

## **Findings of Main Obstacles Facing Thai SMEs Towards Business Growth Sustainability**

**Sumontha Tonvongval**

Lecturer, Graduate School of Business  
Assumption University, Thailand

**Chamaiporn Tantivong**

Lecturer  
Ramkhamhaeng University Bangkok, Thailand.

### **Abstract**

This paper aims to provide insight information into main competencies thirty-four local Small and Medium-sized Enterprises (SMEs) are lacking in order to achieve their business performance and sustained healthy economic growth. The data was obtained from Researchers' five day-planned productivity improvement to individual firms during the year 2017 to 2019 in Nakornpathom, Ratchaburi, Rayong, Samutprakan, and Samutsakorn provinces, and Bangkok. The information reveals that eighteen (18) or 52.94% of both small and medium enterprises have low entrepreneurial skills (the inability to identify and define a viable market niche, recognizing, envisaging, and formulating strategies for taking advantage of opportunities). This study also summarizes the lack of main management skills or competencies of the SMEs based on the study of Mitchelmore & Rowley (2009). The impact of these skills led to Thai SMEs' inability to: smoothly and continuously produce and deliver quality products to customers, keep costs down and compete, and attract and retain talent. Further studies should delve into specific entrepreneurial skills of SMEs owner/managers, which significantly impact firm performance and sustained growth. Consequently, current Thailand's SME promotion policies could be reviewed in order to differentiate existing promotional programs based on the quality of SMEs for their sustained development and effective utilization of SME's budgets.

**Keywords:** Thai SMEs, growth, performance, entrepreneurial competencies, sustainability.

### **Introduction**

In Thailand, Small and medium-sized enterprises (SMEs) have been recognized and play a significant role in the local economy and generation of employment. In 2018 there were 3.08 million SMEs in Thailand, expanding 1.02% from the previous year and accounted for 99.54 % of total enterprises (OSMEP, 2019, online). In 2018 SMEs accounted for 43.0% of gross domestic product (GDP), compared with 42.4% from the prior year. Thai SMEs also contributed to 28.8% of total exports and 36.8 % of total

imports by value in 2017 and provided over 13.9 million workforces nationwide (OSMEP, 2019).

Growing and supporting SMEs is crucial to sustaining competitive advantage as well as economic development at local, regional, and national levels (Porter, 2006 cited in Osathanunkul, 2010). Although SMEs present significant contributions to the Thai economy in terms of output, employment, and utilization of national resources, limited scholar work has been conducted on the SME's skills and performance. There is a very limited number of studies on the influence of entrepreneurial competencies/managerial skills on SME's growth, specifically in Thailand. This paper intends to provide information observed from the Researchers' three consecutive years of experience working on SMEs supported projects with 34 SMEs owner/managers. It was observed that managerial skills of SMEs owner/managers are significant for SME's performance and growth sustainability.

### Definition of SMEs

The definition of SMEs was amended lately in the royal gazette dated 7<sup>th</sup> January 2020 and classified by two main conditions: the number of workers employed and annual sales revenue. Categories of business activities remain unchanged. They are classified into four main categories – manufacturing, services, wholesale, and retail sectors (OSMEP, 2020).

**Table 1**

*The classification of Thai SMEs by the number of workers employed and annual sales revenue*

Table 1. Classification of SMEs according to the number of workers employed and annual sales revenue		
Sector	Small-sized Enterprises (S.E.)	Medium-sized Enterprises (M.E.)
Manufacturing	<50 persons/<100 million Baht	51 -200 persons/>100-500 million Baht
Services	<30 persons/<50 million	31-100 persons/>50 -300 million
Wholesale	<30 persons/<50 million	31-100 persons/>50 -300 million
Retail	<30 persons/<50 million	31-100 persons/>50 -300 million

*Source: The office of Small and Medium Enterprises Promotion (OSMEP), 2019*

### Numbers of SMEs

At the end of 2018 there were 3,077,822 SMEs in Thailand which 3,063,651 entities were small enterprises (S.E.s) or 99.33% and 14,171 entities were medium enterprises (M.E.s) or 0.46% (OSMEP, 2019).

For this study, only the sales revenue factor is employed to classify the SME category since the majority of SMEs employ temporary and contracted workers and do not account for them as their employees.

### **Background of SMEs Supported and Promotion Policy in Thailand**

In preparation to support and increase SME competitiveness, there were many programs and necessary services provided by the Government.

In 1964, the National Economic and Social Development Board (NESDB) proposed a financing strategy to promote and develop SMEs and was approved by the Council of Ministers.

Before the year 2000, there was no governing SME law in Thailand until, in 2002, the Thai parliament had enacted the SMEs Promotion Act (Turner, Sermcheep, Anantasirijkiat, and Srisangnam. 2016).

In 2002 the Small and Medium Enterprise Development Bank of Thailand Act was enacted, and SME bank was established (Srinuan. 2014). The SME Bank was mandated to develop, promote, and assist SMEs through providing loans, guarantees, venture capital, counseling, and other necessary services (SME Guidebook. 2013 cited in Srinuan. 2014).

The office of Small and Medium Enterprises Promotion (OSMEP) was established in 2000 and started support in November 2001. OSMEP had created four five-year promotion master plans to support SMEs. The first SME promotion plan covered the period from 2002-2006, focusing on improving infrastructure and enhancing competitiveness. The second plan covered the period from 2007-2011 with emphasis on reinforcing SME's knowledge and skills in business operation, and priority was given to a group of SMEs with high economic impact. The high impact was those industries utilizing domestic raw materials and possessed a strong culture and "Thai-ness." The third plan covered the period from 2012-2016, intending to develop SME's competitiveness to sustain growth and become the main engine of economic growth for Thailand (Turner et al., 2016). These 11 SME's high growth sectors included construction; electronic part; automobile and part; food and beverage; education service; energy; agriculture, transport and logistics; tourist; health service; and creative information technology (I.T.) and information communication technology (ICT) sectors. The fourth SME promotion plan (2017-2021) was to drive SMEs to grow innovatively and to compete internationally (OSMEP Annual Report, 2018).

### **Literature Review**

SMEs are currently receiving government attention and support to achieve sustained and healthy economic growth (Turner et al., 2016). Achieving SME's

organizational goal is the main measurement of SME's performance (Olowu & Aliyu, 2015). Entrepreneurial competencies are considered as important to business growth and success (Mitchelmore & Rowley, 2009), and entrepreneurship is a management agent (Agbim, 2013).

### **Entrepreneurial Success**

Agbim and Oriarewo (2012) noted that entrepreneurship development is a process in which an individual or a group of individuals (entrepreneurs) actualizing their innovative intentions through networking in order to gain the requisite capabilities that will enhance the success of their business in a time of economic and environmental uncertainties. Agbim and Oriarewo (2012) further revealed that out of four dimensions of entrepreneurship development (intention, networking, capabilities, and success), entrepreneurial capabilities or competencies are very important as their components (technical, management, and personal entrepreneurial skills) form the building bricks of any businesses. Similarly, Maxwell (2003) and Lechner et al. (2006), cited in Agbim (2013), mentioned that entrepreneurial success implied starting and achieving some benefits from a business.

### **Entrepreneurial Competencies**

The European Commission (2013) defined "Entrepreneurship" as an innovative and risk-taking capacity and the willingness of a person to develop a business venture in order to make a profit or to impact social development. It requires creativity and the capacity to start a business to turn new, creative ideas into creative products or services, which is called innovation (European Commission, 2013).

The term competency has been widely used and discussed in the management disciplines in the USA by Boyatzis (1982).

Entrepreneurship is a management agent as it performs all the functions of management (Agbim, 2013). Agbim (2013) defined three components of entrepreneurial competencies as technical, management, and personal or entrepreneurial skills). Likewise, Jones and George (2008) defined management as planning, organizing, leading, and controlling of human and other resources in order to achieve organizational goals. Therefore, an entrepreneur or managers must ensure that they acquire these management skills to achieve success in business.

The entrepreneurial capability was described as the flexibility to alterations (Golden and Powell, 2000, cited in Agbim, 2013). Similarly, Grant (1991) asserted that entrepreneurial capabilities are the ability to use resources adequately in the performance of tasks within an organization.

Mitchelmore & Rowley (2009) had revisited research on the distinction between entrepreneurial and management competencies and linked them to three roles, entrepreneurial, managerial, and technical, which SME owners/managers must competently acquire in order to achieve success. Mitchelmore & Rowley (2009) summarized the key integrated list of entrepreneurial skills from various researchers' empirical work, as shown in Table 2.

**Table 2**

*Entrepreneurial/management competency/skills framework*

Entrepreneurial competencies	<ul style="list-style-type: none"> <li>Identification and definition of a viable market niche</li> <li>Development of products of services appropriate to the firms chosen</li> <li>Market niche/product innovation</li> <li>Idea generation</li> <li>Environmental scanning</li> <li>Recognizing and envisioning taking advantage of opportunities</li> <li>Formulating strategies for taking advantage of opportunities</li> </ul>
Business and Management Competencies	<ul style="list-style-type: none"> <li>Development of the management system necessary for the long term functioning of the organization</li> <li>Acquisition and development of resources required to operate the firm</li> <li>Business operational skills</li> <li>Previous involvement with start-ups</li> <li>Managerial experience</li> <li>Familiarity with industry</li> <li>Financial and budgeting skills</li> <li>Previous experience</li> <li>Management style</li> <li>Marketing skills</li> <li>Technical skills</li> <li>Industry skills</li> </ul>
	<ul style="list-style-type: none"> <li>The ability to implement the strategy (develop programs, budgets, procedures, evaluate performance)</li> <li>Familiarity with the market</li> <li>Business plan preparation</li> <li>Goal-setting skills</li> <li>Management skills</li> </ul>
Human relations Competencies	<ul style="list-style-type: none"> <li>Development of the organizational culture management feel is necessary to guide the firm</li> <li>Delegation skills</li> <li>The ability to motivate others individual and in groups</li> <li>Hiring skills</li> <li>Human relations skills</li> <li>Leadership skills</li> </ul>
Conceptual and relationship Competencies	<ul style="list-style-type: none"> <li>Conceptual competencies</li> <li>Organizational skills</li> <li>Interpersonal skills</li> <li>The ability to manage customers</li> <li>Mental ability to coordinate activities</li> <li>Written communication skills</li> <li>Oral communication skills</li> <li>Decision making skills</li> <li>Analytical skills</li> </ul>

Logical thinking skills  
Deal making skills  
Commitment competencies

---

### **Management/Managerial Skills**

From various literature, the terms of skills, expertise, acumen, competency (Smith & Morse, 2005), qualified or values (Rudmann, 2008 cited in Sidek & Mohamad, 2014) are used interchangeably. According to Smith and Morse (2005), managerial and entrepreneurial competencies are multidimensionally constructed. Adeyemo (2009) stated that skill is a quality performance which depends not only on individual natural ability but also on training, practice, and experience while Marvel et al.,(2016) cited in Krieger, Block and Stuetzer (2018) defined skills as "to observable applications or know-how." In entrepreneurship, to ensure a superior performance, an organization must develop and practice a unique set of skills ahead of its competitors (Barney, 1991; Mahoney, 1995). Many kinds of literature posited that SME owners or managers need to possess appropriate skills and abilities before running their businesses (Okpara & Wynn, 2007, cited in Sidek & Mohamad, 2014). Besides, business competencies are related to entrepreneurs' characteristics, for instance, education, work experience, and motivation (Sidek & Mohamad, 2014). Akande (2011) posited that to succeed and sustain in the global competitive market, entrepreneurs require to possess various types of entrepreneurial and managerial skills. Unfortunately, there are limited studies in Thailand on the relationship between managerial competencies and small business success. Sidek & Mohamad (2014); Sharma & Vredenburg 1998; Christmann, 2000; Carmona et al., 2003 cited in Agbim, 2013, proposed a set of managerial competencies that explain business growth. The managerial competencies comprised of 3 main skills: technical skills, generic or human skills, and conceptual skills while technical skills refer to knowledge about the proficiency in a specific type of work/activity. Katz (1955) referred to technical skills to include competencies in a specialized area, analytical ability, and the ability to use appropriate tools and techniques. Various studies identified the relationship between technical skills and business growth. Chandler and Jansen (1992) also found that functional or technical competencies were positively correlated with firm growth in addition to the ability to recognize opportunities, political competency, and human competency.

Human skills (known as interpersonal/soft skills) can be referred to as the specific ability or competency derived from individual knowledge and practice in performing a job (Sidek & Mohamad, 2014). Katz (1955) referred to human skills as knowledge and ability to work with people or known as people skills. Likewise, in Malaysia, Rahman, Mokhtar, Yassin, & Hamzah (2011) studied the development of generic skills and suggested that entrepreneurs should develop generic skills as these skills would help individuals to perform effectively in their work.

Conceptual skills involved the ability to work with ideas and concepts which are core to create a vision and strategic plan of the organization (Katz, 1995). Conceptual skills can be defined as the manager's ability to see the organization as a whole and solve problems systematically. Managers are required to have such skills more than technical or interpersonal skills. Likewise, the study of Al-Madhoun and Analoui (2003) revealed that effectiveness of senior managers requires analytical and conceptual skills.

The study of Agbim (2013) found seventeen important management skills affecting entrepreneurial success from 366 SMEs study samples in Nigeria (Table 3).

**Table 3**

*Management skills*

---

1. Planning and budgeting skills.
  2. Skills to act quickly on detecting changes in the environment.
  3. Skills to maintain good customer relations.
  4. Skills to detect changes in the environment.
  5. Skills to ensure that financial records are maintained.
  6. Skills to assess sales problems.
  7. Skills to obtain market share that suits the size and capability of the business.
  8. Skills to secure capital.
  9. Management expertise skills.
  10. Skills to attract and keep competent employees.
  11. Good cost control skills.
  12. Skills to arrange organizational structure with clear lines of authority.
  13. Skills to focus on the quality and design of the products.
  14. Skills to working together with other businesses in the same industry.
  15. Skills to provide an attractive range of products.
  16. Skills to delegate responsibility to employees when necessary.
  17. Marketing strategy skills.
- 

The study also revealed that five (5) managerial skills that influence the success of Nigerian SMEs were: skills for planning and budgeting for a marketing strategy that provides attractive ranges of products; skills to act quickly on detecting changes in the environment; skills for assessing sales problems; skills to focus on product quality to capture a sizeable market share; and management expertise skills to attract and keep competent employees.

## Methodology

### Data collection

The data was collected from outcomes of real consultative cases of manufacturing firms participated in SME improvement programs during the year 2017- 2019. This program was funded by the Office of Small and Medium Enterprises Promotion – OSMEP) and conducted by experts/researchers from the Small and Medium Industrial Institute (SME), an institute under the Federation of Thai Industries (FTI).

The Researchers applied and matched the entrepreneurial skill or competency framework of Mitchelmore & Rowley (Table 2) with the entrepreneurial skills of SME leaders obtained from face-to-face meetings, consultation, and observation during the five-day in-depth productivity improvement project for thirty-four (34) local SMEs manufacturers during the period from Y2017-2019.

The Mitchelmore & Rowley's entrepreneurial skill or competency framework comprises of four main competency sets: 1) Entrepreneurial competency - Development of product/service, formulate strategies and product innovation; 2) Business & management competencies – managerial experience, business operational skills and good setting and management skills; 3) Human relations competency – development of organization culture, delegation and leadership skills and 4) Conceptual and relationship competencies – organizational skills, conceptual competencies, and ability to manage customers.

The population of this study consisted of 34 Thai SMEs all in the manufacturing category, of which 24 (70.60%) SMEs are small enterprises, and 10 (29.40%) are medium enterprises. All of them owned 100% by Thais. Table 4 illustrates the manufacturing category and size of the SMEs. Additionally, eighteen (18) firms (52.94%) have been in operation for more than 20 years, and twelve (12) firms (35.29 %) established between 10-20 years and four (4) firms (11.76%) established less than ten years as shown in Table 5. Only five (14.71%) small enterprises owned and managed by female as shown in Table 6.



**Table 4***Manufacturing Category and Size of MEs*

Category	Number	%	Small Enterprise		Medium Enterprise	
			No	%	No	%
Ceramic	2	5.88	2	5.88	0	0.0
Food	6	17.65	4	11.76	2	5.90
Printing & packaging	6	17.65	5	14.71	1	2.90
Rubber related products	6	17.65	2	5.88	2	5.90
Textile	4	11.76	5	14.71	1	2.90
Others	10	29.41	6	17.65	4	11.80
<b>Total</b>	<b>34</b>	<b>100.00</b>	<b>24</b>	<b>70.60</b>	<b>10</b>	<b>29.40</b>

**Table 5.***Years in Operation of SMEs*

Year in Business	0-less than 10 years	more than 10 - less than 20 yrs	more than 20 - less than 30 yrs	30 years up	Total SME
Small Enterprise	0	4	2	4	10
Medium Enterprise	4	8	5	7	24
<b>Total</b>	<b>4</b>	<b>12</b>	<b>7</b>	<b>11</b>	<b>34</b>
<b>%</b>	<b>11.76</b>	<b>35.29</b>	<b>20.59</b>	<b>32.35</b>	<b>100.00</b>

**Table 6***Female- owned and managed business*

Category of SME	Total No. of SMEs	Female owned & managed SME	Male
Small Enterprise	10	5	5
Medium Enterprise	24	0	24
<b>Total</b>	<b>34</b>	<b>5</b>	<b>29</b>
<b>%</b>	<b>100</b>	<b>14.71</b>	<b>85.29</b>

Due to sensitivity and confidentiality, codes are assigned to each SME, and information regarding sales revenue, profit, and loss data are not disclosed, and only project outcomes are provided in Table 7.

**Table 7***Details of SMEs Improvement Programs during Y2017-2019*

#No	Code of SME	Consultative year	Total year in business	Products manufactured	Type of SME	Improvement Results
1	A	2019	35	Rubber products	ME	1. Saving consolidate maintenance team 20% saving = 8.04MB/Y
2	B	2019	19	Gem stone	ME	1. Dead Stock reduction 25%=18,103,316B/Y 2. Space available 25%= 3,620,663 B/Y
3	C	2018	39	Tannery	ME	1. Reduce reject rate 29.75%= 3,160,810.28 B 2. Training analysis by using tools 80/20 for monitoring
4	D	2019	31	Textile	ME	1. Reduce Excess inventory 50.89%= 55,766.30 to 28,383.16 Kgs. = saving 27,384.14 kgs
5	E	2018	14	Imported perfume	ME	1. Connect I.T. platform at Sales & R & D department for visual monitoring task assignment 2. Cost saving 1.16 MB/Y
6	F	2019	46	Food Ingredient	ME	1. Cycle time reduction 40%= 3,930 to 1010 Hrs/M saving =542,646B/Y
7	G	2018	19	Spare parts for cable	ME	1. Productivity improvement 2. Business process & Sales planned 3. Production planning By using 80/20
8	H	2019	24	Composite material	ME	1. Supplier Lead time reduction 24.62%= 84--> 63 D 2. Inventory reduce 8.08%=153359 kgs=21010183B 3. Increase space increase 450Pallets= 16.98%
9	I	2019	15	Electronic appliances	ME	1. 5S implementation 2. Productivity improvement 30% by warehouse Layout arrangement
10	J	2019	27	Injection packing plastic	ME	1.Reduce damaged in WIP 35%= 58,285 Pcs= 116570 B/M= 1,398,840 B/Y
11	K	2017	9	Mixing Concrete	S.E.	1. Lack of Driver & Manager to monitoring task & profit & Loss
12	L	2018	13	Plastic injection bags	SE	1. Productivity improvement 50%by Layout production process Flow 2. Training Production plan & I.T. installation
13	M	2017	25	Fertilizer	S.E.	1. Increase capacity 10%/Hours 2. Cost reduce 10% 3. T.P. reduce 10%(cost per case 10.-B to 6.-B)
14	N	2018	31	Zip products	S.E.	1. Productivity improvement 20% by Reduce rejected rate & waste in process & O.T. 2. Training 8 waste MGT & capacity building
15	O	2017	24	Lace Fabric	S.E.	1. Productivity improved 27% by improve plant environment (Happy work place)
16	P	2017	33	Agriculture Chemical	S.E.	1. Production Planning 2. Product line balancing 3.WH Layout arrangement 4. Inventory accuracy
17	Q	2019	27	Printing Material	S.E.	1. Cost saving 2 MB/Y, Cash collection 6MB, People capacity building
18	R	2018	46	Labels & Badges	S.E.	1. Space expansion 32.59%= 250 to 338 slots, add U-turned at the entrance
19	S	2018	13	Dyed Fabric	S.E.	1. Productivity improvement 68%by Change raw material low grade 27 rolls to 9

						Rolls/10Kgs (60 time -> 19 Time per case) 2. Training Supervisor Leadership & 8 Waste
20	T	2019	35	Shoes sole	S.E.	1. Supplier development program , Cost saving 73%2,368,212B/Year
21	U	2017	18	Textile	S.E.	1. Productivity improvement, 2. Business process & Sales planned 3. Production planning By using 80/20
22	V	2017	37	Preserved food	SE	1. Sales & Channel 2. Production process improvement, 3. Inventory control
23	W	2017	13	Auto Spare parts	S.E.	1. Improve sales by 5% (900K) 2. Picking productivity increase 30% 3 5S
24	X	2018	16	Printing material products	S.E.	1. Reduce law material (paper) in the printing process >20% 2. Reduce order confirmation 40% 5 to 3 Days 3. 8 waste training
25	Y	2019	15	Printing Material	S.E.	1. Improve productivity cycle time 41.3%=1,968.60 hrs/Y=saving 1.67MB/Y
26	Z	2017	10	Food & beverage	SE	1. Reduce cycle time by redesigning production layout, Produce Sales analysis report
27	AA	2018	8	Advertising Banner	S.E.	1. Set up standard man-hour and Production milestone (10% sales increase & O.T reduce 40%) 2. Productivity improvement
28	BB	2017	36	Soy sauce	S.E.	2. Marketing & channel of distribution 2. Export for niched-market
29	CC	2017	27	Ceramic	S.E.	1. Set up Business process & Sales plans
30	DD	2019	20	Shoes maker	S.E.	1.5S implementation 2. Productivity improvement 20% by the new layout of the warehouse
31	EE	2017	27	Ceramic	S.E.	1. Install POS for sales & cost filing + inventory control & planning 2. Training Marketing tools and Report analysis 3. Sales increase 10%, Cost Reduce 42%
32	FF	2017	6	Vegetable seasoning	SE	1. Hygienic processing/ GMP/ 5S
33	GG	2017	32	Children Pyjamas	S.E.	1. Increase sewing capacity 2. Quality control 3. Summary of product sales weekly, monthly, yearly (40% gross profit)
34	HH	2017	5	Fabrics Hat	S.E.	1. Productivity improvement (New Layout of continuous operation process Flow) 2. Increase Capacity per hour 3. Reduce hot air production Environment
				23.38		
				Average		

## Findings

By ranking, 52.94% of Thai SMEs are lacking entrepreneurial competencies, which most impacting to local Thai SMEs success follow by (29.41%) skills in business and managerial competency.

Eighteen (18) or 52.94% of both small and medium enterprises are found possess lowest skills in entrepreneurial competency which refers to the inability to identify and

define of a viable market niche; recognizing, envisaging and formulating strategies for taking advantage of opportunities, of which five (50 %) are medium enterprises and thirteen (54.17%) are small enterprises.

Skills in human relations are found ranked second among four (4) medium enterprises (40%) and only two or 8.33% for small enterprises. Human relations skills include the ability to develop the organizational culture to guide the organization, delegating, motivating others, hiring, human relations, and leadership skills, as shown in Table 9 below.

Lack of skills in business and management, especially in the area of managerial and operational skills including goal setting, are ranked second low skills for nine (9) small enterprises (37.50%) as opposed to only 10% or one medium enterprise.

**Table 8**  
*Skills SMEs Manager/owners are Lacking*

SME category	# of SMEs	Skills/Competency 1 Entrepreneurial competencies - development of products/services, formulate strategies, product innovation	Skills/Competency 2- Business & Management competencies - managerial experience, business operational skills, goal setting, and management skills	Skills/Competency 3 Human Relations competencies - Development of organization culture, delegation and leadership skills	Skills/Competency 4 conceptual and relationship skills - Organizational skills, conceptual competencies, ability to manage customers
Medium Enterprise	10	5	1	4	0
Small Enterprise	24	13	9	2	0
<b>Total</b>	<b>34</b>	<b>18</b>	<b>10</b>	<b>6</b>	<b>0</b>
<b>%</b>	<b>100</b>	<b>52.94</b>	<b>29.41</b>	<b>17.65</b>	<b>0.00</b>

**Table 9***Skills each category of SMEs are lacking*

SME category	# of SMEs	Skills/Competency 1 Entrepreneurial competencies - development of products/services, formulate strategies, product innovation	Skills/Competency 2-Business & Management competencies - managerial experience, business operational skills, goal setting, and management skills	Skills/Competency 3 Human Relations competencies - Development of organization culture, delegation and leadership skills	Skills/Competency 4 conceptual and relationship skills - Organizational skills, conceptual competencies, ability to manage customers
<b>Medium Enterprise</b>	10	5	1	4	0
<b>%</b>	<b>100</b>	<b>50</b>	<b>10</b>	<b>40</b>	<b>0</b>
<b>Small Enterprise</b>	24	13	9	2	0
<b>%</b>	<b>100</b>	<b>54.17</b>	<b>37.50</b>	<b>8.33</b>	<b>0</b>

This finding is consistent with the study of Akinruwa et al. (2013) that entrepreneur competencies, managerial skills, funds, government policy, education, infrastructure are found significantly related to the performance of SMEs at a 5% level of significance in Nigeria. Similarly entrepreneurial and management skills are found a positive relationship with SMEs performance (Mahmood and Hanafi (2013); Mohammed and Nzelibe (2013); Mata and Aliyu (2014); Kinyua (2014); Muzenda (2014); Thaimuta and Moronge (2014) cited in Abdullahi et al., (2015).

### **Recommendations/Discussions**

To survive in the current economic crisis and intensive competitive market, Thai SME owners/managers need to immediately improve their four main competencies (Entrepreneurial, Business and Management, Human Relations, and Conceptual and relationship competencies) in order to survive and sustain their business growth. The majority of SMEs would complain a lot about the Government's inability to provide sufficient funds to support SME's growth. From the study, the SME success lies in SME owners having poor as well as lack of entrepreneurial skills. The study of Joseph Asare (2017) revealed that three main external factors (government policies, economic factors, and environmental factors) are accounted for only 21.5% of SMEs success whereby 78.5% is subject to SMEs' personality traits, managerial skill, innovation and use of technology skill (Figure 1).

Furthermore, the Government should intervene to provide budget and training to SMEs owners on entrepreneurial competencies in the area of planning and budgeting for a product/marketing strategy that provides an attractive range of products, product innovation as well as setting goals, business operational excellence, and managerial skills.

Additionally, human relations skills in resource allocation; budgeting and investing in R&D; I.T. investment and use of data for decision making; communication skills; performance measuring and taking proactive action; and people skills to attract and keep competent employees. Specifically in Thailand, lacking these four main competencies specifically the people skills (Human relations competencies) were found having a meaningful impact on the business success of SMEs especially in the areas of sales growth and profit as asserted by the studies of Chuta, (2012); Agbim (2013); Olowu et al., 2015; and Msoka (2013) cited in Zahra, Fakhrisadat & Narges (2014). However, many SMEs are reluctant to improve human relations competency and would do so when revenue grows.

Moreover, there is evidence from three years of study of independent English SMEs with between 5 and 250 employee samples (Peng, Mole, and Roper, (2019) that adding one H.R. practice/skill would add around two (2) percent to productivity over three years. This relationship was strongest in a larger firm with more than 50 employees, where H.R. practices show a strong link to productivity.

Furthermore, the SME budget should seriously be allocated to different skill levels of entrepreneurs/owners/managers to ensure the effectiveness of budget and firm performance. SMEs owners/managers must constantly seek to develop the gap identified in their managerial skills since the absence of one type of management skills could lead to business failure (Jones and George, 2008 cited in Agbim, 2013).

The Government or regulatory agencies should design regular training programs on functional skills (planning, organizing, leading, and controlling), customer service skills, and capital/profit segregation to suit the need and capacity of SME entrepreneurs. Moreover, technical and vocational schools (i.e., TVET -Technical and Vocational Education and Training (TVET) Institutions) and all other universities where skills are being trained and developed should place their emphasis on building an entrepreneurial workforce that Thailand needs to create wealth and emerge out of the middle-income trap. All of these educational institutions have the capability of responding to different training needs and should be mandated to design both short certificate programs and long duration diploma and degree programs suitable for the need of SME owners/managers. Such arrangements would help SMEs owners bridge their skills gap necessary to facilitate the success of the business they owned and are managing. All educational institutions should be given the mandate to take up the monitoring role of SMEs for funding from the Government for sustained growth (Issahaku, Kpahambang, Jatual and Issahaku, 2017).

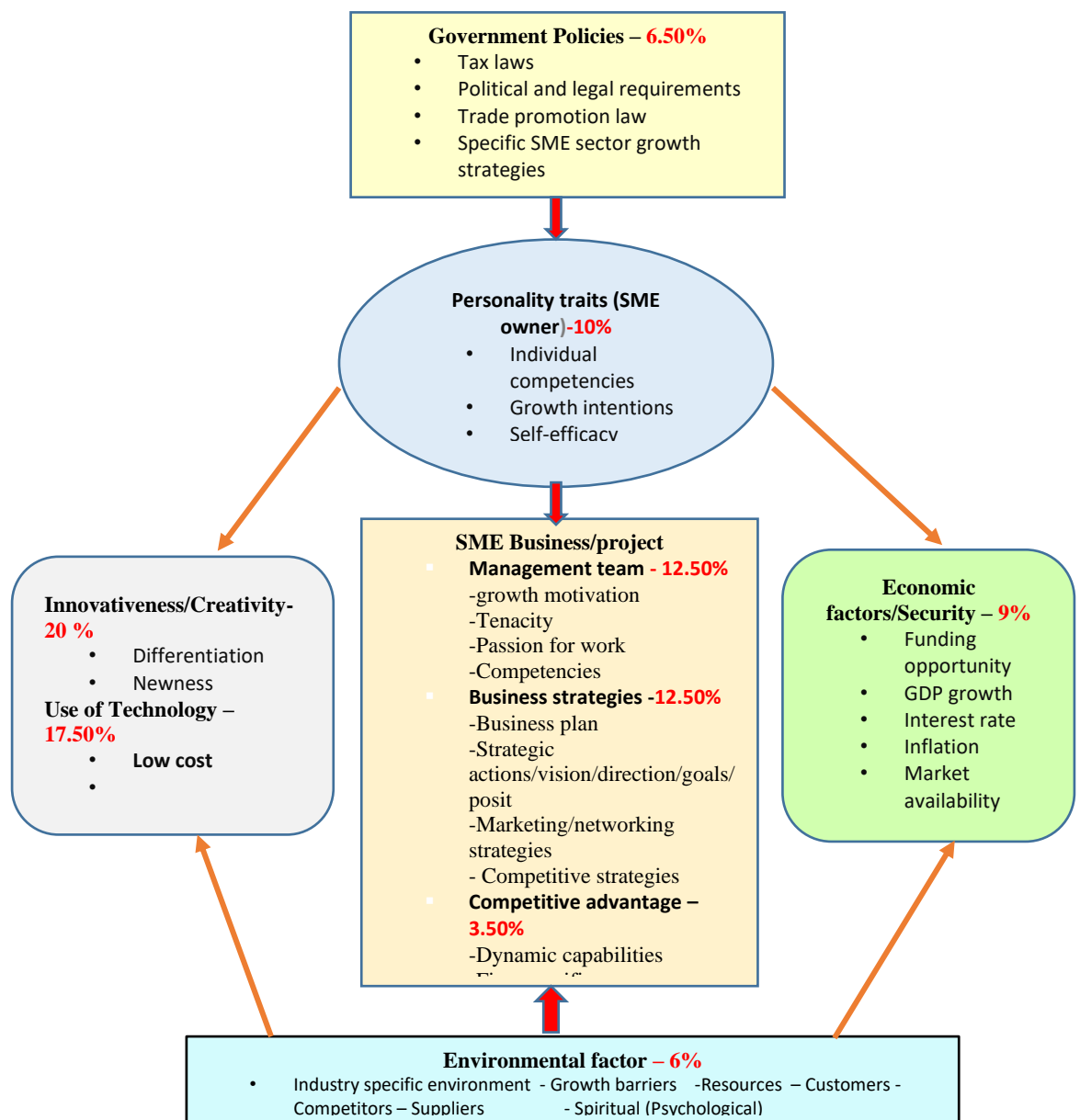
Additionally, greater cooperation and integration of the Government's SME promotion plans and activities are required through development as a holistic approach to ensure a continuity of budget and support provided to SMEs which contradicting to most of government existing promotion program where SMEs are not allowed to continue participation in similar government improvement programs the following year. They will

be eligible to participate after two years-break. As a result, there is no continuity of SME's development.

Finally, future research should collect data on a longitudinal basis on the development of an improved understanding of local Thai SMEs' entrepreneurial competencies and their impact on/relationship between different entrepreneurial skills sets with SME's business success across different industry sectors.

**Figure 1**

*SMEs Success Prediction Model of Joseph Asare (2017)*



**References**

- Abdullahi, M.S., Abubakar, A., Aliyu, R. L., & Umar, M.B., (2015). Empirical review on the determinants influencing firm performance in developing countries. *International Journal of Scientific and Research Publications*, Volume 5(6)
- Adeyamo, S. A., (2009), Understanding and acquisition of entrepreneurial skills: A pedagogical re-orientation for classroom teacher in science education. *Journal of Turkish Science Education*, 6(3), pp.57-65.
- Agbim, K. C., (2013), The Relative contribution of management skills to entrepreneurial success: A survey of Small and Medium Enterprises (SMEs) in the trade sector. *IOSR Journal of Business and Management*, Volume 7, Issue 1, pp.8-16. Retrieved 3rd February, 2020, from [www.iosrjournals.org](http://www.iosrjournals.org).
- Agbim, K. C., & Oriarewo, G. O. (2012), Spirituality as correlate of entrepreneurship development, *Journal of Research in National Development*, 10(3), pp.115-126.
- Akande, O.O., (2011). Accounting skills as a performance factor for small businesses in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 2(5), pp. 372-378.
- Akinruwa, T.E.,Awolusi, O.D., & Ibojo, B.O. (2013), Determinants of small and medium enterprises (SMEs) performance in Ekiti State, Nigeria: A business survey Approach. *European Journal of Humanities and Social Sciences*. Vol. 27(1).
- Al-Madhoun, M.I., & Analoui, F. (2003), Managerial skills and SMEs' development in Palestine. *Career Development International*, 8(7), pp.367-379.
- Asare, J., (2017), Approach to assess and select small and medium enterprises (SMEs) for incubation on the base of Angel Model – a case on developing economics and ENGINE program. *British Journal of Economics, Management & Trade*, Vol 7 (3), pp. 1-28.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17 (1), pp 99-120.
- Boyatzis, R. E., (1982), *The Competent Manager: A model for effective performance*, Wiley. New York. N.Y.
- Chandler, G. N., & Jansen, E. (1992). The founder's self-assessed competence and venture performance. *Journal of Business Venturing*, 7(3), pp.223-236.
- Chuta, E. (2012). Nigeria lacks the right environment for SMEs take-off. *Thisday Newspaper*.
- Cromie, S. (1991). Report of the Committee of Inquiry on Small Firms, chaired by J. E. Bolton, Cmnd. 4811. HMSO, London.
- European Commission, (2013), "Entrepreneurship 2020 Action Plan", Brussels.
- Grant, R. M. (1991). The Resource-based theory of competitive advantage: implication for strategy formulation. *California Management Review*, 38(3), pp.114-135.
- Issahaku, A., Kpahambang, M.A., Jatal, W.I., and Issahaku, I. (2017). To start or grow: the Survival Dilemma of Small and Medium Scale Enterprises in Ghana. *Africa Development and Resources Research Institute (ADRI) Journal*, Vol.26. No 3(4), pp.11-12.
- Jones, G.R., & George, J.M. (2008). *Contemporary Management*. New York, McGraw Hill.
- Katz, R. L. (1955). Skills of an effective administrator. *Harvard Business Review*, 33(1), pp.33-42.
- Kinyua, A.N. (2014). Factors affecting the performance of small and medium enterprises in the Jua Kali Sector in Nakuru Town, Kenya. *IOSR Journal of Business and Management (IOSR-JBM)*, Vol.16 (1). Pp.80-93.



- Krieger, A., Block, J., & Stuetzer, M. (2018). Skill variety in entrepreneurship: A literature review and research directions. *International Review of Entrepreneurship*, 16(1), page 29-62.
- Mahoney, J. (1995). The Management of resources and the resource of management. *Journal of Business Research*, 33, pp. 91-101.
- Mata, B.A.K., & Aliyu, M.S. (2014). The relationship between some determinants of SMEs performance in Nigeria: A qualitative Approach. *European Journal of Business and Management*, Vol. 6(2), pp.107-114.
- Mahmood, R., & Hanafi, N. (2013). Entrepreneurial orientation and business performance of women-owned small and medium enterprises in Malaysia. Competitive advantage as a mediator. *International Journal of Business and Social Science*, 4(1) pp.82-90.
- Mitchelmore, S., & Rowley, J. (2009), Entrepreneurial competencies: a literature review and development agenda. *International Journal of Entrepreneurial Behavior & Research*. Vol.16, No.2. 2010. pp. 92-111.
- Mohammed, U.D., & Obeleagu-Nzelibe, C.G. (2014). Entrepreneurial skills and profitability of small and medium enterprises (SMEs). Resource Acquisition Strategies for new ventures in Nigeria. *Proceedings of 25<sup>th</sup> International Business Research Conference 13-14 January 2014. Cape Town, South Africa*.
- Muzenda, A.A. (2014). Conceptual model of the determinants of performance of tourism sector small and medium enterprises (SMEs). *International Journal of Business and Management Inventions*. ISSN (online): 2319-8028.
- Osathanukul, R. (2010), Perceived problems and SMEs performance: A comparative perspective of SMEs in Thailand and China. *Faculty of Economics, Chiang Mai University*. pp. 57.
- Olowu, M.D., & Aliyu, I. (2015), Impact of Managerial skills on small scale businesses performance and growth in Nigeria. *European Journal of Business and Management*. ISSN 2222-1905. Vol.7, No.5.
- Osborne, R. L. (1993), "Why entrepreneurs fail: how to avoid the traps," *Management Decision*, Vol. 31, No. 1. pp. 18-21.
- OSMEP (Office of Small and Medium Enterprises Promotion). Annual Report 2018. Retrieved 18th January, 201, from <https://www.sme.go.th/th/download.php?modulekey=31>
- OSMEP. (2019).The White Paper on SMEs in Thailand in 2019. Bangkok. Retrieved 1st February 2020, from <http://110.164.87.21/cgi-bin/koha/opac-detail.pl?biblionumber=51145>
- Peng, B., Mole, K., & Roper, S. (2019). Skills, management practices, and productivity in SMEs. *Enterprise Research Centre, ECR Research paper 75*. pp.1-37.
- Rahman, S., Mokhtar, S. B., Yassin, R. M., & Hamzah, M.I. (2011). Generic skills among technical students in Malaysia. *Procedia Social and Behavioral Sciences*, 15, pp.3713-2717.
- Sidek, S. & Mohamad, M. R. (2014), Managerial competencies and small business growth: Empirical evidence from microfinance participants. *International Journal of Management Studies*, Vo. 21, No.1, pp. 39-59. Retrieved 10th February 2020, from <http://www.ijms.uum.edu.my/index.php/previous-issues/158-international-journal-of-management-studies-ijms-vol-21-no-1-june-2014>
- Smallbone, D. (1991). Success and failure in new business start-ups. *International Small Business Journal*, Vo. 8. No. 2. pp. 18-21.

- Smith, B., & Morse, E. (2005). Entrepreneurial competencies: Literature review and best practices. *Small Business Policy Branch*, Industry Canada, Ottawa.
- Srinuan, C. (2014). Demand for internet access and user of Small and Medium Enterprises (SMEs) in Thailand, *25<sup>th</sup> European Regional Conference of the International Telecommunications Society (ITS)*, Brussels, Belgium, pp.3-5.
- Turner, M., Sermcheep, S., Anantasirijkiat S., and Srisangnam. P., (2016). Small and medium-sized enterprise in Thailand: government policy and economic development. *Asia Pacific Journal of Public Administration*. Vol.38, No. 4, pp. 250-269.
- Watson, K., Scott, H., and Wilson, N. (1998). Small business start-ups: success factors and support implications. *International Journal of Entrepreneurial Behavior & Research*. Vol. 4, No. 3. pp. 217-238.
- Zahra, A., Imanip, N.F., Narges, I. (2014). Exploring the role of managerial skills of entrepreneurship in business success. *International Journal of Management Sciences*, Vol. 4, No. 1, pp 42-52.