

## **STRATEGY AND SUCCESS OF THE SMALL AND MEDIUM ENTERPRISES IN BANGKOK AND ITS VICINITIES**

**Pornapa Peamchai<sup>1\*</sup>**

<sup>1</sup>Department of Management, Rajamangala University of Technology Thanyaburi,  
PhatumThani 12110, Thailand

### **ABSTRACT**

The research aimed to study the strategy and the success of small and medium enterprises in Bangkok and its vicinities. A survey questionnaire was a tool for data collection from 400 entrepreneurs of SMEs in Bangkok and its vicinities. Data analysis was based on descriptive statistics including Frequency, Percentage, Mean and Standard Deviation; whilst inferential statistics including Independent Samples t-test, One-Way ANOVA, LSD and Stepwise Multiple Linear Regression at the significance level of .05.

The results showed that differences in type of business, business duration and registered capital can affect the entrepreneurial success. The findings from stepwise multiple linear regressions revealed that innovation, business alliance and customer focus can predict the entrepreneurial success in terms of business growth; nevertheless, business alliance and customer focus can predict the entrepreneurial success in terms of satisfaction at the significance level of .05.

**Keywords:** Business strategy, entrepreneur's business success, SMEs

## **Introduction**

Small and medium enterprises are very important for entire economic systems of both developed and developing countries. It is also referred as a main mechanism to drive the country economy by providing more employment over the country. In 2015, Office of Small and Medium Enterprise Promotion (OSMEP) indicated that there were 2,765,986 SMEs entrepreneurs, accounted as 99.72% of all SMEs creating 10,749,735 employees or 80.44% of employment in the country. Also, GDP was 41.1% and export value was 1.98 trillion baht 27.4%. Most of SMEs operate in trading sector (42.32%), and then followed by service sector (38.13%), production sector (18.24%) and agricultural sector (1.31%), respectively. Bangkok was the most important area of SMEs establishment with 43.15% (Office of Small and Medium Enterprise Promotion, 2016).

Since the government continuously focused on the importance of SMEs, it then established Office of Small and Medium Enterprise Promotion (OSMEP) in 2000 to be the center of work collaboration, to promote SMEs, and to assist and develop SMEs system in order to achieve master plan and practical plan (Office of Small and Medium Enterprise Promotion, 2012). However, operating SMEs can be successful and failure because the SMEs owners will encounter with many problems including investment funding, inputs, lack of human power, lack of knowledge related to market and marketing. In addition, they also face with pressures from five force model, Porter's concept (Porter & Collins, 2012) causing many companies' breakdown. Information derived from the Department of Business Development, the Ministry of Commerce, revealed that approximately 9,010 companies were closed in 2012 and the majority of the shut-down companies (3,189 or 35.40%). (Department of Business Development, 2013)

Nevertheless, there are still successful SMEs owners operating their businesses under the pressure from various aspects by adjusting their business strategies in order to match with global change of economy.

Sharma (2011) stated that "long-run business plan can help business owner to be successful in the future". Sutthison, Chaowakeeratiphong and Wongnaya (2015) indicated that strategies for small business operation of entrepreneur consisted of increasing channels of distribution of products and services, building a strong brand, upgrading product and service quality according to the standards, increasing production technology manufacturing, developing new products and services responding to customer requirement, increasing the entrepreneurs' capability to access to financial institutes, improving efficient management structure, increasing the workers' efficient skills, and finding network and business alliance. Moreover, to achieve SMEs business operation the entrepreneurs should analyze either external or internal business environment can affect the business success.

In line with that, the researcher then concentrates on studying SMEs strategies to achieve SMEs operation. The results derived from this research will explore the beneficial knowledge to entrepreneurs and initiator.

## **Objectives of study**

1. To study about business strategies and success of the small and medium enterprises in Bangkok and its vicinities.
2. To compare success of the small and medium enterprises in Bangkok and its vicinities divided by general business characteristics.
3. To study identify business strategies affecting success of the small and medium enterprises in Bangkok and its vicinities.

## **Hypothesis**

H1: Different general business characteristics (business type, business model, business duration, investment capital and location) have influenced entrepreneur's success differently.

H2: Business strategies have an influence on business success (business growth and satisfaction).

**Conceptual framework**

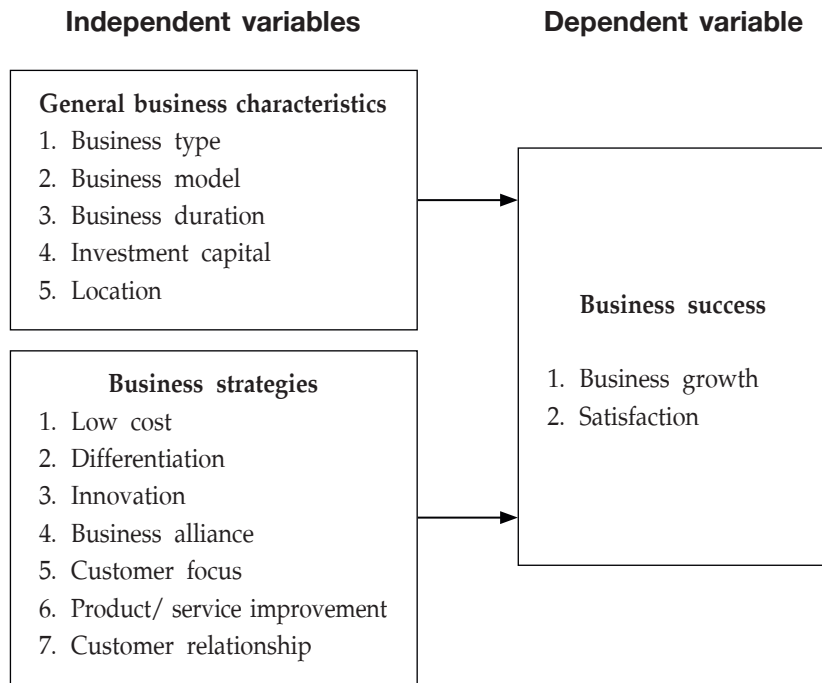


Figure 1 Research conceptual framework

**Literature reviews**

**Concepts related to small and medium enterprises (SMEs)**

Small and medium enterprises (SMEs) means the business that has less invest funds, small volume of sale and less numbers of personnel. SMEs can be divided into three groups including production, service and wholesale and retail. Firstly, a production group refers to a business that sells products to wholesalers or retailers in order to sell to customers directly. This production group includes agriculture, animal hunting and forest, fishery, mining and minerals, electricity, gas, and water. Secondly, a service group refers to a business that provides the service to the customers. This type of business includes constructions, hotels and restaurants, financial mediators, real-estate agencies (renting and business consultations), education, health service and social welfares. Lastly, a wholesale and retail group refers to a businesses that sell products and materials to industries or ended customers directly (Department of Business Development, 2013).

The characteristics of SMEs can be identified by

permanent asset value excluding land and employment. In terms of permanent asset value, the medium production and service enterprises are limited to 200 million baht and the small one is limited to 50 million baht. In aspects of wholesale and retail, this business group is divided into 2 sub-groups. The medium wholesale is limited to 100 million baht and small wholesale is limited to 50 million baht. And, the medium retail is limited to 60 million baht and small retail is limited to 30 million baht (Ministry of Industry,2002). In aspects of employment, the SMEs can be classified by numbers of employees in the organization. A medium production and service enterprises are limited to 200 employees and the small one is limited to 50 employees. In aspects of the wholesale and retail, this business group is divided into 2 sub-groups. A medium wholesale is limited to 50 employees and small wholesale limits to 25 employees. And, a medium retail limits to 30 employees and a small retail is limited to 15 employees (Ministry of Industry,2013).

A small and medium enterprise has an important role toward Thai economy. Theeravanich(2001)

mentioned that SMEs are so crucial to employment and job creation because SMEs require less employees than the business owner can easily establish their own business and it could reasonably be sources of jobs which they finally have positive effects on population growth and national economy. Furthermore, SMEs can also create innovation because these owners have specific skills and inspiration to launch new invented products and services to the market. Also, SMEs can provide sources of raw inputs, distribution or automobile parts, as for instance. Lastly, SMEs can also efficiently provide products and services because they are flexible and deliver customers.

However, small and medium enterprises encounter various problems such as funding. Most of SMEs are lack of cash flow and investment capital to expand the business. Problems related to ability to manage the business such as marketing, accounting, personnel management, procurement and distribution can also affect negatively SMEs owners. Another problem for SMEs is related to number of staff. This frequently happens to the SMEs owners because working in this type of business is seen as unstable works. When the staff is offered new job with higher compensation, they will resign the job easily. With that reason, the entrepreneurs will be required to deal with staff recruitment, selection and training. In addition, the entrepreneurs need to work longer than usual, have no time for self-relaxation. Lastly, SMEs are very risky compared to the large scale business because it has less capital investment which it can negatively affect the power to purchase or stock materials or inputs in order to gain cost reduction or even remain the staff (Rumakom, 1997).

### **Concepts related to strategies**

Luecke & Collis (2008) defined a strategy that it is a process to search and consider the environmental factors in order to plan the business operation so that the business owner can use it to develop the business to gain the competitive advantages. Meanwhile, Porter and Collins (2012) stated that the strategy is establishment of goal and clear position

and organizational value of various activities to gain organizational performance.

Therefore, the strategy is very important for utilizing and controlling the resources (Personnel, machines, equipment and finance) by having the purposes to create and promote the business maximization. Business strategy is divided into 3 levels consisting of cooperate, business and functional levels. The corporate level covers the overall competition of business and focuses on setting the business in the industry. The business level includes strategies to enhance the business in doing marketing for themselves. Lastly, the functional strategies focus on maximizing the organizational resource utilization. Under the limitation of the corporate and business level, the functional level should determine the strategies that can support the corporate and business level (Nawikan, 2000).

Doing business needs to interface with competition always. Michael E. Porter, a professor from Harvard University, developed Five Force Model including threat of new entrants, bargaining power of suppliers, threat of substitutes, bargaining power of customers and industry rivalry. Firstly, the threat of new entrants describing as the market will have new business incomers which they can take a market share by launching the competitive product. Secondly, the bargaining power of suppliers refers to a supplier of sources of materials, components, labor, and services has power to bargain the price over the firm when there are few substitutes. Thirdly, bargaining power of customers is described as the ability of customers to pressure the firm's product/service price. Fourthly, the threat of substitutes can be referred to existence of products outside of the realm of the common product boundaries increases the propensity of customers to switch to alternatives. Lastly, the industry rivalry refers to intensity of competitive rivalry the existing market with the objectives to get the market share by providing product/service with competitive price, launching new products/ services and service improvement (Porter & Collins, 2012).

Derived from Five Force Model analysis, the results can determine the strategies that are suitable to

business so that the entrepreneurs can use it to effectively operate their business. In addition, the entrepreneurs should also consider the internal and external environmental factors, strength, weakness, opportunity, and threats in order to achieve the business goal (Luecke & Collis, 2008).

Many academicians explores various strategies including low-cost strategy, business distribution, merging and acquisition, globalization strategy, customer focus, product leadership, integrative growth strategy, flexibility, product/service differentiation, customer relationship, networking strategies, innovation, business alliances and others (Luecke & Collis, 2008; Boonbongkarn & Kecharananta, 2001; Tantayanon, 2010; Lertnaisat, 2004 & Piyawongwattana, 2012). In addition, Srijumpa (2009) presented marketing strategies for business survival which they included 1) price strategies, 2) value differentiation, 3) brand loyalty,

4) media selection, 5) research strategies on attitude and behaviors toward brand, 6) customer relationship, 7) research strategies on purchasing behavior, 8) dominant service specification strategy and 9) convenient distribution of service and product. These were found very beneficial to the entrepreneurs.

Furthermore, Siriyong (2012) studied strategies used in small and medium enterprises of Thailand to increase SEMs' competition potentials. The finding indicated that SMEs used the following strategies: cost leadership, differentiation, market development, product development, price strategy, focus strategy, customer retention, service specification strategy, quick responsiveness, business alliance, pledge and return strategy, channel of distribution, business public relations and strategies to access furniture's market, can increase the competitive potentials of SMEs sustainably.

Table 1 Summary of strategies in SMEs

Variables	Strategy	Author
1. Cost leadership	Price strategy	Srijumpa(2009)
	Cost leadership strategy	Luecke & Collis, (2008)
2. Differentiation of products and service	Value differentiation strategy	Srijumpa (2009)
	Differentiation strategy	Boonbongkarn and Kecharananta (2001)
3. Innovation	Innovation strategy	Tantayanon (2010)
4. Business alliance	Alliance strategies	Lertnaisat (2004)
5. Customer focus	Focus strategy	Piyawongwattana, (2012)
	Dominant service specification strategy	Srijumpa (2009)
6. Product and service improvement	Product and service convenience strategy	Srijumpa (2009)
7. Customer relationship	Customer relationship strategy	Srijumpa (2009)
	Customer relationship strategy	Luecke and Collis (2008)

### Concepts of entrepreneurs' success

Entrepreneurs' success means the success from the entrepreneurs running the business. Piyawongwattana (2012) indicated that the measure to evaluate the success of the entrepreneurs can be divided into four

aspects including 1) finance 2) customers 3) internal organization process and 4) learning and developing. Firstly, finance refers to the income growth considered by the growth of sale volume of products and services, cost reduction, increase in productivity

considered by income/employee, cost compared to competitors, cost per unit and benefits from assets by considering the return on investment. Secondly, customer refers to the customer remain, customers' satisfaction, customer acquisition and market share. Thirdly, internal organization process refers to innovation, number of invented product/service and product/service quality. Lastly, learning and development refers to the increase in employees' potentials, employee remaining, employee retention, and information system development. In the meantime, Wangbenmad and Bindulem (2014) studied about the key success factors for small and medium enterprises in Muang Hadyai, Songkhla Province by collecting data from 280 enterprises by survey questionnaire. Their variables of business included the business acceptance, the stability of business and the reputation of business. After the study, the results indicated that all business success aspects were rated at the high level.

The researcher gathered the issues related to the entrepreneurs' success and divided into 2 points including 1) business growth (market share, number of customer, business profits and business growth rate) and 2) satisfaction refers to entrepreneurs' satisfaction toward business operation, employees' satisfaction and customers' satisfaction.

## **Research methodology**

### **Population and samples**

Population in this study is SMEs owners in production, service and wholesale and retail sectors in Bangkok and its vicinities. Data derived from registered data of the Department of Business Development, the Ministry of Commerce, dated 1<sup>st</sup> April, 2013, indicated that there were 338,010 (99.6%) of SMEs owners in Bangkok and its vicinities (Department of Business Development, 2013 and OSMEP, 2011). Through the sampling computation employing unknown population (Silpcharu, 2005) at the confident level as of 95%, there were 400 samples used in the study. After that, the researcher employed stratified random sampling to divide samples into 3 groups including production, service and wholesale and retail and hired convenience sampling to collect the data.

### **Research instruments**

Researcher used close-ended questionnaires divided into 3 parts. Part 1 consisted of check-list questions asking about the general business characteristics including business type, business model, business duration, investment capital and location. Part 2 included rating scale questions (five Likert's scale) asking about the business strategies (low cost, differentiation, innovation, business alliance, customer focus, product/service improvement and customer relationship) and business success (business growth and satisfaction). And, Part 3 covered opened questions asking about the opinions and recommendation toward critical business strategies.

### **Validity and reliability**

For validity check, the researcher had experts in related fields inspect the accurate and consistency of contents and questions used in the questionnaires and recommend for improvement and edition. For reliability check, researchers distributed 40 questionnaires to similar SMEs entrepreneurs. The finding discovered Cronbach's alpha coefficient as of 0.901 for business strategies and as of 0.844 for business success.

### **Data analysis**

Researchers analysed data derived from samples by using descriptive statistics including percentage, mean and standard deviation and inferential statistics consisting of independent t-test and ANOVA (One-Way Analysis of Variance) in order to compare the difference of entrepreneurs' opinion related to business success by considering general business characteristics. LSD (Least Significant Different) was employed in the study in order to consider the pair difference in the particular sample group. In addition, stepwise multiple regression analysis was employed to study the relationship between business strategies (Low cost, differentiation, innovation, business alliance, customer focus, product/service improvement and customer relationship) and business success (Business growth and satisfaction) with the purpose of predicting business success for entrepreneurs.

## Results

Table 2 General business characteristics

General business characteristics	Frequency	Percentage
Business type		
Production	78	19.50
Service	190	47.50
Wholesale/ retail	132	33.00
Business model		
Company Limited	373	93.25
Partnership limited	12	3.00
Juristic person	2	0.50
Private company (only 1 owner)	13	3.25
Business duration		
1-3 Years	109	27.25
3- 5Years	209	52.25
5-7Years	61	15.25
7-10 Years	5	1.25
10 Years above	16	4.00
Investment capital		
Lower than 5 million baht	21	5.25
5-10 million baht	35	8.75
11-50 million baht	166	41.50
51-100 million baht	168	42.00
101-200 million baht	4	1.00
More than 200 million baht	6	1.50
Total	400	100.00
Location		
Bangkok	299	74.75
Metropolitan area	101	25.25
Total	400	100.00

From Table 2, it found that samples of this study were SMEs in service group, with business duration as of between 3 years and 5 years, investment capital

between 51-100million baht, staff between 51 and 100 persons, located in Bangkok.

Table 3 Mean and standard deviation of business strategies and business success

Variables	Mean	S.D.
<b>Business strategies</b>	<b>3.72</b>	<b>0.360</b>
Low cost strategy	3.76	0.496
Differentiation strategy	3.70	0.521
Innovation strategy	3.62	0.621
Business alliance strategy	3.72	0.599
Customer Focus Strategy	3.61	0.573
Product/ service improvement strategy	3.71	0.551
<b>Customer relationship strategy</b>	<b>3.72</b>	<b>0.360</b>
Business success	3.55	0.519
Business growth	3.47	0.611
Satisfaction	3.63	0.557

From Table 3, the overall business strategies were rated at high level with mean score as of 3.72. When considering each strategies, customer relationship, low cost strategy and business alliance strategy with mean score as of 3.89, 3.76 and 3.72, respectively were rated at high level. In terms of business success, the overall score was rated at high level, with the mean score as of 3.55. After considering each aspect, business growth and satisfaction were rated at high level with mean score as of 3.47 and

3.63, orderly.

### Hypothesis testing

Hypothesis 1: Different general business characteristics (business type, business model, business duration, investment capital and location) have entrepreneur's success degree differently.

Hypothesis 1.1: Different general business characteristics in terms of location have entrepreneur's success degree differently.

Table 4 Statistics displaying comparison of entrepreneurs' opinion toward entrepreneurs' business success classified by location

General business characteristics	N	$\bar{X}$	SD	t	p
Location					
Bangkok	299	3.55	0.492	0.190	0.850
Vicinity	101	3.54	0.593		

From Table 4, the result indicated that different general business characteristics in terms of location do not have entrepreneur's success degree differently.

Hypothesis 1.2 Different general business characteristics

in terms of business type, business model, business duration, and investment capital have entrepreneur's success degree differently.



Table 5 Statistics displaying comparison of entrepreneurs' opinion toward entrepreneurs' business success classified by business type, business model, business duration, and investment capital

General business characteristics	Source of variation	DF	SS	MS	F	p
Business type	Between groups	2	2.994	1.497	5.697	0.004*
	Within groups	397	104.336	0.263		
	Total	399	107.330			
Business model	Between groups	3	1.822	0.607	2.279	0.079
	Within groups	396	105.509	0.266		
	Total	399	107.330			
Business duration	Between groups	4	12.297	3.074	12.778	0.000*
	Within groups	395	95.033	0.241		
	Total	399	107.330			
Investment capital	Between groups	5	5.189	1.038	4.003	0.001*
	Within groups	394	102.142	0.259		
	Total	399	107.330			

From Table 5, the results indicated that different general business characteristics in terms of Business Type, Business Duration and Investment Capital affect entrepreneur's success degree differently because p value is less than 0.05 at then statistically significant level as of .05.

From the study, it found that the aspects including business type, business model, business duration and investment capital between the groups are different. Therefore, the research used LSD (Least Significant Different) to investigate the pairwise difference. The details are given below.

Table 6 Mean difference of pairwise comparison of entrepreneurs' opinion toward entrepreneurs' business success classified by business type

Business Type	$\bar{X}$	Production	Service	Wholesale/Retail
			3.43	3.52
Production	3.43	-	0.09	0.23*
Service	3.52		-	0.14*
Wholesale/Retail	3.66			-

\* Significance level as of .05

When considering the results of pairwise comparison by LSD on entrepreneurs' opinion toward entrepreneurs' business success classified by business type, the finding indicated that the mean score of entrepreneurs'

opinion in the Wholesale/retail type is than the Production and Service type at the significance level as of .05.

Table 7 Mean difference of pairwise comparison of entrepreneurs' opinion toward entrepreneurs' business success classified by business duration

Business duration	$\bar{X}$	1-3 Years	3-5 Years	5-7 Years	7-10 Years	10 Years above
			3.34	3.61	3.81	3.64
1-3 Years	3.34	-	0.27*	0.47*	0.30	0.18
3-5 Years	3.61		-	0.20*	0.45	0.45*
5-7 Years	3.81			-	0.65	0.65*
7-10 Years	3.64				-	0.48
10 Years above	3.16					-

\* Significance level as of .05

When considering the results of pairwise comparison by LSD on entrepreneurs' opinion toward entrepreneurs' business success classified by business duration, the finding indicated that, firstly, the mean score of entrepreneurs in 5-7 years and 3-5 years business is higher than 1-3 years business. Secondly, the

mean score of entrepreneurs in 5-7 years and 3-5 years business is higher than 10-year-above business. Lastly, the mean score of entrepreneurs in 5-7 years and 3-5 years business is higher than 3-5 years business.

Table 8 Mean difference of pairwise comparison of entrepreneurs' opinion toward entrepreneurs' business success classified by business duration investment capital.

Investment capital (Million baht)	$\bar{X}$	<5	5-10	11-50	51-100	101-200	>200
			3.31	3.65	3.47	3.65	3.48
<5	3.31	-	0.34*	0.16	0.34*	0.17	0.10
5-10	3.65		-	0.18	0.00	0.17	0.44
11-50	3.47			-	0.18*	0.01	0.26
51-100	3.65				-	0.65	0.44*
101-200	3.48					-	0.27
>200	3.21						-

\* Significance level as of .05

When considering the results of pairwise comparison by LSD on entrepreneurs' opinion toward entrepreneurs' business success classified by business duration, the finding indicated that, firstly, the mean score of entrepreneurs in the business with investment capital of 5-10 million baht and 51-100 million baht is higher than the business with investment capital of lower than 5 million baht. Secondly, the mean score

of entrepreneurs in the business with investment capital of 51-100 million baht is higher than the business with investment capital of 11-50 million baht. Lastly, the mean score of entrepreneurs in the business with investment capital of 51-100 million baht is higher than the business with investment capital of 200 million baht above.

Hypothesis 2: Business strategies have an influence on business success (business growth and satisfaction). Stepwise multiple regression analysis had been employed to predict the business success in terms of business growth and satisfaction by using

confidence level as of 95%. The hypothesis would be accepted when p value is lower than 0.05. Hypothesis 2.1: Business strategies have an influence on business success in terms of business growth.

Table 9 The result of stepwise multiple regression analysis between business strategies and business success in terms of business growth.

Variables	Unstandardized Coefficients		Standardized Coefficients	t	p
	Beta	Std.Error	Beta		
(Constant)	1.882	0.235		8.021	0.000*
Innovation strategy (X3)	0.127	0.055	0.129	2.309	0.021*
Business alliance strategy (X4)	0.127	0.054	0.124	2.361	0.019*
Customer focus strategy (X5)	0.180	0.057	0.169	3.158	0.002*

R = 0.407; R<sup>2</sup> = 0.166; Adjusted R<sup>2</sup> = 0.199; S.E.E. = 0.579

\* Significance level as of .05

From the table, the finding indicated that the business strategies have an influence on business success in terms of business growth at the significance level as of .05; multiple correlation coefficients as of 0.407 and adjusted R square as of 0.199, indicating that the model can predict the business success as of 19.90 percent.

When considering each variable, the result indicated that innovation strategy, business alliance strategy and customer focus strategy have p value as of

0.05. Therefore, the hypothesis was accepted. The model of prediction can be drawn as follows.

$$\hat{Y}_1 = a + b_3X_3 + b_4X_4 + b_5X_5$$

or can be replaced as

$$\hat{Y}_1 = 1.882 + 0.127X_3 + 0.127X_4 + 0.180X_5$$

Hypothesis 2.2: Business strategies have an influence on business success in terms of satisfaction.

Table 10 The result of stepwise multiple regression analysis between business strategies and business success in terms of satisfaction.

variables	Unstandardized Coefficients		Standardized Coefficients	t	p
	Beta	Std.Error	Beta		
(Constant)	2.515	0.212	-	11.881	0.000*
Business alliance strategy (X4)	0.149	0.047	0.160	3.151	0.002*
Customer focus strategy (X5)	0.156	0.049	0.160	3.157	0.002*

R = 0.409; R<sup>2</sup> = 0.167; Adjusted R<sup>2</sup> = 0.162; S.E.E. = 0.540

\* Significance level as of .05

From the table, the finding indicated that the business strategies have an influence on business success in terms of satisfaction at the significance level as of .05; multiple correlation coefficients as of 0.409 and adjusted R square as of 0.162, indicating that the model can predict the business success as of 16.20 percent.

When considering each variables, the result indicated that business alliance strategy and customer focus strategy have p value as of 0.05. Therefore, the hypothesis was accepted. The model of prediction can be drawn as follows.

$$\hat{Y}_2 = a + b_4 X_4 + b_5 X_5$$

or can be replaced as

$$\hat{Y}_2 = 2.515 + 0.149X_4 + 0.156X_5$$

### Results regarding correspondents' opinions and recommendation

From the data collection regarding the entrepreneurs' opinions, the results indicated that doing business encounters with risks and high competition. Thus, there should be the studies related to the marketing before launching the business. Not only having marketing research conduction, the entrepreneurs should have well selected and trained the staff by using new technology enhancing their strength to compete with other competitors. In addition, new strategies in doing business are also important because it would help the business success. These business strategies include having a good plan in order to reduce the possible risks interrupting the business operation.

The entrepreneurs who are successful suggested that doing SMEs business needs time to prove the success. The business itself should jump into the business immediately because jumping needs more funds and investment. In addition, cost of production and customers' satisfaction are very crucial in SMEs too.

The business should supply the right product and service to the customers on time and quickly, and network and make business alliances in order to increase the distribution channels. Alliance in business

now is very desirable; it could make the business reduces the time to find the income customers.

The lack of labors, uncertainty of country economy and politic situation and economy depression can also severely have a negative impact on doing SMEs.

### Discussion

#### Study of business strategies and success of the small and medium enterprises in Bangkok and its vicinities

Interestingly, the study indicated that overall business strategies were rated in high level. When considering each strategy, customer relationship, low cost strategy and business alliance strategy were also rated at high level, respectively. This study result is corresponding with the study taken by Siriyong (2012) studying about strategies used in small and medium enterprises of Thailand to increase SEMs' competition potentials. The findings indicated that strategies used in SMEs have included customer relationship, low cost strategy and business alliance strategy. In terms of business success, the overall score was rated at high level. After considering each aspect, business growth and satisfaction were rated in high level, orderly. This result matches with Wangbenmad and Bindulem (2014) studying about the key success factors for small and medium enterprises in Muang Hadyai, Songkhla Province by collecting data from 280 enterprises by survey questionnaire. The results indicated that all business success aspects including customer's satisfaction and business security, which were similar to the variables in this study, were rated at high level.

#### Different general business characteristics (business type, business model, business duration, investment capital and location) have entrepreneur's success degree differently

Different general business characteristics (business type, business model, business duration, investment capital and location) have entrepreneur's success degree differently. It is corresponding the study finding by Promkhun (2007) studying about factors that affecting the strategic operation of ready-to-wear clothes exporters and the results indicated that

basic factors covering business size, industry size, location and business model had not had effects on the business growth of ready-to-wear clothes meanwhile general information of samples in the aspects of business group, business duration, investment capital and numbers of employees had an impact on small and medium enterprises differently. This can be vivid evidence that the entrepreneurs who are willing to be successful are necessary to consider the business types that they are operating and its tendency because SMEs can exist in the market easily (Theeravanich, 2001) and at the same time also disappears easily. The reason may be about the problems regarding human power, investment fund and cost of business operation that are also increasing continually (Rumakom, 1997). In addition, Business duration, period in doing business, was also very crucial for business operation. The study done by Sukhothai Thammathirat Open University(2006) revealed that the success factors of small and medium enterprises is practices and experiences in doing the business which it can mean that the more the entrepreneurs do the business, the possible the business is success.

#### **Business strategies have an influence on business success (business growth and satisfaction)**

The study results indicated that innovation strategy, business alliance strategy and customer focus strategy can be brought to predict the business success of entrepreneurs in terms of business growth meanwhile the business alliance strategy and customer focus strategy can be employed to predict the business success of entrepreneurs in terms of satisfaction. Jedewong, Suksakul, Ruengwittayaporn & Kinjan(2006), who studied about desired entrepreneur's characteristics of small and medium enterprises in Phetchabun Province, found that SMEs entrepreneurs, who are successful in operating SMEs in Phetchabun Province, put importance in innovation strategy, customer responsiveness, higher quality and higher efficiency. It is corresponding to the study done by Yimsook (2009), studying the relationships between entrepreneurial characteristics and small business entrepreneur's success: a case study of plants decorating business in Ongkharak

District, Nakhon Nayok Province, indicated that the entrepreneurs' characteristics in terms of innovation thinking had positive effect on entrepreneur's success. In addition, this study finding also matched with the study conducted by Promkhun (2007), studying about factors affecting operation by strategy and relationship of operational strategies with the growth of selected companies engaged in the ready-to-wear clothes export business. Her study revealed that customer focus, customer relationship, low cost strategy and business alliance have an influence on business growth according to the strategic plan of exporter's ready-to-wear clothes and also matched with the study done by Siriyong (2012), studying about Thai SME formation and business strategy: a case study of the 4 finalists on TV program "SME Tee Tak" the best SME of 2011. Her study revealed that successful entrepreneurs employed customer focus strategy as a prioritized strategy and then focused on customer responsiveness and customer relationship. In relations of customer focus strategy, the entrepreneurs concentrated on production and service provision and focused on targeted group of customers. In addition, the entrepreneurs also modernized the products and use power of word-of-mouth promotion to promote the products.

#### **Recommendations**

During the economic recession, the competition in small and medium enterprises is high. The entrepreneurs should do market researches in order to establish the strategies, especially innovation, alliance and customer focus. Firstly, innovation strategy can create new and modern products and service for the business. Secondly, alliance strategy can establish the power to negotiate with the customers and create the more channels to distribute the products and services. Lastly, customer focus strategy can help satisfy the customers because the entrepreneurs can provide the right products and services to the customers. With these strategies, SMEs entrepreneurs can then enhance their potentials to compete with the other competitors in the market and be finally successful.

### Further study

1. Opening ASEAN community in 2558, there will be SMEs in both domestic and international markets. Thus, there should be a study regarding to the SMEs strategies by having business alliance in ASEAN community.
2. Since the growth of information technology, many organizations have implemented the information technology and Internet, such as E-commerce, in doing the business. With that, there should be a study related to business strategies of SMEs in digital era.

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