

# Business Operation Approach of Small and Medium Enterprise in Pathumthani Province in Thailand

<sup>1</sup>Dr.Napaporn Khantanapha., <sup>2</sup>Dr.Thanakorn Thanathanchuchot and <sup>3</sup>Dr.Poramet Eamurai

<sup>1</sup>Associate Professor, Graduate School of Business Administration, Southeast Asia University, Thailand.

<sup>2</sup>Associate Professor, Faculty of Business Administration and Accountancy, Pathumthani University, Thailand.

<sup>3</sup>DBA, Independent Researcher, Thailand.

**Abstract:** The purposes of this research are to study; 1) The importance level of factors lead to the business operations approach of SMEs. 2) The characteristic of SMEs. 3) The relationship between The characteristic of SMEs and the importance level of factors lead to the business operations approach of SMEs. 4) Business operation approach of Small and Medium Enterprise in Pathumthani Province. Research via quantitative methodology. Data were collected from the executive or owner of SMEs in Pathumthani Province, by accidental sampling of 385 respondents of unknown exactly population. The research instrument were questionnaires. The data were then analyzed by computer software packages. statistic treatments were frequency, percentage, means, standard deviation, and ranking, Pearson Correlation, and Multiple Regression at statistical significance level of .05

The results of the research were as follows: 1) Overall the importance level of factors lead to the business operations approach of SMEs in Pathumthani Province were at of a high importance level, raked by CV (Covariant) respectively were: Technology Development and upgrading of firms' technology, Innovation and information technology, Products, Distribution and supply chain, Business Environment, Price, Government promotion, Market promotion. 2) Overall and individual of the characteristic of SMEs in Pathumthani Province were at of a high importance level, raked by CV (Covariant) respectively were Average total turnover per year, .Amount of employees, SMEs business operation. 3) There were moderate relationship level between the characteristic of SMEs and the importance level of factors lead to the business operations approach of SMEs in Pathumthani Province. 4) Business operation approach of Small and Medium Enterprise in Pathumthani Province was .783 Government promotion was .775 Innovation was .771 Technology Development and upgrading of firms' technology was .702 Distribution and supply chain was .681 Products was .641 Price was .421 Market promotion.

**Keywords:** Business operation approach, Small and medium enterprise, Pathumthani province in Thailand

## I. INTRODUCTION

The world economy is slowing down. Thailand has not been spared. The Asian Development Bank has lowered its growth forecast to a modest 2.7% for the year. Former finance minister and central bank chairman Virabongsa Ramangkura recently warned that the slowdown could last as long as five years. Small and medium-sized enterprises feature prominently in the government's strategy to stimulate growth and development, with a recent plan calling for boosting credit to smaller firms and encouraging them to expand into regional and global markets. The focus on SMEs is appropriate. Economies with lots of thriving SMEs are more dynamic and competitive than those dominated by a handful of sclerotic giants. More importantly, successful SMEs are critical drivers of inclusive growth, according to new research from the International Trade Centre (ITC), the joint agency of the United Nations and the World Trade Organization. (Arancha Gonzalez, 2018)

But helping SMEs flourish in international markets goes beyond access to credit. ITC's SME Competitiveness Outlook, released this month, spells out how developing countries can understand what is holding small- and mid-sized firms

back, and how best to enable them to succeed. The report focuses on SMEs because jobs are the main channel through which people share in -- or are left out of -- economic growth. And SMEs account on average for around 70% of national employment around the world -- 75% in Thailand. (Arancha Gonzalez, 2018)

Large companies everywhere tend to be more productive than small ones. But the gap in productivity is far wider in developing countries. Low productivity in turn means lower wages and worse working conditions. This productivity gap has a silver lining: there is a lot of room to improve. Improving SME productivity translates into more and better paying jobs, distributed across less fortunate sections of the economy. SMEs able to "internationalize", whether by exporting or importing directly or selling to firms that do, register particularly high productivity, wage, and employment gains. Encouraging Thai SMEs to reach out to Asean markets and beyond clearly makes a lot of sense.

But while helping SMEs become more productive and competitive makes for inclusive growth, figuring out how best to do so isn't easy. The factors holding SMEs back vary from one place to another. Tax policies can dis-incentivize firms from growing. Elsewhere, access to finance dries up the moment businesses become too big for micro-lenders. Intermittent electricity and spotty internet access often render them uncompetitive. Sometimes firms themselves lack skilled managers and staff. They might struggle to meet international health and safety standards.

The SME Competitiveness Outlook helps us understand the country-specific constraints most relevant to business success. The report systematically organizes them across three key pillars: the ability of SMEs to connect, compete and change. It then analyses these determinants of SME competitiveness at the level of companies, their immediate business environment, and national policy.

Problems on any pillar, at any level, can be fatal to international competitiveness. For instance, the ability of a country's SME sector to supply quality goods in a timely and cost-effective manner is a function of firms' own abilities. But it also depends on the existence of a system to certify that their products meet international standards, and macro-level considerations like swift customs procedures. (Arancha Gonzalez, 2018)

The report's findings will help governments and their partners identify which weaknesses are most harmful. This paves the way for targeting reforms where they are most needed. Why invest more in expensive broadband infrastructure when what companies really need are the business skills to create websites and use email? A customer stands next to a display of footwear for sale on a street in the capital. Limited internet use and few international quality certifications are hampering Thai small businesses' access to foreign markets. EPA Among the lessons to emerge from the inaugural report is that across developing country regions, smaller firms vastly underperform larger ones in terms of using the internet to connect to customers and suppliers. Thailand, one of 25 developing countries analyzed in detail in the report, is no exception. Even though the country's telecommunications infrastructure is generally good, small firms make very little use of the internet, which is why they underperform in the "connectivity" pillar. Mid-sized firms do better, though not as well as might be expected in a country at Thailand's income level. (Arancha Gonzalez, 2018)

Broadly speaking, however, Thailand comes out favorably in the report's analysis. Thai companies operate in a trade-supportive business environment, with Thailand scoring well on indicators for logistics and ease of trading. At the firm level, Thai SMEs adapt to changing market conditions more effectively than their counterparts in other developing countries, helped by their relatively thorough integration into the financial system (which in turn may be a product of past government policy). A high proportion of investments are financed by banks, aided by regulations requiring firms to have audited financial statements. Audited accounts also send positive signals to foreign firms interested in establishing supplier-buyer relationships with Thai SMEs. Mid-sized Thai firms' relatively strong investments in worker training enhance their capacity to adapt to changing market conditions. While in many countries the international competitiveness of otherwise capable firms is dragged down by a weak business and policy environment, or vice versa, Thailand does well on both fronts. This may be why SMEs' share in Thailand's total exports is among Asia's highest, at close to 30%, compared to only 16% in Indonesia and 10% in the Philippines. But even if Thai SMEs are competitive by regional standards, the report's indicators make clear where Thailand still has ample room to improve. Beyond their limited internet savvy, relatively few small companies have international quality certifications, hampering their access to foreign markets. Inadequate access to skilled labor is still perceived as a constraint by SMEs. These are logical priorities for future government policy. (Arancha Gonzalez, 2018)

From the problem above that on business operation of SMEs Thailand, the world economy is slowing down and, the competitiveness in Asean markets. Its inspire researcher to study the factors lead to The business operations approach of SMEs in Pathumthani Province. The research finding will be an approach to help manager or owner of SMEs in Pathumthani Province improve their business operation in line with customer requirement and expand their market.

## **II. PURPOSE OF THE RESEARCH**

The aim of the research are to investigate.

1. The importance level of factors lead to the business operations approach of SMEs in Pathumthani Province.
2. The characteristic of SMEs in Pathumthani Province.
3. The relationship between The characteristic of SMEs and the importance level of factors lead to the business operations approach of SMEs in Pathumthani Province .
4. Business operation approach of Small and Medium Enterprise in Pathumthani Province.

## **III. SCOPE OF THE RESEARCH**

1. Scope of the content: this research were to study; nature of business operations of SMEs., the importance level of factors lead to The business operations approach of SMEs, the relationship between The nature of business operations of SMEs and the importance level of factors lead to The business operations approach of SMEs in Pathumthani Province, and Business Operation Approach of Small and Medium Enterprise in Pathumthani Province.
2. Scope of the population: data will collect from the manager or owner of SMEs in Pathumthani Province via accidental sampling of 385 respondents of unknown exactly population.
3. Location scope: the research area are in Pathumthani Province area.

## **IV. HYPROTHESIS OF THE RESEARCH**

Hypothesis 1: There are relationship between the nature of business operations of SME and the importance level of factors lead to the business operations approach of SME in Pathumthani Province.

Hypothesis 2: the importance level of factors lead to the business operations approach of SME in Pathumthani Province had related to business operations approach of SME in Pathumthani Province.

## **V. BENEFIT OF THE RESEARCH**

Some benefit of the study are addressed as follow.

1. To increase sale volume of SME in Pathumthani Province.
2. Enhance marketing business of SME in Pathumthani Province.
3. To be an approach for improve marketing strategy of SME in Pathumthani Province and related business.

## **VI. RESEARCH METHODOLOGY**

The purposes of this research are to study; 1) The importance level of factors lead to the business operations approach of SMEs in Pathumthani Province. 2) The characteristic of SMEs in Pathumthani Province. 3) The relationship between The characteristic of SMEs and the importance level of factors lead to the business operations approach of SMEs in Pathumthani Province. 4) Business operation approach of Small and Medium Enterprise in Pathumthani Province. Research via quantitative methodology. Data were collected from executive or owner of SMEs in Pathumthani Thailand, by accidental sampling of 385 respondents of unknown exactly population. The research instrument were questionnaires. The data were then analyzed by computer software packages, statistic treatments were frequency, percentage, means, standard deviation, and ranking, Pearson Correlation, and Multiple Regression at statistical significance level of .05

## **VII. CONCLUSION**

- 1) Overall the importance level of factors lead to the business operations approach of SMEs in Pathumthani Province were at of a high importance level, raked by CV (Covariance) respectively were: Technology Development and upgrading of firms' technology, Innovation and information technology, Products, Distribution and supply chain, Business Environment, Price, Government promotion, Market promotion.
- 2) Overall and individual of the characteristic of SMEs in Pathumthani Province were at of a high importance level, raked by CV (Covariance) respectively were Average total turnover per year, .Amount of employees, SMEs business operation.

- 3) There were moderate relationship level between the characteristic of SMEs and the importance level of factors lead to the business operations approach of SMEs in Pathumthani Province.
- 4) Business operation approach of Small and Medium Enterprise in Pathumthani Province.

Business operation approach of Small and Medium Enterprise in Pathumthani Province were analyzed factors lead to the business operations approach of SMEs in Pathumthani Province by Multi Regression.

Table 1 Coefficients of factors lead to the business operations approach of SMEs in Pathumthani Province by Multiple Regression.

Factors lead to the business operations approach of SMEs in Pathumthani Province in Thailand.	Unstandardized Coefficients		Standardized Coefficients				
	B	Std. Error	Beta	t	Sig	Durbin-Watson	VIF
1. Products	.692	.041	.681*	1.342	.001	2.9	1.686
2. Price	.671	.083	.641*	1.551	.012	3.7	1.245
3. Market promotion	.635	.040	.421*	4.075	.010	5.8	1.561
4. Distribution and supply chain	.712	.022	.702*	2.032	.005	4.9	1.450
5. Technology Development and upgrading of firms' technology	.785	.101	.771*	2.071	.008	3.5	2.478
6. Innovation	.797	.312	.775*	2.113	.005	5.6	3.650
7. Government promotion	.801	.211	.783*	2.118	.015	2.6	3.450

R square adjust .713 R square .762, Durbin-Watson 3.132

Standard error of the estimate .321

Note: \*Statistic Level .05

According to table 1 found that:

- 1) Coefficient of Durbin-Watson 3.132 between 2.6–5.8 show that there were not relationship between Standard error of marketing factors. (Oh. K, 2014)
- 2) Coefficient of VIF between 1.245-3.650 less than 10 show that there were not relationship between of marketing factors. (Oh. K, 2014)

Business operation approach of Small and Medium Enterprise in Pathumthani Provincen was .783 Government promotion was .775 Innovation was .771 Technology Development and upgrading of firms' technology was .702 Distribution and supply chain was .681 Products was .641 Price was .421 Market promotion.

### **VIII. DISCUSSION**

Acceding to the research result found that: Business operation approach of Small and Medium Enterprise in Pathumthani Provincen was .783 Government promotion was .775 Innovation was .771 Technology Development and upgrading of firms' technology was .702 Distribution and supply chain was .681 Products was .641 Price was .421 Market promotion. Researcher would like to discussion as follow:

1. Government promotion was the first factors affected so the government should improve and concentrate on government promotion were easy access to government promotion, find new market, financial promotion (lower interest rate), increasing productivity, and Training and development the entrepreneur. It will help business operation of SMES better .783 units and it consistent with the research of Sumaree Swang and Other (2019). The factors that affect success and develop a success model to promote small and medium enterprises (SMEs) in the northern provinces of Thailand This research aimed to study the factors that affect success and develop a success model to promote small and medium enterprises (SMEs) in the northern provinces of Thailand. The results showed that the factors affecting the success of small and medium enterprises (SMEs) in the northern provinces of Thailand were the combination of demographic factors and business factors, were government promotion socially financial factors.
2. Innovation was the second factors affected so the entrepreneur should improve and concentrate on innovation were take action and quickly for new products, funding for innovation, empower employees that provide value in new ways,

embrace a multi-faceted approach to Innovation, starting at the bottom, choose approach to innovation Metrics Wisely. It will help business operation of SMES better .775 units and it consistent with the research of Tawamin Kruasom (2018). Creating a Competitive Advantage for Thai SMEs towards Thailand 4.0 The objective for this research was to explore how Thai SMEs reached a competitive advantage under Thailand 4.0 era. The case of Ban Nong Khon Village located in Ubon Ratchathani Province, Thailand was selected purposively by considering in both of its strengths and operation period. This village is popular in various handmade products and has granted many awards from Thai government. The in-depth interview and focused-group interview were employed through 15 members by qualitative approach. Triangulations were strictly concerned with a data interpretation. The findings shown that the competitive advantage of Thai SMEs was driven from being learning organization and organization creativity.

3. Technology Development and upgrading of firms' technology was the third factors affected so the entrepreneur should improve and concentrate on technology Development and upgrading of firms' technology were service processes and production with automation, research and development for growth (R&D), improve production process with new technology, and management by information technology. It will help business operation of SMES better .771 units and it consistent with the research of Mohd Hafeez and Other (2016). had studied Operational Excellence on Small and Medium Enterprise in Malaysia. The objective of the study is to investigate the factors that influencing the operational excellence on SMEs sectors. Research found that soft factors, hard factors and external environment factors especially technology Development and upgrading of firms' technology.

4. Distribution and supply chain was the fourth factors affected so the entrepreneur should improve and concentrate on distribution and supply chain were distribution through omi channel (online, in a convenience store, or by phone), online channel (Facebook, Instagram, line, YouTube, Google, or other on line chanel, proper coordination and collaboration with channel partners, .Convenience Store and modern trade, and .direct sales by cataloged and delivery. It will help business operation of SMES better .702 units and it consistent with the research of Mohammed R. A. Siam (2019). Social media and corporate communication antecedents of SME sustainability performance: A conceptual framework for SMEs of Arab world. The purpose of this paper is to discuss the role of social media and corporate communication as a key success factor of small- and medium-sized enterprises (SMEs) operating in Arab world. This is a conceptual study and has shed light on the notable existing literature on these issues and particularly of Arab context. The social media has emerged as an opportunity for marketing communication, and it is the easiest cheapest way of advertising products and services. Social media provides a platform wherein a company or firm can target a diverse audience and can create an effective communication strategy.

5. Products was the firth factors affected so the entrepreneur should improve and concentrate on products by produced unique products differentiate than other, packaging and its availability, product quality superiority, and its image or appear, products usefulness in boosting business growth and morale, achievement of quality awards, particularly ISO standards. . It will help business operation of SMES better .681 units and it consistent with the research of Tanakorn Limsarun (2015). The Sustainability of Small and Medium-sized Enterprises (SMEs) in A Digital Economy Era. Research finding market barriers and enhance the competitive advantages especially in new products of SMEs and human resources.

6. Price was the sixth factors affected so the entrepreneur should improve and concentrate on pricing by setting reasonable price, high price for a new high-end product, psychological pricing, multiple pricing appropriate to the size of products, penetrating the market with low price. It will help business operation of SMES better .641units and it consistent with the research of Phanthipa Srinammuang (2019). Critical success factors of thai SMEs in the new product and service development sector SMEs plays a significant role of national economic development as it creates jobs and helps release the poverty issue. This research aims at identifying the critical success factors of SMEs in the sector of the New Product and Service Development (NPSD) whereas the new entrepreneurs need supports for all aspects: capital, business knowledge especially setting the price of SMEs.

7. Market promotion was the seventh factors affected so the entrepreneur should improve and concentrate on market promotion by through review and advertise on social media, promote via exhibition and event related to products, creating awareness about product, Discount or raffle, and using mass marketing to gain a competitive edge over its competitors. It will help business operation of SMES better .421 units and it consistent with the research of Phanthipa Srinammuang (2019). Critical success factors of thai SMEs in the new product and service development sector SMEs plays a significant role of national economic development as it creates jobs and helps release the poverty issue. This

research aims at identifying the critical success factors of SMEs in the sector of the New Product and Service Development (NPSD) whereas the new entrepreneurs need supports for all aspects: capital, business knowledge, marketability and promotion.

## **IX. SUGGESTION**

According to research result it can suggestion that:

1. Government promotion the government should improve and concentrate on government promotion were easy access to government promotion, find new market, financial promotion (lower interest rate), increasing productivity, and Training and development the entrepreneur.
2. Innovation entrepreneur should improve and concentrate on innovation were take action and quickly for new products, funding for innovation, empower employees that provide value in new ways, embrace a multi-faceted approach to Innovation, starting at the bottom. choose approach to innovation Metrics Wisely.
3. Technology Development and upgrading of firms' technology was the third factors affected so the entrepreneur should improve and concentrate on technology Development and upgrading of firms' technology were service processes and production with automation, research and development for growth (R&D), improve production process with new technology, and management by information technology.
4. Distribution and supply chain was the fourth factors affected so the entrepreneur should improve and concentrate on distribution and supply chain were distribution through omi channel (online, in a convenience store, or by phone), online channel (Facebook, Instagram, line, YouTube, Google, or other on line chanel, proper coordination and collaboration with channel partners, .Convenience Store and modern trade, and .direct sales by cataloged and delivery.
5. Products was the firth factors affected so the entrepreneur should improve and concentrate on products by produced unique products differentiate than other, packaging and its availability, product quality superiority, and its image or appear, products usefulness in boosting business growth and morale, achievement of quality awards, particularly ISO standards.
6. Price was the sixth factors affected so the entrepreneur should improve and concentrate on pricing by setting reasonable price, high price for a new high-end product, psychological pricing, multiple pricing appropriate to the size of products, penetrating the market with low price.
7. Market promotion was the seventh factors affected so the entrepreneur should improve and concentrate on market promotion by through review and advertise on social media, promote via exhibition and event related to products, creating awareness about product, Discount or raffle, and using mass marketing to gain a competitive edge over its competitors. A conclusion section must be included and should indicate clearly the advantages, limitations, and possible applications of the paper. Although a conclusion may review the main points of the paper, do not replicate the abstract as the conclusion. A conclusion might elaborate on the importance of the work or suggest applications and extensions.

## **REFERENCES**

- [1] Ashana Ahnwini Chandra (2012). Marketing potentials of small and medium enterprises in fiji. .Department of Management & Public Administration Faculty of Business and Economics The University of the South Pacific.
- [2] Chaiwat Baimai & Anada Mukherji (2015). International entrepreneurial culture of Thai SMEs Journal of Global Entrepreneurship Research volume 5, Article number: 24 (2015).
- [3] Oh, K. (2014). The Effects of Brand, The international journal of business in society, Vol. 16 Issue March USA.
- [4] Vanitbuncha (2003). Statistical analysis: Statistics for management and research. Thailand: Department of Statistic Faculty of Chulalongkon University, Thailand.

- [5] Mohd Hafeez and Other (2016). Operational Excellence on Small and Medium Enterprise in Malaysia. Conference Paper Conference: Social sciences postgraduate international seminar (SSPIS) 2016, At Sains@USM, Bukit Jambul, Penang, Malaysia.
- [6] Marikka Heikkilä and Other (2018). From strategic goals to business model innovation paths: an exploratory study. *Journal of Small Business and Enterprise Development* Publication date: 12 February 2018.
- [7] Mohammed R. A. Siam (2019). Social media and corporate communication antecedents of SME sustainability performance: A conceptual framework for SMEs of Arab world. University Utara Malaysia Northern border University.
- [8] Tawamin Kruasom (2018). Creating a Competitive Advantage for Thai SMEs towards Thailand 4.0 Era. Faculty of Management Science, Ubon Ratchathani University, Thailand.
- [9] Sumaree Swang and Other (2019). The factors that affect success and develop a success model to promote small and medium enterprises (SMEs) in the northern provinces of Thailand. Faculty of Business Administration, Rajamangala University of Technology Thanyaburi, Thailand.
- [10] Tanakorn Limsarun (2015). The Sustainability of Small and Medium-sized Enterprises (SMEs) in A Digital Economy Era Lecturer of MBA Department Siam University, Thailand.
- [11] Atbrivosanas aleja (2015). Analysis of Small and Medium Sized Enterprises' Business Performance Evaluation Practice at Transportation and Storage Services Sector in Latvia Inta Kotanea, Rezekne Academy of Technologies.
- [12] Phanthipa Srinammuang (2019). Critical success factors of Thai SMEs in the new product and service development sector. Kasetsart University, Thailand.