

Chapter 4 – Data Finding

This chapter presents the research findings and analysis of data in order to answer the research questions and hypothesis. This chapter is divided into two parts. The first part deals with the qualitative data and along with the relevant analysis, whereas second part details the quantitative findings and the analysis from the respondent's point of view.

4.1 Qualitative Data Findings

The researcher specifies the characteristics of the population and then located the individuals who match the needed characteristics. Semi structure interviews were used to collect data about barriers which effect the SMEs exporting to international markets from 12 participants which accounts for 10% of the population.

4.1.1 Research Question one

(Would language difference and social approaches would work as a barrier for Lampang SMEs to enter into foreign markets?)

4.1.1.1 Description

Most of the respondents (9 out of 12) agreed that in terms of social approach there is lack of trust and faith between the firms in the cluster. As one of the respondent who owns a large manufacturing firm,

“Social approach has a huge impact on how we do business. We have very less co-operation between firms in the cluster and information is not shared between the manufactures. We prefer to do business in secrecy to safeguard our interest”.

During the research it was found that most of the firms are family owned business and these firms try to operate in secrecy, whereby transfer of knowledge between them is too low.

“Ceramic firms work in close knit group with little coordination with those who are not in that group. The main reason for the secrecy is losing customers and orders to competitors along with skilled labour which is in small number”, confirmed by one of the government officials in the Lampang region.

Respondent with academic background informed that,

“Language barriers is very common in Lampang Ceramic cluster and many SMEs lose orders and even get their order cancel due to the relevant problem in communication with the customers abroad. Students with good language skills prefer to work in Bangkok and Chiang Mai due to the better pay and living standard, hence Lampang lacks human resource who are proficient in Languages of other countries”.

Respondent from a well-known university explained that,

“International education is not so popular in Lampang due to the income level of family members are not high comparing to other cities in Thailand. Moreover the ceramic firms don't have goodwill in terms of providing good income or work environment, so students with good education and language skills prefer to work in reputed firms or move to Bangkok or Chiang Mai”.

Most of the respondent informed that output from human resource is low as they are not well educated along with low motivation. They informed that the ceramic industries attracts mostly casual workers who work on daily wage basis and have little motivation to work or acquire traits of the job. Most of the highly qualified labour prefer to work in other industry as ceramic firms did not enjoy the goodwill of the population.

“Ceramic firms during their high time gained profit and did not share the same with the community; they kept them in their pockets. The younger generation prefers to move to other cities like Bangkok and Chiang Mai or work in good environment at Big C, Central World, KFC

and Pizza Hut rather than slogging in ceramic firms. Ceramic jobs are viewed to be for the less educated and old people not for the ones passing out from Colleges with degrees”, replied by one of the respondent.

During the research it was found that the Labour lack motivation and there are not many supporting institution to provide training.

“Most of the labour lack motivation; they don’t like to learn new traits. They are happy with what they have, as most of them are villagers. This might be the culture of Lampang people, we did tried to provide them with training and assist them with education but most of them are not interested”.

4.1.2 Research Question two

(Would insufficient R&D investments work as a barrier for Lampang SMEs to enter into foreign markets?)

Most of the respondents (10 out of 12) agreed that there is low level of investment in research and development within the ceramic cluster and the related manufacturers are minimal and less as they follow traditional ways of doing business.

During the research it was found that still the ceramic firms uses the old technology and invest too less money on innovation and other modern technology to enhance their productivity.

“Ceramic firms use same old technology and design to make their products. They have been slow to adapt new technology and there is almost no innovation which can be attributed to lack of capital along with the quality of human resource. Most of the young graduates do not prefer to work at these ceramic firms as they don’t provide good benefit and work place to the graduate students”, confirmed by one of the government officials in the Lampang region.

One of the respondents informed,

“In the SME cluster there is very less exchange between SMEs regarding technology or design and the business is done in secrecy. There should be some kind of program whereby the smaller firms can be more engaged as cluster is crucial for their survival and understand the value of research and development in different parts of the business, production and service”.

4.1.3. Research Question three.

(Would legal procedural complexity and lack of express service would work as a barrier for Lampang SMEs to enter into foreign countries?)

4.1.3.1 Description

All of the respondents agreed that the legal procedural complexity and lack of express service are also the main reason for the problem as informed by the respondents.

“Most of the manufacturing firms find it difficult to go through the legal formalities required to export and it hinders their approach to look for other market. There are many documents involved and many processes which the SMEs with lack of knowledge or knowhow see as hassle. Some of my friends do not look for export market as they think as they cannot bear fixed and overhead costs”, respondent who owns a famous ceramic firm.

“Every businesses would like to export as the market seems to be lucrative but there are many hurdles which are legal documentation and more over there is lack of related industries which can assist and help us to move and look at international market. As going international and looking for new markets can be risky and assistance is important from professionals”, respondent answered.

Some of the respondent other than belonging to the manufacturing firms believed that the ceramic firms need long term strategy and assistance from related industries which can assist them in complexities related to logistics and legal procedures, they viewed the firms have to be more positive.

“Ceramic firms are having hard time due to the economic slowdown but it should also be attributed to the fact that they don’t have any long term strategy. As most of the firms are operated by family members they don’t tend to focus on long term, moreover the new generation seem to be less interested in the business. Exporting to other countries can be a relevant for the survival of the business, assistance from professionals and related industries can be a great tool for exporting to international market”.

It was also found that the lack of express service and their connection to the SMEs hinders their opportunity to export to another countries. One of the respondent who owned a college in Lampang informed us,

“We have little knowledge of the logistics and other knowledge required to export our product to other countries. The relevant cost and the countries which are lucrative economy along with less legal paperwork are not known by us. If there is a center or a center with services related to logistics which can assist us it will be easier for us to target a market.”

4.1.4 Research Question Four

(What can assist the cluster to be competitive?)

4.1.4.1 Description

Most of the respondents informed that assistance from the government, build bridges in the cluster, and encouraging the firms to use new technologies and innovation can assist the cluster to be competitive. Most of the respondent viewed that the cost of production was high as due to usage of old technology and the firms lack capital to be invested in acquiring new technology.

“Ceramic firms use outdated technology which is not only harmful for the employees, but it also ensure that the productivity remains low. Innovation should not only be limited to design or product but also to the process which would create a better working environment and hence attract skilled labour”, as viewed by the Dean of Business Faculty in a college in Lampang.

One of the Respondent who owned a small Ceramic firm informed that, “We are too small and with less capital to acquire new technology, we have been using same practices for decades. Government cares only for the big firms and we are usually left behind”.

Respondents informed that government can play a key role in assisting the firms to be more productive by right kind of policies encouraging the firms gain competitiveness. Lampang being a small city with many SMEs is heavily dependent on government assistance like subsidized electricity and fuels.

“Government needs to have some good policy for us. There should be some assistance from the government to encourage firms and institute to encourage adapt new technologies and promote new design along with innovation in different process of production”.

One of the respondent said that,

“Export center along with training facilities on using internet, ecommerce and knowledge of logistics will be helpful and more for small companies in the cluster as they are the most vulnerable to barriers to exporting to international market. Export center which can help the SMEs in finding new design patterns and make eliminate the barriers in language problems”.

4.2 Quantitative Analysis

Descriptive Statistics:

A. Social and Language barrier:

Language difference between Thailand and export country works as a barrier for Lampang SMEs to enter into foreign markets.

	Frequency	Valid Percent
Agree	65	93
Neutral	5	7
Total	70	100.0

As we can see from the above table, most of the respondents agree and strongly agree that Language difference between Thailand and export country works as a barrier for Lampang SMEs to enter into foreign markets, with percentage of about 93.

Lampang SMEs get quality skilled staff with good command in Foreign Language.

	Frequency	Valid Percent
Disagree	42	60
Disagree	21	30
Neutral	7	10
Total	70	100.0

Most of the respondents disagreed that Lampang SMEs get quality skilled staff with good command in Foreign Language. 90% of the respondents disagreed that cluster has strengthened cooperation.

Will social approaches between home and host country would work as a barrier for Lampang SMEs to enter into foreign markets

		Frequency	Valid Percent
Valid	Neutral	7	10
	Agree	49	70
	Strongly Agree	14	20
	Total	70	100.0

Lack of trust, faith and cooperation results in lack of sharing knowledge, which is a common in SME's being owned by small families and individuals. Most of the respondents agreed that social approaches between home and host country would work as a barrier for Lampang SMEs to enter into foreign markets.

**B. Research and Development
Investing in Innovation**

Do the firms invest in innovation or new technologies?

		Frequency	Valid Percent
Valid	Disagree	42	60.0
	Neutral	14	20.0
	Agree	7	10.0
	Strongly Agree	7	10.0
	Total	70	100.0

Investing in Innovation needs lots of capital and most of the SMEs have major drawback as they lack capital and they don't invest in new technologies. We can see from the above data that most of the respondents disagree on ceramic firms investing in innovation. There are some big well known firms who do some innovation on the production and design of their product. But, overall innovation is left to the third parties. 60% of the respondents disagreed that the firms invest in innovation to enhance product or production. Innovation plays a huge role for a region and a cluster to gain competitive advantage.

Insufficient R&D investments would work as a barrier for Lampang SMEs to enter into foreign markets.

		Frequency	Valid Percent
Valid	Strongly Disagree	1	1.4
	Disagree	6	8.6
	Neutral	0	0
	Agree	21	30.0
	Strongly Agree	42	60.0
	Total	70	100.0

Most of the respondent agree that Insufficient R&D investments would work as a barrier for Lampang SMEs to enter into foreign markets, 60% of the respondent strongly agreed and almost 30% agree with the above statement.

Is there a healthy competition between firms in the cluster?

	Frequency	Valid Percent
Strongly Disagree	14	20.0
Disagree	28	40.0
Valid Neutral	21	30.0
Agree	7	10.0
Total	70	100.0

As we saw from the previous data that the competition between the SMEs is not healthy as most of the firms do focus on surviving as there is lack of trust and faith. Hence, innovation takes a back seat which can see from the above data that only 10% agree on competition driving innovation, which comprises the major players, whereas the rest are there to survive.

C. Legal Framework:

Legal procedural complexity in Thailand would work as a barrier for Lampang SMEs to enter into foreign countries.

	Frequency	Valid Percent
Strongly Disagree	1	1.4
Disagree	6	8.6
Valid Neutral	21	30
Agree	42	60
Total	70	100.0

SMEs find it difficult to undergo and process the legal formalities related to export and this is one of the reason which hinders and make them low motivated to look for market outside their boundary and safe zone. Almost 60% of the respondent that Legal procedural complexity in Thailand would work as a barrier for Lampang SMEs to enter into foreign countries.

Getting documents for exporting to another countries is very complex and takes long duration to get approved.

	Frequency	Valid Percent
Valid Neutral	7	10.0
Valid Agree	42	60.0
Valid Strongly Agree	21	30.0
Valid Total	70	100.0

It is not easy for the SMEs and the related firms in the cluster in the ceramic cluster to access and process documents required and needed for exporting to other country. More over most of the respondent agree almost 90 percent agree that getting documents for exporting to another countries is very complex and takes long duration to get approved.

D: Express Service and Related Industries:

There is availability and quality of export services in cluster.

	Frequency	Valid Percent
Valid Disagree	21	30.0
Valid Neutral	28	40.0
Valid Agree	7	10.0
Valid Strongly Agree	14	20.0
Valid Total	70	100.0

There is lack of availability and quality of export services in cluster, even if there are available their access to SMEs and the smaller firms are limited which acts as an export barrier. Quality of suppliers of raw materials, process, services is one of the prime concern of the Lampang Ceramic industry, which is hold true by the above data whereby 70% disagree that there is quality of suppliers.

There are competitive and high quality logistics service suppliers in the cluster.

	Frequency	Valid Percent
Strongly Disagree	21	30.0
Disagree	35	50.0
Valid Neutral	7	10.0
Agree	7	10.0
Total	70	100.0

Lampang Ceramic cluster firms engage in export market with various countries in Europe and Eastern Asia. Hence, they require number of logistics suppliers and related business services to provide their clients with timely and good services. But there is lack of quality logistics suppliers and business service provider which can be confirmed by the above data whereby 80% of the respondents disagreed that there are quality Business services in the cluster.

Lack of express service within Lampang wouldn't work as a barrier for Lampang SMEs to enter into foreign markets.

	Frequency	Valid Percent
Strongly Agree	14	20.0
Valid Agree	42	60.0
Neutral	14	20.0
Total	70	100.0

Most of the respondent almost 80% agree that lack of express service within Lampang would work as a barrier for Lampang SMEs to enter into foreign markets.

If the firms are more productive, will the cluster will become competitive?

	Frequency	Valid Percent
Strongly Disagree	3	4.3
Disagree	0	0.0
Valid Neutral	35	50.0
Agree	32	45.7
Total	70	100.0

Most of the respondents were neutral on being enquired that cluster will be more productive incase the firms get more productive using technology or other requirements.

45.7 % respondents agreed that the firms have been more productive if the firms are more productive, the cluster will become competitive.

E: Corruption:

Corruption in the Thailand works as a barrier for Lampang SMEs to enter into foreign markets.

	Frequency	Valid Percent
Disagree	14	20.0
Valid Neutral	9	12.9
Agree	47	67.1
Total	70	100.0

We can see from the above data that the Corruption in the home country works as a barrier for Lampang SMEs to enter into foreign markets as per the views of the

respondent 20% of them disagree whereas 67.1 agreed that corruption act as an export barrier.

SMEs face corruption while exporting products to other market.

	Frequency	Valid Percent
Disagree	7	10.0
Neutral	12	17.1
Agree	30	42.9
Strongly Agree	21	30.0
Total	70	100.0

Most of the respondents did agree SMEs face corruption while exporting products to other market.

Correlation Analysis

Relationship between export barriers, language, social approach and R& D in context to the Lampung Ceramic Cluster.

	Export barriers (DE)	Language	Social	R&D
Export barriers (DE)	1	.050	.164	.303**
	70	.342	.088	.005
Language	.050	1	.148	.169
	70	.342	.110	.081
Social	.164	.148	1	.238*
	.088	.110	.088	.024
R&D	.303**	.169	.238*	1
	.005	.081	.024	.024
	70	70	70	70

** . Correlation is significant at the 0.01 level (1-tailed).

Fig 4.1: Statistical data of Research Variables.

- a. Research and Development is significantly related to export barrier with a relation of 0.303 at the level of significance of 0.01.

Low involvement in Research and Development plays a role as an export barriers as the firms lack the prowess and capital. Moreover this effects their productivity level along with the quality of goods produced which are not suitable for going international. Cluster firms being SME's lack adequate finance and hence they don't invest in innovation of process, product and design. Barring a few major player Ceramic firms highly depend on government assistance for development of product.

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- b. Social factors effects and acts as an export barriers with a weak positive relation of .164 at the level of significance of 0.01.

Social factors act as an export barriers for the SMEs in ceramic cluster in Lampang. Availability of low cost labour is seen as a competitive advantage. Quality of human resources were found to be low in the SMEs cluster. It was also found that the ceramic SMEs don't enjoy goodwill among the local population and most young graduate prefer to work in Bangkok or Chiang Mai. Moreover, firms take less interest in providing adequate training or facilities.

- c. Language is seen as a major export barrier with a positive relation of .303 at the level of significance of 0.01.

Ceramic Industry in Lampang do not possess goodwill among the well-educated population due to various reasons. Hence, they cannot attract employees with good language skills in English and Chinese.

Relationship between export barrier, legal framework, express service and corruption in context to the Lampung Ceramic Cluster.

	Export barriers.(DE)	Legal Framework	Express Service	Corruption
Export barriers. (DE)	1	.193	.092	.027
		.221	.225	.411
	70	70	70	70
Legal Framework	.193	1	.121	.117
	.221		.158	.167
	70	70	70	70
Express Service	.092	.121	1	.281**
	.225	.158		.009
	70	70	70	70
Corruption	.027	.117	.281**	1
	.411	.167	.009	
	70	70	70	70

** . Correlation is significant at the 0.01 level (1-tailed).

Fig 4.2: Statistical data of Research Variables.

a. Corruption is a vital export barrier in Lampung with a positive relation of .027 at the level of significance of 0.01.

Thailand is well known for underlying corruption in different level and it also effects the SMEs. Micro SMEs are found to the most effected by corruption and they tend to ignore or even think of exporting to other countries.

b. Express Services is a weak export barrier with a weak relation of .117 at the level of significance of 0.01

The relationship between express service and Competitiveness is weak as there are ample third party service providers and related business providers in the cluster.

c. Legal framework is significant export barrier related to Competitiveness with a positive relation of 0.281 at the level of significance of 0.01.

Legal framework is an important export barriers due to the complexity and related documents required for exporting which enables the SMEs to hire an agent due to the relevant documentation which turns out to be expensive. because the firms have been more productive after the formation of the cluster, but still it is weak due to use of old technology in production.