.01	.02

a. Dependent Variable: TotalSMESuccess

### 3. Ownership, Individual Characteristics, and Entrepreneurial Orientation and SME

Success

#### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	Total Entrepreneurial Orientation, Total Ownership, Total Individual Characteristics <sup>b</sup>		Enter

a. Dependent Variable: TotalSMESuccess

b. All requested variables entered.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 <sup>a</sup>	.563	.558	.37107

a. Predictors: (Constant), Total Entrepreneurial Orientation, Total Ownership, Total Individual Characteristics

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.058	3	14.019	101.814	.000 <sup>b</sup>
	Residual	32.633	237	.138		
	Total	74.691	240			

a. Dependent Variable: TotalSMESuccess

b. Predictors: (Constant), TotalEntrepreneurialOrientation, TotalOwnership, TotalIndividualCharacteristics

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.749	.208		3.606	.000
	TotalOwnership	.204	.068	.205	2.989	.003
	TotalIndividualCharacteristics	.433	.078	.405	5.578	.000
	TotalEntrepreneurialOrientation	.206	.058	.219	3.564	.000

a. Dependent Variable: TotalSMESuccess

**Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	TotalOwnership	TotalIndividualCharacteristics	TotalEntrepreneurialOrientation
1	1	3.980	1.000	.00	.00	.00	.00
	2	.010	19.62	.92	.04	.01	.18
	3	.007	24.57	.05	.37	.06	.75
	4	.004	33.55	.03	.59	.93	.07

a. Dependent Variable: TotalSMESuccess

## Appendix F: Questionnaire for SMEs (English)

### (Small and Medium-size Enterprise) Survey

Direction: This questionnaire will be used for a thesis by a graduate student of Master of Administration Business, International Program at Bangkok University. It is a part of BA600 “Master Degree Thesis” in order to examine and identify what aspects within Characteristics of Entrepreneur; Corporate Capabilities in Value Chain; Entrepreneurial Spirit that have positive relationship to SME’s Success.

The questionnaire is composed of 4 parts: Characteristics of Entrepreneur; Corporate Capabilities in Value Chain; Entrepreneurial Spirit; and SME’s Success Questionnaires.

#### Section-A: Characteristics Of Entrepreneur

Instruction: Please for mark ( ✓ ) the answer mostly related to you.

1. Gender:            ☐ Male            ☐ Female
2. Age : ☐ Less than 30    ☐ 30-35    ☐ 36-40    ☐ Over 45
3. How long have you been running your enterprise:
   
☐ 1-3 years    ☐ 4-6 years    ☐ 7-10 years    ☐ Over 10 years
4. Size of Enterprises by number of Employee:
   
☐ Less than 10    ☐ 10-15    ☐ 16-20    ☐ More than 20
5. How do you enter into your present business:
   
☐ Self Starter-up                      ☐ Inheritance

#### Section B: Corporate Capabilities in Value Chain

Instruction: Please mark ( ✓ ) for the answer mostly related to your opinion.

Questions: How are these following capabilities important to your business success?

5= Very important

4= Rather important

3= Average

2= Less important

1= Not important

Corporate Capabilities In Value chain	Level of Importance				
	5	4	3	2	1
<b>1.Procurement</b>					
• Contacting number of suppliers that can afford raw materials as needed.					
• Searching for convenient channels to order materials from suppliers.					
• Using convenient transportation for delivering raw material.					
• Bewaring of low cost of raw material.					
• Controlling cost of transportation for delivering raw material.					
• Preparing availability of raw materials as needed.					
• Gaining a good price when negotiating to buy materials with suppliers.					
<b>2. Production</b>					
• Conducting quality assurance system for quality assessment of raw material.					
• Performing quality control of processing system in production.					
• Setting time scheduling of processing system in production.					
• Conducting spoilage control and contamination system.					
• Manufacturing the product with environment and social awareness of surrounding community.					
<b>3.Marketing</b>					
• Conducting market and consumer demand surveys before launching the new products/services.					

<ul style="list-style-type: none"> <li>Recognizing continuity of change for new marketing strategies.</li> </ul>					
<ul style="list-style-type: none"> <li>Developing of product continuously.</li> </ul>					
<ul style="list-style-type: none"> <li>Setting price which is related to product/service quality.</li> </ul>					
<ul style="list-style-type: none"> <li>Delivering service quality to customers.</li> </ul>					
<ul style="list-style-type: none"> <li>Providing easy channel accessible for customers.</li> </ul>					
<ul style="list-style-type: none"> <li>Informing new and current customers when launching the new products into the market.</li> </ul>					
<ul style="list-style-type: none"> <li>Continuously performing and supporting relationship with surrounding community to retain customers.</li> </ul>					
<b>4.Technology</b>					
<ul style="list-style-type: none"> <li>Using computer technology for servicing customers.</li> </ul>					
<ul style="list-style-type: none"> <li>Using computer technology to contact and supervise employees.</li> </ul>					
<ul style="list-style-type: none"> <li>Using social media, such as facebook, line, to introduce the product and your business.</li> </ul>					
<b>5.Financial planning and control</b>					
<ul style="list-style-type: none"> <li>Preparing financial plan for running business.</li> </ul>					
<ul style="list-style-type: none"> <li>Acquiring fund without high risk.</li> </ul>					
<ul style="list-style-type: none"> <li>Avoiding debt that will be troubling the business financial status.</li> </ul>					
<b>6.Human Resource Management and Development</b>					
<ul style="list-style-type: none"> <li>Developing management skills in the Enterprise Resource Planning.</li> </ul>					
<ul style="list-style-type: none"> <li>Often motivating the staffs for improving their work performance.</li> </ul>					
<ul style="list-style-type: none"> <li>Setting system of selection &amp; recruitment for having the right experienced person.</li> </ul>					
<ul style="list-style-type: none"> <li>Training new employees for better practice in business.</li> </ul>					

### Section C: Entrepreneurial Spirit

Instruction: Please mark (✓) for the answer mostly related your opinion.

Questions: How do you consider yourself about these following when you running your business?

5= Very important

4= Rather important

3= Average

2= Less important

1= Not important

<b>Entrepreneurial Spirit</b>	<b>Level of Important</b>				
<b>1. Ownership</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
• You believe in your business experience for running your business.					
• You have confidence to achieve your business among any competitions.					
• You trust on your practical capability and decision to start your business.					
• You can organize your business activities appropriately.					
• You have strong intention to expand your business.					
• You always recognize about business risk and prepare a strategy for protecting your business operation.					
• You have strong intention to generate income and control cost for maintaining your business.					
<b>2. Individual Characteristics</b>					
• You are a self-confidence person who always tries to make the things better.					
• You can contribute innovative solutions to solve your business problems by yourself.					
• You prefer well-prepared planning by yourself with a clear agenda and time management.					



• You always search new knowledge for business development by yourself.					
• You always recognizes about new things as new direction.					
• You always wants new product to serve customer's needs.					
• You are willing to exercise self-employment.					
• You are willing to adopt technology and use it for business operation.					
<b>3. Entrepreneurial Orientation</b>					
• You control yourself to keep your business going on.					
• You accept innovation for running your business.					
• You recognize to take risk in order to accept up your business.					
• You run your business with proactive strategies.					
• You trust to makes your business competitive aggressiveness.					

#### Section D: SME's Success

Instruction: Please mark (✓) for the answer mostly related your opinion.

Question: How do you consider about their following these action which are related to your own business success.

1 = strongly disagree

2 = Rather disagree

3 = Average

4 = Rather agree

5 = strongly agree

SME's Success	Level of Opinion				
	5	4	3	2	1

<b>1.Financial Success</b>					
● The owner's capability to control cost and operating expenses.					
● The owner's capability to increase the growth of profit.					
● The owner's capability to increase the long term income.					
<b>2.Managerial Success</b>					
● The business can be runned continually.					
● Employees are willing to work for business success according to their satisfaction.					
● All processes of business operations can be achieved by quality standard.					
<b>3.Marketing Success</b>					
● Customers' trust on the reputations of products and services quality.					
● Customers' willingness to come back to buy the product.					
● Customers' trust on business honesty and integrity.					

*End of Question*

*Thank you for your cooperation!*

## Appendix F: Questionnaire for SMEs (THAI)

## แบบสอบถาม เพื่อสำรวจธุรกิจเอสเอ็มอี

## คำแนะนำ:

แบบสอบถามนี้จัดทำขึ้นเพื่อใช้เก็บข้อมูลสำหรับการทำวิทยานิพนธ์ของนักศึกษาในหลักสูตรบริหารธุรกิจมหาบัณฑิต หลักสูตรนานาชาติ มหาวิทยาลัยกรุงเทพ โดยเป็นส่วนหนึ่งของการศึกษาในรายวิชา BA600 “วิทยานิพนธ์มหาบัณฑิต” ข้อมูลที่ได้จะนำไปใช้ในการตรวจสอบและระบุว่ามีแง่มุมใดบ้างเกี่ยวกับคุณลักษณะเฉพาะของผู้ประกอบการ

ความสามารถขององค์กรในห่วงโซ่มูลค่าและจิตวิญญาณของผู้ประกอบการ

ที่มีความสัมพันธ์เชิงบวกกับความสำเร็จของธุรกิจเอสเอ็มอี

แบบสอบถามนี้มีอยู่ด้วยกัน 4 ส่วน คือ คุณลักษณะเฉพาะของผู้ประกอบการ

ความสามารถขององค์กรในห่วงโซ่มูลค่า จิตวิญญาณของผู้ประกอบการ

และความสำเร็จของธุรกิจเอสเอ็มอี

ส่วน ก: คุณลักษณะเฉพาะของผู้ประกอบการ

คำสั่ง: โปรดทำเครื่องหมาย ( ✓ ) ลงในคำตอบที่เกี่ยวข้องกับตัวท่านมากที่สุด

6. เพศ: ☐ ชาย ☐ หญิง

7. อายุ: ☐ น้อยกว่า 30 ปี ☐ 30-35 ปี ☐ 36-40 ปี ☐ มากกว่า 45 ปี

8. ท่านประกอบกิจการมานานเท่าไรแล้ว

☐ 1-3 ปี ☐ 4-6 ปี ☐ 7-10 ปี ☐ มากกว่า 10 ปี

9. ขนาดของกิจการ ดูจากจำนวนพนักงาน:

☐ น้อยกว่า 10 คน    ☐ 10-15 คน    ☐ 16-20 คน    ☐ มากกว่า 20 คน

10. ท่านเข้ามาทำธุรกิจที่ทำอยู่ในปัจจุบันได้อย่างไร

☐ เริ่มต้นทำธุรกิจด้วยตัวเอง    ☐ รับสืบทอดกิจการมา

ส่วน ข: ความสามารถขององค์กรในห่วงโซ่มูลค่า

คำสั่ง: โปรดทำเครื่องหมาย ( ✓ )

ลงในคำตอบที่เกี่ยวข้องกับความคิดเห็นของท่านมากที่สุด

คำถาม: ความสามารถต่อไปนี้มีสำคัญต่อความสำเร็จทางธุรกิจของท่านอย่างไร

5 = สำคัญมาก

4 = ค่อนข้างสำคัญ

3 = สำคัญปานกลาง

2 = สำคัญน้อย

1 = ไม่สำคัญ

ความสามารถขององค์กรในห่วงโซ่มูลค่า	ระดับความสำคัญ				
1. ความสามารถด้านการจัดหา	5	4	3	2	1
• จำนวนผู้จัดหาที่ติดต่อได้ซึ่งสามารถจัดหาวัตถุดิบให้ได้ตามความต้องการ					
• แสวงหาช่องทางสำหรับสั่งวัสดุจากผู้จัดหา					
• ใช้วิธีการขนส่งที่สะดวกในการจัดส่งวัตถุดิบ					
• ดูแลต้นทุนวัตถุดิบให้อยู่ในระดับต่ำ					

<ul style="list-style-type: none"> <li>• ควบคุมต้นทุนค่าขนส่งที่ใช้ในการจัดส่งวัตถุดิบ</li> </ul>					
<ul style="list-style-type: none"> <li>• เตรียมจัดหาวัตถุดิบให้มีใช้ได้เพียงพอกับความต้องการ</li> </ul>					
<ul style="list-style-type: none"> <li>• ต่อรองกับผู้จัดหาเพื่อให้จัดซื้อวัสดุได้ในราคาที่ดี</li> </ul>					
<b>2. ความสามารถในการผลิต</b>					
<ul style="list-style-type: none"> <li>• จัดให้มีระบบประกันคุณภาพสำหรับประเมินคุณภาพของวัตถุดิบ</li> </ul>					
<ul style="list-style-type: none"> <li>• ดำเนินการเพื่อควบคุมคุณภาพของระบบประมวลผลการผลิต</li> </ul>					
<ul style="list-style-type: none"> <li>• กำหนดตารางเวลาสำหรับระบบประมวลผลการผลิต</li> </ul>					
<ul style="list-style-type: none"> <li>• จัดให้มีระบบควบคุมการเน่าเสียและการปนเปื้อน</li> </ul>					
<ul style="list-style-type: none"> <li>• ผลิตผลิตภัณฑ์โดยคำนึงถึงสิ่งแวดล้อมและความตระหนักรู้ทางสังคม (Social Awareness) ของชุมชนที่อยู่โดยรอบ</li> </ul>					
<b>3. ความสามารถในการตลาด</b>					
<ul style="list-style-type: none"> <li>• จัดให้มีการสำรวจความต้องการของตลาดและผู้บริโภคก่อนจะนำผลิตภัณฑ์/บริการใหม่ออกสู่ตลาด</li> </ul>					
<ul style="list-style-type: none"> <li>• รู้ถึงความต่อเนื่องของการเปลี่ยนแปลงเพื่อนำมาใช้สร้างกลยุทธ์ในทางการตลาด</li> </ul>					
<ul style="list-style-type: none"> <li>• พัฒนาผลิตภัณฑ์อย่างต่อเนื่อง</li> </ul>					
<ul style="list-style-type: none"> <li>• ตั้งราคาให้สอดคล้องกับคุณภาพของผลิตภัณฑ์/บริการ</li> </ul>					
<ul style="list-style-type: none"> <li>• ส่งมอบบริการที่มีคุณภาพดีให้แก่ลูกค้า</li> </ul>					
<ul style="list-style-type: none"> <li>• จัดหาช่องทางให้ลูกค้าเข้าถึงธุรกิจได้โดยง่าย</li> </ul>					
<ul style="list-style-type: none"> <li>• แจ้งให้ทั้งลูกค้าใหม่และลูกค้าปัจจุบันทราบเมื่อมีการนำผลิตภัณฑ์</li> </ul>					

ทั่วไปใหม่ออกสู่ตลาด					
<ul style="list-style-type: none"> <li>สร้างและส่งเสริมความสัมพันธ์กับชุมชนโดยรอบอย่างต่อเนื่องเพื่อรักษาลูกค้าไว้</li> </ul>					
<b>4. ความสามารถด้านเทคโนโลยี</b>					
<ul style="list-style-type: none"> <li>ใช้เทคโนโลยีคอมพิวเตอร์ในการให้บริการลูกค้า</li> </ul>					
<ul style="list-style-type: none"> <li>ใช้เทคโนโลยีคอมพิวเตอร์ในการติดต่อและกำกับดูแลพนักงาน</li> </ul>					
<ul style="list-style-type: none"> <li>ใช้สื่อสังคม เช่น เฟสบุ๊ก ไลน์ ในการแนะนำผลิตภัณฑ์และธุรกิจของคุณ</li> </ul>					
<b>5. ความสามารถด้านการวางแผนและควบคุมการเงิน</b>					
<ul style="list-style-type: none"> <li>จัดทำแผนการเงินเพื่อใช้ในการดำเนินธุรกิจ</li> </ul>					
<ul style="list-style-type: none"> <li>จัดหาเงินทุนที่ไม่มีความเสี่ยงสูง</li> </ul>					
<ul style="list-style-type: none"> <li>หลีกเลี่ยงการสร้างหนี้ที่จะทำให้สถานะทางการเงินของธุรกิจมีปัญหา</li> </ul>					
<b>6. ความสามารถด้านการบริหารจัดการและพัฒนาทรัพยากรบุคคล</b>					
<ul style="list-style-type: none"> <li>พัฒนาทักษะการจัดการเพื่อใช้ในการวางแผนทรัพยากรองค์กร</li> </ul>					
<ul style="list-style-type: none"> <li>กระตุ้นให้พนักงานปรับปรุงผลการปฏิบัติงานของตนให้ดีขึ้นอยู่เสมอ</li> </ul>					
<ul style="list-style-type: none"> <li>จัดให้มีระบบการคัดเลือกและสรรหาพนักงานเพื่อให้ได้ว่าจ้างบุคคลที่มีประสิทธิภาพสูงได้อย่างเหมาะสม</li> </ul>					
<ul style="list-style-type: none"> <li>ฝึกอบรมพนักงานใหม่เพื่อช่วยให้ปฏิบัติงานทางธุรกิจได้ดีขึ้น</li> </ul>					

ส่วน ค: จิตวิญญาณของผู้ประกอบการ

คำสั่ง: โปรดทำเครื่องหมาย ( ✓ )

ลงในคำตอบที่เกี่ยวข้องกับความคิดเห็นของท่านมากที่สุด

คำถาม: ในการดำเนินธุรกิจของคุณ

คุณให้ความสำคัญกับตัวเองในแง่มุมมองต่อไปนี้อย่างไร

5 = สำคัญมาก

4 = ค่อนข้างสำคัญ

3 = สำคัญปานกลาง

2 = สำคัญน้อย

1 = ไม่สำคัญ

จิตวิญญาณของผู้ประกอบการ	ระดับความสำคัญ				
	5	4	3	2	1
<b>1. ความเป็นเจ้าของ</b>					
• คุณเชื่อว่าประสบการณ์ทางธุรกิจของคุณสามารถนำมาใช้ในการทำธุรกิจได้					
• คุณมั่นใจว่าจะดำเนินธุรกิจได้ดีแม้จะมีคู่แข่งหลายราย					
• คุณเชื่อมั่นในความสามารถและการตัดสินใจที่ใช้ได้จริงของคุณจนเริ่มต้นทำธุรกิจของตนเอง					
• คุณสามารถบริหารจัดการกิจกรรมทางธุรกิจของคุณได้อย่างเหมาะสม					
• คุณมีความตั้งใจอันแรงกล้าที่จะขยายธุรกิจของคุณ					

<ul style="list-style-type: none"> <li>• คุณมองเห็นความเสี่ยงทางธุรกิจได้เสมอและเตรียมจัดทำกลยุทธ์เพื่อป้องกันการดำเนินธุรกิจของคุณไว้แล้ว</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณมีความตั้งใจอันแรงกล้าที่จะสร้างรายได้และควบคุมต้นทุนเพื่อรักษาธุรกิจไว้</li> </ul>					
<b>2. ลักษณะเฉพาะตัวของบุคคล</b>					
<ul style="list-style-type: none"> <li>• คุณเป็นคนที่มีความมั่นใจในตัวเองและพยายามทำให้สิ่งต่าง ๆ ดีขึ้นอยู่เสมอ</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณสามารถหาคำตอบใหม่ ๆ เพื่อแก้ปัญหาในธุรกิจของคุณได้ด้วยตัวเอง</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณชอบที่จะวางแผนธุรกิจที่มีการเตรียมการมาเป็นอย่างดีด้วยตนเอง โดยมีวาระและการบริหารเวลาที่ชัดเจน</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณมักแสวงหาความรู้ใหม่เพื่อนำมาพัฒนาธุรกิจด้วยตัวเองอยู่เสมอ</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณมักมองเห็นสิ่งใหม่ ๆ ที่เป็นทิศทางใหม่ในเชิงธุรกิจได้เสมอ</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณมักต้องการนำผลิตภัณฑ์ใหม่มาสนองตอบความต้องการของลูกค้าอยู่เสมอ</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณเต็มใจที่จะทำธุรกิจส่วนตัว</li> </ul>					
<ul style="list-style-type: none"> <li>• คุณเต็มใจที่จะยอมรับเทคโนโลยีและนำมาใช้ในการดำเนินธุรกิจ</li> </ul>					
<b>3. การมุ่งเน้นความเป็นผู้ประกอบการ (Entrepreneurial Orientation)</b>					



• คุณควบคุมตัวเองเพื่อให้ธุรกิจของคุณดำเนินต่อไปได้					
• คุณยอมรับนวัตกรรมเพื่อนำมาใช้ในการดำเนินธุรกิจของคุณ					
• คุณรู้ว่าต้องยอมเสี่ยงเพื่อให้ธุรกิจของคุณได้รับการยอมรับ					
• คุณดำเนินธุรกิจโดยใช้กลยุทธ์เชิงรุก					
• คุณเชื่อมั่นว่าจะทำให้ธุรกิจของคุณสามารถแข่งขันกับผู้อื่นได้อย่างเข้มแข็งในเชิงรุก					

### ส่วน ง: ความสำเร็จของธุรกิจเอสเอ็มอี

คำสั่ง: โปรดทำเครื่องหมาย ( ✓ )

ลงในคำตอบที่เกี่ยวข้องกับความคิดเห็นของท่านมากที่สุด

คำถาม:

คุณคิดว่าการกระทำต่อไปนี้เกี่ยวข้องกับความสำเร็จทางธุรกิจของคุณมากน้อยแค่ไหน

1 = ไม่เห็นด้วยอย่างมาก

2 = ค่อนข้างไม่เห็นด้วย

3 = เห็นด้วยปานกลาง

4 = ค่อนข้างเห็นด้วย

5 = เห็นด้วยอย่างมาก

ความสำเร็จของธุรกิจเอสเอ็มอี	ระดับความคิดเห็น				
1. ความสำเร็จด้านการเงิน	5	4	3	2	1
• ความสามารถของเจ้าของธุรกิจในการควบคุมต้นทุนและค่าใช้จ่ายในการดำเนินงาน					

● ความสามารถของเจ้าของธุรกิจในการทำให้มีผลกำไรมากขึ้น					
● ความสามารถของเจ้าของธุรกิจในการเพิ่มรายได้ในระยะยาว					
<b>2. ความสำเร็จด้านการบริหารจัดการ</b>					
● สามารถดำเนินธุรกิจได้อย่างต่อเนื่อง					
● พนักงานเต็มใจทำงานเพื่อให้ธุรกิจประสบความสำเร็จเพราะพอใจที่จะทำเช่นนั้น					
● สามารถดำเนินกระบวนการทางธุรกิจทั้งหมดได้ตามมาตรฐานด้านคุณภาพ					
<b>3. ความสำเร็จด้านการตลาด</b>					
● ความมั่นใจของลูกค้าที่มีต่อชื่อเสียงด้านคุณภาพของผลิตภัณฑ์และบริการต่าง ๆ					
● ความเต็มใจของลูกค้าที่จะกลับมาซื้อผลิตภัณฑ์อีก					
● ความมั่นใจของลูกค้าที่มีต่อความซื่อสัตย์และการยึดถือในหลักคุณธรรมของธุรกิจ					

**จบแบบสอบถาม**

**ขอขอบคุณที่ให้ความร่วมมือตอบแบบสอบถาม!**

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