

Chapter 4 – Data Finding

This chapter presents the research findings and analysis of data 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.

4.1.1 Research Question one

1. What are the business problems faced by the ceramic tableware SMEs in Muang district, Lampang province in Thailand?

4.1.1.1 Description

Most of the respondents (10 out of 12) agreed that most of the SME firms have many problems which hinders their competitiveness and ability to sustain in the long term. Some of the problems which the SMEs face as informed by the respondents are availability of finance and credit, infrastructure, and usage of technology, using marketing tool and quality of available human resource.

During the research it was found that cooperation between SME firms is one of the problems in the SME cluster. Most of the respondents (8 out of 10) agreed that there is a lack of trust and faith between the SME firms, although most of them know each other.

As one of the respondents said that,

“We do not co-operate with firms in the region, because we have no time to look after other parties. We do not share information on orders with other producers. If we share information there is much chance of losing our orders to our competitors”

During the research it was found that one of the main reason for the lack of cooperation, trust and faith is that most of the firms are owned by family members and they had rivalry between each other for many decades, they prefer to keep their business dealings secret in fear of losing clients to their competitors.

“Ceramic firms in Lampang work in close groups and they share very less information with each other. As they are owned by family members, there is a lack of trust with other SMEs which can be attributed to the fact that there existed a rivalry between them”, confirmed by one of the governments.

During the research it was found that there was some small grouping between some firms and one of the main reasons was to have competitive advantage over their competitor. The same was duly informed by one of the respondents,

“I do share certain information with my group of friends in the same trade but its limited. We don’t share information about trade and other trade secrets. Ours is a family business and we need to have trade secrets”.

Respondent with academic background informed that,
“Half of the problems of the SMEs is due to the lack of trust and faith between the firms, although they have cluster and formed ceramic association. Every manufacturer is same, they want to find solution to their problem by themselves, not try to cooperate”.

One of the common problem found was lack of financial accessibility hinders the SMEs to invest and use modern technology, having very minimal investment in Research and development. During the research it was found that still the ceramic firms uses the old technology and quality of available technology and related infrastructure is very minimal which was confirmed by one of the respondents.

“SME firms in Lampang which are involved in ceramic tableware products tend to 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.”, confirmed by one of the government officials.

One of the respondents informed,

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

During the research it was found that the quality of human resource is low, and it was found that there is lack motivation in the workforce and they carry out their daily tasks with low enthusiasm. SME firms hire low quality staff as they prefer to hire workforce at low wages and salary. They informed that the SMEs attracts mostly casual workers who work on daily wage basis and have little motivation to work or acquire traits of the job. SMEs firms involved in ceramic industry lack Goodwill among the local population, hence the well qualified and educated workforce don't want to work in this industry.

“Most of the labor 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 local people; we did try to provide them with training and assist them with education but most of them are not interested”.

Related and supporting industries All the respondents agreed that many SMEs conduct their business as unorganized or recognized as 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 SMEs in Lampang wants to target export market as its lucrative but there are many hurdles. There is a lack of related and supporting industries which can help us and assist us in targeting the market abroad and assist in being competitive.”, respondent answered.

Many of the respondents directly involved with the SMEs believed that the lack of technological knowhow, lack of modern marketing knowledge and availability of finance hinders the competitiveness of the SMEs.

“Economic downturn has hit us hard, and we don't have long term strategy which hinders our competitiveness and sustainability. As most of the firms are operated by family members they do not tend to focus on long term. 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”.

Some of the respondents agreed that globalization is like a double-edged sword, it has helped the big companies whereas it has hampered the SMEs. Lampang SMEs are going through radical changes and thereby are no in the position to compete with opened market which has brought competition with companies from ASEAN nations, China, and India.

4.1.2 Research Question two

(What solutions are supposed to counter or solve the problems faced by the ceramic tableware SMEs in Muang district, Lampang province in Thailand??)

4.1.2.1 Description

Most of the respondents informed that government can work as a catalyst by encouraging the firms to use new technologies and innovation which will assist them to be more competitive and sustain in the long term. 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.

“SME firms use outdated technology, which ensures the productivity low with outdated design and style. 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 labor”.

One of the owners of a SME firm informed that, “our companies are less with very limited capital to use or invest in new technology, we have been using same practices for decades. Big firms get the benefit of government policies as they have knowhow, hence we are left behind”.

Respondents informed that government could play a key role in assisting the firms to be more productive by right kind of policies encouraging the firms gain competitiveness.

“Government can act as a catalyst and push technological advancement in the ceramic cluster. Government can play a major role in encouraging the SME firms use modern technology and techniques which can ensure the SMEs sustain which will overall help the local economy”.

One of the respondents said that,

“Related and supporting industries can play an important role in helping the small firms to gain in insight into the very changing business scenario. Training on using internet, ecommerce and knowledge of logistics will be helpful and more for small companies as they have little knowledge about the market dynamics. Export center which can help the SMEs in finding new design patterns and eliminate the barriers in language problems”.

4.2 Quantitative Analysis

Descriptive Statistics:

Financial Accessibility

Information and advice are readily available from Financial institution

	Frequency	Valid Percent
Strongly Disagree		
Disagree	13	15.0
Neutral	0	0
Agree	19	21.0
Strongly Agree	58	65.0
Total	90	100.0

Most of the respondents agree that there is availability of information and advice from financial institutions regarding financial accessibility. Financial institutions use different channels and systems to communicate regarding promotions and offers announced by government and related authorities for financial accessibility.

Borrowing procedure is easy understandable and not complex

	Frequency	Valid Percent	
	Disagree	20	22
	Neutral	20	22
Valid	Agree	50	56
	Total	90	100.0

Most of the respondents agreed that borrowing procedures has become easier than earlier due to the usage of technology and other services. Some SMEs found it difficult to understand the procedures and legal formalities due the level of education and knowledge of finance related matters.

Fee and interest rate of borrowing money is feasible

	Frequency	Valid Percent	
	Neutral	27	30.0
	Agree	42	45.0
Valid	Strongly Agree	21	25.0
	Total	90	100.0

Most of the respondents agree that the fee and interest rates for borrowing finance from relevant authorities is feasible. Government and financial institutions have many promotions along with schemes focused on SMEs. There are some Banks and Financial institutions which focus on SMEs and provide borrowings at a very low interest rate which is to support the SMEs and enable them to be more competitive and sustain during competition.

Marketing:

SME Entrepreneur and related staff use proper marketing tools for sustainability.

	Frequency	Valid Percent	
Valid	Disagree	18	20.0
	Neutral	27	30.0

Agree	18	20.0
Strongly Agree	27	30.0
Total	90	100.0

Most of the SMEs do not use proper marketing tools due to varied reasons like lack of knowledge. Low quality of human resource, ownership of the SMEs is held by family members. Family members use old way of doing marketing rather than using the modern tools and ideas to market and become competitive. The same was confirmed by 70% respondents that there is low adaptability of modern marketing tools and concepts.

There are competitive and high-quality logistics service suppliers in Lampang region.

	Frequency	Valid Percent
Strongly Disagree	27	30.0
Disagree	45	50.0
Valid Neutral	9	10.0
Agree	9	10.0
Total	90	100.0

Some SME firms engage in export market with neighboring countries like India, Thailand, China and other. 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.

If the SME firms use better marketing tools, will the region become competitive?

	Frequency	Valid Percent
Strongly Disagree		
Valid Disagree	18	20.0
Neutral	36	40.0
Agree	36	40.0

Total	90	100.0
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Most of the respondents were neutral and almost 40% agreed on being enquired about the region becoming more competitive if the SMEs use modern and better marketing tools.

Due to the opening of Thailand market, more and more of local population will have access and availability to cash and credit. Hence, they will require, need and desire of more products which can provide them better value.

Is the Human resource in the Lampang region productive?

		Frequency	Valid Percent
Valid	Strongly Disagree	36	40
	Disagree	27	30
	Neutral	27	30
	Total	90	100.0

SMEs in Lampang region depends hugely on low cost labour, these labourers tend to be less productive and low on skills, knowledge and other production factors. As we can see from the above figure that 80% of the respondents agree that the SME firms are hugely depended on low cost labour. Productivity of labour is one of the key issues in the Lampang region as the availability of equality education is quite less and hence the human resource is not well trained and qualified to work.

SME firms encourage the employees to enhance their skills.

		Frequency	Valid Percent
Valid	Disagree	63	70
	Neutral	27	30
	Total	90	100.0

Quality of labour is a major issue as the respondents have pointed out in the previous data; still the firms do not take major steps in enhancing the skill of the labourers. We can see from the above figure that 70 % of the respondents disagreed that the firms take steps to encourage the labourers to enhance their skills.

Qualified education and training providers for labor in the cluster.

	Frequency	Valid Percent
Valid	Disagree	60
	Neutral	20
	Agree	20
	Total	100.0
	90	

There is a lack of qualified training and education providers in the Lampang region, which can be seen from the above data whereby 60% of the respondents disagreed and 20% were neutral as there are some well-known educational institutions. But the SMEs has no link with these research institutions which leads to low connection between graduates and the relevant industry.

Raw material:

Proper distribution of Raw materials between firms in Lampang Region.

	Frequency	Valid Percent
Disagree	72	80
Disagree	9	10
Neutral	9	10
Total	90	100.0

Most of the respondents disagreed that SMEs get proper and equal distribution of available raw materials. 90% of the respondents disagreed which can relate to the fact that there is no proper organization of SMEs as Thailand is a developing country.

Cooperation between SMEs and trust and faith between them

		Frequency	Valid Percent
Valid	Neutral	9	10
	Agree	54	60
	Strongly Agree	27	30
	Total	90	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 there is very low level of cooperation between SMEs in Lampang region.

Is there a healthy competition between firms in the cluster?

		Frequency	Valid Percent
Valid	Strongly Disagree	27	30.0
	Disagree	36	40.0
	Neutral	18	20.0
	Agree	9	10.0
	Total	90	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.

Infrastructure and Technology Investing in Innovation

Do the firms invest in innovation or new technologies?

		Frequency	Valid Percent
Valid	Disagree	44	50.0
	Neutral	18	20.0

Agree	18	20.0
Strongly Agree	0	0.0
Total	90	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 SME firms investing in innovation. There are some big well-known firms who do some innovation on the production and design of their product. 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.

Research Result

Data Findings using Research tools

Relationship between Entrepreneurship problems, availability of raw materials, finance and credit, infrastructure, and technology in context to the SMEs in Lampang Region.

	Problems	Raw Materials	Finance and Credit	Infrastructure and Technology
Problems	1	.050	.164	.303**
Raw Materials	.342	.050	.148	.169
Finance and Credit	.088	.110	1	.238*
Infrastructure and Technology	.005	.081	.024	1

	70	70	70	70
Infrastructure and Technology	.303**	.169	.238*	1
	.005	.081	.024	
	70	70	70	70

** . Correlation is significant at the .01 level (1-tailed).

Fig 3: Statistical data of Research Variables.

Correlation Analysis

- a. Raw Materials is significantly related to Entrepreneurship problems with a relation of 0.303 at 0.01 level of significance.

Uneven distribution of raw materials acts as a major problem to the SMEs and their competitiveness in Lampang Region.

- b. Finance and Credit facilities acts as a problem for SME entrepreneurs with a weak positive relation of .164 at 0.01 level of significance.

Banking sectors in Thailand is under radical change but it will still take some time for it to be well developed. SMEs entrepreneurs find it hard to get loan or credit facility from Banks due to lack of awareness.

- c. Infrastructure and technology is seen as a major problem with a positive relation of .303 at 0.01 level of significance.

Most of the SMES use age old traditional techniques of production which hinders their competitiveness. Lack of proper infrastructure like electricity, road connectivity makes the SMEs less competitive and cost of product gets higher.

Relationship between Entrepreneurship problems, Globalization, Marketing, and Human Resource in context to the SMEs in Lampung Region.

	Problems	Globalization	Marketing	Human Resource
Problems	1	.193	.092	.027
		.221	.225	.411
	70	70	70	70
Globalization	.193	1	.121	.117
	.221		.158	.167
	70	70	70	70
Marketing	.092	.121	1	.281**
	.225	.158		.009
	70	70	70	70
Human Resource	.027	.117	.281**	1
	.411	.167	.009	
	70	70	70	70

** . Correlation is significant at the .01 level (1-tailed).

Fig 4: Statistical data of Research Variables.

- a. Globalization is seen as a double edge sword with a positive relation of .027 at 0.01 level of significance.

Globalization is seen as a double edge sword. Most of the SME entrepreneurs feel that local SMEs and their products cannot compete with the inflow of Chinese products and the ones coming from ASEAN countries especially Thailand.

- b. Marketing is seen as a minor problem for SME entrepreneurs with a weak relation of .117 at 0.01 level of significance.

Most of the local SMEs have their loyal customers and they engage in very less marketing or promotion activities. Whereas they give lots of importance to packaging of their products as they understand the needs and wants of their customers. They prefer to promote their products through word of mouth rather than using marketing tools to promote their products.

- c. Human Resource is significant problem related to Competitiveness with a positive relation of 0.281 at 0.01 level of significance.

Almost all of the Entrepreneurs agreed that there is a lack of quality human resource in Lampang Region. There are very few technical colleges providing technical or skill-based training to the local population. Most of the staff gain skills after being hired and trained by the senior employees. This could be attributed to the fact that the scale of pay in Lampang region is low compared to Yangon and most graduates prefer to work at Yangon.

Qualitative Analysis

Thailand's business environment is undergoing a lot of rapid changes. However, SMEs in Thailand face many challenges during the period of political and economic transition. New trends have to be taken into account continuously, such as growing demand and customers' expectations on flawless products and services. Moreover, SMEs are facing increasing global competition, the

emergence of new technologies and impact on integrated supply chain and production systems among ASEAN member states. In Thailand, challenges to SMEs are varied and complex, depending on the sector and level of development. Common challenges include financial access, human resource development, R&D in technology, management, and marketing. In conclusion, the development of SMEs is important for the country's economic development, as they are major contributors to the economy and job creation. However, SMEs are confronted with numerous challenges, including insufficient financial support, electric power supply and credit guarantee. Given that SMEs form the backbone of the country's economy, economists have called on the government to improve the banking sector, and encourage banks to provide more loans to SMEs at a reasonable interest rate.

a. What attitude to cooperation exists between the SME Entrepreneurs in Lampung Region?

Most of the respondent informed that there are many barriers to collaboration and cooperation which are low trust, poor knowledge about cluster, different visions of the firms in the cluster and low trust between the firms in the cluster. There are many imperfections; leaders move around partly in isolation, possessing limited knowledge of each other, and there is limited or no dialogue on how to move forward

b. What are the problems faced by the SME entrepreneurs in Lampung?

All of the respondent agreed that the globalization has had a big impact on the SME firms and they have been hit hard, therefore they don't invest much into R&D. Lack of long term strategy and capital is one of the main reason for not focusing on research and development.

Human Resource available of low quality with very low level of skill quality as most of the graduates prefer to work at Yangon division. Senior employees train the new recruits depending on their work experience. The involvement of the employees on technical level is too low.

c. What are the factors which hinders the competitiveness of SME in Lampang in relation to the Entrepreneur?

During research it was found that the support system and related infrastructure were not proficient enough to provide assistance to the SMEs. One of the respondent who owned a Micro Enterprise said that, “export is admirable as it will generate good income for us and more important for firm like us as we employ underprivileged population. But we lack knowhow and there is lack of infrastructure to send products to other countries”.

One of the respondent who owned a medium firm informed us that, “Although the market is lucrative but there are lots of risk involved. Due to technology things have become a bit easier, but still Thailand lacks support systems to help small firms like us to be able to export and find relevant market”.

d. What solutions are supposed to counter or solve the problems faced by SME Entrepreneur in Lampang?

Most of the respondents informed that research and development, and assistance from the government can assist the cluster to be competitive. Research and development in design is seen as a key factor which can ensure the SMEs can thrive. 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.

“SME firms use outdated technology which is not only harmful for the employees creating bad work environment, but it also ensures that the productivity remains less. 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 one of the respondents. Respondent 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. “Government need to have some good policy for us.