

CHAPTER ONE

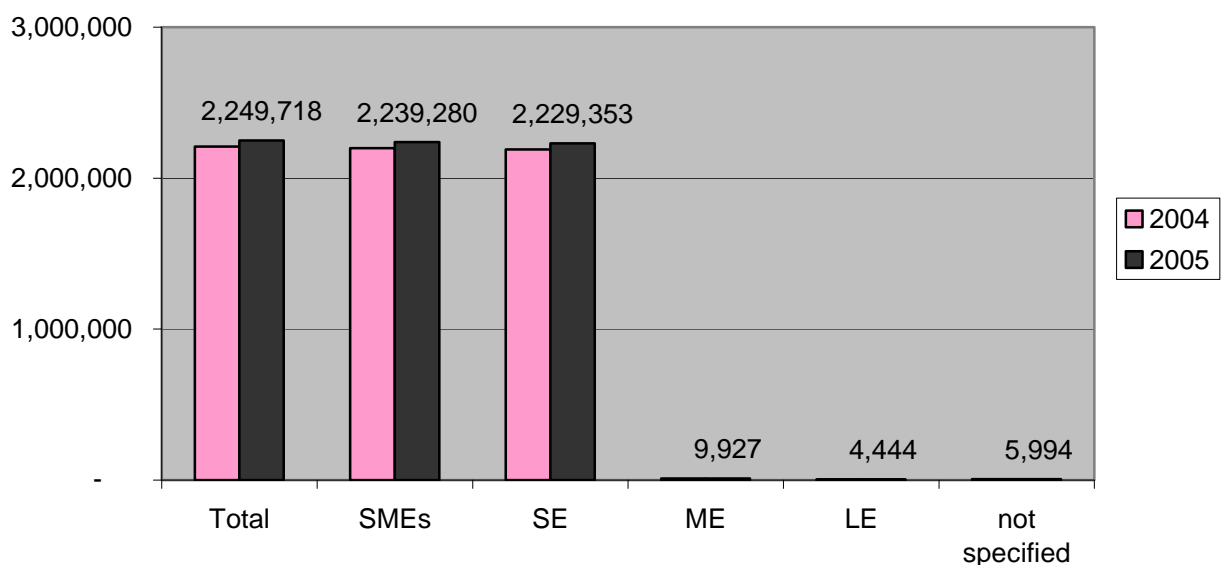
INTRODUCTION

1.1 BACKGROUND

The Thai economic crisis or “Tom Yum Kung Crisis” in 1997 had underlined the vital task for government to formulate critical strategies to recover from the time of crisis. One of the most important strategies was to promote and support Thai industries. This required not only the restructuring of large manufacturing industries but small and medium sized enterprises (SMEs) as well.

Small and medium sized enterprises or SMEs in short have played a major role in contributing growth and development of the country. As shown in Figure 1, in 2005, there were a total of 2,249,718 enterprises, 99.5 percent of such enterprises or 2,229,353 enterprises being small and medium enterprises (White Paper on SME, 2005). SMEs account for more than half of the nation’s Gross Domestic Product (GDP) and more than 75 percent of jobs in the production sector (Ramon & Kusol, 2000, p.12). The production sector is the most important sector in the economy, providing the most employment, high income generation and is considered as the most important determination of economic prosperity in the long term for the country.

Figure 1. Number of enterprises, classified by size, 2004 – 2005.



From: Office of Small and Medium Enterprises White paper, 2005

The government's attention therefore has shifted to small and medium enterprises by attempting to promote and support SMEs operations. The implementation will be under the responsibility of a special executive agency "*The Office of Small and Medium Enterprises Promotion: OSMEP*", a semi-autonomous governmental agency established in 2002. Its responsibilities include coordinating the formation of an SME Promotion Action Plan, preparing the SMEs status report, managing SMEs Promotion Fund (Ramon & Kusol, 2000, p. 22).

To comply with the government's policy, OSMEP would be authorized to define the definition of SMEs, provide financial support and business assistance to SMEs, develop entrepreneurs and SMEs personnel, do the research and distribute of modern technologies for SMEs including adaptation to local and traditional know-how. OSMEP has the main objective to promote and strengthen private sector organizations whose functions relate to the promotion and support of SMEs and other promotional measures to encourage new SME establishments, to assist in the survival of existing SMEs and promote their growth and competitiveness.

In order to execute the entire responsibilities, OSMEP has established the SMEs Coordination and Services Center which will coordinate the strategies and the implementations into action. It is the forefront office of the OSMEP in interacting with SMEs entrepreneurs where entrepreneurs meet the consultants or specialists in particular fields of doing business such as financial assistance, product design and development, franchising system, legal issues, market promotion and exporting techniques. The SMEs Coordination and Services Center is located on the ground floor of TST Tower, Viphavadee-Rangsit Road, Bangkok. The regional offices are located in 20 major cities comprising of Chiangmai, Ubolratchathani, Prachin, Phuket, Krabi, Surathane, Songkla, Samutprakarn, Samutsakorn, Ayudhaya, Chonburi, Nakhonpathom, Konkan, Prajanburi, Nakornsrithammarat, Pang-nga, Rayong, Nakornratchasima, and Udonthanee (The leaflet of OSMEP, 2007).

The significance of SMEs Coordination and Services Center is for the reason that it is the first stop for customers who are willing to obtain the consulting services in order to apply for their small and medium sized business operations. The satisfaction of the customers toward its service must be very critical to determine the achievement of the service providers and consultants at the service center. Thus, the research on

satisfaction measurement is needed to be done in order improve the consulting service to provide an improved service for customers or entrepreneurs. This means that, the better skills of entrepreneurs will lead to better business performances and better productivity with drastically contribute to the Thai economy.

Generally, there are many studies involving customers' satisfaction with the service units in particular organizations and companies with the findings that would be beneficial for the management team to improve service quality in those frontal service areas if the management team quickly responded to resolve problems. This can help the organization obtain trust and loyalty and create customer retention and becoming customers' alternatives.

It is also important for the SMEs Coordination and Services Center of Office of SMEs Promotion to study whether entrepreneurs are satisfied with the consulting services. Because this center has been established for approximately 6 years since 2002, it has served more than 20,000 entrepreneurs in providing a consultancy service, but the service providers have never evaluated whether entrepreneurs were satisfied with their services. They had done some other research on whether they could finish the assigned tasks within the time limit, but those studies did not really facilitate the operation improvement of the service center. Therefore, the service center requires an appropriate study to analyze and report the situation in order to develop a good strategy to satisfy the customers who are entrepreneurs of small and medium enterprises.

In this study, the SMEs Coordination and Services Center of Office of SMEs Promotion in Bangkok and provinces will be selected as study areas. OSMEP has been publicized through many television channels and printed advertisements as offering services to entrepreneurs free of charge. The center has strongly convinced SME customers who might have some primary problems with business operations to obtain the services. The customers can phone the OSMEP Call Center at Tel. 0-2686-9111 and make an appointment with consultants and meet at the appointed time and date. The customers can also walk-in to obtain the consulting service at any location mentioned above. Recently, there have been approximately 10 to 15 customers consulting with the consultants in different fields depending on their needs every

working day from 8.00 to 17.00 hrs. In addition, there are more than 10 calls for consulting service and information requests everyday.

The consultants and call-center staff collaborate in delivering consulting services. The SMEs Coordination and Services Center requires experienced consultants from many sectors and occupations as well as a well-established system in order to complete the primary consulting services more or less than 2 hours of each customer. What if the customers still call for further discussion with consultants, they need to make another appointment and come again next time. The customers can bring their products, designs, business plans, business documents, loan applications, and so forth, to discuss with consultants. They can also ask the consultants to correct the documents and complete the complicated business forms.

The consulting services provided in the SMEs Coordination and Services Center comprises of eight categories within five days operation per week as follows:

- 1) Consulting for Start- up Business; concerning the general ideas of starting business, where and how to register the business, as well as the expansion of the business.
- 2) Consulting for financial assistance and venture capital fund; concerning the financial techniques and strategies to help SMEs who acquire investment.
- 3) Consulting for product designs and development; concerning the product designs and product development as well as advisory on the customers' trends. In addition, targeting the potential customers and providing required information can be found in this.
- 4) Consulting for franchise; concerning franchise business as a franchisor or a franchisee, advising which franchises would be appropriate for particular conditions.
- 5) Consulting for market management; concerning the marketing criteria in order to accomplish the target market, finding the strengths and weaknesses of the products.
- 6) Consulting for business law; concerning the law of doing business, tax and revenue declaration, Labor Law, regulations for intellectual properties.
- 7) Consulting for general management; concerning managerial systems such as human resources management, organizational management.
- 8) Consulting for export marketing; concerning the preparation and documentation of the export market, logistic rates and regulations of the exporters.

The study has examined the satisfaction of the customers with consulting services and information facilities provided at the SMEs Coordination and Services Center of the Office of SMEs Promotion both Bangkok and provinces. Also, this study can assist the service center to recognize how they perform and what kind of feedback is received from the customers who are entrepreneurs and potential entrepreneurs. The service center can employ this finding to improve their consulting services in order to provide enhanced and more satisfactory services.

1.2 STATEMENT OF THE PROBLEMS

As mentioned earlier, this study aims to measure and gather the information from the customers who come to obtain the consulting service at the SMEs Coordination and Services Center at Office of SMEs Promotion. The following problems are to be studied:

1.2.1 Are the customers satisfied with the following services elements: facilities and locations, staff and consultants at the SMEs Coordination and Services Center, methods and procedures at the service delivering, data and information available?

1.2.2 What are the degrees of customer satisfaction towards consulting service at the SMEs Coordination and Services Center, Office of SMEs Promotion?

1.2.3 Are there any differences in level of customer satisfaction regarding the service obtained in Bangkok and provinces?

1.2.4 What kinds of fields are customers satisfied with the most and which are they not satisfied with?

1.3 OBJECTIVES OF THE STUDY

This study consists of one main objective and 4 sub-objectives

1.3.1 The main objective is to study whether customers are satisfied with the consulting services at the SMEs Coordination and Services Center of the Office of SMEs Promotion

1.3.2 Sub objectives

1. To clarify the short-comings and areas to improve the consulting services
2. To investigate which fields of consulting services have highly affected the overall performances of the service center
3. To investigate the importance of consulting services regarding to the improvement of customers' knowledge and how-to in doing successful business.
4. To explore the customers' recommendations about the exceptional service center

1.4 DEFINITIONS OF TERMS

Definition of terms mentioned in the study are as follows:

Gender	The state of being either male or female or the characteristics of people and animals which are divided according to the function they have in producing the young.
Age	The duration that one has been living starting from birth.
Education	The gradual process of acquiring knowledge
Occupation	The principle activity in one's life that one does in order to earn money.
Customers' interaction	The amount of contact among officials and customers
Satisfaction	The happiness you feel when you have done something right or an act of fulfilling a desire or need or appetite.
Staff and consultants	The persons who have been employed in the center to serve customers.
Channels	The way or route along which news, information is sent
Information available	the knowledge or facts that have been provided in certain criteria

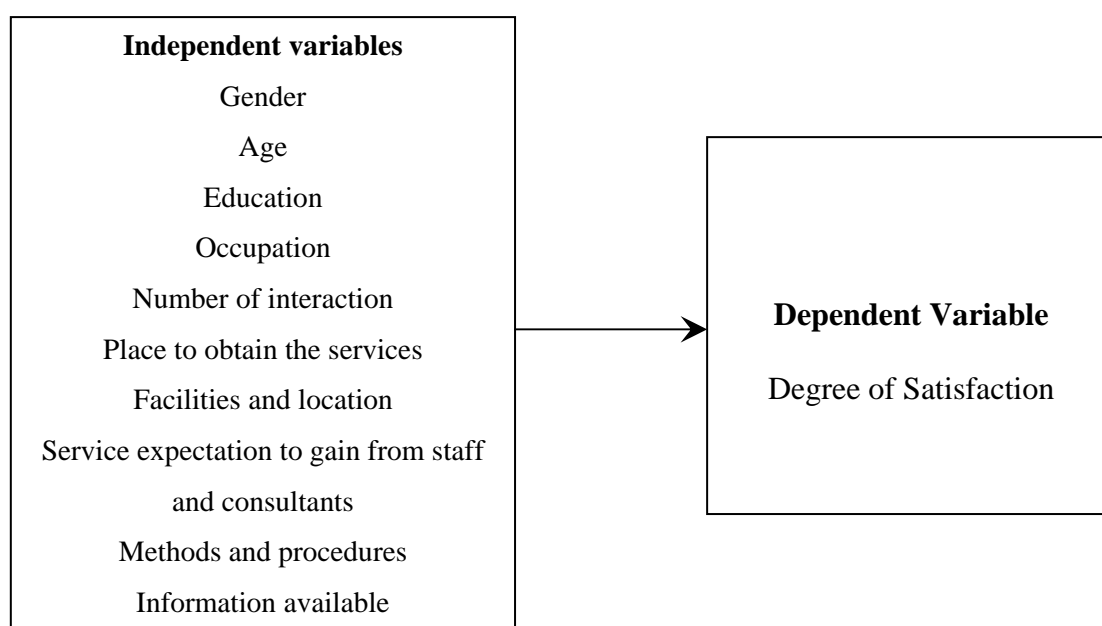
Independent Variables

The independent variables of this study are the factors related to the satisfaction of customers who obtain the consulting services and coordinate with the SMEs

Coordination and Services Center at the Office of SMEs Promotion, which include: gender, age, education, occupation, number of times coming to receive the services, the place to obtain the services, and the channel used in obtaining the services.

Dependent Variable

The Dependent Variable of this study is the degree of satisfaction of the customers with the consulting services of the SMEs Coordination and Services Center at Office of SMEs Promotion.



1.5 SCOPE AND LIMITATIONS OF THE STUDY

One hundred and twenty Thai customers, who obtained consulting service or coordinate with the service center during December 2007, have been selected for the research. Therefore, the cross-sectional design and purposive sampling method has been employed for conducting the research. A questionnaire was developed as the instrument of the study. It will consist of closed-ended questions, open-ended questions and Likert Scale. The questionnaire consists of 36 questions (only Thai version) which are divided into three parts; demographic and general information, overall satisfaction level, and suggestions towards consulting service provider.

While developing this study, the researcher found some obstacles and encountered some limitations as follows:

1. The samples of the study are too small and too short time.
2. In the study, only willing customers answered the questionnaire. This created problems in analyzing the data because it was not possible to enforce the customers to participate in the study. Thus, the results seemed to be biased by either favorable or unfavorable responses, in which it may not represent the population in the study area.
3. Respondents were not interested in filling out the questionnaire because they had been asked to answer two questionnaires at the service center already.
4. The researcher was constrained to complete the study within four months.

All in all, the limitation of the study was the time constraint and the availability of relevant studies on the topic. The period for questionnaire distribution was too limited. As a result, the subjects in this study were not widespread.

1.6 SIGNIFICANCE OF THE STUDY

This research is conducted with the academic purpose of strongly focusing on measuring the level of satisfaction of customers when obtaining the consulting services. This is important for the SMEs Coordination and Services Center of Office of SMEs Promotion because this center has been established for approximately 6 years since 2002 and has served more than 20,000 entrepreneurs in providing a consultancy service, but the service providers have never evaluated whether entrepreneurs were satisfied with their services. They had done some other research on whether they could finish the assigned tasks within time limits, but those studies did not really facilitate the operational improvement of the service center. Therefore, the service center requires appropriate study to analyze and report the situation in order to develop a good strategy to satisfy the entrepreneurs of small and medium enterprises.

The noteworthy of SMEs Coordination and Services Center is for the rationale that it is the primary stop of the customers who are coming to the Office of SMEs Promotion. The satisfaction of the customers toward its service delivery must be very critical to determine the achievement of the service providers and the staff at the service center. Thus, the research on satisfaction measurement was required to be done in order to improve the service offered and to provide an enhanced service to customers or entrepreneurs. This can be implied that better service delivery to

customers or entrepreneurs can lead to better business performances and better productivity with drastic contributions to the Thai economy.

The study has observed the satisfaction of the customers with consulting services and information facilities provided at the SMEs Coordination and Services Center of the Office of SMEs Promotion both Bangkok and provincial branches. In addition, this study can support the service center to identify how they performed and what kind of feedback was received from the customers who are entrepreneurs and potential entrepreneurs. The service center can utilize these findings to improve their consulting services in order to provide superior and more fulfilled services.

1.7 ORGANIZATION OF THE STUDY

The study of “Satisfaction of Customers with Consulting Services at the SMEs Coordination and Services Center, Office of SMEs Promotion (OSMEP)” in this paper is divided into five chapters.

The first chapter introduces the background statement of the problems, objectives of the study, definition of terms, scope of the study, significance of the study, and organization of the study, whereas the second chapter covers a review of literature and other relevant research. Then, the third chapter elaborates on the research methodology which includes subjects of the study, materials that will be used in the research, procedure and data analysis. Next is the fourth chapter, which presents the results and data analysis of the study. Lastly, the fifth chapter will divide its content into summary of the study, summary of findings, discussion, conclusion and recommendations for further research.