

Abstract

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Project Title : A Cross-country Analysis of Entrepreneurship, Innovation and Technical Efficiency of Manufacturing SMEs in ASEAN Economies

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Abstract:

Closer economic integration in ASEAN and East Asia presents many export opportunities for firms in economies such as Thailand. At the same time, it also presents them with many challenges. Small and medium-sized enterprises (SMEs) dominate the business landscape in Thailand but — like the country — are caught in a sort of middle-income trap. They face intense competition from SMEs in low labour cost, low value-add production locations in the region (such as Cambodia, China and Vietnam), yet they also are unable to transition into innovation, intensive, higher value-adding activities (such as SMEs in Japan, Korea and Taiwan). Can Thai SMEs take advantage of the potential benefits arising from closer regional integration?

This paper: assesses the role, contribution and significance of manufacturing SMEs to the Thai economy; examines the major challenges that they face and likely factors affecting their export participation; and identifies the policy framework environment in which they operate. An empirical analysis is then conducted identifying critical factors associated with Thai manufacturing SME exports. This uses Probit and Logit models based on data compiled for the 2015 ERIA-ISEAS SME survey of Thailand. Key results obtained suggest that foreign ownership of local enterprises, membership of an FTA, awareness of ASEAN and the ASEAN Economic Community and appropriately targeted government business support policies can most effectively increase the export participation of Thai small manufacturing firms.

Keywords : Thailand, SMEs, Regional Economic Integration, ASEAN Economic Community